

SUBSCRIPTION ENTREPRENEUR



HOSTED BY ERIC TURNNESSEN, FOUNDER OF [membermouse™](#)

Value Nurturing: A Bold New Way To Grow Your Membership with Anne Janzer

"If you start to say, 'I don't have to do just marketing, I don't have to do just what everyone else in my industry is doing. I'm going to form closer relationships with my buyers and see where that takes me.' You have an opportunity to be much more creative with your business and with your marketing as well."

INTRO:

You're listening to Anne Janzer – my special guest on today's episode of The Subscription Entrepreneur Podcast.

I'm excited to share this conversation with you because Anne is the author of an amazing book called Subscription Marketing.

In it, Anne makes the case for a new approach to marketing that's specifically designed to help membership and subscription businesses grow.

She calls this approach "value nurturing." And it's what we explore in today's episode.

We dive deep into frameworks and strategies you can use to...

- Help your customers quickly find success with your product
- Create value outside of your product
- and align your business with your customers' values

If you're building a recurring revenue business of any kind, this episode is for you.

One last note before we get started:

In the second part of my conversation with Anne, she mentions a guide that summarizes all the value nurturing strategies found in her book. If you'd like a copy of it, you can find it in the show notes of this episode. Just head on over to SubscriptionEntrepreneur.com/185 to get it.

So, without further ado, let's get to it!

I'm your host Eric Turnnessen and this is The Subscription Entrepreneur Podcast.

Eric: Hey, Anne. Welcome to the show.

Anne: Thanks Eric. Thanks for having me.

Eric: It's my pleasure. I'm so excited to talk to you about all things subscription marketing. Before we get started with that, can you just give us a bit of your background and give our listeners a 30,000-foot view of who you are and what you do?

Anne: Sure. So, my story is the story of what happens if you write a book about something you're really passionate about. So, it's interesting. I spent most of my career as a marketer in Silicon Valley, working for tech firms. And of course, as a marketer involved at awful lot of writing of thought leadership papers and lead generation content and all of that. And I was working with a company called ServiceSource that talked about renewals and subscriptions and how that affected finance. And as I was writing for them, I thought, "Well, hold on a second. We're in software, everything is now moved to the cloud, moving to the cloud," this was a while ago, "and clearly this has to have a big effect on marketing. What happens to us as marketers, if all the successful company's revenue shifts to renewals of subscriptions and we're just busy chasing new revenue? We're going to be less and less relevant. We're going to be the side dish and not the main event."

So, I started trying to talk to some of my existing clients about this saying, "Hey, we have an opportunity to do something, to increase the value that your subscribers are seeing. Your customers are seeing." And time and time again, it was, "Well, that would be nice, but we'll do that when we have enough new leads." It's like having enough money, you just never have enough new leads. It rarely happens.

So, I wrote Subscription Marketing, it was published in January of 2015, and I had my eye on really tech marketers. Although I did do survey all kinds of industries in doing it and looked at the trends I was seeing. And the book, it really had an impact and it really changed my life in a couple of ways.

One is that I, as you go and start talking to people about it, and I started learning from customer success people and I started interacting with the very nascent subscription box company, solopreneurs and all sorts of people that really expanded my thinking. So, if you write a book about something you're going to learn, not only in the writing, but you're going to learn afterwards as you talk to people about it. And a second, I discovered that I really, really enjoyed this, writing books. Writing in my own voice instead of in some brand voice. And so I made a pivot in my career and I've written five other books, all about writing and the psychology of writing, things like that in the interim. So, writing the book was something that's like, "Well, let's see if I can do this. I have this idea I'm really powerful about." And it's been just fascinating how it's landed with people, what I've learned from it. What's given me individually and the wonderful conversations I've had as this conversation today.

Eric: You mentioned that time when you were working at the tech firm and you saw that there could be an endanger to your job as a marketer. And it seems like you were saying that there was resistance and there wasn't yet an overwhelming movement towards subscription-based strategies. What were the companies around like then? And what was the overwhelming way that people were doing business?

Anne: So, I was working in the software industry. And so, I was working as a freelance writer. I'd have lots of companies. Little startups, I'd have some big VMware and it's the tech. And I have big companies, little companies. And what had happened was they had made the shift to delivering their software through the cloud as a technology issue. This is, we're not going to shrink wrap CDs. We can update it, engineering driven, all of these things without looking at the impact that this must ultimately have on the psychology of the subscriber. Everyone in tech. And the funny thing, Eric, is when I first published the book 2015, called it Subscription Marketing, I would send it to some of my software friends. And I actually heard back from one, "Oh, this is cool. Is this about newspapers and magazines?" So, I had to say, "No, you are a subscription. Your business is now based on a subscription. You understand that." And it's like, "No, no. We sell enterprise software." It's like, "Yes, but you no longer get... The risk reward has changed. You don't get the big ticket upfront and the little maintenance fee."

