



Customer Engagement:

Marketing in the 21st Century

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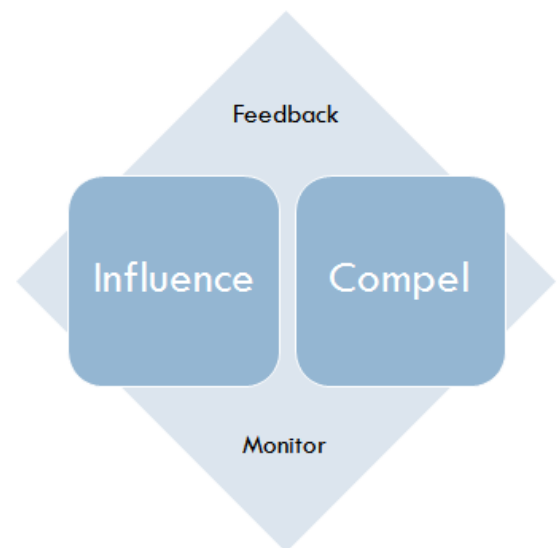
What is Customer Engagement?

Consumers no longer rely solely on traditional advertising to learn about a product or service. Many use the internet to research a product or a service before purchasing. On Amazon.com, most popular items have reviews and ratings that allow consumers to make purchasing decisions based on (mostly) unbiased opinions from fellow consumers. When going to a restaurant for the first time, do we prefer to take our chances or research the restaurant on Yelp.com or other sources? The internet has allowed consumers to engage with each other in new and powerful ways. Similarly, customers can be engaged with a company or a brand, now more so than ever before. Customer Engagement involves the creation of a deeper, more meaningful connection between the company and the customer, and one that endures over time.

The web has redefined how consumers learn about products. Furthermore, it can also enable businesses to redefine how their customers interact with them. Organizations can no longer dictate the communications agenda. They can, however take advantage of social media to elevate the level of relationship they have with their customers, through opening channels for dialogue.

Customer Conversations: The Missing Link

The Customer Marketing Lifecycle can be broken down to three focus areas: Influence, Compel, and Monitor. An outreach organization, such as, Sales and/or Marketing is responsible for Influencing and Compelling. However, Monitoring is often fragmented into functional silos. Ideally, a Customer Experience organization would be responsible listening to customers and collecting and distributing feedback. The Voice of the Customer (VOC) data collected can be used to make smarter decisions as it relates to Influencing and Compelling campaigns. When the three functions are combined to develop a cohesive strategy on Customer Engagement, you enable your organization to elevate and enhance your level of relationship with your customers and prospects. The breadth and depth of activities in which your clients participate in with you on a conversational level is critical, not only to a long-term revenue stream but to their perception of the value of your relationship and the likelihood that they will be stronger advocates for your solutions. Today, it's not enough to just communicate to your customers and prospects, successful organizations have learned how to have a conversation.

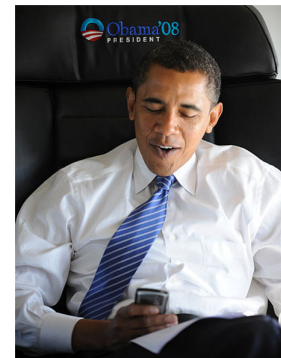


New Coke – A Customer Engagement Miss

In the early 1980's, Coke was losing market share to Pepsi and at risk of becoming the Number-Two soft drink. The enormously successful Pepsi Challenge campaign demonstrated that most people preferred the taste of Pepsi. Coke did its own tests and found this to be true. In response they came up with a new formula, which in blind taste tests was preferred over Pepsi. They introduced "New Coke" as a replacement to the original. In doing this, they ignored some of their focus group findings who resoundingly rejected the idea of replacing the most successful soft drink ever, in favor of individual surveys which indicated that consumers in general would be favorable to the change. New Coke was a marketing disaster and dubbed "the Edsel of the 80's" by Pepsi Cola-USA president Roger Enrico. In subsequent studies of the disconnect between the focus groups and the individual survey data (almost 200,000 consumers were surveyed), it was found that among focus groups, a Coke loyalist could sway other members. There was more to the Coke customer experience than a simple taste test revealed. The surveys provided answers to the questions asked, but it was the focus groups where customer conversations occurred that best predicted the fate of "New Coke". Thankfully, after negative public reaction, the original was quickly restored to the shelves, with the name "Coca Cola Classic". The word "Classic" was finally dropped in 2009, long after "New Coke" was discontinued in the US.

