



# Co-creation

## Part 3: With customers not at customers

This article, the third in our series on co-creation is based on Stephen Hampshire's presentation at The Leadership Factor conference in Manchester in March 2010.



The basic purpose of co-creation is to help all businesses to engage more closely with their customers. I'm going to focus on three aspects of co-creation:

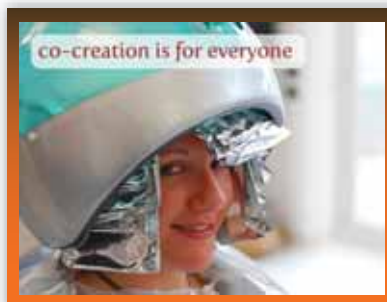
- ☹ why co-creation is different, in important ways, from service or the customer experience;
- ☹ how social media is revolutionising the opportunities you have to engage with your customers;
- ☹ ways in which any organisation can start to benefit from the lessons of co-creation right now.

### What's special about co-creation?

Here's a definition from Wikipedia. "Co-creation is the practice of developing systems, products or services through the collaborative execution of developers and stakeholders, companies and customers or managers and employees." I prefer my shorter definition:

*"Co-creation is doing things with customers, not at them".*

Co-creation tends to be associated with services, which are characterised as intangible, perishable, heterogeneous and inseparable. In other words we're doing something for the customer rather than handing over a product, the 2.30 hair appointment can't be sold at 3 o'clock, every hair cut is different and the customer has to be there while it happens. If we made a list of the characteristics that



make a live performance special it would be pretty similar, which is where the customer experience metaphor comes from...but that metaphor leads us away from the active role that the customer should have in the interaction.

The above characteristics of services don't cause co-creation...but they provide fertile ground for it. Whenever you have two people interacting to produce something of value it creates an amazing opportunity to provide a tailored solution for each cus-

tomers. At the moment it mostly provides a chance for staff to mitigate any dissatisfaction created by broken processes.

### Doing best what matters most to customers

The thing is, being good at customer satisfaction is about doing best what matters most. But average importance conceals different needs and, more subtly, different people MEAN different things by "professionalism", "efficiency" and so on. Being GREAT at customer satisfaction demands co-creation as a way to meet the needs of individual customers. Co-creation works by meeting each customer's unique needs through involving them in the process of delivery. Good Business to Business relationships are all about co-creation (or you might call it partnership).

If co-creation is so great, why isn't every-

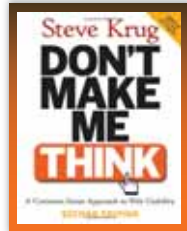


one doing it? Because it's hard. In order to be effective it has to be real (i.e. unscripted), which means you need great, engaged, staff. The surest way to kill co-creation is to try to fake it by telling staff how to do it. Mass customisation is all very well...but it doesn't go far enough - the essence of co-creation is that it is one on one. But if it's not simply about customisation, it's also NOT about choice.

**It's not about choice**

That's right, choice can be bad. Choice can be confusing and dissatisfying for customers. One of the benefits of co-creation is that it allows you to AVOID making customers choose by tailoring to a customer's needs without them knowing it. "Don't make me think" is a classic text on web usability, which applies just as well to designing customer interactions. The principle is that customers are good at "satisficing", quickly choosing something that seems pretty close to what they want, rather than spending the time to absorb every detail they need to make a fully-informed decision. This means, for example, that websites work better when they nest choices, rather than presenting all users with all the options.

Let me give you an example. Let's say you want to buy a new computer. Do you want a Mac or a PC? Okay, so let's imagine we want a PC and look for one on the PC World website. Next choice - laptop or desktop? If we want a laptop we get another layer of options. Even if you narrow it down to "home computing" you still get 59 laptops to choose between. This is precisely where good staff could step in, in person or through live chat, and co-create a great experience for the customer. Customers prefer things that are easy and familiar, a principle that psychologists call "cognitive fluency" -



co-created experiences are easy for customers. Tesco are tapping into this idea with the "Your Basket" feature on their website. Apple, by the way, have a choice of 3 types of laptop on their site.