So, I really had to spend a lot of time, those first couple of years, my conversations were all about saying, "You are a subscription now, or if you're not, your industry is being disrupted by subscriptions. I don't care what industry you're in, let's find it. Let's find a way it's being disrupted. Pay attention to people." It was fascinating. So, basically from the people I was thinking of most when I wrote the book, just gave it a big yawn. The people who really adopted it and started reaching out to me were customer success people, were the subscription box people, were the entrepreneurs. It was like I found that I'd been aiming at the wrong audience altogether.

Eric: What was the psychology that you think, that where they were having the biggest resistance against the shift? Was it that they just couldn't see the value? They felt that the value of what they were doing was less tangible and therefore they couldn't see how they could make the revenues they wanted?

Anne: Yeah. And it's even more than that, sometimes systemic. At the larger companies, it could be systemic. I talked to someone and it was a very large company. It's one of the big social networks who just love my book, bought it for a discussion group and said, "As much as I love this, we are incentivized on new leads. We are incentivized on new customers." So, if they're systemic, this is the way things are done, it's very hard to go against that, which is why the opportunity is open for disruption at the edge. So, sometimes it was that. I had another talk with someone who said, "Well, marketing directed at existing customers, that's the backwater. That's where you put the underperforming marketers. That's where you put people who aren't very good." So, there's a stigma in some of the large organizations. There was, I don't believe that's the case now. I pray that's not the case now. But there was that. And then there's just that dopamine hit of the signing a new customer, is always going to be more exciting.

Eric: When I started MemberMouse, and I was thinking about pricing the product, I specifically remember feeling very strongly that it had to be subscription based, primarily because I saw my competitors who were selling their software as a one-time purchase. And I just saw the incentive of the company naturally had to be on marketing and not on the product, because you're constantly having to get new people in door, every month so you can maintain the revenue. Your revenue can meet the fixed expenses of the business, you can survive as a company. And it just felt to me that that was putting the incentive in the wrong place. If you have a subscription, you then have the incentive to make the product as good as possible because people will stay with you. And ultimately in the end, everybody wins.

Anne: Exactly. But that's because you recognize that it's not just a pricing decision. It's not just a delivery decision. It is fundamentally a cultural decision. It's fundamentally a mindset decision. And that's, I think the biggest mistake that people make about subscriptions, they're like, "Well, I'm thinking of moving, because I love those recurring revenues. So, I'm going to slap a subscription price on something." And it's like, "Well, yeah. Maybe."

Eric: Yeah. There's a lot that goes into it. And we'll definitely talk about that. So, your book, the Subscription Marketing, you published the third edition of this book a few years ago, 2020. Was there something specific that inspired you to re-release it as a third edition? What was happening in the subscription marketplace that led to that?

Anne: Sometimes I feel, Eric, that I'm just renewing my relationship with that book every few years. It's like a subscription in itself, partly because between 2015 to 2017, subscriptions became more widespread, but I learned so much in that first two years afterwards. 2017 to 2020 what's happened was further maturing of the market. Subscriptions became mainstream. I could take out the chapters saying, "Hey, this is the thing." Because people know. If you're in business now and you don't understand subscription model, that's a different problem. So, I was able to do that. I wanted to update the examples, but I also really wanted to layer in a lot of the insights I learned from solopreneurs and entrepreneurs, as well as the large companies. It was more of a continued maturing that I wanted to update the book so that it was still relevant. Although the principles of the book have remained unchanged. The key messages of it, if you read the edition from 2015, you still learned the skills that you need to apply.

Eric: What were some of the, maybe surprising things that you heard from solopreneurs in the 2017 to 2020 update that they were saying, and maybe was something you hadn't seen yourself and you were hearing from the grassroots?

Anne: What I heard was some really interesting, I highlighted a story in the second edition, and then I returned to the guy for the third edition and he says, "No, I've totally pivoted my business again. But based on now, this understanding I had from the subscription." So, this gentleman was doing staffing, how you hire head hunters. And the traditional model is that you just pay them a fee per person you hire. When you do this, fundamentally, you are incentive of your own HR department. If you can hire it without going through them, you save yourself that

fee. So, you have this, "Well, I'm going to hire the head hunter, but I'm not going to give them these. I want them to bring their own contacts." So, you end up in this again, weirdly incentivized situation. And he said, "Heck, with that. I'm just going to move to just subscribe to us. We'll fill as many positions as you have. There's no per head incentive." And it changed the relationship with their customers.

So, that's what happened in this second edition. I talked to him again, with the third, "Any updates?" He said, "Yes, I've pivoted into healthcare hiring. Because I became so close to my customers and I understood really what they needed. And I decided I was better off niching down and doing this." And when I talked to him in January, 2020, this is what he was doing right before the pandemic hit in. So, I'm sure he's been exceedingly busy since that point. But the story there is what happens when you really inhabit this, getting closer to your customers through the subscription relationship and you remove the odd disincentives that keeps you off in your own boxes. How you can become closer and even more tightly interwoven with your customers and change perhaps your services on that basis. The story there is what happens when you really inhabit this, getting closer to your customers through the subscription relationship and you remove the odd disincentives that keeps you off in your own boxes, how you can become closer and even more tightly interwoven with your customers and change perhaps your services on that basis.

