Customer Segmentation in Self Service

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Welcome!
Here’s What We’ll Cover Today…

• Understanding customer segmentation
• Choosing appropriate channels
• Identifying segmentation opportunities
Understanding customer segmentation
Understanding Customer Segmentation

• Know your customers
  – Increase satisfaction and loyalty by meeting customers’ needs.
  – Offer customers choice and give them control.

• Increase profitability
  – Lower costs by targeting marketing efforts.
  – Create a dynamic relationship throughout the customer lifecycle.
Customer Segmentation Is Mutually Beneficial

- Customers get real value through incentives, rebates, advance notice sales, perk programs, freebies and other “carrots”...
- Companies get real value through lifetime relationships, customer loyalty, increased profits, good references...
Segmentation: A Customer’s View

• This company gives me what I want and more!
• They’re easy to do business with.
• I trust them.
• They help me.
• Communication works.
Segmentation: A Company’s View

• We keep costs low through targeted marketing and appropriate channel support.
• We acquire and retain customers.
• We provide appropriate service for each customer.
• Our customers are loyal partners and get value from us.
Segmentation Is More Than High vs. Low Value

- People perceive segmentation as how & where to service customers based on their value to the company.
  - *Low value customer = cheap service channel*

- However, this approach lacks strategic vision and misses opportunities to maximize the potential earnings of a customer over their lifecycle.
Consider A Customer’s Life Events and Milestones…

• How can you meet a customers’ needs early on in their lifecycle?
• Keep them satisfied and build loyalty.
• Provide proactive and passive opportunities for them to grow with you.
…As Well As Other Factors

• Where are customers are in their lifecycle (B2C, B2B) relationship with your company?
• What is their sub-segment (a.k.a. “dynamic segment”) and what do they want?
• What is their potential growth, and how can we anticipate their needs?
• Where will they be in six months, five years?

…customers are dynamic, moving targets!
Choosing appropriate channels
Good Channel and Application Fits

• Communication choice is key.
• Ensure application and channel choice for each segment.
• Provide the *appropriate level* of service to each customer segment at the right time in their lifecycle.
Understand Milestones in A Customer’s Lifecycle…

- Comparative Shopping / Research
- Acquisition / Sale
- Defection
- Initial Troubleshooting
- Set up
- Delivery
- Financing
- Replacement Decision
- Hardware Failure
- Upgrades
- Ongoing Maintenance
- Critical Downloads
- Warranty Period
…Then Provide Application and Channel Options

START

Comparative Shopping / Research

Acquisition/Sale

In-store purchase, online purchase, phone purchase.

Defection

Upgrades

Hardware Failure

Replacement Decision

Upgrade perks, proactive email campaign, in-store demos and kiosks

Ongoing Maintenance

...PLUS outbound email campaigns, newsletter updates

Warranty Period

Critical Downloads

Initial Troubleshooting

Chat session tech support, online FAQ, user forums, ASR IVR, tech support representatives, email

Set up

In-person set up, live (phone) set up support

Delivery

Online tracking, email alert

Financing

Vendor
Identifying segmentation opportunities
Key Steps to Building Segmentation Opportunities

• Have a clearly defined corporate strategy.
  – Ultimately, organize operations around customer segments, not product lines.

• Identify customer segments.

• Develop user lifecycle profiles.

• Identify channel and application opportunities.

• Build “lifetime value” customers.
Know Your Customers and Identify Customer Segments

• Gather data from customer interactions:
  – Face-to-face
  – Call center (phone, email etc.)
  – Self service

• Review surveys, focus groups, blogs, customer communities and forums.

• Study CRM analysis and segmentation, behavioral data.

• Perform call and transaction observations:
  – IVR
  – Web
  – Agent handled calls
Consider…

- Companies are now devoting more resources to retaining customers (58%) than to acquiring customers (30%).
- 70% of Fortune 1000 companies distinguish customers by value.
- 58% of consumers are not bothered that some customers receive special treatment because they “provide more value to the company.”
- 79% of customers expect preferential treatment from companies they’re especially loyal to, purchase from frequently, or refer other customers to.

Source: Grizzard Performance Group 2004, 2005
Slicing and Dicing

• How do you segment your customers today?
  – By lifecycle (point in product cycle)?
  – By life event or stage?
  – By loyalty program or other status (gold or platinum)?
  – By lifetime value?
  – By product?
  – Other?
Getting Segmentation Right Isn’t Easy

• Like many corporate initiatives, successful customer segmentation can easily fail (and it often does).

• Successful segmentation comes from:
  – Solid strategy
  – Detailed metrics
  – Appropriate technology and resources
  – Thorough business analysis
  – Support throughout the organization
Vanguard Communications is an independent consulting firm which concentrates on helping clients meet their customer contact objectives. Questions? Call us.

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