

# Knowing your customers

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## I. Seven steps to know your customers and target market

### Contexte

Your customers are the cornerstone of your business. Without them, you won't have a business at all. The better you understand them, the more likely you are to sell to them. As such, it is vital that you know exactly who they are. This is where customer profiling comes in handy. It allows you to categorize your customers in numerous ways, as well as to gauge their behaviour and preferences. This will allow you to target your marketing efforts more efficiently and effectively.

An important part of running a successful business is establishing a good relationship with your customers. This is the case for most businesses, but even more so for online stores where the customer cannot physically see a salesperson to ask questions or get recommendations. A good relationship with your customers can mean the difference between a one-time sale and a loyal customer who regularly comes back to buy more of your products.

Knowing your customers is the essential first step to building a sustainable business. This knowledge will not only help you tailor your products and services to meet the needs of your customers, but also help you create a better user experience and sales funnel.

For example, if you are selling a product that has been specifically designed to help people lose weight, you need to know who these potential clients are. This could be people concerned about their health, people wanting to look good, or people wanting to be more confident and self-assured.

In this course, we will explore the definition of a customer and how to identify who your target audience is.

### Step one: Who are your customers?

The first question to ask is: who are your customers? The answer may seem obvious, but it's important to get into their heads and think like them. Are they men or women? What are their demographics, profession and goals? What age range do they belong to? What types of problems are they looking to solve? How much do they spend, and how often can they be expected to buy from you? What will they want in the future? The answers to these questions will help you get a better understanding of your customers, and tailor your product or service to meet their needs.

### Step 2: What are their goals?

Your customers have goals. So, according to their needs and what you suggest would drive them to purchase. For example, losing weight, having beautiful skin or hair and more. Knowing what your customers want will help you tailor the product or service, you are offering accordingly. It will also help you create a more effective sales funnel. A sales funnel can be described as a way to guide potential customers through a series of steps to help them make a purchase. While there are many different types of sales funnels, at their core they all have a similar structure.

### Step 3: What problems are they looking to solve?

This is one of the most important questions to answer. When you know what are the problems your customers are looking to solve, you will be able to create a product or service that solves it effectively. By knowing the problem, you can also identify the solution. The solution can either be a product or a service.

For example, if you want to create a skin care product, you should be able to know the problem that makes most skin care products not effective. If you are an entrepreneur in the health and wellness industry, you can come up with a weight loss solution.

If you are thinking of creating a skin care product, here's a quick way to identify the problem:

Grab a random person between 20 and 30 years old and question them about the biggest problem they have with their skin. If you are talking to a woman, she will probably tell you that she has blackheads. If you are talking to a man, he might tell you that he has dark spots.

The next step is to solve the problem. As an entrepreneur, you have to be creative. For example, if you want to create a skin care product, then you need to find an efficient formula that can help to remove blackheads and dark spots from the face.

**Step 4: What makes you different?**

What makes you different from your competitors? This difference can be seen according to some criteria: your service, product quality, availability of stock, after sales support, or price. Whatever it is, make sure you highlight it in your marketing strategy and present yourself as a company that is different from the rest.

**Step 5: What makes you stand out from your competitors?**

You must be able to differentiate yourself from your competitors. If customers are not able to recognize what makes you different from others, your business will not survive, that is what we call competitive advantage. You need to be able to identify your competitive advantage and use it to attract more customers.

**Step 6: What is your unique selling proposition?**

A Unique Selling Proposition (USP) is a statement that describes what makes your product or service unique. A good USP will help you stand out from the competition. It must be different and unique as it will help you increase your market share and make your customers remember you easily. What makes your product or service unique is what differentiates it from your competitors.

When it comes to skin care, your USP could be the range of services that you offer to your customers, the products that you sell, the quality of the ingredients that you use or anything else that makes you unique.

**Step 7: Why do customers buy from you?**

The next step is to understand why your customers buy from you. Why should they choose your business over your competitors? What are the advantages that you offer to them? The answer to these questions will form the basis of your marketing plan.

