1. Introduction to the *Handbook on Customer Centricity*

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1.1 CRITICAL REFLECTIONS ON CUSTOMER CENTRICITY

Customer centricity appears in a wide array of industries and companies and it manifests across different organizational levels. Therefore it is not surprising that various definitions of customer centricity have emerged from both academic and business communities. In academic settings, researchers often describe the concept by comparing it to product centricity (Rust, Moorman, and Bhalla 2010; Sawhney 2001; Shah et al. 2006). Yet unlike product centricity, which embraces an inside-out perspective, customer centricity goes hand-in-hand with an outside-in perspective, requiring a customer-centric culture (Deshpandé, Farley, and Webster 1993) and the new organizational structures that dismantle internal product silos (Day and Moorman 2010; Gulati 2010). Other researchers explain customer centricity in a context of targeting strategies or customer valuation process (i.e., evaluating the value of specific customers) (CMO Council 2013; Fader 2012). Table 1.1 provides a summary of definitions, reflecting the academic perspective on customer centricity.

In the business community, practitioners share a related but more action-oriented perspective on customer centricity (Booz & Company 2004; Economist Intelligence Unit 2008), as summarized in Table 1.2. The managerial perspective focuses on the imperative for executing customer-centric strategies and the required internal transformations that span organizational, relational, and technological aspects (Accenture 2008; Deloitte 2014; PwC 2011).

Both these perspectives agree though: The primary purpose of being customer-centric is to create value for both customers and firms by developing a deep understanding of customers and building long-term customer relationships (Boston Consulting Group 2013; Fader 2012; Sheth, Sisodia, and Sharma 2000). It requires a long-term orientation and leadership support from the top to make it an organizational reality.

Synthesizing academic literature and business reports, we define

Table 1.1 Academic perspectives on customer centricity

Reference	Definition (quotes from academic scholars)
Deshpandé, Farley, and Webster (1993)	“The set of beliefs that puts the customer’s interest first” (p. 27)
Sawhney (2001)	“Transforming from a product-centric company, which found customers for its products, to a customer-centric company, which would find products for its customers” (p. 104)
Shah et al. (2006)	“The true essence of the customer centricity paradigm lies not in how to sell products but rather on creating value for the customer and, in the process, creating value for the firm; in other words, customer centricity is concerned with the process of dual value creation” (p. 115)
Gulati (2010)	“Looking at an enterprise from the outside-in rather than the inside-out . . . through the lens of the customer rather than the producer”
Day and Moorman (2010)	“These companies approach strategy from the outside in rather than the inside out. They start with the market when they design their strategy, not the other way around. They use deep market insights to inform and guide their outside-in view. Their outside-in strategy focuses every part of the organization on achieving, sustaining, and profiting from customer value” (p. 4)
Rust, Moorman, and Bhalla (2010)	“Shift from pushing individual products to building long-term customer relationships” (p. 97)
Fader (2012)	“A strategy that aligns a company’s development and delivery of its products and services with the current and future needs of a select set of customers in order to maximize their long-term financial value to the firm” (p. 39)
Ghose; from CMO Council (2013)	“A specific focus on those high-value, loyal customers and treating them separately from other one-time customers” (p. 148)

customer centricity as an organization-wide philosophy that focuses on the systematic and continuous alignment of the firm’s internal architecture, strategy, capabilities, and offerings with external customers. Changes in the internal architecture involve multilevel transformations in *organizational design*, including leadership, metrics, incentives, structure, processes, and systems. These changes are often accompanied by reshaped *relational strategies*, such as customer loyalty programs and marketing

Table 1.2 *Practitioner perspectives on customer centricity*

Reference	Definition (quotes from business reports)
Booz & Company (2004)	“Customer-centric companies understand not only what the customer values, but also the value the customer represents to their bottom line” (p. 1)
Accenture (2008)	“They have an outside-in perspective (what do customers really think?). They are innovative and experimental in their channel strategies (how do customers want to be reached?). They deliver an end-to-end experience that reflects a holistic, multidimensional view of the customer rather than internal systems and organizational complexity” (p. 7)
Economist Intelligence Unit (2008)	“Creating a central view of the customer across product and division lines, [and] organizing the company along customer lines rather than product lines” (p. 9)
Jeff Bezos: from Lyons (2009)	“We start with the customer and we work backward. We learn whatever skills we need to service the customer. We build whatever technology we need to service the customer”
PwC (2011)	“Breaking down product silos, understanding their customers, and enhancing the customer’s experience” (p. 9)
Boston Consulting Group (2013)	“A way of operating based on trust and fairness that uses knowledge of customers to meet their needs and achieve sustainable, valuable, long-term relationships” (p. 12)
Senior VP of Wyndham Hotels; from CMO Council (2013)	“Customer centricity is looking at your product and marketing as well as the customers’ actual experience from their point of view. You need to understand how they see you within the competitive set, where there are gaps in what is offered in the marketplace and how your product or service can realistically fill an unmet need” (p. 115)
VP Engineering & Chief Technology Officer of Lockheed Martin; from CMO Council (2013)	“Customer centricity is all about being a partner in the endeavor of delivering on the customer’s mission and achieving their objectives” (p. 134)
Deloitte (2014)	“We have distilled seven areas to consider when embedding the customer at the heart of your organisation: lead from the top with a customer focused approach, understand your customers, design the experience, empower the frontline, engage the supporting operations, encourage the right behaviors, and use customer feedback to drive real-time improvements” (p. 4)

