

Businesses Benefit When Customers Play A Part

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There aren't many business stories that feature logistics company [DHL](#), British mobile phone network [giffgaff](#), and grocery retailer [Waitrose](#) in the same sentence. However, all three are examples of companies that have changed their relationship with their customers by giving them a bigger and more active role and removing the traditional barriers that existed.

DHL now brings its customers together with its service partners at [high-level innovation workshops](#) in Europe and Asia as a way to share best practice and brainstorm new logistics solutions in the context of fast-moving tech, cultural, and social trends.

Waitrose, meanwhile, is inviting customers to take part in its [Hot Ideas incubation programme](#), aimed at identifying technology innovations that will shape future shopping experiences.

For its part, mobile phone network giffgaff is entirely ["crowd-run" by its customers](#), who do everything from customer support to coming up with new strategies for business growth. Latest figures show [giffgaff's revenues for 2014 grew by 51% to £208 million](#).

So what is driving the move to make customers more active and less passive in companies such as these?

Recruiting customers to be part of the service is not a new concept—think [Tupperware parties](#) or [The Body Shop's](#) shopping parties at home. However, digitilisation and social media are enabling motivated customers to become more closely involved in brands aligned with their areas of interest.

Meanwhile, from a business point of view, the benefits of giving customers a more active role range from reducing costs and increasing profits to designing better products. As a result of these two drivers, the new customer role is impacting three key areas:

1. Content Creation

E-commerce sites including Amazon and Argos rely on customers for content creation in the form of reviews. In the case of platforms such as TripAdvisor, customer reviews are a key component of the service. Going forward, reviews will become an even more important part of e-commerce sites, encouraging greater transparency around product attributes as well as which are the bestsellers or most frequently returned.

2. Customer Support

For technology firms such as Microsoft or Apple with millions of customers, it's much more cost-effective to empower customers to help each other than it is to invest heavily in call-centre support. While chatbots are playing a growing role in interfacing with customers, they are unlikely to replace customer support communities altogether.

3. R&D

Allowing customers into the sensitive heart of the business by giving them a say in R&D may seem like a big risk. However, [there is a growing trend towards co-creation that drives value for both customers and organisations](#). DHL's collaboration with its B2B customer Ricoh [resulted in a smart glasses and augmented reality application that improved inventory and warehouse picking efficiency by 25%](#). There are also significant commercial benefits to co-creating with your customer: earlier this year, a study by the [Vienna University of Economics and Business](#) found that sales revenues from products based on user-generated ideas were three times higher than revenues from designer-generated products, while margins were four times higher.

The Meaning For Customers

The growth of social journalism sites such as [Medium](#) and the sheer volume of threads on consumer forums suggest there are groups of consumers who are ready and waiting to take a more active role in brands they care about.

Realistically, they only comprise around 5% to 10% of a brand's customers, but, nevertheless, they represent a tremendous amount of customer energy and motivation that could be channelled more effectively. While there is not much formal research on how being a more active participant impacts on the customer's experience of the brand, anecdotal evidence suggests customers invited by businesses to become more closely involved appreciate the opportunity to have greater influence.

Earlier this year, Finnish airline Finnair invited around 10 of the most active participants on travel forum FlyerTalk to meet CEO Pekka Vauramo and the loyalty team personally to discuss issues such as overcrowded Fast Track lounges and the loyalty programme.

The [FlyerTalk thread that followed](#) revealed the meeting was the start of a new and informal partnership between the airline and these customers, which will work on new service concepts. It's a win for those customers who not only want to be listened to but also be involved in solutions.

Meanwhile, it's no coincidence that giffgaff, which is run by its customers and where the idea of a reciprocal relationship is core, has [topped a Which? Mobile network satisfaction survey for the second year running](#) and won awards.

For DHL's B2B customers, the experience of being invited to [state-of-the-art innovation centres](#) demonstrates the high level of trust. Resulting co-creation innovations range from [drone delivery parcel research project Parcelcopter](#), [to self-driving trolleys](#), showing just how ground-breaking these collaborations can be. It's a much more profound experience for those customers and likely to be longer lasting.

Relevant And Rewarding

When it comes to successfully recruiting and deploying consumers as a resource, it's key to tap into your customers' areas of interest. Supermarket retailers, for example, could open their online stores up to selected customers to host and moderate micro-sites tailored to different foodie interests such as vegan or gluten-free.

Similarly, airlines could open their websites to passengers wanting to curate interesting trips and experiences in different destinations, transforming the airline from a travel brand to a travel agent. Airbnb's launch of its [customer-run experiences](#) is blazing a trail in this respect and giving the brand a head start over any travel brand considering a similar move.

Also important is ensuring customers are rewarded for their involvement, whether it's by allowing them to earn money (in the case of Airbnb Experiences and eBay sellers) or through the TripAdvisor Collective's [badge and point system](#), a contributor programme which rewards consumers' reviews with recognition and influence.

Costs And Value

Alongside an improved relationship between customer and brand there are some real business benefits. Handing customers tasks such as tech support and content creation can deliver clear cost reductions. Global software company SAP, for example, saved between €6 million and €8 million in tech support costs by incentivising its developer network to answer each other's questions.

Longer term, increasing the role of the customer could impact a company's valuation. In a [recent study](#) by Deloitte and Harvard Business Review into the changing valuation trend of S&P 500 companies, researchers found that network orchestrators (companies such as Airbnb, TripAdvisor, and eBay) receive valuations between two and four times higher on average than companies with different business models.

They also outperformed other business models on compound annual growth rate and profit margins. The report concluded the reason for their superior financial performance is that, in each case, the network creates value (such as reviews) that reduces the company's marginal costs.

Going forward, companies serious about creating value and driving growth should assess how they can activate their customer base to do just that.