# data axle

# Optimizing Omnichannel Campaigns Through Strategic Segmentation

## Introduction

Did you know that applying segmentation to customer data can help brands understand their customers better? The right segmentation can improve insights into your customers' intent (according to one study, as much as 130% improvement) as well as increased visibility into their customer's challenges and concerns (60% increase.)[1] This means it's crucial for brands to leverage the data they have on their target audience to better understand consumer behavior and what drives them to engage.

However, ensuring you have the deep bench of data and consumer attributes needed to collect behavioral data, turn it into actionable insights, and implement those insights into their marketing program is a challenge. Marketers must overcome these challenges if they are to engage consumers on the right channel and truly own the customer moment. In this whitepaper, we will discuss the key components of creating actionable data and how when using it within segments of generational groups, marketers can improve the effectiveness of their marketing communications strategy.

**You will learn:**

- The importance of using generational segments
- 4 key components of developing actionable insights
- How to use data attributes and insights to plan and execute more effective marketing strategies
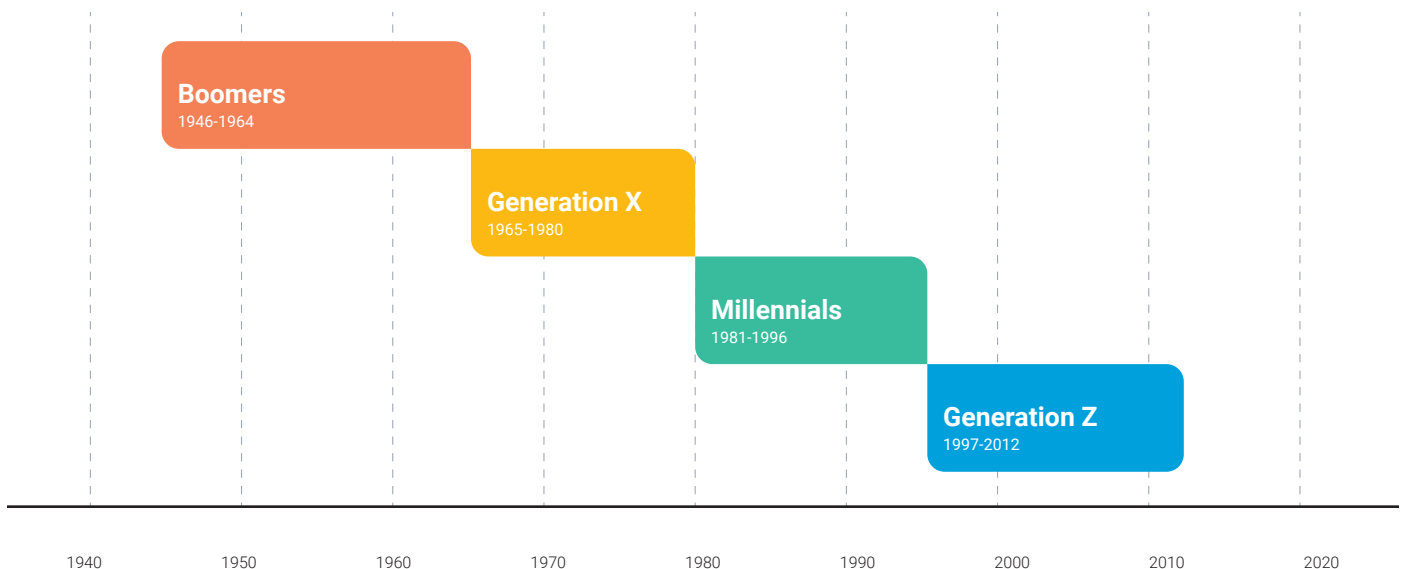
# The Importance of Segmentation

It's been estimated that segmented, triggered, and targeted campaigns bring in 77% of marketing ROI. Let's dive into what segmentation is. Segmenting is done to identify dominant characteristics within a customer base and enables marketers to identify and target high-value customers. Characteristics based on psychographic, geographic, demographic, and transactional data are often used to identify key segments that are endemic to each brand or business.

