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Identifying customer needs

Gain a competitive edge

You will only gain a competitive edge if you have correctly identified your customer needs. In order to identify customer needs and make use of this information you will need to do three things:

1. Communicate with your customers and find out how you can satisfy their needs better.
2. Establish ways to record and interpret customer feedback.
3. Use this information when making important decisions about marketing, buying, merchandising and selling.

The resultant competitive edge should:

- Attract more customers than your competitors.
- Increase the amount that your customers spend.
- Persuade your customers to shop with you more regularly.

Increase profit

You will make more profit if you know your customers' needs by considering:

Marketing

- What are your customers' expectations?
- Do you have the right product mix and services to best meet customer needs?
- Will your pricing structure maximise your profits (how much are customers willing to pay)?
- What are the best ways to get your message across?
- Have you determined a reasonable budget for your marketing requirements?

Buying

- What is most likely to sell?
- Plan your range.
- Know the amount of stock that will sell, as well as the type, size, quality, colour and other relevant factors.
- Be objective!

Merchandising

- How do you best display stock to maximise sales?

Selling

- How do you most effectively match customer needs with the benefits of your products or services?



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Customer needs

Customers have six basic buying needs pertaining to the product:

1. Safety.
2. Performance.
3. Appearance.
4. Comfort.
5. Economy.
6. Durability.

Finding out which buying needs are most important to your customers will allow you to match these needs to the benefits of your products. For example, a customer's buying need might be for comfort and economy - "These slippers are made from wool and are padded with foam, so therefore will be extremely comfortable. They are also on 'special' this week so represent a great buy!"

Customer expectations

Your customers will have differing needs and wants, however customers have common expectations. The importance of these expectations may vary, depending on the type of product or service they require. Common expectations are:

Service

Customers expect a level of service that they think is appropriate for their type of purchase. Someone who makes a small, spontaneous purchase may have a lesser service need than a customer who makes a large purchase.

Price

The cost of everything we purchase is becoming increasingly important, therefore the price component becomes a vital issue. The temptation for a business to compete on price is financially dangerous. It is a practice that should be avoided unless you have set out to be a 'discounter'. Alternatives to price cutting can include 'value adding' (can you add value to your products or services to make your business more competitive?).

Quality

Customers have expectations of quality and durability. They are less likely to question price if they are doing business with a company that has a reputation for quality.

Action

Customers need action when a problem or question arises. Everyone has a need for recognition and like to be treated as a 'priority'.



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Appreciation

Customers need to know that we appreciate their business. Saying 'thank-you' through words and actions is a good starting point. Let customers know that you are glad they have chosen to do business with you - this conveys a positive message and encourages them to come back.

Your customers will have expectations of how their needs should be met. Find out what their expectations are and exceed them with exceptional customer service - this is a sure way of winning 'life-long' advocates for your business!

Remember that in order to improve your business profitability you will need to:

- Become familiar with your customers and establish trusting relationships with them.
- Ask your customers what their expectations are.
- Live up to their expectations and plan to exceed them whenever possible.
- Be consistent and courteous when serving your customers.

Keys to successful selling:

1. Know your customers: Gather information about as many of your customers as possible.
2. Develop a personal relationship with customers: When trying to understand their needs it may be useful to know personal details such as their lifestyle, occupation and interests. This information is easy to gather once rapport has been established.
3. Introduce new initiatives such as Customer Focus Groups, Customer Surveys, or even a Suggestion Box: These initiatives send a clear message to customers that you are interested in their input. In a focus group you can also find out valuable information such as what people like and dislike about the offerings of your competitors.
4. Listen to customer complaints: Be grateful when a customer complains. Let them know that you appreciate feedback – and don't ignore it! Handled sensitivity, a dissatisfied customer often becomes your most loyal customer. The alternative is to let the customer relate their experience to others, resulting in negative, rather than positive, word-of-mouth advertising.
5. Know the characteristics of your target market (your 'customer profile'): This knowledge will assist you with overall business and marketing decisions.

Further information

The following fact sheet provides further information on these issues:

- Consumer behaviour
- Marketing plan