

Small Business Segmentation Workshop

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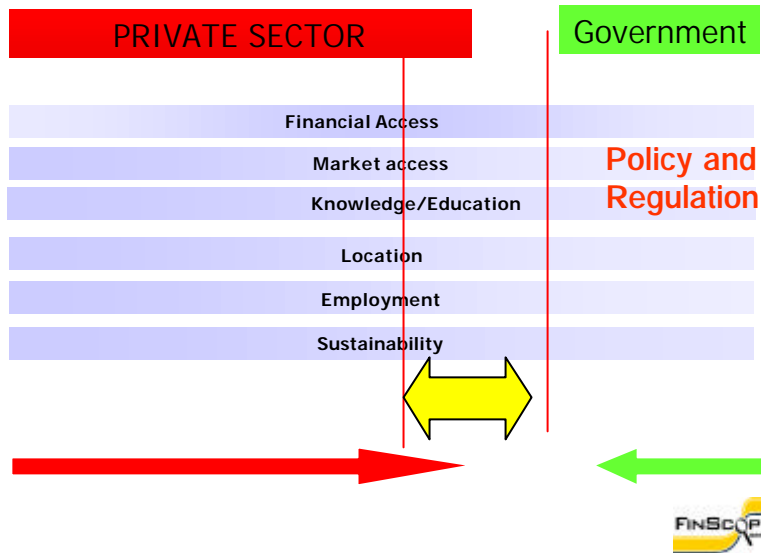
Developing the Small Business Market

Demands responses from private sector and government

- Private sector
 - How can we deliver services profitably to this segment?
 - What products or services are appropriate?
 - Where are the new market segments?
- Government
 - How should we support small business?
 - Who best to support?
 - Can we change the regulatory regime to
 - remove obstacles
 - encourage competition
 - How can we encourage innovation?