Customer segmentation are the building blocks to developing accurate audience profiles which can be used for improving targeting and conversion. Utilizing a customer profile / demographic report will allow marketers to learn more about their customer database – who are they, what do they purchase, and how often.

## The generally accepted years of birth for each generation

**Boomers**
1946-1964

**Generation X**
1965-1980

**Millennials**
1981-1996

**Generation Z**
1997-2012

1940    1950    1960    1970    1980    1990    2000    2010    2020

# Targeting Generational Groups

There are six distinct generational groups in the United States and each one of them interacts with marketing communications in a unique way. In this whitepaper, we will be delving into the four groups with the most buying power – Baby Boomers, Gen X, Millennials and Gen Z. However, we would like to note that Gen Y is coming up after Gen Z and the Silent Generation, the predecessors to the Boomers. Using these groups allows marketers to make assumptions about the way a customer will connect with their messages.

Taking what they know about their own customers, and applying it to these generational groups, gives brands the ability to test different types of content, creative and channel strategies to efficiently attract and convert more customers. However, generational segmenting is going to be the most efficient when you cross this data with all of the other attributes that make your customers unique. Generational segmentation is a jumping off point – not the end of the work. In the following section, we will look at each of the major generational groups and discuss the channel and communication tactics marketers should employ to engage them.

# Baby boomers

## This group needs to be guided along the path to purchase

Loyal buyers who believe in the longevity of a brand. When marketers target this group they need to present a strong incentive or explicit reason for them to switch to a new product and shun their loyalty to the old one.

They often use Facebook and check email regularly which makes these channels great for reaching them. Although it can be hard to deter Baby Boomers from purchasing their go-to brands, guiding them along the path to purchase with tactics such as best seller or similar product suggestions work well. For example, if a consumer goes online to purchase their usual brand, a savvy marketer can target them with products that would complement or enhance their purchase.

# Generation X

## Loyal buyers perfect for targeting cross-channel

This group shares characteristics of both Baby Boomers and Millennials. They are loyal buyers and brands that they are currently customers of have a better chance of upselling and cross-selling to them. What makes this group unique is that it is great to test cross-channel strategies on. Generation X consists of both traditional brick and mortar shoppers as well as online shoppers who are eager to make worthwhile investments.

They are at a point where they are typically established in their careers and are exploring more high-value items such as new homes, family vacations and new vehicles. Marketers should focus primarily on providing value to this segment, as they are going to be most concerned with investing in their family's well-being.
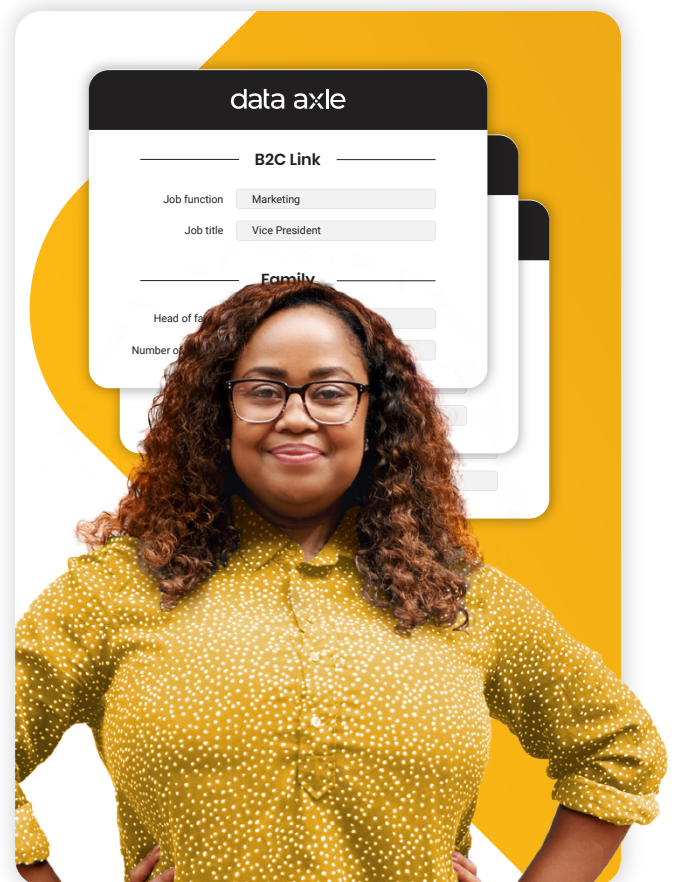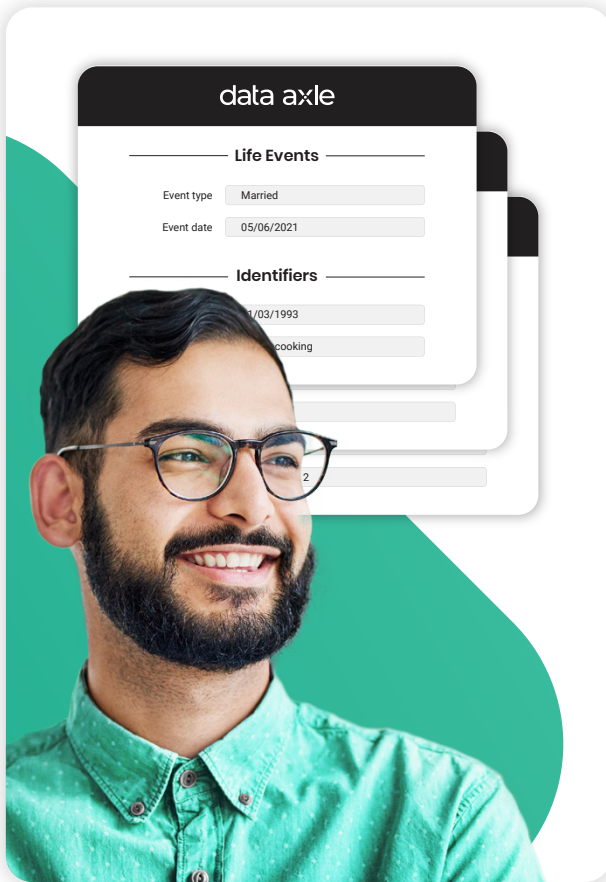
# Millennials

