

Lecture Notes

Class - B. Com Hons Sem VI

Sub Code – BCH- 6.3.A

Sub – New Venture Planning

Topic – Market Planning – Customer Analysis

Prepared by - Dr. G. Vijayalakshmi.

Faculty of Commerce, Karim City College.

Learning outcome from this lecture note

- Introduction to customer analysis
- Defining customer's needs
- Steps of marketing plan for customer analysis

MARKET PLANNING - CUSTOMER ANALYSIS

Introduction to Customer Analysis

A customer analysis (or customer profile) is a critical section of a company's business plan or marketing plan. It identifies target customers, ascertains the needs of these customers, and then specifies how the product satisfies these needs.

A venture owner will need to know some key descriptive facts about his target and existing customers. A customer analysis can be broken down into following categories which includes the information like :

- **Demographics:** Gender, age, family, location, income, and job type
- **Geographic:** Location, population size, type of area (rural, suburban, or urban)
- **Psychographic:** Social class, lifestyle, personality, motivation
- **Interests:** Hobbies, activities, reading, organizations supported

- **Communication:** Where the group spends time, how they prefer to get information
- **Size of Base:** Size of the target population and whether it is group growing, shrinking or staying about the same

Defining Customers' Needs

Once an entrepreneur know about his customers, it's important for him to clearly define their needs. This will help him to know if his products or services meet the right needs or should be adjusted in order to help the company to succeed.

What an entrepreneur Need to Know?

The specific information to discover about the customer needs includes:

- **Emotional information:** What are the customers' dreams, hopes, and fears?
- **Motivation:** Does customer focus on quality, price, uniqueness, or other factors?
- **Language:** How do they discuss their problems? What words and phrases do they use to describe the needs the product or service fulfils?
- **Specific need:** Is the specific need that product or service fulfils significant to the customer? How important is it to the customer to get a solution?
- **Objections:** What are some common reasons a customer might not choose to solve the problem with the product or service?

Creating the Right Customer Analysis Marketing Plan Is Critical, one need to pinpoint exactly:

- About the customers
- About their needs
- What drives their decision
- How the product meets their needs

Steps of marketing plan

Here are 3 main steps one can follow.

1st Step: Identify as well as research about customers and their needs

In both B2C and B2B sales and marketing, one need to know exactly for whom the product is meant for.

One need to know everything about your **target market**.

Useful data and demographics for the **customer analysis marketing plan** may include:

1. Income / Revenue

The marketing plan must include data regarding target market's income level. This is one of the most effective ways to implement **market segmentation**. There will be customers and clients that can afford the high-end products and services. However, there will also be other consumers who are only able to stretch to the lower versions of those products and services at a much affordable price. One must be able to satisfy the needs and wants of every **market segment**.

2. Age range

An entrepreneur also need to consider the age range of **target market**. This will ensure that he creates products and services that fit their needs. Younger generations may have different tastes and preferences in comparison to more mature customers. This is one of the reasons why one need to consider age range in his **customer analysis**.

3. Lifestyle

In writing **customer marketing plan**, it is important to include the lifestyle of potential customers and clients. Entrepreneur should must know whether these people prefer simple products that are affordable, or whether they prefer paying additional premium for luxurious items. He also need to learn about their preferred product brands as part of the **customer profiling**.

4. Geographic location

An entrepreneur need to learn where actually the **target market** is located. He need to assess whether the type of product or service which are offering is

readily available in their community. He need to know where they are currently buying similar products and services. The convenience of the location of a store has a strong effect in the buying behaviour of a consumer. Having data about geographic location can help enormously in establishing an effective **customer profile**.

5. Scope (Number of potential customers)

Before launching **marketing campaigns** for the business, one need to know first if it is worthwhile to do so. Assess the number of potential customers for products and services and see what he could potentially gain from the campaign. The revenue generated from **marketing campaigns** must be always larger than the cost of running it.

6. Customer base

An entrepreneur also need to conduct **situation analysis** for his current customer base. He need to assess whether his **market share** is growing or diminishing. Understand the reasons behind such movement in the size of **market share**. This will greatly help in crafting the best **marketing strategy** for business.

7. Purchase history

Understand the buyer's behaviour with the use of data regarding his or her past and present purchases. Entrepreneur will know what products they buy and the exact volume of the purchase. This will help to create a **customer loyalty program** for repeat customers to boost sales.

The above information should help a businessman for determining his customer's exact needs.

2nd Step: Identify customer's main decision drivers and specific behaviours.

An entrepreneur may want to know how customers are affected by a combination of following factors:

- Price of Product
- Quality of Product
- Existing Competition
- Urgency of Finding Solutions to Existing Problems
- Product / Industry Knowledge of Customers
- Source of Knowledge of the Customers
- Current Relationship with the Customers
- Preferred Supplier of the Customers
- Product Compatibility of the Products used by Customers
- Effect of Product to current operations of the customers

3rd Step: Show how product meets the customer's needs.

It's time to show how entrepreneur's solution fits the customer's needs. If he don't know this , he won't be able to convince the customer.

Look at the position:

- What are core values and positioning in the market?
- How does this match the customer's needs?
- Does anything to be redefined in terms of marketing and branding?

Entrepreneur must clearly draw the line between his customer's needs and his solution, keeping in mind their decision drivers. Finally, turn the results into a precisely and completely stated value proposition in **customer analysis marketing plan**.

Today's constantly changing business landscape means that one need to be more precise and sharp than ever to create a great customer analysis marketing plan. New tools such as social media and advanced IT databases will help to gather needed in-depth data – if one can access them.
