WELCOME TO NU CC WORKSHOP

**GOOD
SOLUTION
STARTS FROM
RIGHT
STRATEGY**

STRUCTURE

ANALYSIS

RECOMMENDATION (ADVICE)

OUTLINE

- **WHAT IS A STRUCTURE?**

- **FRAMEWORKS**

- **MECE**

- **TYPES OF CASES**

- **MARKET SEGMENTATION**

- **PRACTICE**

WHAT IS A STRUCTURE?

THE <u>ARRANGEMENT OF AND RELATIONS</u> BETWEEN THE PARTS OR ELEMENTS OF <u>SOMETHING COMPLEX</u>.
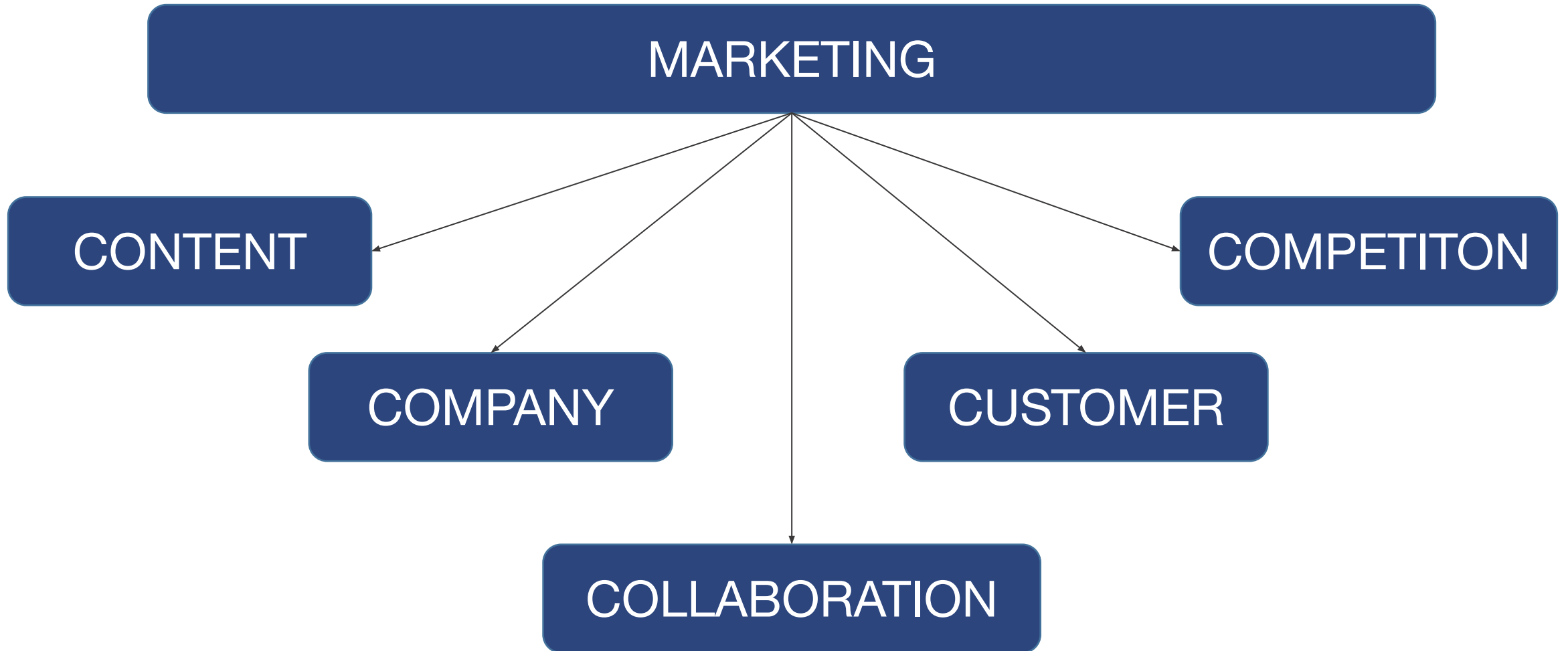
WHY DO WE NEED TO STRUCT?

