



Bridge Worldwide/Dose of Digital White Paper Series

December 10, 2009

The Biggest Mistakes and Golden Rules in Digital Relationship Marketing

For those of you who have heard me talk about our company, [Bridge Worldwide](#), you know that I always say we're a digital *and* relationship marketing agency. We've always been the latter, going back to 1979 (and the former for almost that long). It's an important distinction to me. Digital agencies make a lot of cool stuff, but many lack the fundamental skills that are required to build lasting relationships with customers. Of course, we can make cool stuff too, ([and win the biggest awards in the process](#)), but we pride ourselves on being able to deliver the relationship marketing piece.

So, with that, I thought I'd share what I know and have learned about relationship marketing from working with some talented people during the past few years, and from the experience we've gathered managing programs that now have more than 30 million total members. I should pause for a minute and, of course, mention that we think relationship marketing is evolving to something better called [Marketing with Meaning](#). However, the basics of what makes relationship marketing *really* work are embedded into Marketing with Meaning.

(PS: If you're looking for more on my take of how relationship marketing and pharma fit together, then check out my white paper on "[The Future of Digital Relationship Marketing in Pharma](#)." It's the most downloaded white paper on Dose of Digital.)

You might recall a scene from *Minority Report*, where Tom Cruise's character is walking through a mall and every ad recognizes who he is and starts speaking directly to him. He's peppered with one ad after another as he tries to casually make his way to work (if you haven't seen it: <http://bit.ly/61kySM>). Just because you ask someone's permission before bombarding them with ads doesn't mean you're not still bombarding them (of course, no one is asked to "opt in" in *Minority Report*). That's not real relationship marketing.



Here's our definition of relationship marketing (courtesy of our Chief Marketing Strategist, [Bob Gilbreath](#)):

*“Relationship marketing is **ongoing, direct, added-value** communication.”*

Ongoing: *It’s a rhythm of regular, expected communication.*

Direct: *It doesn’t mean buying media, but owning it: You have permission to communicate, and it can be done in many forms.*

Added Value: *The marketing itself fills a need; usually, the greater the value to the customer, the greater the ROI.*

That last part is important: "fills a need." If you're not doing that, then you're probably just annoying your customers.

To ensure you're not doing so, I'm going to share with you what I consider the 7 Biggest Mistakes in Digital Relationship Marketing. If you're doing any of them, stop now. Seriously. Now. Later, I'll share my 7 Golden Rules in Digital Relationship Marketing. That'll be the list of what *to* do.

One note: Some people refer to relationship marketing as CRM, or customer relationship marketing (or management). For the purposes of this paper, I'm saying they are the same thing.

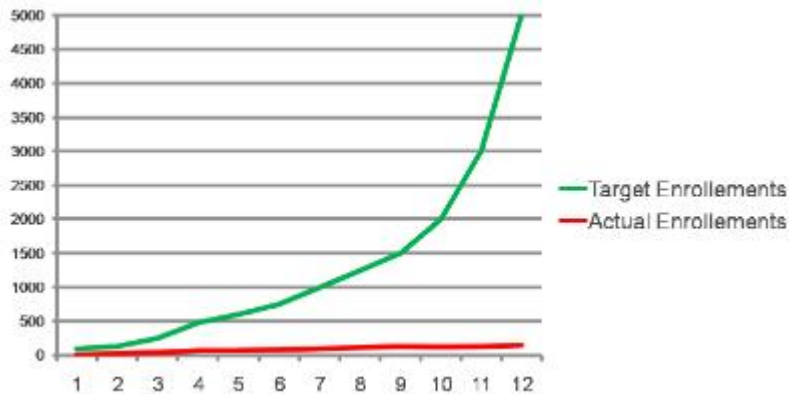
So, here's the list of what *not* to do:

The 7 Biggest Mistakes in Digital Relationship Marketing

1. Gain no enrollments
2. Permit program lapses
3. Allow a loss of user interest
4. Make it hard
5. Try to fix it with dollars
6. Don't foster customer ownership
7. Make it all about the brand



