

**SPAM**

THE CASE FOR  
RELATIONSHIP  
MARKETING

**SPAM**

**SPAM**

**SPAM**

WUNDERMAN



# SPAM SPAM SPAM SPAM

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Marie arrives home from work.

She checks her email on her laptop.

She has twelve offers for sexual potency pills, three from music download companies and fifty-eight offers from online casinos.

'Spam' thinks Marie.

She checks her mobile. On it are three texts offering her a free holiday, discount ringtones and a pizza.

'Spam' thinks Marie.

Her home phone rings. Someone wants to sell her new doors and windows.

'Spam' thinks Marie.

On her doormat are five letters offering her credit cards, loans and a hair coloring treatment.

'Spam' thinks Marie.

She looks out of the window. Outside are eight billboards talking about credit cards and loans.

'Spam' thinks Marie.

She switches on the TV. There are three ads for ringtones, followed by one for loans. Then comes the show – sponsored by an insurance company. Marie realizes that the TV is spamming her too.

...

Marie is being bombarded by more commercial messages than any human being ever before.

And like most mammals in such a situation, she's developed a defense mechanism.

A laboratory rat forced to live next to a constantly ringing bell learns to switch the sound off in its head. After a while, its brain just doesn't register it.

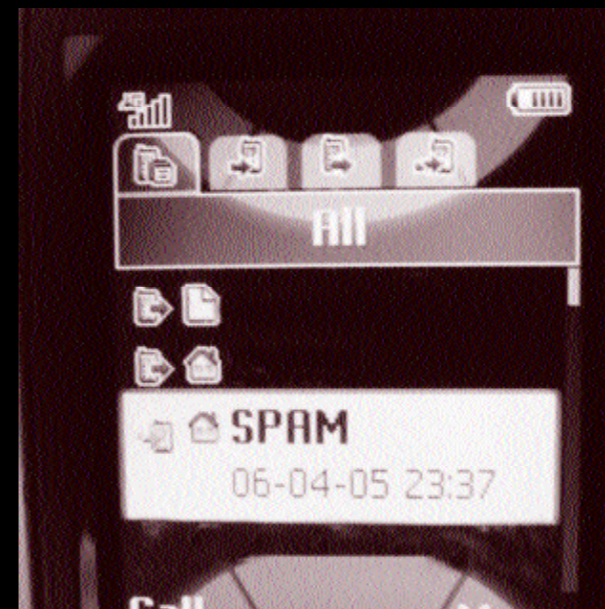
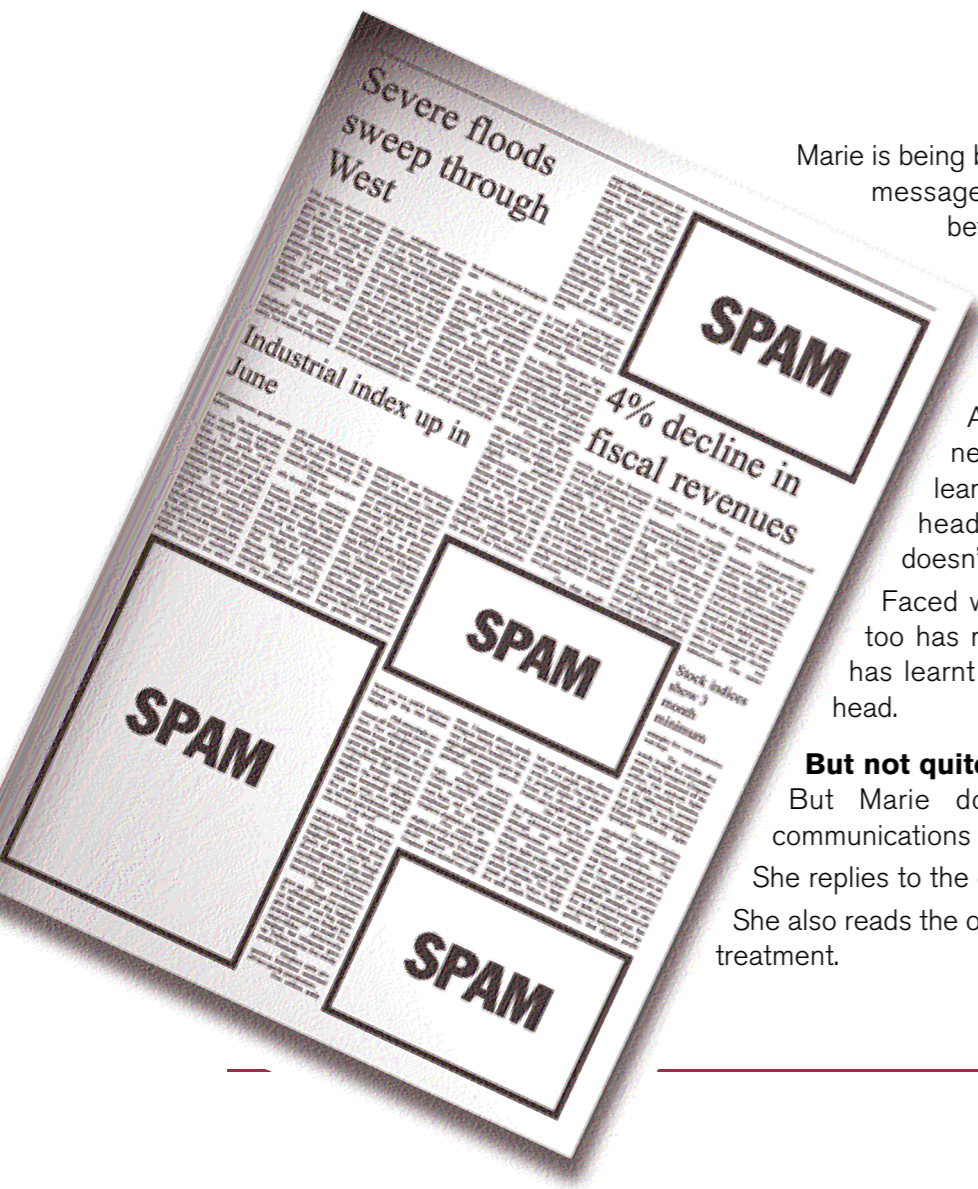
Faced with so many messages, Marie too has reached overload. And she too has learnt to switch off the noise in her head.

**But not quite all of it...**

But Marie doesn't ignore quite all the communications being flung at her.

She replies to the offer of a pizza.

She also reads the offer about the new hair coloring treatment.



And she looks at one of the emails about music downloads as well.

### Why does she do so?

She responds to the offer of the pizza because it came from her *mum*, whom she hasn't seen for two weeks.

She looks through the hair-coloring offer because it's from her *favorite hair salon*, and she wants to know what her stylist Pierre has planned for her.

And she looks at the email about the music downloads, because it was from iTunes, and she is in love with her *iPod*.

### What's the common link?

In each case, Marie registers and reads the message because she has an *existing relationship with the sender*.

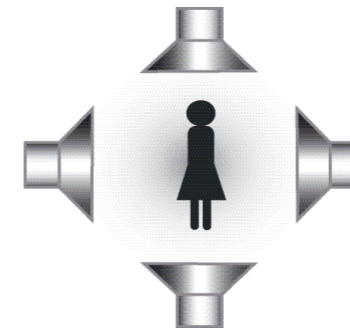
The existing relationship makes the message stand out to her like a light in gloom.

It lets messages get through that otherwise wouldn't - no matter how many times they are repeated.

