

Customer Profiling



IRCONSULT backgrounder



IRconsult creative strategies (*founded 1996*) aims to be the specialist innovation intermediary of choice in R&D2B and B2B markets between system integration specifiers and emerging technology sources, particularly in the following segments:

- Environmental & Sustainability
- Sensing and interface technologies
- Process control and understanding
- Materials and coatings
- Economic science-based core competences playing complimentary roles to clients' technical capabilities.
- Underlying strengths:
 - Business Development
 - Relationship Management
 - Organizational Behavior
 - Dynamics of supply and value chains
 - Complex communications
 - *“Door Opening”* to both technology users and sources



For more background, visit our web site, www.irconsult.ch

What is Customer Profiling?



- Customer profiling is a way to create a portrait of customers to facilitate the creation of design decisions concerning the products and services that you aim to provide.
- Customer profiles are customer «types»
 - facilitate customer-centric decisions
 - created from an understanding of the typical audience generated from customer research
 - profile groups' typically have common goals
 - why are they interacting with the touchpoint? (website, catalogue, retail outlet, account manager, flyer, etc)
- Customers should be broken down into groups sharing similar goals and characteristics
- Each group may be assigned a representative with a photo, a name, and a description.
- A group of customer profiles or 'personas' are then used to make key design decisions with, e.g. "which of these features will help the customer achieve their goals most easily?"

Profile your clients



- Start-ups in almost all cases need to export
- First home and then global markets become saturated
- In private hands, negotiations directly with the owner/ top management
→ decisions can be made fast
- Flexible, reactive
- Creative on a technical level, capable of quick reaction to application stimuli
- Globally targeting niche industries
- Has typically 5-6 clients and seeks 6 more for the coming 3 years (limited bandwidth)
- Semi-custom nature to products – no standard products
- Needs R&D funding
- Ready to take financial risks if the project is worth it



Why ideal customer profiling is important



- **Definition:** An Ideal Customer Profile (ICP) indicates your sales sweet spot where targeted companies represent the best fit for your products. These targets stand to benefit the greatest from adopting your solution tailored to their needs rather than a competitive one.
- **An Ideal Customer:**
 - **wants** your product
 - has the **technical capability to understand and appreciate** applications in the technology spaces where you excel
 - has the **authority to specify, design-in and purchase** your technology
 - will **re-buy** your offerings **at acceptable revenue level and margins** on a recurring basis
- The objective is to target the type of customer where you win the most traction and sales opportunities

Rationale:

- Identifies what your sales “sweet spot” is
- Channels promotional expenditure / effort towards the correct target
- Generate customer buying signals – proactively and reactively
- Enables the provision of appropriate technology / product content to right specifier at the right time
- Customer resonance will be achieved when you achieve mind share with the target who in turn contacts you as his “ideal supplier”



Customer Profiling: advantages and disadvantages



- Marketers use customer profiling to:
 - identify the best customers,
 - customers' common interests
 - demographic information
- Customer profiling helps decide whether customer needs and expectations are been met
- Profiles are not designed to replace general marketing demographics, but are created for the specific touchpoint as a design tool for the project team to make better decisions.
- Customer profiling because it does not cater for the standard demographics that are traditionally used and taught
- Customer profiling should be undertaken to provide information and inform the project team about the end users and/or customers to allow project decisions to be made from the typical user's perspective, or to assist the project team in making customer-centred design decisions, which will result in a product or service that better meets the customer's needs and expectations, and is therefore more likely to succeed.

Customer Profiling: Definition



- A customer profile is a model of the customer. Based on this profile the marketer decides on the right strategies and tactics to meet the needs of that customer.
- From a marketing perspective profiling is one of the vital pieces of information that a marketer needs to know or equip himself with in order to make it easy for the customer to buy.

(Shaw et al., 2001).

Approaches to Profiling Customers: examples



- psychographic/lifestyle
- consumer typology
- consumer characteristics approach

(Sprotles and Kendall, 1996)



Customer Category Tiers



- Tier 1 includes the most common categories for describing consumers, such as demographics, socioeconomic status, and product usage.

Demographic: Attributes related to age, city or region of residence, gender, race and ethnicity, and composition of the household.

Socioeconomic: Attributes related to household income, educational attainment, occupation, neighbourhood, and association memberships.

Product usage and Brand affinity: Attributes associated with product engagement on the basis of their behavior.

- Tier 2 extends the concepts

Psychographics: Attributes related to lifestyles, life stage, personality, attitudes, opinion, and even voting behaviour.

Generation: Attributes related to specific identifiable generation cohort groups.

Geography: Attributes related to the geographical area in which consumers reside and work.

Geodemographics: Attributes that combine geography and demographics which may cluster into identifiable groups.

Benefits Sought: Attributes related to the benefits that consumers seek when they shop for products and services.

(Shaw et al., 2001).

Creating the ideal consumer profile: category basics



Before even starting to market a product or service to potential customers, it's important to select the ideal consumer profile for your products.

