ORACLE

Essential Strategies for Audience Segmentation

Ignite Guide

Achieve campaign success with a rich, detailed understanding of your customers

Personalized marketing means delivering relevant messaging to your audience at the right time on the right channel. Audience segmentation helps you achieve this by breaking a large pool of people into smaller, more defined groups in order to target campaigns more precisely. With effective audience segmentation, your marketing efforts are more relevant, customers are more engaged, and spend more.

Like every organization, your marketing team is no doubt sitting on a wealth of data. But for effective segmentation, you need more than the customer data your company owns. Resourceful marketers enrich their first-party data with additional information from third parties in order to create more detailed personas that improve segmentation for hard-to-decipher customers. Once you've reached and engaged these customers, you can measure and optimize campaigns for better performance.

80%
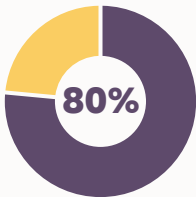
Nearly 80% of US companies plan to spend more on audience data and on activating that data to drive results.[1]

This strategy guide outlines what to consider when leveraging data to segment customers so you can build campaigns that resonate and produce results—time after time.

What's inside?

Audience segmentation, defined

Audience segmentation involves grouping your audience into smaller segments with similar characteristics, then building personas based on those segments to allow for easier and more effective campaign targeting. These personas will help you get to know your customers better so you can

Reach very precise **target audiences**

Use data from one campaign to **inform the next**

Create more focused, relevant, and **personalized content and offers**

Predict and measure campaign performance with customer analytics

Garner better audience response, resulting in higher-quality leads, more brand engagement, and **increased customer loyalty**

75%

Approximately 75% of marketers believe personalized emails garner more engagement.[2]

Audience segmentation, defined

Poor audience segmentation can lead to lackluster results. If you don't break down a large, homogenous audience effectively, you'll likely create generic, impersonal messaging that's irrelevant or targeted to the wrong people. As a result, your marketing won't resonate, and campaign performance metrics will show it: fewer opens, clicks, leads, and transactions.

Moreover, without segmentation, customers get the impression that you aren't paying attention to what they are trying to tell you about themselves. When you put customers in the wrong groups and send them the wrong offer, they stop opening the messages. Over time, this results in customer churn and a reduction in the value of each customer relationship.

Proper audience segmentation helps you address common marketing challenges by

Organizing large, complex campaigns into a series of very focused segments that are much easier to manage

Improving campaign efficiency and ROI by sending more relevant, personalized marketing to the segments most likely to engage

Making campaigns better over time by using high-quality customer data and analytics to segment and target

Predicting and measuring the results of future campaigns

Build your foundation

To make the most of audience segmentation, your strategy must account for the following:

1. Data quality

Good data—accessible, connected, current, accurate, and robust—is essential for effective segmentation as it will prove vital to understanding your audience. Enriching your data with things like off-line purchases will help you personalize for customers you don't know as well. Unifying your data provides a complete view of who your customers are and what they want, so you can better target each interaction.

2. Segmentation types

Optimize campaign targeting by breaking your audience into smaller segments based on charac-teristics, preferences, and needs. While segments will differ based on an organization's goals, these are the four most common types of segmentation.

Demographic: includes attributes like age, gender, and marital status.

Look at a customer's background. Where do they live? In what region? How is that area different from where your other customers live?

Firmographic: includes attributes like job title, role, industry, and business objectives.

Consider a customer's job. What keeps them up at night? Do they manage teams, and what challenges does their sector face? What does their role entail, and how can you help them with it?

Psychographic: includes attributes like interests, lifestyle, and preferences.

What channels do they prefer to use? What type of content do they respond to?

Behavioral: includes attributes like online behaviors, preferred social media sites, and engagement with

your brand. Have they downloaded content from your site or subscribed to your newsletter? What webinars do they register for, and at what times of the year? Are they active on Facebook, Instagram, and Twitter, and do they interact with your brand on those channels? Do they read your blog? Do they open and click through on your emails?

You can further segment your audience by their needs, preferred devices, and current stage of the buyer's journey (awareness, consideration, and decision). You might also segment based on whether they're a first-time customer or a repeat customer. If it's the latter, you might use transactional audience segment-ation, which considers spending patterns.

• When was the last time a customer purchased your products or services?

• How often do they buy from you?

• How much do they tend to spend?

Build your foundation

3. Persona creation

Consider your campaigns and narrow your audience down further by creating detailed target customer profiles—called personas—for each segment. Written as if it were about a real person, a persona includes everything from location and hobbies to family size and career history. Examples of personas include

- **Mary, the inventory manager, works at a warehouse.** She manages a team of five on the floor and barely has a chance to get to her desktop, but she regularly checks her phone.