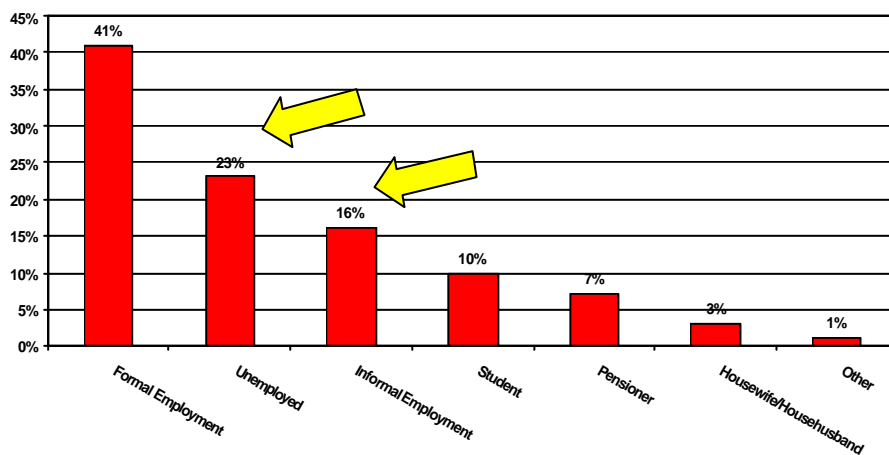


Market Drivers



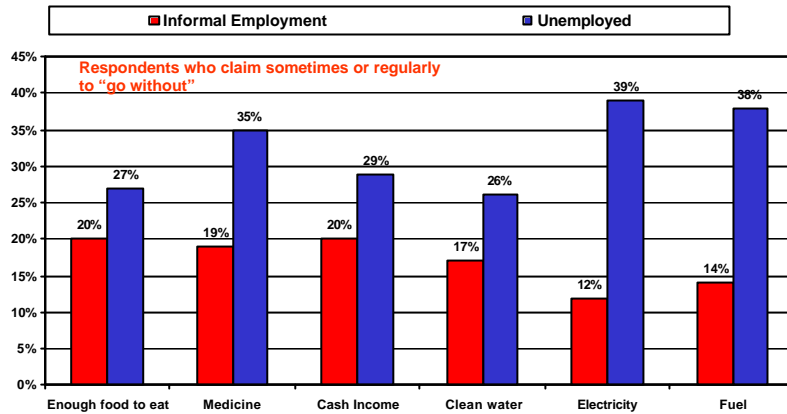
Gauteng Employment Landscape

FinScope Survey 2006

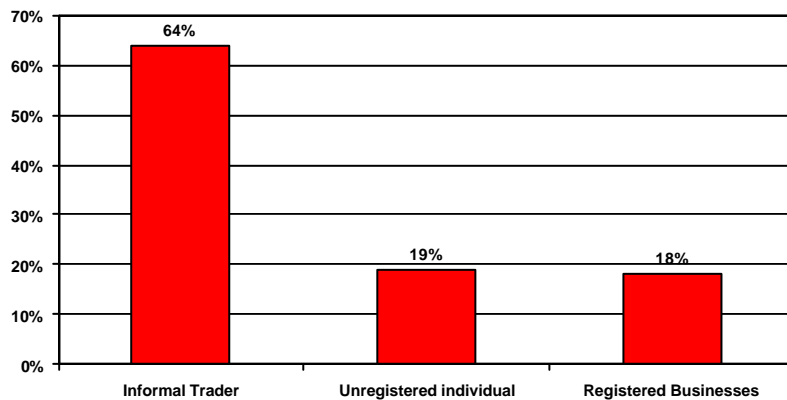


Small Business and the Impact on Poverty

FinScope 2006



Traditional Market View



FinScope Small Business Pilot Study

- Prototype BSM
- Psychographic
- Zone of Transition
- Spatial Mapping



Small Business Dataset Journey of Discovery

- Dataset is to be made widely available
- The BSM algorithm is available – add the questions and use it in your own studies
- No quick fix solution in the market
- Uncovering the hidden value
- Opportunity with sustainability



Segmentation

- Market segmentation is based on the principle that groups of very similar people will behave in similar ways
- Segmentation creates new information about the people in the database in the form of clusters.
- People are classified into a number of segments or groups.
- Essential to be inclusive at questionnaire design phase

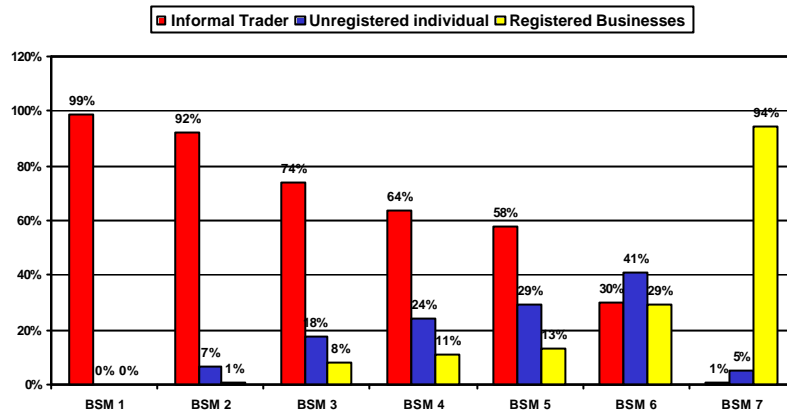


Segmentation

- Valid internally
- Valid externally
- Grouping "like" people
- Identifiable and manageable clusters



