

# Marketing Thought Leaders

A playbook for leading your company to future success

## Are You Ready to Flip the Funnel? Succeeding in the New Age of the Customer

by [Nancy Pekala](#)

To play on an old cliché, now is the time for all good marketers to experiment with the traditional funnel. We're now living in the age of the customer and it's time to flip that funnel on its head. To be more precise, the funnel needs to be turned on its side into a megaphone that today's customers can use to spread the word about your brand's products and services.

It's a simple premise really. Understand who your customers are, serve them well and turn them into advocates of your brand. But for far too long, marketing efforts have hinged on the traditional funnel where customers are undervalued and prospects are treated all the same.

Marketing is no longer about controlling the message but about listening to and leveraging existing customers to evangelize their brand. That's the guiding principle of [Joseph Jaffe](#)'s new book, [Flip the Funnel](#) (Wiley, 286 pages). According to Jaffe, the challenge is not just in acquiring the customer, but to gain their interest and sustain it over the long haul.



**Joseph Jaffe, Author  
*Flip the Funnel***

"Getting people to care these days is like climbing Mount Everest," **Jaffe writes.** "People today are skeptical, jaded, cynical and wary - and increasingly so, due to the hardships and hangover of the recession. And those are the good ones! The rest are apathetic, uninterested, indifferent, and detached. Most messages don't make it through the multiple layers of consumers' near-impenetrable defenses, and the ones that do are greeted with either a pitchfork or a pillow. It's a catch-22 of dire proportions."

To find out more about how organizations can effectively understand and engage their customers, I spoke with Jaffe in this exclusive interview with *Marketing Thought Leaders*.

**Marketing Thought Leaders:** *The funnel as we know it today is a long-accepted principle of the industry. What will it take for the industry to truly transform their approach to the funnel?*

**Joseph Jaffe:** In looking at the traditional marketing funnel, we disproportionately invest at the wrong end of the funnel. We focus on the process of unaffiliated strangers to make the purchase. But we almost immediately forget about that customer and start back at the beginning. It's amazing that we haven't focused on what comes next, what comes after they become our customer. The current funnel is open and incomplete. What if we flipped that funnel? It's the notion of building a better mousetrap that leads to absolute optimization

**MTL:** *You recommend that companies should be focusing more of their time and attention on retaining and engaging their current customers. Will this mean organizations will need to reinvent their approach to customer service?*

**Jaffe:** Yes, but we're not talking about your grandfather's customer service. This is customer service 2.0. Creating a true customer community and embedding them into the very eco-system of marketing is very revolutionary. One real implication is the customer experience. Customer service needs to become its own strategic department which is elevated within the organization; no longer can it be relegated to back-room operations. Chief Customer Officers charged with this role will report to the CMO. In the current culture, customer service is everywhere.

This will translate into organizations investing less in production budgets and more in human beings who service other human beings. We also need to change the way we segment our customers. It's about the 80/20 rule but we're lucky if 20% of our customers are responsible for 80% of our revenue. One of the new rules of customer service is that customers may all be equal, but some are more equal than others. In today's world, if you upset one customer, he'll spread the word to millions of other strangers. That's the new segmentation.

**MTL:** *Since understanding current customers is critical to this change, what impact will flipping the funnel have on the consumer insights function within today's organizations?*

**Jaffe:** The insights issue is really about understanding the voice of the consumer. In today's world, the concepts of social media, conversation monitoring and listening strategy are all inherently linked to the notion of being able to gain proprietary, competitive, differentiated insights from the consumer base. Being able to close the loop and plug that into the R&D function and the innovation channel is priceless. It's surprising how few companies are closing the loop and communicating back to the customer. Even companies like Virgin America admit to struggling to close the loop, create a feedback channel, and act on those insights.

Organizations need to equip themselves to act on customers' suggestions and communicate all the way back to them. But the task can be like climbing Mt. Everest in terms of how much companies need to change to be able to respond to customers who make a suggestion, communicate back to them, implement the suggestion and reward the customer.

**MTL:** *The assumption is that if companies engage and empower their existing customers properly, customers will step up and become evangelists which can translate into some valuable bottom-line results. What steps will companies need to take to make sure they sustain this positive behavior?*

**Jaffe:** Right now, we have nothing in place to sustain it or scale it or harness it at all. We haven't done anything to formalize the process of rewarding customers who act as influencers or brand advocates. Right now, there's only a tiny bit of intersection between advocates and influencers. We need to empower and encourage advocates to become influencers by providing them with the tools to create content, to join the conversation and to offer up recommendations, referrals or reviews. We need to create evangelists for our brands. That translates to companies creating formal programs that absolutely scales and creates a process for encouraging and incentivizing customers to move from an advocate role to an influencer role.

**MTL:** *You cite companies like Nike, Comcast and Zappos as having flipped the funnel by building their business through customer retention. Is this a sign of an industry-wide transformation?*

**Jaffe:** Not many people are doing this but we are on that road to transformation. There isn't a single marketer who doesn't light up at the prospect because they get the funnel and they know what's wrong with it. The age of new consumerism, the explosive power of social media, the digitization of media, the accountability of all these to produce more from less and the recession make this transformation a 'have to have', not a 'nice to have.' Customer service becomes the key differentiator. Customers have already started to ask themselves 'What company should I give my business to?' It's not just the company that serves and treats them better, but the one that actually acknowledges them and makes them feel special and activates them through the concept of community.

We haven't really seen 2.0 or 3.0 versions of these kinds of loyalty programs. In fact, a recent Forrester study indicated that loyalty programs have little correlation to actual customer loyalty. Just having a loyalty program doesn't create loyal customers. Too often, these programs are filled with blackouts or exceptions which can create negative loyalty.

**MTL:** *Just as it is becoming increasingly difficult to differentiate yourself in order to acquire customers because everyone's doing the same thing, won't the same hold true for companies trying to distinguish themselves by the way they reward and empower customers?*

The engine that makes this new approach to the customer run is based on a new concept of marketing, public relations, customer service and crisis communications. There are many elements associated with this new approach and success will differ based on the company and its leadership. Some will push forward while others will pull back. It involves investing in human beings and letting go of control. It involves allowing cashiers and other employees to engage with customers beyond the cash register.

**MTL:** *You recommend establishing a universal currency system of reward and recognition that's based on the 3Cs: content, conversation and commendations. How can companies today expand their definition of reward systems to better respond in this age of the consumer?*

**Jaffe:** Right now, the industry is primarily based around a system where customers can earn bucks or miles or other units of recognition by buying something. But why shouldn't you earn bucks when you create content, participate in a discussion, write a blog post or a product recommendation?

For example, customers might earn some of that universal currency by answering someone else's question, thereby helping companies updating their FAQ on a regular basis. By expanding their view of customer recognition, companies can crowdsource their customer service function to take advantage of the wisdom of the crowds. In doing so, companies can connect all the dots. That's a new kind of currency that will help differentiate brands.

### Take Five: Article Takeaways

1. **Get to know your customers.** Understand who your customers are, identify your brand advocates and adopt a true listening strategy.
2. **Create customer-focused brand communities.** Embrace social media channels and focus on the 3Cs: content, conversations and commendations.
3. **Incentivize customers.** Formalize your customer recognition program to help convert advocates into influencers.
4. **Invest in people.** Implement organizational change to empower your employee base to truly engage, listen and respond to customers.
5. **Flip the funnel...and your mindset.** Make retaining customers and sustaining positive customer behavior a priority.

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