You have to be honest when it comes to this question. Moreover, you must understand why the customers buy from you. There are multiple answers to this question. Some of them include:

Your product or service is unique and better than the other competitors in this industry. You are the most affordable option for your customers. Your customer service is excellent. You offer a wide variety of products or services to your customers. You have a good reputation in this industry. Your company has been in the business for several years and has gained the trust of the clients.

You should be able to answer why the customers buy from you and list the benefits that they get by choosing you. The advantages that you offer to your customers can be used to form the basis of your communication plan.

**Step 8: Who is your target market?**

You must know who your target market is before you start advertising your product or service. If you do not have a clear idea about your target market, then you are likely to waste money on advertising to the wrong people. To find out who your target market is, speak to your friends, family and co-workers. You can also conduct a survey. Market research is one of the most important steps in your business plan. You will be marketing your product or service to your target market. To help you locate your target market, you need to know where they live, what they do, how much they earn and whom they buy from. Once you know who your target market is and what makes them tick, you are ready to come up with a plan on how you will attract them.

Although consumption of goods and services has always been an important way to build a business, the way that consumers find products and services has changed dramatically in recent years. Today, more than ever, consumers are looking for convenience. They want the ability to shop online and get what they want when they want it. This creates new opportunities for businesses to provide products and services that meet those demands.

**Focus on a new trend: the second-hand corners in the retailing shops**

In today's world of fashion, many people like to dress up in the latest style. The fashion industry has a lot of varieties. Then, people can find something that satisfies their needs. However, some of the best clothes come from second-hand shops. Second-hand clothes can often be very stylish and eye-catching. They can also be a good way to save your money because you may be able to buy them for a much lower price than you would with new clothes.

GEMO is a French clothing retailer, which operates a franchise of clothing stores. There, new and also second-hand clothing are sold via “corners” in three of its shops in France. The company’s concept is to offer a “new look” to second-hand clothes, but only uses items that are in excellent condition. Half of the clothes that are sold are from the brand GEMO itself and the other half comes from other brands. Kiabi is another French cloth brand that decided to open second-hand corners in its clothes stores.

H&M is a fashion retailer that includes online and physical stores. In 2016, H&M was the second-largest clothing company in the world. In their online shop, they now have an area for second-hand clothes. This is a great way to recycle clothes and make room for new items in customers’ wardrobes.

H&M’s online second-hand shop is called [rewear.hm](https://rewear.hm.com)<sup>1</sup>. It is a great way to recycle clothes. With it, consumers can sell unwanted items, or even find bargains on designer brands. You can give your clothes a second life through Rewear. If you are based in Canada, you can resell any piece of clothing of any brand.

The second-hand items are sold at discounted rates. Rewear is defined as “*a space to buy and sell previously owned (and loved!) styles*”. When people’s clothes are sold, they can either get a direct deposit or receive an H&M gift card with an added value of 20%.

## Exercice : Quiz

[solution n°1 p.13]

### Question 1

An important part of running a successful business is:

- Establishing a good relationship with your customers
- Ruining the reputation of your competitors
- Running the business without knowing the customers

### Question 2

How can you know who your customers are?

- By answering questions like “*What are their demographics?*”
- You can guess by looking at how they behave in the shops.

### Question 3

A sales funnel is:

- A way to guide potential customers to buy your products
- A series of jokes you make to your customers so they like you and want to buy your product.

### Question 4

Your customers might buy your product or service because they need to solve a problem.

- True
- False

### Question 5

The term USP means:

- A unique selling proposition
- Urgent Strategy of Pharmacopoeia

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1 <https://rewear.hm.com/ca-en>

### III. How to be engaged with customers?

Is customer loyalty more important than attracting new customers? Loyal customers are important, but so is attracting new customers. It is a delicate balance that can be difficult to strike. If you do not advertise your products to new customers, your business will not grow. And if you do not treat your current customers well, you may lose them.

#### 1. How can you attract first custom?

Obviously, it's important to spend some effort on acquiring new customers, especially when you first launch a business. To attract new customers, you can offer special promotions or discounts to encourage them to try your product or service.

If you're selling online, you'll have to have a website, but that's not the end of it. You need to be thinking about how your customer will find you and what they will do when they find you. That means you need to think about SEO (Search Engine Optimization), PPC (Pay-Per-Click) and social media channels like Facebook and Twitter.

