

In pursuit of The Forever Customer

How to survive and thrive in
the subscription economy.



The briefest of introductions.

This is the age of subscription.

It's transformed our lives as consumers (think Netflix, Prime, Deliveroo, your banking app, etc etc etc). And it's a model that's well on the way to dominating B2B, too. (Whatever your business is, I'm willing to bet you offer it as-a-service, or you've got plans to do so.)

But here's the thing. The way we do marketing hasn't kept pace. The old marketing-to-sales-to-customer service model is swiftly becoming a relic, a process of baton-handing that means teams are disconnected, budgets are misspent, and metrics aren't aligned with what actually matters - driving revenue.

Well, now there's a new way. A way that doesn't just focus on acquiring new customers, but one that lets you go in pursuit of Forever Customers, the buyers who'll provide the predictable, repeatable growth and revenue that will help you thrive in the subscription economy.

We'd love to show you how it works.

Andrea Glenn
CEO

Getting to know the Forever Customer

It's time to say hello.

Who or what is the Forever Customer?

Well, to be frank, it's YOU. It's us.

It's everyone. Or at least we all have the potential to be. The Forever Customer is a natural offshoot from the big changes occurring in how people and businesses discover, get to know, use, and pay for what they need. And when we say big we mean huge, monumental, and possibly even ginormous.

Think revolution not evolution.

It's a transformation that for many was first encountered as the 'Netflix model', where a new unspoken contract emerged between a business and a consumer: "give me simple and easy access to the latest and greatest content, and in return I'll change from being a periodic customer (buying only those items that pique my interest) to a subscription customer. A Forever Customer.

It's a model that first needed to be proved, as users sought confidence they were indeed getting a sufficient 'bang for their buck', and providers needed to make sure they could meet audience expectations and still turn a profit. But it's fair to say we're way passed the development phase. In fact today everybody is talking 'as a service' consumption models. Ownership is out, usership is in. Consumer preference is increasingly for subscription services over the ownership of physical products.

The statistics alone highlight the direction of travel:

- The subscription economy has grown over **435%** in the last 9 years
- **78%** of international adults currently use subscription services (up from 71% in 2018)
- Subscription services have consistently grown **5-8x** faster than traditional businesses



Getting to know the Forever Customer



From products to relationships.

The impetus behind such change has of course been technology. Enabling the subscription economy, from on-demand services to micropayment collection, is only possible through always-on connected experiences. Such is the cause, but the effects themselves have been fundamental – shifting the business world from a focus on closing a sale to prioritizing relationships. Once this is understood, the magnitude of the transformation we're witnessing can be fully appreciated. Certainly in the B2B space where prospect/customer engagement models have traditionally been based around short-term sales goals:

An invest phase (typically 6 months) where marketing take the lead in putting budgets to work for driving awareness and demand

A convert phase (3 months on average)

where sales take MQLs and try to turn them from opportunities into closed deals

A revenue phase (ideally extending into the long term) where alongside support revenues, the hope is to up- and cross-sell new products as the customer relationship broadens

A model that will often see 90% of budget and activity dedicated to the first two sections.

In the world of the Forever Customer however, this 'old school' approach simply isn't going to cut it anymore.

The customer relationship, their needs and expectations, has moved on. They want engagement, and most importantly the delivery of value, to be based on far more

frequent and consistent interactions.

And they want 90% of the budget and activity a business commits to this aimed at the revenue phase, a complete mirror image of what's been happening until now.

Doing this does of course require a radical re-thinking and re-engineering of the way businesses structure themselves. How they combine sales, marketing, customer success, and support functions. Basically how they structure everything to achieve close alignment with the needs of the Forever Customer. But get it right, and as Netflix can testify, you'll be in a position to build deeper, more meaningful relationships, protect revenues, and transform the way you engage with and win new business. Now and forever...



**Goodbye MQLs.
Hello ARR.**

A land of recurring opportunities

Exploring the subscription economy.

