Management for Professionals

Kartikeya Kompella *Editor*

Marketing Wisdom

Springer

Management for Professionals

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To Vinitha & Mithya, you fill my life with joy!

Preface

Let me start with a confession. After being involved in four books on branding and one on marketing, the truth should be finally be told.

When I joined my MBA 29 years ago, marketing was probably the last career I would have considered. Three insipid chapters into a marketing textbook, I was clear that marketing ranked well below a career in finance, HR and even public enterprise management.

Then a good Samaritan, my classmate, Kamesh asked me to read "Principles of Marketing" by Philip Kotler, just for kicks. Two pages into the book, I was smitten. A month later, I read "Positioning" by Al Ries and Jack Trout, and my life changed forever.

Twenty-seven years into a career that has covered advertising, CRM and brand building, I look back with profound gratitude that I discovered a career that I could love all my life.

Books, primarily anthologies, is one of the ways in which I try to give back to this discipline. I believe strongly that anthologies are the way forward in today's world of collaboration and multiple perspectives.

A quick search on Amazon shows that there are 305521 books on marketing. This poses a challenge to people interested in the subject as to how they will identify the right books and commit the time and money required to learn some of the important marketing concepts.

I felt it was important to give readers access to some of the finest works of marketing without taxing their time and money. Marketing Wisdom is an effort in this direction.

The idea was to develop a book on marketing that covers different important topics with each topic being written by an expert who has already written at least one book on that topic.

This approach held many advantages. Firstly, the authors having written books on these topics would be in a great position to pack a lot of expertise into each chapter, thereby delivering great value to the reader. Secondly, readers would get exposure to several important topics in marketing in a meaty manner without having to read an entire book on each topic. If any reader wants to know more about any of the areas that they read about in this book, they can read the corresponding book written by the author of the chapter.

The chapter reflects the authors' latest perspectives on these topics and reflects their learning on the topic from the time of their last book on the subject. The addition of new examples sets the chapter in a more contemporary context.

Having an interesting concept was one thing, but selecting the right mix of topics was a totally different challenge. I did not want too many chapters as that would make the book intimidating, but every time I chose an author, I thought of the others I was leaving out.

I decided that I would first look at authors who were nominated for/or won the AMA Berry Book for best book on marketing. In addition, I would look at marketing classics and wildcard topics that I thought are important.

When you are operating with just relatively few chapters, then creating a structure of topics can be restricting. I decided to give myself the freedom to abandon it and allow the book to be just about great concepts. A departure from the comfort of structure left me feeling uneasy, but I soon found that I was able to bring a wonderful diversity of interesting topics into one book. I learned a lot from this book, and I hope you do too.

A book like this would not be possible but for the generosity of the authors who devoted time and effort to support this ambition of mine. Many thanks to the secretaries who provided timely responses and reminders, passed on messages and helped get the paperwork out of the way.

I must express my appreciation to the various experts who took time out to read and endorse my book. A big thank you to my editors Sagarika Ghosh and Nupoor. Nupoor was very patient and supportive during the most challenging times. Thanks also are due to my super-agent Priya Doraswamy who showed unstinting faith in the book concept and made this book happen despite various challenges. I love working with Priya and would recommend her wholeheartedly to any author in search of an agent.

My thanks to my mom and dad who helped me become the person I am. Thanks to my brothers Kireeti and Vach who are my role models. Thanks to my wife Vinitha who is the foundation of strength on which I build all my projects. A big thank you to my daughter Mithya who always inspires me to make her proud.

Thanks to my friends Shabna, Amrutha, Satish Chandra, Jason, Jayant, Jayashree, Jayshree Prasad, Nelson, Pruthvi, Ashish, Bhavneet, Pooja, Priya and Kamesh for being around for laughter and advice whenever I needed.

I hope you enjoy reading Marketing Wisdom and find it useful.

I look forward to your comments. Do write in to me at kartik@purposefulbrands.in

Bengaluru, India Kartikeya Kompella

Endorsements

"With *Marketing Wisdom*, Kartikeya Kompella has created an invaluable resource by tapping into some of the smartest and most experienced marketers around for insights and advice on the most critically important marketing topics today. Informative and inspiring, it belongs on every thoughtful marketer's bookshelf—ideally within close reach!"

—Kevin Lane Keller, *E. B. Osborn Professor of Marketing, Tuck School of Business, 100 Tuck Hall, Dartmouth College*

"How better to distill the wisdom of leading thinkers on marketing than to ask award-winning authors to capture the essence of their thinking in a tight chapter. The result is a rich and rewarding source of ideas, concepts and insights into the fluid world of marketing. A valuable addition to the libraries of thoughtful marketers."

—Professor George S. Day, *is the Geoffrey T. Boisi Professor Emeritus at the Wharton School of the University of Pennsylvania*

"Very helpful compilation of basic and advanced thinking about marketing, a great resource for both practitioners and scholars."

—John A. Quelch, *Dean, School of Business Administration, University of Miami*

"This anthology is a must read and I truly enjoyed Philip Kotler's article on how positioning and differentiation can help brands deeply engage citizens"

—Prof. Diana Derval, *author of "Designing Luxury Brands: The Science of Pleasing Customers' Senses."*

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About the Editor

Kartikeya Kompella is the founder of Purposeful Brands, a brand consultancy based in India. He ran a column on branding on Interbrand's portal www.brandchannel.com for nearly 5 years and is a regular contributor of papers to WARC. He has spoken at several international conferences on subjects as varied as market research, cause-related marketing (CRM) and cause-related branding. Kartik has 26 years of experience in advertising, CRM, brand consulting and marketing and has written the books *Building Brands Building Meaning* and *Applying The Branding Iron*. He has edited two books on branding: *The Definitive Book of Branding* (2014) and *The Brand Challenge* (with Kogan Page, 2014).

Extreme Trust: The Competitive Necessity of Proactive Trustworthiness

Don Peppers and Martha Rogers

Most businesses today consider themselves to be trustworthy, and by yesterday's standards they are. They post their prices accurately, they try to maintain the quality and reliability of their products, and they generally do what they say they're going to do. But that's as far as most businesses go, and by tomorrow's standards it won't be nearly good enough. Not even close.

The fact is that far too many businesses still generate substantial profits by fooling customers, or by taking advantage of customer mistakes or lack of knowledge, or simply by not telling customers what they need to know to make an informed decision. They do not break any laws, and they do not do anything overtly dishonest. But think for a minute about the standard, generally accepted way some industries have made money for the past several decades:

The chapter discusses key points raised by the authors in their book 'Extreme Trust: Honesty as a Competitive Advantage' (Portfolio revised paperback 2016). The chapter contains certain excerpts from the book.

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- Retail banks make a substantial portion of their operating profit from overdraft charges and other fees assessed for what are usually just simple customer errors.[1] (Many standard bank processes are explicitly designed to *encourage* overdrafts.)[2]
- Even today the overwhelming majority of companies do not allow customers to post product or service reviews on their own websites.
- To credit card companies, a marginally sophisticated borrower who can never resist spending, rolls his balance from month to month, and often incurs late fees is considered a *most valuable customer*. The common industry term for a credit card user who dutifully pays his bill in full every month is "deadbeat."
- Cosmetics companies sometimes sell a product so close to the expiration date that customers have little time to use it before it is past its prime.

Companies of all kinds—product-focused as well as customer-focused, B2B and B2C, retailers, you name it—even the ones that mean to do the right thing—can find themselves facing decisions that make the world a little less safe for their customers. So despite the best intentions of good people running manufacturing firms, retail brands, and service companies both large and small in the B2B and B2C spaces around the world, is it any wonder that customers just do not trust them?

The simple fact is, however, that a lot of traditional, widely accepted, and perfectly legal business practices just cannot be trusted by customers, and will soon become extinct, driven to dust by rising levels of transparency, increasing consumer demand for fair treatment,[3] and competitive pressure. A business can continue to try to keep things out of its customers' sight, but technology now makes it more than likely that customers will still find out, one way or another. Some things that

[1]The retail banking discussion is based largely on *Gotcha Capitalism* (Sullivan 2007, pp. 62–70). According to Sullivan, some banks charge a $30-plus overdraft fee and then another $5 per day for every day the account remains overdrawn. Some offer automatic transfers from a credit card to the bank account to cover the fee, but cash advance charges apply, and the minimum amount of transfer is sometimes $100 (p. 62). When consumers get their bank balance at an ATM, the "available balance" often automatically includes the courtesy overdraft cushion, encouraging overdrafts. "Here's how it works. When a customer with an $80 balance and $200 courtesy overdraft protection asks for a balance, the ATM indicates '$280 available balance'" (p. 63). Thus, Sullivan's advice to consumers is to "opt out of courtesy overdraft protection!" (p. 70). Continuing, Sullivan notes that debit card swipes and ATM withdrawals now account for the majority of "bounced check" fees (p. 64). And the biggest checks clear first out of an account, so that overdrafts are maximized. "Here's an example: If you have $500 in your account and you write checks for $72, $98, $28, and $410 on the same day, you'll bounce the first three checks, and pay about $100 in fees" (p. 65).

[2]The general consensus is "Courtesy Overdraft: Bad for Customers" (Bruce 2007). In the article, we found this quote: "Every interaction with your bank shouldn't be an act of self-defense," says Eric Halperin, director of the Washington, D.C., office of the Center for Responsible Lending, or CRL. Read more: http://www.bankrate.com/finance/exclusives/courtesy-overdraft-bad-for-customers-1.aspx#ixzz3r70Hu446. See also Connie (2009).

[3]There have been too many good-to-excellent articles written on trust. But one you should see is by our colleague Bruce (2012).

companies, governments, and other organizations never meant for people to know, they *will* know. Any business that fails to prepare for this new reality will soon be competed out of business by rivals who figure out how to do a better job of earning the trust of their customers.

Technology Drives Our Expectations of Trust

One of the hallmarks of any free-market economic system is that price and quality information are conveniently available to all customers.[4] It has never been possible to succeed for long with a business that offered substandard product quality or uncompetitive pricing. A business might generate extra profits for a brief period by cutting back on quality or raising prices above the norm, but as customers acquire the information needed to compare one company's offerings with others, it is inevitable that lower quality, higher price companies will lose out to higher quality, lower price competitors.[5]

Until recently, however, information about a company's service reputation, or about the overall customer experience at a firm, was not as conveniently available. Social media and mobile technology have revolutionized this, allowing customers quick and easy access, 24/7 to her customers' opinions. And one key part of any company's overall service reputation has to do with whether it can be expected to act in the customer's interest. Is the firm really trustable?

Whatever your company does, good or bad, will be spread at Internet speed:

- Everywhere ("online" is ubiquitous),
- Immediately (news travels fast), and
- Permanently (not enough lawyers on the planet to take stuff off the Net).

[4]A Forrester report (Forrester Research Inc., 2009) has shown that 83% trust friends, more than 50% trust online reviews, and just 14% trust advertising. But although most of us remember the Edelman Trust Barometer's famous 2006 finding that "a person like me" was the most trusted source of information (Edelman 2006), more recently the Trust Barometer has shown that people now trust experts more than peers. How can both be true? The key may be in the difference between online and offline. A study by Razorfish indicated that offline friends are more influential than online friends (The Razorfish Social Influence Marketing Report 2009). Forrester has broken its results down to examine face-to-face friends as well as online friends, whereas Edelman's survey doesn't differentiate between face-to-face friends and online peers. Amanda (2011) wonders whether this is likely a result of our talking to our online peers way too much about minutiae. After experiencing how little of import our peers actually have to say (if they're talking and we're listening constantly), maybe experts aren't as overrated as we thought. See also Charles (2011) about how Edelman measures trust (http://www.edelman.com/trust/2011/).

See full 2015 Edelman Trust Barometer Findings at Edelman (2015).

[5]Whitney MacMillan, chairman emeritus of Cargill, makes the case for the critical value of building social capital within your company and offers a proven formula for how to do it. See MacMillan (2006).

The Screen Actors Guild (SAG/AFTRA[6]) standard contract for assigning rights binds actors and studios to terms that cover "all media current or yet to be invented, on earth or anywhere in the universe." And anywhere in the universe your company does business, the degree to which you respect your customers' interests will now be every bit as visible to customers and prospective customers as your address, your credit rating, and your product's pricing and quality.

Transparency will continue to increase because of technological progress, and progress is inevitable. It cannot be avoided, averted, or slowed down. But what makes this particular aspect of technology so different is the degree to which it will heighten and magnify our connectedness, as people. We are all social by nature. We like being with others, telling stories, whispering rumors, playing games, laughing, entertaining, and being entertained. We like to share ideas, get feedback, discuss nuances, and sharpen our own thinking with other people's perspectives. We even look to others in order to know what our own true feelings should be. Being social is an essential ingredient of human nature. The term "antisocial" is an indictment, implying that someone is unfriendly, cold, or misanthropic. If you're antisocial, something's wrong with you.

As important as our social nature is, however, social media and other interactive technologies have injected it with steroids. Before our very eyes, we are being transformed into a dynamic and robust network of electronically interconnected people in a worldwide, 24/7 bazaar of creating and sharing, collaborating, publishing, critiquing, helping, learning, entertaining, competing, and having fun. The volume and speed of our interactions with others grow in lockstep with Moore's law,[7] which specifies that computers will get about a thousand times more powerful every 15–20 years. But this also means that every 15–20 years, we will interact a thousand times as much with others—by voice, phone, text, e-mail, status update, and other means we do not even know about yet.[8] And the more we interact with others, the more trust we will demand, for two reasons:

First, a rising level of interactions increases transparency. From WikiLeaks and the Arab Spring[9] to a cable TV repairman asleep on your couch[10] or an airline's luggage handlers mistreating bags,[11] in a highly interactive world people will find

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[6]*SAG-AFTRA* has merged the Screen Actors Guild and AFTRA (American Federation of Television and Radio Artists) into one performers' union.

[7]Moore's law is named after Gordon Moore, cofounder of Intel, who pointed out in 1965 that the number of transistors that could be fit onto a square inch of silicon doubled roughly every two years.

[8]As Professor Robert (2015) says, "Today is the slowest pace we will experience the rest of our lives".

[9]Peter (2011).

[10]ComcastRULES (2016).

[11]Since Dave Carroll and Sons of Maxwell (Carroll 2009) posted their legendary YouTube video "United Breaks Guitars" in July 2009, which depicts Carroll begging to keep his valuable guitar with him on the plane as a carry-on bag and then records the guitar case falling to the tarmac after landing, has generated a keynote speaking career and case study materials, a genre of

things out. For the first time in human history we live in a society in which whatever one person sees or witnesses anywhere in the world today, everyone in the world could witness later today. And in a world this transparent, any untrustworthy, reputation-destroying behavior will immediately be exposed for all to see. Basically, it has become way more expensive and difficult to keep a secret today than it ever has been.

But second, trust plays an important role in helping people deal with the burden of information overload. We are all inundated with a cacophony of messages, information, data, and opportunities to engage with others. For most of us, trust is one of the most important filters for deciding what messages or interactions deserve more of our attention. Which messages are from the most trustworthy sources? Which interactions involve the most trustworthy people? Which inbound messages contain the most accurate and objective information?

However you look at it, trust is probably the single most important ingredient in any personal interaction or relationship. After all, if what you learn from someone else cannot be trusted, then it is not worth learning, right? And if you want to have any kind of an influence with others, then what you communicate to them has to be seen as being trustworthy. Short of brute force or blackmail, in fact, being trustworthy is the *only* way your own perspectives, suggestions, persuasive appeals, or demands can have any impact on others at all. Whether you're telling or selling, cajoling or consoling, what matters most is the level of trust others have in you.

So the technology steroids that are now supercharging our social nature are also supercharging our expectations for trustworthy behavior in others. Moore's law is not just driving an accelerating rate of technological innovation; it is driving an increase in the trust we demand from friends, relatives, bosses, colleagues, sales reps, or spokespeople.

Trustability Defined

Technology's inevitable march has generated unprecedented connectedness among people and this, in turn, has led consumers to demand a more extreme form of trustworthiness. Simply doing what you say you are going to do and charging customers what you say you are going to charge will no longer meet customer expectations. Instead, businesses will be expected to protect the interests of their customers *proactively*—to go out of their way, to commit resources, and to use their insights and expertise in such a way as to help customers avoid making mistakes or acting against their own interests simply through their own oversight.

We have coined the term "trustability" to encapsulate this new form of Extreme Trust, and what we mean by trustability is very simple: "proactive trustworthiness."

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luggage-mishandling videos has cropped up on YouTube. For just one example, see Brwnsugayum (2011) on YouTube.

Being trustworthy is certainly better than being untrustworthy, but soon even trustworthiness won't be sufficient. Instead, companies will have to be *trustable*.

To understand the implications of trustability, or proactive trustworthiness, ask yourself some questions about your own business. For instance, is your company careful to follow the rule of law? Do you train your people on your company's ethics policy in order to ensure compliance? That's admirable, of course, and it's exactly what any trustworthy company must do. A *trustable* company, however, would go further:

- Rather than merely following the rule of law, a *trustable* company will follow the Golden Rule toward customers and build its corporate culture around that principle.

Does your company try to do what's best for the customer whenever possible, balanced against your company's costs and financial requirements? That's great, but a *trustable* company:

- Designs its business model purposely so as to ensure that whatever's best for the customer *is* financially better for the firm, overall.

In every aspect of a company's business practices, the difference between trust and trustability should be obvious, once we accept the fact that trustability means *proactively* watching out for customers' interests.

While a trustworthy company fulfills all its promises to customers and does what it says it will do, a *trustable* company:

- Follows through on the *spirit* of what it promises by proactively looking out for its customers' interests.

While a trustworthy company manages and coordinates all brand messaging to ensure a compelling and consistent story, a *trustable* company:

- Recognizes that what customers and other people say about the brand is far more important than anything the company says about itself.

While a trustworthy company uses a loyalty program, churn reduction, and/or win-back initiative to retain its customers longer, a *trustable* company:

- Seeks to ensure that customers *want* to remain loyal because they know the firm watches out for them and acts in their interest.

While a trustworthy company focuses on quarterly profits as the most important, comprehensive, and measurable KPI,[12] a *trustable* company:

- Uses customer analytics to balance its quarterly profits against changes in its customers' long-term value.

[12]Key Performance Indicator.

Trustability in Action

Amazon, a leading customer-centric competitor, has several policies that can easily illustrate the principle of trustability, as opposed to mere trustworthiness. For instance, if you try to order a book from Amazon that you have previously purchased from them, they will remind you that you already bought it once and ask whether you are sure you want to buy it again. Or, if you order a movie from them but it does not stream perfectly, rather than waiting for you to call in to request a refund they will automatically notify you and issue a refund, proactively.

To be trustable, and to succeed in a more transparent, hyperinteractive world, then you had best commit these three basic principles of Extreme Trust to memory

- **Do things right**. Be competent. Manage the functions, processes, and details right in order to make it easy for customers to do business with you. And pay attention to the customer's experience, not just the company's financial performance.
- **Do the right thing**. Ensure that the way your organization makes money aligns with the needs and best interests of your customers. You cannot be trustable if you are entirely focused on the short term. Customer relationships link short-term actions to long-term value.
- **Be proactive**. Knowing that a customer's interest is not being well served but *not* doing anything about it is untrustable. *Not* knowing is incompetent.

Example: How Trustability Would Affect the Mobile Phone Category

Trustability is a highly disruptive competitive strategy because it runs so counter to the way most businesses conduct their operations. However, it is not a complex concept, and it is not difficult to imagine how trustability could operate in any given business category, in the same way it works for Amazon, for USAA, for Ally Bank, and a few other customer service leaders. We only need to put ourselves in the customer's shoes.

To drive the concept of trustability home for real, let us drill down to what it would mean for a particular business, say, a mobile telephone carrier.

How Mobile Phone Companies Operate Today

The typical mobile carrier is not very proactive about protecting the interests of its customers. Verizon Wireless, for instance, used to sell many of its smartphones with buttons that could easily result in connecting to the Internet unintentionally, generating a per-usage data charge of as much as $2 at a time. After an FCC investigation, the company installed a "landing page" for users accessing the Internet—so if you do push a button by mistake you can cancel the transaction before incurring a fee. Even with this change, however, many users continued to find mysterious data charges on their phone bills. If someone "never" uses the Internet from their mobile phone because of the cost, for instance, then why would they have incurred these charges, except by mistake?

According to the *New York Times*, the company seemed to be charging customers for their mistakes intentionally, in full knowledge that the charges were erroneous. This, at least, was the allegation leveled by one of Verizon's own customer service reps, in a communication with one of the newspaper's reporters. Verizon's phones had a feature that allowed users to block accidental Internet access altogether, but according to this employee the company had instructed its reps *not* to inform customers about this feature unless they specifically asked about it! And the company went to some effort to ensure that refunds were only grudgingly given, if at all, covering a maximum of a single month of erroneous charges.

Now think about this for a bit, because the truth of the matter is, even if all these allegations are 100% true, Verizon did nothing illegal or even technically "untrustworthy." It is not cheating a customer to charge them what you say you're going to charge them when they themselves use their very own fingers to press a button that makes it happen. It isn't technically a violation of trust simply to refrain from telling a customer how to avoid making mistakes with your product. So why was this employee so upset? Because *even though the company wasn't proactively deceiving customers, it wasn't proactively protecting their interests either*. Verizon was trustworthy, in the old-fashioned sense, but not *trustable*, the way companies have to be in the age of transparency. No Extreme Trust here.[13] In many ways, we like what we've seen in Verizon's approach to building customer value. There are a lot of executives at Verizon working hard to exhibit goodwill and competence. So this story about making money on customer mistakes disappointed us.

Untrustable policies proliferate at today's mobile carriers in many other ways, some not so insidious. A few years ago we did a consulting project for a large

[13] See David (2010). Here's more on the story: David Pogue wrote an earlier blog about how you could call Verizon to block all data charges, and you could go online and change your own settings (very possible to do, although not intuitive—one forum shows you how (http://www.dslreports.com/forum/r23507198-How-to-block-Verizon-Wirelesss-data-services). Although hardly any user was able to block data services online, Verizon still charged you $1.99 each time you accidentally accessed the Internet, because even to get the message "you don't have this service" it still took 0.06 MB of data, and they still charged a minimum of $1.99 for 1 MB. So even blocking it officially and legitimately did not stop the charges. See David (2009).

wireless phone carrier, for instance. The company's executives wanted their firm to be more trustable with consumers, and a number of initiatives were identified to help achieve that objective. But just to be sure the company was not overlooking anything, an e-mail was circulated to all employees and frontline staff asking them to help identify any additional untrustable policies or practices to be addressed. To the great surprise of the company's executives as well as our own consultants, all of whom thought the firm was already operating with its customers' best interests at heart, several hundred employees replied to the e-mail, identifying dozens of additional issues, such as:

- Poor network quality sometimes caused dropped calls and lost data, and while the carrier was working hard to improve quality, it also needed a better system for helping customers get either compensation or at least sympathy for bad experiences.
- Very few people at the company paid attention to the refund and return policy, because refunds and returns on new phones are obviously not a high-priority marketing transaction. As a result, however, no one understood the policy well, it was too complicated for customers, and it often became a source of conflict, all but invisible to the company's executive team.
- Customers often incurred roaming or data charges without knowing how or why, and there was no proactive initiative to inform customers regarding how these charges had been incurred.
- Marketing offers often implied a "free" service or a very low price when in fact there seemed to be a roadblock to fulfillment, such as a complicated mail-in rebate or the low price applied only under very special conditions.
- Customers like interacting with the carrier's call center reps (high satisfaction scores), but the reps regretted that once they logged a complaint or an issue, they never found out what eventually happened to the problem or the customer, because there was little or no follow-up.

The large number of participants and their sheer enthusiasm for the company's trustability initiative indicated deep-seated support within the company's employee base for turning the company into a more trustable operator. Everyone is a customer, after all, and everyone wants to work for a company that does not take advantage of customers, just because they can, or because customer expense and inconvenience are not important enough to them to worry about.

How a Trustable Mobile Phone Company Would Operate

Within an environment of smartphones and increasingly capable wireless services, the charges a mobile carrier assesses can be complex, and complexity presents a tempting opportunity to take advantage of customers. It might involve allowing customers to incur unintended data charges, or it might be failing to put a customer on the most beneficial or cost-efficient calling plan for their usage patterns.

Or it could result from simple neglect (categorized as incompetence): If a customer is due to get a new phone at the end of his 2-year contract, for instance, but doesn't notice when a period of two years elapses, a trustable mobile phone company would proactively remind him and invite him to come in to choose a new one. However, most mobile operators do not, preferring to "let sleeping dogs lie," and continue to collect on a fully paid-up contract while waiting for the customer to request an upgrade for some other reason.

A genuinely trustable telecom operator would proactively assign customers to the most economical calling plans automatically, based on their calling, texting, and data usage. Very few operators do this today, however, and those that do often use it as an excuse to extend a postpaid contract.

We confidently predict that this will soon be a widely accepted "best practice" in the mobile category, as carriers proactively assign the most economical calling plans to each of their customers, even crediting customers with refunds where appropriate. Already, mobile companies in crowded retail markets around the world are trying to position themselves as more trustable in order to gain a competitive advantage.

Immediately following the publication of our book *Extreme Trust* in hardcover our consulting client Vodafone Turkey launched a "Customer Bill of Rights" program, assuring its customers that it will always act in their interest. Among other things, Vodafone promised to assign each customer, proactively, to the calling plan most appropriate for their voice and data usage, and to counsel customers on how to spend less on their messaging and roaming charges.

Other mobile companies (and some other subscription-based businesses) have started sending e-mails or making outbound calls to customers at bill-paying time to remind them of the upcoming payment deadline. AT&T calls at least some of its customers before the due date by which a late fee would be assessed. A friend of ours reports having received one of these proactive service calls, and said: "Experiencing this was pretty nice. I personally feel that AT&T is looking out for me by doing this. They're building customer trust." So at least in this arena, AT&T is not one of those me-first companies, always trying to fool customers out of their money.

A trustable telecom operator would almost certainly have an unconditional money-back guarantee available to cover any and all customer complaints. In the same way, today's best online merchants offer unconditional refunds, tomorrow's telecom operator will use such a policy to ensure that customers always receive the service they expect.

And since genuine trustability requires being completely transparent, if a customer is about to subscribe from a home or business address prone to poor network coverage or slow broadband connectivity, a trustable telecom company would advise him or her in advance of this weakness in its offering, perhaps providing a discount or other benefit until such time as service in the customer's home area is improved. After all, with today's online tools it will not take a new customer any time at all to have the flaws in a company's system pointed out by other customers, so the best strategy for a mobile carrier with a weakness in its offering is simply to communicate frankly about flaws and weaknesses in advance, as a way to inspire customers that they can have confidence in the company's suggestions and recommendations.

The Financial Benefit of Trustability

Okay, enough with the unicorns and fairy dust. The clash between trustability and a company's own short-term financial interest is real. It is a serious and continuing obstacle to be overcome, and we do not want to minimize it. Urging companies simply to "do things right and do the right thing, proactively" isn't likely to change how management sees the world. The profit motive does that.

Our consulting company, Peppers & Rogers Group, fielded a research survey to develop some top-line insights with respect to how customer trust affects the mobile phone category. The study involved more than 2400 respondents, who were all US residents and customers at one of the five major US mobile operators: AT&T, Sprint, T-Mobile, U.S. Cellular, or Verizon.[14] We began by asking respondents how much they thought their mobile services provider could be trusted. Some rated their carriers fairly high on trust, others fairly low, and others in between; and we divided our respondents into three groups of roughly equal size: the trusters, the distrusters, and the neutrals. (The distrusters were actually the largest group, but not by much.)

What we found were very significant differences on a variety of issues that add up to a great deal of money for a business. Trusters were much more likely than distrusters to say that they would buy more things from their carriers without hesitation, including new data services, additional lines, and upgraded phones. Trusters also said they would be more likely to remain as customers for a longer period, citing a strong sense of emotional loyalty to their mobile carriers. In addition, far more trusters than distrusters said they felt no need to search for alternatives and would recommend their carrier to others and defend it from criticism.

Some additional findings from the research: First, the single most important statement distinguishing trusters from distrusters was "My mobile services provider focuses on doing the right thing for its customers." Even though competence matters, in other words, the primary determinant of customer trust, at least in this study, was the customer's interpretation of the vendor's intent. Second, several of the attributes that consumers associate with being trustworthy are actually "free" to the mobile carrier. Being "warmly greeted" by a call center representative, for instance, would require virtually no investment to implement. Third and most significantly, participants said *they would be willing to pay about $11 more per month*, on average, for a mobile carrier consistently demonstrating a higher level of trustability.

[14]Thanks to Tom Lacki, Ph.D., formerly an officer in Peppers & Rogers Group, for his additional insights about the research on trustability and mobile carriers.

So let's do the math: If you run a telecom company and your customers would be willing to pay you an additional $11 per month, twelve months a year, then for every ten million customers your company has, you are face-to-face with a potential revenue increment of more than ***$1.3 billion***. Only a fraction of this would be needed to accomplish most of the trustable actions described earlier. The rest would drop to the company's bottom line, increasing customer satisfaction in the short term and loyalty in the long term.[15]

Additional research indicates healthcare insurance customers would be willing to pay an average of $25 more a month to do business with a company they trust.[16]

And with the right analytics it may actually be possible to know which of a firm's customers trust it and which do not. In other words, a company should be able to identify individual trusters, distrusters, and neutrals, giving it the ability to treat different customers differently and greatly improving the efficiency with which a company can implement policies designed to promote trust.

The overall conclusion of our research is that although the financial benefits of earning the trust of customers may or may not show up in current-period results, there can be little doubt that trustworthiness and its higher standard, trustability, have the potential to return significant benefits over the long term.

We are lucky that trustability is a very big tool, because the profitability issue is a very big nut to crack. The US retail banking industry generated $32 billion in bank fees in 2013 alone, following a high of $37 billion in 2009, according to a Moebs Services report. It means nearly half of all the industry's income comes from fees![17] And the FDIC says fee income at banks has soared 44% in the past 10 years. Not all the fees that banks levy against customers are untrustable, but no one believes that customers have begun to violate good banking customer practices 44% more than they used to, either!

Banking may be an extreme case, but large and attractive profits can also be generated from unsuspecting or misinformed customers in many other categories as well. Billions of dollars are at stake just in the "breakage" of prepaid and gift cards. Businesses have a lot of profits at risk when it comes to treating customers fairly. It shouldn't be a surprise to anyone that becoming a genuinely trustable enterprise may look to be a very costly undertaking for many businesses.

This does not mean they will not attempt it, however. Regardless of the expense, trustability will inevitably develop in commerce. Even if it were to cost billions of dollars in real money, trustability is still going to become a dominant characteristic of business competition because the rise in consumer expectations with respect to

[15]Our understanding of the difficulties of operating a mobile carrier in a more trustable way came from an interview we did with Peppers & Rogers Group consultants responsible for this client, Ozan Bayulgen and Zeynep Manco, Peppers & Rogers Group Istanbul office, August 2011.

[16]Peppers and Rogers Group, "Measuring the Value of Trust in Healthcare," 2012.

[17]See Andriotis (2014).

trust and trustworthiness is being fueled by the steady, irresistible drumbeat of technological progress. The world will inevitably become ever more interactive and transparent, and competitive pressure will compel companies to adjust their business models to be more trustable.

So, it really is fortunate for businesses that trustability, when examined closely, is in fact financially advantageous, even though in many situations it may cost money up front in the form of forgone profits or newly incurred expenses, as many business improvements do. If current-period earnings were the only criterion by which Amazon ever evaluated its financial performance, it would never do anything so "stupid" or "irrational" as refusing to make a profit from a willing (if forgetful) customer. But the fact is that by delivering a genuinely trustable customer experience, the company gains something far more financially valuable than the profit they could have made because of your own forgetfulness. In addition to the increased likelihood that you will recommend Amazon to friends and colleagues, they will be solidifying your loyalty and continued patronage (after all, you will now want to buy all your books from Amazon so they can prevent you from accidental repeat purchases, right?).

A trustable company has to be managed with the discipline and foresight to focus on creating long-term value by earning the trust and confidence of customers rather than going for the instant gratification of a temporary sales bump. Being able to delay gratification in order to achieve a more important objective is a key factor in anyone's emotional maturity. It' is one of the key markers used to assess how "grown-up" a child is.

So in that sense, a trustable company could simply be thought of as more "emotionally mature" than a nontrustable company. More of a grown-up company.

But grow up soon, because technology will not wait.

Eight Steps to Achieving Trustability

1. ***Think long term***. You cannot be trustable if you are entirely focused on the short term. And customer relationships are the link between short-term actions and long-term value at a business. If you do not have the ability to embrace the long term, then do not even think about trying to become more trustable, because eventually your flawed arithmetic and off-center metrics will do you in. You will never be able to build a business model focused on "doing the right thing" for customers if you cannot justify it to your shareholders. Period.
2. ***Share***. People want to contribute and share with others. That' is what human beings like to do, and if you want your business to be trustable, then you will find ways to share too. Your business needs to contribute, so share your ideas, your technology, and your data. Make your intellectual property more freely available, in order to stimulate faster innovation. Said another way: Trust others the way you want them to trust you. And remember that the currency of the sharing economy is trust, not money. So be careful when navigating between the social domain and the commercial.

3. ***Show a "human face."*** Empathy is not just a business strategy for demonstrating trustability. Empathy is a basic human instinct, and for a business, empathy is what developing "customer insight" is all about, in the first place. In addition to empathy, if you want to show a "human face" to the world, acting as another human being would, then you have to admit your fallibility when it is appropriate. No one is perfect, and this goes double for a business. So, accept your vulnerability. It will never be possible to control all outcomes.
4. ***Rely on evidence***. As technology promotes more and more interaction and transparency, businesses will have to figure out how to cope with a supernova of information. If you want to be trustable, then you have to be able to evaluate this information for its objectivity and accuracy. Do not ignore judgment and intuition, but pay attention to numbers and data. And take the steps required to deal with the inevitability of random events: Pay more attention to numbers and statistical best practices, measure inputs in addition to outcomes and results, and plan more carefully for alternatives and multiple scenarios.
5. ***Ensure a high-quality product and service, delivered on time, well executed, and reasonably priced***. Product competence is a requirement, not an option. No one will trust any company, no matter how good they think its intentions are, if the product or service has flaws. Mistakes can be forgiven, but the fewer the better, and continued incompetence is a sign that a company just does not care enough about its good intentions to take the steps necessary to ensure they are carried out.
6. ***Continuously improve your IT systems and maintain up-to-date customer analytics, business intelligence, and customer experience mapping capabilities***. No one will trust a business that does not have reasonably good customer data and analytics. It' is an important part of customer competence. You do not want to be that company that asks a customer for information that you already ought to have, or tries to sell a customer a product they have already bought. Your customers remember you, and you have an obligation to remember them, at least to a reasonable extent. You will need good IT; there is no other way.
7. ***Maintain robust voice-of-customer feedback and interconnected mechanics***. A good customer relationship, based on trust, is reciprocal. What the customer is telling you is every bit as important as what your marketing and branding messages are trying to communicate to the customer. And remember that "omnichannel" is no longer a buzzword; it's a key strategic way of life. Hear and see a customer as one customer across time, across channels, across products, and across different customer identification points.
8. ***Enable and engage your employees. Build a culture of trustability***. As good as your systems are, and as competent as your product and service are, things will still go wrong sometimes (there's that "human fallibility" thing again). No company will ever be able to routinize and automate everything, so you have to ensure that when something does go wrong, your employees are both capable

and motivated enough to address the problem with little or no top-down direction. Your company's culture has to be based on using trust as a platform for stewarding individual customer relationships and experiences.

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher or the Editor.

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Peppers has written, with business partner Dr. Martha Rogers, nine international best-sellers that collectively sold over a million copies in 18 languages, including ***The One to One Future*** (Doubleday, 1993). Earlier this year, Wiley Publishers released the third edition of their graduate school textbook, ***Managing Customer Experience and Relationships: A Strategic Perspective***, originally published in 2003. He also released a solo effort in 2016, ***Customer Experience: What, How and Why Now,*** a collection of essays offering insights on building and maintaining a customer-centric business.

Prior to founding CX Speakers and Peppers & Rogers Group, Peppers served as the CEO of a top-20 direct marketing agency (Perkins/Butler Direct Marketing, a division of Chiat/Day), an economist in the oil industry and as an accounting director for a regional airline. He holds a B.S. in astronautical engineering from the U.S. Air Force Academy and a Master's in Public Affairs from Princeton University's Woodrow Wilson School.

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With Don Peppers, Rogers has produced a legacy of international best-sellers that collectively sold well over a million copies in 18 languages. Their first book, ***The One to One Future*** (Doubleday, 1993), was said by *Business Week* to be the "bible of the customer strategy revolution."

Peppers' and Rogers' ninth book, is ***Extreme Trust: Turning Proactive Honesty and Flawless Execution into Long-Term Profits*** (Penguin, 2016). And the third edition of their graduate school textbook, ***Managing Customer Experience and Relationships: A Strategic Perspective*** (Wiley, 2016) was released in early 2017.

Martha received her Ph.D. at the University of Tennessee as a Bickel fellow and worked her way to full professorship. She has most recently served as an adjunct professor at the Fuqua School of Business at Duke University, where she co-directed the Teradata Center for Customer Relationships.

Net Promoter Score and Its Successful Application

Richard Owen

Introduction

This essay is about NPS, or the Net Promoter Score. It is a methodology for measuring, and acting upon, customer perceptions of your brand, and it is incredibly popular among companies of all sizes and geographies. As part of the team that "invented" this methodology (if you can invent such a thing) we are excited by the fact that this approach has caught the imagination of so many. But equally, we are often disappointed by the results firms achieve. So, this is not a chapter about easy paths to success, but about the lessons learnt (often from failure) and the potential unrealized of what is still a foundational business concept: it is your loyal customers that grow your business.

Creating the Net Promoter Score

Since the 1960s business has seen customer satisfaction as a measurable tool that could steer their business in the direction of their customers. Researchers, first armed with a clipboard, then with banks of phones and ultimately with email, asked enthusiastic consumers about products and services. Satisfaction scores rose to the 80 and 90% range as business delivered on the basics of customer experience: good quality, products that met expectations and a decent service capability. With such impressive looking scores, annual management meetings became a checkbox for the customer satisfaction research report. Statistical analysis yielded confidence intervals that obscured the more fundamental reality that, as it turned out, none of this mattered.

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What mattered was that satisfied customers had a habit of defecting to competitors. Sometimes all it took was a marginally better offer, but often not even that strong an incentive. They just switched brands; customer satisfaction apparently did not matter.

But this did not fit with observations made in the real world. You could feel, personally, the power of a genuine relationship between customers and brands. People did not just suffer a flight on Southwest airlines, they loved them. Bikers got "Harley Davidson" tattooed on their arm. Customers wanted to do more business with these companies, and wanted them to succeed.

It was not the idea that was failing; it was the way in which it was measured.

The Net Promoter Score is a more effective metric. It categorizes customers based on their response to a question: "would you recommend brand x to a friend and colleague" with a scale of 0–10. You categorized those who responded 9 and 10 as one group (promoters), 7's and 8's as passives and the 0–6 group as detractors. The net of the percentages of each three groups (% promoters − % detractors) is the Net Promoter Score. For example, if a company surveys 100 customers and has 40 promoters, 20 detractors and 40 passives, their score would be 40 − 20 = 20.

It is worth noting what a tough standard this is. The standard for a promoter is far higher than for creating satisfaction. NPS ranges mathematically from −100 (all detractors) to +100 and averages benchmark in the 10–30% range, highly dependent on industry and business model. Everyone in the management meeting wakes up when they are told they scored 10 out of a possible 100. And passives, a group of customers that businesses have historically considered to be "happy enough" suddenly look less like a positive and more like a long-term liability for the business.

