



Understand Your Customers and They will Understand You

As entrepreneurs we often do not know enough about our customers. In many cases, we simply have not known them long enough to know their preferences or how best to approach them. How then do we become better at understanding our customers so we can increase our sales?

For many entrepreneurs initiating contact with a new customer is often difficult. In the crucial first encounter when the dialogue is initiated it is important that you say the right things from the outset and arouse the customer's interest. A bad first impression might seriously delay your chances of getting another shot. For the same reason some entrepreneurs are hesitant or even refrain from contacting potential new customers for long periods. This is a shame since these new contacts may well increase business and generate the turnover necessary to take the business to the next level.

Luckily, there is a way to make it easier to open the dialogue with the customer and, at the same time, become better at selling. The best way is to make a survey by which we can open a dialogue with the customer without having to try to sell something right away.

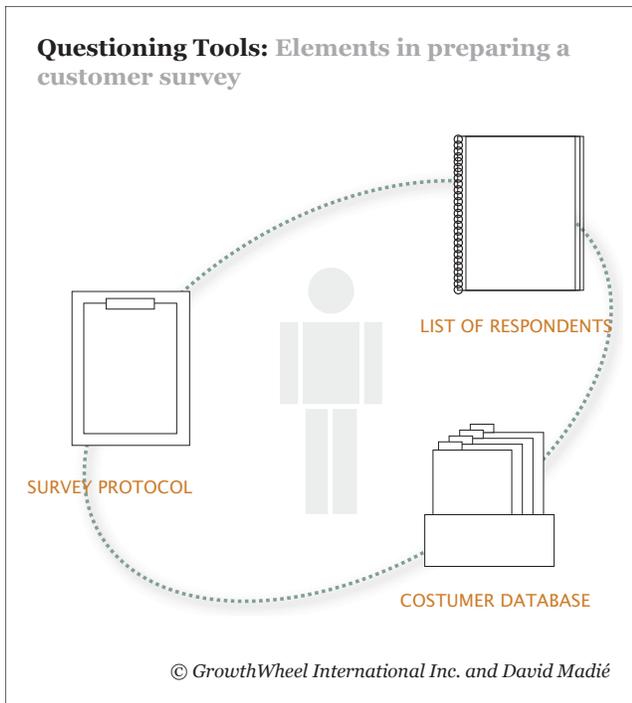
Surveys are a great way to begin the sales process, because the focus is on asking questions and understanding the customer instead of on selling something without knowing if the customer actually needs it. So how do we make a good survey that both provides us with information about the customer and helps open the dialogue in a good way?

Four different survey methods

There are several different ways of conducting a survey, which are each suitable to different situations. One way is to make a telephone interview, where you spend no more than perhaps

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10 minutes with the customer. A more thorough method is to make a personal interview, where the customer has accepted a visit, where you have time to go into depth, demonstrate products and generally get a more comprehensive understanding of the customer's viewpoints and preferences. Third method is to make a questionnaire survey, where you send out a number of questionnaires to your potential clients, bearing in mind that the response rate will probably be low. On the other hand, it is likely that the most interested clients will respond which then makes it an efficient way of filtering customers and saves time.



Questionnaire surveys can also be carried out online, which saves a lot of paper work, and might very well increase the chances of customers answering, simply because it is easier. Regardless of which method you choose for your market research, three crucial tools are needed to do a survey and get the maximum benefit from your research. The framework “Questioning Tools” shows three tools that you can apply when you initiate a customer survey: 1) *the survey protocol* 2) *the list of respondents* and 3) *the customer database*.

Make a survey protocol

Protocols are the basis of any survey. Drawing up a protocol involves figuring out which questions to ask the customer to get the information you want. These questions fall into various categories. Some deal with factual information about the customer, e.g. the business’s size or annual consumption. Another category of questions could be about the customer’s needs, including the problems or challenges the customer faces. The questions can also reveal the customer’s opinion of the product and whether or not the product meets his/her expectations and requirements. Finally, a series of questions can reveal the customer’s purchasing process, including how and when the customer shops. Use the table on this page as a source of inspiration for the kinds of question you can ask in each category.

