WHY CUSTOMER-CENTRICITY INITIATIVES FAIL — AND WHAT TO DO INSTEAD

EXECUTIVE SUMMARY

80% of businesses claim to be customer-centric. Only 8% of their customers agree. This is not a rounding error. This is a disaster.

Most customer-centricity initiatives fail not for lack of ambition, but because organisations skip the most fundamental step: establishing a shared, actionable definition of what customer-centricity actually means, for the business overall and for every single employee in their own individual role.

And who better to ask for that definition than the customer?

Independent academic research combined with over two decades of direct procurement experience across global FMCG companies points to the same conclusion. B2B customers consistently articulate four things they want from a customer-centric supplier: they want to be cared for, to be competed for, to see the relationship improve, and to be responded to swiftly.

The organisations that succeed in becoming truly customer-centric translate this simple definition all the way down to individual accountability. Not just a company-wide aspiration, but a personal commitment from every employee: what will I do, in my role, to care, compete, improve, and respond to win with the customer? Without that step, even the most well-intentioned transformation loses momentum quickly. With it, customer-centricity becomes a habit for all, not a slogan for some.

INTRODUCTION

In B2B, the companies that will win the next decade are not those with the best products necessarily, it is those with the deepest understanding of their customers.

The problem is 80% of businesses claim to be already customer-centric, yet only 8% of their customers agree (Seebacher 2021). Other studies confirm the pattern: companies consistently believe they deliver a superior customer experience while their customers perceive things very differently (Capgemini 2017).

So what is going on?

Markets shift at an ever quicker pace. Today's consumers expect new products and services tailored to their ever-changing needs, seamless purchasing experiences, reliable after-sales support, and consistent dependability. According to an Accenture study, 90% of B2B executives say they cannot react fast enough to changes in their customers' lives. Social media, the influencer economy, the accessibility of real-time information, and AI mean that a single poor end-consumer experience can rapidly translate into a change in consumer sentiment.

One might argue that the B2B world is shielded from this, operating by different rules that business decisions are purely rational, driven by cost, efficiency, and process logic. And to some extent, that is true. But the people sitting across the table in B2B negotiations are the same people who, in their personal lives, experience the seamless convenience of Amazon, the personalization of Netflix, and the responsiveness of Apple. Those experiences shape expectations. Younger generations, particularly Generation Z, are now entering decision-making roles in business, bringing with them an expectation for the same quality of experience they enjoy as consumers (Duss 2025b).

Moreover, B2B suppliers play an ever more crucial role in supporting companies in the B2C space. They are key contributors in delivering value to their customers' customers — and effectively the end-consumer. What a supplier does, or fails to do, ripples well beyond the immediate business relationship.

In some industries, 70% of new consumer products rely on supplier solutions, on supplier capabilities to innovate, on their flexibility and agility (McKinsey 2011).

This makes customer-centricity for supplying organisations no longer a nice to have. It is a fundamental requirement for survival in B2B.

The product-centric model that has served B2B companies for generations — develop a strong product, push it across the fence to the customer without considering its further use — is no longer sufficient (McKinsey 2020). For decades this approach delivered stellar results. But in an environment where consumers demand more, desire more customized choices, a great product on paper is no longer good enough. Without a genuine, multi-dimensional focus on the customer and consumer needs, even the strongest supplier product portfolio will lose ground to competitors who better relate to their customers' reality.

The companies that will lead their markets in the years ahead are those that make a deliberate, organization-wide commitment to put the customer first instead of their product.

Despite the urgency, most customer-centricity initiatives falter. Not for lack of ambition, but because organizations fail to instil a true customer-centricity mindset throughout their organizations.

This paper draws on direct customer experience and independent academic research to offer a definition of customer-centricity through the eyes of the customer — what it looks like, from the other side of the table, to work with a supplier that genuinely puts your interests first. That perspective produces a definition that is credible, allowing organizations to derive clear customer-first actions that make sense to all employees, helping to unleash a new customer-centricity mindset that is supported and acted upon by everyone.

EVERYONE CLAIMS IT. ALMOST NO-ONE CAN DEFINE IT.

Many large companies talk about the necessary shift moving from product-centric to becoming a customer-centric organization. In fact, an analysis of FTSE 350 annual reports shows that "customer-centricity" is mentioned on about a third of all pages, and in up to 60% of pages in some sectors, underlining how prominent the topic has become (Strat7 2023).

The term customer-centricity is arguably omnipresent.

But what does it actually stand for?

