Take your CRM contact list to the next level with segmentation

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Part 1: List Segmentation 411

In a perfect world we'd understand each of our customers individually. We'd shake their hands, laugh at every joke (at least the good ones), and maybe even bump into them at the grocery store. They'd be comfortable around us—trust us—because they knew us. Unfortunately, unless you run a small town bakery, that isn't possible in the real world. The alternative isn't much better: More than likely, if your message wouldn't work on a billboard, the one-size-fits-all approach won't work either.

But don't despair. There's hope. It's called list segmentation.

List segmentation is the act of intelligently subdividing your contact list into any number of smaller lists. You can parse out your contacts by demographics, industry, interactions with your content, and more. Segmentation helps you target, and most importantly, personalize your message to your leads and customers.

Most small business owners say that their customers require a moderate to significant level of employee contact in order to purchase (77 percent).

-Infusionsoft Stage Study Research

It's not uncommon for small businesses to require several instances of contact, or touches, to move leads through

the sales funnel—from messages designed to attract them, to campaigns designed to raise their interest, down to the moment they can be considered a sales qualified lead (SQL). And they haven't even

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purchased yet! You still have to make the sale and wow them with great follow up that will keep them coming back for more.

It's a lot of work.

All of it boils down to understanding each of the contacts on your marketing list. Each one has unique preferences, behaviors, and stories. In fact, it turns out that prospects and customers actually appreciate it when you treat them like people. List segmentation is one critical way to manage your contacts so that you can personalize the experiences they have with you.

86 percent of consumers say personalization plays a role in their purchasing decisions.

-Infosys

Amplify your ROI—right now

If you've got a list but you aren't segmenting, it's time to get more value from it right now. Without a segmented list, you're forced to treat each contact the same way. Everyone gets the same newsletter, the same product alert, and the same sales call. You might as well just put your message on a billboard or go door-to-door.

The way you handle your email conversations has a big impact on your budget. When you segment your list, you have the ability to be more specific in your message, which means you have the ability to have a more efficient conversation, greatly reducing wasted effort.

Without Customer Relationship Management software (CRM), segmentation can get pretty complicated and very time consuming, which is why many small businesses don't do it.

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Without some guidance, CRM implementation and adoption can be a very overwhelming prospect. If you're curious about what it takes to get CRM for your small business, check out our Small Business CRM Adoption Acceleration Checklist

Many businesses that have a CRM actually underutilize its potential. We've found that CRMs are often only used to manage a contact database. It's fine to do that, but you are missing out on the big advantage by not going further and segmenting your list.

Segmentation is not just a matter of pulling up various lists of contacts; instead, it's about what you can do with those lists that makes it so powerful.

Once you have your list segmented, you can:

a. Send prospects and customers a personalized email blast
b. Add them to a reengagement campaign
c. Reward them for their customer loyalty
d. Notify them of a new product offering
e. Follow up that content by delivering more tailored messages based on their responses to previous interactions

This is all possible because you're not using a static database, and your lists aren't static, either.

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Segmentation is the link between your CRM software and your marketing automation software. Software like Keap combines the 2, giving you a powerful way to get your marketing strategy off the ground.

With a CRM, you have an all-in-one solution that allows you to:

Track your interactions

Make adjustments

Segment your list

For effective campaigns.

While automation can feel like the answer to your problem of keeping up your email campaigns, automation can present one significant problem. When automated interactions lack personalization, they can feel, well, automatic.

Segmenting can actually help you develop personalized interactions by offering two unique but related benefits:

1. Create and deliver messages to the people who want them at the time they're receptive, so that they can continue to progress down your sales funnel.
2. Discover how your audience receives your messages, the hits and misses, so that you can hone them to be sharper and more successful.

These two benefits of segmentation are cyclical. Each works together to help you improve on the other, enabling you to constantly strengthen your marketing efforts.

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Part 2: Segment Smart

CRM data can be segmented in a nearly unlimited variety of ways to support your strategy, but here are some of the most common ways:

- **Email behavior**—Know and track who opens your emails and who doesn't.

- **Demographic profiling**—Know and track details like age, location, gender, interests, etc.

- **Preferences**—Know and track how email recipient prefers to be contacted, nature of content they prefer, etc.

- **Purchase behavior**—Know and track who buys from you, what they buy, when they buy it, and more.

