Infoclutch

EMAIL SEGMENTATION

IN

B2B MARKETING INDUSTRY

Table of content:

1. Abstract

This paper explores the solutions to resolve the challenges hindering the success of email marketing in the B2B industry. In the era of email marketing, it is vital to connect with right recipients at the right time. Email segmentation is a seemingly simple but powerful approach that acts as an effective marketing strategy. This paper contains the research on email recipients engagement and investigations on email open-rates and click-rates. It educates marketers as to how targeting highly engaged recipients with appropriate content help senders maximize the value of email marketing campaign. The purpose of this paper is to review a recent study on email segmentation, identify challenges and understand the best practices.

2. Introduction

Email Segmentation is the most over looked strategy in today's world. As we know, it helps marketers to organize and craft better campaigns, improve open and click rates. It is the best way to lead data, trigger events and further customize your email campaigns. Segmentation is an art of thinking in groups which allows email marketers to send highly targeted emails by dividing lists into smaller segments.

Segmentation not just has a drastic impact on its growth, but, as per the research by Campaign Monitor, marketers have noted an immense 760% increase in their revenue in segmented campaigns.

3. What is email segmentation?

Email segmentation is a technique of dividing email subscribers into smaller groups based on their set of criteria. It's typically a personalization tactic to deliver more to subscribers on the basis of their geographic location, demographics, purchase history, age, gender, education ,level, industry, and more. This allows marketers to send relevant communication to specific people in the email marketing list.

It's indeed a technique used by marketers and businesses to split or segment the subscribers list based on the number of conditions. The main basis of segmentation is shown below to provide a more relevant view:

By Geographics:

- Location specific / region – continent, country, state, neighborhood
- Time based messages based on time zones
- Market size
- Climate
- Market / population density
- Size of the city or town

By Demographics:

- Age / generation
- gender
- company position
- income level
- race/ethnicity
- Family life style and cycle
- Family size
- Nationality
- Occupation
- Education
- Social caste system

By Psychographics:

- Personality traits
- Values
- Attitudes
- Interests
- Lifestyles
- Motives
- Geodemographic
- Opinions
- Activities

By Behavior:

- Benefits sought from the product
- Usage situation – Daily, holiday or occasional use
- Buyers status and their loyalty to the product – regular user, first time user, potential user, non-user

Segment	Description
Prodigies - 5%	- Constantly connected, mobile-centric tech trendsetters.
Tribals - 13%	- Hyperconnected, device agnostic . Socially influential.
Personals - 11%	- Mobile-savvy, loves phone. Shiesaway
Pragmatists - 18%	- Mobile professionals who manage home and work with phone.
Browsers - 24%	- Learning to use their smartphone, mostly browsing mobile web.
Occasionals - 11%	- Mostly make calls but do play games or check the news.
Talkers - 13%	- Light usage to make calls as well as video calls.

4. Why is email segmentation necessary?

Different factors influence consumers to buy certain things and the very same factors are used to segment customers and emails in turn. Segmentation is simple yet a powerful mechanism. If you don't do email segmentation, you are likely to have one big list of emails which can lead you nowhere. If you do segment your email list, the chances are that you will run into more innovative and effective campaigns which your leads and customers would enjoy.
You could have dozens of lists with each targeted, broken and categorized into meaningful, useful segments.

Here is why we email segmentation is the right thing to do.

Say you are an online marketer who is looking to connect with your target audience. You surely have at least two segments to start with: active users and inactive users.

▶ **Active users:** Active email users are someone who is actively opening and clicking even though they are not purchasing in the current year.

▶ **Inactive users:** Inactive users are the ones who haven't read your emails in the last 3 quarters.

▶ **Lapsed customer actives** – These clients are the ones who has forgotten but needs to be reminded.

▶ **Lapsed customer inactive** – They are someone who have stopped engaging and buying altogether**.**

▶ **Never-actives:** Clients who only subscribed but never took upon any actions of clicking or opening an email.

