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Role of Marketing after the Sale

Guest was Anne Janzer

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# Role of Marketing after the Sale

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## ***Transcription of Interview***

**Joe:** *Welcome everyone. This is Joe Dager, the host of the Business901 podcast. With me today is Anne Janzer. She is a marketing consultant with more than 20 years of experience working with high-tech businesses. Her clients include industrial software giants, fast-moving tech start-ups, and clean tech companies trying to change the world. Her latest book, 'Subscription Marketing' I think captures just the right amount of theory and practices to actually let someone do something with the material book. Anne, I would like to welcome you. Could you start out a little bit and tell me what the genesis of this 'Subscription Marketing' book was?*

**Anne:** *Sure! Hi Joe, thanks for having me. I wrote the book because I saw a situation developing around me and no one else was really talking about it. So, I was working in the software industry. To paraphrase Mark Andreessen, software is eating the world, and I think subscriptions are eating software. All the software today is delivered from the Cloud, and that has revenue implications, right? So your revenue in a Cloud-based business is a recurring revenue and your customers often don't become profitable until they've renewed one or two times. The longer a software business has a SaaS model or a Cloud delivery model, the longer you're doing that, the more of your revenues are coming from your*

existing customer base. This is how the numbers play out. And yet, marketing practices overall weren't really changing. Overall, the years I've been working with software companies, marketing organizations are really focused on chasing that net new lead and the lead generation and the thought leadership and the very front of the funnel things and I didn't see that businesses were paying a lot of attention to how to nurture their customers after the initial sale. I wanted to bring people's attention to the fact that I thought that marketing practices needed to shift along with the revenue.

**Joe:** *Would it be fair to say that you spend more of the time in the book discussing the customer after the sale, than before, right?*

**Anne:** Absolutely, yes. I think that everybody is talking about what to do before the sale, right? I mean I could point you to dozens of great books about marketing before the sale and lead generation and all of that because that's where we've been spending all our time in. And historically, in a business model in which customers paid everything at the point of purchase, then that was really marketing's job to get the customers to that point of purchase. There's less written or less thought given to what to do after the sale or even the fact that is this marketing's responsibility or not? Does marketing hand off responsibility at the point of the sale, or does marketing have a role to play in sustaining the customer relationship over a long term? So yes, I definitely talk about what to do after the point of sale.

**Joe:** *We all know it's easier to maintain a customer than trying to obtain a new one. In a SaaS company or in a subscription model, I would think it would be a much greater issue. Do we budget that appropriately? I mean are most companies putting money in that area or is it completely unbalanced?*

**Anne:** I agree that it's easier to keep a customer than to try to obtain a new one. And yet, most of what we know how to do with marketing is finding new customers. In fact, I think you have to look at the finances or the money, the money trail. It's actually much more cost-effective to maintain a customer than to try to find new customers. It's a huge customer acquisition cost for most SAAS businesses. Each customer that you retain is one you don't have to earn new. When you are keeping customers, all of the new customers that you earn become growth, instead of replacement. I think of this kind of like saving for retirement. It's a compounding metric and the more you save earlier on, the happier you are years down the line.

I think most people realize this about customers, and clearly, they understand most businesses that they need to keep their customers happy, keep them loyal to retain them. The problem is that we put our behavior where our metrics are and in a lot of marketing organizations, success is still measured, and sales as well. Success is measured on that short-term metrics like the net new sale and not customer retention, customer loyalty, customer referrals, and these longer-term metrics that has to do with what happens after the sale.

I talk to people who say; this sounds great. I want to do this, but I'm being compensated on how many leads I generate, or I'm being compensated on net new cells and not on these other longer term things. What we sometimes have is a mismatch in terms of how we're compensating, and evaluating, and aligning what we do with the different divisions of the business.

**Joe:** *One of the lines in your book that really caught my eye and the one that I dwell on has to do with this. It says that 'the new funnel feeds itself.'* I would argue that when people are looking to work the top of the funnel, it's really a matter of looking at that

*existing customer base in the edges of where that takes you to be able to market effectively to the new. Does that make any sense?*

**Anne:** It does make sense. I think it makes an enormous amount of sense. When you really understand what your existing customers value, what makes sense for them, what they want to come back to, then you know who your best customer prospects are as well. What you learn from your existing customers helps you better target the right people for the top of your funnel. I think the idea of a linear funnel doesn't make any sense in a SAAS environment or in a subscription environment. In fact, it's like instead of a trumpet; it's like a French horn with a lot of loops and things that come back into the process because you need to be maintaining a long term, customer relationship. And when you do that, you will learn from the customers how to better target new customers that find the similar kind of value that they do.

