

Marketing Transformation Leadership Forum



Report

Building customer centric businesses:

advocacy, growth and
organisational alignment

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This is not a theoretical paper, nor an amalgam of 'blue sky' concepts. This is a practitioner's guide, drawn from senior managers representing all corners of industry, to help others seek change.

The practical, 'road tested' ideas in this paper are designed to inspire, to stimulate new thinking and discussions within your organisations, and to provide weight and reference to your discussions and proposals internally.

This paper is only one of a number of resources building up the **Marketing Transformation Leadership Forum** website, a community site with no fees, pre-requisites or registration. Visit the site for further resources: case studies, blogs, video interviews and surveys. Follow our progress and get involved as we continue to tackle marketing transformation issues, such as customer experience management, measurement, customer centricity and sales enablement.

www.marketing-transformation.com

Founding partners and participating organisations

About The Chartered Institute of Marketing

As the world's largest organisation for professional marketers, we play a key role in training, developing and representing our profession. Engaging with us means being part of something bigger: a community of marketers and business professionals who exchange ideas and experience. We help individuals and organisations to continually improve their skills and knowledge.

Part of our remit as a professional body is to create and share knowledge, insight and resources for the benefit of the marketing and wider business community. Armed with insights from our new series of global benchmarking studies, we have joined forces with Thomson Reuters to advance knowledge of marketing transformation. We look forward to stimulating discussion and debate within the profession as we share papers, case studies and other leading practices from this Forum.

About Thomson Reuters

Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. Employing over 50,000 people in 93 countries, Thomson Reuters combines industry expertise with innovative technology to deliver critical information to leading decision makers in the financial, legal, tax and accounting, scientific, healthcare and media markets, powered by the world's most trusted news organisation.

Bringing together senior marketers from the world's most forward thinking companies, the Marketing Transformation Leadership Forum provides direction and guidance to help advance marketing and enable it to become more innovative and influential, to become the customer advocates, owners of the company's vision and guardians of its customer experience. As co-founders, we are delighted to share this insight to help our marketers, our businesses and the wider marketing discipline undergo this transformation.

Our participating organisations





“We use the marketing function itself as the departure point for debate”

Introduction

Whilst many organisations describe customer centricity as key to the future growth and profitability of their organisations, few define what this means in actionable and measurable terms.

What's more, many marketing functions – the traditional standard bearers of customer centricity – are failing to exemplify in their own actions the customer orientation they advocate to the rest of the organisation.

In our first meeting of the Marketing Transformation Leadership Forum, customer centricity and marketing's role therein was described thus:

Marketing drives and diffuses ownership of our customers by ensuring the unique value of our business is understood and delivered by each and every customer touch point and channel (partners, account teams, sales, trainers, service centres, help desks, etc).

Our strategic direction is informed and inspired by real customer insight – by consumer needs, and purchasing and usage behaviour, by competitor positioning and market trends. All strategic planning, brand and demand generation activity is driven and prioritised on the basis of this understanding; that is what 'customer centricity' means.

How close are our marketing organisations to living up to this ideal?

What's in this paper?

This paper has been developed from discussions with senior marketers from some of the world's most forward thinking organisations. It frames the important questions marketing functions will need to answer in order to evaluate, identify and target those areas where they can improve the customer centricity of their organisations.

Importantly, it focuses on examining how marketing functions operate. Whilst addressing the wider organisational concerns around customer centricity is important, we use the marketing function itself as the departure point for debate, so marketing leaders can first review their own departments and activity before reaching further into the organisation to prompt change:

- To ensure they exemplify the customer centric approach they advocate to their organisations
- To improve the output of their departments
- To send a clear signal to the organisation of the commitment of the marketing function to lead the way

We examine three areas: insight; customer advocacy and people; and process and organisational design.

Section 1:

Turning information into actionable insight

Customer centricity is rooted in fact-based, actionable insight; the type of insight that drives growth by knowing customers better than your competitors do, and differentiating and articulating your propositions in more compelling ways.

Some of the challenges

Whilst few seem to complain of a lack of customer information or data, the challenge is often one of interpretation: turning that data into meaningful and actionable insight. The following issues dominate the insight debate:

- Too much data, too little insight
- Under-investment in analytical skills: those with such skills are hidden or unconnected
- 'Selective use' of insight: a lack of respect for the results it delivers, or using insight selectively to prove a point or test personal hypotheses
- Insight activity commissioned tactically: results are not shared across the business, and activities aren't structured to have the widest benefit

Questions for marketing leaders

- What is your investment into insight and related headcount compared to your investment in marketing and communications? What informs this ratio? Does it adequately represent a concern for customer centricity? If you diverted spend from marketing and communications to insight activities, what message would this send to your business? What obstacles would you face?

