Customer & Market Segmentation Guide

Part of: Habit 1: Customer & Market Segmentation

Why you need it: To support you in effectively segmenting your markets and customers by undergoing a data-led deep dive on your customers, analysing growth potential and getting first-hand insight into customer needs and competitive landscape

Process 01

Project time	Level	Audience	Benefit
Several weeks	**Involved**	**Sales Leader & MD**	**Practical Advice**

About this guide

Use this guide to understand and segment your markets and customers.

Consider working with a third party to share the workload and offer an objective view.

Tips for success

- This project should be led by the MD and Sales Director.
- A 3rd party can be used to clean data sets, supply market data and offer objectivity.
- Keep it manageable. 4–6 meaningful segments are better than 20.

Customer & Market Segmentation Output

- 4–6 clearly defined market segments
- Prioritised segment list based on attractiveness and fit.
- Requirements to win in each priority segment.
- Action plan to address top-priority segments.

Useful links

- Market & Customer Segmentation Overview
- Process Overview
- Sales Excellence
- Sales Excellence toolkit

Customer & Market Segmentation Scope

Current Customer Base	Prospects	Customer Needs & Competitor Positioning	Potential analysis	Prioritisation
Who do we currently serve?	What does the broader market look like?	What do customers want? What are competitors offering?	What's the potential of each market and customer segment?	Who should be going after the business, how?
Download raw customer data; organise and clean. Define segment criteria e.g. geography revenue, margin, customer type. Append and enrich dataset if required (e.g. overall company size, industry).	Find broader market data on segment size (and company names) Compare against customers we currently serve to understand headroom for growth by segment. Create prioritised list of key segments for further penetration.	Survey (or interview) sample of customers and prospects across segments. Why they buy, what would make them switch, how they would prefer to buy and their unmet needs. Create tangible segments based on how customers behave and what they need. Also consider end market, products/applications. Interviews with former competitor staff to understand strategy and positioning.	Potential is an assessment of the assimilated knowledge from steps 1–3. Key considerations for potential are size of market, growth of market and how differentiated we are to win.	Review attractiveness of each segment and whether it is a good fit to the value proposition. Prioritise target segments. For each priority segment list the requirements for us to win. Output is a list of 4–6 prioritised segments
Objective review of our current customers	**Headroom for growth**	**How we win**	**Focus**	**Output**

Customer & Market Segmentation: Example approach

Current Customer Base	Prospects	Customer Needs & Competitor Positioning	Potential analysis	Prioritisation
Who do we currently serve?	What does the broader market look like?	What do customers want? What are competitors offering?	What's the potential of each market and customer segment?	Who should be going after the business, how?
Internal data analysis & external data enrichment (for company size, industry etc) Build criteria based on data available e.g. revenue, customer type, geography, margin Basic graphic segmentation of customers	Ideal approach: External data analysis e.g. Thomasnet and/or 3rd party company info database Alternative approach: desktop research to identify new types of buyer and ~50–100 examples Desktop research to better understand potential segment growth & trends Estimate which segments may have the greatest headroom	Customer survey (quant led) OR 15 – 20 customer/ prospect depth interviews (qual led) + 1–2 competitor interviews to create another segment layer based on how customers behave and what they need = Basic behavioural segmentation	Combine firmographic and behavioural segmentations Data analysis to assess potential size of segment, growth and how differentiated we are to win, by segment	Review attractiveness of each segment and whether it is a good fit with the current value proposition Prioritise target segments For 4–6 highest priority segments list the requirements for us to win
Objective review of our current customers	**Headroom for growth**	**How we win**	**Focus**	**Output**