- **Brandon, the accountant, works from home.** He owns his business and is steadily building his customer base. He's online all day and regularly attends webinars about the latest accounting software.

- **Amy, the HR associate, works in an office.** She spends the day on her computer and is always looking for content that includes productivity tips.

The possibilities for personas are almost endless, but you should create the ones that give the most insight into your customers. Ask yourself:

- What do they need?

- How can you help them?

- How can you reach them?

- How can you keep them engaged?

4. Relevant content

You now have the information and understanding needed to tailor your marketing messages to speak directly to the personas you're targeting. Once you're no longer operating through guesswork, you can focus on what your customers care about and produce revenue-driving results. Consider the following:

- Do they prefer interactive content over static content?

- Are they on their phones much of the day and want a mobile-optimized email?

- Do they use social media frequently? Do they follow your brands on any platforms, and what content is available to them there?

- Do they consume video content? Which videos demonstrate your product's value, and where can customers watch them?

Segmentation produces insights that can inspire content strategies and plans designed to give the audience exactly what they want on the channels they frequent.

Six steps to get started with audience segmentation

01 Find your audience

Each campaign involves a business goal (joining an event, watching a video, reading an article, or buying something) and a call to action for your customers to satisfy that goal. Once you've identified that goal, you can begin to assemble an audience from the customer segments that are most-likely to respond. Marketers frequently expand audiences with behavioral or firmographic segments to improve conversion rates.

02 Build up your customer data

Centralize your marketing data for better segmentation. Enrich your customer data by including demographics, purchase behavior, loyalty data, web and mobile data. Once you've started engaging with your audience, you'll be able to collect additional information about their habits, preferences, interests, and pain points. The more information you gather, the more deeply you can understand and connect with prospects and customers.

03 Decide how to segment your audience

Based on the data you've collected, you can determine what attributes you'll use to break the audience into segments. How will you organize these groups, and which will you prioritize in campaigns? How many segments do you do need for a campaign? Segments should be large and distinct enough to be worth acting on. Consider building segments based on the customer's relationship with your brand. For example, loyal customers with a high lifetime value and customers who are likely to churn.

Six steps to get started with
audience segmentation

04 Create personas

What groups can you find within your customer data? What do your customers care about? Do some customers respond to specific products? Do other customers respond to discounts? Are there members of your audience that enjoy exclusivity? As you identify patterns with opens, clicks, views, and purchases, craft a persona to represent each segment. Your personas should have some attributes defined by your data.

05 Target your customers

After you've created segments, built audiences, and defined personas, it is time to activate your data and leverage it to personalize marketing campaigns. Carefully select each group of prospects and customers, and align their preferences and persona with the content you have prepared to satisfy the business goal we mentioned in step 1. Consider the best channels to reach your audiences on. Email and text messages are a great way to connect with customers directly, but leveraging your blog or social media can help expand your reach.

06 Track your results

Look at analytics reports to see how your campaigns and other marketing activities performed. Ensure that your KPIs align with measurable goals. Remember to track channel-specific performance metrics like landing page conversions, email open rates, and social media followers. Improve campaign performance through A/B testing. Try different offers, messaging, targeting, and frequency. Your reporting should help you find opportunities to optimize and learn even more about your customers to guide further segmentation and targeting.

Benefits of audience segmentation

Segmenting audiences will help you define and refine campaigns and make the most of your team, budget, and tools.

1. Pinpoint new audiences you may have overlooked

Proper audience segmentation sets successful marketing campaigns apart from the rest. It helps you identify channels and audiences that may otherwise go unnoticed. Leveraging data to pinpoint the ideal audience will lead to more successful campaigns.

2. Personalized messages will improve response

When you address the right customer pain points and reach them where they are, you're more likely to attract their attention and win them over. Messaging and content that resonates leads to increased brand engagement, more click-throughs, higher-quality leads, greater customer loyalty—and ultimately higher revenue.

**3. Get precise insights for the next campaign**

When you can analyze the performance of specific segments, you'll get deeper audience insights and see opportunities for improvement clearly. The customer data and results of one campaign hold myriad lessons you can apply to the next.

Optimize audience segmentation with Oracle

Drive campaign engagement and results through tailored content and targeted channel strategy by segmenting your audience. With Oracle Unity, you can enrich and unify your owned data with third-party data to discover new audiences, build more robust segments and detailed personas, and optimize campaigns.