## Perfect group for testing new products and ideas on.

Older millennials are hitting their 40s and have a lot of purchase power in the marketplace. With social media being a large part of their daily life, they can positively or negatively influence the success of a brand through digital word of mouth and social media reach. As historic early-adopters, they are the perfect group to test offers and gather data around adoption of new product. This group enjoys quick, concise, but entertaining information. They are on the run and appreciate messaging that is creative and to-the-point, but unlike the Boomers, they expect marketers to digitally engage them. Social media advertising has proven successful for targeting and video marketing has recently emerged as another new and effective way to engage this generation; according to Mashable, Millennials are 85% more likely than Baby Boomers to purchase a product or service if they can watch a video explaining it beforehand.

# Gen Z

## The easily distracted consumer who craves novelty

This is the first generation who has grown up entirely online. Which means that they can respond quite well direct mail - if done right - because it's a novel experience to them. Gen Z is coming into its own now that its older members are graduating college and starting their careers. The upper end of this large group of consumers — roughly 18 to 27 — are increasingly becoming important consumers to engage with for brands. These young people are more "online" and digitally savvy than any other generation before them, and rely on technology to learn about new products as well as make purchases and manage services. Brands need to have a solid digital marketing strategy in place if they want to connect with these consumers. They also need to come with a strong, clear and concise value proposition. Gen Z is the generation of distraction and brands have to make a favorable impression before these consumers get distracted.
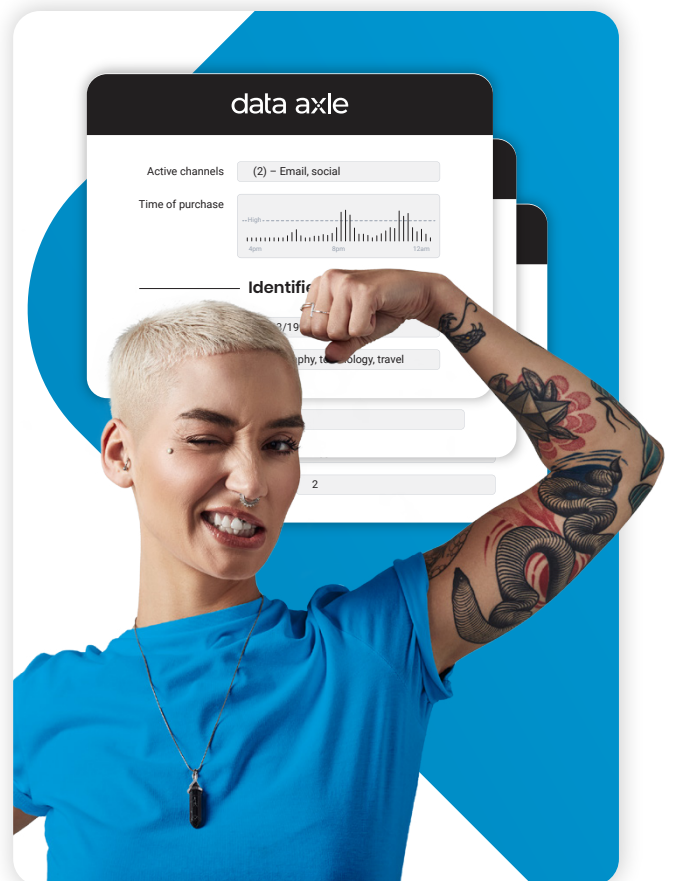
# Take generational segmentation to the next level through advanced consumer insights

