

THE FOUR VALUE-CREATING BEHAVIORS

OUTCOME CATEGORY 1: MARKETING RELATED BEHAVIORS

WE OFTEN THINK THAT GENERATING VALUE FROM THE CUSTOMER STARTS WHEN THE CUSTOMER GIVES US HIS CREDIT CARD, BUT THE OPPORTUNITY BEGINS LONG BEFORE THAT. THERE ARE VARIOUS BEHAVIORS THAT CUSTOMERS CAN ENGAGE IN TO MAKE IT EASIER OR LESS EXPENSIVE FOR US TO MARKET TO THEM. THESE INCLUDE:



OPTING IN

This generally means consenting to be on a mailing list of a digital or physical variety.



SAMPLING

Customers who agree to try a free product sample may be more likely to buy in the future.

Some examples of providing value through social connections include following, liking, or subscribing to your brand on various social channels. This makes it easier to message the customer or prospect by having your messages appear in their feed. Another way they offer value is by providing access to a customer's social profile where there may be information that we can use to target or personalize marketing material.



SOCIAL CONNECTIONS

Customers who come to your store or other physical location are more likely to buy, whether now or in the future. If they were going to buy anyway, coming to a physical location often increases the size of the total sale.



VISITING

OUTCOME CATEGORY 2: PURCHASE BEHAVIORS

THESE ARE THE BEHAVIORS WE TEND TO THINK OF FIRST WHEN IT COMES TO CREATING VALUE. HOWEVER, THERE ARE SEVERAL DISTINCT SUB-CATEGORIES WHICH ARE IMPORTANT TO CONSIDER, AS THEY MAY NEED TO BE MOTIVATED DIFFERENTLY FROM THE BASIC BUYING BEHAVIOR. HERE ARE SIX SUBCATEGORIES OF PURCHASE BEHAVIORS:



BUYING

Depending on your industry, this might be ordering, subscribing, donating, retaining your firm, etc.



CROSS-SELLING

Motivating a customer to buy a second, third or fourth product or service along with the core item: batteries, warranties, meal plans at resorts, etc.



**RE-PURCHASING
OR RENEWING**

Ideally, we want a customer for life. Whether it's a magazine subscription that gets renewed or an airline that motivates a customer to keep coming back, a key goal is to encourage customers to buy as frequently as possible.

Most businesses have tiers of offerings, providing the opportunity to motivate the customer not just to buy but to buy a more premium version of your product and service. This generally increases revenue and margin.



UPSELLING

Remember that once the sale is done, you are not "home free." Many products and services have some type of return or cancellation policy or a satisfaction guarantee. We want to motivate customers not to take us up on reversing the sale or canceling the reservation or subscription.



**NOT RETURNING OR
NOT CANCELING**

Customers having options in terms of how to buy from you and which choice they make may adjust the amount of value they create. For example, a customer might be able to buy your product directly from you or choose to go to a third party for the same product. In both cases, you make money, but you probably make more if they buy direct. Similarly, if a customer pays by check, debit card, or cash, you avoid credit card processing fees, which increases your margin.



**PREFERRED CHANNEL
OR TENDER**

OUTCOME CATEGORY 3: PROMOTIONAL BEHAVIORS

THE MOST POWERFUL FORM OF MARKETING IS WORD-OF-MOUTH. THERE ARE MULTIPLE WAYS YOUR CUSTOMERS CAN CREATE VALUE BY HELPING PROMOTE YOUR BRAND AND PRODUCTS. HERE ARE THREE EXAMPLES:



REFERRING FRIENDS

Whether your customers advocate on your behalf to friends verbally, via social media, or through a structured "refer-a-friend" program you may provide, referrals are an effective technique with typically lower the cost of sales.



CREATING CONTENT

In today's world of user-generated content (UGC), there are numerous ways that your customers can create content that generates value for your business. This can include writing reviews, answering questions, or posting information in forums about their experiences. It can also include participating in contests or other programs designed to encourage UGC creation.

In certain industries, it's helpful if customers give feedback to your distribution chain regarding stocking your products or a wider array of them.



LOBBYING RETAILERS

OUTCOME CATEGORY 4: USAGE BEHAVIORS

FINALLY, CUSTOMERS CAN CREATE VALUE FOR YOUR ENTERPRISE IN THE ORDINARY COURSE OF USING YOUR PRODUCT. AGAIN, THESE WILL VARY BY INDUSTRY, BUT HERE ARE A FEW COMMON SUBCATEGORIES:



ORDERING SUPPLIES

Some products have an ongoing revenue stream in the form of supplies. This means that they are creating value for you simply by using your product, as they are depleting consumables which will need to be replenished eventually.



PAYING BILLS ON TIME

If a product involves recurring payments, customers can pay their bills on time. Although in some industries, customers create more value by not paying their bills on time and incurring service fees, this is not a great business model for developing strong customer loyalty.



COMPLAINING

It may seem counterintuitive, but if customers have a bad experience with your product or service, they create value by telling you about it. Relaying the information allows you to improve the issue for future customers and potentially keep the reporter as a customer.

Some products require periodic servicing or repair, and, when that happens, customers may have the option to come directly to you for that as a paid service.



PAYING FOR SERVICE

When customers have a question, they generally have multiple ways to interact with your brands, such as the internet, IVR, or a phone representative. Some of these methods are less expensive for your business than others. In general, motivating customers to use the less expensive (generally self-service) channel creates more value. However, if a strong cross or upsell opportunity exists, more value can be created through more personal interactions, even though the cost is greater, because of the potential for incremental revenue.



HANDLING SERVICE INQUIRIES THROUGH SELF-SERVICE