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Turning Customer Pain into Competitive Gain
By Donovan Neale May

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In the current tough economic environment, the care and handling of customers becomes even more important to business success. It is almost always more profitable to keep and grow an existing customer than to acquire a new one, but today that may be even more true. Yet, financial pressures will no doubt lead many companies to make cost reductions that may negatively impact the customer experience. Those who have the ability to closely monitor experience, loyalty and satisfaction and who have developed a culture that responds quickly to customer needs and challenges will be in a much better position to weather the downturn.

Cultivating Customer Listening

Companies that develop highly tuned disciplines and processes for quickly identifying customer issues and opportunities can limit defections and increase customer loyalty and value. Those who integrate real-time listening and analysis across their extended enterprises, including channel partners, can be more adaptive, responsive and engaged with their markets. Those who effectively leverage the web and online environments for learning and active customer advocacy can multiply the power of go-to-market communications and limit exposure to negative word of mouth in an age when customer voice is more powerful and magnified by the Internet.

Current economic indicators point to a vital need for business revitalization through better customer analytics and engagement. Most marketers and corporations are now looking to reduce costs in order to improve the bottom line. While they do, it will be important to remember the favorable economics of keeping and growing customers versus finding new ones. Automation will be on the table, and building better, more rapid customer feedback and response must be built into those plans. A recent CMO Council study, “Turning Customer Pain Into Competitive Gain,” which surveyed over 500 senior marketing executives, underscores...
some critical deficiencies in the way companies measure, optimize and leverage customer experience to drive loyalty, improve brand value and increase business growth.

These include:

- Insufficient availability and aggregation of real-time customer experience data across touch points that can be shared throughout the organization
- Poor use of customer interactions to collect insights and intelligence or maximize up-sell and advocacy opportunities
- Lack of Internet processes and systems to track online word of mouth and drive customer advocacy
- Intermittent or deficient monitoring of customer experience resulting in failure to provide true and timely insights into problems and opportunities
- Too little accountability, with few compensation programs tied to customer experience, loyalty and satisfaction

Numerous CMO Council studies and other independent research indicate that customer word of mouth is the most trusted and valued source of information and referral for driving purchase behavior. For example, among B2B technology buyers, peers trump all other sources of referral and information, according to a CMO Council study released in early 2008, entitled “Profitability from Customer Affinity.” Today, that word of mouth travels more virally and rapidly across the Internet than ever before. Indeed, 58 percent of respondents to “Turning Customer Pain Into Competitive Gain” now believe that the Internet and social media have changed the level of influence and expectations of their customers. It appears, however, that marketers have only begun to track and influence that word of mouth.

Who Owns Customer Experience?

A core advocacy position of the CMO Council has been CMO ownership of the customer experience. By leading the effort for greater customer listening, learning, engagement, and advocacy, CMOs will play a vital role in improving customer relationships, deepening brand loyalty, developing more relevant and contextual products and services, and increasing customer life-time value.

However, at far too many companies, the CMO has not yet assumed responsibility for customer experience, listening and engagement. Indeed, ownership of the customer experience is spread across a wide range of titles and departments. According to respondents in the “Turning Customer Pain into Competitive Gain” study, the CMO has assumed ownership for customer experience at 20 percent of the companies represented. Lower level marketing titles also account for about 13 percent of those who have primary responsibility for customer experience.
Other titles such as vice president or director of customer experience, line of business officers and head of sales are also frequently mentioned.

The CMO Council has witnessed and promoted an evolution in our understanding of customer experience and its place in the marketing spectrum. For example, in early 2008, in a report entitled Profitability from Customer Affinity, we advocated a new measure of marketing performance, called customer affinity, which looked beyond old brand metrics to support marketing in its critical role of building customer-centric organizations.

Research in B2B technology markets associated with the customer affinity study highlighted the critical need for marketers to reorganize around the customer. Study findings showed that brand awareness, by itself, was a poor determinant of a customer’s inclination for strategic, trusted and sustained vendor relationships. Customers told us they were not so interested in brand promotion, but were looking for truly customer-centric organizations that embraced co-innovation and a high caliber of service and support.

It also demonstrated a major disconnect between marketers, who by and large believed they were operating highly customer-centric organizations, and customers, who begged to differ. In addition, the study showed that in B2B markets, purchasing decisions were far more influenced by peer networks, i.e., other customers, than by any other sources of information or referral.

More recently, in a study released in December of 2008, entitled “Routes to Revenue,” the CMO Council found that most companies were poorly equipped to track their customers in order to optimize top-line growth. A surprising 76 percent of senior marketers said they were not realizing the full revenue potential of their existing customers, and less than half said they had good insights into retention rates, customer profitability and lifetime value. The study also pointed to a lack of real-time data and analytics captured across customer touch points. What information was gathered tended to remain in functional silos and unavailable for decision-making and analysis on a continuous basis to the rest of the organization.
These and other studies have led to a new understanding of marketing’s challenge and role as a business driver and active representative of the customer. Championing the customer and ensuring loyalty and positive word of mouth, by listening across all critical touch points, continuously calibrating and analyzing results, and ensuring that these lessons drive continuous change and improvement across the organization – all these should be within the purview of the CMO.