In a world where companies scream all the time about



*Today, no taxi door, parking meter or soap opera is free from the constant assault of commercial messaging. Here, in the toilet block of Ikea Moscow, you can't even poo in peace.*



*In 2004, the average US consumer was exposed to 3000 commercial messages a day, compared with 650 in 1985.*

SOURCE: EPIPHANY/LEHANE

their wares, how much they scream is no longer the decisive factor.

Today, it's not *what* the consumer knows, but *who* they know that matters.



**'The first principle in the Art of War' said ancient Chinese general Sun Tzu 'is to concentrate your forces.' Conventional marketing doesn't do this much. Relationship marketing does it par excellence.**

## MARKETING WITHOUT WASTE

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Relationships are a powerful answer to the incessant noise of modern marketing.

They allow messages to get through when they otherwise wouldn't.

But they are also a much more *efficient* way to market than spamming (or 'classical marketing' as its advocates prefer to call it).

### **Classical marketing isn't efficient**

Classical marketing uses the blunt instruments of mass media.

It's not that easy to target a specific group of people with them.

If you're looking for women aged 18-30, your TV commercial, however carefully targeted, is going to hit millions of people who aren't in that group.

Indeed in some countries, TV stations will only sell you one broad audience anyway – like 'housewives 18 to 49'.

The end result is money down the drain.

You spend ten million euros on advertising to women aged 18-30, and nine million of those euros hit men, and women who aren't aged 18-30. Only one million euros hit home.

If you are targeting a smaller part of the population, things get worse.

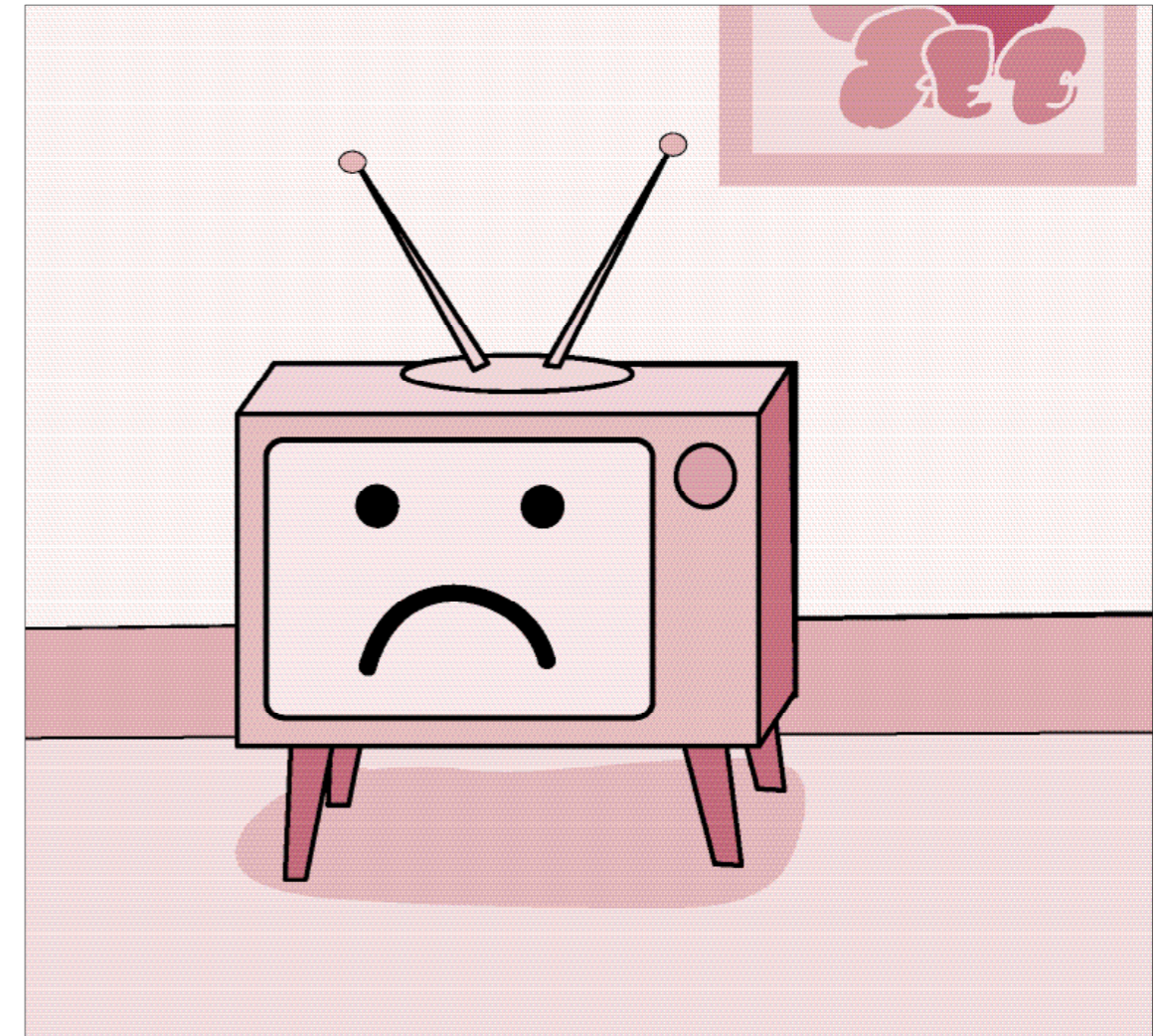
If you're targeting say the five percent of people who buy premium skincare products, then as much as *ninety-five* percent of your advertising goes to people who don't ever buy premium skincare, and only *five* percent hit home.

And if you are targeting a very small audience, say the one percent of a city's population that fly frequently on business, as much as *ninety-nine* percent of your advertising impressions are wasted, and only *one* percent hit home.

### Compare that with relationship marketing

Compare that with marketing within a modern computer-powered relationship:

- Supermarkets now have efficient loyalty schemes that combine customer address details with a complete record of every item that their customer has ever put into their basket in their store.  
So that supermarket can promote a new product to the five percent of their customers who already buy premium skincare products easily, *and to those people alone.*
- The better airlines possess an intimate picture of their customers' travel habits, as computers process everything from bookings to seat preferences to



**So is relationship marketing anti TV?**

**Not at all. It's just that relationship marketers prefer only to send people messages that are going to be useful to them, and to do so only at the time when this is the case.**

lounge visits. So if they want to talk to the 1% of people who fly frequently on business from a city, they can do so - *and to those people alone.*

- Even taxi services are developing good databases nowadays. London's Addison Lee takes their bookings via web, and alerts their customer about their taxi's arrival by texting their mobile phone. So they too can talk to all their best customers - *and to those people alone.*

Compare the different efficiencies of advertising, and modern database marketing:

TARGET:	Women 18-30	Premium skin cream users	Frequent flyers
Percentage of population in target:	10	5	1
Rough percentage of TV advertising wasted	90	95	99
Rough percentage of relationship marketing wasted	0	0	0
Increase in efficiency from no-waste relationship marketing	10X	20X	100X

*Relationship marketing can make a \$1M budget feel to its target like \$10M to \$100M of advertising.*

A 10X to 100X increase in efficiency is not just marginal.

In the words of Intel's Andy Grove, a 10X shift represents a 'strategic inflection point' for the industry experiencing it – and relationship marketing can deliver this to many, many industries.

It can make a one million euro advertising budget look like a *ten million* to a *hundred million* euro budget to its target.

A market research company once described advertising as a 'diffuse mist before the eyes of its audience'. Relationship marketing can turn it into a *cruise missile*.

It represents a revolution in marketing effectiveness.

