



September 2006 Issue

In this issue: Intuit's Peter Karpas gives a preview of customer engagement insights he'll cover at the CMO Council Summit next week; Guy Smith of Silicon Strategies Marketing takes a no-holds-barred look at blogging, executive style; In The Download, Barton Hill, CMO at Mellon Investor Services, details the success of the "Net Promoter" loyalty metric; and much more.

[Editor's Cut](#)

Given the hundreds of information channels that exist, it's tough to keep up with new trends...

[MarketingSherpa's Practical Stat of the Month](#)

At first, the differences in online media buy effectiveness may seem startling...

[Get to Know a CMO: Peter Karpas, SVP, Chief Marketing and Product Management Officer, Intuit](#)

While just three months into the job of chief marketing and product management officer, Peter Karpas is certainly no stranger to Intuit.

[Executive Blogging Gone Bad](#)

PR flacks have discovered blogging, and the world is a much sadder place.

[Interviewing Tips for Marketing Executives](#)

Ninety percent of the marketing executives I interview are either only fair at interviewing or not very good at all.

[Harvesting the Fruits of the Tree: Decision Tree Insights](#)

Would you throw money out the window as you drive down the freeway? Probably not.

[The Download: Mellon Investor Services Turns Satisfaction into Results](#)

Organizations continue to spend large amounts of their discretionary research budgets...

[Branding Thought Leader and Author Martin Roll Travels the Globe](#)

He arrives in Tokyo on October 24 to deliver the keynote address at the CMO Council Asia Pacific Virtual Tokyo Symposium...

Editor's Cut



Given the hundreds of information channels that exist, it's tough to keep up with new trends and changes in communications. Take blogs, for instance. I've been considering doing a blog myself for the last two years, but now, according to a new report by Jupiter Research, consumers don't trust blogs, although a good number of advertisers surveyed planned to use viral marketing such as blogs next year.

Okay, so perhaps I can rest easy with the blogging. I meant to look into podcasting last year, so at the rate I'm going, I'll deal with it in 2008 (when it too will be passé). I will be ready, however, for 3D holograms in 2010.

And speaking of different ways to market, I'm intrigued by the controversy over LonelyGirl15, the video contributor to YouTube who became the national poster child for teenage rebellion almost overnight. LonelyGirl15 (a.k.a. Jessica Rose Lee) was confined to her bedroom by her strict parents, and had hordes of YouTube fans waiting anxiously for her next made-at-home video. But alas, it turns out that she was really an actress, and the videos were professionally produced as part of a guerrilla campaign for a movie yet to be released. Is this a case of marketing over the edge? On the other hand, YouTube is searching for ways to monetize its operation, and this could be one way of doing it!

Yes, there are many ways of engaging and retaining customers. And that happens to be the theme of this year's **CMO Council Summit, coming up Oct. 4-5** in San Francisco at the Four Seasons Hotel. I doubt if our esteemed keynoters and panelists will be talking strategy like LonelyGirl, but the content will be just as provocative. With a little over a week to go, our keynoters from Lenovo, Feld Entertainment (Ringling Bros.) and the National Hockey League—in addition to a stellar group of panelists and presenters—are set to impart their customer engagement strategies to a group of more than 200 marketers—and we hope you are one of them. In addition, our special Summit Warm-up on better reaching the channel, set for Wednesday afternoon, Oct. 4, promises to be a great way to kick off the festivities.

In addition, our **Asia Pacific and European CMO Summits** closely follow—Asia Pac in Tokyo on Oct. 24, and Europe in London on Nov. 16. If you have a presence in one or both regions, we strongly suggest that you and your global colleagues attend. For registration information on all of our Summits, go to www.cmosummit.org.

Finally, our sister organization, the Business Performance Management (BPM) Forum, is fielding a new study that covers a topic I'm sure is near and dear to all marketer's hearts: decision making in the enterprise. What are the critical enablers and underminers of decision making in large organizations? How can this crucial process be improved? **We invite you to take the "Business Traction from Better Decision Action" survey** at <http://www.surveymonkey.com/s.asp?u=305492544255> to gauge your own organization's decision-making acumen. We value your input on the subject and will be sure to send you a copy of the final report.

