

ON PURPOSE

Delivering a branded
customer experience
people love

**EXECUTIVE SUMMARY
and research findings**

Customer Experience – On Purpose

“Every business must serve a social purpose”.

These are not the words of a social campaigner or a politician; they are the words of a banker, Ashok Vaswani, the CEO of Retail and Business Banking at Barclays, one of the world’s largest banks.

Barclays has been involved in at least one major trading scandal and holds the dubious honour of the most fined bank in Britain. There will be some people who will treat his words with understandable cynicism but that would be to miss the point. The point is not whether the words are sincere or not – it is that they should have been said at all. Banks are concerned with the control of money, why should they concern themselves with any purpose beyond that? The reason is that society is demanding they do.

When banks first started they fulfilled a social need in the community – to enable ordinary people to fund their ambitions. Over the years banks forgot that purpose and focused most of their efforts on funding their own ambitions through obscene profits, often at the consumer’s expense. The bubble burst in spectacular fashion with the downfall of Lehman Brothers in the US and RBS in the UK.

But it isn’t just the banks that have lost their way, it is now critical for any business to demonstrate it has a purpose before, and beyond profit; that it seeks to improve the lives of its customers as a primary goal. Failure to have such a purpose, to be clear about it and to ensure it directs everything you do, will lose customers, employees and ultimately business value. You only need to think about the recent VW scandal where, in an effort to boost market share and revenues, VW Group installed software into 11 million vehicles that artificially minimised emissions. The group has made provision for €6.5b` in reparations but the final cost is likely to be far in excess of this. But this is only the latest in a series of organisational ‘own goals’.

One of the biggest news stories of 2012 was Hurricane Sandy.

This 'storm of the century' caused 157 deaths and left 8 million people on the eastern seaboard of the USA without power for several days.

It was interesting to see how brands responded to this event. Some, like fashion retailers The Gap, Urban Outfitters and American Apparel, saw this as a sales opportunity and quickly launched campaigns like this one:



American Apparel targeted customers in the nine stricken states who were 'bored' at home and invited them to visit American Apparel for a 20% off deal.

Not unsurprisingly, consumers reacted with anger at this commercialisation of, what was, a terrible event for many people, and twitter and other social media channels were buzzing with outraged customers voicing their opinions about the apparent lack of sensitivity.

However, some other organisations chose to respond differently. For example, two brands, Duracell and Tide, found ways to help consumers in their hours of need and in so doing, created goodwill for the brand.

Duracell sent mobile charging stations to Lower Manhattan so that people could charge their flat mobile phones and connect with loved ones.

Tide loaded a truck with 32 washer/dryers and sent it out on the streets so that people could wash their clothes. Now, a cynic might argue that this was just another form of marketing. That might be true in terms of the long-term effect but we don't believe that was their primary motivation. The evidence suggests that the first response of these two brands was to ask what they could do to help, rather than what they could do to sell. Why was this? Perhaps because both brands are owned by P&G whose purpose is 'to touch and improve more consumers' lives with more P&G brands and products every day'. As a result, consumers experienced these brands in a totally different way to American Apparel, which, has just filed for bankruptcy protection because of falling sales and public protests.



So what explains the difference in the way these brands approached the crisis?

We believe that we are seeing a trend that has been around for a while but has recently gained momentum and relevance for organisations.

A different breed of organisation is emerging in this world. They succeed because they have the courage, confidence or just sheer chutzpah to pursue a purpose that is beyond profit. They see their customers and employees as members of a like-minded community. They recognise that brands can only succeed longer-term if they create value for the community at large, not just the shareholders.

Charles Handy made this point well in his essay 'The Glass Towers of Capitalism':

“The proper responsibility of a business community, surely, is to create wealth for society as a whole; to produce the goods and services that their customers need and want, to provide employment and a way of life for those who work for them, all fair prices, and to do no harm to the environment around them”¹

My co-author, Andy Milligan, and I have spent three years researching organisations that behave in just this way. Even some banks are included in this community minded vanguard. Organisations like First Direct, Umpqua and Metro Bank are customer focused, rather than shareholder focused, and, unlike some of the large brands mentioned earlier, they are attracting new customers as a result. That is not to say these brands aren't commercially minded – they are, but they manage to make us feel that we come first.

