

# Customer Marketing:

Improving Customer Satisfaction & Revenue Impact

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# INTRODUCTION

**The view most organizations have of revenue generation is pretty straightforward: generate leads, qualify them, pass them on to the sales team who then closes deals with new customers.** While there are lots of intricacies and moving parts in that short process description, it is a critical process for most organizations, one that is the recipient of heavy investment and constant scrutiny. The value and importance of keeping leads flowing through the funnel is high.

What sometimes gets lost in the shuffle is the revenue generated from current customers. **Customer Marketing – pursuing revenue from existing customers – is often a backwater in many companies. It is done if and when there is time leftover from new customer acquisition activities.**

The perceived value of hunting for new customers often exceeds the value of farming the existing customer base. Any firm's customer base is an asset, but often an underutilized one. With some intentional care and nurturing, the yield from the farm can increase substantially. **This “farming” of the customer base is called Customer Marketing, and it involves cross selling, upselling and building better relationships with established customers. Far from being a backwater, it is a proven contributor to revenue growth.**

Customer Marketing as a strategy makes a lot of sense for many reasons. Firms that have the right systems in place and manage the customer experience well will have great insights into the wants, needs and preferences of their existing customers. It's likely that something about their satisfaction level is known. Perhaps most importantly, customers have experience doing business with the firm, and most of the time some level of trust and credibility comes with that. **In short, current customers can represent low-hanging fruit from a revenue perspective. But modern marketers can't just wait for that fruit to fall into the organization's revenue basket. A Customer Marketing strategy helps maximize the harvest from current customers.**



# INTRODUCTION

**In a study sponsored by Influitive, Demand Metric conducted a survey to explore the resources and investment organizations are making in Customer Marketing.** The goal of this study was to understand the staffing, resources, activities, measurements and effectiveness of Customer Marketing as it exists today. With these insights, Demand Metric can provide benchmark data to help modern marketing organizations do a better job with Customer Marketing.



# EXECUTIVE SUMMARY

A vast majority of this study's participants were in marketing roles in B2B organizations that reported revenue growth in the most recently completed fiscal year. Study data was collected from participants that acknowledged having some form of Customer Marketing, either formally or informally.

The analysis of this study's data provides these key findings:

- **Over 90% of organizations in this study have some sort of Customer Marketing efforts or function, and 53% of them report getting moderate to significant revenue as a result.**
- **Large companies (72%) are much more likely to report moderate to significant Customer Marketing revenue** than medium (45%) or small companies (52%).
- **Organizations reporting better revenue results from Customer Marketing are doing different things.** Those that emphasize customer satisfaction programs, customer referral programs and renewal campaigns – the three least frequently used activities by the full survey sample – are realizing a greater revenue impact from these Customer Marketing activities.
- **85% of study participants are using some sort of metrics to track their Customer Marketing efforts.** The metrics most associated with moderate to significant revenue impact from Customer Marketing are “Renewal rate or churn” and “Customer influenced revenue via referrals or references.”



# EXECUTIVE SUMMARY

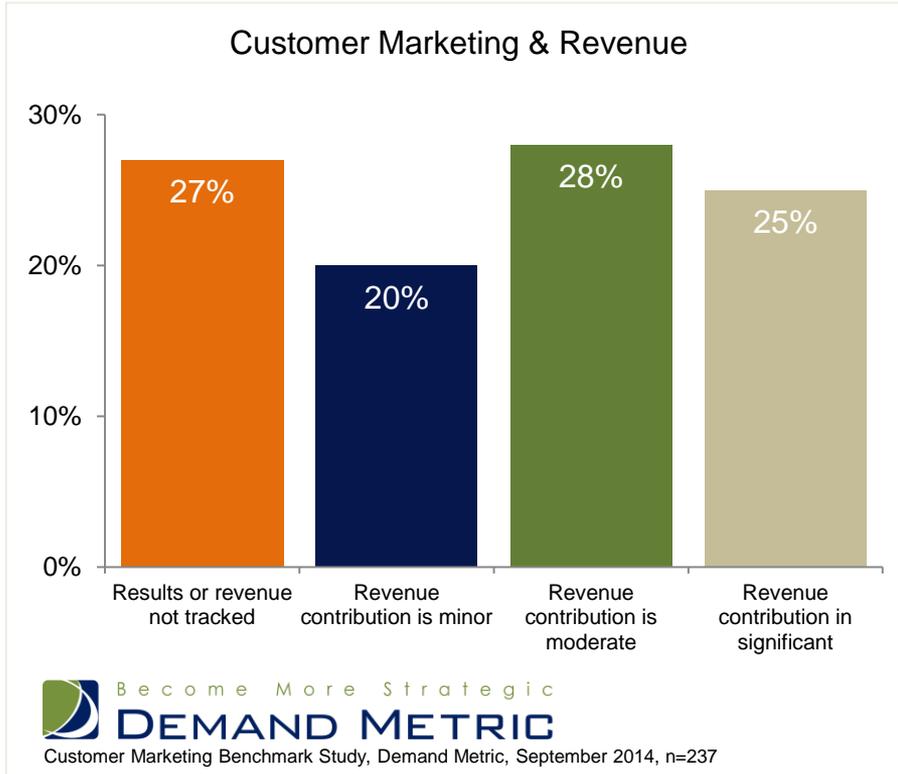
- **Almost every organization in this study affirmed the importance of Customer Marketing as a strategy for achieving revenue goals, but just half were satisfied or very satisfied with the results of current efforts.** It is far more likely that large companies are satisfied with their Customer Marketing efforts than medium or small companies.
- For companies that are experiencing moderate to significant revenue impact from Customer Marketing, the top skills they identify as most critical to success in this area are: **relationship skills, communication skills and Digital Marketing skills.**
- **Customer Marketing is expected to grow in importance in the next year for 84% of the organizations in this study.** Furthermore, 69% of all organizations contributing to this study plan to increase their investment in Customer Marketing staff, budget or other resources.
- **There is a strong relationship between Customer Marketing success and customer satisfaction.** Organizations experiencing moderate to significant revenue impact from Customer Marketing are almost twice as likely to report customer satisfaction at the highest level, and less than half as likely to report neutral or dissatisfied customers.

