Your company’s customer strategy

A path to delivering distinctive value and experience
## Contacts

### Beirut

Gabriel Chahine  
*Partner, Strategy&*  
+961-1-985-655  
gabriel.chahine@strategyand.ae.pwc.com

### Cleveland

Steven Treppo  
*Principal, PwC US*  
+1-216-407-0473  
steven.treppo@strategyand.us.pwc.com

### Munich

Rolf Fricker  
*Managing Director, PwC Strategy& Germany*  
+49-89-54525-648  
rolf.fricker@strategyand.de.pwc.com

### New York

Louis Bouquet  
*Director, PwC US*  
+1-703-298-1356  
louis.bouquet@strategyand.us.pwc.com

### San Jose, Calif.

Joe Lo  
*Principal, PwC US*  
+1-408-817-5040  
joe.lo@pwc.com

### Seattle

Mathias Herzog  
*Principal, PwC US*  
+1-415-713-5838  
mathias.herzog@strategyand.us.pwc.com

### Tokyo

Steven Veldhoen  
*Partner, PwC Japan*  
+81-3-6212-6880  
steven.veldhoen@pwc.com

### Chicago

Jayanth Godla  
*Principal, PwC US*  
+1-312-298-5085  
jay.godla@strategyand.us.pwc.com

Namit Kapoor  
*Principal, PwC US*  
+1-312-578-4502  
namit.kapoor@strategyand.us.pwc.com

### Dallas

Charlie Hohenshelt  
*Principal, PwC US*  
+1-214-740-6725  
charlie.hohenshelt@pwc.com

Louis Bouquet  
*Director, PwC US*  
+1-703-298-1356  
louis.bouquet@strategyand.us.pwc.com

### Florham Park, N.J.

Thomas Ripsam  
*Principal, PwC US*  
+1-216-543-6466  
thomas.ripsam@strategyand.us.pwc.com

Ed Landry  
*Principal, PwC US*  
+1-703-626-3145  
edward.landry@strategyand.us.pwc.com

### Mexico City

Carlos Navarro  
*Principal, PwC Mexico*  
+52-55-5263-6000  
c.navarro@strategyand.us.pwc.com

Peter Sidebottom  
*Principal, PwC US*  
+1-646-471-7743  
peter.sidebottom@strategyand.us.pwc.com

### Cleveland

### Munich

### San Jose, Calif.

### Seattle

### Tokyo

### Beirut

### Chicago

### Dallas

### Florham Park, N.J.

### Mexico City

### About the authors

**Thomas Ripsam** is an advisor to executives with Strategy&, PwC’s strategy consulting business. A principal with PwC US, he is based in Florham Park, N.J., where he leads the customer strategy team. His areas of specialty include customer strategy development, operating model design, and transformation strategies for clients in the technology, information, communications, entertainment, consumer, and retail industries.

**Louis Bouquet** is a thought leader with Strategy&, based in New York. He is a director with PwC US. He focuses on customer strategy and transformation for technology clients.
Executive summary

We define customer strategy as the articulation of the distinctive value and experience your company will deliver to a chosen set of customers over three to five years, along with the offerings, channels, operating model, and capabilities you will need to implement it. In early 2016, a team of researchers and advisors from the customer strategy practice of Strategy&, PwC’s strategy consulting group, conducted a global survey of 161 executives to examine their companies’ customer strategy objectives and approaches.

The results of the survey highlight a fundamental disconnect. Although 84 percent of companies plan to invest at least as much in customer strategy in response to changing market dynamics in the years ahead as they’ve spent in the recent past, and some plan to spend more, few businesses have a clearly articulated idea of what their customer strategy should be.

Our respondents identified three major trends that are driving the need for a well-designed customer strategy: the pace of technological innovation, more informed and more sophisticated customers, and increasingly disruptive competition. However, although 51 percent of respondents commonly use the term customer strategy and are driving different steps for wooing customers, they aren’t weaving these elements together in a way that reflects an understanding of their company or customers.

Based on the lessons from leading companies and Strategy&’s experience, our consulting teams pinpointed 10 principles at the heart of customer strategy and the best practices for implementing these principles. At its core, a customer strategy must define the distinctive value and experiences a company provides to its targeted customers and coordinate the various functions, skills, and channels needed to deliver on that promise.
Customer strategy is now more critical than ever to a company’s success. Faced with rapidly changing market forces, a business can no longer follow the traditional approach of targeting a set of chosen customers. A successful customer strategy needs to articulate the distinctive value and experience your organization will deliver to those customers over three to five years, along with the offerings, channels, operating models, and capabilities you will need.