We believe that there are three common business purposes; Brand purpose – creating value for customers (and employees), Commercial purpose – creating value for shareholders; Social purpose – creating value for the society in which the corporation exists. So Amazon's primary concern is to create value for its customers (and in so doing, for its employees). If it does this well it will create value for its shareholders and if it does this in a way which is socially responsible (including paying appropriate taxes in the jurisdictions in which it earns its revenues) then it will be able to sustain its business longer term. Unfortunately, for many corporations, perhaps due to excessive executive compensation packages tied to share value, 'the money motive has become unmoored from the purpose motive' in the words of the leadership writer, Dan Pink.

¹ Market Leader September 2015

The primary purpose of any brand must be to create value for its customers.

The only enterprises that should concern themselves with creating value for society as their primary focus are aid organisations. In this case their 'customers' are the people who benefit from their services. Unfortunately these organisations too seem subject to the same greed that afflicts many corporates and have lost sight of their core purpose. Award winning journalist, Alan Perry, in his book 'The Rift' reveals that aid is the "biggest business in Africa" worth \$55.8bn a year. An aid executive's annual benefits package can easily reach \$500,000. The result is that aid organisations and their executives, are more concerned with perpetuating the crises than solving them because this sustains their revenues and their incomes.

Yet amongst this greed, there are those brands that we love because of the experience we have of them. Andy Milligan and I have researched those brands that are transforming their markets through delivering a distinctive customer experience across multiple channels that people love and found they share a common approach to business; they have a purpose beyond merely making profit and they are intentional about delivering this purpose across all of their channels. So, 'On Purpose' has two meanings, 'Purposeful' and 'Intentional' and both are required if brands wish to win in today's markets. The 2015 Havas Media 'Meaningful Brands' study found that purposeful brands outperform the stock market by 133%, gain 46% more share of wallet and achieve marketing results that are double those of lower rated brands. So, paradoxically, purpose drives profits. What did we discover from our research?

The On Purpose Research

There are eight practices we identified common to all purpose-led brands.

They're strongly rooted in the research we conducted for our last book *BOLD – how to be brave in business and win*, in which we used a survey that measured the 8 practices that described these organisations. One of the practices that emerged strongly from that book and our research was the sense of purpose that drives bold organisations. It was that insight that led to this book.

We evolved the BOLD survey to reflect the latest thinking and qualitative findings from our research with the On Purpose brands. As you would expect given that one was evolved from the other, there is a great deal of similarity, yet the importance of purpose shines through.

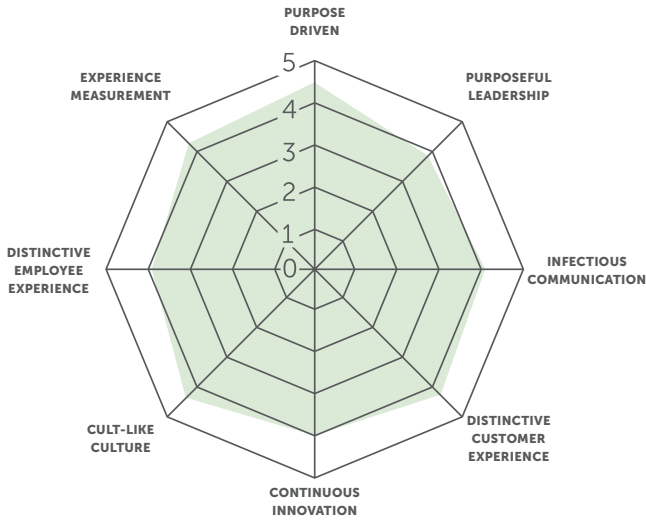
Each of the eight dimensions is supported by five attributes that describe what purposeful brands actually do. These were derived from the analysis of the many interviews we have conducted with executives across leading organisations for this new book as well as the extensive research and interviews we conducted for BOLD. However, there was one final check we wanted to make before reaching our conclusions about what makes a purposeful brand purposeful, and that was to conduct a survey with the executives featured as well as comparison brands.

