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TPG ONE: A New Approach to the Customer Journey

Redesigning the Role of Marketing for the Customer Engagement Economy

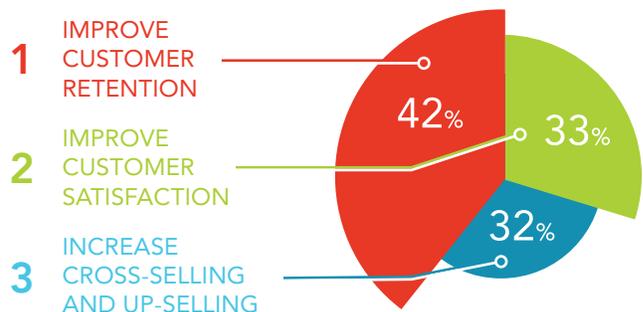
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Executive Summary

Customer experience is the new battlefield for B2B companies. Gartner predicts that by 2018, more than 50% of organizations will redirect their investments to customer experience innovations. Studies from Walker (a customer intelligence consulting firm) predict that customer experience will overtake price and product as the brand differentiator by 2020. Why? Because customer experience pays. Companies that pivot to a customer-centric approach see double-digit growth in customer retention, customer satisfaction and account expansion rates.

Why Improve Customer Experience

The top three reasons why businesses proactively manage and invest in customer experience are to:



Addressing each of these reasons can positively impact bottom line revenue.

In this rapidly changing environment, marketing has become the de-facto leader in the pivot away from product and towards customer centricity. Yet, legacy thinking, legacy practices and legacy systems are hampering the pivot. Perhaps the most harmful elements for marketers are their legacy thinking and their traditional funnel-centric approach the world. To succeed and win in the customer engagement economy, marketing will need to pioneer customer innovation, not just as a marketing function, but as a company-wide capability.

By reading this white paper, you will learn how to take action on:

- Defining the customer problem that you need to solve
- The market changes that are driving the shift to customer-focused strategies
- The short comings of a funnel-centric approach for marketing
- A new customer-centric framework (TPG ONE) for marketing that provides a single, holistic customer-first lens
- The new customer-centric scorecard
- Using marketing operations to execute
- Using TPG ONE as a blueprint for action



The Problem

Marketers have an urgent and time sensitive problem - how to redefine marketing's role in the tech-driven, customer engagement economy. The shift to customer focus and engagement represents one of the biggest challenges and biggest opportunities for marketing in the last 100 years. Everywhere you look you see articles, blogs and studies about the value of customer engagement and the importance of the customer journey. The topic is front and center at every marketing conference and, the number of related customer-centric technologies are growing exponentially.

The customer journey and being a customer-centric firm is rapidly becoming the top priority for B2B marketers. They are feeling the pressure from the C-suite to "do something" about customer engagement, although the "something" is not well defined. A recent study revealed that 86% of senior-level marketers said it was "absolutely important" to create a cohesive customer journey. Yet, in the same study, 57% of B2B senior marketing leaders reported being stuck in CX mediocrity, lacking sound strategy and the ability to execute well. In a parallel study, only 23% of marketers claim to have a customer-centric – versus channel or product-centric – organizational structure. Clearly there is a gap between stated priorities, pressure from the C-suite and real action in the customer-engagement economy.



"The customer engagement economy is one in which the customer/consumer is in firm control with a few clicks or swipes on their device. Through the internet, they have unparalleled access to information that allows them to engage in their buying journey at their own pace. Their information access is forcing vendors to pivot from a product centric approach to a customer centric approach."

There is also a hesitancy to address key questions brought about by the current environment. Thorny questions including:

What is the customer engagement economy and what role does marketing play?

Who owns the customer journey?

What is the role of marketing in establishing and integrating a customer journey process?

What does this journey look like and who is responsible for operationalizing that journey?

To help define the problem and answer these questions, we'll break down the problem into three workable pieces including understanding the market dynamics creating the problem, understanding how marketing's current legacy thinking compounds the problem and introducing a practical framework to help solve the problem.

Market Dynamics

Marketing is a profession engulfed in change occurring at light speed. Working in this tech-driven, customer engagement economy, marketing must first understand the core market dynamics that have created the current environment to then be able to effectively respond. The most important and fundamental market dynamic is the shift in customer control brought about by information access, new technologies and new customer behaviors.

