

# **ACCOUNT PRIORITIZATION AND SEGMENTATION**

Project report submitted in partial fulfillment of the requirement for the degree of  
Bachelor of Technology

in

**Computer Science and Engineering**

By

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to

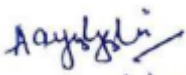


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## DECLARATION

I hereby declare that, this project has been done by me under the supervision of Mr. Aayush Joshi. I also declare that neither this project nor any part of this project has been submitted elsewhere for award of any degree or diploma.



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## CERTIFICATE

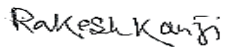
I hereby declare that the work presented in this report entitled “**Account Prioritization and Segmentation**” in partial fulfillment of the requirements for the award of the degree of **Bachelor of Technology in Computer Science and Engineering/Information Technology** submitted in the department of Computer Science & Engineering and Information Technology, Jaypee University of Information Technology Waknaghat is an authentic record of my own work carried out over a period from February 2022 to May 2022 under the supervision of **Mr. Aayush Joshi**, Business Operations Manager, ZS Associates London.

The matter embodied in the report has not been submitted for the award of any other degree or diploma.



Astitva Shrestha, 181404

This is to certify that the above statement made by the candidate is true to the best of my knowledge.



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Assistant Professor (SG)  
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Dated: 26<sup>th</sup> May 2022



Mr. Aayush Joshi  
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Dated: 26<sup>th</sup> May 2022

## AKCNOWLEDGEMENT

Firstly, I express my heartiest thanks and gratefulness to almighty God for His divine blessing makes us possible to complete the project work successfully.

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Finally, I must acknowledge with due respect the constant support and patients of my parents.



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## **ABSTRACT**

Analytical decision-making is the foundation of structured organization. When investing, I think it's always best to use all the data available before making a decision. Some organizations, for instance, assign roles specifically dedicated to analyzing and presenting performance.

Today's hunger for data to support decisions is cross-cutting and impacts almost every company function, from employees to line of business functions Making use of the data to perform analysis and present business stories that illustrate results and recommendations. In today's society, stories are effective instruments for communicating information. Because of their narrative framework, these stories are extremely powerful. This makes all the difference should they be used in a presentation or chart.

In our project we focus on providing hospital accounts prioritization and segmentation, and finding insights from these tiers to provide deep insights of the market and giving recommendation for go to market strategies. Using MS Excel to create dynamic workflow and creating these segments we were able to prioritize and segment these accounts giving not only hospital level insights but going a level above and providing insights at one level above also.

## ZS PROFILE

### **About:**

Andris Zoltners and Prabhakant (Prabha) Sinha, two Northwestern University professors and former graduate classmates, founded ZS in 1983.

The pair had conducted joint research on the knapsack problem at the University of Massachusetts, it entailed mixing goods in such a way that the overall weight was less than or equal to a certain limit. In addition to planning and distributing meals for astronauts and members of the armed forces, they realized they could apply their research to consumer industry issues relating to workforce measurement and resource allocation.

In 1982, Zoltners and Sinha demonstrated to their academic counterparts a computer-aided territory mapping system, demonstrating the world's first personal computer-based territory mapping system.

While working non-traditional hours, the two founders established ZS Associates in 1983 to provide companies with software that has improved sales force efficiency.

During its first three years of operation, ZS guided eight of the top ten pharmaceutical companies in the world through the process of aligning territories and resizing sales forces. The company was working with 49 out of the 50 largest pharmaceutical manufacturers and 17 out of the 20 largest medical device makers by 2011.

ZS today works with companies across industries, from the healthcare sector to high-tech and financial services. In addition, ZS' expertise and offerings have been greatly expanded as well.



Through our research, analytics, and technology capabilities, we now assist clients from discovery through commercialization.

### **ZS Mission:**

We collaborate closely with you to create and deliver products that provide value to your customers and improve your bottom line. That's impact where it matters.

### **ZS Culture:**

**People are the most crucial aspect of ZS.** As part of ZSers' consistent evaluation of engagement, they consistently indicate that "the people" and "the collaborative working style" are the most important factors. Supportive community, empowerment and trust, humility, innovation, and constant improvement are among the overarching values that define our culture.

The core values include-

- **Get it right**  
Every challenge, regardless of how complex, is prioritized by finding the right answer and delivering quality work.
  
- **Do the right thing**  
Our organisation, our clients, and each other are all guided by integrity and high ethical standards.
  
- **Treat people right**  
Keeping others' dignity and respect is an important part of our philosophy. We're committed to fostering a welcoming workplace that encourages a sense of belonging among all employees.

## **Diversity, Equity & Inclusion:**

### **"Achieving the full potential of inclusive diversity, equity, and inclusion."**

Our belief systems and individual experiences, as well as visible and invisible elements of our identities, are celebrated at ZS. These elements make us unique and help us to shape our identities. The three elements act together to foster collaboration, promote innovation, and improve client relationships.

Diversity, equity and inclusion are important to ZS far beyond superficial considerations. Identities, experiences, and belief systems; visible and invisible -- that are all welcome as part of ZS community. Every person is supported to thrive by fostering a culture in which they feel heard, respected, and are enabled to thrive based on their respective needs.

By establishing organizational priorities that move the needle, ZS's Diversity, Equity and Inclusion Council, comprised of various representations from across the organization as well as external advisers, is assisting ZS on its journey. ZS's Diversity, Equity and Inclusion Council facilitates collaboration with ZS leaders and ZS's extensive employee network to help embed diversity, equity and inclusion in ZS's culture and practices.

## **Corporate Responsibility at ZS:**

As part of ZS's corporate responsibility program, it strives to become world-positive in economic, environmental, and social practices by treating people right, getting it right, and doing the right thing.

