

Selling to the B2B Subscriber

By Mike Gomez

Last August, in a Forbes article titled, “Subscription Businesses Are Exploding With Growth” the author, Richard Kestenbaum, opened with this astounding fact. “In the month of April 2017, subscription company websites had about 37 million visitors. Since 2014, that number has grown by over 800%.”

What is interesting to note about this trend is how it is moving quickly from the B2C retail space to the B2B service sector. SAAS firms in particular are quickly adopting this model.

This shift is generally triggered when customers realize they are paying too much for features/services they don't value and/or they want greater control and responsiveness.

From a sales perspective I agree with the author's premise that “subscriptions don't change what consumers want, subscriptions get consumers (buyers) to look at existing products (and services) in a new way.”

And because you never “close” a subscriber, subscriptions offer a dissatisfied customer a quick way out and, by contrast, the seller, “an ideal instrument for surprise.”

That said, what does this mean to those tasked with role of sales in the B2B subscriber model?

First and foremost the primary role of sales in a subscriber model changes very little from traditional product or service sales. Qualifying is still a crucial. And he or she is still responsible for being the most knowledgeable person in the company about the customer's business, how buying decisions are made, the people involved in the decision, and the priorities that drive their decision making. In other words, if your sales team adheres to the principal of being “in the service of” your customer then you should be in fine shape helping your customers conclude your product or service is the best choice to solve their problem.

The difference in selling in the subscription model lies with (1) how the solution is defined/sized, (2) how the solution is delivered, (3) how the solution is priced, and finally, (4) how the customer is serviced through the duration of their subscriber experience. I will talk about the first three in this article.

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First let's address the product or service itself. Nadia Boujarwah, Co-Founder of subscription company Dia & Co., says,

"Ultimately, the most powerful customer experiences are rarely functional. The products (services) we love most are those that have a real emotional benefit we come to depend on."

"Can't live without it" are the words you strive to hear from customers in the subscriber model. And because they can leave at any moment (a power subscriber's love) it means your company must regularly and accurately keep assessing their level of satisfaction and always explore ways to build upon it—never giving your customer a reason to look elsewhere.

Assuming the product or service addresses the most pressing priorities, success in the initial sale then rests on whether you can meet their expectation for how they purchase/receive your solution and pricing.

The telecom industry has become well versed in devising and presenting creative solutions and pricing options to their business subscribers. Adam Kleinberg, CEO of ChikPea, a company serving the telecom market says, "the ideal subscriber solution should allow, (1) the offer to be made the way the customer wants to accept it, (2) the delivery the way the customer wants to 'consume' it, and (3) the billing the way the customer wants to pay for it."

Bundling or unbundling of features. Turning on or off capabilities not wanted or needed. Freemiums. These are just a few of the delivery techniques that should be given to salespeople in the subscription model.

The arsenal of options for pricing in the subscriber model are vast and can include: Usage level discounts. Partner promotions. Loyalty awards. Discounts to incentivize larger purchases. Dynamic pricing.

For those CEOs considering moving to a subscriber business model this might sound complex from an implementation perspective. You are right. Putting these options in the hands of your salesperson requires sound, recurring training and, ideally, automated tools that interact seamlessly with your sales process/CRM system.

Selling to the subscriber will push your company to truly live the "in the service of" motto most so casually claim. In his Forbes article, Richard reminds his readers of the increasing desire of customers to usurp control over the entirety of the buying experience with this fact, "some of the most popular search terms used by consumers looking for subscriptions on Google are: Review, Best, and Cancel."





One thing is certain about the subscriber sale says author, Richard Kestenbaum,

“Subscriptions don’t go on forever, eventually consumers end them. The key to enhanced profitability for subscription businesses is selling products that are good enough to lengthen the life of the average subscription.”

Adam Kleinberg said, “given the significant differences subscriber selling is from traditional sales, maybe CRM in the subscriber world should become Subscriber Relationship Management”. I think he has something.

About the author

Mike Gomez is founder and President of Allegro Consulting, a business growth specialty firm in Atlanta, Georgia. For 16 years Allegro has been helping Georgia’s privately-held business owners find new avenues for growth and build on their skills as a CEO. Mike is a former aerospace engineer, officer in the USAF and international sales executive with McDonnell Douglas, Boeing and Lockheed. He is a guest lecture at UGA and Georgia Tech and an advisor in sales and growth strategy to the 4th largest tech hub in the United States, Atlanta Tech Village.

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