

Who Is Your Customer Today? (Customer Profiling)

Coaching Questions

“How many types of customers do you have?”

Topic Introduction

Most businesses go after many different types of customers. Out of all of the different types, there are some that they focus on more than others. This would be their ideal customer, whereas the others would be different target markets.

Discussion Questions

1. What are the different target markets that you go after?
2. How many are you targeting today?
3. How do you have to tweak your offering to satisfy each target market's needs? Do you have to tweak it?
4. How much time and money do you spend to go after each target? How do you do this?
5. How many do you think you reasonably could target at the same time?

Key Learning

It is easy to start going after more target markets that you can reasonably manage well. It is important to understand your target markets and decide which ones are best for you to focus on.

“How do you currently classify your customers?”

Topic Introduction

You can view your customers as revenue only, but you could also look at them as margin, as margin per hour, and other ways to evaluate them.

Discussion Questions

1. How many times they come in? Or how much profit you make over a year?
2. How many times you speak with them? Or how enjoyable your time with them is?
3. How many customers they have referred to you? Or the lifetime potential?
4. What does your current way of describing your customers mean to your future business' potential?
5. Are there other ways of describing or understanding your existing customers that you should be thinking about?

Key Learning

Any of these ways to describe your customer can be right. You just have to understand the trade-off and what each of these metrics mean.

“Is there information about your customers you are missing?”

Topic Introduction

Business intelligence is a growing field. Knowledge is power and helps make better business decisions. Industries, such as grocery stores, rely on business intelligence in growing their businesses.

Discussion Questions

1. Have you found this exercise difficult?
2. Was there information that could have made this exercise easier?
3. If there is missing information, is there a way that you could begin to collect this?

Key Learning

Knowledge is power, but tracking too much information can get expensive quickly for a small business owner.

Examples

Real Life Example: Understanding How Many Customers You Have

A photographer was trying to figure out who her main customer was. She had photographed families, nursery school pictures, soccer teams, weddings, real estate listings, and corporate profile pictures. She tried to figure out what made the most amount of sense for her. When looking at the profit, the ongoing purchases, the referrals, and who she liked working with, she was able to focus on all of the pictures involving kids. This removed the real estate listings, weddings, and corporate profile pictures as her focus.

Real Life Example: How Do You Currently Classify Customers?

A retail store had new customer thank you events. They were classifying their customers as new versus existing customers. The thought process was common, that new customers help you increase your overall revenue. However, by a quick study they realized that they had much higher average sales from existing customers. For example, a new customer might buy a pair of jeans, but existing customers always bought jeans, a shirt, and a belt. By better using better metrics and understanding their customer base better, they switched to loyal customer events. Not only did this reward their existing customers and make them more loyal, but the average customer bought 5 items at each of the customer events.

Mini Case Study

Monique wanted to understand who her loyal customer base was and who was really buying her smoothies.

COACH: "So how are things going?"

MONIQUE: "Good. But I know that they can be better. I'm starting to see some of the same people, but there are so many customers that I'm not seeing any patterns to help me improve what I'm doing."

COACH: "So you are missing information. What type of information are you missing?"

MONIQUE: "I don't know. How many drinks some of them buy per week? People who like banana-strawberry, what other flavours do they like? What people eat who like triple berry smoothies?"

COACH: "That is a lot of information. It might not be possible to get everything at once, but we could start with something that is easy to collect and start from there."

MONIQUE: "I really don't know where to start. All this information seems important. And it all seems impossible to gather."

COACH: "So let's start with what you think is the most important thing to know. Out of everything that you want to know, what is the top priority?"

MONIQUE: "Knowing how many smoothies my most loyal customers are buying and in what timeframe."

COACH: "So you can already spot your loyal customers. That's great. It is hard to discriminate in loyalty programs in case a customer hears about it and has a negative reaction that they don't get it too. What you can do is have an expiry date on your loyalty cards. For instance, have on it that it lasts for 6 months. And when you give out the card, write the day that you gave it out. When your loyal customer redeems it for a free smoothie or other item, you know that they have bought the 7 smoothies in that timeframe on the card. Over time, this will start giving you the information that you were looking for."

MONIQUE: "That seems really easy. What about the other things I want to know?"

COACH: "You could just start asking everyone who buys your strawberry banana smoothie what else they like. Or you could ask your friends and family to take a survey. Or put the survey on your Facebook page. With technology there are quick and easy ways to start gathering information. In fact it is getting more and more affordable."

With this information, Monique can start building a fan club, trialing new products, and building a relationship with her loyal customers.