Eric: Yeah. And it looks like it also gave him a lot more flexibility to be creative in deciding the path of his company himself, as opposed to reacting and just doing what he needed to do to survive.

Anne: Exactly. Yeah. I think you have a lot more, creativity, the word that you popped up is so important in this. Because this is where the opportunity, if you start to say, "I don't have to do just marketing, I don't have to do just what everyone else in my industry is doing. I'm going to form closer relationships with my buyers and see where that takes me." You have an opportunity to be much more creative with your business and with your marketing as well.

Eric: Yeah. And I feel too, trust has a part to play in it too. Because yeah, I want to know the name of his company. Well, not anymore, because he's focusing on healthcare now, but I mean with hiring and using services like that, that's always been... I've had that experience. Like, "I'm not going to go with them. I see what they're doing. They're surfing the same job boards as I am, but then they take that and they put in their database and they charge me a percentage for apparently having found this person. It's a dead business model." And I'm sure that they're the way that they survive is by other systemic clients who are so big that they also can't change yet. So, there's this dinosaurs keeping dinosaurs in business situation where they're just supporting each other.

Anne: But the thing you said about trust, I like to think about the psychology of things. And if you think about the psychology of a subscription versus buying a product, if I just go buy a widget, it's like, I'll read a review, is this a good thing? Is this good or bad? And I just, the relationship, maybe I hope they support it, but I don't need a heck of a lot of trust. I just need to

know, it's going to be good enough. It'll demonstrate the value. When I subscribe to something, I mean, even if it's something small, I'm giving them my email, I'm giving them my credit card. I'm saying, "Yes, I'm going to make this a part of my ongoing life." That requires more trust. So, trust is fundamental to how we need to interact with our prospects and our subscribers.

Eric: Yeah. And I think it requires more trust on the business side too. For example, Adobe and their suite of products. I don't know when they made this switch to subscription, but they definitely held on longer than it was already very clear that the way to go was subscription-based software, but they were still selling Photoshop and other things as their one time price, etcetera. But they switched over and I mean, as a business of their size or as a business of any size, it takes trust to not get that big hit upfront. That's psychologically satisfying, "We've got the money," because you can cancel at any time with a subscription you might not get it. But if you have faith and trust in your product and what you're offering is, then ultimately in the backend, you're going to get more than what you would've asked for upfront.

Anne: And Adobe was actually one of the first big companies to just dive into software as a service. And boy, did Wall Street give them grief when they did that. Because their revenues took a hit. You're not getting those big one-time sales, but boy, did they then build huge recurring revenues and Wall Street's like, "I love this." So, if you are the first one in your industry doing it, you will encounter headwinds. And sometimes, I've talked to small entrepreneurs who are working with VCs and they're like, "My VCs said they want me to do subscription revenues. They want the recurring revenues." But then they're like, "Why are these deals so small?" So, it's like, "Well, they're small because they're subscription. You're not getting a big package." Everybody up and down the chain needs to understand how this affects the business. Like I said, it is definitely more than a pricing model. And if you are pioneering this in your particular niche of the world, it can take some courage and strength to and commitment to it.

Eric: One of the concepts that you cover at length in your book, you call value nurturing. Can you explain this to our audience and speak about why it's so important?

Anne: Yes. So, this is a book I was writing, again, for marketers at the first. And marketers have a certain set of things that we know about. We know about lead generation. These are tasks we're given. I need to do lead generation. I need to do lead nurturing. This is a conversion. These are the things that we do. And then once they're converted, they're, pfft, we're gone. We don't care. Somebody else is dealing with the customer and I'm looking at the next thought leadership, lead generation thing. So, I said, "Let's add something to that chain, called value nurturing." So, instead of just lead nurturing, once somebody subscribes, you're not done, you need to continue to nurture, quite simply nurture the customer's experience of value. That's all it is. You're not trying to get them to buy. You're just trying to get them to feel, "Ah, this is good." You want to nurture their experience and you can get really creative in how you do this, of course.

And marketing is obviously not the only part of the organization that does this, but marketing has a lot of skills that are really good at this. And so value nurturing has money phases, at the very simplest, the first thing that you need to do is make sure that people actually use and find value from your product. And so sometimes that can be as simple as really great welcome email that sends them to the right place. It can be as simple as a really good video that shows them how to do something. Just get that initial inertia. There's all this data, which I'm sure that you are very well aware of that if people don't start using something within the first X number of days, they're not going to subscribe. So, you really want to make sure that they will be successful.

Then you can make sure, you can just subtly remind them of the fact that they're finding value of your product, in your product. So, I call that demonstrating value. And this is something that like Fitbit, if you ever had a Fitbit and you occasionally get this notification, "Hey, you've walked the diameter of India," or something. You're like, "Dang, I guess I'm... And I'm walking more with this thing. I'm getting value from it." So, this is lovely celebration. It's, "This look how this product is helping you with your goals." That's a demonstration of value.

