



# Flipping the Funnel

*Thinking about the Next Step in Marketing* by Seth Godin



## *The Next Step in Marketing*

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By Seth Godin

Seth is the author of more than seven books that have been bestsellers around the world. His books include *Purple Cow* and *All Marketers are Liars*. He was the founder of Yoyodyne, the Net's first direct marketer, and formerly VP Direct Marketing at Yahoo! His new gig is called Squidoo.

In a book called *eMarketing*, which I wrote in 1995, I said something like, “There are only four kinds of people: prospects, customers, loyal customers and former customers.” The book was ahead of its time, and I was wrong.

In a book called *Permission Marketing*, which I wrote in 1998, the subtitle was, “Turning strangers into friends and friends into customers.” My timing was better, the book was a bestseller but I was still wrong. Or at least incomplete.

*Flipping the Funnel* finishes the sentence. Now, I might just be right:

Turn strangers into friends

    Turn friends into customers

        And then... do the most important job:

            Turn your customers into salespeople.

The math is compelling. Most of the people in the world are not your customers. They haven't even heard of you, actually. And while many of these people are not qualified or interested in buying your product, many of them might—if they only knew you existed, if they could only be persuaded that your offering is worth paying for.

But how on Earth are you going to get them to know about you?

We're living in the most cluttered marketplace in history. Whether you are selling steel i-beams, scientific glassware or soccer balls, people are better at ignoring you than ever before. You don't have enough time to get your message out.

Not only that, but you can't afford to interrupt all the people you need to reach. The cost of running an ad that gets seen or an ad that gets clicked on or a billboard that gets remembered is higher than it has ever been. You just don't have enough money to get your message to the people who need to hear it.

And not only *that*, but you don't have enough people. Your salesforce isn't as big as you'd like it to be, and all of your best salespeople are funning flat out—without selling as much as you'd like.

But wait.

You've got an asset that is underused. Your friends and your customers.

I define your "friends" as the prospects you've earned permission to talk with—even though they haven't turned into customers yet. And your customers have crossed the Rubicon from total strangers into interested friends all the way to dedicated users of your product or service.

And there's a bunch of them.

You've certainly got more customers than salespeople (at least I hope so). And your list of permission-based friends probably dramatically exceeds your list of customers.



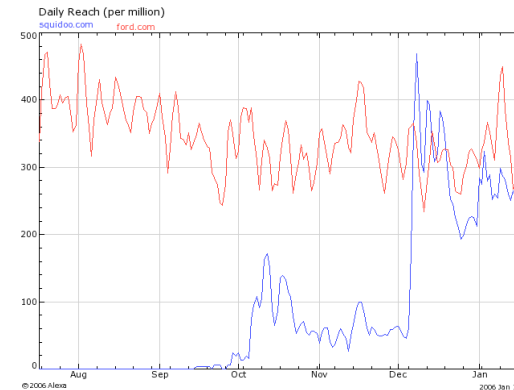
## The Funnel

Marketing is a funnel. You put undifferentiated prospects into the top. Some of them hop out, unimpressed with what you have to offer. Others learn about you and your organization, hear from their peers, compare offerings and eventually come out the bottom, as customers.

If you're like most marketers, you've been spending a lot of time trying to shovel more and more attention into the top of the funnel. After all, if you can expose your idea to enough people, you can afford to buy more attention, to run more ads, to put more people into the top.

As we've seen, though, the amount of time and money you need to keep that funnel filled can explode your budget pretty quickly.

Here's a quick example. The chart at right compares web traffic at Ford.com (which is supported by more than a hundred million dollars worth of advertising every year) with Squidoo.com, a brand new community-driven site. Squidoo is in blue. (click to enlarge).



## Flip the Funnel

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Here's a different idea:



What if we flip the funnel and turn it into a megaphone?

What if you could figure out how to use the Internet to empower the people who like you, who respect you, who have a vested interest in your success? I call your friends and prospects and customers willing to do this your fan club.

A new set of online tools makes this not just a possibility, but also an imperative for any organization hoping to grow. Give your fan club a megaphone and get out of the way.

## They Don't Care (They Don't Have To)

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Most of your friends and customers don't talk about you.

In many cases, it's because they're unimpressed. Somewhere along the way, your organization put profit ahead of relationships. Or you produced something that was just fine, but not remarkable. Or you're in an industry where the customers just don't care that much (when was the last time you talked about paper clips?)

