

# The Psychology of Customers

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Highly effective companies must strike a dynamic and healthy balance between the value proposition they offer to their customers and the social statement they make in the creation of their product and in their marketing. A value proposition is a clear expression of the tangible results a customer gets from using your products and services. The socially responsible statement has come to be known as the value proposition, as it allows an organization to express its core values and working culture to clearly differentiate itself from the competition. The differentiator also provides customers with an opportunity to express their own values.

Socially and economically responsible companies quickly acknowledge that their value proposition is tightly linked to their values and working culture proposition.

There is a core rule for running a profitable business in a sustained manner: **YOUR PRODUCTS AND SERVICES MUST BE COMPETITIVE IN THE MARKETPLACE.** About 70% of what happens inside a company is determined by outside market realities.

There is a strong empirical evidence to establish that companies can strike a healthy balance between their value proposition and their values and culture orientation. There seems to be a neutral or a positive correlation between social performance and financial performance. (William Baue, **Shifting the Sustainability Dialogue from Values to Value**) The robust logic is that if the organization does well financially it should do some good to the society! There is a symbiotic relationship between these two dimensions. There is considerable risk of being out of balance between the value proposition and the culture-social orientation of the company.

Customer's decisions are driven by their perception of reputation, both in delivering a great product or service with a profound knowledge foundation, and doing it in a sensible and delightful manner. (The Edelman Study, **Taking from Inside Out: The Rise of Employee Bloggers**) Social sciences research has found that corporate reputation (both that of its leaders and of the organization itself) is the second most important driver of customer expectation only after the perception of the quality of the company's products and services.

It is important to consider the key ways companies use to deliver their value proposition. In the book **The Myth of Excellence**, authors Ryan Mathews and Fred Crawford share five attributes that define the competitive playing field: product, price, access, service and expertise.

One question for each of the five attributes can help leaders to clarify the value proposition of their organizations:

**Products:** What is the quality perception of your products versus your competition?

**Price:** How are your prices and honoraries compared to the competition?

**Access:** How prompt are you available?

**Service:** How do your customers feel about as a result of doing business with your organization?

**Expertise:** How do your customers feel about your knowledge foundation?

Most successful companies realize that it is very difficult to dominate across the board on all five attributes, so they focus on one or two in which they can dominate while making sure they are not seriously inferior on any of the others. A necessary question is the following: how does our product and services measure up on these five attributes compared to our competitors?

The IBM research group produced a similar study, **Deeper Customer Insight**, suggesting that the key determinant of a business is how well a company understands which attributes are most important to their particular customer base.

Coming back to the challenge, focusing on values, and working culture with the customer, the most important question is: what makes this product or service socially responsible? If someone has a hard time answering this question, there is serious strategic thinking to be done. In order to practice with answering these analytical questions, there are three basic rules that are useful:

1. Define your core customers.
2. Determine what percentage of your total revenue currently comes from those core customers.
3. The larger the market, the larger the dartboard and the more likely that the

Bull's-eye is a smaller percentage of the whole dartboard.

Organization and management sciences recommend the following:

1. Never lose sight of your customer's core decision-making drivers.
2. Always reach out to the core values of your main customers.
3. As you grow, recognize that your culture, philosophy or message needs to resonate with a wider audience.
4. Make marketing a main business behavior.
5. Build upon your mission.
6. Define outrageous goals.
7. Be aggressively customer centered.
8. Connect with heart first, mind second.
9. Don't limit your market.
10. Leverage your business for societal impact.

Is it a tough job? Of course it is, but it is also worthwhile and fulfilling.

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