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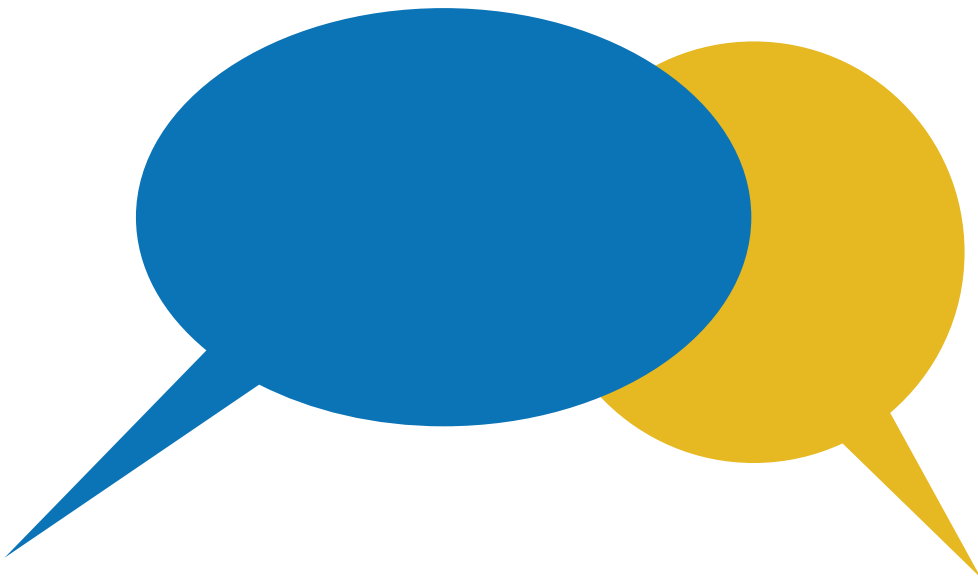
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TABLE OF CONTENTS



Customer Marketing 1.0: Mid-1990s to 2002	<u>4</u>
Customer Marketing 2.0: 2004 to 2011	<u>9</u>
Customer Marketing 3.0: 2012 and Beyond	.....	<u>14</u>
Implications of Customer Marketing 3.0	.....	<u>17</u>
Making the Journey to Customer Marketing 3.0	.....	<u>29</u>
About the Author	.....	<u>34</u>
About TIRO Communications	.....	<u>35</u>

While Customer Marketing most certainly isn't the only marketing function taking businesses by storm, it is playing a pivotal role in changing the focus of marketing today. In just a few years, it has gone from a tactical play often staffed with the most junior people in the marketing organization—or by interns and contractors—to a strategic function led by talented, senior-level professionals. Once mired in its own silo and subservient to virtually all other organizational functions, Customer Marketing suddenly emerged as a means for organizations to engage with their customers, turn them into advocates, showcase them as thought leaders, and recognize (reward) them for their loyalty.



CUSTOMER MARKETING 1.0: MID-1990s TO 2002




Tactical order takers. In its earliest days during the 1990s, Customer Marketing wasn't even called Customer Marketing; it was assigned the functional title of what was known as "Customer References," a nomenclature that stuck until just recently. Indeed, a quick query of the different online communities and groups as well as events such as the [Customer Reference Forum](#) (which changed its name to the [Center for Customer Engagement](#) earlier this year) shows an almost ubiquitous use of the word "references" to describe the marketing function. Not surprisingly, Customer Marketing was a non-strategic role, often staffed with contractors and interns, with key performance indicators (KPIs) focused on PR and AR support, marketing communications outputs, and peer-to-peer reference support.



“Customer Marketing wasn’t even called Customer Marketing in the 1.0 era; it was assigned the functional title of what was known as “Customer References,” a nomenclature that stuck until just recently.”

