

# USING ATTITUDINAL SEGMENTATION TO IMPROVE YOUR SALES AND MARKETING WIN RATE

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**The best way to understand the power of Attitudinal Segmentation is by looking at an actual example of an implementation of such a strategy.**

**This segmentation approach was performed for a high tech company and includes (I) identifying unique buying styles, (II) drivers of demand for their services and (III) recommendations for how to personalize the buying experience to increase win rates.**

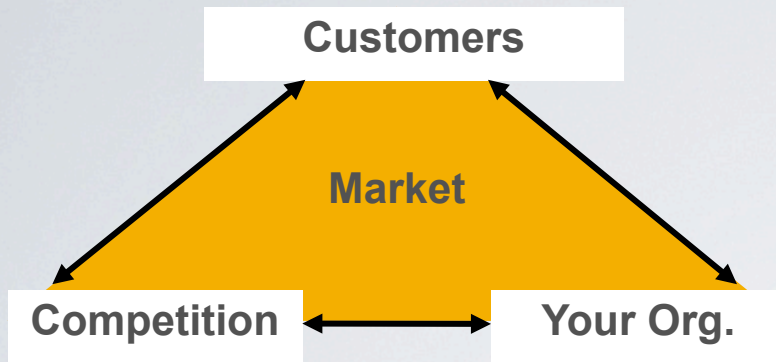
# TYPICAL MARKET SEGMENTATIONS



- 1** Solution: What you sell
- 2** Geography: Where you sell
- 3** Industry: How you sell
- 4** Company Size: What are the coverage rules

But how do consumers actually **learn about and buy** high tech products?

# WHY CHANGE?



## Today's market characteristics:

- Market growth is deteriorating
- Margins are falling
- Vendor consolidation
- ▶ market power shifted from suppliers to buyers

*The Fundamental Question: How can your organization continue to grow?*

- 1 **Increase** Share-of-Wallet in the installed base
- 2 **Attract** customers from the competition
- 3 **Outpace** the competition in the development of new markets, technology, partner mgmt. etc.

- ▶ Focus on customer's **needs, attitudes & behaviors** toward buying technology is key for the future success of the company, especially in light of a changing market environment
- ▶ Organizations need a better way to **identify "high return" customers**, de-prioritize low return ones and develop targeted ways to talk to them which resonates with how they buy
- ▶ Attitudinal segmentation does all this

# EXAMPLES OF SUCCESSFUL USES OF BEHAVIOR-BASED SEGMENTATION

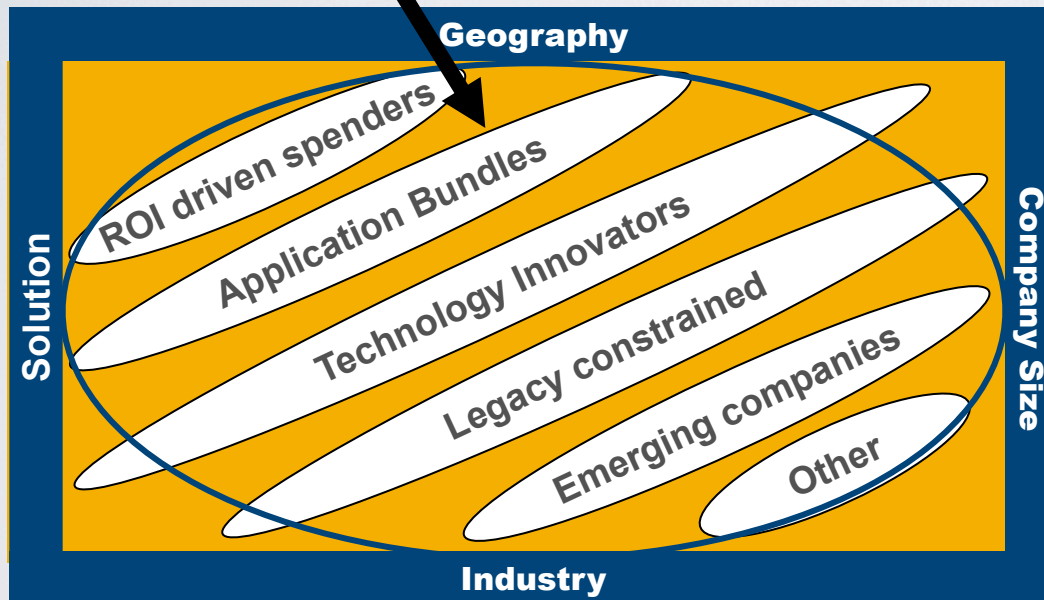
Example	Market	Approach	Outcome
DELL	Enterprise business	Dell allocates resources and account teams to attractive B2B segments, based on a behavioral view of the customer.	<p>Successful demand generation in a volume business</p> <ul style="list-style-type: none"> <li>• <b>Unprofitable and misaligned segments de-prioritized (focus where Dell value prop valued)</b></li> <li>• <b>Differential service levels &amp; marketing for Enterprise customers based on unique segments</b></li> </ul>
APPLE	Business users	Apple segmented customers according to needs / behaviors, identifying a previously under-served group to create the desktop publishing market.	<p>Market leadership &amp; definition of new market</p> <p><b>Locked up key partnership with Adobe, focused company on target segments and achieved ~80% share of desktop publishing market</b></p>
MICROSOFT	Enterprise developers	Microsoft identified developer segments based on their wants, needs, and career motivations.	<p>Market success in Enterprise largely attributed to developer ties and their resultant Microsoft advocacy</p>