Globally, ZS employees can make a positive impact through programs like ZS Cares and Sustainability@ZS, which help them do pro bono consulting, volunteer work, and promote green initiatives. Regardless of whether that means decreasing our environmental impact, providing pro

bono services or volunteering in our communities, we encourage people to apply their unique knowledge, skills and passion to the causes they care about. ZS partners with nonprofit organizations to expand their impact in the communities where we live and work by sharing our expertise and time.

By using renewable resources and minimizing waste, cutting down on business travel, working in close proximity to our clients, and employing more efficient ways of using our physical space, ZS intends to reduce our environmental impact.

ZS partners with nonprofits in many sectors including:-

- **Healthcare and Patient Advocacy**
- **Education**
- **Equality and Economic Development**
- **Environment and Sustainability**

Programs ZS offers for corporate responsibility illustrate its people's passions and diversity. As a part of its CSO initiative, ZS has provided 15 pro bono consulting projects, 14,500 hours of service, 35 philanthropic activities, and 17 Green Teams to help reduce the firm's environmental impact.

### **ZS Client Relationship:**

“It’s about results, not just ideas. So, we work with clients throughout the whole project, from strategy to execution”. When you partner with ZS, it's your first time right every time. Throughout the process, we are by your side to ensure successful results. We deliver innovative, business-specific solutions that succeed on-the-job. Adding more industries to ZS' portfolio is a part of its strategy to increase its impact. These include:-

- Travel & Hospitality
- HEALTH PLANS
- Healthcare
- Pharmaceuticals & Biotech
- Life Sciences
- Medical Technology
- Pharmaceuticals & Biotech
- Digital
- Financial Services
- Consumer Goods
- Industrial & Business Services, etc.

## INTRODUCTION

The project focused on account prioritization and segmentation. We were provided a list of hospital accounts and we had to prioritize these developing our own understanding looking at the data provided to us and develop novel methods to segment these accounts.

### **What is account segmentation and prioritization?**

Typically, account segmentation and prioritization involves selling to individual customers based on their existing revenue as well as their potential future spend potential. In general, these categories are coded as A, B, and C, or Tiers 1, 2, and 3.

Your next step to growing your business is to segment and prioritize your accounts after we define our **Ideal Customer Profiles (ICP)**, explore our **Total Addressable Markets (TAM)**, and create a **target account list**.

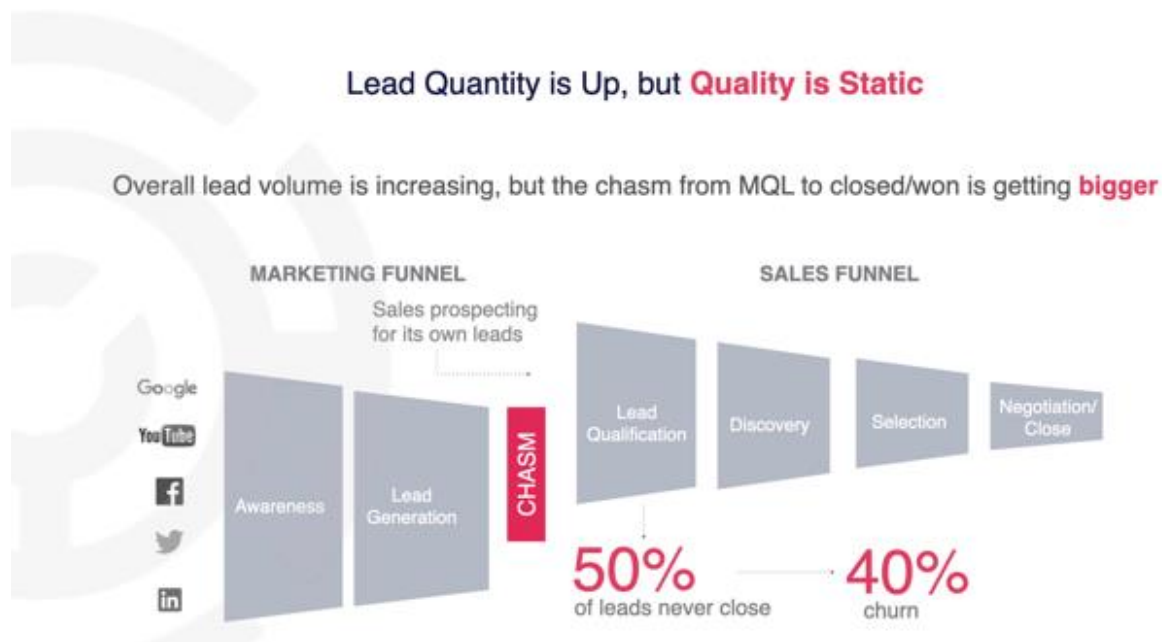
It is critical to segment your list of target accounts by their key characteristics - like conversion potential, revenue, engagement, and model fit - so your teams are well-informed about which targets should be targeted first (and why).

Segmenting and tiering accounts allows you to identify your highest priority accounts (Tier 1), mid priority accounts (Tier 2), and low priority accounts (Tier 3). In a similar way, this pyramid structure appears - at the top you should have a few Tier 1 accounts and at the bottom are more accounts that should be considered lower priority.

