REDF

An investment that works.

Customer Segmentation and Value Proposition

REDF

CONNECT.
GROW.
LEAD.

community

The REDF Community is a national network of more than 160 employment social enterprises (and growing) that offer transitional employment and supportive services to individuals seeking to build better lives and create more economic opportunity for themselves after experiencing barriers to accessing quality jobs related to experiences with homelessness, mental health issues including addiction, incarceration, and refugee status, among others.

Core Program Focus

Connect

Grow

Lead

Program Tools

Advising & Coaching

Convening w/Community

Ad Hoc Grantmaking

Ongoing Dialogue

Meet the Team

CHELSEA
Outreach

The Treasure Hunter

CHRISTINA
Community & Outreach

The Ted Lasso

JALPA
Alumni Relations

The Caregiver
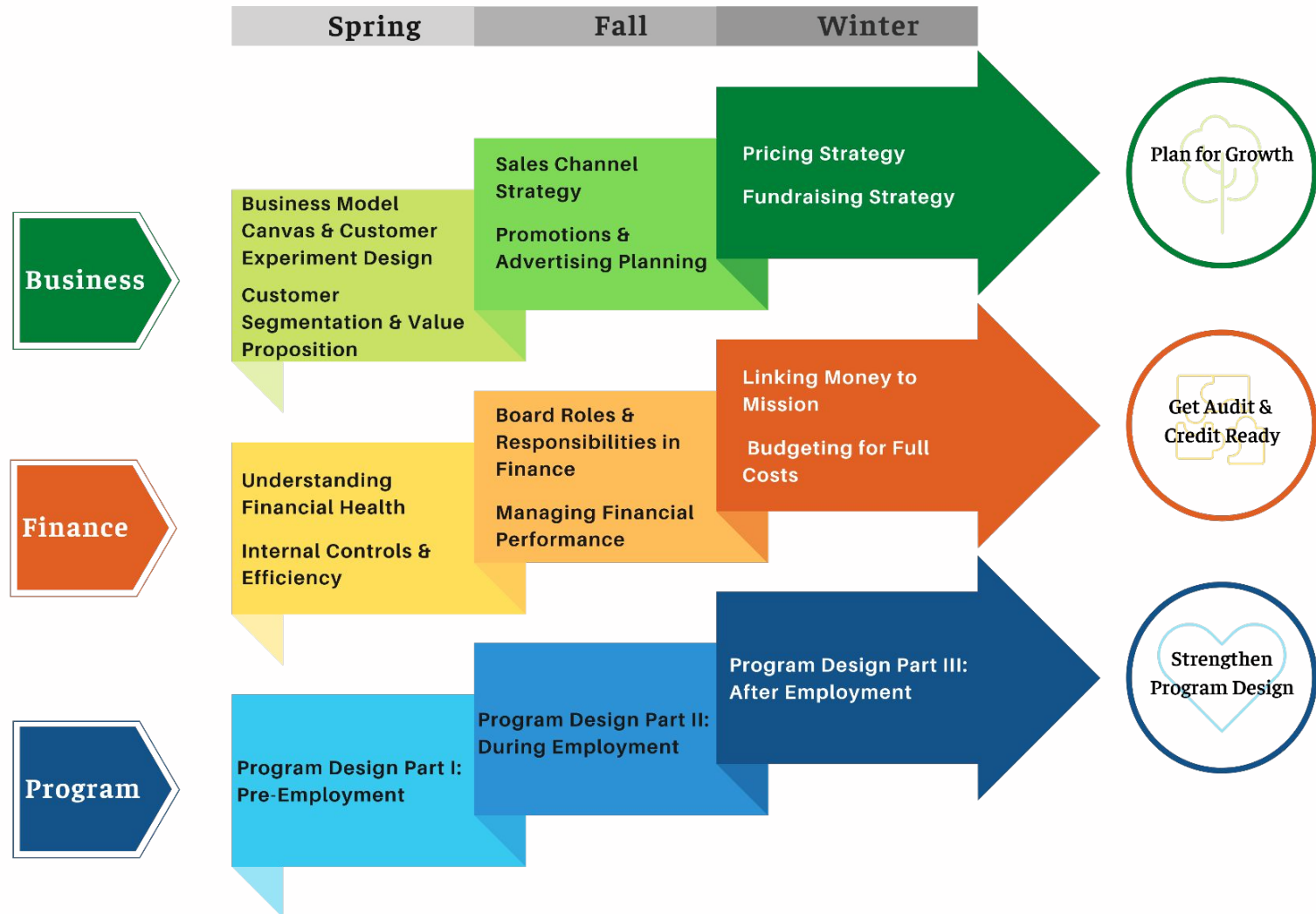
METTE
Community & Outreach