Internal customers—sales, PR, AR—supported by the Customer Marketing team normally operated in their own silos and viewed the Customer Marketing professional as an “order taker,” a role that was entirely tactical in orientation and answered to the different silos to which it “reported.” This tactical, one-off approach to working with customers produced innumerable inefficiencies and resulted in unnecessary churn and rapid reference burnout. Indeed, because of the lack of strategic focus and centralization, some customers might get asked three or four times to do the same marketing activity by different marketing and communications groups representing their own business interests.

Only a fraction of the value of a customer advocate was realized before they opted out of the process, having been bombarded with requests from multiple groups and individuals, some of which were repetitive. And once they had withdrawn from Customer Marketing activities, they rarely returned as advocates; the process was too chaotic and the value proposition indiscernible.



“Success measurements for Customer Marketing programs equated to the absence of someone shouting or complaining about the lack of references.”

Manual reference tracking and reporting. When it came to the management of references, the task was conducted via in-house IT skunkworks projects and/or spreadsheets. Tracking reference qualification and development status, not to mention a list of those willing to field peer-to-peer (P2P) calls or visits from prospects and an aggregate library of approved marketing assets, became an accounting nightmare. For most organizations this translated into spreadsheets that consumed many labor hours to maintain yet yielded little strategic visibility.

This was exacerbated for larger organizations with Customer Marketing silos spread across multiple functional areas. The end result was myriad spreadsheets in inconsistent formats with no linkages between them. These were inefficient and time-consuming to manage. [They were inaccurate and provided no transparency across each of the different groups tasked with Customer Marketing activities.](#)

A Wakeup Call: “The Truth About Customer References”

The full repercussions of a cover story in *CIO* magazine in August 2002 would not be realized for another decade with the arrival of Customer Marketing 3.0. Written by Sarah D. Scalet, the exposé, titled “The Truth About Customer References,” argued that IT suppliers build contractual agreements with customers that taint their reference reliability and forge purported realities that are inaccurate. Specifically, IT leaders receive perks such as free services and discounts on deals in exchange for speaking at an event, completing a case study or video testimonial, or fielding a call or hosting a visit from a prospective customer for the supplier. Scalet concurrently argued that **prospects take the reference process too lightly and fail to ask the right questions to pinpoint situations where conflicts of interest might blur reality with actual experience.** Since at the time 52% of IT buyers made decisions based on peer referrals (which is substantially higher today), Scalet insisted that **the customer reference process was broken and needed to be fixed.**

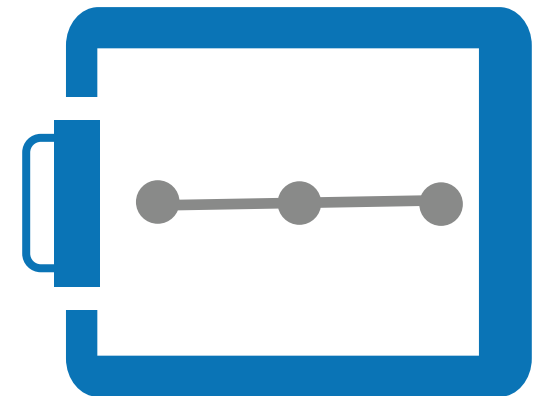
At the time Scalet wrote the article, none of the social media and online communities that facilitated the move to Customer Marketing 3.0 existed. So what was her proposed solution to the problem? **First**, references should not be bought, and when a customer does receive extra benefits—whether corporate or personal—the customer has an obligation to disclose this information. **Second**, this duty also falls to the prospect requesting the reference; they must always pose the question about what agreements and concessions the customer has received from the supplier in exchange for the reference activity. **Finally**, prospects should search out peers they can trust and ask them for their candid opinion on the supplier; their questions must be thorough and complete.

Not an overly impressive list of recommendations for an issue that Scalet found to be abhorrent. If only she’d known what tools might exist a decade later.

Source: Sarah D. Scalet, “The Truth About Customer References,” *CIO* Magazine (August 1, 2002), 42-49


Metrics: “no one complaining.”