- How often do your marketers see customers? Do you routinely bring customers into your team meetings? What tactical initiatives could you implement to improve live insight?
- How often do your team meetings include a section on customer insight? What channels do you have to routinely expose your marketers to insight?
- How often and how rigorous is the use of customer insight as the basis for marketing and communications activities? How can you improve this and measure it? What proportion of new marketing or communications briefs include a requirement for new customer insight?
- Do you test or pilot significant marketing activity with customers? How often do you test or pilot significant marketing activity with the front line? Does marketing activity change as a result of feedback and learnings – if so, how?
- How important are analytical skills in your group? Is this reflected in your approach to hiring or learning and development?

Ideas from our participants

- Run cross functional customer insight forums, quarterly sessions where new insight is presented and shared internally, with representatives from across the organisation debating the findings
- Start each marketing meeting with a customer insight section
- 'Live' insight sessions – bringing in customers to meetings, or for live insight sessions

- Form ongoing advisory panels embracing customers, relevant external ‘experts’, suppliers and staff members
- Require senior managers and directors to call a specific number of customers each week and report back on their findings

Recommendations

Few would challenge the view that insight lies at the heart of a customer centric business. That said, for many organisations a strong insight capability is woefully lacking.

Where leaders recognise the need to advance from this position, and to respond to some of the challenges and questions above, it is important to start in the right place and for the right reasons.

The inherent risk with efforts to improve an insight capability is that they often begin with dissatisfactions internal to the marketing function. This can quickly lead to an introspective journey of misguided assumptions and misplaced desires to improve ‘for the sake of improving’, or, worse, to achieve efficiencies and cost reduction (be it in spend, headcount or agency management). Whilst prudent cost management is important, this alone won’t deliver the step change in business performance which the sponsoring leaders seek.

If you recognise the need or opportunity to improve the role and impact of insight within your organisation, start not with the perspectives of your marketers, but with the business itself. At a basic level, if the role

of insight is to enhance the competitiveness of your organisation in the marketplace, efforts to improve your insight capability (skills and people, processes, or systems and technology) must begin with clarity on the business issue(s) that you are seeking to address – and this requires input from stakeholders outside the marketing function. Engaging colleagues (both at a leadership level, but also lower down in the business) in sales, service, operations and finance can help create a more holistic view of the priorities:

- “It’s taking too long for our new offerings to get traction in the market” – can better insight therefore improve time to market?
- “Our salespeople and technical teams are struggling with solution selling” – can insight help educate these colleagues on the customer’s wider business issues?
- “We are using discounts too heavily to achieve the sales volume we need, impacting on our margins” – can better insight help create a new segmentation model and pricing strategy, reducing our reliance on promotions?

As one MTLF participant commented, “If you don’t know why you’re doing it, don’t start.” Investment in insight will, at best, be challenged and, at worst, be rejected if the improvement in business performance isn’t clearly quantified and measured. Hence the need to start in the right place, for the right reasons.

Section 2:

Customer advocacy

Definition

Customer advocacy comes when your customers display a loyalty to your brand (or products or services) above that shown to competitors or alternatives. This level of loyalty or preference for the organisation, brand, product or service, often beyond price sensitivity, leads the customer to make recommendations on behalf of the organisation.

To achieve this depth of relationship, companies must do what's best for the customer, investing consistently and over time to ensure propositions address fundamental, well understood customer needs.

Some of the challenges

- Proving there is a correlation between customer advocacy measures and profitability
- Understanding how to use social media, and being able to engage in, and respond to, an ongoing dialogue with customers
- Finding fresh ideas beyond loyalty cards and customer advisory boards
- Identifying and quantifying the value of advocacy as an asset to the brand

Questions for marketing leaders

- Do you know who your customer advocates are or should be? Do you have a roadmap to convert more customers into advocates?
- Do you understand what motivates some of your customers to become advocates, and what your advocates have in common?
- Do you have a defined approach to social media?
- How is your organisation geared up to engage in a dialogue with customers and to respond to what they have to say in a way that will give you a competitive advantage?
- What customer loyalty programs do you run? How well targeted are they in their objectives and their representation? How do you know they change behaviour positively?
- What forums do you have to bring customers together?
- What percentage of your outbound marketing activity is focused on retention and satisfaction, rather than up sell/cross sell or new business? What informs this ratio?
- How often do you survey your customers about how they perceive your marketing activity? How is this feedback used?

