

Customer Thinking



For far too long, too many marketing people have marketed with blinders on.

Decisions are made far too often with imprecise and incomplete information. It's time to take a "whole brain" approach so you will know "the why" instead of just "the what."

This is because many of them lack basic quantitative and analytical skills, and thus, they are reluctant to be held accountable.

Far too often, they answer hard-nosed marketing ROI questions from the C-suite with evasive answers like, “Our advertising is designed to increase our brand awareness.” Change starts with being willing to be educated about how marketing expenditures really affect financial performance. For example, if you don’t know who the most profitable customers are, how can you justify spending targets for your limited resources on the non-profitable ones? Marketing must be efficient to be effective in a world of diminishing resources. It’s failing if it is not held to that standard. Marketing must measure what’s really important. In short, if you can’t measure it, you shouldn’t spend it.

The tools are available to measure marketing results, so there’s no longer any excuse. Now you can optimize your media spending and even attribute customer conversion to both online and offline sources. This is no time for staying stuck in the past. Simply put, more professional marketers need to grow a left-brain.

On the other hand, more non-marketing executives across the enterprise, whatever their function, need to grow a right brain. Using creativity is the only way to truly compete going forward. The future is the fusion of the two. Author Dan Pink, in his book, *A Whole New Mind*, wrote, “Our left brains have made us rich. Powered by armies of Drucker’s knowledge workers, the information economy has produced a standard of living that would have been unfathomable in our grandparents’ youth. Their lives were defined by scarcity. Ours are shaped by abundance.”

Pink makes a persuasive case for the reunification of both sides of our brains. Yes, our analytical, number-crunching, strategy-loving, left-brains have taken business further than most could ever have imagined. But, the secret to our continued growth and prosperity lies in the merger and acquisition of the creative, metaphor-filled, music-loving right brains we have so often been taught to ignore.

According to Pink:

“To flourish in this age, we’ll need to supplement our well-developed high tech abilities with aptitudes that are high concept and high touch. High concept involves the ability to create artistic and emotional beauty, to detect patterns and opportunities, to craft a satisfying narrative, and to come up with inventions the world didn’t know it was missing. High touch involves the capacity to empathize, to understand the subtleties of human interaction, to find joy in one’s self and to elicit it in others, and to stretch beyond the quotidian in pursuit of purpose and meaning.”

High concept, high touch is a long way from the nitty-gritty world of business operations, corporate finance, and human resources. These are the fundamental tools taught in business school that allow us to function. Let’s be clear: mastery of these functions is mandatory in business; without them, you will perish. But, the future calls us to be something different and better. You must be able to tear down the walls between the two sides of your brain.



Customer Thinking

Your company can start profiting with an approach we call “Customer Thinking.” Customer Thinking balances the analytical and the intuitive. It allows every business to fuse its left-sided quantitative customer intelligence (big-data analytics) and its right-sided qualitative customer insight (empathy) into a single, integrated framework.

When you put together the analytical and the intuitive you are, in essence, marrying the “what” with the “why.” Too many companies rely exclusively on data to explain the what. Ironically,

many have so much data that they can't process it and make it meaningful. But the quantitative is only one piece of the puzzle. The "why" is the missing link for becoming a customer-centric company. The purpose of Customer Thinking is twofold: to increase customer engagement and to improve the customer experience. If you accomplish those two things, you will build a thriving, differentiated brand and maximize the lifetime value of your customers.

Design Is Our Model

People often aren't sure where to begin the process of change or how to do it. Every business must become customer-centric if it hopes to survive. Customers have so many choices today that any company that thinks it is indestructible is kidding itself. There are no permanently great industries or companies anymore. This means enterprises must shift from a "What can we sell them?" to a "What job do they need to get done that we can help them with?" mentality. They must quit thinking about how much money they can get from a customer and start thinking about what values the customer truly wants to pay for.

