

Knowing Your Customers

John enjoys his work as membership director at Albuquerque's largest fitness center. His favorite responsibility is talking with the club's members and answering their questions. He's gained valuable information from these conversations and has put it to good use.



When he realizes that many of the club members are professionals in their early to mid-30s, he encourages the center to construct a rock climbing wall. And, at John's urging, the club recently began advertising a wide variety of yoga classes. Women's membership numbers have already shown an increase.

But John is still concerned. Membership renewal rates aren't as high as they should be. Thinking through the problem, he realizes, "We really don't know what our members want. We just know what we think they want. No one has asked members what improvements they would like."

He begins to develop survey questions for members to complete.

1. What additional equipment would you like?
2. What exercise class times are most convenient for you?
3. How could our trainers be more helpful?
4. If you have to wait to use any of our fitness machines, which ones create the longest delay?
5. Would you like additional services such as a snack bar or lounge area?

After writing the questions, John offers an incentive: "To show how much we value your suggestions," he writes, "we will give a free one-month's pass to everyone who returns a completed survey."

John is pleased with his efforts. "Soon," he thinks, "we'll have a clear picture of what is really important to our members."

What's Inside

Here, you will learn to:

- ◆ identify your customers and their needs
- ◆ determine why customers buy
- ◆ sell external customers what they want
- ◆ satisfy internal customers

Workshop 2

Developing a Customer Profile

To serve your customers well, you need to learn as much about them as possible, including such things as their age, gender, income level, lifestyle, occupation, and other information. This is called demographics. By collecting and analyzing this information, you will be able to describe your basic customer.



But, as John realized, knowing your customers involves more than demographics. You also need to identify their expectations and determine how to satisfy them. This workshop will teach you to develop a customer profile that explains who your customers are *and* what they want. You'll also learn how to use this information to keep your customers satisfied and coming back.

The Company's Role

Both companies and employees play a role in creating a customer profile. Some companies hire market research firms to learn what customers want and why. These firms also ask former customers why they left the company. For example, did an employee display a poor attitude? Is product selection better elsewhere? Was the price too high?

Many other companies conduct their own research to develop a customer profile. They use comment cards, personal meetings with top customers, surveys, and analysis of databases. From the profile, they develop advertising campaigns, decide what to buy for the next season, and create new or improved products and services to increase sales and satisfaction.



Be receptive to your existing members' feedback. Take the time to ask questions and listen to their suggestions. They'll tell you what changes need to be made.

— **JOHN R. CHALK**

*President and CEO,
American Service Finance*

Imagine for a moment that you are Sal, the owner of Sal's Market in rural Pennsylvania. Your cashiers have been collecting address information as customers check out their groceries. From that data, you learn that most of your customers live within 20 miles of the store. How can you use this information to your company's advantage?

For one thing, you can stop buying expensive advertisements in the regional newspaper and purchase more ads in the local paper for the same amount of money. Though



the regional paper has a larger circulation, most of its subscribers are not potential customers for Sal's.

You will also benefit by actively supporting the communities within the 20-mile area, perhaps by giving away free soft drinks at ball games or by donating funds to the local school. Showing an interest in the community will increase the store's visibility.

To understand how companies use customer information to shape product development, read below about Black & Decker, the world-famous tool company.

Black & Decker: A Case Study

You've probably used a Black & Decker SnakeLight or know someone who has. But you might not know that Black & Decker developed the SnakeLight as a result of customer feedback. The company conducted an extensive survey to determine what customers wanted in a utility light. As related by John Engelhardt in "Is Customer Loyalty Dead?" the customers replied that they wanted a durable, flexible flashlight with a core that could be bent, draped, or coiled for hands-free lighting.

Based on this feedback, Black & Decker developed the SnakeLight and, in the first year that it was available, demand exceeded supply by almost 50 percent. Today, the SnakeLight continues to be a hot seller. On its Website, Black & Decker proudly states that it leads the industry in consumer-driven innovations. By asking customers what they need and then developing products to meet those needs, Black & Decker has built a tremendous customer base.

ACTIVITY 2.1

NAME _____

Using Customer Data

The following examples show different types of information that companies obtain from customers. Beneath each item, suggest a way that the company could use this information to better serve its customers or gain more customers.