The crux of the shift in control begins with information – who controls it and who has access to it. For many years, B2B customers were not in control of their own customer journey because they had only one source of information – the vendor. The vendor decided what information to share, when, how and with whom. In the digital economy, it is

now the customer who is firmly in control of their own journey. Thanks to significant advances in digital technology, customers have unprecedented access to information about your company, your products, services and pricing. They no longer rely on your promises or what your glitzy messaging says on your website. Nope. They seek third party opinions of experts, analysts, communities, peers, your competitors and other users. And, it's all available with a few clicks or a few swipes.

These new customer behaviors are creating new expectations for how vendors need to interact with customers. Here are just a few of those new expectations:

80%
of B2B buyers
expect companies to
respond and interact
with them in real time

75%
of people
now expect a consistent
experience wherever they
engage a brand

89%
of B2B customers
expect companies to
understand their unique
needs and expectations

According to Forrester research, B2B decision-makers may be anywhere from 65 to 90 percent through with their research before they reach out to a vendor.



**65% to
90%**

New customer behaviors and expectations due to control of and access to information have caused the power to shift from the vendor to the customer. As a result, companies are literally being forced to adopt customer-centric strategies that are based on how the customer wants to take the journey and the experiences they expect along the way.

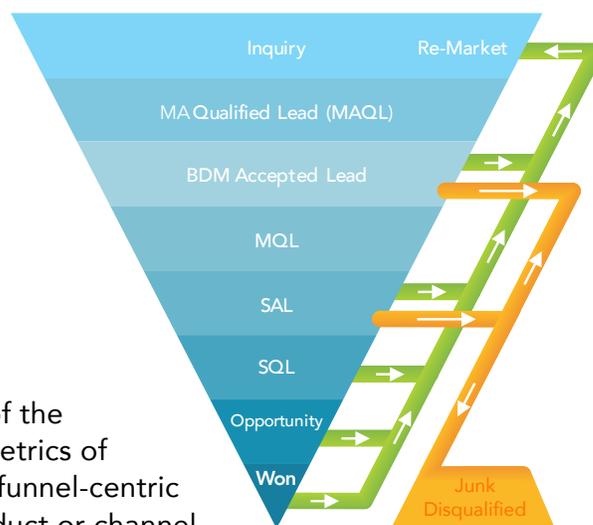
As this adoption slowly occurs, marketing is the “go-to” group to lead this pivot. This moment in time represents a unique and compelling opportunity for marketing to step up in a leadership role. At the same time, marketing cannot lead this pivot alone. A customer centric approach and belief must begin at the highest level of organization and defuse across the entire firm. Beyond this belief, marketing has a more immediate problem – one of a funnel-centric approach.

Compounding the Problem

The marketing funnel was revolutionary in the world of B2B marketing when it first appeared in the early 2000s. Driven by the tsunami of new marketing technology options and new customer behavior, the marketing funnel was an innovation that helped marketing re-define their role in the new world order. It helped move marketing from the pens and mugs department to a group that created financial impact on top line revenue growth.

Today, the marketing funnel is the center of the B2B marketing universe. While the marketing funnel has served marketing well, in today’s customer engagement economy, it is problematic and compounds the challenge for the B2B marketer. Specifically, the issue with the current funnel-centric approach is its focus on the top of the funnel and net new acquisition. Just look at the metrics that commonly are tracked and reported in a funnel-centric world:

- # of people in each funnel stage
- The rates of conversion from one funnel stage to another
- # of new leads created
- # of MQLs sent to sales
- The conversion rate of MQLs in the sales pipeline
- MQLs to closed/won business conversion rate

