

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



MARKETING SERIES

Know Your Customer

Why is this important?

The first rule in sales is to know your customers. Knowing who your customers are and understanding their needs, expectations, lifestyle and habits, is key to increasing revenue and profits and building brand loyalty. When you truly know your customers, opportunities for connection are easier to find and aligning sales and marketing tactics with actual customer needs is more efficient and less costly.

Depth of customer knowledge is crucial to sales success. It requires knowing more than your customers' name, age, gender and income. It requires knowing their habits, interests, likes and dislikes as well as what motivates them to take action or keeps them from purchasing. You need to have a thorough understanding of why they should even consider your product or service in the first place. How can you provide a product or service that meets their needs if you don't know anything about them? How can you reach them with your marketing if you do not know where to find them? How can you convince them to purchase your product or service if you do not know what messages will attract and engage them?



Vermont Sustainable Jobs Fund

Knowing Your Customer is Knowing Your Market

Providing a product or service that meets a specific need is often referred to as a **Product-Market Fit**. It requires having a clear value proposition for your goods or services that answers the question "why choose this product or service over all other options?" Only by understanding your customers can you create a value proposition that meets their needs. Companies who achieve a successful Product-Market Fit, spend a lot of time learning about their customer, adapting their value proposition and fine-tuning products to what they learn.

What is Your Value Proposition?

Your value proposition is a brief statement that identifies your company's unique products, services or features. It helps attract customers to your brand by defining what your company does well and what it can offer customers. Your value proposition may include information on how a product works, how the customer can benefit from using it and why your brand's value is better than other available options on the market.

A good value proposition is clear and relevant to the brand.

As an example, VRBO's value proposition is simple and direct; it tells customers how the company can help them find a place to stay during their next vacation. Its value proposition lets travelers know they can find and book a rental property in a few easy steps.

Knowing Your Customer is Knowing Where to Reach Them

In today's market, there are so many places that potential customers can be found. We split our time between the real world and the online world and receive information from an infinite number of sources. It is no longer possible to effectively reach customers without knowing their lifestyle and their habits. When you know where they go and what they do, you can meet them where they are and spend your marketing dollars wisely.

Knowing Your Customer is Speaking Their Language

Consumers live in a world where they encounter hundreds of marketing messages each day. When you are

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able to speak in their language and use words, phrases, quotes, and metaphors that directly resonant with their wants and needs, you attract customers more quickly and retain them longer. By talking with them (not at them) your brand can stand out in a crowded marketplace and win them over. Knowing their language enables you to create sales and marketing materials that gain a potential customer's attention, provoke interest, stimulate desire and prompt action. All of this is easier when you know your customer and what makes them tick.

Knowing Your Customer is Giving Them the Experience They Want

A basic tenet of sales is that it is more costly to acquire a new

customer than to keep an existing customer happy. Knowing the kind of experience that your customers want, and then focusing on meeting their needs, is an important step to creating a long-term valuable relationship. When needs are not met, an opportunity is lost. Research shows that consumers will walk away from brands, even if they love them, if their experience does not meet their expectations. Understanding the kind of experience that satisfies your customer creates loyalty and repeat business. It lets you focus your time on what matters most to your customer.

Take Time to Get to Know Your Customer

Knowing who your customers are forms the foundation for all of your business, marketing and

sales planning. Learning about your customers takes time and requires both quantitative data and qualitative stories from your target and actual customers. Customer data is a valuable asset in your business and provides insights about how to deliver the right experiences at the right time, from lead-generation to long-term retention. It is helpful to develop sales and marketing strategies that include touchpoints to collect relevant and up-to-date information about your customers and to learn why they like (or dislike) your company. Surveys, website analytics, landing pages, search engine data, interviews, focus groups, sign-up forms, loyalty programs and social media conversations are a few ways to gather data on your customers.



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De-mystify your Customer Information with Customer Personas

Personifying your target customer is an excellent way of understanding the people you are trying to sell to and how they will be using your product or service. Buyer Personas are fictional representations of your ideal customer based on the research, data and stories you collect. They can be both actual (who you are selling now) and aspirational (who you want to sell in the future). Depending upon your business, you could have one persona or as many as ten. Well-developed buyer personas help you determine what prospects to nurture, guide sales and marketing messages and strategies, and provide focus to anything that relates to customer acquisition and retention. Buyer personas are not static. They need to be tested and refined regularly, based upon feedback and data, to ensure that they are accurate, relevant and effective.

Customer Personas Include:

Demographics: age, profession, income, gender identity, marital status, geographic location, etc.

Psychographics: habits, interests, values, likes, dislikes, lifestyle

Motivators and Goals: What drives them to action? What problems are they looking to solve or desires are they hoping to address?

Roadblocks and Challenges: What keeps them from taking action? What do they fear?

Purchase Objections: What would keep them from buying your product?

Solution You Provide: Why would they buy from you?

Real Quotes: What would they say about how your product addresses their needs and wants?

As an example, if your business sells hiking boots or outdoor equipment, you might create a buyer persona like "On-the-Go Eddie". Eddie is male, and a Gen Z who gets his information from outdoor catalogs and websites, hiking and adventure travel blogs, and social media. His biggest frustration is buying outdoor gear that doesn't last or doesn't meet his needs. Eddie is comfortable paying more for quality hiking boots and gear that will endure his rigorous adventures in the wild. Although he



has a limited budget, Eddie doesn't hesitate to buy premium hiking gear that will last. He relies on reviews, influencers and blog posts for unbiased information about the best equipment for the types of trails he prefers.

Eddie has a few favorite brands, but he's always open to new ideas as long as they're recommended by a trusted source. Currently, Eddie is looking for a new pair of hiking boots to replace his previous pair. They held up well, but he didn't love them enough to buy another pair. He's also more experienced now, and he wants the best he can afford.

If your target customer is not the end consumer but another business, the demographic and psychographic information will be different:

Demographics becomes POSITION INFORMATION: title, role in the business, role in the buying process, personal targets and compensation

Psychographics becomes ORGANIZATION PRIORITIES: mission, values, culture, revenue goals, department priorities

B2B buyers now demand an entirely different kind of relationship with your organization – they expect to be treated as equal partners. As importantly, over three-quarters of business-to-business sales have more than one person involved in the purchase process.

A typical B2B buying process involves three stages - awareness, evaluation and purchase stages. The process usually begins with the realization of a need for a product or service.

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As an example, meet Gwen, the specialty food buyer at Fresh Market seeking to add gluten free tacos to her assortment. For B2B businesses, understanding Gwen's job title and level (manager, merchandiser, etc.) can help you to figure out how much influence this person has over procurement and the final purchase decision. Equally important is understanding the level of knowledge and experience Gwen has in her role as the buyer and about your product category in general. Providing Gwen with valuable end consumer data, as well as the attributes of your product include messaging its value to her targeted consumers with merchandising and promotional plans will help her save valuable time, address pain points, and enable her to focus on other priorities.

As you gather all your customer information, you will start to see common characteristics and unique

customer personas will emerge. Give each of your unique customers a name, whether business to business or business to consumer. Naming them will help you think and speak about this persona as a real person and guide you to craft sales and marketing messages targeted specifically to them. Share these

personas with all members of your team and include them in discussing all decisions that your company makes. If you do right by these personas, you will build a direct connection with the real customers that they represent – boosting sales and building and brand brand loyalty.



Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://vsjf.org)



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Accelerating Sustainable Economic Development

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