Success measurements for Customer Marketing programs equated to the absence of someone shouting or complaining about the lack of references—normally from the PR, AR, and/or sales silos. Sophisticated business measurements related to lead generation, opportunities influenced, or deals won simply didn’t exist. For organizations that tracked outputs, quantity served as the primary success measurement.



CUSTOMER MARKETING 2.0: 2004 TO 2011





“ Rather than being a stop on the way to a more interesting marketing “destination,” Customer Marketing increasingly became a career choice during the 2.0 era. ”

Automating reference management and reporting. An evolution of technologies in the early 2000s created an undercurrent that began to drive automation, consolidation, and efficiencies in various marketing areas. Use case scenarios touted during the dot-com boom-to-bust era were extrapolated and applied to different business scenarios, including Customer Marketing.

Spreadsheets used for managing customer references were replaced by Web-based, multi tier systems with presentation, application, and database layers. These were initially developed and managed in-house and were relatively rudimentary with basic search and reporting capabilities.

However, the headache of developing and managing solutions in-house proved problematic, and third-party suppliers began to emerge. Those offering on-premise software solutions (aka commercial-off-the-shelf solutions) struggled. Still relegated to a non-strategic, tactical function, Customer Marketing organizations lacked the resources and expertise to manage them. Further, [most IT organizations did not have the time nor resources to build what became known as Customer Reference Management Systems that were robust enough to meet business requirements.](#)

Because of these challenges, several Software-as-a-Service (SaaS) providers emerged in the space. Cloud-based services such as [Boulder Logic](#), [ROIInnovation](#), and [Point of Reference](#) came to market, making it much easier and faster for Customer Marketing organizations to go from the era of spreadsheets to the era of Web 2.0. At first, these were launched as stand-alone solutions, but recognizing the wave of the future and the need to create broader organizational synergies, these third-party cloud providers integrated their solutions into Salesforce's AppExchange ecosystem.

Late to the Party

Measuring the results of Customer Marketing has proven problematic before the arrival of the 3.0 era. As late as 2009, **86%** of Customer Marketing practitioners indicated that they lacked visibility into how their programs affected sales and business performance; only **25%** had Customer Reference Database management and reporting solutions tied to CRM systems.

Source: “2009 Customer Reference Program Benchmark Report,” Customer Reference Forum, (March 2009)



Consolidation, professional practitioners. For larger organizations that had previously split out the Customer Marketing function across lines of business, industries, and geographies, there was a move either to consolidate the different groups into a federated model with a dotted-line leader or to centralize them into a single entity with a dedicated leader. Part of the process of consolidation included collapsing all of the disparate systems of record into one IT management tool.

At the same time, Customer Marketing organizations began to evolve from being simply perceived as “order takers” to respected marketing peers. The all-too-often approach of staffing Customer Marketing organizations with contractors and interns became the exception versus the norm. And with organizations placing a much higher premium on the Customer Marketing function, a professional track began to emerge with associated skill sets. Rather than being a stop on the way to a more interesting marketing “destination,” Customer Marketing emerged as a career choice for some.

With the emergence of the Customer Marketing practitioner came the launch of user communities on [LinkedIn](#) and other sites, ongoing events such as the [Customer Reference Forum](#), and even the formation of a [Customer Reference Professionals Association](#). These serve to facilitate networking between Customer Marketing professionals while keeping them up to date on the latest strategies and technologies.

Metrics: quality and quality. The quantity of assets produced, sales requests handled, and initiatives supported remained the primary success measurement. However, with the introduction of cloud-based Customer Reference Management Databases and their integration with Salesforce CRM systems, the ball was moved farther down the field; it now became possible to track and monitor sales usage of customer-related assets as well as P2P calls and site visits.

