Module 2. Customer Segment

Unit 2.1 Observe Your Customer Segment. Introduction to Design Thinking.

In the previous reading, we emphasized the change of focus of analysis when developing a project, by going back a step and thinking about the needs and problems of the client first so as to be able to design solutions to offer them.

This change of perspective entails putting ourselves in the place of the client or user, whose problems we will try to solve, and thinking from their point of view, leaving aside at first what we as entrepreneurs assume they need. Successful entrepreneurs such as Henry Ford and Steve Jobs argued that clients do not know what they need, which is why it is you need to show it to them (this probably depends on the entrepreneur's vision); but it is also true that *showing* it to them is possible once the company has had a previous positive perception of the client. Therefore, if want our venture to endure over time in an organic way, we should attack the problem of the client directly in order to find the best solution.

Based on this premise, for several years now, different methodologies that allow the ordering and systematization of the process of information gathering and proposition development have been developed.

Most of them propose a cyclical process of looking at the client and reflecting on what problems and needs they have, what opportunities there are, what pains and gains they manifest or how they are currently addressing them. From there, the problems to solve are chosen by means of hypothesis, brainstorming, prototyping, etc., until the best solution to offer the client is found.

This is how, in Stanford University (Silicon Valley, United States), Design Thinking was born under the influence of the so-called "Apple effect". This company not only sells products that have an aesthetic value, but also knows how to read user expectations. Therefore, they have managed to bring together technological innovation and economic-financial profitability to a loyal and satisfied user.

Design thinking (DT) derives from the concept of visual thinking which is the way designers use to put forward ideas or tell stories visually through innovative designs, computer graphics and narratives. The method is based on inquiring into those issues that are implicit in the customer's behavior.

There is a dissonance between what people say and do and what we really think and feel, especially because our opinions are conditioned by our lived experience. Customers may

say that your idea is excellent, that they love it and that they want to buy it now, but then they fear that it will not meet their expectations or that they will realize that it was not something they really needed or wanted as a product or service even though they found it attractive at first.

Understanding this implicit perception, which is often not expressed, is a key element when building a high-impact business. To access this perception, it is essential to observe the behavior and reactions of our clients. Sharing a day in the life with your potential customers or users is an exercise that allows us to access information that otherwise would be impossible. Observing has nothing to do with trying to sell them an idea. Observing is about gathering relevant information that will impact on the development of your business idea. It is important that this task is carried out by the founders; this process should never be outsourced, since it requires constancy.