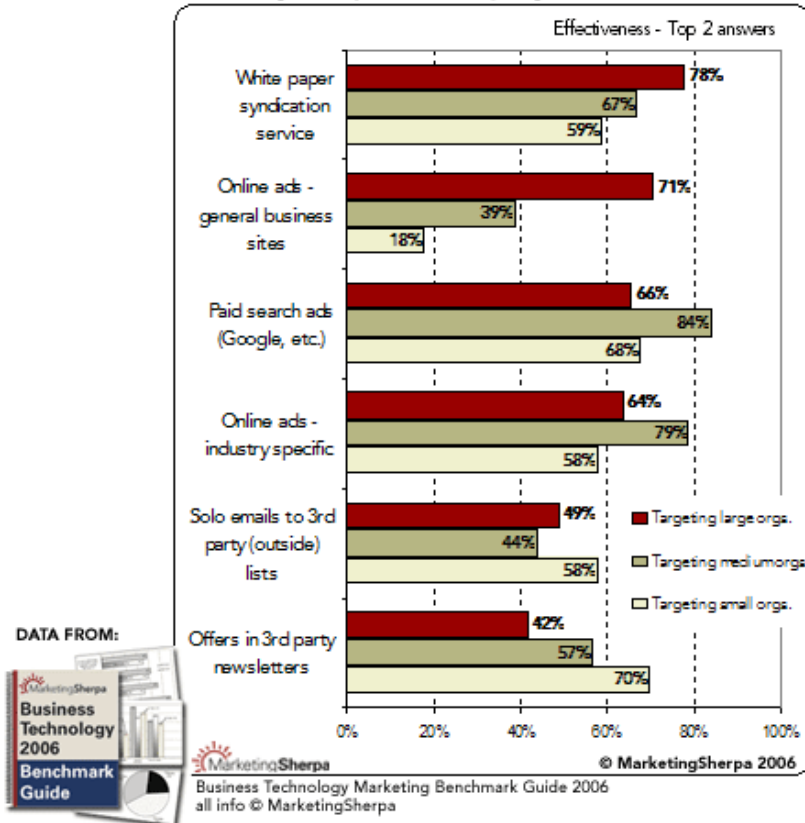
Enjoy the issue!

Scott Van Camp, Editorial Director of the CMO Council and Editor of Marketing Magnified, can be reached at scottvc@globalfluency.com.

MarketingSherpa's Practical Stat of the Month



B-to-B Online Media Buy Effectiveness by Prospect's Company Size



At first, the differences in online media buy effectiveness may seem startling above, however upon further thought, they make a great deal of practical sense. Technology purchase decision makers often have a formal process by which they buy products and services. This formal process usually includes a research phase, most often assigned to a manager-level executive who combs the Web (and often trade shows) for appropriate vendor white papers as a starting point. This is why white paper syndication — the act of placing your white papers into the online library of third-party technology news and information sites (think CNET's ZDNet, TechTarget, CMP TechWeb, and others) — works exceptionally well when targeting the Fortune 1000.

Top executives at the Fortune 1000 are also more likely than their peers at smaller organizations to have the time and inclination to review the general business press. This may be because their company is diversified into several product lines or because they are public.

On the other hand, executives at very small organizations, where they may be wearing multiple job function hats, are more likely to respond to ads in e-mail newsletters they've actively signed up for and respect. They have no time to go trolling for information, but may pay attention to media that's pushed out to them — especially if it's a quick, targeted read.

This is excerpted from MarketingSherpa's Business Technology Marketing Benchmark Guide, which surveyed 1,900 B-to-B marketers. The guide is available for download at:

<http://www.sherpastore.com/home.html?8895>

Copyright MarketingSherpa 2006. All rights reserved.

Get to Know: Peter Karpas Senior Vice President, Chief Marketing and Product Management Officer Intuit Inc.



While just three months into the job of chief marketing and product management officer, Peter Karpas is certainly no stranger to Intuit, having spent the last six-and-one-half years at the business and financial management software company that makes TurboTax, Quicken, and QuickBooks. Previously, Karpas served as vice president and general manager of the Quicken Solutions Group, where he oversaw established products, such as Quicken Personal Finance Software, as well as new efforts that included offerings in the health care, financial advisor and rental property sectors. He was also general manager for QuickBooks Industry-Specific Solutions, where he was responsible for the entire industry-specific line of QuickBooks products.

Karpas' role as a panelist at next week's CMO Council Summit is fitting, given his session topic, "The 3R's of Customer Return: Retention, Renewal & Reactivation," and the fact that at Intuit, long-term customer retention is a critical goal. Karpas recently spoke to Marketing Magnified about the importance of customer engagement at Intuit, and his plans for improving the customer experience.

MM: Having been at Intuit going on seven years, you must enjoy your work. What is it about the company that keeps you there?

Peter Karpas: First and foremost, we make products that matter to people. This is the first job I've had where a customer, upon finding out what I do, actually hugged me! That's happened twice. I love the values here and the work environment that fosters. And I feel like I can achieve here and help out. All of those things make for a great situation.

Did those hugs come from consumers or business customers?

Both! One QuickBooks customer when I was working on that, and one Quicken user last year.

Tell me how Intuit's marketing organization is structured.

We have a business unit structure – sales and marketing reports up through that business unit, and the business units all have heads of sales and marketing.

So where do you, as CMO, come in?

My job has two aspects. First, I think of my job as being responsible for helping Intuit be great at sales and marketing, whatever that encompasses. I also have a centralized marketing organization that, by being centralized, delivers capabilities and expertise for the company as a whole. For example, we provide database work, print production, marketing services, corporate communications, and even most of the Web site creation technology – which I've been told is rather rare for this position.