Eric: Right. Which is purely a marketing thing, because it's really just packaging something that probably would've happened anyway. It just, you didn't see it in the context of walking the diameter of India.

Anne: Yeah. You just take usage data that you've got sitting around and you say, "How can we package this in a way that people see the value in it? How can we package in a way that you see," it's like, look at all the time you've saved or the money you've saved or you've watched this many videos. And sometimes if it's something that's not, if it's more personal, it wouldn't be appropriate to be healthcare or something. You can aggregate. Our customers together have saved this much electricity or our customers together have... You can do something like that. But usage data is a ripe source of things that you can look at to demonstrate value to your existing customers.

Eric: Yeah. And when you were talking about helping customers find success, these early stages, I think one of the really interesting things from my perspective as a software engineer is that when you start thinking this way, you actually build marketing things into the software itself. You're thinking about how the... As opposed to, prior to that, where software is just being built in a very technical way, it's totally not usable. You need to read these big tones just to figure out how to operate the thing. And it was like a badge. And you had to get certified to use it and all this stuff. But now, the easier, the better. And you really have to think from the user's perspective.

Anne: Yes. And that's fundamentally this idea of value nurturing really permeates the entire organization from the design to the support, to every interaction with the customer. But yes, it needs to be fundamental too. If you're a subscription business, the mindset of the customer is something that everybody needs to have visible and front of mind. Before all this I was, many years back, I was a technical writer. And I remember once this, guy's a lovely engineer. I was

trying to describe how something worked. And he showed me how this feature worked. And I'm like, "This seems complicated." "No, this is fine. This is how it worked." So, I just wrote him a very clear instruction of how it works with all the steps I'm like, "So, Jim, this is it. This is how you want the user to do it." And he read it and he's like, "Oh, crap. This is too hard. I'm going to fix it." So, sometimes people just need to get that perspective of what it is they're asking of others.

Eric: Well, it's hard to do when you're a task-oriented part of the business, like a software engineer. You basically are given a task, and if you're not part of an organization that's sharing with you the larger vision, then you just do the task. You had your input and you gave the output and you did your job. It has, even in talking to you, I'm realizing how much of a psychological impact it has to shift the perspective of the organization to operate this way.

Anne: Yeah. That's really what it comes down to, is mindset and psychology.

Eric: Because of course, I mean, it makes sense. When everybody knows who's being served and knows what the properties of this person is and the avatar of the customer. Naturally, you're going to better serve them.

Anne: I talked to one company, and I forget the name of it, it's in the book, but they took these big monitors. I talked to the guy who was head of customer success and he said, "We put these big monitors with the, have examples of the current interactions we're having with our customers. And we stuck them right by where everybody walks into the company." So, the voice of the customer is literally there. The words of the customer on the wall, when they go to get their coffee, when they go to... They're seeing the customer interactions, just this reminder, "These are who we're doing it for." I thought that was a brilliant way, to serve a live refresh. So, it was live refreshing. So, people would look and see, "Oh, what are people saying on... What's the conversations on Twitter about this? What's the..."

Eric: Right. It's the perspective of, "We're working for these people." As opposed to, when it's about the big sale, you have these things where people, it's basically like, "Look who I just got to give us money." It's more of like a predatorial thing in these huge software sales. And it's a very... Anyway, it's all very interesting. But okay, continue on, we got through the first two big ideas of value nurturing.

Anne: The next two are related, and this is hard for the software engineers to hear. So, sometimes you can add value that's outside of the thing itself, outside of the solution itself. And you can add that through creating content that's wonderful or creating a community. I mean, we all... Gosh, especially after the last couple of years, we all crave community. If you create a community around your solution where people support each other, help each other, interact, you've just added a lot of value that it's not being shipped in the software, but is part of the experience that you're selling.

You can also create value through the relationship. I mean, there are companies, when they send me email it's like, "Ooh, I can hardly wait to see what email they sent me because it's funny or it's entertaining." So, that's pure human connection, creativity. Again, it's not part of the thing you sell, but it's part of the experience. And it adds value to that experience and it makes the whole solution more valuable. And so people are more likely to continue to not only renew, but to refer and to share with you their insights on your solution as well.

Eric: I recently had a conversation with Esai Arasi and we were talking about increasing retention in subscription business. And we talked a lot about the power of community. It was a really eye-opening conversation for me, where she studied the psychology of changing people's direction. And so, she applied all of these things into the subscription space and running subscription businesses.

So, she had a very academic way, a precise way of describing how this worked and why this made sense. It's really interesting. But it was really clear that yes, when you have a recurring business, you need to provide value outside of the thing itself so that people have reasons because there's different types of people who receive value in different ways. Maybe some people just get value from the solution. And others crave to be a part of the community, want to contribute to the community in some way. And giving these people the ability to do that in some way is only going to, when you're running a recurring revenue business, any increase you can get in that LTV is going to extremely do well for your business. And so, it's definitely something not to ignore.

