

CUSTOMER SPOTLIGHT

Plugging in to the customer's needs

Giving customers what they really need is what Best Buy does best.

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Best Buy produced \$40 billion in annual revenue in fiscal 2008 and outpaced the competition in terms of market share in a volatile US economic environment. Best Buy has chosen to view this environment as an opportunity to strengthen and differentiate their position even more while others retrench. What's their secret? Customer Centric Innovation.

Focusing on Customer Centric Innovation (CCI), individual store teams built growth plans from the bottom-up grounded in local customer insights. Best Buy President and CEO Brad Anderson was recently quoted on their website as saying: "We're uniquely positioned at the center of technology convergence for our customers—and we can't imagine a better place to be." He goes on to say, "We're continuing to maintain the staffing levels in our stores, which enables a better experience for both customers and employees. Most large companies don't try to operate like we do. But then again, most large companies don't continue to grow the way we plan to grow, and don't believe in their people like we do."

What is Customer Centric Innovation and how can you apply it to your business?

As mentioned above, CCI starts at the ground up—in Best Buy's case with the floor associates. Instead of focusing singularly on product research and development, CCI companies work to understand what the customer wants and then use that insight to drive innovation. For Best Buy, CCI means melding product and service offerings into higher margin solutions that delight customers. CCI is not just about top line growth, it is about sustained and profitable top line growth driven by customer loyalty on higher margin business.

CCI companies have a rigorous customer research process that helps them improve their understanding of who their profitable customers are and what they need. Customer research focuses on developing better ways of communicating value propositions and delivering complete experiences that truly satisfy real customers. Since so much of the learning about customers happens at the point-of-service delivery, it is essential for front-line employees to be involved, if not at the core of the information gathering.

Driving the process down to front line employees not only leads to better insights, it also blocks competitors from following you. The knowledge gained becomes ingrained internally and opaque to outsiders. Therefore, it takes competitors longer to figure out how you are winning.

The process results in more engaged employees, who understand the importance of their role and see that they are learning and driving improvement. As a result, CCI companies should have more loyal employees and lower turnover.

Best Buy knows that Customer Centric Innovation means that they need to see their business from the customer's perspective, understand the customer's needs and then attempt to meet those needs. If they can succeed at that, they will continue to be way ahead of the competition. ➔

