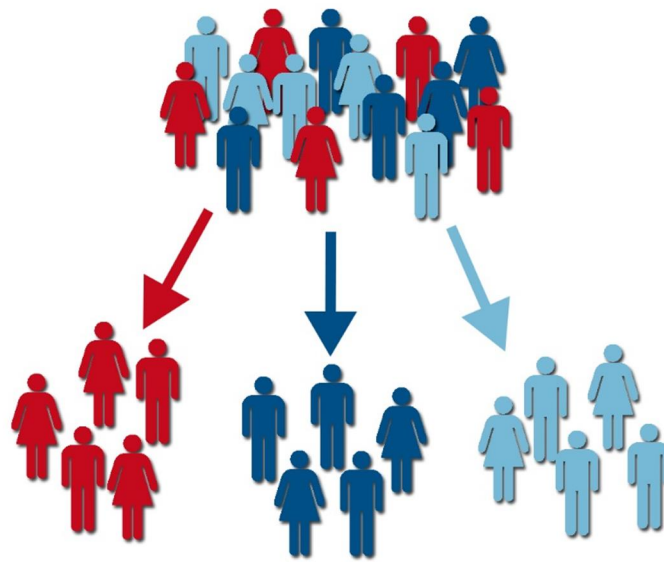


Do You Know Who Your Customers Are?



Not All Customers Have The Same Needs

Many companies look at their internal data to understand the customer. And while this is important and a good place to start, they are missing a view of the market. If you do not understand who buys your product or service in the market, you may be missing some of your best customers.

Segmentation places customers into groups based on needs or characteristics that influence their purchase decisions.

While there are various ways to conduct a segmentation study in order to understand customers, a “needs-based” segmentation will provide an in-depth view of those who buy your product/service based on how and why they buy it. Examples of the insight from a needs-based segmentation are an in-depth understanding of the entire path-to-purchase, such as:

- Reasons for purchasing
- Motivators in determining where to purchase
- Process of purchasing
- Sources of information
- Deeper understanding of a day in the life of the customer, such as:
 - Magazines read
 - Radio stations listened to
 - TV watched
 - Hobbies

Included in this process is to understand how you, and the competition, deliver on the underlying needs. Additionally, in order to effectively communicate the segments throughout the company and to get the stakeholders behind them, it is important to bring them to life by assigning a personality, including a name, to each one. For instance, put up posters of each one, and when working on initiatives, refer to the segment by name and how this segment will benefit. The segments should be incorporated as much as possible throughout the company in order to be effective.

For example, Marketing can use the segments as a foundation for the strategic marketing plan and to create effective messaging, creative and placement. Operations can leverage the segments in store signage, merchandising, packaging, etc. in order to improve the shopping experience. Additionally, Training will incorporate the segments into the curriculum so that customer service is delivered in the manner customers need and want it.

So then how do companies benefit from a sound needs-based customer segmentation? First, by retaining current customers because customers are able to buy your product/service the way they want to buy it. This leads to a higher satisfaction rating and increased loyalty. All of which lead to increased market share and sales. And if retention is improved, there will be less need to market to new customers as current customers will be ambassadors for your product/service, thus reducing the acquisition cost. All of which leads to an increased bottom line!