

Why the ever-changing customer  
is an opportunity for  
lasting value and growth



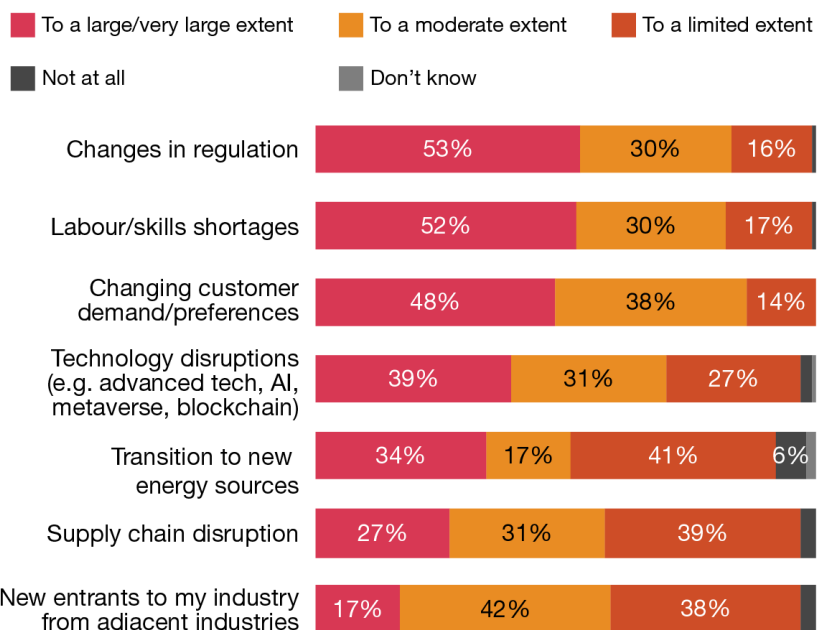
**pwc**

**Labour shortages and technology disruption might be in the headlines, but Australian business leaders say changing customer demands will have the greatest impact on profits over the next decade.**



Responding to PwC Australia's 26th CEO Survey, 84% of leaders nominated 'changing customer demands and preferences' as likely to have a moderate to very large impact on profitability in the next 10 years.

**To what extent do you believe the following will impact (i.e. either decrease or increase) **probability** in your industry over the next 10 years?**



Note: Percentages shown may not total 100 due to rounding.  
Source: PwC's 26th Annual Global CEO Survey

This was a stronger response than for all other factors with the potential to impact profits, including regulatory change, skills shortages, technology disruption, supply chain distribution and the transition to new energy sources.

As business leaders are increasingly aware, technological and social shifts mean customers are more informed, engaged and 'networked' than ever. They are also able to 'vote with their feet' (or wallets) more swiftly, sending a decisive signal to the companies they interact with.

This is at once daunting and exciting, offering business the potential for greater clarity, offering businesses the potential for greater clarity, as well as opportunities to unlock lasting value from their customer relationships.

Here are three guiding principles for capitalising on the value of the ever-changing customer to gain a decisive market advantage.

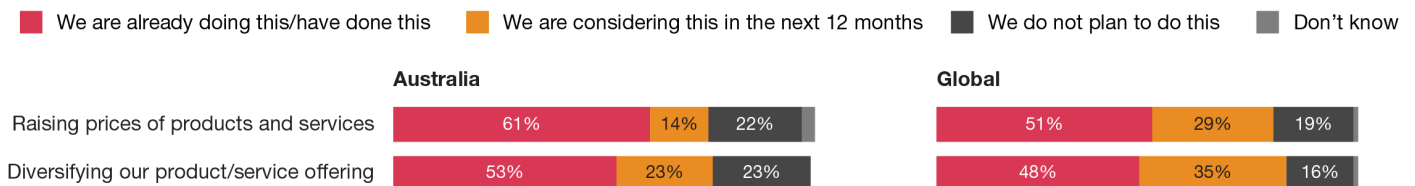


# 1

## Re-imagine the customer

Three-quarters of CEOs surveyed by PwC said they were increasing prices or contemplating it in the next year. About the same proportion were considering or currently undertaking product diversification.

