Customers are Human Beings First

The Playbook to *Truly* Human Loyalty

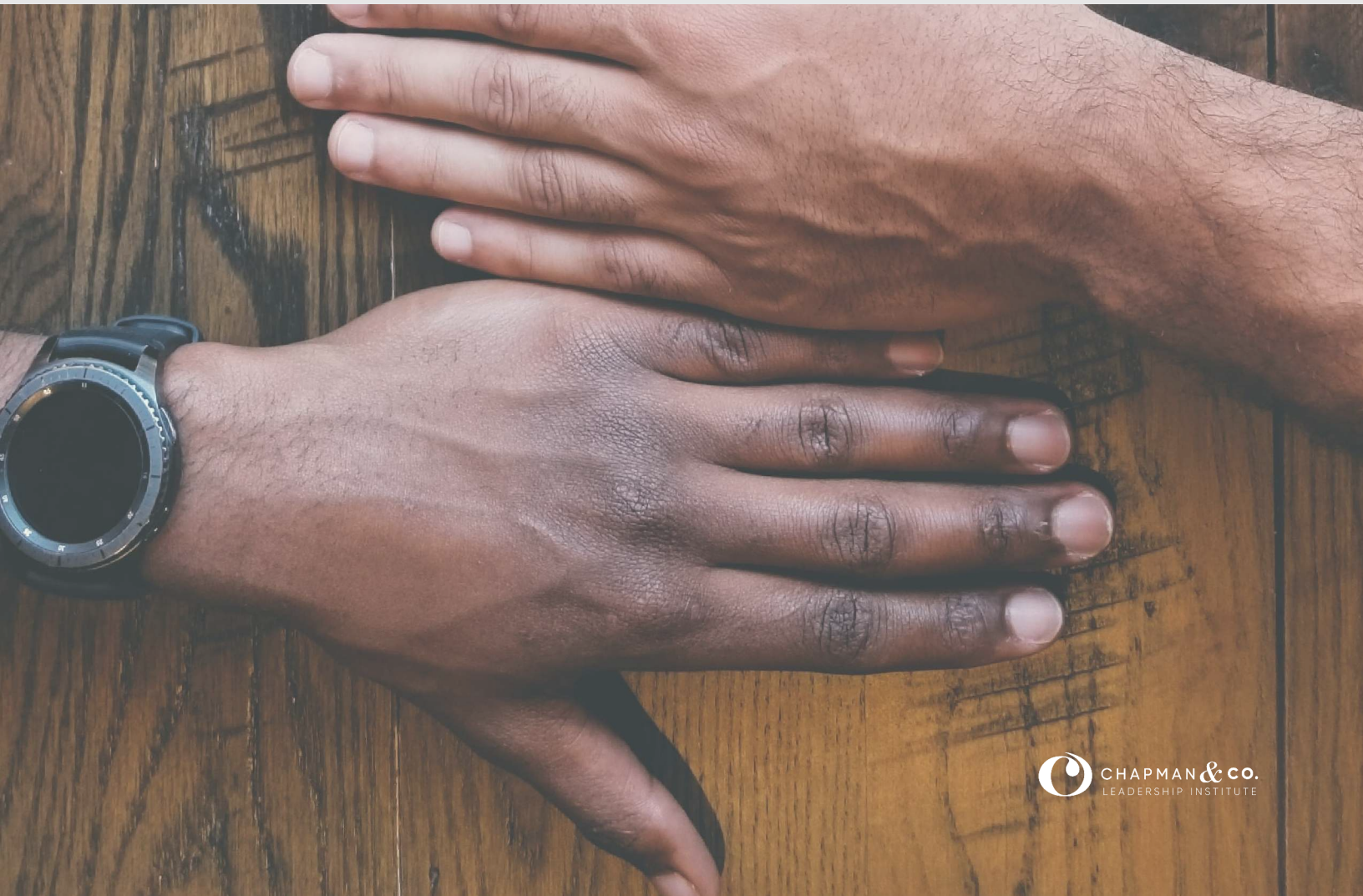

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Table of Contents

Introduction..... page 3
It's about Customers..... page 4
Mature Customer Experience..... page 5
*Truly*Human Approach to Customer Loyalty..... page 6
TrulyHuman Customer Loyalty Framework..... page 7
Five Steps of the *Truly*Human Loyalty Experience..... page 8
About the Author..... page 13

