Market Segmentation: The Afterlife

Embracing the individual in the fight for relevance

By: Doreen Clark

For years, market segmentation, in the form of large and fairly non-personal groups, has been common practice for organizations and marketing teams. The evolution to marketing to the individual may be due, in part, to the not-so-silent journey through what Ginni Rometty, chairman, President & CEO of IBM calls “three progressive era’s” – and they encompassed 1) machines that counted, 2) machines that became programmable, and now 3) machines that have the ability to learn. This has changed the playing field and as Rometty said, “…This is a new era of technology and because of it big data is going to form the basis of competitive advantage.” (More can be seen through IBMs YouTube video here). So, is segmenting a population as if everyone within a group really has the same purchase behavior dead? Yes, but the afterlife may be more exciting.

Data, or the analytics of data, has made it possible to remove the generic grouping and to look, with fresh eyes, at the person on the other end as a person, rather than as part of a bundle. If you understand the person, engagement will likely be higher. Therefore, if you haven’t already, there should be a shift from generalizations, such as looking at the desired market as being females between the ages of 25-40, to having unique relationships based on specifics. Rometty’s words should ring a chord with all marketing teams, sales, and IT teams with acknowledgement that the ability to pinpoint data has resulted in “the death of the average customer.” Nothing is average anymore; it is specific. Therefore, the data is important in determining what is relevant to those we want to reach.

To take a step back, market segmentation, according to the Business Dictionary, is “The process of defining and subdividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics.” As marketing tools, these have historically then been put into groupings that include demographics, geography, etc. Now, as we look forward and begin to embrace the new era that surrounds us, our path will continue to veer farther and farther from B2B and consumer marketing and segmenting, in this aged manner, and more toward an environment based on the individual’s reality. However, as this necessary trend continues, marketing teams must closely align and collaborate with IT, as noted by IBMs CEO, as understanding the data is imperative to building a responsive strategy. For a long time we have talked about delivering information across numerous channels of communication and we are now able to understand that it is more than just pushing information in a one-sided conversation- it’s about what is on the other end: the listening and the relevance of the information.

The bottom-line is that the necessity of marketing, for many, is static. It is the answer to the question, “How?” that we must strive to understand on an on-going basis. This is the ever-changing variable. Though it is certain that the individuals we are marketing to have never wanted to be seen, or interacted with, as faceless entities within a generic group, we now have the tools to move toward the necessary change. One thing is undeniable, we are looking into a marketing vault and big data may hold an important key to competing with, or being swallowed by, our competitors.
About the Author
Doreen Clark is a public relations manager for Edge Legal Marketing. She has more than a decade of experience leading clients, throughout various industries, to increased success through public relations and marketing efforts.

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