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GUS TO THE ANTIDOTE TO IRRELEVANCE

A Proven
5-Step
Roadmap
to Thrive in
a Digital
World

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PRAISE FOR WINNING DIGITAL CUSTOMERS

"Howard and his team have been applying their transformation methods here at Barnes & Noble Education for the last several years with outstanding results. I've seen first-hand just how effective the methods outlined in this book can be and would recommend it as a go-to guide for any organization involved in digital offerings."

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"This book will teach you exactly how to drive your company's digital transformation to victory. It is a treasure chest of techniques coupled with an online archive of lessons and tactics that will help you out-market and out-innovate your competitors."

Jeremy Gutsche, CEO of Trend Hunter and New York Times Bestselling Author

"A 'must have' guide to saving your company. For me, as a seasoned CXO who has played a part in many digital transformations, this easy and practical read is now my 'go to' guide.

Tony Doye, Chief Strategy Officer, Girl Scouts of America Former CEO, Fujitsu Americas

"Howard Tiersky has been one of my secret weapons.

Reading this book and applying its principles will help you achieve real sustainable change that can thrive long after the last consultant leaves the building."

Michelle McKenna, Chief Information Officer of the National Football League

"A must read for anyone working in digital, marketing, IT or business growth. This book holds the secret to transforming your company to thrive in a digital age."

Andrew Silverman Managing Director, US Digital Strategy & Performance CIBC US

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David Meerman Scott, Wall Street Journal bestselling author of Fanocracy

"Winning Digital Customers is the rare business book with a demonstrable ROI. Buy one for every member of your team. It will help you grow your business."

Shelly Palmer, LinkedIn's Top Voice in Technology CNN Contributor, CEO of The Palmer Group

"A must-have guide to saving your company. For me, as a seasoned CXO who has played a part in many digital transformations, this easy and practical read is now my go-to guide."

Tony Doye, Chief Strategy Officer, Girl Scouts of America Former CEO, Fujitsu Americas

"This book will drive you through the complexity of digital transformation in such a way that every step will look simple. By applying these 5 rules, you could win more than customers' money; you could win their heart."

Jean-François Ségrestaa, Head of Marketing Airbus Defence & Space - Intelligence

"No matter what industry you are in, you need this book as a guide to your digital transformation."

Bernie Weiss President iHeartMedia, New York

"Not sure how to embark on a digital transformation? Tiersky's 5-step roadmap, coupled with his deep understanding around how to engage consumers on their own terms, puts quick wins on the table and creates an action plan that drives both corporate buy-in and traction. Chockfull of how-to's, now-do's and must-do's, this book is an essential read for any leader that is worried about their brand's future place in the heart of the consumer."

Dawn Zier Former CEO, Nutrisystem Member, Board of Directors Spirit Airlines & The Hain Celestial Group

"This book comes along at the perfect time. Digital is growing faster than ever and this book will tell you how to catch up. It contains dozens of entertaining stories from Tiersky's many years in the trenches that also illustrate valuable lessons for any company seeking to transform. I'm buying a copy for every member of my team."

Catherine Devine Worldwide Education Business Strategy Leader - Libraries & Museums Microsoft

"Equal parts theory and action, Howard's book will give you the frameworks you need to understand digital transformation and the steps you need to take advantage in today's marketplace. The framework hits both the short-term optimization you'll need to deliver results immediately, plus the skills, people, and plans to build a long-term, sustainable advantage."

Fabio Marciano Digital Marketing and eCommerce Leader Benjamin Moore

"This book holds the secret to transforming your company to thrive in a digital age. A must-read for anyone working in digital, marketing, IT or business growth."

Andrew Silverman Managing Director, US Digital Strategy & Performance CIBC

"Howard Tiersky's new book—Winning Digital Customers—is a compendium of exceptional knowledge and understanding of the art of Digital. Gleaned through years of driving Digital insight and execution, Howard's prose puts every reader of the book at ease. Pick it up now. You'll be glad you did!"

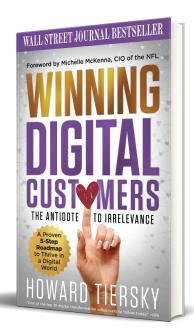
Kevin McAuliffe SVP, Client Strategy & Insights A + E Networks

WINNING DIGITAL CUSTOMERS

A PROVEN 5-STEP FORMULA TO ENABLE ANY COMPANY TO THRIVE IN A DIGITAL WORLD

HOWARD TIERSKY

This first chapter is adapted from the Wall Street Journal Bestselling book, *Winning Digital Customers*. In this book, innovation consultant and Amazon Bestselling Author Howard Tiersky lays out a simple but detailed five step methodology that anyone can follow to embark on digital transformation at their company.