Changing Dynamics of Customer Engagement

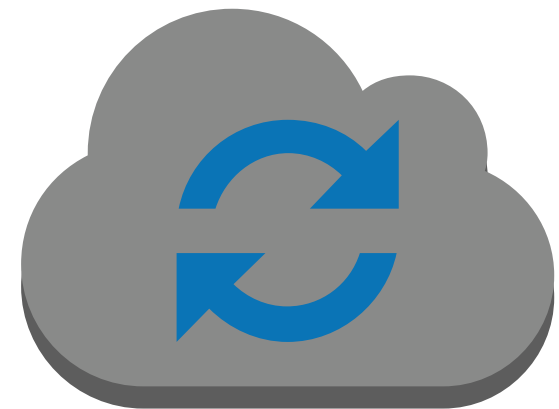
As far back as 2004, it was clear that customers saw Customer Marketing as an opportunity to create more strategic relationships with their vendors; the core takeaway was that customer references sought engagement. Some of the findings uncovered by The Phelon Group included:

- **61%** wanted the ability to network with their peers
- **48%** sought better access to vendor executives
- **43%** said visibility and influence on the product roadmap was important

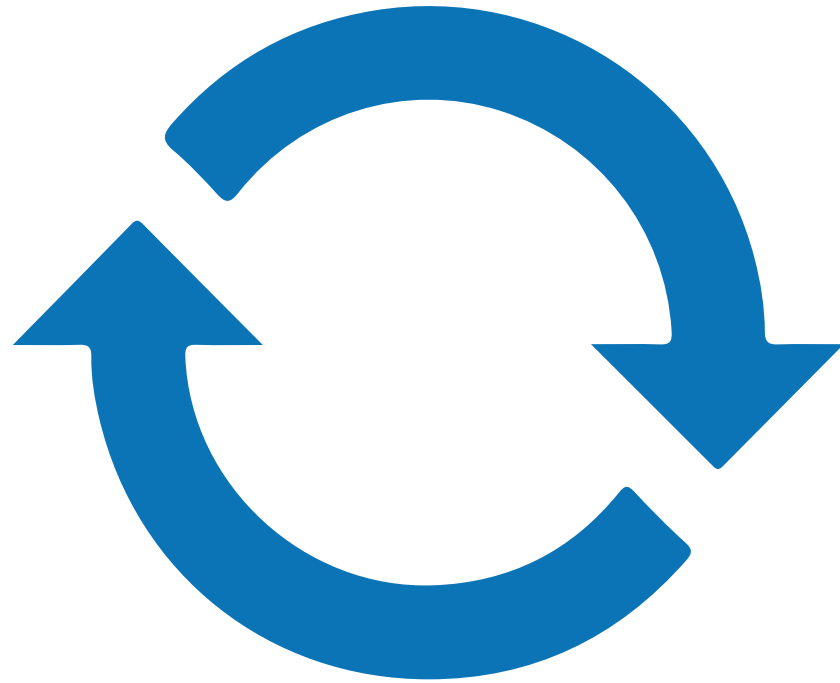
Despite the frequent practice to offer rewards and discounts in exchange for reference activity, only 27% of respondents indicated this was important to them.

Source: “2004 Customer Perspectives Study,” The Phelon Group

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CUSTOMER MARKETING 3.0: 2012 AND BEYOND



Buyer Behavioral Changes

The buyer journey is changing, according to “The 2014 B2B Buyer Behavior Survey” from Demand Gen. Some of the most salient findings include:

- **58%** of respondents indicate they are spending more time researching purchases
- **53%** of buyers report rely more on peer recommendations than previously (**compared to 19% in 2012**)
- **35%** of those surveyed are involving more team members in the evaluation process
- **51%** spend more time conducting detailed ROI analysis (**compared to 30% in 2012**)

The two biggest impact drivers for the vendor selection process for buyers: vendor response timeliness (**76%**) and the ability to provide quality content (**71%**). References from industry peers came in third (**66%**).

