ENGINEERING ENTREPRENEURSHIP AND IPR

Module 2

Module 2

Problem and solution canvas preparation

- ❑ Orientation and canvas introduction
- ❑ Customer needs assessment
- ❑ Market segmentation
- ❑ Value proposition
- ❑ Competitive analysis
- ❑ Market entry strategy
- ❑ Market validation
- ❑ Regulatory and legal considerations

Customer profiling

- ❑ Review of market research
- ❑ Customer segmentation
- ❑ Customer profiling
- ❑ Persona development
- ❑ Validation and feedback
- ❑ Prioritisation and selection
- ❑ Communication and messaging

Competitor analysis

- ❑ Identify competitors
- ❑ Competitor profiling
- ❑ SWOT analysis
- ❑ Market positioning
- ❑ Customer feedback and reviews
- ❑ Pricing analysis
- ❑ Differentiation strategy
- ❑ Benchmarking and improvement

CUSTOMER PROFILING

- ❑ Customer profiling is a marketing technique that involves gathering and analysing data to create a detailed picture of a company's ideal customer.
- ❑ The goal is to understand what motivates customers to spend money and how to create products, services, and marketing campaigns that are relevant and appealing.
- ❑ Customer profiling is the process of creating detailed descriptions of the ideal customers based on various characteristics such as demographics, behaviours, and preferences.
- ❑ This helps businesses tailor their marketing strategies, products, and services to meet the specific needs of different customer segments.
- ❑ By understanding whom the customers are, what they need, and how they behave, a business organization can create more effective and targeted marketing campaigns.
- ❑ Customer profiling is a marketing strategy that uses data to create a picture of the perfect customer who will interact with your product or service.
- ❑ Done correctly, a useful customer profile will act as a guide for your marketing and advertising to reach your ideal customers.

Significance of Customer Profiling:

1. **Improved Customer Experience :** Understanding your customers allows you to offer tailored products, services, and experiences.
2. **Efficient Resource Allocation :** Focus your marketing budget and resources on the most profitable segments.
3. **Enhanced Customer Retention :** By addressing specific pain points, you can build stronger relationships and increase loyalty.
4. **Better Product Development :** Insights from customer profiles guide product or service enhancements.
5. **Increased ROI:** Personalized marketing strategies yield higher engagement and conversion rates.

1. Review of Market Research

This is the foundation of customer profiling. It involves gathering data to understand the market landscape and customer behaviour.

Sources of Data:

- **Surveys:** Ask direct questions to understand customer preferences.

- **Interviews:** Personal conversations with customers for qualitative insights.

- **Secondary Research:** Analyze industry reports, competitor strategies, and market trends.

Key Focus Areas:

- Identify who is buying your products or services.

- Analyze why they are purchasing.

- Look for patterns in customer behaviour.

2. Customer Segmentation:

1. Demographic Profiling
2. Geographic Profiling
3. Psychographic Profiling
4. Behavioural Profiling
5. *Technographic Profiling*
6. *Firmographic Profiling*
7. *Needs-Based Profiling*
8. *Value-Based Profiling*
9. *Occasion-Based Profiling*

	Focus	Usage	Example
Demographic Profiling	Age, gender, income, education, occupation, marital status, etc.	Helps in identifying the basic characteristics of the target audience.	A company targeting young professionals aged 25-35 with a high disposable income for luxury products.
Geographic Profiling	Location, climate, urban vs. rural, regional preferences.	Useful for businesses that operate in specific regions or need to consider geographic factors	Marketing winter clothing to customers in northern India during the colder months.
Psychographic Profiling	Lifestyle, values, interests, attitudes, personality traits.	Helps in understanding the psychological attributes of customers.	Targeting environmentally conscious consumers with eco-friendly products.
Behavioural Profiling	Purchase behaviour, brand loyalty, product usage, buying patterns.	Useful for understanding how customers interact with products and services.	Offering discounts to frequent buyers or loyal customers to encourage repeat purchases.

	Focus	Usage	Example
Technographic Profiling	Technology usage, device preferences, online behavior.	Important for businesses in the tech industry or those with a strong online presence.	Targeting tech-savvy consumers who frequently use smartphones and social media.
Firmographic Profiling (Business 2 Business)	Company size, industry, revenue, number of employees, business model.	Essential for businesses that sell to other businesses (B2B).	Marketing enterprise software solutions to large corporations with over 500 employees.
Needs-Based Profiling	Specific needs or problems that customers are looking to solve.	Helps in creating solutions that directly address customer pain points.	Targeting customers who need affordable healthcare solutions in urban slums.
Value-Based Profiling	Customer value to the business, such as high-value or high-potential customers.	Useful for prioritizing resources and efforts on the most valuable customers.	Providing premium services to high-spending customers.
Occasion-Based Profiling	Specific occasions or events that drive customer behaviour.	Helps in timing marketing efforts to coincide with key events.	Marketing gift items during festivals like Diwali or Christmas.

