

Big Question: What do customers want?



On whom should we focus?



What will they value (and what won't they)?



How should we communicate with them?



What should we develop?

Customer Segmentation

Lisa DeCarlo



“Any customer can have a car painted any color that he wants - so long as it is black.”

- Henry Ford





Customer Segments

- Defines the different groups of people or organizations an enterprise aims to create VALUE
- Questions to Ask
 - For whom are we creating value?
 - Who are our most important customers, clients, or users?

Types of Customer Segments

**Mass
Market**

**Niche
Market**

Segmented

Diversified

**Multi-sided
markets**

Usual Approaches to Segmentation

- Psychographic
- Decision Makers
- Behavioral
- Geographic
- Distribution
- Demographic



**Customer
Segments**
tests for
separate
segments

Do their needs require and justify a distinct offer?

Are they reached through separate distribution channels?

Do they require different types of relationships?

Do they have substantially different profitability's?

Are they willing to pay for different aspects of the offer?

Exercise



Individually consider:

- Who are the Brown's current customer segments?
- Who could they be?



Brainstorm the Brown's customer segments with your group



Consolidate your ideas to complete the worksheet

Success doesn't come from understanding the customer. It comes from a deep understanding of the job the customer is trying to get done.

- Clayton Christensen



McCafé
Shakes

McCafé
Shakes

McCafé
Shakes

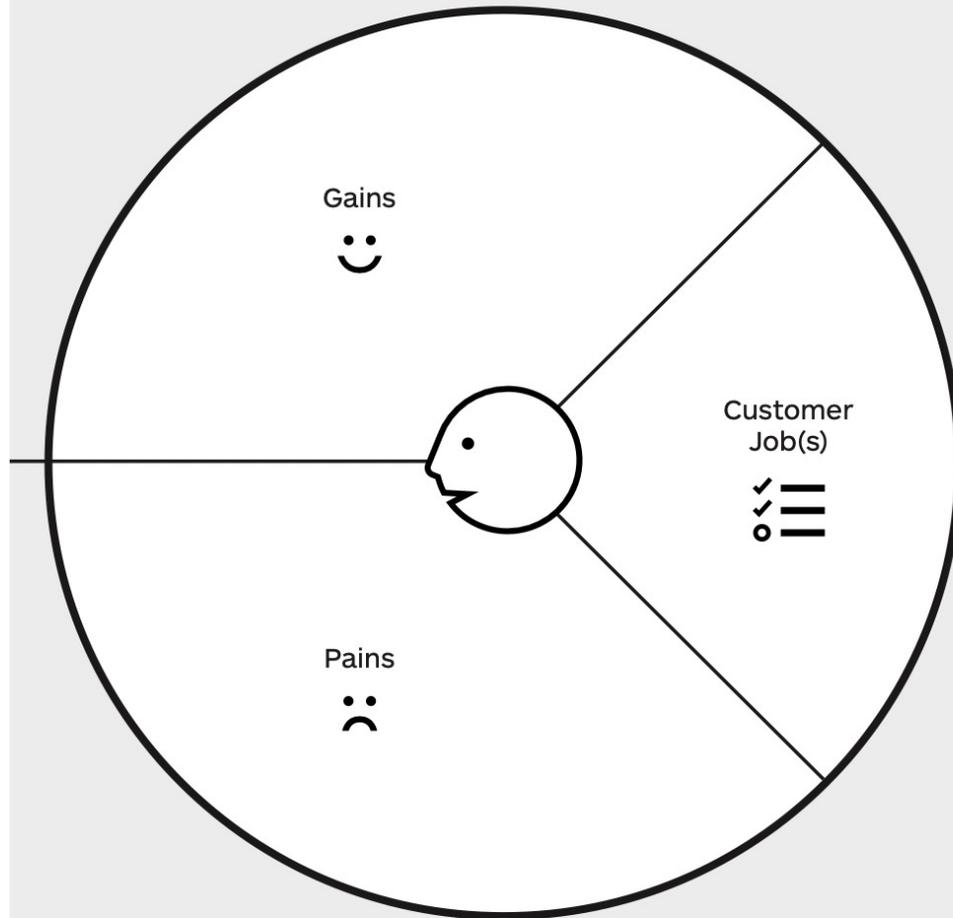
Key Insight

Customers are people or companies that have “jobs” to do.



They “hire” people – and products or services – to do those jobs.

Customer Segment



Customer Jobs

Jobs describe the things your customers are trying to get done in their work or their life.

A customer job could be:

- the tasks they are trying to perform or complete,
- the problems they are trying to solve, or
- the needs they are trying to satisfy.