You are also chief product management officer. What does that entail?

Top line, it's the same as the CMO. I think about how we stay great at product management. I have a much smaller organization on that side, because product management is not something you typically centralize, but my team provides centralized expertise.

What are the advantages of being involved with product management?

It helps create a better linkage between the sales and marketing teams and the product teams. It also gives the chief technology officer a clear partner in terms of the offering creation function.

When you became CMO just few months ago, what were your goals for the organization?

First, to exactly define the role of sales and marketing in the company, it's trickier than it seems. It isn't just short-term revenue, for instance – that's a lame answer. So I spent the first part figuring out what exactly we do and how we do it – and then some priorities came out of that analysis.

And what were some of those priorities?

I'll give you an example. We believe one of the critical things our sales and marketers need is a deep understanding of the customer and prospects' shopping and buying process. So the questions I've been asking are: "How do I know if they have that deep understanding?" and "In what areas do they have more understanding and what areas do they have less understanding?" We actually defined what a deep understanding is. So now we're figuring that out across the company.

Another example is a more common one: How do I measure the efficiency of the marketing function? My finance leader is currently leading a project to figure that out. Another priority is managing customer data. The technology is changing so fast that we want to get ahead of the curve. A company's customer data mainly consists of name, address, products bought, maybe what pieces of marketing the company has sent them. But now Amazon has shown that it's quite valuable to know what Web pages they have looked at. So we're working on tying all that information together. It's a multi-year project.

How is your marketing organization's performance measured?

I have them written down right here. One is revenue growth – short- and long-term. Another is whether we use our money efficiently and effectively. Then there are the aspects of the "Net Promoter Score" that are driven by sales and marketing. NPS is a system, developed by Fred Reichheld from Bain, that we've adopted companywide the past couple of years. We ask our customers a simple question: Would you recommend this product to your friend? They vote on a scale of 0-10; 0-6 is a detractor, 7-8 is neutral and 9-10 is a promoter. We then analyze the results, including the impact of sales and marketing interactions with the customer. Finally, we also have metrics around customer trust that we're building.

How will you measure customer trust?

One of our company values is "Do right by all our customers." So we're now defining what that actually means in a sales & marketing context, and we're working on ways to measure it.

Since your Summit panel is all about customer retention, how does your organization achieve optimal results in that area?

One of the main factors in customer retention is the customer experience. At Intuit we focus on "ease." How do you make the customer experience easy? It's not just about having an easy product. We also spend lots of time thinking about making the shopping and buying process easy. And how we set expectations about the product. Does the customer have a good experience with that product?

In the end, customers are relying on you to tell them enough about your product in a way they can understand, so they can make a good buying decision. If you convince them to make a bad buying decision and they start using the product, they'll quickly figure that out. That's too short-term focused, and we're not a short-term focused company. We have long-term relationships with our customers.

What are your goals going forward?

From my perspective, it's the continuing work on helping us be great at sales and marketing, and product management. Whatever is needed to do that, those are my goals.

Executive Blogging Gone Bad

By Guy Smith

PR flacks have discovered blogging, and the world is a much sadder place therefore. And nowhere is this dementia more apparent than with executive blogging from high-tech firms.

Now, lest you think I am too cynical about executives, I do not blame them ... entirely. After all they fall pray to the same obscene vices as others in power. They have added trauma in the form of half crazed marketing types who, in their desperate search for publicity and corporate differentiation seek new venues for spewing their effluvium.

The sorry state of affairs can be summed up in two words: missed opportunities. In reading blogs from Jeff Jaffe, CTO at Novell, Jonathan Schwartz, CEO at Sun (talk about a fellow with a tough row to hoe), Larry Augustin (CEO at Medsphere and Venture Adventurer), Ray Ozzie, various Red Hat suits, and others, we see the following forms of executive utterances that miss the point of blogging entirely:

Promotional: Some executives (or their staff writers) use blogging as shameless promotional platforms. Now, we can expect anyone to use their blog to promote their products). But many executive bloggers substitute advertising copy for meaningful content.

FUD: I once reported on an exchange in an HP executive blog and a Sun executive blog where they spoke about the same customer, and used the blog space to berate one another. Other executive blogs have used analyst reports, open speculation, and alleged customer comments to create fear, uncertainty and doubt about markets, competitors, and strategic directions.

Self-aggrandizement: Do blog readers really want to know what power broker you dined with or hear how you saved you company by cutting quarterly losses in half? Yet some executives seem to use their blog as a canvas on which to paint heroic portraits of themselves ... supposedly to find a better job once the boards of their current company ousts them.

The purpose of a blog is to communicate and build rapport with the reader. By building rapport, you build trust, which in turn builds brand. If readers ever feel they are not receiving quality information, they will at best tune you out, and at worst start mistrusting you and your company.