Source: “The 2014 B2B Buyer Behavior Survey: How Content and Social Media Are Impacting the Buyer Journey,” Demand Gen Report Survey

Nomenclature change. Customer Marketing has come of age in the past few years. The once loosely coupled function is now intertwined with not only other marketing functions but most aspects of the business. The functional designation “Customer References” was replaced with “Customer Marketing” (or some use “Customer Engagement”). Practitioners must possess a broad understanding of the business, tout experience working in or with various marketing functions, and know where, when, and how to connect technologies to solve business problems. And when it comes to Customer Marketing 3.0 business metrics, they are tracked in terms of business outcomes—leads generated, revenue influenced, opportunities won, efficiencies gained.



The era of 3.0. A confluence of several factors prompted this evolution to Customer Marketing 3.0.

First, the buyer journey changed. Recent research shows that [buyers are more than 60 percent of the way through their journeys before they engage vendors](#). Marketing organizations wanting to remain relevant must find ways to drive brand awareness and engagement much earlier than the latter third of the prospect's journey.

Second, customers have [a vast array of online resources at their disposal](#) when researching and evaluating solution options. They no longer need the direct help of the supplier to find and evaluate solutions; social media and online communities give buyers the ability to get unfiltered peer feedback. Vendor sources of information such as sales representatives and company websites significantly lag behind in the level of influence and importance.

Third, SaaS services create a shift in revenue generation, from the buy decision to post-sales delivery. Marketing organizations are in the midst of reevaluating their strategies, specifically [who, when, where, and how they engage with their prospects and customers](#). Customer Marketing is playing a pivotal role in this reassessment and the new strategies that are being implemented.

Finally, tighter integration between Customer Marketing and other marketing functions such as Content Marketing, Customer Advocacy, Customer Engagement, Social Media, and Demand Generation create new opportunities for further advancements—strategic and technological. [This is accelerated due to a blurring of the lines between Customer Advocacy and Customer Engagement. The two have become inextricably intertwined.](#)

IMPLICATIONS OF CUSTOMER MARKETING 3.0



The Role of Content

Content marketing plays an important part in the decision to purchase, according to “The 2014 B2B Buyer Behavior Survey” by Demand Gen. Some of the key takeaways:

- **61%** of respondents agreed that the winning vendor delivered a better mix of content appropriate for each stage of the buying cycle
- **66%** of those concurred that the winning vendor provided higher-quality content
- **63%** indicated that the winning vendor’s content was more conducive to building a business case for the purchase

And while quality remains critical, quantity is also important. When asked how many pieces of content they consumed from winning vendors, **30%** of buyers reported between five and seven assets, while **52%** received eight or more! Think senior executives aren’t interested in content? You’re wrong. **82%** report that content was a significant driver for their buying decisions.

Source: “The 2014 B2B Buyer Behavior Survey: How Content and Social Media Are Impacting the Buyer Journey,” Demand Gen Report Survey

*The Customer Marketing function is no longer relegated to a backseat on the marketing “bus.” 85% of participants in a Demand Metric study said Customer Marketing is either very important (**56%**) or somewhat important (29%) for their organizations. And when asked about the future role of Customer Marketing, 84% checked far more important (**55%**) or slightly more important (**29%**).*

*But the study also uncovered a satisfaction gap that reflects on the skill sets of the practitioners as well as program focus: while **almost half** of the respondents reported that they are satisfied or very satisfied with the results of Customer Marketing, **more than half** expressed their satisfaction as neutral or below.¹*




So what does this mean for Customer Marketing?

1) Technological Evolution

The first implication is that the SaaS-based customer reference management database solutions, which were a key marker of the era of Customer Marketing 2.0, are inadequate in their current state. Through a centralized reference repository, these Customer Marketing 2.0 solutions sought to enable organizations to find a list of all references, associate marketing assets and activities tied to each one, and track the use and activities of each reference to opportunities influenced and won in the Salesforce CRM system. And to varying degrees they were largely successful.

