

## Customer Clarity at the Intersection

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**B**rand and strategy are two of the most overused and confused words in organizations today. As a consultant that works with organizations around brand and strategic clarity, I am baffled at how often I choose not to use these words, simply because they carry so much baggage.

Over the past 2-3 decades, the “brand” conversation within organizations has largely become a creative or marketing conversation. The core “brand” of an organization, simply the true experience that customers are having with the company, has become a conversation about messaging, ads, logos, colors, campaigns and taglines.

The strategic conversation, on the other hand, is largely an analytical conversation fueled by various strategic models of market position, customer and competitor analyses, product and pricing, and business models. For most companies, brand has simply lost its relevance within this strategic conversation.

Most leaders intuitively know, however, that real clarity comes through the integration of these two conversations. In the connection between “what role do we really play in our customer’s lives?” and “what is our unique and defensible capability to sustain that position?” comes the simple and guiding clarity that most leaders crave.

The question is: how do we find this simple clarity that lives in the intersection of our brand and our strategy? How do we find that simple, yet fundamental rallying theme that naturally orients and guides everyday behavior in a common direction?

This article offers themes from our work with various companies around the integration of brand and strategy. There are five themes that leading companies have uncovered through this process that I would offer as core operating principles or at the very minimum central parts of brand and strategic planning processes.

### **Know which “customers” you are talking to and why**

Are you really clear on what customers are driving your success? We have certainly been trained to ask this question. The nuance of the question is that most organizations have several different types of customers. Universally, companies have a difficult time prioritizing their customers and focusing on certain ones at any given time. Yet, the evidence is clear. Knowing and focusing on the customer groups that anchor your growth are critical to growing successfully.

For every organization, this conversation is different. The simple key is to get clear on what group or groups of “customers” are really important to your success in the immediate planning horizon.

*Customers generally come in groups or segments.* Look for the themes and consistencies across your customer base to segment them into groups. Traditionally, organizations have segmented their customers based on demographics, such as income level, age, ethnicity or geographic location. However, this approach rarely yields the necessary insight to really understand what motivates behavior and determines value within each group.

Rather than segmenting by demographics, try sorting your customers by their value drivers or behavioral motivators. For example, Starbucks can make much better product offering and store layout decisions by understanding the behavioral patterns of their customers than by simply sorting by age or income level. One customer group primarily values the ability to have meetings or sit and hang out with friends. Another grouping primarily values the experience of customizing their drink orders. These groups may contain all ages and income levels. This approach gives true insight into how the company should serve each group to maximize value, loyalty and retention.

*Your key customers are not always your customers.* Successful marketing organizations always know who they are talking to...and why. That being said,

leaders need to be aware that the end customers of your products and services are not always the key “customers” that will fuel your growth. Intel didn’t launch its Intel Inside campaign (marketing directly to end customers) until 1991, ten years after it had won its place within the IBM PC and 23 years into its evolution as a company. Intel knew who its real customers were during the foundational years of the company. Also, the rise of Coke was more dependent upon its ability to win relationships with bottling distributors, stadiums and restaurant chains, than it was on its ability to market its way into the living room. Regardless of where your organization is in its evolution, a key to your success is absolute clarity around what “customer” groups will anchor your growth.

*Customer growth generally looks like ripples on a pond. One of the interesting themes that I see in the way that customer bases grow is that they look like ripples on a pond. An early group of customers of a product or service acts as the rock in the pond. As they champion your product or experience, they reach out to a concentric circle of people around them, which creates another band of customers or another ripple on the pond. Interestingly, the fastest path to growth is simply to speed the rate at which the concentric circles of customers grow outward and cross over with each other. In other words, rather than trying to market to all of your potential customers at once, focus on creating an incredible experience with the groups that will act as champions of your product, then always market to one concentric circle beyond your existing customer base.*

### **Seek customer insight, not customer input.**

Most companies have more information at their fingertips than they know what to do with. In fact, leaders have learned that the act of customer research is not the key to customer clarity. The key lives in how that process is conducted and how the information is integrated.

Here is one striking example. When Coke made its historical decision in the 1980s to change the formula of Coke, therefore creating new Coke and Classic Coke, the company did so based on a series of customer focus groups. However, as hindsight shows us, the company’s research provided them with misguided conclusions. Coke certainly did the right thing in conducting customer research. However,

the way that the focus groups were conducted did not uncover the real factors that were motivating customer behavior and value.

Leaders get better results by seeking insight from their customer research, rather than confirming specific conclusions. Conducting research to validate specific conclusions creates a significant risk for flawed results. Rather than simply looking at research as an up-down decision, focus more closely on the following three questions prior to conducting your research.