In early 2016, Strategy& set out to examine how well companies understood customer strategy and identify the best practices across industries. With the participation of 161 executives globally, our PwC Strategy& Customer Strategy survey examined the trends that are disrupting markets and the customer strategies companies are adopting to tackle the risks and opportunities created by these forces. To pinpoint best practices and common pitfalls, we conducted an in-depth analysis of more than 30 companies. Digging further, we conducted interviews with select executives across industries.

We found that respondents are aware of the importance of customer strategy, and believe that with powerful trends affecting the customer experience, investing in it is critical. Our survey results indicate that companies are committing more resources to customer strategy: Some 84 percent of companies expect to invest more or the same on it over the next year, compared with only 7 percent that expect to spend less. Respondents said that historically, the greatest incremental impact from these investments has been on sales and customer loyalty, with 37 percent seeing an increase in sales and 27 percent in higher customer loyalty.

The companies we surveyed are responding to the trends that are reshaping customer expectations and creating new market opportunities. We asked companies to rank those trends in order of importance. The top three, according to respondents, are (1) technological breakthroughs, (2) changing customer preferences and expectations, and (3) increasing competition and speed of change (see Exhibit 1, next page).
About 51 percent of respondents commonly use the actual term *customer strategy*, compared with 15 percent of companies that seldom use it and 9 percent that never do. But our analysis found that although companies are investing in gaining and retaining customers, they aren’t necessarily building a coherent customer strategy. The companies we surveyed define customer strategy in a broad variety of ways, indicating that businesses may do an insufficient job of looking at all of the factors that drive customer success (see Exhibit 2, next page). As the most important elements of strategy, our survey respondents listed segmenting and targeting (72 percent), followed by customer experience (61 percent), channel strategy (57 percent), go-to-market strategy (56 percent), and product strategy (53 percent). As to where companies in different markets are investing, 86 percent of Asian companies have invested heavily in product development, while the majority of European companies surveyed — 67 percent — have focused investment toward customer segmentation. North and South American companies surveyed split investment more evenly among the

---

*Exhibit 1*

**Top customer strategy–related trends**

<table>
<thead>
<tr>
<th>Trend</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological breakthroughs</td>
<td>67%</td>
</tr>
<tr>
<td>Changing customer preferences and expectations</td>
<td>66%</td>
</tr>
<tr>
<td>Increasing competition and speed of change</td>
<td>54%</td>
</tr>
<tr>
<td>Evolving path to purchase</td>
<td>38%</td>
</tr>
<tr>
<td>Other</td>
<td>36%</td>
</tr>
<tr>
<td>Demographic and social changes</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis


Exhibit 2
How companies define customer strategy

Customer strategy elements*

- Segmenting and targeting
- Customer experience
- Customer supply chain/operations
- Customer marketing
- Channel strategy
- Go-to-market strategy

“How do you define customer strategy?”

“We call it ‘customer experience strategy,’ and the first step is to define the right value proposition.”
—CMO, automotive retail company

“We focus on customer engagement, and we segment customers into 13 segments.”
—SVP, customer solutions strategy, energy company

“We spend most of our time getting the value proposition right.”
—Head of customer experience, healthcare company

“Our customer strategy is first and foremost about driving growth in new markets.”
—Director, customer marketing, storage company

* How does your company define customer strategy?

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
various areas. Just as telling, two-thirds of companies don’t measure the return on investment (ROI) for the assets they put toward customer strategy, though the companies that do this find that they achieve a 5 to 15 percent return. Clearly, businesses are driving elements of customer strategy, but not in an integrated way.

What is most important to a successful customer strategy is that the company pull all of its resources together in a way that reflects the company’s unique capabilities and its customers’ needs. The strategy is integrated across the entire organization, coordinating many different functions, skills, and practices. These elements range from customer analytics to go-to-market and channel choices to the delivery of products, services, and experiences (see Exhibit 3, next page).

In building a cohesive customer strategy, however, companies will need to overcome a series of key hurdles (see Exhibit 4, page 9).

