StratMg

Results... Period

Audience Segmentation:

1.1 | Categorizing Audiences

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Introduction

Audience segmentation plays a vital role in any marketing strategy and now more than ever customers are demanding vendors meet their exact preferences. This not only refers to the product or service in question, but the marketing information they receive pertaining to the prospective purchase. Data-driven segmentation allows marketers to gain the insight to be able to deploy effective demand-generation tactics.

In essence, segmentation is the categorization of a target market into subgroups according to predetermined factors. Homogeneous segments are **identified** and **analyzed** in order to deliver **relevant and timely communications**. With so much data available these days, marketers have to play a strategic game in deciding exactly how to segment and target their audience and achieve the best return on investment.

The current trend leans towards the ever-growing demand from customers for **personalization** and the **best user experience**. This shift in power requires marketers to ensure they deliver accurate campaign messages and if done well, can produce successful results and avoid unnecessary waste in resources.

*In this white paper we will explore ideas and examples of some more typical methods to categorize your audience, as well as factors to consider. In **Audience Segmentation** white papers **1.2** and **1.3**, we will then look at capturing data specific to those categories, then leveraging it to improve your results.*

> **Segmentation is the categorization of a target market into subgroups according to predetermined factors.**

Categorization

There are infinite ways to divide and target an audience. The key is not to be tempted into segmenting just because the data is available. The rationale for segmenting is to target your audience according to:

▸ What they need

▸ How they acquire the solution to the need

▸ What will deliver the best ROI from marketing

The Basics

The basic demographic categories within the business to business sector, and those that are beneficial for vertical market offerings, include:

▸ Company size by revenue, number of employees or offices;

▸ Type of industry such as construction, technology, alternate energy;

▸ Job function/title and areas of responsibility, e.g., procurement managers;

▸ Status of company, from start-up businesses to market leaders.

▸ If you have audiences in multiple countries, geography and culture may also play a role.

The relevant options above should be included on **data capture forms** and would provide a good foundation on which to build market intelligence. Note however, it may not be necessary to capture every variable for every situation. Your ultimate message should help dictate that decision.

The Need

The above categories all can play a part when defining your focused subgroups, but the overriding factor must be that they all have a need for your product or service in one form or another. This can be purely functional or pleasure-driven for individual customers, or strategic or operational at a business level.

Once identified, it is useful to assess the level and different requirements of the need. That way, strategic marketing can decide the best way to offer and tailor the solution or benefit to meet that need. For example, consider whether your prospect is under financial strain and therefore you should be price sensitive? Consider their level of commitment; you could offer either a full or partial service option. Can your customer manage the complexity of your product/service; if not you could offer customer support as an additional option. This understanding and insight helps take your segmentation to another level. And this then concurs with the growing demand from customers for personalized solutions and will strive to give you the competitive edge which overall will produce highly effective marketing.

Ultimately you should understand and **position each subgroup** based on their **pain point**, or what are they most concerned about in their job. This helps with job roles and functions, and what pain point each role has that you can help address. This is a common and effective way to segment.

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The Relationship

The final categorization adding another dimension and that companies should capture and monitor, is the level of relationship between you and your target customers. Are they current or prospective? Are they new or old, lapsed or loyal? Are they big spenders or infrequent buyers? All transactional data should reveal this essential information. This not only allows marketers to focus on priority subgroups which can give the best return on investment, such as the big spenders, but also, tailor messages and promotions, whether to reward loyalty or offer introductory rates for prospective new customers. You will also benefit by avoiding having to spend too much time or money promoting to customers who no longer require your product/service, or who spend very little with you despite the amount of marketing.

Summary

Categorizing or segmenting your audience is always the first step. Once established, your marketing efforts can drive data capture accordingly, providing you with the information you need to make better marketing decisions and generate better leads.

*Data capture and analysis are the subjects of our **Audience Segmentation** white papers **1.2** and **1.3**.*

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About StratMarketing Group (StratMG)

With 95%+ in customer satisfaction ratings and 100s of projects, our proven methodology has successfully generated more than $100M+ in sales for our industrial manufacturing customers. We help build deep and meaningful relationships with their prospects and customers which in turn is a catalyst to organic sales growth.

We consistently exceed objectives by leveraging complex technologies and analytic methodologies to deliver simplified sales, faster. Our methodology breaks the process into three main categories:

▸ Make Customers
▸ Manage Customers
▸ Monetize Customers

Specialties

Demand Generation | Marketing Automation | Go-to-Market Strategy | Marketing Operations
Marketing Services | Marketing Strategy | Lead Management | Lead Nurture
Database Marketing | Sales-Marketing Alignment | Lead Qualification

Let's Talk

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