Customer Attuned

The B2B Customer Segmentation Canvas
Step-by-Step Workbook

A new way to segment your B2B customers

Does your approach to segmentation need to evolve from internally focused product or market-oriented methods to a customer centric, insight-led model? It has never been more important to allocate marketing, sales and service resources to where they will generate most value, yet traditional approaches often rely on constraining sets of data that don't adequately take into account customers' intentions and needs. For example, just because a client has a high turnover, there is no guarantee that they will want or even need your additional products or services.

Based on decades delivering Customer Strategies for a host of organisations and academically acclaimed research by its founders, Customer Attuned has introduced the Customer Segmentation Canvas, a new way to map your customers that puts their intentions and desires at the centre of your decisions, plans and activities.

The Customer Segmentation Canvas is a model that you can use to segment your B2B customers, strategic partners or intermediaries*, not based on random data, but on their history with your company, their engagement with you, and – crucially - their expressed level of trust in the relationship.

This Workbook takes you through a practical step-by-step approach to get started.

Why a new approach?

Customer Attuned knows that relationships built on trust deliver sustainable mutual value. Segmenting customers in this new way uses trust and the appetite and opportunity for the development of a deeper relationship as competitive advantage differentiators.

Does it really matter which geographic location they are in? How important, really, is their turnover? This Customer Centric approach to customer segmentation is focused on them, the customer. How often do companies ask their customers what they want? How often are customer strategies built on financial targets that are plucked from the air? The Customer Segmentation Canvas is designed to be a solid, reliable resource to help define marketing, sales and service strategies. It will help you identify the customers who, together with you, are going to fuel your growth.

You are free to use this canvas and its supporting assets to help build out your own customer segmentation strategy. Implementing this new approach into your business might need help and that is where our specialists come in to play; we are experts in Customer Management and Organisational Performance improvement.

*This approach works for all B2B – direct customer relationships, strategic partners and intermediaries. (brokers, dealers, etc.). For brevity we hereafter simply refer to "customer" in the Workbook.

The greater the trust, the greater the relational benefit

At the heart of the Canvas is our founding Director Dr Mark Hollyoake's seminal work on B2B trust, including the "S Curve of Trust" – illustrated here and briefly described below.

The 'S' Curve of Trust

Source: Hollyoake M (2020)

① At the bottom of the curve are 'everyday' B2B customer/supplier relationships - products where you simply expect them to do what was promised.

For example, the provider of coffee machines to your office isn't a strategic partner – your staff just want hot coffee of reasonable quality. Once installed it soon becomes taken for granted - you trust that when you make your selection, you'll get a cup of coffee. This is **Everyday trust**; there is an expectation of reliable service and a small amount of vulnerability (grumpy staff!).

The result is co-existence - a transactional relationship that either gets renewed or not depending whether the provider meets their promises and keeps your staff fuelled!

② The next level of B2B relationship is **Risk Based trust**. In these relationships there is more dependency involved, e.g. a components supplier has to keep delivering or otherwise their customers' production lines will stop! Agreements and contracts therefore are framed around concrete commitments or Service Level Agreements (SLAs), which are monitored for performance and formally reviewed.

The dependence within the relationship is relatively shallow – SLAs are either met or not - so customer

retention is not guaranteed, but is likely to be maintained as long as the benefits from the relationship outweigh the risks. Information is now being exchanged, enabling a level of interdependence to be built, which can start the process of deepening the relationship for mutual value.

③ Some business relationships can thereby develop into **Knowledge Based trust**, where more openness and collaboration exist to achieve mutually-agreed aims beyond simple customer/supplier contracts. Strategic knowledge and insights are shared, which form the foundation for longer-term joint initiatives and working, thus increasing value, commitment and loyalty.

④ At the top end of the scale there is **Identification Based trust**, where the two partners are fully committed to mutual value co-creation. Both parties know each other so well that they anticipate and solve business issues before any damage is done! With this trust comes a level of interdependence where success of one party is crucial to the success of the other.
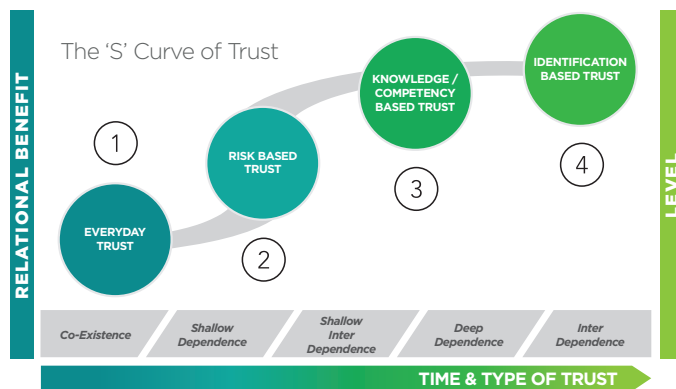
Customer Management

Most companies don't want hundreds of customer segments, so the Canvas approach set out below allows you to group customers into a manageable number of segments. It works on two axes that are wholly distinct from traditional approaches to B2B segmentation.

