The Path to Customer Obsession

Test-and-learn strategies for meeting customer needs

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In Summary / Everyone wants to know what customers want. In the digital age, the dictum has turned its head: customers expect that you know what they want, and can deliver it to them seamlessly. High Tech companies face this challenge amid generational disruptions, from tightening credit and capital markets to fluctuating digital advertising returns and evolutionary advancements in artificial intelligence.

In this environment, only customer-obsessed companies can thrive. Because the costs of missteps are stratospheric, business leaders must examine the human needs driving change—and place customers at the center of their business strategy. The good news is that, while there isn't a magic customer-obsession switch, there are formulas that can set you up for success. Businesses that embrace dynamic test-and-learn strategies will accelerate their customer focus, advancing customer obsession through experimentation. In this report, we define customer obsession, help assess your organization's level of customer-obsession maturity, and showcase actionable test-and-learn strategies to help meet customer needs head-on.

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ABOUT ARUN KUMAR

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Arun believes organizations need to combine technology at scale with the power of human insight and empathy to develop meaningful, relevant, and experience-based relationships with constituents. He has led teams for some of the top agencies in the world including Wunderman Thompson, and Publicis Sapient. Arun has helped build multi-channel touchpoints and direct-to-consumer strategies for brands like The American Red Cross, Bose, Carnival, Newell Brands, and TD Bank.

Answering the ageless question:
What do customers want?

It goes without saying that every company wants to be customer obsessed. But why? For starters, Forrester's research shows that customer-obsessed companies report, "2.5 times higher revenue growth and 2.2 times better customer retention and employee engagement," than non-customer-obsessed firms.[1] While such numbers promise undeniable financial and cultural benefits, there is a more fundamental truth. That is, everyone wants to know what customers want.

> Customer-obsessed companies report 2.5 times higher revenue growth.

In the digital age, the dictum has even turned its head. Customers expect that you know what they want, and can deliver it to them seamlessly. What's more, they expect this level of service at every touchpoint from organizations large and small, from high tech to healthcare to financial services and beyond. They're thinking, *if other companies can do this, why can't you?*

In the current environment, the pressure is on legacy organizations to retool, while upstarts strive to accelerate their own levels of service. In my estimation, during the next 1–2 years, organizations that are not exclusively customer-obsessed, or are not hyper-focused on becoming so, will simply lose to those that are. Therefore, it's imperative that our clients pivot towards customer obsession, and a scaled culture of experimentation.

1. https://www.forrester.com/report/is-customer-obsession-worth-it/RES159842

Passing the touchstone of testing

While there isn't a magic customer-obsession switch, there are formulas that can set you up for success. With new technologies, managing the intricate data-collection processes that lead to customer obsession has never been easier. Specifically, this is accomplished through a scaled culture of experimentation, commonly known as, "test-and-learn."

The customer-obsessed company uses dynamic test-and-learn ecosystems to fully engage with customers and uncover truths about what they desire. In the age of AI and ML-based tools, every touchpoint is an occasion for testing, and every employee is a purveyor of data insights. Likewise, every process and decision, save the most strategic ones, must pass the touchstone of testing.

To succeed, you must collect the right customer feedback, be ready to fail on the path to discovery, and manifest agility, with the willpower to pivot when necessary. All this must be done at scale—that's the big differentiator.

LET'S DIG IN.

What does customer obsession look like?

At a high level, customer obsession is a whole-scale shift in how businesses think and operate. "Customer obsession pivots the vision a company is moving toward," Forrester writes, "how it works, and even the primary value it brings to market, partners, employees, and customers." [2]

Easier said than done, right? Thankfully, all customer-obsessed companies have baseline attributes. A test-and-learn ecosystem is both the foundation and the clearest path to customer obsession. Of course, it's important to remember that test-and-learn programs must be continually nurtured. Rigid, siloed systems fail; those that learn and evolve succeed.

ALL CUSTOMER-OBSESSED COMPANIES:

Listen to customers, regularly

It may sound obvious, but it's true. Every interaction is an opportunity to record feedback, implicit and explicit. In turn, these interactions are minutely analyzed to uncover customer truths.

Pivot swiftly and fearlessly

When feedback signals that customers don't appreciate new ventures, they're withdrawn or changed. Changes are not failures, but steps along the path to discovery. Paradoxically, mistakes move you closer to customer truths.

2. https://www.forrester.com/blogs/how-and-why-to-bother-with-customer-obsession/
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Have clear internal alignment

Divisions and silos don't exist. Operational departments may exist, but every employee is aligned to serving customer needs. Customers aren't just for the "front-end" teams to engage with; they're important to every employee, including those in the "back end."

