The Convergence Of Brand, Customer Experience, And Marketing
by Cory Munchbach, January 14, 2014

KEY TAKEAWAYS

Companies Struggle To Harmonize Brand, Customer Experience, And Marketing
Most firms lack alignment between the CMO's traditional disciplines -- brand and marketing -- and the customer experience (CX) function that represents the brand in customer interactions. This disconnect impedes progress toward meeting customer expectations -- a vulnerable position for companies as customers gain power over where and what they buy.

Brand Strategy Must Set The Vision For Customer Experience
Companies must start with a strong brand strategy to guide the customer experience. That alignment sets the stage for more positive customer interactions and identifies gaps that create confusion or dissatisfaction.

CMOs Will Be The Lead Architect Of The New Paradigm -- Or Risk Irrelevance
The CMO plays an integral role in this transformation. Whether the leader of brand, CX, and marketing or a co-leader with a chief customer officer peer, the CMO must lead the customer experience imperative in order to remain the credible voice of the customer and brand steward for the enterprise.
The Convergence Of Brand, Customer Experience, And Marketing
CMOs Must Define The Brand/Customer Experience Relationship To Fuel Business Success
by Cory Munchbach
with David M. Cooperstein, John Dalton, and Elizabeth Perez

WHY READ THIS REPORT
The line between the brand, marketing, and customer experience (CX) disciplines has blurred as people gain access to companies and products on their own terms. This requires an explicit architecture for the way brand, customer experience, and marketing work together to express the company's promise. In this report, we show how CMOs need to approach this challenge by: 1) grounding customer-facing decisions in the brand strategy; 2) defining a customer experience strategy that supports the brand strategy; and 3) having marketing execute based on CX expectations.

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Forrester interviewed seven companies for this report — including Cleveland Clinic, Sage Software, and Whole Foods Market — and surveyed members of Forrester's CMO Group and Customer Experience Council.

Related Research Documents
Brands Must Adapt To Customers' Higher Standards
August 20, 2012
What's The Right Customer Experience Strategy?
September 28, 2010
CUSTOMER EXPERIENCE DEMANDS A NEW SET OF CMO PRIORITIES
Forrester believes that in the age of the customer, companies must become customer-obsessed. This requires them to commit strategy, energy, and budget to processes that enhance knowledge of, and engagement with, customers. In many organizations, this elevates customer experience to strategic importance for the CMO.

Marketing Must Stop Pretending That It Is Already Customer-Obsessed
Marketing’s acquisition- and transaction-led approach isn’t a match for the customer-obsession imperative. While companies pay lip service to the need to build customer relationships, marketing still:

- **Continues to prioritize acquisition over retention.** Despite evidence that customer retention is better business, it has become less of a priority for marketers over the past two years. In a survey of CMOs, we asked about their current marketing objectives. In 2013, 63% said that acquiring new customers was their top priority, and only 22% put customer retention in that spot. That reflects decreased attention to retention: Our 2011 survey revealed that 30% of respondents placed customer retention high on their list.

- **Drives transactions, not conversations.** Marketers rely on frameworks to map consumers’ attitudes toward brands that focus on selling, not relationship building. And marketing automation tools are typically deployed as high-end email delivery tools. Use of data is similarly poor for customer engagement: 69% use segmentation studies, while only 36% use lifetime value for understanding their customers. The 2011 IBM Global Chief Marketing Officer Study reinforced this point, noting, “Organizations that only look at segmentation and sales data are missing the opportunity to learn from the other phases of the customer life cycle.”

- **Lacks adequate knowledge of the customer to effectively engage.** Customers expect more from the interactions they have with brands. Yet only 8% of marketers Forrester surveyed said that they “define comprehensive consumer personas and identify their fundamental needs to guide [the] marketing strategy.” Without this deep insight to guide the strategy and deliver value to customers, marketing will not abandon its mass-marketing approach.

Marketing And Customer Experience Have Competing Interests And Priorities
The financial benefits of a disciplined approach to CX are clear: Customer experience leaders outperform the stock market by a significant margin. But rather than take a holistic view of the customer’s relationship with the brand, marketing remains stuck in messaging mode. Firms struggle with this due to:
- **Disconnected between brand and CX strategies.** We asked members of Forrester’s Customer Experience Council what sets the CX strategy at their company (see Figure 1). At one-quarter of companies, CX stands completely on its own, while 21% said that a separate corporate strategy forms the baseline CX agenda. Only 18% of companies said that CX derives from the brand strategy. More importantly, the inconsistent relationship to other strategies makes it far more difficult for companies to integrate, scale, and optimize CX efforts across the entire organization.

