DATA SEGMENTATION MAKES DIRECT MAIL MORE EFFECTIVE

BEYOND INK

Know Your Audience

Your audience is unique. They are individuals with a specific set of characteristics and attributes. Their unique data points tell you it wouldn't be wise to mail a grass seed offer to an apartment dweller or a dog food coupon to a cat owner.

Segmenting your audience is the foundation of effective direct mail campaigns and helps you avoid the pitfalls of assuming the same piece of mail will attract everyone on your list.

Start with Data

Data is the basis of a good direct marketing strategy. Direct mail marketing data includes your mailing list and all the information you have about the people in your database, including how and when they respond to your messages. How you collect, use, and protect that data can make the difference between successful campaigns or ones that struggle to find and retain customers.

Your challenge is making good use of your data to inspire the reader to take the desired action.

Data segmentation is the process of dividing a universe of potential or existing customers into like groups or segments based on the characteristics important to your organization. There are four broad types of customer segmentation, which can be further subdivided should you need to refine your data into smaller groups.
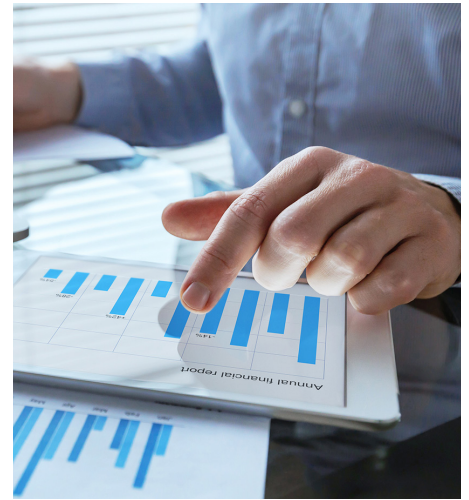
Demographic Segmentation

Demographics is the simplest and most widely used method of data segmentation. Categories include age, income, religion, gender, education level, occupation, marital status, family size and more. These profile groupings give you an idea if someone would be receptive to your product or service. For example, you might exclude mailing to men if your product is female centric.
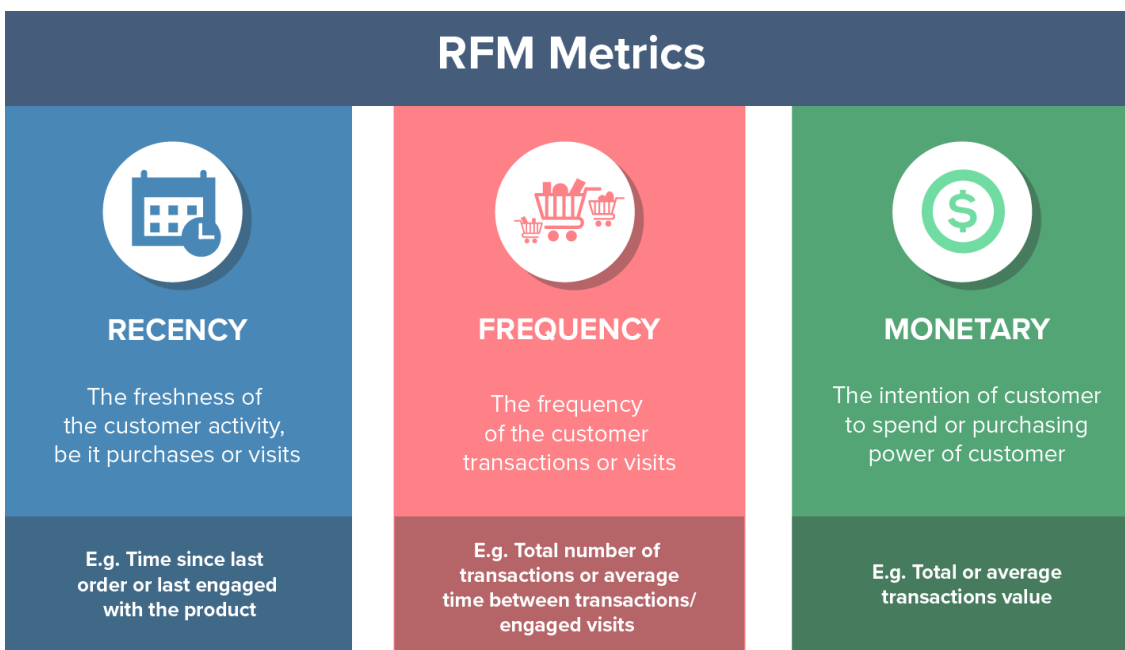
Geographic Segmentation