Email Segmentation

Active
- Lapsed customer actives

Inactive
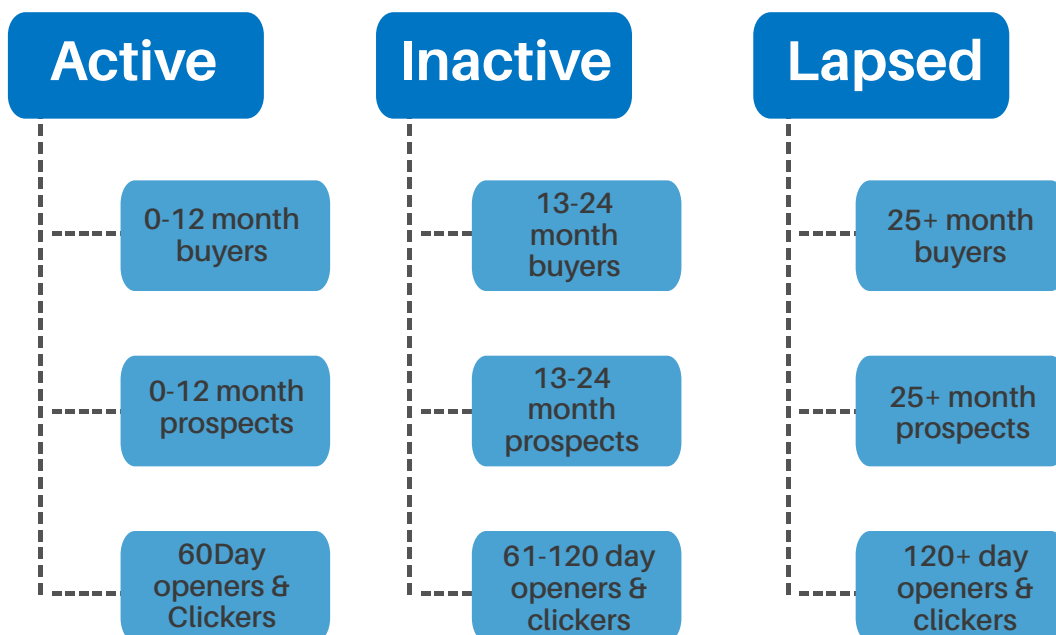- Lapsed customer Inactives
- Never actives
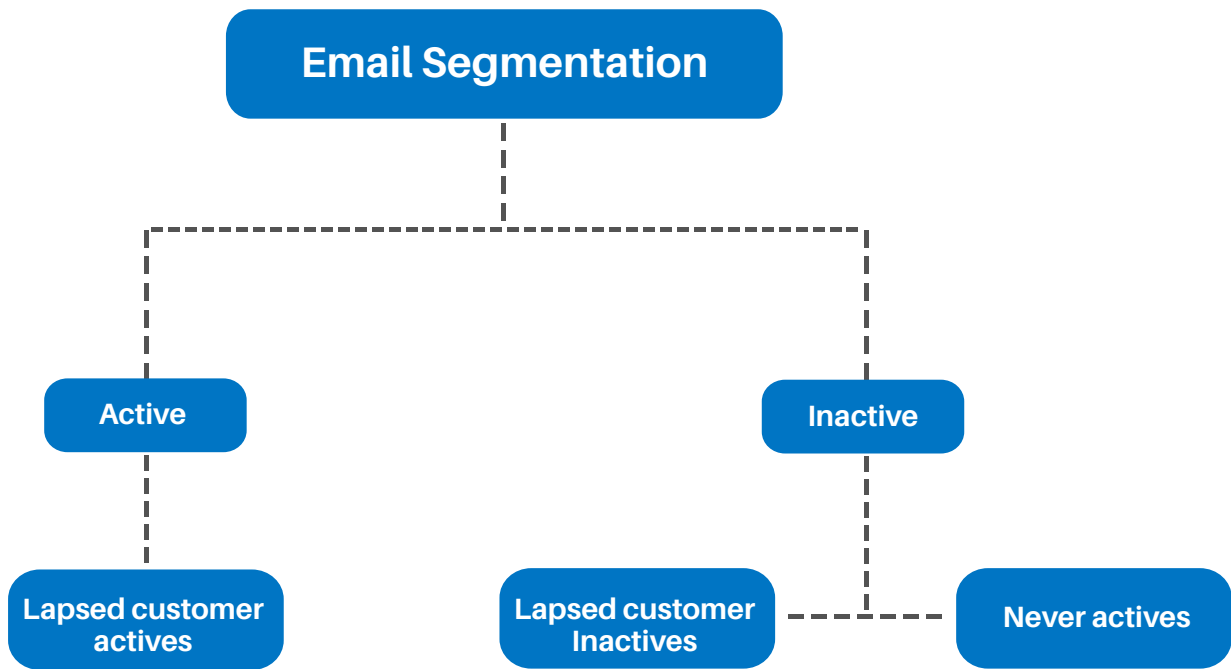
A high number of inactive and lapsed users can hurt your email deliverability. Frequently sending emails to people who don't open your emails can result in lower email reputation and subsequently decrease the inbox delivery rates.

