StratMg

Results... Period

Audience Segmentation:

1.3 | Analyze & Apply Data

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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.

*Having determined the segmentation categories (**White Paper 1.1**) relevant to your audience and to your offering and conducted various marketing tactics to develop the relationship with your subgroups (**White Paper 1.2**), companies need to regularly analyze the growing stream of data to identify patterns and new opportunities. This white paper (**1.3**) will explore the techniques and patterns of data analysis.*

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

Techniques

The combination of database technology and CRM systems has developed the granularity in data-driven audience segmentation. Marketers have many choices among data-mining tools and business intelligence to 'slice and dice' their database. The same caution applies here as previously mentioned — successful segmentation works by focusing on the priority factors which meet the demands of the customer and give you the best ROI.

Databases can produce historical data to show what has already happened by customers and therefore, identify trends and insights. However, **predictive analysts try to interpret future actions and customer behavior**. This in turn, helps marketers detect which of their target audience is likely to respond to specific campaigns.

Marketing Profs explain the next level of analysis which is called 'Uplift Modeling'[1]:

> **A sophisticated analytical technique called uplift modeling can empower organizations to target only those customers who will be positively influenced by a marketing campaign, helping to reduce campaign costs, improve customer experience, increase customer lifetime value, and reduce churn.**

> **Databases can produce historical data to show what has already happened by customers and therefore, identify trends and insights.**

Analysis of Data

By using control groups, uplift modeling can segment potential campaign respondents as follows:

- **Persuadables** – people who buy and who would not have done so unless marketed to
- **Sure things** – people who buy regardless of marketing
- **Lost causes** – people who never buy regardless of marketing
- **Sleeping dogs** – people who react negatively towards marketing

This allows marketing to concentrate on only the relevant prospects they need to target for the best campaign results. It also avoids unnecessary waste of time, money and effort on those who would either not be interested in any promotions and who would buy whether or not they received any campaign offers.

| Patterns

Using the various analytical techniques, companies can also profile their target market according to patterns of behavior and their stages within the buying cycle.

❝ Behavioral data is perhaps the most actionable of all the database information and can come from a tremendous number of resources. If you use a multichannel approach to marketing, you'll want to define and capture potential behavioral variables carefully.²

Patterns of behavior can show the **most engaged and responsive customers** to marketing campaigns. Examples are those who respond to special promotions, who always complete surveys, who have registered for events, emails, webinars. Repeat purchasers, advocates who recommend products and pass on marketing information are all the obvious priorities for promotions.

Data analysis also **highlights at what stage** the customer is along in the **buying cycle**. This is critical when tailoring relevant messages. If prospects are still at the early fact-finding stage, then marketing should be delivering the basic offering details. If engaged, then the follow-up would be to send further information and also give the reasons and benefits for purchasing from your company rather than a competitor. If customers have already bought, then marketing can look to upsell, renew if applicable, or reward brand loyalty if relevant and worthwhile.

The other important factor is to realize if they need lead nurturing and time to decide, or whether to strike quickly for more immediate purchasing decisions.

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Application to Produce Effective Results