Ideas from our participants

- Work closely with the finance team to develop robust and credible ways to assess the commercial value of loyalty and advocacy in your business, and to relate this to your organisation's overall corporate goals
- Set up customer panels to research usage and attitudes toward your brand and to understand the type of interaction customers may want with your organisation
- Review your organisation's ability to identify and respond to changing customer requirements and specific requests, particularly those derived from social media

Recommendations – getting to grips with social media

Many organisations' focus on advocacy has been sharpened by social media. The internet has caused a shift in power; customers feel a greater sense of empowerment, and dissatisfaction can spread quickly.

Traditional loyalty programs are being replaced by social media and influencer communication strategies that seek to:

- **Identify** those commenting on your products and services. Whilst you're looking to turn the most negative, don't forget to include those who are very influential, but don't have time to blog about you
- **Engage** their opinion using some of the same channels they use to canvass and capture their insight. Provide opportunities for them to get involved in testing, commenting on, or gaining advance preview of, products or a new advertising campaign
- **Influence** by creating a new comms group for 'customer advocates', ensuring that your communications are targeted at, and tailored to, this influential group
- **Renew** the list of influencers; anticipate concerns and the new social media channels used to express them

Section 3:

Creating a customer centric culture within your marketing function

True customer centricity is part of the cultural fabric of a team or business – a state of mind that permeates how people behave, rather than a raft of initiatives or processes. To accelerate a transition towards a more customer centric culture, organisations often invest in employee engagement campaigns or changes to recruitment strategy. While such initiatives certainly have a role to play if executed properly and sustained, so much more is required to create a truly customer centric organisation.

Some of the challenges

- Clearly defining what customer centricity is, and the changes is required for an organisation to become more customer centric
- Defining how becoming more customer centric will benefit the business or department, what it will cost to achieve and how long it will take
- Lack of visible leadership that demonstrates customer centricity in senior management decision making
- Fatigue and cynicism, a sense of 'new year, new campaign'
- Statements of intent that have 'no teeth': "We are told we should all be more customer centric but no behaviours, processes or structures specify what that means day in day out"
- Artificial boundaries of geographies or incentive structures prevent us operating with the customer at the forefront of our considerations
- Lack of training and support to enable team members to develop customer centric skills
- Failure to drive customer centricity through personal objectives, performance evaluation and reward schemes

Questions for marketing leaders

- Have you defined what customer centricity means for your function and your teams? Is it actionable, measurable and clearly embedded in objectives, processes and behaviours?
- How many people in your team come from a customer, or customer facing, background? Should we favour customer knowledge over marketing skills?
- Does understanding customers form a central part of marketing induction, and learning and development?
- Do customer satisfaction and customer knowledge metrics feature in performance management, and reward and remuneration structures for my team? Is spending time with customers facilitated, rewarded and expected within my team?
- Do we send a consistent message about customer centricity in terms of the way we're organised?



“Fatigue and cynicism,
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new campaign’”

Ideas from our participants

- Develop detailed models of your customer journey or service experience, and interrogate the degree to which each step is founded on true customer insight
- Require marketing personnel to spend time in customer facing operational departments
- Run regular staff-customer discussion meetings
- Require all project proposals to incorporate new and validated customer insight
- Awards, given by a CMO/marketing leader, that reward customer centric behaviours
- Ensure all your teams have a customer knowledge component to their personal development plans
- Invite your team to articulate what customer centricity means to them, to identify barriers to customer centricity and propose solutions

Recommendations

Efforts to change organisational culture are unlikely to succeed if they remain the preserve of the marketing function – or any other function in isolation, for that matter.