Jobs to be Done - Types

Functional Jobs

- **Complete a specific task or solve a specific problem**
- Help me do my job
 - Goals
 - Budget
 - Time

Social Jobs

- **Makes me look good or gain power or status.**
- **These jobs describe how customers want to be seen by others**
 - Brand
 - Culture
 - Awards

Personal/emotional Jobs

- **Customers seek a specific emotional state, such as feeling good or secure**
 - Preferences
 - Insecurities
 - Relationships
-

Exercise



What jobs do the Brown's customers have to do?

*** Use the Trigger Questions***



Brainstorm using post its before trying to complete the worksheet

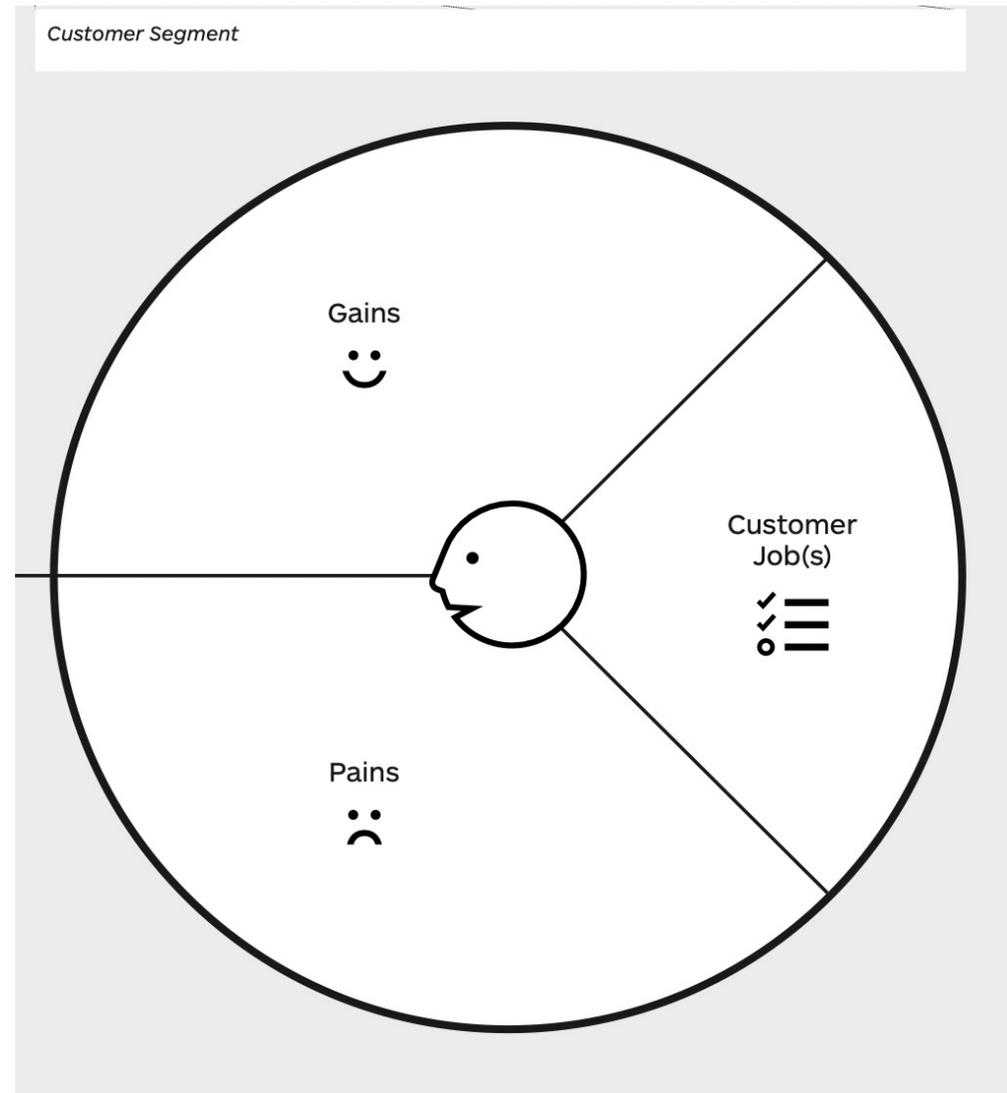


Consolidate your ideas to complete the worksheet

Customer Pains

Negative emotions, undesired costs and situations, and risks [the] customer experiences or could experience before, during, and after getting the job done (or simply prevents them entirely).

- Obstacles
- Risks
- Undesired outcomes



Exercise



What pains do the Brown's customers have?

