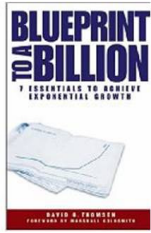


Entrepreneur Series

Benefits Ladder

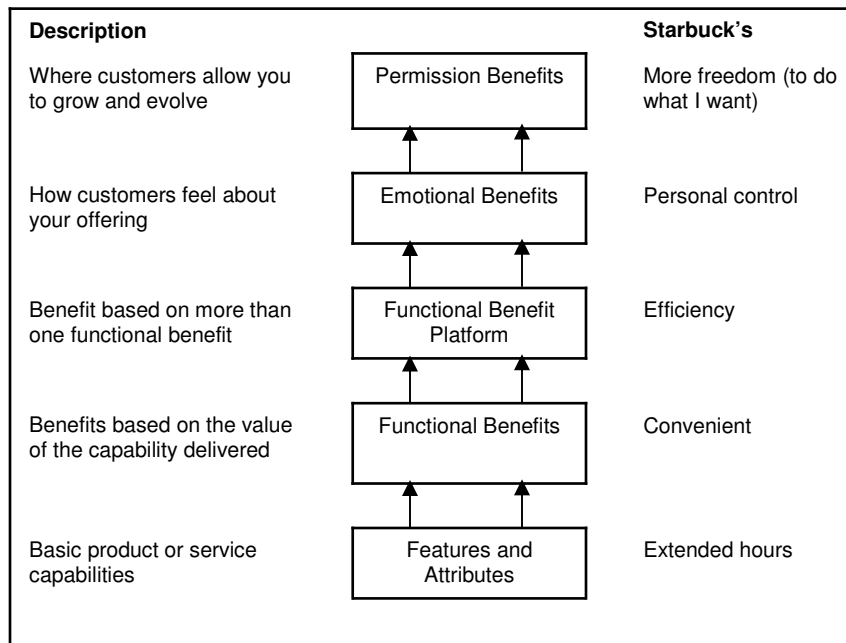


This article is a partial reprint from
BLUEPRINT TO A BILLION: 7 Essentials to Achieve Exponential Growth
(Permission by David G. Thomson, Author and Eric Arnson, Contributing Author)

Benefits fall into two categories, according to the underlying motivations to which they relate: (1) functional benefits and (2) emotional benefits. Functional benefits address a customer’s basic tangible needs. These benefits are often linked to fairly basic motivations. Emotional benefits relate to the intangibles of how one feels to use the product or service.

The Benefits Ladder is based on the principle that connecting a brand to higher-order emotional benefits creates strong and lasting customer loyalty. They must be connected, however. The higher brands go up the ladder, to uniquely own intangible benefits, the greater the value, the stronger the relationship, and the better the margins.

Benefits Ladder



Source: Blueprint to a Billion, Mark Mitten and Eric Arnson contributing authors.

1. *Focus on delivering key benefits to attract the most desirable customer segments.* Early stage companies must obtain rich insights to understand the exact nature of the segment needs and then figure out which benefits to deliver.

To gain customer permission, you must start at the bottom of the Benefit Ladder and then connect upward to the next level of benefits after satisfying that level. This is referred to as a *benefit bundles* because companies must deliver the entire bundle, including function and emotional benefits; not a collection of parts.

Benefits Ladder

2. *Consistently deliver benefit bundles to create a lasting bond with target customers.* After targeting the appropriate customer segment with the appropriate benefit bundle, the next step is effective delivery. Without it, even the most compelling and distinctive benefit bundle will fail to connect with customers.