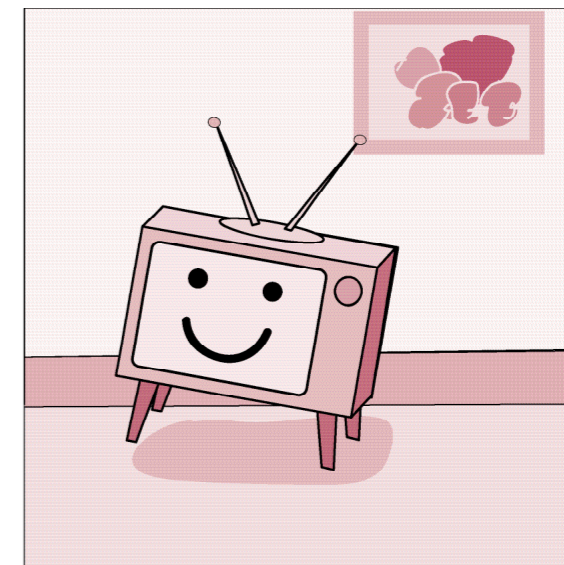
**Plane sense**

The massive new efficiencies of relationship marketing explain why you rarely see airline commercials on TV any more.

In the 1990s, TV ad breaks in London, Paris and New York were full of business class air travel ads.

Today, they're virtually all gone.

But the relationships the airlines have made with their frequent fliers have got stronger – they receive more information, more frequently and more timely than ever before – but via email and post with 100% efficiency, rather than via TV with 1% efficiency.



*As TV digitizes, it will get more targeted, and thus more attractive to us as relationship marketers.*



*A hundred online companies must know your date of birth. How many sent you a card on your last birthday?*

What's more, because it knows who it's going to, it's better information than before.

It allows them to change their seat the night before they fly.

It clears airport queues for them.

And it allows them to select their meal, regular, vegetarian, halal or kosher.

### **As people start to use the data better...**

At the moment, relationship marketers are using only a few percent of the capabilities of modern computers to run their relationships.

As an illustration of this, consider how many companies have asked you to type your date of birth into one of their online forms in recent years.

For a typical reader of this booklet, the number must run to the hundreds.

Sending you an email on your birthday would be an easy and powerful way for them to start building a relationship with you.

And yet *did you receive a single message from these companies on your last birthday?*

There are many more efficiencies to come, as marketers start to handle the data in relationships better:

### **1. Promotions that work**

'Collect twenty packet tops and win a pointless little plastic thing', say most promotions. They're pretty boring.

But relationship marketing can target the promotion

exclusively to the few people who you really want to influence.

And because you're only offering the promotion to these people, *you can afford to give them something worth having.*

### **2. Competitions that motivate**

'Enter our competition and you have a one-in-a-billion chance of winning a holiday in Cancun', say most competitions.

The low chance of winning is because most competitions are flooded with entries from people who like entering competitions, not from the people the competition is trying to target.

Relationship marketing can exclude these competition junkies and only include the people you want to motivate, making the competitions easier for them to win - and thus making them *a more motivating marketing tool.*

### **3. Coupons for the right people**

At the moment, most coupons are redeemed by the 20% of people who like collecting coupons.

With relationship marketing, this doesn't have to happen.

Relationship marketers can direct e-coupons only to the



*If your core prospects thought they might actually win your holiday competition, they'd be more likely to enter it.*



*Do you want coupon junkies to use your coupons - or just the people you're trying to influence?*



specific group of people they want to influence.

That means far fewer coupons.

Which means each one can have a much higher value.

Which means they are *much, much more likely to influence the people they want to influence.*

### And it finally makes the internet work

Today, despite the huge growth in strategies aimed at the internet and at mobile phones, advertising spending on these media lags hugely behind the proportion of their time that consumers spend using these devices.

The reason is that marketers still aren't convinced that the current crop of banners, microsites and texts have impact.

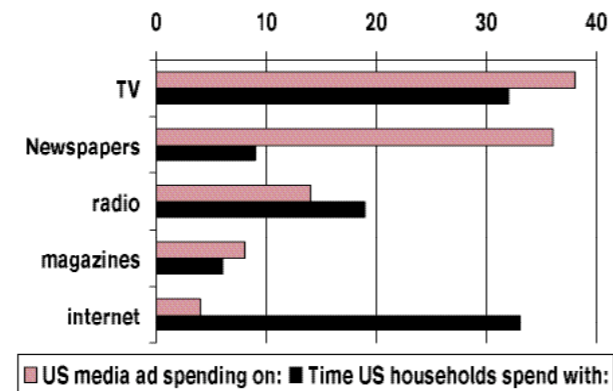
And the reason they don't have impact is that they are in essence just another form of spam.

Relationship marketing allows e-marketers to talk only to the people who will value their services, and to do so only when they want to hear.

It is thus the philosophy that turns e-media into as big a leap as television was in the 1950s.

It turns e-media from electronic spam into the *most targeted, smartest medium in the history of mankind.*

### PEOPLE USE THE INTERNET AS MUCH AS THEY WATCH TV NOWADAYS



*The internet is a mainstream medium nowadays - but marketing budgets are stuck in the past.*  
SOURCE: IMIU

## WHY LOOK FOR A NEW CUSTOMER WHEN YOU ALREADY HAVE ONE?

Each year marketers spend billions of dollars on activities aimed at finding new customers.

They spend precious little on keeping their existing customers.

Perhaps this made sense when marketing was invented in the 1950s. Then, Western populations were young, with huge numbers of young adults in their early twenties.

With cheap television and few channels to watch, you could hit all of them, every night. Acquiring new customers was like shooting fish in a barrel.

Today Western countries are much older.

Their populations have flat age profiles: there are no more 20-year-olds than there are 60-year-olds.

Western populations today can be visualized as conveyor belts with roughly equal numbers of young

adults getting on at one end each year, and roughly equal numbers of eighty year olds falling off at the other end.

In such a population, the way to win is to make sure the people who commit to you remain with you *for the six decades they remain on this planet.*

**This means keeping them loyal to you**

Today, the most important mission of marketing is to ensure that those people stay the course.

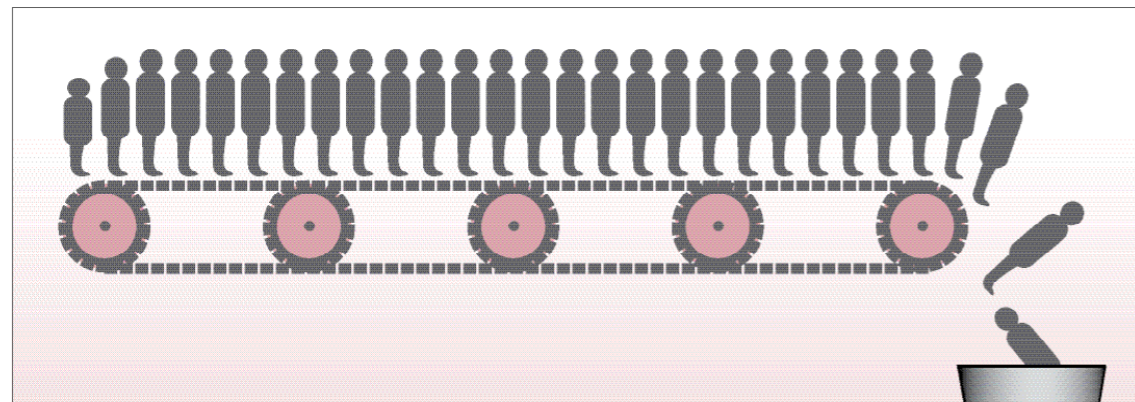
Does this mean building a real relationship with them, or just treating them well?

In the short term, the commercial impact is negligible.