The Danish Army-Knife

SEAN
Community

The Builder

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Part of Continuing Education Week

	Spring	Fall	Winter

Business

Business Model Canvas & Customer Experiment Design

Customer Segmentation & Value Proposition

Sales Channel Strategy

Promotions & Advertising Planning

Pricing Strategy

Fundraising Strategy

Plan for Growth

Finance

Understanding Financial Health

Internal Controls & Efficiency

Board Roles & Responsibilities in Finance

Managing Financial Performance

Linking Money to Mission

Budgeting for Full Costs

Get Audit & Credit Ready

Program

Program Design Part I: Pre-Employment

Program Design Part II: During Employment

Program Design Part III: After Employment

Strengthen Program Design

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If implementing what you learn today feels overwhelming, our approach to the Office Hours is designed to help you get to small, doable steps for progress over time

TO-DO LIST

I. GET THROUGH THE DAY

LIZ

@LIZ ANDMOLLIE

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Where we're Going

- Learn about customer segmentation

- Build a rich profile of the customer you are trying to reach

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Let's warm up

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How would you define your target customer?

Drop your answer in chat, but don't hit enter yet.

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Customer Segmentation

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Your **Customer Segments** are the different groups of people or organizations your enterprise aims to reach and serve. Segmentation can help you define and better reach your target customers. Your business model may have one or several customer segments served.

Ask Yourself:
- For whom are we creating value?
- Who are our most important customers, clients, or users?
- Do our target customers share common traits, behaviors, or needs?

Customer groups represent separate segments if:
- Their needs require and justify a distinct Value Proposition
- They are reached through different Distribution Channels
- They require different types of relationships
- They have a substantially different profitability
- They are willing to pay for different aspects of the Value Proposition

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4 primary aspects of segmentation to define your target customer:

Demographic

Geographic

Psychographic

Behavioral

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Open your workbook.

Linked in the chat >>>

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Demographic

Geographic

Psychographic

Behavioral

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4 primary aspects of segmentation to define your target customer:

Demographic

For B2B Companies…

Number of Employees

Industry

Annual Revenue

Education Level

Gender

Religion

Age

Marital Status

Income

Family Size

Occupation

Race/Nationality

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Demographic

Geographic

Psychographic

Behavioral

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4 primary aspects of segmentation to define your target customer:

Geographic

Country

State

94103

Zip Code

Climate

Suburban/Urban/Rural

Population Density

Demographic

Geographic

Psychographic

Behavioral

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4 primary aspects of segmentation to define your target customer:

Personality Traits

Interests

Beliefs

Values

Attitudes

Lifestyles

Demographic

Geographic

Psychographic

For B2B Companies…

Though the customer is technically a business, the leadership's psychographic profile is critical in building relationships

Executive Profile

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4 primary aspects of segmentation to define your target customer:

Demographic

Geographic

Psychographic

Behavioral

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4 primary aspects of segmentation to define your target customer:

Knowledge of your product/service
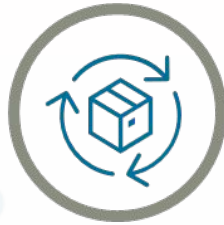
Use of your product/service

Channels (online vs. in store)

Usage and engagement

Attitude towards your product, brand, or service

Buying only for gifts/special occasions

Loyalty and repeat purchases

For B2B Companies…

Is the customer in the decision-making stage, or just starting to consider a purchase?

