

SPREADING THE WORD

Internet access allows your customers to share their opinions about your company with millions of others. So, those who make clever use of the internet stand to benefit from the rise in customer-led marketing

Not so long ago, its products dictated a company's marketing strategy. To illustrate, the Green and Blue Widget Company would have marketed its widgets to customers in the hope they'd buy them. Then, in the 1970s, a revolution occurred. Somebody decided to make products the customer wanted. The Green and Blue Widget Company would probably have diversified into yellow widgets, based on market research showing there was a demand for them among its customers.

Over the years this customer-oriented approach has been refined and, thanks to enabling technologies such as the internet and broadband, has resulted in a trend that is swiftly gaining ground – customer-led marketing.

But what is customer-led marketing? In a broad sense it's a guiding philosophy, whereby

a 'known customer' is placed at the heart of every decision a company takes. The principle of a known customer is crucial, as Chris Lindsay, general manager Broadband, VoIP and Software Services Propositions, BT Business, explains: 'By this we mean a type of customer you regard as valued. The key to customer-led marketing is deciding who this type of customer is, then focusing all your activity around them.'

CONSUMER INFLUENCE ON BUSINESS GROWTH

The main concern of customer-led marketing is focused around what your valued customer has to say about your company and, more importantly, what your valued customer has to say to potential customers about your company.

Dr Paul Marsden, who recently left Enterprise LSE, the commercial arm of the London School

of Economics, to join marketing consultancy Brand Genetics, underlines this point when he says, 'It's a concept that focuses on achieving increased growth by putting the voice of your customer at the centre of business decisions.'

'It's all about how likely your customer is to recommend you to a friend; that's the acid test – everything has to improve recommendability.'

But there is more to understanding the influence of this form of marketing than just recommendation, be that word-of-mouth advocacy or viral marketing (where customers are encouraged to pass on a company's ads to colleagues, friends and family). You need to take into account those dissatisfied customer voices.

'One way to measure "recommendability" is through the Net Promoter Score (NPS),' says Marsden. It's the 'one number you need

to grow', according to the Harvard Business Review. Marsden explains, 'At the LSE we wanted to find out what factor most influenced business growth with a view to developing a metric to measure it. We tested everything from innovation to loyalty and CRM but none of them correlated to performance. When NPS and the idea of recommendability first came to our attention we initially set out to falsify the "magic number", but we ended up validating it.'

To calculate your NPS take the percentage of 'promoters' (customers who are highly likely to recommend your company or its products), and subtract the percentage of detractors (those who are less likely to recommend). The resulting figure, which is linked to growth, can be used to gauge performance, establish accountability and prioritise investment.

THE INFLUENCE OF SOCIAL NETWORKS

So how do you find out what your customers are saying? The solution lies in the social networks available through the internet which are made even easier to access with the speeds increasingly available with broadband.

Internet-based social networking, conducted through formal websites, began in 1995 with Classmates.com. Now, 11 years on, we've seen News Corporation pay over £300 million for Myspace.com, ITV buy Friends Reunited for £120 million, and the likes of Yahoo

and Google clamour to launch offerings into the market. There are also 60 million blogs on the internet, each with the capacity for interactive commentary, plus various internet-based forums devised to provide commentary on specific market sectors, such as the restaurant review forum Toptable.co.uk.

The might of these networks is reflected in the findings of Forrester Research which showed 13 per cent of internet users belong to a social network. Comments about a product, posted online, influence the purchasing

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Dan Wilson, community manager, BT Tradespace

decisions of around a third of online shoppers.

What started as an organic phenomenon has since been harnessed by marketers in the service of customer-led marketing. Witness the online communities established by the likes of IKEA (Positivefanatics.com), and Pedigree (Mydogblog.co.uk), as well as private forums established by, for example, Philips and T-Mobile. Or the success of Tremor.com, a teenage community where members can, for example, listen to new music, help design a video game or sign

up for a free sample of deodorant. In exchange, the website harvests member views and feeds them back to the businesses behind the products.

HARNESSING THE POWER OF THE INTERNET

Marketers have also tapped into the viral marketing phenomenon, sometimes to great effect. The oft-sited Diet Coke and Mentos video is an example of a genuinely customer-led viral incident where the 'geyser' effect of combining Diet Coke with Mentos was used to create a

fountain display. The spectacular result was promoted on the video site Epybird.com.