Small Business Market by BSM

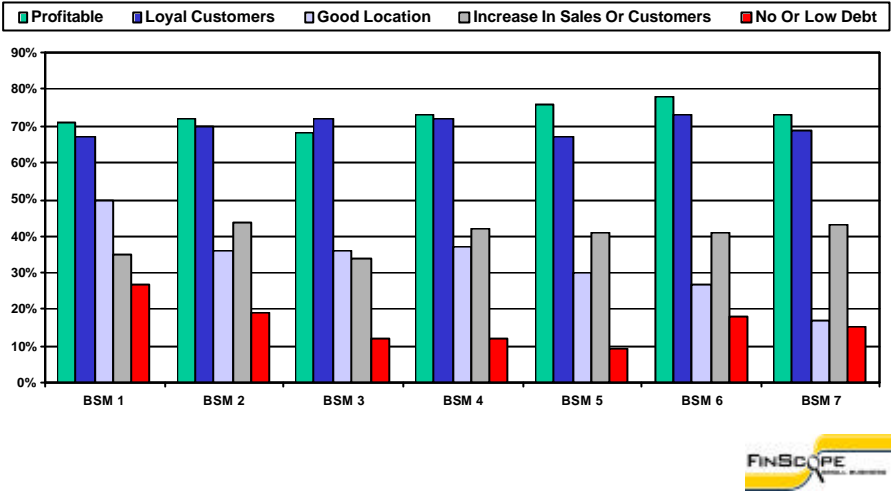


Psychographic Analysis

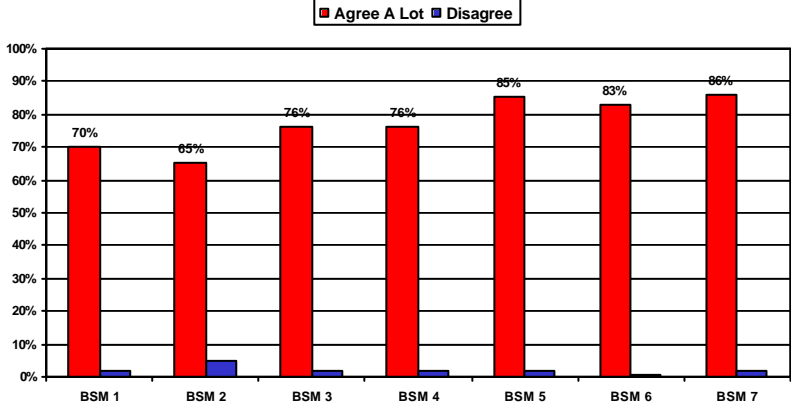
- Understand why people do certain things
- As important as knowing what they do
- Look into hearts and minds of business owners



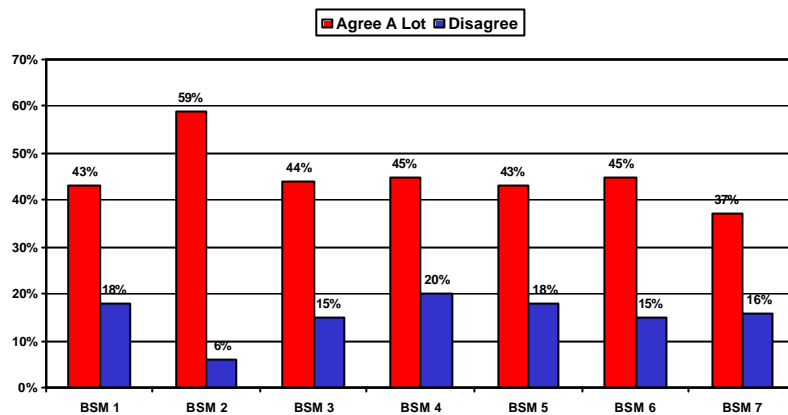
Factors Contributing to Success of Business



Believe business will be more successful



I feel Government programs for SME not working

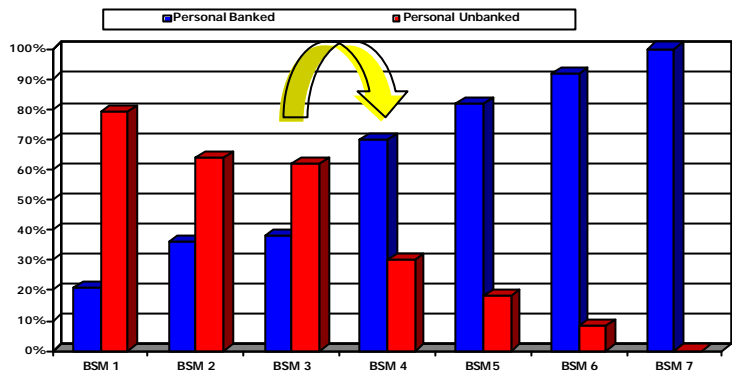


Zone of Transition

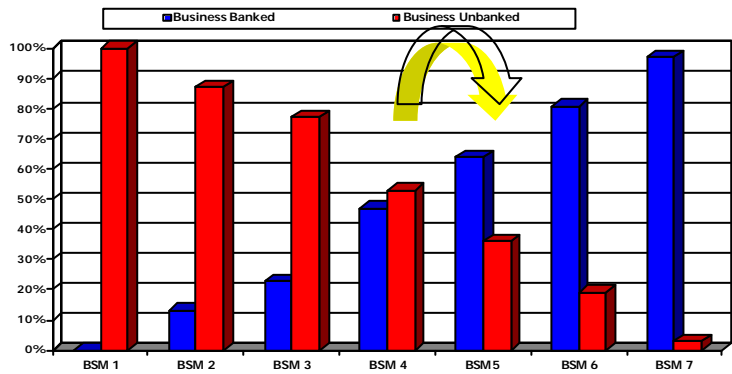
- Observations of human activity along a continuum
- Defining the high impact points