Only the customers who are really enthused, and willing to put their own reputation behind yours, actually make a difference to your growth rate. And you probably do not have enough of them.

Our database today extends across more than 20 industries and 15 years of data, and continues to show us two things: first, growth correlates to NPS and second, relative NPS scores in your industry determine your success. It is as much about your competition as about your own performance. So, NPS as a single brand score, without context, is not that interesting. In fact, like so many things that provide the illusion of doing something without the actual effort, it is counterproductive. Furthermore, as we shall see, understanding what steps to take to improve your NPS is a more challenging topic, and getting your employees to act on that idea…. Well, that is really where the hard work starts.

For example, Pure Storage is one of the fastest growing companies in the flash storage market (basically the next generation of enterprise data storage). From their inception, the company sought to be the NPS leader in their market and now benchmarks at the top of the list of all business to business companies. They are growing by over 50% a year—impressive for a business that has revenue greater than $700 m—and management continued to advise investors that part of the keys to their growth has been NPS leadership. Not every company is that transparent, but many firms see similar connections.

But before we get too far into details, it is worth considering the business environment that has brought customer experience and NPS to the forefront of management thinking.

NPS Is a Sign of the Times

Marketers are bombarded with new challenges and opportunities, perhaps never more so than in the past decade. The Internet created a brave new world of communication and commerce. "Disruption" and "disintermediation" actually became labels in common use, although abused in their overuse. It is been akin to the invention of television, every year, only with the added bonus of supply and demand chain efficiencies.

Social media followed ecommerce. Marketing automation, data driven marketing. Big Data. Today, marketers are expected to be systems and data experts, as well as creative, and the marketing team needs the kind of quantitative skills previously reserved for investment bankers and business consultants.

These new media of communication are, however exciting, just a change in the picks and shovels of the marketing gold rush. And the gold itself has remained the continuous acquisition of new customers. Something more significant is happening that fundamentally reshapes the definition of what is our goal for marketing, how to achieve it, and what our skills need to look like. Acquiring customers is no longer an exclusive formula for success. Now, you can no longer build a growth business without recruiting the right *kind* of customers, build massive brand loyalty amongst them, get them to buy more from you—forever—and tell all their friends to do the same. Because if you do not do that your competitor might, and the profit advantage it confers on them would be used to compete your business to near extinction. Amazon is doing just that to an entire industry segment, retail. Uber and others are doing it to personal transportation. Yes, these are technology-born brands, or "digital natives" —but the fundamentals of this strategy turn out to apply universally.

How did this come about? It is worth looking beyond the creation of the internet. As an economic backdrop, it is a natural product of slowing growth in the developed world economics. If you cannot find new customers, or your existing customers' income does not keep rising in double digits, then you soon run out of growth yourself without a change in strategy. So business starts thinking less about finding new customers and starts thinking about selling more to existing customers.

Even if you are still aggressive in finding new customers, "traditional" approaches to capturing them through advertising are looking less economic than word of mouth effects. User reviews and social communication have become tools to control, or be controlled by.

And new business models—if not dependent on digital business, at least productively enabled by it—have sprung up around the idea of subscriptions rather than sales. We used to admire the "razor blades model" of business for its profitability—the notion of discounted acquisition with locked in future profit streams. So it is ironic that it took so long for someone, in this instance a company called Dollar Shave Club (who at the time of writing was being sold to Unilever for $1bn) to actually create a subscription offer for razor blades. With this new model, customers do not stay with the subscription just out of habit, convenience, or technical standards that locked them in. They actually love the product and do not want to leave. They are not hostages to their vendors, part of a misnamed "loyalty program" (such as frequent flier miles) that are designed to manage the *lack* of loyalty. They are *actually* loyal.

The software industry, of which we have been a part for over 15 years, used to benefit from a concept called "shelfware." Customers would buy a product that they never consumed, often because the vendor had built a product that was actually very hard to consume usefully. Project failure rates in software implementation routinely exceeded 50%, yet the vendor got paid, in full, at the time of purchase. They then changed customers up to 20% of the purchase value—forever—just to stay current with a product that customer had already paid for. This was a great business model for the companies that built it, until companies like salesforce.com decided that it would be better for everyone if they simply subscribed to the product instead of owning it. Seemingly overnight, software vendors developed a newfound appreciation for the ease of adoption and value of their own products and are redesigning their products and business models. Salesforce has benefited handsomely; others will not survive a similar transformation.

Lifetime Value Economics Is the New Currency

But if your customer is subscribing to your product (now a service, essentially) instead of owning it, your profit stream no longer is realized upfront. In fact, your profitability quickly becomes a function of an entirely different equation—the lifetime value of your customer. Acquisition costs become amortized over the lifetime of the relationships, so it is quite possible that you may not make back your investment in sales and marketing for several years. In fact, it is almost *certain* that you will not, as the companies that are best at maximizing lifetime value use that advantage to lower initial prices below their competition, secure in the knowledge they can succeed financially over the long term. It is like competing at holding your breath underwater with a competitor who has more lung capacity.

In the economics of customer lifetime value, success is fundamentally about two variables—how long the customer keeps paying you (a function of their churn rate, or tendency to stop using your service) and the profitability of the ongoing stream of revenues. You can match that against the cost of acquiring the customer to understand if you have a business worth being in; and the winner is the company whose imbalance between acquisition costs and lifetime value is most positive. There is little point in acquiring customers at higher cost than their lifetime value (although it remains fashionable in some technology startups) and the higher the lifetime value the more aggressive you can be around acquisition costs.

Put into practice, companies like Amazon can afford to invest more than their competitors in customer acquisition at a higher cost and lower initial return, because they demonstrate superior lifetime value economics than their competitors. Investors have been willing to see their financial model the same way, and look past short-term financials.

So, what creates a superior lifetime value equation? Not customer satisfaction, but differentially high customer *loyalty*. Maybe even *brand devotion*. Customers who buy more of whatever it is you have to sell them and will do it forever, even if offered cheaper alternatives by competitors.

Ironically, given the financial case to create loyal customers, it has been the dominance of traditional financial thinking that has created the demand for NPS.

The Measurement Accountability Challenge

Financial metrics are more important than customer metrics. If it is righteous indignation you feel at this statement, you are probably wasted on a capitalist economy. But this is an opportunity, not a barrier.

Focus on the customer is not a rational financial strategy for a company based on accounting rules. Customer assets do not go on the balance sheet in most conventional business, meaning that there is no formal valuation of customers and their loyalty that investors can use to understand the health of a business. Instead, quarterly performance is driven by current costs and their matching revenues. Put another way, delighted customers are brand value that no conventional financial statement fully takes account of.

Yet to achieve outstanding customer loyalty results, companies have to make an enlightened set of choices. They have to spend today, incur current costs, to achieve highly uncertain returns in the form of customer repeat business. Business leaders capable of making that tradeoff will, ultimately—if they survive—achieve better performance than their counterparts who do not. In the short term they will look worse. This takes courage and a patient board of directors.

Understanding this dilemma is at the heart of the original motivation for the creation of the Net Promoter Score. We recognized that, to encourage management teams to make this kind of investment, two conditions would need to be met. First, management needed a foundational belief that customer experience is going to have meaningful financial impact, and secondly they would find cold hard analytic tools to measure that impact. The Net Promoter Score was the solution on both accounts.

What Gets Measured Does not Get Managed

We may have been famously informed that "what gets measured gets managed" but, at least for NPS, a flood of interest in measurement has not always generated either action or even a useful metric.

NPS did succeed in putting a measurement around an idea that leaders already had. When we created NPS, we built a convincing numerical argument for customer experience as a key strategy. No strategy can guarantee success, but it seems likely that failure to deliver a good customer experience pretty much guarantees failure.

We have met hundreds of executives over the 15-year lifespan of NPS and I can say without a shadow of a doubt that we really *haven't* changed anyone's mind. What has happened is that those leaders who always believed that there was a foundational business strategy to be built around creating customer loyalty finally found a tool to frame their ideas and put a hard measurement around a soft concept. It instantly resonated with them because it quantified something which they already knew to be true.

The fundamental linkage between NPS as a measure of customer experience and financial performance is strong in most competitive industries. It is not perfect. Conceivably there are better metrics, although usually at the price of complexity and an associated loss of easy communication. Ultimately, debating the finer points of metrics is missing the point (and usually reserved for those who make their business debating metrics). NPS is strong enough as a metric to convince all but the most short-sighted to make business decisions based on, in part, the impact of customer experience. We now have data that provides a platform for those who want to make longer term customer lifetime value investments.

I have one final point of good news, and one setback.

The good news is that the new economic model we talked about—the focus on lifetime value—has propelled the value of NPS from an abstract concept into a highly predictable and mathematical tool. NPS is the metric that predicts that pattern of future purchase best. We have been handed the right metric at exactly the right time.

Now for the bad news. Adoption of a poorly defined, badly managed metric—even with the best of intents—is worse than nothing. It actually denies companies the ability to do something smart because it points them in the wrong direction. If we are going to make the case that metrics as controlled and robust as GAAP standard financials should be mitigated by—and potentially even ignored in favor of—another metric, then we are establishing a high hurdle for that new data. One of the largest US banks had, for years, assumed a healthy set of customer relationships based entirely on traditional satisfaction measures, and failed to take action early enough to stem an eventual tide of customer losses. Time really is the enemy of action.

It is not just an academic issue. The number of CFOs reporting NPS over the years has ranged from global enterprises with public shareholders through to hundreds if not thousands of private companies. However, they often have very different methodologies for measuring NPS. As they cannot all be accurate at the same time, it is a fair bet that some bad data is at the base of corporate decision making.

NPS is a metric based on imperfect extrapolation. *Nobody* really knows what a company's NPS is. We know what a subset of customers, at a particular time, score. Then we convince ourselves that this subset is indicative of the behavior of the entire group. It is not always.

"Heroic" extrapolation of small samples of data used to work well for consumer groups. But micro-segmentation of these groups has effectively reduced the real sample percentage of respondents from surveys to the point where it is increasingly hard to make the case it's useful. And in business to business environments, it just does not work at all. Small samples of B2B companies—or worse individuals within those companies—do not always prove predictive of the behavior of other companies.

Knowing that the data is fundamentally inaccurate is the starting point to improving it, or at least assigning a reasonable interpretation. Subject to your approach to sampling, surveying and reporting, your own NPS could be of high quality—predictive of financial impact—or basically worthless. The trick is knowing which.

There are increasingly standards emerging that assist with this. Sampling methodologies, reporting and governance standards do exist and we even publish many online. While people may disagree over those standards (and the nice thing about standards *is* that there are so many to choose from) absent attention to the quality of this data, it is worse than no data—it is downright misleading.

NPS can significantly re-align the priorities and accountability of firms, but needs quality data to fulfill its potential. And if leaders are particular about creating an accurate score, they are also capable of building transformative programs around NPS.

Building a Complete Program

If you are convinced that by surveying your customers, then completing a simple math exercise will transform your business performance, then I would respectfully ask you to recalibrate your expectations. Not surprisingly, successful customer experience programs are just that—*programmatic efforts with much forethought and supporting execution*.

Ironically, an awareness of scope and the need for thoughtful planning is much of what is required as a foundation for success. Adopt as a starting point a recognition that real change in a business is far from trivial, but will require a systematic approach and a lot of persistence. Because it is not easy, and because your organization will not go there naturally. All companies experienced in NPS come to realize that adjusted thinking to fully account for customer experience is usually a sustained effort in overcoming inertial. This will become, I hope, increasingly apparent as you think through the way in which your organization can take action to improve its customer experience.

Successful NPS programs achieve their outcomes through one of two mechanisms. The first requires the organization to develop new insights around how to create promoters in the segment of the market it wants to achieve leadership in, and then allocate resources to achieve that outcome over time. The second mechanism is through universal employee engagement, enabling the productive implementation of the optimal decisions and incubating customer innovation from within the employee base. This latter idea is often associated with the idea of a "customer centric culture."

Better Choices Come from Better Data

Better data creates higher levels of customer understanding and superior strategies for execution. It takes shape in both quality and organization. To achieve this requires foundational building blocks that reshape how you measure customer experience. To start with, different segments of customers have often radically different reasons for becoming promoters or detractors. A business class airline passenger would have a very different priority list than an economy traveler on vacation: affluent customers will think differently about service than those who are value-conscious. In an ideal world this would not be so, your customers would all see the market the same way, but that also tends to drive industry commoditization and price competition. Rather, significant differences in customer behavior enables firms to pick and choose the most attractive customers given their products, services or business strategy. An airline may choose to be the best at catering to business travelers, or perhaps those who are on vacation, but it is often near impossible to delight both groups. Those are the growth engine for the business, and so those are the customers who need to be promoters. Ideally, that is a big enough segment to achieve the growth goals of the enterprise, but usually companies of scale need to combine several segments together for a sufficiently large market and for diversification, leading to multiple paths for NPS success. Competitors may choose a different segment; it is best to assume they will build customer experience strategies for those customers. Put simply, you cannot delight everyone. Pick your targets.

As a side note, you might be thinking that this strategy puts you at odds with creating the world's best aggregate net promoter score for your business. You are right. High aggregate NPS is a product of both concentration of business in one homogeneous customer group, and an ability to truly delight that group. Most firms will not have that luxury; they need to pick a segment then lead with it. Recall that we said earlier that *relative* NPS defines success in an industry; that might just be relative within a segment of customers.

It is the Journey, *and* the Destination

The foundation behind better data organization is that of the customer journey viewpoint. There is much said and written about customer journeys, but we have a particular point of view here; the journey is the process by which the customer is turned into either a promoter or detractor. That process involved multiple touch-points, or events, which have the effect of impacting the customers' loyalty. For example, a customer of stock market brokerage firm may interface with the vendor on multiple occasions throughout the year, experience trading online, via a phone, in person in a store, etc. They could engage in multiple tasks (beyond trading) around managing their account or obtaining advice. Their interaction with their service provider is recurring and non-sequential, although for simplicities sake we typically think of customer experience journeys as a single line between sequential events.

Some of those events have very little impact on the customer experience. Sure, they need to be completed, but satisfactory execution might not really impact the customer's viewpoint. Would you change your viewpoint on a hotel chain if you had a single long line at check-in? But what if it happened 10 times? Sometimes these events impact loyalty at low performance levels, but as they improve they surpass a level at which they are executed well enough to no longer impact loyalty. In the inverse case, they are executed so badly so often that they become a factor.

But then there are other types of events that are genuine "moments of truth" and consistently swing customers' perception based on their execution. An insurance claim and how it is handled. A sudden service failure in a business telecommunications company. A catastrophic product failure, or even just a quality problem in a mission dependent piece of hardware.

Identifying these factors and measuring their absolute *and* relative impact on NPS is the foundation of better insights as to how to create promoters. Companies that can separate moments of truth from less impactful elements of the journey, for their target customer segments, relative to their competitors, have the opportunity to put more resources to work on improving that really matters. That is a competitive advantage and the only way companies competitively improve their NPS.

This is perhaps best illustrated by an example. In the software industry, the initial setup, or implementation of the product is a massive moment of truth for the relationship between customer and vendor. If all goes well, the customers' confidence in their choice of product is reinforced. However, failure to execute that "early life experience" tells us that the customer will take months, or longer, to recover their confidence in that vendor.

Let us conclude the discussion around journey driven analytics by reminding ourselves that the "NPS journey optimization" strategy we are talking about will likely yield different results for different customer segments. This may sound like an over-nuanced approach to NPS, but it is rapidly becoming the bar for success. Do not underestimate the competitive advantage that better data and better analytics can bestow.

Data Is Essential. But NPS Is Still About People

Let us talk about employee engagement. We believe that there are some companies that have it, and others that do not. And we believe that leaders outperform laggards.

Changing culture is challenging and many managers think of it as near impossible. The goal of any NPS program should be to create a shift in employee behavior, or it is likely that you will not experience any different outcomes. In the context of an NPS program, it is worth starting that by thinking about the engagement outcomes we *are* seeking.

In a fully engaged organization, employees at all levels are working across organizational boundaries to solve customer problems and are making smart choices around how to engage customers. The journey view of NPS data drives an agenda for NPS improvement that is fundamentally dependent on cross silo collaboration. If each "touchpoint" ends up mapping to a company silo—customer service for example—then it should not surprise anyone that the journey view puts your customers' perspective at the forefront and requires solutions that cut across those groups. That is a challenge. It requires teams to be properly incented, for them to have the data they need to adopt a journey viewpoint, and then be willing and able to collaborate to impact that data.

In a retail bank, front office operations (for example the branch staff) need to collaborate with online product teams to address just about any fundamental service issue, as their customers are now usually interacting across online, mobile and in person service models. It is no longer just a local problem if specific services do not elegantly align across these media.

When we talk about incentives, it is tempting to think of financial rewards. Few would suggest that financial incentives do not matter, but in this context they are a blunt instrument that can exhibit negative consequences. Recall that NPS is far from a "GAAP standard" metric and so prone to manipulation and error: that alone should make managers question its use as a driver of financial incentives. However, perhaps an even more compelling case against "pay for NPS" is that direct financial rewards convert what economists call a "social norm"—doing things because they are the right thing to do—into an "economic norm"—doing things for money. The companies we admire the most for being customer driven do not always *avoid* paying their employees for customer outcomes, but they do manage to establish social norms to support their customer thinking. It is part of the "family rules" at the company, signaled through recognition, promotions, or even executive management focus and commentary.

At the heart of the NPS program is the idea that data matters and information shapes behavior. These are the most important and fundamental rules for engaging employees in NPS improvement. If employees understand their personal performance, and understand what they can do to improve it, they will pay attention. If they are held accountable for that performance, they will build on that attention to achieve results, even come up with innovative solutions. If that data is frequent and easy to understand, they will take action; if not their interest and activity will lapse. Looking at NPS once a year is of low value for reasons of data quality alone, but failing to provide the organization with high frequency context specific data deprives the team of their tools for success.

One final point about "internal benchmarking" or comparison of performance. If companies benchmarked internal performance, for example, by stack ranking employee performance, staff will seek to improve their standing. Some companies find that concept unsettling, perhaps pitting team members against each other, but the psychology is clear. Its use is a question of cultural fit.

The best programs focus on getting data into the hands of employees that inform them of their NPS performance, give them tools to understand how to improve their performance, and indicate how they compare with peers. Absent these tools, companies rarely see widespread adoption of an NPS program.

The Future of NPS

From its inception it was clear that the ability to realize the full potential of NPS would be severely limited by our ability to collect reliable customer data. After all, high quality data in CRM has been a challenging mission for over 20 years and one which many enterprises have yet to crack, and NPS data through surveying was more ambitious in that it required customer participation.

However, the concept of NPS has little to do with surveys. As we have discussed, it is fundamentally about data, not the means to collect that data; surveys and NPS are only synonymous terms because of technology limitations. In fact, the old joke was that surveys were a lousy way to collect data, until you considered the alternatives. Well, it' is not as funny (if it ever was) now that alternatives are truly emerging.

Surveys have many limitations. They rely entirely on the investment of time by your customer and with low cost of surveying (close to zero), the burden of effort lies with the respondent, not the survey creator. Ironically, that is the exact opposite of our credo to make things frictionless for the customer. Worse, business takes that customer investment for granted and collectively "carpet bombs" customers with surveys for possible reason. The result is declining response rates.

As response rates decline, the quality of the data fails in multiple ways. We talked about the risks of extrapolation earlier and lower response rates amplify those limitations. In addition, the act of completing a survey introduces bias as it ignores customers—an increasing group—who have a reluctance, unwillingness or aversion to filling in a survey. The notion that this group is behaviorally the same as those who choose to fill in surveys might hold water if response rates are 50%, but not at 5%. The very decision to respond might categorize you as a particular segment of customer.

At the same time, alternatives are becoming increasingly compelling.

The idea of a “synthetic” NPS score—based on the concept that there is a “natural score” collected from survey responses that can be replicated without surveying—is likely the future of NPS. If you have enough data about a customer, and that data can accurately predict the response of that customer to a survey, if they have taken one, why survey at all? With this method, firms may have an NPS for every single customer, updated every single day. The foundation for this idea is not simply a big data exercise. We know that in many industries the creation of promoters correlated strongly to just a few elements of the customer journey being executed to a certain performance threshold. This got us thinking about the predictive nature of those events; for some companies achieving outstanding performance in two or three touchpoints would pretty much guarantee a promoter. Failure would create a detractor.

Surveys become a calibrating mechanism to ensure that your algorithm is correct at any given time, as customer’s expectations change and your own operational improvements shifts the impact of your operations, but we are no longer dependent on them for all our data.

This approach is not without its critics. Perhaps an “authentic” customer response to a survey would always be more accurate than one implied by operational data sets. In my opinion, this overstates the accuracy of people’s own self-calibrated survey response. Furthermore, it is a big a leap to suggest that 10% of your customers responding authentically is a better basis for decision-making than having the best fit model data set on 100% of your customers, updated daily.

Conclusion

The best ideas are often products of their environment. We invent solutions because we have problems worthy of the effort. If you believe that customer experience is a competitive differential and that customer lifetime value will determine the financial future of your business, the Net Promoter Score and its methodologies could prove useful tools for your business. However, five years from now, the leaders in delivering customer experience will be those who have found innovative ways to build real time insights into their customers’ complete journey. And those whose employees can execute across that journey.

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher or the Editor.

Richard Owen has enjoyed a 30 year career as a business leader, consultant and author with one consistent theme: the transformation of business through technology.

His career started in consulting for KPMG Management Consulting, but his operating experience was at Dell Computer Corporation during the 1990s. He led the initiative to transform Dell’s Supply Chain into the world’s most efficient, ran Dell Japan’s consumer and mid-market business units and built Dell’s online operations into the largest internet commerce business of the 1990s.

As a technology entrepreneur, Owen has led two startups to successful exits. Avantgo was a pioneer in mobile application technology which he took public on the Nasdaq. His 14-year career at Satmetrix, which he sold to NICE (NASDAQ:NICE) in 2017, helped spark a revolution in customer experience through the creation of the Net Promoter Score Methodology. Owen co-authored "Answering the Ultimate Question," the book that made NPS a practical reality, then created the technology products and services that thousands of businesses came to rely on to make their customer experience programs a success.

Born in Liverpool, he earned a Joint Honours Degree in Mathematics and Economics at Nottingham University and went on to an M.Sc. at the MIT Sloan School of Management.

Focus on ROE (Return on Empathy) to Increase ROI

Mark Ingwer and Andrea Rowden

The holy grail of business is to predict the future. That is, the future of what customers will do. Virtually all business is focused on the mission to address the needs and wants of their prospects and customers before their competitors. To read customers' minds and anticipate their behavior, organizations are increasingly turning to predictive analytics. This knowledge informs where customers and prospects are headed and the most profitable way to benefit from these assumptions.

But predictive analytics have not proven to be all that great at getting the future right. Just look at the recent U.S. presidential election. All major pollsters predicted Hillary Clinton to win the presidency, citing confidence levels of up to ninety percent. That same year, U.K. pollsters were blindsided in a similar way with "Brexit." Another stunning failure happened a few years back, when national economic forecasts and leading experts in the field failed to foresee the Great Recession of 2008. Their models actually predicted the GDP to *increase* by that year (Silver 2012). Despite the thousands of variables programmed into complex algorithms, today's models are missing something Big. And Fundamental.

Recent advances in Neuroscience have shown that human decision-making is not rational. It is much more of an irrational, emotion-based process. We do not *think* before we act, we *feel* before we act. For us humans, emotions are the single, greatest driver of our behavior. Yet predictive models too often lack the ability to detect or make sense of them.

If businesses want to understand how customers will act, they must look beyond what customers are doing and saying and access what they are feeling. Research in developmental, cognitive and social psychology shows that throughout our lives, our actions are primarily motivated by a set of core emotional needs. As consumers,

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these needs pull at us at every turn. From the brands we wear, to the homes we buy, to the services we use, virtually all our decisions in the market place are an attempt to fulfill our emotional needs and express ourselves.

Today's most successful companies are relentlessly committed to understanding how their product or service addresses their customers' emotional needs. At the same time, those companies who lose sight of our humanness can seriously stumble and damage their reputation and brand. Let us consider two extremely well-known brands: Airbnb and United Airlines.

Airbnb is a peer-to-peer home-sharing company that rocketed into the travel lodging scene in 2008. It is now valued at $30 billion and offers more rooms than the largest hotel chain in the world.

From the start, founders Brian Chesky and Joe Gebbia were committed to understanding their customers in-depth. They traveled to top-performing residences to observe and talk with hosts and guests in-person. It was through this interpersonal inquiry that Brian and Joe realized the deeper emotional needs that their service addressed. Their guests yearned for the opportunity to take charge while selecting the look, feel and location of the places they stayed in—with a broad range of options that far surpassed traditional lodging options. They explained that staying in a dweller's home made their traveling experience more "real," unique and authentic—more of a local and less of a tourist. Both hosts and guests enjoyed the human connection they felt to one another—even if they did not spend time together. Where they stayed was no longer a transaction, but was an "experience."

It was an *emotional* experience that travelers wanted. The founders took this core insight and made immediate changes to Airbnb's platform and services to ensure these emotional needs were better addressed or enhanced across all facets of the customer experience. Within the year, Airbnb experienced explosive growth, grabbed major investors' attention and began the ascent to the position they are in today. The founders credit the success of their business to the insights they learned from meeting their customers face to face. This kind of insight, they describe, is a "goldmine" (Raz 2016).

Another leading company also provides us with a valuable lesson as to the importance of understanding and valuing customer's emotional needs and perceptions. United, the third largest airline in the world, learned the hard way how one incident can unravel an entire year's worth of work that was devoted to rebuilding a battered reputation.

Images of a bloodied passenger flooded social media and was viewed over 6.8 million times within 24 hours after a physician refused to "volunteer" his seat for a crew member and was forcibly removed. Initially, the passenger was blamed for this predicament and called "disruptive" and "belligerent" by the airline spokesperson. Following this, United CEO's knee-jerk reaction was to defend their policy of bumping passengers, saying it was standard operating procedure and apologized for "re-accommodating" this passenger. Still tone deaf and focused on the airline rather than the flyer, the next day he said, "This was truly an upsetting incident here at United." One wonders how a leading airline prioritized operational issues while security violently dragged out a passenger who sustained injuries requiring hospitalization. It is certainly legal and within their stated policy. But would not a reasonable policy prepare for when no one volunteers and bump passengers before they actually boarded? Or increase the amount offered and truly make an offer one could not refuse? Ultimately, the company changed their policy. However, the stock immediately took a $1.4 billion dollar hit. Ouch.

To achieve business success the type of commitment that AirBnb's Brian and Joe devoted to "deeply" understanding customer needs in today's businesses world is crucial. Instead of singularly focusing on generating ROI (Return on Investment) they understood another equation—ROE (Return on Empathy)—another valuable equation offering substantial returns. Airbnb found success when they connected to the deeper desires of their most profitable customers. Understanding and addressing the emotional needs of high-value customers—the lifeblood of a company's bottom line—is one key to a company's long-term growth. Companies must create a deep, passionate and fervent engagement with core customers, exploring who they are and identify ways to deliver upon highly specific emotional needs that we will explain and identify.

Companies need to know what to look for and how to leverage emotional insight. In this chapter, we present a new framework that can be used in most business contexts to understand customer behavior. It flips how we look at their decision-making process—from think first, to feel first.

Our premise is derived from the fields of developmental, cognitive and social psychology and backed by neuroscience. The Emotional Needs Continuum we have developed is a method that translates the advances of social science to consumer behavior. Learning and applying this framework offers business a powerful, new lens, enabling companies the opportunity to tap into what "deeply" drives the market place—human emotion.

Neuroscience Explains Decision-Making

Common sense may suggest that it is unwise to let our emotions guide our decision-making, but in fact, we do not have a choice. We are biologically unable to make decisions without relying on our emotion. Neuroscientist, Antonio Damasio, discovered this by studying a brain tumor patient, who had recently undergone surgery on his frontal lobe (Damasio 1994). In the surgery, doctors removed tissue in the frontal cortex associated with feeling and emotion, along with his tumor. The patient appeared to have made a satisfactory recovery, and was discharged from the hospital. However, shortly after returning home, a new development emerged. He was completely incapable of making decisions. Even mundane choices like what to eat for breakfast were nearly impossible. The intelligent and successful man before surgery was now a detached viewer of his own life. Every decision in his day became a long and tedious task in which he had to rationally weigh every pro and con. Throughout he displayed not a shred of frustration, anger, sadness or impatience (Damasio 1994).

Without emotion, the patient lost the ability to make the lightning-quick, “gut” decisions that help us to get through our day. When you select a song from your playlist, do you weigh every pro and con before making your selection? Not likely. You gravitate toward a certain choice and you hit play. In a grocery store full of endless decisions, emotions allow you to fill your cart and get on with your day. Eighty-five percent of the decisions we make happen automatically and unconsciously in the emotional part of our brain. It is impossible for us to recognize what is actually happening when this goes on, much less communicate it to others. However, neuroscience has confirmed that the neural process behind our decision-making follows a simple pattern. First we *feel*, then we *think*, and as a result, we *do* (i.e., buy).

How thinking, feeling, and doing relate to each other has been misunderstood and incorrectly measured for a long time. Even today, most theories and strategies developed for customer decision-making suggest that first we *think*, then we *feel*, and as a result, we *buy*. Because of this, businesses have been focused on exploring customers’ cognitions, trying to understand the rationale behind the decisions they make. However, consumers’ responses and the rationale they offer are often just an attempt to make sense of their, instinctual behavior. Even in more complex decision-making, when reasoning kicks in and offers logic, emotions trump them. If emotion and thought traveled on the same neural path, emotion would always get the right of way.

Nothing illustrates the danger in relying strictly on consumer thinking more than customer satisfaction surveys. Most companies use customer satisfaction surveys to gauge current and future success with a new product or service. These surveys include a set of questions on customers’ overall experience and level of satisfaction. When the numbers are crunched, most survey results show that customers say they really like a new product or service. Yet, real life tells us that 90% of new products or services fail in the first year. Apparently, human satisfaction is not that straight forward.

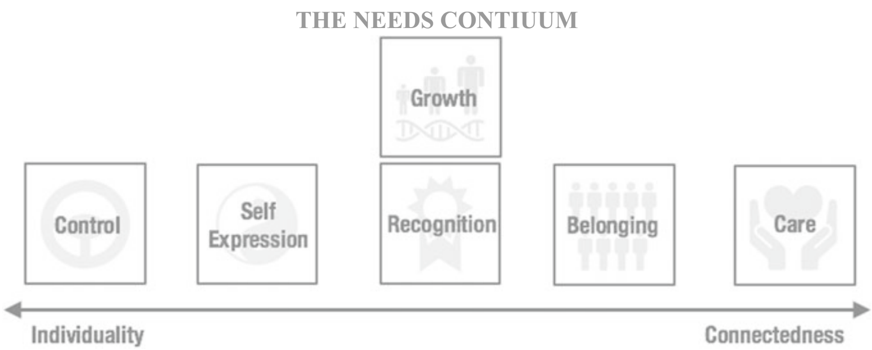

Fig. 1 The Needs Continuum: Most of our motivations basically boil down to an attempt to satisfy one of six core emotional needs *Source* From Mark Ingwer’s book, Empathetic Marketing, published in 2012. (figure is first introduced on pg. 34)

Customers will say they know what they want and explain why, but if we stop there, we miss the real story. Customers' conscious thoughts and motives are attached to deep, emotional needs. This may sound like a tricky puzzle to solve, however if we look at the inner workings of human emotional needs, we find there is systematic and predictable way of understanding *why we do what we do*. Our Needs Continuum (refer Fig. 1) gives you this framework.

The Emotional Continuum: A New Way to Think About How Customer's Think …and Feel

At our core, we are all the same. We have the same physical needs, which are relatively easy to understand. We need food, water, sleep, safety, and sex to create life and keep living. We also have the same emotional needs that make life *worth* living. When emotional needs are fulfilled, we are gratified by our own personal betterment. Psychologist, Kennon M. Sheldon stumbled upon the universal nature of human emotional needs when he set out to study differences in individualist and collectivist cultures (Sheldon et al. 2001). Sheldon had a hunch that two vastly different cultures, like the U.S. and South Korea, would have a different set of emotional needs. To his surprise, he was wrong. The same emotional needs were expressed in all people, regardless not only of culture, but age, gender, race, or social status. Over the course of a lifetime, even vastly different people are motivated by the same set of emotional needs (Sheldon et al. 2001).

Our *greatest* emotional needs—those that most impact our behavior—exist in tension. We crave to be an individual, while at the same time long to be close to others. Our entire lives are a constant tug-of-war between the desire to satisfy these two, opposing feelings.

As toddlers, our newfound mobility sparks a desire to explore the world, yet we feel torn leaving our mother's side. In teen years, we withdraw from our parents to create our own identity, but at the same time we desperately seek their love and approval. In adulthood, we strive for intimacy while sharing a home with our partner, and at the same time look to create a space of our own. We feel the same push and pull as consumers in the marketplace. At times we choose products and services that help us to feel unique, special and autonomous while at other times we make purchases that connect us with others in our networks and communities.

Individuality and **connectedness** are the anchor points of our model (below). On one end, there's individuality—the desire to be unique, capable, and self-reliant. On the other end, there is connectedness—the need to be cared for, recognized, and belong to something bigger than ourselves. These two forces constantly pull on us as we make decisions throughout our lifetime. An individual is only satisfied when he or she is connected meaningfully to others, and through these connections come to navigate his or her own unique value and identity. It is a ceaseless, evolving, lifelong endeavor.

These needs are positioned along the Needs Continuum, ranging from those individualistic in nature to those more rooted in a desire to be connected to others. While not an exhaustive list, it is comprehensive. These emotional needs are the major drivers of behavior in all stages of human development. "Growth," is elevated above the other five needs. While it is a need in and of itself, the desire for growth is what makes certain core needs more important than others over time. In other words, the need for growth is what makes the needs spectrum *dynamic*. We are always changing and attempting to meet our need to understand not only where the ball *is*, but where it is *going*.

Meeting emotional needs is not like climbing a mountain, it is a fluid, ongoing process. We do not check one need off and move to the next. Our emotional needs endure throughout our lives. We can only attempt to manage them along the way.

The Needs perspective offers a view of decision-making that unearths the drivers of customers' behavior. Virtually all purchases are directly connected with a desire to satisfy one or more of these core emotional needs. When a marketer identifies and delivers on a core emotional need, it differentiates itself and starts an initial spark with customers that leads the way for a long-term relationship—not, simply a one-off transaction.

Our emotion-based model for decision-making allows businesses to view customers with a clear understanding of what they are trying to achieve in the market place—something the customer may be unaware of or unable to clearly express. It offers real-world value by helping businesses uncover *unmet* emotional needs of customers. These untapped areas hold significant opportunity to create deep, long-term satisfaction. The Needs Continuum is not a grab-and-go solution. Identifying an emotional need and force-fitting it to your product or message will simply not fly. Our desires cannot be fooled. Companies must use this proprietary framework with the intent to first *understand* the emotional needs of their customers. Only then can they determine which needs have real potential to be satisfied by a product.

Though we have the same needs, a single product category may satisfy different emotional needs for different people. Because of this, it is important to consider where people are in their life cycle. Some needs are more pressing at different ages and milestones, and for different genders or personality types. Take, for example, cell phones. Parents like the peace of mind that comes from being connected to their children, but children may view cell phones as a status symbol or a means to remain in close contact with his or her social circle. The same product, at a different stage, has a different emotional meaning.

Instagram—a prominent mobile photo sharing application—is an example of a company that *designed* their product with an understanding of how it fulfills the emotional needs of millennial users (their high-value customers). While the features and function of Instagram address different needs of the total user base, it specifically acknowledges millennials' need for self-expression in the digital age. The act of carefully selecting the "scene" users wish to project to their network and the ability to modify the image before posting it (using tools and filters that enhance elements of the image) gives users the ability to craft how they present themselves to the world. Millennials describe the application as "addictive"—a testament to this product's ability to deeply and continuously satisfy the emotional needs of this generation.

All marketers must decide where and whom to direct their resources to and what tactics to take to motivate interest, use, and long-term loyalty. Today, many companies develop their marketing approach by segmenting customers into a few key groups and tailoring strategy based on their differences. However, segmentation is often based on rational, attitudinal or physical differences. Customers are sliced and diced by demographics, psychographics, and behavior with products or services. Yet, this approach does not segment customers based on *why* they are drawn to the product or service in the first place: their key emotional needs.

Understanding and segmenting customers by *emotional needs* (in addition to traditional segmentation factors) grounds marketers in what truly drives key buyers' decision-making, allowing them to better influence their behavior. Companies must strive to understand how their product or service emotionally satisfies (or could satisfy) different buyers, but *prioritize* their high-value segment(s). High-value customers should guide marketing strategy.

Marketing strategies based on satisfying *emotional* needs, promises deeper resonance and greater loyalty with customers. However, to begin to understand who customers are and what motivates their behavior, marketers must have a system to understand emotional needs and a passion for meeting them every step of the way.

The Cast of Core Emotional Needs

Control

More often felt when we *don't* have it, the need for control is a driving force in our daily lives. Without control we are deeply unsettled. We feel angered when we sit in bumper-to-bumper traffic and do not know if we are going to get to our destination on time. We feel insignificant when we are laid off from a job. We feel helpless when we are diagnosed with a chronic disease. Losing control hits us in the gut and we'll do nearly anything to gain it back. When we are able to feel in control of external events, in control of ourselves, and in control of our relationships, we are more content and confident.

Companies able to offer new ways or delivering this need have found game-changing success and deep loyalty. Think of Spotify and the limitless control it has given to its subscribers to discover, curate, and play music; of United Airlines (yes-they get some things right), and the opportunity they offer fliers to skip ahead of lines and pick their preferred seat; of OkCupid, a dating app that allow the user to filter potential dates by the key attributes of their choice. All of these tactics appeal to our sense of control and contribute to helping us feel empowered. Let's face it, we are happiest when we get to do things our way and "perceive" that it is on our own terms. If a company fails in this regard, it risks developing a reputation like

DirecTV, a company well known for its poor customer service and not being focused on customers' needs. Many know of someone or have experienced a DirecTV interaction that is induced so much frustration, anger and helplessness that it led to an opt-out of the service—sometimes even the inconvenience of the customer. Behind the rejection of a service contract, you'll often find the desire for more control.

Self-Expression

From caveman drawings to abstract artwork, corsets to athleisure wear, carriages to sports cars and almanacs to podcasts—vehicles conveying messages about ourselves have always existed. Without a means to communicate our identity, we have no way of conveying to ourselves or to others that we are relevant! Self-expression is a lifelong process of figuring out who we are, who we want to become and how we want to show that vision to the world. While expression starts off internally and is conveyed in speech, artwork or literature, we cannot ignore the power that *symbols* in the marketplace have in expressing our individuality.

Many products and services offer the opportunity for self-expression. What we buy tells others who we are. Whether someone wears Birkenstock sandals, Timberland boots, Converse sneakers, Manolo Blahnik heels or Air Jordans, you cannot help but associate the meaning of that brand with the owner's identity. Brands that effectively create a feeling of self-expression, own relevant emotional territory and clearly connect a human need with their product or service. For example, Tesla cars appeal to the need for growth. Drivers are able to express that they are forward-thinking and socially responsible by driving an electric-powered sports car. Positioned correctly, brands have the potential to be an enduring symbol for self-expression.

