

# What does the ideal customer look like?

By [Brent Haumann](#)

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Not all customers are created equal. Some customers are more loyal, spend more, cost less, and are active advocates for the companies whose goods and services they're most happy with.



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Those customers are invaluable and it's critical that organisations do everything they can to retain them. But before they can put the necessary steps and processes in place, it's important to understand what the ideal customer looks like.

## Characteristics common to all ideal customers

While there are obviously variations between different industries and verticals, there are a few characteristics that are common to all ideal customers.

A key measure for the ideal customer includes Customer Lifetime Value (CLV) which looks at the value an organisation receives from retaining customers over long periods.

Once an organisation has full insight into those commonalities, it's much better placed to put the right customer engagement strategy in place and reward the behaviour of its best customers.

## Understanding the ideal customer

Before laying out what those characteristics are, it's important to state that it's unlikely that any single customer is going to tick every single box when it comes to ideal behaviour.

But even those who meet several of them should be viewed as valuable. Organisations should also realise that, with the right kind of customer engagement, most customers can be nudged into more of the behaviours that characterise the ideal customer.

As with most things in life, the best place to start when it comes to identifying the ideal customer is with the basics.

That means customers who need your product or service (appreciate the value), who buy more than one product or service (shown to improve retention), and who pay on time (fewer hidden costs in managing the customer).

On their own, they might not seem like much. In fact, they're probably what companies hope for from most of their customers. But without those basics in place, you don't have an ideal customer.

Beyond the basics, another important factor to look for in an ideal customer is that they engage with your organisation regularly.

For an indication of how valuable engaged customers can be, it's worth noting that research shows that customers who are fully engaged represent a 23% higher share in profitability, revenue, and relationship growth.

As an organisation, you also want customers who are committed to you in the long term. Here again, their value is quantifiable.

Stats show that 43% of customers spend more on brands that they are loyal to and that a business's overall profitability can increase by anywhere between 25 and 125% when its churn rate is reduced by five per cent.



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## Advocating for your company

Engaged and loyal customers are, of course, vital but they still only take us part of the way to what organisations should look for as an ideal.

In addition, you want customers who advocate for your company publicly and who provide references. Those customers are important because most people trust their family, friends, and other ordinary customers most when it comes to recommendations.

In other words, they bring new customers in without adding to your already exorbitant acquisition strategy costs. It should be obvious then why these customers are so important.

As a corollary of this, the ideal customer also complains a lot less. Instead, they follow the right processes to provide constructive feedback. The organisation can then use this feedback to improve and evolve.

Finally, the ideal customer also trusts your brand. Some 68% of customers spend more on brands they trust and spend, on average, 25% more on those brands. As such, trust is undoubtedly worth cultivating.

# The power of customer engagement

Of course, ideal customers don't exist in a vacuum. Organisations have to cultivate the characteristics of an ideal customer and the best way to do that is through a customer engagement strategy.

After all, you can't expect customers to be engaged, loyal, and trusting if they don't really have a relationship with your organisation. And that relationship can only be built if your organisation actively fosters it.

Like any relationship, a generic approach won't work either. Organisations should instead view customer engagement as a holistic part of the customer experience and integrate it in ways that are simple, personalised to each individual customer, and designed to maximise engagement.

Here, having the right partner that understands how the right tools, integrated properly, can maximise your customer engagement strategy is critical.

Provided that partner has the relevant depth of expertise, they'll be incredibly helpful when it comes to ensuring that your organisation can build up the characteristics of the ideal customer.

Because ultimately, the ideal customer doesn't just exist in the wild. In so many ways, they're a response to the ideal forms of customer engagement.

And organisations which understand this and practise effective customer engagement will have the largest base of ideal, or near-ideal, customers.

## ABOUT BRENT HAUMANN

Brent Haumann is the Managing Director at Tilt.

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