

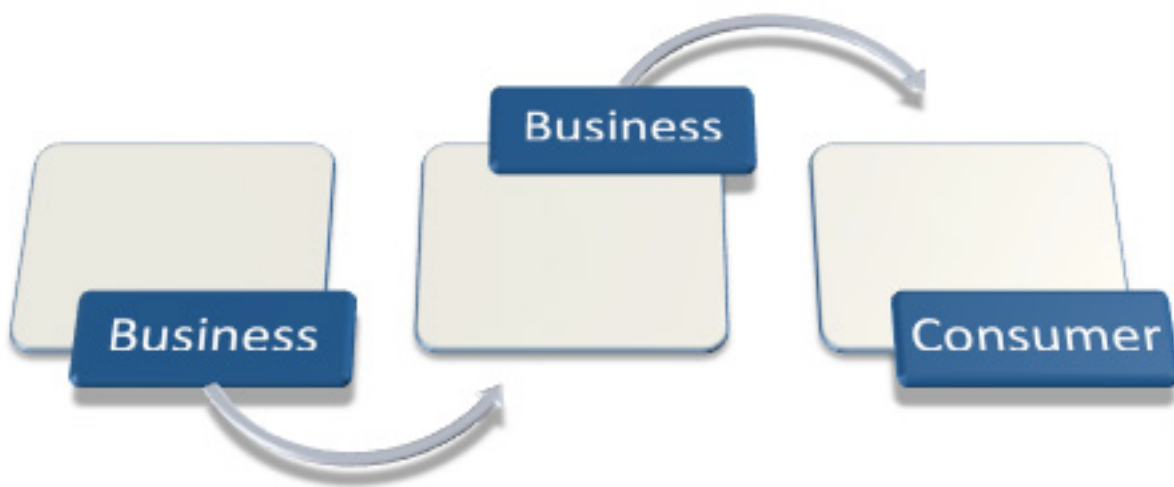
Taking Care of Your Customer's Customers

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By now we should all know how important it is to build relationships with our customers. Everyone boasts about relationships being the ultimate differentiator for business and interestingly enough, when you Google “customer relationship” you get 41M results. Try and open any good business magazine or book without finding something substantive about customer relationships. Webinars about customer satisfaction and loyalty are great for putting us to sleep because there is so little that is new and so many vendors and consultants trying to engage us.

If everyone is trying to build a relationship with their, and your, customers then how do you provide a unique value proposition? One interesting way is to build a strategy around taking care of your customer's customers—a bi-modal and therefore slightly more complex relationship and business arrangement. This can turn a potential adversarial contest into a true partnership with both businesses focusing only on delighting the shared customers and turning them into advocates for both. And this works just as well for business-to-business (B2B) organizations as it does for business-to-consumer (B2C) organizations. In this article we will use several case studies to illustrate how this strategy actually works with business-to-business-to-consumer (B2B2C) organizations—in other words, the customer's customer.



Case Study #1 – Hospitality Concession Relationships

A resort hotel is a member of Premier (a Luxury brand of hotels worldwide). It has been growing in both size and reputation ever since it opened in 1929. This is a very upscale property, famous for the U.S. Presidents and the Hollywood stars who frequent this facility.

From their web site, “The Gold Carpet Spa” (not the actual name) is described as “renowned for beauty and expertise.” Gold Carpet Spas operate numerous day and resort spas nationwide... “committed to enhancing the lives of its guests through beauty, harmony and well-being, and providing pioneering techniques, quality treatments and advanced services, Gold Carpet Spa will continue to expand, innovate and remain the leader in the day spa industry for years to come.” Nobody should be surprised to find a Gold Carpet Spa at the Premier Hotel. And here we have a perfect example of the symbiotic relationship we are discussing within this article.

In most cases the client of the Gold Carpet is also a guest at the Premier. The guest may be staying at the hotel for an event, to enjoy the golf or to just chill out. For one day, this visit may include a visit to the Spa. Question – did they come to the hotel because of the spa or go to the spa because they were at the hotel? In either case the guest is a client of both parties and any disappointment with one will not doubt be reflected on the other.