1. Gain no enrollments



If your metrics for your program look like this, you can imagine that your program isn't likely to be a success. While having more enrollments in your program doesn't mean that your program is better than one with fewer enrollments, low enrollment numbers (i.e., well below your target) do indicate a larger problem. This problem can be a number of things, but it usually points to a lack of commitment in the program by some function within the organization. Presumably, you set your targets based on solid estimates and extrapolations. Perhaps it was a certain percentage of people who visited your website. Well, if "corporate" pulls funding for all of the traffic drivers to your website, you aren't going to hit your target for enrollments either in this example. If you have a bunch of enrollments followed by a bunch of opt-outs, then your program just might be bad (or commit a number of the sins below).

Figure out why and fix it.

2. Permit program lapses

Nothing annoys me more than this one. I enroll in your program and one of two things happens. Either you send me a welcome email or direct mail right away and then I don't hear from you for months, or you don't send me anything initially and three months later you send me the first correspondence. If you're doing this, then don't even bother continuing. Put yourself in your customers' position. They probably get a lot of email that appears to be junk mail every day. If an email for a program they signed up for three months ago and have long forgotten shows up, how do they react? <DELETE>. And that's the best case. Worst case, they've completely forgotten about signing up for this program and think that your message is spam. They report that spam to, say, Google (via their Gmail account) and before you know it, Google thinks you're a spammer. Not good.

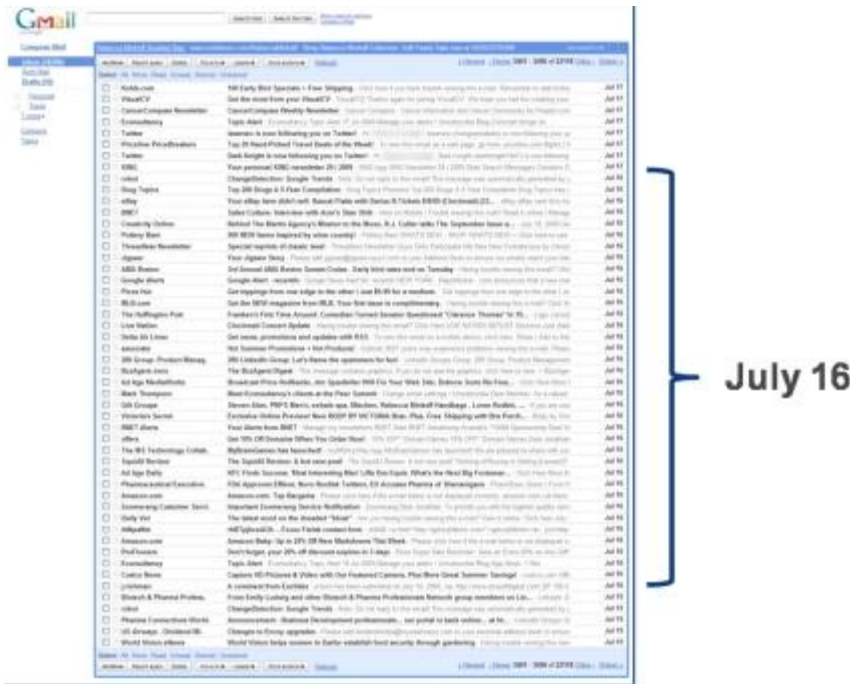
3. Allow a loss of interest

This is somewhat related to mistake number two, permitting program lapses, but has an entirely separate component as well. If you never send me anything, I'm going to forget why I spent the time



signing up in the first place. I've moved on. I probably signed up for your competitors' programs too and if one of them is taking care of me I'm likely using their products now.

And to illustrate why it's so simple to lose interest in your program, I'd like to show you a random day from my Gmail inbox (I chose July 16 because right now I miss the summer). Here's what it looked like:



Almost all of the emails I got that day were for programs I have signed up for at some point. You'll also notice that I didn't open a single one of the emails. That's what I mean by "loss of interest." Why did I lose interest? Simple: If your offers and correspondence are always the same, people forget why they signed up in the first place. Something interested them. Something sparked a touch of excitement. That's long gone and they aren't even opening your emails anymore.



