

Topic 2.1: Customer Benefits

What benefits do your customers get from your offer?

Customer Benefits are the reason customers choose to buy a product. A person or organization will only spend money if they expect to benefit from doing so. The more and greater the benefits that a product offers, the stronger it is compared to its competitors.

Customer Benefit, Customer Need and Customer Value are closely related, and they occasionally coincide – especially with business customers. It is important that founders understand each concept and can distinguish between them, since only then can they develop an attractive product and provide convincing arguments for purchasing them.

Features might explain a product's price, but benefits explain its value.

Customer Value Produces Customer Benefits

In the Founder's Playbook, Customer Value is generic such as "save money" or "increase productivity" and can give rise to Customer Benefits that are specific to a given situation or person.

Here are three examples of Customer Value and the Customer Benefits that result from them:

- If the product helps its (business) customers to be more productive, then they can reduce their prices, which improves their competitiveness.
- If the product helps its users to relax, then they can fall asleep more easily and concentrate better the next day.
- If the product helps its users to improve their looks, then they appear more attractive to strangers, which helps them to get something they want, such as a date or a job.

A single product attribute can often deliver more than type of value, and a single type of value can provide more than one customer benefit.

Attributes, Consequences and Benefits

The Attribute-Consequence-Benefit (ACB) model can help founders to develop more competitive products. Companies give their products features and functions (Attributes) that have positive Consequences. These Consequences then result in the desired Benefits.

Here is an example:

- Attribute: The body of a car is made from aluminium.
- Consequences: The car is lighter and therefore needs less fuel.
- Benefit: The customer saves money that he or she can spend on something else.

If a product is complicated or innovative, it can be hard to recognize this logical sequence, and founders must formulate their arguments carefully and present them clearly in their marketing information.

Example

We consider a company that needs a new office building:

- Attribute: A window manufacturer offers a model made from a new kind of glass.
- Consequence: This type of window has better thermal insulation than others.
- Customer Value: The customer saves on energy bills.
- Customer Benefits: The customer enjoys increased profits or can spend the money saved on something else.

In this example, the logic is easy to follow, since the insulation properties of the glass can be measured and the relationship between better insulation and saving money is obvious.

Uncovering Customer Benefits

There are many types of Customer Benefits, for example:

- Practical/technical, e.g. compatibility, flexibility
- Economic, e.g. reducing costs, increasing productivity
- Psychological, e.g. improving self-confidence
- Professional, e.g. advancing in a career, improving a skill

Founders should consider as many categories as possible in order to discover new possibilities and thus add further benefits to their products. For B2B products, for example, it might be possible to find personal benefits for the decision-maker in addition to the “official” benefits to the company.

Startups Must Provide Significant Benefits

The Customer Benefits that a startup offers must be significantly greater than those that customers currently enjoy. This is known as *relative advantage*. Only then does the startup have a chance of overcoming the customer’s skepticism and inertia. Being just a little bit better than existing solutions is not sufficient for a startup product. Ideally, a startup would offer its customers new benefits that hadn’t even existed until then.

For Amazon customers in 2001, a choice of 1.1 million books was a factor of 20 larger compared to the status quo, since a typical bricks-and-mortar bookstore only stocked about 55,000 books.

The Core Benefit

It is very helpful for a startup if its product offers a particular customer benefit that greatly exceeds everything that has gone before. This is called a *Core Benefit*. The core benefit plays a very important role in marketing and greatly facilitates access to those customers whose urgent problem it solves.

Although it's very tempting to promote as many features as possible, it's more effective to drill down on the one, most important feature. You have to identify the quality that your buyer personas can't live without or that your competitors can't provide as well as you.

Bob Ruffolo

In 2004, email services typically offered less than 10 megabytes of storage. When Google introduced Gmail that year, it gave its users a gigabyte of storage – more than 100 times as much. The core benefit was that users could keep all their emails forever instead of having to delete them regularly in order to free up storage space.

The Value Proposition

A Value Proposition is an argument for a product that can be used in advertising. It usually consists of just a short phrase or sentence and features one or more customer benefits.

A very good (and very famous) example of a Value Proposition was used by Apple in 2001 to introduce its new iPod:

One thousand songs in your pocket

These six words indirectly described both the iPod's large memory capacity and its compact dimensions and also created a memorable mental image of the resulting customer benefit.

This Topic's Key Question

- Does your product provide a benefit that makes it irresistible to potential customers?

Link

- Topic 2.1 at founders-playbook.de/potential/customer-benefits/