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What's there in it for me?

Identifying customer benefits
and utilizing the knowledge of customer benefits
in marketing and selling

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Preface

In the early 1980s I heard that a customer always buys the benefit of a product. That made me interested, and I wanted to learn what a customer benefits is. With this knowledge I could probably improve my skills as a salesman and achieve better results. But there was also another interesting question that this matter raised. How many benefits are there? Thousands, hundreds, tens, or less? I started to look for the answers in the literature. After looking through numerous marketing books and articles, I recognized that customer benefit is one of the main concepts. Nevertheless, I could not find a satisfactory description of customer benefits, or an answer to the number of customer benefits.

This was the starting point for my study. And I'm happy to share the results of my work with you now. I have considered both the B2C and B2B environment in the results. Consumers and companies experience the same benefits, but there can be a difference in the sources of the benefits, and there can also be different emphasis of the benefits. In B2B selling you need to take a note of all the various needs of the actors in the supply chain besides the needs of the end customer.

I have developed a model in which the concept of 'customer benefit' is clearly defined, and all the potential customer benefits are listed and grouped. The four level model (source, rational, emotional, and core level) gives understanding of the numerous processes (based on material sources, sources in logistics, and social sources) that can lead to a customer benefit. It allows easy identification of any customer benefit both in the B2B and the B2C environment. Simultaneously, it is possible to recognize lacking or weak customer benefits, which enables planning and implementing of improvements in a product, a service, or in an operation. The model also provides an excellent platform for developing customer-oriented activities, and evident arguments of any products and service products. Furthermore, the model always gives the salesman or the marketer the means of answering one of the most essential question from their customer, "What's there in it for me?"

This book is beneficial for all who are looking for better results through customer-oriented communication, argumentation and operation.

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1 Introduction: Benefit – a self-evident or an elusive concept?

We all know what a benefit is. Or do we? When reflecting more deeply this main concept in marketing and selling, you may recognize bit by bit that it is not so easy to define this concept. Not to mention making a complete list of all the benefits.

We satisfy our needs and wants with benefits

Hey, let's go shopping!

Why?

We could find something nice that we don't yet know that we need!

But I can already manage with everything that I have.

Don't be boring!

We live in abundance. When we set the benchmark for our very survival, the market is full of products and services, without which we could survive quite well. Our standard of living allows us to satisfy all kinds of needs and wants. From the above dialogue, we can see that our struggle to satisfy our needs has both a bio-physiological and a psychological-sociological dimension. In general, the biological-physiological dimension is seen as needs and the psycho-sociological dimension as wants. In other words, people eat to live and live to eat at the same time.

I guess that having wants is necessary, as well as characteristic of human nature. Drawing a line between the needs and wants is quite problematic. For example, only flavouring food could be interpreted as satisfying a want. We cannot escape our wants, for example, by becoming a hermit somewhere in the wilderness, because even this choice can be interpreted as a desire to satisfy a want. In addition, all the needs and wants can form a multi-threaded tangle in which a separation can become impossible. Our interpretation is affected by our subjective values, of course, which can also change according to our life situation. Therefore, it can be difficult to find a definition for the needs and wants, which would be completely satisfactory. In my opinion, it is not always necessary at all. But whether the question is about a need or a want, we will not acquire a product or service if it does not provide us a benefit. Although we may not always be clearly aware of the benefits that a product or service offers us.

In many ways we are creatures of our habits, and hence not always aware of the reasons for our decisions. When looking at the purchasing decisions we do without considering the benefits, these products and services belong to the so-called *Low-*

Involvement category. For example, many groceries belong to this category. When buying these products, we do not sacrifice time or effort to make our choices. Our choices are largely based on our experience and our customs. In other words, we are constantly repeating things that we have learned in the past to be beneficial.

Similarly, we are considering more our purchasing decisions when the acquisition is more valuable, or when it involves various uncertainties and risks, or where our previous experience of the product is poor. That is, when procurements include the possibility of some level of remorse. These types of procurements belong to the so-called *High-Involvement* category. These include, for example, a number of consumer durables and investments, of course. We are aware then more clearly of the benefits of the product or service.