However, [the business objectives these solutions sought to solve are different than those of Customer Marketing 3.0](#). The integration of Customer Marketing into other marketing functions, along with the growing B2B adoption of social media and online communities, move the markers much farther down the field. Customer Marketing 2.0 largely focused on Outbound Marketing outputs—PR, events, and Marcom assets. [The problem today is that these only impact the final third of the buyer journey and largely fail to touch the consumption \(or retention\) marketing funnel](#). While Outbound Marketing doesn't disappear in Customer Marketing 3.0, it descends in importance as compared to Inbound Marketing's ascension to a position of priority.

The communities where customers find and consume content, get new ideas, and network with each other and thought leaders is a fundamental starting point when it comes to targeting and mobilizing advocates and engaging them with compelling content. And for those marketing organizations that haven't completed buyer and customer persona development, this homework is a must; it is quite possible that different personas don't go to the same communities. Once the communities (and personas) have been pinpointed, then the building blocks of recruitment, engagement, and recognition can be architected. A new breed of consulting and cloud technology providers such as [Influitive](#), [Zuberance](#), [NextBee](#), [Amplifinity](#), and [Totango](#) formed to help Customer Marketing organizations address this new reality. These suppliers provide the strategic building blocks and technological solutions to turn Customer Advocacy into an important marketing engine.




*“The importance of integrating Customer Marketing and Content Marketing into a holistic undertaking cannot be overemphasized: recent studies show that **25%** of content needs to be about and from customers.”*

The role Customer Marketing plays in this new acquisition journey paradigm is paramount. Beyond the rare exception, buyers are not on vendor websites in the early stages of the buying journey. Instead, they seek each other out on social media, online communities, professional associations, and industry events. There, they learn what their peers are using, what they think of the solutions, and how they went about deploying them, all before they search for content on the supplier's website or engage with sales representatives for information, including customer references. Third-party communities such as [G2 Crowd](#), [IT Central Station](#), [TrustRadius](#), among others help facilitate these interactions.

What also became obvious is that traditional reference programs often failed to capture the broader cross-section of advocates. Specifically the individuals authorized to serve as advocates on behalf of the company (viz., business stakeholders) are a small subset of the total number of possibilities within a customer account. Depending on the solution and market space, some customers might have dozens to even thousands of passionate advocates who go un-mobilized simply because of the lack of recruitment, engagement, and recognition systems. Some of the aforementioned Customer Advocacy SaaS-based solutions aim to fill this gap.

3) Engagement Marketing and Content Marketing

Another hallmark of Customer Marketing 3.0 is its integration with other marketing programs. One where the intersections with Customer Marketing are just beginning to be realized is that of Engagement Marketing. [Mapping Customer Marketing to campaigns that target customer journeys—both within in the acquisition and consumption funnels—breathes life into your brand by couching it in terms of customer stories.](#) And since technology is the engine that makes Engagement Marketing go, integration with the SaaS solution providers in the space such as [Marketo](#), [HubSpot](#), [Pardot](#), and [Eloqua](#) is pivotal.



“In Customer Marketing 3.0, the communities for consuming content and engagement expand, the types of marketing assets and activities morph and evolve, the roles and responsibilities of the different lines of business go from bystanders to stakeholders, and the task of prospecting and recruitment is turned on its head through the introduction of new technologies.”


Marketing campaigns must address both prospects and customers—the acquisition and consumption funnels—and reach across organizational functions for optimal effectiveness. Creating a content map of existing Customer Marketing assets is a starting point. Those assets need to be mapped to the moments of inspiration during the prospect and customer journeys. This lays the groundwork for marketing organizations to leverage customer stories across their marketing campaigns. Different assets work better at certain inflection points in the research and evaluation stages of the journey. It also is important to map content to each prospect or customer persona, as different assets resonate differently across each of the personas.



