

## Roadmap to Understand a Customer

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### Introduction

In today's business landscape, reaching out to the desires and needs of consumers is more important than ever. Every business needs a reason for their customers to buy from them and not their competitors. This is called a Unique Sales Proposition (USP) which can be identified by completing the phrase "Customers will buy from me because my business is the only...". Any USPs are important because they are driven by what the customer looks for when making a buying decision. It's very important to review our USP as well as the competitor's USP to win the market. Identifying a customer along with his needs, the nature of the product, how the customer perceives the business from the start, and the ways to make him satisfied is significant in a quality service organisation.

### Who is a customer?

A customer can be defined as an individual or business that purchases the goods or services produced by a business<sup>1</sup>. He is the most important resource upon which the success of the business depends. Generally, a customer can be defined as a person or organization that a marketer believes will benefit from the goods and services offered by the marketer's organization. Customers will expect to be given accurate and reliable information about products and services. Customer service is an organization's ability to identify and supply their customers' wants and needs. Customers can be categorized in three<sup>3</sup>, as;

- i. Existing Customers: this category Consists of customers who have purchased or otherwise used an organization's goods or services, typically within a designated period of time. Existing Customers are by far the most important of the three customer groups since they have a current relationship with a company and, consequently, they give a company a reason to remain in contact with them. Also, they represent the best market for future sales, especially if they are satisfied with the relationship they presently have with the marketer.
- ii. Former Customers: This group consists of those who have formerly had relations with the marketing organization typically through a previous purchase. However, the marketer no longer feels the customer is an Existing Customer either because they have not purchased from the marketer within a certain time frame or through other indications. The value of this group to a marketer will depend on whether the customer's previous relationship was considered satisfactory to the customer or the marketer.
- iii. Potential Customers: The third category of customers includes those who have yet to purchase but possess what the marketer believes are the requirements to eventually become Existing Customers.

## Customer needs and satisfaction

Customer needs can be defined as the problems that customers intend to solve with the purchase of a good or service. Steve Jobs, CEO of Apple Inc., said, “ You’ve got to start with the customer experience and work backwards to the technology. You cannot start with the technology and try to figure out where you are going to sell it”. Identifying the customer needs before developing solutions is the crucial part of a business. The more you know about your customers, the more effective your sales and marketing efforts will be. Customer needs can be assessed by analysing the factor such as **who** they are, **what** they buy, and **why** they buy it.

The major heads that a business firm has to be aware about its customers can briefly pointed as follows<sup>2</sup>:

1. **Who they are:** A firm must be aware of the gender, age, marital status and occupation of the customers, if it is the firm should be aware of the selling its product directly to individuals. The firm should be aware of the size and kind of business, If it is selling to other businesses
2. **What they do:** It's worth knowing the occupations and interests of the customers as well as the aim of the businesses, to which the product is sold.
3. **Why they buy:** If you know why customers buy a product or service, it's easier to match their needs to the benefits your business can offer.
4. **When they buy:** A business can massively increase its chances of success if it approaches a customer just at the time they want to buy.
5. **How they buy:** For example, some people prefer to buy from a website, while others prefer a face-to-face meeting.
6. **How much money they have:** A business can be more successful if it can match its offering to what it know its customer can afford.
7. **What makes them feel good about buying:** If you know what makes them tick, you can serve them in the way they prefer.
8. **What they expect of you:** For example, if your customers expect reliable delivery and you don't disappoint them, you stand to gain repeat business.
9. **What they think about you:** If your customers enjoy dealing with you, they're likely to buy more. And you can only tackle problems that customers have if you know what they are.
10. **What they think about your competitors:** If you know how your customers view your competition, you stand a much better chance of staying ahead of your rivals.

The requirements of a customer can be further categorized in to three;

- ◆ **NORMAL REQUIREMENTS** – requirements typically what one gets by just asking customers what they want.
- ◆ **EXPECTED REQUIREMENTS** – these are the obvious / compulsory requirements. For example, if meal is served hot, customers barely notice it. If it's cold or too hot, dissatisfaction occurs. Expected requirements must be fulfilled.
- ◆ **EXCITING REQUIREMENTS** – These are beyond the customer's expectations. If provided, customer would be excited. If not, they would hardly complain

Customer satisfaction can be defined as a marketing term that measures how products or services supplied by a company meet or surpass a customer's expectation. It can also be defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals"<sup>4</sup>. According to J. Willard Marriott, the founder of Marriott corporation, "Customer needs may vary, but their bias for quality never does". Hence, satisfying the customer is also one of the crucial objectives of a business firm.

### **Why customer satisfaction is important?**

Customer satisfaction is a marketing term that measures how products or services supplied by a company meet or surpass a customer's expectation. Customer satisfaction is important as it provides marketers and business owners with a metric that they can use to manage and improve their businesses.

The top six reasons which make customer satisfaction much important can be briefly explained as follows<sup>5</sup>.