If you are contemplating this form of PR, then follow Guy's Rules for Executive Blogging:

- Think again. Do you have the time to routinely offer something meaningful to your readers? If not, don't waste your time or theirs.
- Pick your audience and write specifically for them. Know who you are communicating to, and why, and keep your blog focused.
- Don't write about yourself. Nobody cares.
- Don't write about your company and products in general. That is why your Web site exists.
- Don't echo your press releases. We already have those, and if they are like many press releases, they are content free and thus useless.
- Give people a chance to respond in comments -- feedback is useful to you, and lets customers feel like they have influence.
- Don't let you employees comment -- this is soooo transparent that I was shocked to see this on the blogs of well-known executives.
- Finally, think before you write. Have something worth saying that makes a difference in the lives of the reader. Otherwise your audience will eventually consist of just your PR flacks.

Guy Smith is the founder and chief consultant for Silicon Strategies Marketing, a marketing consultancy specializing in strategy development for high-tech firms.

Interviewing Tips for Marketing Executives

By Adam Thacher

As a former marketing executive, a graduate of the Kellogg Graduate School of Management (with a degree in marketing and business policy), and a retained search professional for 10 years, I have discovered that 90 percent of the marketing executives I interview are either only fair at interviewing or not very good at all. I frequently walk away from interviewing a candidate feeling there may have been a lot more to this person than I realize, yet they just did not communicate well about who they were and what they had accomplished in their careers.

This is perplexing, as these executives are highly compensated, well thought of, and leaders in their fields. I am confident that most command the respect of peers at conferences, industry meetings, and within their own companies.

What is the problem?

Most candidates are not well prepared to present their accomplishments in a way that is both efficient and effective. This is true for the following reasons:

- Most resumes are not well written, and candidates provide no “back-up” sheets on significant accomplishments.
- Candidates do not always know what a company’s “key selection criteria” are before they go to an interview; thus they are poorly prepared to address those criteria effectively.
- Interviewers are not always well prepared to interview; thus they may not ask great questions to draw out the information they need from a candidate.

Why is it more important than ever for marketing executives to master effective interviewing?

Much has been written about the fact that the job market has changed over the last 10 to 20 years; instead of working for two to three companies during their careers, it is not uncommon today to find highly qualified marketing executives who have worked for seven companies and are still working today. The main implication for the interviewing and job search process is that executives must be more knowledgeable and prepared for interviews because they will have many more jobs (and many more interviews).

There is another key reason that marketing executives must be great interviewees. In the “good old days,” a major source of job leads used to be the networks you built from your early days at P&G, Clorox, Pepsi, etc. While this is still true to an extent, it is highly likely you will have many interviews in your life with individuals who know no one you have ever worked with, nor do they know the business culture of the company you were trained at. Since you cannot depend on the network you built from your first large employer to provide great job leads for the rest of your career, it is incumbent on you to sharply improve your communication skills in a job search.

Another factor that has contributed to turnover at senior levels in marketing is that capital sources (whether venture capital, private equity, or the public markets) are less patient. Not only are the tenures of CEOs declining, CMOs also feel greater performance pressure than ever before. If you or your management team does not perform in a reasonable time period, the capital behind your business may quickly search for a replacement. With quarterly earnings pressures and private investors typically seeking a return in three to five years, giving you another year or two may not be what they have in mind.

How should I prepare to interview effectively?

- From the recruiter involved, or directly from the company, ask for the most important “key selection criteria,”—what is it that they seek in a candidate for the position in question?
- Prepare back-up sheets (I have also heard these called “case studies”) of your accomplishments that address each of these criteria:
 - Each back-up sheet should have a background section stating the challenge/task/opportunity that you are writing about.
 - The second section should state what your analysis/plan of action was after you had some time to analyze the challenge you had been given.
 - The third section should state the results of your implementation.
 - The last section should state why you think your efforts were successful.
 - When you are in the interview, use your back-up sheets to support your case that your experience fits what they need for that particular selection criteria. For example, if an interviewer asks you about your experience with building a business on the Web, take out your sheet that deals with that question and walk them through it. When writing these case studies, think like a newspaper reporter and hit the high points with some detail, but only enough to get your point across.
 - The benefits of all this work are many: First, you have addressed the interviewers’ important questions in an efficient, focused way. Second, because your examples are in writing, they can easily be attached to your resume by an interviewer and emailed to a colleague recommending you for subsequent interviews (“I like what Sue did here—this is a lot like the problem we have”). Third, preparing these back-up sheets will make you better at verbally presenting them. Finally, if you walk into an interview and indicate that you have prepared case studies of your accomplishments in the five areas that they told you were important, what interviewer would not be impressed? As an indirect benefit, they will be able to read a great example of your written communication skills.

Don’t sell your self short—put your best foot forward by being well prepared! It is your best choice when getting ready to launch a job search. If you do this well, you will interview more effectively than almost all your competition.

Adam Thacher is founder of Thacher Executive Search, which focuses on consumer-oriented projects and technology companies with consumer-oriented businesses. Adam can be reached at adam@thachersearch.com or 510-596-9011.