We asked some of the brands we use as case studies in this book to complete the survey and we show the results over the page along with the comparison profile. This comparison was derived from asking readers of MyCustomer.com the leading customer experience portal in the UK, and CustomerThink.com, the leading portal in the US, to complete the survey. These respondents were self-selected from random organisations to provide our 'average company' profile.

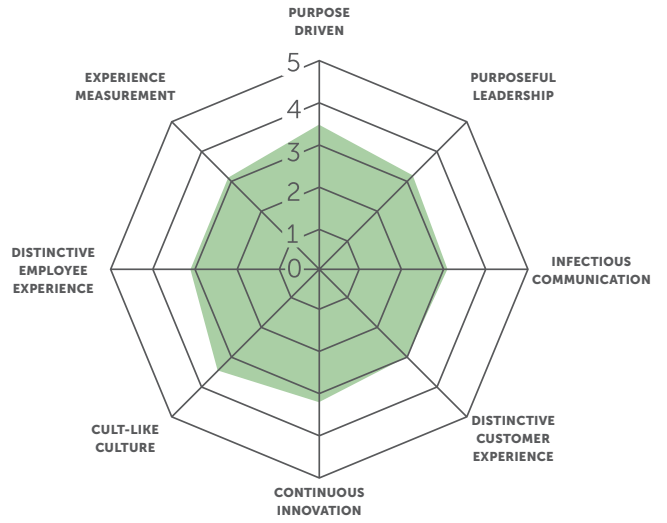
The sample of data is not large, but the results are statistically significant – we are happy to provide the T-Test results for the statisticians among you – but you only need look at the profiles over the next pages to see that there is a large difference between the way the executives of the On Purpose brands responded to the way that the executives of the random brands did.

Our conclusion is that the quantitative research supports what we found in the interviews, namely the executives of the 'On Purpose' brands place emphasis on quite different things to many executives in typical companies. In particular you can see that being 'Purpose Driven' and having a 'Distinctive Customer Experience' are high points for the brands we feature compared with comparison brands – hence the dual meaning of On Purpose; 'Purposeful' and 'Intentional'.