1. From an analysis of database information, Central Bank has determined that most of its credit card applicants are college students from out of town.
2. Francene's Formalwear conducted a survey of its customers. The results indicate that most of them are in their twenties or early thirties, and most visit the store to buy dresses for friends' weddings.
3. Value Computing, a retail computer store, invites representatives of eight of its top accounts to discuss their wants and needs. At the last meeting, several clients said they see a need for portable backup drives.
4. Tanda's Cafe puts comment cards at each table to obtain customer feedback on the quality of service. Several customers in the same section of the cafe have recently complained about having to wait too long for their food.
5. Amazon.com has developed an extensive database of information about its customers. Among other things, the database keeps track of every purchase each customer makes.

The Employees' Role

While comment cards, database analysis, and focus groups are helpful for obtaining information about customers, employees are the best resource. They can ask customers what they want, what satisfies them, and what changes are needed. And they can obtain this information on an ongoing basis, which is important because customers' perceptions and needs often change.

When talking with your customers about your company's strengths and weaknesses, ask specific instead of general questions. Instead of "How is our service?" ask questions such as these:

- ◆ Did you find everything you need?
- ◆ On a scale of 1 to 5, how would you rate the cleanliness of our store?
- ◆ On a scale of 1 to 5, how would you rate employee helpfulness and courtesy?
- ◆ What do you like best about our store?
- ◆ What do you like least about our store?

As an employee, you may be asked to create survey questions to measure customer satisfaction.

ACTIVITY 2.2

NAME _____

Nakita Needs Your Help

Nakita, owner of a catering firm, thinks she may add a gourmet sandwich line and offer it to local businesses for luncheons. What questions should she ask in a survey of her current customers?

1.

2.

3.

4.

5.

Using Information

Information employees obtain from customers is valuable only when it is passed on to the people who can act on it.

- ◆ If you work in the customer service office of a department store and three customers complain that the dishes they ordered were broken in shipping, *let the shipping staff know*.



- ◆ If you are a gas station attendant and a customer tells you that your service is excellent but the snack prices in the station's store are too high, *let management know*.
- ◆ If you repair appliances and a customer tells you that she loves how quiet her dishwasher is, *let the marketing department know*. (The folks in marketing may want to develop an ad describing the company's "quiet" machines.)

Why Customers Buy

After you know who your customers are and you've determined what they want, you need to learn *why* they want these things. Customers buy for two reasons: (1) to feel good or (2) to solve a problem. You'll gain their attention, and most likely their business, if you match your products or services to their desires.

Make Me Feel Good, and I'll Buy

Think for a moment about why you select certain clothes. Is it because the fabric is machine washable, the workmanship is high quality, and the garment is long lasting? Or do you buy clothes because they look great on you, bring out your best features, and will be admired by your friends? If you are like most people, you buy clothes because they, in some way, make you feel good.

Your customers react the same way. If they feel good about an item, they'll be more likely to buy it. As a salesperson, saying "That outfit brings out the blue in your eyes" is much more effective than saying, "This outfit is made of high-quality fabric." Similarly, the gas station attendant who states, "Your car is ready. That will be \$172" is less likely to generate repeat business than the one who says, "You really take good care of your car. It's in great shape. You won't be spending any more repair money for a while."

“Customer data can be incredibly valuable when it's used.”

— **KATHERINE BARCHETTI**,
Owner of K. Barchetti Shops

Solve My Problem and I'll Return

Customers also buy because they need to solve a problem. Your goal is to identify the customer's real problem and show how your product or service will solve it.

If a customer needs accounting software, show what the software can do. Or if a parent wants loving day care for a child, describe the nurturing relationship the staff forms with each child.

Sometimes, you may have to analyze what is needed

or desired, since customers may say one thing but mean another. For example, a woman who tells a hair stylist, "I have awful hair; please cut it," most likely means, "Please cut my hair so it looks good."

Sell Benefits, Not Features

When you describe how your product or service meets a customer's needs, focus on the benefits to the person instead of the features of the item.

Benefits are the advantages the customer gains from using your product or service. For example, the product or service may save money or time, eliminate a concern, reduce work, make the customer look good, or keep the customer's children safe. By creating a vivid picture for customers of their future satisfaction with your product or service, you show how their life will be easier or better.

Features are characteristics of a product or service, such as color, size, type of material, weight, speed, and power. A car may have four, six, or eight cylinders. A refrigerator may come in black, beige,

or white.