## Why is account segmentation important?

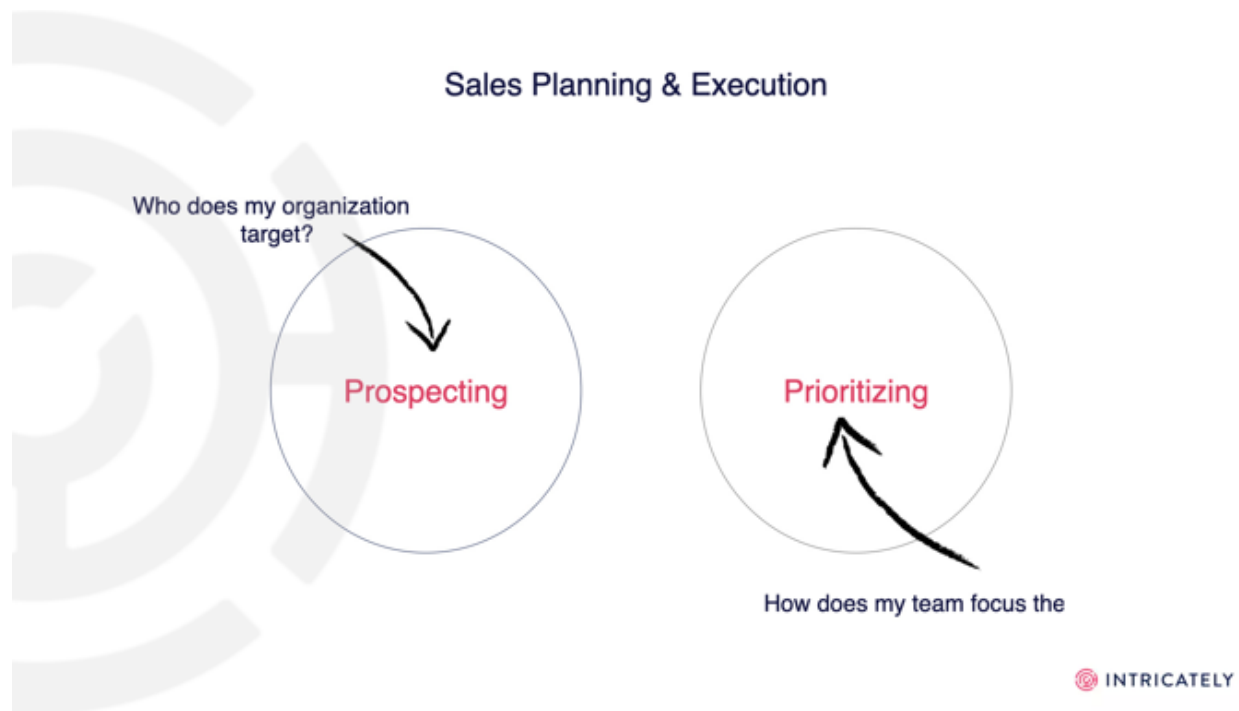
Account-based marketing providers typically observe **99 percent higher engagement rates**, **80% higher win rates**, and **73% better deal terms**, based on results of the **SABREP**. In the end, though, successful ABM depends on teams executing account segmentation effectively - and that's what drives these strong performances.

When teams used traditional marketing methods, they experienced the following challenge:



**Figure 1.** Old Marketing technique

Marketers had gathered a flood of leads, but many didn't make it to Sales, when they were passed along. When Sales and Marketing segment customers with account-based marketing, both teams are aligned on the funnel, which means they both prioritize the same prospect. To illustrate this, let's look at:



**Figure 2.** Sales Planning & Execution

Combined marketing and sales efforts on ABM qualification result in fewer leads falling through the cracks. Additionally, as these accounts move through the funnel and interact with the provider, Marketing and Sales can segment these potential customers. By identifying which accounts fit into which tiers, Marketing and Sales can answer questions such as:

- How do you choose which accounts will contribute most to revenue?
- What accounts will convert most easily?
- What accounts should I target first?
- My segments of customers have what kind of spending power?

By finding revenue in the correct places, you'll grow the size of deals, lengthen sales cycles, and increase the win-rate.

## **How to identify and tier target accounts for account-based marketing**

### **Tier 1: High priority**

**Ideal customer profiles** for Tier 1 accounts should correspond with the qualities described in your Tier 1 account list. Sales and Marketing should focus their attention on these as they represent the most promising opportunities for your business. Your best sales reps should be assigned to these accounts (and to the buyers within those accounts).

Together, Marketing and Sales should create user-specific touch points for these accounts. Since Tier 1 deals typically have large dollar volumes, providers invest a lot of time and resources to establish and further these relationships.

### **Tier 2: Medium priority**

Your Tier 2 accounts meet most, but not all, of your ICP requirements. For example, the lifetime value (LTV) of these accounts may be lower than your Tier 1 accounts, and their spend potential may be lower as well.

There will be less customization and priority given to Tier 2 accounts than to Tier 1 accounts, but you should still place multiple touch points and marketing campaigns directed at these accounts.

### **Tier 3: Low priority**

As you might expect, Tier 3 accounts share some characteristics with your individual career plan, only not to an extent that rivals Tiers 1 or 2. It is worth watching these accounts and following them, but it does not require the same level of effort as work on greater priorities.



## Getting started with account segmentation and tiering

You can segment accounts in many ways, taking into consideration factors that affect the probability of your product being purchased by an account.

When making your lead scoring methodology, think about the following:

- **Model fit:** How would you describe your ideal or target client? What characteristics does it have?
- **Behavior:** What is the overall account behavior? How is it distributed across different channels?
- **Intent:** Can you tell from the account's activity whether the account has an intention to purchase?
- **Needs:** Identify the customer's needs and offer solutions that fulfill these needs.

Tier 1, Tier 2, or Tier 3 will be assigned based on how well a particular account fits into your overall ICP. The aspects that differentiate one tier from another can be refined as you progress with lead scoring.

Accounts that fall under each level need to be agreed upon when teams begin their account-based marketing journey. Depending on factors such as the ones above, this varies significantly across organizations. It will also change as your business scales.