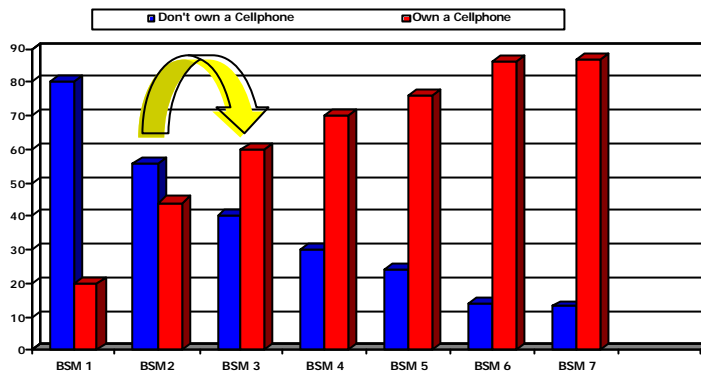
Zone of Transition Using BSM



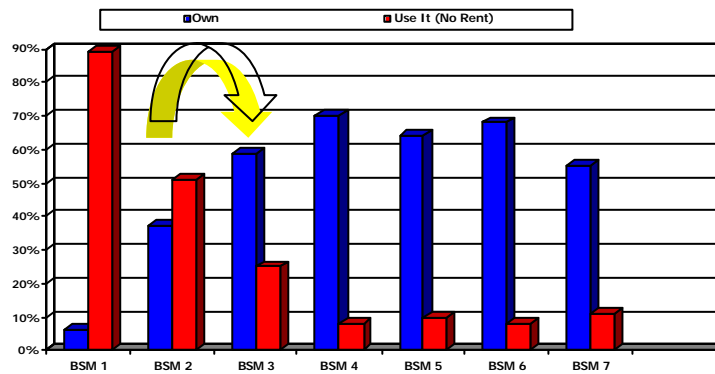
Zone of Transition Using BSM



Zone of Transition Using BSM



Zone of Transition Using BSM



Spatial Mapping



Spatial Mapping

- Area based sampling methodology
- Data modelled by BSM
- Data aggregated to municipal boundary level
- Allows focus on strategic areas



BSM 1

BSM 1

Do banking personally
 Travel to bank by taxi
 Travel over an hour to bank
 Don't need a specific business account – use personal account
 Currently receive communication from bank in branch – would prefer telephonic communication in the future

Awareness of Support Programs = 10%



BSM 2

Travel between 30 – minutes to 1 hour to bank
 Biggest reason for no business account is I don't qualify
 Small penetration of business account – Post Bank
 Reason for selecting bank – they are prepared to open an account for me

