

Building a New Segmentation Model for a Leading IT Industry Vendor

An IDC Consulting Client Success Story from the Customer Insight Practice Area

Client Challenge – The client was aware that its current market segmentation scheme—product price bands—was not providing the type of feedback it needed for future product development and marketing message programs. Client wanted to develop a segmentation scheme based on product usage, customer behavior and purchase motivators.

IDC Consulting Proposal – IDC proposed a large scale survey of its customers that would provide a robust database of customer behavior, motivators, and product usage metrics from which to build a segmentation model. With the help of analysts from the IDC Printer Group, IDC would build a customer segmentation model that would define groups that were easily identifiable in the market, accessible though targeted marketing programs, and which would respond to specific actions taken by the customer.

Methodology – IDC conducted a telephone survey of 1,500 printer decision makers. The survey gathered information on print volume, color versus mono output, key applications, product purchase motivators, and demographics. Using SPSS cluster tools, IDC analysts experimented with a variety of variables, factors, and two to seven segment models before arriving at a four-segment model that met project criteria. IDC provided a profile of each of the segments that showed its relative size in the customer base, printer usage in terms of page volume and color output, demographics, and purchase motivators.

Results – Our client learned that within its price-band segmentation scheme there existed groups with different usage patterns and purchase motivators. For example, some printed high volumes of mono (black & white) documents with little need for color, while others were primarily interested in color. With this knowledge the customer was able to include within each price band products that would meet the need of those requiring high volume mono output and those who sought high quality color output. The client was also able to incorporate this information in targeted marketing messages.

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