

# Introducing The Chief Listening Officer

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## About Clicktools

### turning feedback into results™

Clicktools is the first enterprise application for the management of feedback on the web. The Clicktools advantage is a powerful analysis and reporting tool for feedback from multiple sources that generates insights to improve performance.

As an on demand service, there is no software or hardware to buy, install, maintain or upgrade - just sign up and get started.

Leading organisations, large and small, from around the globe use our product to help them improve their Customer Satisfaction, Employee Retention and Performance and Market Research. Clients include Amcor Flexibles, LogicaCMG, Nationwide Building Society, Rockwell Automation, The Economist Intelligence Unit and Unisys.

If you need help, Clicktools can provide support at all stages of the feedback process, including survey design, interpretation of results, integration with management and IT systems and complete outsourcing.

To learn more about Clicktools, call us on the number below or visit our web site - [www.clicktools.com](http://www.clicktools.com).

**David Jackson** is the managing Director of Clicktools, a company he co-founded. A recognised expert in organisation design and customer focus, he is also a member of the Global Future Forum's European Advisory Board.

## Introducing the “Chief Listening Officer”

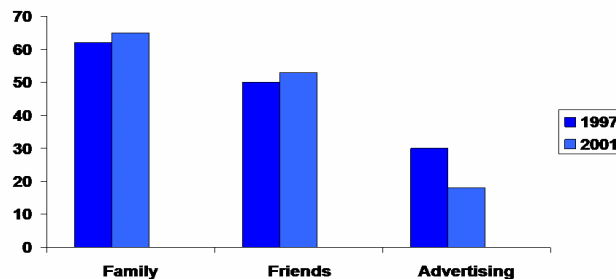
*God provided a great model for communication when he gave us two ears and one mouth.*

Take a look at the marketing department’s budget. How much is spent on the different activities of research, advertising, direct mail, sponsorship, PR and events? If you are like most companies I have met, the marketing function and the associated spend, is dominated by marketing communication - getting the message out to the prospective customers.

Communicating your message is of course a vital activity: even the best product/service in the world is of little value if people don’t know about it. It is also true that reaching that elusive audience is increasingly difficult and expensive. It is estimated that people are exposed to 4,000 marketing messages each day of their lives from companies trying to influence their buying intentions. And this is just a small part of the 50,000 thoughts we each have every day.

To stand out from the crowd in this deluge of marketing and mind games, companies resort to ever more sophisticated and expensive campaigns. These are less and less effective. Research by BT and the Future Foundation (see chart below) shows that family and friends are much more influential than advertising in shaping consumer’s buying activities. These influencers are shaped much more by their past experiences than by advertising.

### **Who influences consumers?**



Source: BT/Future Foundation

This is not to say that advertising does not work; it does. Lord Lever knew that half of his advertising spend was effective - he just didn't know which half. It is however important to question just how effective advertising is compared with other approaches. What would be the effect on sales revenue of reducing advertising by 20% and investing that saving into improving the customer experience? What, if instead of bombarding customers with more advertising, we listened more to them and used their feedback to improve the service provided? Are companies listening enough or is marketing too much of a monologue?

Recognise also that, whilst customer needs have always changed, they are now changing more rapidly; fuelled by significant changes in social and working patterns and shorter product life cycles. Globalisation provides customers with greater choice and the growth of the internet has made it much easier for customers to access that choice. The global reach of the internet means that customers shop outside their locale more often and more easily. In the run up to Christmas 2004, Britons spent £3.5 billions shopping on-line (not all with UK companies) and 10% of all credit card transactions now involve on-line shopping. In some industries, travel and books, the internet is increasingly the preferred shopping venue. This choice and access shifts the power from suppliers to customers.

People - our consumers and employees are also changing. Consider the change across just three generations.

My father worked for the same company, doing basically the same job throughout most of his life, using skills that changed relatively little over his 50 year working life. For most people, a real job meant hard, physical work. He knew exactly when he would retire and he did not worry about his pension because politicians and financial institutions could be trusted. For Dad, technology was a telephone that was plugged into the wall and a TV with four channels.