Recognition

The need for recognition is the universal drive to be seen, heard, understood and validated as an individual. We experience this feeling when we earn a good grade, receive a Facebook "like" or friend request or get a promotion at work. Recognition is at the crux of individuality and connectedness. To feel recognized, we must be affirmed by a person or group. Contemporary scholar and philosopher, Axel Honneth, suggests that three types of recognition exist in the marketplace: Recognition can be offered in the form of care, through achievements, and by extending privilege to a person or a group (Honneth 2007).

Most businesses look to deliver these forms of recognition through tactics like personalized emails, rewards programs and elite statuses. However, to give the kind of deep recognition that stands out in a sea of uniformity, companies must go the extra mile. Consider personalizing emails not just by name, but by the message. Look to identify customers' emotions-based needs and uniquely design your product, service to them. Bestow exceptional privileges to loyal customers (like the Ritz's complimentary bottle of wine and shoe shine for high-value guests) or reach out personally to address customer complaints or praise on social media.

Apple is an example of a company that invests in its customer service to ensure customers feel recognized. In-store Apple "Geniuses" and online customer representatives are trained to recognize each customer and address their issue as individual and requiring personal attention. Rather than offering a set list of instructions, Apple strives to know the customer and then offers a personalized message on how to resolve their issue.

Working hard to make customers feel special will prove that you actually *care*—the most intimate and powerful act of recognition. This *isn't* proven by giving empty promises—like, "Your call is very important to us!" while put in an endless queue. It is an approach that is all too common today!

Growth

Growth is the need to extend our abilities and attitudes while attempting to realize our best self. Because growth relies both on personal strength and social support, it is arguably our most difficult need to address. While growth involves change, not all change is growth. The desire to create change in our lives often masks a need for growth. We dye our hair, move to a bigger home, switch jobs or start a new diet to help us feel that we are achieving a more desirable self. Growth involves deeper aspirations and hopes; it is less external and more internal. The very idea of growth is that a better, more authentic self can be achieved.

Oftentimes when big transitions occur in our lives—the death of a loved one, graduation, the birth of a child or a personal achievement—we are more likely to deeply consider who we are and who we want to be. These milestones offer opportunities for companies to help us navigate these transitions. If a girl's first prom is a rite of passage, a florist or dressmaker may consider creating a marketing strategy that celebrates it. As human beings, we are always aspiring to an ideal sense of self and if a brand accurately understands what that ideal self is and helps us to get there, we are likely to embrace and engage with their products. Take, for instance, the Honest Company—a brand that caters to a new mother's need to be the best parent they can be by offering quality, non-toxic products for infants and toddlers. Gillette is another brand that has played on the need for growth in its marketing by acknowledging milestone of a father teaching his son to shave in the transition from boyhood to manhood.

All life stages offer key moments of growth, which present unique opportunities for companies to exploit them in a way that adds deeper meaning to our lives.

Belonging

The need to belong and connect with others is hardwired. Belonging motivates us to create and maintain strong social attachments throughout our lives. Think about a time when you moved to a new city, started a new school or walked into a first day on the job. As you engaged with this new setting, you likely thought to yourself numerous times, “I hope they like me!” and, “I hope I fit in!” Your immediate focus was on gaining acceptance. The lure of affiliating with groups is, in fact, so strong, it can push us to act against our own best interest. The need to belong is behind the phenomenon of groupthink and helps to explain why young men sign-up for a fraternity, fully aware they’ll be hazed. We feel rewarded when we are part of the gang.

The need to belong can strongly influence our purchasing decisions as well. Before we pull the trigger to buy, we consciously and unconsciously think of others who we value. For example, an interior designer looking to purchase a new computer will base their selection on what his or her coworkers use. An Apple computer may be chosen for this reason, even though an HP computer would suffice. In this example, coworkers represent the *reference group* that the interior designer wants to be a part of. Reference groups can also be used to bolster one’s sense of identity. A Harley Davidson owner will proudly wear their brand’s gear (or even tattoo the logo on themselves) to signal that he or she belongs to an exclusive crew. By identifying and understanding the reference groups that influence customers’ decisions, marketers have an opportunity to be a part of enhancing their connection to those groups. This can be facilitated by creating spaces for groups to gather (online and in-person), catering services to the group (like Kindle’s GoodReads—a program that allows readers to share titles with friends) or providing opportunities for customers to join a cause that aligns with their group’s identity. Political groups like the Tea Party or MoveOn are also effective in connecting like-minded citizens who share the same ideals.

Care

To be self-sufficient and confident individuals, we must satisfy the need to feel cared for—the most essential form of recognition. Love and support reinforces our self-confidence and empowers us to take risks and stretch ourselves to do what we might not otherwise: raise a hand in class, audition for the lead role, stand up to a bully, or start a new business venture. The impact of care is so psychologically powerful, it has been found that maintaining mutually caring relationships is among the most effective ways to live longer and happier lives. Feeling cared for is a fundamental requirement for any satisfactory relationship—*including* those relationships we have with brands and companies.

Most companies have caught onto the fact that customers respond to feeling cared for; in fact, the concept that "the customer is king" dates back to the nineteenth century. However, not many companies have been successful in truly stirring the feeling of care in their customers. Fulfilling this need begins by walking the talk. Much like the classic cry of a romantic partner, customers want more than just *hearing* that they are cared for, they want to be *shown* that they are cared for. This can be accomplished through several measures, like ditching generic slogans (e.g., "Our customers are #1!"), offering unexpected gifts, or empowering customer service representatives to create personalized solutions for customers' needs. Frequent or long-term customers offer a unique opportunity for businesses to highlight the care their customers give back to them. Knowing that our caring for others is noticed and appreciated, *also* makes us feel good.

Dove, a personal care brand owned by Unilever, offers an example of the power of giving a real feeling to customers with the launch of the "Real Beauty" campaign, more than 10 years back. Featuring women of all shapes, sizes, colors, and ages, Dove conveyed an acceptance and appreciation that *all women* that use their brand, most notably are "real-world" women who had previously been unrecognized in advertising. This advertising concept went viral, revitalizing Dove as a brand and eventually creating a shift in the way women are represented in marketing. Now you see major brands like Target or Aerie by American Eagle making similar attempts to display everyday women in their advertising to better connect with their customers.

Toms, a for-profit shoe/eyewear company, understands the power of giving customers the feeling they have cared for *others* by popularizing a tactic called "social giving." When a customer buys shoes from Toms, a portion of what they pay is donated to a philanthropic cause. Done in an authentic way, social giving can offer companies a "halo effect." Customers feel better about their purchase by satisfying their need to care for others, and thus they perceive the company (and its product or service) to be superior to other choices. This is particularly advantageous for brands in categories that lack differentiation (Chernev and Blair 2015).

Ultimately, the need to be cared for and to care for others, offers companies an avenue to earn the hearts and loyalty of customers.

What Marketers Can Do to Meet Customers' Primary Emotional Needs

The nature of today's business world depersonalizes its customers. People are referred to as "buyers," shoppers," "payers," "non-responders," "early adopters," and "eyeballs." Too often what is lost is the nuance that makes customers human. All human behavior is driven by emotion. In a crowded market place, these needs push us toward what feels right. We *feel*, then we think, and as a result, we buy. Traditional market research relies on rational, self-reported data to understand behavior, but neuroscience reaffirms that customers do not act rationally. To truly understand *why* customers do what they do, we must look deeper. It is subconscious emotional needs that guide customer behavior.

So, how do we tap into these needs? From a practical standpoint, gathering deep emotional insights can be achieved by partnering with trained researchers (in human behavior) who can engage customers through the use of projective questioning and creative activities that take participants out of their rational world and into their emotional realm and by developing an ongoing dialogue with customers about their lives, not just about their transactions. Research can be conducted in-person and online; both methodologies provide an opportunity to gather deep emotional insights and each comes with unique benefits. While In-person research offers the opportunity to observe the customer in their environment, analyze non-verbal reactions and often lends itself to longer, more intimate discussions. Online research offers cost and time efficiencies and access to a greater breadth of demographics and volume of participants. Online communities, or groups of like customers, can be established and utilized over time to continue to engage customers and understand their evolving needs. Ideally both in-person and online research should be conducted to achieve depth, breadth and continuation of emotional insights.

Equally as important as knowing which research methods to use is knowing *what to look for*. Our emotions-based Needs Continuum offers an operating principle. It is a comprehensive framework that breaks down our core emotional needs. Marketers can use the Needs Continuum to understand which of the six core needs its products or service addresses and then tailor its marketing and product development to meet it—at every point of contact. Successfully meeting high-value customers' deeper needs drives long-term loyalty and sustains and grows the bottom line. However, gaining this understanding requires a boots-on-the-ground approach. A business must be willing to look outside of the four walls of its organization to meet its customers. As we saw with Airbnb, real understanding also requires a long-term commitment. Engaging customers at different points in time and allowing for the full experience of being human, provides an ongoing and accurate picture of who they are and what they need.

Identifying Meaningful and Relevant Customer Emotional Needs

Empathetic companies—those that are dedicated to meet their customers' primary emotional needs—not only invest in a long-term commitment to customer research, but also incorporate this commitment in their organizational structure, company priorities, and employee training.

Instead of being structured by product category (as many companies are traditionally organized), empathetic companies can be structured by customer segment or incorporate a centralized branch that engages all other branches of the company to ensure customer focus is achieved. Priorities are developed and updated by systematically tracking and analyzing customer behavior and marrying that information with an in-depth understanding of what is *driving* the behavior (i.e., emotional needs). This synthesis allows these companies to pinpoint challenges and opportunities for the organization and develop optimal strategies to address them. Importantly, the employees of empathetic companies are well-educated regarding what is important to their customers (especially high-value customers, who are clearly identified and flagged in any systems). A customer focus is internalized through training and employees are given the capability and leverage to address customer needs in their day-to-day role. With this last and most critical element, customers' emotional needs are prioritized at every point of interaction with the company and its brand.

It is never too late to adopt an empathetic marketing approach. There are many examples of success stories in which failing businesses turn things around by prioritizing an understanding of their customers' needs and changing the way they operate to address them.

One such example can be found with LUX resorts. In 2010, the international chain of resorts (then named Naiade Resorts) was seriously struggling. This company was hard hit by the global recession in 2008 and its occupancy rates continued to decline thereafter. Losses were significant when CEO, Paul Jones, came into leadership. Paul's first order of business was to completely change the way customer service functioned—an area of focus that surprised many employees. His point of view was this: "When your properties need upgrades and you are struggling with cash flow, how do you make a difference? People are the key."

Paul recognized the power of meeting customers' emotional need for care—something that was not addressed when he began his work. Then, customer service—the backbone of any hospitality business—was scripted and employees' decision-making was limited, leaving customers dissatisfied. To instill a feeling of care in customers' interactions with the company, Paul trained employees on "creative personalized service." Employees were educated on how to understand and anticipate the priorities of guests and empowered to use their own decision-making to satisfy guests. Improved customer satisfaction ratings quickly translated to greater profitability. Within three years, revenue, earnings and profits all increased by more than 300% (Pernice 2016).

Hospitality, more than any other industry, understands the impact of customer satisfaction in today's day and age. Social media sites like Twitter and Yelp give customers a platform to either sing praises or air complaints for the entire online population to see. To prevent a ripple-effect of customer dissatisfaction or to build on customer satisfaction, major companies like GoGo, an in-flight internet provider, have created social media management teams to carefully monitor and engage in customer conversation. Taken one step further, these teams can be leveraged to understand customers' *emotional* needs and monitor how effective the company or brand is at addressing them over time.

Why the Needs Continuum Matters

Customers are yearning to be understood and have their emotional needs satisfied. If a company is willing to re-frame their value proposition in the context of the Needs Continuum—considering ROE (Return on Empathy) as well as ROI (Return on Investment)—it can create meaningful differences in the many product areas it owns. It is the connection between enduring emotional needs and a product or service that gives life to a brand, stirs feeling in its customers, and creates an authentic, sustainable relationship. To find this kind of success, we must shift the lens that marketers adopt when looking at their marketplace and customer behavior—from rational to emotional.

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher nor the Editor.

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How Leading Brands Deliver Marketing with Meaning

Bob Gilbreath

A career in marketing sure seemed straight-forward on my first day in brand management at Procter & Gamble (P&G) in 1998. Within days in my role, I was trained on how to successfully brief a creative agency, dissect market research, and breakdown market share charts. Back then, as long as you perfected your TV commercial, print campaign and newspaper coupon, sales growth and a steady series of promotions was virtually guaranteed.

We all know what happened next: Digital changed everything. Despite the false start of the dot-bomb years, nearly every industry began to feel the painful pangs of disruption. In marketing, we could no longer rely on mastering a handful of advertising channels to allow us to reach 80% of our target audience. Suddenly we needed to explore new channels.

While most of my peers were literally repulsed by the early, ugly state of "interactive advertising" in the late 1990s—a handful of us banded together in a volunteer group and begged for budget to test things like online sampling, email campaigns, and ecommerce.

But most of my day job still revolved around the traditional marketing model. Advertising interruptions drove sales and paid the bills. But something about the rise of digital media started to change habits and perceptions. With digital, people suddenly gained control of their information and entertainment. We could listen to any song, click to any article, and check the weather instantly.

This chapter takes forward the thought process exhibited in the McGrawHill Education book titled **'The Next Evolution of Marketing: Connect with Your Customers by Marketing with Meaning'** (September 2009) by the author of this chapter, Bob Gilbreath. The chapter thus uses some excerpts from the work.

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I began to see a larger pattern that would impact the historic model of marketing itself: Once people taste freedom, they tend to enjoy it, expect it, and want more. So the prime time television commercials they once patiently sat through soon felt like a painful time suck—thus giving rise to technology work-arounds such as TiVo and Napster.

While some people on our team trusted that "the digital version of the TV commercial" was just around the corner, I saw a different reality: When people have control over what they watch, read and listen to, they will not go back to a world of interruption.

Meanwhile, our experiments in new, digital marketing tools were allowing us to get closer to our consumers than ever before possible. Thousands of people a month visited the website of Tide, our leading detergent brand, seeking advice on how to remove stains. One million people went to MrClean.com to request a trial version of our new Magic Eraser product. And people were purchasing Crest Whitestrips directly online, months before we were ready for a national launch.

It became clear that the pressure of digital transformation would eventually create a new methodology for connecting products and services with our customers. The future would have to be what I called "Marketing with Meaning." It is still about selling products and services, of course, but the next evolution is doing this in a way that actually adds value through the message itself.

Not only is this the only way to survive, but Marketing with Meaning offers the possibility for the half-a-billion-dollars in annual global advertising spending to be directed toward something that could have a positive impact on society, rather than an annoying tax on our time and attention.

In 2004, I chose to become a partner at a digital advertising agency that worked with many of the world's largest marketers. Soon after, I created a broader description of this vision, and the real-world steps to get there, in my book: *The Next Evolution of Marketing: Connect with Your Customers by Marketing with Meaning* (McGraw-Hill 2009).[1]

Marketing with meaning represents an admission that we can no longer force our way into the eyes and ears of our customers with a "tell and sell" approach. Now that digital technology has given people incredible control over what they see and hear, we have got to try something new.

Marketing with meaning represents a choice to take our advertising budgets and direct them toward doing something that actually makes their lives better—whether they buy our products and services or not.

Although meaning can vary by brand and target audience, I have found in our work with clients that true marketing with meaning has two consistent traits (Gilbreath 2009).[2]

[1]See Gilbreath (2009).

[2]This section contains extracts from the author's previous publication. See Gilbreath (2009).

1. It ismarketing that people choose to engage with. It involves creating something that people find is worthy of their time and attention, rather than continuing to look for ways to cleverly (or not so cleverly) interrupt them.

2. It ismarketing that itself improves people's lives. Many a marketer goes to bed at night, proud to support products and services that add value. Indeed, they may remove tough stains, put a smile on faces, or enable priceless purchases, but we too often utilize the old interruption approach to present these products and services to our customers. Instead, we must create advertising that actually adds value—without necessarily forcing a sale.

The idea of "Marketing with Meaning" has grown widely since the publication of my book in 2009.

In recent years, technology advancements and consumer habits have accelerated the case for marketing with meaning. Browser ad-blocking is above 20% and rising quickly in the largest developed economies. People are increasingly paying for ad-free content through apps such as Netflix and SiriusXM. Peer input via social media has risen to become the trusted filter to help us decide what to do, watch and buy.

I have continued to work to help deliver this future of marketing and practice what I have been preaching.

Practice is the key, habit change is hard—and despite the economic and technological pressure, marketers are still slow to change their habits. At this point in my career I have worked directly with a majority of the top 100 global brands. Most still struggle mightily with the seas of change. However a handful have moved beyond the fears and the fits and starts, and truly shifted to a Marketing with Meaning model.

The Hierarchy of Meaningful Marketing

The ultimate responsibility of a marketer is to meet the needs of her customers. Perhaps the best model to understand human needs—and their priority for meeting them—was developed by American psychologist, Abraham Maslow in 1943. Maslow argued that people have a "pyramid" of needs starting with very broad Survival needs such as food, water and shelter. With those met, we reach for Attachment needs, including love, belonging, friendship and family. Finally we look to fill Esteem needs, such as confidence, creativity, problem solving, and respect for and by others.

I believe Maslow's time-honed model serves as a strong basis for directing how we pursue a new way to connect with our customers, and I developed the Hierarchy of Meaningful Marketing to guide strategy and creative decision-making shown in Fig. 1:

Solution marketing is the basic starting point of Marketing with Meaning. Here, we are working to fill the most basic needs that customers have in making purchases. Examples and opportunities abound here, and it is probably the area that has

Fig. 1 Hierarchy of Meaningful Marketing (*Source* 'The Next Evolution of Marketing: Connect with Your Customers by Marketing with Meaning, Gilbreath 2009')

gone most mainstream with the rise of digital communication. Most businesses have taken advantage of simple web sites and social media pages to share information about their products and services. By helping people get basic information, they are helping their customers understand their offering and make smarter decisions.

Many business-to-business (B2B) marketers have embraced sophisticated sales models in which helpful content helps teach customers about new ideas, then draws them to their lead generation funnel when they are ready to buy. The Steelcase office furniture brand, for example, offers tips on "how to make a workplace Millennial-friendly" then suggests appropriate catalog choices when office managers are ready to buy. American Express is connecting with small businesses by investing millions of dollars per year in the OPEN network, an online resource and forum that offers educational material for entrepreneurs across a range of topics.

Connection marketing follows Maslow's model by offering more of an emotional benefit that goes beyond information and offers. Here, businesses can win by helping their customers be creative, connect to each other, and even enjoy an entertaining experience.

Social media has been one of the biggest enabler of mass creativity and connections among customers and around business. Companies both small and large encourage people to share photos of their engagement with a brand; and social lets us literally have a public conversation with a company and reach our 15 megapixels of fame.

Connection marketing is often at its best when it goes beyond digital and back to real-world experiences. Here you'll find Brands as diverse as M&Ms, Levi's and Kellogg's cereal investing in retail shops in the heart of New York City, London and Tokyo. It is not for the retail sales, but rather a chance to immerse thousands of visiting tourists per year in a branded experience.

A handful of businesses look to get even closer to their customers by pursuing Achievement marketing. Here, we aim to significantly impact people's lives by helping them improve themselves, their families and the broader world. While there are many routes to this highest level, most businesses see two large opportunities:

First, Achievement marketing happens when you help your customer achieve something significant in their life. Often this happens when someone has a life change and needs much more than a product. For example, being diagnosed with Type 2 diabetes requires patients to suddenly and sometimes dramatically change their eating and exercise routines. Abbott Nutrition sells products that help, but its marketing is focused around helping people change their habits on the whole. It invested millions of dollars in an online tool to teach people with diabetes how to better manage their disease. This program was clinically proven to help people lose weight and reduce complications of their disease, while allowing people to see the value of their products in the process.

Cause marketing is another, growing focus of brand investment in this direction. Unfortunately too many companies give mainly lip service and a small donation to causes that are unrelated to their core businesses. I will never forget the vacuum company that made a pink-colored version of their product in support of breast cancer awareness.

Truly committed companies are investing the long haul and going beyond marketing investments to show that they believe in improving the world. The Pedigree dog food brand created a independent charity that has saved the lives of more than 100,000 animals. Since 1994, MAC cosmetics has promoted its Viva Glam lipstick line, in which 100% of the retail price (not just profit or a percentage of sales) goes to support men, women and children impacted by HIV/AIDS.

The Meaningful Marketer's Approach to Marketing

As you can see Marketing with Meaning is a new approach to marketing and therefore requires marketers to approach marketing differently. Marketers have to reorient their perspectives across key areas in order to succeed in being more meaningful to consumers. It is not just about new focus areas but also about how marketing views itself and what it has to do.

The Meaningful Marketer Lives the Brand

Large companies are famous for the belief that they can pull a man or woman out of school and put them in a marketing role for a product that targets any other man or woman.

But there really is no longer a standard playbook for the current and future of marketing. New forms of media are quickly being adopted by the audiences we target, and their tastes and habits are changing at a speed we have not seen before. As a result, marketers must increasingly use their gut instinct in deciding what is right for their customers. They must personally feel the hopes, fears and needs of these customers in order to create the right solutions, connections and means of achievement.

Forward-thinking companies are starting to make this adjustment by starting in their hiring process. Riot Games, the maker of the popular *League of Legends* series of games, insists that candidates for its marketing roles must be "avid gamers" who spend "several hours per week" playing immersive games. At Red Bull, prospective employees are quizzed to determine whether they personally fit the dozen or so adjectives that are used to describe the brand. If only one interviewer feels any of these characteristics are out of alignment, the prospect is denied employment—no matter their skill level and pressures of the hiring needs. No wonder they saw the potential to launch Felix Baumgartner from the edge of the atmosphere with the 'Red Bull Stratos' skydiving program.

I have seen this model repeatedly in my work across both large and small companies. The best food marketers love to cook on the weekends. The best toy marketers have kids of their own and retain their own child-like curiosity. The best business-to-business marketers have a love for helping their clients solve problems and grow.

When you are the customer and follow your passion, the marketing you create tends to be work that is respectful, helpful, and valuable. You are able to look at the ideas from your team and immediately assess them—and more often than not, you and your team are able to create bigger, better ideas by living the brand.

Perhaps most importantly, however, the work of marketing today is far too challenging to spend time doing it on a business that you do not love. When we are working on something that is personally meaningful, we work harder, longer and smarter. There is no better competitive advantage than this.

The Meaningful Marketer Is a Growth Hacker

While it seems many small and large businesses are forcing themselves to learn new ways of working, one area of marketing is seeing a new approach. Ironically, it is in the basements and co-working spaces of startups. But they do not call themselves "marketers". That word has been rejected by the startup world because it comes with the baggage of giant budgets, pricey agencies, and traditional campaigns.

When you have a tiny budget, zero brand awareness, and a ticking death clock (i.e., when your investment capital runs out or credit card hits a limit), you have to look at your job differently. Thus, startups have embraced the title "growth hacking" to represent the strategies and tactics it takes to attract and retain customers.

But it is much more than a trendy title—growth hacking is an attitude and new way of looking at the job.

I like the way Brian Solis (2013) summarized what being a (marketing) growth hacker is all about:

> *Growth Hacking is the art and science of creating awareness, traction, adoption, and advocacy using unorthodox and surprising means. It's quite literally a hack for traditional processes to accelerate business.*

His definition starts out with all of the things traditional marketing is supposed to do—i.e., create awareness, traction, adoption and advocacy. But the key comes next: "Using unorthodox and surprising means…a hack for traditional processes." In other words, the growth hacker's job is to break the rules. Sounds challenging, huh? Well, the only way to generate accelerated business results in this world is to think differently.

You might be surprised to learn that some of the biggest startup success stories got off the ground and out of the basement only when they landed on a single "growth hack" that unlocked massive demand with Solution marketing ideas:

- Zappos saw that the shoe business was slow to go online because people felt the need to try on shoes, and hated returning items. Zappos hacked this market by offering free, unquestioned returns.
- Dropbox had no luck attracting users with the usual tactics of search and banner ads. The breakthrough came when the company offered additional free storage for people who referred others to the sign up.

Looking back, these growth hacks seem obvious—but at the time the companies were laughed at and had dozens of much larger competitors. They won because they focused on nailing an idea that would unlock the awareness, trial and repeat that any product or service needs to get off the ground.

If you think this is just something startups can do because they are small, nimble and desperate, you are mistaken. Your business can get there, even with little or no product differentiation! Take these examples, which succeed with Achievement marketing:

- Dove and Always changed the game in slow-growth, commodity categories by creating social change. Dove embraced the idea of "real beauty" and created a national discussion that continues more than a decade after its campaign first launched. More recently, Always helped society rethink what it means to act "like a girl."
- Hyundai grew sales and share during the depths of the 2008 recession by promising to buy back automobiles from people who lost their jobs. The Hyundai Assurance program ended up costing little and built one of the most trusted brands in the world.

These stories and many others have a few common elements. First, they start with unique insights about how customers think and act, often researching much broader than a particular product or category. Always spent years learning about how teen girls come of age and wished to provide higher level benefits. It was a far cry from just testing more blue liquid on absorbent materials. Hyundai saw that people were postponing car purchases because they were worried about losing their jobs.

Once you identify the insights that might unlock accelerated demand, your team needs to think big and generate inspirational ideas. The Always team asked themselves how they could change the harmful social norms that they observed in teen girls.

While your agency partners should be part of the process, brand marketers must bring their own creative thinking rather than just outsourcing this important work. You might not know that the Red Bull marketing team itself comes up with most of the killer events that it launches each year. They run creative brainstorming with their agencies, rather than briefing then outsourcing this critical work.

Finally, remember that ideas are easy—but it is the hard work of execution, learning and continuous improvement that leads to ultimate success. Zappos tested the economics of free shoe returns by partnering with a local shoe store for inventory. Dominos' journey started in 2008 with a faked-up pizza tracker on its website—Solution marketing that allowed people to check on when their order would arrive. Both companies saw immediate sparks of interest and kept feeding the fire.

The Meaningful Marketer Researches in the Real World

Although gut instinct can go a long way in this brave new world, there are still occasions where we need to do research to better understand our target audience and get their reactions to new products and ideas.

However the pressures on time and budget make it much more difficult to rely on traditional research models.

Research, too, has been upended by the digital revolution. Since we can reach consumers in their homes through computers and mobile devices, we no longer need to usher them into research facilities in their off hours. This is resulting in a rapid reduction in costs and improvement in speed.

Digital also promises to do more than reduce costs—it can give us a much more pure view of our target audience. Historically, research has always been weakened by the fact that it is conducted in an artificial setting. When we invite people to fill out a survey, or even scan their brains in an MRI, we are watching their reactions at a time when they know we are watching. It is human nature to change our responses when we are being judged. We do not want to hurt the questioner's feelings, or sound silly in front of other people.

Some new digital technology allows us to observe people “in the wild” when they do not know we are watching. One of the biggest growth areas is in the market for “social listening software,” which mines billions of Facebook, Twitter and Instagram posts, strips them of personally identifiable information, and allows marketers to mine for insights around what people really think about their brands.

While they eagerly take up new digital tools, winning marketers also rely on direct discussions and observation of the real world around them.

One example is my friend, Dennis Chacon, who recently opened a microbrewery in Cincinnati. He invested hundreds of hours of personal time getting a feel for the market. Dennis counted car traffic near promising locations, interviewed nearly everyone in the local brewing community, and built relationships with nearby businesses and city government officials. Not only did these efforts help him make smart business choices, the relationships he formed in the process are helping to accelerate awareness and traffic to his new business.

The most successful marketers today see themselves as social scientists or simply skilled observers of human nature—and they watch not only trends directly related to their products and consumers, but they ladder up to connect the dots happening between categories and society at large. By looking at the bigger picture, ideas around Achievement, Connection and Solution marketing come with little effort.

The Meaningful Marketer Targets Intent, not Demographics Gilbreath (2015)

Demographic-driven marketing worked somewhat well in a simpler time when there were a couple of major brands and a handful of media channels. We researched consumer needs and landed on the single benefit that would appeal to the largest common denominator of people. We made ads that referred to one universal insight and hit people over the head with a simple message—again and again and again.

But we are living in new times. It seems that when you give people more options, they enjoy it. Thanks to a flood of innovation, it has never been easier to launch a new product or service and find a niche of users who will fall in love with it. Guerrilla marketers and growth hackers tell stories rather than drilling in taglines, and reach raving fans with personal touches instead of Super Bowl buys.

The idea of buying “Women, 18–34” eyeballs is way past its prime. Human society in general has undergone seismic shifts since the golden age of advertising. We are globally connected, yet closing ourselves off in special communities. There are now dozens of options in consumer surveys for race, occupation, and sexual orientation. Stay-at-home Dads and on-demand project workers do the shopping. Dogs and cats are living together and feasting on artisanal kibble.

You do not have to be a new brand or Millennial marketer to make the shift to the new world, but you do need to change habits. Perhaps the best place to start is for us to abandon the use of demographics in targeting our media buys.

The first step of modern targeting should be an appeal to prospects' interests. For example, auto brands advertise in auto-related magazines and websites. We've done this for years, albeit too broadly. Special-interest media is too costly and cluttered, with little ability to get into the nuances of specific consumer needs.

Social apps such as Facebook can get much more granular in terms of understanding specific interests of our consumers, and allow brands to present advertising at scale whether they are logged into the app or surfing elsewhere. We will increasingly be able to not only see current interests, but begin to project and suggest what might interest people in the future. Instead of just hitting people who buy car magazines, we can see someone who is likely to be interested in buying a Jeep Wrangler to transport his new hiking gear and Labrador Retriever puppy.

"Intent" is becoming the new way to target in the next evolution of marketing. Intent indicates when and where a consumer is raising a hand and looking to buy something. Again this is not really new. To keep the car analogy going, my car dealership knows that my lease is coming due in a few months, and, as expected, it is filling my mailbox with pitches. In the digital world, Google became a $350 billion company by serving ads to people who are looking for something specific, often leading to a purchase.

Technology is taking intent to the next level. For example, retargeting people who previously visited your website with ads hours or days later drives some of the highest ROI in advertising. These ads can serve as helpful reminders to people who are in active "buy mode." Thousands of companies use retargeting ads to stay top-of-mind with their prospects and track ecommerce sales that result. And platforms like Facebook make it simple for small businesses to set up such campaigns in seconds. It has limits, though, as only so many people will have visited your store—and fewer still are willing to click banner ads.

Enter Pinterest, a fast-growing tool that people use to plan purchases months before they occur. It is like Google for when you are not sure what to type into the search bar, and it is opening up a new way for marketers to seize the opening of intent. To win takes a change of creative, however. Instead of annoying people with banners, marketers win on Pinterest by offering up helpful content that can drive a much deeper relationship and bigger sales. Pampers diapers connects with new Moms on Pinterest by sharing tips for preparing the nursery. Jo-Ann, a leading crafting retailer, offers countless ideas for sewing and knitting products.

Marketing technology and big data is helping us put these superior targeting signals together. Thanks to programmatic media, brands can put interest, intent and individual consumer knowledge into a single formula. The rise of ecommerce and attribution models are making it easier to close the loop on performance, thus offering a feedback loop to allow sophisticated algorithms to adjust targeting and bidding on the fly. Sex, age and income have little to no relevance in these algorithms.

The Meaningful Marketer Is in the Content Hits Business

One of the most significant views of the future of marketing is found in an unexpected place: *The Song Machine: Inside the Hit Factory* by John Seabrook. It is a deep dive into the story of how pop music has always been dominated by a handful of teams of hit-makers who excel at dishing up the audio candy we crave in tidy 3 min and 30 s bites.

Early on, *The Song Machine* tears down the assumption that technology will enable a Long Tail of micro-niche musicians. From Napster to Spotify, we keep craving the hits, and the hits are bigger than ever. "Of 13 million songs available for purchase in 2008, only 52,000 made up 80% of the industry's revenue, and 10 million songs didn't sell a single copy." (Seabrook 2015)

Amazingly, 77% of industry profit comes from only 1% of artists. So much for the Long Tail in the entertainment industry where it was predicted to make the first, biggest impact.

You might be surprised of this reality of the hits business, but our team at Ahalogy is not. We optimize content on social media for a living, and have been able to analyze over a million pieces of brand content that have been posted through our software. In 2015, we studied the traffic from these posts through our software, and found that 80% of click traffic came from just 6% of these articles.

I did a similar analysis for my posts on LinkedIn since the beginning of 2015. These 36 posts generated 107,383 total views, and 80% of these views were driven by just 5 posts. Last week I spoke with the CMO of a major financial services company who said that 90% of her website visits are coming through 10% of her brand's articles.

This is the Pareto Principle at work. It seems that nearly everywhere you look, from content consumption, to product purchase volume, to the challenging customers at your office, 80% of the pleasure or pain is caused by around 20% of the total.

Have you run the analysis for your marketing content? In a world that is driven by a handful of winners, you can significantly boost your ROI by developing and promoting the hits.

The musical hit factories do not just wait for artists to walk in and use their guts to direct the million-dollar investment required to launch a new single. Instead, they use sophisticated tune analysis tools, test lower cost demo versions, and bring together experts to optimize the beats, hooks, and riffs. Movie studios do screen tests to project audience interest and compare the results to historically similar movie results. They put promotional dollars behind opening night, and do not spend a dime more until the first hours of ticket sales show it to be a hit or a dud.

This is the kind of thinking it takes to win in meaningful content marketing. Your team needs to build a model of testing content cheaply before you invest in making it your own. You should test as many content topics, images and titles as possible before putting real dollars behind what you are confident will work.

The bonus is that all of this work in testing and learning from content brings you closer to the habits and needs of your customer. The test kitchen team at Kraft Foods, for example, is continually monitoring trends among leading “foodies” and rapidly creates and posts new recipes to its decades-old web platform.

The simple fact is that no matter the category, a handful of content rises to the top by resonating with a ton of people at once. We are a lot more alike than we like to admit, and a killer book, movie, recipe or blog post strikes many of our fancies in the same way. Instead of investing in personalization or spreading our efforts across so many marketing choices, we might be better off investing in building our own hit machines.

Meaningful Marketers Tap Data to Get Back to Growth

After divesting, outsourcing and downsizing to wring every last possible penny out of the financial statements, there is only one, final way for businesses to hit Wall Street’s expectations in the years ahead: grow. While the CFO may have been the hero of the past 15 years, responsibility for growth now falls on the marketing department. And whether you are selling Twitter or Tide, your ability to understand and act on customer behavior data will determine your success.

The leadership torch is getting passed to CMOs at a time when growth of any amount is flying in the headwinds of massive, global shifts. Family sizes and birth rates are plummeting, barriers to entry are being swept away, and the growing sentiment among your customers is to use and buy less of everything.

If it was easy, anyone could do it. You, dear growth leaders, must tap into the trove of digitally enabled data that is all around us to create new connections and innovative marketing.

The biggest mistake would be to rely on just “listening” to what people say about your brand. You need data to understand trends and activities across topics related to your broader category. It is not enough to measure how many people like your new detergent scent or how they would rate their last hotel stay. Look more broadly into, say, how teen fashion preferences are changing, and whether video chat has reached a tipping point yet.

In looking for sources of potential growth, consider three potential places to mine—each with specific data that can help you uncover a fortune.

The easiest place to find growth is with new users when and where they are entering a category for the first time. Big-picture life changes—such as starting college, buying a new home, or getting married—drive dozens of initial purchase decisions. We have to decide which paper towel to buy, which bank to open an account with, and whether there’s a shampoo you both agree on. Lots of brands have developed marketing plans around these events, but it is time to dig deeper for new mind-opening opportunities.

For example, many marketers target pregnant women, but no one seems to think about Dad-to-be, who may feel responsible for arranging life insurance and getting into better physical shape.

How can you make sure your brand is there when and where people are starting their journey? Kendall-Jackson sends teams to conduct wine-tasting events on college campuses, and my local running store organizes 10 k and marathon training groups. Both efforts may cost a lot more per-person than a banner ad buy, but they create an opportunity for new category entrants who will deliver thousands of dollars in loyal, lifetime value.

Just remember, you may be better off making marketing and product changes to embrace an emerging trend rather than changing behavior back to the old days. Rice Krispies cereal and M&Ms candy are two products facing this now. It is nearly impossible for these brands to convince their customers to eat more cereal or snack more often, but both are benefiting from a renewed interest in baking. As a result, the brands are creating and promoting recipe ideas (Solution marketing), which end up encouraging incremental uses among an even broader customer base.

The biggest opportunity for growth is to create entirely new product categories that never existed before. Marketing has to take the lead here, because it is the group that best understands unmet consumer needs through data-driven insights.

If you look at some of the new $100 million + product categories that have arisen in the past few years, most came from a “blindingly obvious” insight about how people’s habits and practices have shifted. Chobani’s founder saw that Greek yogurt was a staple in Europe and figured its benefits would be similarly appreciated in the U.S. GoPro makes a pretty average camera, performance-wise, but it seized on the growth of action sports and social media sharing. SnapChat leveraged kids’ desire to goof around with each other—without worrying about their parents’ or future employers’ reactions.

Success starts with going back to what excited most of us when we first got into marketing at the entry level: Understanding our customers by digging deep into data about their needs and habits. This information, and the need to get growing, open the door for today’s CMOs to lead their companies to success, and maybe earn the CEO job along the way.

We all have to keep learning and shifting to where the world is heading, rather than clinging to what worked in the past.

While we have little clue on which brands and individual leaders will win the future, one thing is clear: We as consumers can look forward to businesses that are spending a lot more time and money working to add meaning to our lives, both through products and marketing.

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher or the Editor.

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Hidden in Plain Sight: How to Create Your Company's Next Big Growth Strategy: 10 Years Later

Erich Joachimsthaler, Agathe Blanchon-Ehrsam and Markus Zinnbauer

Introduction

In 2007, we created the Demand-first Innovation and Growth model (DIG). This framework proposed a systematic, repeatable process to help brands identify the biggest opportunities for innovation and growth hidden in plain sight. By creating an innovation playbook and accompanying strategy, companies could then effectively leverage those opportunities for substantial new growth.[1]

We wrote the book because we believed executives were missing out on huge and camouflaged market opportunities. How else can we explain Kodak's myopia against digital cameras? How else can we understand Sony's dismissal of the iPod? How else could Blockbuster have ignored the impending threat from Netflix? The opportunities were there for the taking, but only a few saw them clearly enough to build large and successful businesses around them.

What we found were many executives—despite or perhaps because of their success—all developing particular blind spots that hindered them from seeing these opportunities. We concluded that, contrary to the popular adage, success does not breed more success—it breeds failure. The more successful a brand, the more its leader looked at the world from the inside-out—from the existing product set,

[1]Joachimsthaler (2007); see for some recent discussion in: Zinnbauer and Rennhak (2015).

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capabilities, and past experiences. Consequently, success narrowed the aperture for executives, a smokescreen developed, and potential innovations remained hidden in plain sight.

Today, it is disheartening to see so many leaders still fall victim to those same innovation blind spots.[2] But that is not the only challenge facing executives. To solve today's problems, we need even more than the DIG model or another application of design thinking. The fact is: 94% of executives are unsatisfied with their firm's innovation efforts, even though 84% say innovation is a high priority.[3] In this chapter, we will describe the DIG model and how it has been successfully applied by several hundred companies in a variety of industries. We will emphasize its latest developments and the new tools that successful strategists deploy to see real boosts in innovation.

