3.5.1 Identifying and understanding the customer









- A successful business offers something customers value and are willing to pay for.
- We pay for the benefits provided by the products/services. Examples of benefits would be safety, speed, confidence, variety, youth, health, reward and happiness.
- A business must identify the different opportunities that exist and develop products accordingly
- A business must think about the wants and needs of both the consumer and customer

Keywords you need to learn the meaning of	
Need	Is something you must have to
	survive e.g. water
Want	What we would like to satisfy
	our needs e.g. a brand of water
Customer	The person or organisation
	buying the product
Consumer	The person using the product
Exchange	When someone gives up
	something in return for
	something else





- By providing more benefits and doing something better than competitors the sales of a business should rise.
- Our decision to buy is influenced by the 4 P's, the more we understand our customers the more we know how to appeal to them
- If businesses do not understand their customers, then sales can go decrease.
- Products may have to be withdrawn
- Amend/adapt the product in some way which will cost money
- You might have to lower the price which will affect profits
- Damage the brand name which could affect future success

Key Terms:

Price: For most people price is a critical factor when purchasing. The price point needs to be in line with the type of product and its key features.

Quality: To a customer quality means getting what they want or perhaps better than expected. Businesses aim to delight their customers.

Choice: Giving customers options and increasing the chance that the product will be perfect for the tastes/habits of one type of customer.

Convenience: Making life easier for customers, perhaps by a great location (next to a bus stop) or a product that saves time in preparation or consumption.

Offer the right thing at the right time with the right message and price \dots