But what about those customers that are impressed? Who do they tell? Do they do it often? Do they do it with leverage, or do their goodwill and good words get dissipated quickly?

The challenge you face is that people don't care about you. They care about themselves, which is pretty natural. So someone is unlikely to expend a lot of time and energy and personal branding effort to promote your product—it's too much work and there's nothing in it for them (at least not yet).

Even then, once you overcome those hurdles, the meager efforts (which seem huge) on your behalf by your fan club rarely catches fire. Not loud enough, not often enough, too short lived.

## **Then Came the Net**

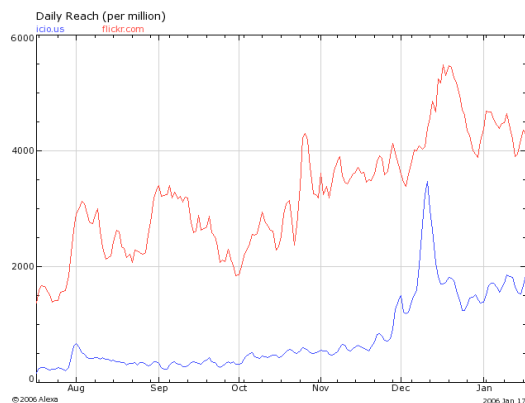
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Thanks to Al Gore, the Internet changes everything. Now, one person armed with a keyboard can reach millions. One person with a videocamera can tell a story that travels around the world. And one person with a blog can sell a lot of computers.

The trick is this: you need to give your fan club some leverage, an amplifier... a megaphone.

Your former customers, the aggrieved ones, the critics—they've already found the web. They're the ones who have managed to post play-by-play accounts of your misdeeds and missteps. They're motivated and they're already embracing this medium.

A diligent marketer, however, can make it easy for your fan club to get the word out as well. And to do it in an authentic, uncontrolled, honest way.



It's astonishing to see how quickly this idea has become popular. Two of the most successful information sharing sites have been growing at an amazing clip. (click to enlarge graph).

The easiest way to grasp this is through examples. I'm going to describe three online services that have been around for a year or more, and then a new one that I've developed that launched at the end of 2005. All of them are free, effective and easy to use.

## Del.icio.us

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Tricky name, simple idea. Delicious makes it easy for anyone to “tag” web pages. A tag is just a simple set of keywords that allow someone to mark a page or an item. Delicious gives its registered users a tool that in just a click or two permits them to bookmark and tag a site.

I did a search on “Sarbanes” because I wanted to find some detailed information on an accounting issue. The bookmarks that had been tagged led me to a site filled with white papers—each written by software and accounting firms that wanted to start a discussion with clients about their services.

No, it's not an earth-shattering discovery. But the chance of it surfacing in Google is slim—yet, because eight people (not a computer) had tagged this page, it rose in popularity and got noticed.



What happens to your site when a dozen of your best customers start tagging your product pages? IBM has perhaps a million or more pages on its site—yet most of them are essentially invisible. If the company made it easy for IT managers and its employees to start tagging pages, the most important messages would rise to the top.

For example, IBM has a paper with an in-depth look at the code in the NSA's security-enhanced version of Linux. No doubt this is interesting to a wide range of computer geeks. And no doubt IBM would benefit greatly if everyone who needed to read it, read it. (It's at <http://www-128.ibm.com/developerworks/security/library/s-selinux2/> if you're curious). But not enough geeks will read it, because it's buried and if you don't know to look for it, it's invisible.

But if a few surfers tagged it appropriately, other surfers would find it. And the word would spread.

The big secret of Del.icio.us is that the percentage of users who do the tagging is tiny. Most of the traffic to the site is looking for the tagging done by a tiny minority. This is the essence of online leverage.

**ACTION ITEM:** Figure out who the happiest members of your fan club are (I'm assuming you've already done that.) Then teach them about del.icio.us and get out of the way. Sure, some of the tags will point out your lame products or offerings. Some will be more blunt than you'd like. Learn from those, but understand that it's part of the deal.

## Blogging

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My guess is that if you're reading this, you know about blogging. (If you want my free ebook on the topic, it's right [here](#).) While conventional wisdom tells us that 80,000 *new* blogs get built every day, it's likely that most of those don't last very long, and a good thing, too. Faced with a semi-blank page, most people write stuff that is either boring, selfish or indecipherable. Most bloggers quickly lose interest and their blogs wither away.

But if you give people a template, you'll discover that they can thrive. Give them a hole to fill, and fill it they will.

