

Understanding your customer

TARGET MARKETING

The mass tourism market comprises people from diverse backgrounds with varied interests, tastes and priorities. This larger market must be reduced into smaller, more specific target markets to identify customers who are likely to be interested in particular products. Segmentation of customer characteristics allows suppliers to effectively tailor their products, marketing and promotions to attract new and repeat business.

Target marketing generally involves:

- analysing your business by the types of visitors who are most likely to enjoy your product;
- identifying existing and potential markets within the larger mass market;
- evaluating existing and potential markets in terms of size, disposable income, potential growth, wants and needs;
- customising products and/or services to suit the interests and needs of the identified market segments;
- selecting methods of promotion that reach and appeal to target markets;
- and ensuring there is an effective method of promotion distribution.

TIPS FOR NEW BUSINESS ENTRANTS

If you are embarking on a new business venture your product must meet the needs and expectations of potential customers. It is important to thoroughly research the leisure interests, spending habits and travel patterns of your potential customers. Without an existing customer base this can be difficult. However, useful information can be obtained by investigating the operations and the clientele of similar businesses in your area.

It is also worth accessing the resources of your local council, local tourism manager and local tourism association (LTA), your regional tourism organisation (RTO) and small business development groups.

These organisations can provide information about local tourism operators and visitor statistics. More general tourism market analysis can be obtained from Destination NSW, Tourism Australia, and Tourism Research Australia.

The following websites are a great starting point:

www.destinationnsw.com.au

www.tourism.australia.com

www.ret.gov.au/tourism

www.business.nsw.gov.au

www.smallbiz.nsw.gov.au

EXTRACTING THE RIGHT INFORMATION

Professional market research firms can undertake a market analysis of your business. Depending on time and budget constraints, this may be a viable option for both new and existing businesses. If you are an existing operator, however, it is relatively simple to conduct this research yourself. The simplest method is to survey previous, current or potential customers over the phone or in a written questionnaire.



HANDY HINT

To succeed in a competitive environment, it is important to tailor your business to the wants and needs of your customer.

Both methods require a standard set of questions that are easy to understand, quick to answer, easy to return, and simple to analyse. To encourage participation, it is useful to provide an incentive to complete the survey, such as a discount or giveaway.

Market research provides information that can influence product development and sales. By extracting the right information, you can determine:

The markets most suited to your product

- Try to include customer characteristics, such as age, socio-economic background, lifestyle choices and personal values.

The origin of these markets

- Find out a customer's place of origin (country, state or town) so you can target your promotions. These details can easily be recorded by noting postcodes or country of origin within the survey or at the time of sale.

Customer travel style

- The way you tailor, package and promote your product is influenced by whether your market travels independently, with friends or family members, or in a tour group. All these forms of travel have different product preferences, time and cost limitations.

Customer budgets

- A customer's travel expenditure priorities, disposable income and perceptions on value for money are important considerations when pricing your product or package.

Customer transport choices

- If you are thinking about packaging your product, consider working with a transport operator. Knowing the popular transport modes used by your customers can indicate which operator will be your most profitable package partner.

How best to work co-operatively

- Many visitors will not travel to a particular location simply to visit one attraction, but can be lured to the area if there is a collection of activities available. Working in co-operation with other local operators to create a package for your region can make your product more enticing.

Customer satisfaction

- Surveying customer perceptions of your product provides information that can be used to improve product quality and/or eliminate unpopular or unprofitable products. Provide an opportunity on your website for customer feedback and regularly check travel review sites, such as www.tripadvisor.com, to ensure your product is represented in the best way possible.

Your unique selling points (USP)

- The most appealing aspect/s of your product, as indicated by your customers, can influence the focus of your promotional material.

Effective promotional tools

- Carefully appraise content regularly read by your target market. Test the effectiveness of your current distribution methods by asking customers where they heard about your product.

Extent of repeat visitation

- Knowing what proportion of customers currently return, or intend to return, can influence product development decisions and promotions strategy.
- Spending habits and priorities for customers change regularly. Stay in touch. Consider how these changes can affect your business and adapt to meet the current trends.

APPLYING YOUR RESEARCH RESULTS

Your market research may highlight a need for a new product, or modification of an existing product, to establish or maintain business demand. If you are an existing business, a study of customer satisfaction levels can help to explain any noticeable increase or decrease in product demand.

Examples of product development options that may apply to your business include:

- training staff to improve customer service techniques;
- improving the standards and quality of your existing product;
- creating special additions or incorporating an unexpected component to your product to appeal to particular markets;
- diversifying your product to interest new markets;
- and creating special language edition brochures, guides and signage. This is particularly relevant to businesses targeting international markets.

Product development can boost market position and create a competitive edge. So think about your strengths and concentrate on developing experiences that your markets prefer.

Test new ideas on a sample group first, to determine customer reaction. Avoid making drastic changes until you are sure your clientele will like your new direction.

TARGETING YOUR PROMOTIONS

An effective promotions strategy arouses interest. Promotion strategy decisions must be informed and based on a solid understanding of target markets and what is most likely to attract their attention.

Consider the following points when devising a targeted promotional campaign:

- What type of reading matter is most popular with your target markets? Approach newspapers, magazines or journals for their reader statistics.
- What other media would reach them – radio or TV?
- What direct marketing methods are available to access your customer?
- What other methods would work easily and effectively – billboards, posters, brochures and the internet?
- What are the costs involved with these options?

SECURING REPEAT VISITATION

Repeat business is an important source of income. To ensure satisfactory levels of return business, operators must ensure customers are happy with product quality and that their business profile and reputation does not diminish.

Direct marketing

- to existing customers is a cost effective means of achieving repeat business;
- and to potential customers can expand your customer base.

Direct or electronic mail

- can increase sales through special offers or discounts;
- can remind former customers of your operation;
- can generate goodwill and customer loyalty;
- and can improve product awareness.

Some direct mail suggestions include:

- sending a birthday/anniversary/Christmas card to previous customers, enclosing a special offer, discount or giveaway to celebrate the event;
- and sending regular newsletters to customers highlighting your latest products or any special offers available.

To compile a direct mailing list, use customer information (addresses, personal details, last date of purchase and frequency of purchase) derived from survey results, competitions, product enquiries and trade shows.

Make sure all the customers on your list have agreed to receive information from you. Alternatively, access the databases of organisations with members identified as your target markets. For more information on the Privacy Act and to ensure you understand the guidelines set by the Office of the Privacy Commissioner go to www.privacy.gov.au

Accurately defining your target markets, and tightly relating your product to these markets, can simplify product development choices, ensure promotion campaigns are accurately targeted and ultimately generate new and repeat business.