Sales Cycle Stage

Behavioral

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Rich profiles of each segment are a jumping off point. How would *you* use these customer segments to grow the business?
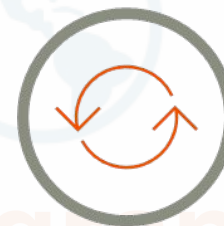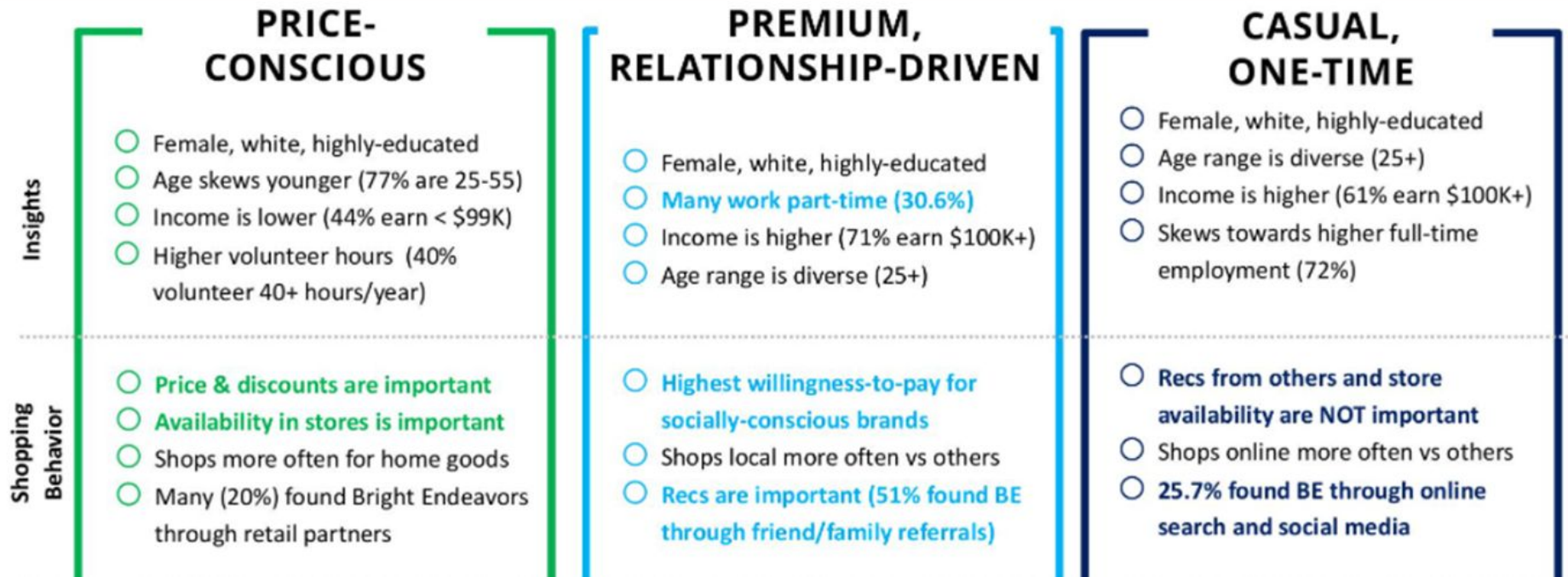
PRICE-CONSCIOUS

Insights
- Female, white, highly-educated
- Age skews younger (77% are 25-55)
- Income is lower (44% earn < $99K)
- Higher volunteer hours (40% volunteer 40+ hours/year)

Shopping Behavior
- **Price & discounts are important**
- **Availability in stores is important**
- Shops more often for home goods
- Many (20%) found Bright Endeavors through retail partners

PREMIUM, RELATIONSHIP-DRIVEN

Insights
- Female, white, highly-educated
- **Many work part-time (30.6%)**
- Income is higher (71% earn $100K+)
- Age range is diverse (25+)

Shopping Behavior
- **Highest willingness-to-pay for socially-conscious brands**
- Shops local more often vs others
- **Recs are important (51% found BE through friend/family referrals)**

CASUAL, ONE-TIME

Insights
- Female, white, highly-educated
- Age range is diverse (25+)
- Income is higher (61% earn $100K+)
- Skews towards higher full-time employment (72%)

Shopping Behavior
- **Recs from others and store availability are NOT important**
- Shops online more often vs others
- **25.7% found BE through online search and social media**

Project used the following inputs:

WEBSITE ANALYTICS
Google Analytics

CUSTOMER SURVEY
2600+ RECIPIENTS
160 RESPONDENTS

PAST SALES DATA
WOO — 2015 - 2021
shopify — 4,155 ORDERS

To generate insights:

- **Behavioral:** purchase frequency, factors, and behaviors
- **Demographics:** age, household income, family size, religion, gender, education, race, etc.
- **Geographic:** urban vs. rural, concentration by metro areas
- **Psychographics:** hobbies, favorite websites, mission alignment, etc.

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Let's take a breath

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Where we're Going

- Learn 3 different categories of value proposition

- Craft your own value proposition using the Value Proposition Canvas

- Identify the most important customer assumptions to test next

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Value Proposition

A solution to your customers self-identified needs

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An evidence-based value proposition is a prerequisite for:

- (Accurate) market sizing

- Product/service pricing (and meaningful forecasting)

- Investments in advertising and customer development

- Competitive strategy

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Let's build evidence-based value propositions together