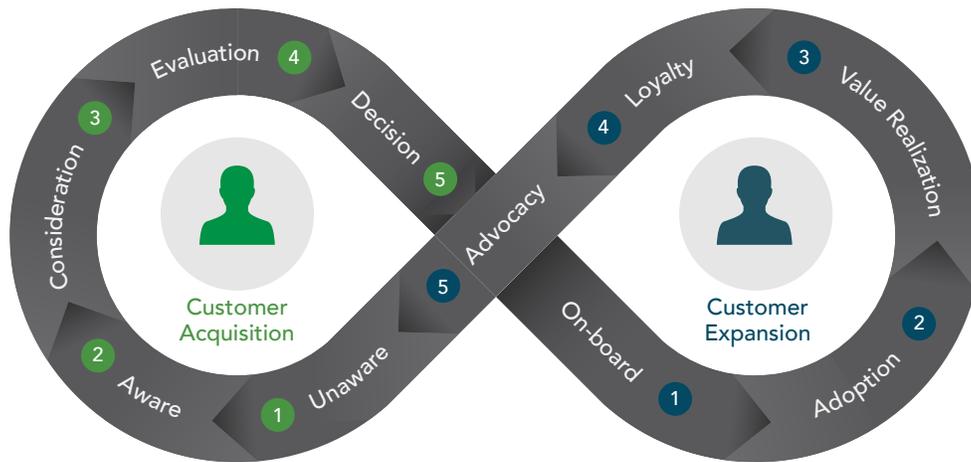


In this scenario, marketing’s role is siloed to one part of the entire customer journey, the first part. These are the metrics of a funnel-centric marketing organization. In addition, a funnel-centric approach in marketing indicates a company is still product or channel focused and does not yet have a holistic, cohesive and engaging customer approach. There has to be a new center of the marketing universe and that new center must be based on the customer.



From Funnel Centric to Customer Centric with TPG ONE

There is a different model that more accurately reflects a new center of the marketing universe and the expanded roles and responsibilities required in the customer engagement economy. We call it TPG ONE and the "ONE" stands for having a single, holistic and shared view of your customer's lifetime journey with your company. This model is powerful because it enables your entire company to coordinate and optimize every aspect of the customer journey. We live in a world where customer engagement pays but it will only pay if this is a model accepted by everyone, from CEO down, in your company. Let's review the specifics of the TPG ONE model.



TPG ONE - Customer Journey Map™

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First, you will notice three important elements of the model: It is a loop, the left side represents Customer Acquisition and the right side represents Customer Expansion.

Loops as representations of the customer journey are not new, but they do provide the simplest way to envision a complex idea. In our experience, a picture paints a thousand words and just representing the customer journey as a loop enables marketing to take definitive action to participate in and lead the pivot to customer intimacy. TPG ONE enables marketing to define their larger responsibilities in the customer journey, enables other functions to understand how what they do is part of the customer's overall experience and empowers marketing to lead the company-wide pivot to customer focus. Finally, the loop represents a clients-for-life approach that is instrumental in revenue and margin growth.

Acquiring a new customer costs 6X more than keeping an existing one, and CX delivers compound annual revenue growth rates of 17% compared to 3% for CX laggards.

The left side of the model represents the more traditional customer acquisition activities of the funnel-centric marketing organization. This set of activities then flows into the right side of the model which is about client expansion. Taken together, both sides and the fluidity of the infinity loop help marketing establish their new role in the customer engagement world order.

TPG ONE Detail

Defining the stages of the customer journey from the customer’s perspective is the first step in operationalizing this model. Once this first step is accomplished, you can then begin to layer in what your company needs to do to optimize what the customer is doing. Above the line activities are the activities of the customer. Below the line activities are activities performed by your company. As you read through this set of customer-centric definitions, begin thinking about what happens below the line.

What should marketing be doing?

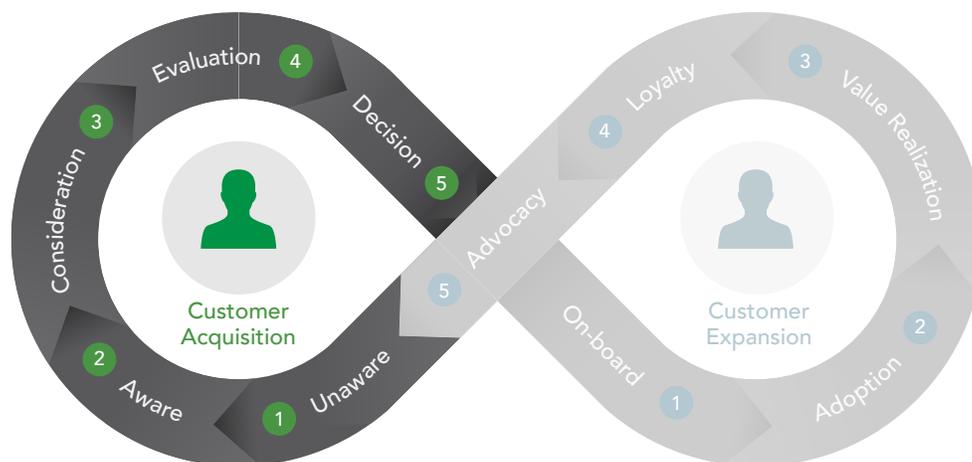
What should sales be doing?