Anne: Yep. And it's interesting point to think about, and if you... My litmus test for all this is to switch and think about my own experience as a subscriber to things. But sometimes we initially subscribe and then we renew and the reasons we renew are different. Because we've learned more from the experience of being a subscriber. So, I subscribe because I think I want this service and I renew because, "Oh, I'm part of this fantastic community of people. And this has become actually a part of my life." So, things like community and relationships are very, very hard for competitors. They can copy your software, they can copy your subscription box. They can copy many of those things, but they can't copy relationships. They can't copy community. That's something different.

Eric: You mentioned, in terms of creating value through your relationship, you mentioned you can write. You have a particular witty voice or something when you're communicating through emails and things like that. Have you seen other examples of companies that do that well?

Anne: Yeah. Everyone likes to share the fun ones. You see, that's the great thing. You get something you're like, "I have to share this. This was fantastic." I think it was CD Baby. I ordered something from them once and their transactional email about, "Yeah, we're shipping your product on the third." I mean, this is what most businesses would say, "Thank you for your order. We're shipping it on the third. You should get it some days after." They said, "We lovingly crafted, we made a parade down the streets of Portland as your CD marches off to its new home. There were tears. There were..." I mean, it was just, they just had a lot of fun with it. And

I'm like, "This is fantastic." If you get to an error page on the Lego website, you get obviously something very witty about things being broken. Error pages, transactional messages, all of these are things, they're all opportunities to be part of the relationship that you have with your customer. And too often they're missed opportunities.

Eric: And I think we're on aligning with customer values now. The last one.

Anne: Yes. Aligning with customer values. So, if you... Let's just use Patagonia as a brand. If you buy Patagonia stuff, you're not just buying a shirt, you're buying a relationship with the company that cares deeply about the environment, that donates some of its proceeds to causes, that will accept and repair gear, that will pass it on, that will... So, companies that align with your values, you're going to have a much stronger relationship with. Patagonia is not a subscription, so that's not the perfect example, but you get what I mean, is that if you are really clear on who you are as a company and what your values are, then you attract a like-minded audience of customers and they will more likely be very loyal. Higher lifetime value because you're part of a story of their lives. "I am the kind of person who supports these causes. I am the kind of person who does this." So, that's another form of value nurturing that can be really powerful if it makes sense.

Eric: And to be also transparent, I remember seeing something on your website and I was trying to find it again because I wanted to ask you about it. And for whatever reason, I can't find it. It was something about an armchair cognitive-

Anne: Armchair cognitive science geek or something. Yeah. Yeah.

Eric: It's a tangent, but what is that?

Anne: I like to look at marketing. I like to look at writing. I like to look at reading through the lens of what we're learning through cognitive psychology. And marketers have been definitely attaching to this fact that people are not just rational beings. We make decisions, important decisions based on all kinds of things, emotions, feelings. Thinking, Fast and Slow by Daniel Kahneman, a fantastic book that really opened my mind to all of the ways that we make decisions. And I think that as marketers, we need to understand that. So, I like to apply this psychology lens. I'm not a psychologist, but I do a lot of reading. And so I'm fascinated in looking at what are the biases? What are the connections? How are brains working?

Eric: Speaking of psychology, okay. So, I think of fun exercise sometimes is like looking at things like we call marketers or actors. And then we think that... So, for example, I watched a documentary with Sir Ian McKellen and he's talking about acting. But he does this thing where he doesn't distinguish between acting for a movie or on stage, and just being an actor in life. It's just a different role. Like I'm, right now I'm Ian McKellen, I'm doing an interview. This is my role. This is how I behave as this character. So, I wonder, in marketing, what would that be like? Like, okay, so we all, when we think about marketing, we think of somebody in a company working,

trying to do a thing, but what is a marketer? How are we marketers in real life? How do we see the world if we look through that lens of what is a marketer actually at a fundamental level?

Anne: At the most fundamental, what a marketer should be, is someone who is trying to get the right solution in front of the right person. It's really about meeting somebody's needs. Too often we think marketing is about persuading. It's about, eh. Fundamentally, it really should be about understanding what someone's needs are and then saying, "Here's the thing that's going to meet those needs." Hopefully I have the thing that's going to meet those needs, but perhaps I don't. And so fundamentally, marketing requires a touch of empathy to really understand what those needs are. And I'm a huge fan of data driven marketing, look at clicks and all this, but the click data is like the wake left behind the boat. You're not going to influence the direction of the boat by pushing on the wake. You've got to understand who's steering the boat.

So, that's why I think that the psychology or at least, is not like you have to study psychology. It's the simplest thing that all of us can do is just stop, take off our hats as a marketer, and then think of myself as somebody who subscribes to Netflix or to rent the runway or to anything that is simple consumer that we can get our heads around because really the same kinds of fundamental ideas apply, "Do I trust this is going to work? Do I think I'm going to get tired? What's the experience? Is it worth it?" All of that applies. And it doesn't matter if you're selling enterprise software or industrial chemicals, fundamentally, we're all human beings making similar sets of decisions.