Nuances exist. There's a spectrum to customer obsession, and you can't get from zero to 100 overnight. However, the baseline elements are faithful north stars. The beauty of it is that, in a virtuous cycle, they also reinforce a scaled culture of experimentation.

Assessing your customer-obsession maturity

The surefire path to customer obsession is creating a scaled culture of experimentation. Once we break down the stages of customer obsession and establish where your organization fits among them, the task becomes easier to envision. We can also identify the degree of your company's customer focus, or lack of it, based on the maturity of your testing program.

The stages are based on mastering experimentation across three key dimensions: volume, which refers to the number of tests your organization runs per testing period; scope, or the outcome space that your experiments impact; and employee breadth, meaning how deeply employees participate in creating and carrying out experiments.
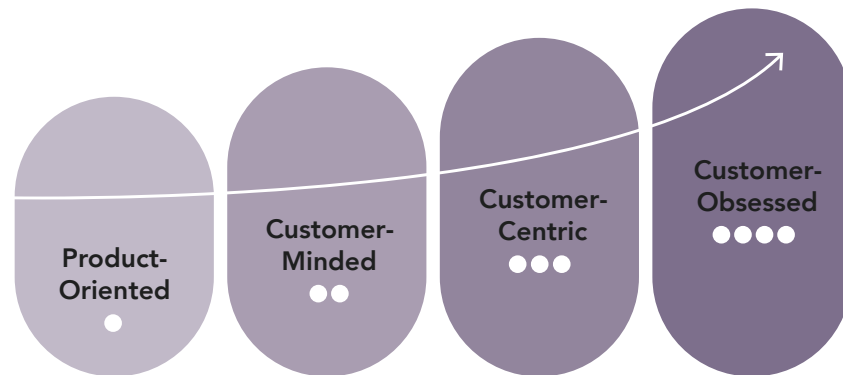
- **PRODUCT-ORIENTED COMPANIES** have a scale of 1–2 tests performed by specific groups, usually on a digital platform, and without a regular cadence. Their scope is limited to variables with limited impacts, such as design, color, and image variations, with limited testing briefs. No particular technologies or testing tools are favored. Few, if any, employees outside the team have knowledge of testing. Teams don't socialize results, and the organization takes minimal actions based on outcomes.

● ● **CUSTOMER-MINDED COMPANIES** have a scale of about 10-20 tests performed by a dedicated team, with a quarterly cadence. Tests are limited to digital platforms and are independent of each other. The scope is broader than cosmetic changes, and may extend to calls to action, but is still limited to visual elements, and doesn't extend downstream into the value chain. Briefs are narrowly defined with limited connection to business outcomes. One or two experts establish and monitor testing tools. The organization recognizes testing as a key business component. There's broad support for testing as a concept, but tests are owned and run by specific groups. Test outcomes drive action.

● ● ● **CUSTOMER-CENTRIC COMPANIES** have a scale of 60–200 tests run on a quarterly basis, on some non-digital platforms. Testing briefs matrix with synchronized tests to build off each other. Their scope impacts significant aspects of the customer experience and may impact product design, supply chains, or product roadmaps. On the technology front, the organization fully utilizes tools, some with AI capabilities. The organization shows broad support for testing, with a thorough understanding of benefits. Multiple teams propose tests, but the tests are funneled through a centralized department. Broad socialization of actions and results.

● ● ● ● **CUSTOMER-OBSESSED COMPANIES** are always testing, generating deep customer insights with thousands of tests and millions of permutations annually. They examine all testable aspects of products and services. Experimentation results drive all decisions, save broad strategic ones, and test outcomes impact all aspects of the organization. Broad testing tools with strong AI components manage the scale and scope of an always-on testing environment. ML programs analyze results and make decisions, learning and improving along the way. Tech tools determine success; safeguards prevent tests from adverse business impacts. Employees are empowered to run tests as they see fit, leveraging simple, intuitive interfaces, with a few basic guidelines.

Take action:

The path to customer obsession

This brings us back to our original question: How do you know what customers want? It turns out, customers don't want one thing at one time. They're dynamic in their preferences and needs, and should not be considered static consumers. This makes it even more important to create a responsive, always-on testing environment with a finger on the pulse of a market in flux.

It's also important to remember that test-and-learn is not an end in itself. Rather, it's a means to an end, and that end is customer obsession.

Now that we've defined customer obsession, and assessed your organization's level of maturity, let's narrow the scope and examine actionable test-and-learn strategies that can help you meet customer needs head-on.