In the end, account segmentation and tiering are steps you can take to optimize your go-to-market strategy while building relationships with your target accounts. Marketers and Sales must work together to understand each customer's unique challenges and determine how their solutions can address them.

## Which types of data drive account segmentation?

Diversifying your dataset provides a dramatic advantage when seeking to segment and tier accounts. By using this feature, you can assign weights to the different factors used to tier accounts.

### Firmographic data

In order to describe a company's profile properly, firmographic data will need to be collected, such as its geographical region, number of clients, employees, type of organization, industry, and annual revenue. As an example of a firmographic profile for Reebok, we could say the following:

#### Reebok, Inc.

- **Industry:** Retail
- **Headquarters:** Boston, Massachusetts
- **Company size:** 20,000+ employees
- **Annual revenue:** \$20B+

Although firmographics data is an excellent starting point for understanding a company in detail, the data's basic insights are straightforward.

### Technographic data

Technographic data sheds light on the tools a company is using. This enables marketers to easily personalize their campaigns, and salespeople to identify how a solution fits into their prospects' existing technology stack.

A number of technological data providers, including DemandMatrix and Datanyze, monitor their users and alert them when one of their clients implements a tool that complements the tool they

sell. As an alternative, a user can choose to be notified if a competition account removes their own product.

Technographic data, however, does not give salespeople the context for understanding how an account uses the technology in question.

### **Behavioral and intent data**

An account's behavior and intent can be tracked when they interact with your business. Among the information it monitors are visits to the website, email sign-ups, demo requests, etc. The data can be used by sales and marketing to see how accounts are engaging with their content and how far along they are in the funnel.

It is impossible to ignore a customer who has consistently engaged with your business. Indications that the account is making progress toward purchasing include downloading case studies, attending webinars, and requesting a demo. Your engagement objectives should take precedence over those with less activity, even if they seem to be more appropriate for your ICP.

### **Contextual data**

The "how?" behind an account's technology utilization is answered with contextual data. By understanding how much of their revenues are spent on a certain product, when their contracts with existing vendors expire, and so on, they can make informed decisions regarding their business.

Analyzing accounts with a contextual lens will allow you to answer questions such as:

- What are the chances of this account moving quickly through the funnel?
- Has the account been assigned a suitable tech stack? Is the customer currently utilizing the products within this account?

- What kind of relationship does the account have with a competitor? Will it be renewed or cancelled?

## **The Bottom Line**

Sales and Marketing must work together to build any account-based marketing strategy that is successful. Through collaboration, these teams can achieve the best results by creating mutually beneficial plays.

The right data empowers your salesforce to pursue your Tier 1, Tier 2, and Tier 3 accounts, allowing you to cultivate the trust needed to execute an enterprise sales campaign.

## **2.2 Problem Statement**

The current hospital accounts are distributed all over and no specific methodology exists for categorizing these accounts based on their relative importance. This leads to a lot of unutilized and underutilized resource allocation and cost.

## **2.3 Objective**

The task was to perform hospital account prioritization and segmentation. Perform analysis based on certain metrics and categorize the accounts. Also we had draw and report the insights as well as provide go to market strategy.

Apart from this take the analysis to one level above hospital accounts and create novel methods for segmenting those and provide the insights.

# SYSTEM DEVELOPMENT

## 3.1 Tools used

The project involved the use of Microsoft Excel and Microsoft PowerPoint for creating the analysis and representing the results.

- **Microsoft Excel**

Microsoft Excel was used extensively. Raw data was collected on it from the client. Then dynamic worksheets were created to incorporate the changes made. Based on the prioritization metrics the accounts were prioritized based on an overall score. Similarly, the accounts were segmented based on the segmentation metrics and using VBA the scores were calculated.

- **Microsoft PowerPoint**

Microsoft PowerPoint was used extensively for reporting the findings made through our analysis in Microsoft Excel workbook. With PowerPoint, data can be presented easily. Nevertheless, PowerPoint presentations that are visual and effective require a lot of time and effort. By presenting data in the same manner over and over again, it is easy to bore your audience. One golden rule basically applies here. Make it interesting.

With the right data use, your message can gain weight, authority, and leverage. The presentation should provide solid support for and emphasis on your ideas. Finding out what methods to use is crucial. Yet even more essential is knowing how to utilize those methods in their most effective and visually appealing manner.

The project involved analyzing and drawing different graphs ranging from line chart, column charts, Venn diagram, pictograms, bubble chart, area maps, among other things the graphs of different metrics at sales and other capacity metrics and drawing concrete conclusions and reporting these findings to the client.

### **3.2 Methodology**

The project work is divided into several phases which involved a lot of going to and fro with the client on getting the overall understanding of the market as well as making sense of the data. Understanding the business requirements and getting a clear understanding of the business rules was essential for overall clarity of the project, delivering exemplary results and exceeding the expectations of the client.

The phases include: -

- **Gathering data**

We request data from the client in an already decided format. The data is shared by client as and when it becomes available, so it is required to keep updating our data in Microsoft Excel workbooks and quality checking the gathered data for any errors.

- **Finalizing the metrics**

The metrics to be used for prioritization and segmentation exercise are discussed and after careful calculation. It's human nature to focus more on what we need to do rather than what we've already accomplished. This Zeigarnik effect, named after Russian psychologist Bluma Zeigarnik, refers to the fact that our minds are so busy we often don't have time to pay attention to what we really need to do.

It can be difficult to stay focused and get things done when we have unorganized mental to-do lists filled with tasks and projects that need to be done but have no clear hierarchy of importance. The decision of finalizing importance is most important as this forms the backbone of our analysis. Several sessions are spent with client to look at the nuances of each metric and whether that is important for the overall understanding of the market.