- **Unclear division of roles and responsibilities.** Ninety percent of the time, the CMO clearly runs marketing. But customer experience reports into a wide variety of executives (see Figure 2). In most cases, CX reports into marketing — but that structure results in tension about who owns which channels in which part of the customer life cycle. For example, the website has elements of brand, CX, and marketing — as well as commerce — and is used differently by consumers during their path to purchase. As one CX professional told us, “There was initial euphoria about CX, but then everyone just has their own version,” resulting in confusion and inconsistency across the board.

- **Poorly aligned objectives and measurement.** While marketing and customer experience may share some key performance indicators, such as web traffic or in-store transactions, the takeaways for each discipline are markedly different. Marketing typically focuses on traffic volume and awareness, while CX is concerned with metrics about whether the experience met the customer’s needs, was easy, and was enjoyable. Although both drive business outcomes, a lack of alignment between the two groups’ priorities exacerbates tensions and hampers progress.

*Figure 1* Firms Rarely Tie Brand Strategy To Customer Experience Strategy

“What sets the customer experience strategy at your company?”

<table>
<thead>
<tr>
<th>Strategy Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No other strategy — CX stands on its own</td>
<td>25%</td>
</tr>
<tr>
<td>Brand strategy</td>
<td>18%</td>
</tr>
<tr>
<td>IT strategy</td>
<td>3%</td>
</tr>
<tr>
<td>None of the above</td>
<td>11%</td>
</tr>
<tr>
<td>No answer</td>
<td>27%</td>
</tr>
</tbody>
</table>

Base: 100 customer experience professionals
(percentages do not total 100 because of rounding)

Source: Q4 2013 poll of Forrester’s Customer Experience Council members

Source: Forrester Research, Inc.
**Figure 2** CX Reporting Structures Vary

"Where does your company’s customer experience team report into today?"

- **Marketing**: 27%
- A business unit/line of business: 13%
- Customer service: 11%
- Chief executive officer: 9%
- Chief operating officer: 7%
- Operations: 7%
- Chief information officer/IT: 5%
- Chief customer officer: 4%
- Don’t know: 4%
- Other: 13%

Base: 55 customer experience professionals whose companies have a centralized customer experience team

Source: Q4 2012 Global Customer Experience Peer Research Panel Online Survey

Source: Forrester Research, Inc.
BRAND AND CX NEED CLEAR DEFINITIONS

Brand, customer experience, and marketing are often used interchangeably, but they are decidedly not the same thing (see Figure 3). Each plays a unique and essential role. Forrester’s definitions reflect that:

- **Brand sets the stage.** The brand and brand strategy act as the foundation and guidelines for the company’s promise. Every decision made and action taken across the organization should ladder back up to the fundamental brand promise.

- **Customer experience delivers the brand to customers.** Companies that present a coherent face to the market are those that have a customer experience strategy grounded firmly in the brand strategy. Every channel or department then benefits from the clear perimeters that a brand-based CX strategy provides.

- **Marketing tells the story.** Marketing is the voice of the brand — internally and externally. Marketing articulates and distributes the brand promise and sets customer expectations for the type of experience they will have with the brand, regardless of interaction point.

*Figure 3 Forrester’s Definitions For Brand, Customer Experience, And Marketing*

- **Brand:** The collection of values, objectives, perceptions, and assets from which the company identity and strategy is built.
  - *See also brand strategy:* A set of guidelines that ensures business decisions and interactions reinforce and convey the brand promise.

- **Brand experience:** The sum of all impressions the customer has of and with the brand, including one-way messaging, direct interactions, and peer-to-peer conversations.

- **Customer experience:** The perception your customers have of their interactions with your company.
  - *See also customer experience strategy:* A plan that defines the intended experience and guides the activities and resource allocation needed to deliver an experience that meets or exceeds customer expectations.

- **Marketing:** The processes and tactics with which expectations for the customer experience are set and brand messages are distributed.
CMOS MUST OWN THE RELATIONSHIP BETWEEN BRAND, MARKETING, AND CX

Marketing’s lack of true empathy for the customer and customer experience’s uncertain organizational placement can be fixed using the same solution. CMOs need to step in and own the brand, customer experience, and marketing.

