

Focusing on the Customer

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BY DANNY WELLS

A U.S. luxury car manufacturer surveyed its customers asking “How satisfied are you with the cleanliness of our service department, and the comfort of the waiting room?” Most responded that they were “highly satisfied”.

However, shortly thereafter these same consumers traded their American car in for a luxury import. Yes, the survey had captured their customer’s satisfaction levels, but failed to identify the important areas in their survey—those areas of most value to the customer.

Reaching and maintaining success in today’s changing marketplace requires the ability to understand and appeal to what customers actually value, not what we think they value.

There are two types of retail formats: Discount and Quality. The quality format is based on providing solutions, value, service and results. The marketing is education based, seeking to attract the preferred, higher-educated consumer. This format is consumer focused. Quality-driven retailers seek to determine what their customers need, and provide solutions and benefits to align with these needs.

The discount format is based on providing the lowest price. This format is primarily product focused. Price-driven retailers seek to find and promote the best prices on products they think they can sell. Unless a retailer has the buying power of Wal-Mart, either quality of product or margins will often suffer. Price-based marketing attracts cherry pickers.

Inherent to the industry, natural foods and supplements, by their very nature, are quality-driven categories. As many retailers and supplies have learned in the last two years, discounting of a premium line does nothing more than erode margins.

There has been more and deeper discounting of products, throughout the value chain, in this industry during the last two years than in the history of the trade. During this same period the industry has experienced the slowest growth in over a decade. If this were a price-driven category, sales should be in record high territory.

Although some suppliers and retailers are treating the category as such, the majority of our products are far from commodity status and subsequent pricing. With an understanding that discounting is not driving sales, we are better able to focus our efforts on what truly builds sales and customers.

A customer-focused strategy includes:

- Identifying your target market

- Determining who is your preferred customer (in terms of lifetime sales and profitability)
- Deciding who you wish to attract
- Identifying which customers you wish to retain
- Determining the best way to appeal to them
- Developing a marketing program to achieve these goals

The value that a customer receives from a product or service is what creates demand. Good marketing helps customers understand that value. Great marketing delivers that understanding and at the same time provides a sense of urgency within the consumer to “come in NOW for this benefit”.

So, in addition to developing a sense of what our customers want and need, it is vital that our vision includes an understanding of what actually drives the buying behavior of most customers.

Faith Popcorn’s latest book, *EVEolution: The Eight Truths of Marketing to Women*: takes a look at why women—74% of natural food consumers—buy.

Her predictions in the book are striking. According to Popcorn, over the next 10 years, the companies that specifically market to women will be the leaders in the retail industry.

Popcorn’s eight truths can be summarized as follows:

1. Connecting your female consumers to each other connects them to your brand.
2. If you are marketing to one of her lives, you are missing all the others.
3. If she has to ask for it, it’s too late.
4. Market to her peripheral vision and she will see you in a whole new light.
5. Walk, run, go up to her to secure her loyalty forever.
6. This generation of women consumers will lead merchants to the next generation.
7. Co-parenting is the best way to raise a brand.
8. Everything matters; you can’t hide behind a logo.

Faith describes the harsh reality of a women’s trip to the supermarket. “Sure, a trip to the supermarket is fun, if you do it as an outing every now and then. But it’s not a walk in the park if you have two whining kids buckled into a wobbly cart, with their hands grabbing for every candy bag and Fruit Loops box.”

The information for her book came from more than 5,000 interviews and she believes that “eventually, it will be the eight truths of marketing. Period.”

As has been the case for the last 40 years, this is an industry whose success depends on the ability of the retailers and suppliers to work closely with their customers, and provide products that solve their problems.

The more problems we solve, the more products we sell. To those who provide solutions, profits will flow.

To summarize: companies attract and retain customers when their business strategy identifies and fulfills the customers' vision of expectations and value. A merchant that tries to compete in a discount environment will take a very different approach to customer value management, than a quality-directed merchant.

Business strategies to attract and retain preferred customers must attract and interact with these customers on their own terms. As the auto manufacturers learned the hard way, success depends on our making sure we are asking the right questions, and that we have an understanding of the true nature of this natural products category.

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