4. Make it hard

There's no better way to kill your program than to make the enrollment process a pain. Someone sent a screen shot of this form to me a while back.


 The image shows a screenshot of a web form titled "Basic profile" on a website. The form is extremely dense and complex, with a large number of small text boxes, checkboxes, and sections. It appears to be a multi-step or highly detailed registration process. The layout is cramped, with many fields packed closely together, making it difficult to navigate. The form includes sections for personal information, contact details, and various preferences or consent checkboxes. The overall appearance is one of a "checkbox hell" or a "wall of text" form, which is often cited as a negative user experience.

It's a perfect example of what I like to call an "are you kidding me?" form (usually I put an expletive in there as well). An "are you kidding me?" form is one that a person takes one look at and says, "are you kidding me?" and then clicks onto a different site. If your enrollment process makes someone say "are you kidding me?" then change it immediately. Keep in mind that you don't need to know everything about the person in the beginning. Think about it as though it's a first date. If you asked all of the questions you ask on your "are you kidding me?" form, then you wouldn't have many second dates. Instead, get the basics now and collect more information later. Remind people that the more they tell you, the more tailored your offers will be (they will be tailored, right?). Then deliver. The more customers see you deliver this, the more information they'll share. And, by the way, you don't get a pass by making your 2,000 initial profile questions "optional." Just the sight of them or the thought that one day they'll *have* to answer them to get anything useful from this program is enough to turn people off.

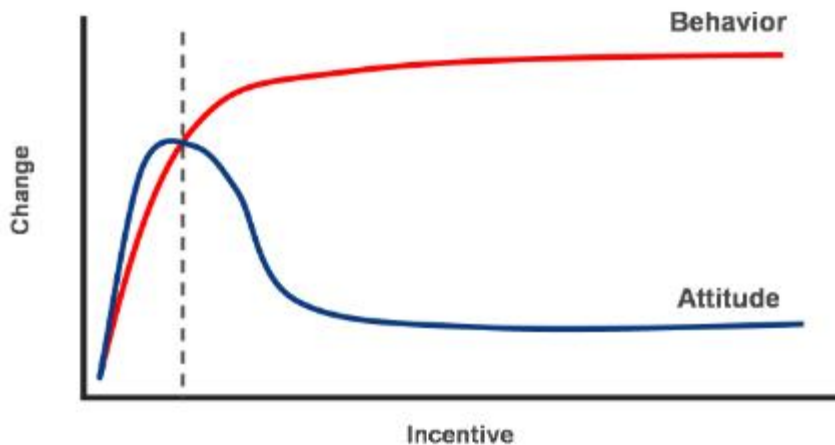
5. Try to fix it with dollars

Hold onto your hats—this one's a bit technical. You psychology experts out there, will love this. The main idea here is that simply "bribing" your customers via more and more offers or discounts over time isn't likely a winning long-term strategy. The reason for this is simple. First, you have to keep



increasing the offers to keep these people interested, which will eventually bankrupt you. If it doesn't bankrupt you, it's because you've withdrawn the best offers and likely lost a ton of very unhappy customers.

So, why, you might ask yourself, do people who were previously given so much instantly desert me when I stop the offers? This is simple and, ironically, it turns out that those who are offered less will likely be the ones who stay with you forever, even when you take away their small offers. It's a classic case of cognitive dissonance. In this case, your loss of customers is explained because you never changed their attitude toward your products. You only changed their behavior because of the money (or other offers) you gave them. When you take away the incentive, you're left with the same attitude they've always had, which means they go back to the original behavior (i.e., not buying your products). This phenomenon is called the point of minimum justification (which is explained really well in one of my favorite business books: [Universal Principles of Design](#)). It's illustrated like this:



As you increase the number (or value) of incentives, you change behavior (red line). This is the idea behind "everyone has their price." That is, for the right amount of money, people will do almost anything. The blue line shows how attitude changes with increasing incentives. It also increases at first with increasing incentives, but eventually disappears. Attitude here refers to your attitude toward the product or service (or situation). An increase in attitude on this chart symbolizes a positive change, and you want people with a higher, positive attitude toward your product.