Customers Are Human Beings First

Introduction

Bob Chapman was well into his career as the CEO of a global manufacturing firm, Barry-Wehmiller when he had an epiphany: **Every employee in every company was someone's precious child.**

This realization – that employees are people first – started Bob on a journey to dig deep into the toxic impact modern work culture was having on individuals, families, and society as a whole. He saw that business leaders – himself included – had been taught to treat employees like a resource to be managed in service of a company's financial success. He saw workers experiencing a "poverty of dignity" in the workplace. Bob envisioned the possibility for a different world, one where businesses could become better stewards of people's lives. He saw a future where companies would see that *everybody matters.*

Bob's vision was not part of a trend. He was actually combatting the status quo. Boardrooms were not saying, "Everybody matters." Managers were not saying, "Everybody matters." And employees certainly did not feel that "Everybody matters."

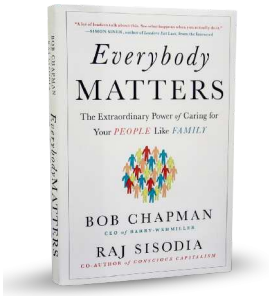
Bob sought to change that, starting within Barry-Wehmiller. His new approach, shared in the 2015 book "Everybody Matters: Treating Your People Like Family," came to be called *Truly*Human Leadership. It is grounded in the belief that the people within a business are what make it successful. Starting with rejecting the traditional manager-employee relationship, *Truly*Human Leadership asserts that businesses need leaders, not managers, and that those leaders should see the people around them as being in their "span of care."

As Bob Chapman saw this approach transform lives within Barry-Wehmiller and help fuel the company's meteoric growth, he observed:

> *"Business could be the most powerful force for good in the world if we simply had the skills and the courage to care for the people that we have the privilege of leading."*

But even as *Truly*Human Leadership has gone on to capture the attention of business leaders across the world, and has helped to transform the lives of leaders and team members at those companies, one key question has remained unanswered: **What about customers?**

You Can Get There From Here



Most of the work to date in the *Truly*Human movement has focused on the experiences of leaders and employees. But the approach need not be limited to those two groups. As was asserted in "Everybody Matters," *Truly*Human Leadership is not a finite philosophy:

> *This is a journey with no end point… Humans and organizations alike must continue to grow and evolve, or they will perish. Regardless of how refined our understanding of truly human leadership becomes, we must continue to deepen and enrich it.*

So, let's talk customers.

Even the most well-intentioned of businesses – those that focus on "relationships" and a culture of "service" – can find themselves defaulting to a highly transactional approach to customers in actual practice. It's simply the way we've been taught to think in the business world. Executives see customers as a means to a financial end, marketers reduce them to spending-based segments, and customer service teams approach them as a challenge to overcome.

Companies already on the *Truly*Human Leadership journey are not immune to this either. As they work to build an internal culture of caring and recognition, they may still view customers simply as a tool for the company's success, rather than as *human beings first*. For the *Truly*Human shift in mindset and behavior to realize its full potential, leaders need to reach beyond the team members inside your business to recognize that **customers are in your span of care, too**.

It's All About Your Customer Experience

Here's a hard truth for leaders: For at least the last decade, customers have been gaining significantly more power in their relationships with businesses. This shift has been driven by increasing choice enabled by expanding global production, a growing distrust of marketing messages, and the availability of massive amounts of online data to inform buying decisions. The result has been that a business's financial success now requires delivering on customer expectations in one critical area that can actually set you apart - your customer experience.

According to a 2020 Salesforce.com study, the majority of US consumers - more than 75% - now rank their *experience* with a business as equal in importance to the products or services offered. B2B customers are even more influenced, with 85% agreeing that the experience was of equal importance to the product or service. More significantly, *Chapman & Co.'s 2022 Loyalty Study* revealed that the more brand loyal a customer is, the more likely they are to focus on customer experience, with 58% of loyalists citing Customer Experience as their primary retention driver.

58%
of super loyalists cite customer experience as their primary loyalty driver.
Chapman & Co. 2022 Consumer Study

This should not be a surprise. The experience you offer becomes the stories customers tell about you that help build and reinforce your brand. These moments can create strong memories that influence a customer's decision to remember your brand, to purchase again, and to vouch for your brand to other people - or, to do the opposite.

