

Fast Track to Customer Value Segmentation

Everyone acknowledges that customers drive demand for products and services.

Most companies profess to be customer focused or have a stated aim to become more customer focused.

But when times get tough and the chips are down it is one of the first things to suffer, as companies become more inwardly focused on reducing costs, eliminating waste, reducing travel (and visits to customers) and reducing headcount.

In tough times we should be spending more time with customers to discover how we can help them to survive, to show that we care and that we want to help and support them however we can. This is the time to be showing the customer the true benefits of doing business with us rather than our competitors, establishing strong and lasting competitive advantage based on differentiated offerings.

This is a time to win over the customers who are being let down by competitors.

The basis of good customer understanding starts with an understanding of their needs and value drivers. Based on several decades of experience and some unique customer research in a number of B2B markets, GEMS Europe GmbH has developed a generic Dynamic Customer SegmentationSM model to help clients move swiftly to a more meaningful customer segmentation as a basis for improved customer focus, without having to conduct extensive customer research. Some clients have implemented a new customer value segmentation from scratch within a matter of weeks. This model can be applied to any B2B market successfully.

Just consider the following brief segment descriptions and work out where some of your key customers fit:

Price Buyers: *qualify several suppliers, can switch easily from one supplier to another, always get quotes from each supplier and take the lowest price.*

Strategic Partners: *value a long-term and open relationship with a supplier they can trust, a supplier who supports them to achieve their strategic goals.*

Optimizers: *value a supplier who actively helps them to reduce costs and improve efficiencies in production and work processes.*

Growers: *need a supplier who provides tried and tested solutions in needed quantities anywhere in the world and who is responsive to short-term needs.*

Innovators: *value a supplier who offers them first and early access to new ideas and products, joint development projects, exclusivity.*

Security and Commitment: *value a supplier who guarantees them security of supply and long-term commitment to the market.*

Easy to do Business: *prefer a supplier who has a good reputation, supplies reliably and with the minimum of fuss and hassle.*

Did you work out where your customers fit? Then you could apply this model in your business.

Can you appreciate how easy it would be if across your business or across the whole company you operated with just seven segments or fewer?

It means that you need no more than seven marketing models to serve all of your customers! Now would that make life simpler or what?

If you would like to discover how you could implement the Dynamic Customer SegmentationSM model in your company or business, please call or email Phil Allen today: +41 7 9423 1390 or phil.allen@gems-europe.com.

Starting with our Dynamic Customer Segmentation model, one GEMS client developed a five segment model and organised all 40,000 plus customers into those segments and developed a meaningful strategy to approach each segment all within two months.

"We knew that a meaningful segmentation, moving away from our more traditional industry sector approach would be critical to the success of a number of key strategic projects, including competitive advantage and pricing strategies. This novel approach developed by GEMS really got us a superb result, which has delivered immediate success in our business results."

Marketing Director, European Chemicals Industry client.

Another client had a very confused marketing position both with the customer and internally....

"We had collected a number of legacy brands through internal development and acquisition and we were delivering confused messages to the market. The clarification afforded by the new customer value segmentation we developed with GEMS has brought us a new clarity in our strategy. Our customers understand which brand they value and – for the first time in a long time – our sales people have a clear idea of what brand they should be selling to which customers. All of this has led to an immediate improvement in our bottom-line results and in our market share and positioning."

Global Marketing Director, chemicals industry major.