Why does this graph look like it does? Simple. When you give people a lot of money to do something, they justify doing it because of the money and *not* because they think what they are doing is a good or enjoyable thing. On the other hand, if you give people very little incentive to do something and they start doing it, they justify the reason for doing it because they believe that what they are doing is a good or enjoyable thing. It's all because of cognitive dissonance. In the case of a product being marketed through relationship marketing, increasing your incentives will get people to use your product because they are simply taking advantage of your incentives. When the incentives are gone, so are they. On the other hand, having just the right incentives causes people to truly consider why they are using your product. They become more invested and perhaps learn



more about what makes the product so great; sometimes they even become advocates. Because they aren't justifying using your product due to incentives, they justify it in other ways.

The point at which you can provide the smallest incentive with the greatest change in behavior *and* attitude is the point of minimum justification. It's what you want to shoot for in your program. In the case of pharma, I see too many new adherence programs relying solely on incentives to keep people on the drug. This isn't a winning strategy. For people to truly want to continue their treatment, they need to understand why they are taking it, and the risks and benefits. If they're just taking it to collect your incentives, then they aren't doing this. You're not changing their attitude, so you won't be effective over time.

For more on where this concept was born, check out the [Wikipedia article](#) explaining Festinger and Carlsmith's classic experiment back in 1959.

6. Don't foster customer ownership

If I have nothing invested in your program, then I'm not going to continue it. My investment is usually my time and if I haven't given you this, then I'm not going to be a part of your program for long. However, be careful that you don't create this investment while you commit mistake number 4 (Make it hard). Don't create work for people just so they waste their time. That'll get them to quit your program really quickly. Instead, find ways to ensure people's time investment yields them something of value. Consider the time people invest in tracking their runs via [Nike+](#). It would be hard for another competitor to come along and steal away any regular user of this program simply because they have so much invested. They'd have to start from scratch and they'd lose all of the "credit" for the runs they've done, lose all connections to people they've challenged, plus they would have to learn a new system. Nike+, of course, gives great information back in exchange, so people feel that their time investment is worthwhile and at the same time, it becomes harder and harder for them to leave the program each day.



Remember these CD-ROMs from AOL? They were everywhere for a long time. What made this marketing tactic so effective is that AOL realized the more free time they give, the more likely you are to stay with them when you run out of free time. Why? Simple. You've invested so much time



when you reach 1,000 hours (or 45 days). You've got an email address you've shared with others, a profile that took a long time to get just right, friends you IM and you're not leaving all of that. AOL used this concept perfectly and became the largest ISP almost overnight. Of course, if your service stinks, then no amount of investment will keep people forever.

7. Make it all about the brand

People don't inherently care about your brand. The sooner you recognize that, the better. Certainly, this is true for most pharma brands. And, while some brands might have an almost cult following (Apple, Harley, etc.), most brands don't have this luxury. As a result, your program has to offer more than just a connection with your brand. There are already so many other programs out there connected to specific brands and stores that people lose track. Instead of getting overwhelmed, they just drop everyone. Does your stack of loyalty cards look like this?



Do you think any of these stand out? Is it any wonder why people never have their card when the cashier asks?

To stand out, your program has to offer more. It has to be more than just the product. Nike+ isn't all about Nike products. It comes with a valuable service that makes me (all right, makes other people) better runners and, in turn, healthier.

