



FEATURE

# The CEO as ultimate end-user ethnographer

Leading the way to understanding customers' human experience

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DELOITTE'S CHIEF EXECUTIVE PROGRAM

Consumer ethnography isn't just for marketing professionals. By striving for a deep, human understanding of the customer experience, CEOs can lead their organizations toward a culture of empathy that can translate insights about people's lives, values, and emotions into greater organizational value.



**B**IG DATA HAS transformed our world, making possible insights that would have seemed like far-fetched fantasy only a decade ago. Digital-native and boomer CEOs alike have gotten the message loud and clear that their data strategy is their future strategy: *Keep up with the digital age, or get left behind.* And perhaps no type of data is as glorified, sanctified, and commodified as customer data, as enterprises push advanced analytics to the limit in their efforts to understand and shape buyer behavior. Organizations now have the ability to parse even the briefest customer act—for example, by a woman who scans the subject line of a marketing email, then ignores it—into a constellation of component data bits that, tracked over time and combined with a galaxy of data from other customers, might allow the organization to coax that woman into opening a future email (precisely tailored for maximum appeal to her), clicking on a link, making a purchase, writing a glowing review, and perhaps even proselytizing her favorable experience to her social network to boot.

But none of us wants to be manipulated as consumers. Rather, we'd like to be *understood* as

*humans.* And therein lies the limit of “big data.” There will always be a very human place where technology can't reach, even if some would argue that it can. And it's the CEO—as an organization's ultimate end-user ethnographer—who can lead the way there.

## Customers, not technologies or startups, drive marketplace disruption

For many incumbent organizations, the distance between the CEO and the organization's end-users is vast. It's a distance measured not in miles, pay ratios, or levels of hierarchy, but in degrees of detachment from an empathic understanding of the human experience of the organization's customers—their subtle, yet vital, needs and frustrations.

This distance is a liability for CEOs confronting disruption, because disruption is a customer-driven phenomenon at its core. Despite new technologies and aggressive startups often being called “disruptors,” it's customers, not technologies

or startups, that actually create disruption. They are the ones making the decisions to adopt or reject new technologies and products, or to leave products behind when something from a competitor better meets their needs. Products and services with disruptive power become that way because their purveyors *understand and meet* often imperceptible customer needs in ways that others could not or chose not to. Indeed, many startups that have attracted capital and rapidly expanded succeeded not because they introduced mind-bending technologies, but because they were giving their customers exactly what they wanted, faster and with greater precision.

It's easy to imagine CEOs of startups running around 24/7 monitoring the pulse of their present and potential customers, fearing that someone else will understand their end-users better, sooner. But perhaps surprisingly, our research suggests that CEOs of large, legacy firms can also benefit from making understanding their end-users a personal responsibility. As we noted in our 2017 article [Can CEOs be un-disruptable?](#), many of the CEOs we interviewed made it clear that they were not only willing to fight the customer wars on multiple fronts, but were all but obsessed with it.<sup>1</sup> They were bent on garnering deep and tactile insights into their customers to feel assured that they had as accurate a pulse on their end-users as those who interacted with customers far more closely. This common thread, which ran through our interviews with CEOs of many disparate personalities and leadership styles, is why we number "become the ultimate end-user ethnographer" among the five attributes of an undisruptable CEO.<sup>2</sup>

In hindsight, this is not surprising. Corporations have a natural tendency to become insular, their executives and employees immersing themselves in the convenient predictability of well-optimized processes and focused on playing on internal organizational dynamics to advance their careers. To an

organization in this state of inertia, the customer shows up more as a source of irritation rather than insight. We believe it is the CEO (and only the CEO) who must take the lead in counteracting this inertia by championing and modeling empathy.

## Big data needs thick data

In our research, we have observed that undisruptable CEOs stretch themselves and their organizations to become curious in new ways about their customers. They permit themselves and their teams to approach customers with a "beginner's mindset," doing away with assumptions and being willing to adopt an ethnographic approach that strives for deeply personal insight into an end-user's experience.<sup>3</sup> This requires mining and digging—not of data that can be measured, but of data that's valuable *despite* (or even because of) the fact that it *can't* be measured in the way that "big data" can. Often referred to as "thick data," this is the kind of data that must be excavated and found through empathy. It delves into personal stories, experiences, interactions, and emotions that resist quantification and modeling. The power of the insights this data can generate lies in their subtlety—a subtlety that can only be deciphered by taking an authentic and humble walk in the customer's shoes.

## Thick data delves into personal stories, experiences, interactions, and emotions that resist quantification and modeling.