This report details the results and insights from the analysis of the study data. For more detail on the survey participants, please refer to the Appendix.



# THE STATUS OF CUSTOMER MARKETING

**Figure 1:** For 53% of study participants, the revenue resulting from Customer Marketing is moderate to significant.



It's true to say that almost everyone is practicing some form of Customer Marketing. **Just 8% of the organizations that participated in this study's survey indicated they had no Customer Marketing initiatives.**

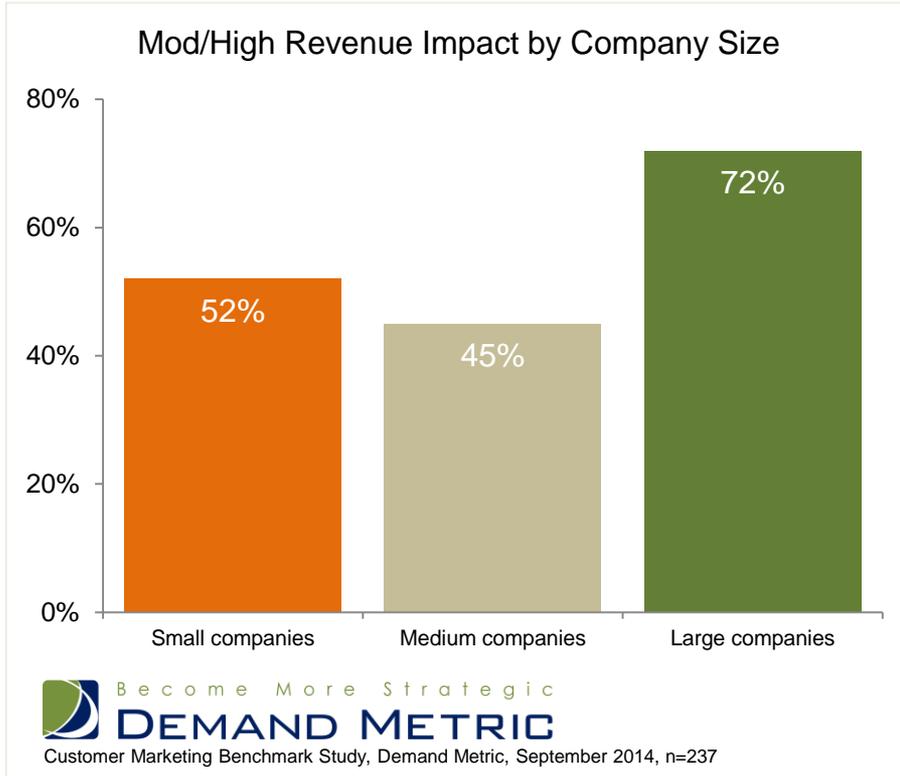
The remaining 92% that do have some form of Customer Marketing were asked to characterize its state. *Figure 1* summarizes the current status of Customer Marketing.

**Most organizations are engaging in some form of Customer Marketing, and the results they are getting are evenly varied across of spectrum of no revenue or measurements to significant revenue contribution.**



# THE STATUS OF CUSTOMER MARKETING

*Figure 2: Large companies lead in generating revenue from Customer Marketing.*



The data depicted in *Figure 1* serves as a useful filter through which to analyze the results of this study. The responses compiled for *Figure 1* were put into two groups:

- **No/low revenue impact:** includes all participants that selected “Customer Marketing results or revenue isn’t tracked” and “Revenue contribution is minor”
- **Moderate/high revenue impact:** includes all participants that selected “Revenue contribution is moderate” and “Revenue contribution is significant”

**Using the “Moderate/high revenue impact” group we can determine if there is a relationship between company size and revenue results from Customer Marketing.** Company size was determined using revenue data from the survey, where small companies are those producing \$25 million or less in annual revenue, medium companies are producing from \$26 million to \$500 million annually, and large companies over \$500 million annually. *Figure 2* shows the result of this comparison.



# THE STATUS OF CUSTOMER MARKETING

**By a substantial margin, large companies are more likely to report a moderate to significant impact on revenue than their medium and small company counterparts.** It might seem logical to attribute this difference to the fact that large companies are more likely to have larger customer bases, and larger customer bases translate into more Customer Marketing revenue opportunity.

However, further analysis of this status data represented in *Figure 1* reveals that there is no relationship between customer base size and status. **Large companies perceive that Customer Marketing is more important and therefore place a greater emphasis on it.**

Headcount is always a good indicator of commitment to an initiative. When it comes to Customer Marketing, the headcount allocation is proportional to company size. **Half of the large companies in this study have 10 or more people responsible for Customer Marketing, compared to just 2% for small companies and seven percent for medium-sized companies.**

**Regarding management of Customer Marketing, for half the companies in this study, the responsibility falls to the CMO, VP or Head of Marketing; and this association did not change regardless of company size.** The second most likely owner of Customer Marketing in small and medium companies is the Customer Success Manager or team, while in large companies it is the Demand Generation Manager or team.



