



## Marketing Shouldn't Always Drive Customer Strategy


by:  
**Naras  
Eechambadi**

Customer strategy lies—or should lie—at the heart of customer relationship management. It defines a company's objective with regard to its customers: acquiring them, serving them and retaining them. It involves understanding the nature of customers, the relationships and the different flavors customers and relationships come in, as well as the factors driving those differences. So what is, or should be, marketing's role in defining and driving customer strategy?

Marketing is uniquely positioned with regard to developing customer strategy. It is often the area linked to all the elements needed to develop customer strategy. These include external market information, such as competitive intelligence, data about trends in customer attitudes and behaviors in the market place (not just with relation to the company and its products). It also includes internal company information about overall corporate strategy (is the focus on revenue growth or profit growth?) as well as, in many instances, detailed customer behavior and transaction information, customer profitability (across multiple products), satisfaction data and retention/attribution/loyalty information. Add to this the ability of some sophisticated marketing organizations to analyze customer behavior, develop actionable customer segmentation schemes and build predictive models of customer behavior.

Contrast this with the limited information and capabilities that other areas, such as finance, product development, sales or IT, may have and it becomes clear that marketing is uniquely positioned to help shape customer strategy.

The next logical question is: Should marketing be driving the development of customer strategy or should it play an important role while not leading the effort? The answer depends on the corporate environment and marketing's place within it. In organizations where marketing plays a central role, has the requisite talent, has a close relationship with lines of business and operating heads and is seen as a credible business partner by the various other functional groups and has the ability to be a "boundary spanner," it can play a central role in developing customer strategy and in orchestrating the execution of that strategy.



However, where marketing plays primarily a marketing communications role—or where it is seen as a sales support or staff function—which is, unfortunately, the case in many business-to-business environments, marketing is simply not a credible leader in developing and implementing customer strategy. In these situations, marketing can barely command a seat at the table, let alone commandeer a leadership role. This was painfully obvious in many early CRM efforts, which often took place in sales-driven companies where IT played a prominent role and marketing was relegated to the background, if it was included at all.

### **PASSENGER OR DRIVER?**

I can recall many marketing clients complaining (some still do) that their firms' CRM effort would not “reach” marketing until the tail end of implementation efforts. The fact that these were seen as implementations itself says a great deal about how little customer strategy was really involved. In these situations, marketing does well by ensuring that it is on the bus at least as a valued passenger and, if the marketers are good, maybe they get promoted to the head of the bus sometime in the future.

But what of situations where marketing is capable of credibly playing a central role in driving customer strategy? Should marketing be the driver or the navigator? Given the choice, as a senior marketer, I would choose to be the navigator, rather than the driver. Now that may seem a strange choice, so let me explain. Successfully executing customer strategy requires commitment from operational areas of business.

Marketing has gobs of information and great 360-degree views of markets and customers. It, hopefully, has a realistic view of the execution capabilities of the organization. By providing valuable input and pragmatic advice to the shaping and development of customer strategy but leaving the final strategic choices and execution to the operational areas of the company, marketing ensures commitment and a focus on execution as well as the ability to monitor progress and correct the course over time without getting bogged down over execution issues, which almost always arise in the course of implementing a customer strategy.

This distinction was brought home to me recently when we were working with a medium-size, specialty, multi-channel retailer (it sold through its own branded stores, through other retail outlets, over the Internet and through its own and other catalogs). The chief marketing officer, who was relatively new, was trying to bring the company into the 21st century. Understanding the value of customer segments; agreeing on where the upside was; and focusing marketing efforts on those segments and products were a key part of the initiative.

Marketing had traditionally been known as the guys who took the pretty pictures for the catalog and ran promotions from time to time. They were not known for their strategic vision or their fact-based decision-making. The CMO was trying to change that. The CEO had brought in the CMO to do just that. However, the CMO, eager to prove himself, developed the strategy and was trying to drive it through his team, which was not quite up to it. The people who had been there a while would not have recognized a strategy if it hit them in the head. The folks he had brought in more recently were too new to have any credibility.



1930 Camden Road    Charlotte NC 28203    877.570.2199



Of course, marketing needed IT's help to pull the customer information together to effectively monitor campaigns and manage these customer strategies. The CIO had been there more than 10 years, knew the company and knew how the game was played. His people gave low priority to a customer strategy that was seen as "marketing's" and not owned by corporate or operational heads. They dragged their feet, and nothing much got done. The CMO? He left in disgust after making little progress. The CIO? He is settling in for another 10 years and probably looking forward to seeing the backs of another 10 CMOs.

So my advice to marketing execs is this. Riding shotgun lets you get a better look at the scenery. The driver has to focus on the road and is responsible for getting the vehicle to the destination. Both roles are critical. Knowing who performs which role is the key to a smooth ride.

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