



WEN BOOTCAMP

Introduction to Customers and Solution



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CONCEPTS

- Who is a consumer? How is a consumer different from a customer?
- What is Segmentation and Targeting? What is a niche market?
- ✦ • What is a customer persona and why do you need to create one?
- What are the major market types?



By the end of the lesson, you will be able to:

- Identify the market type for your venture
- Segment your customers and identify a niche market
- Create your customer persona

Steps:

1. Market Identification
2. Customer segmentation
3. Carving a Niche
4. Customer Persona

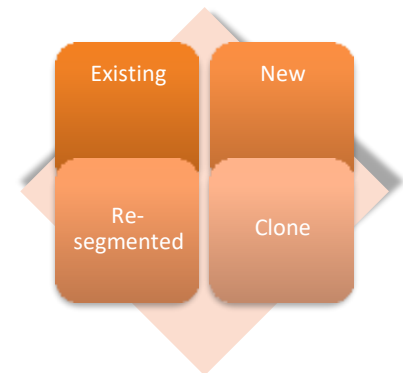
Market Types



You have identified a problem and defined it clearly and succinctly through design thinking process. Now, how can you gauge the market's demand without incurring heavy marketing spend or using pricey tools? This is a question that has confounded entrepreneurs for decades. The trick is in the words "gauge the market's demand." To estimate market demand you need to identify which kind of market is your start-up going to operate in. There are essentially 4 market types. Each of these four market types has different sales models, sales cycles, capital requirements and adoption rates.

They are as follows-

- Existing
- New
- Re-segmented or Niche
- Clone



Existing Markets:

1. In existing markets, products or services are offered to customers who are already aware of the problem and existing solutions.
2. Start-ups entering existing markets typically focus on differentiation or cost leadership to compete with established players.

Eg: A venture trying to set up an e-commerce site like Amazon is trying to enter an existing market

New Markets:

1. New markets refer to situations where a start-up introduces a new product or service to a market that doesn't currently have a solution.
2. This often involves creating awareness among potential customers about a problem they might not be fully aware of and offering a novel solution.

Eg: SpaceX aimed to disrupt this industry by introducing innovative technologies and business models, thereby creating a new market for commercial space transportation.

Market Types



Re-segmented Markets:

1. Re-segmented markets involve targeting an existing market with a product or service that was not originally intended for that market.
2. Start-ups may identify a niche within an existing market and tailor their product to meet the specific needs of that niche.

Eg: Southwest airlines took on the airline industry by bringing up the traditional hub-and-spoke model and providing just very limited services but for an extremely low price.

Clone Markets:

1. In clone markets, the star-tup replicates a successful business model from one geographic market to another.
2. The idea is to take a proven concept and apply it to a similar market where the product or service hasn't been introduced yet.



Eg: Most countries have a local version of Uber today and they have tried to clone the business model by making suitable adjustments for local conditions.



[4 types of markets](#)

Steve Blank - Stanford / UC Berkely



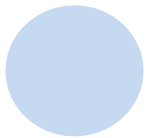
[4 types of markets, 4 ways to gauge them](#)

The Wall Street Journal

Market Segmentation



As an entrepreneur with limited resources, you need to have segment the market and identify the slice of the market that you are going to go after. That is your Niche.



Market

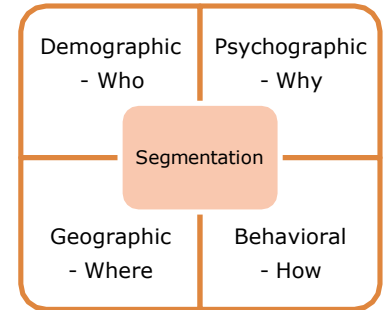


Segment



Niche

Market Segmentation is the practice of dividing your target market into approachable groups. You create subsets of a market based on demographics, needs, priorities, common interests, and other psychographic or behavioral criteria used to better understand the target audience. Here are the 4 basic types of Market Segments



Demographic Psychographic Geographic Behavioral

Demographic	Psychographic	Geographic	Behavioral
<ul style="list-style-type: none"> Age Gender Ethnicity Income Education Religion Profession 	<ul style="list-style-type: none"> Personality traits Hobbies Life goals Values Beliefs Lifestyles 	<ul style="list-style-type: none"> Country Region City Postal code 	<ul style="list-style-type: none"> Spending habits Purchasing habits Browsing habits Brand Interactions Brand Loyalty Previous feedback



[What You Need to Know About Segmentation](#)

Harvard Business Review

Market Segmentation Examples



Demographic
(Students)



Geographic
(Localization for India)



Psychographic
(Lifestyle based)



Behavioral
(Repeat Customers)

Find your Niche



Identifying your Niche - Niche marketing strategy focuses on a micro-segment of the market. Niche markets get better referrals for entrepreneurs, more repeat business, and have less competition due to its unique nature. All these advantages also result in easier marketing of product/service. To find your Niche:

- Understand what prompts customers to want to buy products/services
- Develop a mental picture of your customers
- Acquire focused knowledge about your market



[Niche Marketing](#)

National Entrepreneurship Network - Wadhvani Foundation



[How to thrive in Niche Markets](#)

Entrepreneur.com



Niche Products examples



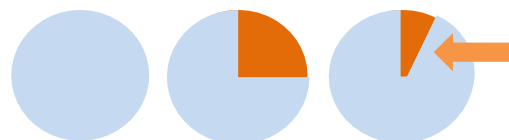
Conscious consumers

Bee's Wrap is looking to replace plastic wrap with options made from beeswax. The natural alternative to food storage is not only environmentally friendly, but also more cost-effective for consumers because they're reusable.



