

CASE STUDY 2

Now let's see how an organization might actually segment their market....



On the following pages is a case study of how Friendship Bridge, a microfinance organization based in Guatemala, used data from the Progress out of Poverty Index to segment their market and build customer personas.

As you read, think about how a similar type of analysis might be useful for your own company or organization. Look for how this organization:

- conceived of questions they wanted to ask about their clients,
- crunched the numbers about the types of clients they were serving,
- developed correlational models,
- and then used those insights to visualize the types of clients they want to impact.

CASE STUDY 2

READ

🕒 10 MINUTES

CASE STUDY: Using Market Segmentation to Better Serve Guatemalan Women

Friendship Bridge is a nonprofit organization that empowers impoverished Guatemalan women to create a better future for themselves, their children and their communities through microfinance and education. Friendship Bridge works primarily with indigenous populations in rural areas where the rate of poverty in Guatemala is the highest.



In 2013, they served 27,077 women. They knew that these women were diverse in experiences and abilities, and that different product offerings might appeal to different segments within this population. Accordingly, one of their strategic objectives was to identify specific client segments.

Using the Progress out of Poverty Index as their primary data collection tool, they identified that the average Friendship Bridge client is a Guatemalan woman, 38 years old, with four children, two years of school, and a household that lives on between \$1.12-\$4.51 per day. In order to understand the data they looked at three different segments of women within that range.



Here are the three segments that they identified:

SEGMENT 1:

Most likely to be poor. The average client in this segment earns enough to buy the basic basket of food but not much more. They have mud floors, cook over an open fire, depend on work activities with inconsistent income, have one or two sets of clothing and not much else. Sometimes they cannot eat. Their health is unstable, they probably cannot read or write, and it is very difficult to enroll their children in school.



CASE STUDY 2

READ

 10 MINUTES

CASE STUDY: Market Segments

SEGMENT 2:

Intermediate likelihood of being poor. The average client in this segment earns enough to have more than one set of clothing, better houses (not extravagant), improved food security and nutrition, and a more consistent income, but it is very easy for members of this segment to fall deeper into poverty when they face economic and health challenges, or other shocks, which are very commonplace. Some may read and write, and it is more possible to enroll at least some of their children in school.

SEGMENT 3:

Least likely to be poor. The average client in this segment earns enough to have a cement, brick, or ceramic floor, and has improved nutrition, a refrigerator, and more consistent income. It is still easy for them to fall backward when they face economic and health challenges or other shocks, which are common. Most can read and write, and they are presently able to enroll their children in school.



Once these market segments had been identified, Friendship Bridge then developed three client personas. These were portraits or descriptions of three representative clients. By painting a picture of these clients and their associated characteristics, they could begin to think about ways to serve them that were strategic and data-driven, but also deeply humanized. Keeping their customer in mind as they began to develop different microfinance products allowed them to design for specific use cases that were actually relevant to their clients' lives.

See the following page for the profiles of Maria, Juana, and Catalina that they developed.