"I've worked with Howard Tiersky for years and have seen his practices in action. They work! If you are in charge of any aspect of digital, this book is your roadmap. Howard and his team have been applying the principles in this book at The Avis-Budget Group for over five years with spectacular results. No matter what industry you are in, I highly recommend using this book as a guide to your digital transformation."

Gerard Insall, Chief Information Officer Avis Budget Group

"A fascinating and highly accessible primer on the steps to succeed at digital transformation. No matter how experienced you are, you will learn something important from this book!"

Rob Roy Chief Digital Officer, Sprint

"A smart, highly accessible, deeply practical guide to truly understanding today's consumers and how to design products and experiences they will love."

Thomas Gewecke, Chief Digital Officer and EVP, Strategy and Business Development, Warner Bros Entertainment

THIS PROVEN 5-STEP ROADMAP WILL HELP YOU:

Conduct insightful customer research

Envision the customer experience that will maximize your competitiveness in the market

Align your teams around a vision for digital transformation

Identify the quick wins that will help you out of the gate

Ultimately drive the transformation needed to bring your company into alignment with today's digital world.

PRE-ORDER NOW!

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CHAPTER ONE

WINNING IN AN FRA OF TRANSFORMATION

YOU HAVE A PROBLEM

f you are trying to make a legacy brand successful in today's digital world, you've got a problem. But this book is going to tell you exactly what to do about it.

My 7-year old son, Joseph, likes to text our family group chat with news stories that he thinks we need to know about, such as recent sightings of giant squids off the coast of Japan.

One evening last year, my phone dinged with a group text from Joseph sharing the announcement that very soon, every single Toys "R" Us in America would be closing.

"FOREVER "Joe added for emphasis in a follow-up text.

I was well aware of the problems the company faced. In fact, I had recently been in discussions with Toys "R" Us executives about bringing in my firm to help improve their customer experience, but time just ran out.



I was disappointed that I wasn't going to be consulting on a Toys "R" Us turnaround, but little Joe's text prompted me to imagine how truly devastated I would have been had Toys "R" Us disappeared when I was his age.

I figured I should probably check in. I headed downstairs and approached Joe, who was still at the kitchen computer. I asked how he was feeling about the news of the chain's closure.

He thought for a second, and then answered with a cheerful shrug, "I don't care!"

Seeing my surprised reaction, he gestured back at the screen and reassured me, "Dad, don't worry. We can just order whatever we need from Amazon!"

Some say Toys "R" Us "went under" because they had too much leveraged debt, and it's true that was a genuine problem. Others say that downloadable video games reduced the demand for physical toys, and they have—a bit. But Toys "R" Us died from something more profound—a lack of love. They just no longer mattered as they once did. If 7-year-old boys don't care whether your toy store stays or goes, you're done for.

At Joe's age, I did love Toys "R" Us. I also loved my Kodak camera with its flashbulbs, Speed Racer, my Timex digital watch, my Atari and IHOP. A few decades later in life, I loved Borders Bookstores, Melrose Place and my Blackberry.

Today, I love my Mac, Google Slides, Alexa, and Game of Thrones. And, I'm back to loving IHOP again. How about you? What do you love? Disney World? Chipotle? Fortnight? Lululemon? Snapchat?

MORE IMPORTANTLY, DO YOUR CUSTOMERS LOVE YOUR BUSINESS?

This book is a blueprint for earning love from today's customers, who I like to call "digital customers," and it's a treatise on the idea that obtaining that customer love is the single most important factor in the of your business.

WHAT IS LOVE?

Of course, there are many meanings of the word "love." I love my wife and I love my Ford Mustang, but not in precisely the same way.

When my firm polls consumers and asks if they love Citibank, most say "No." When we ask if they love Starbucks, many say "Yes." They know what we mean.

In this context, love is shorthand for the desire to be connected with a given brand and the strong faith that the brand will give you what you need.

In fact, our research shows that consumers think of brands on a continuum, as shown in the diagram.

