

Who Are the Customers?

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Know your customers

Well *that's* obvious, isn't it? Of course you need to know who your customers are. Every entrepreneur has, in the back of her mind, a mental picture of the prototypical customer. The question is whether or not this image is based in reality. Does this idealized customer exist? What if she does, but it turns out that she doesn't want to buy your product?

You may find, as you learn more about your market, that you need to be flexible, and willing to change your image both of the customer, and of the product itself. Professor Kathleen Siders of Babson College says, "Entrepreneurs think they have divine intuition, which is fine if you're part of the audience you are trying to reach. But when you move outside that market, your gut instinct can let you down."

Stay focused on customers ([audio file](#)) ([pdf transcript](#))
[Understand customers](#)

Basic market identification

Tom Loper, founder of Post Road Ventures, a venture consulting firm, says that when reviewing business proposals, he looks for two important features. "I want to know first if they've fully identified their market, and then if they have the management team to follow through. The team should have idea people, marketing people, operations people who deliver the goods, and finance people."

The end user

Teams start with an idea, or a value proposition. It's from here that the most important work starts. The team has to be able to answer "to whom is this proposition of value?" The end user might be the consumer, operations, or development. The proposition might be valuable to industry, education, or government. Companies intending to make a profit need to ask themselves,

- Will the proposition reduce costs?
- Will it improve efficiency?
- Will it add value to what's already out there?
- Will it eliminate waste?
- Will it serve as a replacement technology, or eliminate the need for something?
- What is the potential market value of the proposition to investors?

Listen to customer feedback

Ask the right questions ([audio file](#)) ([pdf transcript](#))
Stay in touch with customers ([audio file](#)) ([pdf transcript](#))

This line of questioning also has to address the scale of the market. Will it be a family-owned business or a lifestyle business with limited growth? Or does the team have an

Six keys to success in viral marketing

1. Stealth is the essence of market entry. Viruses find their way to the customer under the guise of another, unrelated activity.
2. What's up-front is free; payment comes later. Quicken software promised that if customers couldn't get results from the software within the first eight minutes, they could tear up the invoice. Quicken now has 70% of the market share.
3. Let the behaviors of the target community carry the message. Fashion your message so that target markets will transmit them as part of their core interests.
4. Look like a host, not a virus. Nike's ubiquitous slogan "Just Do It" became a household phrase, and was more effective than any of their more expensive marketing approaches. Every time someone uses the phrase, they're endorsing Nike products.
5. Exploit the strength of weak ties. Marketers such as Mary Kay, Amway, and Tupperware rely on weak social ties to sell their goods.
6. Invest to reach the tipping point. It takes a virus several years to become an epidemic. Viral marketing works the same way.

From "The Virus of Marketing," by Jeffrey Rayport. *FastCompany*, Issue 6, p.68.

Using the Web to read customers' minds

Here are a few ways you can use a website to know your customers.

Server logs

Using a server log and log analysis software, track potential customers' movement through a site, and draw useful conclusions about the site's structure, and about what interests your customers. Server logs can also tell you how people got to your site, saying a lot about the nature of your audience.

appetite to think bigger--regional, national or global?

Distribution

The second part of marketing is the part that teams most often neglect: the question of distribution, or how the product will get to the end user. To develop a complete marketing plan, the team must determine what the revenue scale and cost structure will be over five years.

The second part of distribution is secondary expenses, or selling costs. What will it cost you to get the product to the end user? Relevant questions include: What threats or opportunities does this proposition offer to the industry? Will the product use a similar technology to one already in existence, or will it replace current technologies?

Complete awareness of the market is crucial to new businesses that want to convince investors that they have an opportunity worth funding. And the only way to gather this information is through thorough market research.

Rules of marketing

More [tips](#) for marketing expertise

Several approaches to marketing

Here are a few possible marketing approaches to consider.

Niche marketing divides customers into distinctive demographic groups. To garner a niche market, start by targeting a very specific, carefully defined segment of the population, and eventually expand to target the greatest number of people possible within that market.

[Faces](#) of niche marketing

One-to-one marketing, also called relationship marketing, "customerized" marketing, or pinpoint marketing, focuses on the individual consumer, securing the greatest possible share of the individual's purchases. Airline frequent-flyer programs are an example.

[More](#) on one-to-one marketing

Still [more](#) on one-to-one marketing

Traditionally known as word-of-mouth marketing, **viral marketing** uses non-marketing channels for marketing purposes. Hotmail offers free e-mail and tags an ad for their services to every message sent.

[Effective marketing on a small budget](#)

[Marketing resources](#)

[Dispelling marketing myths](#)

Successful ventures need markets ([audio file](#)) ([pdf transcript](#))

Finding new customers ([audio file](#)) ([pdf transcript](#))

Pitching with the consumer in mind ([audio file](#))

Diversity marketing ([audio file](#)) ([pdf transcript](#))

Customer-centered marketing ([audio file](#)) ([pdf transcript](#))

Direct approach

You can survey users directly, tracking whom you've already approached through the use of cookies. Offer incentives for answering questions, like a free t-shirt, or free shipping. People are often willing to complete a questionnaire if it helps them identify the right product for their needs. This can give you valuable information about who is using the site.

Discussion lists and bulletin boards

When they're talking to each other, customers are likely to be more frank and direct than when they're talking to you. Reading what they write about the product (even if it's painful) can provide you with valuable redesign input.

From "Every Click They Make," by Jim Sterne. *Inc. Magazine*, September 15, 1999.