



Meaningful segmentation that drives results:
5 practical tips to get you started

[E-Marketing Tips](#)

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The rationale for customer segmentation is simple – to increase marketing efficiency and customer satisfaction through the delivery of the right message, to the right consumer at the right time. However very few marketers in the Asia Pacific region devote adequate strategic resources to the building and testing of customer segmentation strategies, with many failing to capitalise on the financial benefits that it can bring to business particularly during financially challenging times.

Sophisticated segmentation techniques can involve complex scoring and propensity models that predict the likelihood of consumer segments to undertake a particular action or purchase for example. Early stage programmes, however, can and should, focus on very basic demographic and psychographic attributes that are either explicit (given by the consumer during sign up or survey process) or implicit (observed from campaign history). Ultimately though success hinges on the quality and depth of the data you have available.

Here are 5 quick tips from Epsilon's resident experts that will help you kick start or reinvigorate your segmentation programmes:

1. Focus on the customer. Start with what you know.

Create broad customer segments based on your existing business model taking into account any foreseeable changes. These could be age, location, and value for example. Even if you do not have data in your existing data mart to match certain attributes, still build it into your segments and then plan to collect around these data points in the future.

2. Understand your product and services.

While segmentation should ultimately be all about the customer, you need to understand your products and services and their place in the customer lifecycle. Take time to analyse and categorise the products and services that your customers have access to now, and then include those that will be available over the next 12 to 24 months. Understand how they map to customer needs by segment (as defined in 1 above) and your customer lifecycle, For example if your product line comprises serviced and leased

apartments which can be broken down by style, location, and then further by price range, you must ensure your database maintains and allows you to process by these attributes.

3. **Build a data collection strategy and then a process to deliver on it.**

Make sure you set up unique fields in the database to capture the categories put together in step one, and other explicit customer information, such as customer type, demographics and customer-centric interest profiles expressed at registration or other data capture exercises. It is far harder to add data fields to your database once everything is set up. Take every opportunity to capture more explicit customer data. Small and regular data collection exercises tend to get a better response than larger “collect–everything” efforts.

4. **Incorporate implicit customer data.**

Make the most of the campaign based response data that you collect from your email marketing efforts, offline marketing programmes and website analytics tools. These types of behavioral based data combined with explicit responses from data collection efforts provide valuable insight into your customers and can help you further segment to drive sales and ROI through highly targeted campaigns.

5. **Test your segments then test again:** Think of your customer base as an organic living being. It will change and grow over time. Test your segments with specific messages and offers and then analyse the results, benchmarking against historical campaigns. Do not be afraid to redefine segments and the treatments again to optimize performance.

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