But in the long term, the commercial difference between treating them well each year and thus keeping 90% of them, and building a secure relationship and holding on to 99% of them is astounding.

- Keep 99% of them each year and after ten years, you've lost ten percent of your business.
- But keep only 90% of them each year, and after ten

*21st century societies are like a conveyor belt. Roughly equal numbers of young adults get on at twenty, and fall off at eighty.*



years your business is only a *third* the size it was on day one.

For most businesses, this is the difference between success and collapse.

**KEEPING PEOPLE WITHIN A RELATIONSHIP MATTERS**

*Size of business, year 0 = 100*

	Retention rate	Year 0	Year 5	Year 10	Year 20
<b>Treat them well</b>	90%	100	59	<b>34</b>	12
<b>Secure, rewarded relationship</b>	99%	100	95	<b>90</b>	82

*To collapse, a business need not make any 'mistakes'. It need just take its customers for granted.*

**Relationships can make money too**

What's more, unlike trial-based marketing, relationship marketing can actually make you money:

In the past, most big companies made most of their sales on five or fewer product lines.

In the 1980s for example, toy giant Fisher-Price produced hundreds of types of toy. But around 80% of its sales came from its talking telephone and four other toys.

Strip a company down, and most of them are like this. They sell lots and lots of a few lines, and very little of anything else.

In the age of digital based relationships, that need no longer be the case.

With a modern e-company like Amazon, something like a third of their sales come from lines that aren't just not in their top five lines, they aren't even in their top thousand lines.

The picture is similar for online tune downloads.

And ringtones.

Once you have a customer in a committed relationship with you, you can offer them all sort of products and services via your website that they might otherwise never discover.

The infrastructure you need to set up to fulfil is small. Distribution can be via online download or mail.

And you don't need masses of marketing support. You can talk to very few people, with no waste. And as they are committed customers, they are half sold on your products already.

In the offline world, small, niche product lines nearly always lost money for their makers.

Today, the so-called 'Long Tail' can be a source of massive, easy incremental revenue.

Relationships are thus not just a more efficient and more impactful way to market. They may also – eventually - *make your marketing process pay for itself.*



*Amazon's strong relationship with its customers allows it to make money in niches where other retailers fail.*

## GETTING THEM IN

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*Relationship marketing isn't just about loyalty. It is also a powerful way of getting trial.*

What drives people to buy their first iPod? It's usually that one of their friends has one, and lets them have a go with it.

Similarly with cars.

And similarly with vacation ideas.

Businesses that relate well to their customers find that those customers act as unpaid marketing agents, recommending the company to their friends, and pushing some of those friends to buy.

There's a huge difference between the prospects of businesses where this happens and businesses where it doesn't.

Ignoring the issue of customer retention for a second, compare the growth of businesses where one in ten



*iPod owners sell their friends on iPod. That's why iPod shows such explosive growth.*

customers recommends a friend each year, and really successful businesses where *one in two* customers recruits a friend each year, against businesses where this doesn't happen:

- Where it doesn't happen, the business stays static
- Where just one customer in ten recruits a friend each year, the business is *two and a half times* bigger after ten years.
- In the case of cult businesses where one customer in two pulls a new one in each year, the business is almost *sixty times* bigger after ten years.

Being nice to your customers isn't just about courtesy. *It can also make you rich.*

## HOW HAPPY CUSTOMERS GROW BUSINESSES

Size of business: year 0 = 100

Proportion of customers who recruit a friend	Year 0	Year 5	Year 10	Year 20
none	100	100	100	100
1 in 10	100	161	259	673
1 in 2	100	759	5766	333,000

*The best businesses grow not through advertising but via customer recommendation. If a lot of customers recommend, the business grows explosively.*

### But what about initial trial amongst new adults?

Some people may argue that getting initial trial amongst young adults is still the most important task of marketing.

Our answer is this:

New adults don't just appear in the marketplace aged twenty, ready to build up preferences from scratch.

They spend two decades in families before they are let loose on the outer world, and over those two decades they absorb the habits and preferences of their parents.

Most people end up copying their parents' eating habits, their personal habits and sign up with the same bank as them.

So if you want to get to new consumers, *build a relationship with their parents first.*

### Do people who talk trial mean trial anyway?

Getting trial is a good idea.

It's just that most classical marketing activity isn't really aimed at this.

The reality is that it's aimed at re-recruiting people who have already tried and lapsed.

In short, most of the activity is aimed at making up for a lack of relationship between brand and user.

Getting re-trial isn't easy. Someone who has tried and left is twice as hard to win back, because the marketer can no longer offer them the thrill of something new.

*If recruitment is so hard, it makes sense to ensure that you only do it once.*

	Brand leader in 1923	Brand leader in 2005
Film	Kodak	Kodak
Canned fruit	Del Monte	Del Monte
Shaving	Gillette	Gillette
Cola	Coca-Cola	Coca-Cola
Soup	Campbell's	Campbell's
Tea	Lipton	Lipton
Chocolate	Hershey's	Hershey's
Gum	Wrigley's	Wrigley's
Tires	Goodyear	Goodyear
Dental	Colgate	Colgate

*Each of these brands was brand leader in the US in 1923, and remains brand leader in 2005. And yet nearly all the adult consumers of 1923 are dead today. Why do the preferences live on? Because children learned them from their parents. Source: Jack Trout/AdAge*

# PACKAGED GOODS BRANDS R.I.P.?

*Relationship marketing doesn't just make it easier to market brands. It also changes their very nature.*

When TV took over from press as the biggest medium in the 1950s, the people who switched first were the big packaged goods companies.

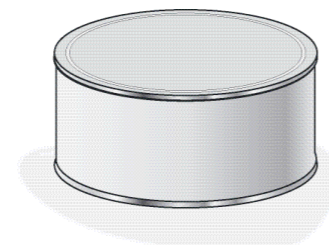
But in the 2000s, the big packaged goods companies are still wedded to TV. In the great move to relationship marketing, they are nowhere to be seen.

Supermarkets, on the other hand are at the forefront.

And as a result, the revolution isn't happening for the packaged goods companies. It's happening *against* them.

## Sales visit from hell

Account managers of packaged goods companies are used to going into retailers' head offices, and selling their wares.



*Few people want to build a rich, deep, mutually satisfying relationship with a can of vegetables.*

'We're putting ten million euros on television' boast the reps.

And in the past, this was enough to get their product listed.

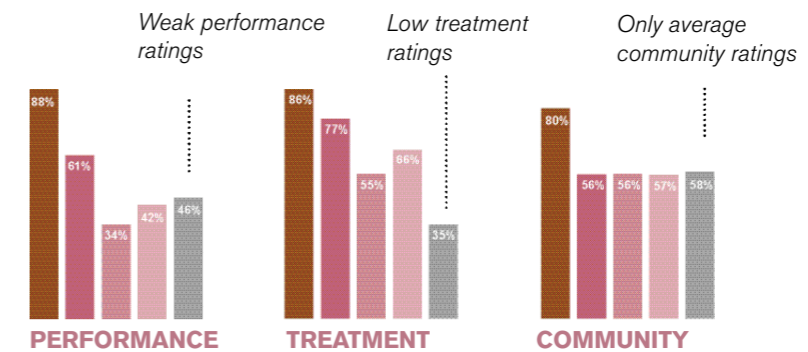
Not any more.

Today, the more sophisticated retailers explain that things have changed.