- **Browsing behavior**—Know and track who's looking at your website, what pages interest them, and what actions they take.

The game is about creating smart segments that help you achieve your marketing strategy. So, if you want to be most effective, you need to start with a marketing strategy.

The Lifecycle Marketing model of Attract, Sell, Wow! provides a simple framework you can use to design a marketing strategy that will help you attract customers, grow sales and deliver an experience that wows your customers, keeping them coming back for more. Check out our [target marketing resources](#) for more details.

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Your list segmentation efforts should work to support your business' overall marketing strategy. And as the numbers indicate, you'll be more successful if you document your strategy. When you add in a documented segmentation strategy, you can see how it fits into your overall plan, keeping your efforts on track. This way you'll be most efficient as you gather data on the people who interact with you in order to target the right people with your campaigns.

This brings up a good question: What's the difference between segmenting and targeting? The quick answer is this: Segmenting for CRM is chopping up what you already know about your contacts in order to reach the right people on your list, whereas targeting is knowing who you want to reach out to and finding novel ways to reach them. Your targeting strategy is often influenced by what you know about your CRM segments, and your success with targeting often leads to new ways to segment your list.

Generally speaking, there are two basic types of segments that you'll use: Customer segments and Lead segments. The way you interact with these two basic segments is crucially different and will depend a lot on your business and your overall strategy.

It's important to keep an eye on which is which: The people who have bought from you shouldn't be getting the materials and promotions you send to your prospects, and vice versa.

Imagine: A customer just bought your product for full price and you include them in an end-of-the-month promotion for a 20 percent discount targeting your prospects. Your sales push could be severely undercut if you have to hand out refunds of 20 percent to your full-price customers.

Customer segmentation gives you the ability to engage the people who have already bought from you and:

- Keep them interested
- Keep them wowed
- Keep them as return customers

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Lead segmentation gives you the ability to engage the people who are interested, and you hope will become customers:

- Build trust with your leads

- Tailor your sales message more closely to their unique needs

- Keep them engaged with your brand

- Nurture them down the sales funnel to purchase

Segmentation allows you to create a more personalized experience for all the people on your list, which means you can sell to the ones who are ready to buy, nurture the ones who are showing interest but are not quite ready, and cross-sell to the people who have already purchased from you.

A lot of people think, "The money's in the list." That's not quite true. The money's actually in your relationship with the list.

Part 3: Behavior is the Key to segmentation

Foundational to your interactions with your list is knowing that it's made up of individuals. Individuals have preferences about how they'd like to interact with businesses like yours. In every interaction with you, they communicate a little more about their preferences, their likes and dislikes, their routines, as well as their readiness to buy your product. If you pay attention to these interactions, you can understand their personalities:

- **Ask for their preferences:** Web forms, newsletter sign up forms, and even direct phone interactions are all opportunities to update your contacts profiles.

- **Dig into the data:** This is a little more complex, and your ability to do research will depend on your resources and your time. Ultimately, once you know what you want to know, you can start to track for that data so that you can tag your contacts.

It turns out that segmented lists are excellent ways to discover trends in groups. Once you know how a particular segment tends to act, you can use that knowledge to predict how new contacts added to that segment will also act in the future.

As you learn about your list, you can run targeted campaigns and offers that reach the right people in a way they look forward to receiving them and that are most likely to lead them toward a purchase.

As you understand behavior, automate your marketing processes to align with what you know. As you work with large lists to deliver great campaigns and offers to the individuals on your list, you've got to automate your marketing processes if you're going to keep up. Segmentation is great for creating richer automated experiences that support a strong marketing strategy.

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In the following examples you can see how segmentation can improve your approach:

	With segmentation	Without segmentation
Newsletter	Newsletter send time can be customized for when users open. If you have multiple newsletters, you can send the right one to the right people.	Everyone gets the same newsletter at the same time.
Event promotion	Those who registered for your event get automated follow up. CRM automatically updated to show they attended.	Everyone gets the same newsletter at the same time.
Cross selling	Individual customers get notified about complementary products others have bought based on specific purchase.	Everyone gets the same cross selling notification. Not tailored to what they actually bought.

When you segment the right way, you demonstrate to your customers that you're providing them value. They feel you have their personal interests in mind and less like they've been lost in the crowd.