So, if caring for your customers now means delivering a compelling experience that recognizes their needs and builds trust, we need to ask ourselves, *"How are we doing at that?"*

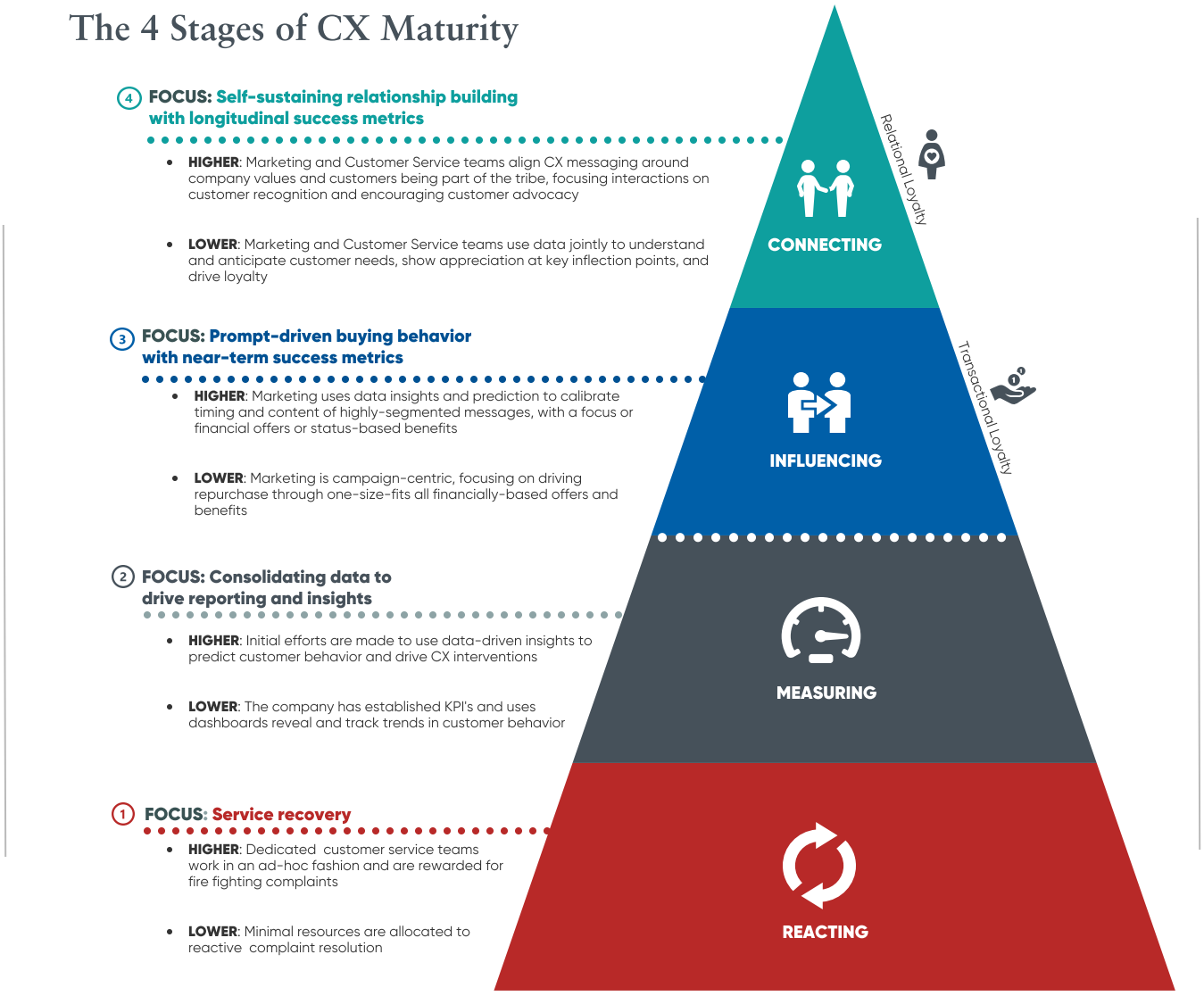
How Mature Is Your Customer Experience?

Building the right experience for your customers starts with acknowledging what kind of experience you are offering right now. Are you just meeting expectations, or are you going above and beyond? Are you connecting with customers in a human way, or are you relying on one-size-fits-all marketing approach?

Chapman & Co. recommends looking at the maturity of your CX across four key stages: **Reacting, Measuring, Influencing and Connecting.** The more mature your CX is within this framework, the more your business should be able to realize tangible benefits of sustainable customer retention, reduced marketing expense, and increased rates of customer referrals.

