

CUSTOMER SEGMENTATION

Finding customer segments for your business idea is a process that **involves research and analysis** . Here are some steps you can take to identify the right customer segments:

- Start by **clearly understanding what your business offers** and what unique value it provides to customers. This will help you define the key attributes that will attract a specific customer segment.
- **Research the market in which you plan to operate.** Analyse trends, unmet needs, competition, and customer purchasing behaviours. You can use surveys, interviews, focus groups, and data analysis to obtain relevant information.
- Define who your ideal clients are and what characteristics they have. Use the data collected in your market research to **create profiles of different potential customer segments** . You can use tools such as the customer profile or buyer persona to create a detailed description of them.

Consider demographic characteristics such as age, gender, location, income and occupation, as well as psychographic aspects such as interests, behaviours, values and motivations.

Remember that the process of identifying customer segments **can be iterative** . As you test and learn more about your customers, you may need to adjust your segments or even discover new segments to target. Maintain a **customer-centric approach** and constantly look for ways to improve and adapt to their changing needs.



Tips

- Make as complete a list as possible of all your customer segments. In the next step, we identify the best one and will work only with that one.
- For each customer segment identified, we recommend creating a different canvas. The business model is built from the customer segment, so it is very important that you focus on knowing them perfectly, their demographic, psychographic, geographic and/or lifestyle profiles to know your customers perfectly.
- The only market study that works is to go and talk to customers and sell, dedicating time and resources, looking them in the eyes and having them tell you your weaknesses. All the speculations you do in your home or office laboratory are useless. The only thing that matters is seeing your client's face and interpreting their responses. The first axiom of Lean startup is to go out and test your hypotheses in the market with your client and then delve deeper into them.

And this discovery of the client has to be done by the entrepreneur, it cannot be subcontracted, it cannot be delegated to a salesperson who hires and visits clients.

Choosing a customer segment with rapid growth potential offers a number of benefits and opportunities for your business. These are the reasons why you should start working with a type of client that will be easier for you to work with: By choosing a client segment with rapid growth, you have the possibility of **capturing a considerable share of the market in a relatively short period** of time. This allows you to position yourself as a leader in that segment and gain a significant competitive advantage.



1. By targeting a customer segment with rapid growth potential, you can **accelerate your business growth and achieve your goals at a faster pace** . This can be especially beneficial if you have aggressive growth goals or are competing in a highly competitive market.
2. By focusing your resources on a fast-growing customer segment, you can achieve a higher return on investment. Accelerated market growth means that there is increasing demand for products or services, which can result in an **increase in sales and revenue for your company**.
3. By becoming a preferred choice in a rapidly growing customer segment, you can **increase your brand's visibility and reputation** . Positive word of mouth and recommendations from satisfied customers can help you generate greater brand awareness and establish a strong reputation in the market.
4. By succeeding in a fast-growing customer segment, you can **use that momentum to expand into other related segments** . This gives you the opportunity to diversify your customer base and further increase your market reach.

Without a doubt, choosing a fast-growing customer segment to start with can be a **successful strategy to drive the success and profitability of your company** from the start.

The creative phase of segments must be at the beginning and I cannot change segments every time a different client knocks on my door.

If I set up a company by searching, researching and discovering my segment and when I have it I focus and focus on it, I will be able to set up a successful company. If, on the other hand, I work reactively, dealing with calls from various clients, I won't succeed.

"The great enemy of the company is the customer" Peter Draker. Clients dilute me, disperse me and make me lose focus.

Based on priority customer segments, **adjust your business** , marketing and communication strategy. Customise your messages for each segment, adapt your offer and distribution channels, and develop specific strategies to reach those customers.

How to identify the customer segment with the greatest potential?

Once you have identified different segments of potential customers, evaluate which one is the most attractive and aligned with your value proposition.