Source: Mercer Management Consulting 2005

# THE BENEFITS OF SCIENTIFIC,BEHAVIOR-BASED APPROACH

Segmentation based on customer:

- Needs
- Attitudes
- Behaviors



## Benefits of this Approach

- **Identified most attractive** customers for the firm to target across traditional segmentation dimensions
- **De-prioritized** low probability prospects
- **Improved Win-Rate** by enabling firm to craft messaging & branding specific to what a particular consumer cares about -- talking in their language about their concerns
- Improved return on demand generation investments
- Helped **focus** product/ offer **development** to the needs of targeted customer sets
- Can be **applied quickly** using simple set of questions to identify most attractive customers

Behavior-based approach adds a segmentation dimension that was missing in the view of the market. It helps organizations to **extend market leadership** both in an efficient and effective way.

# Sample High-Tech Market Segments

	Technology enabled innovators	ROI motivated spenders	Packaged app configurators	Legacy constrained	Risk averse	Business laggards	Emerging companies
Description	<ul style="list-style-type: none"> <li>Use IT for competitive advantage</li> <li>Driving rapid change in business environment</li> <li>Want Web Services</li> <li>Heavy IT involvement in business</li> <li>Don't do a lot of custom work</li> <li>Open to the Brand</li> </ul>	<ul style="list-style-type: none"> <li>Heavy focus on detailed ROI analysis for all purchases</li> <li>Big spenders when the return is there</li> <li>Open to the Brand</li> </ul>	<ul style="list-style-type: none"> <li>Strongly prefer packaged applications over custom development</li> <li>Suite-oriented; want a relationship with SW vendor</li> <li>Open to the Brand</li> </ul>	<ul style="list-style-type: none"> <li>Companies that are interested in leading edge technology, but are constrained by a lack of skills or their legacy systems</li> </ul>	<ul style="list-style-type: none"> <li>Want a solution others in the industry are using</li> <li>IT not involved in business decisions</li> <li>Slow, incremental change to business platform</li> </ul>	<ul style="list-style-type: none"> <li>Falling behind their industry but no drive to change</li> <li>Regard IT as a necessary evil</li> </ul>	<ul style="list-style-type: none"> <li>Smaller, younger companies—often in emerging markets—that are building out their business and their IT capabilities</li> </ul>

▶ Through customer and prospect surveys we uncovered **7 distinct behavior-based customer segments** that cut across industry, geography, and company size

# SAMPLE OUTPUT FOR HOW CUSTOMERS BUY TECHNOLOGY

	Technology enabled innovators	ROI motivated spenders	Packaged app configurators
<b>Description</b>	<ul style="list-style-type: none"> <li>Use IT for competitive advantage</li> <li>Driving rapid change in business process platform and IT environment</li> </ul>	<ul style="list-style-type: none"> <li>Heavy focus on detailed ROI analysis for all purchases</li> <li>Big spenders when the return is there</li> </ul>	<ul style="list-style-type: none"> <li>Strongly prefer packaged applications over custom development</li> <li>Suite-oriented; want a relationship with vendor</li> </ul>
<b>Demand Drivers</b>	<ul style="list-style-type: none"> <li>Want web services enabled solution but less interested in having an SOA platform provided by application vendor</li> <li>Open to brand</li> <li>Lower price elasticity</li> </ul>	<ul style="list-style-type: none"> <li>Want web services enabled solutions</li> <li>Openness to the brand – Avg in MM. Marginal below in enterprise</li> <li>Avg price elasticity; deployment time more sensitive than price</li> </ul>	<ul style="list-style-type: none"> <li>Interest in SOA similar to average demand profile</li> <li>Open to Brand</li> <li>Average price elasticity</li> </ul>
<b>Key influencers</b>	<ul style="list-style-type: none"> <li>IT technical staff for support solutions</li> <li>CIO/CTO for competitive solutions</li> </ul>	<ul style="list-style-type: none"> <li>IT staff for support solutions</li> <li>LOB owner for competitive solutions</li> </ul>	<ul style="list-style-type: none"> <li>IT staff for support solutions</li> <li>CEO/LOB for competitive solutions</li> </ul>
<b>Channel preferences</b>	<ul style="list-style-type: none"> <li>Mixed in Enterprise</li> <li>Majority (64%) prefer direct from vendor for Mid-market</li> </ul>	<ul style="list-style-type: none"> <li>Majority (70%) prefer direct through vendor in Enterprise</li> <li>Mixed in Mid-market</li> </ul>	<ul style="list-style-type: none"> <li>Majority (66%) prefer direct from vendor for Enterprise</li> <li>Mix of direct and indirect in Mid-market</li> </ul>