Accurate consumer data, with a variety of relevant attributes, when combined with generation-based segmentation, can help marketers increase customer engagement. Taking the time to collect and analyze customer data will provide marketers the opportunity to develop more cohesive omnichannel strategies. At this view, marketers can, with reasonable certainty, predict how each segment will interact with a particular offer or channel. For instance, if a brand targets the Baby Boomers in a reactivation campaign, it will likely be more successful if the messaging is simple and straight-forward. However, it's important to not stereotype based on generational segment. For example, a Boomer who frequently buys from See's Candies may react differently than someone in their age bracket who frequently buys from outdoor retailer REI or an electronics brand Logitech.

Marketers need to test their theories to ensure their educated guesses are hitting the mark as to how to communicate with these segments. Marketers must develop different campaign creative that takes into consideration the behavioral data of their customers, while also developing strategies that take into account how the larger generational group interacts with specific creative across channel. In the age of the customer, marketers who want to engage consumers and increase conversion rates, must consider building a CRM strategy that incorporates behavioral data and generational segmentation in order to truly own the customer moment.

## Developing personalized campaigns through advanced data attributes

Personalization is a valuable asset to your business; it makes your customers feel understood by a brand. It lets them know that you understand them and cater specifically to them. In a market where customers can pick from endless options, the idea that your brand "gets" them is a strong differentiator that can set you apart from others. And the more you reinforce the fact that you understand your customers, the stronger the relationship becomes. The ultimate goal is the customer's long-term loyalty and repeated patronage.

