

Case Study



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When it comes to determining what to do next, many companies have a hard time balancing the needs of their customers and their own internal interests. In this case study, Cirque du Soleil's marketing director, Natalia Georgio, must decide whether to listen to her customers or her own gut instinct.



The Experts



Mario D'Amico, senior vice president of marketing, Cirque du Soleil



Jens Martin Skibsted, cofounder of KIBISI

HBR's fictionalized case studies present dilemmas faced by leaders in real companies and offer solutions from experts. This one is based on the HBS Case Study "Cirque du Soleil" (product no. 403006-PDF-ENG), by Thomas J. DeLong and Vineeta Vijayaraghavan, which is available at hbr.org.

A dance troupe debates who should determine its creative choices, by Thomas J. DeLong and Vineeta Vijayaraghavan

Should You Listen to the Customer?

Natalia Georgio knocked on the door of her new marketing director's office. Elizabeth Gardos hadn't done much with the space yet. Aside from two chairs, a desk, a computer, and a picture of her daughters, the office was empty.

"You need to get some art in here," Natalia observed.

"I know," Elizabeth said. "It's been a busy two weeks. I want to put up some photos of the dancers."

The two women worked for Delacroix, an avant-garde dance troupe based in New York that had five companies touring the U.S. and Canada. Natalia, a former dancer, was the organization's executive director. She'd hired Elizabeth, another former dancer, for her decades of marketing experience, most recently at Violet, a fast-growing woman's athletic clothing company. Despite the stagnant economy, Delacroix was growing at a healthy pace, in part because of its policy of keeping ticket prices reasonably low. Still, Natalia thought

the company needed better marketing to support its expansion strategy. Elizabeth, who'd been keen for a new challenge and to return to the dance scene, had jumped at the opportunity.

"So why did you want to meet?" Natalia asked.

"I have some ideas I want to run by you—some things I've noticed in these first couple of weeks."

"Great, let's hear them."

"I'm really surprised that Delacroix has never surveyed or gathered information of any kind from customers before," Elizabeth said.

"Yeah, that's not really our thing. We take our lead from the dancers, not the audience."

"Then what you do here isn't really marketing," Elizabeth said cautiously. "It seems like marketing's only responsibility is to decide how long shows should run, how to advertise them, and what to charge for tickets. You promote the shows and

people attend, but you don't really know who your customers are or why they come."

"You mean, we promote the shows," Natalia said, smiling. "You keep saying 'you,' but you're part of this company now."

"We. Sorry."

"You're right; marketing's role has been limited up to now. But part of the reason we brought you in is to give us some new ideas."

Natalia had a mandate from Delacroix's board members to take the company in new directions: to explore international engagements and television and film opportunities. But she was nervous about formulating her strategy without any research upon which to build a case for risks worth taking. She'd explained that to Elizabeth during the interview process.

"I think we should start, at a minimum, by doing a simple customer survey," Elizabeth said, "just with people who have signed up on the website and clearly want to be in communication with us. We can gather some basic information and find out what they like best about our shows. That will give us some insight into other audiences and markets we should target."

"That's certainly an idea," Natalia said, choosing her words carefully, "but it would also be a big change for us. There are some people in this building who will resist." She was referring primarily to Henry Delacroix, the company's founder and artistic director. Although Natalia was technically in charge of the company, Henry still exerted a lot of influence.

"So it won't be an easy sell?" Elizabeth said.

"No, I don't think it will."

The Artistic Mission

"Why do we want to ask what our audience thinks?" Henry said. "We don't care what they think." Elizabeth and Natalia glanced at each other across the conference table.

"Henry, come on—we care that they come to the shows," Natalia said.

"Of course, I know our audience is important. But our business depends on the creative expertise of our artists." Henry

forced a smile and turned to Elizabeth. "When people come to our shows, they expect to have an unbelievable, unique experience—one that they'll never forget. How can people tell you what they want if they haven't ever seen it before? If we ask them what they want, we'll end up doing *Swan Lake* every year!"

Natalia shifted in her seat uneasily. She knew that many of the board members—not to mention the dancers—felt as strongly as Henry did about maintaining artistic control. If Delacroix were to adopt a customer-centric approach, it could lose some of its best people.