- **Deciding the accounts to use**

After the metrics have been finalized, we select the list of accounts to use which mostly include top performing accounts. During this phase we also look at missing data and look at the ways on how to fill these gaps using different techniques. We populate the data in the workbooks and start working on the analysis.

The main challenge is to decide on how to fill the quantitative vs qualitative data. This requires a clear understanding of the different metrics that we are using for the project and how the prioritization and segmentation could be impacted moving forward.

- **Prioritization and Segmentation**

The above steps are essential to the process. After this, we begin our prioritization exercise. We begin with collating the metric variables and using the data for these metrics, we calculate scores which helps in deciding prioritization tiers.

Getting at an understanding of how to approach these metrics and calculate the scores is the real challenge. This requires good understanding of excel as well to get exactly what the desired output.

Similarly, for prioritization based on the metrics we calculate the scores and get the required segments.

- **Drawing graphs for these scores and metric values**

After the score calculation, we delve into creating summaries and graphs which helps us get a clear picture across the prioritization and segmentation tiers. These graphs help us draw insights which are useful when presenting the results to our clients.



- **Presenting the final analysis**

After the analysis portion is done, we collate our results and create simple, understandable view of our analysis with clear data backed recommendations to our clients. This phase requires a lot of effort as we go through various iteration of the PPT to make it aesthetically pleasing. This phase also requires a lot of quality checks to ensure that we present our analysis in the best format possible.

## ANALYSIS

In our particular project apart from the above steps. We had to present a view of our analysis at one level above the hospital account level. This required creating a novel approach and scoring methodology to categorize the accounts at the above level. We developed a new approach based on the tiers and were able to categorize these at one level above.

This process involves the following steps:

- 1. Organize your accounts by making a list**
- 2. Analyzing accounts based on metrics**
- 3. Determine the attributes of ideal customers that predict future sales**
- 4. Assess your territory**
- 5. Calculate your a, b, and c accounts by taking account metrics & account potential into consideration**
- 6. Ensure that your manager approves your account segmentation**

Additionally, we address the common challenges the client team may encounter: -

- **Territory Growth Politics**

A growing territory will have more accounts than one representative can realistically serve as revenue increases from existing customers and new prospects are identified - thus making it necessary to divide the territory among several representatives for further expansion. The current Representative may become demotivated if this situation is not handled properly - especially if they do not feel adequately involved in the planning process. Here are some solutions to this problem:

- You might want to promote your top-performing reps to a Manager level or appoint a Team Lead

- A common practice in many technology companies is to create a 'senior' sales position within a territory (the senior sales rep is responsible for A and the top half of B Accounts, while the junior Sales Rep is responsible for the bottom half of B and C Accounts).
- By assigning the incumbent Sales Rep to a different type of territory (Maturity or Development) based on their preference or skill-set (Hunter/Farmer).

The farmer approach tends to be more beneficial to mature territories, whereas the hunter approach tends to be more beneficial to developing territories.

- **The Elephant That Crashes The Party**

A new account will pop up every year that wasn't previously on your radar, and that either places a big order or could turn the fortunes of the Sales Rep's quarter (or even year).

The temptation will be to just slap an A on the account and move on, but any new 'high-potential' accounts that arise during the year should be added as C accounts. Meanwhile, the Sales Rep can give it special attention until its status is re-evaluated at the beginning of the next fiscal year. Next year, the Sales Rep who oversaw the growth of this account will be able to look back on it as a mark of success.

- **Striking The Wrong Balance**

Account Segmentation is often misinterpreted by Sales Reps as an exercise in prioritizing our largest revenue accounts or simply prioritizing the biggest companies regardless of how much they pay now.

It is very important for the Sales Supervisor to work with the Sales Representatives to identify appropriate ICP attributes, to help the Sales Representatives correctly identify the type of territory that they have been assigned, and to ensure that proper annual sales vs. ICP weighting is considered when segmenting accounts. Segmenting accounts is a team effort, and it requires very close communication between the Sales Rep and Sales Manager.

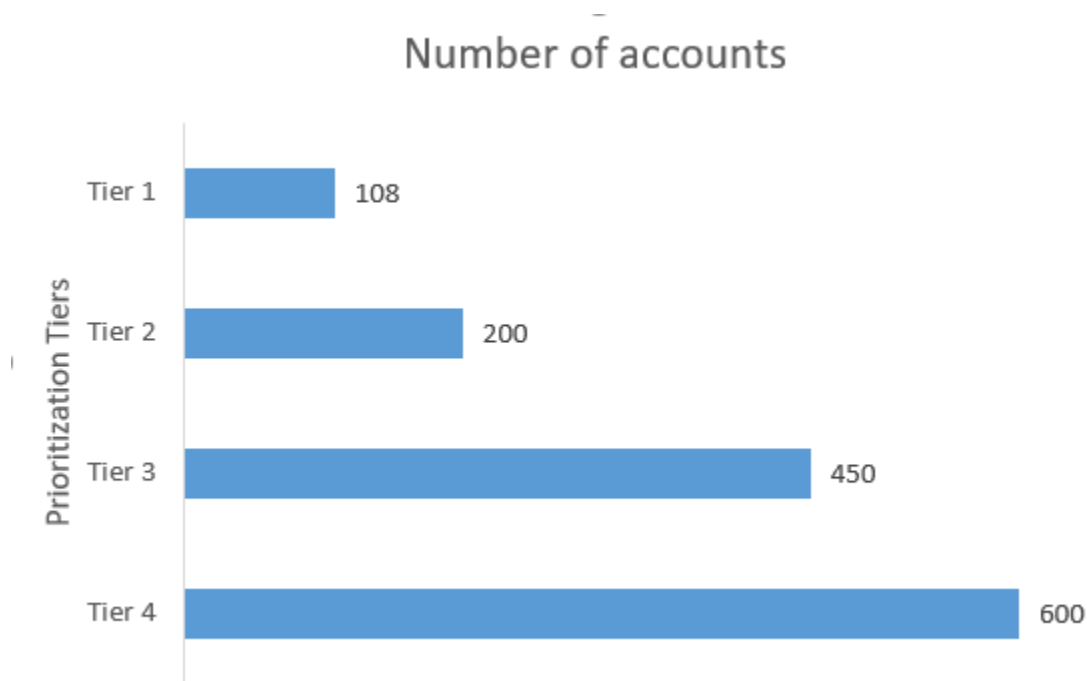
The final analysis and recommendations were presented to the clients after all these challenges were resolved.

