# Customer segmentation research proposal 2024

## 1. Context and aims

You need to update your customer segmentation to reflect changing needs for the business. Although the current segmentation has been valuable for various purposes, it is essential that, going forward, the segmentation provides a useful tool for informing:

- Marketing and communications
- Behaviour change campaigns

We have therefore considered the best way to deliver a segmentation which meets your needs in terms of its media and behavioural dimensions. Below we have outlined two options:

1. A behavioural segmentation with detailed media consumption overlay
2. A media-led segmentation with behavioural dimension (using Kantar Media's TGI Profiles dataset)

We recommend option 1 as the most cost-effective way to meet your needs – as it is significantly less expensive than option 2 and the media outputs we will deliver are more likely to be proportionate to your needs.

## 2. Recommended approach

**Behavioural segmentation, including bespoke media consumption questions relevant to the Wessex Water region**

**Overview**

*This option provides a significant upgrade on the current segmentation. We believe it also offers the best route forward in terms of impact and cost-effectiveness. It will deliver a series of behavioural segments (such as those included below) with a rich media overlay. We can provide locally relevant media consumption data bespoke to your needs.*

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**Key details**
- Segments will display different water usage characteristics. We will deliver detailed media consumption information about each segment, using bespoke questions to suit your needs – this includes detailed questions around locally relevant media.
- Based on a 15-minute representative online survey of 1000 Wessex Water customers.
- Delivering 5-8 segments, based on behavioural variables (to be discussed at the project kick-off).

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**Example segments (incl. detailed media consumption analysis)**

**Low usage retirees**
**(13% of customer base)**

Very sparing in day-to-day usage out of habit – low washing machine use, short and infrequent showers.

May not always see financial benefit due to payment method – may be unmetered and in larger property.

While comfortable with digital channels, still prefer offline media and modes of communication. Key outlets: Times, Daily Telegraph, Financial Times, Radio 4.



**High usage families**
**(19% of customer base)**

Consistently high usage due to high number of people in household and active lives – teenagers shower twice a day, multiple rounds of washing daily.

Low awareness of water usage or of how to reduce usage.

Would be motivated by financial saving.

News primarily consumed through BBC News app. Often members of local Facebook groups and read community publications pushed through letterbox. Active on Street WhatsApp.

**Design**

We will develop the questionnaire after an initial workshop with you, discussing your knowledge and hypotheses regarding factors affecting key water behaviours (such as washing habits, FOG disposal and garden watering). From our experience agreeing the right questions for the segmentation is the most important phase of the process. We will therefore meet several times with you to discuss and finalise the questionnaire. We envisage that we will ask questions around:

- **Household make-up:** e.g. tenure, household type, number of occupants, relationships between occupants
- **Reported personal and household water usage habits:** covering ownership, volume and frequency for activities where we can achieve most accuracy.
- **Environmental perspectives regarding water saving:** awareness of water saving as relevant to wider environmental concerns.
- **Media consumption:** key news sources, use of social media, trust in local media outlets, channel preferences for communications from Wessex Water

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**What level of media consumption detail will this option provide?**
We have envisaged delivering mid-level detail on media usage and attitudes through this option. This will be less detailed than the data delivered through TGI, which we believe is excessive for your needs (more on this below). We could deliver a more streamlined segmentation that still delivers valuable new insight around media consumption across segments – but in a way that may be more locally relevant (by exploring use of local media channels, which may not be possible through TGI).
Within the 15-min questionnaire, we currently envisage using c.10 questions to understand Wessex Water's customers' media preferences and usage. These questions will be completely bespoke to suit your needs.
We envisage key questions might include:
- Primary social media networks, and approx. time per week spent on them.
- Primary news sources, and trust in each
- Use of local media (e.g. specific to individual towns, cities and regions)
- Trust in other local news sources (e.g. local Facebook groups, street WhatsApps)
- Channel preference and usage – e.g. radio vs TV vs mobile
This will deliver a significant improvement of your understanding of Wessex Water customers' media usage, particularly once this is combined with the segmentation analysis to identify the key habits of each segment.

**Fieldwork**

We'll conduct the fieldwork online (as this will enable us to test a range of visual assets), using Yonder Data Solutions' online panel. We will set target quotas on key factors including age, gender and socio-economic grade, reaching a representative sample of 1,000 Wessex Water customers. We will weight the data to ensure that the final data is representative of all customers in your region.

**Analysis**

In terms of the practicalities of the segmentation analysis:

- A range of advanced cluster analysis techniques will be applied to the dataset and, while the segmentation will depend on the results of the survey, we would expect it to deliver a 4-8 segment model running on a broad spectrum from low reported water usage households to high water using households.
- Each potential solution will be analysed by Blue Marble researchers to assess which will best meet your objectives. We will then share our recommended segmentation and the key characteristics that define each grouping with you. This will enable you to feed into the analysis process and ensure the final segmentation will help you to target behaviour change campaigns appropriately.
- Following this, Blue Marble will cross-analyse the attitudinal and demographic data against the segments, to begin profiling these key groupings.
- Blue Marble will use our understanding of your objectives and the water industry context to ensure the final segmentation solution will be clear, distinctive and useful, and will enable you to build communications strategies for more effectively engaging priority segments.