Figure 1.1 Multifaceted approach to customer centrality

channel strategies that make customer centrality a reality. These changes also need to be backed by reconfigurations of *brand and technological* capabilities, as manifested in healthy customer-centric brands and in technology systems and skills that enable customer centrality at scale.

Drawing on both academic and practitioner perspectives and the chapters in this volume, we also propose three overarching approaches for effectively achieving customer centrality: organizational design perspectives, relational perspectives, and brand and technological perspectives. Figure 1.1 summarizes these multifaceted approaches for achieving customer centrality; this framework defines the organization of the book overall.

1.2 MULTIFACETED APPROACH TO CUSTOMER CENTRICITY

1.2.1 Organizational Design Perspectives on Customer Centrality (Part I)

Part I of this book contains five chapters (Chapters 2–6) that focus on the internal architecture transformation process required to build a customer-centric organization. In Chapter 2, “Customer centrality: a multi-year journey,” Kohli, Jaworski, and Shabshab propose a framework for embarking on the company journey to become more customer-centric. Drawing on the literature on general change management, this framework

comprises three phases each with critical intermediate steps: (1) Engage and Envision, (2) Execute Pilot, and (3) Extend and Entrench. These authors illustrate each phase and step by describing activities undertaken by Becton Dickinson during its multi-year journey to become more customer-centric.

In Chapter 3, “Market-oriented culture and customer feedback processes,” Morgan, Clark, and Vorhies explore the broader relationship between organizational culture and market-oriented information processing behaviors, which are the basis of customer centricity. The authors discuss the different characteristics of customer feedback systems, which may vary in their effectiveness, depending on the organizational culture in which they are embedded. They also examine how customer feedback systems might function as change agents to expand and reorient organizational cultures toward different forms of customer centricity.

In “Service innovation from the frontlines in customer-centric organizations” (Chapter 4), Ozkok, Singh, Lim, and Bell note that frontline boundary spanners in customer-centric organizations contribute to a firm’s outside-in capability by developing novel service innovation ideas from their customer interactions. This chapter first compares customer-centric and operations-centric organizations to identify key differences and elicit implications for service innovation, and then conceptualizes frontline role characteristics that are prototypical of customer-centric or operations-centric organizations. The authors also propose a taxonomy of frontline networks that overlay frontline roles to provide a rich explanation of several key modes of service innovation.

Lee and Day offer a conceptual framework in Chapter 5, “Designing customer-centric organization structures: toward the fluid marketing organization,” to understand how customer-centric structural design factors produce fluid marketing organizations, defined as one that is capable of anticipating changes and adapting to new competitive landscapes and customer requirements. The authors argue that a customer-aligned structure, structural granularity, and networked team contribute to the dynamic capabilities in a fluid marketing organization. Their framework provides managerial guidance for how to build a marketing organization that can anticipate external changes and transform resource bases accordingly.

Finally, the last chapter in this section, “Customer-centric sales organizations,” focuses on the sales structure of a customer-centric organization. Thaichon and Weaven propose that a hybrid sales structure facilitates customer centricity by placing customers in the center of all interactions and integrating outside sales, inside sales, and the online channel, each of which provides support to the other functions. The resulting myriad

advantages include generating value, developing relationships between the salesforce and customers, and implementing processes that facilitate smoother, more efficient sales.

1.2.2 Relational Perspectives on Customer Centricity (Part II)

The four chapters (Chapters 7–10) in Part II focus on relationship-building strategies that produce customer centricity. In an interesting start, Chapter 7, Shah and Dastidar address “Customer-centric marketing: what, how, and why do customer habits matter?” They synthesize extant research to produce a detailed discussion about what, how, and why different habits may form when customers repetitively transact with a firm and why it is imperative for customer-centric firms to understand and measure these different customer habits. The proposed framework suggests ways to exploit customer-level differences in habit formation and thereby maximize customer profits by implementing customer-centric marketing. The chapter concludes with a discussion of three important areas for research.