## RESULTS

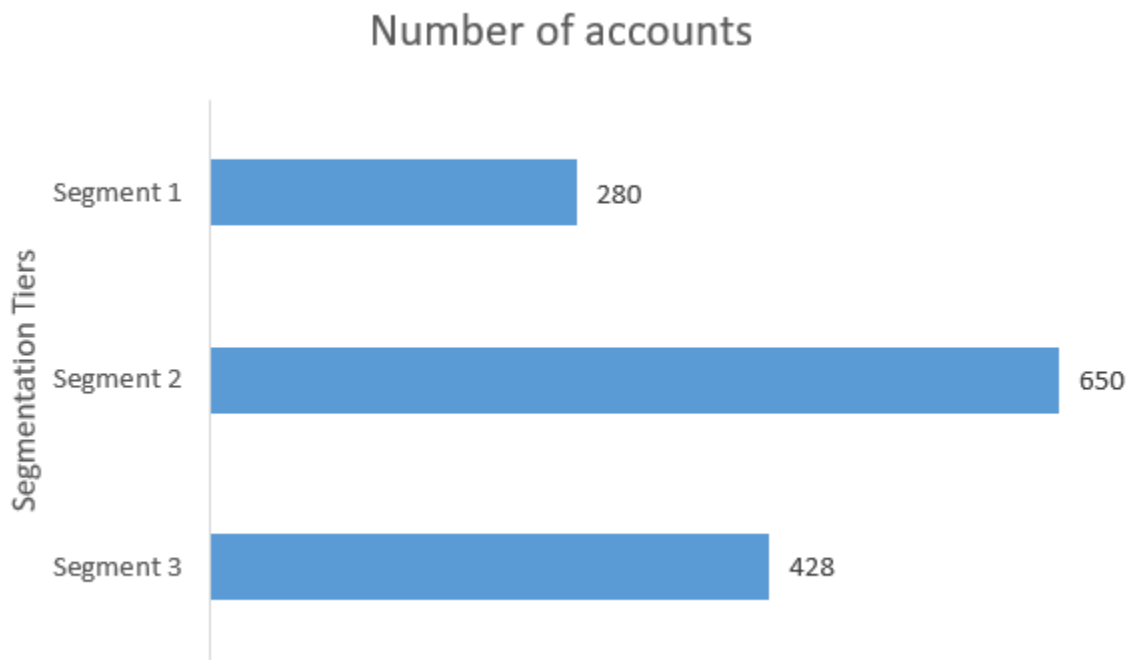
During the course of this project, we were able to get the desired results. We went above and beyond of what was expected. The base account level analysis as well as above account level views and analysis helped client get a more cleared understanding of the market and these accounts. This helped them understand the underlying nuances as well as the go to market strategy that could be adopted moving int the future.

The analysis backed recommendations that we provided aligned with what exactly the client team was looking for as well as provided them a look into the future of market and how them could leverage these analysis for better strategizing and planning their go to market plans.

Overall the feedback from client was highly positive and helped them plan for the future.



**Figure 3.** Number of accounts in each Prioritization Tiers



**Figure 4.** Number of accounts in each Segmentation Tiers

## CONCLUSION

This project was focused on giving analysis backed recommendations. It helped giving real world experience on how to prioritize and segments accounts as well as on how the organizations work.

Data analytics is used in majority industries nowadays. It goes beyond just making smart marketing decisions. It can also have an impact on your bottom line. It can also be helpful in making complex business decisions like figuring out your entire market strategy, customer journey, etc. and building personalized market strategy to match that. I learnt a lot about on how to analyse the data and get useful insights to better predict market trends.

It was a great experience. This project has increased my practical skills manifolds. I got to work on many real-world applications, and it has been life changing in many ways for me. Overall, it was a great learning and joyful experience for me. I really like the work culture and the core values of ZS, and I am very thankful to work here.

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## APPENDICES

### **Segmenting your accounts: How to do it**

Research has shown that most B2B revenue is generated from a very small number of accounts. It is to be noted that sales follow a predictable pattern in most organizations:

- Over 65% of sales are generated by the top 15% of clients
- Approximately 20% of sales come from the next 20% of clients
- 15% of the sales come from the last 65% of clients

Only 35% of all sales come from the top 35% of accounts, meaning 85% of the total sales are generated! We will look at six steps that you can follow to segment your sales territory keeping this statistic in mind:

#### **1. Compile a list of all your accounts**

An account list for each sales representative should be assembled by Sales Operations Reps and/or Sales Managers, which includes all relevant sales information (revenue, products purchased, frequency, etc.) for the past 1-3 years. This list should also include prospects (companies in the territory that don't currently pay). Accounts are defined as the companies within the sales territory (not contacts).

Three-quarters of B2B sales are generated by the top 35% of customers

## **2. Sort your list based on the amount of annual sales**

By sorting your list of accounts by the total revenue each account has paid you over the last year, you can find the most lucrative ones. Henceforth, I'll refer to this figure as Total Annual Sales (businesses with recurring sales may prefer to use Annual Revenue Representatives - fine).

