

Customer Segmentation is Soured by Milkshake Marketing

by **Anthony W. Ulwick**



In Clayton Christensen's well-publicized milkshake marketing video and HBR article "Marketing Malpractice: The Cause and the Cure," he proposes executing customer segmentation differently: around the job-to-be-done.

We have the utmost respect for Christensen, who has been a steadfast advocate of jobs-to-be-done thinking for nigh on a decade. However, our own two decades of experience pioneering jobs-to-be-done thinking compel us to point out that his milkshake marketing example is fundamentally flawed. The flaws show just how hard it is to apply jobs-to-be-done thinking correctly and to launch successful innovations as a result.

In the milkshake marketing video and article, Christensen ponders why, at the beginning of a working day, commuters go into a fast-food establishment and buy a milkshake. “What job are they hiring the milkshake for?” he asks. He concludes that this segment of milkshake consumers are hiring the milkshake because “they face a long, boring commute and need something to keep that extra hand busy and to make the commute more interesting.” In other words, the job-to-be-done is “to face a long, boring commute.” Or perhaps it is “to keep that extra hand busy” or “to make the commute more interesting.”

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The end result of any market insight should be innovation, but to our knowledge, no restaurant or fast-food establishment has capitalized on Christensen’s insight and introduced a breakthrough breakfast milkshake that garnered skyrocketing sales. Why not? In our view, it is because both Christensen’s view of what the job-to-be-done is in this case and his starting point for the customer segmentation analysis are incorrect. Consequently, he ends up reaching the wrong conclusions about what the restaurant should do to innovate and grow its revenues.

Morning commuters are not buying milkshakes to make the commute more interesting or to keep their extra hand busy. Instead, morning commuters are trying to “get breakfast on the go.”

Let’s start with the first problem. The jobs Christensen identifies are not jobs-to-be-done. Specifically, they are not outcome-driven jobs, which means they are not jobs that can be addressed with products. Nor are they markets. In order to be considered a market, a job-to-be-done needs to be the key task or goal the customer is trying to accomplish. Facing a long, boring commute, by contrast, is not a key task or goal. It is a context within which you execute a job. Put another way, if the commute is long and boring, then it might be nice to make it more interesting, but the commute itself is not a goal you set for yourself, it is only a situation you find yourself in. To define the job-to-be-done correctly, the first thing we must ask is, “What job are people trying to get done when they stop at the quick-service restaurant in the morning?”

Using our proprietary techniques and rules to define the customer’s job-to-be-done, we researched this market and concluded that morning commuters are not buying milkshakes to make the commute more interesting or to keep their extra hand busy. Instead, morning commuters are trying to “get breakfast on the go.” This is the job-to-be-done. They want to get and eat breakfast in their cars while driving to work.

Identifying the job correctly is critical because everything else in the innovation process (identifying the customer needs, segmenting the market, sizing the growth opportunity, generating feature ideas, creating product messaging, etc.) depends upon that first step.

Now for the second problem: customer segmentation. After identifying the job-to-be-done, we segment the market based on differing ways in which customers (the job executors) struggle to execute the job. We segment markets to identify under- and overserved customers and new opportunities to pursue. So we always start with the job-to-be-done and then segment the customers (the job executors) to determine if and how they struggle differently when executing the job.

Christensen's does the opposite in his milkshake marketing example, and this is a mistake. Instead of asking, "What job are people trying to get done when they stop at the quick-service restaurant in the morning?" he asks, "What job are people hiring a milkshake to do for them?" He then calls the different jobs he discovers, such as making the morning commute more pleasant or keeping the kids quiet, "segments." But these are not segments of customers that are struggling in different ways to get a job done. These are customers that are engaging in altogether different jobs. Christensen fell into the product-centric trap that most companies fall into: making the goal of innovation to sell more of an existing product (milkshakes) instead of creating the best product (which may not be a milkshake). The customer-centric goal of innovation should only be to create the best product to get a job done, without reference to particular solutions.

If the focus is on morning commuters trying to get breakfast on the go, here's how jobs-to-be-done customer segmentation should be executed:

Using factor and cluster analysis, we uncover groups of morning commuters that struggle differently when executing the job-to-be-done.

the metrics in each step. In this market, more than 100 needs exist, including outcomes related to ordering, receiving, organizing, eating, and disposing of the meal.

With all the needs uncovered, we then quantify with hundreds of customers which needs are most important to them, but poorly satisfied with the current solutions (biscuits, milkshakes, eggs, etc.) they choose today. It is with this data that we segment the market. Using factor and cluster analysis, we uncover groups of morning commuters that struggle differently when executing the job-to-be-done. These different groups of commuters are our segments.

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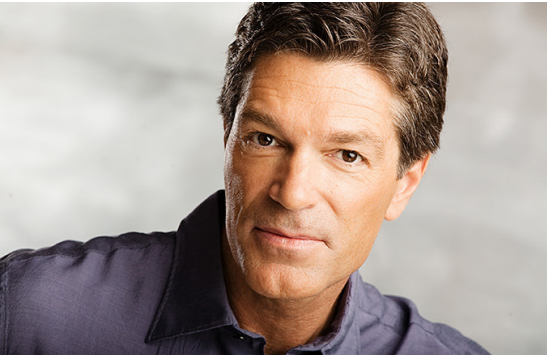
Once we define the job correctly (getting breakfast on the go), we uncover all the metrics customers use to measure the successful execution of the job. These metrics are the customer's outcomes or desired outcomes. They are uncovered by first creating the job map (defining the steps in the job) and then uncovering

Using this approach, we may find a segment that has underserved needs related to ordering and eating the meal, while another segment may have underserved needs related to receiving, organizing, and disposing of the meal. Many possibilities exist. Different products and services may be required to address the different unmet needs of each segment. With this insight, new opportunities for growth are revealed: opportunities that milkshakes cannot address.

This is exactly what we discovered when we helped Bosch create the CS20 circular saw. We studied carpenters (the job executor) who needed to cut wood in a straight line (the job-to-be-done). Using the customer segmentation methods described above, we discovered one segment of carpenters who struggled because they had to make very complicated cuts. They had 14 unmet needs. We also found a segment of carpenters that make simple cuts and were overserved. The CS20 saw didn't address the overserved segment, but it did address the 14 unmet needs in the segment that had to make complicated cuts. Eight years after its introduction, this award-winning saw is still very successful for Bosch. This is how we intended jobs-to-be-done customer segmentation to be performed.

The way we apply [jobs-to-be-done theory](#) not only offers a fruitful new approach to [market segmentation](#), it also opens the door to new ways of thinking about market sizing, ideation, concepting testing, product positioning, and other aspects of innovation. All this thinking is embodied in our [innovation process](#), Outcome-Driven Innovation (ODI).

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About the Author

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