

TRUE SALES AND MARKETING STRATEGISTS

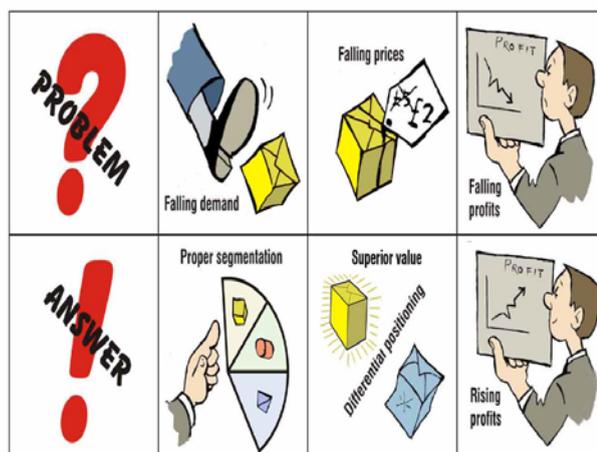
Needs-Based Market Segmentation

By Professor Malcolm McDonald, Chairman of Malcolm McDonald Consulting Ltd and Contributor to www.malcolm-mcdonald.com

A recent Harvard Business Review article said that of 30,000 new product launches in the USA, 90% of them failed because of poor or incorrect market segmentation. 127 scholarly papers confirm that correct, needs-based segmentation is the key to organizational success. Market segmentation is most definitely NOT socio economics, demographics, geodemographics, psychographics and the like. For example, not all socioeconomic group As behave the same (e.g. the Archbishop of Canterbury and Boy George), nor do all women between the age of 18 and 20 behave the same and so on.

Market segmentation is the process of splitting customers/consumers into groups with similar needs, so that they can be targeted with offers that are relevant to their needs. Typically, organisations carry out expensive market research in an attempt to segment their markets, but this rarely works.

We have developed processes for segmenting markets that DO work. Indeed, our best -selling book, *Market Segmentation: how to do it; how to profit from it*, is recognized as the standard text on this topic. Essentially, needs-based segmentation is about four things:



- Understanding how markets work from end to end—market mapping.
- Determining who makes the key decisions about what is bought.
- Putting decision makers into groups with the same or similar needs.
- Prioritizing the resulting segments and developing value propositions.

Typically, we start with at least a half day briefing for the Board to ensure buy-in. Then, we bring in a senior, multi-discipline team from sales, marketing, R&D, information systems, operations and finance. The resulting segments will affect EVERY function in the organization, and it is important that they buy into the resulting segments. When running workshops on this topic, we will produce some preliminary segments on the day, but usually require follow-on work to be carried out by the company under our supervision. We also have developed a marketing simulation which can reinforce the learning.

Malcolm McDonald and MMC expertly tackle this key marketing concept. They clear away the clutter and confusion that has mystified market segmentation and provide a clear process for creating a segmentation model individually tailored to your market.

Mike Croft

Marketing Director

Afton Chemical, UK

All facts and figures in this publication are presented in good faith and on the basis of information before us at the time of writing.

About Malcolm McDonald Consulting

The fees for the workshop, subsequent coaching sessions and consulting support would reflect the time and effort required for customisation and pre planning work. Engagement of our team of consultants with client organizations and businesses usually results in an increase in net profits of up to 10%.

Two Action Points:

Assess the need in your team and business unit, in current business context.

- ✓ Action: Bring together a multidisciplinary team, from marketing, sales, operations and finance to discuss how your sales and marketing plans bring profits from market segments.

Assess the nature of the support you may need, in order to address some key issues identified internally.

- ✓ Action: Ask about our FREE marketing planning diagnostic, and meet our senior consultants to agree the best course of action and resources needed to get your needs-based market segments.

About Malcolm McDonald Consulting

Malcolm McDonald Consulting Ltd. is a strategic sales and marketing consulting business. With our end-to-end interactions, from Board level to internal project team, we help companies create value through getting the fundamentals right in strategic sales and marketing, all within budget and the agreed deadline.

Professor McDonald and his team of consultants work with the boards and internal teams of executives from a number of the world's leading multi-nationals on all continents.

Malcolm McDonald is Emeritus Professor of Marketing at Cranfield University, and Visiting Professor at Henley, Warwick, Aston and Bradford Business Schools. He authored over 40 books on marketing and key account management. Coming from a background in business which included a number of years as Marketing Director of Canada Dry, Malcolm has successfully maintained a close link between academic rigour and commercial application. He has consulted to major companies from the UK, Europe, USA, Far East, South-East Asia, and Africa, in the areas of strategic marketing and marketing planning, market segmentation, key account management, international marketing and marketing accountability.

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