Harvesting the Fruits of the Tree: Decision Tree Insights Knowing what drives purchase, in what sequence to drive investment priorities for sales and marketing

By Nilofer Merchant and Mike Mace

Would you throw money out the window as you drive down the freeway? Probably not.

But that's what marketers do when they don't know what specifically causes their customers to learn about, consider, have affinity for, and finally purchase their product. Are rebates central to your promotions, or are you throwing your money away? Does advertising drive awareness of your products, or are you attracting the boomer crowd when you wanted Gen X? Are your customers attracted by your Web site, or would they really like you to blog while they make comments?

Whether you're a global brand like Adobe, Symantec or Logitech, owners of major enterprises like Solidworks and Anystream, or entering emerging product categories like mobile applications, understanding what drives your customers to purchase is critical.

Everyone who owns marketing budget must understand in detail the consumer purchase decision process to better invest and drive category and / or share growth. The process by which consumers consider and purchase software or hardware drives both strategic and tactical decisions. Marketers need to know what drives the early awareness of product, what factors get included in consideration (such as price), and what role the channel (whether online, retail, etc.) plays in the purchase decision.

The technology purchasing process evolves rapidly. Increasingly, we see software bundled with computers and even with services, such as ISP accounts. More traditional media is losing its strength as online and mobile advertising grow. These changes increase the pressure to understand how the many factors involved are affecting the consumer decision tree for technology. Understanding the elements involved will help you invest wisely in what really matters.

Some of the key questions the company needs to answer include:

- What role does each channel, especially retail, play in acquisition vs. retention?
- How powerful is your brand in the evolving purchasing process? How many brands does a consumer consider?
- Is the product an impulse buy or a carefully considered purchase? How much of the purchase method is a result of the product itself or tied to consumer attributes?
- When customers obtain products bundled with other items, how likely are they to renew or repurchase the individual components in the future?
- How do the awareness and consideration process work by segment? How influential are friends and references, advertising and circulars, and other recommendations such as reviews? Are blogs influencing your purchasers?
- What are the triggers to adoption at retail (kiosks, software box, rebate offer, etc.)?
- Do people select the product before or after they visit the channel?
- For those who do visit the channel before making a purchase decision, what percent are influenced by various promotions (coupons, discounts, rebates, etc.)?
- How do customers gather information on your product? Word of mouth? Magazines? Online research? How do these correlate to the channels used to purchase?
- How likely are your customers to repurchase the same brand in the future?
- To what extent does the sea of boxes at retail affect the purchasing process? (For you, as well as for the other guy.)

- And above all else, will making more “marketing” investments (like education programs) vs. “sales” investments (like rebates) grow your share of the pie?

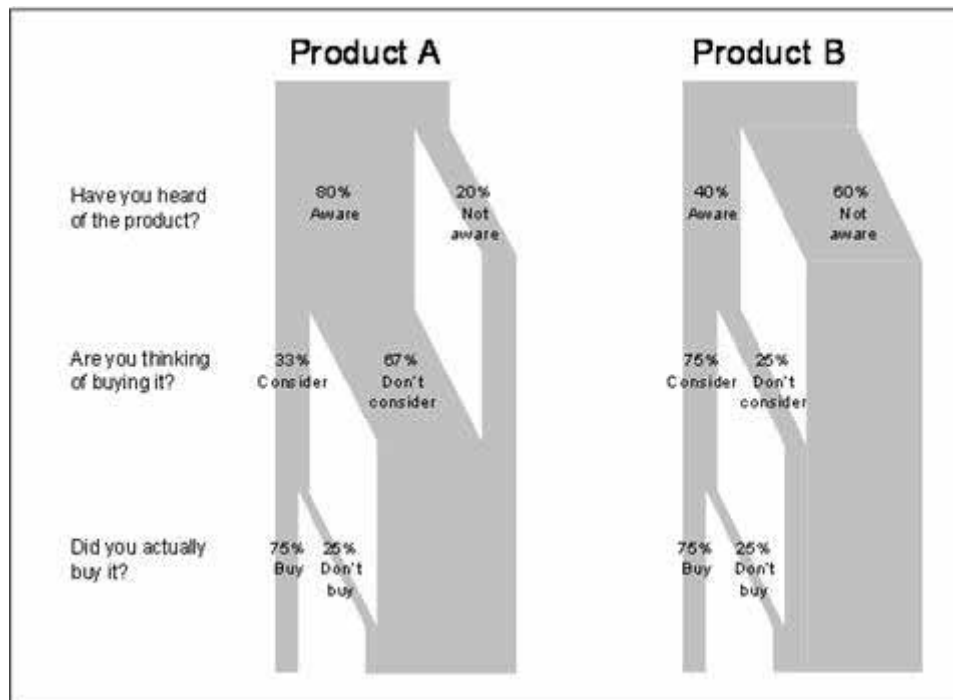
To understand all of the above issues, Rubicon has developed a customizable research tool to aid in-depth assessment that will integrate the responses, and then create a customer decision tree by segment so you can see clearly what will drive purchase in the long run.