“Mapping Customer Marketing to campaigns that target customer journeys—both within in the acquisition and consumption funnels—breathes life into your brand by couching it in terms of customer stories.”

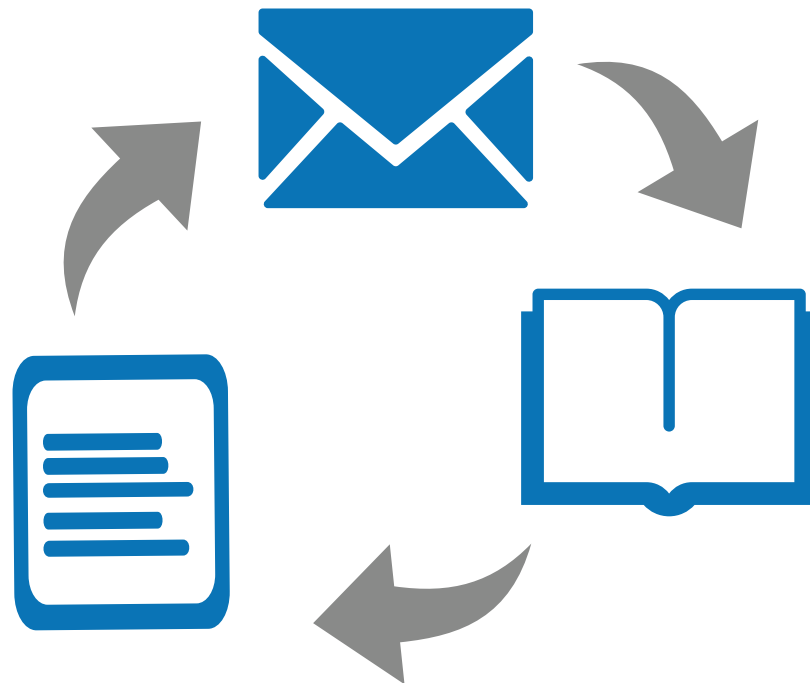
Repurposing content by reframing customer stories into new assets is just important. Blog posts, articles, eBook examples, how-to community posts, podcasts, infographics, and other assets can be generated based on the embedded content of a well-written case study. (Of course, this all assumes the comprehensive customer story was captured in the case study!) [Embed advocate-generated content \(e.g., their own blog posts, social media mentions, etc.\), including reframing the content into other content assets, into marketing campaigns.](#) The importance of doing so cannot be overemphasized; recent studies show that **25 percent** of content produced needs to be about or from customers.

An essential ingredient in the engagement and publishing model is Community Marketing. Building and growing a vibrant customer and partner community provides a communications platform that creates meaningful connections between customers, partners, and employees. There are a plethora of different community platforms for organizations of all sizes such as [Jive Software](#), [Lithium](#), [Hoop.la](#), and [Get Satisfaction](#).




“ Organizations that are fully Customer Marketing 3.0 enabled can adjust their content strategies to capture the customer stories and asset types that deliver optimal results. ”

Just a few years ago, monitoring and evaluating how Customer Marketing content performs in marketing campaigns was a labor-intensive, time-consuming undertaking, if it was even possible (and this assumes marketing campaigns sophisticated enough to include such). Like so many other areas of marketing, technological evolution automates this process. Content Marketing management solutions like [Kapost](#) make it possible to score content and track its performance across different campaign journeys. Organizations that are fully Customer Marketing 3.0 enabled can adjust their content strategies to capture the customer stories and asset types that deliver optimal results.



4) Cross-Functional Marketing Practitioners

The Customer Marketing function has certainly come a long way in a short period of time. The Customer Marketing 3.0 practitioner must possess a comprehensive understanding of nearly every aspect of marketing and even other elements of the business such as product management, strategy, sales, and customer success. Understanding the intersection points between Customer Marketing and each of these business functions is a critical requirement. And because of the vital role technology plays in facilitating these connections and automating capabilities and insights that were either impossible or very difficult to do, Customer Marketing requires practitioners with a keen interest in technology and how it can be leveraged to forge successes that previously were unattainable.



