

Completely
Revised and
Expanded
2nd Edition

SUBSCRIPTION MARKETING

*STRATEGIES FOR NURTURING
CUSTOMERS IN A WORLD OF CHURN*



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Value Nurturing

Beginning golfers are taught to work on their *entire* swing, including the follow-through. The follow-through on a golf swing affects where the ball goes once you hit it.

Value nurturing is like the follow-through for marketing and sales, ensuring that customers continue on the course you want them to travel.

Before the initial sale, you find prospects through thought leadership and lead generation. Lead-nurturing activities convince prospects of the potential value they can get from your solution. If you are successful, the prospect becomes a customer. *Value nurturing* is the marketing follow-through for that activity.

Value nurturing is the act of supporting the customer's experience of value.

Once the sale is complete, other parts of the organization come into play, but marketing still has a significant role. Marketing can set customers on the path to achieving the functional or financial results they expected from signing up. Marketing can gently nudge customers to *recognize* the fact that they are being successful. And, creative marketers add value *outside* the solution, through content, community, additional services, or the quality of the relationship experienced by the customer.

Value nurturing turns customers into loyal or repeat customers, and successful customers into advocates.

There's nothing revolutionary about the idea of marketing to current customers. You might feel that I'm stating the obvious here. But looking at the practices of many businesses around me, I often feel that customers are neglected. I've heard of large organizations that treat "customer marketing" as a backwater, *not* where the creative and visible campaigns happen. This mindset has to change.

Subscription customers deserve renewed marketing attention. For that reason, I suggest creating new label—*value nurturing*—that identifies the process as being of equal importance to lead generation and lead nurturing.

Many business activities can fall under the value-nurturing umbrella:

- **Customer success management:** Today this term is associated with a function that lives either in support or sales, rarely in marketing. Yet to scale up customer success efforts across tens of thousands of customers, you have to deploy marketing campaigns. Value nurturing is customer success executed at scale.
- **Customer retention:** Most customer retention efforts focus on finding customers at risk of leaving and convincing them to stay. The term typically applies to solving problems rather than creating value.

- **Upselling and cross-selling:** These are important results of successful value nurturing, but never mistake *selling* for creating value.

Value nurturing as defined here is a specific set of activities that take place after lead generation, lead nurturing, and customer conversion. It is the next logical step in subscription marketing.

The word *value* has inherent ambiguity that is useful in this particular case. Consider common uses of the word:

1. Value (*verb*): to consider something or someone as important or useful (Shakespeare: “I was too young that time to value her, but now I know her.”)
2. Value (*noun*): a relative assessment of worth or importance (“What’s the value of this painting?”)
3. Value (*noun*): a principle or standard of behavior (Gandhi: “Your habits become your values, your values become your destiny.”)

Value nurturing can confirm the customer belief that the ongoing subscription is a smart economic decision. Marketing can also increase the customer’s perception of the relative value of a solution over time. These activities reinforce the first two definitions of value.

Last but not least, marketing may also align the solution with the customer’s personal values (definition #3). Many people are interested in doing business with organizations that share their core values. This fact is spurring a growth in purpose-driven marketing related to social or environmental issues.

This third type of value, the alignment of principles or ideals, carries particular weight in the Subscription Economy because the customer maintains an ongoing relationship with the vendor.

Whose Value Is It, Anyway?

It’s tempting to align value nurturing with monetary metrics such as *customer lifetime value*. How much money does the customer contribute to the business over the course of their relationship? How can you optimize that?

Revenue growth is, of course, your endgame. But if you approach value nurturing purely with the thought of getting more money from existing customers, you’re likely to get it wrong. We’ve all experienced a poorly executed upsell at least once in our lives, and realize that it damages the customer relationship.

Your customers can tell when you’re interested in them only for the money, not the relationship.

Consider another metric: Economic Value to the Customer (EVC). Economists speak of this number as the maximum that a customer is willing to pay for a solution. EVC is a combination of *tangible* and *intangible* benefits to the customer.