A customer decision tree is the consumer equivalent of an enterprise demand funnel. It lets you know how many people are aware of your products, what percent of that group have an affinity for your product, what percent are thinking about buying, and, finally, what percent of them actually do buy.

Decision tree data are related to where you are in the cycle, whether “making the sale” or “losing the sale.” The decision tree tells what you need to do to reallocate dollars to capture market growth. This allows you to align budget dollars to the elements driving purchase.

Here's a simplified example of how a consumer decision tree can be used:

This illustration shows two different decision trees. Both products have about the same market share, but for very different reasons.



Product A: Most people have heard of product A, but they generally think it's not for them. Doing a lot more advertising for this product is not likely to produce a rise in sales, unless the product has some incredibly compelling secret feature that no one currently knows about. Even then, you'll be fighting against the current impressions people have about your product, which can be very hard to change. So a big investment will be necessary.

Product B: This product has low awareness. More advertising might help; the biggest barrier to sales is that people just haven't heard of the product. However, a company should not assume

that advertising will be an immediate fix – there may be other barriers in the purchase process that the company has never even encountered in the past because it's not being considered.

The overall point here is that until you know *specifically* why people aren't buying today, you can't know what needs to be done to fix the problem. There are four phases to discovering this information:

Phase 1 • What's the level of awareness, and what drives it? What were the sources and locations for learning about your software? How much do resellers/retailers drive new customer acquisition? Is it reference-based (in which case you'll need to increase word of mouth programs), online research-based (in this case your blogging program should grow), reviews-focused (PR might need to lead in this case), advertising-based, etc. The fundamental question is how aware were customers that they needed a product before seeing your offerings. And, of the many things you do, what caused folks to respond to you?

Phase 2 • What drives brand affinity, and how strong is it? How many vendors were considered, in what order and why? What were the reasons for affinity to your product?

Phase 3 • What did they consider, and why? We'll probe whether features, price, box, etc influenced their consideration process. What we want to learn is the sequence of decisions so you can decide what needs further investment and what is already 'good enough'. It is quite possible that the box is not a key issue but that price is. If so, then rebates are key. On the other hand, perhaps knowing more about what problems need to be prevented with good product solutions is key to purchase. That would showcase the need for education tools in the sales process.

Phase 4 • What was purchased? To answer this question, we track the decision process timeframe, which will allow us to narrow down whether product software is an impulse buy vs. a carefully-considered purchase. This will also help answer the question about where sales and marketing activities need to be. If the product was "bundled for free," you'll be able to document whether your brand had anything to do with the underlying purchase. This will give you valuable information to strike better business development deals.

Ultimately, knowing the triggers for adoption very clearly, by segment, gives you not just research, but the insight and knowledge to understand *exactly* where to spend money. When you can draw a decision tree for each of your segments, showing the stages of consideration and where you stand, you can determine what sort of investment can help with each stage. In particular, you chart what parts of the process can and can't be influenced by what you do.

When stated that way, is there any reason why you don't know this today? Spend your next dollar to find out how to spend the one after it much, much better.

Nilofer Merchant is CEO and Mike Mace is principal of Rubicon Consulting, a Silicon Valley firm specializing in the definition of new markets, delivery of new products, and market defense and optimization. You can reach them at www.rubiconconsulting.com.

The Download: Mellon Investor Services Turns Satisfaction into Results

Organizations continue to spend large amounts of their discretionary research budgets on client satisfaction studies, leaving CMOs with a big challenge: how to convert this data into actionable information and fully leverage the investment. Mellon Investor Services employs a new “loyalty metric” approach to meeting this challenge.

Since the publication of the seminal *Harvard Business Review* article, “Putting the Service-Profit Chain to Work,” in March 1994, CEOs have come to accept the common wisdom that the quality delivery of a product or service will lead to customer satisfaction, which will lead to customer loyalty, which in turn will lead to business profitability.



As a result, they have wanted tools that provide direct insight into how their company’s actions may affect what their customers say and do. The first pass at acquiring this knowledge was to generate satisfaction surveys asking direct questions about overall relationship satisfaction. However, to their great frustration, these studies, as they are typically conducted, never seem to answer key questions about the causal link between satisfaction and profitability and growth... That’s why I knew I was on to something when I came across the Net Promoter framework. [See *Net Promoter at a Glance*]

Recently Mellon Investor Services, in partnership with The Phelon Group, launched a Net Promoter initiative aimed at better understanding customer attitudes and behavior and how our actions and decisions might affect them.

We began with a pilot project in April 2006, in which we asked 200 clients just two questions: The Net Promoter question, “How likely are you to recommend Mellon Investor Services to a friend or colleague?” And one follow-up question, “What is the primary reason for the response you just gave?” The first benefit of our new approach was immediately apparent—our survey response rate was over 50 percent, far exceeding what we typically saw in longer, more involved, standard satisfaction surveys. We were moving closer to a census of our clients opinions as opposed to a sampling.