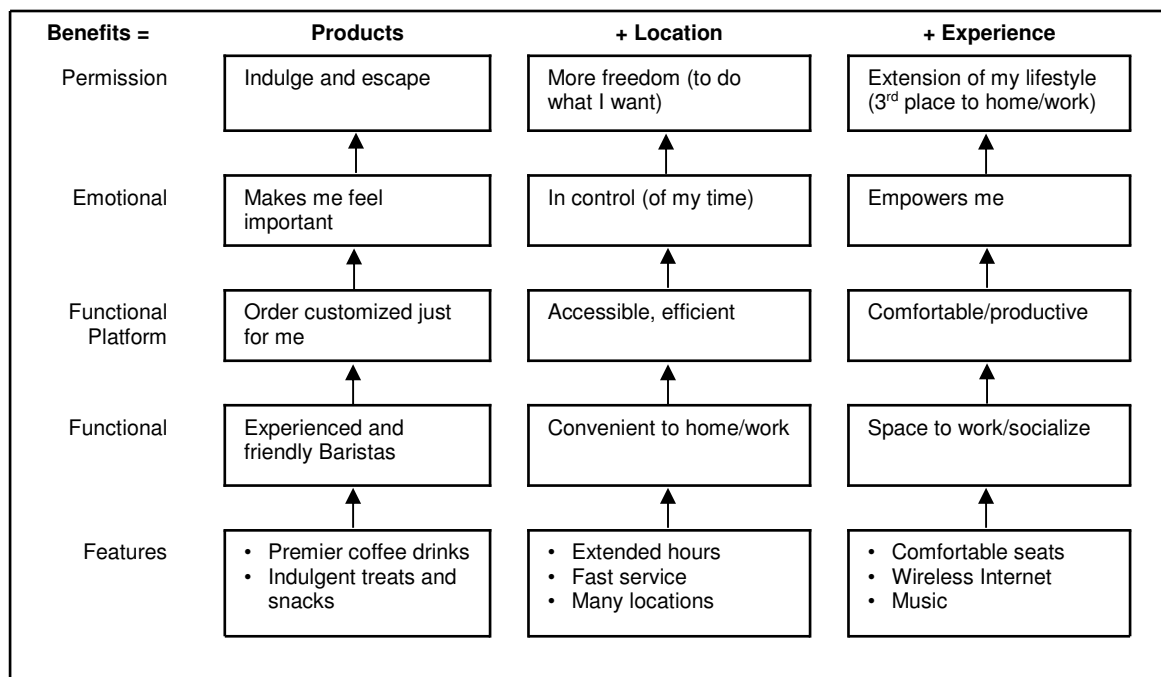
3. *Leverage permission benefits to generate exponential growth.* Trust is achieved by successfully and consistently delivering permission benefits, the highest form of commitment a company can achieve. Trust is earned and only customers grant it.

For example, once that trusted relationship is established, customers often request additional offerings or underwrite the exploration of emerging needs. Typically the next generation of innovation is right next to the current offering.

Consistent delivery creates strong and lasting relationships. Starbucks builds its strength on superior products for which customers are willing to pay a premium. However, it also extended its brand by placing an equal emphasis on the location and experience benefits. Starbucks not only ascended the product ladder, it created competitive advantage and new growth streams by leveraging relevant, complementary benefits. The way Starbucks achieved a lasting bond.

Experience and Delivery for Growth

Starbucks, Benefits Ladder



Source: Blueprint to a Billion, Mark Mitten and Eric Arnson contributing authors.

The Art and Science of Applying Breakthrough Benefits

Applying the concept of benefit ladders, especially in times of rapid change, is a challenging one. Our experience suggests three steps: constructing the ultimate benefit bundle that the

Benefits Ladder

company aspires to own, determining the ascension path to deliver the permission benefit and earn customer trust, and envisioning the horizontal extension that drives the next generation of products and services.

The science is depicting the ladder and understanding where your company is on the ladder—through your customers’ eyes. The art is determining the adjacent space in order to leverage permission. The final test for leaders is keeping the company, both inside and out, focused on the same benefit bundle and migration strategy.

Benefits Ladder

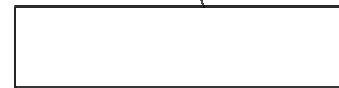
Permission Benefits
(Highest Order Intangibles)



Emotional Benefits



Relationship & Process Benefits



Functional Benefits



Attributes or Features



_____ **Work Sheet**
(Your Brand)