

FLIP THE FUNNEL

How to Use Existing Customers to Gain New Ones

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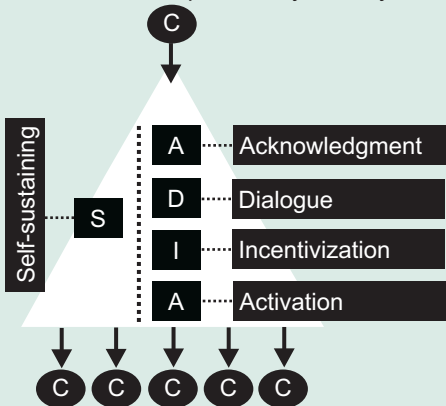
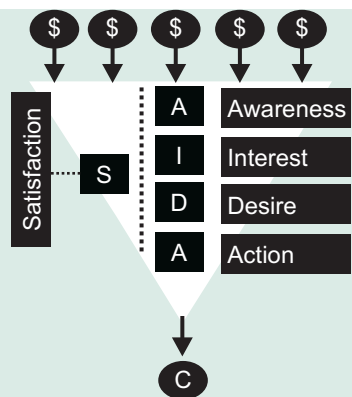
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MAIN IDEA

The conventional view of advertising and marketing is you have to spend money to acquire new customers. With that in mind, businesses worldwide spend billions on acquiring new customers using the traditional sales funnel – advertise widely to create Awareness and then follow up with those that show interest to hopefully stoke their Desire for what’s on offer. Then, when the time is right, you make them an irresistible offer to get them to take Action and buy. Money goes in one end of the funnel and Satisfied customers hopefully come out the other end.

What about if you were to flip that funnel over? What would be the result if instead of spending all that money trying to acquire new customers, you instead spent that same money on making the customers you already have happier by providing them with a superior customer experience? Could you focus so intensively and pervasively on customer retention that it in fact grows to become the main process by which you also achieve new customer acquisition?



A flipped funnel would look something like this. In place of the conventional Awareness-Interest-Desire-Action dynamic, you would instead be concentrating on:

- Providing acknowledgment of your customers in meaningful ways.
- Establishing an ongoing and vibrant dialogue with your customers.
- Incentivizing your existing customers to tell their friends.
- Activating the collective potential of crowds who notice happy customers.
- Making this whole process regenerating and therefore self-sustaining.

The fundamental difference is the flipped funnel is an inside-out approach to growing your business. You spend money on making the customers you now have so happy they refer you to others. This is a 180-degree shift from the normal outside-in approach which focuses on bringing progressively more and more new customers into your business all the time.

“This is all about growing your business while shrinking your budget; about getting more from less at a time when business needs and even demands it. It’s about eliminating waste and focusing dollars on the people who really matter: your customers. It’s about harnessing the hidden potential of two incredibly underutilized constituencies: customer evangelists and employees. We begin with the end in mind: an economic boom in the form of more business. During trying times, our opportunity does not come from cutting costs, mitigating risk, or trading off quality (experience) for quantity (transactions). It instead comes from ramping up our investment and commitment. So why don’t you listen more, respond more, learn more and do more – using a new CUSTOMER-behavior and activation model called the Flipped Funnel.”

– Joseph Jaffe

1. The current state of marketing. Pages 2 - 3

The traditional marketing funnel is now seriously out of whack – it doesn’t work effectively any more. Why? People aren’t as predictable as most marketers claim. It makes no sense spending millions to create awareness and then much lower amounts of money to progress qualified prospective buyers but that’s what happens all the time. The funnel model was an oversimplification which has passed its use-by date. It’s time to get back to basics and take a clean sheet approach to the best way to acquire and then retain new customers.

2. Marketing as it should be and could be. Pages 4 - 6

Instead of spending the bulk of your resources on new customer acquisition, invest lavishly in bulking up customer retention. Do everything you can to enhance the magic which made people buy from you in the past. Deliver an amazing and remarkable customer experience. Send the clear and unmistakable message to customers you’re interested in keeping their business forever by not only delivering but also hopefully exceeding what they have been promised. When customers realize they are in the driving seat, not only will they feel more loyal. They will become more enthusiastic about making repeat purchases themselves and they will also tell others about the great experience they are enjoying. This is not just word-of-mouth on steroids. Flipping the funnel is about using customer relationships to grow your business.

3. How to get there Pages 6 - 8

Once you accept the fact it’s smart business to treat your customers better, the question becomes how do you make more of the right stuff happen? In simple terms, people are already talking about you whether you know it or not. It’s time to arm them with platforms, megaphones and amplifiers. Give your customers a voice and the tools they need to use it. If you do this, you grow your company base from the inside out. It all comes down to creating a great experience for your customers and then encouraging them to talk about it openly and candidly with others.

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