



Thriving in a Hostile Environment

Beachgrass Consulting

B2B Segmentation

“People buy what they need from people who understand what they want.”

In the B2B space, the needs are generally well defined and all too often the mistake made by marketers is to address these needs in their messages. If we accept the previous maxim we miss the point because we fail to understand the “wants”. **So what are their “wants”? How can we identify them?**

The main objective of an enterprise is to create and retain customers. This implies building links with these customers. There are two types of links: economical links and socio-environmental links.

- Economical links are based rational factors: quality, performance, prices, accessibility, lead-times, etc.
- Socio-environmental links are based emotional factors: style, language, reputation, safety, national origin, etc.

Rational factors are measurable and therefore easy to compare. In comparisons, your products may appear more or less attractive with respect to your competitors. On the other hand, **emotional factors cannot be easily measured and hence cannot be objectively compared.** Even though in the B2B space much emphasis is placed on the rational factors, the emotional factors are very important in the decision-making process and often the rational factors are played down to enable the emotional ones to have more weight.

Moreover, we, individuals or enterprises, react more or less the same way to rational factors. We all seek good quality, low prices, proximity and ease-of-purchase. But **we react differently to the emotional factors.** This is why companies need to understand these emotional factors to elicit more positive reactions from their customers and prospects. As a bonus, by developing these socio-environmental links, they build customer loyalty. The emotional factors are the best proxies of the decision-makers’ “wants”.

Segmentation is the **technique of identifying emotional factors** and then grouping large number of customers who are sensitive to these emotional factors.

In the B2C space, since decades, large fast-moving consumer goods companies have run panels, blind tests and surveys to identify the emotional factors, analyze their correlations and group consumers accordingly. Because the decision-making process in companies is more complex than in consumers, and because it is assumed that their decision-making process is strongly influenced by rational factors, few enterprises have analyzed the emotional factors affecting their links with their customers. Though the decision-making process is more complex, it is only an assumption to say that it is mainly influenced by rational factors. In fact, it is very often influenced by emotional factors disguised in rational ones.

To find out these emotional factors you can use your sales force, your customer service and your credit & collection teams. They are often in direct contact with your customers and their decision-makers. Very simple questions can be asked at each encounter or at specific times (e.g., after receiving an order or closing a claim) with a member of the decision-making process. To be processed electronically the answers to these questions should be pre-defined and limited to a small number. To be able to sort and select these pre-defined answers, it is advisable to do some on-line surveys of these decision-makers, completed by workshops with the sales people who visit these customers. This process, once initiated, should never stop for two reasons: on one hand, emotional factors are constantly moving and decision-makers are changing jobs and hence you ought to keep your fingers on the pulse and on the other hand, this is a trial and error process – you identify a possible emotional factor to which a group of decision-makers might react, your sales force tests it with these decision-makers and notes their reactions, if reactions are encouraging you keep the factor, if not you drop it.

Once you have built a proper database of these emotional factors and the reactions they elicit from your customers, you can now start some correlation analysis and group your customers’ decision-makers accordingly into segments, i.e., groups of decision-makers who react to the same emotional factors. You can then direct your messages more effectively.