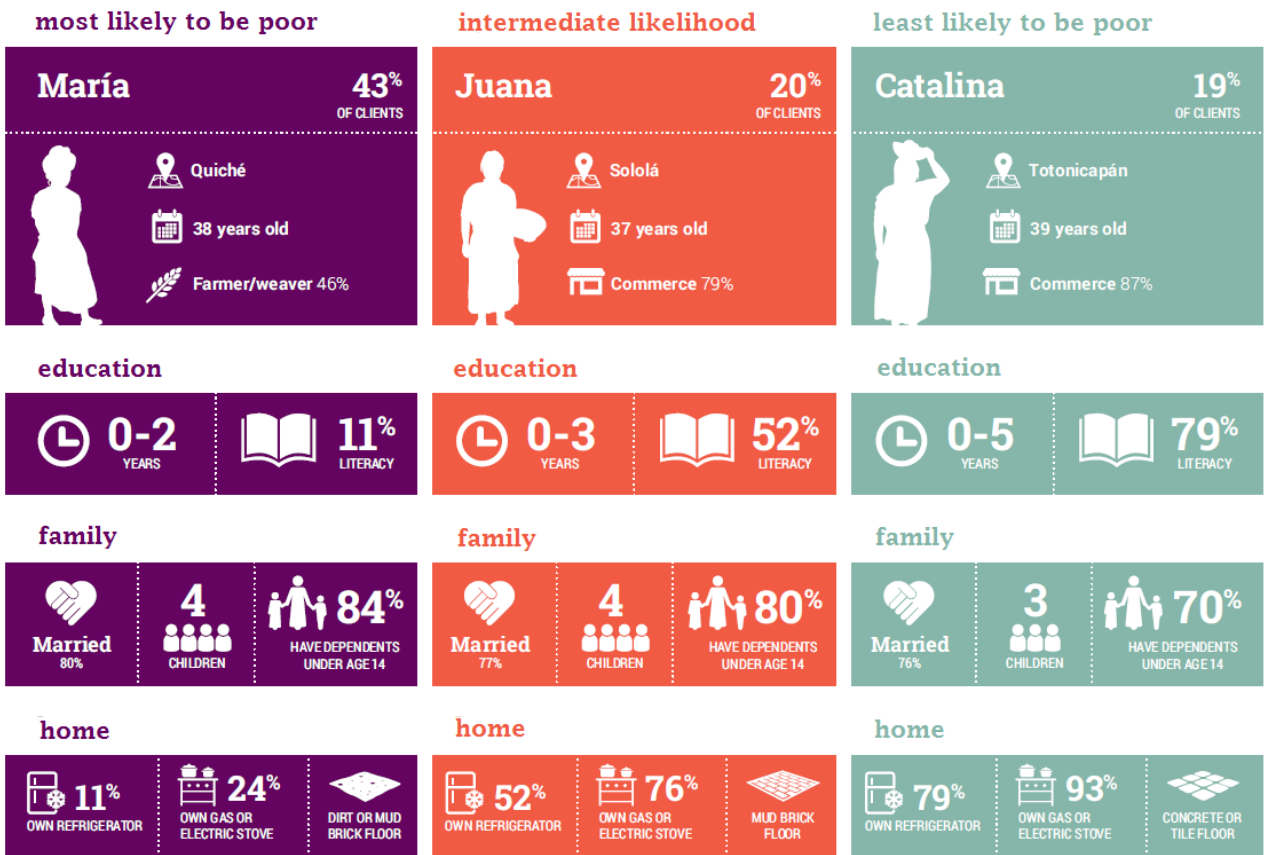
CASE STUDY 2

READ

 10 MINUTES

CASE STUDY: Friendship Bridge Client Profiles

Below are profiles that Friendship Bridge developed of representative customers from each of the 3 market segments. They include the educational, family, and household data that were correlated with each type of client. This enabled them to get a richer sense of who their typical clients are and the variables that affect their preferences and decisions.



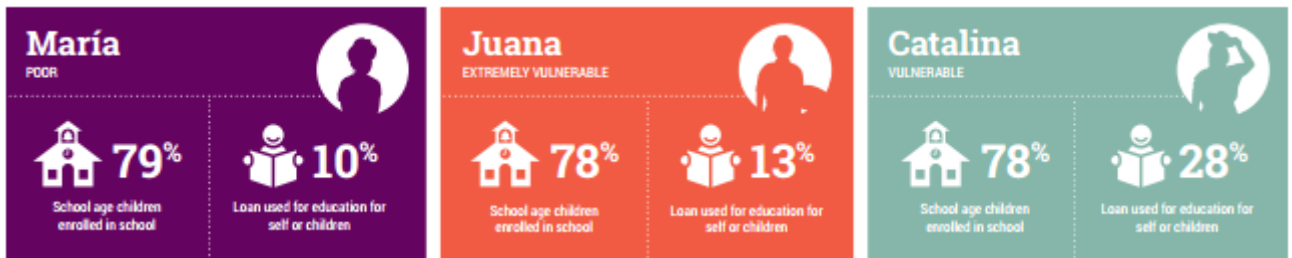
CASE STUDY 2

REFLECT

 10 MINUTES

CASE STUDY: Reflection

Look at the data below about the number of children and the educational spending associated with each of their three customer segments.



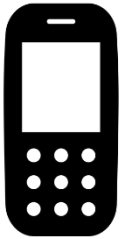
If you were the executive director of Friendship Bridge, what **insights** might you gather from the above data?

As you start to think about **communicating about or marketing** your loan products to your customers, would you approach these customer segments differently? Why or why not?

As you start to think about **developing products** for these three customer segments, would you make distinctions between the kinds of products you create? Why or why not? What other information might you need to inform your design decisions?

CASE STUDY 3

PRACTICE

 5 MINUTES


Now that you've seen an example from Friendship Bridge, let's take it one step further. Pretend you're a social enterprise offering a mobile payment service. You want to see if you can expand into bottom of the pyramid markets in countries in Africa and Asia and reach the poorest of the poor. Where should you begin? **Discuss** these questions with your group, or reflect on them individually.

- First, you know that your customers must have access to a mobile phone. You also hope to reach customers under the \$1.25/day poverty line. What two variables should your segmentation analysis examine?
- You use the Progress out of Poverty Index to segment your market prior to launching the product. You also look at data on the possession of a cell phone for each household. Below are the results you find. What market segments does this analysis reveal? Come up with a name for them.

Poverty Level	Percent of clients that have a mobile phone
Under \$1.25/day poverty line	12.5%
Between \$1.25/day and \$2.50/day poverty line	20.3%
Above \$2.50/day poverty line	67.2%

- If you were the social entrepreneur behind this company, what segments would you begin targeting first? Why? Is it worth it to target customers under the \$1.25/day poverty line? What other information might you need to know in order to make this decision? **Post your response to the thread in the discussion forum on NovoEd.**