

Are we at risk of simply putting lipstick on a pig?

By Chris Humphrey

Even if it's Chanel or Dior applied with expert skill, no amount of lipstick is going to conceal that a pig is a pig. Marketing is still trying to reverse its steady slide into the "colouring-in department" and disprove boisterous accusations by Marketing Week columnist Mark Ritson that it is "devolving into a base tactical pursuit devoid of strategic thinking", but is it all vainly smearing lipstick on a pig?

Organisations are drifting into tactical siloes

Dismaying the optimists, Coca Cola has just replaced its global Chief Marketing Officer with a Chief Growth Officer, because the "marketing function has drifted into a promotional silo", the most senior marketing role at EasyJet has been ousted by a Chief Data Officer, and new departments have nibbled away at marketing's reputation. In particular customer experience teams have emerged as digital technology has multiplied and complicated the fleeting interactions between companies and their customers, and people have become increasingly intolerant of bad experiences.

Customer experience is now losing its shine, following the same path as marketing by failing to think or act strategically. KPMG Nunwood's annual research report reveals that UK "customer experience investment fails to pay off as performance hits an all time low", and that "customer experience has yet to evolve into a coherent management or transformation discipline." In the same mood Forrester's "Predictions 2018: A Year of Reckoning" reports that performance has plateaued or declined for most industries and companies, because customer experience "initiatives tackled low hanging fruit to put early points on the board, and most CX initiatives had too little clout to force meaningful operational change."

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Disenchanted companies are already scouting around for a new role, according to Nish Kotak and Rob Millar of Talecco who report a growing number "now creating an executive position that has responsibility for the customer – namely a Chief Customer Officer". Talecco research identifies only 14 Chief Customer Officers in the UK in 2014, but by 2016 there were around 100. Tesco for example axed its customer experience department in 2014 but appointed a CCO in March 2017.

The tactical preoccupation fits into a bigger story of corporate mishaps

Do Chief Customer Officers welcome a new strategic and joined-up approach to customers or are they in turn doomed to disappoint? Sadly the tactical preoccupation inflicting marketing and customer experience fits into a bigger story of corporate mishaps and debacles that is causing incipient consternation about capitalism itself. Companies organised around production and products, impelled by the finance profession to deploy capital on minimising short-term costs and maximising share price, but with measly regard for long-term investment, innovation and share value.

Political economist Will Hutton, writing in the Guardian newspaper about the collapse of Carillion, described it as “an ownerless company denuded of any purpose except seemingly to enrich its directors and keep its rootless multiple shareholders happy from one profit reporting period to another”. Hutton forcefully argues, “This malaise is at the heart of too many British companies and is what lies behind the litany of disasters and economic underperformance.”

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A successful Chief Customer Officer will need the support of an enlightened organisation and be able to balance day-to-day commercial demands with a clear vision for sustained success. Talecco reports that over 50% of businesses hired from outside their organisation, as they cannot find the right skills internally, and that most recruits come from a marketing background. Recruiters risk inadvertently reinforcing the tactical bias by picking from a pool of candidates nurtured in the colouring-in department and firmly stuck in the tactical marketing chair.

A Chief Customer Officer without proficiency in strategic marketing is highly unlikely to have the experience to influence commercial decisions about product, pricing and distribution, let alone understand the impact of systems and processes, or possess the vision to champion the internal cultural change that is clearly pivotal to success.

Organisations must look for a deeper understanding of customer needs

The seriousness of the challenge is illustrated by an astonishing finding by McKinsey, the leading firm of management consultants. A mere 22% of the 772 directors surveyed by McKinsey across a range of sectors said that their boards were completely aware of how their firms created value, and just 16% claimed that their boards had a strong understanding of the dynamics of their firms' industries.

Rather than blindly pushing products and services onto their customers, organisations must look for a deeper understanding of customer needs, and champion the delivery of real customer value and shareholder wealth. Sadly the tactical approach taken by many marketing and customer experience practitioners involves simply patching-up the status quo, which in a rapidly changing world leaves firms exposed to competitors anchored to a better understanding of customer needs.

Orchestrating everybody around a customer agenda will be indispensable

At the same time as technology has multiplied the customer interactions that define the brand experience it has forced organisations to become ever more complex, grappling with internal functional siloes. Market maturity and globalisation simultaneously are driving up standards, so customers expect every interaction to be excellent, not just the core product or service, which further exposes organisational fragmentation. If boards do not understand how their firms create value for their customers they can hardly expect employees to be pulling in the same direction, so a successful Chief Customer Officer crucially will require the vision and method to orchestrate everybody across the organisation behind a common customer agenda.

Don't get me wrong, implementation is indispensable, whether it is creative execution or improving customer end-to-end journeys, but it must be directed by a deep understanding of customer needs and sustained by the entire organisation pulling intentionally in the right direction. So, my appeal to organisations; put that lipstick back in the drawer, stop trying to beautify farm animals, and instead take the time to make a real difference to customers, employees and shareholders.