

What details do you know about your customers... age, sex, income, geographical area, buying attitudes, buying habits?

List the answers for each customer segment:

Market Day 5 customer segmentation

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Cluster these types of customers into roughly homogeneous segments and give these segments a name:

This set of 9 eBooks accompanies the Market Day workshop. You will find the explanations on how to re-do all the activities we covered on the day and a few more resources besides.

This eBook takes you through the process of defining the customer segments which are important to your business.



Go back to the reasons that customers buy from you and use this to describe types of customers. e.g. City Farmers Market sells organic & local food. There are different reasons for purchase (ie different benefits) that are important to varying degrees across the different customer groups. Reasons for purchase include its local, the quality, somewhere to have lunch, ideas for meals, its organic. The customers for this include young mums, couples, local residents, people who work locally.

NB if you already have customers then an alternative approach is to put the names of each person/company on a Post-It and arrange the Post-Its into groups of customers that seem similar.

How else can I use this activity?

You might also want to do a little more research into segmentation methods have a look for demographic, psychographic, geographic segmentation methods and analysis of stages of family life cycle... there's plenty on the web and lots of examples.

You will probably need to return to this process to flesh it out in the light of your market research. You might also use some of this structure when preparing market research questions.

If you've not already sorted out your costing and pricing then have a look at:

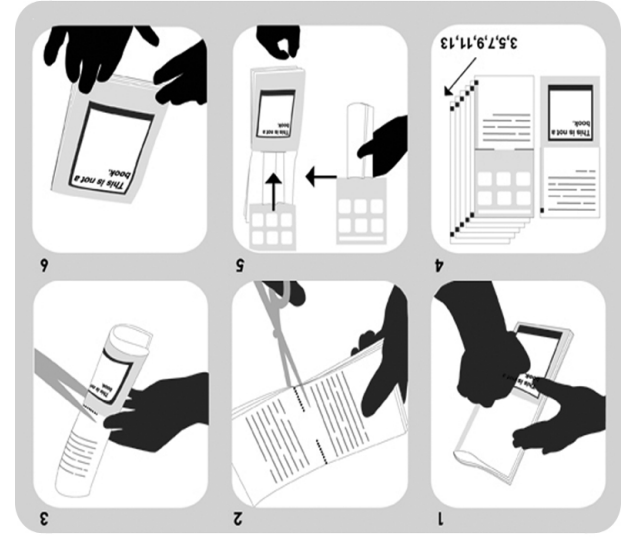
<http://culturalenterpriseoffice.co.uk/uploads/File/CostingandPricingWorkfactsheet.pdf>

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This activity is all about identifying the different types of customer who may be interested in the benefits offered by your products and services.

Being able to segment your customers into roughly homogeneous groups means that you can then be much more specific in how you communicate with them i.e. text messages may suit a customer segment with a young demographic profile but probably isn't appropriate if you want to communicate with OAPs.



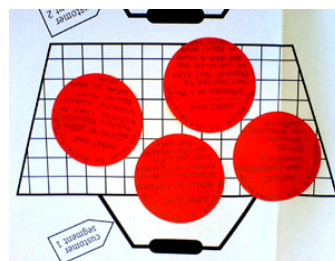
Where does this get us?

Once you've identified your customer segments you are also in a better position to review the particular cluster of benefits of interest to the segment and to use these in the marketing communications.

Have a think about what more you need to know about your customers in order to know where to find them the newspapers they read, the places they shop. The reason for needing to know this is that if you were going to place an advert you'd want to know that you were placing it in a paper or magazine that was read by your customer segments (otherwise its just an expensive scattergun!).

By now you should start to see the connections between the features and benefits and the customer segments. These connections will get stronger as you undertake the other activities so that by the end of the day you have a whole and (hopefully) clear picture of your customer landscape.

List your customer types below:



Review this list and see where the gaps in your knowledge are...you'll need to fill these gaps with some primary and/or secondary market research. - you now need to identify which segments matter most to you. There are a few things to consider here ...

(1) adoption curve...where are your innovators and early adopters, who are your laggards?

(2) which segments are the most:

sustainable i.e. they either can afford to pay a higher price and/or will be repeat purchasers

accessible i.e. you can afford the marketing communications to start getting your message to them)

measurable i.e. you can get feedback on whether you are reaching them effectively with your marketing communications