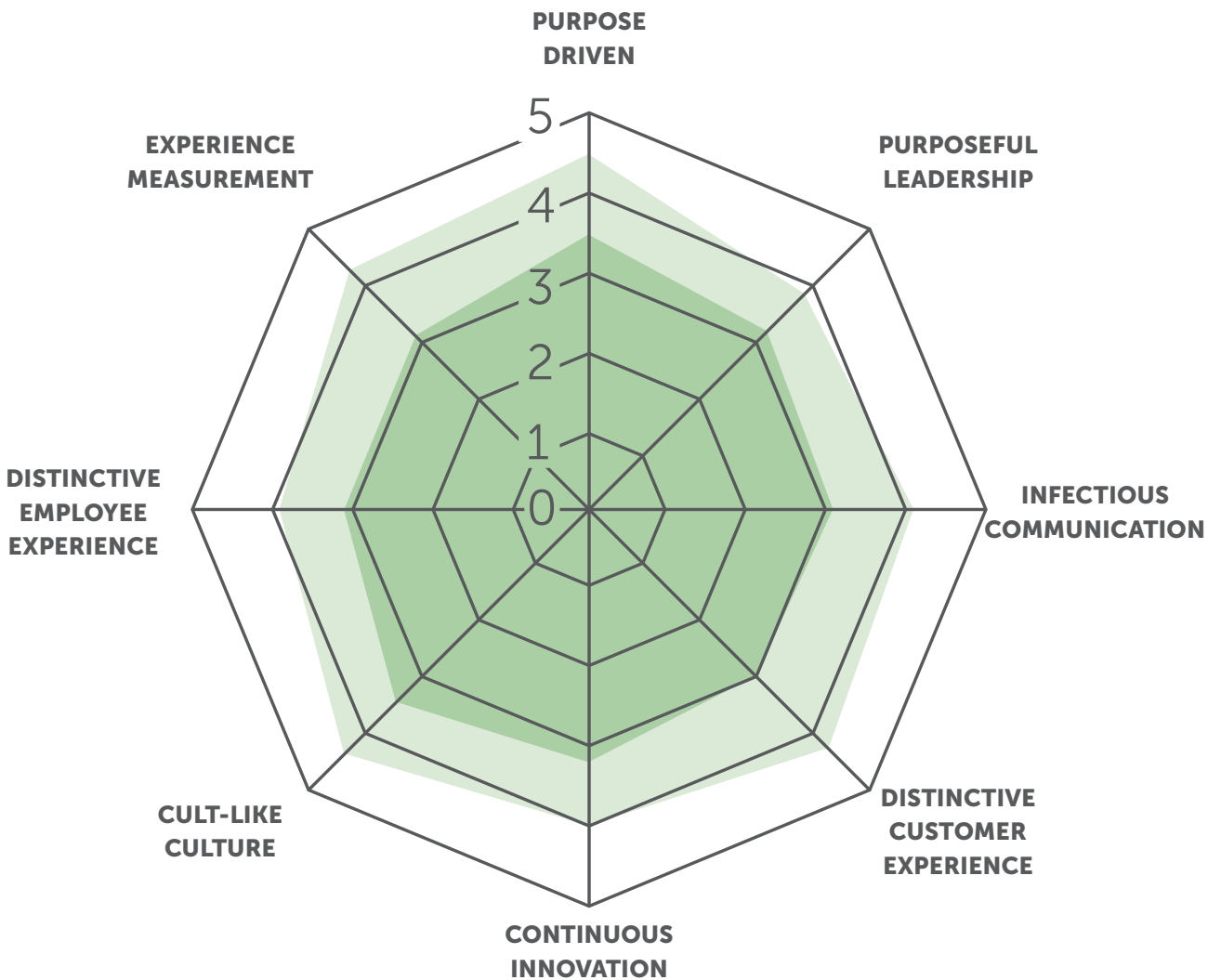
On Purpose Brands



Comparison Brands



The Profiles Compared



We also asked some overall summary questions.

In answer to the question;

“Overall, I would describe my organisation as having a clear sense of purpose”
the brands we studied and who participated in the survey scored an average of **4.7** versus the **3.5** of the comparison brands so the perceptions of the people in these organisations support the findings from the individual dimensions.

In answer to the question;

“Overall, we deliver a distinctive customer-experience across multiple-channels”
which of course, is a measure of intentionality, our other use of ‘On Purpose’, the brands we studied scored an average of **4.4** versus the **3.1** for comparison brands. Once again, there is a clear difference in the way that the respondents from the On Purpose brands perceive the experience their organisations deliver from the respondents in the comparison organisations and the gap is even higher than for being purposeful.

As we said, the numbers are not large at the moment but we are confident about our conclusions and, as we continue to collect data, we can add to the findings. How does your organisation compare? You can complete the On Purpose survey [here](#) to find out.

Becoming a Purposeful brand

So how do you become a purposeful brand? Our research identified eight dimensions but they can be summed up quite simply:

There are three critical steps to becoming a purposeful brand:



STAND UP

Purposeful brands have a clear sense of who they are and WHY they exist. They stand for something beyond making a profit. They represent something of value in the minds of consumers. Think of Apple.



STAND OUT

They are different to competitors in some meaningful way that creates value for customers. They are intentional in delivering their purpose via their customer experience across multiple channels. They deliver consistently and that contributes to their reputation in the market place. Think of Lush.



STAND FIRM

They create cultures that sustain them and continually innovate to stay ahead. They invest in product and service innovation and are more concerned with using profits to invest in the business and the delivery of their purpose rather than maximizing earnings per share for their shareholders and chief executives. Think of Patagonia.

These three steps are supported by a number of detailed tactics that we share in the book and we illustrate these using a number of case studies and examples including, Zappos, Metro Bank, GiffGaff, Southwest Airlines, Nissan, Premier Inn, Liberty Global, Sugru, Amazon, Lush, CitizenM and many others.

