Riding the Wave to Customer Marketing 3.0: Strategies for "Hanging 10"

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The title of this report includes the phrase 'Hanging 10.' It’s a term that surfers use to describe a maneuver where you place all your toes on the front end of the board. It’s difficult to do it, but those that can are considered to be at the top of their sport. I think it’s an appropriate analogy because what I’m going to talk about today is how to be at the top of your Customer Marketing 3.0 game.

That of course, begs the question, “What is Customer Marketing 3.0?” And to answer that, I’ll start by looking at its predecessors, Customer Marketing 1.0 and 2.0 respectively.

Marketing 1.0 - 1995–2003

In the 1990s, Customer Marketing 1.0 emerged. You began to see customer reference programs primarily from large industry players such as IBM, HP, Sun, and a few others. Their focus at that time was on the development of success stories as well as an emphasis on PR. In fact, a lot of reference programs at that time were part of the PR department, which is rare today.

Characteristics of Customer Marketing 1.0 included:

• Departmental silos: Sales support, PR, Marcom, etc.
• Staffing & budgets: Often comprised of contractors and interns and non-dedicated staff (handling references among other responsibilities).
• Perception of the reference practitioner: Order-taker tasked with fulfilling PR, event, and content requests; non-strategic role.
• Management systems: Spreadsheets with the most mature programs running in-house developed apps.

Success was measured by:

• Absence of complaints about the lack of references.
• PR and event teams were happy.

Marketing 2.0 - 2004–2011

By the mid-2000s, a transition to Customer Marketing 2.0 was underway; managers recognized the benefits of consolidating reference programs into a cohesive whole, versus having their components spread across departmental silos.
For example, Sun Microsystems had 36 different groups developing references, all primarily in their own silos. The most mature of these groups tracked and managed their references on spreadsheets or rudimentary databases. Individual customers were approached by multiple groups and asked repeatedly to create success stories and participate in PR activities. Reference burnout, inefficiencies, and lost marketing opportunities finally led us to initiate a Sun Sigma Project to consolidate all of them into one entity. That immediately yielded operational efficiencies while invigorating the single program with much needed synergy.

Customer Marketing 2.0 was characterized by:

- Consolidation of silo-based programs into one function and business processes.
- Staffing & budgets: Dramatic growth.
- Perception of reference practitioner: Formal team led by a manager with access to dedicated agencies.
- Management systems: SaaS or in-house IT systems.

During this era, we also saw changes to the ways success was measured. People were exhausted from managing data on spreadsheets. As a result, there was a movement to in-house solutions or applications available in the cloud.

Success was measured by:

- Quantity of outputs and activities.
- Events and sales (P2P references) happy.

**Marketing 3.0-2012–today**

**Customer Marketing 3.0** shows how far reference programs have come. Rather than measuring success in terms of the number of outputs, it is measured by the impact that reference and advocacy programs have on the business and revenue. Fortunately, there are a number of in-house and SaaS tools that allow reference practitioners to track and report that impact today. And I believe that such measurements have helped advance reference programs into a strategic role along with the responsibilities that go with them—or what we call Customer Marketing 3.0.

Today’s programs are characterized by:

- Staffing & budgets: Stagnant or even decreasing.
- Perception of reference practitioner: Strategic role with broad responsibilities.
- New focus: Social media, user groups, communities, and lead gen.
- Integrated marketing activities including content delivery.
- Strategic reference program goals and plans.
Success is measured by:

• Quality on par with quantity.
• Web analytics.
• Social and community analytics.
• Impact on business and revenue.

The sophistication of customer marketing programs has come of age. Today, we see customer reference management systems integrated with CRM systems as well as the maturation of content marketing. We are also seeing a trend in the ability to track leads. New applications are giving reference practitioners the opportunity to identify which leads were generated via which reference content, activity, or event. That insight extends into the influence that reference assets have on the sales pipeline along with identifying which opportunities are converted to sales.

Now that we've defined what Customer Marketing 3.0 is, we'll turn our attention to talking about how to achieve it.

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"Excellence is achieved by the mastery of the fundamentals."

**Vince Lombardi**

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Vince Lombardi is best remembered for being an exceptional football coach. He coached the Green Bay Packers to a Super Bowl championship among a number of other accomplishments. Many attribute his success to his uncompromising dedication to mastering the fundamentals.