Time to put it all into practice! This takes time, control, monitoring and reviewing. Data is constantly updated, customers can change their patterns of behavior and there are always external factors affecting purchasing decisions, such as the economy and the environment. All of which means that companies and marketing have to be close to their market to react accordingly, gain opportunities and not lose out to competitors.
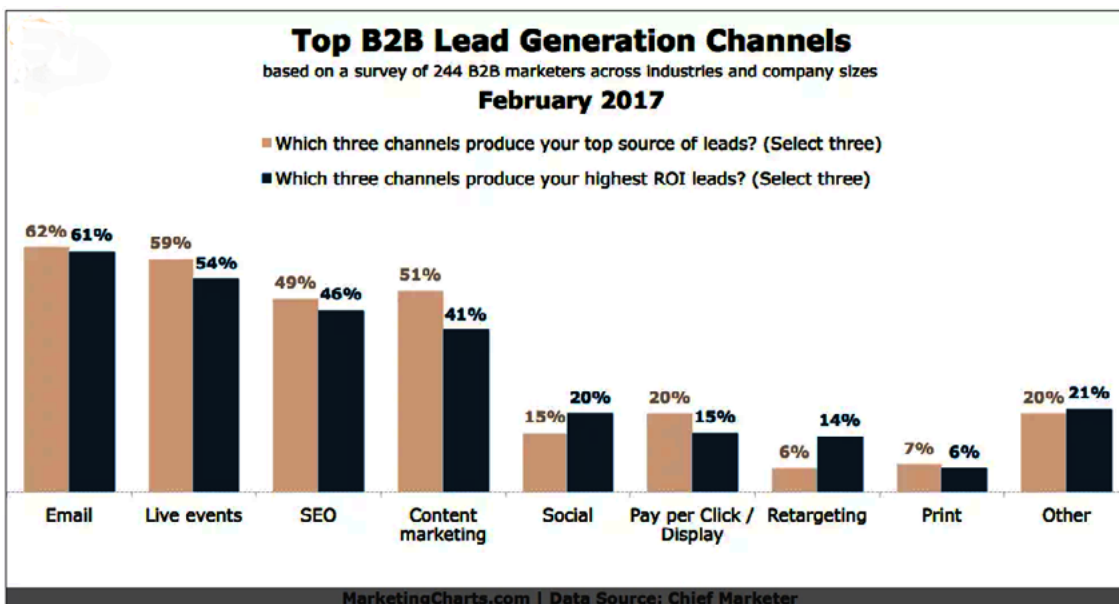
So, you now know who you need to target, what their budget is, where they are on the buying cycle, whether they'll respond to a promotion... now all you need to do is know **how to deliver your message**. This relies on using the right channel with the right creative and format.

The Channel

The channel depends on how customers have responded to previous campaigns and whether they prefer offline or online communications. Email has got to be one of the most significant and traceable marketing methods.

> **" We are not overwhelmed by the amount of email in our in-box; we are underwhelmed by what we receive.**
>
> *-Stefan Tornquist, Marketing Sherpa*

Top B2B Lead Generation Channels
based on a survey of 244 B2B marketers across industries and company sizes
February 2017

■ Which three channels produce your top source of leads? (Select three)
■ Which three channels produce your highest ROI leads? (Select three)

Channel	Top source of leads	Highest ROI leads
Email	62%	61%
Live events	59%	54%
SEO	49%	46%
Content marketing	51%	41%
Social	15%	20%
Pay per Click / Display	20%	15%
Retargeting	6%	14%
Print	7%	6%
Other	20%	21%

MarketingCharts.com | Data Source: Chief Marketer

So much can be learned from tried and tested techniques within email marketing and **yet so many poor examples of emails a**re still sent out. **Successful segmentation** should mean that **only relevant messages** will be sent at the **right time**, to the **right audience** who respond well. A review of email data is essential, not only for legitimate performance and compliance with CAN-SPAM laws, but also to monitor users who open and click/respond regularly, users who open less frequently and those who no longer open or have unsubscribed.

The Creative, Format and Call-to-Action

The trick is to serve the 'right information' to the 'right audience' at the 'right time' in the 'right place'. In a complex B2B Sales Cycle, it is important to serve resonating content to influencers and decision-makers depending on where they fit within a sales cycle. Along with the content speaking to their respective pain points, the creative, the format and selecting the 'right' marketing channel to serve the content are essential to engagement when targeting various segments. However, the most critical element to gauge and track the effectiveness of a campaign boils down to the appropriate call-to-action associated with the touchpoint. For instance, when targeting the audience using Online Advertising, Social Media and Search Engine Marketing, it's best to offer educational content. This positions the company as a trusted advisor and a thought leader. Whereas, using Email Marketing to nurture prospects might entail a plethora of content such as Webinar Invites, White Papers, Product Information Sheets, Relevant Testimonials and Case Studies to establish credibility of the brand.

> **Extract exactly what the customer wants, which in turn will give you positive results for your marketing.**

And Finally

The principles of segmentation are relatively easy to understand. Its success, however, relies on **how to battle the minefields of data** to extract the **type of information** a prospect may want, **where** they want it, **how** they want it and most importantly, **when they want it.** When done right, this tactical plan will yield significant and quantifiable results that can easily then map marketing dollars to sales generated — i.e., an end-to-end ROI for your company.

Sources:
1. MarketingProfs, *Avoid the High Cost of Untargeted Marketing*, March 2011
2. MarketingProfs, *List Segmentation: Why It's Important and How to Do It*, February 2011

> **❝ Insight into human nature is the key to the communicator's skill.**
>
> *- William Bernbach Founder Doyle Dane*

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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