Use Brand Strategy As The Blueprint For Customer Experience

Forrester spoke with customer experience and senior marketing leaders about their respective roles. They agree that customer experience strategy must be grounded in the core brand strategy to be effective (see Figure 4 and see Figure 5). The relationship between brand, customer experience, and marketing is a hierarchy that:

- **Starts with a brand strategy tied to corporate business goals.** The truism that “those who don’t stand for something will fall for anything” sums up why companies need a strong brand that has a clear North Star. It is essential that the enterprise commits to the values expressed in the brand, or it will be left vulnerable to the whims of external influences. At Caterpillar, for instance, the company describes its customer experience work as a “journey where the brand is driven by a company strategy. [We are] solidly entrenched in brand providing direction for CX, while CX fulfills promises we make.”

- **Flows from brand strategy to customer experience.** Customer experience quickly can lose its way without the brand to course-correct. The brand strategy offers guidance on how to implement and abide by the vision set by the brand; the customer experience strategy dictates what the experience of the brand should be for customers and how to achieve it. At TD Bank, for example, each channel (stores, Web, call centers) translates the brand promise of a “more human banking experience” into the appropriate experience for that channel. As TD Bank’s CMO explains, “The customer experience strategy is the brand and extends the brand promise, which means looking at the human experiences within each channel.”

- **Puts customer experience ahead of customer-facing operations, including marketing.** Marketing sets expectations that the firm needs to be able to meet. Marketing, along with service and commerce functions, will be much more valuable contributors to achieving customer obsession with the customer experience as the guide. Marketers will shape the brand’s North Star and accompanying messaging so that customers have a seamless experience across all of the touchpoints that make up their life cycle. At Cleveland Clinic, marketing helped conduct the initial research to build the patient experience strategy and now talks about the Clinic’s success in campaigns. As the CMO Paul Matsen describes it, marketing plays a supporting role for the brand and experience efforts.
**Figure 4** The New Hierarchy For Brand, Customer Experience, And Marketing

- **Brand strategy**
  - Feedback to maintain alignment
  - **Customer experience strategy**
  - **Operations:** marketing, sales, services

**Figure 5** The Relationship Between Brand And Customer Experiences

- **Total brand experience**
  - **Brand exposures**
    - Ratings and reviews
    - Word of mouth
    - Ads

- **Customer touchpoints**
  - Store
  - Website
  - Call center
  - Product
  - Social conversations
Three Leadership Structures Help Tackle The Alignment Challenge

CMOs are not solely responsible for the effort to align these disciplines. They need to work closely with other leaders and teams to ensure a successful transition into the new brand/customer experience/marketing paradigm. There are three roles the CMO can play (see Figure 6):

- **The leader of both customer experience and marketing.** In this model, the senior-most marketer has responsibility for both disciplines. A single owner can align incentives, goals, and measurement more easily. One CX professional pointed out that it is essential to “align internally to provide the message and the experience” rather than try to assign responsibility for one or the other. FedEx’s customer experience team reports into the senior vice president of marketing. At Whole Foods Market, the central marketing and communications group administers the collaboration on customer experience. That group reports into a global vice president.

- **A peer to the chief customer officer.** Hundreds of companies have added chief customer officer (CCO) (or similar) roles over the past few years to create and implement CX strategies — usually at the chief executive officer’s (CEO’s) directive. At Cleveland Clinic, Paul Matsen, CMO, and James Merlino, chief experience officer, both report into the CEO and work together on the patient experience initiative. As Matsen explains, “The patient experience has broadened the scope and the depth of our brand,” and marketing plays an important but supporting role.

- **An executive member of an organizationwide customer experience team.** Particularly at very large decentralized organizations, one or two leaders may not be enough to drive meaningful change in the way the entire enterprise does business around brand, CX, and marketing. In this context, the CMO may be one of a few senior leaders who represent different parts of the business and are working together to own the task. At Wells Fargo, four leaders — including the global CMO — have a framework for the whole company to think about CX, with business unit leaders accountable for implementation, as defined by the brand strategy.