*'We have a loyalty card database that records everything our shoppers buy each week against their personal details' say the supermarkets.*

*'Unlike you, we know exactly who buys in this market, what they buy, when and what with. What's more, we*

## THE ACHILLES HEEL OF PACKAGED GOODS



Cars Retail Banks Airlines Packaged Goods

*The Wunderman Brand Experience Scorecard reveals that packaged goods brands have some important issues to face when developing relationship marketing programs. (To find out more about the Wunderman Brand Experience Scorecard, read <http://emea.wunderman.com/ffu.pdf>)*

*know exactly where all these people live, how old their children are and even what brand of sanitary protection they use.'*

*'Three percent of the country buys in your brand's market, no more', they say. 'That means that around 97 percent of your advertising budget is wasted.'*

*'Now, rather than wasting 97% of your 10 million euros on TV, why not give it to us and we will direct it only to those of our customers who are your prospects?'*

The packaged goods companies are wrong-footed.

For the past fifty years, they have prided themselves on their marketing skills.

But today the tables are turned. *The retailers are much closer to their customers than they are.*

### **Competing on relationships**

When packaged goods companies try to compete on relationships, they face an uphill battle.

A modern supermarket has a Euro 7000-a-year-plus relationship with their shoppers - they feed them and their family, provide them with toiletries and cosmetics, clothe them and ensure their homes are clean.

This big need makes for a big relationship.

By comparison, the needs that packaged goods fulfil are simply not big enough.

People value their relationship with their supermarket.

*But no one wants a relationship with a can of beans.*

## **THE MODERN GROCER**

**Unlike you, I know who buys your product.**

**Unlike you, I know their name, address, phone number and what brand of sanitary protection they use.**

**Unlike you, I know what other products they buy your product with.**

**Unlike you, I know what day they buy it on, and how often they buy it again.**

**Unlike you, I know how often they stray to your competition.**

**Unlike you, I know whether sales move when you advertise.**

**In short, I know lots more about your brand than you do.**

**Now, what was it you hotshot marketer wanted me to stock?**



### **Beans means small needs**

The problem is that packaged goods brands were built for the era of TV, not for the new era of relationship marketing.

In a 30-second TV commercial, the sort of need you need is small, like 'fixes dandruff'.

As long as benefit and the brand name sticks in the prospect's mind, all's well and good.

But that need isn't enough in the era of relationship marketing.

*Strong relationships have bigger needs at their core.*

Packaged goods brands need to redefine themselves around big needs to succeed in this new era of relationships.

It need not be too much of a leap.

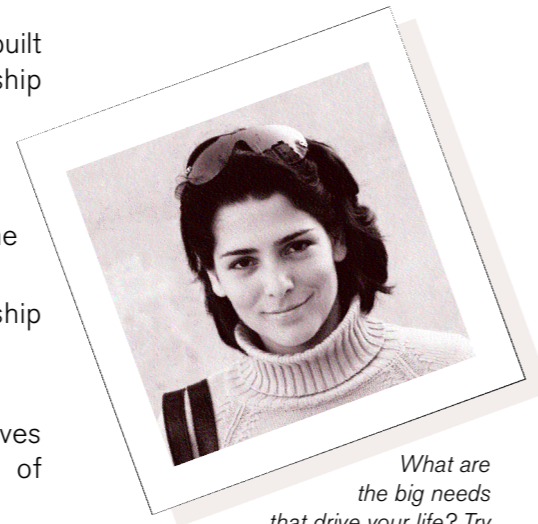
We have been so used for the past fifty years of thinking of packaged goods as simple brands in cans that we have forgotten that they can be bigger than that, that they can form systems, educate their consumers as well as mirror them, and that the needs they address can be as big as the human imagination is large.

No one wants to form a relationship with a pot of skin cream.

*But they will form a relationship with something that helps them look young at forty.*

No young man wants to form a relationship with a deodorant.

*But he will form a relationship with a brand that promises to get him a hot date.*



*What are  
the big needs  
that drive your life? Try  
our online test at  
[emea.wunderman.com/4cs](http://emea.wunderman.com/4cs)*



**Big needs are needs like: 'I don't want to feel old.'**

And indeed no one wants to form a relationship with an insurance company either.

*But they will form a relationship with someone who promises to look after them in old age.*

### **No more problem/solution**

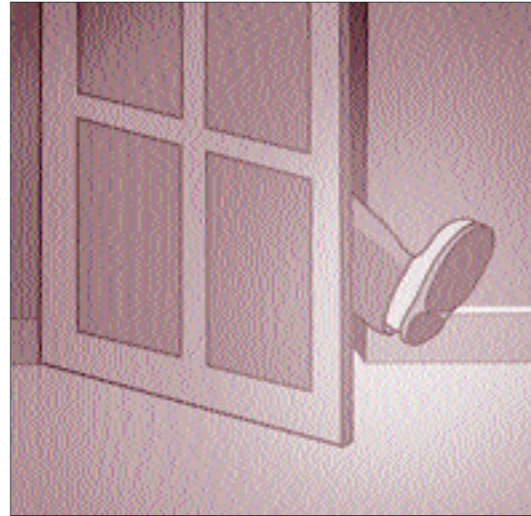
'But we can't fix big needs the way we can fix body odor.' complain packaged goods marketers.

They are still living in the era of 30 second TV.

The point of a relationship is not to provide a quick before/after fix for problems, but to share them and discuss them. Solving things permanently is only a goal.

If packaged goods can redefine themselves around these big needs, they can prosper in this era of relationships.

If not, as the supermarkets get smarter, packaged goods brands are likely to struggle – *and become the roadkill of the relationship revolution.*



*Remember all the interactive websites insurance companies built during the internet boom? No one wanted to interact any more than they wanted to interact with the man who put his foot through their door in the 1950s. The needs most insurance companies focus on are not big enough to build a relationship larger than a once-a-year renewal.*

## **HOW TO COME ON TO SOMEONE**

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*How to build strong, durable relationships.*

There's nothing mysterious about how to build a relationship with someone.

It's part of human nature.

- You find out when their birthday is and you send them a card.
- You find out what their interests are and discuss them.
- You find out whether they have children and ask how they're getting on at school.

Investment banks and high-end sports car companies have been doing this with their few, high value customers for years.

The problem comes when you stop wanting to build a relationship with one person, and start trying to do it with a *million* people.

You can't do this with a Rolodex and a typewriter.

You have to do it with data.



And here you face a problem. Because most of what people will tell you about data is completely out of date.

**Stuck in 1975**

A lot of people talk the talk about data. But most are just recycling the principles they or their teachers read in textbooks:

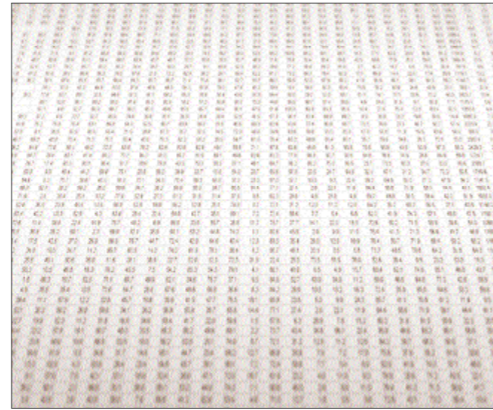
- When they talk about contacting people, they talk about mailshots.
- When they talk about personalization, they talk about items with the recipient's name on them.

They're talking about relationship marketing the way Reader's Digest used to do it in the 1970s, with their letters saying:

“Dear Mr Smith, How would you like to win a barbecue set. Imagine how it will impress your guests at 23 Acacia Gardens...”

That was fine back then:

- In 1975, computers couldn't send out letters one at a time. All they could do was pump ten thousand into the postal system.
- In 1975, computers couldn't give a new purchaser a tip about the product they'd just bought, because the mailing computer didn't talk to the sales computer.
- In 1975, computers couldn't fix frequent flyers a window seat each flight because the rewards program computer didn't talk to the bookings computer.



