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**SUPPORTING  
WOMEN ENTREPRENEURS  
IN BC**

# **Focused Marketing Workbook**

**FOR SMALL BUSINESS**

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# Why Segment?

Segmenting:

- Reduces scattering of your limited marketing resources: time, energy, and money (Key #2: *Work the Marketing Success Pyramid*).
- Enables you to compare and look for the best type of customer.
- Enables you to develop more affordable and manageable niche markets (Key #1: *Specialists Make More than Generalists*).

## How to Segment

Just as sorting laundry is a highly personal process dependent upon many variables, so is sorting customers. The ultimate goal is to divide your overall current and potential customer base into separate sections via their buying characteristics. You might divide them by:

1. **Location** categories such as city density or climate.
2. **Demographic** categories:
  - If you sell to consumers, consider: age, income, nationality, etc.
  - If you sell to businesses, consider: industry, type of business, number/type of employees, annual revenue, stage of growth, etc.
3. **Psychographic** variables like social class, lifestyle, or personality.
4. **Attitudes** such as loyalty, benefits sought (such as convenience, time saving, status), problems they want solved, purchasing priorities, how they see themselves.
5. **Behaviours** such as how much and how often they purchase, types of payment used (i.e. cash, cheque, credit card), loyalty program usage.

You can divide the market into several of these categories and mix-and-match until you find the combination that works the best for your business.

## Segmenting Specifics

1. **The key is to divide customers according to their differences.** You want to ensure that if people from one segment were put into a room together they would recognize each other and be very comfortable at some level.
2. **Are the differences you are examining relevant?** Do they have any bearing on how clients choose or buy services like yours? Narrow your choices to what is important to them and to you.
3. **Focus on who matters the most.** If certain customer types hold little or no interest, do not bother segmenting any further.

## EXAMPLE: CHRYSALIS DAY SPA

When stepping back and looking at her day spa clientele, Amelia could see differences in age (20-60), income (\$20,000-\$75,000+), and profession (creative to executive). She knew she could uncover purchasing patterns (when they visited, how often they visited, how much they spent). She also knew where customers lived and worked, marital status, how many children—off the top of her head.

Amelia quickly realized that she could easily divide her business into at least 20 groups. Looking for the biggest differences, she came up with the following thoughts:

1. People either came to the spa as paying customers or because they had received a gift card.
2. The biggest difference was in the paying customers: some were office professionals, and others weren't.
3. Within the office sector, she then identified three different groups and divided them accordingly:
  - Senior management/consultants
  - Middle management
  - Entry-level/administrative
4. The biggest difference between each of these groups was how often they visited.
5. Within the non-office sector, she divided clients by the major differences she recognized: some were people working in creative fields; others were wealthy, non-working, stay-at-home moms.

Here's the beginning of her segmenting process:

PAYING CUSTOMERS									
# of visits/ year	Women Working in Downtown Offices					Others			
	Executives		Mid-mgmt		Admin	Creatives		Wealthy Moms	
	<5	>5	<5	>5	<5	<5	>5	<5	>5

Amelia can keep segmenting each group as long as she sees major differences between the groups.

**If Amelia had changed the order in which she segmented, would she have ended up with the same segments?** Remember there's no right or wrong way to sort. At the end of the day, the work is still done.

## Where Do You Find the Info to Segment?

Most of the information is already within your business. If you are lacking history, or you suspect the customer base you have won't get you where you want to go, look outside your business to similar businesses. If you are uncertain how to gather information, read ahead to "Step 4: Understand How & Why They Buy" (page 43).



### EXERCISE 2.1

#### Your segmenting criteria

How would you describe your customer groups? What are the five criteria that will help you best sort your customers?

1. **Location;** where do the customers live?
2. **Demographic** categories:
  - *If you sell to consumers, consider: age, income, nationality, etc.*
  - *If you sell to businesses, consider: industry, type of business, number/type of employees, annual revenue, stage of growth, etc.*
3. **Psychographic** variables like social class, lifestyle, or personality.
4. **Attitudes** such as loyalty, benefits sought (such as convenience, time saving, status), problems they want solved, purchasing priorities, how they see themselves.
5. **Behaviours** such as how much and how often they purchase, types of payment used (i.e. cash, cheque, credit card), loyalty program usage

#### Segment Your Customers

Now it is time to segment! Using the following table, sort your customers into distinct groups. Add a few descriptors to those groups when you are done to create a concise picture of the separate groups.

The findings you transfer to your Segmenting Worksheet at the end of this module will be your basics in the next module when you start selecting your best segment, or "Target Your Best Customers."

	SEGMENT 1	SEGMENT 2	SEGMENT 3	SEGMENT 4
Name of Segment				
Segment Characteristics				