**Joe:** *I always think about segmenting customers by the products or the products they use. But if we're going to build from that and create a new funnel out of that, shouldn't we be taking a deeper dive in segmenting that group in other ways?*

**Anne:** Yes, I think that's a very good insight. I think looking at the products I use, sure that's an easy segmentation, but it all comes down to, are you thinking about this from your business's perspective or from the customer's perspective. So when you segment by-products or maybe by how much money you get from them, you're segmenting based on the value that that customer provides to your business. What if you flip the switch and say, okay I'm going to segment my customers by the value they get from my solutions? So here's a group of customers for whom this software I offer for example is really core to their business. It provides them an enormous amount of value. That's one customer segment, and I'm going to speak differently to them than to another segment for whom it

fills some other purpose. I think looking at the idea of customer value and what customers value in your software becomes a really interesting and powerful way to segment your customers and start doing some interesting campaigns that help them find success.

**Joe:** *I think that you use that word value and value nurturing over and over in the book. Can you explain that a little more?*

**Anne:** I do talk about value nurturing over and over. It's a term that I kind of made up actually as a composite of different marketing activities that nurture the customer's experience of value; that make the customer be happy about the customer experience. I think there are 5 ways to do this, which is why it's kind of an umbrella term. You can help the customers find success with your solution. So help them actually be successful and that delivers value. You can demonstrate to them sometimes the success that they're experiencing. You can add value outside of the solution itself, often through content or community. You can add value to the relationship you have with your customers. And you can actually align with your customer's values. That's the things that they value, the activities, and for this, I'm thinking of things like Tom's shoes where you buy a pair of shoes, and they give a pair away. That's a kind of aligning with your customers' values. It can be more subtle than that.

I called those sets of activities or the sets of strategies value nurturing so that they would fit in marketing lingo if you will. After lead generation, lead nurturing, then you've got the conversion and then value nurturing. You get to continue engaging with the customer along these activities.

**Joe:** *The first thought that comes out when I think of subscription marketing, I'm trying to decide, is this that health club type arrangement where I try to get only 10% of people*

*using this subscription, let me put it that way. You know it's kind of that health club type arrangement. Your model is all about churn, but what's really truly subscription marketing about? Are we looking for models like that or is that just one of many models?*

**Anne:** Well, that's one of many and I think that's one that often gives the term subscription marketing a bad name. What I'm trying to do is, when I first wrote the book, I would talk to a lot of people and even people in software, which again, remember, almost exclusively filled from the Cloud now or delivered from the Cloud. And they would look at me blankly, and they're like, well, but I'm not a newspaper or I'm not a health club. We have a limited sense of what the subscription model means. And some of those things, I mean you think about some of the negative experiences, some people shudder when you say subscription because they think about those magazine subscriptions selling door to door or the subscription models that are based on the premise that the company is somehow going to fool you or trick you into getting more money or getting more than you're experiencing, that you are the dupe essentially.

I actually wrote a blog post about that because I heard so many people start to rant with horror stories about subscriptions, so I wrote a blog post called 'The 9 Circles of Subscription Hell' based on Dante's Inferno, just to try to populate it with those businesses who abuse somehow customer trust. And a subscription to me means a long-term relationship with a customer. Any business that is predicated on a long-term, the on-going customer relationship is in most cases, and the revenue also is predicated on that relationship. That's basically a subscription business in my book.

**Joe:** *I think of a subscription business as I give someone the opportunity that if I'm not continuously adding value, they can remove themselves. That's kind of how I look at subscription. Is that a good way to put it from maybe a perspective of someone that is*

*selling a subscription model?*

**Anne:** Absolutely. Yes. I think that's exactly it because it's not about tricking or trapping your customer into something. That's a fool's game. It is not going to be a long-term successful business model. But it's about yes, you're essentially committing to your customer that you're going to continue to deliver value to them, and that's exactly right.