Break Ground On Your Move Toward A Brand-Guided Customer Experience Strategy

Aligning brand, customer experience, and marketing is not simple. To determine where you are along the way, Forrester has developed the brand and customer experience alignment guide, which gives you location and next steps to keep moving (see Figure 7).
Figure 6 Three Approaches To Brand/CX Alignment

- **CMO owns brand, CX, and marketing**
  - The senior-most marketer is responsible for brand, customer experience, and marketing disciplines.
  - This works best for a single brand company, with a single corporate CMO.

- **CMO and CCO collaborate to align brand and CX strategies.**
  - CMO retains brand strategy and operational marketing responsibilities and partners with CCO to ensure brand and CX alignment.
  - This works well when CX needs to be consistent across business units, execution is complex or new, and corporate structure is centralized.

- **A cross-functional team of executive leaders, including the CMO, set brand and CX strategies.**
  - In large enterprises, brand and CX strategies may require multiple stakeholders (e.g., corporate executives who define the expectations, business unit executives who translate and operationalize the strategy to the business unit or product level).
  - This is ideal for “house of brands” enterprises or multidisciplinary enterprises in which each brand has its own definition of brand and customer experience.
Figure 7 Forrester’s Brand And CX Alignment Guide

Start

**Question No. 1:**
Do you need to align your brand and customer experience strategies?

- **NO**: You are on the path to CX greatness — congratulations.
- **YES**: Invest in working with a brand agency to develop or redefine your North Star in partnership with a cross-organizational team of leaders.

**Question No. 2:**
Do you have a brand strategy?

- **NO**: Hire a customer experience professional or consultant to assist in creating and implementing a CX strategy grounded in brand strategy.
- **YES**: Assemble the brand and CX teams to define the relationship between the two strategies and a plan for implementation.

**Question No. 3:**
Do you have a customer experience strategy?

**Question No. 4:**
Does the brand strategy guide the CX strategy?

- **NO**: Hire or promote a customer experience pro to be responsible for consistency of the CX across marketing, service, commerce, etc. This person should report into either the CEO or the CMO.
- **YES**: Work with the CEO to create a shared set of leadership objectives that ensure the brand leadership and customer experience are clearly distinguished.

**Question No. 5:**
Do you have a single leader of customer experience?

**Question No. 6:**
Do the CMO and CCO have shared goals based on customer outcomes and business goals?

- **NO**: Roll out incentive changes over a 12- to 24-month period in close collaboration with marketing leadership and customer experience teams to promote stability and consistency during the transition.
- **YES**: You’re in good shape, for now. Introduce an annual review process to audit the brand and customer experience efforts and their impact on the company’s growth.

Source: Forrester Research, Inc.
RecommendaTions

Today’s New CMO: Brand Steward And Customer Experience Arbiter

Companies must lead the charge to enforce this hierarchical relationship among brand strategy, customer experience strategy, and customer-facing operations functions. CMOs, take advantage of the attention on customer experience to take action over the next 12 months:

1. **Audit your definitions for brand, customer experience, and marketing.** Put your brand strategy and customer experience strategy (if you have one) on the table and check for alignment. Then, put them in a single story that relates brand to CX, and CX to marketing, and present it to your peers. Without a common and up-to-date lexicon, CMOs will find it difficult to revise and align the strategies.

2. **Sharpen your customer experience credentials.** While a number of customer experience professionals come from marketing backgrounds, the reverse is rarely true for senior marketers. And while the CMO probably has impressive brand and marketing chops, a working knowledge of the CX discipline will help credibly bring the customer experience strategy and teams into the fold. Include design, voice of the customer programs, and measurement best practices. Once done, the CMO can build people and strategy bridges that put everyone on the same journey.

3. **Prepare marketing for customer experience to set marching orders.** Although the shift to the new paradigm will take time to implement and operationalize, CMOs need to begin marketing’s transition to a customer-experience-led function. This will include adding new metrics and eliminating others. For example, measure website success on how consumers move through the site: Do they spend more time, go deeper into content, or use new tools? Transactions will come from these improvements. Another priority will be to evaluate creative and messaging and match them with customer experience delivery to reduce friction between the setting and meeting of customer expectations.