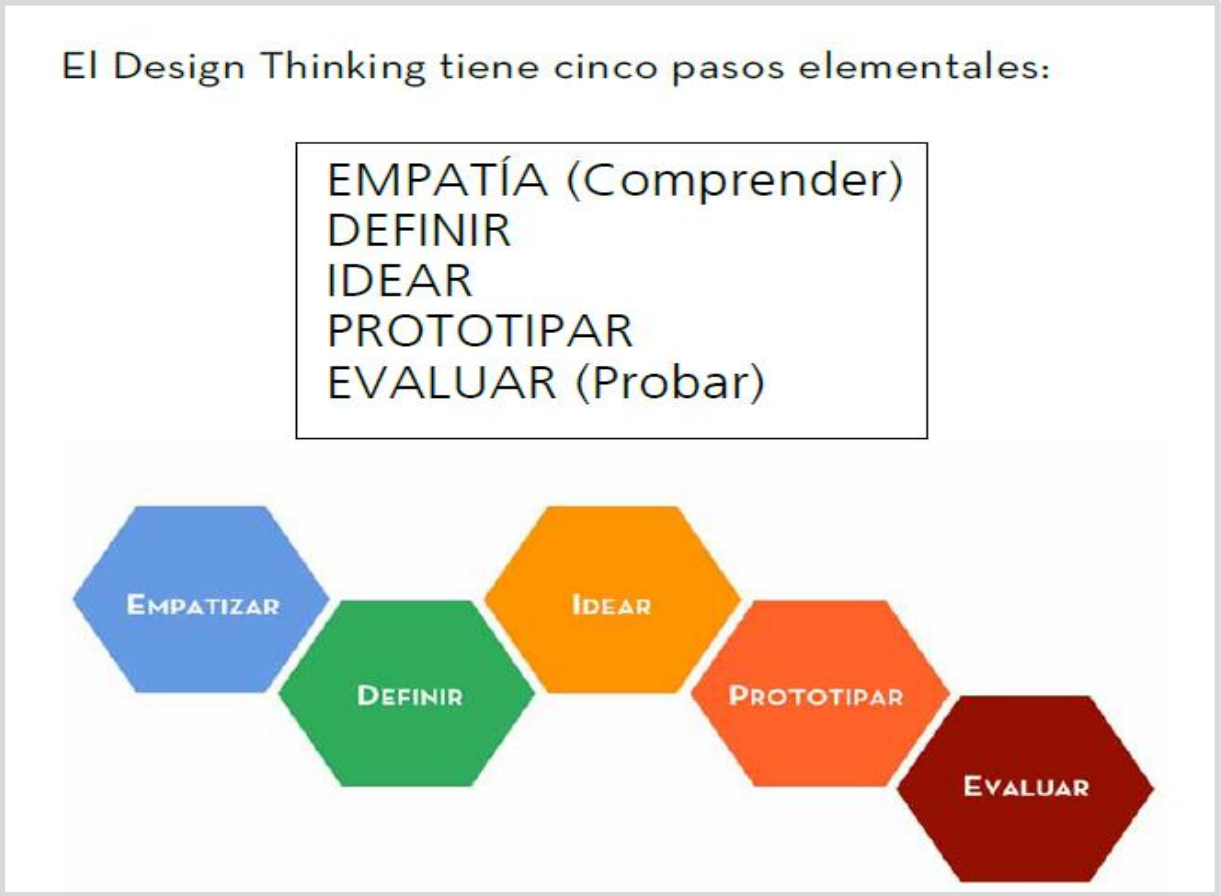
Let's continue with the example of the previous module about the tactical analysis solution through video. The entrepreneurs shared a day with the game analysts and learned that they consider it essential to take advantage of the dead time when the team is travelling so as to do work in advance. For this reason, on a technological level, they had to resolve the issue of being able to work both in the cloud and locally on the analysts' computers when the entire team is travelling.

We will go deeper into the use of this technique towards the end of this reading.

2.1.1 How DT works

The methodology, as presented by Stanford University, proposes an iterative process of five stages with the objective of properly defining a problem and finding the best solution.

Figure 1. Stages of the design thinking process



Source: Hasso Plattner, n.d, retrieved from https://goo.gl/3iSvpa

The English translation of this image is below.

El Design Thinking tiene cinco pasos elementales:	Design Thinking has five key steps:
EMPATIZAR (Comprender)	EMPATHIZE (Understand)
DEFINIR	DEFINE
IDEAR	IDEATE
PROTOTIPAR	PROTOTYPE
EVALUAR (Probar)	TEST (Try out)

1) **Empathize**: It is one of the most important steps in the process, since it involves putting yourself in the client's shoes, understanding their problems and needs—physical and emotional—, knowing them, seeing what is wrong with them, and paying attention to their discomfort, their behavior, how they make decisions and what they attach importance to, among others.

In this case, we recommend observation and involvement with the client through conversation and questions as techniques which are helpful when establishing empathy with the client. It is important to always try not to have preconceived ideas since they may alter the result of the search.

Putting yourself in the client's shoes, empathizing with them, is one of the most important steps in the design thinking process.

Being able to maintain an open dialogue with your client will open up a wide range of options that you can work on to improve the proposition.

In these preliminary steps of the project—or of its revision—, we turn to early adopters who are predisposed and open to this type of testing.

This group of clients is usually made up of trustworthy people who are predisposed to help and whose opinions are not being shaped by friendship or closeness because otherwise they could distort the result.

2) **Define:** With all the information gathered, it is time to define the problem to be solved. The better defined the problem, the clearer the path to a solution. In this sense, there are several paths: for example, we could choose a specific problem randomly or we choose the one we empathetically consider most important, etc.

3) **Ideate:** At this stage, we put our creativity into practice in order to start outlining the best ideas or solutions we can offer to solve the problems defined above. These ideas are presented to the client in order to receive feedback and choose the best solution that will lead us to make a prototype. At this stage, it is extremely important not to self-censor, not to boycott ideas however absurd they may seem, nor to demand that the client understands and accepts our idea.