*In relationship marketing, God is in the details.*

Today computers are thousands of times faster and more capable than they were in 1975, and they are all much more linked together.

So today relationship marketing is no longer defined by the limits of computers.

Its only limits are *the limits of the marketing imagination*.

Here are some principles that should help:

**1. Think in customer time**

In the past, relationship marketers sent out mailshots. They ran relationships according to their *own* timetables, not the consumer's timetable.

Today, they can strengthen the relationships they build with consumers by thinking in *customer time*:

If you are the mother of a six-week-old baby, then it's pretty likely that the top issues in your life concern six-week-old babies.

But go to any newsstand, and there is no magazine that caters for you.

Most mother and baby titles have articles on toddlers, one-year-olds, and the first months of pregnancy. There are no magazines specifically about what it's like to be a mother of a six-week-old baby.

And that's where relationship marketing comes in.

A good relationship marketer, like Britain's Tesco, finds out your due date, and sends you a magazine tailored to you.

So mothers of a six-week-old baby get a magazine

**CRM**  
**ECRM**  
**RM**  
**DM**  
**1-2-1**  
**GRANULAR**  
**LOYALTY**  
**SYSTEMATIZE**  
**MGM**  
**END-TO-END**  
**EULA-POSITIVE**  
**SOLUTIONIZE**  
**PERMISSIONIZE**  
**PARAGONIC**

*Relationship marketing boasts more jargon than any other part of marketing. But what matters are the principles, not the buzzwords.*

about being a mother of a six-week-old baby. And mothers of babies aged 18 months get a magazine tailored to them.

*Thus can relationship marketing build a stronger relationship with consumers than any magazine or TV show.*

## 2. Allow flirting

With most relationship marketing schemes you have to fill in three pages of personal details before you get into the website.

But many people at this early stage aren't convinced they want a relationship with the company.

Like people in a singles bar, they want to connect and they want to know more. But they don't want to make a binding commitment.

Good relationship marketing builds in a *flirt phase*, where customers are allowed to feel their way around the facilities, meet other members, and enjoy the benefits of being part of it - but without the hassle of total commitment.

## 3. Don't be artificially unintelligent

'Congratulations Ms. Smith' run letters from some direct marketers 'on your purchase of your new product from us.'



*Wunderman's proprietary Flirt Management techniques allow new users into the relationship without committing to handing over relationship data. The techniques then seduce them into commitment as they explore your offer.*

**'An actor', says Harvey Keitel, 'must find the courage to show human vulnerability.'**  
**Relationship marketing means doing no less.**

It's personalized.

It's a nice, interesting letter.

*But it doesn't know what model you just purchased.*

In a relationship, forgetting basic facts about the other person is plain rude.

If you buy a washing machine from the man at the local white goods store and you go into a week later and he can't remember what you bought, you'd be more than a little insulted.

The trick is to make your purchasing computer and your marketing computer talk to each other.

If they don't, your relationship marketing can *actively turn customers off*.

## Spotting artificial unintelligence

In the early days of computing, there was a test for artificial intelligence, called the Turing Test.

They sat someone in front of a computer and asked them to type questions into the computer.

If they couldn't tell that the text responses they were receiving on your computer screen weren't human, they had created artificial intelligence.

It's a great test to see whether your relationship marketing is smart or not.

And it demonstrates that most current relationship marketing programs aren't:

- You have fifty thousand Euros on deposit, but your bank keeps sending you *loan applications*.
- The online travel company keeps sending you offers priced in dollars when you live in *France*.

- You surf onto an investment website, and it instantly spawns 20 new windows all selling *online casinos*.

People you meet face-to-face are rarely this brainless.

You know they are smart, thinking people - even if the only messages you get from them are via text message.

If relationship marketing can match the simple intelligence of a teenage text message, it will move on miles.

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#### 4. Don't move too fast

"Congratulations Mrs Dupont, you're married."

"Please take the keys to our home, car and credit cards."

"And live with me happily ever after."

Real relationships aren't like this – they develop slowly over time.

*Let yours do so too.*

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#### 5. And don't get intimate too soon

"Hello Ms Dee. We noticed that you bought a tube of haemorrhoid cream at our store a few months back. We've got together with the manufacturer and can now offer you a 5 per cent off coupon on your next purchase."

Yes, if you're a supermarket, you can do it.

And certainly most relationship marketing has a sexy intimacy that most people find a little troubling the first time they see it.



*If you want to crack a nut, you need to concentrate force.*

*Conventional marketing doesn't do this much. Relationship marketing does it par excellence.*

*But this goes too far.*

It's the same with customer care people who now have a complete list of all your transactions on their screen when you ring up to complain.

All you have is a recollection that sometime in the last few months you asked them to do something, and they didn't do it.

They have intimate, detailed knowledge of every transaction you have made with their company in the last two years.

And they can use their knowledge to intimidate you, or make you sound stupid, however legitimate your complaint.

Overall, the trick is simple. Treat customers with a little respect and distance at the beginning. *Get your kit off together later.*



*She's your customer. Treat her with respect.*

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#### 6. Let them meet fellow users

'Come and join our club' say many of the Japanese electronics brands when you buy one of their digital cameras.

They make you fill in three pages of personal details, and then offer you passworded access to.... nothing.

The software downloads on the site are the same as those on the CD that came in the box. There is absolutely no value in the clubs whatsoever.

How much better if these clubs offered something of value to their users – perhaps offering lessons in digital

photography on their pages, or a gallery where users can upload their latest snapshots, and where they can discuss issues that they are having with their new purchase.

If you buy a new digital camera and the next day you see someone else at a party with the same model, you will not be able to resist talking to that other person.

*And this is the role that such clubs can perform to perfection.*

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## 7. Don't waste words

There's a certain sort of family that sends out a detailed five-page letter at holiday time about what they have been doing all year:

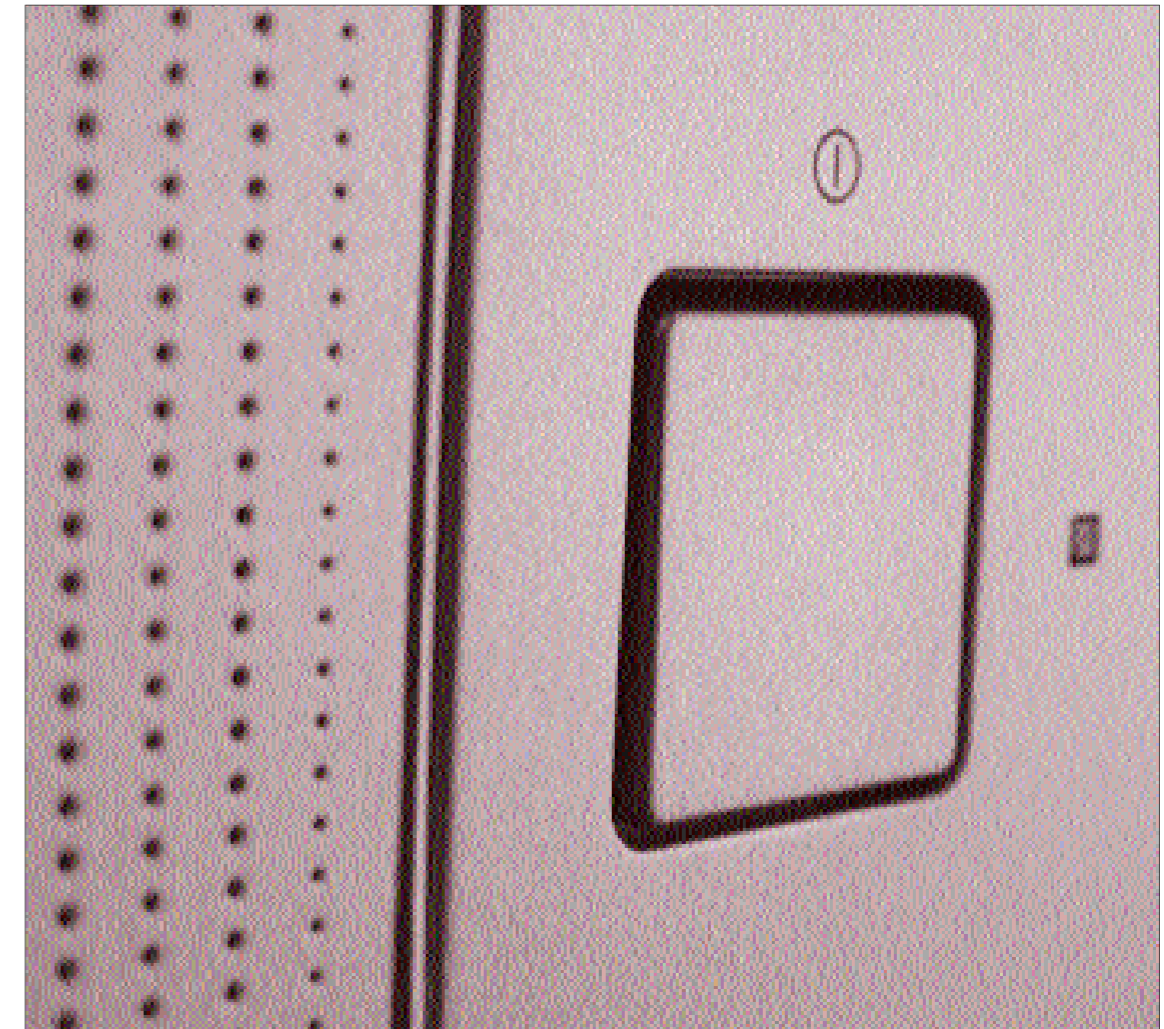
'...and Dee Dee the dog has started to eat dried dog food, but she's been having problems with her bowels...'

They send it to everyone, occasional acquaintances included.

*It's too much information.*

Many relationship marketers do the same:

- Some write letters to tell their consumers about their company's investment in *shiny new computers*.
- Others want to explain their exciting new *granular marketing strategies*.
- Others just want to introduce them to their *thrilling new CEO*.



**Akio Morita, founder of Sony, argued that the ideal consumer electronics device should have no more than one button on it. Relationship marketing needs to be just as simple to its consumer.**

The consumer doesn't care.

The old adage of 'the more you tell the more you sell' doesn't apply to communication in a relationship.

*If you don't have much to say, just say it and leave.*

## 8. Let things develop

Relationships between humans develop through three stages. In the first early stage, the protagonists are attracted to each other through *stimulus*.

As the relationship progresses, both sides in the relationship move on to find a sense of *shared values*.

Finally, they negotiate *roles* as a precursor to moving in together.

We are coming to realize that commercial relationships go through exactly the same processes.

Stimulus – be it fragrance, pack graphics or marketing promise form the initial motivators at the beginning of a branded relationship.

But over time, consumers seek to ensure that the brands they espouse share *values* with them.

And then as their usage of those brands develops long term, they allocate firm *roles* for their preferred brands in their lives.

Thus a skin cream evolves from something that delivers a *moisturizing benefit* into something that reflects their *personal sense of beauty*, and then develops into something that occupies a *deep, important role* in their personal care regimen.

**In 2003, total US sales of DVDs, video-on-demand, and other ad-free entertainment overtook total US advertising revenues.**

**It was the first year when consumers spent more money avoiding advertising than advertisers did trying to reach them.**

*Your relationship too needs to move on and deepen over time.*

## 9. Work especially on roles

As just said, people first look for *stimulus*. This is what gets them into the relationship.

Then they are looking to share *values*. They want to know that you think the same way they do.

Finally, they start to negotiate *roles* with you.

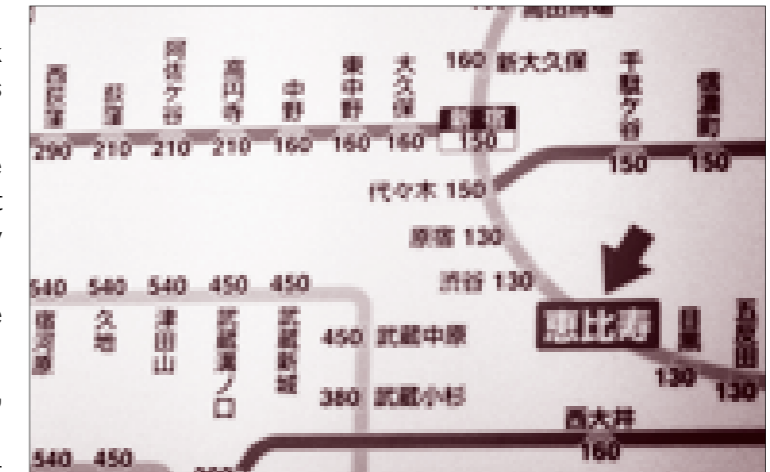
In long-term relationships, clear roles are vital.

This is particularly important for customer magazines.

Defining the role of the customer magazine in the life of its user is absolutely vital, if that user is going to value and relate to its editorial in the medium and long term.

By defining its role, we mean whether the magazine seeks to be a *solid and trusted advisor* on the issues of life, or a *provocative and animated friend* who exposes the reader to all that is new and cool in the urban world she has recently left to start her family.

A clear role in the consumer's life gives them a clear reason why they should look out for subsequent issues of the magazine, and helps it embed in their lifestyle.



*People's lives today can be complex. Customer magazines can provide them with valuable guidance.*

If you achieve this, you'll find your consumers *waiting for it to land on their doorstep.*

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## 10. Relate to the right person

Good relationships means understanding who makes the real decision to transact. In many cases, this may not be the end user.

AmEx understands this well.

It understands that the people who get their corporate charge cards into companies are the finance decision makers, not the people who carry them.

And so it rewards finance people for letting them in.

The only people with prestigious Amex Black cards are billionaires and rock stars – *and the finance directors who sign up for corporate card deals with AmEx.*

Imagine you're a finance geek and someone offers to give you the same pulling power as Coldplay.

*You're not going to say no.*

**'In most male  
female  
relationships, the  
female has roles in  
the areas of  
washing up,  
cleaning, cooking  
and shopping. The  
man's role is in the  
area of ensuring  
the TV set  
continues to  
function properly.'**  
**RELATIONSHIP GUIDE**

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## HOW TO STAY TOGETHER A LIFETIME

In the era of TV, you had to keep the viewer interested for thirty seconds. In the era of relationships, the aim is to keep things going for *forty years*:

### 1. Grow up with them

No one sticks with Mary-Kate and Ashley clothes their entire lives.

People grow up, get married, have kids, and their lives and priorities change.

Good relationship marketers accept this, and use it.

- Every single gal who has been using online dating could be in the market for a relationship advice site once she snares Mr. Right.
- And Ms. Cosmo will migrate to home interest thoughts once she stops worrying about how to drive men crazy in bed and starts to think about settling down.

*Good relationship marketing recognizes this.* It periodically checks up on its users to see whether their lifestyle has changed, and offers them options to go with that.

## ‘The course of true love never did run true.’

WILLIAM SHAKESPEARE

### 2. Don't make the ride too smooth

Most companies dream of customer relationships that work year in, year out with no issues and no quarrels. The less emotion, and the fewer the questions, the better.

