

# How to Know your Customers 'Inside-Out'

By Marie-Claire Ross

How to Know your Customers 'Inside-Out'

Marie-Claire Ross  
mc@astuterresearch.com.au

Astute Research <http://www.astuterresearch.com.au>

It is common knowledge that customers are the lifeblood of businesses. Let's face it, if you don't have customers, you don't have a business.

Yet, while most businesses say that the customer is an important part of their business, their actions do not support their words.

Many companies spend most of their marketing dollars trying to attract new customers, leaving their existing, loyal customers fending for themselves. Did you know it is five times more expensive to obtain a new customer than it is to satisfy your existing customer?

Worse still, some do not treat their customer complaints seriously enough.

To run a successful business, you must have in-depth knowledge of who your core customers are and their evolving wants and needs.

There are several key areas that need to be evaluated, in order to understand your customers.

What Benefits are your Customers Buying?

Customers do not purchase features or products, they purchase benefits. Consumers don't buy laundry powder, they purchase goods that make their whites brighter, save them time in the laundry and remove stains. Likewise, they don't purchase televisions, but home entertainment boxes for family unity.

Similarly, people rarely make purchases based on rational, logical thought. Instead, they purchase products and services based on emotional reasons. Then, they rationalise their emotional desires with logic.

Interpreting buying behaviour can be complex due to the myriad of emotional and rational factors that are used in the purchase decision process. It is important to unravel this complexity in order to profit from it. You need to find out, from the customer's point of view, what exactly it is they are buying. This will enable you to sell the emotional benefits to your current and potential customers and produce innovative products desired by your customers.

What Types of People are Buying your Products/Service?

Some crucial factors that affect purchasing behaviour are the personal characteristics of the consumer. These are demographics (eg: age, gender, occupational status) and psychographics (eg: preferred recreational activities, level of spending on clothes).

By combining both your demographics and psychographics, you will be able to accurately define your target market. This can save you money on advertising in the long run, as you will be able to precisely match the media audience characteristics with your core customers

For example, instead of just targeting females aged 25-39 years, you will need to find the right promotional vehicle that matches your market of professional females, 25-39 years of age, fashion-conscious, with a high disposable income.

### When do Your Customers Buy?

Buying patterns are often closely related to a customer's lifecycle stage. Important 'rites of passage' occasions are moving out of the parental home, marriage or change in employment.

By understanding the different lifestyle factors that may affect your customer's buying patterns, you will be able to target your customers through more appropriate advertising (eg: Back to School).

### How Satisfied are your Customers after Purchase?

Research has found that repeat and referral business typically account for 60-90% of revenues. The value of loyal customers and word-of-mouth endorsements should never be underestimated.

For a customer to recommend your product and use you again, it is crucial that every contact you have with your customer is satisfactory.

The best way to find out your level of customer satisfaction is to ask them. If you have a small client base, this is a relatively easy procedure, but if you have a large customer base and different staff attending to their needs, a market research study will need to be implemented.

### How do you conduct Customer Satisfaction Research?

There are two ways - you can conduct the research in-house or you could commission a market research agency.

Conducting the research yourself is advisable if you have lots of time, you feel knowledgeable and confident about questionnaire/research design and data analysis. Remember, conducting market research is a lot harder than it looks. Therefore, you will need to invest time and money reading books on how to conduct research.

If you choose to commission a market research agency, there are several things you can do to cut costs. Write a draft of your questionnaire and/or use a freelance market research consultant or small agency who charge a more competitive fee.

All in all, communication is the foundation of customer service. It is only through listening to your customers that you can meet their needs and ensure your success.

Marie-Claire Ross is the Principal Consultant of Astute Research, a market research consultancy dedicated to providing strategic, cost effective, quality and innovative market research services. She also provides an ezine which has marketing information for business professionals. Subscribe at her site: [www.astuteresearch.com.au](http://www.astuteresearch.com.au) , or by sending a blank email to

mc@astuterresearch.com.au.

[Get-Articles.com : 1000's of reprintable business and internet marketing-related articles.](#)

[Submit your article for reprint.](#)