# CUSTOMER MARKETING ACTIVITIES

**Figure 3:** Customer and/or user group events are the top Customer Marketing activity.



*With the status of Customer Marketing established, what activities form the basis of Customer Marketing?*

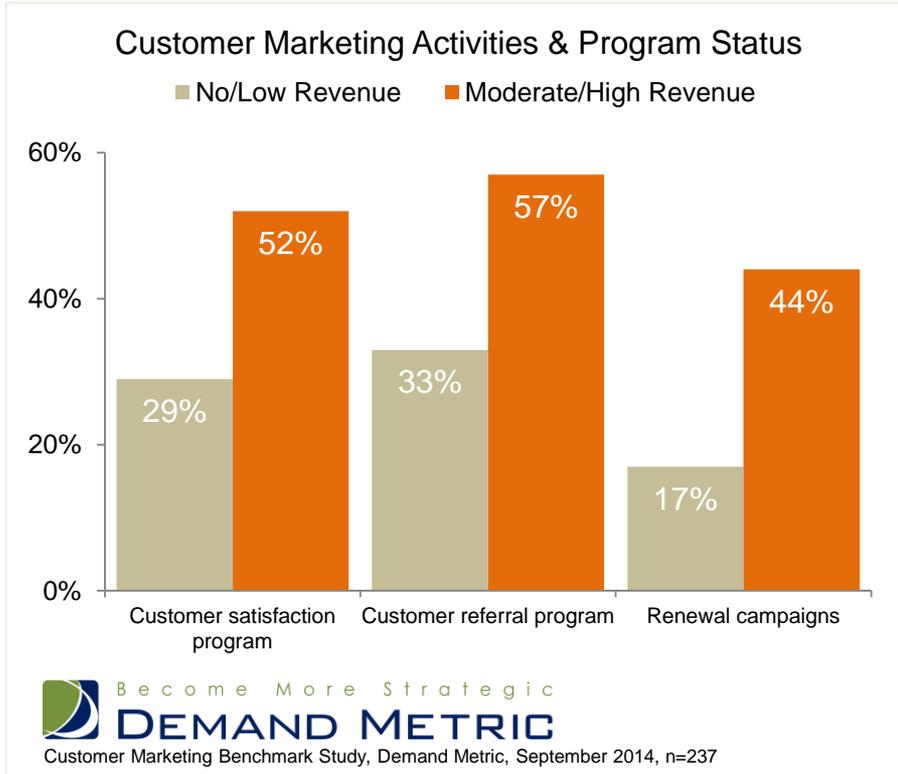
It's important to understand what Customer Marketers are doing, and to understand the relationship between activities and success. The survey presented participants with a range of possible activities and asked them to select any for which their Customer Marketing staff had responsibility. The results of this activity query are summarized in *Figure 3*.

While it's informative to see the frequency of Customer Marketing activities in which the full survey sample engages, what's more useful is to understand which activities are related to better performance. These activities were analyzed using the "Status" variable reported in *Figure 1*. **This analysis detected three noteworthy differences in the Customer Marketing activities pursued by survey participants in the no/low revenue status group compared to the moderate/high revenue status group.** These differences are depicted in *Figure 4*, on the next page.



# CUSTOMER MARKETING ACTIVITIES

**Figure 4:** Study participants that report a greater revenue impact of Customer Marketing are emphasizing certain activities more than those reporting no/low revenue impact.



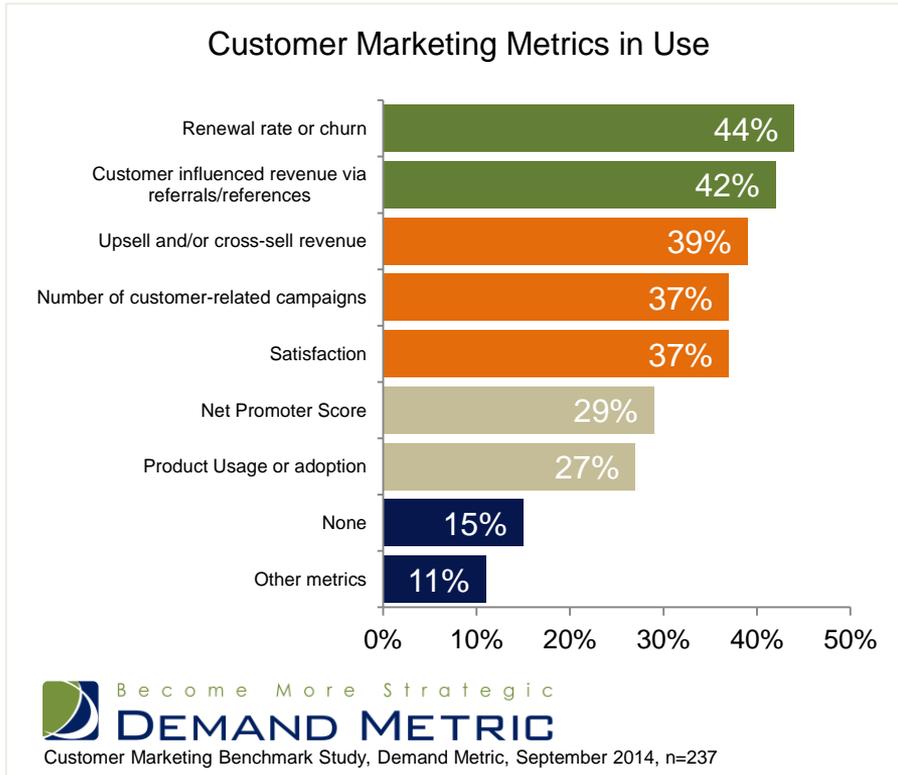
When comparing these Customer Marketing activities with the high and low revenue groups from *Figure 1*, the difference between adoption rates for most of these activities was negligible. However, there were significant differences for the three activities depicted in *Figure 4*, and they have a strong relationship to the revenue status of Customer Marketing efforts. **The greater the emphasis on customer satisfaction programs, customer referral programs and renewal campaigns, the more likely it is that Customer Marketing is having a moderate to significant impact on revenue.**