What processes need to be in play?

What technologies may be applied?

Customer Acquisition

Here are the basic *customer-centric* definitions for the Customer Acquisition side of the model.



1. **Unaware:** Individual (or group) does not know they have a problem
2. **Aware:** Individual (or group) knows they have a problem
3. **Consideration:** Individual (or group) knows they have a problem and is considering possible solutions including your services/products
4. **Evaluation:** The buying group is evaluating options
5. **Decision:** The buying group has selected a vendor and is working on contracting

Customer Acquisition (continued)

At the **Unaware stage**, the customer does not realize they have a problem or does not believe there is a solution for a known problem. From a customer perspective, this is a valid stage because customers expect vendors to understand their industry, their business and their problems and to be able to offer solutions they may not have considered.

During the **Aware stage** the customer fully accepts they have a problem. They may not be able to fully define the problem, they just experience the pain of the current situation. At the end of the Aware stage, the customer decides to take action to investigate the problem for resolution and they enter into the Consideration stage.

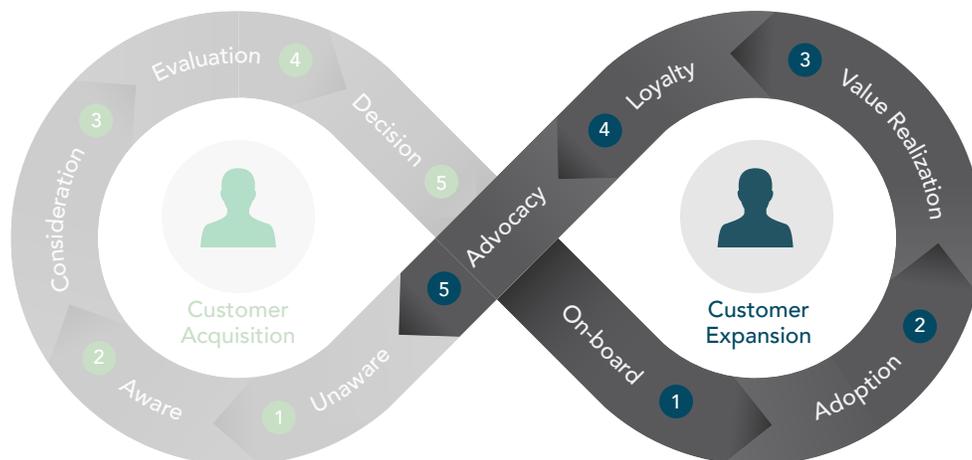
During the **Consideration stage**, the customer conducts active investigation for ways to solve the problem. This research involves online research and reaching out to industry experts and peers. This in-depth research helps them create a slate of possible ways to solve the problem. Once this list is created, the customer moves into the Evaluation stage.

In the **Evaluation stage**, the customer typically works with an internal buying group to evaluate the various options and the various vendors. They consider budget, timing, process and impact of various solution areas. They probably ask for proposals from the vendor(s) at this stage. Once they have decided on a general solution area and a vendor to deliver the solution, they move to the final stage – Decision.

During the **Decision stage**, the customer is working with a select vendor on a final contract. The customer wants to fully understand what the provider can do for them and how they will do it. The buying group wants clarity on terms of engagement, pricing, deliverables and payment options. Once this stage is complete, the customer moves to the right side of the model as the first stage in Customer Expansion. At this point the customer is not thinking about doing more business with the vendor. They are thinking about making this initiative a success.

Customer Expansion

Here are the basic definitions for Customer Expansion from the *customer's perspective*.



Customer Expansion (*continued*)

1. **On-boarding:** The customer is implementing and beginning to use your product and/or service
2. **Adoption:** The customer is seeing value in your solution and begins to work with champions to drive wider and deeper adoption
3. **Value-Realization:** This is the steady state of a client who is using your product/solution
4. **Loyalty:** The client experiences the value you bring and has purchased at least twice from you
5. **Advocacy:** The client has one or more advocates who can and will speak on your behalf

In the On-boarding stage, the customer's journey crosses over from the left side of the model (Customer Acquisition) to the right side of the model (Customer Expansion). This is like a honeymoon stage, and the customer works closely with the vendor team and her internal team to get everything set up and operational. Once On-boarding is done, the client then looks for adoption.

