

III. Business Skills and Marketing

Topic 38a

Who are Your Customers?

FACT SHEET

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Topic 38a: Who are Your Customers?

What is a customer?

A **customer** is someone to whom you sell a product or service. It is important to know **who potential customers** are, because they will buy your products.

To identify potential and/or active customers in your area:

- Conduct a market analysis to identify active groups.
- Talk to members of the identified groups (potential and existing customers).
- Talk to other dealers.

Potential customers can be:

- **Individual farmers** producing different commodities.
- **Farmers' groups:** These are groups of farmers with a common goal. Groups can be structured according to commodity (also called commodity-based groups) or location (e.g., at the village level).
- **Local government:** Local governments sometimes provide extension services to farmers. Extension officers need agro-inputs to demonstrate how to apply products. Governments sometimes give discounted or free agro-inputs to farmers.
- **Projects:** There are many projects active in the agricultural sector implemented by non-governmental organizations (NGOs), donors (such as USAID or the World Bank), or technical partners (IFDC, Chemonics, etc.). Some of these projects need agro-inputs for demonstration fields, technical training, or other purposes.
- **Other agro-input dealers:** Another dealer who has a shortage of products may buy at your shop and resell the product. He/she probably will not make a normal profit, but the customers will be satisfied.
- **Others:** These customers do not need agro-inputs on a regular basis or for business purposes. They will need inputs occasionally (e.g., to spray a garden against mosquitoes).

It is **important** to know the following about potential customers:

- What they need and want
- What they can afford (purchasing power)
- Where they are located
- If they are willing to buy from your shop



- What they expect (e.g. services and advice)

ADDITIONAL INFORMATION

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What is a customer?

The **customer** is “someone who, driven by self interest, has the choice of coming to you for your product or service or going somewhere else” (quote by Linda Goldzimer).

If a dealer does not know who potential customers are, he/she cannot sell products. All customers have different wants and needs. To set up a business and satisfy clients, agro-dealers should constantly seek information on potential customers.

Potential customers and their wants and demands will **change**, because the market will change. To keep up-to-date information on customers, agro-dealers should conduct market analyses and talk to potential and existing customers and other input dealers regularly—not just when a business first opens.

Information can be collected **informally** (observing, talking to people, etc.) or in a more **formal, structured way** (e.g., by using questionnaires). A questionnaire is a list of questions to be completed by a selected group of people. For example, a dealer can prepare a questionnaire and ask members of a farmers’ group to complete it. Questions can include: How often do you buy inputs? What inputs do you often buy? Where do you buy inputs? How much money do you spend, on average, per year on inputs? Do you receive advice when buying inputs?

INSTRUCTIONS

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Materials needed:

- Flip-sheet board with flip-sheets
- Markers (1 black, 1 blue, 1 green, 1 red)

Time needed: 45 minutes

Preparations: Flip-sheet with the heading *Potential Customer*

Set up

- Attention:** Ask if someone can describe what a customer is. A customer is someone to whom you sell a product or service.
- Title:** Tell the title: *Who are your customers?*
- Credibility:** Explain your experience with marketing.
- Objectives:** To explain who potential customers are and what information agro-dealers should know about them.
- Benefits:** It is important to know who potential customers are, because they will buy your products.
- Direction:** This will be a short session in which we will focus on the basics.

Delivery

Explanation, Demonstration, Exercise, and Guidance:

1. To know who potential customers are, agro-dealers need to know who is active in their area. Ask if someone knows how we can get this information. This can be done by:
 - Conducting a market analysis to identify which groups are active in the area.
 - Talking to members of the identified groups (potential and existing customers).
 - Talking to other dealers.
2. The result of your inquiries is probably a list of potential customers. Show the flip-sheet with the heading *Potential Customers*, and ask if someone can mention a potential customer. Write all ideas on the flip-sheet and discuss who customers are and what types of products they need. Possible results are:
 - **Individual farmers** producing different commodities.
 - **Farmers' groups:** These are groups of farmers with a common goal. Groups can be structured according to commodity (also called commodity-based groups) or location (e.g., at the village level).
 - **Local government:** Local governments sometimes provide extension services to farmers. Extension officers need agro-inputs to demonstrate how to apply products. Governments sometimes give discounted or free agro-inputs to farmers.
 - **Projects:** There are many projects active in the agricultural sector implemented by non-governmental organizations (NGOs), donors (such as USAID or the World Bank), or technical partners (IFDC, Chemonics, etc.). Some of these projects need agro-inputs for demonstration fields, technical training, or other purposes.
 - **Other agro-input dealers:** Another dealer who has a shortage of products may buy at your shop and resell the product. He/she will probably not make a profit, but the customers will be satisfied.
 - **Others:** These customers do not need agro-inputs on a regular basis or for business purposes. They will need inputs occasionally (e.g., to spray a garden against mosquitoes).
3. Ask participants who the **most important group of customers** is for them. In general, it will be individual farmers or farmers' groups. Ask whose customers are projects, and let them give examples.
4. It is important to know certain information about identified potential customers. Divide participants into five groups and let each group brainstorm on information that agro-dealers need to know about customers. Let the groups work for 2-3 minutes and write the questions in their notebooks.

5. Discuss the results in the plenary session. Ask each group for one piece of information agro-dealers should know. Repeat the answer clearly, and write it **in key words** on a flip-sheet. Possible answers are:
- a. Their needs
 - b. Their wants
 - c. Their purchasing power (what they can afford)
 - d. How often they need inputs (time frame)
 - e. Type of advice they need when buying inputs
 - f. Other services required when buying inputs
 - g. Their location
 - h. Dealer or location where they currently buy their inputs
 - i. Their satisfaction with the service
 - j. Willingness to buy from your shop

Finish

- Summary:** Give a summary using the flip-sheets. Repeat the categories of customers that were listed. Repeat a few things that are important to know about potential customers.
- Questions:** Ask if anyone has a question or comment.
- Evaluation:** Ask for the categories of customers. Ask what information is important to know about customers.
- Next step:** In the next session, we are going to learn how to deal with these customers.

Distribute the **fact sheet** to all participants.