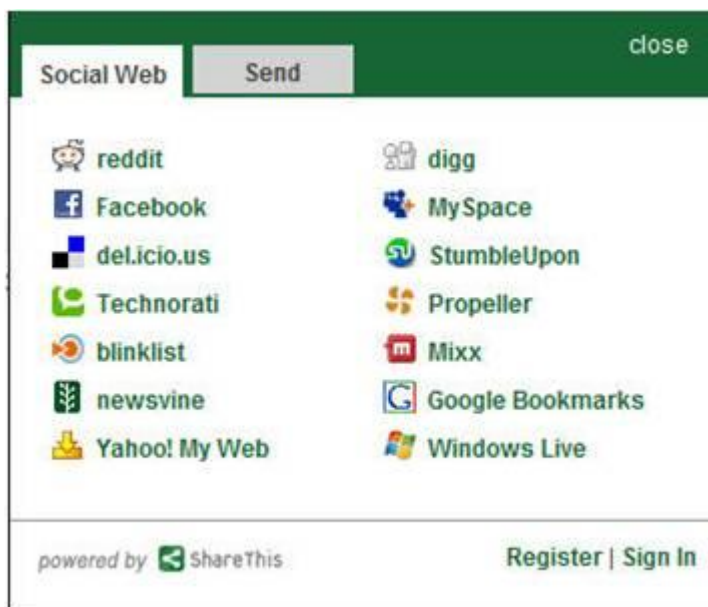


OK, so now you know what NOT to do. How about what TO do? Here comes part two:

The 7 Golden Rules in Digital Relationship Marketing

1. Make sharing, partnering, endorsing simple
2. Find your perfect pitch
3. Personalize and individualize
4. Keep it simple, stupid
5. Develop “members only” features
6. Create personal investment
7. Remember it’s not about you

1. Make sharing, partnering, endorsing simple



If you are completely reliant on your own promotional efforts to increase enrollment in your program, then you're missing a giant opportunity. At a bare minimum, you should include social sharing tools that make it easy for people to share your offers with others and encourage them to join your program. Incentive strategies, where you pay current members something for each new member they enroll, fit in here as well. Beyond social sharing, if your program is good enough, you can look to industry groups and, in the case of healthcare, patient advocacy groups to grow your enrollment. If your program is valuable enough to their members, these groups will help you and will be your most effective enrollment tool. In the case of healthcare, physicians can become recruiters, too, if you show them how your program both benefits their patients and helps them more easily manage these patients.



2. Find your perfect pitch



(Image from [The Brand Builder Blog](#))

In order to keep people engaged over time, you have to communicate with them regularly (but not too regularly) and about things they care about at that moment. This is simple to achieve if you're willing to do a little planning. Before building anything, plan out what you want to say and what channel you think best communicates it. From there figure out when it makes the most sense to communicate. For example, you probably should hold your stories about cold and flu until cold and flu season hits. Once you have these three pieces, it's simply a matter of laying it all out on a timeline.

Doing this accomplishes three things. First, it ensures that you're covering your main points of communication and what your customers care about over a set time period. Second, it also serves as a commitment and motivation tool for you. Once you have it down in your timeline, you're far more likely to actually do the work to launch the piece on time. It makes it far more tangible. Finally, having a quality timeline will help you make budget decisions should you receive more funding or (more likely) have some cuts. You'll be able to tell where you have additional capacity or where you can use some more.

3. Personalize and individualize

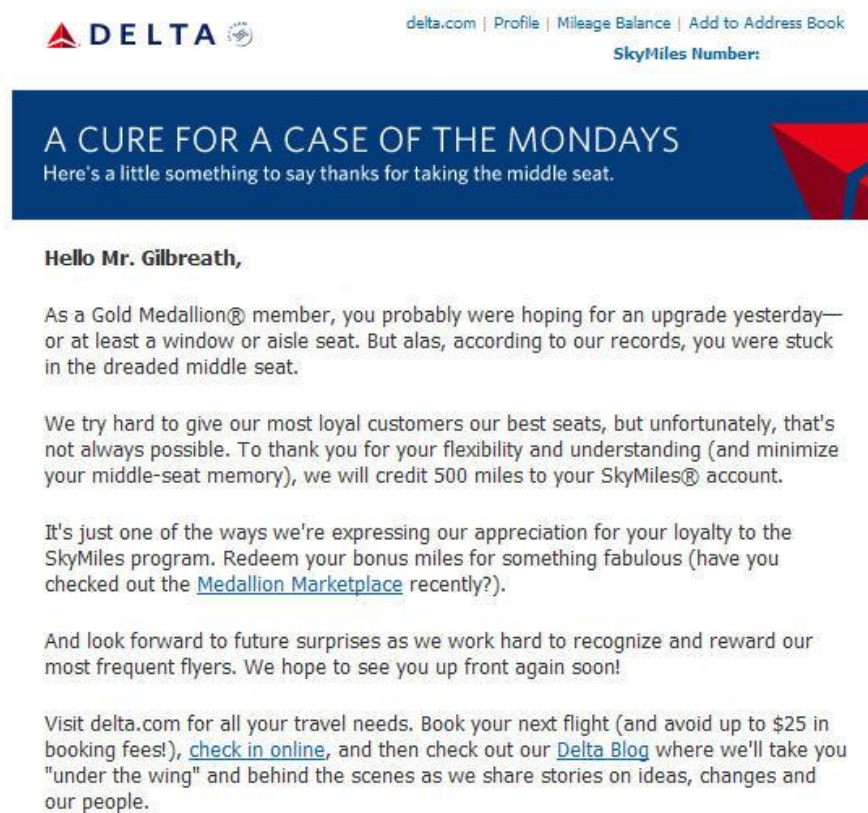
[I've written about this before](#) and spelled out what I think the difference is between these two terms (yes, there is a difference).

