

Step One

Module Two

Mini Lesson Guide

the
marketing
Democracy™

Welcome!



You can't be all things to all people. This module was designed to help you identify high value customer segments to grow your business. You are going to learn how to divide customers into meaningful, measurable and actionable groups. By doing so, you can focus your efforts on the customers that you can serve better than most. And in return, these customers will reward you through their purchases and their loyalty.

- Judy

Module Overview

In this module, we are going to focus on four key ideas:

- In [Lesson One](#), you will understand why segmentation is the right strategy for growth.
- In [Lesson Two](#), you will learn you will learn all the different ways that you can define customer segments.
- In [Lesson Three](#), you will learn how to prioritize segments by focusing on those that you can serve better than most.
- In [Lesson Four](#), you will uncover strategies for growth.

To help you organize your segmentation scheme, you can purchase a “Market Segmentation Framework.” This downloadable PDF is fully functional if you open it in Adobe Acrobat Reader. Be sure to click on the “listen” icon in the lower right-hand corner to learn more about this helpful tool. And, for additional inspiration, you can watch the real-world example video to see this lesson in practice.

Congratulations on taking this important step in your journey to developing world-class marketing for your business.








Lesson One

Why Segmentation is the Right Way to Go

Why This Matters

Of all the things we could discuss when it comes to customer-centered marketing, we chose to start this module off by sharing what large and successful companies know: you can't be all things to all people. And, you will have greater success if you focus on the customer segments that you can serve better than most. It's hard to leave potential business on the table. But, it's the right thing to do. In Lesson One, we are going to make the case for why a segmentation strategy leads to business success.

5 Key Takeaways

-  You can't be all things to all people. So don't try. You can grow your business by focusing on certain groups of customers without having to appeal to everyone.
-  Segmentation is the process of dividing your customers (and the broader marketplace) into groups based upon some characteristics that define their behavior in your product category.
-  Customer segmentation is the perfect middle-ground between mass marketing that treats your customers all the same and one:one marketing that doesn't take advantage of the common threads that bind your customers together.
-  Customer segmentation will help you to think of your customers as real people with specific wants and needs. Getting to know your customers in this way will help you to serve them better.
-  Customer segmentation will help you to create marketing communications that will resonate with your customers rather than having to rely upon broad message appeals that will be easily ignored.



Ask Yourself

Before moving on to Lesson Two, take the time to reflect on this lesson.

Do you understand the five key takeaways that were presented at the beginning of the lesson?

What about your business? Do you currently implement a customer segmentation strategy? If yes, how has this approach helped you to grow? If no, are you ready to try this out?

What about your business category? Do you have a way to divide up your category into segments based upon the different types of customers and the different brands/businesses who serve them?

What next steps can you take to either: a) Try out a segmentation strategy and/or b) Improve what you already know and have done?

Lesson Two

All the Different Ways You Can Define Segments

Why This Matters

In Lesson One, we made the case for why a customer segmentation strategy is the right way to go. In Lesson Two, we are going to demonstrate all the different ways that you can define customer segments. There's no right or wrong way, or "one size fits all" approach. Our job is to give you the insight that big brands use to develop their segmentation strategy. If you have customer data to pull this off, that's great! But if you don't, that's okay too. Selecting the right segmentation for your business is as much intuition as it is hard fact. We are going to show you how you can build segments based upon customer attributes, or your brand's positioning in your product category or by leveraging trends in culture.

Key Takeaways

- There's no right or wrong way to create customer segments. You can group customers by any variable(s) that best explain why they are attracted to your business.
- Your segmentation scheme can be based upon: your customers, your brand, or broader market influences.
- Look for triggers that explain customer behavior in your category. Start with the basics (such as demographics) and move on from there until you land upon that clue that provides clarity. You will know it when you see it.
- A segmentation scheme doesn't need to be based upon one single variable. You can combine several consumer dimensions to create what is referred to as an Advanced Audience.
- Actions speak loudest when it comes to segmentation. If you can base your segmentation on actual customer behaviors that's your best choice.



Ask Yourself

Before moving on to Lesson Three, take the time to reflect on this lesson.

Do you understand the five key takeaways that were presented at the beginning of the lesson?

If you were to pick one segmentation approach: your customers, your position in your product category or your place in culture, which would you use and why?

Remember, actions speak louder than labels. What are the triggers that brought your customers to your business? What can you learn from their purchase patterns?

Is your segmentation scheme based upon intuition, or data? What customer data do you have that can help to either shape your segmentation scheme or confirm what you have in place?

Lesson Three

Serving Segments Better Than Anyone Else

Why This Matters

In Lesson Two, we showed you all the different ways that you can go about creating your customer segments. Once you have them figured out, what do you do with them? Marketing (and frankly business strategy in general) is all about making smart choices. Remember, you can't be all things to all people so you shouldn't try. This lesson is designed to help you pick your battles and focus on the customer segments that you can serve better than anyone else.

Key Takeaways

- Learn to make tough decisions and focus your marketing efforts on those segments that you can serve better than anyone else.
- Segmentation is the initial step in a three step process in marketing known as STP. Once you have identified your segments, the next step is to determine which segments you are going to target with marketing communication.
- Making that important decision of who to target is based upon your business/brand's positioning in the marketplace--what you stand for, and what you do better than most.
- You can't win a shouting match with your competition by touting parity products and services. But you can win the hearts, minds and wallets of certain segments without having to get into a competitive shouting match to appeal to them.
- Taking a step back to reflect upon your strengths in order to claim your position in the marketplace can be humbling and eye-opening. That's okay. It's necessary work to do.



Ask Yourself

Before moving on to Lesson Four, take the time to reflect on this lesson.

Do you understand the five key takeaways that were presented at the beginning of this lesson?

How does your current targeting strategy compare to the lessons of STP? Do you target everyone in the category? Or, do you make tough choices?

Can you see a clear pathway between your strengths and the customer segments who will appreciate what you have to offer?

Did the analysis of your strengths and weaknesses uncover any issues that you need to address before moving forward with your marketing strategy?

Lesson Four

Grow Your Business by Growing Your Segments

Why This Matters

In Lesson Three, we talked about making choices. We shared how to determine which segments to target based upon your brand positioning in the marketplace. In this last lesson, we are going to focus on strategies for growth. Your segmentation strategy creates a pathway for that growth. We will show you how to work from your core and expand to new customers who share common characteristics with the customers that you already have. We will end this lesson with a challenge: how far can and should you go? Profitable business growth is waiting for businesses who have the knowledge and discipline to play to their strengths and expand their customer base strategically.

Key Takeaways

- 📍 Casting a wide net is not an efficient way to grow your business. Cultivate the customer base you already have and expand from this base. Leave the rest on the table for someone else.
- 📍 Avoid the leaky bucket syndrome. Keep your existing customers happy. Cultivate what is referred to as: Customer Lifetime Value.
- 📍 Find more customers just like the ones you already have. We call these potential customers “Look-Alikes.”
- 📍 Expand your appeal to new customers who share something in common with your existing customers. We call these new customers “Customer Cousins.”
- 📍 Branch out to new segments with caution. Don’t stretch your brand beyond your core equities to appeal to new groups.



Ask Yourself

Before moving on to the action plan, take the time to reflect on this lesson.

Do you understand the five key takeaways that were presented at the beginning of the lesson?

What is the growth opportunity among your core customer segments? Have you reached the flat part of the growth curve yet? Or, are there still opportunities to find more customers just like the ones you already have?

What are the common characteristics among your existing customers can you leverage to expand into complementary customer segments?

Are there market expansion opportunities that are tempting, but would pull you too far from the core of who you are? What should you do?