My children, on the other hand, may well live to be over 100 and move in and out of work for 70 years. They will choose jobs that suit the type of lifestyle they want, which will change according to their situation. Retirement will be when they want it to be, and probably might not be permanent. They might retire more than once;

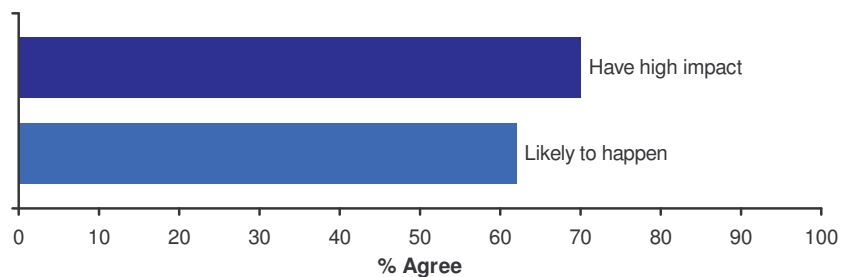
flitting in and out of retirement and work as money and their whim dictates. They know that they will have to look after their own future and will trust people and institutions based on their performance, not their words. They will exploit the massive choice they have to their advantage, remaining loyal only to those who value their relationship<sup>1</sup>.

In this chaotic and complex life, trust will become more critical and companies that can earn and retain a customer’s trust will be in a privileged position. They will have the edge in selling to that customer.

Trust spans the rational and emotional element of a relationship with a customer. At its most basic, trust is about having confidence in the quality, availability and reliability of the product or service. But it goes beyond that. It embraces mutual respect, openness, honesty and similar shared values. We prefer to do business with companies we have an affinity with, companies we like.

In an uncertain world, those companies that gain and retain our trust will have an edge. Consider the following responses from the Global Future Forum’s Pulse survey, when asked how likely and what impact the scenario would have:

***“As consumers select one supplier to be their trusted advisor, and invest time in communicating their personal data and needs with that supplier, the barriers of entry to competitors significantly increases.”***



<sup>1</sup> This scenario is based on research by the Global Future Forum. The author sits on their European advisory board.

In a rapidly changing world, particularly one where the power in relationships shifts to the customer, understanding them is ever more vital to success. Listening is set to become more crucial in the marketing mix.

Listening to customers informs both strategy and operations.

Much of the work currently done by market research departments is about informing strategic decisions - identifying customer needs and expectations; sizing market opportunities and understanding what shapes the buying decisions of customer groups. This information is vital in shaping product strategies and routes to market and more will be needed as the needs and expectations of people change rapidly.

Research to identify what the customer thinks about doing business with a company is growing rapidly. Where retaining customers and building relationships based on trust become more important, understanding how they perceive the company and its products and services is commensurately important. People usually recommend a company to friends and family because they have had a good experience and that is about operations: it's about products, processes, systems and, most importantly, people.

In many companies, research into the customer experience is simplistic - what I call the 'annual do you love us survey'. To be effective, experience based research has to gather feedback at all the key stages where a customer does business with you, as well as the overall relationship. Monitoring customer interactions provides valuable information on how the company is doing; actionable data to drive continuous improvement. It is this cycle of feedback and improvement that underpins many companies success in building a loyal customer base.

Where trust is important in a relationship, customer feedback has to go beyond the rational elements such as speed of response, quality of the product and ease of doing business. Understanding the emotional connection the customer has with them will help to strengthen the relationship. Whilst operational performance will affect a customer's view of your efficiency, their emotional view is what really shapes their buying decision. Integrating experience and relationship data with operational

performance measures provides insights into the changes that will drive retention and advocacy. Customers will rarely recommend a company that they do not trust to family or friends; their reputation and friendship is worth more than that.

To achieve a meaningful understanding of their customers, companies will have to significantly increase the amount of listening they do. Marketing must become much more of a dialogue, with the customer an active player. This richer understanding of the customer is then used to improve operations and tailor the content and timing of marketing messages delivered to the customer.