- The organizational model is the biggest barrier companies face, identified by 84 percent of survey respondents. Creating a cohesive strategy across many groups and functions is difficult in many companies where roles and responsibilities, accountability, information flows, and structure are siloed and have competing incentives.

- Attracting and retaining the right talent, cited by 64 percent of respondents as a serious obstacle to customer strategy execution, is critical because customers expect businesses to use technology to provide more value. Companies have to be able to recruit talent with the right technical skills and the analytical ability to track the pulse of customers.

- The organization’s culture is a serious barrier, according to 44 percent of respondents. In fact, a strong culture can be a bigger advantage than ever. In a data-driven, hyper-connected marketplace, a culture in which employees know what a company stands for can evolve in step with its customers and stay relevant to them.

- Notably, although the findings were consistent across geographies and sectors, for smaller companies (less than US$100 million in sales) the most frequently cited hurdle was finding and keeping the right talent (rated that way by 66 percent of all small companies), followed by financial resources (63 percent).
Exhibit 3
A customer strategy that integrates all elements

PwC Strategy& perspective: Definition of customer strategy

1. **Who are our customers?**
   - Which needs and pain points are we addressing?
   - Customer analytics and insights
   - Targeting and segmentation
   - Competitive intelligence

2. **What is our value proposition?**
   - What customer experience do we want to deliver?
   - Value proposition
   - Customer experience design

3. **What is the best way to reach customers?**
   - How do we leverage our ecosystem of partners?
   - Go-to-market and channel strategies
   - Customer marketing and communications

4. **How do we efficiently organize to deliver on our promise?**
   - How do we build the required capabilities?
   - Operating model
   - Organization and talent
   - Customer capabilities (e.g., processes, technology, systems)

5. **How do we measure performance?**
   - How well do we execute and improve?
   - Planning
   - Delivery of products, services, and experiences
   - Performance tracking

Source: Strategy& analysis
What are the biggest barriers to your company’s success?
% of survey respondents

- Organizational model: 84%
- Right talent: 64%
- Organization’s culture: 44%
- Financial resources: 34%
- Strategic direction: 21%
- Environmental factors: 10%
- Executive support: 7%

“The challenge of driving alignment across many different groups, often with competing incentives, makes it difficult to effect major change.”
—VP, brand strategy, insurance company

“We have 9 to 10 priorities but the ability to execute six — we lack the systems, people, and processes to do more.”
—CMO, advertising company

“Our key challenge is the cultural shift from the ‘old’ way of the business to becoming a mature company.”
—EVP, field marketing, software company

“Culture is our main issue — mind-sets need to change; we need to focus on growth and be customer-first.”
—CMO, customer marketing, storage company

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
Our research identified 10 principles at the heart of customer strategy and the best practices for implementing them (see Exhibit 5, next page). Respondents said all of these principles were crucial, but three were ranked the most important: linking your company’s customer strategy to its overall identity, knowing your customers at a granular level, and reorganizing around the customer.

Below, we describe the 10 principles that make up a successful customer strategy and the best practices needed to implement them. The principles are universally applicable, regardless of what industry a company operates in, whether it focuses on business or consumer clientele, the size of the business, which region it does business in, or what products and services it offers. Most businesses understand these principles, but few apply them all or apply them with the level of sophistication, excellence, and agility that’s needed today. A company that fully incorporates all 10 principles will gain a coherent approach to maximizing customer success for the long term.

1. Master the art of the possible

A company that knows what’s possible in innovative technologies can anticipate, rather than react to, what customers want. We found that 67 percent of respondents regularly analyze the art of the possible in digital and mobile, yet only 33 percent assess the potential for industry transformation by a new entrant or competitor.

To exploit the potential impact of innovations, companies need to study emerging digital and mobile technologies and how they’re used in other industries to drive customers’ experience and engagement. Adapt your customer strategy to take advantage of new technologies in digital and mobile to enhance customer experience and reduce costs. Determine the financial impact of being an early or late adapter. Your ability to outpace competitors depends on cultivating your judgment. While your company can harness an emerging technology, rivals can as well. Yet only 28 percent of companies undergo this kind of analysis (see Principle 1, page 12).
### Exhibit 5
### 10 principles of customer strategy