Elizabeth cleared her throat and passed Henry a brief report. "Here are some examples of how my previous firm, Violet, used social media to better understand customers, get feedback on products, and test new ideas." She paused as Henry gave the report a cursory glance. "This allowed us to make better decisions about how to price our products, how to go to market, and when to take risks with new offerings. I know the product in this case is very different: We're a dance company. But there are similar benefits here. Take your fan website, for example—"

"Yes, 90,000 people have signed up," Henry replied.

"Right, it's great. But you—I mean, we—don't really engage with those people. We have practically no data on which of them are coming to our shows and why. That means we have no idea which opportunities to pursue next, or how to present ourselves—to sell ourselves—to the media or to corporate partners. We're feeling around in the dark. It may work for giants like Apple to tell customers what they want, but that won't work here."

"It has up to now," Henry said, smirking.

"But the game has changed. You're thinking about different ways to expand. I know we want to go international by the end of the year, but we know little about what, say, a London audience would really want to see."

"We will tell them what they want to see," Henry shot back. "Many companies

operate this way. Tiffany doesn't survey the women of the world asking what kind of jewelry they want. The company has faith in its designers and their imaginations—and it gets a better product as a result. We can't keep our artists inspired and innovative if we start letting customers tell us what to do."

Natalia looked at Elizabeth apologetically, but she recognized that Henry had a point. Delacroix hadn't been founded to meet customer needs; its mission, from the beginning, had been to push the boundaries of modern dance. Henry's relentless pursuit of that goal had brought the company much success.

"What about what happened last year at the Joyce?" Elizabeth asked. Natalia looked at her new hire, who'd clearly done her research.

Delacroix had invested a big chunk of its marketing budget in promoting the three-month run of a new show. Expected to be one of its best ever, the show featured dancers in huge masks. Unfortunately, the masks seemed to terrify all the children in the audience. There were walkouts at every performance in the first few weeks, and then parents flooded the website, as well as ticket and review sites, with complaints. After much internal deliberation, the company decided to put a note in the program warning that the masks might be scary for children under eight. Natalia had wanted to do more, maybe even remove the masks from the show, but a few board members held strong to the principle that they shouldn't bow to customer dictates. They also told her, however, that they didn't want to see that sort of mistake again.

"It was an unfortunate incident, definitely a failure on our part," said Henry. "But we learned from it: No more scary masks in our shows."

"But if we had an ongoing dialogue with our customers, we might know these things ahead of time—know that they want more kid-friendly performances, or that we need to market certain shows to certain segments of our audience," Elizabeth countered. "We could avoid these sorts



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of failures. I know from my time at Violet that information is power. New ventures, new partnerships, more exposure—you can't gamble with these things. You have to get it right. Customer research will help minimize our risk."

Henry shook his head. "You're just not getting it—"

"OK." Natalia stood up. "We're not going to resolve this today. Elizabeth, can you e-mail that report to Henry and me? We'll discuss it offline."

"What will you do when our customers ask us to put our dancers in Smurf costumes?"

Just One Survey?

Natalia was in a cab and headed home when her cell phone rang. It was Henry.

"You're not really considering this, are you?" he said as soon as she'd picked up.

"Yes, I am. Elizabeth has some great points. How are we going to enter international markets if we don't know anything about the audiences there?" Natalia looked out over the water as the cab started across the Brooklyn Bridge. "How am I going to compete with every other company that wants a chance at TV if we don't have the customer research? Those Hollywood execs will laugh us out of the room, never mind the corporate partners."

"And what will you do when our customers ask us to put our dancers in Smurf costumes? Will you order one for Sophia?"

Natalia smiled at the thought of the company's most famous—and most difficult—dancer dressed as Smurfette. "Stop being dramatic, Henry. They're not going to tell us to do something ridiculous."

"Fine, not the Smurfs, but you know we'll have to take fewer risks, to err on the side of selling tickets instead of pushing the creative envelope. You were a dancer, Natalia, one of our best. Remember the mission? Remember how energized you felt by it?"

