Customer Relationships
Channel

Describes the types of relationships a company establishes and maintains with each customer segment.
Questions to consider

In essence, about

- Customer Acquisition (get new customers)
- Customer Retention (keep your customers)
- Upselling (grow your customers, sell more)
The Funnel – Physical Products

From Steve Blank slides found at http://www.slideshare.net/sblank/delft-climate-kic-070212-part-2
Process


September 7, 2015
Types of Customer Relationships

- **Personal Assistance** – based on human interaction (face to face, phone, chat, emails)
- **Dedicated Personal Assistance** – Dedicated representative to an individual client (banks and high net worth customers, key account managers)
- **Self-service** – no direct contact but help themselves
- **Automated Services** – mix of self-service and automated processes (offering books or movies to buy)
- **Communities** – user community where users help each other and companies understand their customers better.
- **Co-Creation** – co-create value with customer (amazon reviews, youtube)
Life Time Value (LTV)

- Life Time Value = how much will the customer spend on my product/service from the beginning to the end (within a specified time period)?

- CAC = Customer Acquisition Cost

LTV > CAC – why and what ratio?
AARRR Model

AARRR!: 5-Step Startup Metrics Model

AARRR Model developed by Dave McClure
## Web Channels

<table>
<thead>
<tr>
<th>Category</th>
<th>User Status</th>
<th>Conv %</th>
<th>Est. Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>Visit Site (or landing page, or external widget)</td>
<td>100%</td>
<td>$.01</td>
</tr>
<tr>
<td>Acquisition</td>
<td>Doesn’t Abandon (views 2+ pages, stays 10+ sec, 2+ clicks)</td>
<td>70%</td>
<td>$.05</td>
</tr>
<tr>
<td>Activation</td>
<td>Happy 1st Visit (views X pages, stays Y sec, Z clicks)</td>
<td>30%</td>
<td>$.25</td>
</tr>
<tr>
<td>Activation</td>
<td>Email/Blog/RSS/Widget Signup (anything that could lead to repeat visit)</td>
<td>5%</td>
<td>$1</td>
</tr>
<tr>
<td>Activation</td>
<td>Acct Signup (includes profile data)</td>
<td>2%</td>
<td>$3</td>
</tr>
<tr>
<td>Retention</td>
<td>Email Open / RSS view -&gt; Clickthru</td>
<td>3%</td>
<td>$2</td>
</tr>
<tr>
<td>Retention</td>
<td>Repeat Visitor (3+ visits in first 30 days)</td>
<td>2%</td>
<td>$5</td>
</tr>
<tr>
<td>Referral</td>
<td>Refer 1+ users who visit site</td>
<td>2%</td>
<td>$3</td>
</tr>
<tr>
<td>Referral</td>
<td>Refer 1+ users who activate</td>
<td>1%</td>
<td>$10</td>
</tr>
<tr>
<td>Revenue</td>
<td>User generates minimum revenue</td>
<td>2%</td>
<td>$5</td>
</tr>
<tr>
<td>Revenue</td>
<td>User generates break-even revenue</td>
<td>1%</td>
<td>$25</td>
</tr>
</tbody>
</table>

AARRR Model developed by Dave McClure
Exercise

Reflect on how your selected company manages

- Customer Acquisition (get new customers)
- Customer Retention (keep your customers)
- Upselling (grow your customers, sell more)
- What type of relationship does each of the company’s customer segment expect them to have and maintain?

About 20 min.