

Bring on the Creative Disruption

In the face of ongoing disruption, Boards cannot risk losing touch with changing customer behaviours. **Emma Carroll** explores how business leaders are using technology to stay close, while also embracing the power of their own imaginations





Tech and data analytics have not only boosted the insight businesses can gain into their customers but have also raised the bar in terms of what those consumers now expect in return. The media and entertainment industry is a perfect example of this, where both agile new entrants and competition from adjacent industries have driven mass disruption over recent years.

No longer can incumbent businesses take customer loyalty for granted.

Charlotte Timberlake, Account Director at Criticleye, says, "Whereas the focus had previously been more on profit or product, organisations have had to adapt their business models to become more customer-centric.

"To do this, you need people with the right digital quotient and customer skills, unfortunately these are often in short supply. But investment is critical at all levels, whether you're recruiting for tech specialists in R&D or to bring new insight onto your Board."

At Criticleye's recent NED Forum, which was held in association with Tata Consultancy Services, **Sir Peter Bazalgette**, Chair of ITV, described the customer challenge for his business. The company has a diverse set of consumers, including advertisers, fellow broadcasters that purchase ITV's film productions, and, increasingly, individuals who consume content directly, such as via video on demand. He explained how their needs are changing and what ITV is doing in response.

"In the selling of advertising, ITV had to compete not so much with Sky and Channel 4, but with Google and Facebook," **Peter** said. "Those businesses

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sell advertising direct to brands, and they also offer programmatic buying, which means media buyers can sit at their desks and order advertising inventory, for example specific numbers of viewers of a specific age. ITV had to compete with that – and we didn't have a data-analytics culture.

"We [also] had to build a direct-to-consumer culture, because you need to know who your viewers are online and, within the data laws, you need to monetise that. We bought into a technology owned by Amobee called Videology, which is a way of serving ads online around video. We had to make a leap to get into this technology," he said.

ITV's viewers – and those of other broadcasters – have also benefited from the pressure exerted by tech-enabled competitors. "If you think of the ease of the relationship Netflix has with [its customers], how quickly it offers you things you might like, how you can leap over the titles when you are in the middle of watching a series – these things might sound simple but they take a lot of plumbing. That's an example of where data and technology have

provided a service to which the rest of us have to aspire before we can compete," **Peter** acknowledged.

The company has invested in talent to deliver on this ambition, starting with its choice of Chief Executive. "When we hired our CEO, Carolyn McCall, the press said it was for her media experience, but that's only partly true. We also hired her because she'd been running EasyJet for seven years, where she'd done a brilliant job in a direct-to-consumer company," **Peter** said.

There was further investment right through the business. "Carolyn and colleagues had to hire a Chief Data Officer, build a data analytics teams and start to deploy AI. That is a big cultural change."

Digital was also on **Peter's** mind when he sought out new non-execs. "I think there has been a trend on Boards for more functional expertise and fewer generalists. For instance, with two Board members I've brought on: one has been working in data and consumer data all his life and the other used to work at Google and now runs an online marketing company working with luxury brands, so that's very much about consumer data too."

This second appointee was also significantly younger than the Board average. "He is 40. We needed a digital native on our Board to challenge our assumptions," **Peter** said.

It's not just the media sector where data-driven insights are providing a better experience for customers. **Amit Kapur**, Head of UK&I at Tata Consultancy Services, explained. "Businesses believe that a data-led strategy is the way to go – as that allows you to have mass personalisation but also 'the segment of one.'" >



He drew on the experience of Walmart, which is renowned for the efficiency of its supply chain and procurement functions. "With the advent of Amazon, they had an existential challenge. But they realised that, through what they do within the supply chain, they were sitting on a wealth of data. It was a question of how to look at it differently.

"They are now driving the 'segment of one' as a personalisation experience for their customers. For example, a person coming into Walmart on a Monday afternoon would be there for a very different purpose than the same person visiting on a Saturday evening," he said.

The range and quantity of customer data now available to businesses is by turns dizzying and exciting, but **Peter** urged caution. "In creative businesses data is fantastically valuable, but it isn't a substitute for creativity," he said.

"There's even an argument for doing the opposite of what the data tells you occasionally, because it can indicate to you what people like, or think they'd like, but there are some things they'll love but have never imagined. Your own instincts and imagination can be informed by data but shouldn't be dominated by it."

Amit agreed: "We need to make the right calls. Machines can play a role, but human judgement will continue to be crucial."

The COVID-customer Factor

The global pandemic has driven even the sleepiest of businesses to attempt the rollout of tech and digital at pace.

Amit quantified this: "Most organisations were already well on their way towards technology-led transformation, but the

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last three months have accelerated this. A transformation that was scheduled to take two-to-three years has collapsed to months or even weeks."

Simonetta Rigo, NED at Brewin Dolphin and former Interim Chief Customer Officer at Tesco Bank, experienced a rapid pivot towards customers and business purpose during this time. "At Tesco Bank, we had an ambitious transformation agenda underway, but when COVID hit, the ExCo engaged in a rapid-fire exercise to accommodate the new priorities, and in less than a month the whole thing was reprioritised.

"Things that were put at the fore were all about how to support customers, particularly vulnerable ones. Digital delivery and customer support were increased, which connected the organisation with its purpose. This also drove up employee engagement significantly, as people saw a tangible demonstration of walking the walk," she said.

Purpose and the wider stakeholder piece took centre stage at ITV too. "During the COVID emergency, public service broadcasters such as ITV and the BBC came to the fore," **Peter** said. "We already had a mental health campaign called Get Britain Talking, and that became about, 'Are you talking to your neighbour?' and 'Do they need looking after?' We paused our schedules for applauding health and other key workers on those first Thursday nights. Our news services unpacked the key messages, at times when scientists and Government weren't being as clear as they ought to have been. Public service has always been in our DNA, but the emergency required us to go on steroids."

It's clear that advances in technology and competition from agile competitors have raised the bar in terms of what customers now expect. The pandemic has further accelerated the shift to online services, and the best businesses will need to stay on top of this trend but take care not to jettison their uniquely human creativity. ■

Featuring Commentary From:



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