"Of course I remember. I also remember that it's part of our mission to bring modern dance to as many people as possible." Natalia tried to keep the frustration out of her voice. She knew as well as anyone how much Delacroix relied on the board members and dancers for innovation. "But I was brought in to professionalize this company, to expand on what you started. And customer research—real marketing—may be part of that. Elizabeth knows what she's talking about. She ran the whole customer initiative at her previous job, and it was a huge success."

"She sold clothes, Natalia," Henry said.

"Fair enough. But what's the harm in a survey or two? If the customers give us outrageous feedback, we don't have to listen to it."

"But if we ask what they think and then don't give it to them, we'll alienate them," Henry said. "We'll damage the relationship. And you know there's going to be resistance from the board."

Natalia was not surprised. The business types would be all for it, she knew, but the members with an artistic background—the ones who understood the creative process—would never approve it. She pictured each of the board members sitting around

the table at their next meeting, only a few weeks away. Henry was right. They would probably divide on this issue, almost evenly.

"Besides," Henry continued. "We're doing fine. Why rock the boat now?"

"Now feels like precisely the time to rock it," she said. "The board is expecting big things from us over the next year, risky things we've never tried before."

"And we're going to be successful only if we trust our own creativity and our own instincts—not customer research."

Natalia looked out the cab window. She felt tired.

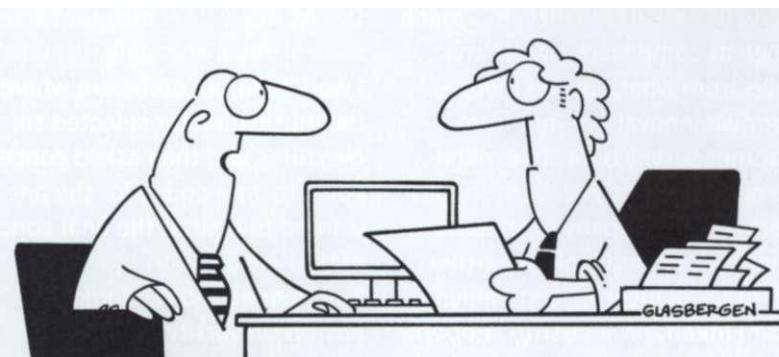
"You still there?" Henry asked.

"Yes."

"Well, think about this. We can't have it both ways. Either employees come first, or customers do. You know where I stand. Where do you?"

Should Delacroix launch a customer research initiative?

See commentaries on the next page.



"If I flee the country to avoid paying taxes, can I write off the miles as business travel?"

EXPERIENCE

The Experts Respond



Mario D'Amico is the senior vice president of marketing at Cirque du Soleil.

ANY INNOVATIVE company struggles with how much to listen to customers. Most realize you can't trust them to tell you what your next new product will be. It's like Henry Ford's famous line: "If I had asked people what they wanted, they would have said faster horses." The answer doesn't lie with the customer.

But companies that want to grow as they innovate often need to change the way they do things. When you're small and local, you don't worry about getting to know your customers better. When you need to sell 100,000 tickets a week and market to people who don't know you or your product, it's a different story. When I joined Cirque du Soleil, we had seven shows. Now we have 21. Our scale requires that we know our audience.

Natalia should take Elizabeth's proposal to the board. If the directors are smart, they'll approve the idea of surveying customers. Then Natalia needs to be careful about what she does with the data Elizabeth gathers. As Henry, Delacroix's founder, has made clear, creative people don't react very well when you tell them what to make. Natalia needs to find devious ways to educate them about the audience without pressuring them to create a certain product.

At Cirque, we use research to understand our customers in a general way—who they are, what other types of entertainment they seek out, and what they expect from the Cirque brand. We use the data to brief the members of our creative team, to help them understand who's applauding when the curtain goes down. We don't tell them to use a red dress or a blue dress in a certain scene, but we do educate them. Then we get out of their way so that they

culture, but we also don't want to offend anyone—as Delacroix did with those masks. For example, when we designed our show for a Chinese audience, we took into account the meaning of certain colors and numbers. It's not a coincidence that our first show in China opened on August 28, 2008, given the importance of the number 8 in that country.

