

Customer Positioning

You don't position your company.



by Robert Gordman

DO YOU EVER WONDER how your company got where it is? In every industry, someone is the quality leader, service leader, technology leader, and price leader. Some companies get there on purpose, but for most it's happenstance. You may believe you control where you are positioned in the marketplace. The reality is that *core* and *must-have customers* are the ones who decide where you're positioned.

You can assess where your company is positioned if you listen to your core and must-have customers. They decide where you are and where you can go; and they're critical to your future.

Suppose your company makes mid-priced contemporary furniture. If you ask all potential furniture buyers to describe your brand, low price-oriented buyers might say it's too expensive, while premium quality buyers might say it's poor quality. Traditional buyers might describe it as too fancy and true contemporary buyers might call it basic. If your core customers are mid-priced contemporary furniture buyers, and your must-have customers are similar, they are the only ones you should listen to. If you don't listen to them, you'll make mistakes that affect your company's sales and profitability. You might develop the wrong product, or try to sell the right product to the wrong people.

There's a big difference between bad research and great research. Bad research yields "nice-to-know" information but nothing relevant that you can act on. Great research is insightful and provides the basis for effective action. You'll get the best, actionable information by doing a mix of qualitative and quantitative research with only core and must-have customers.

To get the information you need to make the best decisions you need to:

1. Ask the right people. If you're not talking to your core and must-have customers, you're wasting your time and money. Everyone else—including yourself, your board, analysts, or other consumers—will give you the wrong answers. You know who your core cus-

tomers are. They're the famous 20 percent that provides the 80 percent (or more) of your profits. In your core customers' minds, you're already doing everything (or almost everything), right, and they'll tell you in detail why they love your products or services and all the ways you're better.

Must-have customers are potential customers who look like your core customers. They're already buying products or services that are similar to the ones you sell; they're paying similar prices; and the attributes that are important to them are also important to you. These are potential customers you need to convert to core customers.

Your must-have customers will give



you their opinions of your products. Since they don't do business with you yet, they can't give you more. In their minds, you're either doing something wrong or you don't exist.

Your must-have customers may have a negative perception of your company based on a bad experience they had with you or a water-cooler conversation they overheard at the office. Or, they're currently buying exactly what you're selling, but they don't know that you've got what they want, or you simply haven't given them a reason to make a switch.

2. Ask the right questions. To formulate these questions, you need to know the kind of answers you're looking for. For example, one of my clients who sold electronics wanted to know where people were purchasing high-end electronics and what motivated them to buy. With that as the goal, we structured our research questions in a way that gave us that information.

Ask your "knock-out" questions early. Getting all the way through your survey, only to find out that the person isn't a must-have customer, is a waste of time and resources.

I prefer to use blind surveys, meaning that the participants don't know who is sponsoring the research. This eliminates their temptation to tell you what they think you want to hear.

Here is a sample of blind survey questions: What product or service did you buy? Whom did you buy it from? Why did you select supplier A? If they didn't have what you are looking for, where would you go next?

In some cases—usually after you've done the blind study—you may want to ask questions that deal with your company and how it rates in the market: If you buy from us now, why? If you don't buy from us now, why? If you wanted a product with quality slightly better than ours, whom would you go to? If you wanted a product with quality slightly less than ours, to whom would you go?

3. Know that success in business is not about beating the competition—it's about serving your customers. Over the past decade, Wal-Mart has been blamed for putting hundreds of small merchants out of business. Most of these small retailers tried to compete directly with Wal-Mart on price, which can't be done. The smart retailers identified a core and must-have customer who was more interested in quality, service, reliability, or any other factor than price. They repositioned their business to serve those customers in a unique way, and they thrived.

Now you have some important decisions to make. Since all your data have come from core and must-have customers, you have a far more accurate assessment of where you are in the market, who your competitors are, how you stack up, and why the people you want to be doing business with are buying from someone else—all from the customer's perspective, which is the only perspective that counts. Now you can decide if your market position is where you want to be or if you need to reposition your company.

Do ongoing research to be aware of any changes in what your core and must-have customers are looking for. At least commit to doing a yearly in-depth survey. You'll be glad you did. **SSE**

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ACTION: Know what your customers want.