Awareness of Support Programs = 18%



BSM 3

BSM 3

Travel to the bank by taxi or walk

Bank monthly

Reasons for selecting bank ; recommended by a friend

Reason for no business bank account; my income isn't high enough

Awareness of Support Programs = 17%



BSM 4

BSM 4

Travel to bank by taxi

Go to branch approximately twice a month

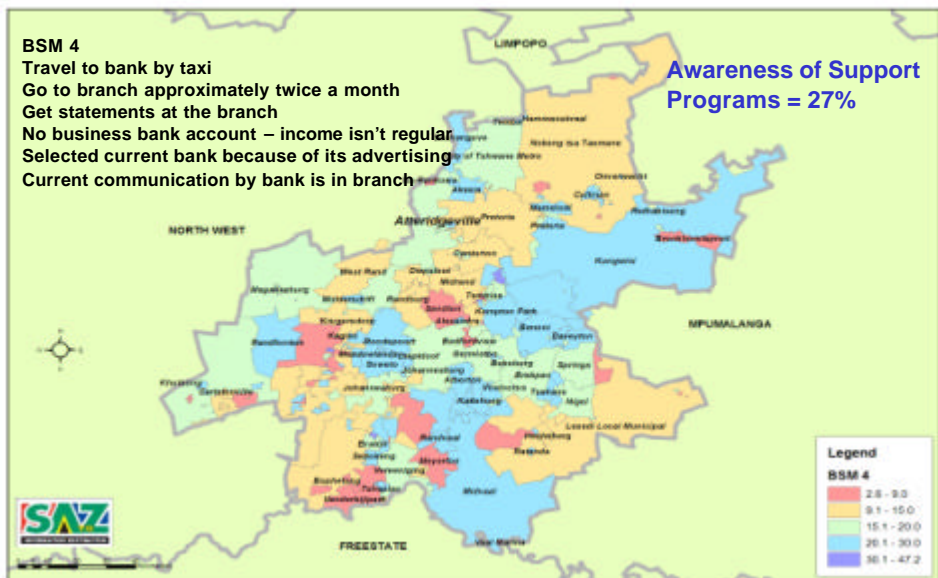
Get statements at the branch

No business bank account – income isn't regular

Selected current bank because of its advertising

Current communication by bank is in branch

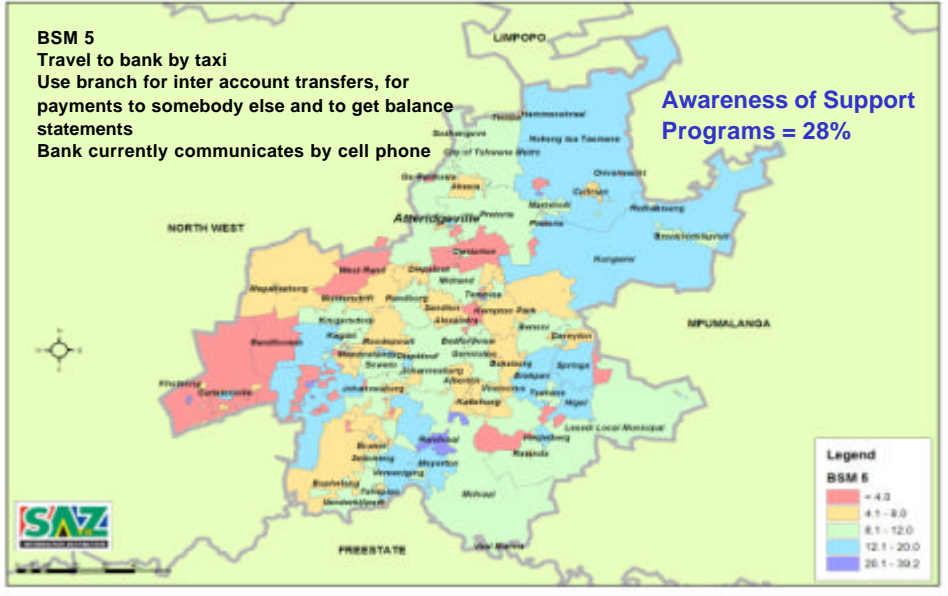
Awareness of Support Programs = 27%



BSM 5

BSM 5
 Travel to bank by taxi
 Use branch for inter account transfers, for payments to somebody else and to get balance statements
 Bank currently communicates by cell phone

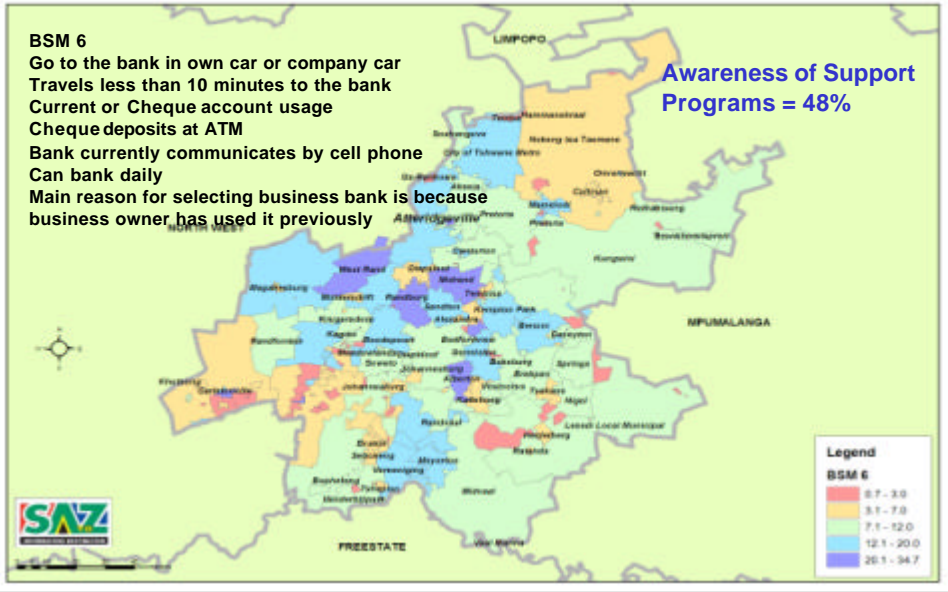
Awareness of Support Programs = 28%



BSM 6

BSM 6
 Go to the bank in own car or company car
 Travels less than 10 minutes to the bank
 Current or Cheque account usage
 Cheque deposits at ATM
 Bank currently communicates by cell phone
 Can bank daily
 Main reason for selecting business bank is because business owner has used it previously

Awareness of Support Programs = 48%



Summary

- For workshops around the findings contact either:
 - Finmark Trust
 - GEP