**This segmentation enables firms to uncover the distinct buying style of a firm, what drives their individual demand for your services, who influences the purchase decision and what business processes are important to them and which channel they care to use. YOU can exploit this knowledge to drive demand for your products and services.**



# SEGMENTATION ENABLES YOU TO PERSONALIZE MESSAGING, OFFERS AND CARE POINTS

Marketing

Sales & Support

Positioning		Leverage core through Ecosystem	What about Emerging Companies	Opportunistic		
Tech enabled innovators	ROI-motivated spenders	Packaged App Configurators	Emerging companies	Legacy Constrained	Business Laggards	Risk averse
<ul style="list-style-type: none"> <li>Refine Messaging:                             <ul style="list-style-type: none"> <li>Target LOB influencers for differentiating processes</li> <li>Emphasize deployment modularity</li> <li>Where appropriate, emphasize widespread industry use</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>Emphasize “integrated but configurable” message</li> <li>To increase demand for long term, focus product investment on:                             <ul style="list-style-type: none"> <li>Shortening deployment times</li> <li>Tighter integration with desktop apps</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Emerging companies have low spend today, but represent highest growth markets:                             <ul style="list-style-type: none"> <li>Increase China Coverage</li> <li>Focus by industry to create industry-wide business platform momentum</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>De-Prioritize these customer groups and Focus marketing and sales efforts on other high priority segments</li> <li>Consider program for hosted offers for legacy constrained in longer term</li> </ul>		
<ul style="list-style-type: none"> <li>Emphasize market leading technology and SOA vision:                             <ul style="list-style-type: none"> <li>Leverage relationships with senior IT staff (CIO/CTO)</li> <li>ROI motivated &amp; Tech enabled: emphasize ability to offer Web services</li> </ul> </li> <li>Build-out and deploy Value Engineering tools:                             <ul style="list-style-type: none"> <li>Continue to build team to cover smaller deals in MM (e.g., \$500K deals)</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>Target LOB influencers for differentiating processes, particularly CEO</li> <li>Stress integration with desktop apps</li> <li>Emphasize built in best practices to mid-market</li> </ul>	<ul style="list-style-type: none"> <li>For Emerging companies, emphasize market leading technology, SOA vision, and help ‘getting it right first time’:                             <ul style="list-style-type: none"> <li>Emphasize simpler, faster, lower-risk implementation</li> <li>Target LOB C-level influencers for differentiating processes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Sales force may continue to pursue these targets opportunistically, but Marketing resources will be directed at higher priority prospects</li> </ul>		

# SAMPLE SEGMENT SPECIFIC GTM STRATEGIES

1 Position as a business value innovator	2 Leverage strengths through ecosystem	3 Business platform for emerging countries	4 Opportunistic
Tech enabled innovators	ROI motivated spenders	Packaged App Configurators	Emerging companies (commonly found in emerging markets)
			Legacy Con-strained Business Laggards Risk averse
<ul style="list-style-type: none"> <li>■ Partner with leading business innovator customers to drive adoption and create leading scenarios for bus value creation</li> <li>■ Build-out / Deploy value-proving tools to translate into proof of business value</li> <li>■ Important market for Enterprise; draws in same segments within mid-market</li> </ul>	<ul style="list-style-type: none"> <li>■ Create expert configuration skills and capacity in multiple channels and routes to market</li> <li>■ Drive best practices through the ecosystem; Create/ expand partner ecosystem to attract mid-market prospects</li> <li>■ Potential to attract Risk Averse segment through offer refinement</li> </ul>	<ul style="list-style-type: none"> <li>■ Emphasize market leading technology, vision, and help “getting it right first time” - Low spend today, but highest growth markets</li> <li>■ Focus on selected industries to create industry-wide business platform momentum and value prop</li> <li>■ Combo of on and off –premise delivery</li> </ul>	<ul style="list-style-type: none"> <li>■ Local opportunity identification and opportunity management</li> <li>■ Not a strategic focus now, therefore no marketing investment</li> <li>■ Low spend, large number of companies, need processes to ensure the firm avoids wasted sales effort due to wide-spread brand appeal</li> </ul>

# PREDICTING SEGMENT MEMBERSHIP WITH WEB-BASED TOOLS

Segment membership is predicted by utilizing either Tele-marketing or a Web-Based Tool where customers are walked thru a short question tree. Doing this in an entertaining fashion mitigates tool abandonment.

