

Defining Your Target

Increase your marketing effectiveness with these segmentation techniques.

You might have heard of market segmentation and how big companies use this technique to increase their profits. You might also have wondered if, or how, you could put this same sophisticated business development approach to use for your company.

Well, you can use segmentation marketing to improve your business results. As a matter of fact, the benefits are probably greater for small and medium sized businesses.

What Is Market Segmentation?

The basic concept behind marketing segmentation is that not everyone in your geographic market area is equally likely to use or want your product. Second, the presumption, a good one, is that you do not have the time or financial resources to reach and communicate on the same level to everyone in your market area. Third, as a savvy businessperson, you want to maximize the financial return on the time and dollars you invest.

Putting Segmentation Into Action

Here is how to make marketing segmentation work in your business:

1. Define as precisely as possible who is your most desirable customer. Be ruthless in this exercise. Is it women under a certain age? Or with a net worth above a specific amount? Or people of a certain nationality? Or who deal in a certain industry? Or companies with a certain distribution system? Or serving a certain geographic market? You get the point. Now write it down.
2. Research the number of discrete decision-makers in your previously defined desirable customer base. How many are there and what contact information can you obtain to reach, and or influence, these decision-makers? Can you reach them through specific trade publications? With specific direct mail lists? With communication tools at certain geographic areas, such as trade shows or billboards?
3. Go back and reflect on the most desirable customer base that you defined. Does that definition describe a homogenous type of customer, or are there different types of decision-makers within the segment? For example, if you are selling women's dresses and you defined the target market as under 35 years old, you also need to acknowledge that there are many different types of women in that group: youthful thinking, mothers, singles, working outside the home, laborers, management and so forth. The dresses you sell would only appeal to maybe one or two segments in this list. Through this process, you will probably find other desirable subgroups. List them as your secondary market segments.
4. Once you have refined your list, you can determine the message that you need to use to reach the primary and secondary target market segments. Obviously the woman in management will desire a different type of dress for everyday wear than the laborer, for example. Construct your message according to the specific person you are trying to reach.
5. You are now ready to deliver a specific high-impact and relevant message to your target market, using the targeted communication medium you have selected. This will be the most cost effective way to spend your marketing dollars, because you are not trying to sell to everyone something that they may

or may not need on a regular basis. And, regular customers are going to be your most profitable.

6. Take the time to advertise your message on a consistent basis to the primary market segment you have defined. You might, if marketing dollars are available, decide to spend a major portion communicating to your primary target, and a lesser amount advertising to your secondary market segment. This is a good strategy as long as you spend proportionate to the potential of each of your market segments. If you spend equally to reach each segment, then you have weakened the benefits of your market segmentation exercise.

By examining your most desirable customers and focusing your time and financial resources to communicate to that targeted market, you will be using marketing segmentation to its optimum. And once you have completed this process, you can use the same process to further refine your business by seeing if there are promotional opportunities or differential pricing that can be applied to subgroups in your customer base to make them even more loyal and profitable.

Now that you know the process of marketing segmentation, build your business like the big guys and enjoy the increased profits.

By Rich Delaney