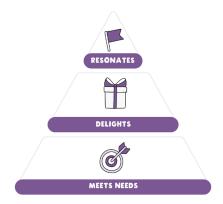
LOVED
RESONANT
RELEVANT
IRRELEVANT

Brand Love Continuum

The world has been changing rapidly, and once-loved brands have been falling down that scale. As they become irrelevant, they disappear. Meanwhile, new brands keep appearing and moving up the scale. You may have noticed that many of today's most loved brands are fairly young, like Amazon, Uber, Google, and Instagram.

But some of today's beloved brands aren't new—they are brands that have succeeded in remaining loved through the changing times, such as Nike, Disney, Whole Foods, and UPS.

So, old or new, what does it take to be loved? It doesn't require being perfect, or nobody would ever receive love. Analysis of our research reveals that there are three primary factors that are common across "loved brands."



- * They meet the needs of their target customers extremely consistently.
- * They periodically do things that delight customers beyond their expectations and needs.
- * They "stand for" something that resonates with their customers.

When we say "stand for something" that doesn't necessarily, or even primarily, mean politically. While there are loved brands whose formula includes a social stance, such as Ben and Jerry's (environmentalism) or Chick-fil-A (conservative social values), other brands "stand for" apolitical values or philosophies; Apple stands for empowering individualism; Häagen-Dazs stands for the joy of indulgence; Nike stands for achieving your personal best; Walmart stands for the idea that you deserve low prices.

One problem is that many brands don't really stand for anything, or at least nothing the customer believes is sincere, and that limits their ability to inspire customer love. "Standing for" something doesn't just mean you have a slogan or an ad campaign. In order for cynical customers today to love a brand for what it "stands for," they need to see those values in action, whether through philanthropy, policies, products or service.

Test the formula for yourself on the brands you love and, experimentally, even the people you love. Consider it for your own company.

ISN'T THAT THE SAME AS "LOYALTY?"

You may ask, isn't the "love" I'm talking about just another term for "loyalty?" You can call it that if you like, but I don't.

Love is a feeling.

In the English language, "loyalty" can also be a feeling, but it's not used that way in business today. It's used to refer to a specific behavior—repeated transactions.

You might book the same airline every week because they fly where you need to go, or eat at the same coffee shop every day because it's near your home. These companies consider you "loyal," but you may not feel either love or loyalty for their brands. Nevertheless, you have your reasons for continuing to do business with them—to behave "loyally"—at least for now.

We certainly want the behavior that is called "customer loyalty," but let's not mix that up with a feeling like love.

The term "customer loyalty" is also very often used in the context of loyalty programs—point-based accounts that give the customer "free stuff" if they engage in repeat transactions. Loyalty programs can be very effective. However, they represent a much narrower approach to achieving repeat business than the idea of customer love. With limited exceptions, loyalty programs are really just a form of discounting. You pay \$300 for a flight, but you get points back that are worth, perhaps, \$25 toward future travel. Maybe you also get coupons for a couple of free drinks.

It's a solid move to improve the value proposition in this way, but it's really just a way to offer the customer a better deal. It may stimulate sales, but it's transactional; it doesn't generate love.

MEETING YOUR CUSTOMER'S CHANGING NEEDS

You can't buy love. But you can inspire it by ensuring that you follow the love formula—meet and exceed the needs and values of your customer (including, but by no means limited to, giving them a great deal), and stand for something they care about.

Of course, the devil is in the details. What are the most important needs of your customers? How do you determine if you are meeting them consistently? What "extra" things would delight your customers? What are the values that your customers find attractive?

It may sound like a puzzle, but if it is, there's an answer key in this book. There are proven methods to answer all these questions, and we will cover them in detail.

These questions must also be studied on an ongoing basis because the answers are not static. That's why so many once-beloved brands are now gone. At one point they were meeting and exceeding their customer's needs and they stood for something customers cared about. That's how they became beloved. But when their customers' needs or values transformed, the brand didn't change, or change enough, and that broke their "customer love" formula.

WHAT'S CHANGING? IT'S DIGITAL

To keep the love, you have to change with the times.

What's changing? No matter what industry you are in, the most significant change influencing customers over the past decade has been the massive increase in the role "digital" plays in their lives.

Your customers consume a wide range of digital experiences, including on PCs, game systems, smart TVs, kiosks, voice-controlled appliances, and a host of other connected devices, but it's clear that the most prevalent access point to the digital world today is the smartphone.

How important are smartphones in your customer's life?