Personalization means adding some personally identifying information to your communications. This usually means putting someone's name on the top of an email or direct mail piece. It's remarkably simple to do with digital media, and it has become very simple (and cost effective) in print as well. Adding someone's name to an email, for example, is much better than sending an email with "Dear



Person” or “Dear Cancer Person.” I only joke because I have seen these before. I assume they were mistakes, but I saw them.

Individualization is something different. For our purposes, individualization means creating communications that are tailored for *each and every* individual person. The test to see if you’re sending out individualized messages is simple: Does someone read what you sent and think, “Wow. They wrote this just for me.” If not, then it’s not individualized. This can be really simple and more and more companies are embracing it. Here’s a great example that my colleague, Bob Gilbreath, wrote about on his [Marketing with Meaning](#) blog:



First, Delta included his name. Good. That’s personalization. However, they also go on to apologize for sticking him in a middle seat on his last flight and offer him some miles to say they’re sorry. Interesting point to note, Bob didn’t ask for this or complain to Delta. They just did it. Delta knew the situation and sent an individualized response. Question: If Bob got this email and the 500 miles or another email that simply gave him 500 miles without the individualized touch, which would have more impact? Each results in the same value for him—500 miles. But clearly the one that talks about his specific situation makes a lasting impression. So, you can’t just give away stuff and expect it to be enough. You have to make the extra effort to make it meaningful.

If you invest the time and effort to know what your customers are doing and what will be meaningful to them, then your communications will become more and more relevant. As they pass



over hundreds of other emails they receive, but can't remember why, yours will be the one that stands out.

4. Keep it simple, stupid

We marketers like to complicate stuff. You saw this already in the “Mistakes” section. It was number 4: Make it hard. Basically, if you make your enrollment process really difficult or make it a daunting task to get any sort of individualized information, people just aren't going to do it. So, you have to make it easy, simple, that is. Of course, our programs can be highly complex and necessitate knowing a bunch of information in order to give good information back. But that's all right.

If your program requires a complex or lengthy process to yield the best information in return, you can't just start with this. You need to start with a "light" version of your process to get people interested and engaged. Later on, you can add in something more complex, once people are committed to your program and want to do even more with it.

For ConAgra Foods [Start Making Choices](#), our company ([Bridge Worldwide](#)), created two different ways to get individualized information. The first consists of just five questions on a simple slider bar design:



1. Be honest... how often do you eat fruits and vegetables?
 Hardly ever | Are you kidding? I love fruits and veggies!

2. How's your energy level by late afternoon?
 Really low | Super-charged

3. How often do you kick back and do something you enjoy?
 Once, years ago | Most every day

4. How are you doing managing your weight?
 It's impossible. | I'm managing just fine, thank you.

5. How often do you get a good workout?
 Once, years ago | At least three times a week

show my results



If people wanted the most individualized information (likely after seeing the quality information they received from the "light" survey) and their personal Balanced Life Index (BLI), then they are presented with a 23-question, multiple choice survey. However, instead of making this question after question of text (or worse, 23 pages with one question each), we created an engaging design in which people swiftly entered all of the relevant information. They did this because the questions were simple, but also the design kept them clicking onto the next question, which resulted in very low dropout rates.



