

SEGMENTATION METHODOLOGY IDENTIFIES PROFITABLE NEW MARKETS

THE SITUATION

Launched in 2001, TengolInternet™ is an Austin-based wireless Internet access provider. Unlike its larger, more established competitors who focus on the airport and hotel markets, TengolInternet saw opportunity in niche markets with small and medium-sized businesses. Through the first half of 2002 the company grew slowly and steadily by establishing hot spots in Austin-area restaurants and cafes. The small, ambitious company realized it needed to identify additional markets with larger growth potential.

THE NEED

TengolInternet wanted to shift its growth into high gear and quickly expand outside the metro area while maintaining a geographic focus on Texas. The company was handicapped by a lack of solid data and the marketing personnel to do the necessary analysis. "I believed that there were many niche markets available to us but I wanted to focus our market expansion," said Eric Stumberg, President of TengolInternet.

What TengolInternet needed was a relatively quick but thorough analysis of several segments in order to identify, size and prioritize those providing the highest potential. Furthermore, because the company's executive team was completely occupied with operations and current customers, the market analysis needed to be outsourced.

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THE DECISION

A number of options were explored and Stumberg realized he could take a tactical approach to business development or a strategic one. Not wanting to risk his company's future on an uninformed strategy, Stumberg turned to VisionEdge Marketing (VEM) for assistance in identifying promising market segments, and providing a repeatable process the company could utilize to build on its success.

"Their methodology for market segmentation offered the exact process and outcomes I was seeking," said Stumberg. "VEM's system of scoring and ranking segments based on a custom set of criteria provided me with the guidance and rationale I required for moving the company forward."

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THE PROCESS

For TengolInternet VEM implemented its MarketSmart Service™, a component of the firm's SmartStart Services Suite™. The methodology began with a structured Discovery Session that captured the multiple criteria for how the markets would be assessed. The criteria included demographics, psychographics, behavior-based factors and needs-based factors.

Once the criteria were recognized, VEM began to analyze six industry segments using statistics from government sources, private companies, trade publications, and trade associations. The findings were then applied to the criteria and using VEM's market segmentation model the relative strengths of the

segments were calculated. This process identified which segments were most viable. The results were graphically presented in the Market Segmentation Quadrant™.

Based on the model, it was clear which market segments should be targeted first and why. "The Discovery Session forced critical assumptions and insight into my customer requirements from which I continue to draw," said Stumberg. "With VEM's segmentation model I could compare at a glance the relative potential and accessibility of the segments"

Using the model, TengolInternet selected two segments to pursue.

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THE RESULTS

Within six weeks of starting the project two promising markets were identified that would greatly expand TengolInternet's presence in Texas.

Armed with this knowledge the company was ready to confidently turn up the pace on their market development activities directed at the segment.

Within 10 months of the project's conclusion,

TengolInternet had closed 40 new accounts in one of the segments, an 800% increase in the number of wireless hot spots in their network.

"The VEM project delivered excellent value. We successfully penetrated our new markets and now have expanded into four new geographies," commented Stumberg.

The market expansion wins also led to positive press coverage of the young company's accomplishments in this increasingly competitive marketplace.

ABOUT VISIONEDGE MARKETING

VisionEdge Marketing (www.visionedgemarketing.com) is a data-driven metrics-based strategic and product marketing consulting firm recognized as a trusted authority in the area of marketing performance management.

The company excels at helping companies strengthen their competitive advantage, accelerate their ability to acquire, keep, and grow profitable customers, and measure Marketing's contribution to business goals. Founded in 1999, VisionEdge Marketing is located in Austin, Texas.

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