

# Market Trends

A Research Company

## MARKET SEGMENTATION AND CUSTOMER PROFILING

PROGRAM OVERVIEW FOR:

### Financial Service Companies

PREPARED BY:

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## SEGMENTATION & CUSTOMER PROFILING

Since 1982, Market Trends has been conducting segmentation and customer profiling for clients in the financial services industry. Through this experience, we have developed a great deal of insight into what it takes to maintain customer loyalty and effectively combat new entrants into the market. Below are some of the topics we have addressed in our segmentation and profiling programs for our financial service clients.

### Areas of Investigation

1. What are the primary and secondary market segments for our products or services? How are they defined and profiled?
2. What are current usage levels within each market segment? How do these relate to revenue generated by segment?
3. What are the needs, in terms of product and service offerings, of each segment?
4. Which market segments are most receptive to new or existing products and services? How can we refine the concepts to increase market share?
5. Are certain market segments ignoring us because we lack certain products or services? How important are these segments to our business?
6. Within each market segment, what is the market viability for new products or services?
7. Which media mix is most effective for delivering our message to specific market segments?
8. Which market segments generate the highest revenues and must be maintained? Which segments can we afford to lose? Which segments would we be better off without?
9. Which segments will remain loyal to us, regardless of increasing competition? Which segments will be the first to leave as competitors enter our market?

Market Trends' customized analysis programs have proven to be useful tools for financial service decision makers across North America and Europe. Some typical comments from Market Trends' clients are highlighted below:

**Market Manager:** *"The Market Trends segmentation program allowed us to better target our products to our market, and really meet the needs of new customers."*

**Marketing Director:** *"Through the customer profiling that Market Trends helped us with, we now have an excellent understanding of what makes our customers tick. We also have a handle on what is going through the minds of the competitors' customers."*

**Project Manager:** *"Market Trends has enabled us to maintain our core customer base, while also targeting segments that we have historically overlooked."*

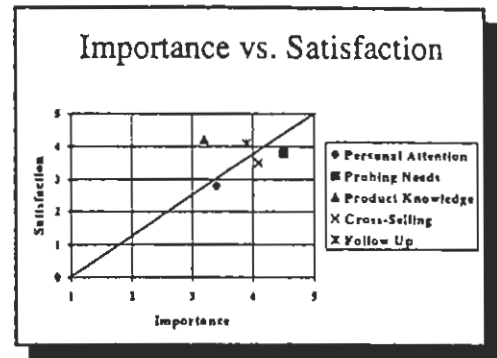
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## FINANCIAL SERVICES SEGMENTATION ANALYSIS

Market Trends has conducted numerous studies to determine and/or examine market segments for particular products covering a wide range of companies within the financial services industry. The objectives of this type of analysis are to profile the average customer who is either interested in a product or service, as well as to determine additional market segments and examine their needs and interests.

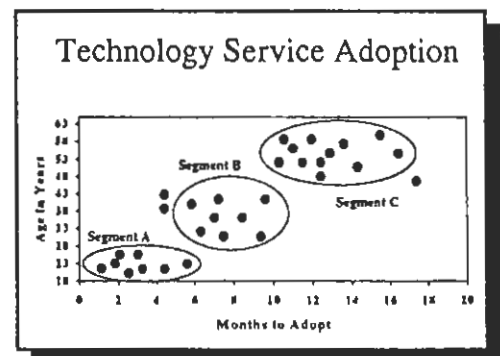
Market segmentation research involves identifying and describing subgroups of the market, so resources and product offerings can be targeted and maximized. Market Trends' segmentation programs allow our clients identify their customers, as well as products and services that will meet their needs. The program also helps our clients determine how consumers differentiate one bank, credit union, brokerage or insurance company from another. Market Trends' segmentation programs allow financial services companies to refine all aspects of your marketing mix, from the product offering, to pricing, promotion and distribution.



## SEGMENTATION AND PROFILING METHODOLOGY

A segmentation profile must provide segments that are measurable, substantial, accessible, differentiable and actionable. The most common ways of conducting segmentation studies involve telephone or telephone-fax/mail-telephone methodologies. The telephone method is the most cost-effective and the quickest way to collect segmentation information, while the three-tier approach allows the collection of more in-depth information. In addition, when evaluating new products, services, advertising campaigns or techniques, qualitative measurements, such as focus groups give organizations actual ideas and impressions of pre-qualified and pre-screened end-users.

Factor and cluster analysis allows new and existing customers to be profiled and classified into segments. Respondents answer a series of questions on a number of current or potential product features, and/or usage needs of customers. Based on survey responses, customers are grouped or "segmented" according to similar preferences or needs. A graphical map, such as the one illustrated to the right, is created by plotting the responses to each of the rating questions. Each axis of the map is determined by a combination of key aspects, and each group, or cluster, is labeled based on its position on the map. Multiple regression analysis can also be performed for each cluster to determine which aspects best describe this group.



## SEGMENTATION AND PROFILING RESULTS

Clients have used our segmentation results to assess which markets advertising and marketing should be focused. In conducting segmentation research, Market Trends identifies certain key market segments whose needs were not being met, as well as determining significant differences between segments that were thought to be similar. This information is used to fine-tune marketing efforts, and improve the cost-effectiveness of existing marketing and advertising programs. This information also provides sales representatives with a valuable resource for communicating with prospective and current customers.

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## MARKET TRENDS, INC. - A RESEARCH COMPANY

Market Trends is committed to providing its clients with the highest quality, usable research results and recommendations. As the company creed states, *"We give our clients a truthful perspective, helping them to grow, understand, and influence the marketplace."* Founded in 1982, Market Trends offers a full range of research services and customer satisfaction consulting to a wide variety of clients and industries from its locations in Seattle, Washington and Portland, Oregon and its affiliate office in Paris, France. The company is divided into several business units each specializing in a different industry. Areas of specialization include financial services, telecommunications, high tech, consumer goods, health care and professional services. Our Financial Services Group is nationally recognized for its work with public and private sector clients.

The unique value of working with Market Trends is its capabilities and experience, such as:

- Local, national and international coverage
- Highly experienced long-term staff
- Broad, multi-industry perspective
- In-house design, data collection and analysis
- Leading edge data processing and analysis tools
- Associated with top service training companies

## RESEARCH SERVICES

Market Trends furnishes as much or as little research support as you desire, and offers flexibility by providing the following types of research services, taken together or alone:

- Research consulting
- Questionnaire design
- Sample design
- Data collection
- Statistical analysis
- Report writing
- Computer tabulation
- Focus group moderation
- Focus group facility rental

Studies are tailored to meet each client's specific needs, employing data collection techniques such as:

- ✓ Telephone interviews
- ✓ Exploratory focus groups
- ✓ One-on-one interviews
- ✓ Mail surveys
- ✓ Executive level interviews
- ✓ Mystery shopping

## OUR INVITATION TO YOU

We have taken our extensive knowledge and experience to develop a primer on marketing research that we would like to offer you. A booklet called the *Condensed Guide to Market Research for Financial Service Companies* gives examples of typical questions, study costs, methodologies to use and how to design a request for proposal for market research. If you would like a copy, please feel free to call us or download a copy from web site.

## WOULD YOU LIKE REFERENCES?

If you would like you to hear more about our real world research experience, we will gladly provide a list of references upon your request or you can also find them on our web site.



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