

Markets & Customers

Knowing and understanding the dynamics of the market in which you are conducting business is really important to strategic marketing planning. Even more important is clear and detailed knowledge of your customers. Rigorous definition of both markets and customers are critical to the success of your marketing plan, and to the sustained profitability of your business.

Markets:

The term 'market' is typically used in 3 ways:

1. To encompass the network of business involved in supplying a product or class of products – e.g. wholesalers and retailers of health care products, i.e. the players
2. To describe the product or class of products supplied –e.g., the market for health care products
3. To identify the customers for those products or users of the product- i.e. the health care market

The market definition is derived from the business definition and establishes boundaries in the external markets. The business definition is an internal analysis/process which establishes clear boundaries around the role of your business in the marketplace. It also helps identify the nature and scope of the competition. It is therefore important to have a clear definition for your business as it is the basis for the marketing and customer analysis.

Customers:

Rigorous definition of your business is based on the customer:

1. *Customer Groups*: These are the customers the business seeks to serve
2. *Customer functions served*: These are the benefits the customer derives from the product.

Your primary customer is the group of high-potential customers that you want to reach. These are the ones you would be targeting with your marketing and advertising, thus, it is critical to know as much as possible about them. Customer analysis is a very detailed process and below is an example of a few of the many questions that could be used in defining your primary customer.

1. Which group of customers responds readily to services and is willing to pay for it?
2. What are some of the common characteristics of your “most profitable customers??
3. What are their motivations to buy? Under what circumstances?

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