In Chapter 8, Petersen, Venkatesan, and Khodakarami provide further suggestions for “Designing and effectively managing customer-centric loyalty programs” in competitive markets in which customers simultaneously interact with multiple loyalty programs. They discuss how to design a customer-centric loyalty program (reward types and loyalty tiers) that acknowledges differences in customers’ needs and reward preferences and follow this by examining how firms can manage customers’ experience with the loyalty program throughout the customer lifetimes. Finally, they note how customers interact with competitive loyalty programs over time, as well as how customers and firms may benefit from closer loyalty programs partnerships.

With “Building customer-centric marketing channel relationships: a model of reseller motivation and control” in Chapter 9, Gilliland and Kim consider customer centricity in channels of distribution. In this context, a customer reseller’s motivation to allocate effort toward its supplier partner provides an indication that the reseller is central to the relationship. Along with presenting a theoretical model of reseller motivation, the authors subject a reduced version of their model to an empirical test.

Yim, Chan, Tse, and Leung examine “Customer centricity and customer co-creation in services: the double-edged effects” in Chapter 10. Their analysis suggests that engaging customers in service co-creation is a critical path to customer centricity. However, customer participation may have double-edged effects related to positive and negative outcomes on different stakeholders (e.g., the customer, the employee, the firm, and

other customers). A conceptual framework containing a typology of customer participation in services, the value co-creation process, boundary conditions, and downstream outcomes is offered. The authors conclude with directions for research into how to build balanced customer centrality through customer co-creation.

1.2.3 Branding and Technology Perspectives on Customer Centrality (Part III)

In Part III, three chapters (Chapters 11–13) discuss the importance of branding and technology for achieving customer centrality. In Chapter 11, “Infusing brands and branding into customer centrality,” Keller explores the customer–brand interface in terms of how brand notions might be infused into the customer centrality of and customer-related decisions by a firm. By blending customer centrality with brand centrality, marketers can ensure they design and implement programs and activities that will drive short-term sales and build long-term brand health. To illustrate the value of brand-driven customer considerations, the author considers marketing issues in three key customer-related areas—customer expectations, customer experiences, and customer equity—from a brands and branding perspective.

Kannan and Gu investigate “Customer centrality and the impact of technology” in Chapter 12 by focusing on how technological developments affect customer centrality outcomes. Technology innovation adoptions often start with intentions to be highly customer-centric, but in some cases, it can lead to unintended consequences. The authors explore the reasons that technology adoption may *not* lead to the expected positive results for customer centrality and provide suggestions for firms to mitigate or avoid possible negative impacts.

Finally, with Chapter 13, “Enhancing customer centrality via 3D printing,” Im and Rindfleisch note that most firms seek to enhance customer centrality through new information technologies. They offer an alternative perspective and propose that firms should enhance customer centrality through new manufacturing technologies, such as 3D printing. They therefore outline key features of 3D printing and then propose three 3D printing-based, customer-centric strategies for leveraging its unique features.

1.3 FUTURE TRENDS IN CUSTOMER CENTRICITY

The expert authors who have contributed to this handbook have devoted a great deal of effort into advancing the field’s understanding of customer

centricity and suggesting additional research opportunities. We do not attempt to review the research discussions they propose. Instead, we offer a research agenda that complements these suggestions by considering the role of customer centricity in novel domains and by examining fundamental, yet unresolved, organizational challenges related to its development.

1.3.1 Applying Customer Centricity to Novel Domains

1.3.1.1 Customer centricity for societal transformation

Research on customer centricity mainly has limited the investigated stakeholders to customers, managers, or employees, but it has implications for other areas, pertinent to public stakeholders and policy makers. For example, government agencies might leverage the notion of customer centricity and implement the strategic options outlined in this handbook to serve citizens seeking public health, education, and safety. Government activities are often fraught with a focus on adherence to the law or regulation and bureaucratic procedures, which often leads to poor service quality for citizens. In this regard, public agencies could investigate ways to build systems from the outside-in, enhance customer feedback processes, or encourage customer participation to build a more citizen-centric government.

1.3.1.2 Customer centricity in international markets

As business globalization continues, more research will be needed to examine cross-cultural and national differences in the effectiveness of customer centricity. For example, the notion of customer centricity is highly important in fast-changing, emerging markets, in which customers' needs and preferences tend to be more dynamic and volatile than in developed markets. To stay afloat and thrive in such marketplaces, firms need to increase their ability to anticipate such market shifts promptly and address unmet customer needs. Customer centricity in the organization can help them capitalize on market changes. However, this will likely require attention to building better ways to structure international marketing relationships so they are driven by a broad corporate focus on customer centricity and local structures and systems that help organizations move fast. What customer centricity looks like when it spans the local-global terrain of most organizations is worthy of deeper consideration.