“ For marketing organizations seeking to embrace the era of Customer Marketing 3.0, it is impossible to do so unless their Customer Marketing teams are staffed with professionals who meet the high professional standards and requirements demanded by the function. ”

Relationship building and development is an essential ingredient in Customer Marketing 3.0. It requires a mix of technology tools and professional attributes. The maturation of the customer relationship rises to the forefront in Customer Marketing 3.0; Customer Engagement breeds Customer Advocacy, while Customer Advocacy engenders Customer Engagement.

For marketing organizations seeking to embrace the era of Customer Marketing 3.0, it is impossible to do so unless their Customer Marketing teams are staffed with individuals who meet the high professional standards and requirements demanded by the function. *Those with Customer Marketing programs led or managed “order takers” and project managers simply cannot move beyond Customer Marketing 2.0.*



“ The maturation of the customer relationship rises to the forefront in Customer Marketing 3.0; Customer Engagement breeds Customer Advocacy, while Customer Advocacy engenders Customer Engagement. ”

MAKING THE JOURNEY TO CUSTOMER MARKETING 3.0



Don't panic if you suddenly realize that you're living in the era of Customer Marketing 2.0; many of your peers are still practicing that craft. Now is the time to make that move; it truly has the potential to give you with a competitive advantage if done correctly.

As you evaluate your Customer Marketing program and map out your next steps, the following are some questions that you can ask to help facilitate your journey to Customer Marketing 3.0:

A) Technology Questions

- What marketing technologies do you have in place?
- Which ones are still needed?
- And what gaps as specifically related to Customer Marketing exist?

B) The Team—People

- Do you have a Customer Marketing 3.0 team? Or do you have skill gaps that need to be bridged—from employee development to internal or external recruitment?



C) Content Marketing

- Do you have a centralized content library that includes Customer Marketing assets? Is it cataloged according to product, solution, and market segments that make it easy to align with marketing campaign programs?
- Are those creating content (both internal staff and third-party suppliers) good storytellers? Can they pinpoint interesting storylines when interviewing customers and re-purposing existing customer-focused content?



D) Customer Advocacy

- Have you implemented fundamental mechanisms for sales enablement such as a customer reference management database? Do you understand what Customer Advocacy self-service tools your sales team needs to be effective?
- Are those tools mapped to Leads and/or Opportunities in your customer relationship management (CRM) system?
- Does your organization have an online customer community to facilitate connections between each other and with your product experts? Do you give customers the opportunity to publish their own content—written, audio, and video—on your community platform?
- What mechanisms do you have in place to enable the recruitment, engagement, and recognition of customer advocates? Do you need different approaches for different persona groups? What technological gaps exist?

E) Engagement Marketing

- Have you mapped out prospect and customer personas and their acquisition and consumption funnel journeys? At what points on those journeys do moments of inspiration occur and for which ones can Customer Marketing content make a difference? What Customer Marketing content types map to those key markers in the persona journeys?
- What are the communities where your prospect and customer personas consume content and engage with their peers? At what points during their journeys do prospects and customers use those communities and what content types—and specifically that related to Customer Marketing—are most effective?
- Do you have a marketing campaign strategy and roadmap in place? Have you mapped existing Customer Marketing content to the key milestone markers? What gaps exist?

ABOUT TIRO COMMUNICATIONS

TIRO Communications is all about helping organizations create brand awareness and brand engagement that turns prospects into customers and customers into advocates. It starts with getting the right strategy in place. It then focuses on relentless execution—architecting and managing Customer and Content Marketing programs that meet or exceed your business objectives. To learn more about TIRO Communications and how we can help you on your journey to Customer Marketing 3.0 and beyond, visit TIROcommunications.com.



Content Strategists and Storytellers