Eric: And so, I think when I imagine being in that position and having to navigate that, I get the empathetic part, you listening, "Okay, what are the needs of who I'm trying to serve?" Now, the next tricky part is how do you communicate that you satisfy that need? Because communication is such a tricky thing.

Anne: Yes, it is. Yeah. Yeah. That's the key, how do you communicate that? You communicate that... Your best communication, and as a writer, it pains me to say this because I spent my career writing, but your best communication is get other customers to share that. Your best communication is probably through social proof, other people sharing how it meets their needs. So, customer stories, when they're real customer stories can be very, very powerful. I say real customer stories. I spent years, decades ago where it's like, "Well, no, you just put something in a problem, the solution, results, format. And it's a customer story." It's like, "No, it's not." The hero is the software and it's terrible.

So, how do you communicate that? That fundamentally is the thing, Eric, that marketing should be good at. This is marketing's task, is to communicate that through words, through video, through sharing other voices. This is where we take the marketing skills that we have to communicate at scale to understand and demonstrate that value at scale and do that. So, this is fundamentally the task, really of marketing in a subscription-based world.

Eric: And it seems like as technology evolves and as the way that we interact at scale with technology evolves, the way that people are communicated with has to change. So, for example, 10 years ago, a text-based testimonial with a name and a picture might have been trusted. But these days, the currency of that is very low because people have caught onto the fact that many people have taken advantage of that and it's not trustworthy. So, the video is now the thing and marketers, and in terms of communicating something that's going to be trusted by the audience, have to also be in tune with the channels that are trusted by the audience.

Anne: Yes. Yes. That's absolutely true. And those channels change according to who you're selling to, what it is you're selling. But fundamentally it's that trust, that the subscription relationship is founded on trust. And if you can't establish that at the outset, then you're going to have a harder road.

Eric: A statement you make in the book says revenue growth is the natural result of value nurturing done well. Do you have any real-life examples of what you mean by those?

Anne: Yeah. So, what I'm trying to get is that shift between chasing revenue. If revenue is your prime objective, you're going to make short-term decisions that are not fundamentally good for the long-term relationship. If the long-term relationship is your prime objective, I think that the revenue will follow. And if you want to just look at a contemporary example, so the pandemic, all right? The pandemic. I released this book about two months before everything shut down, the third edition. It's like, "Ah, dang, do I need to do a pandemic edition now?"

So, let's look at Fender guitars, that's a favorite example that Zuora likes to share. They sell guitars. They come up with a Fender play software thing, to help people learn to play the guitar because obviously they'll do better if people buy more guitars, if they are skilled. And they had a one-month free promotion and that was it and then otherwise you pay for a subscription. And when the pandemic came, so there were those companies that said, "Let's monetize this pandemic right away." And there are those companies that said, "Let's double down on relationships right away. Let's value nurture." So, they were one, they expanded, they opened up the Fender play, I think for like 90 days or something, they suddenly had a million subscribers, just blew the top off. But it formed those strong relationships.

If you look at Zoom in the early days, they said, they could have said, "Well, look who? You need me now. So, let's charge every school district." And they were like, "No, every school district gets this for free. We need to move education." They doubled down on building relationships and just came out very far ahead in the online meeting space. I mean, they were already well positioned, but instead of chasing the revenue they said, "This is an opportunity to build relationships. We can afford to do this right now. This is what we're doing." And it really paid off. So, focus on the value nurturing and the revenue will come if you're smart about it. That's what that's about.

Eric: It seems like this thing that you're grasping onto, and you're calling value nurturing, it seems like it's like a fundamental shift across all areas of our culture. That's happening not just in business, but just... And I mean, we could speak to it simply in many ways, but just like listening more, being more empathetic, caring about something other than yourself first. It just seems to be part of a larger shift happening.

Anne: Yeah. It's almost like grandmotherly wisdom applied to business or something. I'm not sure, but yeah, it is. It's when you look at it that way, it's taking a long-term perspective instead of this short-term. I think we've been pushed so hard into short-term Midas, with our economy, with the way our, even how startups are funded, how quickly can we grow? How quickly can we get to this, that to take a long-term perspective is truly radical in the business world. It is.

Eric: Right. And in a sense, you are playing the role of a marketer for this idea because you're not going to go into companies and be like, "Hey, love is the answer." Right?

Anne: Yeah.

Eric: You're like, "Okay, how can I present value nurturing?" That sounds-

Anne: Value nurturing.

Eric: That sounds more professional.

Anne: It sounds like it's just another thing on the marketer skill. I do lead generation and I do value nurturing. And that's what I really want it to be, is that a thing that people think of it as a fundamental part of your job. Yeah, I don't know that the term is taken off, but let's just use it. See what happens.