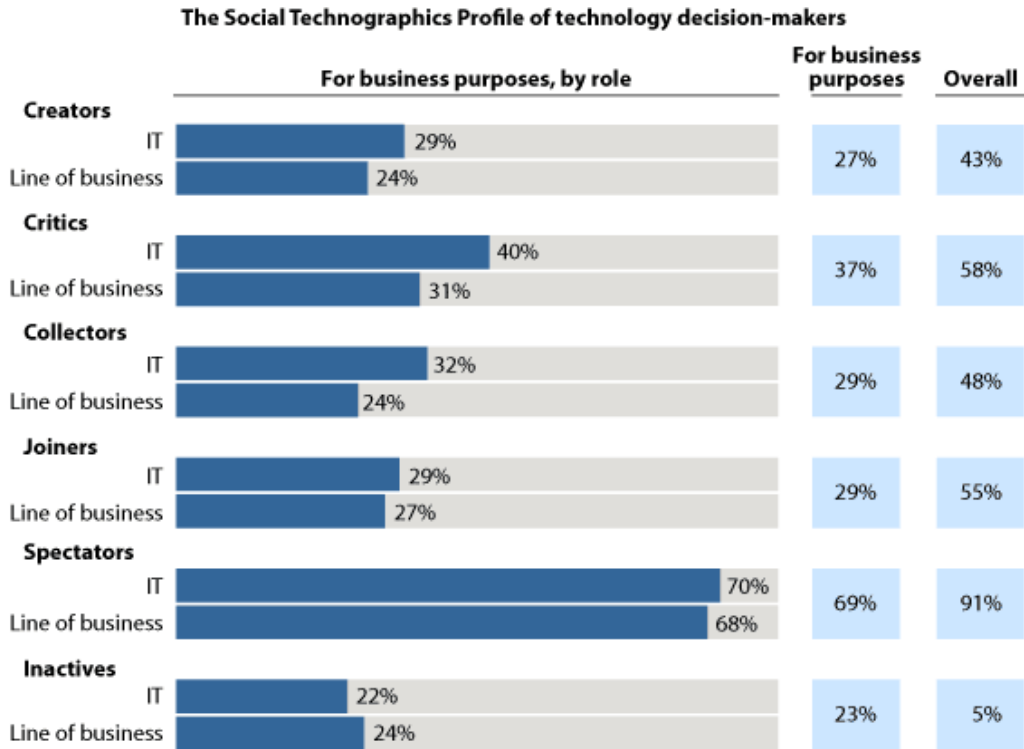
A Nation Engaged

One of the finest examples of the power of social media was the 2008 presidential campaign of Barack Obama. Although, he was not the first politician to leverage social media (Howard Dean used it to become the Democratic party front runner in 2004), the Obama campaign was exceptional in the execution of its social media strategy. By using Social Media, Obama did not need to limit his focus to select states, instead he reached all fifty with ease. Obama bested his presidential rival's donations by collecting \$279M more, of which he raised an unprecedented \$250M by focusing on small donations from ordinary folks. More importantly, he connected with his constituents (and in mass). Of the 13M email addresses he collected, he hyper segmented the users and sent over a 1B emails. Obama blogged. Obama Twittered. Obama leveraged every major Social Networking site and "friended" more than 3M people. Obama empowered a nation to get involved. He did with social media what JFK did with television and FDR did with radio – took full advantage of technology to engage the public.



Social Media?