The DIG Model

One of today's fundamental principles for success is that innovation needs to involve the entire organization, including a company's ecosystem partners and complementors. It is not enough to assign the responsibility to just one individual or a department. And an innovation lab has to be more than "innovation theatre."[4] Innovation itself must be deeply embedded internally and externally. To this end, innovation is typically organized around several capabilities and efforts (Fig. 1):

1. Innovation Strategy—a blueprint for achieving key innovation outcomes, with development methods for its requisite products and services
2. Innovation Pipeline—the portfolio of initiatives that will drive new growth for the company over time
3. Innovation Process—the systematic guidelines that specify the steps the company must take to innovate around customers again and again
4. Innovation Culture—the mindset, structure, and systems the company needs to consistently drive new growth from within or its broader ecosystem

While the DIG model focuses on all these areas, at the core is the innovation process that delivers the innovation pipeline. This innovation pipeline is shaped by the company's strategy and innovation culture. In these next sections, we will describe how to apply the DIG process.

[2]See Joachimsthaler (2007); Joachimsthaler (2008a, b); For additional examples on the recent literature on blind spots, see: Baird (2015), Kerle (2014).

[3]See Hamel and Tennant (2015). Another study of 519 American, British and French companies found that fewer than half of the surveyed executives believe they have an "effective approach to new product development or are seeking innovation effectively: Koetzier and Alon (2013).

[4]For example: Viki (2016).

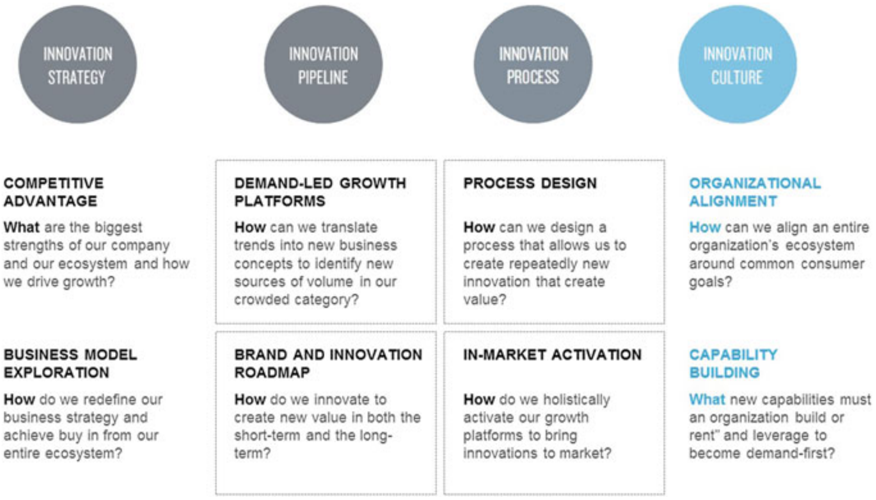

Fig. 1 Innovation capabilities. *Source* Authors' compilation

Step 1: Creating the Demand Landscape

To understand the opportunities for innovation, one has to first understand, comprehensively and fully, demand from an outside-in perspective. We see demand as a complex construct of underlying broad motivational forces of consumer behavior such as needs and wants as well as specific goals, end states or outcomes that a person aspires to achieve within a given context. For example, a consumer might have the goal of running a marathon under 3:30 hours or save for a down payment for a new apartment before marrying next year. An understanding of this contextual goal setting and goal pursuit process helps the identification, learning, and interpretation of meaningful innovation opportunities, and how to market them. It provides a fresh and new perspective for new growth.

It is easy to fall into the trap of defining demand simply in terms of broad consumer needs and wants, typical segment delimiters or personas, industry boundaries, or category dimensions. The problem with these broad definitions of demand is that they inhibit the search for innovation that really solves something of value for consumers. Often, they'll focus on some consumers while ignoring others, or fixate executives on the product features, category, or competition. This can lead to innovations that merely evolve a company's current offering and keep it relevant, but do not create a new source of sustainable growth.

Consider the story of Gatorade which is a well-known soft drink that started as a hydration aid for football players and became the dominant leader in the sports drinks category. The typical way the company defined demand was through broad consumer needs—nutrition for serious athletes, weekend warriors versus casual drinkers, teenage athletes versus older athletes, demand in mass-market channels or specialty stores, many flavors, variants, and price points.

Over many years, Gatorade expanded sales from athletes to casual drinkers, by adding new distribution channels, and by launching new variants and flavors. The brand grew until it did not. For several years until 2009, the brand declined. Then, it reversed its fortune and has grown steadily ever since. How?

Gatorade found success when it created a new demand landscape, one that focused not just on typical demand or category dimensions, but on the specific goals of serious athletes in three contextual moments of athletic performance: before, during, and after exercise. Deep analyses and understanding of the goals of athletes during these moments of peak performance with regards to hydration and nutrition led to the creation of the 1-2-3 G series of products, and a range of innovations from gels, bars, protein smoothies, to shakes. It scrapped a good part of its existing innovation playbook and launched a series of highly successful marketing initiatives. Sales growth, market share, and average price points increased as a result.

The story of Gatorade is instructive because it shows how the creation of a new demand landscape reframes the search for innovation opportunities, changes the innovation playbook, and the marketing of innovations for a dominant brand in a relatively mature and highly competitive category. The key to the creation of this demand landscape is to focus on something truly important to consumers and solve something truly worthwhile for them. For Gatorade, this was the nutrition and hydration needed before, during, and after intense exercise. What Gatorade did not need was another innovation project or some form of innovation theater that promises a breakthrough or game-changing innovation concept or two. What Gatorade needed was a way to break from the success formula that let to its growth since the 1960s and redefine demand in an innovative and new way—from the athletes' daily-life perspectives.

That is why we recommend mapping the demand landscape by observing the challenges consumers face in their daily lives, *before* acknowledging a company's current offering. The inspiration for a new demand landscape can come from a casual observation or the brilliance of a member of the innovation team, but more often, it is the result of a systematic and repeatable process of mapping demand. We start by dividing the athletic performance into stages from: how to prepare mentally and physically to achieves goals of performance to how to help ignite and hit that switch to explode into action. Based on this initial conceptualization, we conduct interviews, called confessional interviews because we ask athletes and consumers to reconstruct the moments or episodes of a time when they "prepared" for goal achievement and explain what happened during those moments in their own words. Athletes might talk about the day before a race, getting ready in the morning, or a moment shortly before working out. We then analyze, categorize, and structure how they take care of "fueling" their body to be ready for athletic performance. Often, we record consumers' activities, task, and things they do minute-by-minute or in certain time intervals. These interviews follow a semi-structured methodology.[5] As these are an important part of the innovation process, we are adding a section on this at the end.

Step 2: Reframing the Opportunity Space

While the previous step is primarily one of inquiry, this second step is about discovery. By changing the context of inquiry or perspective, we see things differently and discover new opportunities. Consider a car not as an automobile but a gigantic smartphone in which you can drive. How does this change your view of mobility? What features would you want the car to have? Step 2 uses a set of structured thinking tools that deliberately force this kind of thinking from new perspectives and from different angles. The goal is to broaden the market to the maximum range of opportunities. It is not only a creative process, but a structured problem-solving regimen that delivers insights to drive new demand and growth.

One simple tool uses a set of What-If questions from a company or brand perspective.[6] What if Nestle wanted to be the Lululemon of food? What if Uber is not just a different kind of a cab service, but a technology company that enables all sorts of on-demand services?

Another set of What-If questions can frame the opportunity space from a consumer perspective. Experts can be posed a common challenge and then asked the question: What would Croesus do? We call it the Croesus question because Croesus was the King of Lydia in Ancient Greek times and was renowned for his great wealth who had no limits on how much to spend.[7] How would Croesus solve for the well-known challenge that water resources may soon meet only 60% of the world's water demands, as the need for water will significantly rise over the next years? The Croesus question helps to come up with a solution to a problem as if there would be no constraints on resources, financials, or budget. This thinking helps to expand the opportunity space. From there, you can start thinking of less costly or resource-intensive solutions to the same problem.

These are just a few examples of structured thinking that the innovation strategist can use to expand and broaden the demand landscape's contours. Figure 2 shows nine tools of reframing.

Three tools help to look at opportunities from the perspective of an individual consumer:

Goal Adjacencies: This requires exploring adjacent goals. Allianz, the large insurance company, found that one adjacent goal of older consumers is helping

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[5]Diener and Tay (2013). For some detailed descriptions of the methodology: Thomsen et al. (2011); Young (2008).

[6]Joachimsthaler (2007), p. 105.

[7]This and other questions can be found in: Nalebuff and Ayres (2003).

Fig. 2 Nine illustrative tools for reframing demand *Source* Authors' compilation

Eyes of the Customer	Eyes of the Market	Eyes of the Industry
Goal Adjacencies	Substitutes and Spoilers	Changing Industry Assumptions
Related Activities	Enhancers, Complementors, Enablers	Discontinuities
Priorities/Tradeoffs	Segments of Opposites	New Business Models

grand children with getting their lives in order. This led Allianz to consider various innovation concepts that explored offering its services as gifts to family or significant others.

Related Activities: This tool requires looking at adjacent activities. Consider the success of Actimel from Danone. As a yogurt, Danone was mostly known as a healthy snacking alternative. When Danone rethought yogurt as a breakfast alternative or meal substitute with the launch of Actimel by introducing vitamin supplements in a yogurt drink, it significantly expanded the opportunity space and sales took off.

Priorities/Tradeoffs: This tool requires identifying ways to solve a major consumer contradiction. Typically, consumers prefer good designs but often cannot afford it. Design is expensive. IKEA solved the contraction by offering good design at affordable prices, by cutting costs on assembly and delivery, which consumers have to do themselves.

From a market perspective, the way of expanding the opportunity space requires to look at unique angles of the market where, for example, the product no longer existed, or where a competing product substitutes an existing one. Three tools for this are: the following:

Substitutes and Spoilers: Becker and Blaupunkt are two leading car stereo companies. A way for them to explore substitutes is to analyze how the iPhone substitutes the car stereo. By looking at potential substitutes, the brands can see how they can broaden their offering through better in-car entertainment systems that seamlessly link up to smartphones.

Enhancers, Complementors, and Enablers: From one perspective, the LEGO brick was doomed to fail in the world of video games and new "digital" kids but LEGO found success by sticking to the brick and building a set of enhancers, complements, and enablers around it, consistent with its mission to inspire and develop the builders of tomorrow. These complementors broadened significantly the opportunity space beyond the boxes of plastic pieces.

Segments of Opposites: This tool requires looking at extreme segments. CavinKare found success in the Indian market by reframing the market for skin- lightening beauty products at the bottom of the consumer pyramid. The company significantly broadened its market by offering its high quality Fairever brand at "snackable" or small-sized quantities and innovative pricing.

From an industry perspective, three major tools help to expand the opportunity space.

Changing Industry Assumptions: This requires defining the fundamental beliefs held in an industry and then challenging them. The global fashion brand Zara did it by rethinking the supply chain. Until Zara, the industry believed that fashion required two collections a year. Zara challenged this assumption and created a supply chain model that allows it to change its entire collection every 30 days or less.

Discontinuities: Discontinuities are major changes in the environment. The costs of LiDAR sensor technologies, for example, have dropped from over $70,000 to less than $1000 in five years. This exponential cost reduction has significantly changed the market for self-driving cars and expanded the opportunities for new mobility services.

New Business Models: This is one of the most important ways of reframing demand opportunities. Salesforce, the large software company, created the market for software as a service. Airbnb added 2.3 million rooms to the total worldwide supply of 7 million hotel rooms. Airbnb does not own the rooms but created a platform business that created new value for consumers and hosts.

Step 3: Structuring the Opportunity Space

While reframing helps to broaden the opportunity space and define new demand spaces, structuring helps narrow the innovation-playing field. Structuring involves looking for patterns or groupings that are meaningful and valuable to consumers. Structuring the opportunity space involves creating growth platforms. Growth platforms group a set of new innovations, products, services, or sets of methodologies, tools or capabilities that collectively solve for the challenges of the consumers as described by their goals and activities and priorities.

Growth platforms define the "why" of innovation. Growth platforms define the innovation challenge from a consumers' or outside-in perspective. A platform defines what to solve for that truly adds value in consumers' life, that is, how a company can help consumers in their goal pursuit in daily life. It helps the strategist to think of the capabilities that are necessary to create a new product; the degree to which it needs to leverage the broader business ecosystem through partnerships or licensing; it helps to broaden innovation beyond products and services and include, for example, business-model innovation or new ways of capturing value.[8]

[8]New business model reference, see: Osterwalder and Pigneur (2010); Girotra and Netessine (2014); de Jong and van Dijk (2015); Christensen et al. (2016).

It is our experience that, all too often, the ideation effort is focused too narrowly, solving for a single new product or service. The problem is clearly on display in the CPG category. Hall et al. (2016) note that while new product activity is very high in the category, of 20,000 products launched between 2012 and 2016, only 92 had first-year sales exceeding $50 million. Less than 20% of initiatives generated greater than $10 million in year-one retail sales, and 54% produced $3 million or less. Overall, 85% of innovations failed within two years.[9] We believe the reason for this miserably high failure rate has to do with the fact that innovation focuses too often on a single product, essentially pushing new SKUs on the shelf. The failures come from some of the most respected companies such as Coca Cola with Coke Life or Google which launched Google Glass as one of the most hyped pieces of new technology.

Success comes from innovating around a growth platform as Nestle did with Nespresso. Nespresso is a dedicated expresso machine and coffee pod or capsule system that was built through a number of small but meaningful innovations that recreate the expresso experience for affluent consumers in their homes.

Growth platforms are designed to avoid the problem of the one-hit wonder innovation. They provide a springboard and guidelines for growth platform innovations today but also for future products and launches in years to come. Growth platforms uncover opportunities for innovation and growth not visible from an individual product perspective. In luxury travel, for example, a growth platform could be made up of needs, situations, and customer characteristics such as indulgent productivity for business-oriented luxury travelers or convenience for business travelers who are more concerned about location and consistent quality. These two growth platforms lead to very different innovation ideas.

There are several steps to follow in creating growth platforms. The first step is to determine the strategic logic that governs the growth platform. An example might help to illustrate. Years ago, Kodak could have determined the market from a product logic, and divide its business into camera and film, and within camera it could subdivide the business into professional versus consumer use. A better way would have been to define the logic around consumers' activities and goals they seek around managing their memories: taking pictures, modifying pictures, developing the film, sharing pictures, and storing pictures. The second step is to pressure test alternatives to the strategic logic. Would organizing Kodak's demand around managing be that memories reveal new opportunities? Would organizing such a logic benefit from an additional structure such as segmentation? This would make sense if different consumer segments' needs, wants or preferences around the various activities of managing memories vary greatly. Young families might value more sharing family pictures with the extended family or friends. Consumers might differ greatly in their likelihood of storing photos and keeping them forever.

[9]Watson (2014)

The third step is to define the most valuable growth platform by quantifying them. While it is very difficult to assess the potential of new innovation before an innovation is launched, it is relatively easy to quantify the growth platforms through standard survey methods.

The problem with the dominant design-thinking approaches of today is that prototyping and testing is not the last stage of the innovation process. It is just the end of the beginning of the process of creating sustainable growth. Innovation success requires a set of instructions that a company creates for itself to ensure discipline in launching the innovation in the market place and enabling the processes inside an organization. And it is a fact that the discipline and set of instructions simply do not exist. Nielsen discovered that 25% of the 20,000 + product concepts lacked a compelling value proposition. Without it, the chance of success is only 5% in the market, only 50% of prototypes can be translated into products that score high enough for in-market launch, and of those more than 25% still fail because of weak in-market execution.[10] This is why the DIG model has a fourth step: the formulation of a strategic blueprint for action which we will describe in the next section.

Step 4: Formulating a Strategic Blueprint for Action

This range of tools defines in-market actions and activities required to move innovations toward realization. It provides an essential framework for prioritizing growth platforms and achieving growth objectives, but also defines an action plan for branding, customer experience, and marketing.

Using a simple strategy formulation process focuses the effort in meaningful ways. Over the last 20 years, we have applied this process in several hundreds of situations with senior executives in a wide variety of industries. At its core, the process involves three major questions:

5. Objectives: What are we trying to achieve?
6. Advantage: What resources do we have to achieve these objectives?
7. Scope: Where will we compete?

We utilize a facilitated workshop methodology to implement this process.[11] In our experience, the DIG perspective tests some of the fundamental questions of strategy or branding. Traditionally, the key questions of strategy are: What business are you in? Where do you play? How do you win?

It is helpful to explore just for illustration the first question of "what business are you in?" from the D.I.G. perspective. Nike is not in the shoe business, we readily agree. Many would say Nike is in the business of inspiring the athlete in all of us.

[10]Beard (2017).

[11]Collis and Rukstad (2008) and David Collis (2016). David Collis is an advisory board member of Vivaldi Group.

This is true from the perspective of Levitt (2004). From a D.I.G. perspective, though, it is necessary to consider and understand the moments of how consumers live. They really do not live in the abstract, they live here and now in the daily grind of managing their health, sports, and fitness while everything else gets in the way. Strategy needs to answer the question of what are consumers solving for in their daily running routines. Only then follows the essential question of Nike: what business are we in? The answer: Nike is in the business of solving for the daily routines of runners. Is Kellogg's in the cereal business or the health and wellness business? Well, both, and none of these answers are good enough definitions of the business that Kellogg's is in, today. Is Tesla in the transportation business or in the technology business? Or none of the two? Is Tesla in the business of using technology to help people solving transportation in urban areas? There is value in answering the "what business are you in?" question by clarifying what achievement of goals do you improve, what activities of the customer do you enable, what decisions do you make easier for customers? Where do you minimize customers' effort or time?

Brand Strategy

As it is with the change in business strategy, the DIG perspective can change the way brands are built. In the traditional sense, branding is about shaping perceptions of customers by positioning brands relative to competitors' brands based on a set of attributes that are meaningful and relevant to customers (Aaker and Joachimsthaler 2000).[12] From a D.I.G. perspective, solving for this traditional view in branding is just the cost of entry today. Relevant differentiation is necessary but not sufficient. Successful brands do not merely shape attitudes; they do, show, and demonstrate how they solve problems given customers' goals, activities, and priorities.

The question of how a brand compares relative to competitors is replaced by how a brand solves a daily life challenge of a consumer. GoPro is not just a better action camera relative to other camera manufacturers, GoPro helps people capture and share meaningful memories of their lives. GoPro does not merely compete against competitors, it primarily competes for the limited attention of consumers, for the nip of effort they allocate towards capturing and sharing memories in the context of what really matters to them: surfing, snowboarding, or spending time with family. Moments that matter.

Why then again this fourth step of the innovation process in the D.I.G. model? Because innovations fail in the market place, not in the prototyping stage. All of the several thousands of innovations that are launched in supermarkets every year have cleared enormously challenging innovation hurdles such as the stage-gate process. All of these innovations have been researched and tested in-market with all sorts of

[12] Aaker and Joachimsthaler (2009). Originally published by The Free Press New York in 2000.

marketing research techniques. They have been guided by a competent manager, executive, or team that had an inner conviction that this innovation would be successful in the market place. And in the end, despite the overwhelming facts and evidence from research along the innovation process, despite the unshaken beliefs that the innovation would succeed, the innovations failed, at least 85% of the time. That is why innovation success is not about an idea or design or a prototype, it is about launching successfully in the market place and having consumers adopt the innovation in their lives to help solve something that really matters.

Challenges Ahead: Why Is Innovating so Hard?

In this chapter, we have described the D.I.G. model and our experiences with it to date. Like other innovation approaches, our ambition was to improve the outcomes or success rate of innovation. However, ten years on, the overall success rate of innovations launched in the market has not improved despite the many years of scholarship and practice. It is a reasonable question to ask why? We think the answer lies in the fact that we are facing an entirely different consumer or customer today. The economic context has changed. We live in the attention economy, where consumers' attention is a scarce commodity. In this economy, successful innovation requires a minimum level of attention and effort on the part of consumers in the market place. That is the real innovation challenge!

At the center of the attention economy is a new and smarter consumer who is more empowered, more connected, and more proactive. Technology is not just changing them; it is changing how consumers relate to others and how they go about their daily lives. In order to manage their lives in an attention deficit world where the pace of change has accelerated, they adopt technologies and tools to solve their daily life challenges. They buy a product or service, or rent, borrow, or share to solve something, to achieve a specific goal or satisfy a need or want, so as to quickly get on with life. Four dimensions make up this attention economy:

1. *Consumers adopt technology at an exponential rate.* It took 38 years for 50 million consumers to adopt radio, 13 years for TV, 9 months for Twitter but only 80 days for the iPad.[13] While consumers adopt new innovations at an accelerating rate, they also discard them faster.
2. *Consumers are more active problem solvers.* They set goals, pursue a set of activities to achieve these goals, and make decisions given constraints such as time and money. They hire technologies, use search and filter tools, and crowd source friends and strangers, with the intent to get the daily job done. They budget and optimize and strive to become efficient and effective decision makers who seek value and utility from products and services to manage their lives.

[13] Annan (2012).

3. *Consumers behave similarly to the flight of a bumble bee.* Consumers power through search, evaluating, buying and using products and services in an erratic, zigzag, sporadic and peripatetic way jumping from product to technology to service, brand to brand, from channel to channel, device to device – all the while taking care of what really matters to them, much like a bumble bee goes about life. The customer journey is not a journey; it is a sprint with a thousand turns.
4. *Consumers today are distracted in a world full of noise.* Their attention is the scarce commodity, not money. Attention is the most valuable currency. Consumer attention span has declined from 12 s in 2010 to 8.25 s, below that of a bumble bee or goldfish for that matter, while the constantly increasing amount of information in our information-rich world further creates a bottleneck on consumers' time and attention.

In short, consumers power through the days, weeks, and months to get their life projects, tasks, and goals done quickly and efficiently. They substitute brands or products, willingly discarding them at an ever more alarming rate. They are far more willing to experiment; they are wary of any hassles of shopping; they switch brands or channels at the spur of the moment; and they skip marketers' messages with intent and quickly see through the wiles of advertisers. Long gone is the gullible consumer of the Mad Men world that could sell a product or service or a new innovation through clever advertising alone. That is the innovation challenge for today and the years to come.

A Note on Research Methodologies

Given the importance of research in discovery, we've added an additional note on research for the benefit of readers.

Interviews are a key tool in creating a new demand landscape. However, it is helpful to employ interviews as part of a well-designed research effort. Figure 3 shows four broad types of research efforts:

Life Laboratories. These are digital and virtual platforms (part mobile, part social, part research community) that provide real-world contexts for studying the moments of typical consumer challenges. Typically, a large number of consumers participate in the Laboratory over several weeks. While many share access to their social media and digital browsing activity, all participants keep a diary of broad consumption and purchase behaviors—as well as their personal projects, daily to-do lists, and other matters that put constraints on their time.[14] We then conduct selective interviews with a smaller set of consumers and some participate in video

[14]We use a methodology known as reconstruction of moments or episodes: Joachimsthaler and Pfeiffer (2010).

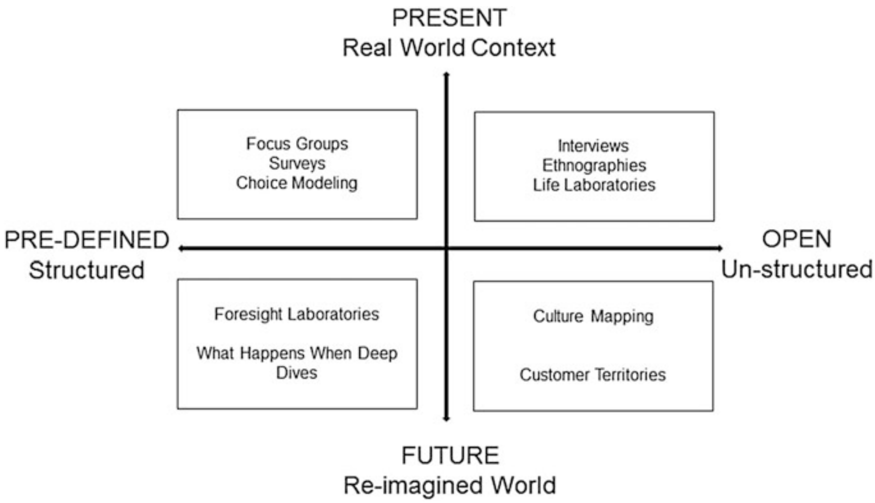

Fig. 3 Research methodologies

focus groups, ethnographies, and mobile-tracking studies.[15] During the study, we maintain close interactions with Life Lab participants through text messaging, chat discussions, message boards, video interviews, and email. Through the right combination of data and information supplemented by confessional interviews, it is possible to gain a comprehensive understanding of consumers' lives which opens up areas of deep exploration. Innovation opportunities lie in this fertile ground.

Foresight Laboratories and WHW Deep Dives. Inviting diverse experts to participate in a virtual think-tank, Foresight Labs imagine a world years in the future based on input from the preceding Life Labs. These collaborative sessions typically run for about six weeks. In order to explore future demand, we use "What Happens When (WHW)" Deep Dives—"*What happens when there are 24 billion connected devices and only 7.6 billion humans? How will this change the way consumers solve for [x]?*"

We also found success with WHW Deep Dives involving specific consumer groups such as lead users, extreme users, and fringe users. For example, we compare grocery shoppers that are early adopters versus traditional shoppers of the new concepts such as AmazonGo (stores without checkout lines), AmazonFresh or FreshDirect (regular online shopping delivered to the door), AmazonFresh Pickup service which allows ordering online while picking up groceries minutes later in a drive-through type store. Understanding the differences in behaviors of these "lead" users from other shoppers and discussing them with retailing or technology experts provides valuable input for a forward-looking demand landscape.

[15]For an example of one of many mobile phone tracking solutions today, see: Macdonald et al. (2010).

Cultural Mapping. Conducted on its own or as part of the Life Labs, this tool is extremely helpful when attempting to understand the cultural meaning behind moments in consumers' lives. The goal is to visualize the future by understanding signals and patterns and interpreting trend forces, language, and collective stories from the past and present.[16] While there are many different methods to map culture, a hybrid approach that brings together consumer anthropology and data science is helpful. Tim Stock and his colleagues at ScenarioDNA provide a good example. ScenarioDNA applies a patented process that classifies and patterns linguistic identifies (words and images provided by consumers), develops archetypes and semiotic coding, and applies data visualizations, computational linguistics and social network analyses.

The work for IKEA's global design team illustrates this approach. Homeowners on the brink of a kitchen remodeling project and home design experts were recruited. Researchers visited their homes, invited them to participate in test-kitchen environments (life labs) to chat and play out frustrations in the kitchen-planning experience. The collected information went through a process of semiotic coding, including gestural analysis of interactions using video analytics to identify common themes, tensions, and discrepancies. The goal was to see the most distinctive and important codes and pattern them. This allowed the team to create unique archetypes of kitchen ideology, reflecting past, present and future.

The archetypes helped IKEA to understand how design features were connecting to present, emerging and future mindsets and how to communicate them in the IKEA retail experience process. It helped to understand how culture had cycled through phases of functional kitchens and designer amenities and back to the culture of "doing." Importantly, the mapping effort showed how "doing" has evolved toward an open, accessible, and participatory experience. This led IKEA to modify its innovation playbook and change styles and functions in 2013. Within a few years, IKEA was seeing record profit increases, in part, attributable to kitchen and dining room sales.

The power of cultural mapping by combining techniques from consumer anthropology and data science lies in its depth and richness in understanding the consumption or use experience on one side, and on the other side it provides a semi-quantitative way to evaluate the potential capacity of new innovations to create value for consumers, and to fit into the lives of emerging or future consumers. Figure 4 shows the range of data that can be considered in a mapping exercise to create a demand landscape. In one application at Frito-Lay, a team analyzed 10,327 activities and 33,333 goals amid hundreds of consumption contexts.[17] Frito-Lay learned that while a typical potato chip consumption happened to be the sandwich meal, through the analyses they discovered that there are dozens and dozens of other moments for which potato chips are opportunities. Examples of these moments were those where consumers seek a break from activities (a moment of reflection after several hours of writing on some content; or a break between tasks remembering a

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[16]Additional sources: Stock and Tupot (2015) or Holt and Cameron (2010). McCracken (2009).
[17]Joachimsthaler (2007), p. 72.

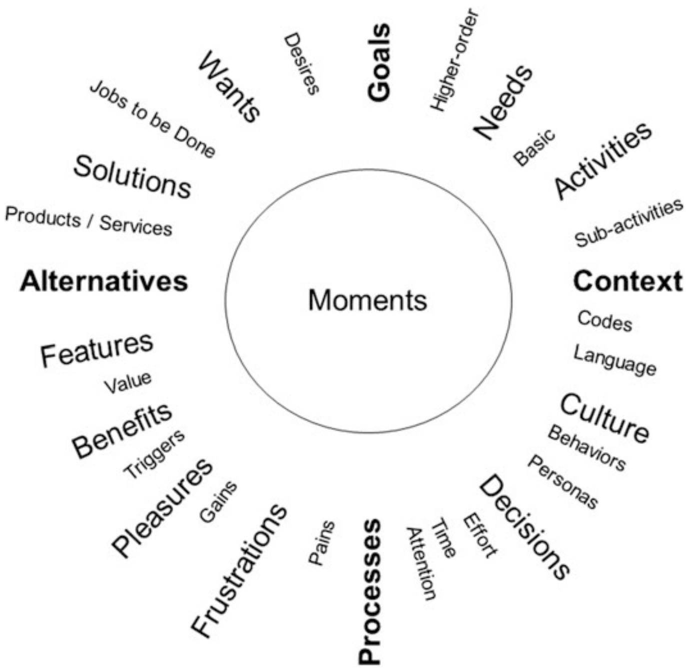

Fig. 4 The depth and richness of moments *Source* Authors' compilation

friend's birthday). When Frito-Lay refocused its innovation and marketing around these moments, which they called Smile moments, sales took off.

A Note on the Ideation Process

A central aspect of the DIG process is the ideation process. What makes our process unique is that we strictly ideate around growth platforms using structured thinking, not just "brainstorming". At times, ideation requires access to innovation studies. We describe briefly these components of the process and conclude with a note on design thinking.

Structured Thinking for Innovation. In our work, we bring together brainstorming with structured thinking to drive better innovation results. This ensures that ideas deliver against overall business objectives rather than just appear innovative on the surface. One tool we use is known as the customer activity chain. The chain consists of the activities of the customer around the purchase (point of purchase) and around the point of purpose (point of usage).[18] Another tool that helps ideate around the company activity or value chain is the Ten Innovation Types model by Larry Keeley.[19] The tool is based on a set of innovation premises. One is that innovation almost never fails due to a lack of creativity, but it almost always fails because of a lack of discipline. Consider the Segway personal transporter, a two wheeler created by design genius Dean Kamen and hyped by venture capitalist John Doerr as more important than the internet. Despite the awards received for numerous design inventions and creativity, Segway never took off. Another important one is that the most certain way to fail is to focus only on products. Successful innovators use many types of innovations. Nokia did not fail because its products were no longer innovative when the iPhone launched. Nokia failed because Apple mobilized its thousands of developers (offering them an easy way to code new apps via a software developer kit, etc.) and make money by creating useful innovations for the iPhone at the speed of uploading them to the app store. There are many other tools that combine structured thinking and alternative ideation forms (Curtis 2009).[20]

Innovation Studios. A powerful way to foster innovation is to set up an innovation studio, either physical or virtual. For many companies, it has been a major activity over the past years. Starwood Hotels & Resorts Worldwide launched Starlabs in New York City in 2015.[21] IBM Design Studios is another great example.[22] IBM's effort is probably one of the most ambitious ways of creating physical spaces in major cities around the world, where IBMers can collaborate with customers. It is probably the largest studio network in the world. While the studio serves to help customers, it does so by enculturating design into all its systems and process from hiring, to training, employee review processes, to the layout of the office space and even the way office supplies are ordered. Over 100,000 IBMers have participated in design workshops.

Most companies probably cannot afford to set up a global innovation studio. It is also not necessary. We typically set up temporary physical locations in key cities around the globe and link up the locations virtually using our collaboration platform. There are seven success factors that we have found matter when setting up an innovation studio to help our clients in driving new innovation (Fig. 5). The key challenge is to bring together the right combination of assets, capabilities, and resources. At Telefonica, a team explored how the elderly live in their homes and how technology could enable better living. Our team set up pop-up innovation studios, which represented as faithfully as possible the rooms of elderly consumers. Ideation workshops took place in these pop-up studios.

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[18] Joachimsthaler (2007), p. 64; and also: Robertson (2017).

[19] Keeley et al. (2013). An alternative framework is the innovation radar: Sawhney et al. (2006).

[20] For a short explanation how brain storming and structuring thinking workshops can be used together, see: http://bit.ly/2h2Zr6O, Michel (2014), Almquist (2016).

[21] Doyle (2015).

[22] Quito (2016).

Fig. 5 Seven success factors in building innovation studios *Source* Authors' compilation

Design Thinking. Since we wrote the *Hidden in Plain Sight* book, many processes, methodologies, and tools of innovation that existed at the time have been popularized in writing on design thinking. This is a good development since design thinking also has a very solid academic foundation in the work of Herbert Simon and has built a powerful movement around the world. There are a number of excellent sources that cover the state of the art on design thinking, so there is no need to cover more here.[23]

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher or the Editor.

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[23]For an entire outline of a design thinking bootscamp, see: Schmiedgen (2013), Merholz (2009), Tjendra (2013), Nussbaum (2011).

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In his career, Erich has published over 100 articles in highly respected academic journals and best-selling and award-winning books.

Together with David A. Aaker, he wrote some of the most seminal and best-selling articles on brand strategy and brand architecture in the Harvard Business Review and the California Management Review. His book Brand Leadership, co-authored with David A. Aaker was first published by The Free Press in January 2000 and republished in 2009 by Pocket Books London.

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The Four A's of Marketing

Jagdish N. Sheth and Rajendra S. Sisodia

Introduction

Among all the business disciplines, marketing routinely experiences and accepts the highest rates of failure. Consider the results of a study conducted by Copernicus Marketing Consulting (Clancy and Stone 2005) that paints a grim picture of marketing performance:

- 84% of 500 marketing programs studied, resulted in declining brand equity and market share
- Most customer acquisition efforts fail to break even
- Fewer than 10% of new products succeed
- Most sales promotions are unprofitable
- Advertising ROI is below 4%

Why do otherwise highly efficient free markets continue to experience high rates of new product failures, despite heavy expenditures on market research? Why do so many advertising campaigns flop, even when the managers creating them are talented, experienced and hard working? Is it because of environmental uncertainty, unpredictable customers, or tough competition? Is it due to poor measurement systems? Or is it because of the way marketing managers plan and implement product launch strategies?

This chapter takes from the thought process depicted in the authors' book The 4 A's of Marketing: Creating Value for Customer, Company and Society (Routledge 2011). The book is available on http://rajsisodia.com/.

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Marketing failures are often chalked up to fate (reflected in statement such as "most new products fail anyway") or poor timing ("the market wasn't ready for this product"). Other convenient fall guys for failure including manufacturing, advertising agencies, and retail partners. While some of these excuses may be valid, more often than not they are simply lame. We have found that marketing failures can almost always be attributed to management decisions that reflect a poor understanding of what really drives customers.

Of all the business functions, marketing is subject to the highest degree of outcome uncertainty. The link between marketing actions and marketplace effects is often unclear and tenuous. Desirable customer behavior cannot be mandated; it can only be hoped for. Marketing managers too often operate in the dark, tinkering with marketing tactics and inventing new gimmicks, such as, "employee pricing for all" to improve the odds of success.

Not surprisingly, CEOs and corporate boards are growing increasingly skeptical of the marketing function's ability to deliver reasonable returns on resources invested. Scholars have suggested that because of its failure to perform, marketing has lost its seat at the table when it comes to making strategic decisions at many companies (Webster et al. 2003).

Marketing has failed to deliver because it is too selling-oriented, obsessed with inventing tactics to get customers to buy. Too many marketers do not understand the factors that fulfill marketing's purpose, which is to acquire and retain deeply satisfied customers at a profit. The principal drivers usually under marketing's control or influence—the product's attributes, price levels, distribution methods, and promotional messages and approaches—do not readily map to performance indicators such as customer satisfaction, loyalty, market share, profit contribution and growth.

When marketing is done right, customers are happier, the business grows faster, and profits accumulate. To achieve this, *everyone* in the company must stand in the customer's shoes, not just the marketing department. The voice of the customer needs to be heard throughout the company's operations, R&D, IT, logistics, finance, and all other functions.

A New Tool for Focusing on Customers

Marketers want to organize around customers but lack a tool that enables them to do so effectively. To understand the *true* causes of marketing success and failure, marketing managers need a way to clearly see the cumulative effects of their company's myriad actions on customers. From the customer's vantage point, the bottlenecks that lead to product underperformance or outright failure often become quite clear—and are not always found at the top of the bottle. Rather, they are spread throughout, especially in areas outside of the traditional marketing department's domain. For example, logistics and customer service loom far larger on the radar screens of many customers than do sales and advertising.

In this chapter, we present a simple but powerful framework that helps managers see a business's every action through the eyes of its customers. This approach is organized around the values that matter most to customers: Acceptability, Affordability, Accessibility and Awareness, or the "4A's." The 4A framework offers a customer-value perspective based on the four distinct roles that customers play in the market: seekers, selectors, payers and users.[1] For a marketing campaign to succeed, it must achieve high marks on all four A's, using a blend of marketing and non-marketing resources.

Over the years, we have used the 4A framework to study over 500 marketing successes and failures. Products evaluated include such major marketing hits as the Apple iPod, DirecTV, Gatorade, Swatch, Quicken, America Online, Starbucks, Blockbuster, Chrysler Neon, Ford Mustang, Gillette Sensor and cellular telephony. We've also used the framework to dissect marketing disasters such as APS cameras and film, Crystal Pepsi, Crosspad, Sony's Betamax, the XFL football league, Webvan, and GTE Airfone.

The Four Roles of Customers

In every marketplace transaction, customers play four different roles: they seek information; they select and acquire the product; they pay for it by expending time, effort and money; and they use or consume it (Fig. 1). An individual customer or organizational entity might play one or more of these roles, or combine with other individuals or entities to perform all four. (For example, one person might acquire information about a product and recommend it to a friend, who then selects, purchases, and consumes it.) Either way, if a sale is to be consummated, each of the four roles must be enacted to the satisfaction of the person, or the entity carrying it out.

It is important for marketers to understand this distinction between customer roles because each role emphasizes different aspects of the transaction. If the company doesn't deeply understand the values and characteristics that shape each role, it will not be able to do what it is required for the customer to make a purchase.

What are the wants and needs that define each role? The seeker desires enough of the right kind of information about the offering. For users, the focus is on the characteristics of the product or service itself (such as functionality, efficiency and reliability), as well as its accompanying experiential elements. For the payer, the offering's total price is paramount. And the buyer desires a frictionless way to acquire the product. Note that:

[1]A fifth role is that of "evangelizers." Companies don't simply want customers to use the product —they want them to praise it to others. As we will discuss, this helps spread awareness and fits in with the "seeker" role played by other potential customers.