4) **Prototype:** In order to bring a physical proposition to the client, you have to develop a prototype of the idea selected as a possible answer to their problem. The aim is not only that the user be able to interact with it while you observe their behavior, but also that you look out to what they are not saying, but is happening to them.

This prototype can be the product, a model, a drawing or any representation that allows the client to experiment with what the product will be. It has to be economic and easy to make, since its objective is to obtain feedback from your potential consumer, without being the final product.

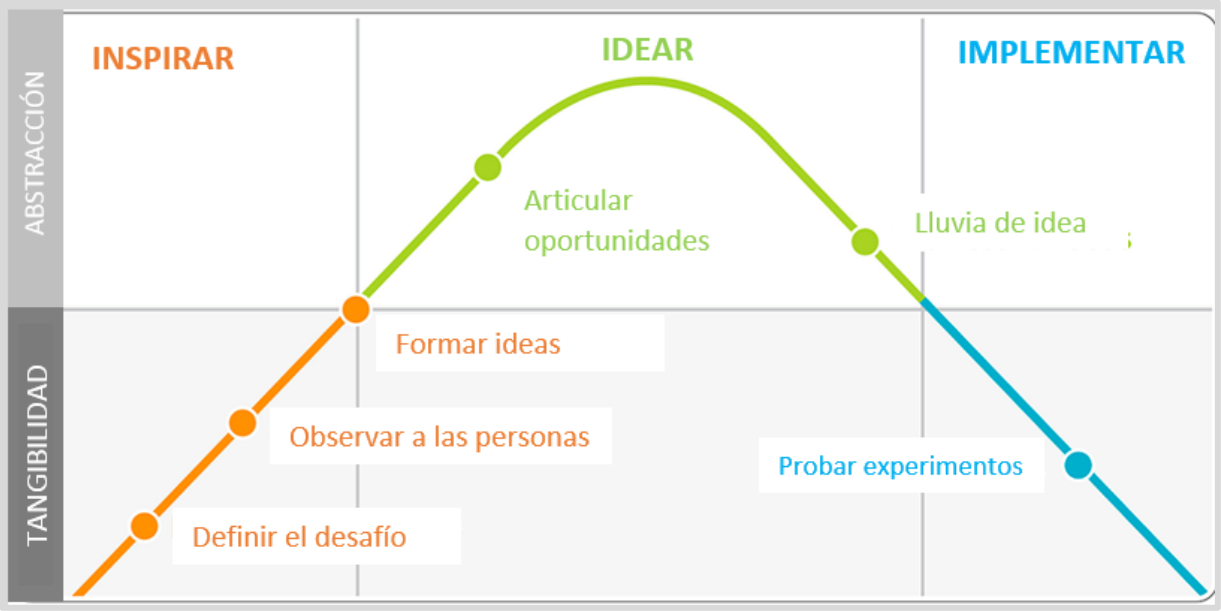
5) **Test:** Once the prototype has been developed, it is time to test it with the customers you have been talking to. It is time to show it to them, pay attention to their reaction, ask for feedback. Ideally, you can test within the context of the user's life.

We have to always prototype as if we know we're right, but test as if we know we're wrong (Hasso Plattner, n.d., https://goo.gl/3iSvpa). This means that we have to keep the conviction when developing the prototype for the test. However, when evaluating it, we have to do it with a critical and acid perspective, trying to find the mistake and learning from it.

Based on the feedback obtained, the iteration process begins and we return again to the ideation stage. At this stage, the proposed solution is redefined and the modifications and improvements that had not been observed before are incorporated as they emerged as a result of the tests carried out.

Now, you must have noticed that stages of analysis that are predominantly practical coexist with others that require greater abstraction, such as the ideation stage. Figure 3 shows the movement from tangibility to abstraction and then back to tangibility, reaching a climax of abstraction in the ideation stage.

Figure 2. Abstraction versus tangibility of DT process



Source: ToBeinn, n.d., retrieved from https://goo.gl/BnqSqT

The English translation of this image is below.