The best way to reach new customers is to find out where they are, and then go to them. That is why it is so important to know where your potential customers hang out online.

It is important that the ads you use are relevant to what you are selling. If you sell sports cars and you use an ad that shows a family of four in a minivan, people will not be interested!

If you are in a highly competitive market, you might have to offer your product or service at a lower price than your competitors to attract new customers. However, be careful that your business does not undercut its own profitability. If you charge less than the cost of producing your product or service, you could find yourself making a loss.

The following strategies will help you attract new customers:

- Offer quality products. Good quality is the most important reason cited by consumers for buying directly from farmers. Quality is also a reason given by consumers for buying directly from retailers. When you make sure that your products are high quality, it will keep your customers coming back to you.
- Offer a variety of products. If your product line is too narrow, customers will not have enough reasons to buy from you. This is especially important if you sell goods or services that are not aimed at a specific niche market. The more goods and services you offer, the greater the chance that your customers will find something they like.
- Offer convenience. If it's inconvenient for them to shop at your store, or if it's inconvenient for them to buy things from you in some other way, they are likely to go elsewhere.
- Give good customer service. Customers want to feel good when they shop with you. They want to feel special, and they want to feel important. They want to know that you really appreciate their business, and that you care about them and about their needs.
- Give value for money. Selling your products at a low price is not enough. You also have to give value for money, meaning the customer should get more than the price they paid. For example, if you are selling a product, give detailed information about how to use it and how to maintain it. If you are selling a service, give more than the minimum required service. Give more attention than other similar businesses give their customers.
- Pay attention to your customers' needs. Find out what they need, and then provide it. If they need advice or information, give it to them. If they need some kind of service, provide it for them.

#### 2. How to keep your customers loyal?

Contrary to what many entrepreneurs think, customer loyalty and retention are far more valuable to a small- or medium-sized business than new customer acquisition. Customer acquisition is expensive.

Loyalty between customers and businesses may take time to develop, but it can be much more valuable in the long run than attracting new customers. Because of this, many companies focus on maintaining relationships with their current customers. They do things like reward customers who refer to their friends, offer exclusive or personalized items and services, and provide great customer service.

Customer loyalty comes from having good customer service, making sure the products and services that you provide are of the highest quality, and being a worthy investment for your customers. Loyal customers are likely to return and refer your business to others.

The secret to keeping customers loyal is to treat them well. That means providing good customer service and responding quickly to any problems. You should also be consistent and reliable. If you promise to deliver something by a certain date, you should do it.

You will want to give your customers incentives to buy more from you. One way is to offer frequent buyer discounts, for example, 10% off on their next purchase after they have bought five times from you. Another way is to offer a loyalty program where if they spend X amount of money with you they get a certain amount of discount or free product. You can also send them a newsletter with special offers and other information about your business.

You'll want to create multiple streams of revenue. That way, if one source dries up, you have others to fall back on. One way to do this is to offer complementary products and services that can be sold together. This is a cross-selling strategy. For example, if you sell automotive parts online you can offer car repair tips and maintenance videos as well as how-to videos for installing the parts.

Are your customers your friends? They can make or break your company, so the answer is yes! Building a close relationship with your customers is key to making them loyal. Good customer service will keep them coming back for more of your product, and they will tell their friends and family about it too. It's easy to fall into the trap of thinking that you don't need to give your customers what they want because they keep coming back anyway.

But is that really a good thing? That's like thinking you can just complete your school assignments by copying off the person sitting next to you. Sure it may get you by, but you'll never stand out from the crowd.

On the other hand, imagine how much easier your school life would have been if you could get an A+ on every assignment! Like in school, customer service is all about learning from your mistakes and doing what it takes to succeed. The more you interact with your customers, the better you'll get at understanding them and their needs. In this way, your customers can actually become your friends.

### **3. Focus on buyer persona:**

If you want to develop a product or service that appeals to a large audience, it pays to think like your ideal customer. To do so you will have to create a persona for your ideal customer. A *persona* is a description of an ideal customer - the kind of person who would buy your product or service.

