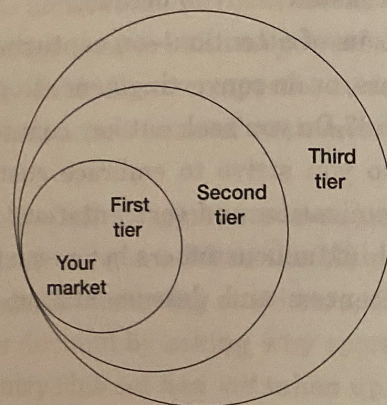


FIGURE 5-1

The three tiers of noncustomers



First tier: "Soon-to-be" noncustomers who are on the edge of your market, waiting to jump ship.

Second tier: "Refusing" noncustomers who consciously choose against your market.

Third tier: "Unexplored" noncustomers who are in markets distant from yours.

against them. In the Callaway case, for example, these were sports enthusiasts, especially the country club tennis set, who could have chosen golf but had consciously chosen against it.

The third tier of noncustomers is farthest from your market. They are noncustomers who have never thought of your market's offerings as an option. By focusing on key commonalities across these noncustomers and existing customers, companies can understand how to pull them into their new market.

Let's look at each of the three tiers of noncustomers to understand how you can attract them and expand your blue ocean.

First-Tier Noncustomers

These *soon-to-be* noncustomers are those who minimally use the current market offerings to get by as they search for something better. Upon finding any better alternative, they will eagerly jump ship. In this sense, they sit on the edge of the market. A market

becomes stagnant and develops a growth problem as the number of soon-to-be noncustomers increases. Yet locked within these first-tier noncustomers is an ocean of untapped demand waiting to be released.

Consider how Pret A Manger, a British fast-food chain that opened in 1986, has expanded its blue ocean by tapping into the huge latent demand of first-tier noncustomers. Before Pret, professionals in European city centers principally frequented restaurants for lunch. Sit-down restaurants offered a nice meal and setting. However, the number of first-tier noncustomers was high and rising. Growing concerns over the need for healthy eating gave people second thoughts about eating out in restaurants. And professionals increasingly found they did not always have time for a sit-down meal. Some restaurants were also too expensive for lunch on a daily basis. So professionals were increasingly grabbing something on the run, bringing a brown bag from home, or even skipping lunch.

These first-tier noncustomers were in search of better solutions. Although there were numerous differences across them, they shared three key commonalities: they wanted lunch fast, they wanted it fresh and healthy, and they wanted it at a reasonable price.

The insight gained from the commonalities across these first-tier noncustomers shed light on how Pret could unlock and aggregate untapped demand. The Pret formula is simple. It offers restaurant-quality sandwiches made fresh every day from only the finest ingredients, and it makes the food available at a speed that is faster than that of restaurants and even fast food. It also delivers this in a sleek setting at reasonable prices.

Consider what Pret is like. Walking into a Pret A Manger is like walking into a bright Art Deco studio. Along the walls are clean refrigerated shelves stocked with more than thirty types of sandwiches, baguettes, or wraps made fresh that day, in that shop, from fresh ingredients delivered earlier that morning. People can also choose from other freshly made items, such as salads, yogurt,