Customer Segments
Delivering Value to Customers

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Customer Segments

The groups of people or organizations we aim to reach

- Who is it we’re creating value for?
- Who are our most important customers?

- It may be tempting to say “everyone who can afford it”, but you **MUST** decide which people / organizations to focus on and which to ignore.
Customer Segments

Customer groups represent different segments if:

• Their needs require and justify distinct offers
• They are reached through different Channels of Distribution
• They require different types of relationships
• They have substantially different profitabilities for your venture
• They are willing to pay for different aspects of what you offer
How do you segment customers?

• You might focus on **Demographic** factors:
  • Age, ethnicity, gender, income, geographic location, nationality, season of life, profession, industry, etc...

• You might focus on **Psychographic** factors (related to how people see the world):
  • Risk-takers, early-adopters, evangelists, investors, spontaneous buyers, traditionalists, trend setters

• Individuals or Organizations?

• Find out as much as you can about each customer segment!
Value Proposition Canvas
Providing Depth to the Business Model Canvas

Gain Creators:
What you provide to create benefits and happiness for your customers

Products/Services:
Description of your product features

Pain Relievers:
How you alleviate bad outcomes, risks, obstacles

Gain: outcomes customers want to achieve, or concrete benefits they seek

Jobs: describe customer tasks in their own words

Pain: Bad outcomes, risks, obstacles related to jobs
Customer Jobs:

• Functional – Perform tasks; Solve problems
• Social – Look good, Gain power or status
• Emotional – Look better; Feel good
• What are their basic needs? Entertainment, dating,
• Rank order the jobs – Crucial vs. Trivial, Frequency, Context
  • Goal: Understand the “Day in the Life” of your customer
• How do they measure success or failure?
• What would increase their likelihood of adopting?
Customer Gains: Benefits customers expect or desire

• What Makes Them Happy – Saving money? Effort? Time?


• What Would Make Their Life Easier – More services? Lower cost of ownership? Flatter learning curve?

• Is It Social Consequences - Makes them look good? Status? Increased power?
Customer Pains: Undesired costs, situations, risks, emotions

• Is Something too Costly? – Time? Cost?

• Are Current Solutions Underperforming? – Lacks Features? Too Slow? Doesn’t Work Well?

• What are the Main Difficulties or Challenges?

• Determine How Important is Problem is to the Customer?
  • Is it #47 on their list, or is it #2 or 3?

• You want to solve Big Issues, Concerns, and Worries!

• Barriers to Adopt? What Risks do they Fear? What Makes them Feel Bad?
Strategy Map: Business Model Canvas

Facebook – World’s leading Social Networking Site (SNS)

Key Partners
- Content Partners (TV Shows, Movies, Music, News Articles)

Key Activities
- Platform Development
- Data Center Operations Mgmt
- Facebook Platform
- Technology Infrastructure

Value Propositions
- Connect with your friends, Discover & Learn, Express yourself
- Reach, Relevance, Social Context, Engagement
- Personalized and Social Experiences, Social Distribution, Payments

Relationships
- Same-side Network Effects
- Cross-side Network Effects

Customer Segments
- Internet Users
- Advertisers and Marketers
- Developers

Key Resources
- Facebook Platform
- Technology Infrastructure

Channels
- Website, Mobile Apps
- Facebook Ads, Facebook Pages
- Developer Tools and APIs

Cost Structure
- Data center costs
- Marketing and Sales
- Research and Development
- General and Administrative

Revenue Streams
- Free
- Ad Revenues
- Payment Revenues

www.businessmodelgeneration.com

Source: http://businessmatter.com/tag/business-model-canvas-examples/
Value Proposition

Bringing it Back to the Business Model Canvas

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<th>Value Proposition</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
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<tr>
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