In the Adoption stage of the customer journey, the client is looking to optimize the use of your solution and/or service by instituting a deeper or wider adoption. Deeper adoption implies using more features or functions while broader adoption means using in other groups or for other problems. Improved adoption leads to the next stage – Value Realization.

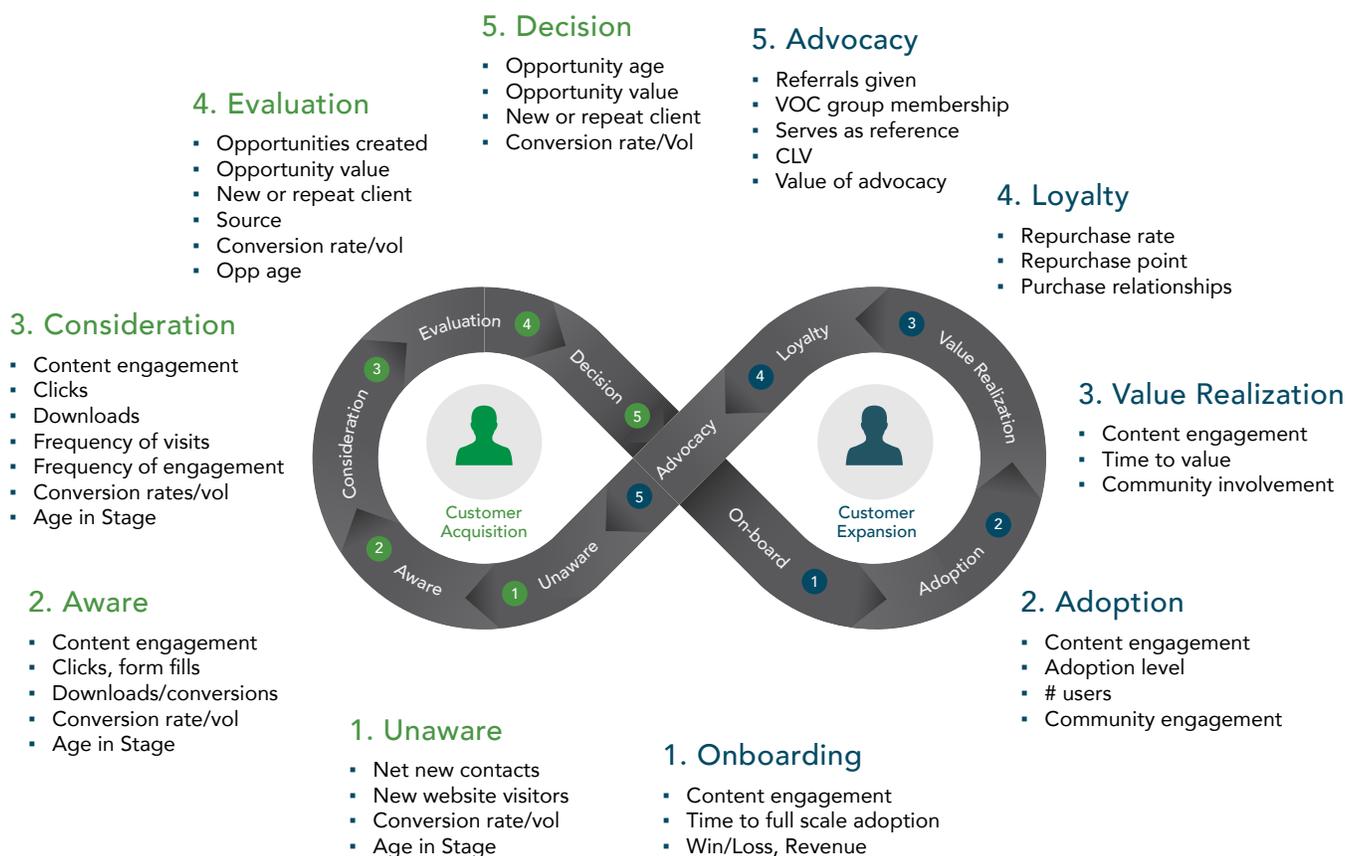
The Value Realization stage is characterized by the client using your product and/or service as part of the day-to-day operations of the business. Value realization comes from the steady state use of your products and/or services in the client environment. This is a key step before moving to Loyalty.

In the Loyalty stage, the client has had a good set of experiences with the vendor and based on those experiences, is happy to purchase more. This might be in terms of buying more of the same or buying new products and services from the vendor. Either way, the client prefers to buy from this vendor.