Following your sort, mark each account with an A, B, or C using the formula below:

- 15 percent of your accounts are A's
- Next, you will assign a B to the next 20% of your accounts\
- In the final 65% of your accounts, you need to score C

Keep track of the total number of accounts you've marked A, B, and C so you can refer back to them later.

## **3. Assess the attributes of ideal customers that indicate future sales potential**

Identify 1-3 potential future sales opportunities for your business in your customers' ICP. ICP characteristics may include the following:

- Size of the account (number of employees, number of locations, financial data, etc.)
- We evaluate account fit based on historical purchase levels and frequency, competitive presence, etc.
- The relationships

#### 4. Establish What Kind Of Territory You Have

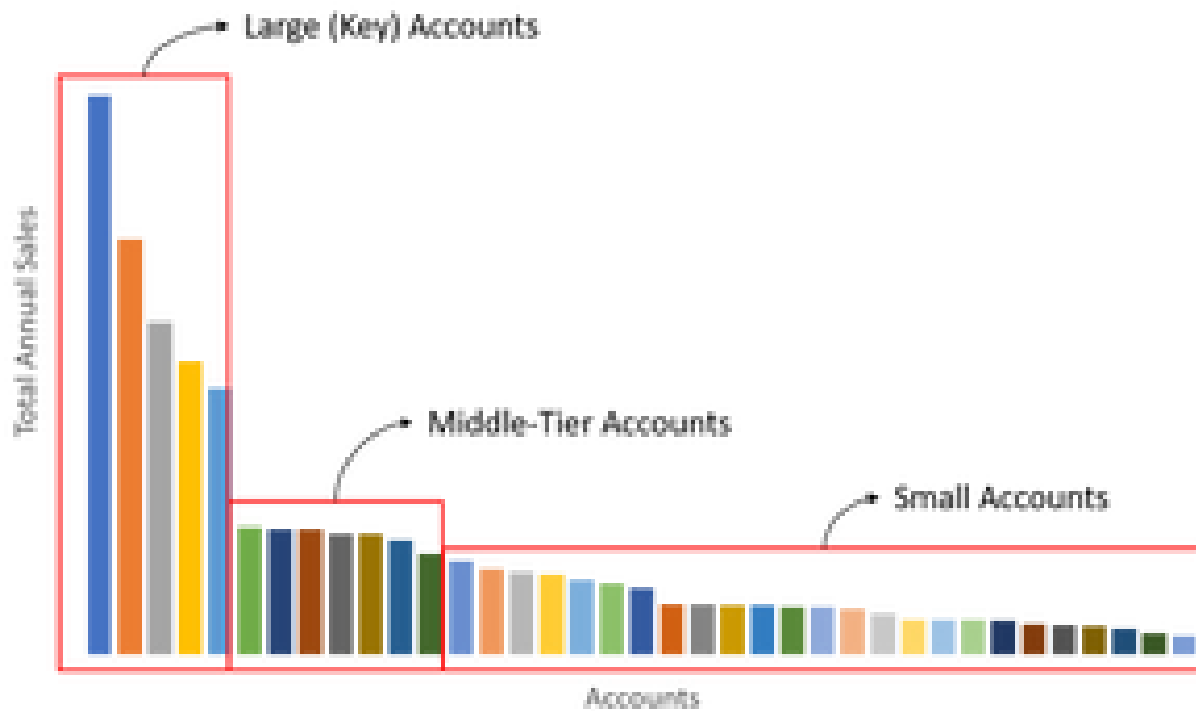
Consider dividing your accounts by sales volume rather than ICP attributes for a moment. Plotting each account's X axis and total sales for the year should be plotted on the Y axis. The graph should look something like this:



**Figure 5.** Accounts vs Sales

Consider your chart and determine if your territory is mature or developing. These are the some guidelines to follow:

## Mature Territory

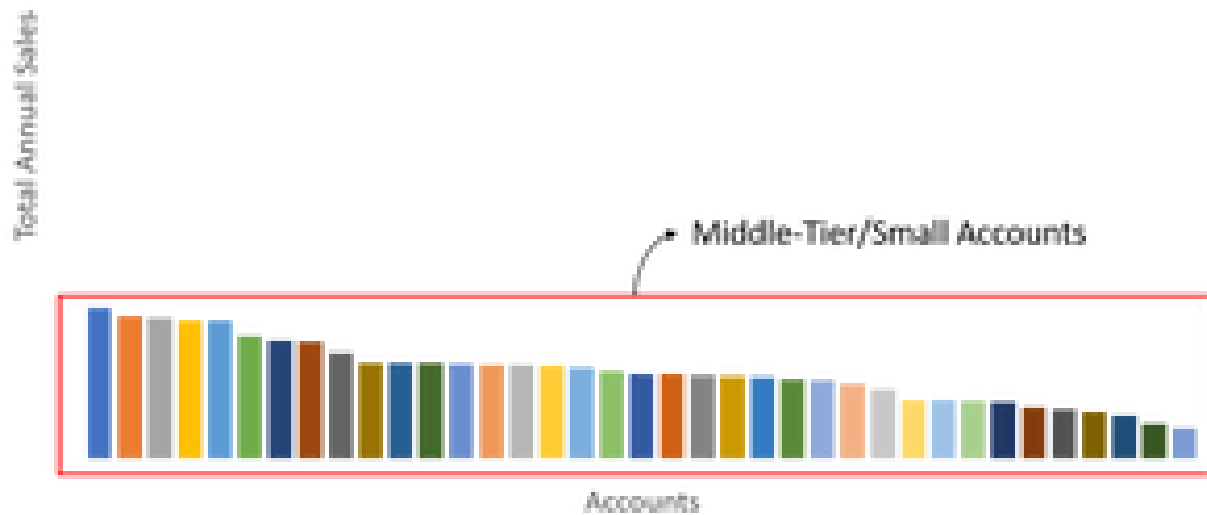


**Figure 6.** Mature Territory

An example of a mature territory can be found in the chart above. In mature territories, the majority of sales are typically accounted for by a small number of large accounts, followed by a middle tier of accounts contributing meaningful sales, followed by a long tail of smaller accounts.