**Co-creation is NOT just for services**

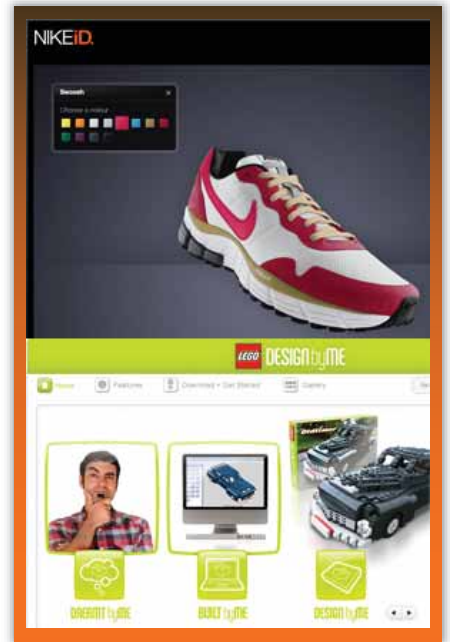
Car dealerships, for instance, have a great opportunity to co-create with customers...but it all hinges on trust. Do customers believe you will find the best option for them? In a co-created situation the customer sacrifices some control to gain ease, so they've got to trust you. Manufacturers can't often create a uniquely tailored product in the customer's presence, although when they can the results are pretty spectacular. But let's look at some trends in manufacturing. Brands like Nike have embraced the trend towards customisation, and Lego have gone one step further by allowing customers to design their own products (some of which may go on to be retail models). More and more websites like Cafepress, Lulu, Etsy, and Spreadshirt encourage people to create (and sell) their own designs.

The Lean movement emphasises both the importance of giving the customer what they want and the greater efficiency of getting manufacture as close to the customer as possible. Doesn't that sound a lot like co-creation? The alternative is commoditisation. Even toothbrushes are now trying, rather pitifully, to reflect our need for individual self-expression.



**Using social media for co-creation**

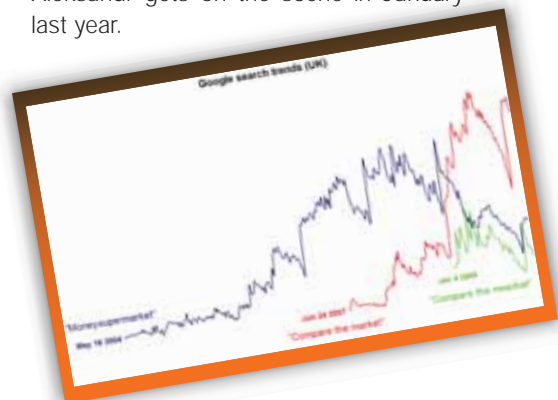
It's no coincidence that we needed the internet to open this massive untapped desire for creation and customisation. The web is changing the way we talk to each other, connecting and organising people who had no easy way to communicate

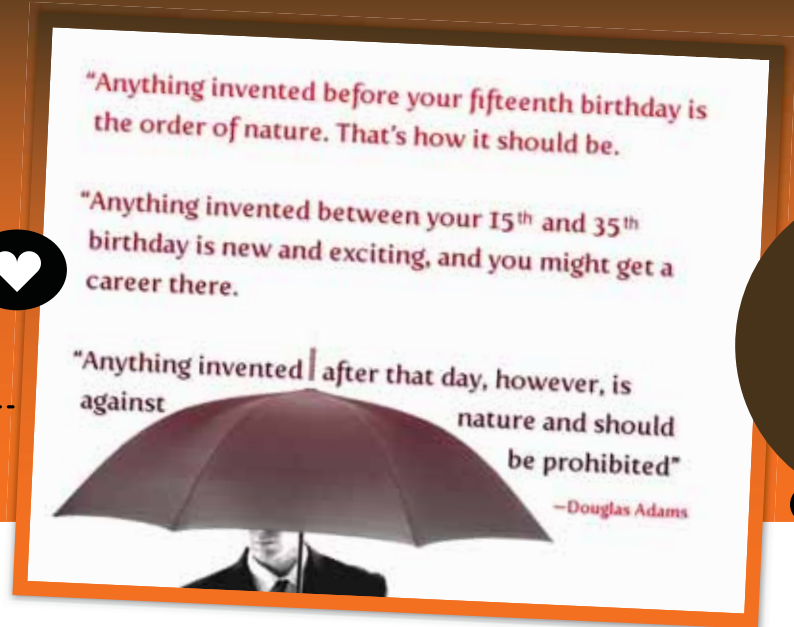


before. That includes your customers. Like it or not we are all going to have to get used to the idea that so called "social media" will be part of the way we talk and listen to our customers from now on.

Aleksandr Orlov has 36,000 followers on Twitter and 706,000 fans on Facebook. Let me say that again - 700,000 people have VOLUNTEERED to receive marketing messages from a fictional

Russian meerkat. You cannot afford to write Aleksandr off as some sort of student cult. Every ad and every tweet or Facebook update carries a very clear message—for cheap car insurance use comparethemarket.com. Here are Google's stats on people searching for "Moneysupermarket" and "Compare the market". Look what happens when Aleksandr gets on the scene in January last year.