But this is key to understand: A *Truly*Human customer approach will be extremely challenging to achieve until your business reaches the top two stages of this **CX Maturity Pyramid.** Prior to that point, you likely won't have the data, the processes, or the relationships needed to maintain long-term customer commitment. As a leader, you can make progress on this journey simply by asking yourself, "What stage of experience are we focused on today?" and "What incremental changes could we make to move just one step forward?"

The 4 Stages of CX Maturity

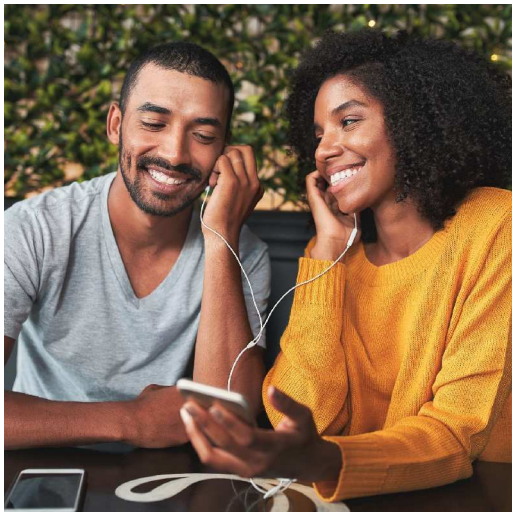


The *Truly*Human Approach Is Critical to the Future of Customer Loyalty

One goal of getting customer experience right is that you can move beyond *good* customers, or even *happy* customers, to *loyal* customers. Loyal customers are those who've given you their trust, seen that trust validated, and so reliably reward you with their business.

But, creating loyalty often means asking those customers to change their behavior in ways that will benefit your company by spending more, buying different products, and buying more frequently. For decades, businesses have mostly sought to incentivize these changes solely through a financial benefit such as awarding redeemable points or offering discounts. They have taken this approach on the assumption that customers operate from the same wholly rational mindset the business itself aspires to.

This approach will always underperform because the results are unsustainable without constant (and costly) reinforcement. The reason for this is clear: human beings are always *more than rational* in their decision making. While economics play a factor, people are also guided by their emotions, their relationships, and the context in which a given decision is being made. Emotional factors generally influence our choices more than rational ones. This is why *loyal customers often will often pay a premium for a brand*, rather than insist on a discount. For some leaders this may sound contradictory to their understanding of the market (or people!), but it is literally what drives loyalty to some of the market's most iconic brands including Apple, Starbucks, and Whole Foods.



Can "everybody matter" in an effective customer loyalty strategy?

The title of the foundational book on *Truly*Human Leadership declares "Everybody Matters." It shifts the traditional thinking of employees as a resource to understanding that every employee matters to the success of a business, and that care should be displayed for them all.

But, when focusing on customer loyalty, things look a little different. In most businesses, 20% of customers are providing 80% of revenue. For a loyalty strategy to be effective and profitable, it must prioritize attention and benefits to that 20% of best customers.