<table>
<thead>
<tr>
<th>Principle</th>
<th>Best practices</th>
<th>Where companies stand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Master the art of the possible</strong></td>
<td>With innovations emerging every day, businesses need to know how to thoroughly assess the potential and risk of digital and mobile.</td>
<td>Though 67% of companies regularly analyze the art of the possible, only 33% assess the potential for industry transformation by a new rival.</td>
</tr>
<tr>
<td><strong>Know your customers at a granular level</strong></td>
<td>High-performing companies analytically understand which problems they’re trying to solve and for which audience.</td>
<td>Some 73% of companies understand customers in depth, but just 46% can translate those insights into new business platforms.</td>
</tr>
<tr>
<td><strong>Link your company’s customer strategy to its overall identity</strong></td>
<td>Leading organizations have a strong value proposition that extends value broadly beyond products to experiences and emotions.</td>
<td>Some 65% of companies are proficient at outlining how value will be created for each customer segment, but just 45% extend their value proposition.</td>
</tr>
<tr>
<td><strong>Target customers with whom you have a right to win</strong></td>
<td>Winning companies look at their capabilities to identify segments and markets where they’re confident of winning against competitors in a profitable way.</td>
<td>About 71% of companies target customers based on attractiveness and company strengths.</td>
</tr>
<tr>
<td><strong>Treat your customers as assets that will grow in value</strong></td>
<td>High-performing businesses develop long-term relationships with customers, treating them as assets by driving and tracking engagement and loyalty.</td>
<td>Only 48% of survey respondents know the lifetime value of customers at the segment level.</td>
</tr>
<tr>
<td><strong>Leverage your ecosystem</strong></td>
<td>Successful businesses actively manage their ecosystems of partners and advocates.</td>
<td>Though 68% of companies engage a broad and diverse ecosystem of partners, only 47% actively manage it.</td>
</tr>
<tr>
<td><strong>Ensure a seamless omnichannel experience</strong></td>
<td>High-performing companies deliver a consistent experience across their channels and analyze the costs and benefits of these channels.</td>
<td>Some 57% of survey respondents select channels carefully, but only 36% are able to track an overall view of customer performance.</td>
</tr>
<tr>
<td><strong>Excel at delivery</strong></td>
<td>Successful organizations take an end-to-end view to optimize and measure the performance of delivery capabilities.</td>
<td>Some 58% of respondents understand how customers value different delivery methods.</td>
</tr>
<tr>
<td><strong>Reorganize around the customer</strong></td>
<td>To function in an agile way, companies need to be “fit for the customer” and have the right capabilities and organization to deliver a great customer experience.</td>
<td>Less than 60% of companies align organizational decisions to their customer strategy and have the right capabilities to support it.</td>
</tr>
<tr>
<td><strong>Match your culture with your customer strategy</strong></td>
<td>Successful businesses understand the importance of cultivating a culture that keeps them competitive and relevant.</td>
<td>Only 51% of respondents say their companies actually use culture as an accelerator and differentiator.</td>
</tr>
</tbody>
</table>

Source: Strategy& analysis
**Principle 1**

*Master the art of the possible*

Would you say your company...

- **67%** regularly assesses the art of the possible in digital and mobile.
- **59%** adapts strategy to take advantage of new technologies before competition.
- **33%** thoroughly assesses the potential for industry transformation by a new entrant or competitor.
- **28%** analyzes the financial impact of being an early or late adapter.

Note: Sample of respondents who consider “understanding the art of the possible in digital and mobile” as one of their top five customer strategy principles.

2. **Know your customers at a granular level**

High-performing companies have an understanding of the problems they’re trying to solve for specific audiences that is based on analytics. To implement this principle, most companies will need to significantly improve their ability to translate analytical capabilities into product launches and service improvement. Our survey found that although 73 percent of companies say they understand customers in depth, only 46 percent are able to translate those insights into new business platforms, and just 45 percent follow an effective process for analyzing new platforms and ensuring that the right ones get funded.

This principle begins with establishing an all-encompassing definition of your market and customers. You build on this foundation by developing actionable segmentation that draws from a variety of sources, including customer behavior and psychographics, information collected from the Internet of Things (IoT), and location-based and customer journey data. By cultivating deep customer insights, including future needs, you can develop targeted offers with differentiated value propositions (see Principle 2, next page).

3. **Link your company’s customer strategy to its overall identity**

Winning organizations have a strong value proposition that distinguishes them from their competitors. A clearly defined value proposition goes far beyond differentiating your offerings in the market; it helps you shift your customer’s perception of what’s valuable. This is how you create a sustainable advantage.