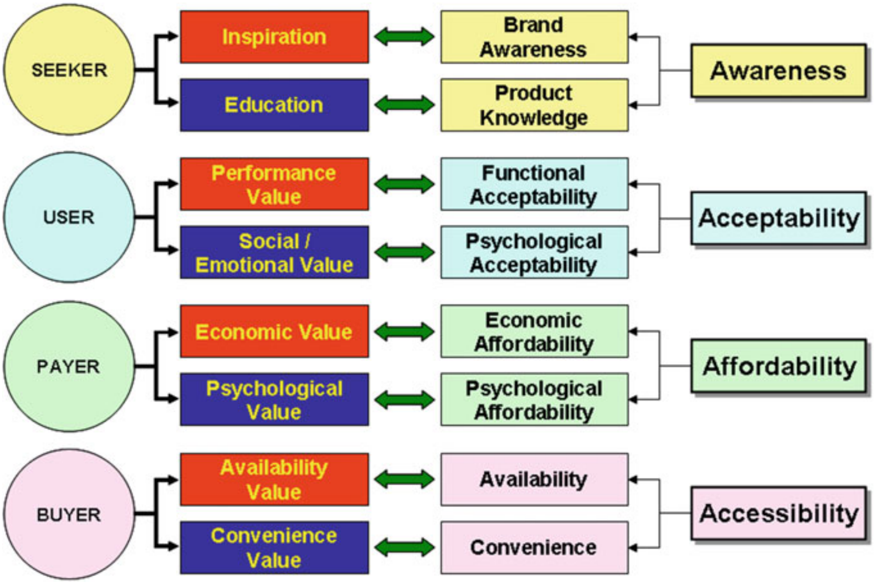

Fig. 1 The four A's and customer roles. *Source* The 4 A's of Marketing: Creating Value for Customer, Company and Society (Routledge 2011)

- The seeker role is primarily associated with the **Awareness** of the offering
- The user role is primarily associated with the **Acceptability** of the offering
- The payer role is primarily associated with the **Affordability** of the offering
- The buyer role is primarily associated with the **Accessibility** of the offering

Most marketers have not traditionally divided the roles that customers play in this manner, except in business-to-business contexts, where the roles are very distinct. For example, the organization's decision-making unit or buying center may consist of representatives of the employees who will use the product, finance people who pay for it and procurement people who acquire it. In the consumer market, the separation of roles is evident for many household purchases. Young children use many products, but they are not usually payers or buyers. Older children may be asked to do the shopping on occasion, but they do not typically select what is purchased, nor do they control the budget.

Understanding the multiple roles customers play in the marketplace is crucial to a marketer's ability to devise a marketing program that has a high likelihood of success.

Market Values Sought by Seekers

Most humans are seekers by nature, constantly searching for ways to improve their lives. This also applies to their roles as customers. The relentless pace of innovation, growing ever more rapidly, ensures there is always something new on the horizon that has the potential to contribute to a customer's life experience.

What do people seek? Of course, it depends on the individual and his or her circumstances at any particular moment. However, we can generalize to say that people desire happiness, fulfillment, satisfaction, new and exciting experiences, and solutions to problems. Fundamentally, people continually look for ways to improve the quality of their lives.

To improve the quality of their lives, consumers continually absorb information about products and services. Seekers can be passive or active in their search for information. When in the passive mode, they are not highly motivated to seek out and act on information. They don't have an urgent need, but remain open to receiving information that could prove beneficial to them in the future. Active seekers, on the other hand, search for information and are primed to act (provided the offering meets the criteria laid out by the other A's). In contrast, with passive seekers, they "lean forward" rather than "lean back" in their search for and processing of information. Anyone who walks through a retail store's doors is an active seeker, especially when she claims she is "just browsing."

Our research suggests that the seeker role has two key dimensions: education and inspiration. As learning animals, humans look to continually enhance their mastery over the domains in which they live and work. They seek to educate themselves to gain expertise and confidence in what they are doing. Beyond education, people also seek inspiration—the spark that will ignite their imagination; that will enable them to experience life in a new and compelling way. Inspiration is essential to creating in consumers the motivation to act on the information they gather.

The information revolution that we have experienced in the last few decades has dramatically transformed the role of customers as seekers. The biggest impact has been to diminish the role of marketing approaches such as mass media advertising in fulfilling the needs of customers as seekers. Most customers are no longer content to be passive recipients of poorly targeted information. Few television commercials are watched with any significant degree of attention. Increasingly, interested customers are becoming active participants in the process. Even information that used to randomly come to consumers now typically reaches them by design. For example, Google's sophisticated use of context-based advertising puts relevant information in front of potential customers at the very moment they are searching for related information or referring to certain products or activities in their email communications.

Market Values Sought by Users

In their role as users, customers seek two types of value: performance value and social/emotional value.

Performance Value: This refers to how well and consistently a product serves its principal function. The performance value resides in and stems from the physical composition of the product or from the design of the service. Thus, the product's performance depends heavily on the quality of its design, engineering, and manufacturing.

Customers buying detergents seek performance values such as dirt and stain removal from clothing and protection against color fading. For business products, much of the value is a function of how accurately and reliably a product performs. As the performance of business and consumer products improves, consumers' expectations rise as well, to the point where there is now nearly a zero tolerance for error. A hospital's blood-testing equipment must give absolutely correct measurements; machine tools must cut metallic surfaces well within specified tolerance limits; and the seafood delivered to a supermarket or restaurant must be as fresh as the day it was caught.

As we mentioned earlier, it is important to remember that many other parts of the organization impact performance value. For example, engineers need to hear and understand the customer's voice so they can design products accordingly.

Social/Emotional Value: Products are bought and consumed not just for their physical characteristics, but also for the social and emotional benefits they provide. These include sensory enjoyment, attainment of desired mood states and achievement of social goals (e.g., high social status or acceptance by one's reference groups).

Users driven by social value choose products that convey an image that they believe helps them fit in with a desired group or initiate new social relationships. Additionally, market choices are also based on a product or service's potential to arouse and satisfy the user's emotions. Most experiential consumption offers the promise of emotional value. Examples include, watching a movie, eating a favorite dessert, savoring a glass of wine or enjoying a bubble bath. In business-to-business settings, some might find that attending a convention or industry trade show is a form of experiential consumption.

Market Values Sought by Payers

Customers as payers seek two types of market value: psychological value and economic value.

Psychological Value: An offering's psychological value reflects the customers' willingness to pay what is being asked in exchange for what is being offered. The customer must perceive that the price being asked is fair, taking into account the total costs incurred in acquiring and using the product. Judgments about whether the price and costs are reasonable are always made within the context of the product's benefits.
Economic Value: In addition to being willing to pay the price being asked, customers must also be able to economically afford to pay the price. Customers must have the income or accumulated assets to pay for the purchase. Pricing, finance schemes, easy installments all become important in this context.

Market Values Sought by Buyers

In their role as buyers, customers are concerned with availability value and convenience value.

Availability Value: For buyers, a key market value is the availability of the product. Availability refers to an adequate supply of the core offering, as well as necessary accompanying services such as pre- and post-purchase advice and assistance in maintaining the product's usability. In many situations, marketers successfully stimulate market demand but are then unable to close the deal because they lack sufficient supply. This could be due to poor sales forecasting, inadequate manufacturing capacity, a shortage of key components, transportation bottlenecks, or other unanticipated factors. To cite just one prominent example, Boeing was plagued with problems delivering its new Dreamliner aircraft for more than three years.
Convenience Value: Acquiring a product requires time and effort. The effort includes the distance the customer must travel to acquire the product. The more the company can reduce the amount of time and effort that consumers expend in acquiring the product, the greater the convenience value. Uber and other car sharing services provide excellent examples of friction free access and payment.

As we suggested earlier, we have designed the 4A framework to correspond closely with what customers are looking for in their various roles. Figure 1 shows the direct connection between the market values sought by customers and the components of the four A's. The four A's represent a straightforward way of ensuring that marketers pay attention to all of the requirements that must be met to satisfy customer needs in each of their four roles.

The four A's of Marketing: Definitions

Now that we've unpacked the roles that consumers assume in their pursuit and purchase of a product or service, let is dig deeper into the definitions of each of the A's:

Awareness: The extent to which customers are informed regarding a product's characteristics, are persuaded to try it, and are reminded to repurchase it. It has two dimensions:

- *Product Knowledge* (indicated by factors such as interest, understanding, involvement, relevance)
- *Brand Awareness* (indicated by factors such as brand recall, brand associations, perceived brand characteristics, brand attraction)

Acceptability: The extent to which the firm's total product offering meets and exceeds the needs and expectations of customers in the target market. It has two dimensions:

- *Functional Acceptability* (indicated by factors such as core attributes and capabilities, functionality, ease of use, quality, reliability)
- *Psychological Acceptability* (indicated by factors such as brand image [reputation, positioning, personality], styling, social value, emotional value, perceived risk)

Affordability: The extent to which customers in the target market are economically and psychologically willing to pay the product's price (monetary as well as non-monetary). It has two dimensions:

- *Economic Affordability* (the ability to pay, indicated by factors such as income, time and effort required, assets, financing, fit within budget)
- *Psychological Affordability* (the willingness to pay, indicated by factors such as perceived value for money, perceived fairness, price relative to alternatives)

Accessibility: The extent to which customers are able to readily acquire and use the product. It has two dimensions:

- *Availability* (indicated by factors such as supply relative to demand, the degree to which the product is kept in-stock, related products and services)
- *Convenience* (indicated by factors such as the time and effort required to acquire the product, the ease with which the product can be found within and across locations, packaging in convenient sizes)

For a company to succeed, it must achieve a high score on all four A's. Each of the A's can be measured on a "0–100%" scale for a given target market. In other words, we measure the fraction of the target market that finds the offering to be acceptable, the fraction that finds it affordable and so on. A simple formula is then used to calculate the "Market Value Coverage" (MVC), which is a measure of how well the overall marketing program succeeds in ensuring that prospects have the greatest likelihood of turning into actual customers:

$$\text{MVC} = \text{Acceptability} \times \text{Affordability} \times \text{Accessibility} \times \text{Awareness}$$

The framework, by design, is not "compensatory." That is, the elements do not substitute for each other; a company cannot make up for a severe shortcoming on one A by greatly increasing its emphasis on another. To succeed, a company must do well on all four dimensions. To fail, however, a company need only fail on *one* of the dimensions, even if it performs brilliantly on the others. If two of the dimensions are at 100%, but the other two are only at 50%, the program can achieve a maximum of only 25% of the target market (100% × 100% × 50% × 50%). If all four A's are at 25%, the maximum achievement potential is only 0.39%. Of course, if a company registers a zero on any one A, it doesn't matter how it performs on the remaining three—the marketing campaign is doomed to fail.

For companies that aspire to market leadership (in terms of market share), it is essential that the MVC considerably exceed their target market share. For smaller companies that are addressing a market niche, a smaller MVC is acceptable, when assessed against the full market.

To achieve high market-value coverage, marketers must create high value in all four areas. Customers don't make trade-offs across the A's; they need all four criteria to be met. However, managers often accept trade-offs, such as raising Acceptability at the expense of Affordability. Successful managers refuse to accept trade-offs and strive to deliver simultaneously on all the A's.

Why It Matters

Looking through the 4A lens helps companies avoid marketing myopia (an excessive focus on the product) as well as managerial myopia (an excessive focus on process). For example, focusing on Acceptability and performance value helps keep marketers focused on the need being satisfied rather than obsessing over the product, while thinking about Accessibility keeps the marketer focused on delivery over process. In fact, the 4A approach is a powerful way to operationalize the marketing concept; it enables managers to look at the world through the customer's eyes. We believe that this ability has become an absolute necessity for success in today's hyper-competitive marketplace.

Importantly, the four A's define the requirements for overall *business* success, not just marketing success. First of all, business success and marketing success cannot occur in isolation from one another. Second, managers must leverage all the resources available to the company to enhance each of the A's in the most cost-effective manner. Many of these fall outside marketing's traditional domain (signified by the 4Ps).

The 4Ps framework demonstrates the company perspective/function and the four A's as customer orientation. It is not about pricing, it is about creating a value exchange in which customers are not only willing but happy to invest the money, time and effort needed. It is not about distribution; it is about convenience and availability. It is not about advertising and promotion, it is about customers knowing who we are and what we stand for.

Though the four A's drive overall business success, the marketing department needs to be the integrator, the lead player in achieving high levels on each of them. Most companies today understand that a strong customer orientation is a necessary requirement for sustained success. This proposition is widely supported at the board and executive levels, and is even acknowledged by other business functions such as finance and operations. The problem, as we have seen firsthand in many organizations, is that marketing has done a poor job of helping companies *become* truly customer oriented. Too many marketers are preoccupied with relative trivialities such as cents-off coupons, media impressions and creative executions. As a result, they have gradually lost credibility and influence within many companies. We believe the 4A framework is the tool that marketing managers need to achieve high levels of effectiveness and efficiency in everything they do. It is structured and concise, an easy leap for managers who are already familiar with marketing's popular 4P framework.

The 4A framework provides managers with an intuitively appealing yet conceptually rich way to examine and measure the results of their marketing efforts. By monitoring those results along four clearly defined criteria, managers can dynamically reallocate marketing resources to the various action levers at their command until they achieve the desired results. In some cases, they may quickly discover that the resource implications are so severe that they must consider a drastically different marketing strategy, change their target market, or abandon the project altogether. Either way, the four A's can help prevent the company from investing resources unwisely.

It is our hope that the 4A framework will also serve an important societal objective, by helping to efficiently and effectively deliver life-enhancing technologies and services across a much broader spectrum of the world's population. By using the four A's to identify the bottlenecks and craft creative ways to address them, companies, nonprofits and governments can work together to elevate the quality of life of millions of people.

Hits and Misses: Roomba Versus Segway

Two of the more intriguing and unusual products to come along in recent years are the Segway Human Transporter and the Roomba robotic vacuum cleaner. Both products represent significant technological breakthroughs and attempts to create new markets. But their track records have been very different.

The Segway HT, unveiled in December 2001, is a two-wheeled, battery-powered mobile device that looks like an old-style push mower. The Segway can transport a rider for an entire day using a battery charged with household electricity. Its gyroscopic sensors detect subtle shifts in the operator's body and respond by moving the device in the appropriate direction. Most people who try the Segway HT are amazed at its stability, uncanny responsiveness, and ease of use.

The Roomba from iRobot (a company previously known for its successful military robots) is about the size of a home bathroom scale. It allows busy parents, pet owners and physically handicapped people to keep their floors impeccably clean with minimal effort. The Roomba uses intelligent algorithms and advanced sweeping and vacuuming mechanisms to cover 90% of a room with just a touch of a button. Employing a three-stage cleaning system, it brushes, sweeps, and vacuums, all in one collaborative motion. With its low profile, it can reach under sofas and other objects.

Owners love to demonstrate their robotic helper to families and friends. Watching a Roomba navigate through the house, turning in seemingly random directions, staying within the virtual walls' limits, stopping just a few inches short of falling down stairs, and returning dutifully to its charging station once its work is done can be quite entertaining. Users are amazed to see the amount of dirt in its garbage bin after it completes its rounds. The product just keeps getting better; based on customer suggestions, the company has added features such as bigger bins, brush cleaning, dirt detection, rapid charging, and automatic return to the charging station. There are now eight members in the Roombafamily, each with its own functionality, price and personality.

Two years after it was launched in October 2002, iRobot sold its one-millionth Roomba, making the product a bona fide hit. By contrast, only 6000 Segways were sold in the first two years after its launch, a far cry from the company's expectations of selling 30,000–50,000.[2] Both products are marvels of cutting-edge technology, and are easy to use, rugged and reliable. So why is one floundering while the other soars? The answer can be uncovered using 4A analysis.

Although both companies spent a minimal amount of money on advertising, their products received extensive media publicity. The Roomba benefited from a flurry of glowing write-ups in publications such as *Time*, as well as prominent appearances on hit TV shows including *Oprah, Friends* and *Arrested Development*. The Segway was the subject of enormous pre-release hype, attracting a "Who's Who" of famous investors and boosters. Many declared that the Segway would revolutionize personal transportation in the same way that the automobile had rendered the horse and buggy obsolete. Not many products can live up to such sky-high expectations. In contrast, the Roomba debuted with modest expectations (given the poor performance of previous robotic appliances) and was easily able to exceed them.

The Segway soon ran into major challenges. From a customer perspective, using the product runs counter to the cultural trend of walking for exercise. Some people

[2]Papers by Bentley University students Nikki Parness, Hua Ye and Jens Kullmann, March 2005 (unpublished). Additional sources: http://www.roombareview.com/roomba/roomba-review.shtml; (no date for Roomba review); Harris (2001)" Our Story So Far (no date)"; Kawamoto (2003); "Creating Empowered Pedestrians with ANSYS Multiphysics" (no date for Ansys article) (2004); Driscoll (2002)].

experienced back pain with prolonged use. In terms of infrastructure, most cities and towns don't allow motorized vehicles on their sidewalks. The Segway was literally a product with nowhere to go. A savvy marketing group might have anticipated these issues and devised a better launch strategy.

For a long time, the only place where consumers could buy a Segway was Amazon.com, which meant that people couldn't experience the product before the purchase. Later, the company started selling the product at Brookstone. However, by July 2004, there were still only 35 Segway dealerships in the US. By contrast, soon after its launch, the Roomba was widely available at many retailers, including Home Depot, Sears, Target, and Brookstone, as well as Amazon.com, Hammecher Schlemmer.com, and many other Web sites.

The lowest priced Segway sold for $3995, way above the price of other motorized scooters. The Roomba launched with a price of $199, comparable to the prices of "regular" vacuum cleaners and far lower than the $1500–$1800 price for other robotic vacuums.

Looked at through the lens of the A's, it becomes relatively easy to understand why products succeed or fail.

- *Acceptability:* The Roomba clearly meets a customer need for clean floors in an innovative, even fun way. The Segway addresses the need for individual transportation, but in a way that is not very compelling. To put it another way, who really needs a Segway? Is it meant to replace motorized scooters, walking or bicycling? The fact that most towns do not allow motorized vehicles on sidewalks further dampens the product's acceptability to potential customers.
- *Affordability:* At $3995, the Segway was beyond the reach of most, priced more like a used car than a motorized scooter, which it resembles. On the other hand, the Roomba's $199 price tag was affordable to most customers and in line with what they expect to spend for an innovative home appliance.
- *Accessibility:* The Roomba was readily available in numerous stores, while the Segway had very few outlets. Moreover, customers are required to undergo several days of training, often in inconvenient locations, before they can start using the Segway.
- *Awareness:* Both products achieved high levels of brand awareness, primarily through extensive free publicity. However, product knowledge for the Segway is difficult to create without firsthand usage experience.

	Segway (%)	Roomba (%)
Acceptability	20	90
Affordability	10	80
Accessibility	20	80
Awareness	80	80
Market value coverage	**0.32**	**46**

Put it all together, and it becomes clear why the Roomba cleaned up but the Segway stumbled. More importantly, this type of analysis immediately starts to suggest specific actions that companies with a struggling product can take to improve their odds of success. Indeed, Segway did just that; it was been reimagined as a niche device for mall operators, airports etc., where it proved far more successful.

Benefits of Using the Framework

As we have seen with the examples above, getting each of the A's right can unlock the market potential for any offering. Here are some of the ways the framework helps marketing managers:

- Enables true customer centricity
- Helps improve marketing productivity and accountability
- Enables more effective resource allocation
- Takes a holistic view of business success
- Provides clear managerial prescriptions

Enabling Customer Centricity

The 4A framework helps transform the marketing process from an un-measurable "blind push" effort based on traditional product marketing techniques into a measurable and optimized effort that is driven from the customer's perspective. Instead of answering how, where and when products can be sold, the framework focuses on *why* products are desired and the factors that can impede their success. By focusing on customers in a clear and direct way, the framework facilitates the creation of profitable long-term relationships. By enabling the ready implementation of a customer-oriented philosophy, it eliminates the need for "hard selling" and helps reduce customer churn.

Helping Improve Marketing Productivity and Accountability

The 4A framework improves the marketing function's productivity and accountability, whichis especially important in today's cost cutting environment. The reason for this is clear: measurability. Any marketing action that fails to measurably raise the level of at least one "A" should be questioned and probably rejected (unless it offers a lower cost way of maintaining the level of the "A"). If a product or service fails to garner high marks on all four A's despite the company's best efforts, it should probably be discontinued.

Enabling More Effective Resource Allocation

Allocating marketing resources effectively is a major challenge. The four A's enable managers to base their allocation decisions on clear and measurable objectives rather than on intuition. Moreover, the framework helps managers steer resources to the marketing program's weakest link. For example, if the lack of Awareness is what is hurting the success of a product the most, then more resources can be deployed against a myriad of factors that contribute to raising Awareness. Of course, the issue may not be the quantity of resources dedicated to raising Awareness, but the manner in which they are deployed. By shifting resources into more cost-effective vehicles, a manager can increase awareness while using fewer resources.

Taking a Holistic View of Business Success

A key strength of the 4A framework is its ability to encompass every aspect of the firm in service of its marketing objectives. By focusing a firm's activities towards achieving a clear set of directly measurable, customer-focused objectives, the approach also liberates managers from purely functional preoccupations. Managers throughout the firm should be thinking of what they can individually and collectively do to raise each of the A's for the firm's targeted customers. This approach treats the entire business as a holistic system in which marketing is not solely responsible for creating and keeping customers.

Providing Clear Managerial Prescriptions

As the required sophistication level of modern marketing grows, the value of simple, conceptually elegant frameworks also increases. The legendary Supreme Court justice Oliver Wendell Holmes Jr. once said, "I would not give a fig for the simplicity this side of complexity, but I would give my life for the simplicity on the other side of complexity." The 4A framework provides such simplicity.

The 4A's framework can conserve human and capital resources by helping companies avoid marketing failures and preventing the launch of doomed products (those very weak on several or all of the A's). It can also help turn potential failures (those weak on one or two A's) into successes by pinpointing problem areas before the product is launched. Here are five ways in which the framework delivers clear prescriptions to managers:

- *Supports continuous improvement*: It allows companies to continually refine and improve their value proposition. No company ever truly attains a "100%" score on any of the A's, but they can certainly get better than where they currently are.

- *Enables "creative imitation"*: Fast followers can take advantage of the pioneer's experience to address bottlenecks and raise their own chances of success. The 4A framework makes it easier to diagnose and avoid mistakes and seize on successes. For example, each of Microsoft's office productivity applications benefited by learning from and surpassing its competitors: Word overtook WordPerfect, Excel overtook Lotus 1-2-3, PowerPoint overtook Harvard Graphics and Access overtook dBase.
- *Facilitates course correction*: Technologies, markets and customers can change quickly. The four A's can be used to make vital mid-course corrections. For example, each successive generation of Apple's iPod has added features and functionality to continually stay ahead of its competitors.
- *Helps assess competitive threats:* By analyzing other companies' levels on each of the A's, companies can better identify their direct competitors and determine what they are doing right or wrong.
- *Enables companies and industries to grow the market:* For most industries, worldwide penetration rates are low, especially among the four billion people at the base of the economic pyramid who make less than $2 a day. A big part of the reason is companies do not think about the constraints to adoption from a customer perspective, especially in terms of Accessibility and Affordability. The 4A framework can help identify ways to achieve a higher penetration rate sooner. This is clearly what has happened in the cellphone industry, which has exceeded even the wildest expectations for growth and market penetration.

Conclusion

The marketplace determines the ultimate success of a product; success begins and ends with satisfying the customer. This is why 4A analysis is so powerful. It better addresses customers' needs and wants than the 4P framework.

The 4A framework provides marketers (and indeed, all managers in every kind of organization) with a new pair of glasses that can be used to analyze the fit between customers, markets and the firm's total offering. It permits more in-depth marketing analysis and is a useful tool for assessing a marketing program's performance. It helps to clarify the often-cloudy nexus between the elements of the marketing mix and key indicators of marketing performance such as market share, customer satisfaction, profitability and growth.

The marketing function has consumed a large and growing proportion of society's resources without producing sufficient benefits for customers, companies and society. Being able to spend marketing resources in a more effective way is a classic case of "less is more." Lower spending, better results all around. What is not to like?

As we have tried to show, the 4A framework presents a deceptively simple but powerful way to think about marketing. It is a framework that forces companies to continually see the world through the customer's eyes, no matter what the issue. Do this, and more likely than not, the company will anticipate the customer's needs, and the customer will reward the company.

Additional Example

Google Glass

In 2009, Google's founders and a handful of executives created a list of 100 futuristic ideas. Of these, the idea that garnered the most excitement was the concept of having wearable computers in the form of eyeglasses. In March 2013, they created the Glass Explorer program, through which a select group of journalist and techies would pay $1500 to be an early adopter. 8000 individuals, selected through Twitter, were invited to pay the fee and visit one of Google's offices to be fitted and instructed on how to use Glass. These explorers, along with a few celebrity early adopters, were largely responsible for the promotion of the product, with Google electing to engage in very little traditional marketing for Glass.

In May of 2014, Google made Glass publicly available for the same price. The product remained only accessible through the Explorer program, with the only change being that it was no longer invitation-only. As more people got their hands on the product, however, its shortcomings became more evident. Short battery life, a poor camera, and privacy issues were among chief concerns. Indeed, people did not like the ominous presence of Glass's video recording potential, and the device started being banned from bars, restaurants, and other public places. With negative publicity continuing to pile on, Google was forced to act. In January 2015, the company announced that it would cease producing the Glass prototype, but was still dedicated to the overall project. What went wrong?

Acceptability

According to Ask Your Target Market (AYTM), in 2014, an impressive 91% of consumers had either a positive or very positive opinion of Google, yet only 2.2% of consumers reported being likely to buy Google Glass. In large part, this disparity stems from a lack of acceptability, which played a major role in Glass's failure. From a psychological standpoint, society simply was not yet ready for Google Glass in a public setting. People were not comfortable with Glass Explorer program members wearing cameras pointed at them, resulting in the previously mentioned bans.

To add to the issues, Google Glass struggled to be functionally acceptable to consumers as well. Complaints against the product included a low battery life (forcing frequent and inconvenient charging), too heavy, and a clunky interface. Also problematic was the low quality camera, which made the possibility of catching moments in real-time less exciting. These functional issues were especially damning because Google did not adequately communicate that their glasses were in beta, leaving the product's performance woefully short of consumer expectations. Score: 30%.

Affordability

Google Glass also missed the mark on affordability. Google targeted general consumers with their product, yet the $1500 price tag is more appropriate for specialized markets. Ask Your Target Market (AYTM) found that only 6% of consumers thought Glass's price was reasonable. This was largely an issue of psychological affordability, as the demographic of interest for Google Glass definitely had the $1500 to spend; they simply were not willing to do so for such a high price. Score: 20%.

Accessibility

Accessibility is yet another "A" in which Google Glass came up short. Availability was not the issue, rather it was convenience that was problematic. With Glass sold in neither brick-and-mortar retail stores nor through online shopping, the product was not easily procurable for the average consumer. Instead, people could only purchase Glass by travelling to one of Google's offices in either San Francisco, Los Angeles, or New York leaving large swaths of the country unserved. Score: 20%.

Awareness

Another issue for Google Glass was low awareness of both their product and its overall category. According to The Vision Council, in January 2014, 42.5% of US adults were not aware of smart glass technology, while another 43.5% were only vaguely aware of it. Issues largely stemmed Google's decision to let celebrities and other early adopters do all the advertising for them, which limited the spread of product awareness. Consumers were gaining awareness of the product itself, but not what it was about. This is because without spreading the word themselves, Google was unable to craft a precise message on the details of Glass, leading to confusion over whether it was finished product or an experiment in progress. Consumers naturally assumed that Glass was a polished product due to its high price, and thus felt let down. Score: 50%.

$$\text{Market Value Coverage} = 30\% \times 20\% \times 20\% \times 50\% = 0.60\%$$

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher or the Editor.

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The Ten Principles Behind Great Customer Experiences

Matt Watkinson

Life-changing events are not always obviously so. Eleven years ago, the man sitting next to me at work struck up a conversation about photography. Today we are best friends and business partners. A few years later he introduced me to a Danish woman at a restaurant in London. I am now that lovely lady's husband.

We tend to think that the decisive, memorable moments are the life-changing ones—the wedding, signing the contract, or crossing the finishing line—but they are not really. The truly seismic events are when the seeds are sown; those first random encounters that often go unnoticed.

Another example is a conversation with my father when I was a small boy. Dad ran a business that made loudspeakers and would often demonstrate new prototypes. One day my curiosity got the better of me and I asked gingerly, 'Dad…How do you design a loudspeaker?'

He smiled from across the room and replied, 'You start by understanding how the ear works.'

That conversation, in a roundabout way, led to my first book *The Ten Principles Behind Great Customer Experiences*, almost twenty years later (Watkinson 2013).

After graduating, I worked on the user experience of websites, mobile and tablet apps and eventually the overall customer experience. I enjoyed these projects a great deal, but as my career progressed, I grew frustrated at how we approached our work.

Whereas my father's decisions were based on a deep understanding of the laws of physics and how the ears worked, ours were missing similar fundamentals. We'd rack our brains for new ideas, test them with customers and see what stuck. We'd generate reams of data, yet lacked a robust means of interpreting our findings. We'd lose hours in subjective debate. Results were hit and miss.

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Recalling that conversation with my Dad all those years ago, I wondered why we did not base our decisions on first principles. Surely, there must be consistent themes that underpin satisfying and enjoyable experiences? If we knew them, we could make systematic improvements that would benefit both our business and our customers. Sensing opportunity, I set out to identify these first principles myself. Three years later *The Ten Principles Behind Great Customer Experiences* hit the shelves.

Four years have passed since then and the book has succeeded beyond all expectations. I have heard from readers around the world who have enjoyed it and applied the principles with successful outcomes. And while I was confident that the principles were universally applicable, I was nevertheless surprised at the scope of application they have found.

This chapter provides a summary of each principle, then concludes with some valuable lessons I have learned since the book's publication. There are free worksheets to help you apply these principles on my website www.matt-watkinson.com.

Great Customer Experiences Strongly Reflect the Customer's Identity

The brands, products or services we buy express our values, beliefs and social groups. This has several implications for how we should approach the topic of customer experience.

First, if your brand's image clashes with the target customer's values or self-image, they will most likely choose an alternative, making the customer experience irrelevant. The experience of being an Uber customer does not matter, for example, if people find that Lyft's brand resonates more with their values (Pierson and Easter 2017).

Second, you must see the customer experience as the means for creating a *brand reality* that matches your carefully considered *brand image*. This means, knowing the brand associations you want to build *before* you start working on the customer experience, then ensuring they reinforce each other. British department store John Lewis is a good example. They promise to be 'Never knowingly undersold' on quality, service and value. Their award-winning customer experience delivers on this promise, strengthening the brand (http://www.johnlewispartnership.co.uk n.d.).

Third, you can actively demonstrate an understanding of the customer's identity during the experience. This can be as simple as using a customer's name; or recognising how needs or expectations differ between new and existing customers. For example, a restaurant near us has a unique philosophy and customer experience. They always greet guests by asking if they have visited before, so they can explain how it works, or offer a warm welcome back to returning customers.

You can also show an awareness of a customer's relationship with your business—their order history, preferences or any issues they have experienced in the past. One luxury brand we worked with has photos of all their most valuable customer in the staff kitchen, along with some basic details about them, so any employee can recognise them and greet them appropriately.

Great Customer Experiences Satisfy Our Higher Objectives

Every product or service is a means to helping a customer achieve a goal. Many new ventures fail because they do not satisfy a customer's need, but this risk is not confined to startups.

The longer you work in a particular business or industry, the easier it is to lose sight of your customer's true goals. This can lead you to miss great opportunities, or to ignore the threat from new rivals. For many travellers, Airbnb satisfies the same goal as a hotel. The goal of buying a book is to enjoy or learn from the contents. The physical object is just a means to this end. Amazon's Kindle satisfies the higher objective, yet allows a reader to take thousands of books wherever they go—a marvellous solution for avid readers.

To create a great experience for the customer we must know these goals. Fortunately, identifying them is straightforward. You just keep asking yourself why a customer wants something until you reach their higher objectives. For example:

The customer wants to buy a book. *Why?*

To read it. *Why?*

To learn from the contents.

You can then use this higher objective as the starting point for ideation. Here is a couple more examples. We buy cameras to take photos, but we take those photos to capture our memories and share our experiences with others. This was the central message of GoPro's marketing (www.gopro.com 2018). Photo sharing platforms like Facebook, Snapchat, Instagram and Tumblr also satisfy this higher objective and have exploded in popularity over the recent years.

This principle is simple but immensely powerful. Paying constant attention to your customer's highest objectives is essential not only to creating deeply satisfying experiences, but also to staying relevant in the future.

Great Customer Experiences Leave Nothing to Chance

There are more parts to a typical customer journey than most businesses imagine. In my experience, it is not uncommon for half or more of a journey to be left to chance, simply because businesses do not consider these stages when designing their customer experience. To illustrate, tag along on a recent trip I made to Munich.

Between buying my ticket in London and arriving at Heathrow to take my flight, I did these things:

1. Checked the weather in Munich
2. Packed my bags
3. Double checked I had not forgotten anything important
4. Decided how best to get to the airport—taxi or train?
5. Double-checked that traffic would not be too bad on the way
6. Booked a taxi to take me to the airport
7. Checked-in online
8. Downloaded my boarding pass
9. Looked up which terminal I was leaving from
10. Checked that there were no delays to my flight
11. Took my taxi from the hotel to the airport.

In my experience, most airlines focus their attention on two of those eleven activities—helping customers check-in and access their boarding pass. Some also send a car to collect a business- or first-class passenger. This leaves most of the journey to chance. These missing stages are ripe with opportunity.

Whilst you would not expect an airline to pack your bags for you, many people forget things when they travel. For me it is generally an adapter for international power outlets. Why can't you set a reminder as part of a booking process not to forget certain items? This could be the difference between a wonderful and a disastrous trip. Why can't airlines proactively tell you about the weather at the destination? Why can't they suggest the best route to the airport, how much time you should allow and remind you which terminal you will be leaving from?

These 'dead spots' are common within most customer experiences, but it is easy to start tackling them. Just write out the stages of the customer journey you know already then start filling in the blanks, asking yourself: What does the customer do before that? What do they do afterwards? Soon you will have the full picture. This simple exercise usually reveals a treasure trove of opportunities for improving the customer experience.

Great Customer Experiences Set and then Meet Expectations

Our satisfaction with anything in life depends on our expectations. What might delight the customer of a cheap hotel could easily disappoint a guest at a five-star resort, simply because of their different expectations. However, despite the central role that expectations play, whilst many clients describe themselves as 'satisfaction obsessed' or 'quality focused', I have yet to encounter a firm that is 'expectation obsessed'.

Never, in ten years, has a client shown me how they have modelled their customer's expectations along the length of the journey or shown how they are set, met or managed to ensure customer satisfaction. It is no wonder then, that many experiences we have as customers are disappointing.

Part of the challenge is that expectation management is nobody's job, or rather that it is everybody's. Advertising and communications departments focus on generating interest and awareness. Sales are incentivized to meet revenue targets. Customer services are there to resolve issues. Each of these departments plays a vital role in setting customer expectations, but without careful co-ordination between them, setting and meeting expectations is challenging, if not impossible. Satisfaction becomes a gamble. Fortunately, it does not have to be this way.

Research what customers expect at each and every stage of their journey and whether you are falling short, meeting or exceeding those expectations. From there you can identify the stages that require attention. When faced with an expectation gap you should ask whether changing your communications might solve the problem—setting clearer expectations—or whether the service quality must be improved to satisfy the customer. Whichever approach you take, without knowing these customer expectations in the first place, it is impossible to know how better to satisfy them.

A word of warning: do not try to constantly exceed customer expectations. It is an impossible (and impossibly expensive) goal. Focus instead on consistency. Do nothing that falls short of expectations, then—if possible—do one or two things that are memorably better than your rivals. That is all it takes to stand out.

Great Customer Experiences Are Effortless

Almost every product or service has become easier, more convenient, or less effortful to use during our lifetime. The car is a good example.

When I learned to drive, changing gear involved mastering the manual gearstick and clutch pedal. This seems antiquated now. Maintaining speed on the freeway whilst keeping a safe distance from other vehicles used to require constant concentration. Now we have adaptive cruise control. Soon cars will drive themselves. The trajectory of the automobile's development, as with other products, is towards effortlessness on the part of the user. Communications products have evolved similarly. The hand-written letter became the typed letter. The letter became the fax. The fax became the email. Each iteration is faster and more convenient for the customer.

There is a crucially important point here. Since every product or service evolves in the direction of effortlessness, if you are not systematically eliminating effort from your customer experience, you are going out of business in slow motion. Several techniques can help us eliminate effort.

Reduce Time on Task

Most customer journeys are rife with opportunities to reduce time on task, by either re-sequencing, de-duplicating, or otherwise eliminating the tasks that customers must perform. Amazon's one-click shopping is an obvious example, but their monomaniacal quest for effort reduction has not ended there. Their latest foray into physical stores—Amazon Go—removes the need to check out entirely (www.amazon.com 2018). Simply setting out to reduce time on task as part of a design project is enough for a twenty to fifty percent improvement in our experience.

Perform Tasks for the Customer

If we perform a task for the customer it reduces the effort required of them. One example might be setting default options based on the most popular or recent choices. Another might be a service centre that collects a customer's car, rather than have the customer drop it off when maintenance is due.

Increase Convenience

Allowing customers to access products or services in the time and location of their choice reduces effort. This is the fundamental appeal of many popular offerings, from online shopping to mobile banking.

Eliminate or Manage Wait Times

Waiting feels onerous because it soaks up our precious time. Reducing wait times can make any experience feel less effortful. A great example is a ring back service that holds your place in the queue then calls you back, freeing you up to get on with other tasks instead of waiting on hold for the next available agent.

Talk the Customer's Language

Always use clear, simple language that your customers will understand. Industry jargon, confusing product names or descriptions, and long-winded texts will slow your customers down.

Great Customer Experiences Are Stress-Free

Why are stressful customer experiences so common? It is not because businesses intend them to be. It is because they do not systematically eliminate stress from their customer experiences either. The good news—as with the other principles—is that there is nothing complicated involved. Whilst there are many potential causes of stress, following these three guidelines can have a transformative impact.

Prevent Errors

The more mistakes we make, the more stressed we become. The more stressed we become, the more mistakes we make. Experiences that are error-prone can therefore have a compounding effect on a customer's stress levels, and yet very few businesses go to the trouble of error-proofing their experiences. They should though, because it can improve just about any experience, for example, many of the popular features in Gmail are simple error proofing: It will detect if you mention an attachment in your message but have not included one and you can even un-send an email for a certain amount of time—a very useful feature!

To show you just how straightforward this can be, try the following exercise. Take a blank piece of paper and a pen, then write a stage of your customer experience at the top of the page—e.g. *choosing shipping options* or *setting up product for the first time*. Next, divide the rest of the paper into three columns. Label the left column 'Possible errors'; the centre column 'Means of prevention'; and the right column 'Means of detection and recovery'. From there all you have got to do is fill it out.

Start by listing all the mistakes a customer could make in the left column. Next, complete the second column, identifying all the ways you could prevent those mistakes. Finally, for those mistakes you cannot prevent, use the third column to identify all the ways you could detect that that mistake has happened and help the customer recover from it quickly and gracefully. There is a worksheet for this error-proofing exercise, amongst others, on our website.

Provide Prompt, Accurate Feedback

A common cause of stress is uncertainty. Being kept in the dark or left to guess what is going on becomes disconcerting, even in trivial situations. I recently ordered a gift for someone online, yet did not receive a confirmation email for my order. My first thoughts: *Had the order gone through? Would it arrive as promised? Had my email stopped working? Are other emails going missing?*

As you can see, even something as simple as an email confirmation can make the difference between a stress-free and a stress-inducing encounter. Keeping customers informed of their progress as they move along the journey makes a tremendous difference.

Make Choosing Easy

As Barry Schwartz wrote in *The Paradox of Choice*, 'There comes a point at which opportunities become so numerous that we feel overwhelmed. Instead of feeling in control we feel unable to cope.' (Schwartz 2004) This choice paralysis is an opportunity in disguise for those who are willing to tackle the issue head on.

You could help educate the customer on how to buy from the category by writing trustworthy buying guides; make sure the unique benefits of each product are clearly communicated; and highlight the most popular choices amongst your customer base. But you do not have to stop there—you could even eliminate the burden of choice entirely.