To maximize the mutual benefits, both the hotel and the spa had to ensure that they served the same level of customers, with the same type of expectations, and have the will and capabilities to constantly meet or exceed high expectations. When the hotel expands, the potential spa customer-base grows and when the spa creates loyal customers the hotel sells additional room nights.

Also, we have no doubt that at the end of a stay at the hotel the survey will first ask if the guest used the spa and, if yes, will probe to find out how they were treated, how they felt afterwards, etc. We have no doubt that the survey results will be discussed between hotel and spa management and any resulting actions will be monitored by both to make sure their mutual clients are likely to return and recommend the facility to their friends. Here we see a perfect example of two businesses working together to align strategies and services delivery to maximize the benefits to both parties. This is the definition of a relationship.

Case Study #2 – Automotive Consumer Relationships

When someone leases a car they bring it back to the place where they leased it from whenever maintenance is required. This means they don't even think about who manufactured any of the required parts. However, when individuals buy a car, the natural tendency for many is to bring it back to the dealership for all warranty service and, if they are happy with the service, also return there for post-warranty work. Then, as the car gets older, we start to think about going to a local shop or parts dealer to save money because, after all, the car is on a downward depreciation curve so why pay lots of money for service. But we still want the peace of mind, which comes from installing a “quality” replacement part.

We will discuss two examples of businesses helping their commercial customers educate

the end consumer to increase sales by giving the front-line person enough information to become the buyers trusted adviser while selling the preferred products.

First, let's look at replacement tires. Americans will spend \$13 billion at tire retailers this year, up 6.6 percent from 2010, according to researcher IBIS World. Most of us will either purchase the same make and model as the manufacturer installed or look for a better deal from our independent repair shop or tire dealer. Recognizing this situation, and believing their products are the best, both Continental and Michelin launched different types of training programs so the customer facing person becomes fully informed about the benefits of their brand.

Continental brings about 950 tire salesmen to a test track in Uvalde Texas where they spend 10 hours learning how the General tire (a Continental brand) is superior to selected competition. They believe this works because "The word of the guy working the tire-store counter still matters in as many as 80 percent of retail tire purchases, tire sellers say." Does it work? This program helped Continental's U.S. business gain market share over the past five years, boost profits, and increase average selling price by 20 percent. So you bet it works.

Michelin's approach focused on using technology to educate its dealers' front line employees. They designed and installed special suites for automobile, motorcycle, truck and specialized tires and produced classes describing the features and benefits of the various products Michelin offers. These classes are then distributed to individual outlets on DVD so they can be used to train the sales people to make them better informed than anyone else in the industry. They also have dedicated web sites for each application, and sometimes each brand with FAQ's and discussions. The objective of each program is to increase sales by turning the customer-facing individual into a trusted adviser.

Now let's look at one of the largest auto parts distributors in the U.K. One of us was talking with the Director of Supply Chain and mentioned this article. She just looked at me and said "We do that". This comment led to a very interesting discussion. Her company sells replacement parts from all the major manufacturers, including suppliers to the car manufacturer. The major difference between parts is the OEM parts come packaged in boxes with the car makers name and the famous statement "Authorized Spare Part" or words to that effect. And at retail these parts are significantly more expensive than the exact same part labeled Jaguar, or Audi, Honda, etc.

To boost sales through her distribution business, her company launched an ongoing series of training classes, held at local repair shops, to educate the technicians and front desk personnel about the virtues of the non-authorized parts. Not only did sales increase but car-owning customers actually left the repair process with peace-of-mind because they received first quality parts and saved considerable money.

Case Study #3 – Manufacturer Distributor Relationships

Organizations that offer products and support through distribution channels are often faced with a unique challenge in serving the end-user or consumer. Consider a manufacturer of safety equipment that sells products and services exclusively through a network of "authorized distributors" or dealers who in turn sell those products and

services to the actual end-user or client. This is a true B2B2C example. Both the manufacturer and the distributor need to focus on their ultimate client who uses the product or receives the services and rewards both when the expected experience is achieved.