To match Lombardi’s success, and to “Hang 10” on our Customer Marketing 3.0 programs, I would say that there are three fundamentals that we need to focus on.

**Success Fundamental #1: Strategic-thinking people**

As we saw above, Customer Marketing 3.0 has morphed reference programs into strategic entities. Consequently, program managers are looking for folks who think strategically, not tactically. The result is that the conversation among team members does not revolve around inputs and activities.
Instead, the discussion focuses on how to integrate into, and coordinate with, the larger marketing organization. We begin asking questions such as, How can the reference program contribute to marketing campaigns? How can references support the content marketing strategy of the organization? And ultimately, how can the program impact the bottom line?

To meet this higher standard, we need to have an in-depth understanding of our marketing organizations. Along with the knowledge of how all the pieces fit into the larger puzzle. So whether you are talking about social media, or demand gen, or your communications strategy, you need to understand how you fit in, in order to make a substantial and tangible contribution.

**Success Fundamental #2: Technology**

The deployment and use of applications and technologies is utterly essential to our Customer Marketing 3.0 success. That means deploying a centralized, self-service CRMS SaaS application.

This allows you to:

- **Implement a reference self-service environment** for your constituents. That’s a critical capability because you are supposed to be focused on driving strategy, not spending your days completing tactical tasks.

- **Integrate with CRM** and other sales tools. As a result, you’ll be able to **track the performance of your reference assets** as well as to tabulate and report those statistics to executives. Recall that you are a strategic practitioner. Thus strategic program managers consistently deliver performance reports to CXOs.

- **Dramatically increase your operational efficiency**. Applications, along with the automation they enable, are the only way that you can deliver more with less while contributing to the growth of your company.

The second technology component is the building out of a robust on-line partnering customer community. In my experience, it is in your best interests to have your on-line customer and partner community report into the customer marketing team. Moving it into a separate department stretches the lines of communications to the point where you lose synergies.
Success Fundamental #3: Processes

You want to make sure that you have the right processes in place to work with the many cross-functional teams that our work requires. A good example of this would be the management of a case study. You want your workflows baked into your customer reference management system. And they need to be able to manage the process across different teams such as sales, marketing, and communications.

It is especially important that you have the right processes in place to support your communications strategy with your sales team. It should include incentives for not only intakes (nominations for customer references) but also outtakes (the use of reference assets, like peer-to-peer references.)

The dynamic shift in B2B marketing

All of this leads us to major changes in the technology sector and how they affect reference practitioners. Specifically, the focus is turning from that of acquisition to that of consumption. B2B companies only accrue revenue from their customers once the products begin to be used. This affects everything from sales, to service, to product development, to marketing.

There are several books that have been written on this dynamic shift. The first—Consumption Economics: The New Rules of Tech—was published back in 2011 and was recently followed by B4B: How Technology and Big Data Are Reinventing the Customer-Supplier Relationship. The very first acronym captures the essence of the authors’ argument, “B4B.” They believe that technology companies are no longer simply selling products to businesses but rather working with customers to ensure that they are successful using their products. Thus we are invested in the success of our customers.

This is reflected in some of the pricing models that we see today. For example, at LivePerson, about a year ago, we switched from a seat-based licensing model to an interactions-based pricing model. Conceptually, we shifted from “use it or lose it” pricing to “you only pay if you use it.” The authors of B4B argue this is the direction of technology B2B. And I would agree.

Traditional B2B marketing has been focused almost exclusively on the acquisition of customers. The B4B concept suggests to me that we as customer marketing practitioners need to also pay attention to our customers’ successful consumption of our products and services.

The acquisition-to-consumption funnel and references

Figure 1 below illustrates the stages of the customer buying and consumption cycle along with the many marketing and reference content tactics appropriate to each stage.

![Content Types Per Stages of Acquisition and Consumption Funnels](image)

Figure 1: The acquisition and consumption customer lifecycle.

Generally, marketers are skilled in the activities associated with the upper and lower portions of the acquisition funnel:

- Demand generation.
- Leveraging social advocates.
- Lead-gen and nurturing activities (case studies, etc.)
- P2P calls.