To know who's who, we have a representation of an image as someone who can be termed as active, inactive and lapsed based on their open and click rate behavior.

Who's Who?

Active
- 0-12 month buyers
- 0-12 month prospects
- 60Day openers & Clickers

Inactive
- 13-24 month buyers
- 13-24 month prospects
- 61-120 day openers & clickers

Lapsed
- 25+ month buyers
- 25+ month prospects
- 120+ day openers & clickers

# 5. Example to determine how email segmentation works.

Imagine you have a group of subscribers who are actively interested in your product, service or content, whereas the other who doesn't even recognize your brand name.

Whom would you try your efforts on? You certainly would focus your attention on the ones who are active.

This way, segmentation allows you to treat groups differently on the basis of their interests and other multitudes of parameters.

In fact, a marketer's today target from more than 10 to even up to hundreds of groups of segmentation.

Let's consider this as an example:
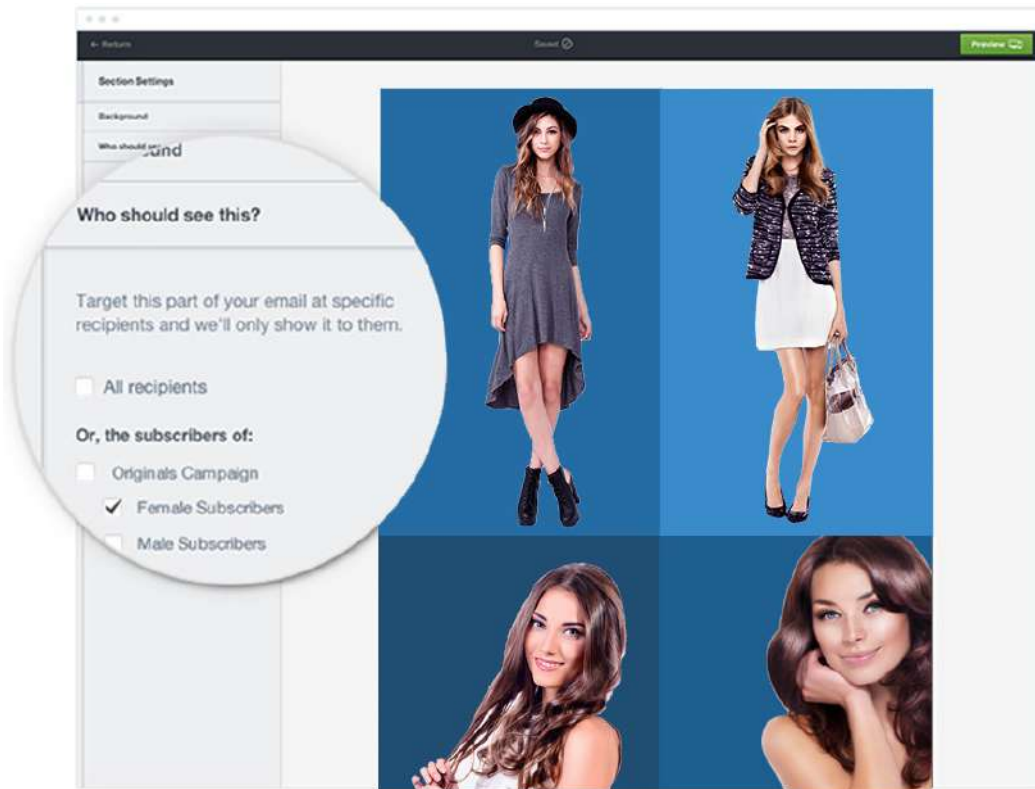
Gender: Say you are an online clothing retailer, then gender is the first thing that is valuable to know – Departmental stores sell clothing for both men and women that further includes business and casual attires for both the genders.

Age group: The second thing can be the age-related segments which is one of the distinguishing factors which helps retailers determine the purchaser. Many clothing manufacturers target teenage girls and boys with their trendy lines such as jeans, blouses and other apparel. They keep track of times like July and August when the school commences.

