

## Change Agents—Chief Marketing Officers Positioned to Create Customer Loyalty-Centered Enterprises

**Everyone will have an opinion. It's up to the CMO to be true to the voice of the customer and lead the charge.**

by Dr. Lawrence A. Crosby and Sheree L. Johnson



In the 1980s, firms internally focused their efforts to improve processes through total quality management, Six Sigma, business process change, lean manufacturing, and so on. This was a significant paradigm shift, which re-oriented corporate management responsibilities to recognize the importance of processes and quality. At companies such as General Electric (GE) and Motorola, this change came to redefine their cultures.

A new change is now in the works. A top priority for today's organizations is growth. And corporate leaders are looking more and more to customer loyalty to fuel that growth, as well as profitability. These leaders are working hard to figure out how to manage customers as a strategic asset and how to get their organizations focused and aligned around the customer.

In 2003, GE created a chief marketing officer (CMO) position reporting to Chairman and CEO Jeffrey Immelt. In naming Beth Comstock, Immelt said: "We are making GE a more externally focused, market-driven company to better serve our customers and their future needs. While we have made good progress invigorating GE's commercial efforts, our next step is to drive marketing leadership . . . across the company." In discussing the new role of marketing, Comstock



said: "Our vision at GE is that we can make a real difference in driving growth for the company. The key vision is that marketing has to be a force in the company for helping to set the strategy and driving the company forward."

The title of CMO is less than a decade old, and new CMOs are working out the bugs. When Allstate Insurance Company's CMO Joseph Tripodi was asked what it means to be a CMO, he said: "It means I'm a co-strategic driver of the business. Marketing is one of the main elements of moving Allstate forward, and driving incremental revenue and incremental business with the company—along with our distribution people, our product people, and our claims people. I am also the voice of the consumer or customer for Allstate, particularly at the senior management table."

In partnership with CEOs, these new CMOs are now in the

perfect position to be chief change agents for organizations, as they set their agendas for growth through customer loyalty. The CMO needs to be responsible for aligning all necessary resources for executing the brand strategy and delivering consistent customer touchpoint experiences, across the enterprise, to build customer loyalty. He or she also must take ownership of any experience with the brand and the company—not just marketing communications, but also all customer interactions. Fulfilling this role requires knowing the customer, making the linkage to business results, and engaging cross-functional cooperation.

### **Know the Customer**

Successful CMOs have a focus on the future and the customer. They must know their customers better than anyone else in the organization. This customer expertise is critical for promoting a customer-centered point of view to other parts of the organization.

The CMO must know the drivers of customer behavior that will make a difference and build strong customer loyalty bonds. Making a difference means understanding not just what will cause customers to repurchase from you, but also what will make them advocates for your company and brand. This level of understanding requires

sophisticated research and advanced scientific analysis that will hold up against rigorous arguments. It requires thoroughly and confidently identifying the rational and

price premium, avoid competitors) and to your bottom line by reducing costs or investments required to support and leverage your customer base (e.g., provide information to the

customer, linkages to business results, and priorities for building strong customer bonds, the CMO can open people's eyes to new ways of thinking. He or she can guide and focus all functions for designing and delivering customer experiences that will make a difference for the business.

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emotional drivers (i.e., how to get customers acting the way we want).

Everyone will have an opinion about what customers want and need. It's up to the CMO to be the true voice of the customer and lead the charge. At Allstate, this responsibility is reflected in the organization's structure. Tripodi states: "... [We] are differentiating our products, our brands, and our customer experience so that we win the hearts and minds of consumers. To that end, we created a customer experience group within the marketing function, because the customer experience is becoming an increasingly important activity for Allstate. It's becoming a huge motivator and rallying cry for our company."

### Link to Business Results

As a senior leader, the CMO must be able to show how investments in customer loyalty link to business results. Changing to a customer-centered organization simply won't happen without this linkage. The CMO will be bombarded with questions about how a customer loyalty strategy will have an impact on the business.

The impact will come in many forms. Customer loyalty behaviors are linked to your top line by adding revenue (e.g., buy again, give larger share of wallet, buy additional products and services, recommend the brand, pay a

company, learn customer role, establish self-service, comply with requests, accept advice, support public positions).

Simulators are key tools for building the customer loyalty business case. Loyalty simulators are built on the linkage logic that a company's customer relationship investments influence customers' touchpoint and communications experiences. These experiences shape customer loyalty. When given the opportunity to behave, loyal customers are more likely to act in ways that benefit the company. Using scientific simulators based on customer loyalty causal modeling and the company's financial information, the CMO can demonstrate customer loyalty initiatives' impact on the company's business results.

### Cross-Functional Cooperation

You can't be successful alone. It is the CMO's responsibility to communicate the value proposition of a customer loyalty strategy to everyone in the organization and to orchestrate across corporate functions to create consistent customer loyalty building experiences. A bank CMO said, "My group's work is increasingly focused on helping the company break down the silos, across our distinct lines of business, and ensuring an integrated, consistent customer experience."

Armed with insights about the

### Fulfill the Vision

The CMO is responsible for influencing the entire organization to drive top-line and bottom-line growth through a customer loyalty strategy. In most companies, this means changing the way decisions are made—changing the culture. As change agent, the CMO must develop customer loyalty as an asset across the enterprise and link that asset to profitable growth.

Thirty years ago, Peter Drucker said that "business has two basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs." Unfortunately, in many companies, marketing often plays the highly narrow role of marketing communications. But now, with the position of CMO, perhaps marketing can truly bring to the leadership table its strategic role—and fulfill Drucker's vision. ○

### About the Authors

**Lawrence A. Crosby, Ph.D.**, CEO of Synovate Loyalty, has more than 25 years experience in strategic marketing and market research and works with major global companies to redefine and improve the use of customer research as a strategic, actionable management tool.

**Sheree L. Johnson**, Synovate Loyalty's Global Director of Strategic Marketing, has more than 25 years of industry and consulting experience in marketing, sales, finance, information technology, strategy development, and planning.

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