The Evolution of Brand Strategy and Customer Experience Management

A new marketing model has emerged which extends brand strategy into differentiated brand experience as a source of growth and competitive advantage.

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The two most important assets for most organizations are their brands and their customer relationships. The most forward-thinking companies today are seeking brand differentiation through a unique and compelling proposition, in concert with designing a highly positive customer experience.

This new focus on the customer is taking place at the highest level of the company for two reasons: 1) The issue of marketing accountability has now focused on the sources of revenue and the importance of protecting and growing customer value; and 2) Customers are more in control today than ever in the ways they find and use information, and ultimately purchase and advocate their brands to others. This C-suite focus on the customer has elevated what were once tactical considerations, such as the direct mail, website and call center experiences to strategic aspects of brand differentiation and profitable revenue growth.

Organizations today are finding that, too often, more money is left on the table from losing existing customers and share of wallet than what is brought in through customer acquisition efforts.

In the “old” marketing model, brand strategy takes the form of communications, such as advertising, websites, banner ads and retail presence, which in the best of all worlds are integrated to show a consistent look and feel, reinforcing the core messages at every point of contact. This model is more push than pull, where the marketer puts their message into the marketplace. In the “new” model the brand strategy is translated into a customer experience strategy that infuses the “everydayness” of the brand experience so customers feel related with as they interact with the call center for a question or problem, visit a website or a retail environment. This relatedness creates emotional bonds that generate greater economic value.

Savvy customers are aware of the economic value they represent to the brands they patronize. There is a growing realization they should get something back in return for their business – not just the product or service that they originally contracted to buy. Customers want not only a great experience, but one that is surprising (at the right times) and refreshing. With stress levels as they are in modern life, the brands that entertain us are the ones we not only give loyalty to, but advocate for.

From the C level down, today’s leading organizations are seeking to reinvent themselves by focusing on marketing investment allocation and yield in terms of the number and size of customers leaving the organization, growing in value and the type of customers being acquired (high-value look-alikes). These organizations press the organization to manage relationships, considering the first 30, 60 and 90 days of the customer relationship as key moments to activate (and reactivate) customers, introducing new products, services and experiences in a more organic way than individual product communications pushed into a highly competitive marketplace can achieve.

Leading marketing organizations are trying to figure out the incremental revenue from the integration of marketing communications channels with consistent messages based on where customers are in their journey … as well as the customer’s prior interactions and depth of relationship.

Beyond a more personalized experience, this new integrated relationship management has caused a transformation in collaborative models from product silos to the creation of greater value through unified messages platforms and product alignment against the same customer set, in addition to greater marketing and sales alignment.

Overall, the new marketing model is more efficient and delivers greater impact. To better understand this new marketing model, we examine its key aspects as practiced by the most forward-thinking organizations.

Making Brand Interactions Add Up

Today, leading marketers are developing new interaction models that deliver the most relevant message and offer based on the customers’ prior interactions with the brand and their needs given where they are in the purchase process. In this new marketing paradigm brands show up in unconventional places with sight, sound and motion that encourages interactions, collecting key pieces of information that can later be used to develop tailored messages and offerings through the prospect or customer channel of preference.

“Brands that entertain us are the ones we not only give loyalty to, but advocate for. It is not enough to simply know what customers want and need. It’s important to know their taste, their aesthetic values. This is in-home research and where great qualitative research can pay off. Also, it’s where a strong understanding of archetype is useful (Disney really understands this).”

— Leslie Stone, Group Director of Brand Planning, Ogilvy

In these new interaction models, direct and interactive channels are growing in importance for their ability to build dynamic, personalized
relationships that are more informative and relevant in a way that customers want to spend more time with these channels, and provide a greater share of wallet to the businesses that cultivate them. To enable this cross-channel personalization, databases are being connected with retail (interactive kiosks), phone and Web to deliver messages related to where the customer is in the purchase process and expressed areas of interest and need. In addition, enterprisewide content management strategies are being developed based on a quantitative and qualitative understanding of the customer.

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Unified Message Platforms With Aligned Product Sets
A shift is afoot among major marketers from relying solely on product-centric messages, to building customer-centric message platforms along which multiple products may exist. This alignment behind segment needs is happening in high-tech B-to-B, pharmaceuticals and consumer package goods. Organizations in highly competitive, often commoditized categories, such as travel, are pushing customer experience management (CEM) further through trigger-based messages and offers based on prior purchases or expressed areas of interest.

“Brands that listen to customers and design experiences around their existing and emerging needs or pain points have an advantage in the marketplace. Customer experience management is also about looking to address new needs or pain points that no one else is addressing. Pharmaceutical and consumer package goods companies are increasingly developing unified message platforms across multiple products to meet consumer needs.”

– Andy Jones, Head of Planning, OgilvyOne, North America

Greater Organizational Alignment
This new marketing movement has shown new collaboration models across disciplines that often competed in the past. Within many companies, sales and marketing are beginning to work together to set joint targeting and goal strategies, then engineer messages and offers at key points of contact as a way to dramatically convert interest to incremental revenue. Within advertising agencies, brand advertising, direct and interactive marketing groups are working together to both understand the brand and define experiences using multiple channels to deliver greater impact than any one discipline could have had on its own.