Companies such as Starbucks, Agent Provocateur and Burger King have all used viral marketing to good effect while the marketers behind the American Express interactive billboard campaign came unstuck when, posing as consumers, they tried to generate interest via a series of blogs. An astute blogger investigated the email address of one of the marketers and uncovered his association with the agency behind the campaign. For months, entering

the agency's name and 'American Express' into Google would reveal damning criticism.

Marsden says: 'Another related danger of customer-led marketing is allowing customers to make your ads.' He cites the example of Carlsberg which, during the 2006 World Cup, generated an image of 11 women in wet football shirts, lining up for kick-off. The image could be edited and passed around, but the campaign seriously backfired when someone added very uncomplimentary remarks on the taste of the beer.

Despite the dangers, clever use of the internet still drives customer-led marketing. Dan Wilson, community manager, BT Tradespace, says: 'The central concept is the fact that business is about conversations. As the internet has given consumers a greater voice, marketing has become a two-way street. The conversation around a transaction is what makes it special, and by engaging your customers, you stand a greater chance of ensuring their return.'

'It's the engaged customers who do the marketing for you. They'll send people to your website, sing your praises and take the conversation that you started far beyond people you thought you could ever reach. For that to happen, you have to start the conversation.'

CONVERSING WITH YOUR CUSTOMERS

Wilson makes the point that small to medium-sized enterprises (SMEs) are particularly well placed to initiate conversations, and BT's Lindsay agrees. 'SMEs have the best opportunity to be customer-led because they are generally closer to their customers in the first place.'

'If you have 100 customers in the value chain, chances are you'll know their names, addresses and what they eat for breakfast because you rub up against them all the time.'

And, as Marsden points out, there are other benefits for small companies too. 'It's such a simple idea; you don't need to hire a firm of expensive consultants. It's a fast, cheap and effective way of building marketing campaigns and gaining insight into how to boost sales.' ■

> 8 golden rules for customer-led campaigns

1 INCREASE YOUR RECOMMENDABILITY – with authority – 'as used by expert'; likability – 'as used by celebrity'; majority – 'the most popular'; scarcity – 'limited edition/offer'; reciprocity – 'helping you to do what you do'; consistency – 'for people who do what you do'

2 EMPHASISE PRODUCT SAMPLING – a tool that directly drives recommendability

3 VIRALISE ADS I – post your ads online, in a pass-along format, once they've met the FUSE test – Fun, Unexpected, Sexy or Exciting

4 VIRALISE ADS II – in order to create infectious communications that trigger the word-of-mouth effect, use repeat exposure; 'how-to' information; graphic imagery; sensationalist language

5 DIGITALISE YOUR PR – add bloggers, webzine editors and forum moderators to your PR list

6 LISTEN – add a questionnaire to your DM campaign; you'll increase recommendability by showing you're a 'listening brand'

7 CO-CREATE – get users and prospects involved in producing promotional material; creates loyalty/recommendability

8 MEASURE remarkability and impact on recommendability – assemble a pre-test group and, prior to seeing the ad, ask half about their propensity to recommend. Ask the other half post seeing the ad. If the ad is good it will increase propensity to recommend. For remarkability, ask the whole pre-test group how remarkable they think the ad is on a scale of 0-10. Run with ads only when they score seven-plus.

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How to get your business online

TECHNOLOGY IS KEY to the success of customer-led marketing; as a facilitator, and because it's the technologically savvy who are most likely to recommend you. Here's how BT can help your campaign.

GET CONNECTED: BT Business Total Broadband's basic package includes a VoIP line, email, 50MB web space, anti-virus and firewall, download speeds of 8Mbps (subject to availability)¹ and a website creator tool. More on page 4.

CREATE A WEBSITE: BT's Web Hosting services offer a choice of service from simple "drag and drop" creation tools to fully customisable high specification websites. All benefit from BT's reliable and secure hosting services².

OWN AN ONLINE SHOP: BT's eShop package allows you to make the most of booming online sales by helping you create and update an online shop³.

PROTECT YOUR BUSINESS: BT's Internet Security Pack offers a range of software protection tools including a firewall, anti-virus software, anti-spyware, pop-up blocker, anti-phishing and content filter⁴.

INTERACT WITH CUSTOMERS: BT Tradespace enables any business to set up a unique website in minutes and start blogging, rating and plugging into the Tradespace community of businesses and consumers⁵. See bttradespace.com.

GET YOUR WEBSITE NOTICED: Advertise your business on the UK's leading search engines including Google and Yahoo from £20 per month. BT Web Clicks guarantees a fixed number of leads to your website which is covered by our Guarantee⁶ to refund the difference on any clicks missed.

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