

# The Change in Culture affects Customer Loyalty.

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*When the top management or ownership of the company changes, the culture of the company could change too. Sometimes the change is not for the better. In this article I talk about the personal experience and the shift in attitude towards a company that, as a customer, I used to be loyal to.*

When Providence Equity Partners acquired Bite Group – a Telecommunications industry player in the Baltic states – from MidEuropa in 2015, the managing director of Providence, Robert Sudo, said: “We look forward to supporting Bite in its development and its strategy of **putting the customer first**.” Less than a year later, in 2016, the CEO of Bite, Frederick Hrenchuk was replaced by Nikita Sergienko.

Here is what it felt like for an outsider – a former loyal Bite customer – to experience this change.

I've been Bite's loyal customer for approximately ten years. I didn't jump ships when its competitor (Tele2) tempted me with cheaper offers. I didn't object when Bite decided to increase service fees and rates. When I went to live abroad I kept the line (phone number) and continued paying for the services I haven't been using.

How did the company achieve such loyalty? Over the years the company focused on a particular campaign that said: “Different company.” The *different* part was obvious and consistent. It was intangible but you could feel the difference. One of my favourite moves was a simple yet effective change in ubiquitous customer interactions – the way sales reps talked to you.

It's a cultural thing in Latvia to address strangers formally. Friends, however, never address each other this way. Bite's communications implied friendliness. Company's employees at all levels would never use an equivalent of Sir or Madam, ever. They always sounded friendly, even in emails.

Back in the day, instalment plans for expensive devices weren't that common. One day I went into one of the Bite's stores to purchase a new Blackberry (*how I miss their keyboard. . .*). The



sales rep had a minute-short phone conversation with his manager. Some twenty minutes later I walked out of the store with a brand new device for 10% of its total cost. For me, that was a pleasant surprise – the company took a risk, trusting that I would pay later.

A few years forward, the volume of transactions between my company and Bite had dropped to nearly non-existent. The credibility of my account should've dropped as well. Instead, they had provided me with a new iPhone 6 on a similar instalment plan when I asked them to – yet another risk on their part.

Whenever Bite launched a new service plan that was better for my business, they would let me know about it. When the monthly payment was due, if ever I had forgotten to pay it on time, they would never bully me into paying it. Always a friendly, gentle reminder via text (SMS).

I felt special. I felt I was important to them. I felt I was being treated like a friend. What is friendship about if it isn't about loyalty?

The loyalty that I felt towards the company started with them. They took their chances on me. They have proven to be loyal towards me. I believe it was in the culture of the company to act that way. A culture that has been planned, planted, nurtured and acted out by the now former CEO, Fred Hrenchuk and his team.

When Bite was acquired by Providence and the CEO had been replaced things started to change.

After a while I stopped receiving reminders of due payments. Instead, when I forgot to pay the bill on time, I would find an accumulating daily penalty fee on my monthly statement. Hmm . . . Do real friends penalize each other?

Several of my acquaintances, also Bite's clients, shared how much they were paying and what they were getting *for the buck* and it was different from what I had. I suddenly felt I had to fight someone to get a better deal.

Later, my personal business manager changed. Well, not exactly changed – to be precise – she disappeared. Or rather – I was deprived of one without any explanation why. Did I do something wrong, friend?

I haven't been using Internet data that I have been paying for for five years. No one in these five years has ever suggested switching to a cheaper plan or allowing me to accumulate the unused megabytes. You're paying *for something you obviously don't use* – that's fine with us. What a friend!



By now the glass of frustration was way past half-full. In 2020, I made a third request for a new iPhone on an instalment plan. This time my request was declined without any explanation. What happened, friend?

When this year (2021) I have asked to offer a plan that makes more sense to my circumstances (living abroad and not using the service), the lovely business (~~prevent~~-)success manager offered me a great option with more data that is more expensive than I already had. Great – more data that I don't use. Friend, have you actually **listened** to any of my concerns?

What happened to Bite? The culture of the company changed.

I have no insights into either of the companies mentioned here but here is what usually happens in similar situations. A fund invests money into a new asset. They want to have a return on the investment as soon as possible. Cut the costs, fire a bunch of people, increase prices, ditch risky and not-so-profitable clients – anything for the sake of the ROI. My guess is the new management had decided to put **customers last and profits first**.

Customer loyalty doesn't play very well with "ASAP". Profits aren't the culture customers would be eager to line up for. This is a classical example of misalignment between company values, business objectives and customer expectations.

True, I don't have access to the management, so I don't know for sure whether the profits became the main obsession of the company. But it doesn't matter – as a customer it most certainly **feels** that way.

I felt there is no more loyalty. So I decided to quit this friendship.

When I switched to LMT – Bite's competitor – guess what this company did first, apart from assigning the friendliest, very competent and most helpful business manager I have ever met from the TelCo industry in four countries that I've lived in? They did not charge me for the first month. Ta-daa!

That's how you play the loyalty game. You start by being loyal to your customers first.

The awezzom question of the day:

*What steps are we making to prove our loyalty to our customers?*