Link in the chat >>>
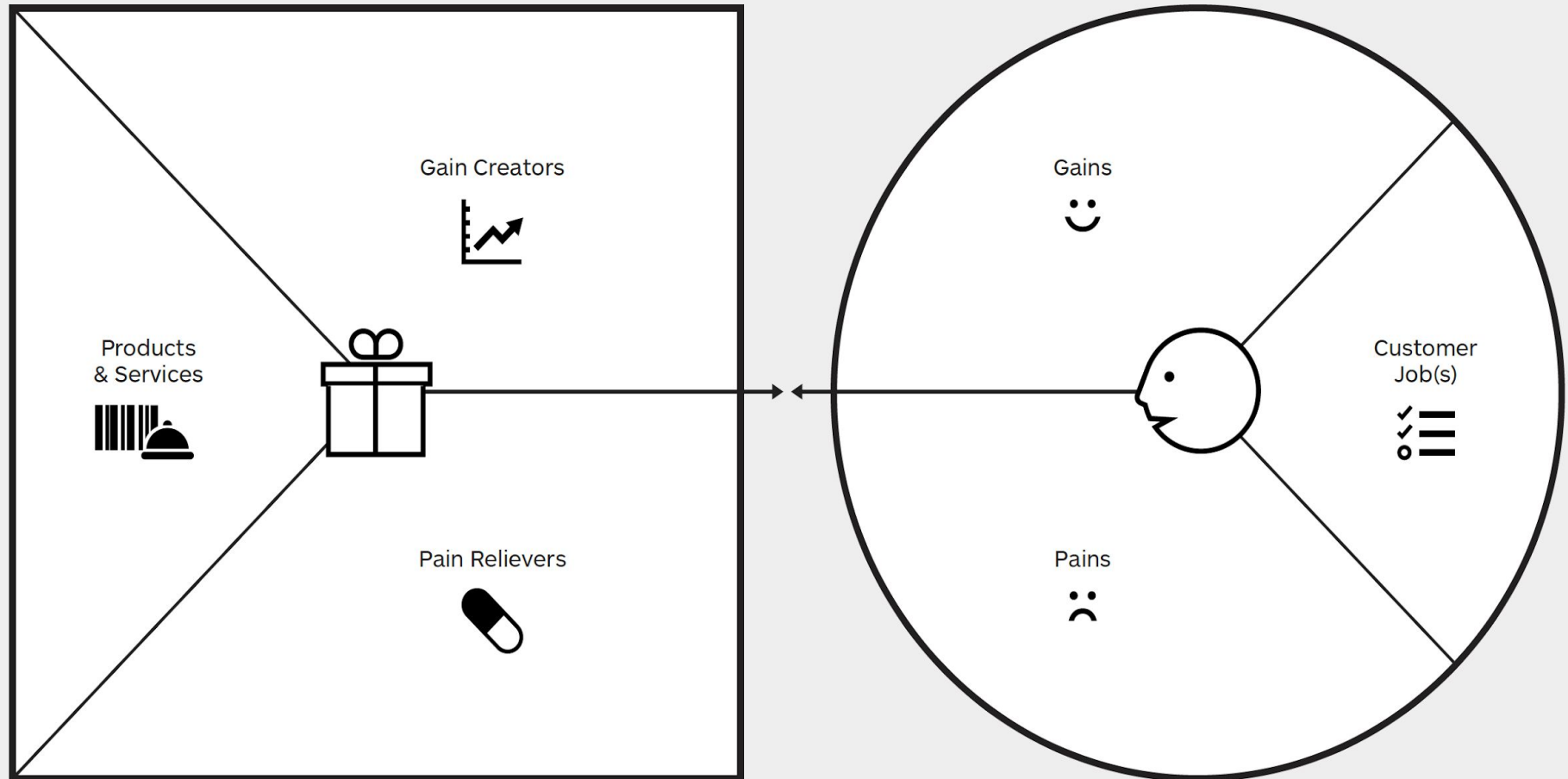
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The Value Proposition Canvas

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Core product/service

- Gets the job done.

- Does not hide from your customer

- Is accessible in the medium/means your customer prefers

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The Value Proposition Canvas

Value Proposition

Final step: Write your value proposition

Customer Segment

Homeowners in the Chicago area with 7.5K - 15K sq feet of lawn

...ators

& Serv...

Lawn care scheduled through an app - on demand

All inclusive membership for basic lawn services

Pain Relievers

Maintain lawn in a way that is responsive to rainfall

Cu...

Keep up with city lawn care ordinances

Pains

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Your Turn

What are your customers' Jobs to be Done?

How does your product/service complete those jobs?

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Share out

What are your customers' Jobs to be Done?

How does your product/service complete those jobs?

