

Seven things you need to know about...

marketing in the 21st century

BY James Allen and Rob Markey

Urgent email to marketing directors: your days may be numbered. More and more companies are waking up to the fact that they have abdicated control of the customer to the marketing organisation. Standard marketing practice, developed in big consumer goods companies, was to stamp out psychographic segments and invest heavily in reaching consumers through advertising media. But those tools took no notice of the customer experience once the product was sold.

The world has moved on. Marketing in the 21st century is all about delivering the customer experience. Future generations of consumers will have more discretionary income, less time and more choices, and will display wholly new spending patterns, depending on age, geography and wealth. To keep up with these consumers, marketers will have to anticipate 'crossover' buying behaviour – the same shopper will buy an Armani suit on Tuesday and scour for bargains at Wal-Mart at the weekend. And marketing will have to prepare for surprising cross-category competition – sweet manufacturers suddenly find themselves competing with mobile phone-makers for the discretionary income of teenagers.

What customers want in this cross-category world is a customer experience, not just a product. And they're not impressed by most of what's currently on offer. When Bain & Company recently surveyed 362 firms, it found that 80% believed they delivered a "superior experience" to their customers. When customers were asked, it was a very different story: they said that only 8% of companies were really delivering.

To close the gap, companies need to put customers at the heart of the organisation. Here's what it takes:

DESIGN

1. Design the right propositions for the right customers. Most companies are adept at traditional market research, segmentation and product design. But many fail to connect the dots properly between what they learn about customers and what they offer them. It's vital to convert those insights into

truly differentiated propositions that take into account the product features, the brand and a customer's experience with the company.

2. Focus on the entire customer experience. Recognise that customers interact with different parts of the organisation across a number of touchpoints, from purchase, service and support, to upgrades and billing. A new set of tools and techniques has focused far more on the customer experience.

DELIVER

3. Deliver those propositions at the lowest possible system cost by focusing the entire company on them, from boardroom to frontline. When customers turn against companies, the fault lies as often in the delivery of offerings as in their design.

4. Treat every customer interaction as a precious resource. The ultimate test of any company's delivery lies in what customers tell others. The best companies find ways to listen to the real voices of customers every day.

5. Create cross-functional teams involving employees from marketing to supply chain management – and motivate them to deliver in a coordinated, seamless manner across the entire customer experience.

DEVELOP

6. Develop the capabilities to do it again and again. Companies that delight customers build processes to sustain the dialogue. They establish capabilities that foster ongoing, systematic improvement and feedback loops that identify shifts in customer attitudes.

7. Ask customers a simple question: "How likely is it that you would recommend us to a friend or colleague?" A one-question survey can be conducted often enough to provide chief executives and operating managers with granular, timely, accurate data. By subtracting the percentage of customers who are unhappy (scoring 0-6 out of 10) from the percentage who are loyal promoters (scoring 9 or 10), a Net Promoter Score provides a single number as clear and actionable as net profit.

A sign of the times: the new generation of marketing tools that address all of the three Ds – design, deliver and develop – isn't coming out of consumer goods companies. It's emerging from technology, telecoms and financial services – industries where the leaders have a multi-dimensional view of customers.

Marketing directors in the 21st century will need to get bigger toolboxes if they want to stay on the job. ■

CASES ON MARKETING IN THE 21ST CENTURY

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