It is equally difficult to draw a line between *Low-Involvement* and *High-Involvement products*. The difference is again often subjective and can change according to the situation. All products and services, however, always provide benefits regardless of the category they belong to.

Why is so important to understand what a benefit is?

In his book *The Fundamentals of Selling*, Charles Futrell¹ gives the following three reasons why understanding of benefits is important.

1. The customer buys always the benefits – not the features or the advantages.
2. By presenting the benefits the customer understands better how the product satisfies his or her needs.
3. By presenting the benefits you can improve your sales.

If the customer really always buys the benefit of a product or service, then having an understanding of what the benefits are and applying this knowledge, we can always be customer-oriented. This can provide a competitive advantage and enable us to achieve better results, regardless of what we sell. But what everything of the customer benefits should we know?

Of course, it would be important to know what is meant by a benefit. But at the same time the benefits wake up an interesting question - how many benefits are there? Are there thousands, hundreds, tens, or less? If the number of benefits prove to be few, they could certainly all be named and, perhaps, set into groups. Then it would be easy to find out what the benefits of the various products and services provide customers, but at the same time it would be possible to say what the

¹ Charles M. Futrell, American professor in marketing, <http://futrell-www.tamu.edu>

benefits are missing. This information would be helpful in creating marketing communications and developing sales skills, but also in product development.

If we are able to present to our clients the benefits, they are more likely to buy the product. But how do we make sure that our customers are buying the product from us and not from the neighbouring store that sells the same products? In other words, it is not enough that we are able to present the benefits of the product, but at the same time, we must also be able to present the benefits that make the potential customers buy from us.

Understanding the benefits could also give a better perspective to understand what customer-orientation means and how it differs from product-orientation. Similarly, we could get a better understanding of what added-value means and find a new perspective upon a brand.

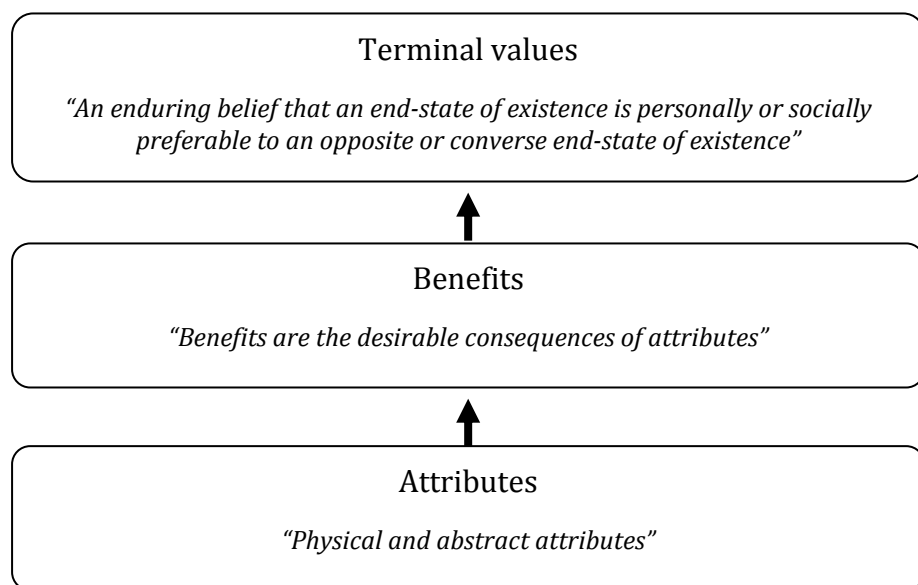
How has our understanding of benefits evolved?

The benefit is a very common concept in all walks of life. We are constantly thinking about what benefits different things could provide us. However, there seems to be quite a few definitions of a benefit, not to mention good definitions. Apparently, our understanding of what is meant with a benefit, has been considered and is still considered as so self-evident, that there has not been a need for a good definition. The general perception is that a benefit is something that has a rewarding effect to us. The word benefit has a number of synonyms. The most common of these is an advantage. Other synonyms are income, value, utility, and profit.