The academic literature has tried to pin it down. Here are some of the most prominent definitions: (see exhibit 1)

EXHIBIT 1

	Definition	Author
1	Customer-centricity is a strategy that aligns a company's development and delivery of its products and services with the current and future needs of a select set of customers in order to maximize their long-term, financial value to the firm.	Fader (2018)
2	The true essence of customer-centricity lies not in how to sell products but rather on creating value for the customer and, in the process, creating value for the organisation	Shah et al. (2006)
3	Customer-centricity is to look at an enterprise from the outside-in rather than the inside-out . . . through the lens of the customer rather than the producer.	Gulati (2010)

A common thread runs through all of these definitions: customer-centricity means putting the customer at the centre of all business activities. A shift in orientation from product to customer, from manufacturing and selling to understanding and solving.

More specifically, customer-centric firms tend to share four defining characteristics (Lamberti, 2013): see exhbit 2.

EXHIBIT 2: FOUR DEFINING CHARACTERISTICS OF CUSTOMER-CENTRIC FIRMS

Customer-Centric Firm

01 Continuous Dialogue

Maintains ongoing dialogue beyond direct customers, collecting meaningful feedback to uncover both explicit and unarticulated needs across the value chain.

02 Customer involvement

Actively involves customers in marketing and product development decisions – rather than presenting finished solutions after the fact.

03 Coordinated Structures

Operates with strongly coordinated internal structures, ensuring customer information is gathered, shared, and acted upon consistently across every touchpoint.

04 Aligned Supplier Ecosystem

Works within supplier ecosystems that are aligned and flexible enough to meet the growing demand for customisation

Lamberti (2013) • Journal of Strategic Marketing

COMPANIES OVERESTIMATE THEIR CUSTOMER-CENTRICITY AND FAIL FOR ONE CONSISTENT REASON.

Despite these rather straightforward academic definitions, studies have consistently shown that companies fail in implementing this concept, overestimating their level of customer-centricity, believing they act in a customer-centric manner while their customers perceive things very differently.

What causes companies to fail in transitioning to a customer-centric organization?

In practice, many companies treat customer-centricity as a reactive measure to an issue — something to deploy when sales plummet, satisfaction scores dip or certain key accounts raise concerns.

The response is familiar: hastily reorganized teams, flattened hierarchies, restructured departments, and new slogans on billboards in the office's coffee area. The assumption is that a change in the organizational setup will somehow change the outcome of how the organization acts with their customers.

In reality though, it is often only the leadership team celebrating the new vision from the stage, but employees return to their desks with no clearer sense of what any of it means for them, how they should actually do their jobs differently tomorrow from what they did today.

Customer-centricity is not a campaign, a quick restructuring, or a response to a challenging customer. It is a fundamental shift in how an organization thinks, away from products and toward customer outcomes.

Before processes change, before structures change, employees need to understand why and how things need to be done differently, what that looks like in practice for them, and how it connects to their daily work.

The most common reason companies fail on this journey of customer-centricity is not a lack of ambition or resources. It is that they skip this step entirely. They launch the initiative without ever establishing a shared, actionable definition of what customer-centricity actually means inside their organization — one that employees can genuinely connect to and act on.

THE MOST RELIABLE DEFINITION OF CUSTOMER-CENTRICITY COMES FROM THE CUSTOMER, NOT A TEXTBOOK

Academic definitions of customer-centricity, however rigorous, share a common limitation: they are written from the supplier's perspective. They describe what a company should look like, how it should organise, and what it should prioritise. What they rarely ask is the most important question of all: what is the expected outcome articulated by the customer? What does it actually feel like, from the other side of the relationship, to work with a supplier that genuinely puts your interests first?

That question matters. Because if the goal of customer-centricity is to establish winning relationships with the customer, then the most reliable definition of customer-centricity is found in the customer's own expectations toward the supplier.

Based on hundreds of buyer interviews in the FMCG space and academic research across multiple sectors (Duss 2025a), four common expectations emerged with striking consistency. They describe the specific supplier behaviours through which customers form their perception of the firm's level of customer centricity — perceptions that, as research demonstrated, directly drive loyalty and revenue (Habel 2020).

Customers define their expectations towards a customer-centric supplier by reading signals that tell them whether a supplier genuinely puts their interests first. And across different industries, company sizes, and geographies, four signals emerged with striking consistency:

Customers look for signals that they are genuinely *cared* for. The supplier understands their business deeply, anticipates their needs before they are articulated, and engages as a true partner, offering a solution to a problem or an opportunity, instead of just selling a product or service. The relationship does not feel transactional — it feels invested.

