

The power of segmentation

Customer segmentation is one of the most potent tools in your marketing toolbox

Segmentation is at the heart of marketing. It's actually one of the most essential steps in progressive market management, and also one of the most neglected. It's either not performed or it's designed in a traditional fashion using demographic or firmographic parameters.



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Over the past decade, the science and art of segmentation has evolved. Best-in-class organizations have embraced the scientific data revolution and begun to design both qualitative and quantitative segmentation processes that leverage their rich data.

One size does not fit all

In both consumer and industrial markets, organizations are realizing the one-size-fits-all approach is no longer relevant. As a matter of fact, progress in the science of segmentation and the availability of data allows scientists and marketers to become more refined in their segmentation depth.

Conduct a thorough analysis

I could write a book on segmentation types and techniques — and there are a number already published. Here are four benefits to conducting a thorough and scientific segmentation analysis for your business:

- **Leverage your existing assets — systems, data, people and networks.** You might not realize it but you already have the data required to conduct a complex segmentation analysis. It may be fragmented, but with a bit of focus, it can be assembled and mined to start the segmentation process. You might also consider conducting surveys to collect need-based customer preferences, but

the data you have on-hand is a good first step.

- **Increase sales effectiveness and performance.** Be in front of the right customer, with the right offering and at the right price. The primary objective of segmentation is to better equip your sales force with intelligence so they can better qualify prospects, find greater revenue opportunities with existing clients and focus on the customers who have the greatest potential and/or understand the concepts of value. When sales effectiveness increases, you allocate your efforts at the right time with the right accounts. Inherently, your selling and marketing expenses are better used and generate greater bang for the buck.
- **Reduce unnecessary selling and marketing expenses.** Segmentation can mean cost optimization by avoiding one-size-fits-all marketing campaigns. Successful segmentation allows for a scientifically based deployment of sales resources that leads to expense optimization with your existing commercial assets.
- **Boost customer loyalty.** When it's all said and done, your marketing and sales efforts are targeted to the right customers with the right messaging. Guess what? That makes customers happy and their loyalty increases.

So, you get the picture: Segmentation isn't easy and requires skills and science. But when done right, it delivers tremendous benefits for your team, shareholders and customers. Get started today by having a candid discussion about customer segmentation. It is one of the most powerful marketing tools in the toolbox. ●



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