Winc, an online wine club in the U.S., asks new customers to complete a 'Palate Profile'—a questionnaire asking how you like your coffee, whether you like salty food, and other similar questions. Winc then sends you wines they have chosen to match your tastes at a frequency you set—every 2 weeks for example (https://www.winc.com 2018). This is a terrific example of a business that has grown to hundreds of thousands of customers by making choice easy.

Great Customer Experiences Indulge the Senses

Every experience involves one or more senses. We are either seeing, tasting, hearing, touching or smelling something during a customer journey—all of which can be sources of great pleasure. It is also well evidenced that products we find beautiful are perceived as being easier to use, a phenomenon called the *aesthetic-usability effect* (Lidwell et al. 2010). As such, considering the sensory dimension of the experience can enhance any customer journey.

The unique selling point of clothing brand Marine Layer's shirts is the 'absurdly soft' fabrics they use (https://www.marinelayer.com n.d.). A large sign at the entrance to the store in Venice Beach simply says, 'TOUCH EVERYTHING'. This has two benefits: customers can relax in the knowledge that it is ok to pick up, feel and try on the clothes, and the business ensures that customers experience their unique selling point first-hand.

Another great example is Liberty, a department store in London. Rather than use cardboard coupons as gift vouchers, this up-market brand minted their own Liberty coins, each of which is priced between ten and a hundred pounds. These coins are put into a velvet pouch, then carefully packaged into a branded purple box and wrapped with a ribbon (www.libertylondon.com n.d.). The product is fundamentally still the same—a gift voucher—but by considering the sensory experience they have created something that not only feels more special and valuable to the recipient, but also expresses their brand values in a distinctive, memorable way.

As with the other principles, application is straightforward. You simply need to pick a stage of the customer journey and consider what role each sense could play, and how they might be used to enhance the experience. *What should it smell like? What should it look like? How should it feel to the touch? What should the sensory experience say about our brand?* Answering these questions can lead you to a unique and delightful customer experience, as businesses like Lush have demonstrated. Their colourful, strong-smelling cosmetics have created a unique sensory signature for the brand that stands out from the crowd.

Great Customer Experiences Are Socially Engaging

Human beings are highly sociable creatures. We find great pleasure in the company of others—our friends, loved ones, or colleagues—and to be deprived of such interactions has severe consequences for our health. A Harvard University study that tracked the mental and physical well-being of 268 people for over seven decades ultimately concluded: 'The only thing that really matters in life are your relationships to other people' (Shenk 2009).

When it comes to business, relationships are equally important. 'Trade', wrote John Stuart Mill in 1869, 'Is a social act' (Mill 1869). We are of course more likely to buy from a friend than a stranger—someone we already have a relationship with. And yet, the simple social pleasures of interacting with another person are often missing from our day-to-day experiences as customers. I recently bought a train ticket from a service agent who conducted the entire transaction without saying hello, smiling, making eye contact, saying thank you or saying goodbye—basic social graces that go a long way.

Contrast this with another recent experience, when I walked into a small bookshop in Lenox, Massachusetts. A man came out from behind the counter, smiled and struck up a conversation with me, showing a genuine interest in what had brought me to town.

Before long the conversation turned to one of my favourite topics—books. He asked me what I'd read and enjoyed recently, and what topics I was interested in. Soon he was darting around the store, gathering items from the shelves that he was sure I'd love. His enthusiasm was contagious, and before I knew it I'd bought five new books and felt like I'd made a new friend.

I'm not the only one to feel this way. *The Bookstore—Lenox, Massachusetts*, is the first shop featured in *Footnotes from the World's Greatest Bookstores* (Eckstein 2016). The shop has been in business since 1966, and continues to thrive even in the face of competition from e-commerce giants like Amazon or chains like Barnes and Noble. That is the power of social relationships. Sometimes to create a truly great experience, all you need to do is take a little interest in your customers.

Great Customer Experiences Put the Customer in Control

If you immerse yourself in the world of psychology, especially of human motivation, one consistent theme emerges: we like to feel in control of our lives (Higgins 2012). A sense of autonomy is a fundamental psychological need (Deci and Ryan 1985). It is no surprise then, that experiences where customers feel in control are highly valued.

What do customers like to feel in control of? Where they do things; when they do them; who they do them with; how much they spend; and what a product or service looks like. Here are some examples to bring these ideas to life.

In 2011, a unique messaging app was launched. Unlike alternatives, Snapchat allowed the sender to set how long a recipient could see a message before it vanished. In effect, it gave the customer greater control over their content—who could see it and for how long. This ephemeral messaging encouraged a more spontaneous, comedic and relaxed style of communication that quickly became popular. Whilst they may be facing intense competition today, Snapchat's active user-base of 166 million users is nevertheless an impressive achievement (Snap Inc. 2017).

Netflix, the TV and film streaming service, is an instructive example. Not only can customers watch a huge variety of content whenever they like on a broad range of devices, their revenue model is equally customer-centric. By charging flat monthly fees for as much content as you'd like to watch, whilst allowing customers to easily cancel their subscription at any time, Netflix has created an experience where the customer truly feels in control. At the time of writing, they have over 100 million members in over 190 countries (https://www.netflix.com n.d.).

Toy store, Build-A-Bear is a favourite case study of mine. It is included in the original book and often makes an appearance in presentations. What I find compelling about their customer experience is that it puts children in control, allowing them to create their own unique teddy bear.

Kids start by choosing the style of bear they most like, then some accessories to go with it. Even when tasks require adult skills—like stuffing the bear or sewing it up afterwards—the kids are involved: pressing a button to turn the stuffing machine on and off, and putting a heart inside the bear before it is sewn up. The result has been a staggeringly successful business. Since 1997 they have sold over 125 million bears and grown to four hundred stores worldwide (http://www.buildabear.co.uk 2017).

As these examples demonstrate, putting customers in control can not only enhance their experience, it can be the fundamental appeal of a product or service from the outset.

Great Customer Experiences Consider the Emotions

There is a famous quotation from a religious leader Carl W. Buehner that business decision-makers would do well to heed when it comes to their customers: ‘They may forget what you said—but they will never forget how you made them feel’ (Evans 1971).

Our emotional responses to an interaction are of paramount importance when it comes to customer experiences, since they influence our perception of that experience—good or bad—and direct our behaviour. Anger, for example, energises us when obstacles stand in our way. How then, can we harness the power of emotions to improve a customer experience? As with the previous principles, the solution is remarkably straightforward.

For a given stage of the experience—for example *completing a transaction*, or *unboxing a product for the first time*—you must consider what you want the emotional signature of that interaction to be. Should it be surprise? Should there be some anticipation? Should the customer feel relaxed? Trusting? Intrigued? Once you know what you want customers to feel, you can generate ideas to trigger those responses—*What would make this experience feel trustworthy? How could we surprise the customer in a positive way?*—then set about implementing those ideas.

Real world examples are abundant. The surprise I felt, for example, when my wetsuit arrived from the repair centre with a free surfing magazine in the box; or the funny comments Slack put in the release notes for updates of their communications product (Vinh 2014).

Once we have considered the positive emotions, we must then apply the same approach to the negative emotions we’d like to avoid. I’m convinced, for example, that if leadership teams periodically asked themselves, ‘What makes our customers angry, and how could we not do that?’ the world would be a different place. Again, once we have identified the emotions we’d like to avoid—maybe disappointment, apprehension, fear or even rage—we can identify what might cause them and put preventive measures in place.

Reflections

Now that we have taken a whistle-stop tour around the ten principles, I will conclude with some personal observations from the last four years.

Principles Are Simple, but Simple Does not Mean Easy

Imagine you are a keen cyclist who wants to improve his leg strength. If you visit a trainer and ask him what to do, chances are he will make you do squats—up and down, up and down, up and down. Nothing could be simpler, and it definitely works. But as anyone who has done this will testify, that does not make it easy. The same is true with applying these principles.

The principles provide the most efficient and effective approach I know of to systematically improve any customer experience, but there is no getting around the conscious attention required to apply them. It takes concentration and tremendous self-discipline to think these things through, rather than just skipping straight to creating something. I will not pretend otherwise. As with most other things in life, though, good results come from hard work and meticulous attention to detail.

Many are put off by the effort required, but there is no need to be defeated before you have started. I suggest you start small—picking one stage of the journey and one principle. Work on the challenge in half-hour chunks spread throughout the day or week. As soon as the ideas start to flow you will feel energised and keen to continue.

Expectations, Effort and Stress Are the 'Holy Trinity'

I'm often asked whether some principles apply more often than others, or whether other consistent patterns have emerged. Empirically at least, I'd say 'yes'.

When speaking at events or working with clients, the topic of expectations has consistently attracted the most interest. As I mentioned earlier, this is a common blind spot for most organisations because it falls between the cracks of various job roles; yet as we have seen, expectations are the key to satisfaction. Considering customer expectations is always time well spent, and often leads to the biggest breakthroughs. If I were to write the book again, I would have placed stronger emphasis on this subject. Fortunately, I had the opportunity to share my latest thinking on the topic in a subsequent book *The Grid* (Watkinson 2017).

I also emphasise effort and stress reduction because these principles apply to almost every interaction we have, and there is usually plenty of scope for improvement. Many clients are shocked when they realise just how effortful their customer experience is, and I have often found that simply error proofing an experience can be enough to transform it. Systematically applying these two principles—effort and stress reduction—to every stage of your customer journey will pay dividends.

Not Every Principle Applies to Every Stage

Another common question is whether every principle should be applied to every stage of the journey. The answer is 'no'. When running workshops or auditing experiences for clients, we typically choose three key principles for each stage to make the workload manageable.

We also find that principles that might not play an obvious role can lead to the most creative ideas. During very functional interactions, rather than just focusing on effortlessness or expectations, for example, we might consider the social aspect, the emotional response we'd like to encourage, or how it might better reflect their identity. It is often said that true creativity is connecting existing ideas in new ways—the principles will help you here.

Finally, as the years have passed I have come to see them less as standalone principles and more like colours on a palette or notes on a keyboard. Just as combining the 12 notes of the chromatic scale have given us everything from Bach to Bieber, combining these ten principles in unique ways allows you to create a customer experience that is appealing yet distinctive. These principles will not constrain your creativity—they will enable it by focusing your attention and helping you structure your thinking.

All that remains is to wish you the very best of luck on your customer experience adventure.

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Who Do You Want Your Customers to Become?

Michael Schrage

Disruptive innovation continues to transform markets, industries and expectations worldwide. That clever new Chinese social media feature can inspire startups and threaten incumbents in Boston, Berlin, and/or Bangalore. New value can come from anywhere and everywhere. Customers and clients, not just rivals and competitors, now drive and determine disruption. My clients and classes live in this disruptive reality.

Digital platforms, not just new products and services, increasingly shape user experience and aspirations. Mobile devices—networked and not—continually redefine customer touch-points and engagement. Next-generation algorithms make new genres of customer and client analytics not just predictive but prescriptive. Opportunities to creatively and cost-effectively marry innovation and insight have never been greater.

The marketers I know recognize that this new wealth of opportunity requires a fundamental rethink for their strategy and operations. Serious marketers—be they B2C or B2B—revisit how best to identify and meet customer needs. As enterprise value creation capabilities evolve, so must marketing missions and purposes. CMOs need practical principles for empowering their people and processes to profitably meet and exceed customer expectations.

Over a half century ago, Ted Levitt (Levitt 1960) brilliantly framed the strategic marketing agenda in his classic 1960 Harvard Business Review article 'Marketing Myopia.' Truly effective marketing leadership had to have the courage and

This chapter contains brief excerpts from the author's ebook published by Harvard Business Review, 'Who Do You Want Your Customers To Become' [Harvard Business Review Press 2012].

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self-discipline of introspection. Levitt challenged organizations to answer a seemingly simple question: 'What business are we really in?'

His question was both insightful and *inciteful*. 'Are railroads in the 'railroad' business or the transportation business?' he asked. Are oil companies in the oil business or hydrocarbon and/or energy business?

Levitt argued that too many companies shortsightedly favored incremental improvement over anticipating customer needs. Marketing myopia blinded firms to both disruptive threats and innovation opportunities.

What is more, he observed, technology, innovation and competition dynamically conspire to complicate clear answers. Today's breakthrough innovation becomes next year's anachronism. Effectively answering Levitt's query demands constant vigilance.

Filled with practical and provocative advice, 'Marketing Myopia' was powerful and persuasive stuff. But one particular example stood out. Levitt speculated on how 'buggy whip' manufacturers might have successfully survived the onset of the automotive age. If buggy-whippers had only imagined themselves in the 'personal transportation business,' he mused, they could have profitably supplied horseless carriages.

Really? That assertion felt glib. Taking a **harder** look at possible buggy whip business scenarios exposed Levitt's own marketing myopia. Realistically, what business were buggy whip manufacturers really in? Were they in the 'fine leather goods' business? Were they in the 'steering' business? Or were they in the 'animal control' business?

Any of those answers seem rational or reasonable. So which answer is right, useful or most strategic? It is **frankly** impossible to know. The business future for buggy whip makers, desperate to survive, overwhelmingly depended on the customers they wanted to have. That was their challenge; that was the critical **strategic** choice. Better customers, not better buggy whips, mattered most. This was my conceptual epiphany.

Customers caring about 'fine leather goods' clearly hold different expectations and aspirations than ones seeking smoother steering or more obedient animals. Serious answers to 'What business are we really in?' are consequently contingent upon the customers and clients businesses seek to serve. **To wit**, customers may not need to know or understand 'the business we're really in,' but 'the business we're really in' better know and understand its customers.

The inescapable conclusion, while brilliant and profound, Levitt's essential marketing question does not go far enough. I have **both** observed and experienced its limitations in organizations worldwide. The answers and innovation it inspires—no matter how ingenious or inventive—typically privilege 'business' over 'customers.' That is myopic.

Let is revisit the 'horseless carriage' narrative. Business, cultural and economic historians alike declare Henry Ford's 'mass production' of the automobile as one of history's greatest innovations. The Model T and its successors changed the world.

But what truly made the Model T transformative? What business was **a** Ford Motor Co., Studebaker and General Motors really in? Conventional wisdom insists these pioneering firms were in the 'car,' 'automobile' or even the 'personal mobility' business. How could that be wrong?

It is not. But, as with the buggy-whippers, the answers do not fully respect market reality. Shift the marketing focus from the business to the customer, however, and the value equation profoundly changes.

Yes, those assembly lines enabled a new industrial revolution. But 'cars' were not their most important product; 'drivers' were. The 'horseless carriage' required new customer skills and capabilities. Mass production of drivers, not just mass production of automobiles, literally drove Ford's initial success. Automobiles created a new kind of customer. The human capital of driving was as vital to market development as the financial and physical capital invested in mass manufacture.

Marketers must embrace this human capital dimension. A Henry Ford, Alfred Sloan and Kiichiro Toyoda did not just have an aspiration and vision for their cars, they held aspirations and visions for their customers. When they built and branded their automobiles, they were not asking, 'What business are we really in?' they implicitly and explicitly wanted to know, 'Who do we want our customers to become?'

That question dominates my research, teaching and advisory work. When the Harvard Business Review Press published 'Who Do You Want Your Customers To Become?' (also known as WDYWYCTB) in 2012, its future-oriented question was better framed than its answers. But, as with Levitt's 'Marketing Myopia,' the question deserves the attention it commands. How best to transform customers, not just products, services and/or 'user experiences' is marketing's grand strategic and operational challenge. The difference between the two approaches and the implications on action can be seen in Fig. 1.

In retrospect, the book's most important marketing insight is that 'innovations' are investments in the human capital, capabilities, creativity and competences of customers and clients (Schrage 2012). Great marketers are great investors. Shifting

Difference in Levitt and WDYWYCTB Approach and Implications on Actions				
Brand	Levitt Approach	Actions / investments based on Levitt model	WDYWYCTB	Actions / investments based on WDYWYCTB model
Ikea	DIY Furniture business	Expanding into a range of DIY products	Customers are amateur furniture assemblers	Train customers in furniture assembly / amateur interior decoration
Google	Search business	Faster and more accurate search	Customers are searchers	Encourage searching by making everything searchable. Search recommendations to help them search better

Fig. 1 Difference in Levitt and WDYWYCTB Approach and Implications on Actions. *Source* Author

enterprise conversations from 'how do we add value to products, services and user experiences?' to 'how do we add value to customers and clients?' is key. Effective marketing, innovation and marketing innovation define and align these human capital investments.

In other words, successful marketers do not just ask customers and clients to do something different; they empower them to become someone different. Facebook asks its users to become more open and share their lives, even if they might be less extroverted in real life. Amazon turns shoppers into information-rich consumers who can share real-time data and reviews, cross-check prices, and weigh algorithmic recommendations on their path to purchase. Lego turns children and families into 'constructive players.'

Consider Google. In Levitt-ian terms, Google is overwhelmingly in 'the search business.' But the company's PageRank algorithms—honed and polished by co-founders Larry Page and Sergey Brin—redefined the power and potential of Internet 'search.' Google's Web 2.0 link-based architecture became the world's most successful search engine: by making its users partners and collaborators. Declaring Google in the 'search' business misunderstands both its technology and business model. Google is equally in the 'searcher' business. The company's technology creates and refines hundreds of millions of searchers even as it performs hundreds of billions of searches. [For search algorithm afficionados, it needs to be noted that Google's algorithm leveraged users' participation in ways that Alta Vista and Overture did not].

This enormous global pool of 'new and improved' human capital had never before been profitably tapped. Google reaped disproportionate returns not just on its financial capital investments in search software and silicon but from its human capital investments in searchers.

What did young Google's search innovations ask its customers to become? They asked customers to become people who would not think twice about spending a few moments to type in a few words on their computer—*don't worry about typos!*—and quickly scan the list of clickable links that instantly appeared. They could be confident their brief time commitment would give them exactly the link(s) they wanted or needed. Google's innovation asked its users to become impulsive 'instant searchers.' Gmail and Google Maps subsequently built upon and extended this searcher sensibility.

So just as Henry Ford's automobiles created a new nation of 'drivers,' Google's search engine(s) networked new worlds of 'searchers.' Just as improving cars demands a different design sensibility than improving drivers, enhancing 'search' poses technically distinct challenges from enhancing 'searchers.' Henry Ford mass produced drivers; Sergey Brin and Larry Page globally interconnected searchers. These visionary entrepreneurs redefined and transformed the customer capabilities of their eras.

Let me stress that this human capital and capabilities marketing perspective transcends both industry and geography. B2C and B2B enterprises find these themes as relevant as professional services firms. For example, McKinsey, Bain and BCG are highly regarded consultancies. But any C-suite that is retained them appreciates that who McKinsey wants its clients to become is organizationally and operationally different from Bain. Professional services firms do not just solve client problems, they cultivate different client competences and capabilities. Financial service firms relying on robo-advisors and data-driven visualizations to inform and empower clients create radically different competences and expectations than do investment advisories counting on interpersonal engagement alone.

'Who they want their clients to become' can drive both differentiation and segmentation. How does our vision of the customer/client future differ from that of our competition? How might that differentiation lead to novel—or larger—customer/client segments? That is a powerful insight for marketers concerned about profitable future growth.

Since the book's publication, I have learned a great deal about how marketers and innovators come to understand and internalize who they want their customers to become. Marketers in industries threatened by or undergoing digital disruption **appear** most receptive: they understand that a defensive crouch inhibits growth. They recognize that traditional marketing shibboleths have decayed into anachronism.

Perhaps a quarter of my clients have done formal exercises simulating how their companies might respond if Amazon entered their industry. The vast majority were unhappy with the results. The unhappier they were, the more open their willingness to discuss who they wanted their customers to become.

'Only the paranoid survive,' Andy Grove, the late co-founder of Intel, once observed. My most engaged clients and executive education students are paranoid. They have good reasons to be.

Marketers who creatively and successfully embrace the 'who do you want your customers to become?' sensibility typically demonstrate three behaviors:

(1) *They relentlessly seek alignment.*

My most surprising and enlightening real-world observation by far was how seriously marketers sought to align 'Marketing Myopia' with 'Who Do You Want Your Customers to Become? My question did not marginalize or minimize Levitt's; it revitalized it. The questions entwined, reinforced and enhanced each other. Debating who you wanted your customer to become sharpened rather than superceded thinking about what business you were really in.

Without exception, every CMO, executive level marketer and brand manager could fluently answer Levitt's question. Stuttering and silence, by contrast, typically dominated their initial response to mine. The more thoughtfully they tried to answer, however, the more they drew upon their Levitt. Where Levitt's question inspired introspection about their business, mine provoked introspection about their customers' futures.

At one financial services firm, wanting clients to become 'more accepting and engaged with our advice,' forced marketing and training to challenge their belief of being in 'the advice business.' The more people discussed how and why clients 'followed advice,' the more obvious their need to rethink and redefine 'advice.'

Doubling down on Levitt, in other words, would likely have proven a fool's errand. Improving the breadth, depth and diversity of 'advice' only indirectly addresses the reasons why it may be happily/effectively followed. Primarily thinking in terms of 'advice'—whether the medium is digital, personal or conversational—misses the essential point.

'Advising to better engage' is qualitatively and quantitatively different from 'advising to better inform.' This means making it simpler and easier for clients to get real value from the advice, as opposed to simply 'knowing more.' Aligning 'measurably better financial advice' with 'measurably better engagement around financial advice' became a new marketing mission.

For one global 'industrial equipment' company, top management wanted customers to become 'design partners' for systems upgrades. While excellent at marketing complex industrial systems, the firm had few experiences and little expertise in marketing 'design partnership.' This realization led to proactive restructuring and recombination of the marketing and technical services groups.

The greater grasp marketing had over the business the company was in, the better it could debate opportunities and constraints around defining their future customers. The more clearly marketing could define customer futures, the greater insight they had into their company's core competences and capability gaps. Aligning investment in 'What business are we really in?' and 'Who do you want your customers to become?' became an organizational and operational priority.

(2) *They articulate a compelling vision of the customer future.*

Almost every company has a mission or marketing vision. Only a handful of firms, however, have customer or client vision statements. Marketers and innovators who took the book seriously all committed to crafting 'customer future' mission statements and manifestos. CMOs and brand managers alike defined and described the dimensions along which they hoped to transform their customers and clients. Innovative products and services were framed not just in terms of new 'customer benefits' but new 'customer capabilities.'

At one analytics advisory, the company wanted their customers to become people who would write to their APIs to customize mobile KPI dashboards. (That aspiration created genuine conflict with several internal development groups.)

Some marketing teams created narratives and scenarios around the desired future of their 'best customers' versus their 'typical customers.' Others described 'investment philosophies' governing how marketing would create 'value added' customers and clients. One 'who do you want your customer to become?' vision team wrote up an eloquent customer soliloquy describing how the company's products had transformed her life.

No one template, format or narrative-type dominated. But marketers at all levels from multiple industries consistently emphasized two core themes: a) their answer to levitt and b) the brand equity of their company and/or relevant product. There were rarely disconnects or discontinuities between the brand, Levitt and their desired customer future.

That said, several CMOs and senior marketing teams created customer vision statements containing ambitions and aspirations clearly beyond the firm's current capabilities. At some firms, this became a source of contention; at others, they directly challenged leadership's ostensible commitment to customer-centricity.

Again, without exception, these mission statements and manifestos were shared enterprise-wide and often beyond. Sales, design, research & development, customer support, advertising agencies and even channel partners were effectively invited to participate in 'investment conversations' that would otherwise not have occurred. For several marketing organizations, sharing those statements led to sharper and even more compelling customer visions. Those vision statements helped create cross-functional alignment.

(3) *They facilitate cross-functional collaboration to invest in customer capability.*

Effective CMOs and marketers go beyond alignment to better facilitate cross-functional collaboration. 'Who you want your customers to become' is at the intersection of brand, innovation and strategic planning. In fact, successful answers to the question require collaboration across the enterprise.

Because marketing typically and traditionally 'owns' customers and customer experience, it convenes collaboration that makes customer transformation possible. This can prove culturally and organizationally awkward. CMOs who see marketing as leading or driving customer transformation recognize that their role needs to change. The 'who do you want your customer to become?' reality is that marketing cannot and should not define the customer future on its own. Marketing needs more than customer data, analytics and insight; it needs cross-functional competence and capabilities.

CMOs and senior marketers find that they are best positioned to work with designers, sales people, IT, technical and customer support personnel and researchers to define and deliver new customer capabilities. Marketers coordinate, orchestrate and collaborate internally to bring profitable investment to customer transformation.

An OTC pharma company that focused on 'allergy relief' wanted their customers to become people who wanted to 'breathe easier.' The company was particularly interested in extending 'breathe easier' aspirations to teens, as well as adults. Instead of simply commissioning a targeted 'breathe easier' advertising campaign, the marketing team canvassed the entire enterprise to identify 'breathe easier' assets and core competences. Inhalers, nose strips, fragrances, even meditation and 'breathing exercise' training materials became a part of the design discussions. A prototype iPhone app that could interpret breathing/panting/coughing patterns turned up. The R&D pipeline and sponsored academic research was reviewed from 'breathe easier' perspectives.

The now-cross-functional conversation shifted from communicating everyday benefits of 'allergy relief' to lifestyle potential of 'breathing easier.' Segmentation options suggested themselves: How could parents help children breather easier; how might high school coaches help their athletes breathe easier; could 'breathing easier' be co-branded with 'stress relief' and/or 'personal energy?'

Marketing leadership facilitated unprecedented collaborations between different functions and previously isolated centers of expertise across the firm. 'Breathing easier' literally changed the company's answer to Levitt's question while helping define a new kind of customer. Only marketing—not R&D, sales, brand management or strategic planning—could have done that. Marketing internally 'rebranded' itself as a collaborative innovation leader.

What becomes immediate apparent is that the three marketing behaviors interrelate and reinforce each other. The desire to align intensifies the need for clearer customer vision. Clearer customer vision creates greater awareness and demand for greater collaboration. Greater internal collaboration highlights alignment opportunities and difficulties. These 'integrative' behaviors recast the role and impact of marketing leaders.

While these behaviors are proven precursors, they do not guarantee productive implementation. That is the more daunting challenge. Converting organizing principles into actionable outcomes requires real process change. Many CMOs and marketing teams could not get beyond facilitating new conversations and collaborations. They lacked the capability to act. Successful marketing implementers, however, typically committed to three process shifts:

(1) They reoriented insights.

As important as data and analytics are in the digital era, 'insights' remain marketing's coin of the realm. Multiple definitions and interpretations of 'insight' exist. DDB's Kevin Davis artfully describes distinctions between facts, observations and insights:

Fact: People tend to feed their pets twice a day.
Observation: They tend to feed them at breakfast and dinner times.
Insight: People feel guilty eating in front of their pets (Kulshreshtha 2017).

However narrowly or broadly 'insight's are conceived, they are used to inform and influence marketing decision. Customer insights are fuel for marketing effectiveness. Converting data and analytics into actionable customer/client insights has become even more integral to marketing's mission.

Marketers typically seek customer insights that either identify new needs/opportunities or solve existing problems. They raise the standard business question: is this a need worth addressing or problem worth solving? That is, the insights process triggers 'go/no go' value conversations.

In 'who do you want your customers to become' environments, insights play a different role. Solving problems and surfacing customer opportunities remain important but treating insights as investments in customer transformation creates higher expectations. Traditional insights reveal customers and clients for who they are; 'who do you want your customer to become?' insights see them as targets for transformation.

An excellent 'insight transformation' example comes from a financial services firm advising not-quite-wealth individuals and families. Research indicated that an increasing number of their clients and prospects were concerned about providing for their aging and often infirm parents. That many of these parents were step-parents or a second/third spouse of a biological parent further complicated the financial picture.

The original insight revolved around helping these individuals 'provide for' or 'help secure' financial security for their parents. The 'transformational' insight led to something radically different: how do we help manage the financial affairs of our parents? A significant portion of the firm's clientele needed professional help/advice in managing their parents' finances in ways that better assured their own. This insight made the firm more cognizant and capable around 'estate management.'

Who did they want their clients to become? Financially aware adults as concerned and competent in managing their parents' financial future as their children's.

The raw data and algorithmic analytics may be the same but the 'insight intent' goes uncomfortably beyond what traditional marketers and brand managers are used to. Encouraging them to see 'insights' as 'investments,' not just 'solutions' and/or 'opportunities,' proved a cultural challenge.

At one CPG company, this pathology was so pervasive that the marketing review committee insisted presenters detail how their 'customer insights' would transform—not just benefit customers. Converting 'insights' from solutions into investments turns out to be a significant process shift.

(2) They created UX trajectories.

Who 'owns' user experience in the digital era is a source of hot dispute in enterprises worldwide. Some firms now explicitly make 'Chief Customer Officers' or 'Chief User Experience Officers' accountable. But in most legacy companies, marketers still enjoy the greatest user experience or UX power and influence. They typically get to determine and drive the 'touch-points' defining UX. The UX design teams report to them.

Ordinarily, UX design priorities focus on the immediate: are users able to meet their needs and get what they want? Does the UX make the product or process enjoyable? Does it communicate the desired affect? Is it effective? Is the UX 'friction free?'

These design questions require affirmative answers but they are all 'in the moment.' The future is defined as the next likely interaction, not as an opportunity to influence user/customer expectations.

In the WDYWYCTB context, UX is as much about creating 'user expectations' as delivering 'user experience.' UX design is seen as a platform for cultivating new customer competences and capabilities.

The simplest and most obvious examples come from digital devices and networks. If companies want customers to become evangelists for their products, how does the UX make it easy for users to tweet, yelp, 'like' or share their experiences on social networks? If organizations want their users to feel comfortable asking for additional help or advice, is there an instant and easy icon for 'chat'?

Ikea, for example, is not just in the business of selling flatpack furniture but actually helping customers become better and happier flatpack 'furniture assemblers.' This approach requires enabling and developing customer capabilities. So the Swedish company has been looking at putting QR codes on instore displays and product packaging that shows prospective buyers how easy building its furniture can be. Other apps for simulating how the finished furniture would actually look in room are also on offer. This highlights the integral importance of Ikea's UX trajectory for customers.

If an Amazon wants users to become more responsive to recommendations and reviews, how should the UX entrain customers to take them more seriously? These 'use cases' are not rhetorical; they highlight how digital leaders create UX trajectories explicitly designed to transform customer capabilities.

Innovative marketers use today's 'user experiences' to set tomorrow's 'user expectations.' They accept that UX should not just be a transaction in the moment but an investment in the future, as well. They invest in UX as a vehicle for investing in their customers. They collaborate to create UX trajectories that will make their customers both more capable and more valuable. Crudely put, Amazon has trained its customers brilliantly and in ways that assure loyalty and willingness to explore new shopping options the company presents.

That means marketers use UX to run all kinds of A/B experiments exploring potential and desirable trajectories. Marketing must manage the tension between optimizing UX and testing potential UX trajectories. Consistently subordinating the WDYWYCTB? future to the UX present condemns marketing to customer maintenance rather than value-added growth. Look, for example at how Uber uses its app to promote awareness of its Uber eats 'meal delivery' service. Uber could, of course, simply focus on its ride-hailing/sharing core value proposition. Instead, the company's UX trajectory has reminding users that it delivers dinners as easily as it delivers drivers. Uber's UX trajectory emphasizes the 'delivery' future, not just taxi-ing people. Marketing's commitment to UX trajectories becomes a way of turning creative collaborations into testable customer futures.

(3) They built 'Brave New Customers' and/or Capabilities

The most serious marketers almost immediately sought to identify or create a 'customer of the future.' They took the book's brief seriously. CMOs and marketing executives invited their talented and ambitious people to see if they could create new customer segments and/or new capabilities based on the books tenets.

Intriguingly Netflix proved to be an inspirational/aspirational benchmark. For one, the company's success in digitally transforming itself from a company that literally mailed CDs into a streaming video pioneer gave hope to legacy companies encumbered by old technologies. More intriguingly, many of the marketers—or their significant others—were Netflix subscribers; they'd literally seen or experienced how the company transformed their viewing habits.

As much by serendipity as by design, Netflix created a new category of committed customer: the binge viewer. Binge viewing has played no small part in driving Netflix's brand equity and market cap (Schrage 2013). According to Deloitte, over 70% of Netflix subscribers binge-watch TV shows, with American viewers sitting through an average of five episodes per marathon session. The average Netflix viewer watches roughly 2 h and 15 min daily and typically completes an entire season in a week.

Netflix has terrific data science and analytics teams, assiduously tracks viewing and runs innumerable experiments—many of them around binge viewing behavior.

'Our viewing data shows that the majority of streamers would actually prefer to have a whole season of a show available to watch at their own pace,' noted one Netflix executive. 'Netflix has pioneered audience choice in programming and has helped free consumers from the limitations of linear television. Our own original series are created for multi-episodic viewing, lining up the content with new norms of viewer control for the first time (Netflix.com 2013).'

In other words, binge viewers have come to drive Netflix's business model development. The company uses its rich, detailed and comprehensive digital data sets to commission shows—'House of Cards,' 'Orange is the New Black'—explicitly designed to be binge-viewed.

Netflix may or may not only be in the 'entertainment,' 'streaming video' or 'recommendation-driven viewing' business. But there's little disagreement that Netflix wanted a large portion of its customers to become 'binge viewers.'

Marketers should draw inspiration and insight from super-investor Warren Buffett's assertion that, 'I am a better investor because I am a businessman and a better businessman because I am an investor (Forbes.com 2015).' Marketers should be better investors in their customers because they are marketers and better marketers because they invest in their customers.

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Stories Make the Difference

Neil Baker and John Simmons

Some years ago, *The Invisible Grail* (Simmons 2003)[1] made the case that brands were ignoring their most obvious and available assets: words. With the decades-long emphasis on 'visual identity'—the vital combination of logos, symbols, colours, typefaces, illustrations to make companies distinctive (Olins 1979)—words hardly got a mention. But we were not just talking about any word. The argument, told in the form of a quest, was about the use of words to make an emotional impact, not the dry, corporate language that seemed to be the comfort zone for most brands.

So verbal identity became the natural twin of visual identity, and The Invisible Grail pointed to stories as one of the main means to express identity in a way that would win attention, affection and loyalty. There were many examples of such storytelling featured in the book—Guinness, Innocent, Lush among others. Those companies set the bar high and they remain shining examples.

But in the last decade things have moved on so that verbal identity has become an accepted part of every brand's toolkit. Brand briefs now routinely include the need to address language as a matter of good practice. Brands are writing better in general, but very few have a tone of voice that stands out. And while we do see the occasional example of a brand communicating brilliantly through words, it is the abysmal ones that grab the headlines. (The United Airlines 'apology' debacle of April 2017 stands out. This became a global story when a video of a passenger forcibly ejected from a plane went viral. The following paragraph, from the *New York Times* (McCann 2017), describes the start of it.)

[1]The book has published its latest edition in 2016. It is one of the Dark Angels trilogy alongside *We, Me, Them and It* and *Dark Angels*, also published by Urbane.

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> The company's first response placed the blame for the episode on Dr. Dao. In a statement on Monday morning, United said, "We apologize for the overbook situation," but made no reference to Dr. Dao or the video. (Later, the company would clarify that the flight was not actually overbooked.)

Achieving a high level of good practice can be a daunting challenge for brand and marketing managers who may not be great writers themselves. Visual identity has reached high levels of creative expression, but this has taken many decades of evolution. There are even examples of corporate branding dating back to ancient Rome. Verbal identity, by contrast, is relatively new. It still has far to go in achieving the highest standards. And while most marketeers know they do not need Picasso-like levels of artistic creativity to issue a design brief, when it comes to language they often worry about straying out of their depth. For whatever reason, a string of words can feel like a fish with sharp teeth—slippery and intimidating. But we should always aim to keep driving up standards of communication—verbal as well as visual—because that is our professional objective.

The examples we are going to explore here are brands that have used words well to communicate more effectively internally and externally, to provide a sharper edge to business strategies and to tell stories that convey to audiences a simpler and more engaging truth about the brand. That can mean, clearer, simpler words, and it can also mean more creative words. The aim with those words is to market the business better.

Let is start with an example from the unpromising world of banking. No sector of business has been under such pressure over the last decade as banking. Most banks have chosen to batten down the hatches, stick to their knitting, retreat to the comfort of reassuring clichés.

Allied Irish Bank (AIB) contacted us in 2013. They had been through some tough times; they recognised that the impact of the global financial crisis (affecting Ireland harshly) had created an internal culture of cynicism, negativity and fear.

This was nowhere better seen than in the way they communicated with each other internally. From the executive messages to the compliance emails, the language was negative, fearful and authoritarian. AIB knew they wanted to be more positive and to bring a sense of hope about the future despite current problems (restructuring, redundancies and resistance to change).

They needed a tone of voice that recognised their back story (realism) but also their future hope (optimism)—to have a better balance between the two. In doing so, they could change the culture and drive forward to a better place. Storytelling was central to this cultural change. By changing the tone of voice we would tell better stories—and vice versa, because the two are linked. It meant putting personality at the heart of corporate writing, and making that personality consistent yet ownable by individuals—professional yet human.

There were many steps in the process and the key to success was linking the tone of voice to the brand's values. We were not imposing some Pollyannaish view of the world; there was a clear link to the realities of the situation. This was vital in gaining the engagement of AIB people who had no wish to project an image of sunshine when it was raining—but equally they had no wish to come to work to be made gloomy, angry or irritated. It was a tone of voice programme for grown-ups, and one of its central principles was to avoid the bank's recent habit (acquired in bad times) of patronising, adult-to-child communication. This change was liberating for people, and through a series of internal workshops we created some 200 champions for the new way of communicating.

To give an example, here is a 'before' and 'after' scenario to show the way writing changed.

Before

"Dear Colleague,

The AIB Group Compliance policy has recently been reviewed and updated to reflect the standards which AIB Group and its employees are required to adhere to when operating in AIB. The purpose of the policy is to protect AIB business, its customers and staff and to ensure that AIB conducts its business in accordance with all regulatory requirements."

After

"Dear Colleague,

We have standards—that is what you'd expect. We need them to protect our business, our customers and our staff. Recently we have reviewed the AIB Group Compliance policy to make sure of two things:

1. That we all know and adhere to AIB standards
2. That we conduct AIB business to meet regulatory requirements."

It was not revolutionary, but it was noticed. Real examples helped and these were developed through the workshops we ran. The highest marks possible were given to the training programme. Most of it was common sense to do with writing to colleagues with respect, consideration and humanity. But those qualities, when applied consistently, bring about a transformation.

If this worked internally, surely it would work with customers. If anything, AIB's customers would benefit more from these principles. So a tone of voice manager was shifted from the internal to the external marketing team and asked to drive the programme. A few years and hundreds of rewritten customer letters later, the programme is now part of the Bank's way of marketing itself through words.

The direction of travel was clear. Word-clouds, based on respondents' descriptions of current communications, emphasised words like 'formal', 'complicated', 'parent-child', 'disconnected', 'defensive'. The future aspiration, based on responding to real examples of rewritten materials, replaced such negative words with the much more positive 'clear', 'engaging', 'adult-to-adult', 'storytelling', 'honest'. The objective of the external communication approach was now made explicit: 'we put our customers first'.

In doing so, the gap between the brand's values and the reality of the situation was exposed. The answer, though, was not to water down the brand's values but to take them more seriously. To probe their true meaning. There is a lesson for every brand in this.

"Our brand values are our true north. They help us to navigate from bank language to customer language." This would be difficult but it was a recognition that marketing has a serious role to play in changing social attitudes and behaviours not simply in gaining a commercial advantage. After all, "people want a bank they can believe in, a bank that also believes in them. The right tone of voice can create that belief. It can send a positive message about our brand or a negative one if we ignore it."[2]

Brand and marketing consultants have long said similar words to clients, but here was a financial services brand believing it and living up to it. The tone of voice became integral to the brand strategy, and it was consciously ambitious: "This is good for us, for our customers. Good for every one of us but also for the economy, for Ireland."