The “authorizing” of distributors is actually the first critical step in this multi-level relationship from the manufacturer’s perspective. They want those distributors to be knowledgeable and successful at selling products and services. Training and certification programs aimed at dealer qualification are an essential part of that business relationship and help guarantee a good to great customer experience. The training curriculum typically includes product and technical knowledge but that can be enhanced by including sales and customer skills that pertain specifically to marketing, promoting, and selling those products within specific vertical markets.

Often both manufacturer and distributor can position themselves in a cooperative selling arrangement but care must be exercised here by the manufacturer to ensure the distributor that this will not become a competitive situation in any way, otherwise the trust within the relationship can be damaged. This can be especially critical when surveying those end-user clients relative to experience as it reflects on both the distributor and the manufacturer and without exercising some care and caution, this can result in finger-pointing and blame. Positioning, communicating training, relationship building and account nurturing are all important to maintaining this dual relationship.

Case Study #4 – Contractor Owner Relationships

Contractor owner relationships are perhaps among the most complex and potentially difficult of business relationships. One very common example of this is a residential building contractor in business with a realtor where the end-user is the home buyer. This could also be a commercial builder that hires a manufacturer of heating systems to install and service equipment that eventually will be owned and used by the end-customer or ultimate building owner. Suffice it to say that there are many opportunities for things to go awry and for relationships to be damaged along the way. Contractors will ultimately be viewed by the consumer as the final entity to be held accountable.

Let’s assume for example that an HVAC system is installed in a commercial high-rise by ABC Company hired by XYZ Contractors. Building construction is completed; occupancy is granted by the authorities having jurisdiction, and tenants move in and occupy rented spaces within the building. The owners of the building manage the facilities. A year later it becomes evident that heating usage for the tenants has exceeded original cost estimates by 30%, energy pricing having been taken into account. Through analysis and investigation it is discovered that materials used in the construction and installation of the HVAC system met neither the building contractor’s standards nor expectations. Who might the tenants be holding accountable for this discrepancy? Who might the building owner holding accountable for this? What about the building contractor? Whose responsibility was it to ensure that the materials of construction delivered matched exactly what was purchased?

As you can quickly see in this particular case, things can get complicated really fast and the focus of accountability and responsibility can easily get blurred. Let's also consider that a broad cross-section of contractors was surveyed by ABC Company to determine experiences they had with projects they'd completed jointly. Those results provide one perspective of the business-to-business relationship. What else could ABC Company learn if they chose to solicit feedback from a series of building owners? What additional insights and perspective could be realized if they decided to solicit feedback from the individual tenants that rented space within the high-rise? You can see that this represents a fairly complex business situation and one where triangulation through the establishment of very close and trusted business relationships would be essential. This requires a lot of communication and considerable education.

Through these four case study examples we hope we have brought you some new insights and added appreciation that in business-to-business-to-consumer relationships, multiple stakeholders need to be carefully considered with relation to one another. For example, training your direct business customer to actually educate their direct consumer customer (and your ultimate customer) benefits all parties. Relationships are nurtured, organizational sustainability is ensured and increased sales will drive revenues and profitability. The end-user customer is ultimately more satisfied with their transaction. But this achievement isn't realized through an afterthought. It requires a conscious decision up-front to do business differently—and different from your competition. You need to reach out to all customers in the chain for feedback and that will only be possible when you have built solid relationships throughout. If your business involves these intricate and complex relationships, you need to establish a strategy to ensure you can provide a unique value proposition for both your customer and your customers' customer.

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About Middlesex Consulting Group and Sam Klaidman

Middlesex Consulting Group specializes in helping executives in high-tech SMB's grow their services revenue and profit while increasing customer loyalty.

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- **Identifying and commercializing value-added services**
- **Go to market assessments**
- **Creating and retaining customers**
- **Operational improvements**

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