An insurance company may provide 24-hour claims processing.

While you may be impressed by a lawn mower's fuel economy and 10-year guarantee, your customer will remember that you said, "This

mower will make your lawn look like a green carpet." Similarly, an eye surgery patient will remember that 95 percent of patients no longer need glasses and will return to work in one to three days.

Of course, the benefits you mention must be ones that are important to the customer. Whatever your product or service, you need to sell the solution your customer wants or needs.



Show You're an Expert

Have you ever been frustrated with a salesperson's lack of knowledge? Customers want a thorough, yet concise, explanation of benefits. Some want to know the specific features. If you can't provide the information they want, you'll lose their business.

Many companies teach their employees the fundamentals of the business, but it's up to you to keep your knowledge current.

- ◆ Read all of your company's product and service brochures.
- ◆ Read all instructions customers receive.
- ◆ Read all company press releases and reports.
- ◆ Talk with people from different departments, so you know what they do and how your company operates.

The more you know about your company's products and services, the better you can meet your customers' needs.

Comparing Features and Benefits



Feature

Teeth tightening braces

8-liter V10 truck engine

Comprehensive report of well water contaminants

Two layers of Polarguard HV insulation

Free yearly maintenance checks

Benefit

"Your smile will brighten every room you enter."

"This truck engine can pull a horse trailer up even the steepest hill."

"We'll let you know how to make your drinking water safe for your family."

"You'll never have to worry about the insulation in this sleeping bag breaking down. It's guaranteed to keep you warm for years."

"Say good-bye to repair costs. We'll keep your appliances running perfectly, year after year."

ACTIVITY 2.3

NAME _____

Turn These Features Into Benefits

Features of several products or services are listed in Column 1. In Column 2, rewrite each feature into a powerful benefit.

Feature

Benefit

1. Eight-inch deep refrigerator door shelves

2. Aluminum backpack frame

3. Website banking services

4. Fully insured, quality housecleaning

5. All-natural bathroom cleaner

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Look at your product
or service from the
customers' perspective.

— **JOHN ENGELHARDT**

“Is Customer Loyalty Dead?”

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Internal Customers

The discussion so far has focused on external customers, the people who purchase your company's products or services. But in every business, there is another type of customer, called an internal customer, and this customer's needs and wants must also be filled.

Internal customers are all of the people within your company who need something from you. If you own a company and work with an assistant, your assistant is your customer and you are your assistant's customer.

Companies run smoothly only when all employees have what they need to perform their jobs well. You'll gain respect and cooperation from your coworkers if you ask them what you can do to make their job easier, and then follow through. If they need information that you have for a report, provide it promptly. If they need you to take part in a team project, do it willingly.

Always communicate clearly with your internal customers. If external customers share positive or negative comments about efforts made by your coworkers, pass that information along tactfully and honestly.

No organization is so excellent,
no team so unified, no business
so successful that it is immune
to internal conflict.

— **KENNETH KAYE**

*Author, "Workplace Wars and
How to End Them"*

Types of Internal Customers

- ✓ Restaurant chef and wait staff
- ✓ Television news anchor and research staff
- ✓ Doctor and nurse
- ✓ Airline pilot and ticket agents
- ✓ Customer service representative in large department store and marketing personnel
- ✓ Religious leader and youth group coordinator

ACTIVITY 2.4

NAME _____

How Can I Serve You?

Imagine that you repair photocopiers for a large office equipment firm. Your job is to make routine and emergency service calls at businesses across the state. In Column 1, list five of your internal customers; and in Column 2, identify ways in which you would provide them with good service. The first one has been completed for you as an example.

My Internal Customers

How I Can Best Serve Them

1. *The accounting department*

Turn in expense reports on time and complete

2. _____

3. _____

4. _____

5. _____



GETTING CONNECTED

To learn more about methods companies use to determine customers' needs, log on to the Internet and locate these Websites:

<https://myqss.link/Customer-Needs>

<https://myqss.link/Customer-Strategies>

WORKSHOP WRAP-UP

- Companies must identify their customers and learn whether their expectations are being met.
- By asking specific questions, you can determine how to improve your products or services to increase customer satisfaction.
- Why customers want to buy is just as important as what they want to buy.
- Always promote product or service benefits before features.
- Coworkers are internal customers.