What it Means

Tomorrow’s CMO: Jack (or Jill) of All Trades; Master of Some

For the next generation of CMOs, marketing will not be a prerequisite for the job. The convergence of brand, customer experience, and marketing will have a ripple effect on other disciplines within the company. It will be up to the CMO to manage competing interests, learn new skills, and orchestrate a seamless brand experience for the customers. We expect that:

- **Military credentials will predict CMO success.** As the overseer of the brand experience and all of its constituent parts, CMOs need to be fluent in technology, operations, and process to manage an extraordinary level of complexity. Furthermore, they need to be
controlled in managing the different levers that drive business results — knowing how to get everyone marching in lockstep. From their military training, they will be able to emphasize how to be disciplined, rather than coming from a specific business discipline, to drive growth.

- **Khan Academy will offer CX courses to business schools and executive MBA programs.** Aspiring CMOs can't rely on learning narrow marketing tenets to prepare them for a job that asks them to be more Swiss Army knife than old-fashioned switchblade. They require new frameworks, metrics, and organizing principles that reflect the integration of brand, CX, and marketing — and the supremacy of the customer in business strategy. Leading business schools will lean on new forms of education to quickly rewrite marketing syllabi that incorporate the customer experience imperative and produce graduates with a comprehensive understanding of how to harmonize these various departments for business success.

- **Super-agencies will spur a consolidation of business partners.** By 2018, the agency landscape will look markedly different as agencies focus on one of three functional roles to best serve clients. Integrator agencies will start their transformation by uniting digital and traditional marketing communications but will quickly need to add customer experience, technology, data, product, and brand strategy chops to create super-agencies that specialize in hyper-personalized customer experiences. CMOs will concentrate resources on those partners and commit to longer-term contracts to design, implement, and manage the end-to-end brand experience. These agencies will be measured on how well they work with the brand to translate data and analytics into insights that drive product development, touchpoint design, and the marketing mix to create unique experiences for each customer.

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**SUPPLEMENTAL MATERIAL**

**Companies Interviewed For This Report**

- British Airways
- Caterpillar
- Cleveland Clinic
- Sage Software
- TD Bank
- Wells Fargo Consumer Lending
- Whole Foods Market
ENDNOTES

1 Technology-fueled customer-led disruption will continue to arrive unexpectedly on your doorstep. Your customers want things faster, better, cheaper, and with a higher degree of service; technology makes it possible for them to get what they want. See the October 10, 2013, “Competitive Strategy In The Age Of The Customer” report.


3 Source: July 2013 North American Customer Life-Cycle Marketing Online Survey.


5 Source: July 2013 North American Customer Life-Cycle Marketing Online Survey.


7 Forty-seven percent of marketers will spend their budgets on traditional advertising, consumer response/direct marketing, or digital advertising/marketing in 2014. The vast majority of the remaining budgets also go to a splintered array of communications efforts. To read more, see the December 12, 2013, “B2C Marketers Must Turn Fragmented Marketing Budgets Into Business Budgets” report.

8 Firms that want to manage customer experience must measure it. To do that successfully, they need a highly disciplined measurement program. See the June 27, 2013, “Seven Steps To Successful Customer Experience Measurement Programs” report.

9 You can think of a brand’s North Star as a guiding principle that keeps everyone on track to the brand’s destination. The strongest brands always have a clear direction that guides brand behavior within the company as well as shapes the brands’ external identity. See the August 20, 2012, “Brands Must Adapt To Customers’ Higher Standards” report.

10 Your customer experience strategy should focus on the activities that turn the company vision into reality. See the September 28, 2010, “What’s The Right Customer Experience Strategy?” report.

11 Forty-eight percent of companies have an executive in charge of leading improvements in customer experience across products and channels. See the March 22, 2013, “The State Of Customer Experience Management, 2013” report.

12 Read more about the three new agency models. See the December 6, 2013, “The Next Act For Agencies: The Post-Digital Agency Landscape” report.
About Forrester

Global marketing and strategy leaders turn to Forrester to help them make the tough decisions necessary to capitalize on shifts in marketing, technology, and consumer behavior. We ensure your success by providing:

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- Forward-looking research and analysis to guide your decisions.
- Objective advice on tools and technologies to connect you with customers.
- Best practices for marketing and cross-channel strategy.

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Forrester Focuses On CMOs

As the top marketing executive for your company or division, you’re engaged in orchestrating and building a competitive brand while fueling business growth. You’re also responsible for ensuring consistency in digital and traditional marketing channels and empowering others across the organization to deliver a consistent brand experience.

« CATHARINE MELISSA OLIVER, client persona representing CMOs

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