The pilot yielded a number of additional benefits. It enabled us to identify if any key accounts had issues requiring immediate attention. A self admitted detractor sent a very clear and actionable message, which demonstrated to the executive team the value of a full-on Net Promoter Initiative. And further, the pilot established a baseline Net Promoter Score that we can now track and manage to, on an ongoing basis.

Understanding NPS drivers

When we compared results of the pilot Net Promoter project to the satisfaction data we already had in our CRM database, we found something very interesting. You might expect that individuals reporting the highest satisfaction on surveys would also be promoters and that those reporting lower satisfaction would be passives or detractors, but surprisingly the two metrics didn't always correlate in this direct way—in fact, they often contradicted each other.

To further validate this new approach, we began to form some assumptions about clients' characteristics and behaviors based on their Net Promoter responses. To test these hypotheses, our next step involved developing detailed profiles for a subset of the pilot participants, enabling us to more clearly understand the reasons for their responses. This profiling exercise took the form of in-person, qualitative follow-up interviews. We asked, they answered. They spoke, we listened. Surprisingly, the quality of the dialogue that the Net Promoter tool facilitated was far more detailed and specific than the interactions we historically received based on the more general lexicon of satisfaction ratings. We had two related objectives for the profiling exercise. We wanted to understand at a more granular level what drove some clients to self-identify as promoters versus passives. We also were curious to see if we could identify commonalities shared by members of each group—the promoters, neutrals and detractors. .

From insight to action

The results of these profiling interviews now serve as the basis for our ongoing targeted action. Having identified a first round of business levers that appear to drive client NPS, we can make adjustments to them and continue to monitor for changes. We are now in a position to see if the score moves as expected based on actions we take within specific accounts .

The interviews and profiles developed during the pilot yielded more data than we could possibly act on at once. Priorities had to be set by correlating expected benefits to the level of effort. Actions that could potentially yield the greatest results with the least effort have advanced to the head of the list.

As our clients go through the complete client lifecycle, we will develop a fuller understanding of the relationship between Net Promoter and behavior. However, we now have a solid foundation for tracking and testing the hypothesis that Net Promoter is a better predictor of behavior than

satisfaction surveys. And by using Net Promoter, we have a better way of determining which clients merit more in-depth satisfaction and loyalty research.

Event-triggered loyalty monitoring

Because clients and customers may react differently to every decision we make, identifying repeatable, predictable actions has been a challenge. Satisfaction studies don't help because data is not typically collected within the context of recent events—it is generally collected point-in-time. With our new program, we have a *direct connection between our actions and client reactions*. We can iterate our data collection based on client lifecycle events so that immediately after a significant interaction with us, we can launch a survey. In this way, we can keep our fingers on the pulse of the client mindset.

“Interpreting the results of your Net Promoter initiative in the context of the client lifecycle and known milestones is one of the most important steps you can take to ensuring your project yields actionable results,” says Steven Nicks, Executive Vice President at The Phelon Group. “Without this framework you will not be able to identify the drivers that affect loyalty.”

Amazon, Eddie Bauer and other CPG or retail oriented enterprise firms may have thousands to hundreds of thousands of clients. These larger client bases can generate millions of transactions per year. We have a Fortune 1000 client base. Even in this limited-sized B2B world, I am interested in gathering the same amount and quality of rapid market intelligence as Amazon. We think we have made progress toward this goal with an automated feedback system based on event triggers. We can now get a continuous read on how our actions and decisions affect customer loyalty, enabling us to make timely and appropriate adjustments. This logic of “immediate feedback” has actually led to the development of a web-based survey platform that is linked to our CRM system and produces a “real-time” dashboard of Net Promoter information. Too often my CEO had to wait weeks or months to be informed of customer issues. Now he is on the front line with access to information any time he wants.

Transforming client relationships

The work we've done with The Phelon Group on Net Promoter has caused a fundamental shift in our relationship with our clients. We've established a new mechanism that facilitates specific and action-oriented open conversation with them. We have come to realize that new product features, enhanced system functionality and pricing adjustments only affect relationships on a short term basis, while this quality of personal interaction creates far deeper loyalty and results in business referrals. Our client reference-ability has increased, and the direct impact of this increase on our top line revenue growth so far, has exceeded the returns on any general marketing campaign that we've run in the past. We also see this system as an early warning signal that will help us maintain and extend healthy client relationships.

An unplanned but very welcome benefit of this new loyalty metric has been the unifying force on our organization. Operations people see the value of it and are striving to contribute to increased scores. The sales team feels it presents terrific opportunity to present our differentiated client relationship management approach to prospects. Our people are excited and focused on this critical objective. We look forward to rolling the program out full-force to cover our entire client base by year end.