Becoming a purposeful organisation is not easy. You can't force it, fake it or fudge it as brands like VW, BP and Tesco have discovered to their cost. It requires commitment, leadership and rigour. To help with the latter, there is an extensive on-line toolkit to supplement the book that readers can use to apply the principles to their own organisations.

Seafarers have known through the ages that the way to navigate through dangerous waters is to have a clear course to steer – one that leads to the ultimate destination whilst avoiding immediate hazards. Unless organisations have this same clarity of purpose they will find themselves continually tossed about in the continuing turbulence ahead. Customer experience innovations that are disconnected from the brand purpose become mere marketing gimmicks. Technology that is introduced because 'we can' rather than 'we should' leads to the kind of mass spamming behaviour that energy companies are being fined for. Nor can we navigate our business solely through our Profit and Loss account, NPS or any other financial metric because they are essentially a record of where we have been. We need a compass to know where we are headed to. That compass is our purpose and it has started to become evident which brands have one and which do not.

As Angela Ahrendts, former CEO of Burberry and now SVP of Apple Retail says;

“There is always this balance between hard and soft strategies, investment and intuition, but if you have a greater purpose, it becomes relatively easy to make those calls.”

Praise for On Purpose

"Creating a WOW experience for customers starts with creating a WOW experience for employees and both need to be based on your purpose. This book can show you how."

Tony Hsieh, NY Times bestselling author of *Delivering Happiness* and CEO of Zappos.com, Inc.

"Shaun and Andy have created another great book "On Purpose", describing simply how great businesses use purpose and focus to fill customer needs and create value. Well done."

Vernon W. Hill II, Founder/Chairman Metro Bank

"To define a purpose that will galvanise the entire organisation is a leap of faith and requires strong leadership, but it also requires the clear and compelling process outlined in this book if you are to embark on this incredible journey"

Patrick Dempsey OBE, MD Whitbread Hotels & Restaurants.

"Great book. Highly recommended."

Joe Pine, Co-author of *The Experience Economy*.

"Every now and then a truly cutting edge book comes along that changes everything we know about the secrets of organizational greatness. On Purpose is a profound yet practical book no leader should miss reading. Laced with powerful examples, pragmatic practices, and written with a poignant style, Smith and Milligan reveal the mysteries of long-term enterprise success."

Chip R. Bell, author of *The 9½ Principles of Innovative Service*.

"Since the publication of Uncommon Practice in 2002, Shaun Smith and Andy Milligan have published a series of books rigorously examining the DNA of brands that deliver outstanding customer experiences."

"With their latest book, they delve even further into the fabric of customer-focused companies, exploring the very purpose of these brands, and making a convincing correlation between customer advocacy and a strong sense of company purpose."

"Often books on the topic of customer experience are fairly passive affairs, celebrating the achievements of successful brands. But On Purpose isn't just thought-provoking – it is also action-provoking. It will surely generate an urgent sense of soul-searching amongst those whose brands are built as money-making machines. But it will also encourage those brands built on more purposeful foundations to revisit their philosophies and ensure that these are being clearly communicated both to employees and customers."

"The key message of this terrific book is that brands need to be engaging and inspiring to stand out from the crowd. And without a clear sense of purpose – within the company, its leaders, its staff and its communications – brands will struggle to be distinctive."

Neil Davey, Editor, MyCustomer, Group Editor SIFT MEDIA

"No successful business leader of the future can feel exempt from reading this remarkable book. It is by two global experts, extremely readable and compelling in its key message to place customer experience at the very core of every business."

Roger Harrop, The CEO Expert ~ Author ~ International Speaker



Shaun Smith is the author of five best selling books on customer experience and founder of the consultancy, Smith+Co.

He speaks internationally on the subject of customer experience. Shaun's latest book *ON PURPOSE: Delivering a branded customer experience that people love* co-authored with Andy Milligan, is now available to order from [Amazon](#).

[Click here](#) to see Shaun speak about brand purpose.

For more about Smith+Co visit our website www.smithcoconsultancy.com.