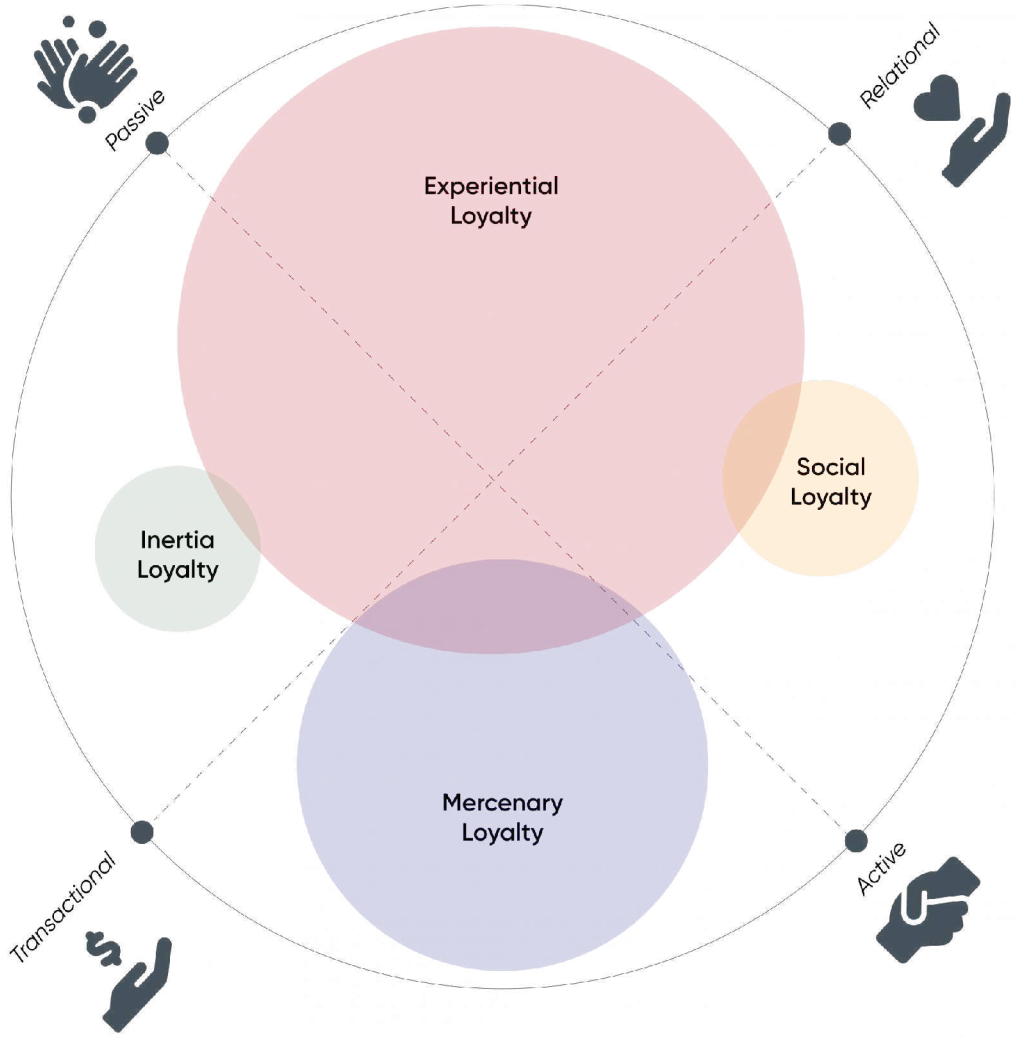
Does that mean the other 80% of your customers don't matter? No, they do matter. And, it is important to deliver a great CX to those customers. But the reality is that not every customer wants to be a brand's best friend. While all customers have value to your business as people, many simply will not be a candidate for the deeper connection and commitment that loyalty requires.

*Truly*Human Customer Loyalty Framework

The *Truly*Human Loyalty Framework is one tool to help shift a strategy beyond that purely rational mindset. It is designed to help you embrace a more "whole person" approach by examining your CX across two key dimensions: Transactional-to-Rational (how you engage your customers) and *Passive-to-Active* (how they engage with you).

As these dimensions intersect, they reveal there are actually four key types of loyalty that you could be activating:

Inertia Loyalty - optimizing the barrier to exit
Mercenary Loyalty - optimizing the reward
Experiential Loyalty - optimizing the interaction
Social Loyalty - optimizing the shared identity



The questions this *Truly*Human framework invites you to consider are:

- What is the dominant type of loyalty you are activating with your customers today?
- Which type of loyalty is most represented with your best customers?
- And which types should you be activating more to achieve a more *Truly*Human customer approach?

5 Steps to a *Truly*Human Loyalty Experience

So, customers are expecting more than a transaction to earn their brand loyalty. And as a leader you have the potential to validate their trust in you and earn multiple types of loyalty by delivering the right experience. Where do you start? With the five core tenets of *Truly*Human Loyalty:

The 5 Tenets of *Truly*Human Loyalty

1. Customers will share their values. TAP INTO THEM.
2. Customers are in your span of care. RECOGNIZE THEM.
3. Customers seek connection with others. UNITE THEM.
4. Customers tell you what they want through words and behavior. LISTEN TO THEM.
5. The time to act is now. YOU CAN LEAD CHANGE.

1. Customers share their values. TAP INTO THEM

When most companies share their purpose to customers, we see words like *customer-centric*, *quality*, and *value*. While these may seem like values that should connect with customers, they rarely generate sustainable, competition-resistant loyalty. This is because the most resilient point of customer connection is not in your willingness to provide value, but rather in commitment to **shared values.**

Customers today want your business to be more than just the products you offer, but also how you connect with the world at large. Chapman & Co.'s *2021 Loyalty Study* found that 70% of self-identified "brand loyalists" agreed that a company's values had an influence on their purchase decision making. Similarly, a 2021 Vrity study found that 59% of consumers bought from a brand for the first time because of that brand's values. A *Truly*Human loyalty strategy will embrace this perspective and find opportunities to connect with customers through a shared world view, shared priorities, and a shared sense of what is important in the world.

