



## Chapter 4: Embracing customer-centric models

Delivering consumption-based pricing and personalized experiences

# The Shift to Customer-Centric Business Models

The subscription business model has revolutionised the way companies interact with their customers. Zuora, the leading monetisation platform for modern businesses, has been firmly at the forefront of this revolution, helping companies successfully transition.

As the business landscape continues to evolve, two key trends have emerged:

1. Increasing popularity in *consumption-based pricing*
2. Personalising experiences across platforms

At the heart of a subscription model is a customer-centric business. These modern businesses are built on lasting customer relationships that provide ongoing value to customers in return for recurring revenue.

In recent years, these two trends (above) have taken hold in the market. Recognising and integrating these trends at an early stage can help tilt the competitive landscape in favour of your business. Passively opting out of this transformation will be a big risk, and cause you to not meet changing customer expectations. It's well worth mining both trends to explore opportunities for your business.



## *Trend 1: Increasing popularity in consumption-based pricing*

Consumers and businesses are increasingly reluctant to own products, and look for different ways to access services that they need. This trend – of seeking a more flexible, personalised experience – has caused a surge in subscription business revenues, of more than 437% over the past decade. And technological advances, plus the growing need for businesses to create recurring revenue and stable cash flows, have led to the steady rise of flexible-consumption pricing methods.



## A Tailored Fit

**Modern businesses have shifted their focus from landing new customers to building customer lifetime value through subscriber relationships.** To do this, they engage subscribers directly through their product, build a deep understanding of each subscriber, and present the right offer at the right time to deliver ongoing value. Doing this creates a flywheel for subscriber-led growth. The only way for modern businesses to drive subscriber-led growth is to extensively analyse their subscribers and deliver personalised experiences based on each subscriber's needs.

Consumption-based pricing provides a new way to win loyal customers by supporting how your customers want to buy. Enabling flexible consumption brings a wealth of benefits, including:

- ⇒ higher customer retention through improved customer engagement,
- ⇒ lower customer acquisition costs,
- ⇒ the ability to upsell and cross-sell,
- ⇒ improved flexibility and scalability,
- ⇒ the collection of broad-ranging customer data for an enriched, personalised experience.



Ultimately, companies offering pay-per-use models could claim a competitive advantage, especially over companies that are unable – or unwilling – to provide flexible payment methods. But providing flexibility and nurturing customer relationships in a usership model can be challenging. You need the appropriate symbiosis of capabilities and software.

Zuora's Monetisation platform, offering robust billing and revenue recognition capabilities, enables companies to easily create and manage complex consumption-based pricing models. **Businesses can define consumption-based pricing, capture usage data in real-time and generate accurate invoices based on actual usage, all within Zuora.** The real-time monitoring of usage data allows businesses to proactively notify customers which rate plans will benefit them most. The metrics enable companies to target customers with tailored experiences, and optimise sales and marketing strategies. The result? Increased customer satisfaction and more predictable revenue streams.

## *Trend 2: Personalising experiences across platforms*

In today's business landscape, we see ever-increasing global competitiveness across industries, powered by technology. When competing companies' product quality and prices are similar, one thing can make them stand out: the promise of a seamless, personalised cross-channel customer experience. It's also given small and medium-sized businesses the agility to compete with large international retailers globally, using digital tools to upscale marketing efforts and personalise customer experience.

Focusing on the quality of products alone no longer suffices. What matters is understanding and anticipating customer expectations – and delivering or exceeding them. **Customers expect businesses to know their needs, preferences and interests based on their digital behaviour, and to use this data to personalise interactions.** Approximately 80% of consumers say they are more likely to do business with a company if it offers individualized experiences. Personalisation puts the 'custom' in 'customer', and it's a key factor in forming long-lasting relationships, making them feel valued and resulting in loyalty.

Zuora's Monetisation platform integrates with various customer relationship management (CRM) systems, marketing automation tools and other third-party applications. This allows businesses to capture customer data, such as preferences, purchase history and usage. It can then use those nuggets of personal details to customise marketing campaigns, offer personalised pricing plans and serve up the perfect product recommendations.



Companies should prioritise developing a seamless omnichannel experience, taking advantage of rich customer data and presenting personalised services. **By using a successful combination of leading solutions – for example, by integrating Salesforce with Zuora – a company can dramatically accelerate sales and improve customer management processes.** Salesforce's extensive CRM capabilities can provide a 360-degree view of your customers, so marketing, sales, service and IT teams can all join efforts for each customer. Salesforce can also be used to manage opportunities, marketing campaigns and quotes. In tandem, Zuora collects all billing, invoicing and usage data tied to subscriptions, integrating this information into Salesforce. This partnership opens the door for continuous data synchronisation between the platforms, ensuring a smooth experience. It also allows for transparency, as customers have the option to get a real-time view on their consumption patterns and to get notified on their usage through consumption APIs. That means improved customer satisfaction and retention rates.

Zuora improves companies' understanding of their customers by tracking key metrics and automating processes, in three ways:

- ⇒ Zuora's platform supports self-service portals, where customers can manage their subscriptions, update preferences and access customised content. Customers are empowered, and the burden on customer support teams shrinks, translating to enhanced customer satisfaction.
- ⇒ Zuora's subscription management platform supports multiple currencies, languages and payment methods, enabling businesses to provide a localised experience across different global regions. Pricing, packaging and promotions can all be tailored to specific markets.
- ⇒ The integration of Salesforce with Zuora helps automate processes for a smooth and personal customer experience. By combining Salesforce's customer engagement data with Zuora's subscription data, relevant insights into customer behaviour and purchasing patterns can be filtered into concrete actions. If, let's say, a customer cancels their subscription in Zuora, a series of actions in Salesforce will be automatically triggered, to send a retention offer or set up a customer support call, for example.

## *Excelling With The Trends*

As consumption-based pricing and personalised experiences become increasingly important in the subscription economy, Zuora's subscription management platform is playing a pivotal role. It's enabling businesses to capitalise on the trends. **With robust billing and revenue recognition capabilities, deep analytics and reporting features, and seamless integration with other applications, Zuora lets you effectively implement and manage usage-based pricing, while delivering personalised experiences across platforms.** As the subscription economy continues to evolve, Zuora remains a trusted partner for businesses seeking to unlock their full potential.

Deloitte is recognised for its leadership in the domain of Everything as a Service (XaaS) transformation. Since 2020, Deloitte has invested in building a team that understands the transformational and technical challenges when entering the subscription economy. This hasn't gone unnoticed: We were awarded Zuora's EMEA Partner of the Year in 2022.



*Deloitte NL has extensive experience with Zuora and is your go-to-partner for designing and implementing these solutions. We look forward to connecting with you.*

*To stay up to date with how technology and other changes will affect your sales, stay tuned for more articles on a variety of related topics.*



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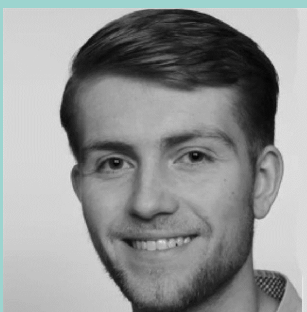
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