

Customer Segmentation and Key Value Drivers

How data and customer segmentation allowed a manufacturer of distribution systems to win through value-based selling



Case Study: Segmenting Customer Needs for Value-Selling

Issue:

A large, global provider of bespoke distribution infrastructure solutions was entering a new phase of growth and needed a new approach to sales. Historically, this manufacturer sold by being the small, nimble player who could simply customize to differentiate. As competition entered the market, being nimble wasn't good enough. The manufacturer needed a sales process that went beyond conveyor systems and rollers. They needed an approach that would:

1. Focus in on the value-creating reasons that customers would invest in large, infrastructural projects
2. Differentiate on end-user needs, recognizing (for example) that grocery stores and retail organizations both distributed goods but did so in different ways – sometimes needed a premium solution and other times just needing the low-cost value solution
3. Arm the sales organization with the tools and information to sell into the leadership level of their customer base and engage more of the influencers throughout a potential customer

The end solution needed to be both strategic from a customer segmentation approach but also actionable from a sales actionability perspective.

Approach:

To address the challenges faced by this client, we focused on several key actions:

- Identify the strategic segments and sub-segments that defined the end-customer base. Determine the different buying preferences and size markets to better understand opportunity for growth
- Transform segmentation data and details into consumable profiles and playbooks that the sales team could relate with and leverage to gain access in and throughout a potential buying organization
- Pilot and test key messaging of the playbook in order to refine the process before a broader roll-out



How We Did It – Segmenting the Market

Segments & Subsegments

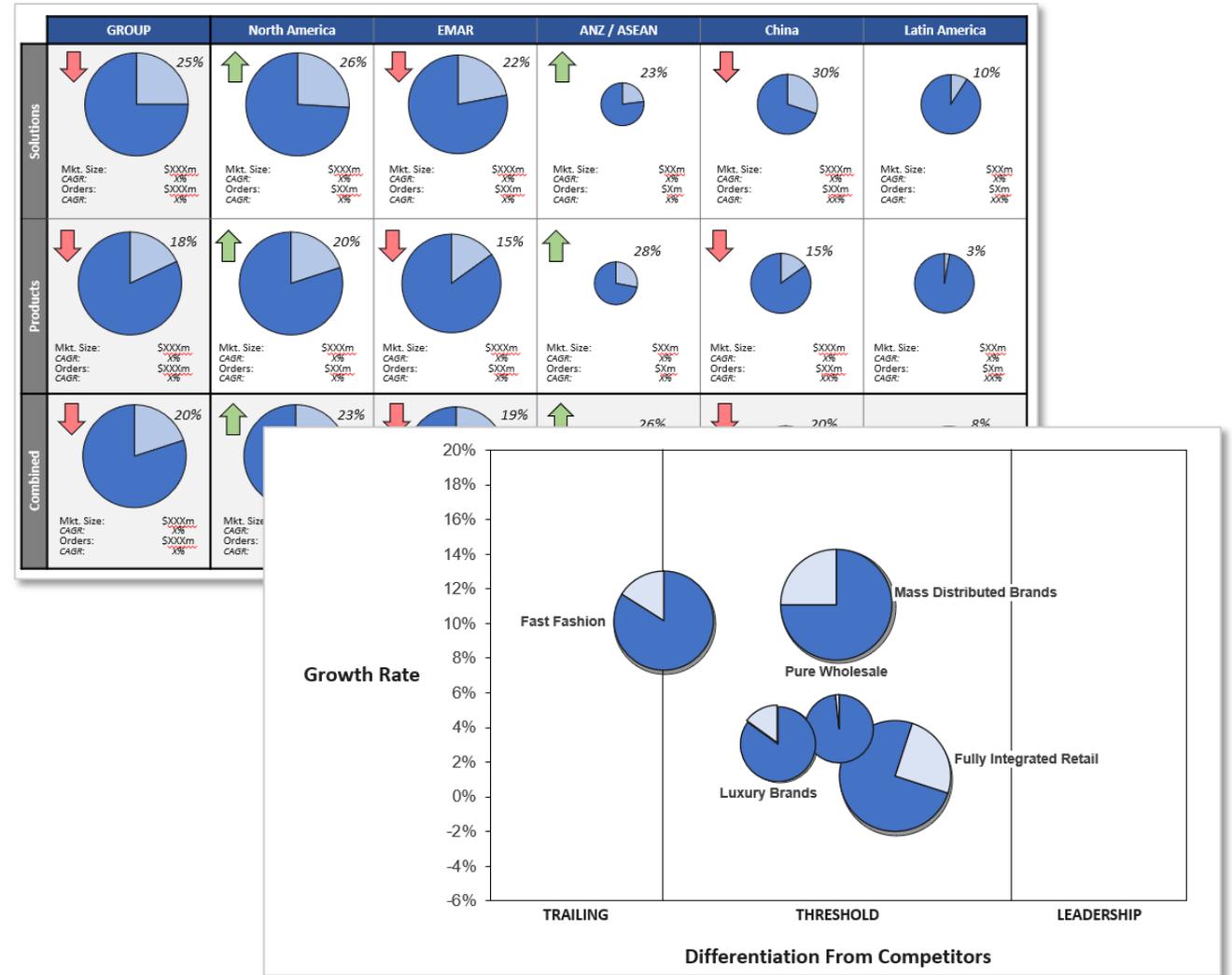
Working with our client, we started by segmenting the market based upon key structural attributes needed for targeting. Given the global marketplace, starting with a geographical and product-type structure was key. Value drivers vary significantly at a Geographical level, so starting at this point allowed us to key in on sub-segment differences.

Once we had broken the markets into major segments, we focused on key value drivers that differentiate products. For example, in retail clothing distribution, companies that focus on Mass Distribution (think Haines) have very different needs than Luxury or Fashion Brands. Attributes like speed vs. volume can play significant roles. This sub-segmentation allows us to build targeted sales pitches based upon value creation, not simply solutions.

Quantitative & Qualitative in Nature

To gain a deeper understanding of each sub-segment, we interviewed stakeholders at different buyer organizations. Through the interviews, we began to develop a deeper appreciation for how much value is placed on each value attribute and determined how well our client was perceived in the market on each attribute.

Leveraging market data, we were able to add more of a quantitative value to the size and growth of each market. Together, this helped provide more context on where to focus and how to win.



How We Did It – Making it Actionable

Playbooks for Action

Based upon the data and insights collected through the segmentation work, we were then able to put together a series of playbooks for GTM execution. This playbook development included:

- Step-by-step process for assessing opportunities, planning a target outreach, initiating contact, building a relationship and moving from access to contract
- Simple tools and examples to enhance adoption and field use
- Dynamic structure so that examples could be updated and refined over time and by geography

With the playbook initially designed, we worked with the client to test the tools in the market before scaling more broadly across the globe.

Impact

Within the first six months of testing and deploying the value selling approach, the client had initiated multiple new prospect discussions and had already landed several large proposal opportunities that they were unaware of. Training allowed for broader adoption across the organization and refinements based upon geographical differences

