

Segment Marketing

Segment your market

The most effective marketing is highly targeted. Make sure your marketing activity is reaching the right niche for your product or service.

The right “niche” is a segment of the wider customer base. Marketing segmentation allows you to prioritise groups for your message. In an efficient, profitable approach to your promotional work, you can centre your attention on the people most likely to show interest in what you have to offer.

There are three aspects to segmentation.

- Break down the customer base into smaller, defined groups.
- Identify the advertising and communication needed to reach your niche
- Position your product or service in a way that appeals to your niche.

To see results for your hard work, you must differentiate your target group from the rest of the customer base. A customer database, and accurate analysis of the information you store there, are particularly helpful in this regard. When cross-referenced with transactional data – i.e. people’s purchasing habits – your customer records become a very powerful targeting tool.

Different customers require different marketing messages. Segmentation allows you to discover whether your customer prefers high street brands, whether they like to shop online, or whether they respond to high status advertising. With this insider knowledge, your returns are likely to be impressive.

What is your segment?

Mass marketing is no longer seen as effective for many companies – particularly small firms. Customers are no longer regarded as a uniform group, and indeed want to be regarded as individuals with specific consumer tastes.

Investment in a customer database, and the accumulation of customer information, will eventually give you a sophisticated resource. With the stored data, you can distinguish

between your current and potential customers. You can also distinguish customers with low potentiality from those with high potentiality. Prioritise groups and target your message accordingly.

When you contact customers, you may want to personalise the correspondence with reference to their previous purchases. This is highly tailored communication, and it can elicit a very strong response from your customers. However, if your data has any limitations, treat it with caution.

For instance, be wary of making rash assumptions based on one facet of a person's lifestyle. Income, for instance, need not be a good indicator of purchasing power – disposable income is much more significant. The influences on consumer preferences are very diverse. Over time you may find interesting connections between customers you would not ordinarily link.