

Customer-Centric Approach And Product-Centric Approach

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Customer-Centric and Product-Centric Models of Business

There are two different types of approaches organizations are using in the market for the provision of services: one is customer-centric, and the other is product-centric. (Fader, 2012; Knowledge at Wharton, 2012). The product-centric organizations are the ones who pay particular attention to the products they are presenting in the market. The product-centered organizations believe in delivering the best quality products which they think will meet the requirements of the market. Whereas, the customer-centered organization are the ones where the customers hold the central position. In a customer-centered organization, the decisions related to any products are based on the needs, demands, desires, and requirements of the customers who are using the products.

The product-centred organization first develop their product and then sends it to the market, hoping that it will meet the needs of the people. The primary purpose of the organization is to provide an innovative and excellent quality product which will attract customers. Mainly, product-centred organizations are working on the idea that with great products, the customer automatically comes in, ultimately generating more significant benefits. The focus of the organization is on product design, quality, features and capability to meet the latest market requirements. For example, one of the leading examples of a product-driven organization is Apple, as they do not ask for what customers want; instead, they design a product with a robust market strategy, which in turn generates higher revenue for them. Designers, developers, and executives of the company are the ones who are making the big decisions regarding apple products.

The customer-centred companies first research the customer's expectations and needs. After thorough research, the products are designed which meet the requirements of the customers. The primary purpose of this type of organization is to develop products which make their customers happy. Market research and understanding are the key to this type of approach and design, and features of the products are devised keeping in mind the customer's review and what has been concluded from market research. This approach employs the idea of convenience and flexibility the customer is looking for in the product. Marketing is not central to this because the product is developed based on the requirements of the customer. However, it also does not mean that no marketing is done at all, but it means that marketing is not carried out to the extent product-driven organizations do. Samsung is one of the customer-driven companies in the technology industry because the business puts lots of effort into market research, surveys and resources to understand

what exactly customers want.

Customer Needs, Service Design, and the Creation of Long-Term Value

Customer-centricity is a concept relying on the provision of services based on the customer's needs and expectations. (Harvard Business Review, 2016; McKinsey & Company, 2021). Customer-centred approach increases the customer's satisfaction level, and more people will use the product. However, the expenses of using the customer-centric approach are also high, such as the cost of market research, modifying the products based on the analysis might be the same as benefits (Lee, Sridhar, Henderson, & Palmatier, 2014). However, this approach will help retain more customers, which will bring more business to the company. Also, because the products are designed to keep in view the customers this will also give the edge in finances as people will be more comfortable using the products.

For a closely related comparison, see [Customer-Centric Approach for 21st-century Firms to Win in the Business Industry](#).

It also positively impacts human resources as the employee will be able to interact with the customers directly and understand their needs, which will, in turn, increase employee retention. Because they will be able to devise products which will improve their efficiency, and they are growing with every challenge. Product-driven organizations change with the products, but customer-based organizations have a robust structure which will focus both on the customers and employees who are providing the services to them.

Technology, Personalization, and the Competitive Advantage of Customer Focus

With each passing day, there is an improvement in the technology, and it does benefit the customer-centred organization as it provides them leverage to deal with the latest technology. Also, it will provide customers with an experience of using the latest technologies, which will also indirectly benefit the company financially and for development purposes. However, it also saves the company from not experimenting or wasting time and effort on a product which does not have market value. For example, there might be the latest technology, but the assembling and features are not aligned with the convenience and ease of the customers, so the chances are that fewer people are likely to use it, which is not beneficial for the company.

Because this [organizational structure](#) has already invested so much in market research to understand the needs of the customers, it does not require great marketing techniques and strategies; also, loyal

customers would purchase your products anyway, so marketing might be required for the first time around but later it will be in need but not as much as it was for the first time. The product-centered approach needs customers each time they launch a new product, but customer customer-centred approach would have loyal customers regardless of their products.

Research and development will also improve in the customer-centred approach as the market research arena will increase the horizon of the research. For example, while researching about what be features of new mobile devices people then the research and development field will elaborate on this aspect. All these aspects will also impact the sales of the product. Customer-centred organizations will have higher sales because of their relevance to the customer's need, affordable and increased customer satisfaction. Also, loyal customers will generate more revenue, as retaining a new customer will be more expensive and will require more time. For example, the product sale to a loyal customer will be higher as compared to a new customer.

References

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