The consumption funnel, on the other hand, includes reference and advocacy activities such as gamification, real-life use cases, community forums, user groups, and events. These promote the sharing and use of educational content and just as importantly, the consumption of products/services. These activities have a direct impact on corporate revenue and therefore are as important strategically, as any other activity that your customer marketing team performs.
There are different ways in which you can develop content at the upper end of the acquisition funnel. For example, while I was at Symantec, we published 27 issues of CIO Digest and it was very successful. The magazine showcased a number of CIOs, CISOs, CTOs, and other IT executives from around the world. We found that customers that often wouldn’t serve as public references would do so in the case of the magazine. It was a publication read by their peers, and they wanted to be seen as a thought leader.

There are other aspects to this point in the customer journey. For example, it’s important to map out social media and unsolicited advocacy activities to the upper end of the acquisition funnel. Though there are successful examples to guide us, customer-marketing programs have largely not leveraged the full potential of their activities here.

For the lower end of the acquisition funnel, customers are seeking information on a company and/or its products. At the upper end of the acquisition funnel, they likely were not looking at the actual provider, but rather, looking to solve a problem or leverage an opportunity. Customer marketing practitioners have largely focused their activities on this stage of the customer journey. Most customer marketing programs concentrate on delivering success stories, podcasts, video, PR, and other outputs.

From this point in the customer journey, we enter the consumption phase.

Research shows that about eight percent of technology companies in the B2B space manage nurturing campaigns after customers have been acquired. There is much work left to do. Customer Marketing 3.0 dictates that we—as customer marketing practitioners—focus much more of our time on this stage of the customer journey. I offer a few ideas on how to do this.

Customer and partner marketing communities are an important lynchpin in delivering on the new realities of B2B customer engagement. Customers increasingly want to self-serve, and communities are a vital part of enabling them to do so. The content you're creating on your customers is different than the content you're producing for the acquisition funnel—whether the top or bottom. For example, specific use cases showcasing how customers are leveraging and then benefiting from product features is one difference.

Customers want to know how their peers are using technology to drive business value. These can be captured through customer-contributed blogs and forum interactions as well as B2B marketing-created content—blogs, best practice use-case stories, etc. While some “push” marketing is still relevant here, the shift is to “pull” marketing.
One of the initiatives we’re launching in this space is something we refer to as call-center “Agent Connection Stories.” We ask customer service agents who are using our technology to submit their success stories. We’re looking for specific instances where they were able to make a special “connection” with their customer to “save the day.” We take those submissions and send them to one of our marketing journalists who craft them into interesting stories. Then we publish them on our customer community.

The virtual element of community marketing also involves an in-person aspect—user groups. These give customers the chance to interact with their peers and to build relationships with them over time. Both online customer and partner communities along with user groups should be part of the customer marketing program or, at a bare minimum, tightly integrated through dotted lines.

Gamification is another tactic that a growing number of companies are employing. It can be used to incent customers to serve as advocates—whether from traditional marketing activities such as success stories, presentations, and video testimonials to social media advocacy on their own community or even third-party sites.

For consumption marketing, our key performance indicator (KPI) revolves around the success of our customers using our solutions. The more of our services that they use, the more successful we are as marketing practitioners.

Aligning content development with your content marketing strategy

If you refer to Figure 1 on page 7, you’ll see a number of content elements listed at the top. Each of these is developed and published according to a process that we’ve aligned with our content marketing strategy (see Figure 2, below.)

Figure 2: The new standards in content marketing map to the focus areas of Customer Marketing 3.0.
Learning to map customer marketing across the different touch points in the customer journey means that we must understand the intertwined relationship between customer marketing and content marketing. Content development starts with ideation and editorial planning. Workflows with assigned roles and responsibilities control the processes from start to finish. Content creation and review leads to publishing and distribution. With the proliferation in social media channels and even Web properties, content publishing is a much more sophisticated enterprise than it was even just a few years ago.

**Reference content packaging to “Hang 10”**

Managing the publishing process and then tracking the analytics across each of those channels is critical. Much of your reference content is underutilized unless you understand the importance of leveraging it across multiple channels.