Customers look for signals that they are being *competed* for. The supplier never takes their business for granted. It stays aware of the customer's alternatives, always tries to catch up with competition, and addresses weaknesses proactively.

Customers look for signals that their supplier is committed to *improving* the relationship. It looks to improve proactively, anticipates feedback, and treats the relationship as something worth developing continuously.

Customers look for signals that they are heard and *responded* to — quickly, in their preferred format, and by the right people. Not routed through processes. Not kept waiting. Responded to in a way that addresses their needs holistically.

EXHIBIT 3: FOUR SIGNALS CUSTOMERS READ TO EVALUATE THEIR SUPPLIERS

Articulated by customers in research interviews and studies
• Duss & Sriyothin (2025) • FIVIS (2018)

CARE What the customer looks for

Customers look for signs that they are **genuinely cared for.** The supplier understands their business deeply, anticipates their needs before they are articulated, and engages as a true partner rather than a vendor. The relationship does not feel transactional — it feels invested.

How they articulate it

“This supplier understands my business. They bring ideas and solutions before I even ask.

COMPETE What the customer looks for

Customers look for signs that their supplier is **committed to improving** the relationship. It looks to improve proactively, seeks feedback, and treats the relationship as something worth developing over time — not merely maintaining.

How they articulate it

“They know I have options — and they act like it. They never stop earning my business.

IMPROVE What the customer looks for

Customers look for signs that they are being **competed for**. The supplier never takes their business for granted. It stays aware of alternatives, addresses weaknesses proactively, and remains reliably dependable.

How they articulate it

“Every year, working with them gets easier. They raise issues before I do.

RESPOND What the customer looks for

Customers look for signs that they are **heard and responded to** — quickly, in their preferred format, and by the right people. Not routed through processes. Not kept waiting. Responded to in a way that signals they and their goals matter.

How they articulate it

“When I contact them, something happens. I get answered by the right person, in the right way.

These four signals lead to a definition of customer-centricity that is both simple and actionable:

> *“A winning customer-centric organisation is one that cares, competes, improves, and responds.*

FOUR PRINCIPLES THAT TURN THE DEFINITION INTO ORGANISATIONAL ACTION

The above definition of customer-centricity only has value though if the people inside the supplier organisation understand what it means for them.

What employees need is a genuine explanation of, first, what this customer view on customer-centricity means for the company, and, second, a translation of that meaning into their own specific roles: What does thinking and acting customer-centrically look like for someone in procurement? In finance? In sales? In product development?

Until those two points are addressed, the above customer expectations towards the supplier remain still too abstract, leading to individual behaviours remaining unchanged.

The four principles below are designed to provide the initial organizational guidance. Each one translates the customer-derived definition for customer-centricity, "A winning customer-centric organisation is one that cares, competes, improves, and responds.", directly into the actions the organisation needs to showcase.

Benchmarks: What customer-centricity looks like in practice

Two companies have become benchmarks for demonstrating that customer-centricity becomes real not through strategy documents, but through the rituals and habits that bring the mindset to life at every level of the organisation.

Amazon has built customer-centricity into its organizational DNA. Few principles capture this more clearly than Bezos's philosophy of working backwards from the customer: "Start with the customer and work backward. Learn whatever skills you need to service the customer. Build whatever technology you need to service the customer." (Jeff Bezos, 2009). Perhaps no gesture illustrates this more simply than his practice of leaving one chair empty at the conference table — a symbolic reminder that the customer is always present.

Starbucks takes a similarly deliberate approach, designing the entire customer experience rather than simply selling coffee. A well-documented feature of the company's internal culture is the practice of opening meetings with a coffee tasting — a ritual embedded across the organization as a daily reminder that, regardless of role or seniority, the business exists to create an exceptional experience for the person on the other side of the counter.

01 **Principle to CARE**: We win with our customers by caring for their needs proactively.

We empathize with our customers by becoming their commercial consultant and not just a provider of a good or a service: We ask ourselves the question: "What would we do if their business was our business?" and act accordingly. We strive to anticipate their needs instead of reacting to requests. We act as a partner, a collaborator and not a vendor. We focus our attention on making them successful in their market by providing them with solutions to the problems and opportunities they face with their respective customers and ultimately the end-consumer. We bring their reality into our organization to be able to relate and act proactively to make them win.

02 **Principle to COMPETE**: We win with our customers by competing for their business continuously.

We reject complacency as a concept. We embrace competition to get better. We acknowledge our competitors, we know their and our strengths and work proactively to address the gaps between what we offer and the customer's next best alternative. We strive to be the best, but acknowledge that at times we cannot be the best in everything. Though, we work on our weaknesses that matter most to our customers while leveraging our genuine strengths to excel in the B2B relationship.

