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# The Automatic Customer: Creating A Subscription Business In Any Industry



## Synopsis

The lifeblood of your business is repeat customers. But customers can be fickle, markets shift, and competitors are ruthless. So how do you ensure a steady flow of repeat business? The secret—no matter what industry you’re in—is finding and keeping automatic customers. These days virtually anything you need can be purchased through a subscription, with more convenience than ever before. Far beyond Spotify, Netflix, and New York Times subscriptions, you can sign up for weekly or monthly supplies of everything from groceries (Fresh) to cosmetics (Birchbox) to razor blades (Dollar Shave Club). According to John Warrillow, this emerging subscription economy offers huge opportunities to companies that know how to turn customers into subscribers. Automatic customers are the key to increasing cash flow, igniting growth, and boosting the value of your company. Consider Whatsapp, the internet-based messaging service that was purchased by Facebook for \$19 billion. While other services bombarded users with invasive ads in order to fund a free messaging platform, Whatsapp offered a refreshingly private tool on a subscription platform, charging just \$1 per year. Their business model enabled the kind of service that customers wanted and ensured automatic customers for years to come. As Warrillow shows, subscriptions aren’t limited to technology or media businesses. Companies in nearly any industry, from start-ups to the Fortune 500, from home contractors to florists, can build subscriptions into their business. Warrillow provides the essential blueprint for winning automatic customers with one of the nine subscription business models, including:

**The Membership Website Model:** Companies like The Wood Whisperer Guild, ContractorSelling.com, and DanceStudioOwner.com offer access to highly specialized, high quality information, recognizing that people will pay for good content. This model can work for any business with a tightly defined niche market and insider information.

**The Simplifier Model:** Companies like Mosquito Squad (pest control) and Hassle Free Homes (home maintenance) take a recurring task off your to-do list. Any business serving busy consumers can adopt this model not only to create a recurring revenue stream, but also to take advantage of the opportunity to cross-sell or bundle their services.

**The Surprise Box Model:** Companies like BarkBox (dog treats) and Standard Cocoa (craft chocolate) send their subscribers curated packages of goodies each month. If you can handle the logistics of shipping, giving customers joy in something new can translate to sales on your larger e-commerce site. This book also shows you how to master the psychology of selling subscriptions and how to reduce churn and provides a road map for the essential statistics you need to measure the health of your subscription business. Whether you want to transform your entire business into a recurring revenue engine or just pick up an extra 5 percent of sales growth, The Automatic Customer will be your secret

weapon. Table of Contents Introduction PART ONE: SUBSCRIBERS ARE BETTER THAN CUSTOMERS Chapter 1: The New 500-Year-Old Business Model Chapter 2: Why You Need Automatic Customers PART TWO: THE NINE SUBSCRIPTION BUSINESS MODELS Chapter 3: The Membership Website Model Chapter 4: The All-You-Can-Eat Library Model Chapter 5: The Private Club Model Chapter 6: The Front-of-the-Line Subscription Model Chapter 7: The Consumables Model Chapter 8: The Surprise Box Model Chapter 9: The Simplifier Model Chapter 10: The Network Model Chapter 11: The Peace-of-Mind Model PART THREE: YOUR SUBSCRIPTION BUSINESS FIELD GUIDE Chapter 12: The New Math Chapter 13: The Cash Suck vs. The Cash Spigot Chapter 14: The Psychology of Selling a Subscription Chapter 15: Scaling Up Chapter 16: Reflections

## Book Information

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## Customer Reviews

“Whether your business is exploding or stuck in a rut, there’s something you can learn from John Warrillow in this book. Read, apply, and watch your bank deposits grow every month.”  
—CHRIS GUILLEBEAU, New York Times bestselling author of *The Happiness of Pursuit* and *The \$100 Startup*  
“By page 40, *The Automatic Customer* will have you fundamentally reexamining your entire business. This is a brilliantly made case for why subscription revenue should be a part of every company. Highly recommended!”  
—JAY BAER, New York Times bestselling author of *You Are the Customer*  
“It’s rare that a book is able to have such a universal, immediate, and

profound impact on the strategy of almost every business okay, every business.

Warrillow's case for adding a recurring revenue stream to your business model is convincing and he shows you nine ways to do it, as well as how to navigate the potential pitfalls.

•VERNE HARNISH, CEO of Gazelles and author of *Scaling Up*, *The Greatest Business Decisions of All Time*, and *Mastering the Rockefeller Habits*

“The Holy Grail in business today is the eternally loyal customer. The Automatic Customer is your blueprint for building a business that generates profit over and over again.”

•JOHN JANTSCH, author of *Duct Tape Marketing* and *Duct Tape Selling*

“In this fantastic book, John Warrillow provides a clear path to turning your company from one that needs to start from scratch every month to one in which your work and, most important, your results, are predictable. If you want to build a business with a very healthy bottom line and extremely well-served customers, this book is an invaluable resource.”