The level of trust in which a relationship resides directly links to the segment in which the customer will be positioned on the vertical axis of the Canvas.

The horizontal axis addresses whether there's any opportunity to grow the relationship - and if there's appetite to do so. On the left there is either no opportunity or no appetite; on the right both are in abundance!

This Canvas approach allows you to group customers into a manageable number of segments. It is clear that the segment in the top right-hand corner (6) represents your most attractive clients.

Knowing where customers sit in this framework then allows customer management plans and treatments to be applied to maintain and grow valuable relationships.

Please note that this is a B2B segmentation model. If your company works in an intermediated sector e.g. business insurance, then this model would typically apply to your brokers, NOT their customers.

We have built this demonstration Workbook around six pragmatic customer segments (described below), but it can work equally well with more or less depending on your business' customer base, operating model, and go-to-market approach. We have given them working titles that reflect how you want to manage them rather than just what they are.

Segment descriptions

The six example segments in this Workbook are described below, **starting with the most valuable**.
Don't forget that "customer" can be replaced with "partner" or "broker" throughout the workbook.

Customer Segment	6 "Realise Mutual Value"	Trust Level	Medium – high Risk Based / Knowledge Based / Identification Based
Characteristics	The customer values the output of the partnership as a differentiator; this is because of already established successes achieved through joint working. The partnership is collaborative and truly interdependent and the results greater than the sum of their parts. Co-working, co-location and even shared leadership can exist for co-creation, shared vision and objectives, and joined-up decision making to realise mutual value.		
Customer Management Objectives	Sharing of strategic knowledge enables co-creation of new solutions. At this level, the partnership demands considerable effort and resources with frequent key stakeholder engagement. Account reviews, joint business planning and even networking occurs to strengthen the relationship. While there is a focus on delivering on the shared objectives, there is a need to be resilient against interruptions and strains in the relationship. This takes clarity of vision and strong, even shared, leadership and KPIs to proactively monitor interactions and progress.		

Customer Segment	5 "Deepen Relationship"	Trust Level	Low Everyday
Characteristics	Customers are invested in this long-term partnership at an operational and strategic level. There is a deep product penetration, so they continue to expect a solid return on their investment. The customer dedicates resources to the supplier's input to protect benefits and actively partakes in collaborative working and appreciates shared information and even joint working initiatives.		
Customer Management Objectives	Continue investment in the relationship, being proactive to engage with a long-sighted outlook. With regular account reviews, Voice of the Customer campaigns, information sharing and co-working, customers have the potential to move to Segment 6. Efforts are made to increase engagement at strategic and operational levels and align objectives and goals. Aim to 'sell' the opportunity for mutual value.		

Customer Segment	4 "Grow Together"	Trust Level	High Knowledge Based / Identification Based
Characteristics	Customers recognise this long-term relationship as a partnership. The investment is considerable and demanding more than a cost; it requires additional investment in people and resourcing. The relationship is beginning to be interdependent: the supplied product or service is critical to the customer's success and the supplier's purchase and ongoing insights are critical to the supplier's success. Joint working means collaborative teams meet regularly to check on progress and planning. Strategies, objectives and even issues and challenges are shared openly to ensure solutions can be quickly implemented.		
Customer Management Objectives	This partnership requires constant communication at multiple levels, just as you would treat any relationship. To keep things on track there are key stakeholder reviews, Voice of the Customer campaigns and even joint business plans. Trust is two-way with all parties contributing to maintaining a strong and resilient relationship. This might lead to information sharing at a strategic level, joint marketing campaigns and referrals and case studies. Where there is no further appetite or opportunity for a deeper relationship, perhaps for time-constrained contracts, there is a need to focus on remaining as a trusted supplier.		

Customer Segment	3 "Develop Relationship"	Trust Level	Low - medium Everyday / Risk Based
Characteristics	Customers have most likely committed to a notable investment. This is a clear signal of appetite and an expectation of a relationship; they have expressed a need for your product or service and there is the potential for a deeper relationship. There is also an expectation to deliver on promises made against their goals and objectives that they are willing to share. The customer is beginning to deepen their trust in you.		
Customer Management Objectives	If this relationship has the potential for more appetite and opportunity, keep moving towards this customer becoming a Key Account. This is achieved through delivering on the customer's goals to protect their investment and trust in you. If there is little expression of desire for a deeper relationship or there is no potential for taking on additional products, the likely cost of investing further in the relationship exceeds the financial gain. The focus should be on securing loyalty and satisfaction. Implement a methodical process to regularly engage the customer, keeping them informed and listening to their issues. Aim to move them to Segments 4 or 5.		