The next being geographic segments: Clothing preferences vary in different regions and geographical areas depending on climate factors. People who live in warmer climates tend to wear shorts and tops for a longe time and people who live in cold parts prefer coats and jackets.

Lifestyle segmentation: Clothing manufacturers also think about producing clothing based on the client's lifestyle and needs. Manufacturers may sell and sell camouflage and military fatigues for hunters and military fatigues. A coat manufacturer should be ready to produce faux fur coats for those who are more sensitive towards animal welfare.

Behavioral segmentation: Retailers of the extreme high fashion apparel may only sell their clothing exclusively in markets like Los Angeles and New York City.

6. How to nurture and convert inactive and lapsed users through email segmentation?

Let's be upfront, there is no shortcut here. The fundamental lessons that every marketer has to learn during the first part of the program are that it costs around 6 to 7 times more to acquire a new customer than to keep an existing one.

Old may be gold, but in the world which is exponentially growing, clients expect change. And for a smarter and adaptable marketer, change is always for the better.

According to NutShell, businesses have around 60 to 70% chance of selling to existing customers and only 10-20% chance of selling to a new one. Existing customers do much better, they are not just likely to buy but they are also ready to spend 32% more than the new ones.

Here are some of the strategies and tools listed that smart marketers can use to recapture successfully, convert inactive and lapsed customers.

1. Segment your dormant customers and delight them: One of the key factors here is that you are familiar with your customer behaviors and analytic techniques. These can be used to make targeted offers which your prospects may be looking for in their daily life, while others may be looking for suitable areas to apply them in their business.

Applying segmentation is one form of an aspect in reactivating your inactive customers. Deep linking them with direct links or a shortcut link to the exact product that your customer once showed interest could increase the user retention rate by 35%. For customers who haven't been responsive to your marketing, it's even more important to remove all the obstacles from their path to purchasing your product.

2. Email retargeting: This has made marketers life easier than ever. It's a supercharge strategy that companies today are using to know their customers better. In email retargeting, a particular company uses retargeting cookies to trigger ads which a customer visits over a web page after they click on the emails you send them.

But in case if a customer doesn't click on the email, a marketer can further segment that particular list of inactive users and re-start a separate campaign for them. By once again uploading this list to retargeting program by posting ads across their web pages or on social media pages.

This strategy has been game changing in the world of online marketing and has delivered some impressively high ROI by renewing brand interest and increasing conversions.

3. Personalized messaging: Personalized messaging helps brands to build a long-term relationship with customers and sales channel. It leverages the power laws of marketing which helps marketers to send the right message to the right person/audience at the right time.

At times, when you are too involved in campaigning, you tend to miss on what personalized messaging can do. The lack of customer activity can be your fault, if you have not segmented your emails and automated your marketing outreach, you are either sending sporadic messages at irregular intervals or sending no messages at all. And hence customers will have nothing to respond to.

So when a customer makes a purchase, ensure to follow up with the right set of targeted messages and cultivate a marketing campaign that targets their interests. At the same time suggest new products that they might like based on their past purchase behaviors, while you have a greater chance of recapturing their business.

4. Use different channels to communicate: There are multiple ways of sophisticated targeting. Not all marketers are same and it's wise to use various other forms of digital marketing, email marketing, social media marketing, affiliate marketing and other options like telephone, direct mail, mobile, display advertising to broaden your customer reach.

Email automation makes it simpler and easier to deploy everything on a single panel. While all this sounds nice and good, it's vital for marketers to make the optimal use by implementing the right strategies in the first place. A right plan will help estimate the right market share and that of your competitors too. So you pull your socks up and make the best use.