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Pain Relievers

- Removes the struggle and frustration voiced by customer in getting the job done

- Should be in direct response to most frequent and intense pains

- Like aspirin, it can make a tough situation better
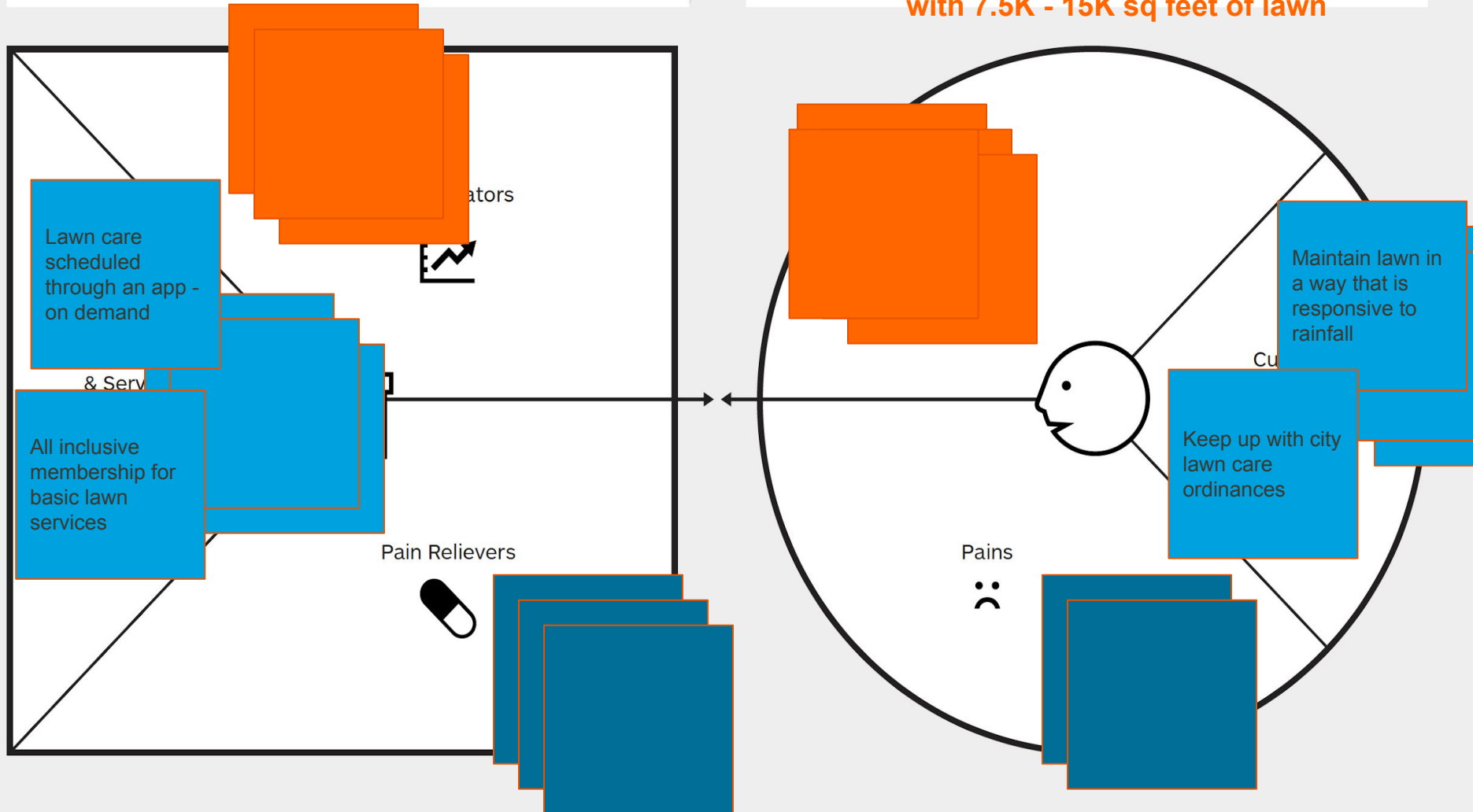
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The Value Proposition Canvas

Value Proposition

Final step: Write your value proposition

Customer Segment

Homeowners in the Chicago area with 7.5K - 15K sq feet of lawn

Gain Creators

...ators

& Serv...

Lawn care scheduled through an app - on demand

All inclusive membership for basic lawn services

Fast, reliable crews

Daytime, week day hours

Fair, transparent pricing based on lawn sizi

Maintain lawn in a way that is responsive to rainfall

Keep up with city ...n care ...inances

Cu...