**Joe:** *We start opening ourselves up on the Web, we start opening ourselves up to long-term customers that we're trying to gain now in the Cloud, and we talk a lot about that empathy, that transparency. It's always scary for an organization to be that open with a customer. What's your practical advice on how to do that and maybe, can you just flip a switch and do that? Maybe that's the other question.*

**Anne:** Yes, right, if only you can just flip a switch. I'm going to say two things; one is that transparency, it is frightening, but actually it really is no longer optional. There's an author named Andrew Winston who wrote a book called 'The Big Pivot' and he said we live in an era of radical transparency. If you try to do something wrong, it's gang to catch up. Or if you try just to hide something, it comes out. This is just the world that we live in. So if it's scary or uncomfortable, you still need to address it and figure out how you're going to deal with it, because this is the world in which we live in. You can't fake things. You can't fake it; so you have to actually consider what your culture is and try to be true to that and live it. Employees are really committed to a specific cause; go ahead and share that.

I think the litmus test for what you share and open up to your customers should always be is it valuable for your customers to know that. If you screw up and make a mistake, again, other than hiding it, if it affects your customers, it is valuable for you to tell your customers that and to do that and say here's what we've done, here's what we're doing



about it. Transparency, openness, is actually the way of the future. And although you may lose some customers, you will also I think increase the loyalty of others and ultimately you'll get through things.

**Joe:** *The whole organization is part of the subscription model. I mean the intermixing of departments are even very difficult sometimes to recognize whether you're talking to design, service, support, sales, marketing. I mean, they're all kind of intertwined in that type of model somewhat.*

**Anne:** Exactly. And I think that that is the other difficult reality or challenge for businesses in the subscription model certainly is that the organizational boundaries within the business, they become gaps or walls for the customer experience. They become places where things go run amok. From a customer's perspective, I do business with a company, and I know that it's a lot of different people, but I also sort of expect that they'll have a consistency of my interactions and my experience from start to finish. I kind of expect that I'm really talking to one company at the same time. When I wrote the book 'Subscription Marketing,' I realized as I was writing these different practices that they are going to require the marketer to get out, to leave the office, to go down the hall, to become with customer success, to talk to sales, to talk to support, boundaries within the company becomes barriers to customer success and customer experience. So it takes a different kind of organizational, and company culture is a tricky and important factor.

**Joe:** *And I think you say it so well and one of the things, you give some fundamental rules when you're winding up at the back of the book. You know like be empathic with the customers, show your personality, handle mistakes with grace. But then the fourth one, you have to just touch upon that... Don't be creepy, what does that mean?*

**Anne:** Don't be creepy, right. Well, there are sometimes, you can take involvement with your customer just a little bit too far. I'm thinking of some of the times... So SAAS business is collecting an enormous amount of data about their customers. You know that. We all leave a huge wake of data and businesses can use that data in different ways. Business can get a little cute and use the data in a way that just becomes creepy. I think the example I gave in the book was the Uber when they posted about the rides of glory. They took data that indicated with one night stands and posted data about that and all of a sudden, everybody who was riding Uber went... Oh, wait a minute, what are you collecting and looking at in my data? There was another time I think Target looked at the habits of what people bought and sent congratulations on the new baby kind of thing to expecting parents and some people were a little creeped out, especially teenage girls who had not told her parents that she was expecting. So you have to be really careful how you use data, and ultimately, I think the litmus test again is why are you doing this, and are you using this data to benefit your customer or to benefit your company? I think that the Uber ride of glory, which they took the post down, but that was to make them seem cool, wasn't really a benefit to their customers. Probably not do anything too creepy for your customers

**Joe:** *A part that I think of as soon as I get that immediate phone call after I open an email, I click on a link and all at once, I get this phone call that says do you have a moment. Do you have a moment is a direct quote from an outbound marketing book. So I just started laughing. I just clicked on a link; give me breath, okay? I just wanted to read what was on the link. I didn't want it read to me. I wanted to read. You have a new book coming out this summer, I believe. 'The Writer's Process,' what is that about?*

**Anne:** That is about exactly what it says, the process of writing from start to finish. I've been working as a marketer but really, I've been a writer first all these years. And so I took a look at my own process of writing which I thought was maybe idiosyncratic and

strange and I discovered really that it's not. It's actually shared with a lot of other writers. So I started exploring some of the topics of cognitive science and how they apply to writing and I kind of put that together in this book. When you think of writing, you think of someone scribbling on paper or something, but the process is actually much longer from the first thinking about the project to finally finishing, polishing and sending it off. I looked at the end to end process and how the different mental processes mapped to the stages of writing.

