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The Legend of Coyote Jack

By Jack Miller

I recently had the occasion to play golf with a couple of old friends and one new one. One of these old friends was a customer back in the day when I was a paper peddler. He brought up the story of Coyote Jack.

He was a new customer then, and my boss, his boss, and I had a golf outing to celebrate our new relationship and get to know one another better. There are many versions to the story, some true, some not so true, and some outrageous, but the main line of the story is simply that I hit a ball straight and true down the middle of the fairway, but we never found it. Whether anyone actually saw the coyote take the ball, or whether there actually was a coyote, or whether the ball was ever actually in the fairway, are still subject to debate even today.

The moral of the story is when you are dealing with customers, be sure to record the facts so that there is no confusion later.

Well, that's good advice, but it's not really the moral of the story.

The story is really all about customer selection and segmentation. This was a customer we very much wanted to do business with. They had a solid reputation and excellent strength in dealing with our main products. They valued quality and service, and were not just about price. Price must always be competitive but it need not always be the lowest.

Remembering the story of that golf outing also reminded me of the importance of some of the marketing basics. Understand your strategy and your strengths, find out which customers value those strengths, then work hard to align with those customers. For us, this was the first, critical step in a major re-alignment of our customer base.

This process often begins with customer segmentation. Many customers do not fit your ideal customer profile and you might need to fire them and replace them with better customers. If you do, be careful how you do this or you might end up with too few customers. And be careful how you do this because the customer you don't want today might be the customer you need tomorrow. But if you need to do it, do it.

Customer segmentation can be done in many ways: by product mix, big vs. small, geography, profitability, end use market, cost to serve. I'm sure you can add to the list. The most useful might be to segment on why customers buy from you: price, quality, service, or something else.

How you do customer segmentation depends on many variables, but it really comes down to what you will do differently as a result of customer segmentation. Will you treat big customers differently than small, perhaps with preferential service? Do you want to change your customer mix, to evolve away from customers that only buy on price? Do you want to change your product mix, shifting to more specialty and less commodity? Do you want to reduce shipping costs by focusing on customers whose order patterns allow lower cost shipping?

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