



**Go-to-market strategy:  
Addressing and engaging your  
customers effectively**

Learn about the key elements of a GTM strategy review in a guest article from Livio Moretti

Within a rapidly changing and ever-more digital and competitive business environment, a clear and up-to-date go-to-market (GTM) strategy is key for success. In this short article, we'd like to provide you with the key elements of a GTM strategy review, so that you and your company can achieve top- and bottom-line growth by addressing and engaging your customers more effectively.

A **GTM strategy** is the plan of an organization to effectively and efficiently deliver its unique value proposition to customers. This can be achieved by leveraging internal (marketing and sales) and external (distributors and influencers) resources.

The goal of a **GTM strategy review** is to:

1. segment customers according to potential and behavior;
2. define a customer engagement strategy for each of these segments; and
3. align the organization's capabilities and resources accordingly.

So, let's look at each of these elements in more detail.

## 1. CUSTOMER SEGMENTATION

Customer segmentation is best done in two dimensions, to serve two different purposes.

- a. **Segmentation according to potential.** Customers should be divided into segments in terms of their potential – e.g. small, medium and large – and the total gross margin that can be realized by each segment needs to be understood. If needed, a more granular segmentation of one or more segments can be made. If, for example, the small segment is not interesting enough to invest in, and the large segment is already well served by competition, you may want to focus your time and resources on the medium segment.

**Why do you need this?** To decide which level of resources to invest in a customer, you first need to understand your potential with that customer.

**b. Segmentation according to behavior.** Market research on a large enough sample of customers, potentially in different geographical regions, will allow you to have a second grouping (orthogonal to the one described above) based on customer behavior. You will identify clusters – for example:

- conservative customers: reluctant to innovation, risk averse;
- innovative customers: looking for higher profitability via new products; and
- price-sensitive customers: looking for the best return on investment (ROI).

The answers to a set of key questions (the ‘Golden Questions’) will allow us (1) to define the clusters specific to the market and economic cycle, and (2) to determine the patterns that associate customers to clusters via a stochastic methodology. You will also be able to get additional information on areas such as customers’:

- attitudes towards company products (price sensitivity, innovation, switch to generic propensity);
- plans to grow their businesses and invest; and
- needs (e.g. peace of mind, stability, good prices).

**Why do you need this?** Each of these clusters will have to be engaged differently; therefore, a specific customer engagement strategy (CES) will have to be developed (see below).

## 2. CUSTOMER ENGAGEMENT STRATEGY (CES)

A CES defines how a company plans to engage with its customers. The main elements you need to work out are:

- a. Needs.** What are the customers’ needs and what is your objective for each cluster? (E.g. the objectives could be to upsell, to propose new products or to cross-sell.)
- b. Products.** What products should be promoted to each cluster? (E.g. don’t propose innovative solutions to conservative customers.)
- c. Services.** What services should be proposed to each customer? (E.g. innovative customers will appreciate innovative services, such as financial solutions or technical trials to assess the ROI of your new products.)
- d. Your engagement strategy:**
  - **Touchpoints.** Depending on the ‘potential segment’ and ‘behavioral cluster’, you can define the optimal touchpoints by analyzing the ROI and the efficacy of your customer engagement.
  - **Influencers.** Each cluster is sensitive to specific influencers (in the form of key opinion leaders, sales reps of distributors, university speakers, or even neighbors or colleagues).
  - **Channel.** In some situations, distributors can be more adequate to serve specific clusters due to a better cultural/mindset affinity and also due to the means available to serve such segments (assets, know-how, people).

## 3. ALIGNMENT OF CAPABILITIES AND RESOURCES

As a last step, you need to align your organization’s capabilities and resources with your customer segments and CES.

### a. Coverage: salesforce resource allocation

- Based on segmentation according to potential, you can define how your direct sales and demand creators should be employed:
  - What is the coverage ratio of each segment and cluster?
  - How much time should be spent with each customer? (Low-potential customers are still worth a visit, but the time that you allocate should be less. This is key, as it will free up resources to better serve your high-potential customers.)



- Note: You can also consider scenarios based on an increase of your salesforce to serve more customers, but this is an add-on and not the main objective of a GTM strategy assessment.
- Based on historic data, you can also calculate the correlation between the increase of share of wallet you have with your customer versus the number of visits and time spent with them. You can also estimate the increase in average spend of your target group (direct versus indirect). These two analyses allow the defining of a rough indication of the financial returns and investment needed.
- Lastly, an important aspect is related to the services and touchpoints you provide to the customer. An analytical approach can help fine-tune this aspect. What is the real cost of each service you provide? What is the touchpoint cost? Not surprisingly, you will find that you want to reach your low-potential customers via low-cost means (e.g. indirect marketing), while you may want to provide value-added services at no or very little cost to your most valuable customers.

#### **b. Customer marketing optimization**

- You need to run a quick review of the activities in which customer marketing is involved and how much time is spent on which activity. What portion of it is allocated to value-generating activities?
- Campaign managers need to be trained on the CES of the clusters, to define KPIs and track progress, and embed the required data (company details, tracking of response rate of different campaigns, etc.) in your CRM system.
- There is also a need to train the team on touchpoint design (e.g. by campaign during 12 months). The training requirements should be assessed by studying the gap between cluster needs and team capabilities.
- A plan has to be defined for each of the touchpoints and influencers.

#### **4. SUMMARY**

Conducting a GTM strategy review can be a small or big exercise depending on the specificities of your business and the scope of the review, but the goal is always the same: to address and engage your customers more effectively.

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