03 **Principle to IMPROVE:** We win with our customers by improving the relationship permanently.

Status-quo is never good enough for us. We challenge ourselves and feel accountable to improve all aspects of the relationship with the customer permanently. We don't just react to feedback. We own the agenda to improve, always looking out for opportunities to get better, and act proactively before an issue occurs.

04 **Principle to RESPOND:** We win with our customers by responding to their needs swiftly.

We respond to our customer needs in the way they want to be responded to, in their language, in their timeframe, in their format. We identify all stakeholders that matter in the relationship and interact with them in the way that makes them feel most comfortable.

These four organizational customer-centricity principles form the bridge between rather abstract customer expectations and concrete actions for the supplier.

Case study: Customer-centricity in the cellulose fibre market

What these four principles looks like in practice is illustrated by a global industrial supplier in the cellulose fibre market:

A global industrial supplier was close to losing a $100 million FMCG relationship. The client's assessment was blunt: failures across operations, strategy, and product. The supplier's response was not a restructuring. It was a mindset intervention — bringing the customer's voice into the organisation and making sure every person, from leadership to the factory floor, could answer one question: what does winning with this customer require from me? Care. Compete. Improve. Respond. When that mindset took hold, operators across every production site chose to wear a hat bearing three words: supplier of choice. The relationship was saved. The renewed customer focus went on to open new geographies and accounts that would not otherwise have been reachable.

Their power lies in their simplicity and relatability. Everyone can understand what the customer-centric organization seeks to achieve with and for their customers.

INDIVIDUAL ACCOUNTABILITY TO BRING CUSTOMER-CENTRICITY TO LIFE - THE WHAT

What "we" as the organization need to do has now been defined conceptionally.

But everyone has their own part to play to bring customer-centricity to life. This is not just a practical intuition. Research among 1,089 industrial B2B customers (Habel 2020) confirms that customers perceive a firm as customer-centric only when the supplier is customer-focused at both the overall firm level and, for example, the individual salesperson level. A firm-level strategy alone is insufficient. A well-intentioned company with disengaged employees will not be perceived as customer-centric, regardless of what the strategy document says.

Every single employee will need to define what they will do to win with the customer:

"What will I do to care, compete, improve, respond to help the organization win?"

This setup links the organization's customer-first mindset of caring, competing, improving, and responding to individual actions which are embedded in the person's workplan and performance review.

Forming this personal accountability involves the three steps of *understanding* what one's customer requires, *analyzing* what contribution one can make to address these requirements as part of one's area of responsibility, and *determining specific actions* one should take in one's own role to care, compete, improve, and respond.

Without creating individual ownership to win, it would be too easy for employees to put the burden of customer-first back onto the business, back onto the other person comprised in the word of "we", which ultimately would lead to failure in turning the organization toward a customer-centricity mindset.

INDIVIDUAL ACCOUNTABILITY TO BRING CUSTOMER-CENTRICITY TO LIFE - THE HOW

“What will I do to care, compete, improve, respond to help the organization win with the customer?”

These are the right questions to ask to define one’s personal goals as part of a quarterly workplan review, for instance.

But they carry an inherent risk. Every employee will create their self-centered understanding of the customer, analyse their situation and contribution from their supplier biased perspective, and default to functional actions that feel customer-centric from where they sit, leading to the previously described disparity between supplier ambition and customer perception.

The salesperson who sends a quarterly product update believes they are caring. The operations manager who hits delivery targets believes they are responding. But caring, from the customer's perspective, might mean understanding their value chain before being asked. Responding might mean anticipating a supply disruption before it reaches their production line. The gap between what feels customer-centric on the inside and what registers as customer-centric on the outside is where the individual actions can fall short.

This orientation does not come naturally to organisations that have spent decades thinking inside out. To address this issue, employees need to be guided to go deeper than simply defining, potentially, self-comforting, supplier centric actions. They need to get reassurance that “how” they care, compete, improve and respond actually matters to the customer.

This requires skills that are oriented from the outside in. Competencies that are specifc to the role the employee holds.

How should a procurement, a finance, or sales professional create the required customer *understanding* on what is expected from them to care, compete, improve and respond in their area of responsibility? How should they then *analyse* their situation to best address customer requirements in these areas? How should they form the right actions to relay their caring, competing, improving and responding behaviours in the relationship with the customer?

“In sales, how do I care well from a customer’s point of view? How do I go about building a customer understanding, what they need from me, and define my right actions to care that makes them successful?”