But we've found that this is not enough to sustain a relationship over decades.

You have to inject elements of provocation and turbulence into relationships, if you want consumers to stick with you for the long term:

- When you have a beauty customer in a long-term relationship, you shouldn't wait for other companies to sell her on a new look or makeover. *You should propose it yourself.*
- One of the biggest mistakes in a long-term relationship is to take the other person for granted. This is what you do to your customers when you send them the same mailings this year as last year.
- Most people stray not because their partners treat them badly, but because they are bored. The biggest sin a relationship marketer can commit is to *bore* their database. *But most do it anyway.*

Good relationship marketing involves constantly *rejuvenating, challenging and surprising* the customer.

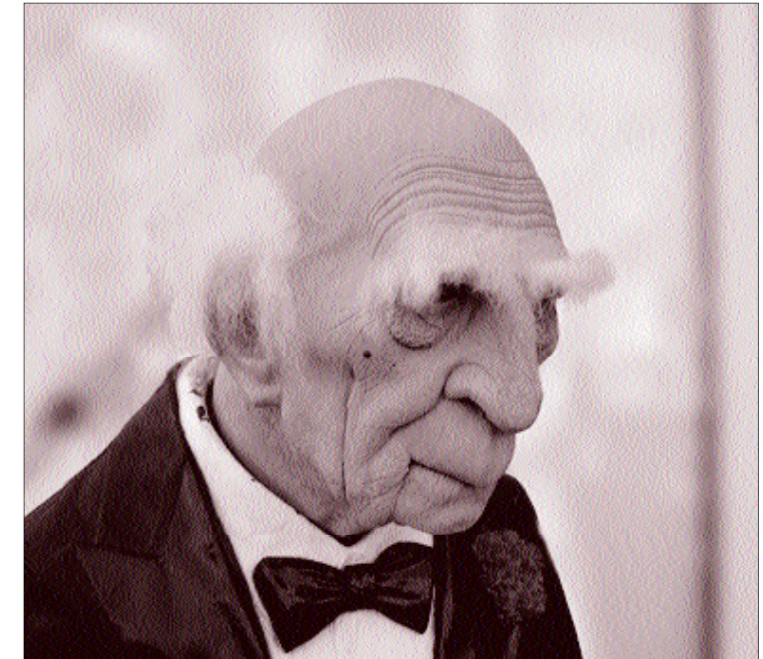
### 3. The seven year itch

We have come to recognize that over time, consumers develop strong urges to break loyalties and to flirt with other brands.

We have come to the conclusion that it is best to let them wander off, stray and then to welcome them back with open arms.

And our research indicates that the snotty letters that credit card companies send out as a consumer breaks off a relationship of many years are counterproductive, as are the tricks and charges that telephone companies levy in order to prevent their customers straying.

*Consumers want to be disloyal from time to time. The trick is to leave the door open so they can come back to you.*



*Will your consumers of today still be loyal in thirty years' time?*

### 4. Work on the couple, or family

Most marketing assumes people make decisions and live on their own. But a quick look at society will tell you this isn't true.

People live in couples and families, and their decision-making is based on that.

A relationship with a couple or a family is much stronger than one with an individual.

Once people get cable TV, they can never go back from

it, because no individual family member can make a decision on their own to do so:

- Dad wants the 24/7 sports channels.
- The kids can't live without Cartoon Network and Nick Junior.
- Mom wants her makeover shows.

*Thus if you get both halves of the couple or the family involved in your relationship, you end up with a much stronger, longer lasting relationship.*

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## 5. Neutralize opponents

There are two types of occasional users within the databases of most relationship marketers.

- There are light users of the category.
- And there are heavy users of a competitive brand, which use your brand just occasionally.

This second group are the best prospects for your product or service.

And to get them, you can use your competitor's relationship marketing program against them.

Star Alliance wanted to treat UK businesspeople who flew often with their competitive airlines better.

So they offered Gold status on Star Alliance to anyone who could prove that they already had gold status on a competitive airline.

The promotion pulled in 30,000 new gold-plated prospects to their database – *and took away a key*

**“In difficult and hopeless situations, the boldest plans are the safest.”**

LIVY

*reason why those prospects were loyal to competitive airlines.*

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## 6. Detect signs of dissatisfaction early

When a couple starts to break up, they usually spend about a year arguing and rowing.

Only once they hit the point of no return do they divide up the CD and DVD collection, and go their separate ways.

When consumers get upset in a commercial relationship, most do so silently – and the marketer only detects dissatisfaction at the point equivalent to when the CDs are split up.

*By then it's too late.*

Spotting problems early is thus a crucial part of keeping the relationship going:

- Make it *easy* for customers to show displeasure, not hard.
- Do more surveys, asking customers what they think. And make these surveys about what matters to *consumers*, not to your internal stakeholders.

Good relationships are about listening – *and then acting fast on what you hear.*

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## 7. If the worst comes to the worst...

If your customer rings you up and says they want to dump you, understand their reasons, offer fixes, but if they then still want to leave, let them go.



AOL does this for its subscribers. One call, a couple of questions, and it's over.

If only other companies did this.

When you sever a relationship with some credit card companies, they keep your account open no matter what you say. And then they let every company you've ever touched on the internet continue to charge subscriptions to your card.

Bad idea.

*If you ever want people back, you need a clean break.*

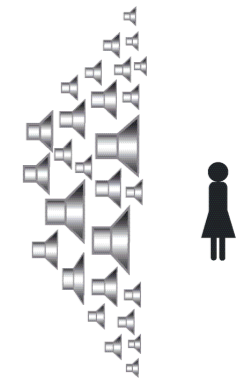


*Marketers who break up badly with their customers never get to hear these magic words.*

## SUMMARY

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1. In a world where consumers receive 3,000 commercial messages a day, it's not how much you shout, but whether the consumer is listening that matters. And the people consumers listen to are the **people with whom they already have relationships.**
2. Get your users into a relationship, and suddenly marketing becomes **an order of magnitude more efficient.** Only one person in a hundred has a newborn baby at home nowadays. Why sell diapers to them via the blunt instrument of television, wasting up to 99% of your advertising impressions as you do?
3. Building a strong relationship works much better than just treating customers well. In the long term, the difference between a 90% annual retention rate and a 99% one is the difference between **success and collapse** in most businesses.
4. Committed users also **sell your product for you.** If one in two of your customers sells a friend on your product or service each year, five years later your business is over *seven times bigger.*



*What makes your message so special?*

5. What about trial amongst young adults? **Get the parents** and you can get their children too.
6. In the relationship revolution, the **toughest category** to be in is that of packaged goods. Not least because the supermarkets that sell them have much stronger relationships with the consumer than the packaged goods brands themselves.

A supermarket feeds and clothes your family and keeps them clean. You spend Euro 7000 a year there. By comparison, **who wants a relationship with a can of beans?**

7. Packaged goods will have to alter to succeed in the era of relationships. In the era of TV a short simple promise was enough. Today, it's about bigger, systematic offers addressing the consumer's **big needs** in life.
8. Building a relationship is simple. You follow what an **old fashioned storekeeper** did for his customers, and model it using data. *It sounds simple, but it isn't.*
9. Most companies do this badly. They follow rules established in the 1970s when computers were dumb. Today computers are thousands of times smarter. **And relationship marketing is limited today not by computers** but by the *marketing imagination*.
10. Keeping people in the relationship long term is a tough task. To succeed long term, you have to work at the relationship, and **never, ever take the customer for granted.**



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<http://emea.wunderman.com/nextgen.pdf>*

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