A few years ago, when my daughter, Jessica, was in 8th grade, she kept oversleeping and missing the school bus, and I would have to drive her to school.

One day, she did it again, and as I was driving her, I told her that from now on, any morning that she missed the bus, she would lose her iPhone for the day. Then, I told her to hand over the device.

That afternoon, I got home from work a little early and found Jessica in the living room despite the fact that she had previously planned to spend the afternoon at the mall with her friends.

I asked her what happened. She said, "Well, you took away my phone!" Not seeing the connection, I asked what that had to do with going to the mall. She lectured me, "There's no point in going to the mall with my friends if I don't have my iPhone!" As if it were the most obvious thing in the world.

Perhaps you believe this is just an example of a dramatic teenager trying to inflict parental guilt. I'll concede this as a likely contributing factor. But consider these stats from several different research studies that looked at how attached your customers are to their smartphones:

- ★ There are 265 million smartphones in the U.S. today, covering more than 80% of the population over the age of 10.
- ★ The average smartphone user checks their phone 80 to 150 times a day; 71% typically sleep beside their mobile phone.

When asked if they had to choose between their smartphone and other things important to them:

- ★ 64% of Americans said they wouldn't dine out for a year if they had to give that up to keep their phone.
- ★ 50% reported that they'd skip vacation rather than relinquish their phone.
- * Nearly half of Americans said they'd work an extra day each week if they had to in order to keep their phone.
- * And more than one in three reported that they'd give up sex for a year versus giving up their phone.

While digital may not be the only thing that matters, for most businesses, if you aren't delivering on digital, you absolutely aren't meeting your customers' needs.

This is why I call today's customers, "digital customers," as a reminder that no matter what business you are in, the vast majority of your customers today are living a lifestyle that has digital at the center.

Digital is so important to customers' lives today that if you aren't delivering an excellent digital experience, you are also quite likely not aligned with their values. This is because the empowerment of being able to access the brands they love whenever they want and however they want has now transcended being just a "need" for many of today's consumers. It's so core to their lifestyle that if it appears that you don't care deeply about it, not only are you not meeting their needs, you are in conflict with their fundamental values and world view. It doesn't mean they won't ever buy from you, but it's very hard for them to love a brand that doesn't appear to value something so important to them.

DO WE EVEN NEED THIS TERM "DIGITAL" ANYMORE?

There's an old joke: one fish asks another fish, "How's the water?" And the second fish responds, "Water? What the heck is water?"

Along those same lines, I hear more and more debates about whether we should even still be using the word "digital" since, "Isn't everything digital?"

To me, it's not a question of having a digital businesses or nondigital businesses. Clearly, all businesses today, even the ones that are "behind the curve," have major digital operations, and most have some aspects of their customer experience that are not particularly focused on "digital." That's all fine.

IF A COMPANY IS SUCCESSFUL TODAY,
IT'S NOT BECAUSE THEY ARE A DIGITAL BUSINESS
BUT BECAUSE THEY ARE RESONATING
WITH AN AUDIENCE OF DIGITAL CUSTOMERS.

IT'S NOT GOING WELL

Although many companies are trying to get to digital resonance, research shows that many companies aren't where they need to be. A Gartner survey found that, across industries, digital experiences did not live up to expectations for 84% of customers.

This isn't necessarily for lack of trying.

- ★ A KPMG survey found that 96% of organizations were embarking on some phase of digital transformation.
- * But Forbes reported that 84% of transformation efforts have failed.
- * Further, a Capgemini study found that only 39% of organizations report having the digital capabilities needed to turn their investments in digital into business success.

THAT'S THE LOVE DILEMMA

To deliver "digital" at the increasingly elegant level today's customers expect, most companies need to reinvent themselves in a variety of ways, and quickly.

But enterprises are just not designed for this kind of rapid change. Digital transformations of large organizations are often riddled with problems such as the absence of an aligned vision, organizational resistance, byzantine technology, and a lack of customer-centric thinking.

The consequences are playing out all around us. In prior decades we saw the death of companies like Borders, Western Union, and Kodak. More recently, it's the demise of Sports Authority, Linens and Things, Circuit City, and many others.

And of course, there are a great many "legacy" brands who are still surviving but find themselves financially challenged and shrinking as they struggle to stay relevant in a digital age.