This relationship between activities and the performance of Customer Marketing should force some realizations about where Customer Marketing teams should focus their efforts. Comparing the activities data in *Figure 3* with the activities data in *Figure 4* shows that the highest revenue impact activities are among the three lowest ranking in terms of adoption. **To realize better performance from Customer Marketing, many organizations need to create a customer advocacy program built around the activities identified in *Figure 4*.**



# CUSTOMER MARKETING METRICS

**Figure 5:** No single metric dominates the effectiveness measurement of Customer Marketing.



Measuring anything that marketing does is important, and Customer Marketing activities and results are no exception. **This study first sought to understand the perception of the ideal metrics for tracking Customer Marketing effectiveness, which metrics are actually in use and compare the differences, if any.**

Listed by importance, survey participants were asked to rank the following metrics:

1. Upsell and/or cross-sell revenue
2. Renewal rate or churn
3. Customer influenced revenue via referrals or references
4. Satisfaction
5. Product usage or adoption
6. Number of customer-related campaigns (e.g. email, newsletters)
7. Net Promoter Score (NPS)

**Figure 5 now presents a summary of the Customer Marketing metrics study participants say they are currently using.**



# CUSTOMER MARKETING METRICS

To more easily see the differences between how study participants rank what they feel are the most important metrics and which ones they're actually using, refer to *Figure 6*, below.

**Figure 6:** Some differences exist between what study participants say are the ideal metrics and which ones they are actually using.

Customer Marketing Effectiveness Metrics	Should Use Rank	Are Using Rank
Upsell or cross-sell revenue	1	3
Renewal rate or churn	2	1
Customer influenced revenue via referrals or references	3	2
Satisfaction	4	4
Product usage or adoption	5	7
Number of customer-related campaigns	6	4
Net Promoter Score	7	6

**Some useful findings come from this comparison, the first of which is the metric identified as most important – upsell or cross-sell revenue – ranks third in actual usage.** The most important metric should probably also be the most frequently used. It's clearly not for some companies in this study, and the reason is probably due to the difficulty of accurately tracking upsell or cross-sell revenue.

# CUSTOMER MARKETING METRICS

The use of “number of customer-related campaigns” as a metric provides further insight into the measurement of Customer Marketing effectiveness. This metric is relatively easy to determine, as it involves simply counting the number of campaigns marketing has executed. However, it is probably a vanity metric, one that makes marketing feel good about how much work it is getting done, without providing an indicator of the true value these campaigns are creating. **This metric’s low importance ranking seems to reflect this understanding that it doesn’t provide a good indicator of effectiveness. Yet, it tied with “satisfaction” in terms of actual usage.**

A final observation about metrics comes from analyzing the metrics in use through the “Status” variable reported in *Figure 1*. There are two metrics associated with moderate to significant revenue impact:

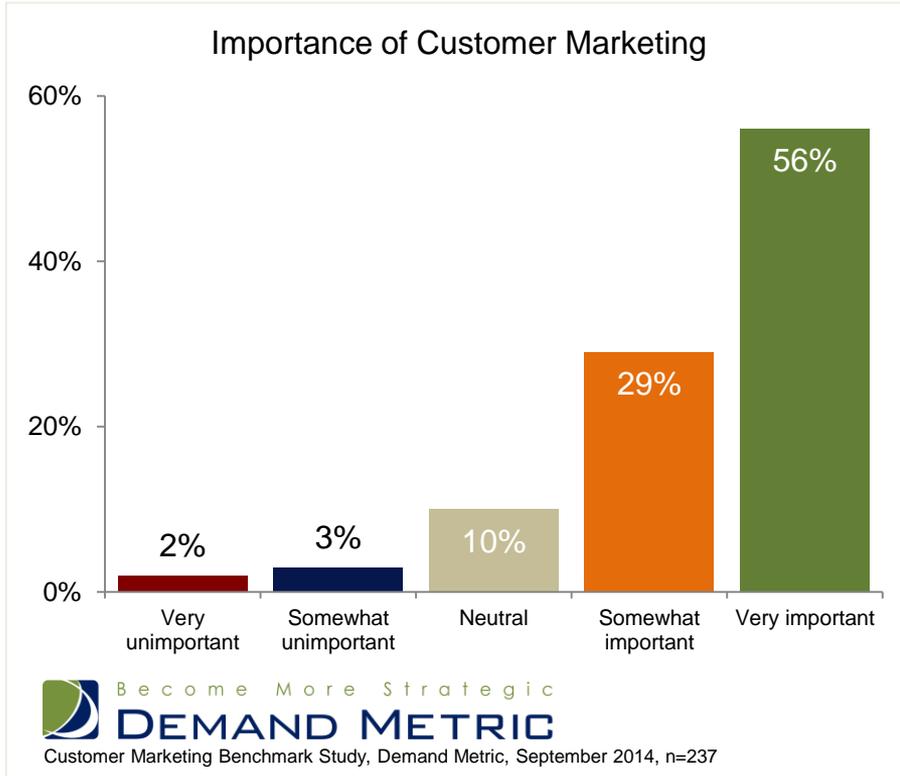
- **Renewal rate or churn:** The higher revenue impact group uses this metric in 59% of cases, compared to just 27% for the lower revenue impact group.
- **Customer influenced revenue via referrals or references:** The higher revenue impact group uses this metric in 53% of cases, compared to just 30% for the lower revenue impact group.