Deep insights into customer behavior provides a strong foundation for marketers and are a fundamental part of engaging consumers down the funnel. In addition to reviewing communication strategy and campaign performance, site metrics and purchase data helps marketers plot a customer journey map. With this information, marketers are able to identify specific trends and learn how to improve future campaign performance and increase customer engagement. If marketers want to improve their campaign performance, they must use this data to personalize their communications, otherwise, they will lose out on potential revenue opportunities. With that in mind, there are key steps marketers can take to analyze customer data to build behavior-based insights.
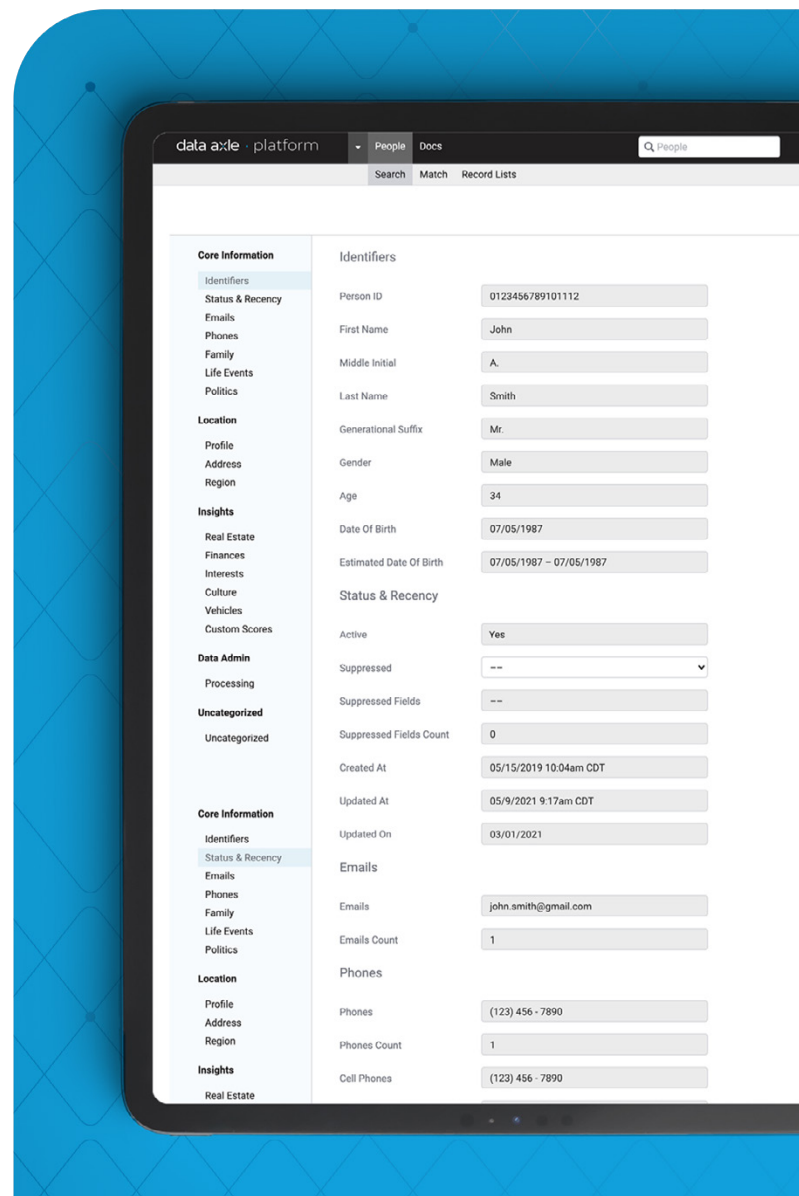
# How to create actionable data to optimize your campaigns

**Target Audience Profiles**
Going beyond basic demographic segmentation, marketers should build segments based on product spend, purchase behavior around holidays or special occasions, or interactions within channels. These segments allow marketers to build more targeted audiences based on an individual's customer behavior. With this groundwork, marketers can get a clear view of customers' purchase timeline and brand loyalty – when are they making the most purchases and which brands are driving the highest sales. Brands can then utilize this insight to develop distinct audience profiles. This will allow them to understand customer spend across multiple products and/or brands that can then be used to help drive segmentation strategy

**Predictive Modeling**
Being able to predict behavior is a tricky task. However, with predictive modeling, marketers can leverage analytics to anticipate customer behavior. Utilizing historical campaign data, purchase behavior and demographics, marketers can predict future campaign performance based on how similar communications resonated with specific customer segments. Using this information, marketers can develop communications that resonates with their customers, and with a reasonable degree of certainty, predict the performance of the message. In addition, marketers can utilize these insights to build acquisition campaigns and target prospects that share similar characteristics as their customers. Acquisition-based predictive modeling creates a cost-efficient way to acquire new customers with a relatively low risk. Marketers can focus their messages on the consumer who will likely provide the most traffic and profitability.

# Conclusion

With a sound segmentation and reporting structure in place, marketers can begin to build cross-channel programs that target consumers more effectively. Taking it one step further, they can test and build different campaigns that speak to the four major generational groups –Baby Boomers, Generation X, Millennials and Gen Z.

Each of these groups, share specific characteristics (within their respective group) in how they perceive creative and interact with technology. Marketers can use these common characteristics to build more effective strategies and appeal to each group through tailored communications.

# Contact Us

**Phone** 1-866-DATAXLE  •  **Email** sales@data-axle.com  •  **Website** data-axle.com

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