Developing a clear value proposition is an ongoing process that should be undertaken for each of your customer segments. This requires a balancing act. Organizations need to outline how value will be created for customers in these segments while delivering profit to the bottom line. They need to determine optimal pricing for long-term value creation. At the same time, the value proposition should be stretched so that it includes all customer touch points, not just the product. While most companies (65 percent) report they’re proficient at outlining how value will be created for each customer segment, just 50 percent say their company analyzes pricing to optimize long-term value creation. Finally, the value proposition needs to extend beyond functional attributes to include emotional elements. Today, just 45 percent of companies say they deliver on this requirement (see Principle 3, page 15).
Principle 2
Know your customers at a granular level

Would you say your company...

- 73% understands deep customer insights and new and emerging technologies (which may only be deployed in other industries)
- 46% has the ability to translate deep insights and technologies into new business platforms
- 45% follows an effective process for assessing new business platforms and ensuring the right ones get funded

Note: Sample of respondents who consider “segment and know your customers (and their pain points) at a granular level” as one of their top five customer strategy principles.

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
Principle 3
Link your company’s customer strategy to its overall identity

Would you say your company...

- outlines how value will be created for customers in each segment while delivering profit to the bottom line: 65.4%
- extends value proposition to include all customer touch points, not just the product: 55.4%
- analyzes pricing to optimize long-term value creation: 50.0%
- extends value proposition beyond functional attributes to include emotional elements: 45.4%

Note: Sample of respondents who consider “develop a clear value proposition” as one of their top five customer strategy principles.

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
4. **Target customers with whom you have the right to win**

Successful companies recognize their capabilities and use them to compete in categories and markets where they’re reasonably confident of winning against competitors in a profitable way. The majority of survey respondents appear to be aware of how important this principle has become as the pace of competition has accelerated; 79 percent of respondents said they believe their companies have a clear understanding of their customer segments, while 71 percent said they target segments based on both the customer’s attractiveness and their own strengths. Companies can’t afford to target each and every growing market or profitable segment.

The first step to implementing this principle is identifying profit pools in each customer segment and how those profit pools are evolving. Analyze your company’s competitive strengths and how you can differentiate your offerings. Target segments based on both segment attractiveness and your company’s strengths (knowing there will often be capability gaps to be addressed). Sometimes, companies try to expand their business into segments where they don’t have the right to win and wind up investing time and resources on indifferent customers (see Principle 4, next page).

5. **Treat your customers as assets that will grow in value**

Leading companies cultivate long-term relationships with customers in a way that keeps adding value. Building customer relationships is a long-term game. It starts with quantifying the lifetime cost of a customer relationship at either the individual or the segment level. Currently, less than half of companies, or 48 percent, analyze this data. You then layer on an analysis of your customers’ path to purchase. This gives you the insight needed to monetize the value of those relationships by expanding and tailoring services and product offerings to meet the needs of your customers.

Developing your customers as assets requires a holistic approach to building customer relationships and intimacy and driving customer engagement. Some 61 percent of organizations say sales, marketing, and account teams understand customers and drive engagement, loyalty, and sales. Tracking customer engagement and understanding the link between engagement and sales growth is critical. The point isn’t simply to expand your offerings. You want to be able to offer products and services that are the most relevant to your customers and the most profitable for you while also quickly responding to customer problems. Though 58 percent of respondents track customer engagement, only 30 percent align incentives to maximize the ROI from customer acquisition and retention activities (see Principle 5, page 18).
**Principle 4**

**Target customers with whom you have the right to win**

Would you say your company...

- 79% have a clear understanding of customer segments, and their needs and economics
- 71% target these customers based on both attractiveness and company strengths

Source: Business Insider; 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
Principle 5
Treat your customers as assets that will grow in value

Would you say your company…

- 61.3% has sales, marketing, and account teams that understand customers and drive engagement, loyalty, and sales
- 57.5% tracks customer engagement
- 52.5% monetizes the value of relationships with customers by developing and selling them relevant new products/services
- 47.5% knows the lifetime value of customers, at the segment level if not at the individual level
- 40.0% analyzes the link between customer engagement and sales growth
- 30.0% aligns incentives to maximize the ROI from customer acquisition and retention activities

Note: Sample of respondents who consider “treat your customers as assets and ensure there is clear accountability for your customers” as one of their top five customer strategy principles.