**When either of these metrics were in use by an organization, it was more likely for their Customer Marketing activities to have a higher revenue impact.**



# IMPORTANCE & SATISFACTION

**Figure 7:** 85% of study participants rate Customer Marketing as somewhat or very important as a strategy for achieving revenue goals.



This study has examined the revenue impact status of Customer Marketing, its activities and how it is measured. *From a strategic perspective, how important are Customer Marketing initiatives to the organizations that have them? Furthermore, how satisfied are those organizations with the results of their Customer Marketing efforts? Figure 7 provides the detail to the question of importance.*

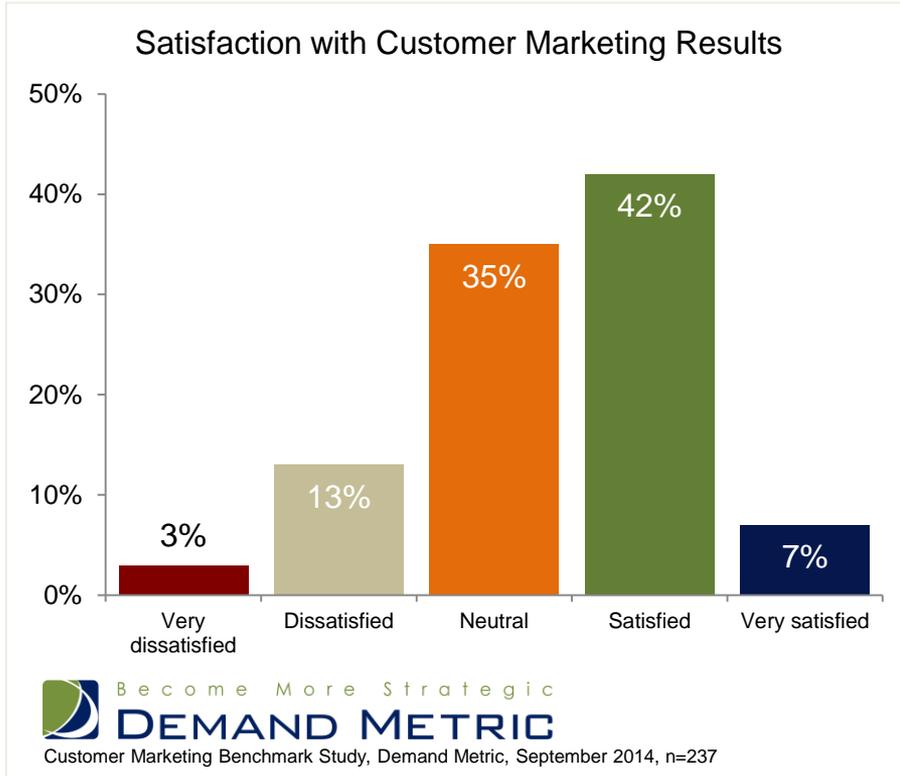
77% of the study participants in the no/low revenue impact group (*Figure 1*) rated Customer Marketing as somewhat or very important. For comparison, 93% of the moderate/high revenue impact group rated it at this same level of importance. **Regardless of how well Customer Marketing activities are working to generate revenue, there's almost universal acceptance that it is strategically important.**

**Company size, as measured by annual sales, seems to predict how important Customer Marketing is.** Large (66%) and medium-sized (64%) companies were more likely to rate Customer Marketing as “very important” than were small companies (50%).



# IMPORTANCE & SATISFACTION

*Figure 8: Satisfaction with Customer Marketing is almost evenly split.*



It's one thing to recognize the strategic importance of Customer Marketing, and quite another to have satisfaction with the results of Customer Marketing efforts.

*Figure 8* summarizes how satisfied study participants said they were with the results of current efforts.

**Almost half of study participants indicated they were satisfied or very satisfied with the results of their Customer Marketing efforts, while the other half rated their satisfaction as neutral or below.**

While most study participants agree with the importance of Customer Marketing, there is clearly room for improvement in how it performs.



# IMPORTANCE & SATISFACTION

The satisfaction data from *Figure 8* represents a scale from 1 to 5 where 1 = very dissatisfied and 5 = very satisfied. **Using this scale and analyzing the data by company size, as measured by annual sales, *Figure 9* reveals higher satisfaction with Customer Marketing results for large companies.**

*Figure 9: Large companies are more satisfied with Customer marketing results.*

Company Size	Satisfaction (1 = Very Dissatisfied; 5 = Very Satisfied)
Small (sales of less than \$25 million annually)	3.0
Medium (sales from \$26 to \$500 million annually)	3.0
Large (sales from \$501 million to over \$1 billion)	3.8

The conclusion one might draw from this comparison of satisfaction by company size is that large companies, with presumably greater resources, are more satisfied with their Customer Marketing results because they have more resources and staff devoted to getting them. As intuitive as this conclusion seems, the data analysis shows there is no relationship between the headcount allocated to Customer Marketing and the satisfaction with the results it is producing. **In other words, more headcount does not produce greater satisfaction. If satisfaction is not linked to people (headcount), then it must be linked to process, the commitment to and discipline of executing the process, and the systems that support it.**