Imagine creating a customer blog where every one of your customers is invited to post a comment. Your post could be as simple as, "Today we launched the XR-2000. Comment below and let us know what you thought of it."

Yes, you can edit the comments on your blog, but no, you shouldn't delete the negative ones. Get rid of the profanity, the anonymous heckling and the juvenile, but if you're going to give your users a megaphone, you need to let them use it. If you don't, no one will bother reading.

The real power of blogs comes from the fact that they can be as specific as you like. It's easy to imagine a blog about the quest to create the ideal shade of white at your paint company, or to enable a discussion about a particularly contentious AJAX coding convention. Most of these blogs will be ignored, but some (perhaps more than some) will gain a following and help spread the word about your work.

Obviously, in addition to allowing comments on your blog, the big win comes when fan club members build their own blogs (or when you convert bloggers into fan club members!). The tools are now available to do just that.

## **Flickr**

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Flickr is a photo-sharing site. It is incredibly easy to post digital photos and tag them. Photos of what? How about your hotel rooms or the closing banquet at your convention? What if you sent digital cameras to landlords using your boilers or cleaning products... I have no idea what masses of people will want to take pictures of (or look at) but it's pretty clear that people enjoy expressing themselves.

This is moving beyond photos. Google is now hosting videos. The Beastie Boys recently gave 50 videocameras to fans and had them all videotape the same concert—which was edited into one film.

In each case, the idea is the same. By making it easy for people to use pictures, you allow a massively parallel publishing operation to take place, spreading the word in ways you could never execute on your own.

Your first instinct will be upload the photos yourself, to somehow control the dissemination of information. This just isn't going to work, not on Flickr or on any of these other services either. The community is too large and too powerful. You can't overperform them, you must join them.

## The Sripaphai Story

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One of the most profitable small businesses in Queens, NY is a little thai restaurant named after its owner. Sripaphai sells amazing thai food. With no advertising, they've managed to keep the place packed, night after night.

The buzz about the restaurant got so loud that the all-powerful *New York Times* could no longer ignore the place—even though they are not in Manhattan. A two-star review (almost unheard of for a restaurant like this) led to long lines—even after the restaurant doubled in size.

So what's the secret? How did she do it?

She didn't. Chowhound did.

Yes, Mrs. Sripaphai created a remarkable restaurant. But the visitors to chowhound.com made the difference. For several years, dozens of us posted about the restaurant. Every single dish was analyzed. Arguments were made for and against the jungle curry. There was no funnel—but many of her diners had a megaphone.

Chowhound.com is exactly the platform a remarkable business needs. Even though the design of the site won't win any awards, the 350,000 people who come every month (looking to read and to be read) are precisely the people that make or break a new restaurant.

Unfortunately, chowhound only works for restaurants. Which doesn't do you a lot of good if you sell consulting or wholesale bananas or books. That's why I was compelled to create a team to build Squidoo. Squidoo is

unashamedly commerce-based, because our world is commerce based. It's a platform to allow people to point to the products, services and ideas that matter to them.

Squidoo is not social networking. It's social databasing. Here's what we're trying to do...

## Squidoo

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Squidoo is an all-purpose platform for user-generated content. It's designed to make it easy for each member of your fan club to build a page that highlights the best of what you've got to offer.

A Squidoo page contains links—links to products for sale, to reviews, to pictures, to videos, to RSS feeds and to blogs. A Squidoo page, which is called a “lens”, is one person's take on one topic.

A lens on London, for example, could include links to five restaurants, with a quick paragraph on each. It could include a description of a favorite hotel, with a link to the hotel's page about a specific suite. It might feature three or four guidebooks for sale on Amazon, some tourist memorabilia on auction at eBay as well as pointers to Flickr postings of great sites to visit.

The only thing the pages have in common is that they are built by real people, for real people. They are a social database, a human index of the best stuff on a given topic.

The magic of Squidoo comes from the proximity effect. Every lens is next to every other lens, so the serendipity of exploration kicks in. Squidoo attracts traffic from across the web—people find a lens they are interested in, and it leads them to another lens, or a product or a service they didn't know about. The person coming to a lens is exploring—looking for new ideas and solutions—which is exactly where *you* want to be.

The biggest difference between Squidoo and the other social services is that Squidoo adds value by juxtaposing ideas into useful meaning. A flickr picture becomes popular because it's clever or funny. A blog posting gains an audience when other bloggers decide it's useful enough to refer to on their blogs. But a Squidoo lens works when it presents important information as part of a whole—when it's a piece of the big picture of meaning.