5. Reward them with offers: Data suggests that loyalty programs and campaigns have been extremely successful as many and many customers appreciate receiving loyalty emails. At the same time, customers do elevate learning about new products and services. Awarding your lapsed customers or inactive customers with deals have always worked to be a great way to welcome them back. Discounts and motivational offers are widely used by marketers today, it's also a great way to reactivate your customers.
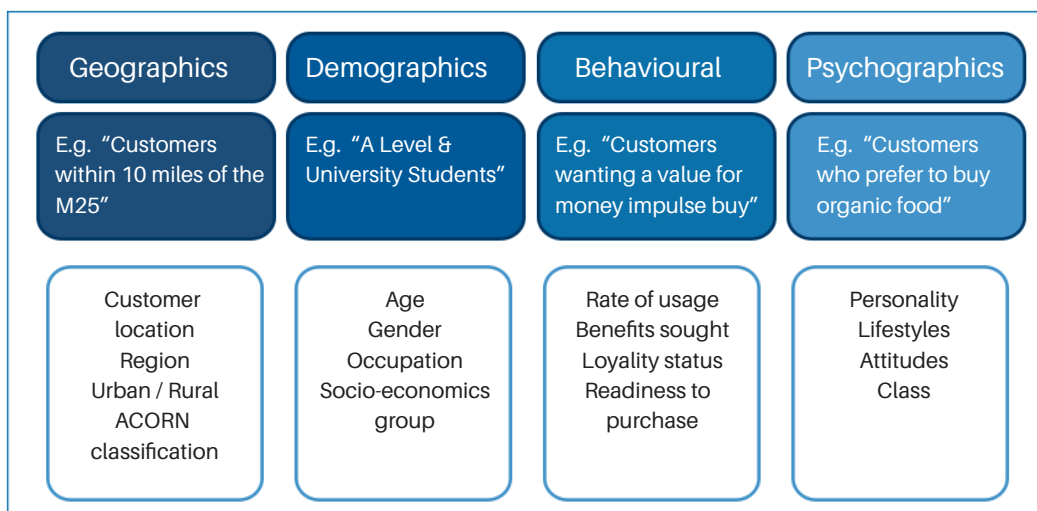
Some of the attractive ways to reactivate your active and lapsed customers can be:

A. Offer a superior version if they brought an ordinary product

B. Invite with a special value offers and into a special class customers. Status and privilege can go a long way.

C. Cross offer a product based on the prior purchase. For example: Offering a carrying case for a laptop can be a better idea.

D. Expressing birthday or an anniversary message along with special coupon can certainly work better.

7. Types of email segmentation

Email segmentation is the sure shot way to improve open rates and click-through rates. As competitive options are becoming more available, email segmentation is becoming more and more critical in any business.

Here are some of the major categories of email segmentation:

Geographics	Demographics	Behavioural	Psychographics
E.g. "Customers within 10 miles of the M25"	E.g. "A Level & University Students"	E.g. "Customers wanting a value for money impulse buy"	E.g. "Customers who prefer to buy organic food"
Customer location Region Urban / Rural ACORN classification	Age Gender Occupation Socio-economics group	Rate of usage Benefits sought Loyality status Readiness to purchase	Personality Lifestyles Attitudes Class

1. Demographic Segmentation: It is one of the simplest and the widest type of market segmentation that most companies or marketers today use. It is one that generally divides a population based on variables like Age, gender, income, family size, occupation, race, religion and nationality.

To consider an example here, let's see how it works for the automobile sector.

Automobile has different price brackets, Maruti has a low to average price brackets and hence manufacturers people-driven cars.

In a similar way, age, gender, income, life cycle stages can be used for this type of segmentation.

2. Geographic Segmentation: This divides people on the basis of geography they are located in. Let's take an example where a company may be manufacturing both heaters and air conditioners.

In cold countries, the same company may be marketing heaters, whereas they would be marketing air conditioners in warmer countries.

3. Behavioral Segmentation: This type of segmentation divides the population on the basis of their behaviour, usage conditions and decision-making pattern.

For example: Young people may prefer Dove, while sportsperson may prefer Lifebuoy.

4. By Psychographics: This is one that uses lifestyles of people, their interests, activities and opinions to define a market segment. It seems to be pretty similar to behavioral segmentation but this considers a part of the customer's buying behavior with preferences based on their status symbol.

For an example here, Zara markets itself on the basis of lifestyle where customers who are looking for variants in styles can visit their store, similarly Arrow focusses on marketing itself to a premium office lifestyle clothing meant for fine clothing for bosses and super bosses.

8. Email marketing figures and effects:

Mail chimp used some of the major segmentation tools and sampled about 2000 users who sent 11000 segmented campaigns to 9 million recipients.

Here is the outcome of results of those segmented campaigns to the results of the same customers on non-segmented campaigns.

Global Results

Segment by Merge Field

Segment by Date Added/Signup Date

Segment by Interest Groups

Segment by Subscriber Activity

Observations and Follow-up

1. Global Results

When measured across all stats, segmented campaigns performed markedly better than non-segmented counterparts.