EFFICIENCY

FRAMEWORK

FRAME + WORK

5C'S OF MARKETING

MARKETING
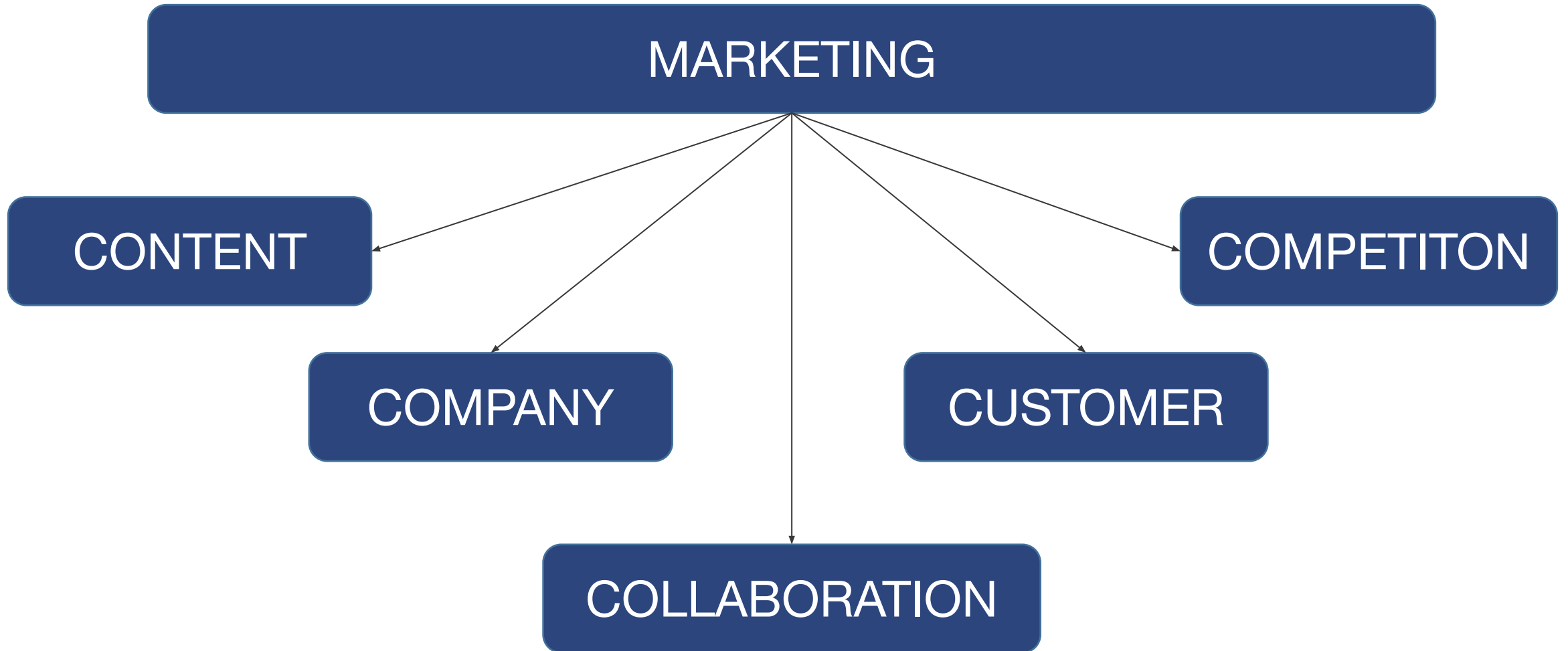
CONTENT

COMPETITON

COMPANY

CUSTOMER

COLLABORATION
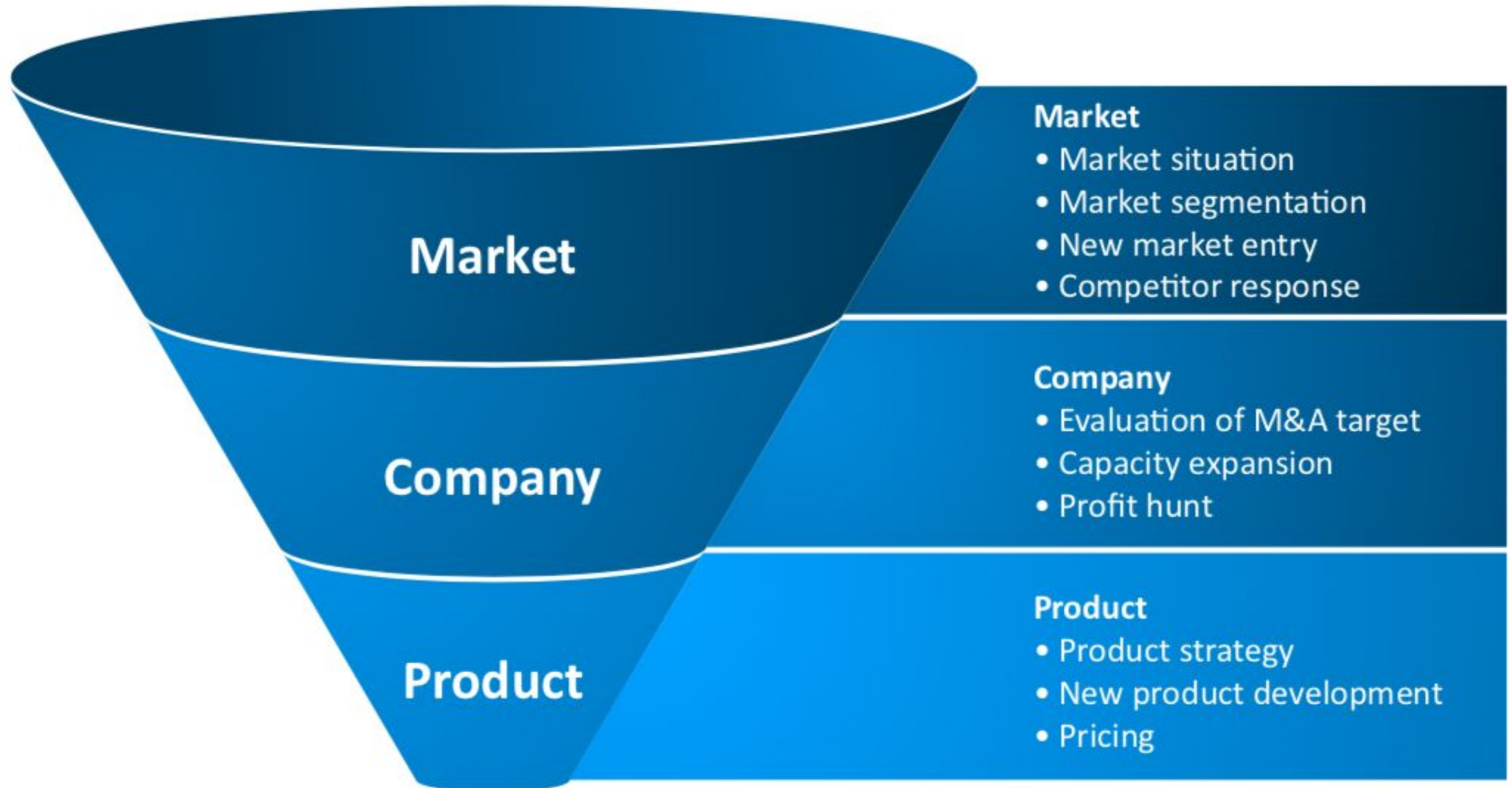
MECE

MUTUALLY EXCLUSIVE & COLLECTIVELY EXHAUSTIVE

A PROBLEM THAT HAS NO OVERLAPS AND PRESENTED IN ITS ENTIRELY

5C'S OF MARKETING

TYPES OF BUSINESS CASES

MARKET. COMPANY. PRODUCT.