TAKE ACTION

A. Building a culture of test-and-learn

Developing a strong test-and-learn culture doesn't happen overnight. More likely, it will require taking a multi-step journey.

If your organization doesn't have a testing ecosystem in place, or is using a limited one without significant impacts, reaching mature stages of customer obsession may seem daunting. However, with time, effort, and foundational first-steps, your goals are eminently reachable. The results are more than worth it.

ONCE YOU'VE DECIDED TO BECOME CUSTOMER OBSESSED, THE FOLLOWING STEPS WILL HELP YOU GET STARTED.

1. **START SMALL:** Identify 2-3 key business outcomes and design experiments to influence them. At this stage, tools are useful but shouldn't limit test creation and socializing to key stakeholders.

2. **GATHER SUPPORT:** As a concept, testing rarely encounters individual resistance. Gathering like-minded peers that are vested in outcomes can drive momentum.

3. **ENGAGE THE RIGHT TEAMS:** Data and tech teams are ideally set up to design, launch, and monitor tests. They can introduce suitable testing tools and environments, and define key concepts in mathematical terms, such as hypotheses, significance levels, test durations, and costs.

4. **QUANTIFY:** Run and monitor test. Socialize test outcomes. Showcase outputs and clarify potential test impacts in clear business terms. Tests are never about A vs B; rather, they're about making the best available choice for your business.

5. **EVANGELIZE:** If tests prove your hypothesis correct, socialize the results throughout your organization. When key stakeholders see clear business benefits, they're incentivized to support testing.

6. **GROW:** Once benefits are evangelized, support for testing is likely to grow. Invest in a core team focused on delivering a test-and-learn roadmap, communicating with business stakeholders, and owning tests and outcomes. Continue to evangelize results to develop broad support.

Through our documented testing approach, we can help you through each of these steps. Our experts can help navigate organizational challenges, build business cases, launch and monitor tests, evangelize outcomes, and build long-term testing roadmaps. We can also help with prioritization, identifying where tests will have the most impace in your organization.

HERE IS WHAT A TEST-AND-LEARN ENGAGEMENT WITH HERO TYPICALLY LOOKS LIKE:

1. **IDENTIFY OUTCOMES:** First, we meet with key stakeholders and define clear business outcomes. These are designed to create immediate impacts for customers, investors, other stakeholders—and your bottom line.

2. **ASSESS MATURITY:** In parallel with identifying outcomes, we help assess your organization's level of customer-obsession maturity. We conduct a full audit of current and historical testing efforts, discerning potential challenges and the adequacy of your tech environment.

3. **INITIAL TEST DESIGN:** Based on learnings from steps 1 and 2, organizational imperatives, and our experience with comparable clients, we introduce the tests suited to create business impacts. At this stage, our greatest value is placing the right tests in the right contexts.

4. **LAUNCH AND MONITOR:** We partner with your teams to launch and monitor tests. Following best practices, we ensure that hypotheses are technically sound, and that robust systems are in place to signal when results are delivered and when to stop testing.

5. **MEASURE VALUE:** We measure the value the tests create, so that you can chart impacts against business goals. Measurable outcomes are vital for gathering support for continuing testing investments. We also partner with you to implement test outcomes, as necessary.

6. **CHART ROADMAPS:** We build a clear testing roadmap, with steps required to launch the test-and-learn ecosystem. This includes timelines, resource requirements, and tech needs and investments. We create a ROI and payback model to help you advocate for long-term testing investments.

7. **BUILD:** Once investment is secured with the help of our robust business case, we partner with you to build your test-and-learn ecosystem. We operate in a build-operate-transfer mode, providing full support during early stages, and transferring ownership as your organization matures. Ongoing support is available, if needed.

TAKE ACTION

B. Test-and-learn best practices

If your organization has some testing in place, following best practices can quickly make your program more effective. In fact, understanding best practices, and firmly upholding them across your organization, is often the difference between success and failure.

★ Outline business goals and objectives

★ Test in local environments where possible

★ Prioritize metrics

★ Establish tightly defined and discrete target audiences

★ Keep questions consistent

★ Refresh respondent pool often

★ Establish key competitive and internal benchmarks and norms

★ Isolate variables where possible

★ Test the strategy not just ads

★ Multimodal where possible

TAKE ACTION

C. Successful testing programs

While the practical details vary depending on the organization, foundational elements underlie all successful testing programs. Defining clear business goals, creating detailed briefs, and prioritizing the right tests will go a long way—but they're just the beginning.