Customer Segment	2 "Serve Diligently"	Trust Level	Medium - high Risk Based / Knowledge Based / Identification Based
Characteristics	Customers renew a service or repurchase products because they recognise the value of the product. Customers might be willing to share insights and aspirations with you. Their satisfaction with your Products and Service might result in them being ambassadors, providing case studies and referrals.		
Customer Management Objectives	Through well-defined contact plans, the relationship can be nurtured to protect customer satisfaction and loyalty. Listening to the Customer's desires through exchanging performance-based information or Voice of the Customer campaigns, will help identify potential opportunities for product development. Seek to move the customer to Segment 4 through developing new features or growing their appetite for more products.		

Customer Segment	1 "Maintain & Respond"	Trust Level	Low Everyday Trust
Characteristics	The customer relationship will be transaction based, low cost and, perhaps, automated through a CRM system. Customers have a low appetite for a relationship or, perhaps, only need one product or service without variation. They might consider the product or service as a commodity and expect a low value with low commitments.		
Customer Management Objectives	Focus on being easy to deal with and doing 'what we say we will do, when we say we will do it'. Proactively deploy a structured Communications Plan, sales content and 'light touch' customer service engagement. If this Segmentation group is high volume and low value, mass-marketing campaigns can be relied upon – emails, social media campaigns.		

Plotting customers on the Canvas

To get started with the Canvas, think of:

- One of your top clients,
- One where you know that you could sell more to them, and
- One where there is little current relationship

Then go through the following questions to identify where each customer sits:

First, the horizontal (X) axis, the appetite and opportunity:

1. **Customer Revenue**. On a scale of lowest to highest revenue (or ideally profitability) where is the customer positioned?

Low = Column A (left), Middle = Column B, High = Column C (right)

2. **Product Opportunity**. Are there more products available that are suited to the customer?

No = Column A, Yes, 1 or 2 products = Column B, Yes, several products = Column C

3. **Appetite**. Does the customer want more of your products and services (have you asked them)?

No = Column A, Maybe = Column B, Yes = Column C

If the answer to Question 2 or 3 is column A, then the Customer is positioned in column A; otherwise, their position is the column average of Questions 1, 2 and 3.

Turning to the vertical (Y) axis, the depth of relationship:

4. Engagement. How frequently does your customer engage with your emails and interactions?

Rarely = low, **sometimes** = medium, **frequently** = high

5. Products Taken. How many products / services does your customer have?

Rank from Low, Medium to High based upon the quantity of products and services taken

6. Level of Trust. Where does the customer sit on the S-Curve of Trust as described above (have you asked them)?

Everyday = low, Risk Based = low, Knowledge Based = medium, Identification Based = high

What is the average position - low, medium or high?

Record your X and Y axis results for each of your chosen example clients.

The resulting Segments therefore become:

- If the X-Axis = Column A and the Y-Axis = Low, then the Customer Segment = 1

- If the X-Axis = Column A and the Y-Axis = Medium or High, then the Customer Segment = 2

- If the X-Axis = Column B and the Y-Axis = Low or Medium, then the Customer Segment = 3

- If the X-Axis = Column B and the Y-Axis = High, then the Customer Segment = 4

- If the X-Axis = Column C and the Y-Axis = Low, then the Customer Segment = 5

- If the X-Axis = Column C and the Y-Axis = Medium or High, then the Customer Segment = 6

Y-Axis	Customer Segments		
High	2	4	6
Medium	2	3	6
Low	1	3	5
	A	B	C
	X-Axis		

	X-Axis Result	Y-Axis Result
Customer 1		
Customer 2		
Customer 3		

We have purposely kept this canvas relatively simple with only 6 factors to illustrate the principle. You may, of course, have more contributary factors that you wish to include in your own segment calculation.

What's next?

Utilising this canvas, you will be able to group your customer base into a manageable number of segments.

However, accurately plotting them onto this canvas is only the start of your Customer Value Development journey.

You now need to think about what you are going to do with these customers, based on each segment:

- how do you protect your most valuable customers;

- what treatments do we need to give to the segments that we are going to invest in;

- and how do we maintain excellent service for the rest?

You'll want to revise the allocation and reallocation of all of your customers onto the Segmentation Canvas at regular periods, ideally automating this within your CRM.

With expertise in Customer Management and Organisational Performance Improvement, we build cultures of Customer Centricity based on Trust so that sustainable, mutually beneficial relationships are maintained.

We can assist with bringing your segmentation model to life, undertaking Voice of Customer (VoC) and Voice of Staff (VoS) programmes to determine the levels of customer trust, or co-developing customer management plans to move your customers from one segment to another. And thereby help you hit your sales growth and customer service targets.

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The B2B Customer Segmentation Canvas

Level of Relationship & Trust

2. 'Serve Diligently'

4. 'Grow Together'

6. 'Realise Mutual Value'

3. 'Develop Relationship'

1. 'Maintain & Respond'

5. 'Invest in Relationship'

Appetite & Opportunity