What mission do you serve beyond selling a product? What values do you convey by support through charitable contributions? And how do those align to the values of your best customers? Humans have an innate affinity bias – the subconscious gravitation towards people who we feel share our interests and beliefs – and brands can live into that bias. By clearly sharing meaningful company values, and understanding how they align to your customers' values, you improve your ability to truly develop sustainable loyalty

*Truly*Human in Action

Retail companies face conflict every holiday season as they seek to balance customer demand vs. their own team members' stress and family needs.

In 2021, Target announced that they would extend a practice started during the pandemic to permanently close on Thanksgiving Day moving forward. In doing so, they were demonstrating of value of commitment to the well-being of their team members, while ensuring that special deals would be available to customers on the days around Thanksgiving.

Getting Started

- ***Establish "human" brand values.*** What values are you expressing that go beyond the transactional relationship between the business and customer that connect at a human level?
- ***Discover what your customers value.*** Survey your customers not just about product features or service offerings, but what about what they think about the world and what causes are important to them.
- ***Practice TrulyHuman Leadership within your team.*** Our 2021 Loyalty Study found that 66% of loyal customers will change their purchase behavior based on the reputation of a company's employee culture. How are you displaying a value of caring to your employees, and how are they passing that care on within the customer experience?

2. Customers are in your span of care. RECOGNIZE THEM.

*Truly*Human Leadership alters the responsibility of leaders by first shifting how employees are referred to. Rather than thinking of employees as *resources* to be *managed* by the person they *report to*, we instead reframe our understanding of employees to **people within your span of care**. Language is critical to shape and change behavior; thus, "span of care" immediately evokes a more human perspective of the relationship between team members and leaders than traditional authoritarian management approaches.

This shift is also absolutely necessary in the mission to achieve *Truly*Human Loyalty. Traditional marketing treats customers as target audiences that serve to achieve the company's revenue goal. *Truly*Human leaders see customers – particularly your most loyal customers – as people your span of care just like your team members.

This reframing should open up insights into how you could improve your Customer Experience in profound ways. How would you treat a customer differently who is in your "span of care" versus the customer you view as "someone who buys from us?" How would that change how you listen to them, the empathy you extend them, or the extra mile you're willing to go to meet their needs? And how do traditional loyalty approaches - those that focus on paying customers to do what is best for the business - fall short of delivering on this?

Brands can build trust through recognizing the humanity and dignity within their customers and celebrating that. They can demonstrate care by understanding the complexity of situations customers may be in and proactively offering resources to help. They can give recognition by sharing with customers when a customer makes a significant positive impact on the business, and celebrating customer relationships without ever needing a financial incentive.

*Truly*Human in Action

Chewy.com is an online pet supplies retailer with a popular monthly subscription box option. Customers cancel subscriptions just like any other service; however, some are cancelling not for lack of use or satisfaction, but because their beloved pet has died.

Representatives from Chewy make the process simple to do and recommend customers donate the unneeded items to local shelters, but they also go the extra mile of recognizing their customers as human beings by seeking to bring them comfort.

Chewy customers may get one more delivery from the company: flowers in memory of their beloved pet with a handwritten note from a customer service team member.

Getting Started

- ***Re-map your customer experience.*** Take time with your team to map your customer experience through the lens of "span of care." Where are the caring moments? Where do you need more?
- ***Recognize without financial incentives.*** How can you recognize that you value customers without resorting to simply incenting them financially? How can you connect in a more human way and with more human language at the moments that matter most to them?
- ***Create "selfie value."*** How can you create small but powerful moments of surprising care for your best customers that they can't help but share with others?

3. Customers seek connection with others. UNITE THEM.

Human beings are inherently social creatures – it's core to our survival. This tenet is also true for customers: they seek connection with others inside your brand experience. This is because social connection is one of the most powerful drivers of human behavior. Once we have formed a bond with a community - including a brand-based one - its very difficult for external forces to disrupt that. A *Truly*Human loyalty strategy will intentionally look for ways to foster social connection between customers. It will unite them around shared identity, shared values, and shared love for the brand experience.

