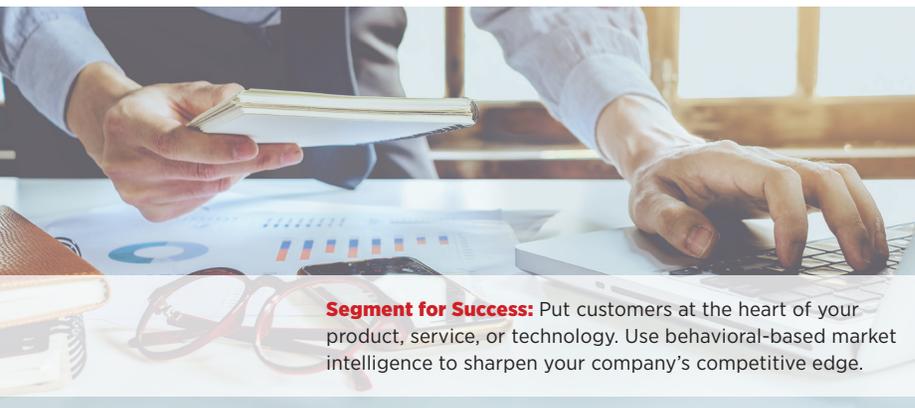


# STAMATS RESEARCH SERVICES

## Needs-Based Segmentation

It's a universal truth: Needs and wants drive all market behavior. That's why understanding the needs and wants of your most valued customers—and knowing what to do with that information—can put you miles ahead of the competition.

Needs-based segmentation groups customers into segments based on similar attitudes such as needs, wants, desired benefit sets, and lifestyle. It's an approach that differs significantly from characteristics-based segmentation—a research method that merely defines customers based on traditional criteria such as purchase frequency, size of operation, sales volume, or other variables. Companies highly-focused on customer behavior in product development or brand marketing often rely on needs-based segmentation data to inform and refine strategy.



**Segment for Success:** Put customers at the heart of your product, service, or technology. Use behavioral-based market intelligence to sharpen your company's competitive edge.

### How It Works

In a needs-based research approach, customers are profiled using demographic information, consumption style, and other key usage habits. Once identified, segments may be ranked by their potential to improve market penetration, shape effective disruption strategies, increase competitive advantage, or facilitate entry into new markets. Essentially, needs-based segmentation uses the consumer's needs to define which solutions fit and which are likely produce the greatest results.

#### The process of needs-based segmentation usually involves the following steps:

1. Internal staff members are interviewed in order to understand their knowledge and experience in critical customer areas.
2. Competitive or environmental data is collected in order to assess the product, service, or brand. This market intelligence process is usually completed using publicly available sources.
3. Creative workshops are conducted with internal teams in an effort to develop new ways of exploring/addressing marketplace needs.
4. Exploratory focus groups with customers are conducted in order to identify needs and new ways to problem-solve. Focus groups may also include suppliers, vendors or dealers.
5. To validate the needs segments and segment sizes, primary quantitative surveys may be initiated with consumers.