5. Develop “members only” features

Everyone likes being part of an exclusive club. They like the special perks that come along with membership, and they like the prestige that comes with being a member. They like knowing that they're getting something everyone else can't get. That's just human nature. Do you belong to any clubs like this? Better question: Do you wish you did?



Take the [Neiman Marcus InCircle](#) program. On the surface, it's basically a rewards program. Spend this much, and we give you this much. However, because it's Neiman Marcus, they are also dealing with people who are members of a lot of exclusive programs and for whom a \$100 gift card isn't that meaningful. Neiman Marcus needs to provide them much more. So, when you get to the [President's Circle](#) (just spend \$75,000 or more in a year), you get special offers that others don't, such as exclusive off-hour shopping events.

Of course, not every program is going to have the exclusivity of InCircle, but the concept is the same. You need to reward your customers who are part of your programs lavishly and regularly. They are your best customers, the ones who spend the most, and who talk about your products to others.



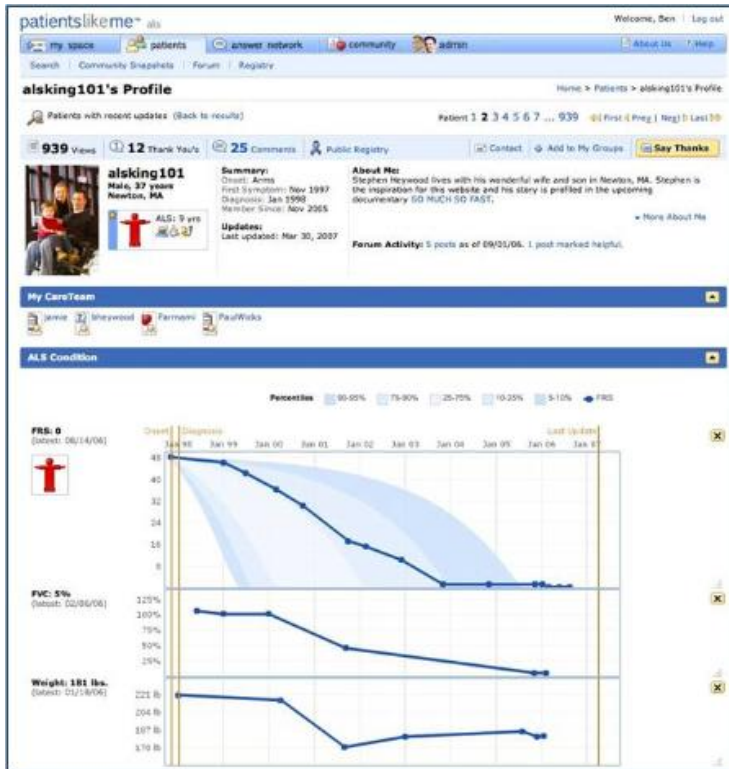
They're the most engaged, as evidenced by them joining your program in the first place. Keeping them as your customers is an important priority. One note of caution: Simply giving people incentives without changing their underlying attitude is one of the "Mistakes" you saw earlier (number 5, Try to fix it with dollars).

Giving gifts to people in the healthcare space is pretty much prohibited either by company or government policy in most countries, so this makes it a bit more challenging. You have to think beyond gifts and consider things such as access. This could be access to industry experts such as, say, the leading physician in lung cancer treatment. If your patients are fighting lung cancer, they want to hear what this expert has to say. Limiting this access to members provides a special reward to those who have given you something (their business and trust) and also makes it possible to do more. You can do more because instead of spending \$5 on a 100,000 people to give them some tiny gift, you can spend the same amount and conduct a series of powerful programs (and even travel to where patients are). That's just one example, but the point is clear. You can provide member benefits in any industry, regardless of the specific regulations.

6. Create personal investment

If people aren't personally invested in your program, it'll be a failure. Their investment is almost always their time (but also can be financial in the case of membership fees). Time is very valuable to people, especially people who are fighting a disease. They don't have time to invest on every website about their disease. They have to focus on one or two sources or sites for the long-term and likely ignore everything else.