And keep in mind that loyal customers form the most sustainable social connections to a brand. Truly loyal customers will attach to a brand as part of their identity and values, and subsequently seek out others who have done the same as a way of validating that choice. The more people they see and interact with inside that community, they more confident they are in placing their trust in that brand. They are also more most likely to refer the brand to people already in their social network. And potential customers are likely to take that recommendation, as 92% of customers trust referrals from people they already know.

And one additional social connection you shouldn't overlook: the one between your best customers and your own team members. Ultimately, *people connect to people and people buy from people* – not brands or logos or mascots. Employees empowered with autonomy in customer interactions can show more care and personality than a script could ever supply. And, customers return that care. Our 2021 Loyalty Study found that loyal customers were over 50% more likely to modify their own behavior and become more patient with employees of the brands they love.

That is really the power of the *Truly*Human approach: customers who feel a connection, stay connected. Customer who stay connected invite others to connect. And customers who experience caring will show care in return.

*Truly*Human in Action

Peloton is a fitness brand that weathered the pandemic by building social loyalty around their stationary home exercise equipment.

Rather than simply focusing on delivering an exceptional individual fitness experience for their users, they ramped up the gamification features in their internet-connected monitors to include:

- Leaderboards
- Friending
- Remote "buddy" rides
- Virtual teams
- Group challenges

All of these features enabled Peloton to elevate what could have simply been an effective, but isolated, fitness activity to one that put the brand at the center of a shared social experience and a sense of being part of a Peloton community.

Getting Started

- ***Foster community with intent.*** What causes or interests bond your customers together? How can you enable them to take action together on those causes through your CX?
- ***Restructure referrals to be prosocial.*** We know that referrals perform best if any incentive is structured not as a bounty given to the current customers, but as a gift they can offer to the potential customer because it reinforces a bond of social reciprocity. How can you make rewards more effective by viewing them more as a social exchange?
- **Name your community.** Spend at least as much time coming up with a meaningful name for your tribe of loyal customers as you do the name for your loyalty program.

4. Customers are constantly giving feedback. LISTEN TO THEM.

Customer experience often suffers from a *plague of projection. A* brand and its employees will make assumptions about what customers want with answers that miraculously fit the needs of the business or the interest of the employee. Too often leaders become confident they have more knowledge about what customers want than they really do, and they're willing to make guesses and decisions based on that bias.

A *Truly*Human Loyalty approach asks us to acknowledge that bias and overcome it by embracing the concept of **empathetic listening.** Empathetic listening is not asking for feedback without the intent to do anything, nor is it asking solely to validate a decision you already made. Empathetically listening to customers means listening so as to take the customers perspective to understand more deeply what they are thinking and feeling:

> *True empathetic listening, where one actually hears the other person's words and feelings, is the kind of listening that builds empathy as it allows us to see things from others' perspectives. It's the key to all meaningful relationships as it shows that you respect and care for the person you're hearing.*

*Truly*Human Leadership teaches that empathetic listening happens when leaders *seek to understand*, and company culture and employee's lives are improved when leaders are empowered to make decisions based on those insights. Customers seek the same opportunity to display their needs by sharing feedback and to see their experience shaped in return.

This is a critical point, though: customer *behavior* is the most important thing to listen to. There will always be insights a customer cannot or will not articulate when you ask them. However, you can seek to understand by listening through their actions and behaviors, gleaning from an ongoing discipline of behavioral data analysis.

Those insights should then guide the design of your customer experience - to anticipate needs, reduce friction, or go beyond expectations. When used for the shared good – to benefit both customers and the business - they will be your best tool for enhancing customer relationships.

*Truly*Human in Action

Northwell Health, a large hospital system in New York, was looking to improve patient experience scores when they zeroed in a piece of feedback previously ignored - the food. Patients experiencing multi-day stays were telling Northwell that the quality of the food was not conducive to their recovery or their mood while in the hospital.

Northwell's response was to launch a Food & Nutritional Wellness transformation, starting with hiring Michelin-starred chef Bruno Tison to redesign their entire menu. The new approach also included throwing out all the commercial fryers in hospital kitchens, emphasizing the use of fresh food over frozen, and having cooks go on patient "rounds" just like their doctors do.

