Curry's Pyramid Customer Segmentation For Retentions & Expansions
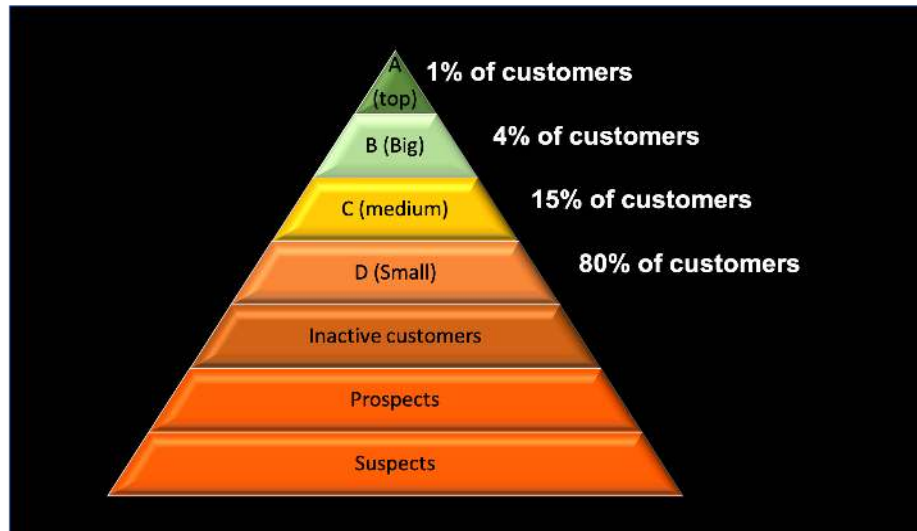

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Customer Segmentation framework

Curry's customer pyramid paradigm provides one of the best frameworks for customer segmentation and in so doing, visualizing and analyzing customer priorities, loyalty and value within each of those segments. A customer relationship strategy is generally born out of this analysis and that helps derive different outcomes from different segments.

The framework helps to identify your most valuable customers, acquire them and more importantly keep them, and increase their purchases.

Curry's Pyramid - Customer marketing and relationship mgmt

Now, why is customer segmentation important?

> According to Curry, 80% of the revenue will come from 20% of the top customers and in fact 80% of the bottom customer could actually be costing the company money to do business.
>
> — Source: Curry J and Curry A The Customer Marketing method: How to implement and profit from customer relationship management

It helps in formulating a contextualized strategy and deciding on actions that help execute it. If every customer hears the same from you, the chances are, you are of interest to no customer.

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The results of using this framework can be multifold. This can be used in defining customer marketing strategy, customer growth strategy and in customer success strategy.
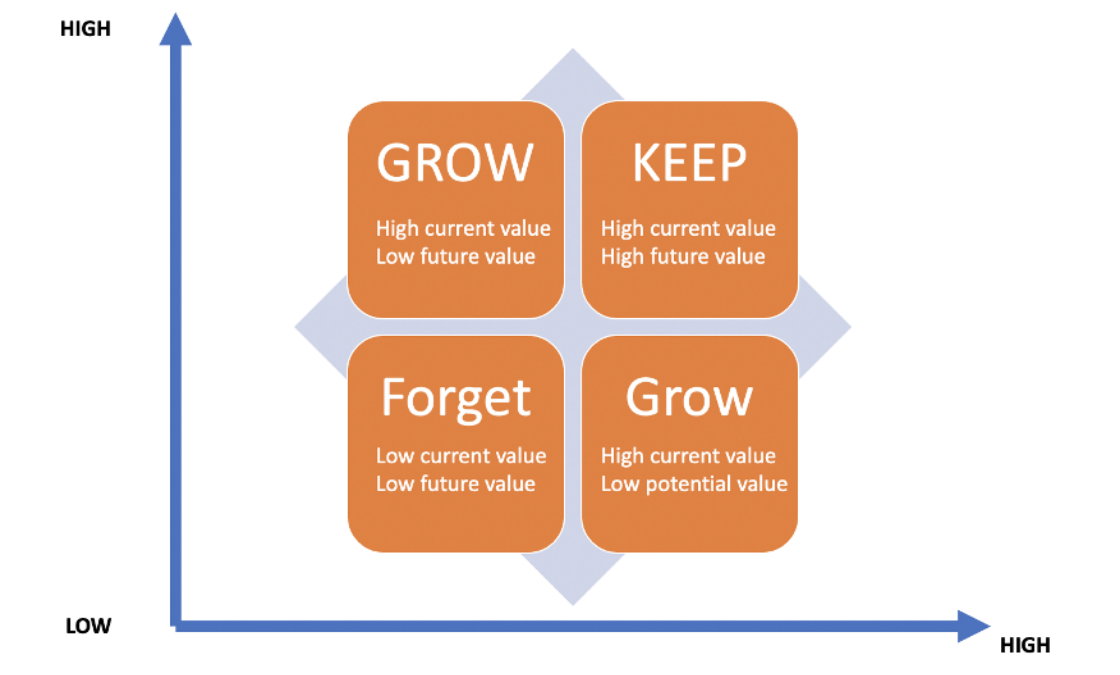
Let us take a look at we will look at how Curry's pyramid can be used by the customer success function.