Customer benefits are quite frequently handled in marketing and sales literature. In the 1970s, models were presented in which the benefit is seen as a result of the process. The processes leading to the benefits derive from product features. In 1970, Shirley Young and Barbara Feigin presented the *Grey Benefit Chain* model, developed by Hal Lee, in which features lead to functional, practical and emotional benefits. In 1972, Paul E. Green, Yoram Wind and Arun K. Jain presented the *Benefit Bundle Analysis* model, which can be used to find out all the benefits a product can provide. In 1976, James H. Myers presented the *Benefit Structure Analysis (BSA)*, a model that has been prepared for product development.

Although the customer benefit is the central concept in the above-mentioned models, a definition is not given in any of the models. Regarding our understanding of customer benefits, the best part in these models is the idea that the benefits are a result of a process. A benefit does not arise spontaneously, there is always a source, and the source is located in the product features.

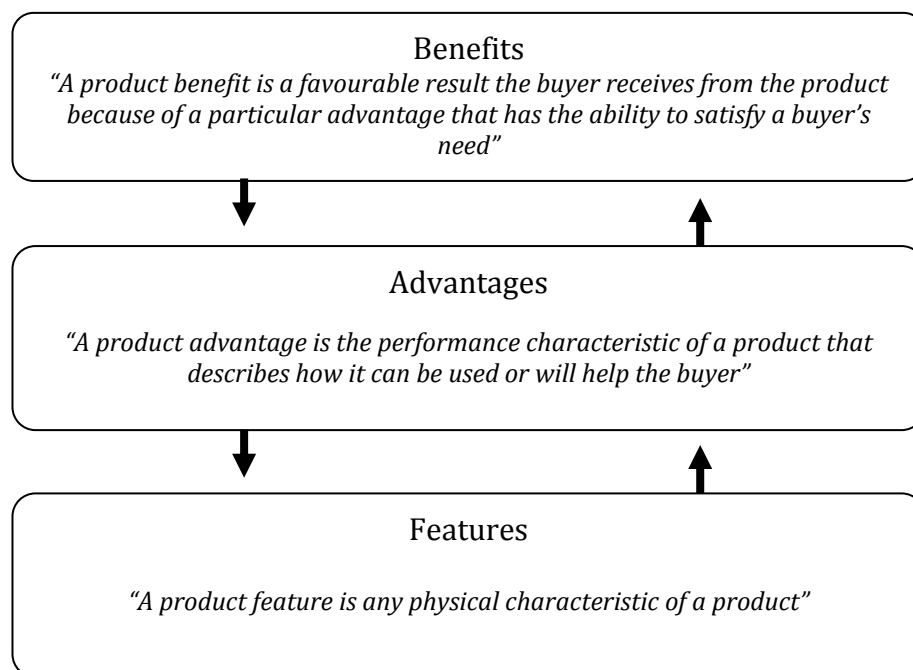
In 1982, Jonathan Gutman issued the Means-End Chain Model. The purpose of his model is to find out the link between the product features and our terminal values. Laddering technique is used to clarify the terminal values. By placing the question, *"Why is this so important to you?"* it is possible to uncover the underlying motives of the interviewee's choice. Thus, when studying the connection, Gutman extends the processes from the materialistic world into sociology. This is probably the first model, which sets out a clear definition of customer benefits – *"Benefits are the desirable consequences of attributes"*. This definition follows the traditional perception of the benefits and strengthens the hypotheses why definitions of benefits are rare.



In the Means-End Chain model, the process is studied starting from the attributes towards the terminal values utilizing the laddering technique.

The customer benefits are also used for segmentation. Russell Haley, who studied and developed in the 1960s customer segments, considers in 1983 the psychographic customer segments to be problematic. He noted that it is difficult to make any segmentation based upon sensory benefits, emotional benefits, and affiliative benefits. He recognizes that these cannot be measured. But Haley, like most of the other researchers, does not provide a definition of a benefit. I presume that he also sees the benefits as something that has a positive effect.

In 1984, the American marketing professor Charles Futrell published his book *The Fundamentals of Selling*, which has since appeared in several editions, the last one is dated 2006. Futrell presents in this book the FAB model (Features, Advantages, Benefits). It differs in an interesting way from all of the previous models. The concepts of benefit and advantage are defined as two different matters. The three-phase model starts from the features of the product. In the next phase are the advantages of the product and in the third phase the benefits of the product. Furthermore, the model is also used in the opposite direction for proving the identified benefits. Futrell's definition of a benefit is slightly more detailed than any of the previous definitions: *"A product benefit is a favourable result the buyer receives from the product because of a particular advantage that has the ability to satisfy a buyer's need"*.