•BOB BURG, coauthor of *The Go-Giver* and author of *Adversaries into Allies*

JOHN WARRILLOW, the author of *Built to Sell*, is the founder of a subscription-based company called The Value Builder System, where advisers help company owners increase the value of their businesses. Before that he founded Warrillow & Co., a subscription-based research business dedicated to helping Fortune 500 companies market to small business owners. A sought-after speaker and popular Inc.com columnist, he lives in Toronto, Canada.

Great case studies and concrete examples of 11 different MRR business models - monthly recurring revenue. The book gets you thinking in completely different ways about your revenues, your customers, your marketing, and most importantly - the future of your business using the subscription model. It's both exciting and enlightening while also making you uncomfortable in 2 different ways:

1. The discomfort of changes required to make the "Automatic Customer" models work in your business, industry, and niche
2. The discomfort of NOT implementing a monthly recurring revenue model and all the potential revenue you're leaving on the table if you don't act on Warrillow's wise and balanced advice

Buy this book - read it - and then implement a few of its "uncomfortable" ideas. Your bottom line will thank you for it.

-- David Newman, Author of *Do It! Marketing: 77 Instant-Action Ideas to Boost Sales, Maximize Profits, and Crush Your Competition*

Synopsis: Subscription Biz models are here to stay in everything from software, to content to household consumables. The author has listed 9 specific models/approaches to take:

1. Membership

Website Model: Works best in a tightly defined niche with specialized knowledge is needed<sup>2</sup>. All you can eat library model: Evergreen content is an example. Think netflix - even the most addicted watcher could not go through it all<sup>3</sup>. Private Club Model: Limited supply being sold to an affluent clientele. High prices, low numbers<sup>4</sup>. Front of the line model: Different prices for different levels of service/support. works best on complex products/services. Think salesforce.com's model for how your complaints are dealt with<sup>5</sup>. The Consumables Model: Selling products that naturally run out as a service, where ordering things can be a chore. Food, blades, vitamins etc.<sup>6</sup>. Surprise Box Model: when you have a network that is willing to buy deeply discounted consumables from manufacturers at deep discount. The idea being some of the consumers will then order a subscription service at regular prices.<sup>7</sup>. Simplifier Model: Its a complex word, simply the buying process and choice. Works best with an affluent consumer needing a service on an ongoing basis<sup>8</sup>. Network Model: fixed price, and value of service grows as number of subscribers grow. Think phones<sup>9</sup>. Peace of Mind Model: this is the insurance sale , where you pay for a peace of mind in the event you may need the service. He closes the book out with the new math of the subscription game with concepts such as Customer acquisition cost, Monthly renewal rate, Life time Value of customer, Margins and Churn. The book is a good way to think about what models will work best in your industry / Excellent premier. If you are in a service biz or work with technology - BUY THE BOOK to learn the new language and math of business! What would have made it more powerful was a workbook or a step by step process to figure out which combinations of business models work best in the type of industries. Further commentary on the drawbacks of each model would have made this an invaluable text. Mahipal

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If you've ever dreamed of starting a business or you already own one, this book is indispensable because it: 1) explains the financial and freedom rewards that come with subscription businesses; 2) provides a breakdown of the different types of subscription models and illustrates them with instructive and inspiring examples; and 3) gives us the playbook on how to market, manage and grow subscription businesses. What sets this book apart is John Warrillow's credibility. He's done it. He successfully transformed a traditional business (sell the work/do the work) to a subscription model and then sold it. Combine this with his wealth of experience advising business owners and track record of authorship and you have the makings of a must-have book: The Automatic Customer. It has a wealth of practical and profitable ideas for business owners, whatever the existing business model.

I bought this book simply to learn about the rising world of subscription businesses, not necessarily interested in creating one. After inhaling this book in a day, I've made important changes/additions to my business models. Timing couldn't have been better to read this. On my second business and organizing a global network of other young entrepreneurs, both of which will now include subscription models. Warrillow simply makes sense. His writing is easy. It's fun. It's worth your time. I even bought a copy for one of my clients. I recommend it for you too. Get into this book.

I've read a LOT of books about starting and growing a business and every now and then one crosses my path that stops me in my tracks and makes me re-assess what I'm doing. In *The Automatic Customer*, John Warrillow spells out the benefits of, and more importantly, the path towards creating a subscription based business model. I've had 2 x subscription businesses for a few years now so some of this was just affirmation and research for me. However, when it came to measuring the success of the subscription business model, Warrillow crystallizes exactly what you should be measuring and the benchmarks to aim for. This was music to my ears. He has clearly done his research (and references it for further reading - thank you) and distills the complexities of running a subscription based business into clear, actionable steps. This book was recommended to me by one of my students and I am eternally grateful. Our Director's meetings have a new agenda with new metrics and a whole new conversation about our viability threshold.

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