For example, one public reference might result in 10 or 15 content outputs: a success story, magazine article, presentation slides, podcast, video testimonial, press release, etc. Getting these promoted and repurposed across your different distribution channels is just the starting point. You can push the same public reference out via your corporate blog, content on your community, and your various social media channels (Facebook page, LinkedIn groups, Twitter account, etc.)

The objective—and KPI—is to get maximum exposure for each reference customer, all mapped across the different phases of the customer lifecycle (see Figure 3 below.)

*Figure 3: One customer-reference-to-many assets and distribution channels.*
Let’s use a specific example—say retailer ACME, Inc. We produce traditional marketing assets that include a) success story, b) presentation PowerPoint slides for marketing and sales, c) press release, d) podcast, and e) video testimonial. These activities are focused on the lower-end of the acquisition funnel. But we also create a magazine article on the customer—either used as an example in a feature or a stand-alone case study—and work with the customer to blog or post comments on their social media channels. We also syndicate the different content pieces on our social channels. These activities focus on the upper end of the acquisition funnel. But we’re not finished yet.

Now we’re looking at ways to use the customer reference to feed activities in the consumption funnel. Through gamification, the customer pushes out a blog, forum comment, or other social media content. You also re-purpose the published content to demonstrate various use cases in the form of how-to guides, blogs, and other content assets that demonstrate, and ideally promote, product utilization.

**Measuring customer marketing 3.0 success—A deep dive**

Because we’re in a strategic role as Customer Marketing 3.0 practitioners, those to whom we report will no longer accept quantity as our KPI. They expect—demand—to understand how we are contributing to the bottom line.

The Web allows us to collect all sorts of analytics. At LivePerson, we are in the process of adding Kapost as our content marketing management solution. As it integrates with our social media, Web infrastructure, and marketing automation system (Marketo), we will soon have the ability to calculate the impact of content (both aggregate and at the individual piece level) upon marketing and sales campaigns.

For the upper acquisition funnel, we’re focused on brand awareness and demand-gen activities. The former relates to things such as webpage visits, time spent on content, and next clicks on content. The latter maps to metrics such as marketing qualified leads (MQLs), sales qualified leads (SQLs), and opportunities won.
Once prospects reach the lower acquisition funnel, Customer Marketing 3.0 focuses on lead-gen activities with metrics that include MQLs, SQLs, and opportunities won. Getting that data requires the right technology solutions and an integration of your content marketing, CRM, and marketing automation systems.

The consumption funnel has a number of metrics of its own. Many of these may be new to you. Note that the metrics are mapped to the two respective goals of this phase—community involvement and product consumption. The former involves content contributions by customers and community and social advocacy. The latter involves product usage, customer health, additional purchases, and renewal.

**Four takeaways to boost your program’s success**

1. **Master the fundamentals of people, technology and process.**
   I’ve spent 15 years in various customer-marketing roles and the changes we’ve seen have been substantial. There are three fundamental elements for success. Your people need to have the right skill sets; customer-marketing practitioners are no longer order-takers but are expected to be strategic thinkers. Technology and business processes are also critical components.

2. **Systems/processes.**
   Ensure that your systems and processes enable the efficient completion of work across different teams. Align yourself with your sales team by making sure your KPIs are reflected in their KPIs. You must employ both “carrots” and “sticks” to be successful. It is a two-way street. Additionally, their KPIs need to include their utilization of your customer marketing program.

3. **The Customer Journey.**
   As customer marketing practitioners, we need to do a better job supporting our marketing divisions in the acquisition and consumption funnels of the customer lifecycle. Content marketing is further along in this area than other marketing
functions—and certainly customer marketing. Significant opportunities are on the horizon. For guidance, we can turn to content marketing and the successes achieved there. The Content Marketing Institute is an excellent resource on this topic.

We also need to understand what content we should focus on from a customer marketing standpoint. Begin thinking beyond the lower-acquisition funnel to the upper-acquisition funnel and the consumption funnel.

### 4. Measuring Success.

The final recommendation that I leave you with is the importance of measuring your success. Get the right systems in place and look to how your customer marketing programs are contributing to your company’s bottom line. It is impossible to track metrics without them. Further, don’t simply use outputs and activities as your base metrics because those won’t pass the smell test with your management team. Instead, take advantage of the many tools available to us to compile, tabulate, and report specific metrics that link our activities to leads, opportunities, and sales.