To talk the language of the Forever Customer is to adopt a new range of TLAs (three-letter acronyms). In this environment the likes of ARR (Annual Recurring Revenue), MRR (Monthly Recurring Revenue), and LTV (Lifetime Value) hold sway, and with them comes insight into all the measurable benefits underpinning the subscription economy.

All of which can be boiled down to three words: predictability of revenue.

Indeed, business success is increasingly centred on inspiring a commitment from customers to pay recurring subscription fees for services. It's a lens that adds a definitive tint of rose to the usual metrics of bottom line revenues, profit margins, and share price. Which is why many a Financial Director and CFO is looking at ways to generate more and more ARR. And not just the digital natives; Even older, more traditional businesses famous for selling physical products – be they anything from

farm machinery to fencing equipment – are trying desperately to introduce 'as a service' elements to their overall offering.

Generating these subscription payments is fast becoming an obsession.

That said, the reality is that delivering on this priority requires a few new chapters to be added to the marketing and sales playbook. In fact scrub that: it requires a whole new set of game plans altogether. That this is the case can be seen in the way prospects increasingly want to engage with a new product, and the **freemium, premium, teamium model:**

Freemium

where free access is provided to a limited version of a product, and where prospects get to test it out in their day-to-day

Premium

Where the prospect, having decided the product is a useful addition (a mental process that quickly turns to 'must have'), becomes a customer and subscribes to the full version

Teamium

where the customer, now a committed advocate, shares the product and persuades colleagues to adopt until the whole department of company is also subscribing

A land of recurring opportunities

In other words you engage them, get them hooked then get them booked – forever.

That's great of course for boosting subscription revenues and ARR. But the subscription economy also demands that businesses continually enhance the product or service in question. To delight customers with fresh innovations and an awesome user experience designed to keep them on board and to maximise their LTV. And it's here that subscriptions become less transactional, and instead exert a cumulative effect on building a relationship between brands and customers.

The big differentiator throughout is innovation.

Not just in your product offering, but also in the way customers are engaged across any number of diverse touchpoints. Hence the fascination with companies deemed 'disruptors'.

Yet take a look at these and aside from a few that have managed to develop a truly unique product, the majority are disrupting by simply doing the basics better than anybody else. They've recognised the value of convenience, of simplicity, and that there are easier ways to sell and support their customers across a subscription model.

A land of recurring opportunities

Not rocket science, though it can often feel so.

So how to disrupt the act of customer engagement? Well, think about how most companies go about this – with the traditional emphasis on building brand, generating demand, and closing sales. All are obviously important, with sales in particular seen as the ultimate end-goal (or at least the source of immediate revenue, hence the executive focus placed on it).

An equally hard part however is in understanding what to do with customers after you've won them over. Finding ways to build, maintain, and enhance a relationship that go way beyond the first few months needed to get them up and running – spanning instead the customer's full LTV.

Doing this demands a different form of engagement.

It also demands a more aligned operating structure that removes the artificial distinctions between sales, marketing, and whomever. In the subscription economy, maintaining ARR models requires everybody within a business to understand where time and effort needs to be expended across the invest, convert, and revenue phases. And it needs a leader who's able to see the big picture and to optimise every facet of the customer experience journey.

A leader that goes by the name (well, job title) of Chief Revenue Officer. Drum roll please.

Chief Revenue Officer (CRO)

A modern hero for a modern age.

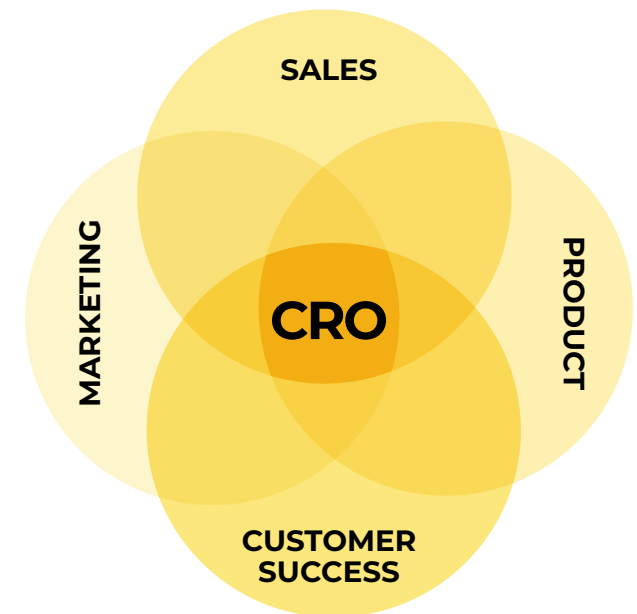
The job description for a CRO should really come down to one line: build a digital revenue team able to cover all phases of invest, convert, and revenue.