To **identify a customer segment with the fastest growing potential** , it is important to consider the following factors:

- **Market size:** Look for customer segments that have a large enough market (number of people) to support rapid growth. The broader the potential market, the greater the opportunities for expansion.
- **Unmet demand:** Identify customer segments that have unmet needs or that are not being adequately served by competitors. If you can offer unique and relevant solutions, you have the opportunity to quickly capture the attention and interest of those customers.
- **Profitability Potential:** Examines the customer segment's ability to generate significant revenue and profits. Consider factors such as **purchasing power, willingness to pay, and purchase frequency** . A segment with a high profitability potential will allow rapid and sustainable growth.
- **Accessibility:** Make sure the selected customer segment is **accessible for your marketing and distribution strategies** . Evaluate whether you can reach them easily through effective communication channels and whether you can deliver your products or services efficiently.
- **Market trends and changes** : Identify customer segments that **are experiencing accelerated growth** or are being driven by market trends and changes. Being in

tune with these dynamics will allow you to capitalise on emerging opportunities and grow quickly.

- **Differentiation and unique value proposition:** Look for customer segments where you can stand out and offer a unique value proposition. If you can **clearly differentiate yourself from the competition** and offer something that is difficult to replicate, you will have a better chance of quickly attracting customers and gaining market share.
- **Retention capacity:** Consider the customer segment's ability to **maintain a long-term relationship** with you and maintain recurring revenue. Look for segments where you can build loyalty and retain customers over a long period of time, allowing for continued, sustainable growth.

By considering these characteristics when selecting a customer segment, you will be able to identify those with a high potential for rapid growth.

How do I choose one? You have to test and you do it by going out on the street to ask questions. And I go to one segment and then to another and when I see the problems of each segment, I realise which ones are simpler and which ones I can GROW FASTER.

➔ Comparison matrix

A comparison matrix is a useful tool for evaluating and comparing different customer segments based on different factors.

To use a comparison matrix and select the best customer segment based on the factors of size, payment level, and access ability, follow these steps:

1. Create a table or matrix with the customer segments you've identified in the rows and the size, pay level, and access ability factors in the columns.

2. Evaluate each customer segment based on the factors and assign a score from 1 to 10 (1 being the lowest score and 10 being the highest) for each factor in each segment. For example:

The segment with the highest total score is considered the best based on the factors evaluated. It is important to note that the factors and scores used in the comparison matrix are subjective and may vary depending on your business and priorities. Adjust the factors and weightings according to your objectives and the characteristics of your market.

What problem or need does this customer segment have? Knowing your customers' problems is essential for the success of your business. Here are some key reasons why it's important to have a deep understanding of the problems your customers face:

By knowing your customers' specific problems, you can **develop products or services that address and solve their needs** . This allows you to provide effective solutions and differentiate yourself from the competition. By focusing on solving your customers' real problems, you increase the chances of satisfying them and generating loyalty to your brand.

1. Understanding your customers' problems allows you **to tailor your products, services, and marketing messages to be more relevant and personalised** . You can use that information to segment your market and provide specific offers that resonate with the needs of each customer group. Personalization and adaptation improve the customer experience and strengthen their emotional connection with your brand.
2. By learning about your customers' problems, you can receive **valuable feedback and suggestions on how to improve your products, services** , and processes. This feedback gives you concrete information and helps you identify areas for improvement. By listening to your customers and making constant improvements, you can keep your business aligned with their changing needs and maintain a competitive advantage.
3. By showing that you understand your customers' problems and that you care about solving them, **you build trust and foster loyalty to your brand** .



Customers value companies that care about their needs and are willing to help them overcome the challenges they face. This can lead to higher customer retention, positive referrals, and a strong reputation in the market.

4. Knowing your customers' problems **allows you to identify business opportunities** and develop new offers or services that satisfy those unmet needs. By being attentive to the problems and challenges your customers face, you can discover market niches, identify areas of improvement or detect emerging trends that allow you to expand your business and generate growth.
5. By understanding your customers' problems better than your competition, you can **differentiate yourself and position yourself as the preferred supplier**. By offering personalised and effective solutions to your clients' specific problems, you can stand out and gain a competitive advantage. This allows you to attract and retain clients in an increasingly competitive market.

In short, knowing your customers' problems allows you to offer effective and personalised solutions, adapt to their changing needs, generate trust and loyalty, identify business opportunities and differentiate yourself from the competition. By focusing on solving your customers' real problems, you can build strong, profitable relationships that drive the long-term success of your business.

Examine the needs, wants and problems of your potential customer segment. What challenge do they face? What solutions could you offer? Understanding their needs will allow you to tailor your products, services and marketing messages effectively.