**Which of the following options best describes any action your company may be considering to mitigate against potential **economic challengers** and **volatility** in the next 12 months?**



Note: Percentages shown may not total 100 due to rounding.  
Source: PwC's 26th Annual Global CEO Survey

However, to stay ahead of the competition, stay relevant and drive sustainable value, companies must look beyond their transactional exchanges.

Data from a separate study, [PwC's Global Consumer Insights Survey](#), shows consumers are increasingly informed, engaged, networked and discretionary. They have much greater expectations and demands in terms of their experience with a company, as well as considerations such as how the company treats its staff and the impact it's having on the environment.

Of course, consumers still want attractive prices, but they also want value in terms of the 'where', 'how', 'by whom' and 'why'. More and more, they understand that business can play a broader role in shaping society, through innovation, leadership, sustainability and problem-solving.

To discover what is truly valuable to your market, it can help to think of customers as allies instead of outsiders. Brought inside the fold of the company, customers' contribution to the value exchange can be considerable in areas including problem-solving, data, marketing and sustainable growth strategies.

Rather than fearing today's customers (and their ever-changing demands) smart businesses will realise the tremendous opportunities of evolving alongside them.





## 2

## Reinvent yourself

The consequences of seeing customers as allies is reinvention of your organisation from the outside in. This will be imperative for many businesses: 28% of business leaders in the PwC Australia's 26th CEO Survey said they believed their business would no longer exist in 10 years if it stayed on its current course.

Central to reinvention will be finding ways to have deeper relationships with customers and investing in data. In doing so, you will have a range of formal and informal mechanisms to understand how customers behave, how they're using your product, and what's important to them – both within your industry patch and beyond.

Removing old 'silos' or divisions will also help. To varying extents, companies still make discrete decisions down spans of control – such as using cheaper materials to improve profit margins, or changing software to address a technical problem. But the customer is indifferent to whether finance, sales, marketing or IT are to blame for their favourite jumper losing its stretch, or their order taking longer than it should to arrive.

What will make a difference is ensuring the whole organisation is truly working in sync as it continuously evolves to meet customer needs. Your approach to your customer will shape your key 'organising idea', uniting every aspect of your business and brand – coordinating people, experiences, services and communications – around a single promise and creating consistency across all internal and external touchpoints.

This kind of wholesale transformation is not for the faint-hearted, but those with high-quality information, analysis and insight will have the courage of their convictions.



# 28%

of CEOs in Australia believe their company won't exist 10 years from now if they stay on the same path.



## 3

## Think beyond your walls

Imagine that customers are now at the core of your business and your whole organisation is reorganised around their shifting needs and demands. But it's unlikely you will satisfy them on your own.

Alliances will be crucial for almost every organisation in satisfying the ever-growing list of customer demands and for giving customers the breadth of value they seek.

Developing effective alliances, like organisational transformation, is no small feat. It means moving beyond mere supplier relationships, where commercial value is skewed in one direction, to a courageous venturing mindset, where organisations are working together for mutual benefit – and, perhaps, for the greater good.

To unlock these benefits, organisations will need to develop whole new capabilities around how to compose, construct and conduct new alliances. This will include developing informal and formal ways to assess, approach and engage with partners, as well as systems to rapidly and effectively (re)allocate resources to these tasks, to seize on the best opportunities and avoid those less compatible.


# Unlocking value in a changing customer landscape

Customer demands and preferences are changing rapidly, but it's up to us whether we see this as a challenge or an opportunity. Those who respond defensively will be forced to ride in their customers' wake.

By contrast, those who move decisively to reinvent their organisation, building continuous evolution around the customer into their DNA, will stay relevant, get ahead of the curve and unlock a lasting resource for growth.

*Discover how customised technology, such as cloud-enabled services, can help even the most complex commercial systems to better connect with customers and unlock enterprise-wide value in our article [Taking a byte: How digital solutions are transforming food.](#)*





**To have a discussion about how these insights can help your organisation please contact us.**



**Adam Lai**  
**Partner, PwC Consulting**  
adam.lai@pwc.com  
0400 435 621



**Brian Man**  
**Partner, PwC Consulting**  
brian.man@pwc.com  
0400 44 11 88