INSPIRAR	INSPIRE
IDEAR	IDEATE
IMPLEMENTAR	IMPLEMENT
ABSTRACCIÓN	ABSTRACTION
TANGIBILIDAD	TANGIBILITY
Articular oportunidades	Articulate opportunities
Lluvia de ideas	Brainstorm
Definir el desafío	Define the challenge
Observar a las personas	Observe people
Definir el desafío	Define the challenge
Probar experientos	Test experiments

Defining the challenge, observing people and collecting information are all part of an inspirational process where the approach, which will be use in the following work, is

materialized. The same happens to the final phases of implementation in which the results of the research are tested and the necessary experiments are carried out to corroborate the proposition.

However, in the middle of this process, there is a moment of necessary abstraction in which we have to detect the opportunity and work with draft ideas that allow us to see the project from different angles with a broad view until we define a solution which can be presented to the clients so as to receive their feedback.

The creative path of building solutions is not something linear, since it is a process of going back and forth until the best proposition is found.

The creative path of building solutions is not something linear, since it is a process of going back and forth, reworking, redesigning, starting over as many times as necessary until the best proposition is found; and all this happens in a context of agility, dynamism and flexibility. Therefore, it is sometimes natural for ideas and information to be unclear and rambling, but eventually they take shape and move forward.

To summarize, we have highlighted some general characteristics of DT, which are important to take into account when using it:

- *DT is a dynamic, iterative and cyclical approach to problem solving*, since it promotes the iteration of the process. As we talk to customers, we define, prototype and test the proposition. This sequence of actions is repeated several times with the purpose of testing and incorporating changes and improvements to the proposition.
- *DT focuses on discovering problems through prototyping* and iteration and, as a result, we reformulate the problem while going back and forth.
- *DT proposes a new perspective in value creation*, since it focuses on people.

2.1.2 Utility of Design thinking

DT is a practical, innovative and creative tool that has found its place in the entrepreneurial world thanks to its ease of application and its good results.

DT is useful to projects that are not yet in progress, it helps them to find the real root problem and then design the best solution. Moreover, DT helps these projects to understand the concerns of users and customers. When it comes to projects that are already in progress, it helps them keep a work philosophy for clients and users that allows them to find key points of the current solution or a methodology to attack new opportunities.

This tool has great advantages such as the ones we have described (it generates innovative ideas from the customer's perspective, improves results through iteration, saves money and time, and promotes teamwork) but it also has some limitations:

It is deficient when delivering a management process, since it is focused on creativity.
It allows us to collect qualitative information, but it does not allow us to collect quantitative data since it does not include measurement indicators, which are useful for decision making.
It needs other complementary methodologies since it does not delve into the business model. It is more applicable to early stage startups and it is useful to discover problems at different stages.

In conclusion, we emphasize that design thinking...

Assumes extreme uncertainty, meaning that the entrepreneur does not know at all what clients want, what they are going to do, what the best solution is.
Assumes that users do not know what they want and that is why we have to discover it with them. In this sense, an anecdote attributed to Henry Ford, founder of one of the most important automobile companies in the world, is quite exemplary: Ford once said that if he had asked people what they wanted, they would have said faster horses The different thing that DT proposes is to discover the better solution by involving the client in the process.
Assumes that a rapid building and learning cycle is the only process that generates actionable data. Therefore, DT assumes that this cycle gets the valid information (no intuitions nor assumptions) which will allow us to make decisions so as to design a better solution.
Seeks to build a culture of creativity and innovation through empathy, collaboration, prototype building, testing and trials. Is widely used in different business areas, governmental levels, etc.
Focuses on the person, using empathy as the main strategy.
Prioritizes the needs and then the technology, that is, until the problems and needs of the client are not found out, it minimizes the importance of how to materialize the solution.

In order to complete the stages and take advantage of the opportunity of closeness to the public, other tools are also used during the evolution of the DT process.

Complementary tools

- **Empathy map:** Even though we will use this tool later on, for the time being we will say that it is truly useful to empathize and put yourself in the client's shoes. It consists in putting the customer segment in the middle and making conjectures about what you believe the client thinks, based on the problem that was identified previously. In this sense, it is important to clarify that our starting point is the problem and not the product/solution that is proposed. This can result from an exercise in validation and empathy with the client, and then put it in the following map.

Figure 3. Empathy map

Source: own elaboration.

In conclusion, this tool allows us to conceive the problem globally by applying the empathy with the client as a base.