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
6. **Leverage your ecosystem**

Winning businesses actively manage their ecosystems of partners and advocates. The availability of data and digital networks means that your existing and potential network of partners, customers, and suppliers is much more powerful now. Make the most of this opportunity by building a broad and diverse ecosystem that can help you create value for your customers and help you execute customer strategy.

As important as building this ecosystem is, it’s equally crucial to manage this network for everything from inherent financial and brand risks to new market opportunities. Though 68 percent of our survey respondents engage a broad and diverse ecosystem of partners, only 47 percent actively manage it. To underpin your ecosystem’s relevance and success, cultivate strong advocates to promote your brand and closely monitor the messages being delivered. With the right training and oversight, companies can manage potential risks and engage with a far-reaching community (see Principle 6, next page).

7. **Ensure a seamless omnichannel experience**

Best-in-breed organizations deliver a consistent experience across all their customer touch points and analyze the costs and benefits of their multichannel networks. They select channels based on customer expectations, brand positioning, customer value, and cost-to-serve. But then they take their analysis further and assess the full cost and the full benefits across every channel in order to track the performance of those channels. The majority of respondents, or 57 percent, do select channels carefully. But only 36 percent track an overall view of customer performance.

With customers now taking the multichannel experience for granted, it’s crucial that companies have technologically adept talent and processes in place to keep improving the channel experience. Leading companies deploy the necessary organization, process, technology capabilities, and talent to ensure a seamless omnichannel experience. Engage employees and channel partners who help manage or are involved with the channels in collecting, sharing, and analyzing data to ensure that the customer experience is consistent across channels (see Principle 7, page 21).
Principle 6
Leverage your ecosystem

Would you say your company...

- 68.0% considers and engages a broad and diverse ecosystem of partners (e.g., innovation customer engagement, go-to-market) to create value for customers and help execute the customer strategy.
- 46.7% actively manages the ecosystem including the inherent financial and brand risk present in an extended enterprise.
- 38.7% possesses a customer-back understanding of customers’ community of interest.

Note: Sample of respondents who consider “leverage your ecosystem to better engage customers, support new offerings, and accelerate growth” as one of their top five customer strategy principles.

Principle 7
Ensure a seamless omnichannel experience

Would you say your company...

- ...selects channels based on customer expectations, brand positioning, customer value, and cost-to-serve: 56.8%
- ...aligns channel strategy with customer and business strategies (including alignment with customer expectations and brand positioning): 54.5%
- ...deploys necessary organization, process, technology capabilities, and talent to ensure a seamless omnichannel experience: 45.5%
- ...tracks a holistic view of customer performance: 36.4%
- ...engages frontline employees and channel partners through sharing, collection, and analysis of relevant data: 36.4%

Note: Sample of respondents who consider “ensure seamless omnichannel experience across all customer-facing touch points” as one of their top five customer strategy principles.

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
8. Excel at delivery

With its business model now built in large part on its delivery services and supply chain innovations, Amazon is setting the pace for changes in delivery and has created a whole new level of customer expectations. Yet, although companies need to model their delivery service on Amazon’s advances, they can tailor their menu of delivery services to their own customer value expectations, margin, and brand positioning. Over half of the survey respondents said they understood how customers value different delivery options, while the majority (72 percent) said they understood which delivery options can differentiate their company.

Leading companies take an end-to-end view to optimize and measure the performance of delivery capabilities. They create end-to-end delivery streams tailored to customer segments, value, and complexity. Data and analytics are the foundation of these efforts. Use relevant and evolving metrics, including customer experience, cost, and productivity, to balance performance against profitability (see Principle 8, next page).

9. Reorganize around the customer

Successful organizations are “fit for the customer,” designed to make it easy to deliver a great customer experience. To hit this mark, many companies will first need to define which capabilities they’ll need and decide how to weave all of the 10 customer strategy principles throughout their organizations and operating models. Currently, just 50 percent of respondents say they have the right capabilities to support their strategy and deploy the right talent to execute strategic objectives.

Many companies will also need to assess certain decision rights and roles and responsibilities to ensure that they’re aligned with customer strategy. Only 54 percent of survey respondents do so now. Focus on attracting the right talent and training employees so they have the right skills. Having teams with technological skills, an analytical outlook, and the ability to adapt is crucial to a company’s ability to function in an agile way (see Principle 9, page 24).
**Principle 8**
**Excel at delivery**

Would you say your company...