From a salesperson or key account manager’s perspective, this could mean to proactively analysing the customer’s supply chains step by step, using a value chain mapping tool, identifying their business risks and opportunities, and by regularly consulting them on what one’s findings mean to their business and how certain supplier actions could address the most critical issues that were identified.

“In operations, how do I compete well from a customer’s point of view? How do I understand what I need to do to compete in my area of responsibility?”

As an operations manager, having access to and continuously learning about who one’s main competitors are and what they do better from the customer’s point of view, sets the direction to define their specific actions to catch up to the customer’s next best alternative. Balancing line efficiencies with quality assurance metrics to address product quality discrepancies between the supplier and competition; considering more line change-overs to increase the level of customization compared to what competition does, etc. Individual actions that make the customer see the supplier no longer as complacent but aware of their own weaknesses compared to competition.

“In logistics, how do I improve well from a customer’s point of view and how can I build an improvement plan that contributes to winning with the customer?”

Investigating the areas a customer quietly scores every supplier on, reliability, responsiveness, the quality of the people they deal with, for example, gives a supply chain employee a clear place to look before an issue occurs. Those insights on customer priorities give direction to building the winning action plan.

“In marketing, how do I respond well from a customer’s point of view?”

Many employees in a supplier organization, such as marketing or customer-service, directly or indirectly interact with the customer organization. Building and maintaining an understanding of who these customer stakeholders really are by creating a stakeholder map, what they require to be successful in their own job, who they want to talk to on the supplier's side ideally, as well as how they like to be interacted with, helps bringing "I RESPOND" to life and defines the ensuing action plan for the individual.

Defining the outcome, "the what" – what is expected from the individual employees to act customer-centrically – and training them on "how" to do it – the tools to deliver the customer relevant results – is one of the most important moments in the transformation towards a customer-centric organization.

EXHIBIT 4: THE SHIFT THAT MAKES CUSTOMER-CENTRICITY STICK

When accountability stays collective, nothing changes.
When it becomes personal, everything can.

WE — WHEN IT STAYS AS 'WE'

- **The burden of change fails on 'someone else'**
  When accountability is collective, it belongs to no-one.
  Individuals wait for the organisation to change – not themselves.
- **The mindset stays abstract**
  Without a personal translation, customer-centricity remains a concept on a slide rather than a behaviour at a desk.
- **Momentum fades after six months**
  The launch energy dissipates. Old habits return. The transformation becomes the last initiative – not the new way of working.
- **Compliance replaces commitment**
  People follow the process when observed. When no-one is watching, nothing changes.

I — WHEN IT BECOMES 'I'

- **Every employee knows what they personally need to do**
  The question shifts from 'what is the company doing?' to 'what am I doing, in my role, to care, compete, improve, and respond?
- **The mindset becomes a daily behaviour**
  Personal accountability converts abstract commitment into concrete action. Customer-centricity is no longer a concept – it is a habit.
- **Momentum sustains beyond the launch**
  When individuals own their contribution, the transformation does not depend on a programme. It lives in how people do their work.
- **Commitment replaces compliance**
  People act because they understand why it matters for the customer – and for them. Not because they have been told to.

CONCLUSION:

Most organisations know they need to become more customer-centric. The challenge has never been awareness — it has been execution. And the reason execution fails, time and again, is not a lack of strategy or resources. It is that organisations skip the most fundamental step: ensuring that every person inside the organisation genuinely understands what customer-centricity means for the customer, for them and what they need to do differently as a result.

This paper has made two arguments worth carrying forward.

The first is that the root cause of most failed customer-centricity transformations is the absence of a shared, actionable definition that employees at every level can connect to their own daily work. Structural changes, reorganisations, and new KPIs will not compensate for that absence. The mindset has to come first.

The second is that the most powerful definition of customer-centricity is not found in academic frameworks or textbooks — it is found in the customer's own experience. Customers do not assess their suppliers in organisational terms. They read signals. And across industries and geographies, those signals are consistent: they want a supplier that cares for their needs proactively, competes for their business continuously, improves the relationship permanently, and responds to them swiftly.

That is the standard customers are already applying. The organisations that internalise it — that build it into how every function thinks, decides, and acts — will not just improve their customer relationships. They will build a sustainable competitive advantage that is genuinely difficult to replicate.

The journey begins not with a restructuring program or a new strategy deck. It begins with a question every leader should be able to answer honestly: do the people in my organisation know, specifically and concretely, what it means to win with the customer — and do they know what they need to do today to make that happen tomorrow?

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