Market
- Market situation
- Market segmentation
- New market entry
- Competitor response

Company
- Evaluation of M&A target
- Capacity expansion
- Profit hunt

Product
- Product strategy
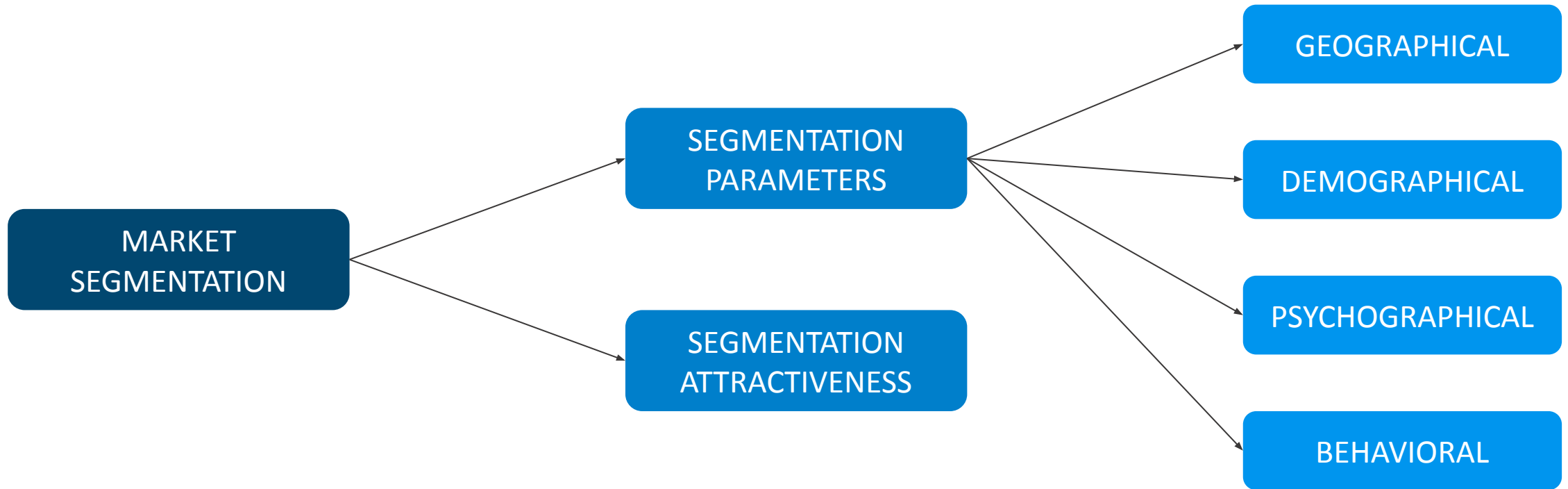- New product development
- Pricing

TYPE OF CASE #2

MARKET SEGMENTATION

WHAT IS IT ABOUT?

STRUCTURE (FRAMEWORK)

Geography

- Where are the customers from? (region, country, city, etc.)

Demography

- What are the relevant age groups?
- What are their education levels?
- What are their income levels?

Psychography

- What do we know about the customers' lifestyle and values?

Behavioral

- How price sensitive is the segment?
- What is their usage rate of the product?
- How loyal are the customers?

Segment attractiveness

The next step in your analysis is to look at the attractiveness of each segment:

- What is the size of the segment?
- What is the profitability of the segment? (average EBIT-margin)
- What are the growth trends for the segment?