That's it in a nutshell. Multifunctional teams that include those who've traditionally worn hats marked 'sales', 'marketing', 'brand', 'product', and 'customer success', able to attract prospects, turn them into customers, then keep them delighted into the long term. A team of different, complementary skill sets focused exclusively on ARR and LTV. A bit like the Avengers, but with less spandex.

The biggest challenge facing the CRO however comes in breaking up siloed operating structures and mentalities.

Plus there's the need to move the business beyond out-dated ideas like MQLs and SQLs. Instead, the emphasis is placed squarely on any and all activities that support unified

customer engagement and contributes toward subscription revenues. Every customer-facing activity therefore needs to be placed under the microscope. As does the investment associated with each phase. For the CRO, the ask will be to redistribute funding in line with constantly evolving customer behaviour. Budgets will still need to be in place for the upfront phases, but this now needs to be sympathetic to the on-going creation of ARR. As does the way prospects are approached in the first place. With methods like freemium to teamium and product led growth, the priority shifts toward engaging and empowering the users of a particular product – rather than just winning over the initial buying committee.



Chief Revenue Officer (CRO)

Every investment needs to be made with the word 'relationship' in mind.

To date, and as previously mentioned, the conventional (read: pre-subscription economy...) approach has seen 90% of marketing and sales budgets diverted toward the invest and convert phases – and are thus seen as a heavy cost to any business. A good CRO will look to reassign this spend, with a heavy portion now directed toward the revenue phase. The goal being to drive new opportunities from across the existing customer base, as well protecting ARR. It's also about breaking the (seemingly endless) cycle of investing purely to find and convert one new prospect at a time, then rinsing and repeating – to be replaced by a more fruitful and on-going engagement.

That's why the digital revenue teams of tomorrow (or even today in forward-looking companies) will all pull in one direction, toward the Forever Customer. A shared

objective supported by shared incentives and rewards.

Digital Revenue Teams will look at the world differently.

If initial prospect engagement shifts from wanting to bring in new quarterly sales to building a Forever Customer, then so do the tactics in use; A good example here being marketing automation tools. Up until now, this technology was principally used to identify some poor soul who'd made the mistake of downloading an infographic and providing an email address. Once identified, the prospect would then face the spectre of 'continuous nurturing' until he/she/non-binary gender cracked and agreed to become an SQL.

But the demands of ARR are uniquely different. In this reality, Digital Revenue Teams understand that they can deliver as much revenue as that achieved through

Chief Revenue Officer (CRO)

traditional methods by broadening their thinking. Instead of focusing budget (and therefore cost) in unsolicited prospect engagement, they can focus more of their time on nurturing actual customers and:

- Understanding who's doing what with the product/service involved.
- Looking for indicators that the customer's interest is beginning to wane.
- Implementing churn and retention strategies to keep customers committed to their subscriptions.

Because everything really does change when the key metric (revenue) goes from being a one-off(ish) payment to on-going, recurring payments.

This is the opportunity that lies ahead, as the 'rush to as-a-service' gains even more momentum; Where the millions spent each

year on the invest phase alone will begin getting stretched out across different touchpoints across the Forever Customer journey; And where the way performance itself is measured will also go through fundamental change to incorporate the ARR model.

Saying goodbye to tried and tired concepts like MQLs and SQLs will be hard for some. But truth be told, they're a 300-year old failed experiment that's now being exposed in the subscription economy. It's time for out with the old and in with the new...designed to keep them on board and to maximise their LTV. And it's here that subscriptions become less transactional, and instead exert a cumulative effect on building a relationship between brands and customers.