1.3.1.3 Customer centricity in health care markets

Health care markets worldwide are undergoing transformational changes. In the U.S. market in particular, increased competition is driving consolidation and the emergence of new competitors. Health care providers

attempt to be more patient-centric as a competitive response. For example, the novel health care venture by Amazon–Berkshire-Hathaway–JPMorgan Chase puts workers (i.e., patients) at its center, as a defining element of the concept. If it succeeds, it will be a radical new addition to the U.S. health care ecosystem (Wingfield, Thomas, and Abelson 2018). Health care providers traditionally have focused on transactions: Patients get ill, make an appointment, and receive treatment, and if the treatment is effective, they can be ignored until they need their next transaction. In a new landscape, patient-centric providers focus on patients' comprehensive health over their entire lifetimes. For example, concierge services provide a single point of contact, in contrast with a multi-department or siloed approach to serving patients. The lessons outlined in this book can be applied effectively to health care markets that seek ways to provide more patient-centric experiences. However, these experiments will need to be studied more systematically to understand what is working, why it is working, and how it can be scaled for wide-spread success.

1.3.2 Unresolved Organizational Challenges in Customer Centricity

1.3.2.1 Building customer-centric leaders

Although nearly all accounts of customer-centric organizations point to the critical role of leaders in making it a firm imperative, it is surprising that there has been very little research into the nature of leaders that truly care about managing in this way. Day (1999) specifies that leaders should be committed to cause, able and willing to mobilize commitment at all levels and overcome resistance in the process, and have focused and sustained attention on this objective. Moorman and Day (2016) add the idea of leaders walking the talk, which is also central in Gebhardt, Carpenter, and Sherry's (2006) idea of bringing market orientation into all aspects of the organization's life, including its routines and rituals. What types of backgrounds and experiences give rise to leaders that can bring about such revolutionary change in organizations? How does the critical role of marketing-technology partnerships to bring about profitable customer centricity change this mix of skills required in individuals or across the broader management team? We need systematic research into these characteristics in order to offer stronger support to Boards seeking such a customer-centric transformation.

1.3.2.2 Developing superior customer-centric capabilities

One key to long-term customer centricity is building capabilities for its ongoing enactment in organization. Marketing capabilities are firm bundles of marketing skills and accumulated knowledge, exercised

through organizational processes, which enable a firm to carry out its marketing activities (Moorman and Day 2016, p.11). Customer-centric capabilities have a broader purpose of helping the organization stay in alignment with external customers. However, inspecting the literature in marketing and strategy, we find very little research examining exactly how capability building occurs. Moorman and Day (2016) offer one model that is premised on the idea that the process ensures that capabilities create superior value and they are difficult to imitate (see their Figure 2). However, no systematic research has examined this process nor examined how different ways to build knowledge and skills (through training, hiring, partnering, or acquiring it) might influence the nature or success of the process. Further, research has not offered sufficient insight into how those knowledge and skills are embedded into informal and formal organizational processes (Kohli, Jaworski, and Shabshab in Chapter 2 offers a strong first view of this issue). We encourage academics, consultants, and company leaders to take on the task of decoding some of these complex activities to offer stronger insight for more organizations that strive to become customer centric.

1.3.2.3 Building customer-centric organizations

This book examines design, relational, and branding/technologies strategies for building customer-centric organizations. Continued research should find ways to integrate these approaches, both in emphasis and temporally. For example, shifting from a product-centric to a customer-centric organization suppresses performance for several years as the firm restructures and learns new ways to interact with customers (Lee, Sridhar, and Palmatier 2015). These difficult transitions might be made shorter, with less performance risk, if the firm first adopts easier customer-centric strategies, such as leadership, relational, and culture concepts, rather than immediately undertaking a dramatic, disruptive organizational restructuring. Temporally sequencing these “soft” and “hard” strategies, as well as implementing customer-centric technologies throughout the organization first, may be more effective and ultimately support a more customer-centric organization, because it would align employee values and behaviors with the firm’s desired structure and reduce perceived incongruencies.

1.4 CONCLUSION

If customer centricity is a journey, research into its nature and development is likewise an evolutionary process informed by the inspired actions of

companies and the research insights academics bring to the table. We believe this volume has offered an important step in that journey but that more research should be taken to offer even stronger guidelines for understanding and managing in this way. We think it is central to a free market system and a critical way in which marketing can contribute to organizations of all types. We hope continued research will extend the individual topics presented in this book and also attempt to synthesize and integrate these topics to provide even more comprehensive guidelines for building effective customer-centric organizations.

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