A buyer *persona* is an imaginary representation of your ideal customer. It is a fictional character created to represent the specific needs of a target market. It helps marketing teams and companies better understand their customers and how to reach them. Buyer personas are commonly used in marketing, User Experience design, and product development. They help you consider your customers' needs as you create a new product or service or improve an existing one. They can help you define your target market, create website content, and deliver your message in the most relevant way to your audience.

To create your buyer persona make a list of what they might be like, including their demographics, psychographic and life stage. Analyse their behaviour patterns, needs and wants, hobbies, and what motivates them. This is an example in the following picture:



Your buyer *persona* is your target customer and will help you create marketing campaigns that are more likely to succeed. If you know your ideal customer, and their wants and needs, then you can better target them with your messaging. Knowing who they are and what they need also helps you determine how to best market your product to them.

**4. What is the customer experience?**

The customer experience means how your customers feel during every step of their interaction with your business. They could be looking at your website, reading your brochure or talking on the telephone to one of your staff. The customer experience can be broken down into three steps:

The customer experience begins with customer awareness. Your customer has to be aware of your business and what you are selling. They have to know who you are and what you do. This is where the marketing comes in. You have to get your message out there.

The second step is the customer contact. That has to do with when your customer has made their first contact with your business. Will they be able to find what they are looking for? Will they be able to find the information they need? Will they be able to find someone that can help them?

The final step is customer satisfaction. It’s about whether your customers enjoy their experience with you and whether they feel that you have met their expectations. Have you given them what they wanted? Have you been helpful and friendly? Are they happy to recommend you to their friends?

Understanding the customer experience is important because it helps business owners to understand their customers. It also helps them to improve the way they do things and to deliver a better service, which can lead to increased sales, greater customer loyalty and an improved bottom line.



How can you improve the customer experience? The customer experience can be improved by:

- Understanding the customer: What is important to them? What do they want? How are they feeling? What do they need?
- Listening to the customer: what do you need to know about them? What do they say about you and your business? What things do they like and dislike about your service, products and staff?
- Understanding the market: awareness of what your competitors are doing, keeping up-to-date with developments in the marketplace and knowing what customers expect.
- Understanding the business: knowing the strengths and weaknesses of the business, identifying opportunities to improve profitability, market share and customer satisfaction.
- Understanding the external environment: changes taking place in society, economic conditions, environmental factors, technological developments, and other influences that may affect a business ability to compete in its marketplace.

## Exercice : Quiz

[solution n°2 p.13]

### Question 1

To attract new customers, you can offer special promotions or discounts.

- True
- False

### Question 2

What is the danger of offering your product or service at a lower price than your competitors?

- Competitors will hate you
- To undercut your own profitability

### Question 3

What is the most important reason cited by consumers for buying directly from farmers?

- Good quality
- Price

### Question 4

Selling your products at a low price is not enough anymore.

- True
- False

### Question 5

Why do companies focus on maintaining relationships with their current customers?

- They want to develop customer loyalty
- They are attached to people they often see

## V. Essentiel

The starting point of every business is always the same: Knowing the customers. Many business owners know that knowing their customers is important. Knowing the customers allows you to create products and services that can better fit their needs. It also helps you develop a long-term relationship with them. You can do this by understanding what they need, what they like and what they don't like.

Your customers want to feel valued and appreciated. Make sure that you are always responding to their needs. Also, make sure that your customers feel that they can trust you. If they don't trust you, they may be less likely to buy from you. You can build customer loyalty by providing excellent customer service and product value.

You should have an idea as to what your customers want and how they think. You should identify the customers in advance and also try to know their requirements. This will help you in marketing your product to them and also help in product development.

With that in mind, it is easy to see why knowing your customers is so important. Without it, you risk wasting time and money on a product or service that does not appeal to your target market.

## VI. Self-assessment

### A. Exercice

You work for a retail shop specialized in gardening. You sell products like flowers, treatments, and garden furniture like barbecue. Summer is usually your peak season but this time you feel like sales are not meeting the targets. From your investigation you see two or three bad recent reviews on your Google page. Then, you decide to launch two actions to understand better how to face this problem:

#### Question 1

[solution n°3 p.14]

Your first action is called "*Experience your service as a customer*". Which actions would you take to understand your customer's experience?