Geographic segmentation groups people based on their physical location. In its simplest form, it selects by region, state, city, zip code, or by street or neighborhood. You might target customers within a specific radius of a retail or restaurant location, or focus your cold weather gear catalog to areas that experience winter temperatures.
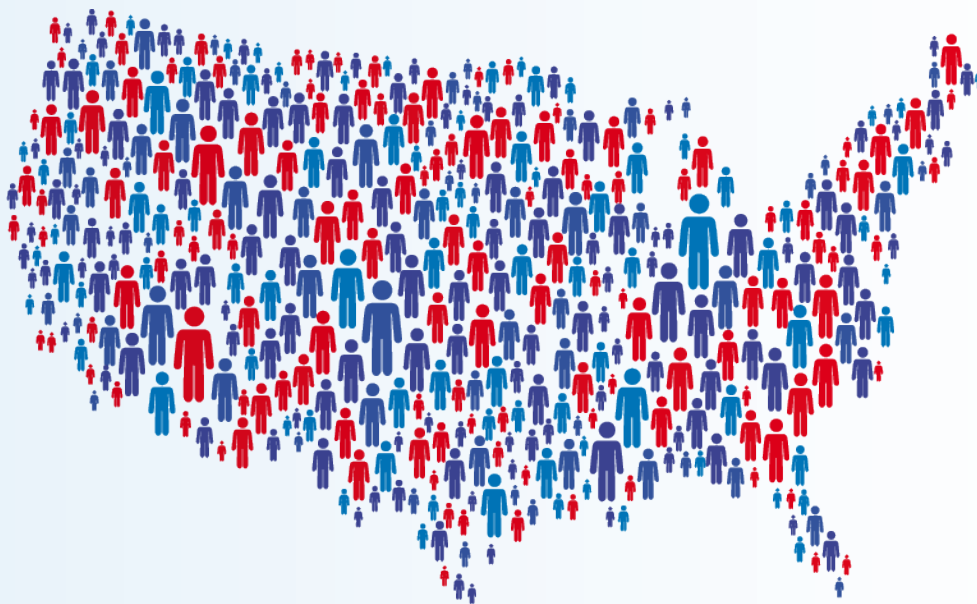
Behavioral Segmentation

Behavioral segmentation taps into the way people make decisions. It considers brand perception, loyalty, product usage, life cycle events and occasions. Offers are often constructed in a way to appeal to segments sharing the same life stage or those that are loyal to your products.

A popular way to incorporate behavioral data into your customer file is to employ the RFM (Recency, Frequency, Monetary) model. Your best customers are those that bought most recently, buy most frequently, and spent the most money. Ranking them by quintiles (groups of 20%) allows you to prioritize what customers get data-driven direct mail offers to keep them coming back.

RFM Metrics

RECENCY	FREQUENCY	MONETARY
The freshness of the customer activity, be it purchases or visits	The frequency of the customer transactions or visits	The intention of customer to spend or purchasing power of customer
E.g. Time since last order or last engaged with the product	E.g. Total number of transactions or average time between transactions/ engaged visits	E.g. Total or average transactions value

Psychographic Segmentation

Psychographic segmentation is based on lifestyle, interests and activities. It also points to the attitudes and values of the individual. This type of segmentation informs you of what motivates people to make a purchase. Demographic segmentation tells you someone is an older female, while psychographic info tells you she is an avid golf enthusiast. This insight might preclude you from excluding older females from your golf resort promotional mailing, widening your potential customer pool.

Variable Data Print Turns Insights into Content

Variable data printing (VDP) is a form of digital printing, including on-demand printing, in which elements such as text, graphics and images may be changed from one printed piece to the next, without stopping or slowing down the printing process.

VDP is more than just a tactic, or mere personalization. It's a powerful strategy that tailors the content of a direct mail package to each recipient based on individual data points.

Marketers use this print and software technology combination to generate copy, images, and offers unique to each and every prospect or customer in a mail campaign. More deeply personalized, often with high visual appeal, the mail piece has a higher perceived value and is more relevant to the recipient. Direct mail that is relevant, compelling and valuable results in more conversions, sales, and a higher return on marketing investment.

Consumers prefer direct marketing that is relevant:

• 75% of consumers like it when brands personalize messaging and offers. (Aberdeen Group)

• 86% of consumers say personalized marketing leads to a buying decision. (Infosys)

• 80% of consumers like it when retailers provide personalized suggestions. (DigitalCommerce360)

Considering all the data that marketers and their third-party data partners have on the average consumer, VDP offers many possibilities. But you must be cautious! It's easy to misuse data. You don't want your brand to be perceived as overbearing, disrespectful or even creepy. Instead, leverage what you know in such a way as to bring immediate value to the relationship you're starting or growing.

HI LAURI THANK YOU FOR VISITING OUR SITE
GET 20% OFF ON YOUR FIRST PURCHASE
BRPRINTERS.COM

Benefits of Data Segmentation

Segmenting your data offers several advantages that help increase sales and sustain your business.

Better Communication

Segmenting your customer database helps to better target and focus marketing messages, offers and activities so they are more relevant. The more relevant your marketing message is then the like-lihood it will resonate and generate an increase in response.

Improve Resource Management

Segmentation allows for the effective allocation of marketing resources and the maximization of cross- and up-selling opportunities. When a customer is sent personalized messages that are designed around their needs, it's easier for companies to send those customers special offers meant to encourage them to buy more products.

Increase Profitability

When you segment your customers into high, moderate, fair, and poor profitability a strategy can be developed that fits the needs of these targeted groups. For example, those highly profitable customers may be mailed to more frequently or moderately profitable customers receive a greater purchase incentive. You're printing and postage costs will be limited to those addresses in your targeted groups - resulting in production cost savings boosting improved ROI.

In summary, segmentation ensures that marketing effectiveness is optimized. Data segments drive marketing campaigns that cater to your customers' needs. If you target the proper segment with content that resonates with them, you'll achieve better customer engagement and higher profitability.

BR's Denver programming team provides segmentation services on direct marketer customer files where sortable data is present. They also provide options for purchasing data based on any criteria you're seeking. Contact us today.

SOURCES

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