Eric: But it just shows you how packaging has to be, the words that you use and how you package ideas is so dependent upon your audience, the consumption, how they can consume it. Because ultimately the seed of it is that thing about empathy, but you can't deliver it to the business world in that package.

Anne: Yeah. Yeah. And you have to deliver it, I mean, to the marketers, it's like, you're going to be irrelevant if all the revenues are somewhere else. It's to the business head, it's like you're missing the opportunity to build the customer lifetime value. Let's use a metric, we'll feel good. If you're living spreadsheets, I'll give you a metric to focus on. Yeah. Yeah.

Eric: Yeah. It's so funny when you-

Anne: Love is the answer.

Eric: ... just look at things from that different perspective, but it's also just like, it's just part of how we operate. As humans, we're always, each profession has different language that they

use with each other. I mean, even within the same language of English, you know software engineers talk to each other a certain way. It's just so fascinating. Coming back to my question earlier about how do you communicate once you have felt empathy and you understand where somebody's at, it's just now that everything is so... You can speak to the world very easily now. And everybody has different languages and different ways they hear and different words mean different things to different people. And it's like, how are you supposed to effectively communicate to large audiences at scale when everybody is so different and your communication is going to land across cultures and across countries and everything. It's just-

Anne: It's tricky. It's tricky. And I think this is another place where, to some extent, and again, this pains me to say as a writer, but video helps because you get your body language. You get your inflections. These things where words that themselves don't... Writing is trickier. Writing is trickier in this environment, but inflection, vocal inflection, waving my arms around, this is a podcast. People can't see, but I'm smiling. Those things. All of that's very powerful. It's fundamentally how do we connect as human beings on different levels? And it's tricky. It's tricky.

Eric: You spend pretty much the entire second part of the book devoted to value nurturing strategies. I highly recommend people check out the book and go through all these different examples. I think that they'll be really helpful to people to understand and apply to their business or whatever else they're doing. They might be writers too, or they might be doing something else.

But fundamentally, I think, you are packaging them this way. You're packaging them as value nurturing and we're putting it into the context of business, but there's a fundamental truth here that I'm also picking up to on and commenting on, and I think when people approach it that way, yes, this can help with business, but it also helps to, when anybody spends a significant amount of time breaking down concepts in their field, they reach fundamental truth that can be applied and useful to anything. You spend a significant time doing this. So, I'm just saying there's clear value here to be gained. For people who are interested, they should definitely check out the book, but for our conversation today, maybe we can explore a few of these ideas that you think are especially relevant or underrated.

Anne: Sure. I think, I'm going back and forth between marketing strategies and the fundamental truths. But I think we talked about just the relationship and every interaction you have from every little email. I like to think... So, I now write books and I have an email subscription and it's non-paid subscription, except it is paid. People pay with their email and with their time and their attention. And that's probably more valuable than five bucks a month on Patreon or something. But their email, their time and their attention. So, I think every time I communicate with them through this, how am I adding value? Does this email have something of value to people in it? And whether that's just something that makes them smile or something that inspires them. But I just like bringing that idea of adding value to almost every interaction I have.

So, if you're in your business, that's a little filter lens to put on every customer interaction, especially the automated ones where people can feel stuck in a machine. How are you adding value?

I think that we mentioned customer success guiding people. And sometimes that means paying attention to customers who are inactive or falling off the rails. To me, the real testament to whether a company is living this sense of a true, earning their trust is what do they make you go through to unsubscribe? What if you need to leave, whether it's for a short period of time or for a long period of time, are they hiding it? I mean, states have had to put all sorts of regulations in place that if you let me subscribe online, you have to let me unsubscribe online because there was so much abuse of this.

If they're hiding it or trying to upsell you or do this, it means they are not really fundamentally committed to that long-term relationship. If they let you go gracefully, and it's so wise to do that because when a company... I might be unsubscribing for reasons that have nothing to do with your software. Or I'm not happy with it or your subscription box or whatever. So, if I leave with a good feeling about it, then I am much more likely to remember, and then either return or recommend your service to someone else.

I mean, psychologists talk about the peak end rule for how much, when we go on vacation, it's the highlight of that vacation. And it's the end of the vacation, that flavor, our perceptions of it. I think the same thing applies to your business relationship. It's the peak end rule. And you have control over that end. And if you're going to make people jump through hoops or suddenly offer them deals that they never deserved as a loyal customer, but as an existing one, they're going to get, that's just a sign that it's not really a relationship that's based on, I don't know.

Eric: Yeah. This funny picture came into my head about a restaurant that only has an entry, but no exit. So, you going, and then you eat your meal and then you can't leave.

Anne: You can't leave. But don't you want breakfast now? You've been trying to leave for half an hour, don't you want breakfast?

Eric: Exactly.

Anne: And we won't name the companies, but we all know of the companies that do that, just make it really hard. Yeah. And the wise ones make it easy and no-

Eric: Well, there's a certain lack of confidence that communicates.