#### Question 2

[solution n°4 p.15]

Your second action is called "*Evaluate competitor customer service*". This action's goal is to help you understand why your customers are running away from your shop, to visit your competitors. What could be the solution to this problem?

### B. Test

#### Exercice 1 : Quiz

[solution n°5 p.15]

##### Question 1

You have to know who your target market is before you start advertising.

- True
- False

##### Question 2

Customer acquisition is more expensive than having a loyal customer.

- True
- False

##### Question 3

What is a buyer *persona*?

- An imaginary depiction of your ideal customer
- The person who makes the payment for the purchase

Question 4

Your buyer persona will help you create marketing campaigns that are more likely to succeed.

- True
- False

Question 5

Understanding the customer experience helps business owners to understand their customers.

- True
- False


## Solutions des exercices



**Exercice p. 5 Solution n°1****Question 1**

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An important part of running a successful business is:

- Establishing a good relationship with your customers
- Ruining the reputation of your competitors
- Running the business without knowing the customers
-  A good relationship with your customers can lead to loyalty. Your business cannot go on if you don't know the needs of your customers.

**Question 2**

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How can you know who your customers are?

- By answering questions like “*What are their demographics?*”
- You can guess by looking at how they behave in the shops.
-  The answers to these questions will help you understand your customers, and provide them a product or service to meet their needs.

**Question 3**

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A sales funnel is:

- A way to guide potential customers to buy your products
- A series of jokes you make to your customers so they like you and want to buy your product.
-  It is a series of steps to help them make a purchase.

**Question 4**

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Your customers might buy your product or service because they need to solve a problem.

- True
- False
-  By knowing the problem, you can also identify the solution.

**Question 5**

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The term USP means:


- A unique selling proposition
- Urgent Strategy of Pharmacopoeia
-  USP is a statement that describes what makes your product or service unique.

**Exercice p. 9 Solution n°2**

**Question 1**

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To attract new customers, you can offer special promotions or discounts.

- True
- False
-  This will encourage them to try your product or service.

**Question 2**

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What is the danger of offering your product or service at a lower price than your competitors?

- Competitors will hate you
- To undercut your own profitability
-  If you charge less than the cost of producing your product or service, you could find yourself making a loss.

**Question 3**

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What is the most important reason cited by consumers for buying directly from farmers?

- Good quality
- Price
-  Quality is also a reason given by consumers for buying directly from retailers.

**Question 4**

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Selling your products at a low price is not enough anymore.

- True
- False
-  You also have to give value for money. The customer should get more than the price they paid. You should give detailed information about how to use your product.

**Question 5**

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Why do companies focus on maintaining relationships with their current customers?

- They want to develop customer loyalty
- They are attached to people they often see
-  Loyalty between customers and businesses can be much more valuable in the long run than attracting new customers.

**p. 10 Solution n°3**

The first thing is to understand the customers. Your investigation should focus on what is important to them and what they exactly want. It is also important to always be aware of what they think about your business, that means knowing what they like and dislike about your service or your staff.


**p. 10 Solution n°4**

You should be aware of what your competitors are doing and keep up to date with the different changes that could happen in the market. You should also make constant efforts to identify opportunities that can help in improving customer satisfaction and profit for the company. Another aspect to take into consideration is the external environment: changes taking place in society, economic conditions, environmental factors, technological developments, and other influences that may affect a business ability to compete in its marketplace.

**Exercice p. 10 Solution n°5****Question 1**

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You have to know who your target market is before you start advertising.

- True
- False
-  If you do not have an idea about your target market, then you will waste money on advertising to the wrong people.

**Question 2**

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Customer acquisition is more expensive than having a loyal customer.

- True
- False
-  Customer loyalty and retention are more valuable than new customer acquisition.

**Question 3**

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What is a buyer *persona*?

- An imaginary depiction of your ideal customer
- The person who makes the payment for the purchase
-  It is a fictional representation made as a character who represents the specific needs of a target market.

**Question 4**

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Your buyer persona will help you create marketing campaigns that are more likely to succeed.

- True
- False
-  If you know your ideal customers, and their needs, you can better target them.

**Question 5**

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Understanding the customer experience helps business owners to understand their customers.

- True
- False

Q It also helps them to deliver a better service, which can lead to increased sales, and greater customer loyalty.