**Frictionless
journey to
revenue.**

From first touch to forever

Hearts & minds at every touchpoint.

Let's start this section with a short example: People who like coffee will regularly go to their favourite coffee shop to buy a cup. Maybe more than one throughout the day as they rely on the restorative power of caffeine. This makes them (unsurprisingly) buyers. But then they see a subscription service: purchase this and they get access to multiple cups of coffee each and every day for a set price (which usually ends up saving them a chunk of change). If they go down this path they become users. And users will frequent said coffee shop more often, and regularly buy other products (sandwiches, crisps, mugs etc.) – often at a premium.

That's because they're buying into the brand, an act reinforced by the sense of getting a 'good deal' (that's enabled by the subscription), which quickly turns them into advocates. Now keep adding extra value to this subscription (exclusive discounts etc.), and you've got a loyal customer on the path from first touch to forever.

And as we all know, loyal customers generate more growth.

Better still, it's here that we make the transition from a focus on buyer personas (old school) to user personas (new school). Doing this instantly makes life easier. That's because it moves us away from the complexities involved in trying to cater for that shadowy cabal known as the 'buying committee' – complete with the usual mix of decision-makers and influencers.

From first touch to forever

Most importantly, it moves us toward the user.

A bottom-up level of influence, where people are learning to love a new product before buying (freemium to teamium) and push for its adoption, or blown away by what a technology/service/all-in-one hedge trimmer can do (product led growth). Where functionality and usability are the key forces driving growth, rather than trying to 'drive demand' the old fashioned way. A process that helps cut the cost of every first touch, meaning there's more cash available to focus on forever.

The nature of customer interactions is now radically different.

Which basically means businesses have to make every touchpoint count. More specifically, they need to make the most of every engagement. Certainly with regards to

product usage data, that lets you know who's doing what, and the opportunities now open to extending this user relationship:

- To offer new services or 'switch on' new capabilities to reward 'super users'.
- To map successful customers (the way they're using/deploying your product) into other organisations to demonstrate what's possible.
- To find new and innovative avenues to communicate with prospects and customers, in ways that put the right information where and when they want it.

And all supported by a rich mix of tactical elements such as churn strategies, in-app communications, user group management, up- and cross-sell advocacy strategies, and multi-dimensional nurture capabilities.

The question of course is: how can we blend these together to create a continuous customer experience?

It's a good question too, because most marketing and sales functions (and indeed B2B marketing agencies) are set up to play in the invest to convert phases. Moving into the revenue phase requires different types of behaviours and insights; to be confident in making 'light' versions of their product free to use (as an example), and to build a complete picture of what it means for users to stay with the same company over the long haul – and what they want in return. This is where you need partners who understand the bigger subscription universe, what works, what doesn't, and what's going to deliver the best ARR. A partner like Ledger Bennett.

Let us extend a helping hand.

For our part we'll keep it short and simple, as we'd much prefer to talk you through our proposition with a face-to-face chat. But the top line is that we help support businesses wanting to succeed in the subscription economy in three key areas:

Building out your Digital Revenue Team

Our Managed Service offering FuldTalent can help ensure the right blend of skills are always available for your Forever Customer journey, across content creation, analytics & planning, acquisition & media, and technology.

Accelerating the shift from MQL to ARR

Our SaaS capability gives you end-to-end revenue insights for both buyer and user personas. We call it Cortex.

Driving the first touch to forever

We're a branding, nurture, and creative agency that knows how to engage business audiences and build on-going interest in a customer's products.

The Ledger Bennett bit

The Forever Customer revolution is already in full swing.

We'd love to take you through our Forever Customer methodology and vision in more detail and explore how it can be applied to your organisation. If you're ready to dive in though, we would suggest a collaborative session or a joint planning workshop. Any feedback, comments or questions you have in the meantime would be most welcome.

Just drop us a line.

**Start your journey to
revenue now.**

LEDGER BE\\ETT

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