# CUSTOMER MARKETING SKILLS

*Which skills are most important to having success with Customer Marketing?* To determine this, study participants were presented with a list of skills to rank, and the ranking results are summarized below:

1. Relationship building skills
2. Communication skills
3. Customer service skills
4. Digital Marketing skills
5. Creativity
6. Organizational skills
7. Social Media skills
8. Selling skills
9. Event planning skills
10. Other skills

**Each of the listed skills are important; the ranking simply provides a prioritized list of what study participants felt was critical to the success of Customer Marketing.**

There is one noticeable “disconnect” in this data when it is compared to the activities summarized in *Figure 3* for which Customer Marketing has responsibility. **The top ranked activity from *Figure 3* is “Customer events and/or user group events.” However, “Event planning skills” falls near the bottom of the prioritized skills list.** Since events are the most frequently employed Customer Marketing activity, it stands to reason that event planning should rank higher on this skills list.



# CUSTOMER MARKETING SKILLS

Comparing prioritized skills across the two Customer Marketing revenue impact groups defined using the data in *Figure 1* reveals some slight differences in the rankings. This comparison is summarized in *Figure 10*, below.

**Figure 10:** Some variation exists in how these groups ranks critical Customer Marketing skills.

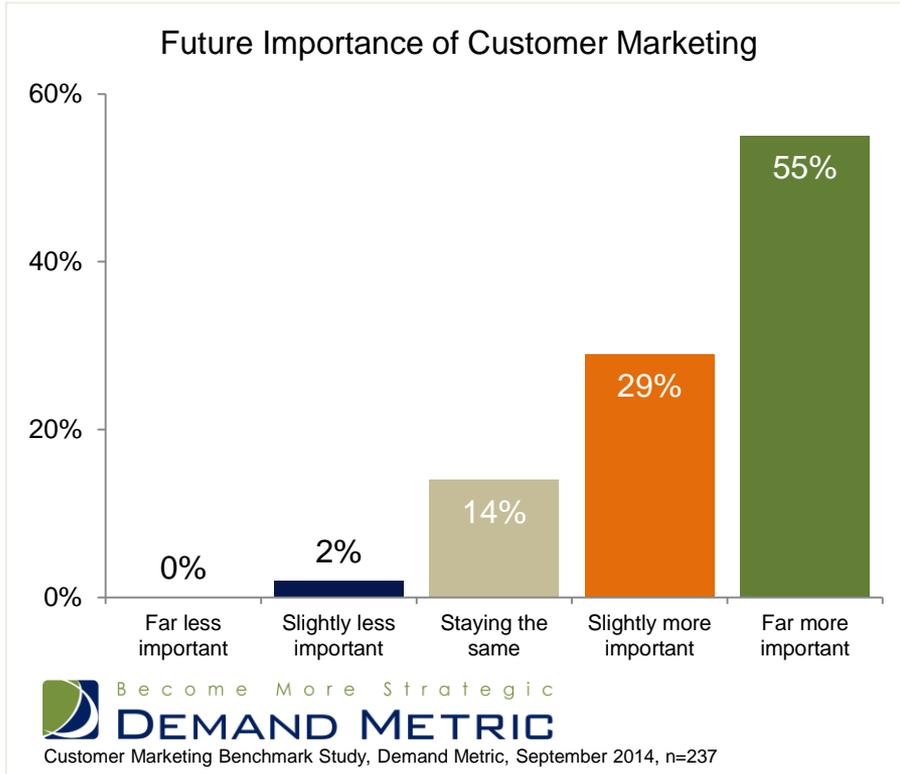
Skills Critical to Customer Marketing Success	No/Low Rev. Impact Skills Rank	Mod/High Rev. Impact Skills Rank
Communication skills	1	2
Relationship skills	2	1
Customer service skills	3	4
Creativity	4	5
Digital Marketing skills	5	3

**Comparing the skills ranking across the two revenue impact groups shows that the same, top five skills set is in view by both groups, but the prioritization is slightly different.** Given the better performance of Customer Marketing for the moderate/high revenue impact group, it's hard to argue that this group has it wrong, even if the differences are subtle.



# THE FUTURE OF CUSTOMER MARKETING

Figure 11: Customer Marketing is expected to grow in importance in the next year.



One thing this study has made clear is that Customer Marketing is currently an important strategy for achieving revenue goals. *What is the future perception of importance for this function?*

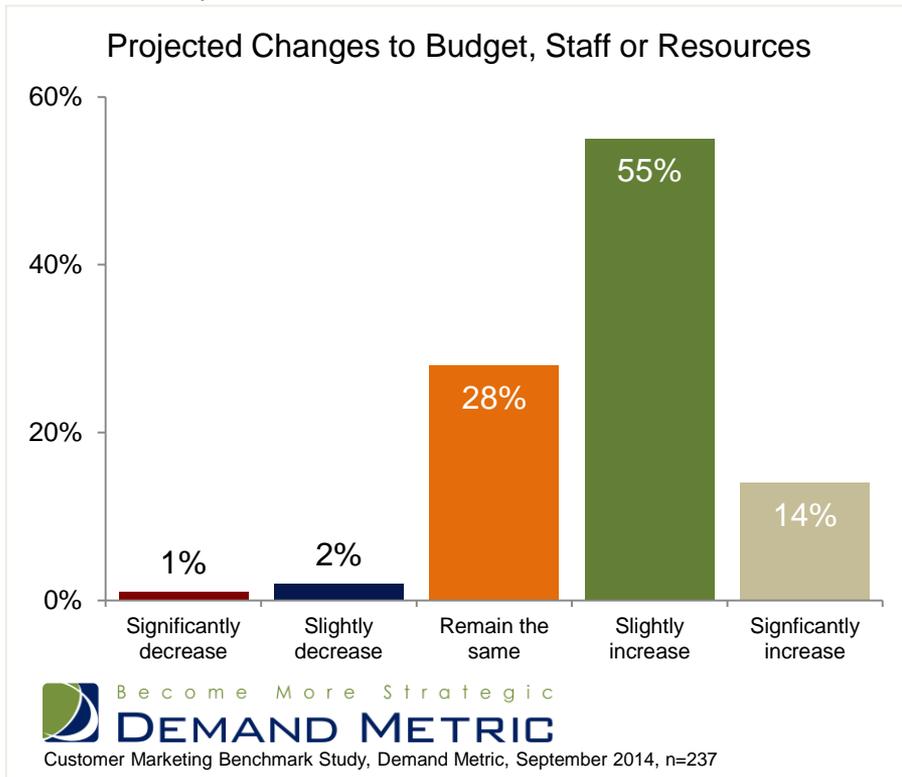
Figure 11 provides this insight.