Loyalty is a pre-requisite for becoming an advocate. **In the Advocate stage** of the journey, not only is the client willing to buy more, they are more than willing to advocate for doing business with this vendor. The advocate speaks on behalf of the vendor both privately and publicly and is happy to do referrals.

A New Marketing Scorecard

Moving from a funnel-centric view to a customer-centric view requires adding additional metrics to marketing’s already full scorecard. This new scorecard is the below the line set of metrics for every customer-facing employee of your company. To keep it simple, we have added marketing and sales metrics to the illustration below. At first glance, you may feel that marketing should not be accountable for some or many of these metrics. However, this is the point of re-inventing marketing’s role for the customer engagement economy. Someone needs to lead the creation of the ONE view, of creating a flawless and synergistic set of experiences for the customer and for institutionalizing and optimizing the new scorecard.



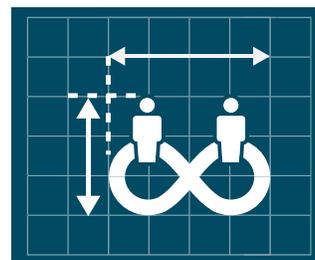
According to Forrester, two-thirds of CMOs are accountable for customer experience at their organization. Another study indicated that 86% of B2B senior-level marketers say it is absolutely critical to create a cohesive customer journey.

The Role of Marketing Operations in the Customer Engagement Economy

The basic goal for a marketing operations group is to improve the efficiency and effectiveness of marketing in terms of people, process, technology and data in order to achieve stated marketing goals. When marketing's stated goals are funnel-centric, the role of MO is restricted to a small part of the entire customer journey. As marketing leads the pivot to customer centricity, MO plays a key role in operationalizing the strategy. The MO team has the right skill set that includes technical skills, analytical skills, process skills and project management skills. They also have one other skill set key to operationalizing the customer journey across the company – the skill of consulting. Great MO groups act like consultants, meaning they know how to listen to all the relevant parties and work to create collaboration towards an end result. In many ways, the MO group acts like Switzerland. The pivot to customer centricity is a team sport and even though marketing often leads the efforts, it is the MO group that makes it happen.

TPG ONE as a Blueprint for Change and Action

TPG ONE represents the next evolution in B2B marketing and is the right response to the problems presented by the customer engagement economy. It represents a radical and necessary departure from the old school, no longer sufficient, funnel-centric world of marketing. Beyond a model, TPG ONE represents a new way to compete and win based on the strength of a customer relationship. The model also has practical benefits as it serves as a blueprint for change and action. In other words, TPG ONE is a blueprint for how you operationalize the customer journey and customer engagement across your company. Benefits in using the TPG ONE model include:



<p>Redefining the culture</p>	<ul style="list-style-type: none"> ▪ Defining the new problem/opportunity ▪ Reinventing the role of marketing ▪ Redesigning the company business model to be customer-centric ▪ Creating one holistic customer journey - from customer and company perspective
<p>Defining the below the line activities for each customer-facing group in your company</p>	<ul style="list-style-type: none"> ▪ Re-engineering core processes ▪ Defining tech and data requirements ▪ Creating marketing's new scorecard ▪ Constructing the company's new scorecard ▪ Deciding where and how to invest in customer engagement
<p>Defining the above the line customer activities</p>	<ul style="list-style-type: none"> ▪ Creating one holistic customer journey – from the customer perspective ▪ Building a synergistic customer experience across all parts of the company

Conclusion

TPG ONE is much more than a way to map a customer journey. It is a blueprint for change as marketing leads the pivot away from product centricity and towards customer centricity. It takes a lot of work to fully implement, and it is a true team sport. You will find yourself working with every customer-facing part of your company during this initiative. Marketing's leadership on this critical initiative has the potential to finally catapult marketing to a position of strategic influence in the B2B firm. It's time to redefine your role in the customer engagement economy.

The Pedowitz Group wrote the book, and is the undisputed thought leader on Revenue Marketing™. As your partner, The Pedowitz Group (TPG) helps you operationalize business accountability, digital transformation and the customer experience through marketing operations. We believe that Marketing is the driver of customer engagement that fuels the revenue engine. The Pedowitz Group customers have won over 50 national awards for their Revenue Marketing excellence. To discover how we can help your organization become successful Revenue Marketers™, visit pedowitzgroup.com, or call us at 855-REV-MKTG or visit Revenue Marketer Blog.*

