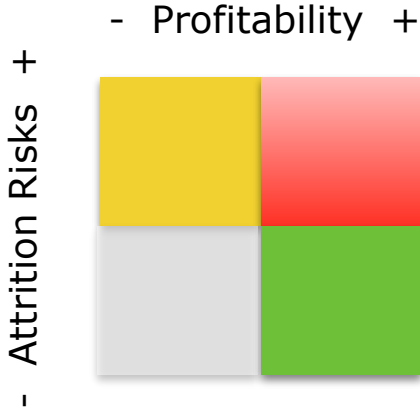


Big Data "Segmentation vs. Profiles"

It's clear that information helps us make better decisions and build greater strategies. It is true that information also helps us be more helpful, informative and relevant when we contact our customers and prospects. It is imperative to recognize that having data is as important as knowing how to organize it in a functional way. Segmentation and profiling clearly help us organize our data/customers in a way that can be used to grow our sales. But what is the difference between segmentation and profiling? And most importantly, what are their purposes and utilization within a marketing strategy?

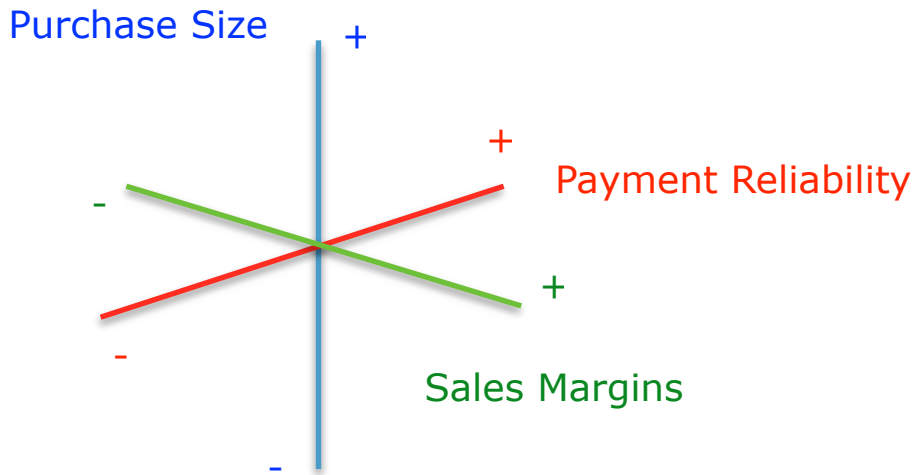
Let me start by saying that neither segmentation or profiling are the strategy themselves but they are the enablers that drive such strategy. Segmentation focuses on how to organize/segment existing customers in a way that red flags and opportunities are quickly identified. On the other hand, profiling is what needs to be known from customers in order to have a successful and relevant contact/engagement. Profiles are critical as most strategies built from customer segmentations and analysis will require a customer engagement. In other words, the segmentation will drive the "What" to do and the profiling the "How" to do it when it comes down to customer engagements.

- Segmentation. An imperative step to successfully segment an existing customer base/business for further analysis is to identify and find out what is needed to be known. The first 2 imperative things to know that will drive priorities and marketing budgets are who in the existing customer base is at risk of leaving and how profitable or unprofitable those customers are:
 1. Who is loyal and who isn't (Attrition Risks)
 2. How much customers buy: small medium or large (Profitability)



In a B2B business model as prices and payment conditions vary from customer to customer a large sale doesn't always mean a profitable customer. So for B2B we need to add sales margins and payment reliability:

Customer Profitability



Some red flags will be raised after segmenting customers based on attrition risks and profitability. In order to also identify opportunities a further customer segmentation based on purchase frequency and history needs to take place. Could customers that buy only in March and September also buy during other periods? Is it because those are the only times when they need those products? Could it be an opportunity to promote other products/services that could be of their interest during different periods? On the other hand, knowing when customers buy helps marketers have a more proactive engagement during the most relevant periods. Knowing customers purchase history is critical in identifying which products/services could be cross and up-sold.

B2C Segmentation

	Attrition Risk	Profitability	Purchase Frequency	Purchase History	Level Urgency	Strategy	Marketing Actions
Segment #	High/Medium/Low	High/Medium/Low	High/Medium/Low	Products A/B/C/D	High/Medium/Low		

B2B Segmentation

	Attrition Risk	Purchase Size	Sales Margins	Payment Reliability	Purchase Frequency	Purchase History	Level Urgency	Strategy	Marketing Actions
Segment #	High/Medium/Low	High/Medium/Low	High/Medium/Low	Good/Bad	High/Medium/Low	Products A/B/C/D	High/Medium/Low		

- Profiling. After the segmentation has been done and the “What” to do/strategy is in place then customers will have to be profiled for a successful contact/engagement. Similar to the segmentation exercise it is critical to focus on what we need know from our contacts/customers first, in order to effectively implement the sales and marketing strategy through a successful engagement . Most popular profiles in B2C are based on:
 - Personal characteristics and life style such as gender, income, age, life stages and AIOs (activities, interests and opinions)
 - Shopping style such as when (timing) and where (on or offline)
 - Buying criteria
 - Purchase history

Purchase history and frequency are relevant for both segmentation and profiling processes. Segmentation strategies can be built based on what people buy and how often. This information/profiling is also critical to be able to have a more relevant and successful contact/engagement.

In B2B models profiles are done in a slightly different way. Market category/industry and job responsibility are the most effective profiles for B2B. Marketing should always be helpful and informative. Therefore, focusing on what most workers care about (their responsibility and industry) is critical. Then depending on “what” the strategy is, further profiling might be required to achieve a successful engagement and delivery of the strategy.

All companies share the following 3 marketing main basic objectives:

1. Growing existing profitable customers
2. Either turn non profitable customers into profitable ones or stop serving them
3. Find new profitable customers.

A proper segmentation and profiling is imperative to achieve the first 2 objectives. The 3rd objective will require a thorough target description and finding strategy as well as a proper profiling exercise.

Click <http://x1.ltd.uk/data-video/data-video.html> to watch a video about data.

Click http://www.amazon.com/Digital-Direct-Marketing-Goose-2nd/dp/1600052568/ref=sr_1_2?ie=UTF8&qid=1458585613&sr=8-2&keywords=the+digital+and+direct+marketing+goose to buy the Digital & Direct Marketing Goose with more detail information about direct marketing.

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