Lawn care eats into family time

Hard to justify the expense -- lots of "weighing"

...ains

Summer weather is unpredictable - sometimes have to mow 2x/week

Other services are not reliable, mow loudly in the mornings

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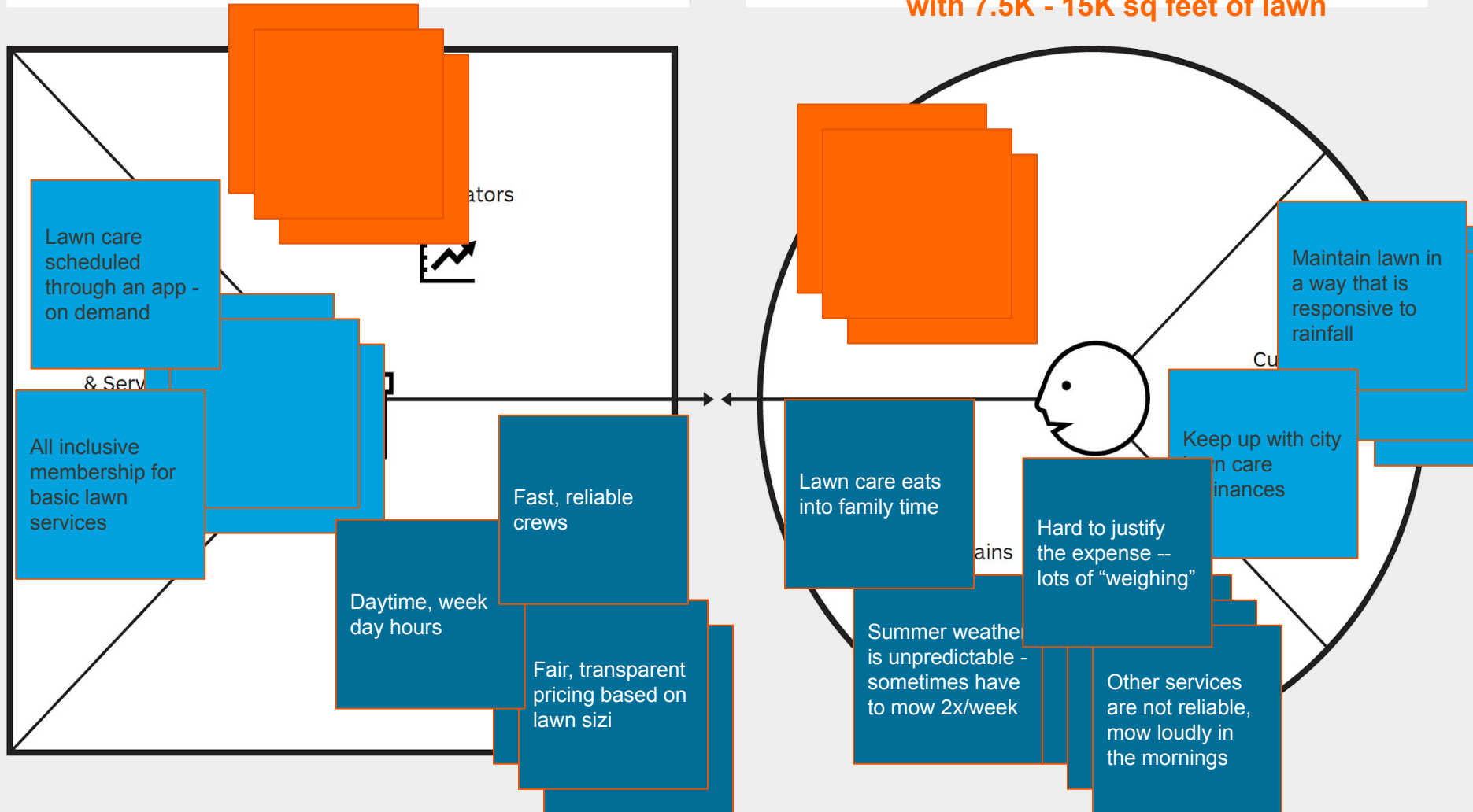
Your Turn

What causes your customer pain or friction?

How does your product/service reduce friction?

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Share out

What causes your customer pain or friction?

How does your product/service reduce friction?

REDF

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Gain Creators

- What functions or features deliver content, delight, or joy for your customer?