**Customer Marketing is growing in importance over the next 12 months. The data about changes to budget, staffing or other resources dedicated to Customer Marketing reflect this increasing importance.**



# THE FUTURE OF CUSTOMER MARKETING

**Figure 12:** 69% of study participants plan to increase Customer Marketing budget, staff or other resources in the next year.



Future investment trends projected over the next year are summarized in *Figure 12*.

**During the next year, over two-thirds of participants plan to increase their investment in Customer Marketing by allocating more budget, staff or other resources to their efforts.**

*Will that investment produce a return?*

This study didn't collect the data necessary to measure ROI, but it did collect the data to establish a relationship between the Customer Marketing revenue results depicted in *Figure 1* and customer satisfaction – a critical ingredient to brand loyalty, advocacy and of course revenue. This relationship is depicted in *Figure 13*, on the next page.



# THE FUTURE OF CUSTOMER MARKETING

**Figure 13:** Study participants whose Customer Marketing efforts are producing moderate to significant revenue also report higher levels of customer satisfaction.

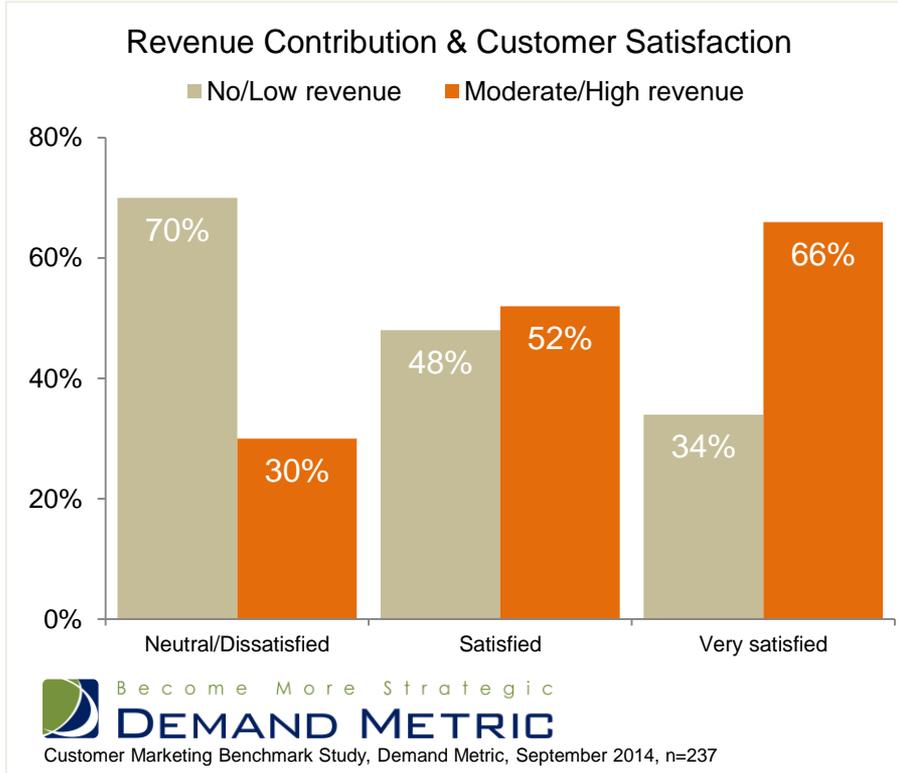


Figure 13 shows the relationship this study discovered between Customer Marketing effectiveness and customer satisfaction.

**The relationship between Customer Marketing revenue and customer satisfaction is strong.** Those companies whose Customer Marketing efforts result in moderate to significant revenue impact are almost twice as likely to report customer satisfaction at the highest level. In contrast, those companies whose Customer Marketing efforts produce no or minor revenue impact are more than twice as likely to report customer satisfaction at neutral or worse.

There are many contributors to achieving high levels of customer satisfaction; Customer Marketing isn't the only piece in the customer satisfaction puzzle. But Customer Marketing is certainly one of those contributors, and the relationship to satisfaction discovered in the analysis of this data is undeniable. **Clearly, effective Customer Marketing efforts and the culture that is responsible for them, can play a key role in producing customer satisfaction.**



# ANALYST BOTTOM LINE

**When executed properly, Customer Marketing utilizes the two biggest assets that most companies have: their customers and their employees.** Employees are the front line for executing a Customer Marketing strategy, and when they are trained with the critical skills and equipped with enabling systems and resources, the revenue impact potential is significant.

