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# For nuanced customer insights

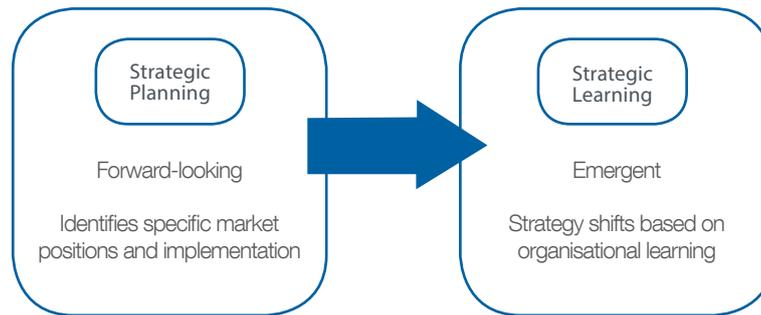
**G**lobal corporations have traditionally imposed rigorous annual strategy planning processes, lasting several months at the same time of year, every year. Yet in a VUCA world, markets are moving too fast for traditional models of strategy planning and market research.

In a fast-paced environment like this, Fortune 500 global corporations increasingly use flexible, dynamic strategy formation to cope with market disruption and the consumer's hunger for change and innovation. My team recently worked with a giant global technology company, renowned as a category disruptor. They had launched an innovative AI-driven consumer device, which had far exceeded their market expectations, and now they needed to adapt marketing strategy fast and launch innovation initiatives—to leverage their success and defend their brand against upcoming competitive launches. A cross-functional team comprising executives from marketing, product and insights made important refinements to strategy in less than three weeks, using a three-step process, the Strategic Empathy® Process, to uncover deep insights about the

brand's emotional connection with consumers and rapidly activate insights into positioning, communications and innovation strategy.

Henry Mintzberg and a team at the McGill University Faculty of Management (Mintzberg, 2007) were the first to demonstrate that strategy formation is quite often not the deliberate, planned approach enshrined in the annual planning process, but is 'emergent'; a pattern of response by managers, employees, and other stakeholders (such as ad agencies), which affects strategic change. In many successful corporations, forward 'strategic planning' is being replaced by 'strategic learning', which is an ongoing process of shifting strategy based on existing knowledge and new learnings of stakeholders at all levels of the organisation.

In today's business environment, 'every manager, perhaps even every employee, must become a strategist' and 'must develop strategic learning skills'. How do global corporations nurture strategic learning among managers, employees, and partners? Fortune 500 corporations are investing in predictive and prescriptive data analytics to guide fast decision-making (Gartner, 2015). However, data alone cannot help managers develop deep



Source: Marketing with Strategic Empathy®: Inspiring Strategy with Deeper Consumer Insight by Claire Brooks, published by Kogan Page in 2016

understanding of how consumers or customers think, feel, or behave ‘and why’, to design effective products, services, and marketing programmes. Nor can data easily spark personal and subjective insights and intuitions; the metaphors and mental constructs which are essential for dynamic innovation, as we saw in the prior tech case study. My research over the last twelve years has shown that the key to profitable marketing success and growth is for managers across the organisation to develop deep understanding and insight—‘empathy’—with consumers and customers within the broader context of their lives, as a basis for planned and emergent strategy formation and activation. Empathy is not a soft skill, let us be clear about that. In business, empathy without focused action is futile. When empathy-based strategic learning is activated into strategy, it has been shown to be a powerful driver of organisational success: this is ‘strategic empathy’. The core of this idea is the premise that managers, employees, and other stakeholders can develop empathy with consumers and customers as a form of ‘muscle memory’ which facilitates dynamic, flexible and emergent strategy formation for marketing success.

Effective strategic learning requires a systematic approach to deep insights and empathy-based strategic learning about customers and consumers, which I call the

‘strategic empathy process’. This nurtures strategic learning through a rigorous three-step process which can occur in as little as three weeks, or can be part of a more comprehensive learning approach. Step 1 engages employees across functions in immersive, observational learning about consumers and customers, which gives them the deep understanding to transform how they approach their jobs. In Step 2, employees work with their observations, building on existing knowledge and intuition to identify key customer insights and decide how each insight must be activated to address strategic issues. In Step 3, which we call ‘strategic storytelling’, strategic learning is socialised across the organisation via internal communications media, in a way which will nurture empathy among other managers and employees and nurture organisation-wide strategic learning.

The strategic empathy process has proven to be especially powerful in companies with a strong engineering or technical culture, in which employees with a high degree of technical skill can find it hard to have empathy with consumers who do not have this skill. For example, we worked with a highly respected B2B IT networking company who had acquired a consumer products division to take advantage of the growth in home networking products in the US and Europe. The new business team needed to understand how to design products not for

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technical managers in an office environment but for consumers in a home environment, and a cross-functional team of product design, engineering, and marketing executives had been formed to spearhead this effort.

Step 1 of the strategic empathy process involved observations of consumers shopping for home networking products and then installing them at home. These observations uncovered key insights about the problems over half of consumers faced in selecting the right product and correctly installing it. Following a team activation session in Step 2 of the process, radical changes were made in packaging, merchandising, and store staff training. The process also resulted in the launch of a new product with a unique interface which helped consumers through the installation process at home. Professional video was taken of the customer observations, which was later used in Step 3: educating the organisation about the need for investment across the business to reinvent the way it approached the consumer market.

The strategic empathy process is also a powerful means to immerse executives in the cultural nuances of local markets before they attempt to design and launch products there. For example, we ran a week-long Strategic Learning Journey for a team of US executives responsible for launching a category-leading children's dairy beverage in India, in conjunction with their local joint venture partner. None among the US team had experience with Indian consumers, so we retained Indian research specialists to help curate a programme of Creative Workshops<sup>SM</sup> (consumer co-creation groups), in-home observations and interviews with expert influencers such as pediatricians. One surprise for the team was the greater priority Indian mothers place on their children competing and winning, in one of the fastest developing economies in the world, and the traditional importance of dairy products

in family nutrition. American mothers tend to place higher priority on making childhood fun (moms want to protect kids from growing up too fast in a social media-driven culture), and dairy nutrition is less important for school-age kids. Observing first-hand—as a team with experienced Indian executives—the subtle but critical differences in culture, emotion and perception between the two markets, paved the way to making informed positioning, product and marketing launch decisions with empathy and understanding. This minimised the risk of a failed international market investment.

The idea of strategic empathy is equally applicable to startups and small and medium-sized enterprises, as well as to global corporations. Entrepreneurs are strategic empathy naturals, having typically founded their businesses based on deep insight and intuition for their customers' needs and wants. Smaller organisations often have an intuitive 'empathy culture' learned at the founder's knee. However, as their business grows, entrepreneurs must invest in growing new managers and employees into strategists, to ensure dynamic strategy formation and growth is grounded in customer empathy. In larger organisations, empathy must be patiently developed with the guidance of specialists, using multi-disciplinary theoretical frameworks such as behavioural economics, anthropology, semiotics, and non-conscious emotions theory. This means that the insights and strategy function must have a voice in the c-suite and must be concerned not only with quantitative measurement and customer analytics but also with empathy-based learning about customer motivation and behaviour as the foundation of, and inspiration for, customer, consumer, and market strategy. **IM**

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**ABOUT THE AUTHOR**

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