



Using Scenarios to Create Buyer Segments

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You are probably familiar with the idea of scenario analysis used for strategic planning. With scenario analysis you focus on possible different future outcomes to design a strategy that is flexible enough to accommodate whatever outcome occurs. By developing multiple scenarios, your company attempts to anticipate what might happen in order to develop a strategic response in advance. Scenario building for strategic planning in this instance is used to create potential actions based on a possible set of conditions or circumstances. But what if we stepped back and could use scenarios as a creative way to segment the market? After all, different customer sets face different scenarios which trigger their response. By understanding the various scenarios different customers face, you can take a unique marketing approach to each scenario. This is what is known as scenario marketing.

To understand how to apply the concept of scenario marketing let's start by defining a scenario. Webster allows us to formulate this definition, "an imagined sequence used to account for a possible course of action or events." By analyzing the possible scenarios each segment potentially faces, you can create marketing strategies and programs suited for a particular scenario.

Let's create an example to illustrate the concept. Imagine that you manufacture, market and sell test, measurement and monitoring instrumentation. If you used a traditional approach to segmentation you might segment your customers into verticals, perhaps network equipment manufacturers, semiconductor manufacturers, and cable service operators. If you took a persona approach (creating a rich picture of an imaginary person who represents each targeted user that takes into account that person's experience, tasks, objectives, etc.) to segmentation, you might segment your customers into buyer types, such as network operators, laboratory managers, test engineers, directors of manufacturing, etc. In each of these examples, the segmentation assumes that everyone in that segment is facing the same situation. But what if that weren't the case? Rather there were similar situations being faced in different verticals or by different buyers, such as a situation where the instrumentation is need to develop new products vs. a situation where a set of customers need the same type of instrument in order to

solve a quality problem within an existing product family? How you would market to each scenario would be different regardless of the vertical or persona. And because it is very likely that several scenarios are occurring at the same time in different parts of the market, as a marketer you can build different strategies and programs designed to solve the various scenarios thereby creating more customer buying opportunities.

By using scenarios as the foundation for your market segment model you may be able identify a common set of needs across verticals and buyers that will fuel your growth and enable you to create a competitive advantage. Scenario marketing enables you to think of the world outside of pre-defined boxes such as geographies and verticals. And it opens up new possibilities for cross-selling and internal synergies among product groups by being able to see how your product offering can address different scenarios. Scenario marketing facilitates an even more customer-centric approach. With scenario marketing you can move beyond “who” is using the product to seeing similarities in how people need to be treated during the buying process thus enabling you to further maximize customer value.

Think of scenarios as simulations of how various offerings can be used in a variety of situations. Through a scenario analysis process, marketing can spot the relevant behavior for different groups of customers even if those customers are in the same vertical. Taking a scenario approach enables sales people to ask questions that focus on the buyer’s needs and the scenario. The seller who comes closest to matching the buyer’s scenario is more likely to close the deal. The salesperson who takes this approach has an advantage from the outset because they are engaging in a different conversation with potential buyers by focusing more on each buyer’s particular situation rather than assuming a similar scenario because that potential buyer is in a particular vertical or buyer persona. The use of scenarios encourages companies to be more outward looking, forcing marketers to ask two important questions:

- What are the different situations faced by potential users of our products that our products can solve?
- How do we solve those problems better than any alternatives they could choose?

Let’s take a look at one more example. One of the biggest challenges companies face is the adoption of new products. Success often depends on how well the value of the product is communicated to the largest number of potential customers. A typical product launch attempts to communicate how the product solves a broad number of customer needs, requirements, and expectations. Using scenario marketing, you can test and design unique strategies and marketing programs designed to respond a potential set of scenarios. This approach enables you to consider various customer situations and response in order to build relationships with customers truly based on their needs and wants.

Ten steps for developing scenarios (The first three steps may require doing research.):

Step 1: Identify each potential unique situation.

Step 2: Determine all the factors and forces directly affecting each situation.

Step 3: Rank the factors and forces in terms their importance and degree of certainty.

Step 4: Using a 2X2 grid, map each situation based on their importance and certainty scores.

Step 5: Identify all the situations that you can address that creates both a competitive advantage for you and your customer and score each situation based on the degree of competitive advantage created for you and for the customer.

Step 6. Using a 2X2 grid, map each situation based on the degree of competitive advantage for you and your customer.

Step 7: Identify the situations with the highest score for importance and lowest degree of certainty that are also in the grid with the highest degree of competitive advantage for both you and the customer.

Step 8: Fill in the details for each high scoring situation and create a name for the scenario.

Step 9: Test the scenarios with existing customers.

Step 10: Develop a strategy to market to each scenario.

Conclusion:

Creating segments from scenarios is about more than simply developing interesting stories. It should improve your clarity about the situations your customers face and enable you assess the strategic implications for each situation. By using scenarios as the basis of your segmentation model, marketing can better understand what might happen with their customers leading to more effective marketing strategies and programs.