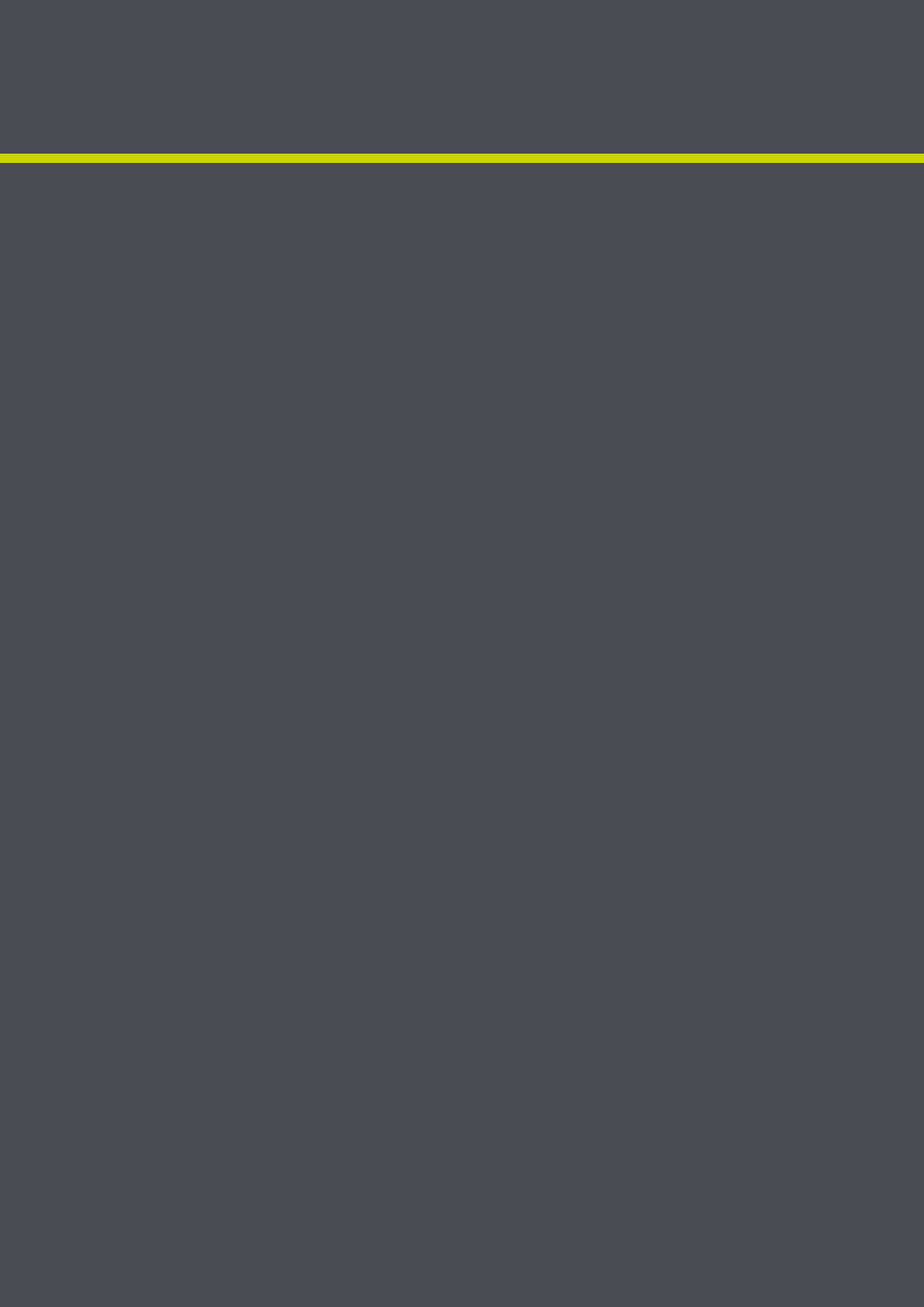
As this paper has shown, being customer centric requires each part of your organisation to adapt what it does and how it does it, with the customer in mind. It may mean better payment terms from your finance department, more flexible delivery schedules

from your operations team or more convenient availability of your customer service teams. Becoming a customer centric marketing function alone clearly won't change all of these things and won't, therefore, have the best possible impact on your business.

This isn't to say that marketing functions should give up or look to relinquish responsibility for culture change to another department. Rather, they should champion the customer internally (something marketing functions are widely acknowledged as best placed to do), and adopt the role of facilitator or coach to the Chief Executive, the leader truly best placed to drive change across the organisation.

As we've discussed in this paper, becoming customer centric is about real change in business processes, not just internal communications campaigns. Leading far reaching change in the 'bowels of the business' is something that the CEO can't be seen to simply ask of one function – it has to be led from the very top, and evidenced at every opportunity.

Some organisations are fortunate enough to have a savvy business leader who, put simply, 'gets customer'. This makes the journey that much smoother. For many, however, the CEO is either too far removed from the customer experience or fully occupied with other issues, such as financing, investor relations or M&A. This is where the facilitator or coach role becomes paramount: securing the time, attention and genuine commitment from a potential sceptic is indeed challenging, but is crucial if the level of change needed is to be achieved.



Join the debate at www.marketing-transformation.com



The Chartered Institute of Marketing
Moor Hall
Cookham
Maidenhead
Berkshire
SL6 9QH

Email: mtf@cim.co.uk

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THOMSON REUTERS

Thomson Reuters
30 South Colonnade
Canary Wharf
London
E14 5EP

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