But before that, how is this customer segmentation done in general?
The very straight forward approach is as shown in Fig below, a simple 2x2 matrix.
The choices that are available are:
● Based on Customer lifetime value (past performance & anticipated growth)
● Based on projected revenue growth (future projection)
● Based on strategic alignment (no future projection but good to keep)

If we did this exercise right, we have identified customers that would like to GROW and KEEP. A CSM should forget everyone else (remember your job is retention and upsells/cross sells only). Let others do other things.

That is just the FIRST DIMENSION.

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The second dimension in this analysis that needs to be brought into the mix is the focus/strategy of that particular organization. For example, a small company might need to take heavy risks time and again to grow a customer base, whereas a large company will be totally risk averse and look to sustain.

If the key strategy of your company this year is, say growth through community building, then every customer that is chosen must align with that goal and must provide an avenue to achieve that goal.

The overall strategy and long term goals of the company, therefore, must flow top down and into the customer segmentation exercise. A customer success function needs to have this organizational strategy(Key priority) applied to KEEP & GROW customers, before it spends any more cycles on them. If certain current customers do not fit or align with the overall strategy, they must be removed from the CSM charter.

AND THE TOP 20% OF THE CUSTOMERS MUST ALIGN WITH THE STRATEGIC GOALS.

This approach leaves CSMs with existing customers and:
1) High current value and high potential value (Convert the growth opportunities)
2) Low current value but High potential value (Convert the growth opportunities)
3) High current value but low potential value (Sustain the current value)