*Note: In mature territories, a farmer-oriented approach tends to be more effective.*

# Developing Territory



**Figure 7.** Developing Territory

As an alternative, this chart serves as an example of a Developing Territory. Due to the absence of a clear 'key' account, the chart of Developing Territories looks visually flatter (because a much larger number of accounts contribute equivalent sales levels). There can also be one or two large accounts in Developing Territories, but they would show far less stratification (no defined middle-tier) than Mature Territories.

*Note: The 'hunter' approach typically works best for developing territories.*

## **5. Consider total annual sales and future client potential when determining your A, B, and C accounts**

Following determining your territory type, it's time to determine which customers you'll be targeting under your A, B, and C segments. It is generally recommended that you weight your accounts according to the following formula to determine your final Account Segmentation:

- **Mature Territories:** The ideal customer profile for mature territories is 80-90% of the total annual sales plus 10-20% of the ideal characteristics.
- **Developing Territories:** In developing territories, 50-60% (Total annual sales) plus 40-50% (ideal customer profile attributes) will be required.

## **6. Together, you and your manager should finalize your account segmentation**

We are now ready to meet 1-1 with the Sales Rep and the Sales Manager to determine the final segmentation. Comparing both segments of your Account Lists, identifying any discrepancy, and agreeing on the final segmentation this meeting. It is advisable to discuss and clarify the exercise with the reps and/or re-align on the sales strategy for the territory if the segmentations of the reps and managers don't match in at least 70% of the total accounts.

## **Overview of the STP Process**

Segmentation, targeting, and positioning are the three components of STP. The process starts with segmentation. In order to determine the characteristics of the customers, it groups similar customers together. Automotive companies, for example, can categorize customers based on price sensitivity and price insensitivity. Price-sensitive consumers are usually those with lower disposable incomes.

The company then selects the segment of customers to target in the second step, targeting. Based on the attractiveness of the segment, companies determine this step. Size, profitability, competition intensity and the ability of the firm to serve the market are all factors that affect attractiveness.

Creating a value proposition that appeals to the selected market segment is the final step of positioning the company. By designing, distributing, and advertising products, companies communicate the value of the product to consumers. By promoting their cars as fuel-efficient and reliable, the automotive business can offer value to price-sensitive customers.

### **How do Companies Segment Consumers?**

Typically, consumers are segmented by geography, demographics, psychographics, behavior, and benefits sought. The consumer's demographics include their lifestyle, interests, opinions, and personalities.

Behaviour involves consumer loyalty, purchase occasions, and usage rates, while benefits are what consumers are looking for, such as convenience, price, and status. Segmenting consumers can also be done by asking why, what, and who.

Understanding consumer behavior is more challenging, but also important, when segmenting consumers. Taking the "why" question into account is key to segmentation. Companies can make good predictions of future purchases based on the information they have collected on past purchases. The companies can then target the right consumer.

Companies ask about purchase behavior in their "what" questions. There are three types of data that interest companies: recent, frequent, and monetary. Three of these factors indicate how

frequently customers shop at the store, when their last visit was, and how much money they spend there. Customers are valuable and loyal to companies if they know their worth and loyalty.

Because of the ease of obtaining the information, segmenting consumers by "who" is arguably the best approach. Income, education, family size and age are among the types of information that are available. Businesses hope this information will help determine the consumer's needs. As an example, an automobile company will likely advertise an SUV rather than a two-seater vehicle to a person in their forties and with a large family.

### **How Do Companies Target Customers?**

Identifying consumer segments and figuring out what to sell to them is called targeting. Based on what they are offering and what product or service they offer, firms choose their consumer segment. Marketing strategy will also depend on the segment. Mass marketing is most effective in undifferentiated markets.

A big company like Microsoft, for instance, uses a similar design and similar ads for all customers. Other markets would benefit more from tailored marketing. Dairy Queen is a good example of a store where customers are allowed to design their own cake. Tiffany Co., which sends personal ads as part of its advertising, is another example.

The selection of segments by a company is influenced by three factors. Companies, first and foremost, consider the segment characteristics. The growth speed and profitability of a market segment can be measured by its characteristics.



Furthermore, the company takes into account its own resources and competencies to meet the segment's requirements. Large segments, for instance, are appealing. There may be a lack of resources, however, that means a company cannot serve the entire segment.

Additionally, a company must consider the competition in the segment, both now and in the future. Although a large and growing segment may be profitable, it will attract a lot of competition, which will reduce margins.

### **Segmentation and Targeting Strategy**

Creating strategies involves determining product, pricing, communication, and customer management policies. Products should be designed to maximize customer value. In this case, products are offered at different price levels or only the most expensive products are available first.

There are two types of pricing strategies: appealing to price-sensitive or price-insensitive segments. The right media and advertising are used to target the right consumer group in a communication strategy.

Digital channels will be used to advertise products to younger audiences, as this segment spends more time on Google and Facebook. Finally, customer management strategies determine the best way to promote products based on a customer's past purchase behavior. For example, they offer upgrades, priority boarding for airplanes, or coupons. In addition, the strategy will consider how often the product will be promoted.