LGBTQ+ community

TomboyX, an underwear brand saw the opportunity to hone in on a specific consumer group's needs to sell underwear "for any body".



Key questions to ponder on:

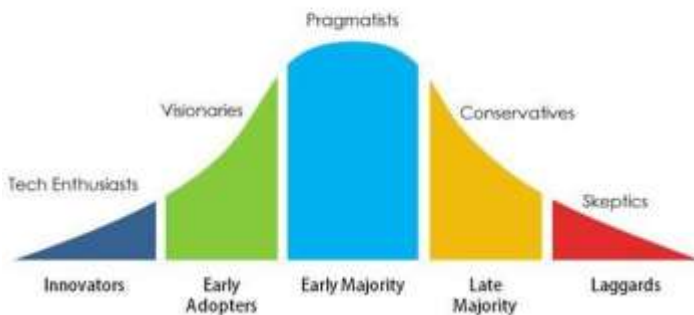
- From the market segmentation – which slice would you like to own? What is your niche?
- How are the needs of your Niche different from the rest of the market?
- What is the size of your Niche?

Who is my customer?



Now that you have identified your niche, the next step is to dive into it and own it. You need to know your customer better than anyone else and here the concept of Customer persona comes in very handy. But hang-on .. Remember that even within your niche you need to go those who will adopt your product first. Here the concept of the Innovation – Diffusion Curve also known as the Product Adoption Curve comes handy

Product Adoption Curve



Innovators - They are these buyers who love to have innovative products. They are seeking this all the time and it is part of their lifestyle.

Early adopters - appreciate innovations and are ready to adopt new products even if they perfect or not developed from a technical point of view.

Early Majority & Late Majority- Innovative technology is not the key for making their decision. They are driven by analysis of different standard factors such as Price, quality, needs, etc

Laggards: They are the last to adopt an innovation. Unlike some of the previous categories, individuals in this category show little to no opinion leadership. These individuals typically have an aversion to change-agents.



[How to identify Early Adopters](#) [Forbes](#)

So, within your niche take your products first to the innovators and early adopters. It is important to remember that the purchase process is not as simple and straight forward as we would imagine it to be. There are many people that can influence the buying decision. In many cases, the end user may not be the economic buyer. You need to take these factors and all these personas into consideration.

How to create a Persona? **Your customer persona** has to have the following:

- A name – something relatable
- A face – a photograph (fictional but indicative)
- Demography, Geography – Age, City, Occupation
- A Day in the life – What are the highlights? What are the frustrations?
- Fears and Motivators – What drives me? What keeps me awake at night?

For B2B ventures, the persona should be drawn up for the key decision makers.

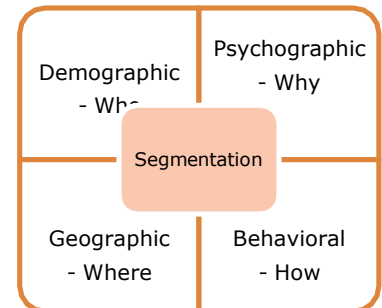
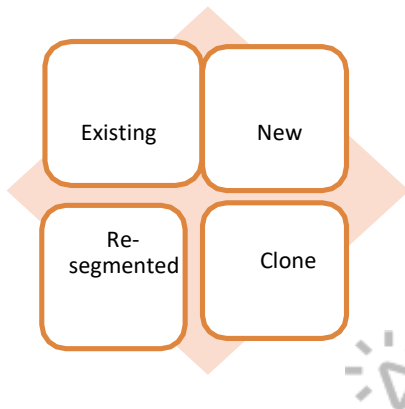


[An introduction to Customer Personas](#)

- Dan Kranzler, serial entrepreneur

Call to action!

Step 1: Identify which kind of market you will be functioning



Step 2: Identify a 'Niche Market' and customer segments :

- Which slice would you like to own? What is your niche?
- How are the needs of your Niche different from the rest of the market?
- What is the size of your Niche?
- Select your segmentation variables and Validate your customer segments



Use the Handout , Activity 1 : **Find Your Niche** to explore the niche market and customer segments.

Step 3 : Create your Customer Persona



Use the Handout , Activity 2 : **This is my Customer to create your customer persona**



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