HERE ARE THE DETAILS.

- **CLEAR DEFINITION OF BUSINESS GOALS:** This is the most fundamental element. The organization must clearly define success and link it to metrics that matter. While intermediate metrics can sometimes stand in for goals, long-term success is guaranteed only when the goals are defined in terms of business success, such as revenue, retention, and lifetime value.

- **DETAILED TEST BRIEFS:** Mature organizations allow anyone to run tests they believe will drive impact, but require detailed test briefs. At minimum, briefs include a well-defined hypothesis, variables for testing, scope, risks, pass/fail criteria, suspension/resumption criteria, resource requirements, and asset needs.

- **PRIORITIZATION:** As the appetite for testing in your organization grows, there will soon be a list of tests longer than you can feasibly perform. While this is not an issue in mature organizations, most other companies need a prioritization matrix. This document clearly outlines all the tests that stakeholders have requested, and ranks their priority based on clear criteria. Usually, the criteria are based on balancing impact and effort. In specific situations, other variables such as asset availability or compliance requirements are added to the matrix.

- **TESTING LOG:** In all likelihood 90% of the tests will fail, in the traditional sense. Maintaining a log of deployed tests ensures that the organization can revisit them as necessary, and avoid duplications—which happens more often than you may think!

- **IMPLEMENTATION:** A test with a positive outcome that isn't implemented might as well not have been run. It's important that organizations don't run tests just for the sake of testing, and strive to implementing the results. While this may seem obvious, organizations sometimes hesitate if outcomes contradict "popular" demands. A successful test-and-learn program always champions data over opinions.

TAKE ACTION

D. To test or not to test

To test or not to test, that is the key question. Early on in your customer-obsession journey, you will likely find yourself wondering: When is it beneficial to test? Is it better to test with live customers or "test" customers? Should we test during the early stages of product development, or wait until the product is more fully formed?

The answer is, "yes." You should always test. However, we recognize that this may not be feasible for all organizations. To that end, we recommend testing early and often. Initially, tests must gather feedback any time new product features are added or removed. In cases with insufficient sample sizes, custom approaches can still gather statistically significant learnings.

The principle of Design Freedom is helpful for making testing decisions. Generally speaking, there is more "freedom" early in the design lifecycle, when the least is known about your product. During this stage, smart, ubiquitous testing moves the design forward, and reveals the contexts around "wins" and "losses." As knowledge increases, uncertainty decreases, and the scope and volume of testing narrows. The complexity of mature products makes it more difficult to pivot effectively—hence, less freedom.

TAKE ACTION
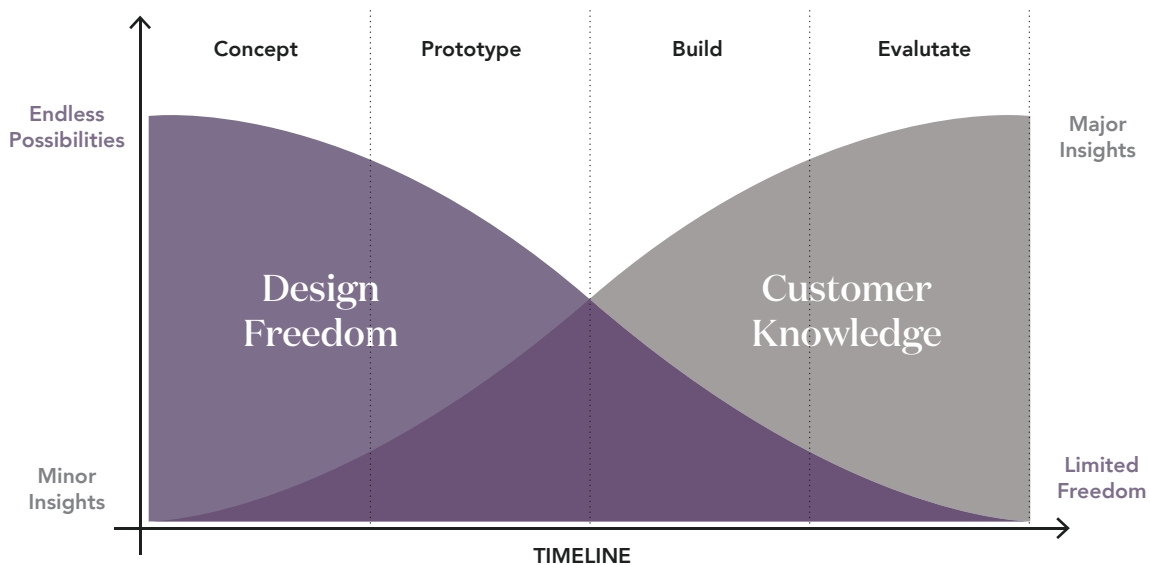
E. Types of tests

There is a veritable menu of tests to choose from, depending on your specific needs and desired business outcomes. Some of the most common tests are listed below, organized by their general purpose. A/B tests, for example, are most useful for comparing two experiments, while Behavioral Targeting tests are suited for attracting users to more mature products. Generally speaking, A/B and Multivariate tests are the most common, but there are many others.