The definition adopted by the bank for tone of voice showed its belief that style and content should not be separated: "It's not just what you say, but how you say it." To achieve this there were guiding principles—adopted then adapted from the internal ones—to "think like a customer", "strive for simplicity" and "bring a human touch". These are not in themselves startling principles, until you take them very seriously and insist upon their real meaning. And that is another lesson from tone of voice programmes: they should never be cosmetic exercises because they place the real meaning of words at their heart. We always say that the hardest thing to achieve in writing is 'simplicity'. You have to work extremely hard to achieve it.

An indicator of the seriousness with which AIB has approached this programme is the investment in training of staff—not as a 'sheep dip' brief immersion but through hands-on practical workshops. Recognising that a company's own people are the front line of marketing, great efforts were made to give people the confidence and belief to embrace the new approach. Recent surveys showed that 1500 people have been trained in three years (15% of the workforce, giving scores close to 100% satisfaction). The programme continues. It continues because internal and external feedback shows that it is working.

A more human tone of voice is a useful thing to have. People will find it easier to understand what you have to say. They will probably like your brand for not making their lives more difficult. Some customers will choose your brand for that reason alone. But to fully connect, you need to tell stories. Make them authentic, credible, emotionally engaging stories and your brand will really come to life.

Some brand owners have been telling stories for decades. But in recent years, as our lives have become increasingly digital, traditional advertising has lost its power, and media gatekeepers have seen their influence wane, so marketeers have rushed to position themselves as storytellers. Advertising, branding and media agencies have done likewise. One result is that telling stories—something most of us learned to love as children—is now seen as a highly skilled and complex activity.

Well, it is and it is not.

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[2]Internal documents of brands.

Get it right and your audience will feel like you have performed some kind of magic. Look on YouTube for the 3 min 45 s film about US rapper Rick Ross. We hear Rick talking about his tough childhood in Florida, then take a ride around the old neighbourhood in his Ford truck, past kids playing street basketball, messing around on motorbikes. “This house right here was my childhood home, and this here was my high school,” he says while he drives. “That was my life—listening to music and playing football.” It is gritty, authentic, emotionally powerful stuff. Rick tells us that as a 13-year old, he worked in a local carwash, 12-h shifts for $30. Hungry at the end of the day, he’d walk past McDonalds and go to Checkers, a rival fast-food chain, because the burgers were more affordable, and better. “Twenty years later, I’m in the financial position where whatever I want to have, I can have. Without a doubt.” So he does not just eat at Checkers, he is bought the local franchise—it means that much to him. It is not until 2 min into the film that you realise it is actually an advert for Checkers the burger chain—by which point, you do not care, because you are hooked on this fascinating man and his story. It is a perfectly structured piece of marketing and it helped Checkers reach a new audience of young males.

And if you get it wrong? Sticking with burgers for a while, look up “McDonald’s dead dad ad”. You will find a beautifully shot film in which a mother tells her young son about his dad, who we quickly realise has died. Over a soundtrack of minor piano chords, they walk along a street together. The son discovers the many ways in which he is a chip off the old block. It is all very touching. Eventually, they arrive at a McDonald’s. Here the son makes the ultimate discovery about his dad—he also loved a “Filet-o-Fish”.

That ad provoked an immediate storm of complaint—on social media and to the UK’s advertising regulator. The head of a bereavement charity called Grief Encounter summed up the problem. “McDonald’s have attempted to speak to their audience via an emotionally driven TV campaign,” said Dr Shelley Gilbert. “However, what they have done is exploit childhood bereavement.” Five days after the ad first aired, McDonald’s apologised, withdrew it, and promised never to show it again.

How do you get storytelling right? Let us start with an example.

Hft is an English charity that helps people with learning disabilities such as Down’s syndrome and autism to live the best life possible. It is been doing this since the 1960s, when it was known more simply as Home Farm Trust. How it lost its delightfully evocative name (which includes two golden words in ‘home’ and ‘trust’) to become an acronym is a tale for another day. For now, let us focus on how we helped the organisation to tell more engaging stories about its work.

Government grants have always provided a big slice of Hft’s income. But social care funding in England is in crisis. Hft needed to find new ways of marketing itself to potential donors. Here it faced some big problems. Most people have no idea what it is like to live with a learning disability, so there was an education job to do. And, frankly, not enough people care. How could the charity encourage the public to give money, and persuade them it would make a difference?

Now, these are normal challenges for any charity—especially in these days of 'compassion fatigue'. It is difficult to make people care about 'yet another charity appeal'. But in Hft's case, they had another layer of concern: they did not want anyone to think they were exploiting the very people they were trying to support.

One of the first questions we asked (and here we were working with Clout Branding, the creative agency that won a brand transformation award for this project) was a very simple one: telling emotional stories is a good idea, but what emotion do you want to evoke?

Was it fear? ("Oh God, please don't let my children have a learning disability") Anger? ("Why should people have to live without the support they need") Pity? ("Look at these sad people, I must help them"). Now, these can all be useful emotions in charity marketing. But none of them were right for Hft (and pity would have been very, very wrong). Telling stories that evoked any of these emotions would run counter to Hft's values.

To find out what kind of stories Hft could and should tell, we led a series of workshops and one-to-one interviews. These were not just with the communications and fundraising teams. We spoke to people across the organisation—people who lobby government on social care policy, people who help parents fight for the rights of their loved ones, people who give direct support to adults with learning disabilities every day.

This research revealed the essential values that needed to shape every Hft story. They needed to be honest about the challenges people with learning disabilities face ("We 'tell it how it is', using real and emotional language," says the story guide, we wrote). But they also needed to be positive—to talk about progress and success, not just problems. We summed up their story values in these words: "Real, honest, credible, challenging, respectful." Here is an excerpt from the values statement:

> People with learning disabilities face real challenges. They get depressed, sometimes. They feel lonely, sometimes. They can behave in ways that frighten other people, sometimes. Their carers can struggle to cope. We do not need to shy away from saying that, or to sugar-coat reality. It is what it is.

The emotion we decided to focus on was "awe"—the dictionary defines it as a feeling of "reverential respect" mixed with "fear or wonder". So we told the story of Jane, whose multiple disabilities meant she could only communicate by blinking her eyes. With the help of technologies and support provided by Hft, she could move into a home of her own, and do normal things that our audience could relate to, like choosing scatter cushions. The story headline we used in a supermarket poster campaign asked, "Could you decorate your home, just by blinking?"

And we introduced readers to Jason, whose disabilities made the world a terrifying place. This is how his story began:

> Jason had very few friends and no social life. He was stuck indoors most of the time. It made his depression worse. It hurt his confidence too, so when he did see new people, he found it hard to be himself, and that just made him feel bad.

Read Jason's story and you see him find the courage to attend a local Hft youth club. There he signed up for a friendship group. That got him out and about more often. He learnt useful skills, like how to read a bus timetable. Each positive step he took led to another. His mood stabilised and he needed less medication. Hft barely gets a mention in *his* story—they stay where they need to be, in the background. The story ends with Jason saying:

> Now I feel I have a life.

So, values matter. And for marketeers, story values are as important as brand values and tone of voice. Tell stories, but make sure they reflect *your* brand's values. Don't just go for "emotion"—evoke the emotions that you have identified as right for your brand.

Next, let us talk about structure. Nowhere is the art and craft of storytelling more revered than in Hollywood. The film industry is all about powerful stories, and the successful storyteller has cult-like status. You could fill a decent-sized bookshop with the volumes of advice published about how to master this dark art. They all arrive at the same destination: for a story to work, and by that we mean for a story to make an emotional connection with its audience, the right things need to happen in a certain order—structure is essential.

Compared to "Freytag's pyramid", "The Nine-Act narrative" or "The Eight-Point Arc", the structural formula we like to use has the virtue of being very simple: Challenge, Action, Transformation. To explain how it works, here is a story you might know…

> [*Challenge*] The leader of an all-powerful evil empire has built a fearsome weapon that can destroy whole planets at the push of a button. He's going to use it to rule the universe. [*Action*] A bunch of under-resourced no-hopers decide to risk everything and launch an almost impossible attack to destroy this weapon, before it becomes fully operational. [*Transformation*] Against all the odds, and with their very last attempt, they destroy the weapon, thereby saving the universe from endless tyranny.

Recognise that story? It's Star Wars, or A New Hope, depending on your age. You can see how the structure works. Start with the Challenge. Darth Vader and his cronies do not just want to be in charge of a few planets or galaxies, they want to dominate the entire universe. One reason it is a strong story is there is so much at stake. Faced with this Challenge, people take some Action. In this case, our heroes (or protagonists) are Luke Skywalker, Han Solo and Princess Leia. Note that the odds are hopelessly stacked against them. The Millennium Falcon, for example, is a knackered spaceship that keeps breaking down. (Someone once asked us in a Dark Angels business writing workshop, "But why do they have to be under-resourced no-hopers?" Easy—the bigger the challenge, the better the story.) And we end with the Transformation: all that Action has dealt with the Challenge. The universe is safe. Although if you know your Star Wars series, you will appreciate this is by no means the end of it, or even the beginning.

It is just as important to get the structure right when we tell marketing stories. Hft's marketing and fundraising teams were already used to the idea of telling stories about the people the charity worked with, even though they lacked emotional punch. Quite naturally, their stories showed how people were doing better because of the support they received from Hft. But their stories had little or no content about how difficult the person's life had been, the depth of the challenges they'd faced. All they showed were happy endings. (Imagine if Star Wars was a 2-h scene in which Luke received a medal, with a few Vader flashbacks thrown in for context?) This made it harder for readers to connect with the story—and the storyteller's first duty is to connect with their audience ("Only connect" Forster 1910).

What is more, while the stories were meant to be about the people Hft was supporting, really they were about Hft, because Hft employees were the only people taking any action. Like Checkers the burger chain, they had to learn how to get out of the way of the story.

Using the simple Challenge, Action, Transformation formula, we showed the Hft team how they could improve Jason's story just by putting the content they were using already into the right order, expanding on the parts they'd glossed over, adding details that brought Jason to life as a real person, and saying less about themselves—so it was his story, not theirs. This made a huge difference.

Can storytelling work for every brand? Sure, you can engage consumers with the cool story of a rapper talking about the streets he grew up on (like Checkers). Or touch their hearts with stories about people thriving in adversity (like Hft). But what if you are in the business-to-business world selling, say, widgets?

It might sound like an obvious point, but people who buy widgets are, fundamentally, people. They do not replace their hearts with lumps of iron when they go into work each day. And people, as we know, find stories engaging. So the distinction between business-to-business and business-to-consumer marketing is a bit of a red herring. But in case that sounds like we are dodging the question, the answer is yes, you can market a widget-making business by telling stories.

BigHead is a medium-sized manufacturing company. At its base in rural England it makes fasteners. Basically, widgets. Its first product was a threaded bolt fixed to a flat disk of metal—and this "Original bigHead" is still one of its best sellers. It is so popular that companies in China sell knock-off versions. The quality is poor, but they cost much less. Clearly, for bigHead to keep thriving, it needed to appeal to the customers for whom quality mattered. It was already working with some high-end manufacturing companies, people who supplied parts to premium brands like Aston Martin and Siemens. And here it did not just sell product. BigHead was working with clients—mainly design engineers—to help them understand how they could use its fasteners to solve their problems, like how to fix super-thin carbon fibre wings to a high-performance sports car, without spoiling its sexy curves. It wanted to create a new brand that reflected this—with a distinctive tone of voice and strong storytelling at its heart.

We started to develop a series of values and a tone of voice that captured the essence of bigHead and appealed to its target customers—people who love engineering and design and enjoy solving problems in a collaborative way. Here is an excerpt from their new values statement:

> We are brave because no challenge is too big and it takes courage to discover something new. We are open with each other, and with our partners, because true collaboration demands trust.

Then we started to research and write stories that brought these values to life. With Hft, it had been important that they took a backseat in the stories they told. But bigHead needed to be more involved—the heroes here were BigHead *and* its client, working together to solve problems. Here is an example…

Power and Performance

A high-powered supercar is perfection on wheels. The carbon fibre body of a Lamborghini Aventador isn't just a masterpiece of design, it pushes manufacturing technology to the limit. Matchstick-thin carbon fibre body panels make new levels of performance possible. But how do you fasten them in place without using a rivet or drilling a hole? We came up with a new way to precision-fix bigHeads onto the super-thin carbon fibre products designed by our clients. We do it with specialist adhesives. The results are secure, reliable and completely invisible. Our solution is perfect for making rapid prototypes and bespoke designs. But it also scales efficiently into mass production.

You are not likely to burst into tears reading that story. And you might not appreciate the importance of using glue to mount a fastener (bigHead's customers would). But on a website full of technical specifications on load tolerances and suchlike—all of which are essential to bigHead's marketing—a little bit of storytelling goes a long way.

Alongside these case studies, we made a brand film that told the story of bigHead's founder. It showed some of the dedicated work that goes on behind the scenes in its offices and factory. You see people collaborating with each other—designing, making and using bigHead products. This storytelling brings the brand to life. You do not have to be told how "passionate" the business is or how much it "cares about the details"—you can see it for yourself, and you *feel* it. There is an emotional connection.

When you tell stories, you use concrete nouns and verbs—stories, by definition, show people, doing things. You move beyond benefits, features, and abstract "pain points". Your marketing just becomes more *interesting*—and as legendary adman David Ogilvy said, "You can't bore people into buying your product. You can only interest them" (Ogilvy 2007).

Perhaps the greatest scepticism is applied to business to business communications. After all FMCG companies have 'creative professionals' to help them, and there is a recognition that you need to engage consumers in their own language not 'business-speak'. Yet, for us, there should be no B2B/B2C divide. Customers in the B2B situation are also consumers, and they are certainly human beings, so they deserve communication that is human too.

Air Products is a world-leading industrial gases company, based in the US. Our work with the brand stretches back over more than twenty years. Comparing then and now, something of a quiet revolution has happened within these B2B borders. Our involvement began with a project to create a new positioning for the brand. After extensive international research and interviews, we felt there was something deeply different about this business—and if we found a way to show the world what we had seen, the brand would shine.

The essence of the new positioning we suggested was 'Relationships built on understanding'. We expressed this externally in a strapline 'Tell me more' that was based on reports we'd heard of real conversations between Air Products salespeople and their customers. It seemed to us that there was an eagerness to understand the customer's problem and then to solve it by using Air Products technology and materials. The company had great products, but this human interface, the relationship with customers, made all the difference.

Of course, the business could only make this claim if it could show it was true. So Air Products filled its website with real stories of how its people had helped customers. In time, other communication materials—print, film, social media—were brought into play. We stepped back from all this: storytelling had taken hold, developing its own momentum. It was, therefore, gratifying to see what Air Products achieved in 2015 to celebrate its 75th anniversary. The business invited employees to tell their stories about life at Air Products. Hundreds responded. The best were chosen—the winner told his story in the form of a rap performed to colleagues in Louisiana. The entries were all stories that demonstrated Air Products values in the most human way.

Remember this is not a tiny local company where all the employees have grown up together. This is a mature company in the Fortune 500, operating globally, 75 years old, with 20,000 employees. Here they were telling stories—real stories—to illustrate what people do in the community, how they innovate for customers, what they learn from each other. The stories celebrate the core values that have defined the business throughout its history.

> At Air Products our culture is all about relationships, almost like a family. And like all families we have stories. Sharing knowledge and listening well has been key to our success in building customer, community and supplier relationships.

Stories. Family. The family album. These are universal and familiar concepts that relate to the lives of everyone. Air Products has become a business that shares its success through continuing stories—because stories generate more stories and, in effect, they become the marketing strategy—all based on the simple words 'Tell me more'. You still see these words on every truck and container transporting Air Products deliveries around the globe.

Stories are universal and they are loved, but they still need to be told well. Stories make you focus on the writer's craft. Words matter; each individual word matters. The marketeer who tells stories has to develop a higher level of language skills. Storytelling insists that you use language that is vibrant, precise and meaningful. The dead language of the corporate voice will not work. So you have to avoid that lazy way of using words that are marketing-speak but not the language of real human beings—because human beings are your consumers.

Once you take this seriously it means you challenge, for example, ‘passion’ as a value, because it no longer has real meaning other than conveying a sense of enthusiasm for a business (an enthusiasm that becomes suspect when ‘passion’ is applied to every kind of business from accountancy to drainage to roof felting). Air Products used it at a time when no one else was bold enough to do so. When you describe a value with a word, try to make sure it is precise and right so that the brand can truly own it. For example, ‘Communion’ for Guinness fitted its past, present and future with relevance and resonance. It described, using a word that no other brand would, a way of living based on sharing stories and a drink together, finding an emotional connection between people.

You can drill deeper into these meanings of words not through reference book etymologies (although those are often useful) but by questioning the people ‘in the brand’ about their emotional connections to the ideas expressed by the words. For example, with Aspect Capital (a global investment company) we asked what they really meant by ‘scientific approach to fund management’. The answers could be given in terms of ‘algorithms’ but actually it became more interesting to ask ‘who are your scientific heroes?’ and ‘what inspiration do you draw from them?’ Making the connections between the investment policy and the intellectual curiosity that drove, say, Einstein or Newton or Feynman in their different scientific fields, was much more revealing for those questioned and for external audiences. It was a way of telling stories that explained the brand through its individuals.

Stories have this ability. They make you think about the materials at your disposal and how you combine these for maximum effect. So elements such as vocabulary, structure, characters become the essentials to use, just as a manufacturing company will use engineering drawings, materials, regulation of temperature. The manufacturing company depends on quality control, and so must the marketing storyteller. You have to tell good stories, stories that are authentic, credible and, above all, human. A story needs words that are used in effective combinations shaped by craft.

This is where the landscape has shifted. Tone of voice has become an accepted practice of branding and marketing. Storytelling is a word often used, a buzzword that has been appropriated to mean many different things in a marketing context. We are clear that a brand model is not in itself a story, though we have often seen them described as such. By ‘brand model’ we mean those single-page, single-slide distillations of a brand into descriptive words—words that have often been tortured to death by a committee. At their worst we have seen these labelled as ‘brand temples’ or ‘brand Parthenons’ to justify the classical architectural look of the diagram.

To tell real brand stories you have to go further, you have to create human connections because that is what brings about change. This is a philosophy that the best brands bring into their marketing strategy. But it needs to be done with a genuine feel for the essential qualities of storytelling, techniques that can be learnt and developed. (www.darkangels.co.uk). And it needs to be done with care and integrity—stories are powerful, whether used or misused. We urge you to use them well—honestly, creatively and effectively.

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher or the Editor.

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Marketing 3.0: From Products to Customers to the Human Spirit

Philip Kotler, Hermawan Kartajaya and Iwan Setiawan

Introduction

Since its introduction in 2010, Marketing 3.0 has become a well-accepted concept in many countries. It is extremely gratifying to observe companies increasingly treating customers as multi-dimensional, values-driven people, in some cases, potential collaborators too. Customers too feel empowered as they recognize the global impact of their purchasing and decision-making powers.

Today's customer is highly cognizant, participative, and assertive. It is critical for us as marketers to not treat them as passive recipients of information but engage in deeper conversations, engage and collaborate with them, especially those identified as advocates to our brands. This, in turn, helps encourage companies to make products and services and adopt corporate cultures which are inspiring, and inclusive and even reflective of their customers' values.

With time, Marketing 3.0 continues to be more enriched as industry practitioners show greater enthusiasm about the concept and its implementation. We are grateful

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to witness that the concept, introduced back in 2010, is far from being outdated and continues to emerge as a novel approach to modern marketing in many countries around the world.

Marketing 3.0: Collaborative, Cultural

Since the concept of marketing came into being, it has evolved through stages which we identify as Marketing 1.0, 2.0, and 3.0. Despite the fact that consumers of today have undergone massive transformation, some marketers unfortunately are still practising Marketing 1.0, others have progressed to Marketing 2.0 but there are only a few who have embraced Marketing 3.0. In our opinion, those practicing Marketing 3.0 will witness the greatest opportunities to not only grow their business but touch consumers' hearts, minds, and spirits.

If we look back at the industrial age, business operations were driven by machinery, and the concept of marketing was limited to simply selling factory's output to those who needed it—essentially mass marketing. In order to scale, businesses preferred standardization and focused on cost reduction in order to make their products more affordable to customers. A suitable example is Henry Ford's T automobile for which he once said to his salespeople, "Any customer can have a car painted any color that he wants so long as it is black." This age is referred to as Marketing 1.0 or the Product-Centric era.

As information technology (IT) developed, resulting in greater interactions between company and consumer, the job of marketing became more complex and called for marketers to pay heed to consumers' different choices and preferences. Marketing 2.0 emerged in the so-called information age when product value is determined by consumers and marketers need to adopt segmentation and create products for specific target markets. In this age, 'Customer is King' approach usually works and consumers are also appreciative as their needs and wants are adequately met. Marketers are vying to make space in consumers' minds and hearts. This is what we refer to as Marketing 2.0 or Customer-Oriented era. Even though the approach has seen some success, it unfortunately has a key observation wrong—that consumers are mere passive targets of a marketing campaign and simply obey marketers' directions.

As we take note of the profound changes in consumer behavior, attitudes and coupled with the changing business dynamics, we acknowledge the emergence of Marketing 3.0 or Values-Driven era. We encourage marketers in this era to consider the people they target as not only consumers, but whole human beings with minds, hearts and also with a spirit. Consumers today are not only concerned with their own lives but also reflect on bigger issues which could make this world a better place. In today's times of far-ranging conflicts and inadequacy, customers are more attuned to their human spirit. They appreciate and even look for companies which accomplish more than just selling products and keeping their customers happy, companies which show sincere commitment to addressing consumers' need for

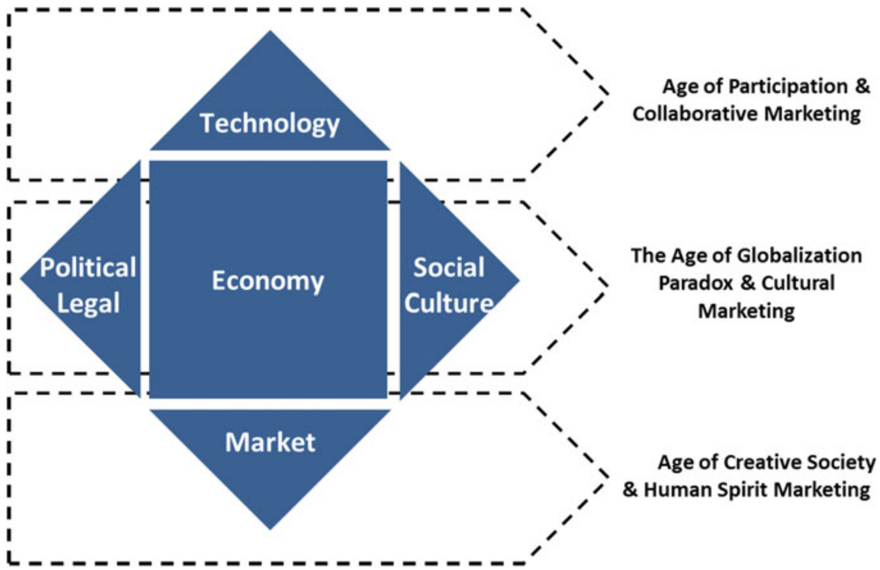

Fig. 1 Three changes that lead to Marketing 3.0. *Source Marketing 3.0—From Products to Customers to the Human Spirit*, authored by Philip Kotler, Hermawan Kartajaya, Iwan Setiawan (May 2010)

social, economic, and environmental justice. These consumers look beyond functional and emotional benefits and aspire to enchant their human spirit through their actions, through even the products and services they choose.

In Marketing 3.0, marketing practices are shaped to a great extent by the profound changes in consumer behavior and attitudes. It is still a customer-centric era but much more sophisticated in the way marketers serve an increasingly higher order of consumer requirements for collaboration, cultural resonance and fulfillment of the human spirit (see Fig. 1).

Rapid technological advancements, which we refer to as New Wave (as opposed to Legacy era), have facilitated extensive exchange of ideas, information and opinion, empowering customers today to collaborate with companies on value creation. There are several examples of how brands are co-creating with their customers; Lego immediately comes to mind as a company which has benefited immensely from co-creation as its online community of fans and followers submit new designs for toys making it a win-win situation.

While technology plays a critical role in globalization of political, legal, economic, and socio-cultural landscape, it also creates paradoxes in the society. For example, China exemplifies a paradox where capitalism has thrived without democracy; which means globalization may open up economies but not politics. Secondly, globalization also aims to create better economic integration but helps little to really create equality among economies. Economically, it apparently even causes as much damage as it delivers. Moreover, globalization nurtures a universal global culture but also strengthens traditional culture as a counterbalance.

These paradoxes stemming from globalization need not be solved, but managed by businesses. Marketing 3.0 helps at that. The concept calls for companies to strive to become cultural brands, which seems to resolve the paradoxes in the society. These brands ought to be dynamic, adaptive to changing times and emerging contradictions.

The Shift Toward Human Spirit: The 3i Model

In order to embrace and practice Marketing 3.0, businesses need to look at consumers as humans—with hearts, minds and spirits—deeply exploring their anxieties and desires and to borrow words from Stephen Covey, 'unlock the soul's code' in order to touch their lives deeper and better.

In 3.0 stage, we describe marketing with the help of a consonant triangle of brand, positioning, and differentiation. To make it more comprehensive, we combine it with three i's (3i's): brand identity, brand integrity, and brand image. Each of these elements is incomplete without the other.

Brand identity pertains to the way the brand identifies itself. Positioning is a key component of identity and needs to be clear and effective. Brands should possess unique positioning to stand out in a cluttered market. While positioning should also be in line with the rational needs and wants of the customer, it is differentiation which tells customers what and how your brand delivers on its promises. Differentiation underlines brand integrity.

Brand integrity is related to the fulfillment of promises made through positioning and differentiation of a brand. This is what helps you gain credibility and establish trust among your consumers toward your brand. Thus, positioning of a brand, which is the promise, should be synergized with the differentiation, which is a proof that the brand delivers on its promise, in effect creating a good brand image, which helps a brand gain a sizeable share of consumer's emotions. These three elements together complete the credible triangle model in Marketing 3.0 (Fig. 2).

Conclusively, what marketers should strive for is to make an impression on consumers' minds and spirits simultaneously in order to touch their hearts. While positioning will enable consumers to evaluate brands rationally and based on their relevance, an authentic differentiation will appeal to the human spirit, confirming the decision. Ultimately, as a brand touches their hearts, this will reinforce customers to act on their buying decisions.

Citing a few examples, S.C. Johnson & Sons, Inc. has positioned itself as "the SUSTAINABLE five-generation family company that specializes in home care consumer products" (Houston 2010). Their company description on the website clearly states: "a family company since 1986." The differentiation stems from a sustainable business model (Fig. 3). Their development focuses not only on improving the product, but also saving resources, reducing waste, and encouraging

Fig. 2 The 3i model. *Source Marketing 3.0—From Products to Customers to the Human Spirit*, authored by Philip Kotler, Hermawan Kartajaya, Iwan Setiawan (May 2010), published by John Wiley & Sons, Inc

Fig. 3 The 3i of S.C. Johnson. *Source Marketing 3.0—From Products to Customers to the Human Spirit*, authored by Philip Kotler, Hermawan Kartajaya, Iwan Setiawan (May 2010), published by John Wiley & Sons, Inc

their stakeholders to pay greater heed to environmental issues. This attitude has remained consistent over time. In 2016, S.C. Johnson began an initiative to create a campaign aimed at achieving three targets: championing Transparency, Protecting the Environment and Improving Lives (Johnson 2016). Some of the achievements from the campaign were as follows:

- 32.7% of energy use globally now from renewable sources.
- 51.7% greenhouse gas emissions reduction from S.C. Johnson manufacturing sites since 2000, indexed to production.
- 76% waste reduction at S.C. Johnson manufacturing sites since 2000, as a ratio to production.
- One-third of S.C. Johnson global office and manufacturing sites now hold "zero waste-to-landfill" status.

Timberland serves as another example of a company with brand integrity. With its positioning as "the good outdoor-inspired footwear and apparel company," Timberland has managed to create an authentic, differentiated positioning (see Fig. 4). Renowned for its 'Path of Service,' a voluntary community service program for its employees, Timberland's authentic differentiation has stood the test of time. The voluntary nature of the program was questioned for its sustainability but Timberland's management believed in volunteer service as an integral element of its corporate DNA which differentiates the brand from its counterparts.

Fig. 4 The 3i of Timberland. *Source Marketing 3.0—From Products to Customers to the Human Spirit*, authored by Philip Kotler, Hermawan Kartajaya, Iwan Setiawan (May 2010), published by John Wiley & Sons, Inc

The program invites full-time employees to volunteer for social work for 40 h. Considering the amply apparent positive impact on the environment, the program offers a sense of personal pride to the employees associated with it as they increasingly recognize its valuable contribution to the surrounding environment.

The 3i's model is also quite relevant to the emerging social media marketing phenomena. As consumers today are armed with abundant information and more trusting of the unbiased first-hand reviews from other users, brands need solid differentiation to stand out and come across as authentic entities. Word-of-mouth has become a powerful advertising media tool, in turn, making it impossible for inauthentic brands to survive.

On social media, brands come across more horizontal, even as fellow community members. Brand identity, therefore, is a function of the experience of people within a community. A single unpleasant encounter could possibly tarnish your brand integrity and have far-reaching impact on your brand image in a community. Social media influencers are a force to reckon with in such times and brands can potentially learn a lot from them on how to guard their characters relentlessly and stay relevant to their fans and followers. Brands with exclusive communities should not try to over-regulate and rather let their creativity set free, which could in turn, act as an effective marketing channel for you. As a marketer, your primary role is to stay true to your brand DNA. This would require a sense of deep conviction in the fact that it indeed is an era of Marketing 3.0 where horizontal communication with genuineness, honesty, originality, and sincerity will work, and vertical power flexing will not.

Shift to Values-Driven Marketing

The globalization paradoxes as discussed earlier are often responsible for creating generic anxieties and desires among consumers—how to contribute toward making their society and the world a better place to live. The brands these consumers invest in should be perceived as icons sharing the same dream and sincerely working toward making a difference. Whether it through supporting environmental or social causes or practising corporate philanthropy.

The latter has gained ample steam over the years, so much so, that companies are beginning to think corporate philanthropy has marketing value. That is not always true. Many companies aiming to sensitize their corporate leaders by practising philanthropy often fail to incorporate the same values in their corporate DNA. Those doing it for marketing value often find it hard to commit, especially if the business faces turbulent times. This eventually results in creation of an inauthentic brand which appears to do 'good' only for dimes.

Mission—Vision—Values

In order to bring authenticity to philanthropic gestures that a company intends to indulge in and maintain, the best way is to inculcate them in its mission, vision, and values. For corporate leaders, the mission, vision, and values should not be mere words but integral elements of the corporate DNA.

In a dynamic environment, a mission is not just a statement which describes company's business because the scope of business is always prone to change. The mission of a company therefore should be more perpetual, describing the very reason of your business' very purpose of existence. A company's mission should describe its fundamental core, determining the sustainability of its business. A mission is enduring, one that cannot be changed as such with the changes in business scope and operations.

Vision, on the other hand, looks to the future. A company's vision is the description of a desirable future that a company would want to achieve, going forward—what a company stands to create, become, or make happen. In order to create that vision, a company ought to first create the mental picture of how it should look. That picture will dictate a company's vision, manifesting in a type of compass that guides the future course of an organization.

Finally, values can be called a 'corporation's institutional standards of behavior.' Values of a firm list out the corporate priorities and management attempts to be embedded in its practices which are expected to facilitate behaviors aimed at benefitting the company and its communities, both internal and external. This, in turn, further enhances institutions' values.

In order to better align the mission, vision and values, with the mind, heart and spirit of consumers that the company wants to occupy, we introduce the VBM Model or a values based matrix. A company should look beyond just delivering customer satisfaction through its products, it should also come across as a brand which works to realize aspirations, one which performs compassion. It must not only make a promise of *Profit Ability* and *Return Ability* toward its existing and future shareholders, but also that of *Sustain Ability*. A brand that strives to become better, stand apart from its peers and sincerely works to make a difference to its employees' lives, both current and future (see Fig. 5).

S.C. Johnson & Sons, Inc. can again be taken as an example of a company that embeds its commitment to social and environmental sustainability in the mission, vision, and values. The company's mission is "contributing to the community well-being as well as sustaining and protecting the environment" which it achieves through its products, realizes aspirations by inviting customer participation in sustaining the environment, and performs compassion by targeting the "bottom of the pyramid" market.

With a vision to become a world leader in presenting innovative solutions fulfilling human needs through sustainability principles, the company achieves it through profitable growth and recognition in the form of several awards it has got. The values of S.C. Johnson & Sons, Inc. are derived from the concept of triple

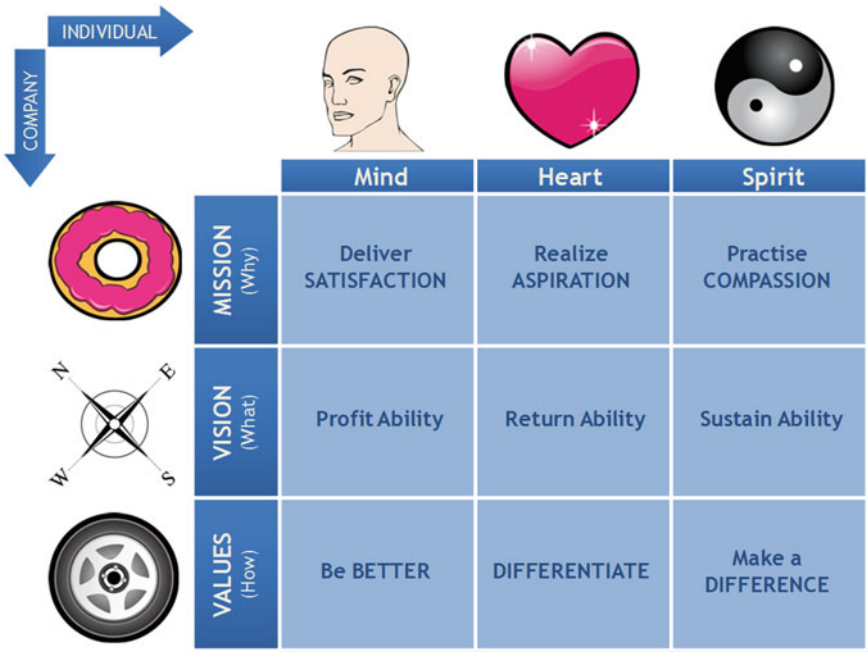

Fig. 5 Values-based matrix (VBM) model. *Source Marketing 3.0—From Products to Customers to the Human Spirit*, authored by Philip Kotler, Hermawan Kartajaya, Iwan Setiawan (May 2010), published by John Wiley & Sons, Inc

bottom line: economic value, environmental health, and social progress, which it uses to target the hearts, minds, and spirits of its consumers. By maintaining that the company's fundamental strength stems from its people, the company targets the mind. To target the heart, the company also hires employees with diverse backgrounds. For this effort, S.C. Johnson has been awarded with several recognitions. For example, it has been included in the "100 Best Companies for Working Mothers" for the 29th time by Working Mother magazine, "Best of the Best for Top Disability-Friendly Companies," featuring on the list by Human Rights Campaign's "Corporate Equality Index" for the 15th consecutive time in 2016 and achieving perfect score 12th time (Johnson 2018).

In the case of Timberland, it is the mission is simple: to make its products better. It delivers customer satisfaction through its quality products and nurtures emotional connection with its customers through the design of its stores, for example. To touch consumers' spirit, its mission is regarded as a tagline.

Timberland's envisions itself to become a socially responsible corporation around the world. It has done a commendable job of moving closer to its vision all these years, which also acts as one of the company's selling-points for its shareholders. Rationally, adhering to the vision also translates into profit growth for the company. Emotionally, the vision encompasses various company programs encouraging employees to contribute more to the environment. Spiritually, adherence to the vision is demonstrated from its Sustainability Key Performance Indicators.

Timberland also tries to foster the values of humanity, humility, integrity, and excellence among its employees, which it demonstrates through various efforts. The most important initiative is the Path of Service, which provides opportunity for employees to practice the values.

The Meaning of Marketing and the Marketing of Meaning

Upon examining the 3i model, we can find a new meaning of marketing in 3.0. At its ultimate pinnacle, marketing will be a congruence of three concepts: identity, integrity, and image. Marketing pertains to clearly defining a brand's unique identity and backing it up with sincere integrity in order to build a strong image.

Marketing 3.0 goes a step further as it develops into a 'marketing of meaning' amalgamated into the corporate mission, vision, and values. This elevates the status of marketing from being a discipline to being a major contributor in designing a company's strategic future. Marketing cannot just be limited to the practice of employing various tools to generate demand for the products sold. Marketing in today's times must be regarded as a crucial component to building consumer trust.

10 Credos of Marketing 3.0

In order to develop a relationship between marketing and values, there must be three stages of the process. The first stage is when marketing and values remain polarized. Many businesses refrain from adopting a set of values to drive its marketing principles in order to avoid extra costs and limit constraints. Subsequently, a second stage is reached, which we refer to as balancing. Businesses then employ an ordinary level of marketing, also indulging in some philanthropy through donations of part of their profits in aiding some social causes. In the third stage, which can be called integration, the company is committed to follow a set of values, which is what lends the company its personality and purpose. A divide marketing and values is disagreeable. Looking more closely at marketing's roots and fully comprehending them, we can identify 10 credos that make marketing and values inseparable.

Credo I: Love Your Customers, Respect Your Competitors

In business, when you love your customers, you earn their loyalty by giving them great value and connecting with them emotionally and through spirit. Consumers purchasing decisions and loyalty to a certain brand are hugely influenced by emotions.

Moreover, you must respect your competitors as well. It is competitors that expand the whole market, with no competitors in sight, an industry will not grow as fast. From monitoring our competitors, we can discover more about our own strengths and weaknesses, along with that of our competitors: something that can be extremely useful to a company.

For example, Unilever conducts trainings on best practices for its local suppliers. At these trainings, suppliers can learn about quality standards and the technologies necessary to achieve these standards. Unilever also lends financial support to its suppliers. In doing so, Unilever is not only able to benefit from the low costs achieved by local suppliers, but also manage quality at the same time. Even the competitors' involvement in serving Unilever's suppliers does not stall the efforts. Interestingly, Unilever encourages that since it helps develop the overall market.

In another example, one of the initiatives is undertaken by Knorr called the Knorr Sustainability Partnership program. Every year, Knorr co-invests 50% of the profit from the initiative of farmers interested in developing sustainable agricultural practices. Knorr has thus committed to allocate total funds worth 1 million Euros for this program. The program is designed so that companies obtain food ingredients from sustainable sources by 2020. This program has been designed to align with the Unilever Sustainable Agriculture Code.

The strategy of allowing the organic growth of the market through intensified competition can be done through vertical or horizontal technology transfers. Even then, horizontal technology transfer does not come naturally to most companies. Not many firms, after all, would be willing to transfer their technology to competitors directly. But it is can be used as a last resort if a company finds itself incapable of stimulating growth in the market alone. Such a company does so in order to share the risk. The alliances can help the companies achieve economies of scale.

Treat your customers with love and your competitors with respect

Credo II: Be Sensitive to Change, Be Ready to Transform

Amidst changing business landscape, competitors are bound to grow in number and become smarter. Same is also true for customers. If you are not sensitive to this and are not adept at anticipating such changes, your company runs the risk of being obsolete and eventually die.