Anne: Yeah, it does. It is. Yeah. It's creepy if you're in a relationship and the other person won't let you go anyway. We all get a little creeped out by that. So, that's something architects your plan for when people leave, have it in place. What will they do? What will you do? Will you make it easy for them to resubscribe? We'll keep your data or something, or you let us know if you want us to raise this. You're never coming back, but just be gracious, be gracious. Yeah.

Eric: When we spoke earlier, you mentioned something that piqued my interest. You said, "It's easy to lose money with subscription customers." Can you elaborate on this?

Anne: Again, if you think of this as primarily a pricing decision and pricing is tricky, I'm not... But if you think of subscription as primarily a pricing package and disregard everything else that comes along with it, like we talked about the whole mindset shift that goes through engineering up through the people who are shipping or answering support, calls, everything. It's very easy to lose money because you don't think through. You're not likely, if you don't have good retention, a lot of customers cost more to acquire than one cycle of revenue than one year. You know it takes more than a year to pay back. Or if you're at a smaller consumers thing, it might take a few months before a customer has even just paid back its cost of acquisition.

It's very easy to, you see the customers that rush out at... You see the companies that offer some big, crazy incentive to get people to subscribe. And once people are done with it, they're going to unsubscribe. I mean, I have to confess, I'm not really a big part of the Disney Marvel Universe stuff. I did subscribe to Disney+ for two months, because I wanted Hamilton. I watched Hamilton and I left.

Eric: Hamilton's great. Yeah.

Anne: And Hamilton's not really a good match for the Marvel Universe though. So, I questioned... It probably still worked out for them, but they're Disney, they can do that. But for smaller, the rest of us, it's like, does that make sense? Do you want to attract the wrong customer? You want to attract the customers who are going to be loyal, that's your path to success? Not attracting everybody. So, whereas to the traditional marketing model is the more leads generated the better, woohoo. That's not the case. Sometimes you're better off generating fewer leads, but really good ones that are going to become lasting customers.

Eric: Do you have any parting words of wisdom for people in our audience with regards to subscription marketing, maybe something we haven't touched on yet?

Anne: Parting words of wisdom is, question the established practices. Question what you're doing, that you've always done, question what you're doing that all your competitors are doing. You're not going to stand out by doing the same thing everyone else is doing. And you have this real opportunity to earn some stronger relationships with people by just doing something entirely different. So, bring that same creativity, I don't know, that you bring to your marketing campaign to the question of what you're doing and how you reach people when you get to that fundamental sense of, "What do people need and how can I serve that?" You can be really creative. If you're in the B2B market, you can look at what a subscription box does. You can look way beyond your usual competitors. And in fact, I think you should look beyond your usual competitors. So, just question everything and get creative. That's my parting words of wisdom.

Eric: I think that's so important, especially for smaller businesses, because that's our real advantage. We talked about the danger of systematic thinking. When a company gets to a certain size, they really, there's nothing that they can do about that. So, as smaller companies, we have the advantage in the market, we can move nimbly and we can try different things. And that's ultimately a strength that we have. And I think sometimes I see companies trying to look bigger than they are because they don't want to seem like they're small. But ultimately, I find that people want to do business with people that they feel like they have a relationship. So, leaning into that, letting your personality shine through. Try things. You don't have to be perfect and you don't have to copy what Netflix does or these other large companies.

Anne: Right. Right. Don't copy, do it in your own way, but look for inspiration for what you enjoy in your personal life, in your relationships with those brands that you love and think, "Ah, I wonder what element of that we could bring in?" That's great advice. Yeah. Small businesses have a great opportunity.

Eric: And I think that speaks to one of the creating value through relationship point that you have as part of value nurturing, I like that. People are in relationship with other people. So, when you are yourself and you allow yourself to shine through your marketing, some people may not like, just like in life, some people may not like us, but a lot of people do.

Anne: Yeah. And when you find those people, that's what's going to make your business grow, is finding those people. Don't try to chase everybody.

Eric: So, where can our listeners learn more about you and get your books?

Anne: Sure. So, the best place look is my website, which is my name, annejanzer.com. I also have a little discussion guide for subscription marketing, which actually you could use without reading the book, if you wanted. And that's up on the website, under the resources section. I've sent a link. So, maybe you can include it with the podcast. If people want to just have something to say, take a principle of it and think about it in your business and think about it in your life and how might you apply. It might be an interesting topic of discussion.

Eric: And we'll include links to that in the show notes so people can easily get access to those, but I appreciate you coming on and it's been really great talking to you.

Anne: Yeah. Thanks. It's a fun conversation. Thanks Eric. It's great.

Eric: Yeah, my pleasure. Thanks Anne.

OUTRO:

Thank you so much for listening to my entire conversation with Anne.

I hope you're walking away with some big ideas and practical strategies you can use to grow your business.

Many thanks to Anne for coming on the show and sharing so freely from her years of experience.

If you'd like to get links to all the resources we mentioned in this episode, head on over to subscriptionentrepreneur.com/185.

There you'll also find the complete show notes and a downloadable transcript of our conversation.

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