

# The first steps towards a profitable customer strategy

Understanding your brand and knowing your customers are the first steps to creating a profitable customer strategy.



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Are you deriving enough profit from your customers? No matter what product or service you're selling, your CFO's answer to that question will probably be 'No'. Saying you will align your customer strategy to your profit goals is significantly easier than actually doing it – which is why so many consumer goods companies are wrestling with this challenge.

The best place to start is your brand. Understand what your brand represents to customers, what your promise is to the marketplace and how that compares to your rivals' proposition. It may be that your promise is no longer competitive and that you need to rethink what your brand represents.

To make a realistic assessment, it is important that you understand who is buying from you, why they're buying from you and, for that matter, why – and what – they're buying from the competition. If you know all that, it's much easier to understand which customers you want to retain, nurture, acquire or discard (although, in a social media age, be very careful about how you do the latter) and define a profitable mix.

When you've done that, it will be much easier to decide how best to communicate, engage and interact with the customers you want to focus on – and start differentiating how you manage your relationship with them based on their values, profile and needs. Which channel are they most likely to use? Are they more likely to be motivated by price or experience? And how much time do they wish to spend with your brand?

As it sounds obvious, it's vital not to lose sight of the consumer. A trap many companies fall into is to focus on what they can sell to their customer – not what their customer wants to buy from them. Successful brands strike the right balance. And to do that, they have to deliver – which means a realistic SWOT analysis of their operational capabilities, future requirements and the resources and investment required to reap the forecast rewards.

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Many companies define their customer strategy with a slogan – and underpin that with a handful of key attributes. But turning that strategy into increased profit will take time, work and determination. Good strategies often fail because the message doesn't cascade down through the organization – and people don't understand how to apply it in their everyday jobs.

The good news is that, with the right words, deeds and expectations, defining – and implementing – a more profitable customer strategy is achievable. And in a consumer marketplace where competitive advantages seem slimmer and less durable than they were five years ago, it could make all the difference.