*** Use the Trigger Questions***



Brainstorm using post its before trying to complete the worksheet

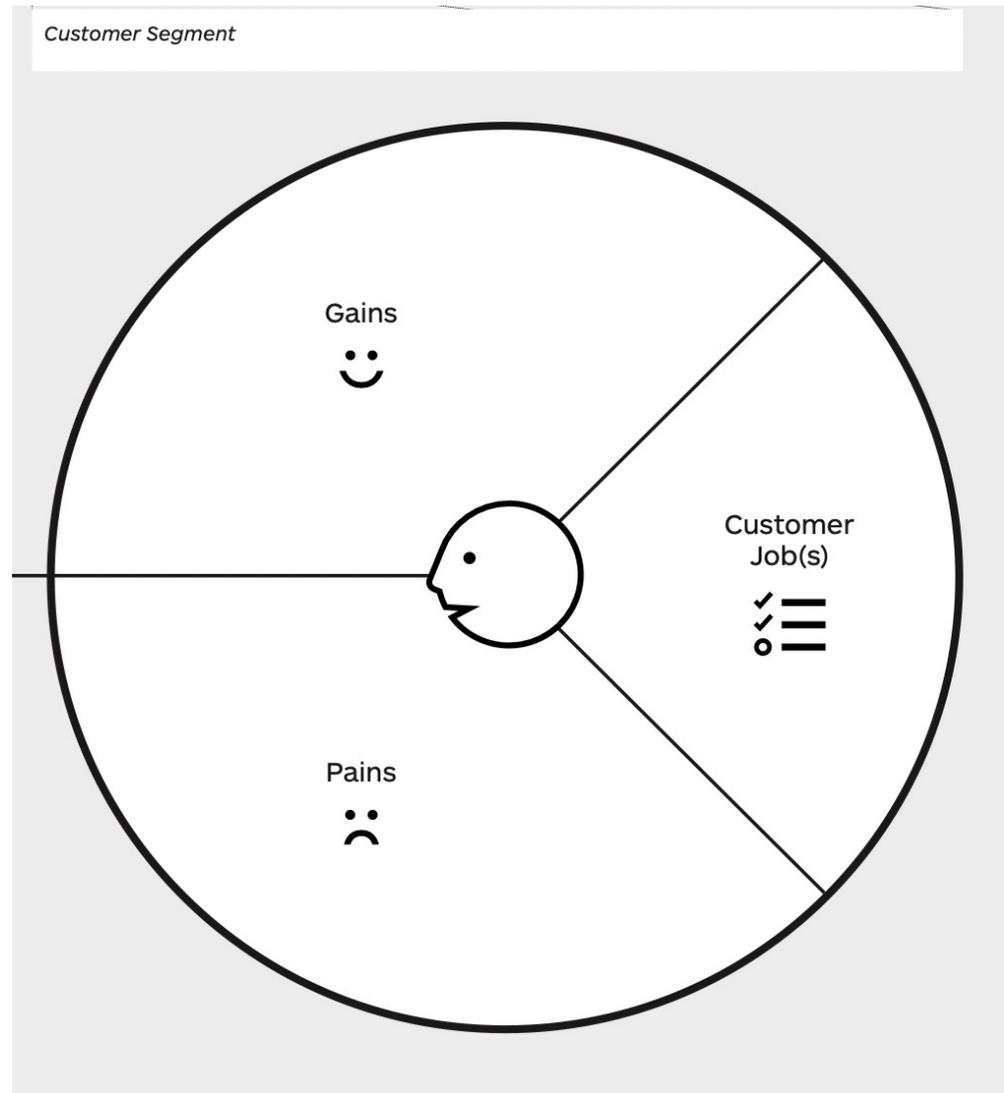


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Customer Gains

Gains describe the outcomes and benefits your customers WANT. Some gains are required, expected or desired by customers, and some would surprise them.

- Required Gains
- Expected Gains
- Desired Gains
- Unexpected Gains



Exercise



What gains do the Brown's customers have?

Use the Trigger Questions



Brainstorm using post its before trying to complete the worksheet



Consolidate your ideas to complete the worksheet

Learning Objectives

- Understand the concept of **customer segmentation** as a means of delivering more value to customers.
- Understand how **customer-centric business strategies** always begin with a deep understanding of customers' wants and needs.
- Recognize **unique customer segments** and choose which to serve and which to ignore
- Customers are people or companies that have “**jobs**” to do. They “hire” people – and products or services – to do those jobs.
- **Customers have pains** – Negative emotions, undesired costs and situations, and risks
- **Customers seek gains** – the outcomes and benefits customers WANT