Learn more here.
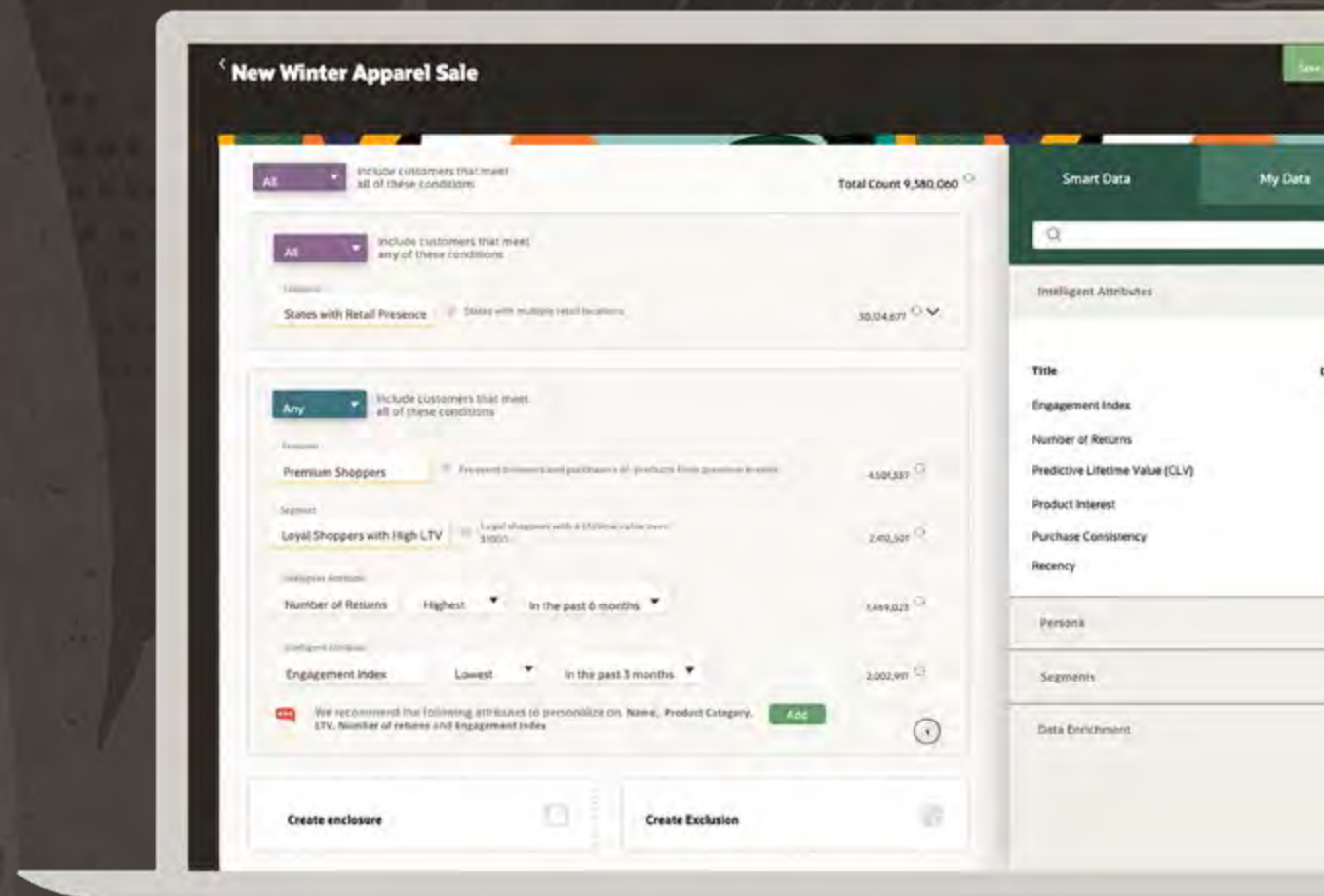
To the experience-maker who's always moving forward

As modern customers seem to shape-shift from one moment to the next, it's critical to maintain pace with their expectations. To help, we created the Ignite series to fuel your continuous pursuit of customer experiences that always hit the mark.

Guides like this one on audience segmentation aim to advance your expertise and help you craft foundational strategies in less time. So you can get back out there to captivate customers and drive revenue.

What will you discover next?

- Blog: Common Marketing Outliers and How to Manage Them

- Demo: Oracle Unity

- Blog: Transforming to Customer Intelligent Marketing

About Oracle Advertising and CX

Make every customer interaction matter by connecting all your business data across advertising, marketing, sales, commerce, and service. Oracle Advertising and Customer Experience (CX) is a connected suite of applications that goes beyond traditional CRM to help you create and nurture lasting customer relationships. Build a complete view of every customer and every interaction, no matter how and when they engage. Empower your entire business to deliver exceptional customer experiences—from acquisition to retention—and everything in between.

Sources

1. "Customer Experience 2019 (Part 1)—Audience Segmentation and Targeting," eMarketer, last updated June 6, 2019

2. "State of Email Report," Litmus, last updated fall 2020

oracle.com/cx/