



# FINANCIAL WORD

## Lucian Camp turns his polemical thoughts to the problems of being too customer-led.

Even in these disrespectful times, there are a few cows so sacred that it's still scary and exciting to think about having a pop at them.

Who would dare to argue that Arsène Wenger is a rubbish manager? Or that *The Clash* have always been hugely over-rated? Or that *Gladiator* is too long and boring?

Not me. I don't actually hold any of these radical opinions, so I can't in all honesty stick the boot in. But swivelling abruptly from sport and entertainment to financial services marketing, I do actually hold the opinion that all the hype we hear all the time these days about how we must all become much more *customer-led* is all so much stuff and nonsense. And as you'll appreciate, in our own small world that's a cow about as sacred as they get.

I suppose I owe you an explanation. What is it exactly that I have against the idea of being more customer-led?

Well, two big things, when it comes down to it. The first is about customers. The most obvious and fatal flaw is the fact that, when it comes to financial services, most customers don't have any sense at all of any interesting and worthwhile destinations towards which they should be leading us.

What they do have, in more or less every major product category, is a shortish, more or less generic, and not-very-interesting, wish-list. Ask them what they want from a savings account, for example, and they'll say they want a competitive rate of interest, a high level of security, easy access, friendly service and clear communications. For anyone seriously thinking of launching an account which offers an uncompetitive rate of interest, a low level of security, problematic access, hostile service and impenetrable communications, then adopting a customer-led approach might help avoid some big mistakes. But it's difficult to see who else would benefit.

The problem is that most consumers' levels of engagement with, and understanding of, financial services are so low that they simply can't contribute anything very useful to our thinking. Asking them for their ideas about how we should develop our products and services is like asking me how doctors should carry out brain surgery, or how builders should dig the foundations for tower blocks.

I saw a textbook example of this problem at a savings and investment conference a few weeks ago. The speaker – who had quite recently joined a very well-known insurance company from a background in fast-moving consumer goods – was making a case history presentation about a new investment product launch. Proudly – and not a little contemptuously – he told us how he had turned the life company's primitive product development process upside down, seizing the responsibility from the company's serried ranks of nerds and actuaries and putting in place the same customer-led process he had adopted in his past life in the carbonated drinks market. Indeed, he told us, he had even brought in his crack customer-focused research battalions rather than risk the lacklustre efforts of the company's battle-weary financial specialists.

As you can imagine, we sat on the edge of our seats waiting to hear what sensational new concept had come out of this bold new customer-led process. After what seemed like an eternity, we came to the crucial slide. The big idea ... turned out to be ...

... a transparent new smoothed unitized fund that would give IFAs a more acceptable twenty-first century-style alternative to with-profits.

Well, I don't know about you, but we helped launch our first transparent new fund that would give IFAs a more acceptable twenty-first century-style alternative to with-profits about two years ago, and we've helped launch a fair few more since then. The first, as I recall, was for AEGON, and its pioneering initiative was masterminded not by a bunch of marketers from the carbonated drinks sector but – amazingly enough – by a bunch of actuaries.

It would be a bit unfair – albeit fun – to damn the whole concept of market-led product development on the basis of one disappointing presentation. But I think the story does show that customers often find it hard to give us the lead we're hoping for.

My second big objection to this customer-led idea isn't about them: it's about us. Call me old-fashioned, but for those of us who like to think we hold leadership positions in our businesses, I think one of the things we really do have to do is lead. And to me, leading means coming up with what our customers can't come up with on our behalf – namely, some ideas about potentially

interesting and worthwhile destinations we should all be heading for.

Sure, having come up with the ideas, we should then test and explore them amongst our customers. But even if consumers could tell us what they wanted us to do and to be – which, as I've already argued, they very largely can't – it's not at all clear to me that we would then be able to do and be what they wanted.

This is one of the key respects in which I believe people-based financial services businesses are different from FMCG. In consumer goods, we can pretty much do what consumers want, provided we're confident enough that they really want it. A Polish pizza with sauerkraut topping? Coming right up, sir. Edible chocolate-flavoured his'n'hers underwear? Not a problem, madam: just tell me if you'd expect to find it in the confectionery or the lingerie department.

It's different in financial services. A direct sales life company recently learned from customer research that its advisers were seen to be too pushy. If these guys don't sell, they don't eat. Less pushy isn't an option. A study commissioned recently by a very clever and successful small fund management company reported that maybe customers (and intermediaries) would be happier if the fund managers could just, you know, dumb it down a bit. It's not going to happen. These guys would rather pack up and start another business than betray their sense of what they stand for.

The inescapable and simple truth is that we are who we are. And although we can certainly adjust and moderate our behaviour at the margin, we can't and mustn't become directionless and desperate chameleons, floundering along hopelessly a dozen paces or so behind the whim of public opinion.

So that, in a nutshell, is what I have against being market-led. The market doesn't know where to lead us, and even if it did we would lose every trace of credibility and respect if we merely tried to follow it.

There. I feel better now I've come out and said it. And just before I go, I might as well admit it. I never thought *The Clash* were all that special. ▣

Lucian Camp is Chairman of cchm:ping