Getting Started

- ***Adopt a holistic view of customers.*** How can you combine quantitative behavioral data with qualitative customer insights to confidently understand your customer?
- ***Survey your customers and employees at the same time.*** Your customer experience will rarely exceed your employee experience. Solicit feedback from both, and analyze both data sets together for insights on how their intertwined experiences are helping or hurting your Customer Experience goals.
- ***Utilize your loyalty strategy to improve your behavioral data.*** Loyal customers trust you with their data if they see you using it to their benefit. How can you deploy approaches within your loyalty strategy to use data to better predict customers' needs and actions?

5. The time to act is now. YOU CAN LEAD CHANGE.

For this final step, let's acknowledge what is probably the most important truth about any effort to build *Truly*Human customer loyalty: **this is a journey, not a destination**. As a leader, your mandate is to lead from where you stand. That means asking yourself "What can I change today?" and "Where can I make one thing better for our customers right now?"

Customer loyalty initiatives that try to undertake a complete overhaul of the status quo often become so cumbersome - or political - that they never get completed. Instead, the *Truly*Human path is measured in each step toward a goal of an increasingly more people-centered approach to engaging customers and earning their loyalty. As Bob Chapman recently shared:

> *"The way that I like to describe it is the world versus the World. I can change the world of my company, for example. Through that, I can create a model and an example for what the world at large could possibly be versus saying, "I can't change the world at large because that's too big. I'm not a politician. I don't have influence. I don't have connections. But I can change the dynamics of my team. I can change the dynamics in my company." To then be able to say to the rest of the world, "Look what we're doing here." Through that, we can teach them how to do it."*

Getting Started

- ***Look for insights beyond your business.*** We are all guilty of being too heads down in the business of whatever industry we're in. But the best CX idea you haven't tried is likely the one that is already commonplace in another industry. Take time to be curious and explore other areas of the market - you're likely to achieve the CX epiphany that you've been looking for.
- ***Get real about what makes YOU loyal.*** Standing in the customer's shoes is important, but so is understanding what drives you as a person. Take time to make a list of everything you are loyal to - brands, institutions, ideas, people - and what qualities are driving that loyalty. The exercise will both reveal your own biases, but it may also spark ideas about what human drivers are missing from your company's current Customer Experience.
- ***Gather a team of advocates.*** One way leaders lead is by igniting the passion of others. Start sharing the ideas of *Truly*Human leadership with your peers and the people in your span of care. Bring together those who are intrigued by the idea of joining you on the journey.

How We Can Help

Achieving the goal of *Truly*Human Loyalty is easiest when you encourage others across your organization to take part in the journey. Chapman & Co. has helped many companies kick-off this approach through our **Customer Experience Design Labs.** These one or two-day fully facilitated experiences will help you bring together a cross-functional team to address a specific Customer Experience challenge using the unique lenses of *Truly*Human leadership, behavioral science, customer loyalty, and gamification. Through the lab you will:

- Uncover testable solutions for real world Customer Experience challenges
- Learn new frameworks for assessing your challenges and new shared language for arriving at answers
- Build a team of advocates for your Customer Experience and loyalty goals

Connect with us for more details and to find out how to schedule a design lab for your team.

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Barry Kirk is a 20-year practitioner in the field of customer experience design and a recognized thought leader in the art of building customer loyalty.

Known for creating the "Multi-Loyalty Framework," a human-centered model for sustaining brand engagement, Barry's work continues to be guided by the core principle, "Customers are human beings first."

Barry currently serves as a Principal Consultant for Chapman & Co. Leadership Institute, where he supports brands in adopting a ***Truly*Human loyalty** approach to achieving growth through deep and authentic customer connection. Prior to Chapman & Co., Barry led consulting services for global incentives leader Maritz Motivation, and was in senior leadership at Bunchball, a Silicon Valley-based gamification SaaS start-up.

At Chapman & Co. we help companies build strategies that improve relationships with and results from the most important people in their span of care - customers, team members and leaders. We support our clients through ***Truly*Human-centered** consulting, training and coaching services that help them select the right talent, equip leaders to succeed, build a culture where team members can thrive, and create customer experiences that earn brand loyalty.

***Truly*Human Leadership** as a business model was first introduced by our CEO Bob Chapman, in his Wall Street Journal business bestseller "Everybody Matters: The Extraordinary Power of Caring for Your People Like Family." That approach was instrumental in Bob Chapman's journey to transform our parent corporation, Barry-Wehmiller, from a $200 million firm to a $3 billion global success story. It has since influenced dozens of other companies on their growth, culture and leadership journeys.