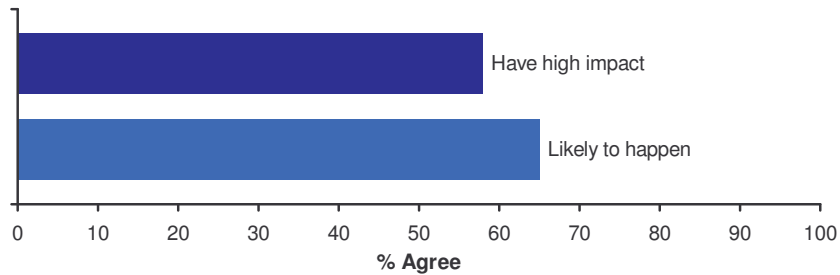
Integration of data is also essential. The future for many companies will require a much quicker and more sophisticated response to opportunities that customers present. Few organisations today hold a comprehensive record of their customers, despite the vast investments in CRM systems. The data required span transaction records, marketing campaigns (with responses), segmentation, life stage, buying preferences and satisfaction and advocacy feedback.

These data will need to be shared much more widely across the organisation. The fragmented nature of this information will have to be addressed and access broadened; anyone dealing with a customer will have access to the same, complete customer record. Only then can informed customer interactions (through any channel) take place, increasingly informed by decision support tools that guide customers, and the people dealing with them, to the best deal.

The integration of data is not however the logical end point. Many companies will seek to exploit this integrated view of the customer to their advantage. But in an environment where trust is a vital component of relationships with customers, what better way of demonstrating trust than turning the power inherent in the information over to the customer?

Research suggests that individuals will increasingly only share their personal information with those companies that enable them to make the best buying decisions. Companies that do not act in customers' best interest will be locked out of the opportunity to supply. Again, consider the results from the GFF Pulse survey:

**Concerns about privacy mean that more and more people refuse to share information with suppliers.**



Privacy however is not the only issue. In future, ‘customer first’ will take on a whole new meaning. Welcome to the world of *Customer Managed Information* - CRM in reverse; for the customer, not the supplier.

In the not too distant future, customers will hold their own buying records electronically and use this to negotiate special deals with suppliers. Imagine shopping on-line through a trusted supplier, such as Amazon or an intermediary like Kelkoo. You insert your smart card or send a message from your smart phone with your purchase request, attached is your personal purchase history for this type of product, with this and competitor companies. The supplier’s system recognises you as a regular buyer of this type of product, with a history of recommending companies to friends and colleagues. Amazon, as a trusted provider, knows your recent book purchases (from all sources) and suggests a number of other titles you might be interested in. Your customer record is used to generate a special deal in recognition of your loyalty, lifetime value and advocacy. Your latest transaction, coupled with knowledge of your visits to Amazon’s web site triggers a satisfaction survey, part of which asks you for information about whom you have recommended Amazon to in the last two weeks. With your approval, these people are contacted, in your name, with information about special offers.

This approach is already used by companies with large spending power to reduce their costs. Homebase have recently been criticised in some circles for requiring suppliers to pick up the bill for Homebase special offers. Many of the Homebase ‘10% off’ days

are funded by the supplier, whether they like it or not. In an era of choice, high spending or otherwise influential consumers, will exert the same power when making their purchases. Technologies to exploit this new world are here already. Smart cards have the potential to store significant amounts of data about the holder and their purchase history. Providing customers with data about their purchases, competitive offerings and giving them the tools to exploit this knowledge is a strategy being developed by some companies.

Significantly, customers choose which companies can share in this information exchange. Companies that are not trusted or who do not fit with a profile of the customer's design are excluded. Imagine members and sympathisers of special interest groups choosing to exclude companies which, in their opinion, do not share their values and world view. It happens already; technology will make it easier, more personal and more effective.

Two types of companies will benefit from this growth of customer power. First are companies that truly put the customer first and develop innovative ways of delivering the right mixture of product and service at a competitive price. Second are a new breed of trusted intermediaries that offer a secure home for customer data and share this with companies that fit the customer's profile of a 'preferred supplier' and meet some independent assessment of data privacy and sharing. Such intermediaries will become powerful agents, possibly acting as brokers in the on-line market place.

The information enabled customer will drive further improvements in service excellence. Profitably winning and retaining customers better than the competition will require a much richer understanding of customers and more innovative practices for delivering personalised products and services. Understanding the customer like never before may well be the difference between success and failure.

And perhaps tomorrow's Marketing Director will hold the title of Chief Listening Officer.