

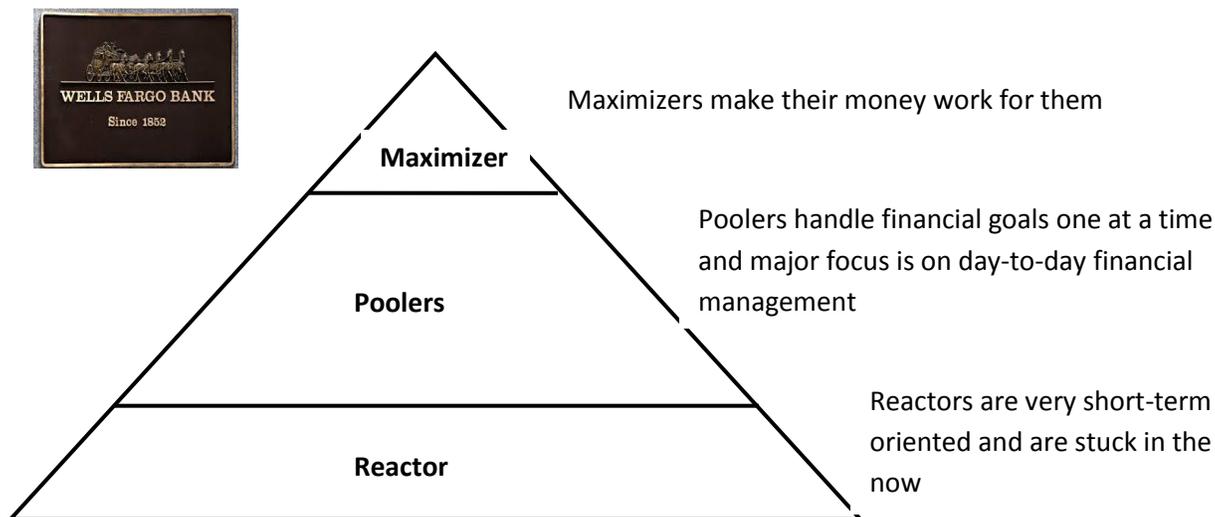
## Relook Your Segmentation Parameters: Wells Fargo's Ethnographic Experience

The level of company's understanding of customer is reflected in its selection of segmentation variable

The conventional segmentation parameters such as age, income, place etc. are insufficient for companies to understand the emerging customer, according to corporate ethnographic researchers. Ethnography is the study of people lives in their natural settings. Corporate ethnography understands how customers live, work and play and captures customer experiences in ethnographic stories. Ethnographic customer stories provide insights for market opportunities that are normally eluded in the sales data or other formal marketing surveys.

For example, The Wells Fargo bank, has designed a 'retirement planning model' based on a new segmentation parameter i.e. retirement approaches of people. The ethnographic customer stories helped the company to classify customers into three groups based on 'retirement approaches': Reactor, Pooler and Maximizer.

Selection of **segmentation variable** is crucial for segmenting the market for right size, accessibility and profitability. The size of the market segment should be optimal. Selection of segmentation variables are based on geographic, demographic, psychographic, and behavioral factors to reach customer markets profitably.



- **Maximizer:** Maximizers constitute a small section of the population who think critically about finances in terms of stages, plan meticulously and actively take guidance
- **Poolers:** Poolers are somewhat financially savvy but are risk-averse and lack the motive to seek guidance
- **Reactors:** Primary concern is to avoid catastrophe rather than plan for better retirement program

Wells Fargo has understood the language of Maximizers (similar to bankers' language) is different from Poolers, who constitutes the largest target group. Based on its ethnographic studies, Wells Fargo has designed its marketing and communication strategy based on people mode and retirement approach.

Wells Fargo, designed its retirement planning site to convey the message "we meet you where you are" and provided relevant and useful guidance rather than complex financial projections with numbers. Wells Fargo designed a customized tool 'My Retirement Plan' to assist people to decide by themselves their retirement goals and the amount to be saved.

The ethnographic story has helped Wells Fargo to uncover the dots of personal, social and cultural dimensions of people while crafting their retirement plan.

Topic	Course
Selection of segmentation variable : Market segmentation and market targeting: Unit 8.5	Marketing Management

**Source:** Julien Cayla, Robin Beers and Eric Arnould (2014), *Stories That Deliver Business Insights*, MIT Sloan Review, winter, 2014.