	A/B/N Tests two or more discrete static experiences	**MULTIVARIATE** Tests whole elements together to identify winning combinations
USE CASE	Test set of landing pages to identify best performance	Test elements of a single landing page
TECH	Visual experience composer	Visual experience composer; AI depending on scale
SETUP	Static elements, single audience, strict variables	All elements fair game, i.e., images, CTAs, texts, and audiences
ACTION	Metrics compared across executions, winning experiences rolled out	Winners gain weight, losers phased out. New combinations tested

GENERAL TESTING MENU

Experiment

A/B/N TESTING
Uses a visual experience composer to test two or more discrete experiences.

MULTIVARIATE TESTING
Tests multiple elements simultaneously to find the most successful combination.

MULTI-ARMED BANDIT TESTING
Automatically allocates traffic to best-performing experiences for increased conversion and revenue.

Optimize

WEBSITE OPTIMIZATION
Used to swiftly identify and activate the best combinations of site offers and layouts for customer progression and conversion.

CONVERSION OPTIMIZATION
Tests, targets, and optimizes customer experiences against KPIs to create personalized journeys and boost ROI.

Personalize

RULES-BASED PERSONALIZATION
Build your own rules to drive personalization across touch points.

PROFILES AND SEGMENTATION
Import your own data into a profile for an even larger understanding of your customer space.

BEHAVIORAL TARGETING
Target based on behaviors, such as whether visitors have visited previously, are new or returning, and are prospects or customers.

Automate

PRODUCT RECOMMENDATION
Use powerful AI-driven algorithms and a flexible design frameworks to automatically promote, weight, and filter product recommendations

AUTOMATED OFFERS
Automate large scale testing and experimentation with multiple machine learning methods powered by Adobe Sensei.

TAKE ACTION

F. Team alignments

Aligning clear team responsibilities is crucial for developing a successful test-and-learn culture, and should be one of the first steps taken toward customer obsession. While Data and Tech teams design, launch, and monitor tests, Business Strategy connects testing goals with business objectives. Taking cues from both, Engineering owns and manages the necessary tech, ensuring, among other things, that data flows set up appropriately.

HERE ARE THE DETAILS.

BUSINESS STRATEGY connects testing goals with business objectives. Partnering with Data Science, they translate proposals into hypotheses with statistical parameters, and establish briefs and testing requirements, such as duration and resource needs. Additionally, they maintain a testing log, help analyze results, and implement outputs and recommendations.

DATA SCIENCE is all about statistics. They're responsible for setting up valid hypotheses, generating lift (success) parameters, and identifying confidence intervals. Partnering with Business Strategy, they select ideal test types and help analyze results. They also ensure data quality, and communicate data flow requirements to Engineering.

ENGINEERING is responsible for setting up and managing tests. This team owns all the tech necessary to ensure data flows are set up correctly, tests run across correct channels, and audiences remain "clean." In advanced stages, Engineering may also monitor tests via automation, stopping those adversely affecting key business metrics.

Start down the path to customer obsession

Thank you for reading about the importance of customer obsession, the holy grail of digital business strategies. My goal has been to translate this concept from an abstract need into a tangible north star.

As you move down the customer-obsession path, Hero can help you introduce new testing elements, streamline test-and-learn strategies, and incorporate assets you may already have in place.

TO GET STARTED, CHECK OFF THE TESTING PROGRAM ELEMENTS YOU ALREADY HAVE AND HONE IN ON THOSE YOU'LL NEED TO TACKLE FIRST.

Which do you have?

- [ ] **Aligned business goals and metrics**
- [ ] **AI and ML-based tools**
- [ ] **Test-and-learn roadmap**
- [ ] **Detailed test briefs**
- [ ] **Prioritization matrix**
- [ ] **Testing logs**
- [ ] **The right volume, scope & employee breadth**
- [ ] **Customer-obsession maturity assessment**

Chart a path to win the hearts and minds of your customers

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