Understanding Customers

Almost everything a company does is somehow related to the customer. The products it produces, the prices it charges, the way it reaches the marketplace are all calculated with the customer in mind. The ironic twist to the centrality of the customer is that many companies are actually quite poor at understanding who the customer is, what the customer wants, and how the customer wants to receive it. This article is about understanding the customer so that engaging the customer is more meaningful for the customer - and more effective for the company.

Some of the confusion surrounding the customer is born of the more sophisticated models now being used to profile and segment the market, as well as monitor and measure marketing activity. These statistical models are rigid and incapable of interpreting the nuances of customer behavior. They present broad overviews upon which companies make vital marketing decisions. These models are indeed useful to marketers, but they cannot be the sole means of gathering and analyzing the market.

Another challenge is the use of marketing clusters and the efforts of marketers to develop marketing plans that meet the needs of all clusters. There is some benefit to understanding the consumer based on demographics, but the challenge of the marketing plan is not to try to find the common denominator for all demographic groups, but rather to find a way to understand the customer at the buying motivation level. No marketing plan can cater to the demographical nuances of each cluster. Yet there is an excellent chance that while the purpose may be different for each cluster, the buy decision driver is close to being the same. A better understanding of the customer will assist in identifying the decision driver.

There are, in fact, two universal rules about customers that are somewhat misunderstood across the marketing spectrum. They are:

1. Customers are resold on products they like again and again. The idea of customer loyalty went out with the wave of increased competition of the past 20 years and the idea of brand loyalty is applicable only when the brand renews the customer's loyalty on a somewhat regular basis (by engaging the customer and being consistent with its experience delivery). The idea that the customer will like a brand and return to it without some sort of action on the part of the company is becoming more and more remote. Therefore the universal rule is that you have to acquire the customer and then continue to acquire the customer through an ongoing campaign.
2. There is a need for companies to get involved in addressing and alleviating post-purchase anxiety. The first week after a purchase is the most critical for the company – customer relationship. In many companies this fact is not realized and they have all but passed the customer off to someone else to deal with once the purchase has been made. The need for the customer to feel supported by the company after the purchase is made is born of the desire not to feel alone or abandoned. The more expensive the item purchased, the greater the chance of post-purchase anxiety, but this can also occur in smaller items that were impulse buys. Companies need to understanding that the customer does not want to purchase a one-night-stand, but rather a mutually beneficial relationship that includes their end (buying the product) and the company's end (showing support and appreciation).

Having already stated that demographic marketing clusters are confining, let us backtrack a bit and nonetheless characterize some types of customers. The purpose of this is not to minimize the options or restrict the marketing activities your company executes. It is to provide a general understanding of the types of customers there typically are and the sort of attitudes they bring to the market. Tudog generally classifies customers into 5 segments. It allows us, when constructing a marketing or sales strategy to establish target priorities. The 5 customer classifications are:

1. The Loyalists – the loyalist loves your company. Somewhere and at sometime you did something very right either by hitting an emotional nerve, creating a bond of identity, or delivering an experience so powerful and effective that the customer almost literally fell in love with your company. While very few companies can claim large legions of loyalists (Apple, Nike, for example), most companies have at least a few loyalists. Your job with the loyalists is to engage them not only so they remain loyal, but become cheerleaders.
2. The Casualist – the casualist (a word perhaps Tudog made up) is the occasional buyer. They will always consider your brand when needing to purchase your product, but they are by no means a sure thing. You need to keep in front of them and make sure you constantly reinforce your position and benefits, your image and style to them.
3. The Price Driven Customer – the price driven customer will buy your product only under one of two circumstances. The first is that you are offering your product for a price that is lower than the competitor. The second is that, although you are priced higher than your competitors, your perceived value is greater and the ratio between price and perceived value makes your product seem the better buy (the greater value). Your job if you seek the price driven customer is to pay attention to the price-perceived value ratio and make certain that you enhance your perceived value through marketing tricks such as packaging, promotions and other tactics.
4. The Non-Customer – the non-customer is someone who simply has no need or interest in your product. As hard as it is for some companies to understand, not every product is universal. Even within the wide array of essentials (food, toilet paper, beverages, etc.) there are some people who do not want or need certain products within these categories. Your company should not seek to engage this customer because there are better prospects. The fact that you are not wanted is sometimes offset by a determination to become wanted, but this will result only in a loss of time, energy and resources, with the ultimate rejection all but inevitable.
5. The Anti-Customer – the anti-customer is dangerous. This is the customer that not only doesn't like your company, but lets people know why. This customer had a bad experience with you company, either because they bought a lemon, had a bad customer service experience, or found that the distance between your market promise and your delivery was too great a gap. Your job with this customer is to neutralize their negative activity. You need to identify your anti-customers and find the offer than will serve to appease them and at least counterbalance their negative sentiments. Once you do this, the proposition can be that you will correct the negative feelings if they give you the opportunity to satisfy them (and cease letting everyone know about your mistakes).

Knowing the customer is really the first step in making constructive marketing and sales decisions. The science we are using today has helped to make the practice more sophisticated. But people are not static scientific modules, and sometimes they need to be interpreted distinctively. Understanding the customer means understanding their wants and needs. The closer we can get to the individual the better our marketing and sales will be.