Market segmentation: how does it work with online social networks?

- No hype, no unfounded opinion
- Grounded on objective and structured research

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1. Do traditional market segmentation practices cross over
2. Are there new market segments emerging that we need to tap into
3. What’s working and what’s not working - recommendations
Why is this important?
The past was about one to many and shouting the loudest.

Look at MY Brand!!
REASONS PEOPLE DISSOCIATE WITH COMPANIES THROUGH FACEBOOK

- I felt bombarded with messages: 42%
- I became disinterested over time: 39%
- I only signed up to take advantage of a single offer: 39%
- I found the messages to be irrelevant: 36%
- I prefer to seek out information instead of having companies push it to me: 14%
- I prefer to receive/find the information another way: 12%
- Presentation of the information was chaotic or confusing: 11%
- My circumstances changed (i.e., moved, married, changed job, etc.): 11%
- The company didn’t post enough: 6%

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REASONS PEOPLE DISENGAGE WITH COMPANIES THROUGH TWITTER

- My circumstances changed (i.e., moved, married, changed job, etc.). 27%
- I became disinterested over time. 26%
- I felt bombarded with messages. 23%
- I found the messages to be irrelevant. 19%
- I only signed up to take advantage of a single offer. 19%
- I prefer to seek out information instead of having companies push it to me. 10%
- Presentation of the information was chaotic or confusing. 10%
- I prefer to receive/find the information another way. 10%
- The company didn’t tweet enough. 7%
Marketing Practices Need Changing?

- Radio listeners down – 14%
- TV ad spending down – 14%
- US print advertising down – 30%
- Click throughs on banner ads decreasing – 30% p.a. (av: 0.05%)
- Online engagement down - 19% H1 2011 UK
The variation of segmentation adoption

Trends:

- Viewed as increasingly important
- Using ‘trial and test’ strategy
- The view that basic and static segments are becoming less valuable
Is basic, static demographic segmentation becoming less useful?

Consumers/buyers

- Travelled
- Mobile
- Informed
- Influenced
- Visible
- Choice

Broadcasting

- Static demographic segments
- Presumed characteristics

Engagement

- Dynamic
  - Anywhere
  - Anytime
  - Real-time
  - Interactive
- Actual behaviour

28.6 millions of Britons access online content via mobile devices (comScore, Jan 2012).
31% of brands say that social media would see the largest increase in expenditure this year. (Forbes, 2012)
Segment Push vs. Segment Pull

Segment 1: not targeted Neutral response
Segment 2: not targeted Disaffected response
Segment 3: Targeted Attracted response

Traditional ‘Segment Push’
Broadcasted messaging

‘Segment Pull’
Targeted Segment Only
Social Network Communities of Interest

Source: ©Paul Fennemore, 2011

Source: viapoint
Social Network Engagement Continuum

- Broadcasting: One to Many
  - Lower: Cost / Time
  - Higher: Engagement
    - Prioritisation of Engagement Points
      - Demographics
      - Psychographic segmentation
      - Online communities
        - Homogeneous groups
        - Interest groups
      - Social Capital
        - Brand evangelists
        - Community evangelists
        - Unhappy customers

Conversations: One to One

Source: ©Paul Fennemore, Viapoint 2011
Social Media Segmentation Strategies

**Psychographics / Socialgraphics**
Attitude, Opinions, Interest, Actions, Passion Points, Motivation, ‘Likes’

**Consumer Power**
“They choose how they want to be treated”

**User Participation**
RFM, Curators, Producers, Commentators, Sharers, Watchers.
Advocates/detractors
Facebook Fans, LinkedIn Groups, Google+ Circles

**Segmentation Pull**
Creating communities of common interest

**Find where existing segments congregate**
e.g. Surfers, Bands, Mums, Health, IT

**Earned Engagement**

**Social Network Platforms**
Each is a different segment variable.
General Segmentation Strategies

• Integrate segmentation, insight and social media operations and strategies
• Ensure social team is updated on segmentation practices

CRM Data Collection and Social CRM

• Use KPI’s to decide what data to harvest – but not standalone KPI’s
• Use for segmentation - Socialgraphics, AIO’s, influencers and detractors
• Avoid silos of data – merge data sets
• Acquire consumer social network ID’s and correlate

Social Media Segmentation

• Review segmentation strategy in light of social networks
• Identify existing and new segments in online social networks
• Use segmentation pull approach
• Apply engagement continuum to decide on engagement points
• Use to engage with ‘Long Tail’ segments
• Integrate with new social marketing practices e.g. Social Influence, Community and Conversation Marketing
Recommendations

viapoint
social media adoption & strategy

- leadership
- strategy
- integration
- culture & governance
- resources & skills
- community building
- content
- monitoring & managing
Viapoint is unique. We are social media, social commerce and social business specialists from the ground up. Our e-business, digital marketing and Web 2.0 technicians have deep practical and academic expertise with a powerful blend of creativity and innovation. We deliver results, we deliver added value and we make social media work.

- effective social media strategies
- productive social media operations
- sensible governance
- practical training