Net Promoter at a Glance

'Net Promoter' is a business concept pioneered by Frederick Reich held that focuses on achieving increased profitability and growth by putting the customer at the center of the company's decision-making process. A 'Net Promoter Score' or NPS is a way to gauge your

success as you implement a Net Promoter strategy and to monitor your progress over time. It is calculated very simply. First, ask customers, on a scale of 0 to 10, "How likely is it that you would recommend your company to a friend or colleague?" Three groups emerge from the responses: Promoters (10, 9); Passives (8, 7); Detractors (6 and below). NPS is the percentage of promoters minus the percentage of detractors.

Barton Hill is the CMO of Mellon Investor Services. Previously, he was GM of ADP Global Proxy Services, and also held senior product and marketing positions with Bankers Trust and Citibank.

Branding Thought Leader and Author Martin Roll Travels the Globe

Martin Roll offers unique marketing insights drawn from his experiences advising boardrooms of global corporations for more than 15 years. He is also the author of the international bestseller *Asian Brand Strategy*, and a frequent guest lecturer at leading global business schools INSEAD (Singapore and France) and CEIBS in Shanghai. His firm, VentureRepublic, is headquartered in Singapore with Europe offices in Copenhagen (www.venturerepublic.com)

There are few minds as sharply attuned to the opportunities - and challenges - confronting marketers in Asia; here are some thoughts -- and if you're interested in hearing more, tune into Martin's keynote address live on the Web on October 24 - the CMO Council is presenting it as a Webcast. Register here: http://www.cmosummit.org/register_tokyo.asp

Importance of Developing Global Brand Strategies

Asia is still one of the world's biggest providers of commodities. At the same time, Asian manufacturers mostly produce for other companies and the majority of these products are therefore non-branded. In other words, volume products without personalities, values and distinct faces. The largest part of the financial value is still captured by the manufacturers' customers primarily driven by strong marketing and branding programs. What is the evidence for this? There are only a few global brands originating from Asian companies (disregarding Japan and Korea as they are a different breed) compared to brands galore within almost all industries originating from Western companies. The time has come to change this somewhat historic and outdated trend. New Asia has finally emerged.

Potentially, the New Asia is a competitor to the Western world and its traditionally strong representatives of global brands. Asia has changed dramatically over the last two decades and now represents strong product quality, a very well-educated and competent workforce, powerful financial sources, endless R&D capabilities, a rare passion for technology & gadgets and a growing infrastructure in most countries. Furthermore, the increasingly changing trade structures, including the development of free trade agreements throughout the region, or at least a changing attitude to barriers, and the glooming Chinese powerhouse are important supplementary factors which positions Asia firmly in the international arena.

The drivers of globalization are a combination of many factors which have forced businesses to look outside their home markets for growth opportunities in new markets, and very often to gain economies-of-scale and to diversify their risk/reward balance. However, the competition in the global business environment is increasing and achieving a unique position and competitive advantage becomes more and more difficult and expensive. The high level of investment necessary to maintain production capabilities and rising cost of R&D for product differentiation efforts to steer clear of becoming generic puts totally new requirements on Asian management teams to cover these heavy investments.

Therefore, creating and implementing global brand marketing strategies are inevitable for tomorrow's successful Asian companies in order to capture a larger part of the financial value and enhance the profit streams. Additionally, strong branding enhances the competitive position in the market place and helps fight competition. Asian companies need to move up the value chain through strategic branding and they have all the capabilities needed to achieve this in the years to come.

Asia Can Play an Important Part of the Global Branding Battle

In the next five years, we will see a rapid changing landscape in Asia where the opportunities for Asian companies to benefit from international corporate and product branding efforts will be larger than ever before. The growing emphasis on international branding will move up the boardroom agenda and VentureRepublic strongly believes that branding will become one of the most prominent drivers of value in Asia Pacific in the next two decades. Our experience with several clients in the region along with our close ties with top-management teams across industries have shown that branding is moving up the board room agenda.

Businesses with a sustainable business model and with a visionary and passionate CEO with branding talent will benefit from the rising opportunities for taking on the global scene. But having the branding know-how and marketing technology is no longer adequate. The modern Asian company leader needs to be a complete player who covers all grounds and have the vision to follow through and improve.

Being a marketing wizard is no longer enough. One also has to be an excellent business leader and brand marketer with a truly international edge.

Traditionally, new senior executives among the Asian companies are recruited from within the ranks of the organisations and they tend to come primarily from technology and/or financial related career backgrounds and departments. Much fewer are the talents coming along with in-depth and high-level marketing and branding backgrounds compared to Western companies. Therefore, many companies tend to lack experienced top-leaders who have spend their entire executive careers in marketing and branding hence bringing with them the important capabilities and international experience in the branding field.

Therefore, reconsider the management teams in New Asia and take on more highly skilled people with outstanding capabilities and global experience in branding strategy and execution, and also talent with preferences for rapid change, new knowledge and best practices. All these factors are no longer a luxury but a necessity to win a lucrative position in the global branding battle.

New Asia has all opportunities at hand.