In the FAB model, advantages and benefits are defined as two different concepts. The model is used in both directions, for deriving the benefits, and for proving the identified benefits.

Marketing literature shows the concept of the core benefits. By definition, a product or service contains a key benefit which makes the consumer buy the product. Two synonymous expressions are used in the literature, Core Benefit and Core Product. The following is AMA's (American Marketing Association) definition of the Core Benefit.

AMA's definition of Core Benefit

The main benefit why a customer buys the product. The core benefit varies from buyer to buyer. The core benefit can derive either from the tangible product or customer service, or the augmented product.

I think the customers' purchasing decisions are often affected by many factors at the same time. That's why I settle a little critical of the core benefit. I will return to the core benefit later, when I present a completely different definition.

In summary, we can state a benefit is the ultimate reason why we buy products and services. Perceptions of the benefits can be generally stated in our everyday life as everything that has a positive effect upon us. In academic sources, the benefits can be seen more analytically as a result of processes, which have their source in the product features. But, the definitions and examples presented in the literature do not reveal clearly what benefits are, or provide an answer to the interesting question how many benefits there are.

2 Values and benefits

A basic knowledge about human values is essential in order to understand the customer benefits. As a starting point it can be noted that the values that we have adopted direct our behaviour as do our objectives. We will soon learn how values are connected to customer benefits. Rokeach² (1973) defines value as follows:

The definition of values

An enduring belief that a mode of conduct and an end-state of existence is personally or socially preferable to an opposite or converse mode of conduct and an end-state of existence.

According to Rokeach, all humans have values that continuously direct our choices. However, there is not only one value that directs our behaviour, but all the values that we have adopted, which form a so-called value system. Everyone has his or her own value system. The value system is not completely static; it can change according to experiences and life situations.

Terminal values and instrumental values

Our values can be divided into two categories, the terminal values and the instrumental values. Terminal values are the end-state of existence. They can be personal or social. In both cases, the terminal values are positive feelings that we would like to experience. We can achieve the terminal values by following the instrumental values, that is, by behaving in a way that also other people feel that is a good way of conduct. In other words, the terminal values are the rewards of exercising the instrumental values, and a terminal value manifests itself as a positive feeling.

² Milton Rokeach (1918–1988), a Polish-American social psychologist.

Rokeach (1973) presents 18 terminal values and 18 instrumental values.

Terminal values – ‘end-state of existence’
A comfortable life (a prosperous life)
An exciting life (a stimulated, active life)
A sense of accomplishment (lasting contribution)
Wisdom (a mature understanding of life)
Inner harmony (freedom from inner conflict)
Equality (brotherhood, equal opportunity for all)
Happiness (contentedness)
Freedom (independence, free choice)
Pleasure (an enjoyable, leisurely life)
A world of beauty (beauty of nature and the arts)
A world at peace (free of war and conflict)
National security (protection from attack)
Family security (taking care of loved ones)
Self-respect (self-esteem)
Social recognition (respect, admiration)
Salvation (saved, eternal life)
True friendship (close companionship)
Mature love (sexual and spiritual intimacy)

Instrumental values – ‘mode of conduct’
Ambitious (hard-working, aspiring)
Open-minded (accepting, broad-minded)
Capable (competent, effective)
Cheerful (light-hearted, joyful)
Clean (neat, tidy)
Courageous (standing up for your beliefs)
Forgiving (willing to pardon others)
Helpful (working for the welfare of others)
Honest (sincere, truthful)
Imaginative (daring, creative)
Independent (self-reliant, self-sufficient)
Intellectual (intelligent, reflective)
Logical (consistent, rational)
Loving (affectionate, tender)
Obedient (dutiful, respectful)
Polite courteous and well-mannered
Responsible (dependable, reliable)
Self-controlled (restrained, self-disciplined)

Instrumental values can be divided into two categories - moral values and knowledge values. The difference between these can be recognized in an interesting

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