Opens:	14.31% higher than non-segmented campaigns
Unique Opens:	10.64% higher than non-segmented campaigns
Clicks:	100.95% higher than non-segmented campaigns
Bounces:	4.65% lower than non-segmented campaigns
Abuse Reports:	3.90% lower than non-segmented campaigns
Unsubs:	9.37% lower than non-segmented campaigns

When Segmented by Merge Field in recipient database which included "customer type," "ZIP code," or "job title," the results—especially the click rates—were quite favorable. This turned out to be the most popular way to segment lists.

Opens:	14.06% higher than non-segmented campaigns
Unique Opens:	9.15% higher than non-segmented campaigns
Clicks:	54.79% higher than non-segmented campaigns
Bounces:	0.79% higher than non-segmented campaigns
Abuse Reports:	3.33% lower than non-segmented campaigns
Unsubs:	7.19% lower than non-segmented campaigns

Here are the results when Segment by Date Added/Signup Date

Opens:	29.56% higher than non-segmented campaigns
Unique Opens:	26.86% higher than non-segmented campaigns
Clicks:	51.64% higher than non-segmented campaigns
Bounces:	55.18% higher than non-segmented campaigns
Abuse Reports:	29.55% higher than non-segmented campaigns
Unsubs:	33.76% higher than non-segmented campaigns

Segment by Interest Groups: Example a music website having an email sign up form with options for Favorite genre or preferred method of discovering new bands.
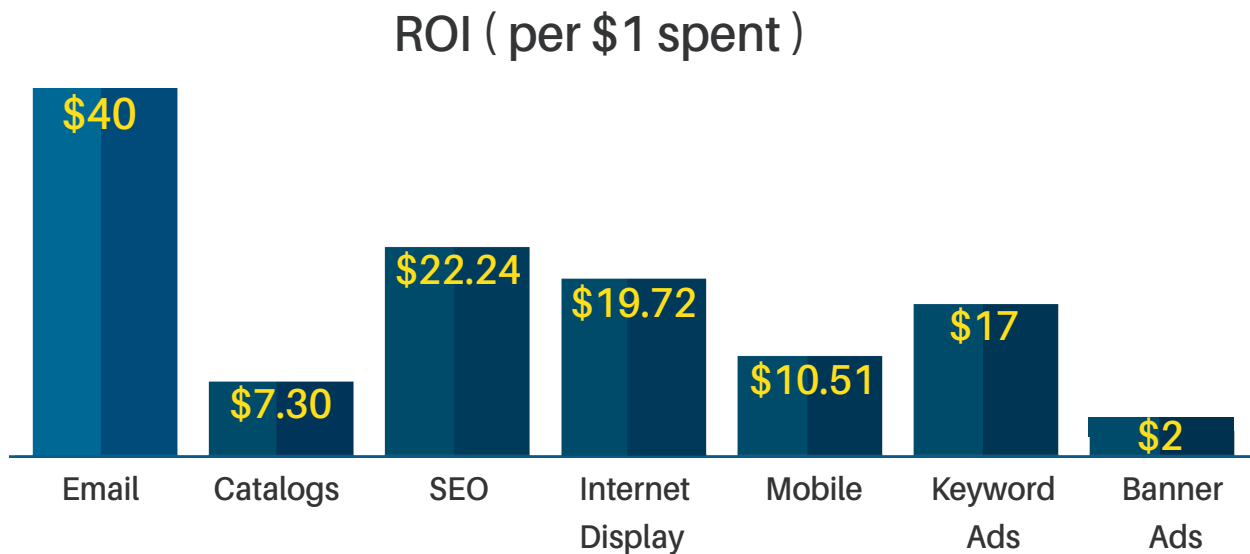
Opens:	9.92% higher than non-segmented campaigns
Opens:	14.31% higher than non-segmented campaigns
Unique Opens:	10.64% higher than non-segmented campaigns
Clicks:	100.95% higher than non-segmented campaigns
Bounces:	4.65% lower than non-segmented campaigns
Abuse Reports:	3.90% lower than non-segmented campaigns
Unsubs:	9.37% lower than non-segmented campaigns

When Segmented by Subscriber Activity based on the behavior of subscribers, these were the results.