By defining your ideal customer, you can begin to notice patterns that may prove useful in targeted promotions such as:

- advertising
- e-mail campaigns
- direct prospective client engagement

Categorize: consumers can be identified by many different categories, such as:

- preference
- lifestyle
- stage of life
- attribute
- trait

Linking profiling to specific technical marketing objectives



- **Work backwards from understanding customer and market needs**
 - actual, potential and anticipated
- **Distinguish noise from common sense**
 - distil needs from intelligence to research data
- **Define and articulate needs**
 - based on customer / supplier / user feedback
- **Interface internal and external technology research**
 - back-to-back, synchronized, seeking synergies
 - rank by risk to the client: low / medium / high
- **Link internal, external and open innovation sources seamlessly**
 - finding solutions to technology, market entry & exit, competitive barriers
- **Nature of solutions found**
 - can be complementary, substitutive, margin and/or game changing
 - should aim to increase channel influence and customer ownership



Participating in a competitive process



- getting into customers' supply chains and winning mindshare
- if not successful in this technology cycle, then the next one, by winning "hearts and minds" for future preferences
- for new/additional technology sources, both obvious and unconventional
- reminding technology sources that they now have a choice
- acting in both covert/overt and structured/unstructured modes as required

As an external supplier, it's necessary to be:

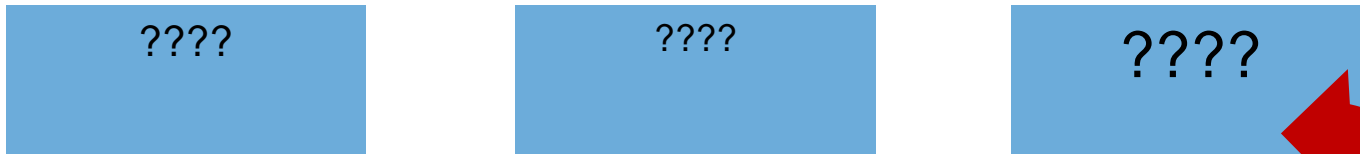
- fast-on-our feet
- able to compete, even with internal sources at the customer



Achieving market channel acceptance



- Level A: System Integrator – Solution provider



- Level B: Instrument makers



- Level C: Component manufacturers (e.g)



Post profiling - Deliver your offering



- Technical Features
- Marketing Applications
- User Benefits



Marketing tactics which go a long way



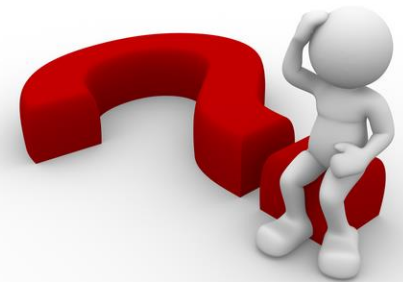
- Set clear goals, objectives, tactics – and strategies on how to reach them
- Competitive behaviour – take the best and leave the worst
- Focus spending and own your chosen communication channel
- Create effective selling tools for many marketing situations
- In engineer to engineer marketing, use quantitative data - *figures*
- “*Fish where the fish are biting*”
- Try the unusual
- Look and act bigger than you are
- Exploit the *bush telegraph*
- Free media is always available. Seek and you shall receive.



4 steps of early stage marketing behavior



- **Step # 1: Plan:**
without a structured and researched plan, the early start-up will not succeed
- **Step #2: Program quality not quantity:**
success is determined by the quality of individual marketing programs rather than the quantity of actions involved
- **Step #3: Execution:**
precision, integrated, skillful, tuned to customers' and stakeholders' expectations. Communicate the message, win the customer.
- **Step #4: Repeatability:**
ensure programs can be repeated:
 - to audiences large and small
 - using situation-specific information
 - citing offering of the firm in terms of features, applications and benefits



The importance of an extensive scouting network



Market Trends
Probing
Mkt. Intelligence
Scouting
Partnering
Ideation
Exploration
Relationships
Mindshare
winning
Solving Problems
Gap analysis

- Universities
- Research institutes & government labs
- Seminars, exhibitions & conferences
- Start-ups, incubators, angel investors and VCs
- Publicly funded research program results
- Economic development agencies
- The bush telegraph
- Patent filings, trolls and attorneys
- Chapter 11 type situations and their accountants
- EU program networking days & open days
- Up and down the supply chain
- Inspiration, perspiration and former colleagues
- Selected social media, e.g., *LinkedIn*
- *You, the reader*



Early adopters: double edged



- Consumers who are the earliest within a market to adopt an innovation or new technology
- First customers can be predatory: sense early stage dependence
- Exclusivity may be forerunner to control (IP leverage, financial & contractual conditions, etc.)
- Main motivation is to differentiate themselves from the rest of their operating environment
- Industrial markets:
 - early adopters are risk takers
 - may be part of their own marketing image
 - often require some sort of exclusivity
 - often require an acquisition strategy
- Consumer markets: feel that they are missing something that can only be fulfilled by early adoption of innovative technology – often fashion conscious





After the Low Hanging Fruit...



**...what problem are you solving?
...why?**