



BOOK REVIEW

Simply Better: Winning and Keeping Customers by Delivering What Matters Most

Harvard Business School Press

By Patrick Barwise and Sean Meehan

All organisations claim that they want to improve customer satisfaction, but they also want to minimise costs. Few get this balance right, focusing on controlling or reducing costs whilst seeking 'quick wins' to improve customer satisfaction. According to Barwise and Meehan, the most successful organisations accept that improving customer satisfaction is a long haul not a quick fix, stating that organisations "must focus on what matters most to customers, usually the generic category benefits that all competing brands provide, more or less, and not unique brand differentiators..... Everything hinges on giving customers what matters most to them, even if that proposition seems less exciting than focusing on novelty, uniqueness or the latest management or technology fad." They illustrate their view with the contrasting fortunes of the 3rd and 4th entrants into the UK mobile phone market.



One2One pursued differentiation and a strong customer acquisition strategy, offering free off-peak local calls. This appealed to consumers and enabled them to acquire twice as many customers as Orange in their first six months of operation.

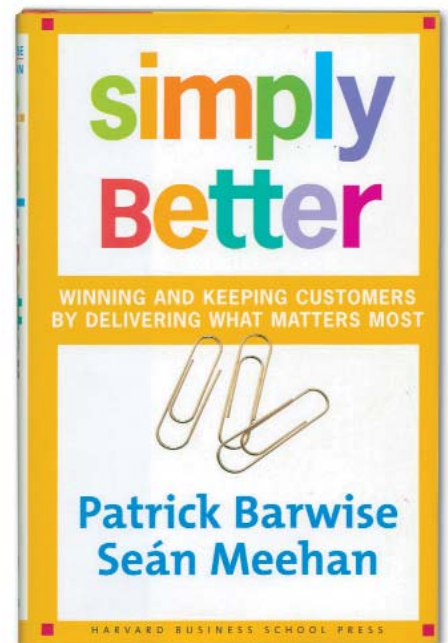
Orange focused on getting the basics right. Everyone knew that customers were dissatisfied with frequent call terminations, inability to get through plus high and unfair pricing strategies such as full minute billing.

Orange simply addressed these drivers of dissatisfaction, offering per-second and itemised billing and investing in network reliability.

Meanwhile, One2One attracted many price sensitive customers who clogged its limited network capacity with free off-peak calling and became frustrated with its poor service. By the end of 1996 there was telling evidence of who was doing best what mattered most to customers. A Consumers' Association survey found that whilst 14% of Orange customers reported that they couldn't always connect with the network, One2One was nearly four times worse than Orange and almost double the network average. The survey showed that Orange had more loyal customers than the other three suppliers and, at £442 Orange had already achieved the industry's top per customer revenue figure. One2One was over £100 behind at £341.

Conventional strategy would dictate that a late entrant into a commodity market needed a USP like One2One's free off peak calls to succeed. Instead, by focusing on getting the basics right, Orange acquired customers at a slower rate, but kept them longer and made more profit out of each one. Consequently, Orange delivered three

“EVERYTHING HINGES ON GIVING CUSTOMERS WHAT MATTERS MOST TO THEM, EVEN IF THAT PROPOSITION SEEMS LESS EXCITING THAN FOCUSING ON NOVELTY, UNIQUENESS OR THE LATEST MANAGEMENT OR TECHNOLOGY FAD.”



times the shareholder value achieved by One2One. In August 1999 Deutsche Telekom bought One2One for £6.9 billion. In October 1999 Mannesmann acquired Orange for £20 billion.

To summarise, Barwise and Meehan claim that organisations often "assume that years of competition have turned the underlying product or service into a commodity. In reality, what customers care most about is that companies reliably deliver the generic category benefits, but, far too often, that does not happen. Therefore, most businesses have a big opportunity to beat the competition, not by doing anything radical and certainly not by obsessing about trivial unique features or benefits, but instead by getting closer to their customers, understanding what matters most to them, and providing it simply better than the competition." **S**