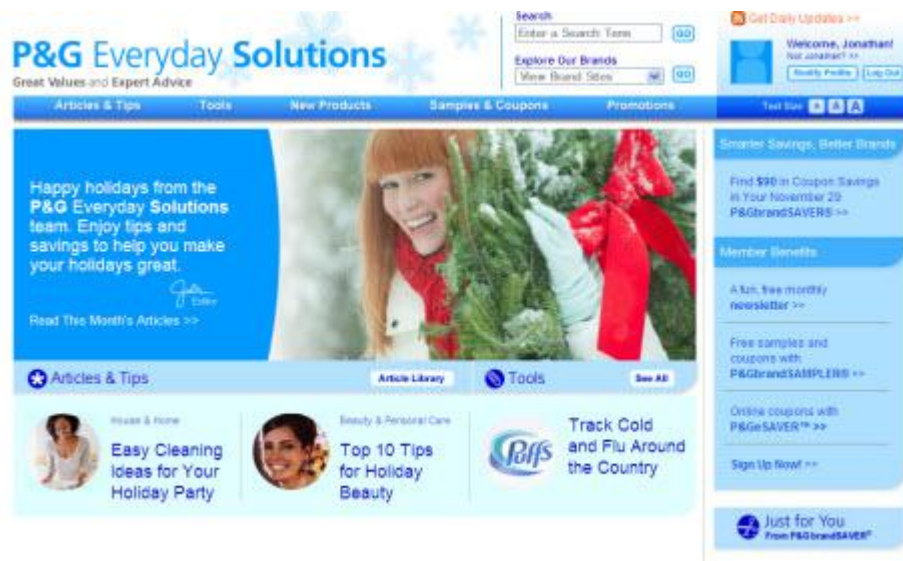
People must invest their own time in order to be engaged with your program over time. There is only one way to get people to invest their time: Give them something of value in exchange for their time. This doesn't mean offering them rewards for coming back to your site or buying things. It means that your program should become more valuable to them for each minute they invest. A great example of this is [Patients Like Me](#).



The more information you provide about your disease (including tracking your progress and compliance with treatments every day), the more you'll learn about your disease. You'll be able to track your progress against "the norm" and receive information on how to improve your situation. If you're not willing to input this information up-front and over time, you won't get much out of the site. However, if you are willing to do this, you'll receive a hugely valuable item in return: information on how to improve your health.

7. Remember it's not about you

This is a common sin committed by us marketers. I've talked about this before in the context of [how to appropriately participate in social media](#). The same idea applies here. People inherently don't care about your brand. Actually, they don't care about your brand as much as you do. As a result, creating a program that only features your brand is sure to fail. Instead, you need to balance your program with a mix of information about your brand and related information that will give your customers additional value.



P&G maintains one of the largest consumer databases in the world and is among the biggest users of relationship marketing. Our company works on Everyday Solutions, which is the central program for all of P&G's products. It's a single stop for brand offers and new product announcements, but there's much more. There is also relevant content that is served based on what consumers have shared in their profiles in their profiles or via past behavior (pages visited, coupon offers redeemed, etc.). In other words, people come to the site (or open emails or direct mail) not just for product offers and discounts, but also for other information. Those who initially come for offers see that there's more to the site than just a couple dollars off a certain purchase. This encourages them to return or to sign up for the program.

To be sure, the brands are prominently featured and are the focus of the program, but it's not just one brand message after another. Every marketer wants to get in every core message at each customer "touch," but that's not necessarily a winning long-term strategy. There will be time for your messages if you can show people that your program is more than just a commercial.

Those are the Biggest Mistakes and Golden Rules in Relationship Marketing. Avoid the former and embrace the latter, and your program will be head and shoulders above everything else out there.

Read more from [Dose of Digital](#), our blog about effectively using digital technology and social media in pharma and healthcare marketing (<http://www.doseofdigital.com>).

Contact Information:

Jonathan Richman
 Director of Strategic Planning, Bridge Worldwide
 Author, Dose of Digital
j.richman@bridgeworldwide.com
 513.253.1295
 @jonmrich

