

## The Savvy Customer



By Curtis N. Bingham

AFTER \$14 MILLION dollars and four years, our customers don't want to buy what we have." What a depressing statement from a VP of Sales. How many times can you afford to have a new product fail in the marketplace?

How many customers can you afford to lose because you don't meet their needs?

Shortest time to market no longer cuts it, nor does lowest cost. And excellent customer service is now expected. As the old rules for achieving competitive advantage fade away, what can you do to secure customers and vanquish competitors? The only true, sustainable competitive advantage is an intimate understanding of customer needs. You can develop such "clear customer insight" in many ways and use it to win profits and the loyalty of "savvy" customers.

### Learn About Your Customers

Often, we attempt to understand our customers by employing approximations of customer needs and wants, such as third-party market research, anecdotal evidence from sales or service organizations, competitive activities, website tracking, and, worse, our own opinions. We need to go directly to the source, gathering real, direct customer insight that's accurate, current, and meaningful, and upon which we can bet our businesses. Not every customer has something to offer. The 80/20 rule applies here: select the most valuable 20 percent of your customers according to an accepted metric such as strategic fit, gross revenue, gross margin, cost to support, or frequency of purchase, and cultivate long-term, two-way relationships with them. Ask them to share with you their candid opinions. Go visit them and observe the use of your product or service in actual environments.

While customers are critical to learn from, prospects may be even more valuable. In many cases, customers keep doing what they've always done, and a repoor predictors of new technologies or other marketplace shifts. But prospects are not already infatuated with you or your current products, and will communicate more realistic views of the changing marketplace. So listen to prospects as well as customers.

### Information to Gather

What information needs to be gathered to obtain clear customer insight?

**Working environment.** Ask, "What is the environment that our customers are working in?" "Who is using the product vs. who is the buyer?" Understanding the environment may provide clues as to how your products are used and how their use could be improved, there by increasing the value to customers. You need to know how customers are or would be using your product or service. Ideally, you should go directly to your customer site and watch the product or service being used. In this way, you can gather information that may not be evident as someone describes their environment and can't be uncovered using surveys or other impersonal means.



**New opportunities.** The greatest value in gathering firsthand customer insight may be the ability to uncover new opportunities, either for new applications of existing products or for new products. During direct customer interviews, you can uncover latent needs that customers may not even know they have. Frequently, your company will be uniquely capable of addressing these needs.

### Acting on the Results

Without this step, nothing else even matters. Here are a few ideas

**1. Draw a poster-sized picture of your stereotypical customer** and post it in the most prominent spot you can. Give this stereotypical customer a name. Record on the picture all of the details about the customer that you know, including the environment they are in, their worries and concerns, and their most painful needs.

**2. Laminate smaller versions of the poster and hand them out at meetings.**

Before making decisions, ask yourselves if your customers (by name) will even care about the decision you are making. If they do, will your decision alleviate their pain?

**3. Examine your current products and services for problems you are causing your customers.** Are you destroying your relationships despite yourself?

Make a list of everything that you can do to improve. Rank each improvement according to the value to the customer and the difficulty to implement. Select the most critical and the easiest to implement and fix it this week.

**4. Explore new areas you can profitably address.** What areas of significant pain (or latent needs) did you uncover? How can you provide added services or products to address these needs? Flesh these out and review them with customers and prospects.

**5. Have customers rank your forthcoming new features or product and service offerings.** Describe the changes to existing or new products and services you are considering based on your newfound insight. Have your customers and prospects rank your changes. You might have them spread \$100 over each change to signify both order of importance and relative value, or rank them from 1 to 10 to signify order of importance. Determine how much they might pay by either asking for a figure or using comparative methods.

**6. Create an implementation plan that balances real customer insight with business reality.** Create a resource allocation plan that heavily weights the customer value and more lightly weights the strategic fit of the change with the corporate direction, as well as the difficulty/cost of implementation.

**7. Execute.** Armed with real customer insight, you are prepared to keep your most valuable customers as your greatest allies in thwarting competitors.

The only sustainable competitive advantage is clear customer insight. By leveraging your customer knowledge, you can make strategic and tactical business decisions that your customers and prospects will appreciate. Even better, they will pay for them, increasing your revenue, profits and overall success.

### About the author :

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