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UNLEASHING B2B GROWTH:

Part 2: Shaping strategy around behavior-based customer segments.



Changes in B2B customer buying behaviors and advancements in digital tools have turned customer experience (CX) into a potent competitive advantage that B2B sellers can wield. Today's B2B buyers expect sellers to provide cohesive, relevant, easy and timely experiences—and they'll part with those who don't.

B2B organizations like yours can no longer compete solely on the merits of their products or prices. Nor can your commercial teams (i.e., marketing, sales, commerce, pricing, product and service) merely improve their separate “slices” of CX.

Why? Because as a B2B seller you can't deliver truly cohesive experiences without gaining cohesion yourself. That means rethinking the traditional linear customer journey, with its sequence of handoffs from one commercial team to the next. It means breaking down silos to encircle the customer with a collective purpose. In this article, we look at the impact of behavior-based customer segmentation in making that happen.

Behavioral segmentation drives stronger engagement.

Company A and Company B look a lot alike, from the perspective of your B2B organization. They're both long-standing customers. Both are manufacturers in the same industry and region, with comparable revenues. So you'll slot both in your “gold” customer segment and offer similar product, pricing, delivery and support choices—right? Not so fast. Turns out Company A awards contracts on price above all else, while Company B cares most about technical innovation. In short, all that glitters isn't gold (or silver, or platinum, for that matter).

In our previous installment, we identified customer centricity as the new basis of competition in B2B and unveiled our framework for achieving it. Now we're delving into a key part of that framework: shaping your strategies around behavior-based customer segments.

See what matters to them, not you.

In today's competitive B2B landscape, the customary approaches to customer segmentation are falling short. These silver / gold / platinum or plus / premier / elite are all derivations of an age-old practice of sorting customers based on *sellers' perception of importance*, rather than by an understanding of *customers' priorities and needs*. Beyond that disconnect, your commercial teams don't know how to act on these generic customer segments either. These segments don't provide direction on how to craft differentiated offers or shape resonant engagement strategies.

This article is part of a six-part series on a new operational framework that helps B2B organizations hard-wire customer centricity throughout their commercial operating models.

Part 1: Introduction: Compete in B2B through customer centricity.

Part 2: Shaping strategy around behavior-based customer segments.

Part 3: Connecting segment strategies to capabilities.

Part 4: Evolving your commercial operating model.

Part 5: Measuring and optimizing CX.

Part 6: Empowering your channel partners.

Instead, sellers need to embrace behavior-based segmentation—an effective and enlightening method that’s rooted in customers’ needs, values, priorities and behavioral differences, and not just on factors such as annual sales, company revenues, sector, geography and other classifications. Doing so not only helps deliver more meaningful and consistent customer experience; it allows you to allocate resources more effectively and drive stronger business results.

Let customer behavior guide yours.

If your goal is to gain competitive advantage and grow your business, then what should matter to you is *why and how your customers act*. Behavior-based segmentation will unveil opportunities within your customer base you might otherwise overlook, allowing you to shape differentiated offers and experiences (both physical and digital).

These are three behavior-based archetypes you may recognize—innovators, lean operators and cost controllers—and how you might tailor your approach for each. (Keep in mind that the underlying factors for determining archetypes will depend on your industry and market.)

- **Innovators:** These companies thrive on innovation and product quality. You can identify them by their focus on quality audits, technical workshops and extensive paperwork. To engage innovators effectively, highlight your R&D capabilities and invite them to collaborate to integrate your products into their cutting-edge solutions. Assign your top field sales and technical experts to nurture these accounts.

- **Lean operators:** These customers prioritize ongoing service that supports their business operations. They value supplier scorecards and supply chain innovation. Proactive and predictable with their orders, they tend to emphasize timely delivery and just-in-time inventory. To cater to lean operators, complement your product offer with enhancements that improve their bottom line, such as consignment inventory, short lead times or connected supply chain systems.
- **Cost controllers:** For these customers, getting the lowest cost is paramount. They may prefer self-service options and often operate in highly commoditized end markets. To appeal to cost controllers, streamline your offering by eliminating costly elements like quick turns, inventory programs, innovation and tech support. Instead, provide a fully digital sales channel with on-demand customer service, rather than layering in cost with dedicated or proactive support.

Connect across your commercial functions to connect with customers.

Behavior-based segmentation holds the key to enhancing your experience strategies, enabling richer and more relevant interactions that customers expect. Significantly, it *also* allows you to allocate internal resources in ways that optimize customer experience without driving higher costs to serve.

To embrace this segmentation approach you should harness the full force of your commercial teams. This entails tapping dispersed data and insights across marketing, sales, commerce,

service, product and pricing. By pooling these valuable insights you’ll uncover the values and levers that matter most to your customers. The result? Greater loyalty and stronger purchase levels, because you are able to cater to their needs more effectively.

In the next installment of this series, we’ll delve into the next key element of our customer-centric framework: embedding segment-focused strategies in your commercial capabilities.



Questions to ask yourself:

- Have we established objective behavioral factors for segmenting our customers or are we making ad hoc determinations?
- How are we shaping our offers (experiences, products and surrounding services) to meet each segment’s wants and needs?
- Are we optimally serving each customer at a justified cost-to-serve?

Get in touch

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