

Improve the quality of your leads with market segmentation

No matter what industry you're in or the products or services you're selling, there's one thing all businesses have in common: leads. These are the people that you attract to your brand and who fuel your company's growing profits.

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But not all leads are equal, and it's vital when pumping money into your marketing that you're delivering the right messaging to the right audience. That's where market segmentation comes in, and it could be just what you need to up your business's game.

What is market segmentation?

In the simplest terms, market segmentation involves splitting your target audience into smaller groups. These groups are created based on similar characteristics, interests, or needs that you think are important to your marketing messaging.

The idea here is that the groups you create will respond differently to marketing campaigns, and by splitting them up, you can begin to target them individually. Your marketing campaign for one segment may focus on an entirely different product/service value to your campaign for a different group, according to what you know about the people in each. The outcome is more engaging, *personal customer experiences* for everyone who interacts with your brand.

What are the benefits of market segmentation?

Splitting up your target audience into smaller groups takes time and money, making your campaigns more complex. So, why bother? There are a wealth of benefits that make segmentation a worthwhile strategy, including the following:

- Targeted campaigns lead to increased ROI. According to a survey published by Bain & Company, businesses that segment their products could easily see growth in profits of around 15% over five years. Alongside this, over 80% of executives they spoke to agreed that market segmentation was critical for boosting profits, showing just how vital it is. If you're looking to increase campaign ROI, this is the strategy to implement.
- Better engage your audience. Not all of your audience will respond to every benefit of your product or service. Lingerie is a perfect example of this, with someone who is single responding entirely differently to campaigns than a husband looking for something romantic for his partner. They're not looking for the same value in your product, and they won't always be engaged by campaigns for a more general group. They will, however, respond to marketing that pinpoints their needs, emphasising the benefits that they're looking for.
- Define and understand your audience. When segmenting your larger target audience, you can learn a lot more about the people you're marketing to. A detailed definition of each group can tell you about why they might like your brand and what they value most in your product, even down to what colours they best respond to in ad campaigns! These insights are invaluable for your company, making it easier for your entire team to focus their attention on how to engage each segment.

Types of market segmentation

There are a number of approaches to splitting your audience into smaller groups. The most popular and often the first to be implemented include:

- Demographic segmentation focuses on the differences between the people in your audience, such as age, gender, occupation, nationality, education and family size. This is the most common form of segmentation and can tell you a lot about what sort of messaging this group would respond to.
- Behavioural segmentation looks at how different groups of your audience interact with brands. Some may prefer in-store shopping, for example, while others find brands through social media. You can also consider the needs they're trying to meet when shopping, which is key to getting your messaging right.
- Geographic segmentation is fairly self-explanatory: their location! It's a simple and easy-to-implement way of grouping your audience that can be highly effective. Where someone lives can tell you more about the climate they're used to, *regional language differences*, and general interests in the area (e.g. the US likes baseball, the UK likes football), to name just a few.
- Psychographic segmentation deals with the emotional traits of your audience, as well as their beliefs and values. For example, you may be selling bar soap, and one section of your audience has strong eco-friendly, plastic-free values that make your soap appealing, whilst another responds to the traditional, nostalgic branding of your bars. Knowing more about what creates emotive responses and what's most important to your audience can often be the difference between a lead who leaves and one who converts.

How to start carrying out market segmentation

Some aspects of market segmentation are easier than others. First, you must nail down your broader target audience, which a reputable *prospecting tool* can help you with. Then, consider how best to segment your audience. There are factors that will make this decision easier, such as:

- Which segments are your competitors already marketing to
- How much data is available to you
- Who is currently buying your products/services

Evaluate your segmentation options before proceeding, looking into whether it'll be profitable to target the groups you're looking at and what would be the long-term effect of choosing one segment over another. Which segment best suits your ideal customer and ties in with your brand goals?

Develop a detailed strategy to begin carrying out market segmentation and building targeted campaigns. A/B testing and working out which metrics you'll use to measure the success of your marketing is vital, as is detailing your company goals for your campaigns.

Finally, it's time to create, launch, and monitor your campaigns! Keep an eye on the data you receive from your marketing and use it to refine your strategy as you move forward.

Final words

If you're looking for higher-quality leads and marketing campaigns that take your ROI to the next level, there's no doubt that marketing segmentation is the way to go. Hopefully, this article has given you plenty

of insight into how it can help your business and some tips to begin your own segmentation strategy. Remember, it's all a learning curve, and the more knowledge you have on your side, the more likely your campaigns are to succeed!

Article by Daniel Groves