

The Surprising Way Companies Like Netflix and Amazon Conduct Market Research

Companies like Netflix, UrthBox, and Amazon are leveraging the subscription business model to discover what their customers want next.

In a traditional business, the customer buys your product or service once, and it is up to you to try to convince them to buy again in the future. You often have no idea if they liked what they bought and what would have made them buy more, so you're left having to guess or invest in costly market research.

In a subscription business, you have "automatic customers" who agree to purchase from you into the future, as long as you keep providing your service or product.

Long-term, direct relationship

Unlike a transactional business model, subscribers are opting into a long-term, direct relationship with you. You know who your customers are and which of your products and services they use, so you have a much better understanding of their preferences than an industry competitor relying on a traditional business model.

A subscription business gives you a direct relationship with your customers and an ability to track their preferences in real time. It's how Netflix knows which television series to produce next and how Amazon figures out what products their Prime subscribers are dreaming of buying next.

But you don't have to be a sophisticated media giant or billion-dollar e-tailer to track customer preferences through the subscription model. Look at subscription-based ContractorSelling.com, run by Joe Crisara. In return for a fee of \$89 per month, you can subscribe and get information, tips, and advice on how to run a successful contracting business. Plumbers and electricians subscribe to ContractorSelling.com for Crisara's insight, and as they start to read articles and contribute to the forums, Crisara can see what's on his subscribers' minds.

That's important because Crisara also makes money from conferences. Seeing which articles are most popular and controversial among his members gives Crisara insight that helps when he's picking speakers and topics for his live events.

UrthBox

For \$20 a month, UrthBox offers a monthly selection of hand-picked, natural, GMO-free goods to try. UrthBox asks subscribers what they think of the products in each box and rewards them when they respond or refer a friend. Each referral earns points that the subscriber can then use in the online store.

UrthBox then offers the manufacturers of the samples a custom online portal where marketers can see how UrthBox subscribers rated each product. UrthBox uses the data to select merchandise for its online store and prominently displays the products customers like best.

One of the hidden benefits of turning customers into subscribers is the ongoing, direct nature of a subscription relationship, which means you can watch and ask your customers for feedback, ensuring they stay subscribers and buy more over time.