The new marketing model extends the brand strategy into a customer strategy with the customer and its employees at the center of defining an experience that evokes positive emotions of satisfaction and advocacy. Every aspect of the organization from marketing and sales to product development and customer interfaces builds customer value and the most forward-thinking organizations are aligning behind building customer value as a key measure of brand value. Understanding and growing customer value is key to business growth.

The Customer Is Firmly in Control
Branding without a customer experience strategy can lack the true power of differentiation and leaves organizations vulnerable to competitors who can trump on experience at the speed of light. Several new companies have emerged that put the customer at the center of their business model. Three examples of these revolutionary companies are Skype, Bank of Mexico and Netflix.

- Skype is a revolutionary telecommunications company, a global peer-to-peer telephony company, changing the telecommunications world by offering consumers free, superior quality calling worldwide. Virtually all of its customers are acquired via word of mouth.
  “I knew it was over when I downloaded Skype,” Michael Powell, chairman of the Federal Communications Commission, explained in Fortune magazine in February 2004. “When the inventors of KaZaA are distributing for free a little program that you can use to talk to anybody else, and the quality is fantastic, and it’s free, it’s over. The world will change now inevitably.”

- “The idea of charging for calls belongs to the last century,” says Niklas Zennstrom, Skype co-founder and CEO. “Skype software gives people new power to affordably stay in touch with their friends and family by taking advantage of their technology and connectivity investments.”

- Banco de Mexico is the largest bank in Mexico, without a single office. It offers virtual banking services through its website, which moves millions of dollars per year and has millions of satisfied customers.

- Netflix, a DVD rental company without a single retail outlet, captures customer movie preferences and automatically replenish desired DVDs for one monthly rate, without late fees.

The new model attacks waste through innovation in the ways marketing and business in general can anticipate and meet the needs of the customers on their terms. This new customer-centric model is affecting all industries, particularly those characterized by a highly competitive marketplace.

Many retailers are spending millions on advertising through circulars or catalogs received by households that have never been into their stores and have a low likelihood of ever shopping there. Marketing efficiencies are being sought by reallocating those budgets to targeted communications most likely to change the behaviors of the right customers who
already have a relationship with the organization. This trend in retail will become more prolific as customer-centric technology at the point of sale becomes more sophisticated and pervasive.

A Mandate From the Top
Despite the significant investments in enabling infrastructure, there are few great examples of superior customer experience management (CEM). Perhaps this is due to the fact that understanding and managing customer relationships requires considerable design and orchestration. That said, there are brands that have mandated from the top the importance of the customer experience, such as Branson at Virgin Atlantic, Lafley at P&G, Bezos at Amazon and newer players such as Netflix and Banco de Mexico. And customer experience management is a topic for which thousands of books, articles and conferences may be found.

The shortage of exemplars has more to do with leadership’s commitment to start, and hold accountable the organization to forge a vision and strategy for how their customer experience will give them an edge in the marketplace.

This requires the cultivation of experienced CEM practitioners able to deftly work across organizations, armed with insights and program strategies that will grow the value of prospective and existing customer relationships. Top-down customer-centricity also requires marketing accountability to quantify the impact of investments in terms of generating incremental revenue and shareholder value over a longer term. Given the millions of dollars invested in assets to support customer management, including call centers, websites, mailings, databases, research and analysis, now is the time to forge great examples of a stellar customer experience. Organizations can accelerate their progress in customer-centricity through vision and leadership from the top, and the following key actions:

- Align individual group goals with a broader customer-focused charter. This requires carefully aligning goals around a CEM vision and establishing realistic expectations of how it will impact the business in the short term and beyond while carefully managing the transition from the old paradigm to the new – never easy, but essential.
- Define experiences that will exceed customer expectations through an insights foundation that includes trend analysis, future-casting, looking at stretch/adjacent categories and listening to employees who are closest to the customer.
- Partner with an innovative and trusted agency to help lead the way by integrating brand strategy with customer experience strategy and initiatives that drive significant business value.

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■ Measure marketing effectiveness with brand and customer metrics, such as the number and value of new customers, lost customers, migrated customers (both up and down in value) and advocates.
■ Reward and encourage the front line to deliver a great customer experience, and bring back innovative enhancements.

Any one of these actions alone, without the benefit of C-level commitment to customer-centricity, has proven not to succeed in growing the business with a focus on the customer. Those brands that have transformed themselves and achieved dramatic growth have mandated customer-centricity from the top.

A new marketing model has emerged that extends brand strategy into differentiated brand experience as a source of growth and competitive advantage. Beyond the promise of advertising, direct or interactive marketing alone, this new model blends the best of branding with interactive and measurable channels to create differentiated experiences that build businesses. This new model puts the customer at the center of the business and forges new collaboration models to understand, innovate around and market to key customer groups. While some organizations are seeking to reinvent themselves with this new marketing model, few great exemplars exist. This is due in part to the lack of top-down commitment, but importantly, the multiple product silos, goals and growing complexity of business today. In partnership with an innovative and trusted agency, brands can leverage this new marketing model to transform their business results and cultures, but most importantly to inspire other organizations to adopt a customer-centric strategy that can evolve the practice of marketing as we know it today.