- 1. It's a leading indicator of consumer repurchase intentions and loyalty:** Customer satisfaction is the best indicator of how likely a customer will make a purchase in the future. Asking customers to rate their satisfaction on a scale of 1-10 is a good way to see if they will become repeat customers or even advocates. Any customers that give you a rating of 7 and above, can be considered satisfied, and you can safely expect them to come back and make repeat purchases. Customers who give you a rating of 9 or 10 are your potential customer advocates who you can leverage to become evangelists for your company. Scores of 6 and below are warning signs that a customer is unhappy and at risk of leaving. These customers need to be put on a customer watch list and followed up so you can determine why their satisfaction is low. Hence, satisfaction is one of the leading metrics businesses use to measure consumer repurchase and customer loyalty.
- 2. It's a point of differentiation:** Businesses who succeed in the cut-throat environments of a competitive market are the ones that make customer satisfaction a key element of their business strategy. Companies who offer experiences create environments where satisfaction is high and customer advocates are plenty.

- 3. It reduces customer churn:** An Accenture global customer satisfaction report (2008) found that price is not the main reason for customer churn; it is actually due to the overall poor quality of customer service. By measuring and tracking customer satisfaction you can put new processes in place to increase the overall quality of your customer service.
- 4. It increases customer lifetime value:** A study by Info Quest found that a 'totally satisfied customer' contributes 2.6 times more revenue than a 'somewhat satisfied customer'. Furthermore, a 'totally satisfied customer' contributes 14 times more revenue than a 'somewhat dissatisfied customer'. Satisfaction plays a significant role in how much revenue a customer generates for your business. Successful businesses understand the importance of customer lifetime value (CLV). If you increase CLV, you increase the returns on your marketing dollar.
- 5. It reduces negative word of mouth:** Customer satisfaction is tightly linked to revenue and repeat purchases. What often gets forgotten is how customer satisfaction negatively impacts your business. It's one thing to lose a customer because they were unhappy. It's another thing completely to lose many other customers because of some bad word of mouth. To eliminate bad word of mouth you need to measure customer satisfaction on an on-going basis.
- 6. It's cheaper to retain customers than acquire new ones:** This is probably the most publicized customer satisfaction statistic out there. It costs six to seven times more to acquire new customers than it does to retain existing customers. Some major customer retention strategies such as blogs (to educate customers), email (to send special promotions), customer satisfaction surveys, Delight customers by offering personalized experiences, etc can be carried out.

### How to measure customer satisfaction?

Usually, organizations use survey method to identify or to assess the satisfaction level of the customers. The most fruitful way is to ask them directly about their experience and opinion of a particular product. Any of the following ways can be followed to measure the satisfaction level of a customer. All the ways mentioned below are various survey methods of asking the opinion either directly or indirectly.

- Comment card
- Customer questionnaire
- Focus groups
- Toll free telephone no.
- Customer visits
- Internet and Social media

Nowadays, it's quite familiar to invite customers to rate the products in internet, as most of the people are reviewing the ratings and opinions about various goods and services in

internet before doing a deal. This is most productive and easy method, by which the opinions or rating of a product can be displayed around the globe in no time.

### How to increase customer satisfaction?

In a business world where customer acquisition costs are sky-rocketing, small and medium businesses must focus on building a customer experience to increase customer satisfaction. Some of the ideas are pointed below:

**a. Treat your customers like they are your boss::**

- Thank all your customers for their business
- Go out your way to help customers
- Try to impress your customers as if you want a pay raise
- Think about your paycheck every time you talk to a customer
- Keep your promises and integrity

**b. Focus on measuring customer satisfaction**

**c. Build customer loyalty to increase customer satisfaction:** According to Jeffrey Gitomer, the eminent American author and business trainer, "Customer satisfaction is worthless whereas Customer loyalty is priceless<sup>6</sup>. Businesses should focus their efforts on creating loyal customers that are sticky and not easily influenced by competitors.

**d. Avoid making these customer retention mistakes:** No business is immune to unhappy customers. In fact, even companies with the best customer service in the world will still lose up to 9% of their customers to competitors by ignoring customer feedback, taking customer feedback to personally, or using long, boring customer feedback surveys.

**e. Set customer expectations early:** Setting expectations too high, making ridiculous promises to push a deal over the line, etc are the common mistakes that kills the customer satisfaction. There's no better feeling than as a customer to have your expectations exceeded.

**f. Learn how to survey your customers the right way:** A customer feedback survey is the best way to find out how satisfied your customers are, find ways to improve your product or service, and identify customer advocates who really love your product. A quick and relevant survey will help increase survey response rates.

**g. Tap into social media to track and monitor customer satisfaction so you can keep your customers happy:** Social media provides a great opportunity to increase customer satisfaction. Use social media monitoring tools to keep track of positive and negative feedback, and resolve them accordingly. It can also be used to monitor brand mentions and sentiment, as a customer support channel, and to hold Q&A sessions with customers.

### Conclusion

Customer satisfaction is the leading indicator to measure customer loyalty, identify unhappy customers, reduce churn, increase revenue, and also the key point of differentiation that assists to attract new customers in competitive business environments. Hence, identifying a customer along with his needs is essential for ensuring the success of a business.

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