Imagine, for instance, if LL Bean made it easy for 3,000 of its customers to build Squidoo lenses about dressing their kids for winter. A lens that included links to just the good stuff—the right clothes, fashions, sleds and outdoor gear—would save a mom a huge amount of time and trouble in online selection. The value comes from the selection and the presentation.

A more sophisticated example: Presenting links to six technical articles by senior IBM researchers on data security and cryptology. Those articles have been on IBM's website all along, but only by presenting them together, along with narrative that makes it all clear, is the lensmaster able to offer a page that's worth looking at.

Here are four ways I can see using Squidoo to allow your fans to have a megaphone:

- a. A blogger (take David Meerman Scott, for example) encourages his readers to view his lens highlighting his favorite posts and his books, thus surfacing the good stuff for new readers. That lens drives traffic to his site, which increases downloads of his ebook, which leads to more lens traffic, and on and on.
- b. An online seller of tropical fish makes it easy for customers to build lenses in which they each profile the contents of their aquariums, including links to various species and photos from Flickr. If only 1% of his customer base (rabid fish fans!) take him up on this, he's increased his web exposure by a factor of one thousand. For free.

- c. A site with an online content strategy uses lenses to expose that content. So, for example, Martha Stewart could build a lens about cookies ([www.squidoo.com/cookies](http://www.squidoo.com/cookies)) making it far easier for someone who is not already a Martha fan to discover content she didn't even know she was looking for.
- d. A corporation “adopts” a non-profit and challenges its customers and employees to build lenses on a wide variety of topics—with all the proceeds\* benefiting the charity.
- e. (and a bonus): A company asks every employee to build a lens about the business or a favorite product the company offers. The lens would include new ways to look at the item, or dream about it or use it. It could point to blogs or news clips or photos.

\*Proceeds? Yes, there are proceeds. Every lens earns a royalty for a charity or its creator. The royalties come from a share of the ads that run on the site, as well as from directly-earned affiliate revenue. An example? If a movie-lover builds a site that refers to Netflix and Netflix records a new member as a result, the person who built the site—the lensmaster—earns as much as \$10. Build enough lenses and drive enough traffic and it can add up.

For more Squidoo, check out these two ebooks ([Everyone's an Expert](#) and [Working with Squidoo](#)).

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## **On Commitment and Investment**

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The thing about these flipped-funnel techniques is that they don't cost you any money (in fact, they could generate revenue). As a result, many businesses, skeptical of things that are new and inexpensive, don't take swift action. They may assign a junior person, or dabble around with something in their spare time and see what

happens. We've seen this movie before—it's hard to take action when you have the biggest opportunity, but seemingly a lot easier when it involves investing millions to catch up.

What a shame.

Watch a company that's intending to advertise on the Super Bowl. The \$3 million for airtime is a fraction of the expense and effort they put into the commercial. The company and its agency will spend months planning a commercial. They'll hire a fancy director, Equity actors and build a set in South Beach with coconuts and waves crashing in the background. The salesforce will be prepped, brochures will be created. They'll probably even build a hospitality tent at the game itself, flying in big buyers from around the country—on a private jet.

All so they can spend millions on an ad that probably won't work.

Funnel flipping is a bit different. Different in that it clearly works and that it doesn't cost much. *But*, it takes even more commitment. It takes a substantial emotional investment at the top (hence this ebook, fell free to forward it around) as well as consistent, measured effort by everyone involved.

The first time you invite fans to install the Del.icio.us toolbar, they might not do it. The first time you email people a link to build a Squidoo lens, they may ignore you. And the first time you read a comment on your blog that embarrasses you, you'll be tempted to quit.

All good reasons to keep going.

The fact that it isn't trivially easy for big organizations (or small ones) to embrace this approach is exactly why it's working. Being first matters. Being first in a substantial way, with a real online presence, matters even more.



I'm confident that over the next nine months, one organization after another will empower its fan club to speak up, to be noticed, and to spread the word. The question that remains is: who will go first and create a lasting impression, and who will be timid and fall behind, perhaps permanently.

## **What now?**

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It starts with the big idea. Can you buy into the fact that you empower your fans to speak up?

Once you are willing to make that commitment, the tactics are simple and straightforward. You can publicize the tools, build the affiliate links, create the RSS feeds and start down the road to embracing your biggest supporters.

Of course, once you do that, you'll need to make ever more remarkable products and services. So your fans have something to talk about...