This new Customer Thinking discipline requires a shift away from traditional market research. Most companies dedicate the majority of their budgets to market studies and surveys from third parties. Consider dedicating resources to a much more intimate approach to the customer. Apply the same methodologies product designers use to create deeper engagement and better experiences.

IDEO, the world-famous design and innovation consultancy, provides a strong model to emulate. IDEO believes that breakthrough ideas come when companies immerse themselves in the lives and environments of their customers. The company practices a relatively new kind of customer research, most commonly referred to as empathic design. Empathic design offers you an up-close way to observe real people as they lead their lives. Empathic design is about discovering latent customer needs that the customers themselves may not be able to articulate. For example, the average businessperson may not have been able



to describe an iPad and its many uses before Apple created it. But a careful observer who noted the pain of lugging a five- to seven-pound laptop through airport security would have seen a potential market for a lightweight tablet computer. People's lives could be improved with a new device that eliminated the excess weight and hassle. Empathic research taps into latent rather than explicit needs.

Another method design firms like IDEO use is ethnography; it's another way to understand culture through observation. An ethnography, as the term is used in marketing, is a graphical representation of the culture of any group of people. Using low-cost video and photography, it's an additional and low-cost way to capture how people are experiencing your products. Researchers gather visual and written evidence to bring back to share with executives.



Break The Rules

Contextual interviewing is another design approach to understanding the customer that is gaining popularity in product innovation circles. This type of customer interview is a process intended to uncover the unmet, unarticulated needs of customers. Companies of all sizes are seeing exceptional results by breaking the rules of traditional market research. Conventional wisdom is that you have to interview a large number of people to be statistically correct. But companies are finding that's not the case at all. One rule of thumb is to stop the interviews when you aren't hearing anything new. Amazingly, that can happen with as few as six interviews. It's better to interview two

people at once. Rather than an interview, it is really a discussion. The key to the best outcome is providing a visual framework to the customer to keep the interview moving forward. Do that by using "value curves" that clearly illustrate the subject matter. Contextual Interviewing really works best when the interviewer is prepared and keeps the interview tightly focused.

With these emerging techniques, many people are quick to dismiss the traditional focus group. However, the death of the focus group has been greatly exaggerated. Well-targeted groups provide strong baseline information if they are well structured and facilitated. These panels can be extremely effective in measuring perceptions and understanding behavior. We adapted an advertising technique called benefit testing to create shorter, less expensive, and more "focused" focus groups. Using storyboards similar to those used in film and television commercial concept development, we are able to have the panel review and rank a large number of business ideas without wasting time on irrelevant information.

In recent years, we have begun to use what we call the "club" model. In this format, customer groups are recruited to meet over much longer periods of time, in some cases up to a year. These become essentially self-directed, customer-led groups in which the participants become friends. Company researchers are present in the room, not hidden

behind the mirror munching on M&Ms, like in a typical focus group room. These customer clubs are great ways to test new ideas and spot emerging trends. Procter & Gamble also uses these types of groups in their Consumer Village R&D facility in Cincinnati, Ohio.

It's a Step-by-Step Process

Another new methodology is customer journey mapping. These maps lay out every step customers take to acquire a product or service. A customer journey map would look at the pre-purchase, purchase, and post-purchase periods to

understand her expectations, experiences, and satisfaction.

Customer Thinking is not a one-time event. You must continue to stay connected to your customers and prospects, with what we call "pulsing." Your doctor takes your pulse every time you visit her; you must do the same

when it comes to customer understanding. You must continue to refine your insight over time by interacting with your customers regularly. It's important to provide easy ways to listen and engage. Use your website as a master listening post to capture customer conversations, comments, and critiques. Look for ways to gain real-time product and service feedback.

Customer Thinking will enhance satisfaction, increase engagement, and improve the experience for your customer. The lesson of Customer Thinking is simple. Understand the why and you will differentiate your brand. When you adopt this approach, you really will profit from the power of your your customers.



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