Why is thick data important? It's because, regardless of its increasingly predictive powers, big data today has limitations. For one thing, it tends to be a lagging indicator, telling us what customers are doing and have done. It does not always explain

*why* customers do what they do, nor does it guarantee the future-focused insights into the end-user required to drive successful innovation.<sup>4</sup> Then, too—despite the vision of a not-far-off future in which big data simply crunches *all* data—the workability of many big data models still depends on a need to normalize, standardize, and define certain parameters and assumptions to sort, organize, and disseminate information. If any of these assumptions are wrong, so are the results.

Perhaps most importantly, thick data can resurrect some of the context that big data intentionally sheds. As self-described global tech ethnographer Tricia Wang explains, “What makes [thick data] so thick and meaty is the experience of understanding the human narrative. And *that’s* what helps us see

what’s missing in our models. Thick data grounds our business questions in human questions.” Relying on big data alone, she says, “increases the chance that we’ll miss something while giving us this illusion that we already know everything.” Indeed, looking to big data for the answers “is a great moment of danger for any organization. Oftentimes the future we need to predict is not in that haystack. It’s in the tornado bearing down on us from outside the barn.”<sup>5</sup>

Consider Netflix in 2013. At the time, Netflix knew it needed to understand the emerging online video streaming phenomenon. The company had petabytes of data about customers’ video viewing habits, but analyzing big data could not adequately help strategists understand the emerging social

## THICK DATA IN ACTION: LEGO GROUP

“If you want to understand how a lion hunts, don’t go to the zoo. Go to the jungle.”

— Jim Stengel

In 2003, the LEGO Group was on the verge of bankruptcy. Perceiving competition for kids’ attention from video games, the internet, and other new-fashioned activities—and fearing that LEGOs were becoming too old-fashioned—LEGO had made some disastrous forays into cooler-looking action figures, theme parks, and cartoons. All of them flopped with kids and parents alike. Sales in 2003 dropped 29 percent worldwide and 35 percent in the United States; the company was facing a loss of US\$300 million, and it was on track to lose US\$400 million in 2004.<sup>7</sup>

That was the year that Jørgen Vig Knudstorp was promoted to CEO. His mission? Turn LEGO around.

Understanding that LEGO had lost its connection to customers, part of Knudstorp’s strategy was to invest in deep, ethnographic studies on how children play. Researchers were “embedded” for several months within families in both the United States and Germany to observe, interview, photograph, and record. Critical insights began to emerge from the data. For one thing, LEGO was sorely mistaken in assuming that children were now too busy to play with LEGOs. On the contrary, because children play in reaction to feeling overscheduled and to hone a skill, there was in fact a subset of children with “both the time and the desire to commit to the bricks and want to achieve mastery.”<sup>8</sup> Based on these new discoveries, LEGO decided to focus on “people who like LEGOs for what LEGOs are” instead of trying to compete with video games and action figures on their own ground.<sup>9</sup>

Ironically, a “thicker” understanding of its end-user enabled LEGO to “innovate” back to its core product of plastic toy bricks. It’s a strategy that led the LEGO Group to become the world’s most valuable toy company in 2012.<sup>10</sup>

dynamic this was creating. It was only when the company partnered with cultural anthropologist Grant McCracken to observe how Netflix users behaved and lived in their own homes that it started to gain a better understanding of the meaning and importance of “binge-watching” behavior (and the attendant “spoiler culture” that results from binge-watching). Those insights then informed strategic decisions to release, say, all 15 episodes of a new show at once for maximum splash, or to tweak the recommendation algorithm to offer viewers more of the same show they had just watched. An understanding of how people “binge” on their favorite TV shows also altered artistic choices and approaches to storytelling and plot development. These deeply human insights were essential for Netflix to better serve its customers.<sup>6</sup>

## Empathy can scale

Formal business ethnographic studies do not scale well. One company can only visit and hang out in so many living rooms for so many days. What *can* be scaled is an empathy-driven, ethnographic *mindset*, especially if it is modeled by the CEO. This mindset does not ask what customers *want*. Rather, it strives to tap into how a customer *feels* and then to act upon the insights. It requires the

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ability to understand others' emotions and points of view—to be able to walk the proverbial mile in another person's shoes. It means identifying with,

and understanding, the customer's situation and motives.

Nobel Prize-winning economist Daniel Kahneman underscores the importance of empathy. “We are not thinking machines that feel,” he notes; “we are feeling machines that think.”<sup>11</sup> Behavioral economics, as well as the application of other social sciences to business, reaches the same conclusion. We may not spend much time talking about empathy in C-suite circles, but we should, considering the returns. Research suggests that higher empathy leads to stronger financial performance,<sup>12</sup> better customer satisfaction,<sup>13</sup> greater creativity,<sup>14</sup> and even healthier employees.<sup>15</sup>

We would argue that, the louder the siren call of “big data” within an organization, the more staunchly the CEO must take a stand for empathizing deeply with the humans the organization serves. How can CEOs model this mindset and put it into action? Here are five tactics to consider.