IT DOESN'T HAVE TO BE THAT WAY

Tenured companies, or what my colleague Bob Taylor likes to call "analog classics," can transform successfully and earn love in a digital age. HBO, Walmart, FedEx, 1-800-Flowers, and The New York Times are all companies that are successfully transforming.

My 25-year career as a consultant has given me the opportunity to study what works for enterprises re-inventing themselves for a world filled with digital customers and to codify it into methodologies that my team and I use to help clients everyday.

This book is a consolidation of those learnings into a conceptually simple five-step process with sufficient detail to empower you and your team to apply it in the real world.

This "Customer Love" Digital Transformation Formula integrates leading methodologies, such as LEAN, Design Thinking, and customer journey mapping with modifications and extensions my team has developed over the years to optimize them to work at large enterprises. The formula presented in this book is not academic; its principles have been proven at a wide range of companies from GM to Universal Studios to Avis to Exelon—companies where we have helped to drive all or part of a major transformation.

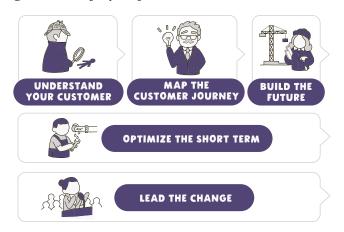
THE STRUCTURE OF THIS BOOK: 6 SECTIONS

The book is broken into six sections.

This first section, "Winning in an Era of Transformation," explains what digital transformation is, why it's essential, and what some of the key challenges are when driving change. This section will also reveal the most important success factors to winning in a digital age.

There are many methodologies to approach digital transformation, and based on the statistics previously cited, it appears that some of them don't work all that well. That's why the remainder of the book will provide you a tested and proven formula for how to transform in order to win the love of your customers.

The formula has five activities, and each of the remaining five sections of the book goes into step-by-step details on one of these activities.



UNDERSTAND YOUR CUSTOMER

The first activity in the formula is to "Understand Your Customer." That section of the book will detail why customer centricity is essential, then give you a rich set of tools to gather the insights you will need to understand your customer in an actionable way—proven tools that have been developed and curated during my 25 years of experience doing customer research.

MAP THE CUSTOMER JOURNEY

The second activity is to "Map the Customer Journey," which consists of developing a vision for the future customer experience in the form of a customer journey map—a type of infographic that communicates the end-to-end customer experience you intend to create. I'll share the techniques

we have used to do customer journey mapping for clients like NBC, Exelon and Airbus.

3 BUILD THE FUTURE

The third activity is "Build the Future." This section of the book describes best-practice approaches to taking your customer journey map and making it a reality.

It provides a detailed description of new, never-before-published updates to Design Thinking, the methodology used by Apple, Nike, Airbnb, and many other highly successful product development companies.

These first three activities are presented sequentially in the book and should also be approached more or less in order, although in the "real world" there will probably be some overlap or back and forth.

SHORT-TERM OPTIMIZATION

Building the future can take quite a while. But there are usually some areas where you are currently "letting the customer down" that you can fix quickly. This section of the book will explain how to get quick results within your current circumstances, wherever you are in your transformation timeline.

6 LEAD THE CHANGE

Perhaps most importantly, digital transformation requires bold, courageous, and determined leadership. The final section of the book will address the challenge of organizational resistance, provide guidance on how to develop leadership teams and gain alignment, and go into detail about how to build and sell the case for large-scale transformation to your boss, CEO or board.

My inspiration for this book comes from all the legacy organizations that have tremendous talent, assets, and histories but just haven't yet found a successful path to the customer love that they need in order to thrive. I'm also inspired thinking about the customers of these organizations who often desperately want them to adapt to meet modern needs and are waiting, less and less patiently, for it to happen.

Lastly, I am always in awe of the courageous executives at many of these companies who make it their personal mission to drive the innovation and transformation that are needed to win the love and increased business of digital customers. These leaders face enormous headwinds and often lay their jobs on the line in an effort to save their companies.

My message to these heroes is that you absolutely can succeed if you have sufficient determination and follow the right process. This book will give you a proven process. You will need to bring the determination.

For more insights into how to use customer emotions to lead a successful digital transformation effort, pre-order a hardcover copy of our Wall Street Journal Bestselling book *Winning Digital Customers*. It is filled with proven strategies and tactics for transforming a company to thrive in a digital world, as well as an abundance of useful bonus resources that will help you apply the book's lessons within your own company.

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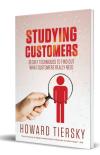
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