- **71.9%** knows which delivery capabilities are table stakes versus differentiating
- **57.8%** understands how customers value different delivery options including delivery models such as in-store pickup

### Principle 9
Reorganize around the customer

Would you say your company...

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>60.0%</td>
<td>...aligns investments, performance measurements, and incentives with customer and business strategy</td>
</tr>
<tr>
<td>54.3%</td>
<td>...aligns decision rights and roles and responsibilities with customer strategy</td>
</tr>
<tr>
<td>50.0%</td>
<td>...has the right capabilities to support its strategy and deploys appropriate talent to execute strategic objectives</td>
</tr>
<tr>
<td>42.9%</td>
<td>...has the right cost structure to compete in its industry and make required investments</td>
</tr>
</tbody>
</table>

Note: Sample of respondents who consider “develop an organization built for purpose” as one of their top five customer strategy principles.

Source: 2016 PwC Strategy& Customer Strategy survey; Strategy& analysis
10. **Match your culture with your customer strategy**

Winning companies understand the importance of building and maintaining a vibrant, healthy culture. To achieve this, you need to explicitly factor culture into your strategy and differentiating capabilities.

Cultivate culture as an accelerator and differentiator. With the rapid pace of change, it’s common for customer expectations to evolve so quickly that companies have to work to keep up. Currently, just 51 percent of companies view their culture as an accelerator and differentiator. Create policies so you can explicitly address cultural inhibitors. A culture, by definition, must evolve. Picking a few key behaviors, such as having employees lead the charge in solving customer problems proactively, and rewarding employees who demonstrate these behaviors, will help your company’s culture develop in a positive way (see Principle 10).

---

**Principle 10**

**Match your culture with your customer strategy**

Would you say your company...

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>50.6%</td>
<td>…uses culture as an accelerator and differentiator</td>
</tr>
<tr>
<td>48.1%</td>
<td>…addresses culture inhibitors</td>
</tr>
<tr>
<td>42.0%</td>
<td>…explicitly factors culture into strategy and development of differentiating capabilities</td>
</tr>
</tbody>
</table>

Source: Strategy& analysis
**Methodology**

Our researchers emailed the 2016 PwC Strategy& Customer Strategy survey, the first such survey from our practice, to more than 15,000 executives in eight industries in North America, South America, Europe, Asia, the Middle East, and Australia in April 2016.

Of the recipients, 161 executives completed the survey. Fifty-six percent of the companies that responded were headquartered in North America. Industries in which the respondents sold their products and services included construction and real estate, energy, entertainment and media, financial services, healthcare, manufacturing, mining and agriculture, retail, technology, and transportation.

Annual revenues for responding companies ranged to more than $10 billion. Of the respondents, 17 percent were at the C-suite level and 80 percent were at the level of president, senior or executive vice president, vice president, or director. Sixty-four percent were highly involved with their company’s customer strategy, and 26 percent were somewhat involved. Of the companies responding, 44 percent primarily served the B2B market, 14 percent primarily served the B2C market, and 43 percent served both.
Conclusion

The 10 principles help you develop a comprehensive approach to engaging and understanding customers based on your distinctive capabilities and organizational strengths. These principles should be addressed as part of any customer strategy development effort. A customer strategy built to adapt to changing customer expectations, to anticipate clients’ needs, and to stay ahead of disruptive rivals is made up of all of these elements, not just some of them. Above all, focus on being clear about who you are. As you craft a successful customer strategy, this understanding will help you build a business that thrives.

Related reading

Strategy& is a global team of practical strategists committed to helping you seize essential advantage. We do that by working alongside you to solve your toughest problems and helping you capture your greatest opportunities.

These are complex and high-stakes undertakings — often game-changing transformations. We bring 100 years of strategy consulting experience and the unrivaled industry and functional capabilities of the PwC network to the task. Whether you’re charting your corporate strategy, transforming a function or business unit, or building critical capabilities, we’ll help you create the value you’re looking for with speed, confidence, and impact.

We are part of the PwC network of firms in 157 countries with more than 223,000 people committed to delivering quality in assurance, tax, and advisory services. Tell us what matters to you and find out more by visiting us at strategyand.pwc.com.