

THE MUST-HAVE CUSTOMER

Increase Brand Campaign Effectiveness:

A New Way for Brand Managers to Think About Their Customers

By Robert Gordman, President of The Gordman Group and author of
The Must-Have Customer: 7 Steps to Winning the Customer You Haven't Got

Branding campaigns can increase their effectiveness by appealing only to Core and Must-Have Customers. Chasing the wrong customers is deadly. Catching them is worse. Brands spend billions of dollars each year chasing down, acquiring, and trying to serve the wrong customers. Those wrong customers don't make a contribution to the bottom line.

There are actions brand managers can take to avoid appealing to the wrong customers. Building a company around the rules of Core Customers and going after Must-Have Customers will lead to a thriving, healthy brand with sustained, profitable growth.

Two types of profitable customers. A brand manager needs to know which customers are the most profitable. Core Customers are a brand's biggest fans. They love the product, and they're willing to pay a fair price for it. Best of all, they can be counted on to make purchases again and again. They're the famous 20 percent of the customer base that provides the equally famous 80 percent (or more) of profits. Over the long haul, Core Customers are the only ones who truly earn their keep—and they're the ones who will guarantee a brand's future success.

Must-Have Customers are potential customers who look a lot like a brand's Core Customers. They're already buying products or services that are very similar to the brand being promoted and they're paying similar prices. Must-Have Customers are the ones a brand needs to be doing business with if it's going to survive.

The only problem is that the brand's Must-Haves are someone else's Core Customers. A brand simply can not survive long term unless it's constantly finding Must-Have Customers, taking them away from the competition, and turning them into Core customers.

Discovering shared values. Identifying Core Customers is a relatively straightforward process—it's all about shared values. A brand's Core Customers value the attributes that make the

company, product or service different. For example, if the brand's key point of differentiation is that it offers personalized, service, that's what the Core Customers value. If the brand offers high-quality merchandise, fast delivery, no-questions-asked return policy, low-fat, or any of a thousand other factors, that's what's important to Core Customers. Without those shared values, the relationship with the customer is purely transactional. Customers might make a purchase every once in a while, but they can't be counted on for repeat business.

Core Customers have bought the brand for a long time. They're loyal, pay a price that provides a reasonable profit, are easy (and inexpensive) to deal with and stick with the brand even after a promotion ends.

Creating good research. To find out exactly why Core and Must-Have Customers value a brand they have to be asked through research. There's a huge difference between bad research and great research. Bad research yields "nice-to-know" information but nothing relevant that can be acted on. Great research is insightful and provides the basis for effective action. A brand's research must satisfy *both* of the following requirements. If it does, it'll be great. If not, it will produce useless trash. Be sure to ask "knock-out" questions as early in the process as possible. Getting all the way through a survey, only to find out that the person isn't a Must-Have, is a tremendous waste of time and resources.

1. **Ask the right people.** I can't emphasize enough how important it is to confine research to Core and Must-Have Customers. Asking anyone else will taint the data and could send the brand down the completely wrong—and potentially very dangerous—path.
2. **Ask the right questions.** In order to formulate the questions, it's critical to have a good idea of the kind of answers that the research is looking for. With that as the goal, the research questions can be structured in a way that will produce information that can actually be used.

Questions that can be asked include:

- Why do you buy our product/brand?
- What was it about the previous product/brand that made you switch?
- What is it about our product/brand that keeps you from taking your business elsewhere?

- What other products or services could our product/brand offer that would make it easier to do business with us?

Who positions the company? Brands have a definite position in the market place. Most brand managers think they're the ones who control their company's positioning and know who their competitors are, but they're dead wrong on both counts. The truth is that the Core and Must-Have Customers are in charge. Brands that don't pay close attention to what the Core and Must-Have Customers say risk finding themselves positioned in the wrong position and competing against the wrong competition.

So the research will give a clear picture of what is driving Core Customers' loyalty to the Brand and what the Must-Haves require to switch. Then it will be easy to create a branding campaign that will bring the Must-Haves to the door.

A "Sweet Spot" is not a niche. Healthy brands with growing sales and profitability have created, a Sweet Spot, a segment of the market that they own and their competitors can't touch. Think Amazon.com, eBay, Nordstrom, and Southwest Airlines. By asking the right Core and Must-Have Customers the correct "fact-finding" questions, a brand manager can learn what it takes to leverage the brand's strengths, create a customer-relevant position, and develop a Sweet Spot. This information will guide crucial decisions and strategy implementation that will attract the customers who will propel sustained, profitable growth. Every action must support the brand's Sweet Spot concept.

Satisfied customers aren't loyal. Brand managers must set as a goal the retention of loyal Core Customers while attracting more Must-Have Customers. Most brands spend a lot of time and money trying to satisfy every customer. Instead, brands need to develop *loyal* customers. What's really crucial is understanding exactly what these profitable customers require and then using this knowledge to mold every strategic business decision. What the unprofitable customers want is simply not important.

Success in business is not about beating the competition; it's about serving the brand's Core and Must-Have Customers. Rather than chasing every potential customer, brand managers will find that identifying and attracting Core and Must-Have Customers enables them to develop sensible business initiatives that will build sustained, profitable growth.

Review a brand's progress yearly. The yearly Must-Have Audit is designed to track how well a brand is building sustained growth and profitability. Hopefully, the audit will show that the

brand attracts loyal Core and Must-Have Customers with a Sweet Spot that would-be competitors can't touch. If not, the Must-Have Audit will highlight the specific problem areas that need to be corrected. By analyzing data that has been gathered through customer-oriented research the strategy can be adjusted to achieve the goal of building a profitable brand.

Here are some of the questions that brand managers need to ask themselves during the yearly Must-Have Audit

- Do we know the attributes of our unique Core and Must-Have Customers?
- At what rate are Must-Have Customers turning in to Core Customers?
- Does our company have a unique, clearly defined market position, a Sweet Spot, that differentiates us from the competition?
- Do we know why our Core Customers are loyal to our product/brand?
- Is our brand awareness increasing with Must-Have Customers?

The bottom line. I can't promise that going through the thought process in this article will make every brand strategy successful. But I can absolutely guarantee that at the very least, it will give a clear understanding of what Core Customers' value about the brand, and why Must-Have Customers do business elsewhere. The process will quickly reveal what differentiates the brand from the competition and what is actually relevant to Must-Have Customers. This powerful information is needed to turn Must-Haves into the Core Customers who will take the brand to a new level of sales and profitability.

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The Must-Have Customer: 7 Steps to Winning the Customer You Haven't Got was named one of the "10 books you should have read in 2006" by Ad Age magazine.