



## Customer Experience & Loyalty Outlook 2013

The fight to gain new customers while maintaining your existing base is increasingly challenging in light of tightening marketing budgets and the many competitors that are trying to compete based on price. Many companies see a deeper commitment to customer service as a way to gain competitive advantage. To that end, L.E.K. Consulting has developed a high-level forecast for three central issues facing customer experience and loyalty initiatives in 2013 and beyond. In addition to our insights below, we have also developed similar outlooks for market sectors across the economic spectrum – including aviation, retail and restaurants.



### What are the Biggest Challenges and Opportunities Facing the Customer Experience & Loyalty Industry During the Next Year?

Technology has only upped the ante for traditional customer-facing strategies. The Internet has created unprecedented transparency on price dimension and has certainly made product availability a very different basis of competition. As a result, our clients are now grappling with how to drive “true customer loyalty” vs. buying and bribing customer attention through “me-too” rewards. Relatedly, retailers are swamped with data, but are often unsure how to use it effectively. Meanwhile, urgency is high as exciting trends including customer relationship management (CRM) and “Big Data” move quickly from tomorrow’s promise to today’s board-level expectations of core company capabilities.



### What’s the Current State of the Industry?

Retailers are desperately working to calibrate the right level of engagement with their customers – how to balance traditional processes of service and outreach vs. newer, more flexible and digital means. With so much choice and control available at consumers’ fingertips, retailers are also striving to re-establish their relevance. For 2013, this means we’ll see many retailers focusing on:

- Revisiting rewards programs carefully to determine if they are indeed strategically aligned and generating payback
- Re-defining great customer experience – from the ground up – for an omni-channel world



### What Burning Issues are Senior Executives Facing?

Although many executives like to say that their business is customer-centric, few retailers are taking full advantage of opportunities to keep their customers fully engaged and, therefore, relatively insulated from competitive distraction. Some executives are deciding that they need careful recalibration of their loyalty programs, while others are forming partnerships to make their rewards currencies more compelling.

For many, it means going back to basics in terms of trying to make shopping experiences more enjoyable. Many L.E.K. clients will be spending 2013 redefining customer experience for a new world and addressing questions that include:

- What role do customers want brands to play in their lives?
- What is their expectation regarding product availability/delivery?
- How important is human contact to customers?

## Our Customer Experience & Loyalty Practice

L.E.K. Consulting combines strategic acumen with extensive insights across a number of industries to help clients enhance business performance, gain meaningful insight into their customers and launch innovative services with confidence. L.E.K. has significant experience working on loyalty programs across a range of sectors including airlines, hotels/resorts and retailers.

### Capabilities Overview

L.E.K. has a deep understanding of the challenges facing many different types of businesses and brings unique expertise to the table across a range of relevant issues:

- Retail – Improve Store Performance:** We help our clients to improve the sales and productivity of their existing store-base. This includes merchandise optimization, pricing/promotion strategy and store concept refinement.
- Retail – Expand Your Footprint:** We support our clients in expanding into new geographies and market segments. This includes international growth strategy, which leverages L.E.K.'s worldwide expertise in retail.
- Airlines – Customer Flight Experience:** L.E.K.'s approach dramatically improves the customer experience (and inherent loyalty to the airline), and also provides a rich profit stream to the airline through dramatically improved B2B opportunities.
- Airlines – Full Life Cycle Engagement:** We offer strategies to enhance a carrier's interaction with customers throughout the entire consumer life cycle. For example, we have revitalized underperforming loyalty programs and have helped launch groundbreaking customer-focused initiatives for some of the industry's most respected airlines.

### Meet Our Experts



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