- **Journey map:** It aims to think about the process the client is currently experiencing when going through the problem or trying to solve it in some way. Therefore, it exposes how the client feels in each of these stages of the process: what are the things they enjoy, what bothers them, what makes them sad or what are the things that give them joy.

In this way, the whole process that the client goes through is mapped in order to understand where it is necessary to focus more (moment of greatest joy) and where a solution should be approached (moments of greatest frustration).

Although the aim is for it to be applied before the idea arises so as to be able to explain how people are solving that problem today. It can also be used when the product already exists since it allows mapping its operation.

Figure 4. Journey map

Source: Morgan, n.d., retrieved from https://goo.gl/82TGB6

The English translation of this image is below.

	Navigate Website	Visit FAQ Section	Submit a Request	Follow up from Customer Service	Resolution
Customer Process	-Arrive at website -Navigate for help section	-Look for relevant questions -Look for topic answers -Search for contact numbers	-Find query form -Enter personal details -Find account number -Submit query	-Wait for call back or email from customer service -Can it be dealt with, or does it need to be referred?	-The problem is solved by customer service
Internal Process	-Internal process example -Internal process example	-Internal process example -Internal process example	-Internal process example -Internal process example	-Internal process example -Internal process example	-Internal process example -Internal process example
Experience	-Example of positive experience -Example of positive experience -Example of positive experience	-Example of negative experience -Example of negative experience -Example of negative experience	-Example of negative experience -Example of negative experience -Example of negative experience	-Example of average experience -Example of average experience -Example of average experience	-Example of positive experience -Example of positive experience -Example of positive experience

Improvements and key learnings	1. Improvement or learnings to maintain high performance 2. 3. 4.	1. Improvement or learnings to maintain high performance 2. 3. 4.	1.Reduce the form for improvements or learnings to improve a poor performance 2. 3. 4.	1.Reduce the form for improvements or learnings to improve a poor performance 2. 3. 4.	1. Improvement or learnings to maintain high performance 2. 3. 4.

Since the objective is to obtain as much information as possible from the user and thus achieve the best proposal to solve the problem or need, it is valid to use any of the techniques mentioned, always taking into account what is the best situation to apply each one.

- The mind map is useful for the initial, exploratory phase.
- The empathy map can be used before, during and after, since it is useful to imagine, but it has to be validated afterwards. This is also applicable to the journey map.

However, these are not the only tools that complement design thinking. If you go deeper into the subject, you will be able to find a wide variety of options such as:

Rapid prototyping
Co-creation with clients
Interview
Brainstorming, etc.

Unit 2.2 Imagine a day in the life of the customer

Another frequently used tool to exercise empathy prior to meeting the client is *a day in the life of the customer* and can be applied in two different ways, depending on the objective you intend to achieve: imagine a day, which implies our description according to our perception, or observe a day, which implies our presence as observers.

On this occasion, we will begin by putting into practice what we have been saying about putting ourselves in the client's shoes—empathy—and imagining what a day in their life is like, starting by hypothesizing about their problem.

This tool consists in imagining and building assumptions about the target customer, which will be validated at a later stage. Figure 5 shows the activities to be performed based on your idea of the tasks and activities that the client performs on a daily basis.

Figure 5: Imagine a day in the life of the customer worksheet

IMAGINE A DAY IN THE LIFE OF THE CLIENT

Discover and get to know your customer segment better

Classify the tasks in Step 1 according to the importance your client gives to them.