Opens:	10.44% higher than unsegmented campaigns
Unique Opens:	12.23% higher than unsegmented campaigns
Clicks:	15.69% higher than unsegmented campaigns
Bounces:	9.23% lower than unsegmented campaigns
Abuse Reports:	10.34% higher than unsegmented campaigns
Unsubs:	5.49% higher than unsegmented campaigns

9. Use email segmentation to increase conversions and return on investment rates:

Email marketing is a great solution for growing your business. As we know it all, here is a chart below which shows that for every $1 you invest into email campaigns, you get 40% greater revenue. However, it differs in different business types.

ROI (per $1 spent)

Email	Catalogs	SEO	Internet Display	Mobile	Keyword Ads	Banner Ads
$40	$7.30	$22.24	$19.72	$10.51	$17	$2

This is a graph which predicts and describes how investing on email, SEO, Mobile, keyword ads, Banner ads can fetch with relevant Return on Investment (ROI).

10. Top 10 Favorite Email Marketing Stats:

> Segmented email campaigns have an open rate that is **14.32%** higher than non-segmented campaigns

A

B

> Click-throughs are **100.95%** higher in segmented email campaigns than non-segmented campaigns

> Email list segmentation and personalized emailing were the most effective email strategies of **2017**
>
> (DMA)

C

D

> **51%** of marketers consider email list segmentation to be the most effective personalization tacticfor effective email marketing
>
> (Ascend2)

> Email trends like interactivity, gamification, use of dynamic data, typography, hyper-personalization, smart segmentation, etc. are some of the most prominent ones to look forward to in **2018**

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> The ability to segment email lists and individualize email campaign messaging are the most effective personalization tactics for **51%** and **50%** of marketing influencers respectively
>
> (Ascend2, 2016)

F

G

> Segmented and targeted emails generate **58%** of all revenue
>
> (The Direct Marketing Association, 2015)

> **42%** of marketers do not send targeted email messages; only **4%** use layered targeting
>
> (MarketingProfs, 2016)

H

I

> **83%** of companies use at least basic segmentation for their emails
>
> (Econsultancy, 2016)

11. Segmenting tools that are available in the market

Here are some of the email segmentation tools available:

Constant Contact®

AWeber

MailChimp

ConvertKit

GetResponse

ActiveCampaign

Infusionsoft.

HubSpot

12. Email segmentation best practices:

Every business is different, the way you choose to segment your email list differs from how another marketer segments it. Here are some of the few basics that one should know in order to effectively segment the list:

A

Every business is different, the way you choose to segment your email list differs from how another marketer segments it. Here are some of the few basics that one should know in order to segment the list effectively.

B

Lead magnets: This by name says it is a lead generation technique to get more and more people to give you their email address. Some of the other names used in the industry in place of the lead magnet are

- Opt-in incentive
- Signup offer
- Opt-in bribe
- List bait and more

C

Page-Level Targeting: This means creating targeted email opt-in forms for specific website visitors and further adding them to appropriate email segments.

13.   Future of email segmentation:

Looking ahead five years from now, segmentation and personalization are some of the best factors to produce better-targeted emails that give marketers the power to quickly target audience who share a particular behavior quickly.

Customers are embracing the idea of self-segmentation based on their preferences, rather than marketers segmenting them by the list. Marketers are using email preference centers and letting subscribers choose their interests.

For example, Buzz feed gives its visitors to sign up or opt-in for newsletters based on their interests and the content that they want to read.

14. Results / conclusion:

Email segmentation is important. It matters so much that it dramatically impacts the success of your marketing. When you are a marketing company, and you are sending emails day in and day out, you simply don't want to send it to everyone and land yourself in your client's spam folder. Instead, it's optimal to achieve high delivery rate and prioritize yourself to land in the inbox of the right subscriber.

Ultimately, data or content combined with segmentation lets email marketers send truly relevant messages which means better results for everyone involved.

About InfoClutch :

Infoclutch

InfoClutch is a leading provider of b2b business intelligence solution for marketers of various domains across the world. With a strong international presence, the brand had taken center stage from its inception two years ago. InfoClutch offers a comprehensive collection of segmented consumer profiles to find profitable individuals and bringing them a notch closer to your products and services.

You can learn more about platform friendly mailing data by getting in touch with our expert at InfoClutch.

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940, Amboy Ave,
Suite 104, Edison, NJ 08837

+1(888) 998-0077 | sales@infoclutch.com | www.infoclutch.com