Natalia is right that Delacroix needs to start gathering customer data if it

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can create. The message is this: Although they have a huge sandbox to play in, it has a perimeter around it that is our brand expectations. We want them to be innovative while still ensuring that our product lives up to its promise.

Customer research and brand reputation are especially important when entering new markets where you don't know what potential audiences expect. Cirque doesn't tailor its products to a specific group or

is going to grow. But she should tread lightly and use surveys in a way that is acceptable to the Henrys of the world. And Henry, for his part, needs to understand that Natalia is not trying to hand over the direction of his shows to the customers. She just wants to achieve the board's goal of bringing the Delacroix brand to a broader audience. She needs information about customers to accomplish that.

WHAT WOULD YOU DO?

SOME ADVICE FROM THE HBR.ORG COMMUNITY

DELACROIX'S PERFORMERS, much like great composers, create the shows from what's inside them—their own innovation—not from customer survey data. To expand into new markets, Elizabeth should leverage the company's reputation for innovation and look to partner with other pioneering companies.

Geoff Finken, project/staff support specialist, North Carolina Credit Union League

DELACROIX CAN maintain artistic control while engaging its audience. I worked for an orchestra where the music director selected six overtures and then asked concert-goers to vote online for the one they wanted to hear at the final concert of the season.

Tim Pennell, MBA candidate, Boston University School of Management

DON'T ASK the customers what they want to see. Ask what stirred them emotionally, what they had trouble understanding, which show they wanted to bring their friends to. Throw in some demographic questions. This isn't about restricting artistic freedom. It's about better understanding the company's true fans so that Natalia can find people cut from the same cloth in international markets.

Beth Robinson, technical customer service engineer, Ahlstrom Corp.



Jens Martin Skibsted is a serial entrepreneur and a cofounder of KiBiSi, a product design and design strategy company based in Copenhagen.

BEFORE NATALIA does anything, she needs to identify Delacroix's top priority. Henry says the troupe was founded to push the boundaries of modern dance, but it also seems to want to bring dance to as many people as possible. Those are two very different missions.

If Delacroix wants to stay true to the former mission—and I believe it should—it can't ask customers what they want. That would only stifle innovation. Creative and noncreative companies alike succeed when they are guided by a clear vision, a unique set of values, and a culture that no customer insights could ever change. If Delacroix needs to find new sources of revenue, it should add to the core, not change it.

If someone had told the famous German modern dancer Pina Bausch that she needed to change certain elements of her performances because they might scare children, for example, she would surely have refused. She was pursuing her own vision, not crowdsourcing productions. Nokia has tried to innovate using several highly publicized crowdsourcing initiatives, which have done little to save the mobile phone company from its downward spiral. By contrast, Apple has been innovative—and hugely successful—with a closed, exclu-

sive, "we know better than customers" approach.

Relying on consumer input would only lead Delacroix into the sameness trap. Customers will invariably tell the troupe to do what other popular dance companies are doing. That won't give Delacroix a competitive edge. Instead, Natalia should be asking her creative team, especially Henry, how to move forward. Or if the team is low on ideas, she should bring in new talent.

If Delacroix wants to stay true to its mission, it can't ask customers what they want.

Natalia and Elizabeth need to remember that it's OK to be elitist. There is no shame in creating a product that not everyone will enjoy or understand. The Moet Hennessy Louis Vuitton group has an entire portfolio of companies that do very well by serving niche markets. Of course, the niche needs to be big enough, but it sounds like Delacroix has found that.

Natalia can let Elizabeth do a few surveys; there is no downside to getting to know the audience better. But the scope of the research needs to be limited. She might want to ask customers if they would prefer certain discounts over others or whether they would like food to be available at the shows. But it must be targeted.

This is not really a question of whether to listen to customers or to employees. Every company needs to balance the interests of its various stakeholders, and Delacroix can and should listen to customers on certain topics. But this is ultimately about setting a vision and executing on it. Delacroix won't push any boundaries—creative or economic—if it lets customers drive its creative decisions.

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BEFORE NATALIA does any research, she needs to think through two questions: What will we do with the results? How will the data guide us toward our strategic goals? Customer feedback is just information. It's what Natalia plans to do with it that matters.

George Burton, operations manager, Accenture, Switzerland