Once these customers are identified, the next crucial aspect is which stakeholder of the company do we sell to and what do we sell with?
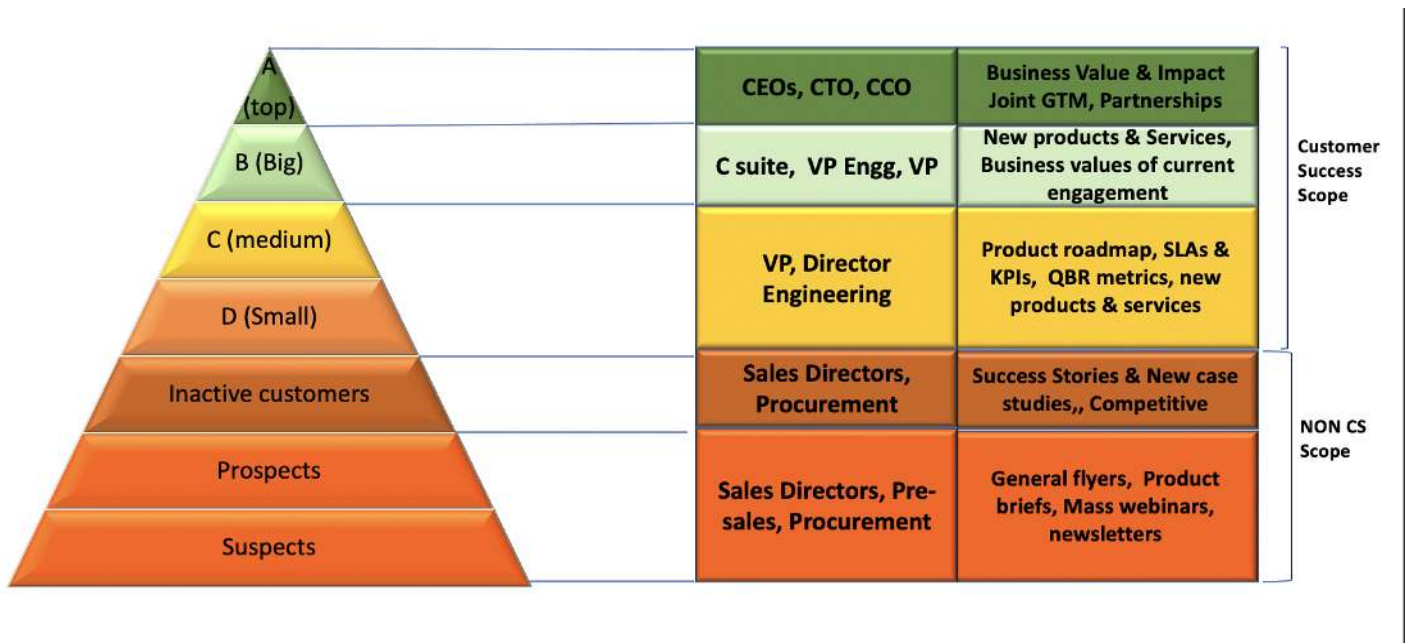
Entry Curry's Framework. Curry's framework already says that 80% of the company's revenue comes from 20% of its Top customer. That is known. But the next step is - to whom and what, so that such growth can be achieved.

Figure 2 is an extension to Curry's Pyramid with a plan to up sell & cross-sell can be of help with specific elements to communicate and to whom to communicate.

Starting with small and medium players all the way to the top players, the focus of the discussion should be to sell one level above from the current position to the top. Say you are connected to stakeholders at (D) - your mission is to grow into C. You need to sell to and engage with stakeholders at C. Continuing to nurture D will provide very less results.

The first job of customer success therefore is to always look for establishing the connection one level up and starting to sell more of higher order "business value". The strategic alignment identified with GROW customers has to flow into the VPs and C-suite of your potential growth customers to achieve higher growth.

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A (top)	CEOs, CTO, CCO	Business Value & Impact Joint GTM, Partnerships	Customer Success Scope
B (Big)	C suite, VP Engg, VP	New products & Services, Business values of current engagement	
C (medium)	VP, Director Engineering	Product roadmap, SLAs & KPIs, QBR metrics, new products & services	
D (Small)			
Inactive customers	Sales Directors, Procurement	Success Stories & New case studies,, Competitive	NON CS Scope
Prospects	Sales Directors, Pre-sales, Procurement	General flyers, Product briefs, Mass webinars, newsletters	
Suspects			

A business value is established when strategic alignment exists. What are the metrics that communicate business value?

a) Revenue Projections coming for both organizations through the partnership or joint Go to Market activities

b) New customer logos coming for both organizations

c) Operational optimizations such as CAPex, OPex reductions etc

d) Customer satisfaction coming out of improved performance, Useability

e) SLAs & KPIs that go beyond the established norms

f) New product features that puts the customer at a competitive advantage

These are some of the metrics. And they need to be contextualized and shared with the stakeholders for their specific products and touch points in the engagement. While a VP engineering would be interested in product roadmaps and the next level of features, a C suite executive will be interested in a larger business value & big projects.

Hence, when doing customer segmentation do the following:

1) Identify customers that have high current and future growth potential

2) Find out among that set that have strategic alignment for future growth (Upsells and Cross Sells)

3) Fit the customers into the right slab into Curry's pyramid

4) Identify the next level up in the stakeholder rank to sell to

5) Sell more business value as you go up the top, and less of specific technical features

6) Carefully craft messages and metrics that are contextualized for that specific customer and create opportunities for them to be continuously seen by the stakeholders

And once they decide to buy, depending on the size of the organization, design a customer success team to engage and cater to their needs.

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