

Segmentation is at the very foundation of marketing.

Breaking the mass market into segments so that you can better, more efficiently, and more cost-effectively meet their needs is what marketing is all about. However, segmentation research is frequently criticized for not being actionable nor fully evolved to address today's experience-driven, individualized culture. Further, the investment level of these projects and the expertise required make segmentation research too expensive to fail.

Fortunately, there are several steps which can ensure a successful segmentation, whether being used for strategy, innovation, customer experience or communications.

Here are the 8 top ways to ensure success with your next segmentation study:

1. Bring all key stakeholders to the table

- A successful segmentation is valuable to a wide range of departments and job functions. If input about the project is limited to the marketing department, crucial factors can be omitted from the research – resulting in information that doesn't get used.
- We recommend the first step be stakeholder workshops. Bring together a wide range of voices to the table.
- Use strategic frameworks and meaningful exercises as tools to identify current as well as emerging issues which need to be considered in the research.

2. Identify specific strategic criteria which will define a successful segmentation

- As always, begin with the end in mind. The planning phase is the key to an actionable segmentation, even though we all tend to focus on the work involved in the analytical phase.
- In this critical step, determine which functional areas can and cannot bring meaningful insight into the definition of strategic success.
- Use the areas which bring meaningful insight as the core driver of developing success criteria and, from that, actionable segments.
- Don't forget the customer experience in segmentation planning – a successful study must seamlessly fit into your CX efforts.

3. Use question types which create discrimination in survey results

- Relying solely on agreement scales can result in "muddy" segmentation results. You might find this is due to either strong agreement with all attributes, or segments which are divided by "high," "medium," and "low" raters. In either case, your results will not be actionable.
- Use tools such as Maximum Difference Scaling and semantic differential scales with competing ideas at endpoints to force respondents to make real choices – resulting in more distinctive segments.

4. Use multiple dimensions in segmentation development

- Segmentation studies often use a single set of base variables for segment development (e.g., category attitudes) which often do not produce a high-quality segmentation.
- Using multiple variables (e.g., attitudes and needs) allows for more homogenous segments which are more easily understood, targeted, and actioned.

5. Have a specific approach to identifying the segments which present the most opportunity

- There are several methods which can be used to determine which segments should be considered your target audience(s).
- The correct method to use will depend on the primary purpose of your segmentation (e.g., brand strategy, customer acquisition, innovation, etc.).
- This provides clear criteria to develop an opportunity continuum – ranking the segments in order from highest to lowest opportunity for each purpose.

6. Connect the segments to real-world behavior

- At the start of the project, be very clear about how the final segments will be incorporated into your modern marketing machine.
- Append third-party data (e.g., Acxiom) to connect segments with media buying.
- Apply the segmentation across customer databases using probabilistic models to identify opportunity.

7. Post-segmentation, conduct validation research to better understand the nuances of each segment

- Qualitative deep dives provide an in-depth look at opportunity segments and “brings them to life” – letting you better understand and communicate what makes them tick.
- Further quantitative research to identify the most resonant benefits, messaging, and claims will help in communications development.

8. Most importantly, stay extremely involved and connected throughout the process

- If not conducting yourself, be sure you and your team are involved in all aspects of the segmentation process – particularly in upfront study design and during segment identification and implementation.

Segmentation studies can be a critical component to smart, strategic, and effective marketing. But doing them correctly requires careful planning, diligent execution, and creative implementation.

Avoid unnecessary risk and ensure a
successful segmentation!

Call Russell Research today!

Russell Marketing Research
One Meadowlands Plaza
Suite 1001
East Rutherford, NJ 07073

Phone: (201) 528-0400
Fax: (201) 528-0210