Make a long list of respondents

The second tool is the list of respondents (see the framework Questioning Tools). This list is simply a list of all the businesses and people that are to be interviewed or will receive a questionnaire. The most important thing is that the

list is the right length and has the right subjects. While the list should not be too long, the problem is often that the list is too short. Only if you have a fairly long list (for example 100 respondents) can you be sure to get a sufficient number of answers and insight into the market. It is, of course, crucial that the list contains relevant customers. When it comes to the content of the list it is essential to have identified the right customers, customers who, in one way or another, could be interested in the products and services you supply. The respondent list should probably contain possible respondents in many very different types of customer segment, as the whole idea of a customer survey is to find out which types of customer are right for the business’s products and services.

Luckily there are many sources from which to pull names for your respondent list. At the top of the list are all the people you have already been in touch with and have in your stack of business cards. Other names you may get from reading newspapers and journals or magazines relevant to your field. If you need additional names, endless numbers can be found online in the yellow pages, or other contact databases, in which you can make searches based on industry and other specific characteristics.

Use a solid client database

The third and last tool in the framework is *the customer database*. The customer database often includes the respondent list, but the main difference is that the database is where you collect all the information you have about your respondents. The database can have many different formats.

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Some will prefer using an e-mail address book, or a paper based filing system. Other options are a spreadsheet, a database program, or one of many online services where you subscribe to an online database/survey tool. The key feature of any client database is that it is easy to access, when you are calling clients and need their information. In addition, it is important to be able to register the information you collect about the clients so that it is easy to sort and filter the data. This way you ensure that you can find and access the hottest customers first in order to sell effectively.

Emotional barriers

When some entrepreneurs do not take advantage of the opportunity to understand more about their customers it may be that they are apprehensive about making customer surveys. Some might feel that it is not acceptable to ask people for certain information such as what their budget is, or what price they are willing to pay for a product. However, you certainly can ask those questions and most customers would

<p>QUESTIONS ABOUT THE CUSTOMER</p>	<ul style="list-style-type: none"> • Customer’s situation? • Customer’s skills? • Customer’s consumption? • Customer’s current purchases?
<p>QUESTIONS ABOUT THE CUSTOMER’S NEEDS</p>	<ul style="list-style-type: none"> • What challenges is the customer facing in the market? • What problems is the customer dealing with (time, money, coworkers, customers)? • What is the customer trying to achieve?
<p>QUESTIONS ABOUT THE CUSTOMER’S POINT OF VIEW</p>	<ul style="list-style-type: none"> • What are the customer’s preferences? • What really matters to the customer? • What is the customer’s first priority? • What is the customer’s budget for this specific purpose?
<p>QUESTIONS ABOUT THE CUSTOMER’S DECISION MAKING AND PURCHASE PROCESS</p>	<ul style="list-style-type: none"> • Who decides on a purchase? • When is the decision to buy made? • What information does the customer need? • Who should you follow up with?

gladly give this information as they would prefer to do business with suppliers, who understand their situation. Another natural emotional barrier may be the belief that surveys are cheap sales tricks, as when a tele-marketer calls in the guise of conducting a survey, inquiring about people’s opinions on say magazine subscriptions, and then suddenly turns into a ruthless tele-marketer. This type of situation can be avoided as long you vow that you will never try selling while conducting a survey. Even when customers express an interest in your product, it is better to tell them that you would be happy to give an offer later, but that you are currently just doing a survey. The best way to ensure that the customer feels like they have been treated properly is by conducting surveys out of a genuine interest in understanding your customer better.

Follow-up on customer surveys

The follow up to a customer survey can be done 2-3 weeks after its completion. Now the situation suddenly looks completely different when you call the customer: whereas you were once a complete stranger, the customer now remembers having spoken with you previously. In addition you have a great sales pitch to initiate the conversation: “As you may remember we conducted a customer survey last month, and it turned out that many clients had an interest in _____. Therefore we are now calling everyone who expressed this specific need, since we can now offer a solution.” After conducting your customer survey, you will not only know a lot about the customers up front and how you can best accommodate their needs and preferences, you are also more likely only to contact the relevant people.

Focus on the market rather than sales

It is often better to identify a customer need in the market and provide for it, than to attempt to push a product, where a need first has to be created. This is the fundamental difference between just selling and marketing. The customer survey is a good example of how you can become better at approaching the market by first understanding it better. The best entrepreneurs are those that understand their customers. When this is the case, it creates an opportunity to customize products and services and our whole communication with customers. If we understand our customers, our customers will understand us.

Suggestions for the next step

- Make a list of the questions which you would like the potential customers to answer.
- Make a list of potential customers from various segments.
- Create a database where you can register information about customers periodically.

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