1. **Score companies based on publicly available data (firmographics)**
2. **Used tele-center or Web-based tool to get additional attitudinal data**
3. **Attitudinal data plus firmographics improves predictive accuracy to >75%**

## Tool enables you to...

- 1 **Create an **optimal sales approach** based on the knowledge of segment-specific needs, attitudes and behaviors within an industry and company size**
  - On-point sales messages
  - Personalized Web experiences and messages based on segment membership
  - Improved “viral” passing of information from sneezer to recipient.
- 2 **Target the most important **internal influencers** by segment and type of business process they care about**
  - Elevated importance of CFO in Legacy constrained firms
  - Greater emphasis on LOB influencers for core processes; greater emphasis on IT influencers for context processes
- 3 **Utilize **price elasticity insights** to understand where competitive negotiations can be over come by moving non-price variables**
- 4 **Identify **business processes** that are most important by target segment**
- 5 **For **Mid-market**, allocate leads to partners best equipped to address priority customer needs, wants and buying style**

The web-based tool helps firms to **target the right prospects in the right way**, utilizing segment-specific positioning and sales approaches.

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# ...AND DETERMINE WHICH SEGMENTS ARE LIKELY TO YIELD A HIGH RETURN AND WHICH ONES YOU SHOULD DE-PRIORITIZE

81% of the spend, 56% of companies

	Technology enabled innovators	ROI motivated spenders	Packaged app configurators	Legacy constrained	Risk averse	Business laggards	Emerging companies
	<ul style="list-style-type: none"> <li><b>PRIORITY SEGMENT</b></li> <li>A leading adopter of SOA</li> <li>These companies will be innovating in their use of IT; may represent a key source of influence for others within their industry</li> <li>Relatively open to brand</li> <li>High degree of spend per Co.</li> </ul>	<ul style="list-style-type: none"> <li><b>PRIORITY SEGMENT</b></li> <li>should target these customers with a strong ROI focus - 'Big I, Big R'</li> <li>Emphasize Web Services enabled and deployment modularity of offerings</li> <li>Open to Value Engineering selling approach</li> </ul>	<ul style="list-style-type: none"> <li><b>PRIORITY SEGMENT</b></li> <li>Core segment; clearly strongly aligned with many characteristics of the offer</li> <li>Serve with a message of simplicity and best practice processes incorporated into software</li> </ul>	<ul style="list-style-type: none"> <li><b>TARGET PROGRAMMATICALLY</b></li> <li>should target through special offers / programs to better leverage their legacy systems</li> <li>Need to articulate roadmap away from legacy for these customers</li> <li>Consider hosted or outsourced solutions (high receptivity to outsourced solutions)</li> </ul>	<ul style="list-style-type: none"> <li><b>DE-PRIORITIZE</b></li> <li>Relatively small spend across many customers in Enterprise</li> <li>High price elasticity</li> <li>Segment waits for tech to prove itself out and are likely to follow the packaged app configurators when making investments</li> </ul>	<ul style="list-style-type: none"> <li><b>DE-PRIORITIZE</b></li> <li>Given relatively low spend and unsophisticated attitude towards IT, lack of interest in leading functionality, this segment is the least attractive target for</li> </ul>	<ul style="list-style-type: none"> <li><b>DE-PRIORITIZE</b></li> <li>Very small segment in Enterprise</li> <li>Look to target through mid-market customer base and offers, especially in emerging markets</li> </ul>
<b>Proportion: Enterprise<sup>1,2</sup></b>	Spend - 21% (3/7) # Co. - 13% (4/7)	Spend - 31% (1/7) # Co. - 17% (2/7)	Spend - 29% (2/7) # Co. - 26% (1/7)	Spend - 11% (4/7) # Co. - 10% (6/7)	Spend - 6% (5/7) # Co. - 14% (5/7)	Spend - 2% (7/7) # Co. - 10% (7/7)	Spend - 2% (6/7) # Co. - 11% (5/7)

# HOW CAN ABLEBRAINS HELP YOU?

- We identify which buying style segments contain the most attractive customers for you to target regardless of industry, geography or company size
- We will help you improve your Win-Rate by enabling your firm to craft messages specific to a customer's attitudinal "care points" - content and messaging specific to their buying style
- We will improve your return on demand generation investments by increasing your conversion rates
- Focus product/ offer development to the needs of targeted customer sets
- Apply attitudinal segmentation quickly using simple set of questions to identify most attractive customers