We will deliver the following reporting outputs at this stage:

- An attractive and accessible analytical report, making it easy for all stakeholders to interpret and make use of the results.
- Pen portrait summaries of each segment, to help you to visualise and characterise each key grouping – including key demographic information and behavioural information. This will deliver the survey data in a digestible format and help to focus resources and campaigns on the consumers of greatest relevance.
- 4-6 'golden questions', incorporating these into a typing tool (algorithm). This will allow you to segment your customers in future surveys (including the quarterly tracker) efficiently and cost-effectively. This will help us to build on our understanding of their needs and priorities over time, and ensure future strategies and engagement activities are tailored and targeted in a consistent and meaningful fashion.

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**Optional addition: focus groups with priority segments**

Once the segments have been developed, we can recruit archetypal customers from each segment to take part in focus groups. This can be very powerful in terms of bringing the segments to life and delivering rich detail in terms of their attitudes, concerns and preferences – as well as stress-testing key assumptions or hypotheses about each.

We recommend conducting a minimum of two focus groups with each segment, to ensure we gain a rounded picture that is not unduly affected by a small minority of vocal respondents.

The exact specification of focus groups and the plan for these sessions would be agreed after delivery of the segmentation analysis. At this stage we envisage that this might include 10 focus groups in total, 2 per priority segment. Each focus group would last 90 minutes and be conducted via Zoom for reasons of cost-effectiveness (recruiting archetypal segment representatives can be challenging).

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Outputs could include:
- Short video summaries (2-3 mins each) to bring each segment to life
- Written pen portraits, incorporating video, photo and audio evidence from pre-tasks
- Detailed video case studies which dive into the experiences of a typical person from each segment

## 3. Alternative approach

**Media-led segmentation, using Kantar Media's TGI Profiles data**

**Overview**

*Kantar Media's TGI is the "gold standard" media consumption dataset and is widely used by marketing and media planning agencies. It can provide very rich, granular information on media consumption – giving, for example, information on the number of hours each segment spend watching streaming services each week. Drawing this data into our segmentation would therefore provide significantly more detail than our recommended approach, acting as a valuable bedrock to inform future marketing and comms campaigns.*

*However, the TGI data comes at a premium and this route represents an expensive approach. Depending on your goals, it is possible that the TGI media consumption data is more than you need at the current stage of your work – the level of granularity provided by TGI is useful for campaigns with a very high media spend (£1m+) but less relevant for campaigns operating to tighter budgets.*

**Key details**
- Segments will display different water usage characteristics. We will deliver detailed media consumption information about each segment, using pre-defined questions within the TGI dataset.
- Based on a 10-minute representative online survey of 800 Wessex Water customers, through Kantar Media's panel.
- Delivering up to 5 segments, based on behavioural variables (to be discussed at the project kick-off). These segments would be mapped back to the TGI GB survey.
- Due to the sample size involved, analysis would only be robust at a total segment level. For example, we would be able to say "*Segment 1 has these views about water usage and the environment*" rather than looking at any splits within this (i.e. we wouldn't be able to say "*Males in Segment 1 have these views about water usage and the environment*").

**Example segments (incl. enhanced media consumption information)**

Low usage retirees
(13% of customer base)

Very sparing in day-to-day usage out of habit – low washing machine use, short and infrequent showers.

May not always see financial benefit due to payment method – may be unmetered and in larger property.

Read the Times for up to 3 hours a week – also access Daily Telegraph via website. Enjoy Stephen Bush's columns in Financial Times, listen to Radio 4 for c.2 hours every weekday morning (Today programme).



High usage families
(19% of customer base)

Consistently high usage due to high number of people in household and active lives – teenagers shower twice a day, multiple rounds of washing daily.

Low awareness of water usage or of how to reduce usage.

Would be motivated by financial saving.

Use BBC News app for c.1 hr per day on weekdays, less on weekends when more reliant on local radio stations. Over-index in membership of local Facebook groups related to sports, drama and community news. Use streaming services such as Disney + and Apple TV for up to 4 hrs per day at weekends.

## Design

We will work with Kantar Media to develop the questionnaire after an initial workshop with you, discussing your knowledge and hypotheses regarding key behavioural factors and also discussing the forms of media consumption information most likely to be useful for you.
As part of this process, we would have access to TGI data across 5-7 key areas of interest – these could include media consumption habits, engagement with advertising, lifestyle statements, leisure and hobby interests.

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**What level of granularity can TGI deliver?**
To give a sense of the level of detail on media consumption that we would be able to access through the TGI Profiles dataset, here are some of the example questions that we could overlay onto our segments:
- Internet: frequency of use for topics relating to national or local heritage
- Internet: frequency of accessing via smart watch vs smart speaker
- Radio: average weekday listening in hours
- Radio: people who give opinions on social media while listening to the radio

There are thousands of similar variables which can be overlaid into the dataset – we are very happy to provide further examples.

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## Fieldwork

We'll conduct the fieldwork online, using Kantar Media's online panel. We will set target quotas on key factors including age, gender and socio-economic grade, reaching a representative sample of 800 Wessex Water customers. We will weight the data to ensure that the final data is representative of all customers in your region.

## Analysis

Kantar Media's team will manage the data science elements of the data processing phase, overseeing the segmentation and the incorporation of TGI data into this. Kantar Media will deliver full data tables including the TGI data, which can be passed directly to any media agencies you work with media planning work.
Blue Marble will then lead on production of the final deliverables, which will be the same as for the first option. As above, we could then conduct focus groups with the target segments, to bring these to life for your team – delivering video outputs alongside case studies and more detailed pen portraits.