For a subscription customer, the EVC must exceed the cost of renewing. Marketing's job is to increase the economic value as experienced by the customer.

Value nurturing is about increasing the *customer's* perceived value from the solution, not wringing every dollar out of the customer. The better you are at making your customers successful, the more successful your business will be over the long run.

Revenue growth is the natural result of value nurturing done well.

Lest we let the economists have the last word, cognitive science suggest that the potential for customer happiness is built into the subscription business model itself.

Paying causes us a small degree of pain. We do not enjoy losses, and the moment of paying seems like a loss. (No surprise here.) A subscription replaces many small decisions to pay with one decision—the subscription.

Cognitive science also tells us that once the pain of payment is done, we are free to enjoy the results of our purchase. In the book *Happy Money: The Science of Happier Spending*, authors Elizabeth Dunn and Michael Norton posit that we are happiest when we pay for something up front and then continue to enjoy it afterward. (Once you've paid for that all-inclusive vacation, you are going to savor and enjoy every moment.)

A subscription model in which you pay up front opens the door for sustained enjoyment. Value nurturing is about optimizing and engineering the post-sale experience of value. It's a quest for customer happiness, and it can be a great deal of fun if you approach it creatively.

The Five Big Ideas of Value Nurturing

Just as the word *value* has several meanings, there are at least five distinct approaches to value nurturing.

1. Helping customers find success

People subscribe to your solution for a reason. Maybe they believe it will save them money or make their lives easier. Perhaps it seems entertaining. They expect value in return for subscribing, whether for personal or business use.

The simplest and purest expression of value nurturing is to help your customers realize this value, fulfilling the implicit brand promise of your marketing.

To do this, you may reach beyond the marketing organization, aligning with *customer success management* efforts in the business. Smart subscription marketers are interested in *all* post-sale customer conversations and experiences.

2. Demonstrating value

Once customers start achieving success, marketing can discreetly remind them of the value they're realizing. These strategies range from sending gentle reminders to delivering

personalized data. All share the aim of reinforcing the experience of value (tangible and intangible) in the customer's mind.

3. Creating value outside the solution

Creative marketing organizations go beyond merely communicating solution benefits. They add value outside the product or service through content, community, and data.

4. Creating value through the relationship

Subscription success grows from long-term relationships with customers. Marketing organizations can take ownership of tending and nurturing those relationships. Think of these strategies as the “romantic advice” of customer marketing. Find ways to make your customers love doing business with you.

5. Aligning with customer values

Customer loyalty is critical for the financial performance of a subscription-based business, so taking the high road can pay off over time. Businesses that succeed in sharing their customers' values create strong, long-lasting bonds with their customers. Purpose-driven marketing strategies may have growing impact in the years to come.

Choose Your Own Path

The chapters in Part Two present an extensive menu of ideas that you can implement for value nurturing.

Some belong squarely in the marketing domain, while others require collaboration across organizational boundaries. You may be able to implement several of them quickly and easily, but a few require high-level buy-in.

What you do with these strategies is up to you. You may already be doing many of these activities, although reconsidering them as *value nurturing* may change your perspective. If you're practicing a few of these strategies, consider adding more. You probably won't reach a saturation point on customer loyalty.

The final chapter in Part Two is about the free trial conversion. For many businesses, the free trial is that critical moment when lead nurturing ends and value nurturing begins. If you offer any kind of a trial, pay attention to whether you're nurturing the customer experience.

The examples that follow come from all types of businesses, not just subscriptions. Consumer brands like Coca-Cola and rock stars like Lady Gaga alike recognize the value of maintaining audience loyalty. Subscription marketers can learn from many teachers.

Pay attention to the experiences of companies outside your own industry. If you market business-to-business solutions, make sure you read the consumer-based examples with care. You can learn a great deal by looking further afield than your own competition and keeping an open mind. In today's fast-changing marketing environment, stepping outside your comfort zone can yield results.