**The Road Ahead**

Much work lies ahead for senior marketers who seek to assume ownership of customer experience in order to improve customer centricity, business performance and brand loyalty. Customer experience is still very much a work in progress for senior marketers who participated in our “Turning Customer Pain into Competitive Gain” study. Despite overwhelming agreement on the importance of customer experience and word-of-mouth, they admit their companies are failing to take decisive, company-wide action to integrate customer voice and experience into key business and marketing processes. Indeed, while 59 percent claim a CEO-driven culture of customer-centricity is embraced across their organizations, their actions often belie that assertion. What’s more, only 31 percent highly rate their organization’s commitment to customer listening.

However, our data indicates that positive changes are, in fact, underway at many companies and that senior marketers are increasingly sensitized to the opportunity. Our study results reveal that companies are well aware of the need to increase customer listening to improve experience, and many are making strides in a number areas, including the integration of customer data across the enterprise.

Giving customer voice more volume and turning customer pain into competitive gain requires new approaches, organizational-wide commitment and a realignment of processes and systems around the customer. Some of the success requirements for global businesses include:

- Executive-level ownership and activation, with management participation across all organizational functions
A surprising 76 percent of senior marketers said they were not realizing the full revenue potential of their existing customers, and less than half said they had good insights into retention rates, customer profitability and lifetime value.

By creating a corporate culture of listening, learning and limiting hassles and headaches, marketers can improve product uptake, reduce market friction, increase responsiveness and identify new opportunities to increase lifetime value and grow market share. Fortunately, technology advances are making all this more achievable. Always-on intelligent agenting and real-time feedback systems that integrate, mine, process and analyze vast volumes of customer data and interactions can now be efficiently deployed through on-demand platforms and hosted services.

As senior marketers continue to assume greater responsibility for owning the customer experience, the challenge will be overcoming functional fiefdoms and siloed data, in order to continuously improve end-to-end listening and measurement to drive better communications, customer handling, and products and services. It’s time for the voice of the customer to become an integral part of marketing strategy and a more measurable force in driving brand experience and business growth. Richard Owen, CEO of Satmetrix—sponsor of the “Turning Customer Pain into Competitive Gain” study—recently released a book titled Answering the Ultimate Question, which explores some key best practices for leveraging customer advocacy and is an excellent read for marketers and other business executives looking to integrate customer listening throughout their organizations.
The CMO Council is keen to make the business case for broader adoption and use of customer listening, feedback and engagement systems across all markets and industry sectors. It seeks to encourage senior marketers to embrace their call centers, help desks, telemarketing, consulting and agency partners into a process of integrating Voice of Customer capabilities into the operations and organizational fabric of their Companies. The opportunity for CMOs has never been greater to assume a more valued, customer-centric role in their organizations - to utilize continuous customer feedback, analytics, personalization and response to drive marketing performance and competitive advantage.

By adopting truly customer-centric cultures and go-to-market strategies, CMOs will play a vital role in improving customer relationships, helping to deepen brand loyalty, develop more relevant and contextual offers and communications, and increase customer lifetime value.

Neale-May, 56, is founder and executive director of the Chief Marketing Officer (CMO) Council (www.cmocouncil.org), a global affinity network of more than 4,000 senior marketing executives, who control more than $120 billion in annual marketing spend. Neale-May is also executive director of the Business Performance Management (BPM) Forum (www.bpmforum.org), an influential group of C-level executives driving financial accountability, operational visibility and compliance in global corporations.

Neale-May serves as president of GlobalFluency, Inc., the leader in Intelligent Market Engagement®, with 70 offices in over 40 countries. Collectively, GlobalFluency member firms have annual billings of $50 million and employ 450 professionals servicing scores of clients across the Americas, Europe, Asia-Pacific, Africa and the Middle East.

Previously, Neale-May held senior positions with marketing, promotions and PR agencies, such as Ogilvy & Mather, in Silicon Valley, New York, London and Los Angeles. During his 30 years as an international marketing and brand strategist, Neale-May has consulted with over 300 leading multinationals, new venture starts and emerging growth companies.

An expert on integrated multi-level marketing, Neale-May has designed innovative, award-winning programs for many prominent international consumer brands and holding companies. Among these have been Avis, Nestle, Del Monte, Samsonite, Subaru, Kraft General Foods, Lipton Foods, Kawasaki, Colgate, Lever, Seagram, Chiquita, Polaroid, Cendant, and Nutrasweet.

He has also represented many other major technology, professional service and consumer electronics brands such as Dell, Oracle, Sun Microsystems, Fujitsu, HP, IBM, Hyperion, Cognos, WebMethods, FileNet, CA, Symantec, McAfee, Panasonic, Amdahl, Informix, Logitech, Transmeta, Borland, SCO, Seagate, AT&T, GTE, EDS, Deloitte, Ernst & Young, A.T. Kearney, BearingPoint, Electronic Arts, Activision, and Atari.