1. **Are we asking questions that seek to uncover insight?** When you ask customers, “Are you satisfied with the service that you received?” you get a yes/no answer that you can measure. And for most organizations, this allows you to trumpet the fact that 95% of your customers are satisfied. However, you have learned nothing in terms of what is creating that satisfaction, what drives your customer’s behavior and exactly how ecstatic your customers really are.
2. **Are we asking questions in a way that engages real answers?** The most useful customer insight comes out of qualitative research processes, like interviews, focus groups, etc. where the customer can be engaged in a real conversation. Questions should be designed not to elicit a specific answer, but instead to engage the person in a real dialogue about what is important to them and for what they are willing to change their behavior or spend more money. How the interviewer or focus group leader asks the questions is just as important as the question itself.
3. **How will we create insight out of information?** The information that comes back from any customer research process is just that, information or data. The key to understanding your customers is not in the specific data or the answers that they give, but in the themes and patterns that live between the answers. For companies that are carving new ground with new offerings or customer experiences, their customers can often NOT articulate what they want or value because they simply haven’t yet experienced it. To develop a competency in customer insight, companies should build not only their processes of capturing information, but also their abilities to have insight-based conversations about what the information means and what to do with it.

This process of real conversation inside a company on the heels of customer research is where the opportunity for insight and innovation lives.

### **Act from the customer's point of view.**

*How and why we are relevant each day to our customers? How many people in our organizations can actually answer that simple question?*

Organizations need to know what mental and emotional space they own within their customers' minds and hearts. Starbucks knows, and it's NOT about having the best tasting coffee. Les Schwab knows, and it's NOT having the best tires. Southwest Airlines knows, and it's NOT about being the cheapest airline offering. Each of these companies has become clear on the place that they own in the minds and hearts of their customers. Becoming a valued experience for your customers means that the relationship transcends beyond the physical transaction of what they purchase. You now play a role in their daily lives. What role is that for your organization?

The opportunity for breakthrough around customer clarity interestingly doesn't live in the things that we do, but in the point of view that our company embraces. *Said differently, customers place more value on how things are done than they do on what is done.* As a result, leaders should strive to build cultures that empower customer relationships, rather than customer service. Customer service organizations tend to focus on the policies and processes that support their customers. Customer relationship organizations focus on what their customers really want and what they are experiencing at any given time. They also focus much more on proactively communicating with their customers, rather than simply responding to customer requests and inquiries.

Nordstrom provides a great example. Early in the evolution of the company, Nordstrom's employee handbook consisted of a single five-by-eight inch card. The card welcomed the employee and stated that the company's number one goal was to provide outstanding customer service. Then the card listed the "Nordstrom Rules: Rule #1: Use your good judgment in all situations. There will be no additional rules." The card then instructed the employee to ask for support at any time if he/she had a question. That's it. Here is the company widely heralded as

one of the greatest customer service companies of our time, with one rule and a great return policy. The magic didn't happen there. It happened in the point of view that every sales associate embodied. The customer came first.

### **Be in relationship AND be transactional with your customers.**

Simply stated, the customer relationship must extend beyond the purchase transaction. From the customers' point of view, being in relationship with your customers can best be measured by the frequency with which you are having real, honest and even transparent conversations. You are asking them for honest feedback on how well their experience with the company is matching their expectations. You are listening to what they are telling you and understanding what they are not telling you. You are directly communicating with them and proactively managing their expectations. Then you are simply doing what you said you would do.

Companies that have uncovered this truth have realized that their people on the "front-lines" of managing their customer relationships become critical parts of their customer insight processes. In retail organizations, sales and customer support are key. In health care organizations, registration/scheduling and even nursing become key extrapolators of customer insight. In addition to conducting market insight processes, leaders should call upon the people that are managing their customer relationships to play critical roles in providing the organization with feedback and insight.

### **Culture embodies the brand and supports the strategy**

Your organizational culture is a critical element in aligning your brand and strategy. Your culture embodies your brand. In a wise man's words, "what you live in here is what gets experienced out there." In fact, although I can't quantify it, I estimate that for most companies their true brands are 80% experience and 20% marketing. That experience is a direct output and byproduct of the company culture. Culture is also the single biggest management lever available to align behaviors in support of a corporate strategy.

With a clear view of your brand and strategy, leaders should place an equal amount of attention on realigning

the culture in a way that directly supports both the brand and strategy. Interestingly, this puts your organizational culture in service to your customers rather than to internal priorities. Also, remember that the things that got you here aren't necessarily the same things that will carry your success forward. Thus, when strategies change, brands evolve, and organizations grow or merge, organizational cultures must be reassessed to determine whether they still hold the fundamental competencies that will steward the company's success into the future.

### **Summary: What next?**

Once leaders reach clarity around their company brands and their near-term strategies, they often ask "what next?" With clarified and aligned brands and strategies, we encourage leaders to ask themselves four simple questions to guide their specific next

steps as a way of guiding their planning and ensuring their success in execution:

1. Do we have the right people?
2. Does our culture embody our brand and support our strategy going forward?
3. What offerings instantiate our integrated brand/strategy and build customer value relative to that brand/strategy?
4. What is our customer experience and are we set up to deliver it consistently?

Out of these four questions, you will both validate the viability of your brand and strategy and uncover the key strategic initiatives, or areas of focus, that will bring them to life.

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