**Joe:** *So it won't be about a story structure with all these characters and things like that, of how to align characters to the story plot or anything. It will be more about the process of writing, of what I actually need to do to get it done, let's say?*

**Anne:** Yes, right. It's about the inner game if you will of writing. It's about how do you go about getting words from your brain onto paper. We're all really different in how we approach or like to work, or even the kinds of things that we write, but we all face really similar sets of challenges that have to do with focus, and attention, or self-discipline. Before you do plot or story structure and all that kinds of things, how do you get yourself writing and how do you find ways to write as productively as possible, and as creatively as possible, and as easily as possible.

**Joe:** *Is there anything that I didn't ask that maybe you like to mention either about either book, but mainly subscription marketing?*

**Anne:** I am continuing to update some of the examples on my Website, which is AnneJanzer.com. I'm putting up posts giving other examples, more contemporary examples or newer examples, I suppose, of the different value nurturing strategies. That's something I'm going to continue doing over the summer is here's another example of a

company adding value to the relationship, or adding value to your video and things like that. So if you're interested in that, you should check out the Website. When you look around, you can see interesting examples everywhere at 'Subscription Marketing.'

**Joe:** *The essence sustaining platforms is the subscription-based model, right?*

**Anne:** Yes. When I wrote the book, I felt this is nothing new. Everybody knows and understands this, but they don't stop and think about it. And so I felt like by saying, look, here's this thing that you need to be doing - value nurturing and here's five different ways to approach it and here's a bunch of examples, I could just help people build a business case for doing that and start to integrate that into their practices and their business. It's not rocket science. It's stuff we know all have to do already. As marketers, it's stuff we know how to do, as business people, but sometimes it takes a little bit of extra dedication, extra thought and extra reaching across organizational boundaries to get it done.

**Joe:** *And I even like the fact that you mixed in some of the metrics to measure different things that you described in the book, that you gave some metrics for people to follow or to look at if they're concerned about this area. And I always think getting the evaluation and the monitoring down upfront before you do something is key because it's all about reflection.*

**Anne:** Exactly and people need to be able to build a business case. I mean people say, well yeah I want to do that, but I'm really busy. I'll do some of this when I have enough new leads. And that's like having enough money or being thin enough; it just never happens, right? You never have enough new leads. What are you thinking? So you actually need to be able to build a business case for this longer term revenue that you're going to get through building loyal customers, customer loyalty, and on-going retention. So I tried to

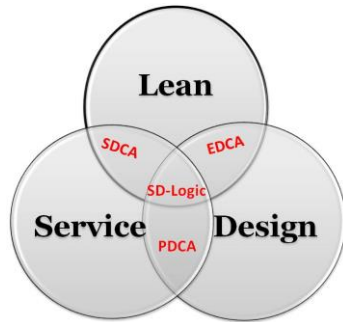
step outside of my English major self, and do that the math, and provide some metrics and things like that so that people could try to build a business case for diverting just a little bit of their focus to their existing customers.

**Joe:** *And I think you did a great job. Is it through the Website the best way to contact you and learn more about 'Subscription Marketing?'*

**Anne:** Yes. That's probably the best way. The Website is just AnneJanzer.com, and there's information there about books. There's a 'contact me' form, or you can also just email me at [Anne@AnneJanzer.com](mailto:Anne@AnneJanzer.com), and I'll be happy to answer any question.

**Joe:** *Well I would like to thank you very much, Anne. This podcast would be available on the Business901 iTunes store and the Business901 blog site. Thanks again everyone for listening.*

**Anne:** Thank you, Joe.



Joseph T. Dager

Business901

Phone: 260-918-0438

Skype: Biz901

Fax: 260-818-2022

Email: [jtdager@business901.com](mailto:jtdager@business901.com)

Website: <http://www.business901.com>

Twitter: [@business901](https://twitter.com/business901)

Joe Dager is President of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena. He takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing and Lean Service Design.

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