- Should be in direct response to your customer's wish list

- Like jewelry – while certainly not necessary, it's nice to have, and one of a kind.
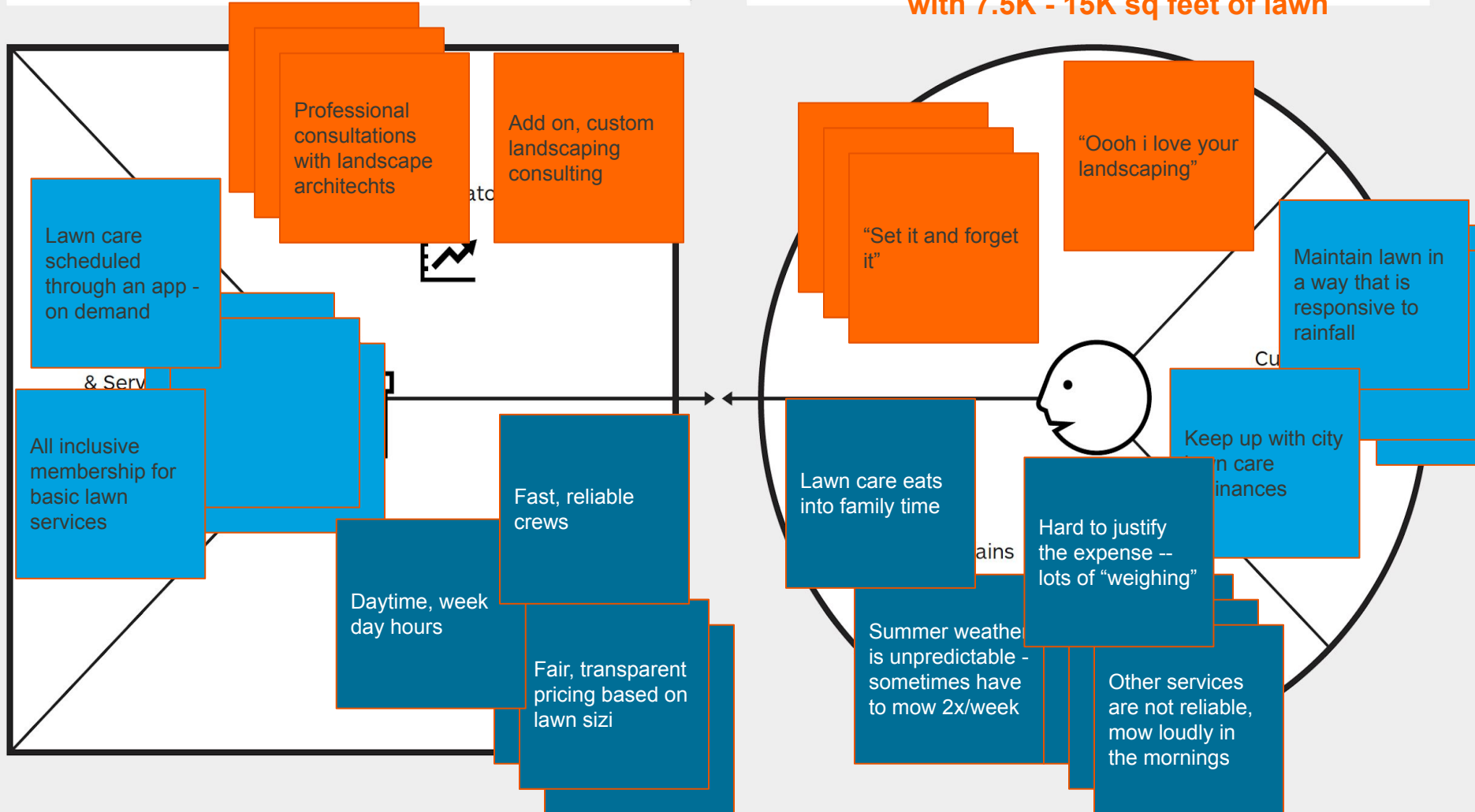
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The Value Proposition Canvas

Value Proposition

Final step: Write your value proposition

Customer Segment

Homeowners in the Chicago area with 7.5K - 15K sq feet of lawn

Professional consultations with landscape architechts

Add on, custom landscaping consulting

Lawn care scheduled through an app - on demand

& Serv...

All inclusive membership for basic lawn services

Fast, reliable crews

Daytime, week day hours

Fair, transparent pricing based on lawn sizi

"Oooh i love your landscaping"

"Set it and forget it"

Maintain lawn in a way that is responsive to rainfall

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Your Turn

What brings joy or delight to your customer?

How does your product/service create gains?

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Share out

What brings joy or delight to your customer?

How does your product/service create gains?

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If you try to be everything, you'll be nothing

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Which type of value should you lead with?

Prioritize assumptions around customer jobs, pains, and gains by frequency and intensity

- In listening to your customers, when are they most excited/emboldened?