Before it came out with the Prius hybrid car, Toyota was not seen as a disruptive innovator that could forge breakthrough technologies. Instead, the company was largely regarded for its consistent innovation efforts coupled with rather slow decision-making process. However, in creating Prius, Toyota anticipated the trends in the market based upon its realization that a desirable hybrid vehicle must be introduced in the market quickly, before the technology became obsolete. Thus, with Prius, it swerved around many of its hard-and-fast Japanese management systems and in order to speed up product development.

But in developing hybrid technology, it did not have to be expensive, as proved by Toyota when its Prius was awarded "The Best Hybrid Car for the Money" by U. S. News & Report. The durability of the product has stood the test of time, as over 90% of Toyota Prius sold in the last 10 years are still functional. This has been reinforced by IHS Automotive as it tags Prius as the "Longest-Lasting Vehicles of Any Full-Line Automotive Manufacturer." With Prius, Toyota provides two solutions rolled into one. First, of course contributing to protecting the environment. Second, it provides the perfect solution for a motorist who is cautious of the preservation of earth.

When times change, change with them

Credo III: Guard Your Name, Be Clear of Who You Are

Reputation is of paramount importance in marketing. Between two equal products based on quality and price, consumers often tend to prefer the one with stronger brand reputation. In order to create and boost its brand's reputation, a company must project a clear positioning and differentiation to its target market.

A great example of values-driven business is The Body Shop. The company is well-known for its community fair trade with its suppliers as it purchases natural ingredients from local and poor communities, resulting in poverty alleviation and promoting the brand's values-driven image at the same time. The British brand is also against animal testing—a commitment it struck long before any such official enforcement by the EU. While these practices may not make much business sense, these very ideas have helped The Body Shop develop an excellent reputation and make it one of the most successful retailers globally from the UK.

As of now, The Body Shop operates over 3000 stores in 66 countries and is supported by more than 22,000 employees. A recent initiative by the company launched in February 2016 is 'Enrich Not Exploit.' The final goal of this program is to actually realize a sustainable business model. In 2017, the company unveiled plans to launch The Body Shop Foundation. The initiative aims to strengthen philanthropic activities of the company.

Make your values clear and don't surrender them

Credo IV: Customers Are Diverse; Go First to Who Can Benefit the Most from You

As a business, you do not have to reach out to everyone. But it serves well to identify and target those who are the most likely to buy your product and benefit the most from an association with your brand.

Most businesses can classify their customers in the following four tiers:

1. A Global segment that demands global products and features and does not shy away from paying higher prices for them
2. A "global" segment that demands products with global quality but also possessing local features available at slightly lower prices
3. A local segment that desires local products, having local features at local prices
4. A bottom-of-the-pyramid segment that can afford to purchase only the most inexpensive products available.

The bottom-of-the-pyramid customer segment is probably the most desirable for local companies looking to compete with their multinational rivals in developing countries. It is also an appropriate segment to start with the practise of Marketing 3.0.

One such example is Swiss-based global building materials company Holcim which is targeting bottom-of-the pyramid segment by trying to address their need for affordable housing in Sri Lanka. The company is working with a microfinance company to build shop houses: homes that are designed to accommodate spaces which can be used for small businesses as well. Holcim sees these low-income consumers as a future market segment as they climb up the economic pyramid. On the other hand, this endeavor helps transforms the community by providing better houses and giving poor people a potential source of income.

In October 2015, Holcim merged business with Lafarge, a French industrial construction company, to aggregate as a stronger player in the global building materials industry. Apparently the tradition of Holcim to preserve the environment has also continued, with sustainability a part of its core values and business strategy. This can be seen from the company's 'The 2030 Plan—Building for Tomorrow.' This plan is broadly divided into six parts, namely Innovation, Climate, Circular Economy, Water & Nature, People Communities, and Others. All of these programs are run as a form of support for the UN's "Sustainable Development Goals" and therefore the report of the entire activity turns out to be transparent.

Focus on those to whom you can bring the most benefit

Credo V: Always Offer a Good Package at a Fair Price

Businesses must *never* sell a product of poor quality at a high price. That could be a business's biggest folly, instantly and likely permanently disenchanting customers. True marketing relates to fair marketing, in that the price must match with the product quality.

As an example, Procter & Gamble's (P&G) effort to provide safe drinking water. The company is known for its skill in sachet marketing. Using its proprietary technology on water treatment, P&G is aiming to provide safe water to consumers around the world. Interestingly, the purification technology developed in collaboration with the U.S. Centers for Disease Control and Prevention (CDC) has been sized down to fit a sachet to ensure its affordability by the underprivileged. Consumers can simply pour the content into a gallon of 10 liters of water for drinking.

Launched in 2004, the program has provided over 9 billion liters of clean water to people in more than 75 countries and helped increase awareness of the crisis on clean water through a network of 150 partners (Procter & Gamble Uses Cleaning Technology to Deliver 15 Billion Liters of Clean Drinking Water by 2020 2015).

In other achievements, through the Tide brand, the company introduced the first bio-based detergent (65% bio-based) which is more environment-friendly. The company also managed to reach its targets in the field of energy four years ahead of schedule.

Set fair prices to reflect your quality

Credo VI: Always Make Yourself Available, Spread the Good News

Customers should be able to reach out to you easily. If you make it harder for them to approach you, this will impact your relationship. As IT intensifies and internet penetration grows, it is easier than ever for the connected population to communicate with brands. But to get immersed in the online world and forget the digital divide would be a mistake—there are significant socio-cultural differences between those connected consumers and others who do not have access to digital technologies and internet. This is a challenge for businesses across the world and companies which can maneuvre their way through the divide will be able to grow their consumer base and maintain existing consumers better.

Hewlett-Packard is one such company which has done a commendable job attempting to reduce the gap since 2005 by collaborating with partners across sectors to promote the availability and utilization of information technology in developing nations. In order to boost growth in these regions, the company particularly targets low-income segments as its potential customers. In undertaking market creation, it progressively reduces the gap of the digital divide and improves access to technology for the underprivileged. These consumers represent a large untapped potential for companies in mature markets seeking newer avenues of growth.

In 2014, Hewlett-Packard also collaborated with US-based NGO Kiva to launch the “Matter to a Million” program. Basically, this program aims to bridge low-income entrepreneurs to a funding source. The program also seeks participation from employees of the company. Through October 2015, a total of 152,000 employees had contributed to the official program, many of them offering additional donations. So far the program has donated USD 9.8 million in value, providing 345,000 loans to entrepreneurs.

Help your would-be customers find you

Credo VII: Get Your Customers, Keep and Grow Them

As the basic principle of customer relationship management (CRM) goes, maintaining good relations with your customers is a must. It is important for businesses to know them better personally, and have a clear and complete idea about their needs, wants, and preferences. Grow their business. Attract the right customers who would continue to purchase your product or service because of their deeper rational and emotional satisfaction—these are also the customers who would readily become your advocates when the first opportunity arises.

PetSmart Charities has saved millions of homeless pets through finding homes for over 500,000 dogs and cats every year, through its in-store adoption centers. In doing so, the company also attracts visitors to its stores and this helps boost sales of PetSmart products. In its endeavor to save pets, the company earns new customers and can also cross-sell its products to them. Not to forget, as the customers witness this strong commitment supported by real efforts in making a difference in the lives of these pets, it touches the consumers, also fuelling their loyalty and advocacy.

This effort has continued by PetSmart over the years. Until now, over 515,000 animals have been adopted. These results have been obtained in collaboration with 3000 related partners. To operate optimally, the partners are awarded funds to care for animals and educate the surrounding community. To date more than USD 30 million have been invested in PetSmart Charities.

Look upon your customers as customers for life

Credo VIII: Whatever Your Business, It Is a Service Business

It is not only hospitality businesses which ought to care about service. Each business today is a service business—you must nurture a spirit within your organization to sincerely want to serve your customer. That is how it becomes your calling, becoming more than a duty. If businesses serve their customers with empathy and genuine care, they take away positive memories from the experience. A business' corporate values expressed through its products and services are capable of making a deep positive impact on the lives of people they touch.

Whole Foods views its business as providing a service to its consumers as well as, society. The company has been working to encourage its customers to adopt healthier lifestyles. Moreover, it also earns a sense of service toward its employees by allowing them to vote on the company's strategic direction. Several employee accounts describe how they attained leadership positions at Whole Foods, while starting at the bottom, as grocery baggers or shelve stockers.

Not just that, Whole Foods also makes an effort to motivate its consumers to contribute to the surrounding community. Periodically, some Whole Foods stores organize community-giving days (also known as 5% Days). On these days, five percent of all net sales are donated to non-profit organizations and local education providers. Thus this helps not only serve customers, but also invite them to participate in serving their communities as consumers walk away gratified that the products they have bought have made a difference.

Every business is a service business, because every product delivers a service

Credo IX: Always Refine Your Business Process in Terms of Quality, Cost, and Delivery

A marketer's foremost job is to work endlessly toward improvement of QCD: quality, cost, and delivery in their business processes. You must sincerely attempt to meet all your promises to customers, suppliers, and to your channel partners, too. Never engage in deceit or dishonesty on quality, quantity, delivery time, or price.

S.C. Johnson is well-known for doing fair business with local suppliers. It engages local farmers to help them improve productivity and delivery. The company has partnered with KickStart and the Pytherum Board of Kenya to help farmers with irrigation in order to ensure a sustainable supply of Pyrethrum. Farmers are able to up the productivity of their yields with new irrigation pumps and therefore can also improve their supply to S.C. Johnson. Furthermore, farmers manage to earn additional income because the pumps help them irrigate other crops too.

Similar efforts by the company have been undertaken in Rwanda with an aim to create new sources of raw materials which are sustainable, environment-friendly, and economical. This program encourages the participation of more women farmers thus expecting to improve the welfare of women in the country. Improvement in the productivity of pyrethrum fields is also done. The final goal of this program has had a major impact on the stakeholders. In addition to improving the welfare of farmers, S.C. Johnson gets quality raw materials, and also earns appreciation from local authorities.

Every day, improve your business process in every way

Credo X: Gather Relevant Information, But Use Wisdom in Making Your Final Decision

This principle encourages us to *never* stop learning. For a marketer, the decades of hands-on experience and first-hand knowledge in most cases determines majority of his or her life-changing decisions. Supported by maturity of spirit and pureness at heart, a marketer can swiftly make decisions based on their inherent wisdom.

In Asia, skin-whitening products are quite popular among women. But Seoul Secret—a Thailand-based company went a bit too far in one of its marketing ideas. In early January 2016, the company launched a promotional campaign themed "white makes you win." Within a few hours of this ad circulating in the online world, there were people strongly protesting the idea, not only in Asia but also in the west.

Apparently the ad is considered racist as it openly conveys the message that a whiter woman is better. There were even statements associated with the campaign which said the product "helps you to not go back to being dark." Not long after, Seoul Secret realized its mistake and apologized on Facebook. They took full responsibility for the incident and explained that they did not deliberately intend to raise the issue of discrimination and racism.

The company also immediately withdrew the ad from all circulating media but the news of the campaign had already spread, in fact, even garnering global media spotlight. Media companies are increasingly realizing that advertising today has become a manifestation of societal issues in the digital world. Amid increasing competition, companies are sometimes desperate to make a catchy promotional program, which may or may not be responsible.

Wise managers consider more than the financial impact of a decision

Postface

Over the past six years, several business practitioners and marketers we have met have enquired us what after Marketing 3.0. We acknowledge, a lot has changed since 2010 when Marketing 3.0 was introduced, especially in terms of technological developments. We opine that technology will ultimately result in a convergence between traditional and digital marketing. The hi-tech world that we live in today, people are increasingly craving for personal touch. The more social media we tend to use online, the more we also end up yearning for a personalized experience. With technologies such as Big Data, our products are becoming more personalize and services more intimate. As we move toward an ever-expanding digital economy, businesses must learn to manage these paradoxes.

Thus, in this transitional era, we reckon the emergence of a new marketing approach. We therefore introduce Marketing 4.0 as the natural next step to Marketing 3.0 (Kotler et al. 2016). The major premise of the concept is that marketing should keep adapting in line with the changing nature of customer journeys in the digital economy. A more evolved role of marketers is to enable customers to progress along this journey, easily and naturally, not difficultly and coercively, from the initial starting point of awareness to ultimately advocacy.

Marketing 4.0 therefore is essentially aimed at deepening and broadening human-centric marketing to cover every aspect of customer journey. With technology advancement, we have to adapt ourselves to explore newer ways of approaching the customer. We really hope that marketers around the world continue to be inspired by Marketing 3.0 concept and will embrace Marketing 4.0 approach.

Disclaimer Views expressed herewith are those of the authors and do not reflect the opinion of either the Publisher or the Editor.

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Service Innovation—A Jobs-to-Be-Done Guide

Lance A. Bettencourt

Services such as education, hospitality, and healthcare dominate the global economy. And services are an increasingly important component of competitive advantage of manufacturers such as John Deere, Dupont, and Hewlett-Packard as well. So it makes sense that there has been a flood of expert help in the past decade focused on service innovation.

Yet, much of the expert insight out there falls short precisely because the focus is placed first and foremost on service. When the question "What do customers want in a service?" guides service innovation, the vision of what is possible is constrained to what the company intends to create, instead of the value customers are truly seeking. And this leads many companies to fall into the trap that has plagued product innovation initiatives—capturing solution requirements rather than customer needs.

Here is a key truth that should guide any meaningful service innovation initiative: Customers do not need a service! For that matter, they do not need a product, software, or experience either. What they need is help getting a job done, and sometimes that help is "packaged" in a direct service, such as when a financial advisor uses his or her skills to help a customer plan for retirement. And sometimes the help customers need is delivered by means of a physical product, such as when construction equipment helps move soil or a toothbrush helps remove food and plaque.

A recent series of TurboTax commercials illustrates this point well. In one ad, we are introduced to Tim Mahoney standing by his pool with the TurboTax app in hand. A narrator lets us know that "Tim thinks you need to be some sort of mastermind to do your own taxes, so we flew in mastermind George Smoot to help him." Enter George who asks Tim, "OK what does it say there?" to which Tim replies, "It says, 'Did you buy a home?'" So George Smoot asks Tim, "Did you buy

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a home?" When Tim responds "Yes," George says, "Then I'd press there." And then we read on screen that "It doesn't take a genius to do your taxes."

Perhaps it *does* take a genius to do your income taxes, just not one standing beside you. That is the real point of the TurboTax ad—the genius help that is needed is built into the software itself. That is true service: knowledge and skills applied to help the customer get a job done—sometimes directly, but often embedded in a tangible good, software, or process.

In a similar way, true service innovation requires a shift in focus—away from what we (intend to) sell to what the customer is trying to achieve. This means that a company like Weight Watchers, for example, must shift its focus from improving its weight loss management program (what it sells) to helping customers to lose weight (what the customer is trying to achieve). And Google must shift from a focus on search algorithms to helping customers efficiently and effectively find information on the web.

The true goal of service innovation is not to create a new or improved service; rather, it is—or should be—to help customers get one or more jobs done more effectively, reliably, conveniently, or affordably—possibly by means of an intangible service. This is the perspective that offers forward-looking insight into customer needs, broadens the horizon of what is possible, and directs resources to what matters most!

The first part of this chapter lays out some fundamental truths about what it means to focus on customer jobs-to-be-done. Building on this, the next section draws on these truths to offer five different ways to apply a jobs-to-be-done lens to discover service innovation opportunities. Finally, the chapter concludes with four principles for helping customers get their jobs done more successfully.

Focus on Jobs-to-Be-Done for Service Innovation

The best guide to meaningful innovation of any kind is to place the focus squarely on understanding the value customers seek when they buy, rent, borrow, or simply use a product or service. Services that clearly satisfy customer needs are more than five times as likely to succeed as those that have a poor fit with customer needs (Cooper and Edgett 1999). In other words, successful service innovation begins with a proper understanding of customer needs.

Four fundamental truths about customer needs offer a company the proper perspective to create services of distinctive value (Bettencourt 2010; Ulwick 2005). These are:

1. Customers hire products and services to get a job done.
2. Customer value depends on getting a job done successfully.
3. Customers hire solutions to get distinct steps in an entire job done.
4. Customer jobs are done in contexts that shape possibilities and priorities.

For more than a decade, I have been helping companies apply these truths to innovate beyond how things are done today—that is, beyond today's products, services, software, and so on. I have personally applied jobs-to-be-done (JTBD) thinking to guide innovation of financial services, education, healthcare, insurance, support, retail, and other services. But, as important, I have helped companies apply a JTBD perspective to the innovation of consumer electronics, smart buildings, connected cars, consumer packaged goods, enterprise software, surgical devices, and many other products.

Customers Hire Products and Services to Get a Job Done

We hire a Visa credit card to pay for purchases. We hire a Century 21 real estate agent to buy or sell a home. We hire a Mayo Clinic doctor to diagnose and treat an illness. Students hire an MBA from Texas Christian University to develop career skills. Companies hire UPS shipping to transport goods. And consumers hire Microsoft support services to understand how to do specific calculations in Excel. In short, individuals and businesses hire services (and products) to get jobs done—that is, to accomplish goals or resolve problems.

The truth is that customers do not truly value any particular offering; what they value is the ability to get a job done well. The customer job therefore offers a stable, long-term focal point for either the improvement of current services or the creation of new-to-the-world services. Ultimately, customers are loyal to the job, and they will switch to new solutions that help them to get their jobs done better. In fact, innovation counts on this truth! This is why we see the shift away from classified ads toward eBay for the job of selling used personal items. And this is also why we see the shift from using physical maps to GPS for the job of navigating an unfamiliar route.

A focus on the customer job offers huge benefits to service innovation. First, despite what many pundits will argue, customers can tell you their needs on getting a job done (Bettencourt 2009). While the customer may not know how technology may solve a problem, they are experts when it comes to telling you about the problems, delays, and other issues they encounter when doing a job. A dieter, for example, can tell you that they want to keep food costs reasonable, avoid giving into cravings late at night, and lose fat rather than muscle—and they can tell you these needs before services to better satisfy them are created.

Second, a focus on the customer job expands the possibilities for how a company might create distinctive customer value. Unlike current products and services, customer jobs offer a solution-independent focus for innovation. The customer job of losing weight, for example, does not reference any past, present, or future solutions. Nor do the customer jobs of diagnosing an illness, developing career skills, selling used items, and so on. In fact, products and services often compete when it comes to helping the customer get a job done, as books compete with training seminars for the customer job of developing career skills.

As such, a focus on the customer job—the solution-independent reason a customer hires anything—makes it evident that products, services, software, processes, and so on are simply alternative means of helping the customer get a job done. If a customer who needs to file income taxes (the job) has unmet needs concerning being able to quickly gather documents, not missing any deductions, and avoiding an audit, the solution possibilities might include firm partnerships, personal consultation, sophisticated analytics, or some combination of these or other improvements. The possibilities are boundless!

Customer Value Depends on Getting a Job Done Successfully

The true value of current and future services depends on how well they enable customers to get their jobs done. The true value of eBay is how well it helps its customers to buy and sell used goods. The true value of Weight Watchers depends on how well it helps individuals to lose weight. And the true value of Amazon depends on how well it helps individuals to purchase a book, among many other things.

For any given job, customers judge success based on outcomes or criteria related to the effectiveness, reliability, convenience, and affordability of getting the job done. For example, in judging success in obtaining healthcare, customers may want to quickly see a medical specialist, experience minimal disruption to a personal schedule, and keep out-of-pocket costs reasonable. Importantly, these success criteria are tied to getting the job done, not a particular way of delivering care. As such, they provide an ideal basis for thinking creatively beyond how things are done today.

When customers hire products and services to get a job done, they choose from among competing solutions based on how well the various offerings satisfy the criteria they use to judge success. A few years ago, for example, we had visited our pediatrician on multiple occasions to get a diagnosis for an unknown growth on the finger of our youngest daughter. The diagnosis: "Don't know." The treatment plan: "Wait and see." We waited, but to no avail. So we decided it was time to see a specialist.

Much to our chagrin, our search for a dermatologist in our insurance network indicated that the closest one was more than an hour drive away and the next available appointment was more than six weeks out. The search for an out-of-network dermatologist was no more reassuring. It would also take multiple weeks to be seen and would cost more than $150.00 for the visit. Clearly, we had success criteria like those I shared before that were quite unmet!

So, we took a small, but calculated risk on a company called JustAnswer.com. JustAnswer provides an online platform for people to ask questions of experts in a variety of professional fields, including healthcare. So we asked our question, shared information and images with our online expert, Dr. Nair, and got our answer. A common wart. We took Dr. Nair's advice and the wart was gone within a few weeks. With JustAnswer, we engaged Dr. Nair at our convenience—not his since it was after midnight for him. We "saw" Dr. Nair immediately and we obtained a diagnosis within a couple of hours. And the cost for getting our answer? $19. We happily provided a tip for Dr. Nair!

Although I remain pleased with the service received from Just Answer, the moral of the story is much bigger than the wonders of an alternative healthcare model that better satisfied our unmet outcomes for fast and convenient access to a doctor. The real point is that our success criteria on the process of obtaining healthcare could have been readily gleaned from a simple conversation with us about our frustrations with current healthcare options for the problem we were facing. Customers can tell you how they judge success in getting a job done, and these needs provide the optimal roadmap for service innovation.

Customers Hire Solutions to Get Distinct Steps in an Entire Job Done

Customer jobs are extremely varied in their complexity: they can be as simple as locating a specific type of information or as complex as a surgeon replacing a hip joint. Simple jobs such as locating a specific type of information are often steps in more complex jobs such as preparing a market analysis report. Similarly, prepping a patient is a simple job that is a step in the more complex job of replacing a hip joint.

Mapping a job from beginning to end gives a company a complete view of all the points at which a customer might desire value from a product or service (Bettencourt and Ulwick 2008). When an individual wants to buy used tickets to an event, for example, this involves steps such as locating tickets, evaluating tickets, making the purchase, and receiving the tickets. The prospective ticket buyer has success criteria at each step in getting the job done that might guide service innovation. For example, at the 'locating' step, the buyer wants to quickly find events in the local area, which is why Stubhub automatically shows events based on an individual's location when they conduct a search on its site. At the 'evaluating' step, buyers want to know what their view will be like, which is why Stubhub introduced 360° virtual views of seating.

Job mapping offers valuable insight into natural adjacencies for current products or services. Travelocity, for example, is hired to make various kinds of travel arrangements, such as flights, hotels, and rental cars. Job mapping with leisure travelers would reveal not only steps in getting this job done, but also natural adjacencies such as the step of selecting a destination that comes before making travel arrangements. For this reason, Travelocity offers a 'Get Inspired' link on its website from which prospective travelers can search for travel and destination ideas based on their preferences for adventure, beach, food, history, or romance.

Job mapping also helps a company to understand what a complete solution for a job must do. Even a common job such as losing weight requires various products and customer actions to get the entire job done—from setting goals and meal planning to food selection, meal preparation, and tracking progress over time. The complete solution must be designed with the full scope of the job in mind.

Customer Jobs Are Done in Contexts that Shape Priorities and Possibilities

The value customers seek and receive in getting a job done varies by the context in which a job is done—that is, when, where, with whom, and on what the job is done.

First, the success criteria that customers consider most important or unmet vary by context. When I make flight arrangements for a trip *with family*, I am more concerned with having enough time between flights and not leaving too early or too late in the day. In contrast, when I travel for work, I make arrangements to optimize my travel so as to have good meetings, yet return home as soon as possible. And when I pay for purchases online, I have heightened concerns about fraud protection and ease of returns when I am buying from an *unfamiliar brand*.

Second, the fit and appropriateness of a product or service for getting a job done may vary by context. A navigation app may perform admirably when it is used near a big city, but fail to get the job done in a rural location or in an area with lots of construction. I use Apple maps, for example, when navigating in a location where traffic delays are unlikely because I like its easy-to-read visuals, but I use Waze in congested areas because it relies on real-time information from other drivers. In a similar way, an interactive lecture on jobs-to-be-done innovation will be more or less effective depending on whether instruction is in-person versus remote or with a professional versus inexperienced student population.

As such, a deep understanding of the context in which a job is done is a prerequisite to successful service innovation. To achieve this, companies must expand the traditional lens on customer experience beyond “product use.” Rather, they must get inside customers’ lives to learn how JTBD success criteria are defined and shaped by context, how the customer gets a job done in specific contexts, and how the potential of products and services is constrained by aspects of the environment.

Identifying Jobs-to-Be-Done for Service Innovation

The focus of service innovation should be the customer job. However, it is important to understand that customers are always trying to get multiple jobs done. In this section, I offer a framework to identify the distinct jobs that exist from a customer perspective (see Exhibit 1). Once distinct jobs are identified, it sets the stage for service innovation (Bettencourt 2013).

Customer Jobs	Definition	Examples
Focal Jobs	• The primary customer goal-to-be-achieved or problem-to-be-resolved for which a current product or service is hired.	• Expedia: Make flight arrangements • Google: Find information on the web
Strategic Jobs	• A customer job that cuts across complementary offerings or substitutes. The focal job may be step in a strategic job.	• Expedia: Take a vacation • Google: Build a research report
Specific Jobs	• A customer job defined around specific applications, contexts or motivations.	• Expedia: Make group flight arrangements • Google: Find recipes on the web
Related Jobs	• Other responsibilities or goals a customer has before, during, and after doing a focal job or using a current product or service.	• Expedia: Share a travel itinerary • Google: Share key information with others
Consumption Jobs	• Tasks that must be done as part of "consuming" a product or service, such as purchase, installation, use, and maintenance.	• Expedia: Add a credit card to an account • Google: Type in search terms

Exhibit 1 A customer perspective on distinct types of jobs-to-be-done. *Source* Bettencourt (2013). Shaping a Job-centric Service Innovation Strategy. *Marketing Management*, 22(March): 26–34

Focal Jobs

The starting point for service innovation is the job or jobs *for which a current product or service is being hired*. This is called a 'focal' job because it is closely linked to the purpose of current offerings. Although we begin with a current product or service, the focal job can and should still be defined in a solution-independent manner. For example, the focal job for Kayak.com is making flight arrangements. For webMD, the focal job is diagnosing a health condition. And for CVS pharmacy, the focal job is getting a prescription filled.

With the focal customer job in focus, a company's goal is to understand how customers judge success in getting the job done. Insight into these success criteria at each step in getting the entire job done can be very valuable. Once prioritized, these criteria become the specific measures of value from the customer perspective that are used to guide innovation in what services are offered and how services are delivered.

Consider, for example, some ways that Kayak.com has addressed specific unmet traveler needs. To satisfy a traveler's need to gauge all costs during flight booking, Kayak.com added an alert in the flight details if there are any unusual baggage fees. As a traveler who was just surprised by carry-on fees for a Frontier Airlines flight, I find myself wishing I had booked via Kayak. As another example, travelers also want to make sure that they get the lowest price possible on a flight. Among other innovations to satisfy this need, Kayak has added 'Advice' to buy or watch based on an analysis of historical price changes for a particular route.

Some products and services offer a platform that enables the customer to get many jobs done. Consider Amazon Echo, a hands-free speaker that you control with voice commands. The basic jobs that Echo supports are playing music, ordering products and getting various information such as news, sports scores, and weather. However, as Amazon notes, the Echo "has skills" and is "always getting smarter" as new capabilities are added that enable users to get new jobs done. Recent additions include, requesting a ride from Uber and controlling automated home appliances.

Strategic Jobs

A strategic job is a customer job that cuts across narrow product-market definitions, either by being defined across complementary offerings or across substitute solutions. For example, the focal job for which Google is hired is finding information on the web. This aligns with the product-market of a search engine. However, a more strategic job for which a search engine is hired is preparing a presentation. This strategic customer job cuts across product-markets such as search engines, presentation software, books, and even notepads that might be used to organize thinking.

In a similar manner, people hire an MBA program to learn business knowledge and skills. While learning is a useful job focus, it does constrain thinking to how to improve the learning experience. In contrast, the job of advancing in a career is a more strategic job for which an MBA program is hired because it cuts across substitute solutions such as networking, on-the-job training, and personal coaching. Neither job focus is right or wrong, but they do offer unique insights to guide service innovation.

In general, a focus on strategic jobs is especially valuable for guiding service innovation because service capabilities are often required to satisfy needs across the full spectrum of job steps, many of which require planning, analysis, integration, and judgment. And because your product or service is already helping customers to get these more strategic jobs done (in part), they are an important place to look for opportunities to expand solution capabilities that deepen customer relationships and appeal to a broader customer base.

The merger of CVS and Caremark, for example, added service capabilities that have helped customers get a more strategic job done. Because the focal job of getting a prescription filled is just one step in the more strategic job of managing a chronic condition, CVS Caremark assigns a pharmacist-led care team to each patient, offers disease counseling services, and provides expert guidance to assist customers with insurance paperwork and reimbursement issues related to managing their condition. Walgreens' Take Care Clinics have taken a similar strategic view of patient needs by adding services to help manage chronic conditions such as hypertension, diabetes, high cholesterol, and asthma.

Specific Jobs

Just as it helps to look at more broadly defined strategic jobs as a market matures, it also helps to look at more specific jobs for which a product or service might be hired. The goal here is to discover the jobs defined around specific applications, contexts or motivations for which current service designs, systems, and resources are not optimized.

One way to tighten the focus is to consider subcategories or contexts of the focal job aim. Make flight arrangements becomes make 'group' flight arrangements, make 'international' flight arrangements, or make 'last-minute' flight arrangements. Sell used goods becomes sell antiques, sell cars, or sell books. And get a meal becomes get a meal with family, get a meal while driving, and get a meal alone.

Google has taken this strategy to heart. Rather than only innovating around finding generic information, Google's search engine is being optimized for many specific types of information being sought, such as images, recipes, articles, vendors, patents, and so on. Taking a similar approach, eBay is differentiating its service for specific product categories such as fashion and automobiles, rather than treating the jobs of buying and selling goods generically.

A company should also consider the varying motivations and purposes for when and why a particular product or service is hired. An MBA, for example, is hired by some to gain more responsibility within a current company, whereas it is hired by others to discover a career passion. These are very different motivations and the content, out-of-class experiences, support services and much more should be very different for a program optimized for one versus the other of these jobs.

Of course, a service can also offer optional or personalized services to satisfy the unique job motivations of different customers. Many MBA programs do this, for example, by offering optional career counseling, networking events, independent study opportunities, and even flexibility in project applications. While such an approach can be effective, it does tend to me more expensive and complex, and it does make it more difficult to achieve a clear and distinctive position in customers' minds.

Related Jobs

Another way to find service innovation opportunities is to consider the related functional and emotional jobs a customer is trying to get done before, during, and after doing their focal job or using a current product or service. These related goals and problems offer natural adjacencies in which customers are seeking value and might welcome help. Hotels, for example, offer more than a place to stay while away from home; they also offer the means to get work done remotely, get exercise, meet with colleagues, and even feel pampered.

A service can transform the competitive space by helping customers to get related jobs done. Car owners, for example, rely on their vehicle primarily to get from one place to another. However, being a car owner also comes with a host of other responsibilities. Recognizing this, Verizon Hum, has combined into one system various related jobs that vehicle owners want to get done before, during, and after driving their car. By way of an onboard diagnostics reader, an attachable speaker, and an app, Verizon Hum helps car owners to understand the meaning behind that pesky check engine light, quickly get roadside assistance in an unfamiliar area, determine when a tune-up is needed, get insight into unusual engine rattles, be reminded of needed maintenance, and even know if a teen driver has gone outside a designated boundary.

The value of a service can also be transformed by helping customers better satisfy related emotional jobs. How do customers want to feel? What feelings do they want to avoid? The casino operator, Caesars Entertainment, has redesigned its service processes for top-tier customers to help them to feel lucky. Many gamblers associate luck with superstitions, routines, and control, so top-tier customers at Caesars get preferred access to their favorite parking spaces, machines, and rooms. They also receive service from dedicated employees who understand their idiosyncrasies and routines (Dasu and Chase 2010).

Consumption Jobs

On the one hand, customers have needs related to getting a job done—these are the reasons people hire a product or service. On the other hand, once a customer decides to hire a particular product or service to get a job done, there are tasks that must be done as part of "consuming" that product or service.

For a service, these tasks include accessing the service, explaining service needs, and paying for the service, among others. This is true whether we are talking about education, hotels, or mortgages. Suppose a customer decides to hire a mortgage to buy a home. Having made this decision, the customer now has distinct needs related to obtaining the mortgage itself. These needs are vital considerations in how a service is designed and delivered.

Progressive Insurance, for example, has successfully differentiated itself based on how its service is obtained, even though its core insurance offerings are similar to those of other auto insurance providers. Going back more than five decades, Progressive was the first auto insurance company in the US to offer a drive-in claims service and the option to pay premiums in installments. In the 1990s, Progressive introduced its 1–800 rate comparison service and also its fleet of immediate-response vehicles, which brought claims professionals to the customer. More recently, Progressive has been promoting policy customization, 24/7 live support, and the option to name your price.

For a product, consumption jobs include selecting, installing, using, storing, and maintaining the product. A company may choose to innovate service related to any of these consumption jobs. For example, Air Liquide, the world leader in gas production for industry, has applied its technical expertise to create services that support all gas-related storage and distribution activities at a customer site. For many industrial customers, Air Liquide now manages gas flows right up to the point of use.

Using Service Innovation to Satisfy Jobs-to-Be-Done

True customer value is not about the features and functions of a product or service. Rather, to the customer, it is about getting a job done successfully. As such, a focus on the customer job offers a view of customer value that goes beyond what the customer hires today.

The goal in presenting the jobs-to-be-done perspective has been to offer an unbounded view of opportunities to help customers. In this final section, the goal is similarly to offer an unbounded view of ways to help customers get their jobs done more successfully (Bettencourt et al. 2014).

Make Knowledge and Skills Available

Whatever the form of a company's offering, what it ultimately sells is *help* in getting a job done. Sometimes this help is provided directly (e.g., tax preparation by a CPA) and sometimes it is provided indirectly through a product offering (e.g., tax-preparation software). In either case, the company has created potential value by making capabilities, knowledge, and skills available to the customer.

This perspective encourages a unique approach to service innovation. Rather than considering what services to offer or how to enhance current offerings, the objective becomes finding unique, valuable, and sustainable ways of making company "know how" available to businesses or individuals who have jobs that will benefit from it.

For example, some *chauffagistes* in France have stopped selling furnaces, air conditioners, and units of energy. Rather, they now contract with building owners and occupants to keep floor space within an agreed-upon temperature range for an agreed-upon cost. Their strategic advantage does not come from selling more products; rather, it comes from finding innovative and efficient ways to provide their "temperature comfort" know-how.

This perspective on service innovation also encourages a company to consider what capabilities it might add to existing offerings. Working backward from customers' jobs and success criteria, the company considers how existing resources might be made more useful for getting jobs done. GE, for example, has invested in Sensity Systems, a startup focused on smart-lighting networks. By adding sensors to LED lights, GE envisions a future where a canopy of connected streetlights enable the coordination of "city services, like easing traffic congestion, sensing when the garbage cans are full or even picking up on suspicious behavior at a pedestrian plaza" (Cardwell 2015).

Enable Customer Success

Service innovation success depends on aligning what the company offers with customers' measures of job success—especially those that are presently not satisfied. An excellent illustration of this is UberConference, an online platform for hosting virtual meetings. Among other measures of success, UberConference enables meeting participants to join a call without a PIN number ("was that dfgekots45ht or dfgthots46hy?"), know who is on a call ("hey, who just joined?"), identify and mute callers with noisy background sounds ("whose dog is barking?"), and know who is talking at any given point in time ("was that Sue that said that?").[1]

A JTBD focus also seeks to leverage—rather than avoid—the involvement of customers in the value creation process. The ideal online tool for buying vehicles wholesale, for example, would enable used car managers to locate, filter, and evaluate vehicles *by their unique priorities*, and it would provide the information and images that managers need to *personally judge* a vehicle's condition as though they were in-person.

At the same time, a JTBD focus breaks down the artificial barrier between what is considered company and customer domains. A recent conversation with an EMBA student reinforces the power of this perspective. In discussing the needs of companies who hire AT&T business solutions to provide high-speed internet access to employees, I started rattling off needs from a JTBD perspective such as 'ensure employees don't visit illicit sites' and 'keep employees from spending work time on personal Internet activities.' When the student noted that these are not something that AT&T helps satisfy because they are the client company's responsibility, I simply asked, "But could AT&T add value by helping satisfy these needs?" Yes, in fact, it could. And getting a company such as AT&T to realize this is precisely the power of the JTBD perspective for service innovation.

[1]UberConference has a humorous video to offer perspective on the status quo of hosting virtual meetings. The link to the video is https://www.youtube.com/watch?v=nzNelmsMv8E.

Integrate Needed Resources

The integration of resources is one of the most critical aspects of innovation. A focus on the customer job makes it apparent that a company should consider not only how to best integrate its own resources, but also those of customers, partners, public entities, and even competitors to enable customer success. The company should take an active role in designing how the network of needed resources should come together to enable the value customers seek.

The City of Paris, for example, has taken the lead with establishing a public–private partnership to provide 3000 autos in Paris for an auto-sharing service called Autolib. The service requires the integration of resources of more than a dozen private partners such as auto manufacturers, insurance companies, parking garages, banks, and recharging stations.

A focus on the customer job also makes it apparent that value depends on the customer being able to successfully integrate various resources to get an entire job done. As such, helping customers to integrate resources in getting a job done presents a service innovation opportunity. Slidebot, for example, helps business professionals to quickly put together impactful presentations by automatically locating and incorporating relevant images into a presentation based on text that the presenter provides. It also integrates with PowerPoint or PDF to allow the presenter to edit or share the presentation. In a similar way, Mint.com helps customers to better manage their daily finances by enabling the integration of financial information from distinct customer accounts.

Adapt to Job Context

The perceived value of a product or service depends on how well it delivers needed know-how for specific contexts in which a job is done. First, this means that service innovation should focus on satisfying customers' high priority success criteria within unique job contexts. TrueCar, for example, offers additional reassurances for making a good decision when someone is looking to buy a used rather than new car. This includes Certified Dealer designations, free Carfax reports, and TrueCar price ratings relative to a market analysis of similar cars.

Second, services should be designed to enable customer success in the varying situations in which a job is done. In part, this means that services should be designed with a specific level of customer skill and motivation in mind. The nutritious prepared meals of Jenny Craig, for example, create value by addressing common points of failure in a customer's weight loss journey—the lack of customer time, motivation, and skill to make healthy shopping decisions and prepare healthy meals.

In addition, it is important that services help customers get the most value from available resources in specific job contexts. Philips Healthcare, for example, includes software within their MRI and CT scanners that tracks scanner usage and sends the information to an analysis tool. This tool compares usage patterns by procedure type, operator, and time of day to other Philips scanners at the same hospital to identify underperforming units. Customers rely on insights from the analysis tool and Philips experts to make specific changes to enhance workflow and resource productivity that is specific to their operating environment.

Conclusion

There is a process that can be applied to using JTBD thinking to guide service innovation. Select a job focus. Discover unmet customer job(s) or success criteria on a given job. Focus idea generation on specific JTBD needs. Yet, this process has not been my primary focus in writing this chapter, because I believe companies need perspective more than process when it comes to realizing the power of customer jobs-to-be-done for service innovation.

The great irony of service innovation is that it is more powerful when the focus is taken off service. Instead, service innovation should be focused on helping customers get their job(s) done more successfully. If you apply the JTBD perspective to service innovation, you will discover new opportunities to help customers, expand the possibilities for how to help customers, and create new and improved services that offer distinctive customer value.

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