### Viral complaining

At The Leadership Factor Conference we asked the audience:

*"If I posted a complaint about your company on Twitter, how long would it take you to find out about it?"*

Here's the results.



In October last year I had a question I wanted to ask Leica - I wanted to know if they could tell me where to hire one of their mind-bogglingly expensive, hugely desirable, cameras. After waiting two weeks for a response to my email I was getting annoyed, so I posted a whinge on Twitter. Simple reputation management, or listening to customers, is not optional nowadays...and it's so easy that it's unforgivable not to do it. Basic competence would be to react to my whinge that

day...but I never heard a word. Did Leica ever read it? No idea, but I do know that a fair number of other people did, because that post gained me more followers than any other I've made. Why? Because they monitor the social web for mentions of brands like "Leica", "Nikon", "Canon" and so on. So why don't Leica?

### New technology

There's an ever-escalating growth of new technology than can help you to interact more with your customers. For example, there's a useful ethnography app for the iPhone, Flip videos are a cheap and effective way to get engaging customer voices right into the heart of your business, and that's not even getting to voice over IP, social media, webcams or text analytics. How many businesses even use the potential of SMS text for quick surveys or information alerts? One great use of this technology is for opt-in information sharing. Kirklees Council, for example, set up a "Gritter Twitter" to keep residents up to date with winter road disruptions.

"Crowdsourcing" is a trend that will not (and should not) go away any time soon. Eric Raymond, talking about software development, puts it this way - "given enough eyeballs, all bugs are shallow". Crowdsourcing can cut R&D costs and improve service by using the "wisdom of the crowd" and involving customers at the design stage. A good example is "Womaniity" - a new site designed to involve customers in co-creating future Clarins brands and products.

If you're still resisting some of the new technology, perhaps you should think

about Douglas Adams' quote on the subject (above).

The Cluetrain Manifesto made a passionate call for companies to make the most of the opportunity that these new channels provide for staff and customers to have unmediated conversations. This is amazing. Seriously, this should change the world. It means if I'm having a problem with my camera I can chat direct with the people who designed and built it. Unmediated contact between engaged staff and customers is hugely powerful. Networks of customers are forming, helping each other, talking about you and your products. The choice is whether you want to make that part of your customer service and marketing strategy, or watch from the sidelines and threaten to sue anyone who criticises you?

### Making a start

So how can we start co-creating with our customers? The first step is to talk to them, or invite them to talk to us. How often do you make proactive contact with customers (not counting selling)? How easy do you make it for customers to contact you? A lot of agencies and consultants actively discourage organisations from talking to their customers— "leave that to us, we're the experts". That's a terrible idea—go and talk to customers for yourself as well as researching them. So many organisations have dissatisfied customers waiting on hold or fighting IVR systems and disengaged staff crying out for customer contact...does anyone else find that odd? Call it virtualisation if you want to sound cutting-edge, but why don't more businesses get ALL their staff talking to customers?





Talking to customers is not the same thing as prioritising anecdote over facts, it's a cultural question about how you see customers. It means talking about customers, not processes. It means customer contact is NOT a cost. How many people do you employ? How many of those people are also customers? Why not? If they are, why not talk to them as customers?

Bullshit pollutes a lot of our communication with customers. According to Harry Frankfurt,

*"bullshit is a greater enemy of the truth than lies are."*

Bullshit is so damaging because the bullshitter (unlike a liar) has no regard for the value of truth. It doesn't matter to them whether what they say is true or false, so long as it sounds good. The Cluetrain Manifesto tells us how to cut out the bullshit - cut out the middle men (and women). Cut out the people who polish all the risk, and integrity, out of every message. Sometimes you have to sacrifice perfection of message for honest communication. This is particularly important at moments of truth, like when a customer has a problem or complaint, and it makes such a difference because customers judge our INTENTIONS at least as much as outcomes. Co-creation means allowing staff to take ownership and deal with a problem in the right way for that customer, at the point of complaint.

The thing is, customers don't have a problem with talking to you...but they do object

to being mindlessly sold to. If you send me a new credit card and ask me to phone up to activate it, that's great—I like security. If you use that interaction to kidnap me and try to sell me insurance for 15 minutes you lose. I believe this kind of hostage selling does more harm than good. BUT what's one of the most powerful sales tool there is? Maybe *"I've got one of those myself"*. Here's a new sales strategy: **S**

- 1 make good products;
- 2 give them to staff;
- 3 let them have natural conversations with customers. This is exactly how specialists (climbing shops, running shops, bike shops) sell at a premium to the best customers in their market, who go away happier.

How do you "do" co-creation? Come at every interaction with the aim of adding value for the customer and you ARE co-creating.



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