ANALYSIS

THE HARDEST PART OF THE SOLVING CASES (IMHO)

SEGMENTATION PARAMETERS

GEOGRAPHICAL	DEMOGRAPHICAL	PSYCHOGRAPHICAL	BEHAVIORAL
REGION	AGE	VALUES	USAGE RATE
CLIMATE	GENDER	ATTITUDES	PRICE SENSITIVITY
POPULATION GROWTH RATE	EDUCATION	LIFESTYLE	BRAND LOYALTY
POPULATION DENSITY	OCCUPATION		
	INCOME		

SEGMENTATION ATTRACTIVENESS

SIZE

PROFITABILITY

SHARE

GROWTH TRENDS

RECOMMENDATION (ADVISE)

SEGMENTATION PARAMETERS	SEGMENTATION ATTRACTIVENESS	TARGET SEGMENT
GEOGRAPHICAL	SIZE	SEGMENT X
DEMOGRAPHICAL	PROFITABILITY	
PSYCHOGRAPHICAL	SHARE	
BEHAVIORAL	GROWTH TRENDS	

QUESTIONS?

PRACTICE

CRACK THE CASE

Nairobi Population

Millions

| 2011 | 2012E | 2013E |
| 3,0 | 3,5 | 4,3 |
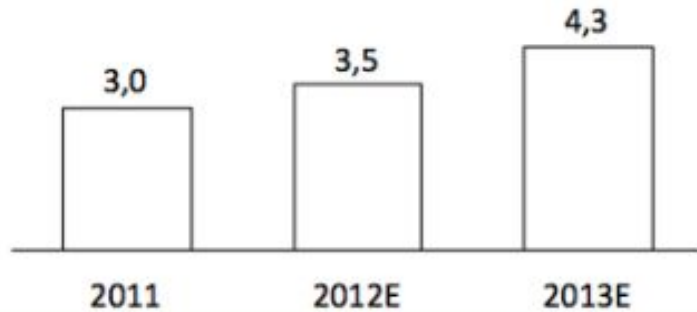
Annual Household Incomes

Year	Avg. income	Median income
2006	$910	$453
2007	$920	$458
2008	$935	$463
2009	$940	$465
2010	$950	$470
2011	$1,000	$500

Washing Machine Household Penetration

Thousands

Year	Value
2006	300
2007	310
2008	320
2009	345
2010	355
2011	360
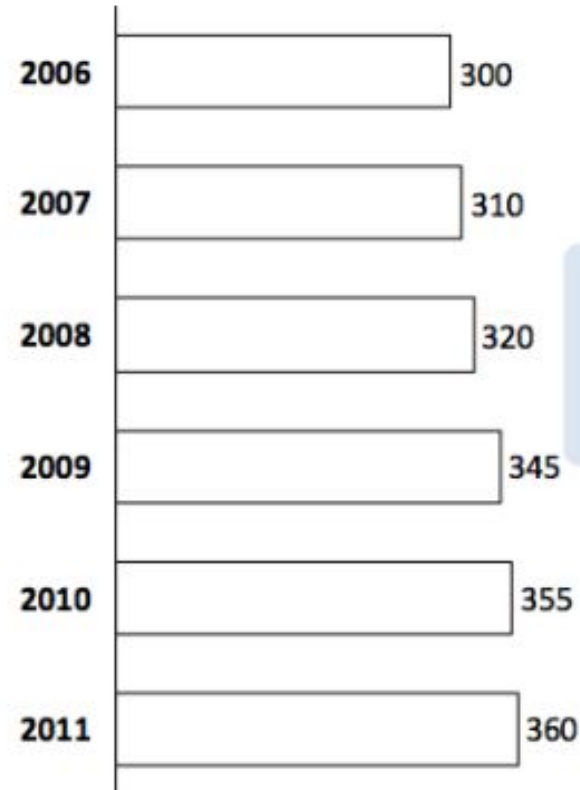
Average price of a washing machine:

KSh 47,000 ($558)

Assess the attractiveness of the washing machine market in Kenya

How would you segment the market?

**You discover that there is a sizable, wealthy ex-pat community flooding into Nairobi.
There are currently 600,000 ex pats in Nairobi. Is this an attractive segment to target?**