3. Customer Profiling

This step builds a detailed picture of your ideal customer within each segment.

Components of a Customer Profile:

- ❑ **Personal Information:** Name, age, gender, location.
- ❑ **Professional Background:** Job role, industry, income level.
- ❑ **Behavioral Insights:** Shopping habits, product preferences, and loyalty levels.
- ❑ **Goals and Challenges:** What do they want to achieve? What issues do they face?
- ❑ **Buying Motivations:** Cost, convenience, quality, or brand reputation.

Example:

- ➢ **Name:** Emma Johnson
- ➢ **Age:** 28
- ➢ **Location:** New York City
- ➢ **Occupation:** Graphic Designer
- ➢ **Interests:** Fashion, sustainable living, technology.,
- ➢ **Goals:** Find eco-friendly yet trendy clothing.
- ➢ **Challenges:** Limited time for shopping, prefers online platforms.

4. Persona Development

A customer persona is a fictional representation of your ideal customer. It brings the profile to life and makes it easier for teams to empathize with customers.

Steps to Create a Persona:

- **Conduct Research:** Gather **data from customer surveys, interviews**, and analytics to understand the behavior, needs, and expectations of the target audience.

- **Segment the Data: Identify patterns and group customers with similar characteristics.** This step helps in creating distinct personas.

- **Profile Creation: Develop the persona profiles by assigning them fictional names** and detailing their demographics, goals, and challenges.

- **Refine the Personas: Prioritize the most critical personas and separate them into categories such as primary, secondary** ...Aim for around three to five key personas to maintain focus.

Example Persona:
- **Name:** Tech-Savvy Tom
- **Age:** 30
- **Background:** Works in IT, lives in an urban area, loves gadgets.
- **Motivation:** Seeks the latest tech that improves productivity.
- **Challenge:** Avoids products with steep learning curves.

5. Validation and Feedback

Validation ensures the accuracy of your profiles and personas. Real-world feedback refines your assumptions.

Methods:

- Conduct focus groups to test your understanding of customer needs.

- Launch pilot campaigns targeting specific profiles and measure the response.

- Analyze feedback and update profiles as needed.

Steps in Validation and Feedback

❑ **Data Collection: Gather feedback from existing customers, potential customers**, and stakeholders through surveys, interviews, or focus groups.

❑ **Testing Assumptions: Test assumptions made during the segmentation** and persona development phases, prototype testing, or market trials.

❑ **Iterative Refinement: Regularly update personas and customer segments based on new insights and market changes**, ensuring alignment with evolving customer needs.

Benefits of Validation and Feedback

❑ **Improved Accuracy:** By continually validating customer segments and personas, **businesses can** ensure their marketing efforts are based on accurate and up-to-date data.

❑ **Enhanced Customer Engagement: Understanding customer needs through direct feedback** helps refine strategies for higher engagement and loyalty.

❑ **Data-Driven Decisions:** Validation enables businesses to **make more informed decisions about product features, customer service strategies, and overall marketing approaches.**

6. Prioritization and Selection

Not all customer segments or profiles may be equally valuable to your business. Focus your efforts on the most impactful ones.

How to Prioritize:

- Look for segments with the highest profitability or growth potential.

- Prioritize customers who align with your business objectives.

- Example: A startup might focus on early adopters who influence others to try their product.

Steps in Prioritization and Selection

1. **Evaluate Market Potential:**

   ❑ Analyze the size and growth potential of each customer segment.

   ❑ High-potential segments with large customer bases may warrant priority, but niche segments with strong loyalty can also offer value.

   Case Study: Coca-Cola

   Coca-Cola focuses on high-growth markets such as emerging economies. By evaluating regional market potential, they **adapt products and marketing strategies to meet local demand, enhancing profitability** in these growing markets.

2. **Assess Alignment with Business Goals:**

- Prioritize personas and segments that **align most closely with the organization's strategic goals.**

Case Study: Tesla

Tesla prioritizes **tech enthusiasts and eco-conscious consumers** who **align with its mission** of revolutionizing the automotive industry. By focusing on this customer group, Tesla **has effectively driven its brand's growth and innovation.**
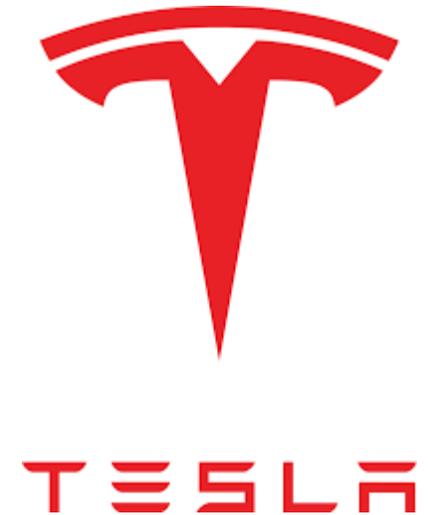
3. Consider Profitability and Accessibility

- Some **segments may be more profitable** due to higher customer lifetime value (CLV), while others may be more **accessible** in terms of cost to reach through marketing channels.