**Virtually every organization that participated in this study affirmed the importance of Customer Marketing as a strategy for achieving revenue goals. But slightly under half are satisfied or very satisfied with the results of their current efforts.** There is clearly room for improvement. This benchmark study has identified a number of best practices that organizations should use to get the best results from their Customer Marketing efforts:

- **Focus on the right activities.** The scope of things a Customer Marketing effort could embrace is broad. Anything that customers respond to and favor has value, but there are three activities that this study identified that are linked to greater revenue impact:
  - **Customer Satisfaction Programs:** formal programs to regularly measure satisfaction, understand reasons for dissatisfaction and address them.
  - **Customer Referral Programs:** Implement advocacy programs, systems and measures to stimulate and accelerate the rate at which referrals happen organically.
  - **Renewal Campaigns:** Proactively manage renewals. Do not just assume that renewals will occur without intervention or encouragement.



# ANALYST BOTTOM LINE

- **Measure your efforts.** There are plenty of metrics that marketing could use to measure the effectiveness of Customer Marketing efforts – this study has identified many of them. The right metrics point to real revenue results and are not “vanity” metrics that merely measure work done or campaigns completed. **In this study, the two metrics identified as most related to moderate or significant Customer Marketing revenue impact were “Renewal rate or churn” and “Customer influenced revenue via referrals or references.”**
- **Get the right people on the Customer Marketing bus.** Customer Marketing is not just a set of tasks to execute, such as sending out cross-selling or renewal email blasts to current customers. It is first a culture that values customers and then a process executed by people with the right skills and attitude. **Organizations that are having the most success with Customer Marketing in this study have identified the top skills that are critical to success: Relationship skills, Communication skills and Digital Marketing skills.** When staffing, screen for these skills and provide ongoing training.
- **Get an assist from technology.** Unless an organization has a very small customer base, it is virtually impossible to consistently execute the Customer Marketing processes well without some sort of technology and automation. **The ideal combination of technology includes CRM, Marketing Automation and advocacy/loyalty solutions.** When these solutions are implemented and properly integrated, it's possible to automate many of the core Customer Marketing tasks.
- **The greatest insight from this study also provides the most compelling justification for Customer Marketing: the strong relationship between Customer Marketing and customer satisfaction.** As *Figure 10* dramatically illustrates, organizations that are effectively executing a Customer Marketing strategy are getting big customer satisfaction dividends. For any organization, Customer Marketing is a strategy for optimizing the revenue from current customers. Organizations that are struggling to better understand their customers and forge stronger relationships with them should consider Customer Marketing as one of the best ways to do both.

# ACKNOWLEDGEMENTS

Demand Metric is grateful to Inluitive for sponsoring this benchmarking study and for those participants that took the time to provide their input to it.

Demand Metric acknowledges the advice and assistance of Dr. Tom Brown, Noble Foundation Chair in Marketing Strategy and Professor of Marketing in the Spears School of Business at Oklahoma State University, in facilitating and providing counsel on the analysis of these survey results.



# ABOUT INFLUITIVE

Influitive, the advocate marketing experts, is based in Toronto with offices in Palo Alto and Boston.

Today's buyers are increasingly leveraging their peers' opinions and Influitive helps marketers tap into this force with its innovative AdvocateHub platform and Maven mobile app. By capturing the enthusiasm of their best customers, followers and evangelists, marketers gain direct support for their sales and marketing programs.

From social media reviews and customer referrals to case studies and references, passionate advocates help support all stages of the buying cycle. Influitive's customers include some of most successful and fastest-growing business-to-business software and technology firms in the world.

To learn more about Influitive, visit [www.influitive.com](http://www.influitive.com).



# ABOUT DEMAND METRIC

Demand Metric is a marketing research and advisory firm serving a membership community of over 45,000 marketing professionals and consultants in 75 countries.

Offering consulting methodologies, advisory services, and 500+ premium marketing tools and templates, Demand Metric resources and expertise help the marketing community plan more efficiently and effectively, answer the difficult questions about their work with authority and conviction and complete marketing projects more quickly and with greater confidence, boosting the respect of the marketing team and making it easier to justify resources the team needs to succeed.

To learn more about Demand Metric, please visit: [www.demandmetric.com](http://www.demandmetric.com).



# APPENDIX – SURVEY BACKGROUND

The Customer Marketing Benchmark Study survey was administered online during the period of August 13, 2014 through September 2, 2014. During this period, 326 responses were collected, 237 of which were complete enough for inclusion in the analysis. The data was analyzed using SPSS to ensure the statistical validity of the findings. The representativeness of these results depends on the similarity of the sample to environments in which this survey data is used for comparison or guidance.

Summarized below is the basic categorization data collected about respondents to enable filtering and analysis of the data:

## **Annual Sales:**

- \$10 million or less (39%)
- \$11 to \$25 million (12%)
- \$26 to \$100 million (21%)
- \$101 to \$500 million (12%)
- \$501 million to \$1 billion (3%)
- Over \$1 billion (13%)

## **Type of Organization:**

- Mostly or entirely B2B (77%)
- Mostly or entirely B2C (13%)
- Blend of B2B/B2C (10%)

## **Primary Role of Respondent:**

- President, CEO or Owner (10%)
- Marketing (74%)
- Sales (7%)
- Other (9%)

## **Revenue Growth (Most Recent Fiscal Year):**

- Significant increase (26%)
- Modest increase (53%)
- Flat (11%)
- Modest decline (8%)
- Significant decline (2%)



For more information, visit us at:

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