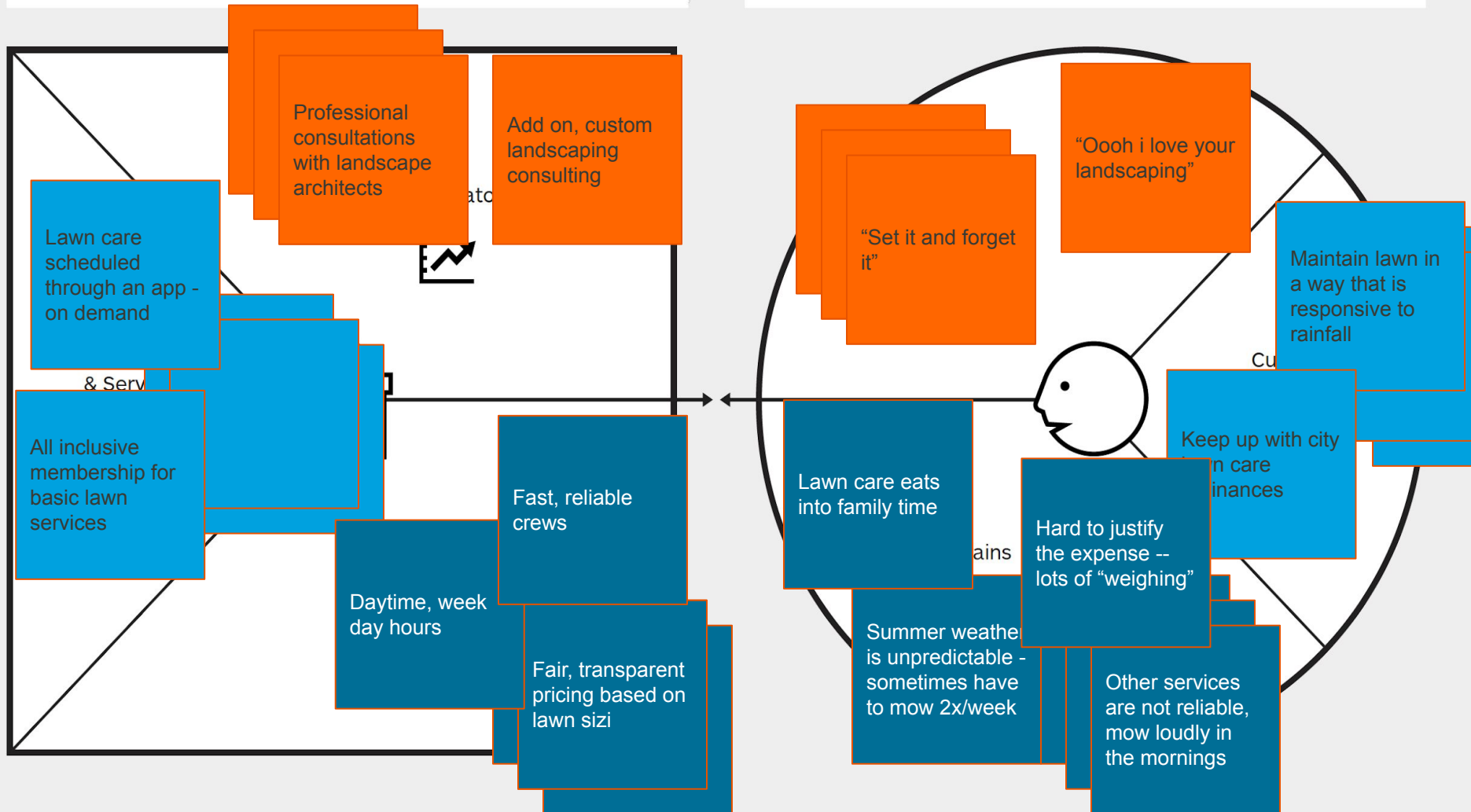- What do they prioritize (pay for) already?

Observe:

- How critical is the job to be done, and how often must it happen?

- (Relative to) How intense and frequent is the pain?

- (Relative to) How satisfied are they with current solutions?

- (Relative to) What has caused them to switch solutions before?

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The Value Proposition Canvas

App based lawn care scheduler with transparent fees, custom recs for landscape design

Value Proposition

Homeowners in the Chicago area with 7.5K - 15K sq feet of lawn

Customer Segment

Professional consultations with landscape architects

Add on, custom landscaping consulting

Lawn care scheduled through an app - on demand

& Serv

All inclusive membership for basic lawn services

Fast, reliable crews

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- Walk through your value proposition canvas, and support claims with evidence from your interviews

- Are you oxygen, aspirin, or jewelry?

- Which of these assumptions is most/least supported by evidence?

- Which is most important to test next through experimentation?

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Thank you!

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