### 1. **Model the mindset by letting people explain how they feel or why they do things**

Drawing from their intelligence and experience, CEOs may have a natural tendency to assume that they can accurately explain what they see or hear. This confidence is counterproductive, however. As you interact with your executive team, other employees, and end-users, remember that *they* are the experts on how they feel and act. Rather than guess or assume the reasons behind people's behavior, ask them to explain things for themselves. Listen to the answer, interpret what is *not* said as well as what is, and observe body language. Whether due to pride or difficulty finding the right words, people may need encouragement to give

answers that may ultimately reveal sharp insights about the issues they are facing.

## 2. Collectively create end-user stories

Have all members of the C-suite conduct ethnographic interviews with end-users to find out how they relate to the company's product or service. The aim is for each of them, including the CEO, to know their customers on a personal level by engaging with them in their environment—where they are likely to be most comfortable and most honest. Questions to investigate—both verbally and through conscientious observation—might include:

- *What is important to the customer?* What are their overall goals, ambitions, hopes, and fears in life? How do they derive gratification, amusement, or enjoyment? Is there an object that has a special meaning in their life, and why is this item so important to them?
- *How does the customer relate to people and things?* Who or what influences their perspectives and decisions? What physical and digital objects are they attached to, and when, where, and how do they express their attachment?
- *What internal signals guide the customer's actions?* What do they think and believe about the world? How do they think about themselves and their comfort with change, and what shapes their willingness to accept or resist change?
- *What are the ways the customer gets through their day?* What are their habits, and what makes these habits unique? How do they learn, and what skills and knowledge do they develop?

Perhaps most importantly, ask customers to *show* you—not tell you—how they interact with or experience your product or service, and use that time to observe closely. If appropriate, you could

even explore the above questions with a person to whom you are already emotionally attached (a teenage child, for example), to leverage your own preexisting inclination to empathize with that person.

The final step is to analyze the collective information the team collects and use it to create customer personas and end-user stories. Ask the chief marketing or chief customer officer for their perspective on what to do with the insights gained. Perhaps the insights are personal to the C-suite, or perhaps they add to the organization's collection of thick data. No matter what, they are bound to inspire.

## 3. Seek customer insights in public digital forums, and extrapolate further

An empathy-driven mindset leads to insight in all kinds of places—including online. Customers share their experiences with companies on many digital platforms. Targeted technology is available to mine thousands of social media posts, product reviews, and emails that can help you gain insight into what your customers think and how they feel about your products and organization. Collect and share analyses of this “big data” throughout the company while introducing a healthy skepticism about the results—and then pair the data with more intimate, face-to-face conversations with individuals to validate theories and create personal narratives that bring greater meaning to the analytical findings.

## 4. Become an “undercover boss”

In the Emmy-winning TV show *Undercover Boss*, a CEO might pose as a new hire, in disguise and with a bogus backstory, to interact with customers far from the corner office. Invariably, these CEOs are shocked by some deep insight that they could not have obtained in any other way. Find opportunities to go undercover—for instance, by mystery shopping at your own organization as well as with

your competitors. Walking a mile in your customers' shoes is the fastest way to gain firsthand insight into the ways they experience your organization and offerings.

#### 5. **Intentionally exercise your organization's "empathy muscle"**

Cultivating an empathy-driven mindset toward customers is an ongoing effort that must be continually practiced. Every interaction, decision, behavior, or action must contain an intention to *elevate the human experience above all*.

Embedding this into everyday operations—the very fabric of organizational culture—begins with the CEO. Declare the intention; keep it in mind; draw attention to every time it is fulfilled, compromised, or betrayed; and hold leaders and teams accountable.

### **A mandate to understand the human experience**

The CEO could arguably be seen as the person in the organization furthest removed from the experiences of its end-users. But CEOs who embrace being the caretaker of their customers'

human experiences—and who bring their organizations along with them—can give their businesses a hard-to-replicate competitive edge. Undisruptable CEOs lean into finding the best ways to frame the human experience in a meaningful, relevant way. The empathy-driven mindset they espouse becomes a kind of second skin, an augmented vision that changes the way they perceive their surroundings and the actions of those around them—as well as their own.

Empathy is contagious.<sup>16</sup> This is a big reason why a CEO's commitment to understanding their customers on a personal level can help them differentiate their organizations in a world driven by supply-chained, brand-positioned, market-researched, lean-manufactured priorities that often leave surprisingly little room for personal observation and experience. The aim is to develop a culture of empathy that allows all workers to continuously learn from both the "big" and "thick" data they gather from the field. With this data in hand, and with the mandate to understand customers on a human level, an organization can uncover insights about people's lives, values, and emotions in a way that number-crunching alone cannot—and translate those insights into greater customer and organizational value.

## Endnotes

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