Case Study: Amazon

Amazon prioritizes high-value segments, such as Prime members, who represent higher spending and repeat purchase behavior. This focus has significantly boosted Amazon's revenue and customer retention.

4. Feasibility and Resources

- Consider available resources, including budget, marketing tools, and staff capacity. Some personas may require more intensive effort or specialized strategies, so **prioritize based on what your business can realistically handle.**

Case Study: Nike

Nike focuses its resources on high-value segments, like professional athletes and fitness enthusiasts, enabling it to develop specialized products and marketing strategies. This approach ensures a high return on investment in areas where resources can be maximized.

5.Competitive Landscape

- Analyze the **competitive dynamics of each segment**. If one segment is under-served by competitors, it may be worth **prioritizing to gain a market advantage.**

Case Study: Airbnb
Airbnb capitalized on the underserved market of short-term rentals by targeting adventurous travelers seeking unique experiences. By focusing on this niche, Airbnb disrupted the hospitality industry and expanded globally.

Benefits of Prioritization and Selection

❑ **Focused Marketing Efforts:** By narrowing down to key personas, **marketing strategies become more targeted**, **reducing costs and improving effectiveness.**

❑**Resource Allocation:** Helps businesses **allocate their budgets** and efforts toward the most profitable and accessible segments.

❑**Increased Customer Satisfaction:** By addressing the specific needs of prioritized personas, businesses can enhance customer loyalty and satisfaction.

❑**Improved Business Performance:** A focused approach improves conversion rates, **customer retention, and overall profitability.**

7. Communication and Messaging

Tailor your marketing efforts to speak directly to the needs, preferences, and language of each customer segment or persona.

Personalization Techniques:

> ➢ Use CRM tools to send personalized emails or ads.

> ➢ Create content that addresses customer pain points (e.g., blog posts, videos).

> ➢ Match communication styles to customer preferences (e.g., formal vs. casual).

Example: For a profile like "Emma Johnson," the messaging could emphasize sustainability and convenience in online shopping ads.

Key Aspects of Communication and Messaging

1.Tailored Messaging for Different Personas:

Communication should address **each persona's unique needs, challenges, and desires**.

Example: Nike tailors its messaging to athletes, encapsulated in the powerful slogan, *"Just Do It,"* promoting motivation and action, no matter the challenges.

2.Consistent Brand Voice Across Channels:

Maintaining consistency in tone, language, and values across platforms is crucial.

Example: Starbucks uses a friendly and approachable tone across its app, social media, and website, creating a unified customer experience.

3.Clear Value Proposition:

Your **messaging should express the clear benefits of your product or service.**

Example: **Apple's communication** emphasizes its commitment to innovation, appealing to customers seeking cutting-edge technology.

4.Personalization:

- Personalizing content increases relevance.

- **Example:** **Amazon's recommendation system tailors product suggestions** based on past behaviors, **providing customers with a personalized shopping experience.**

5.Emotional Appeal:

- Messages should evoke emotions that foster a connection with customers.

- **Example:** **Coca-Cola's *"Share a Coke"* campaign created personal connections by printing popular names on bottles**, encouraging emotional engagement through social sharing.

Benefits of Effective Communication and Messaging

❑ **Enhanced Engagement:** Relevant messages drive **higher customer interaction**, encouraging more engagement with your brand.

❑ **Stronger Brand Loyalty:** Personalizing communication helps **build trust, leading to long-term customer relationships.**

❑ **Higher Conversion Rates:** Tailored messaging **steers customers through the buying process, improving conversion rates**.

❑ **Improved Customer Retention:** Consistent messaging **cultivates strong brand loyalty, encouraging repeat business.**

Practical Tools for Customer Profiling

- **Google Analytics:** Understand website visitor demographics and behaviors.

- **CRM Software:** Tools like Salesforce or HubSpot to track customer interactions.

- **Social Media Insights:** Platforms like Facebook Insights to analyze follower data.

- **Surveys:** Use tools like SurveyMonkey to gather direct customer feedback.

- **Heatmaps:** Tools like Hotjar to track user behavior on websites.

Conclusion

Customer profiling is a powerful tool for understanding and engaging with your target audience. By systematically gathering and analyzing customer data, segmenting them into meaningful groups, and developing actionable profiles and personas, businesses can create more targeted and impactful marketing strategies that drive success.