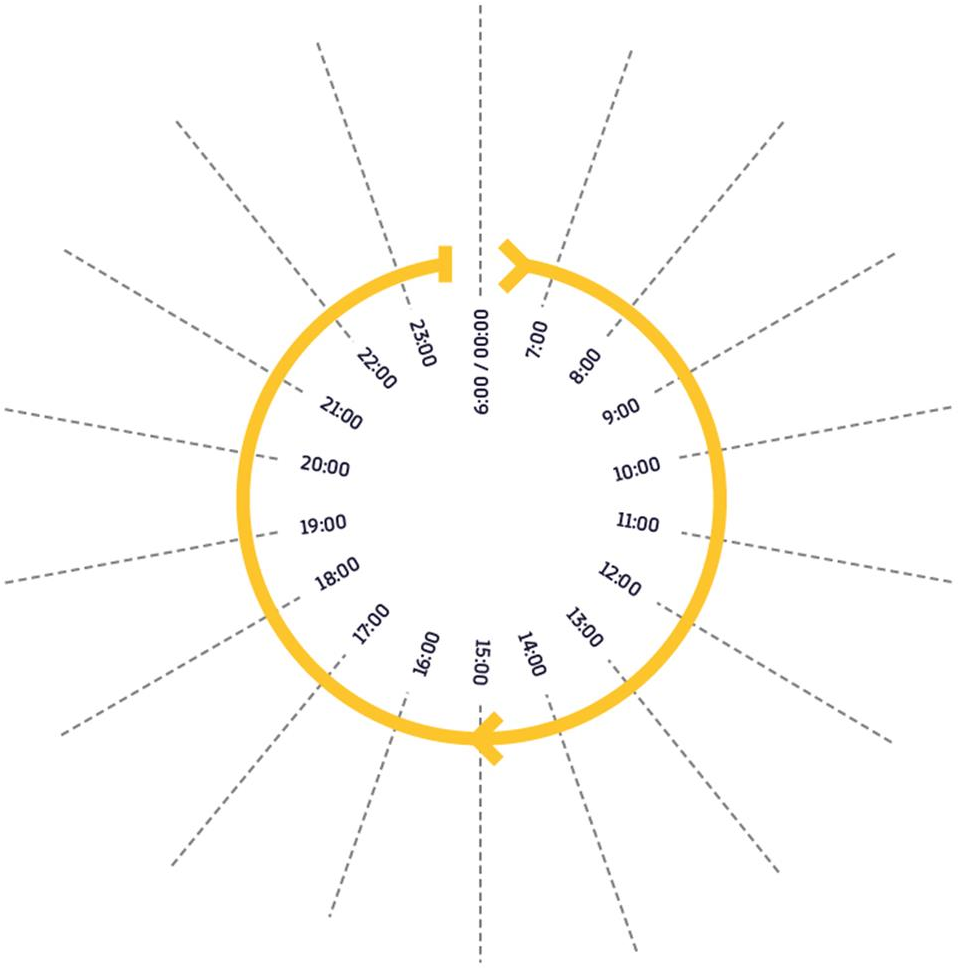
TASKS	IMPORTANCE Crucial/Trivial	FREQUENCY Low/Average/High

Then imagine if it is crucial or trivial by writing a "C" or a "T" next to each one.

Next, imagine how often each of these activities occurs.

Example: **Low** if it occurs once per month or week. **Average** if it occurs 2 to 3 times per week and **High** if it occurs every day.

Draw a diagram in which you explain what daily activities your client does from the moment they get up, and the products/services/brands they use, their hobbies, habits, etc. Detail as much as possible.



If you lack information you should go out there and find out.

TIP

Make one of these for every customer segment you can imagine. It's always good to start with the one you have the highest level of information.

Step 02

Source: own elaboration.

Start brainstorming the activities you assume the client performs. The next step is to rate, from most to least important, the activities and then mark each one as crucial or trivial, being as critical as possible at this stage. Next, indicate the frequency in which you think

they develop them. And finally, define the context in which each of these tasks occurs, including limitations.

The final objective is to be able to build a scheme of a day in the life of the customer from the moment they get up, carry out their activities and return home to rest. It is important to try to complete the scheme in detail by describing what objects/products they use, what services they purchase, if they drive or take a bus, if they play sports, how they eat.

Imagining a day in the life of your customer will allow you to know how well you know them and what place your product or service occupies in their life.

You can complete the scheme with images, but we consider it more useful to create a table by placing the schedules in the rows (during all the hours of activity of our client) and, in the columns, the products they use, the activities they do, hobbies, services, etc., until each box is completed.

This activity will allow you to know to what extent you know your customer and what place your product or service occupies in their life, so it is essential that you detect where in this scheme the user will use the product or service and indicate it.

At first, the proposals will be only hypotheses, but in the next unit, we will propose that you go out to validate with real customers all these hypotheses until you have a picture as close to reality as possible.

In this way, when you design a strategy of communication channels with the client in your business model —a topic we will deal with later—, you will be able to understand better what your clients want, how they deal with their day-to-day life and how you should reach them.

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