While everybody is talking about Social Media, in and of itself, it is not the solution. Social Media is on the forefront of our minds yet it is only effective when included as a component of a larger, cohesive Customer Engagement Strategy. The same features of the WEB 2.0 world that enable multi-threaded, agnostic communications about your solutions also can lead to a rollercoaster effect vis-à-vis your deployment of a presence in this world. If your social media and networking profiles are not tightly aligned with your Customer Engagement Strategy, you may see early success using these tools for client conversations but still have little or negative impact on customer perceptions. Comcast executed an early and brilliant customer service program addition using Twitter, but just this past May they are still ranked as a possible third worst in customer service, with AIG holding the top position.¹ Social Media has been widely and deeply adopted by almost everyone. Chances are that your customers and prospects already participate in Social Media on their own. According to the Forrester Research data below, even amongst B2B decision makers, only 5% are inactive in Social Media. Since Social Media allows us to interact with our customers and prospects in ways that we never could before, we need to be prepared to interact in ways that we never have before. Are you connecting with your customer and prospects through channels that they are comfortable with and active in? If not, you should. Here is how.



Base: 1,217 North American and European technology decision-makers at firms with 100 or more employees

Source: North American And European B2B Social Technographics® Online Survey, Q4 2008

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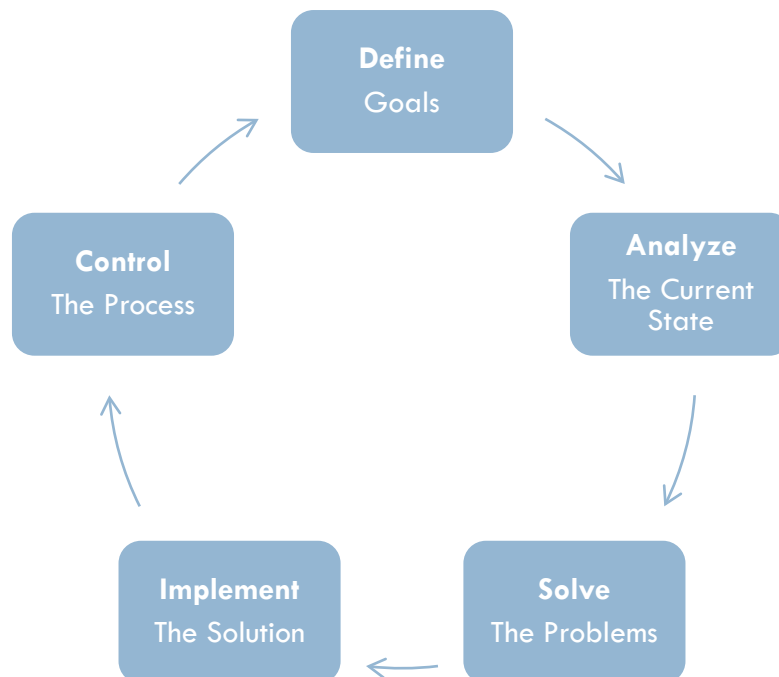
Source: Forrester Research, Inc.

¹ Consumerist.com's *Worst Company In America* - 2009 SERIES

Ask Some Hard Questions.

The key to achieving Customer Engagement is developing a real world strategy. Many organizations will jump to the solution before understanding the problem. To be successful, you should ask the basic questions (in this order): Who?, Why?, What?, and then How?

- **Who** are my customers and prospects? How do they like to communicate? Are they active online and, if so, where? What is important to them?
- Once you understand your audience, you need to understand yourself. **Why** are you trying to connect with your customers and prospects? What do you hope to accomplish? What are you currently doing?
- After analyzing your current state and clearly defining your objectives, you can develop a strategy. **What** will you do? What is your plan to ensure your success? How will you know when you are successful? What will you do next? When do you stop or do you stop?
- Now that you have a clearly laid out plan to effectively connect with your audience, you can decide **how**. What tools will work best, given the message you want to deliver? Will these tools enable me to reach my customers and prospects? What vehicles will allow the type of interaction I desire?
- By taking the necessary steps and laying out a plan of action, your Engagement efforts will be effective and efficient. Also, when things need to change, you will have the information available to be nimble and to make smart decisions.



The Net

Regular dialogue with your customers and prospects strengthens your relationships and can even create advocates. When combined with a sound strategy, Social Media is extremely effective at starting such conversations. The bottom line: Customer Engagement is critical.

About Cubed Consulting

Cubed Consulting is a team of Customer Engagement specialists. We have helped companies such as VMware, Borland, Xerox, AT&T, and BEA Systems better engage their customers. By combining our real world operational experience with a passion for innovative technology solutions, we can guide your organization to elevate the level of relationship you have with your customers and prospects