

CONVERSION MACHINE

MODULE 1

Profit Optimization

VIDEO 4 Transcript
Customer Theory

Customer Theory

Hey everyone and welcome.

In this video you'll learn about your customer theory and the elements that complete it.

So what is a customer theory and how does it help you increase conversions and make more money?

Before we understand that we first need to explore your brand and brand positioning within your marketplace.

Conversion optimization and great marketing is about increasing profits as we've learned.

But great marketing and high conversion rates are also about relevancy.

There is an old marketing adage which says:

If you market to everyone you end up marketing to no one

Conversion optimization helps us to study your industry and target customer, learn who they are and what their needs are, then tailor your marketing to them specifically.

For example:

The coffee industry is very diverse and there are many different players with different customer segments.

Nespresso focuses on one specific segment and pain point.

Making fresh coffee is really messy and time consuming! By making fresh coffee as easy and painless as popping a cartridge in a machine and waiting 30 seconds they solve a big pain point at an affordable price.

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In doing so they appeal to a specific target customer within their industry, a customer segment.

They wouldn't for instance consider the Elektra Micro Casa a direct competitor, the machine costs \$1500 and is reserved for real coffee fanatics.

It takes much longer to make the coffee and focusses on getting the perfect results, regardless of the time it takes to make the coffee and clean up afterwards.

The brand positioning for both products is very different, the target customer has different problems, motivations and desires and the value propositions are different.

So you can see why relevancy is so important in your marketing and something we must consider in your conversion optimization process and your customer theory creation.

Download the worksheet now and complete all the relevant sections, pause the video and I'll see you when you are finished.

What elements make up your customer theory?

Your customer theory is the compilation of all your customer learning.

It represents who you think your customers are, their problems and their motivations around buying your product or service.

Your customer theory includes three documents:

- Brand positioning statement
- Value proposition
- Customer Persona

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So now you know the elements and sections of your customer theory.

If you have a marketplace or more than one type of customer then don't worry you can create more than one customer persona.

Similarly if you have two or three products or product categories you can have multiple documents for brand positioning.

Why do I need these docs? A structure for learning!

The reason for having formal documentation about your company, marketplace and customer is to make the process of customer learning and conversion optimization structured.

This structure helps us to create questions for our customer within our testing with specific goals.

For example in our value proposition we want to represent the one true goal our customers have when using our product or service so we appeal to them more.

For us to learn and know this goal we must ask the right questions, questions that answer and complete our blank documents.

The structure helps to guide our data collection and analysis and make the findings actionable.

You'll learn in different sections of the data collection module which data points can help answers and complete these documents.

Download the worksheet for your customer theory and complete the questions as best you can now.

Really don't worry, just fill it in the best you can, you'll test these assumptions in your conversion optimization process.

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These documents will be rewritten at the end of the data analysis and hypothesis creation module based on your new customer learnings.

And rewritten again after the testing module is complete.