Not only can you use segmentation to get your message out, but it is also a discovery process. As you work to deliver a tailored message to the people on your list, you can use your success to craft new campaigns and offers that work even better next time.

- **Purchase history:** Who bought what? When?

- **Click thru forms, links, etc.:** What are people responding to?

- **Subscriptions:** Who signed up for your newsletter? Who's following your blog?

- **Email engagement:** When was the last time they opened your email? Did they click a link? Did they open your emails? Open and read? Delete without opening?

- **Social sentiment:** great sentiment? Put them in a segment to ping them for a referral. Not so hot with this segment? Put them in a campaign to increase their sentiment.

- **Multiple interactions:** What combinations of interactions tend to indicate they are moving down the funnel?

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When you know what you want to track, you can begin to gather the data. If the analytics plug into your CRM, you can connect the data to your contacts list to get a more robust sense of how your contacts are behaving.

For example, after running a little analytics on your segments, you might discover that (generally) the segments you created based on the way people have been responding to your campaigns and offers actually have an interesting similarity. Perhaps you discover that the video people on the list tend to be under the age of thirty-five, and the ones on the list of physical material people tend to be older than fifty. Well, why not automatically add any new contacts that fall within these age brackets to those segments? That way they automatically get the content that seems to work for their peers:

- Millennials get your next YouTube video

- Boomers get your biannual postcard mailing

Segmentation's biggest value comes by tracking microconversion points through the sales funnel. Perhaps one of the most valuable uses for segmentation goes beyond delivering single messages and offers. Segmentation is perfect for escorting your leads through the sales funnel on what's called the "buyer's journey." The idea is that a prospect goes through phases of interest in your product.
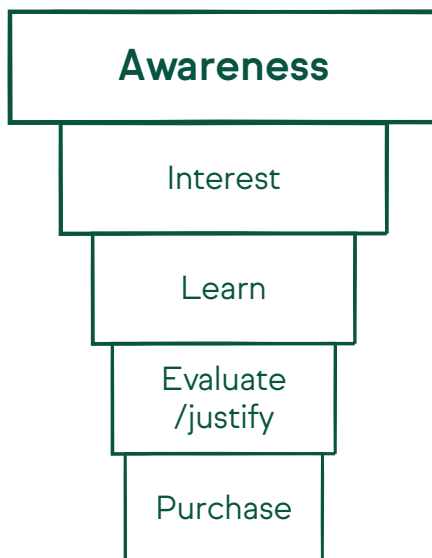
- **Awareness:** Introduce prospects to your brand and generate interest

- **Interest:** They are showing interest—nurture that interest with content that educates them about their situation and your product

- **Learn:** Prospect is interested in your product and wants to learn more; use marketing automation to continue to provide value

- **Evaluate/Justify:** Prospect is strongly considering your product. They are comparing you to your competitors, do you meet the prospects expectations?

- **Purchase:** Prospects converts to customer

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When you use automation to segment according to the buyer's journey—the journey the buyer takes down your sales funnel, from awareness to purchase—you can more accurately nurture each lead toward purchase because you're able to send all prospects in a particular category targeted communications and offers that nurture them to the next stage.

Example: Let's say your business makes use of Jeff Walker's "Sideways Sales Letter" tactic, which uses a series of four sales letters to progressively move prospects toward a sale. If you want to manage hundreds, even thousands, of prospects through the sideways sales letter system, segmentation is a must-have. As each lead responds to a letter, your campaign adds them to the next segment and sends them the next letter. You progressively whittle down the list to a set of great leads.

Any time you can tag an individual's activity within the buyer's journey, you can add them to a new segment based on that tag. In this way, you can deliver new content campaigns and offers to each segment in order to follow up your efforts. You can also do a postmortem to see where people fell off the campaign: was it letter one, two, three, or four? You can use that assessment to improve your next effort.

Suppression lists enable you to keep certain segments out of your funnel (known as anti-segmenting). The truth is, it's not always profitable to sell to every person that wants to be your customer. For example, perhaps you aren't able to ship internationally, so you want to anti-segment new contacts with international shipping addresses. Sure, you could close the deal with the international client, but to ship internationally is not profitable for you, so you don't want to use your time and energy to move them down the funnel.

You can also use suppression lists to keep certain content from going to specific contacts on your list. Say, you have a group in a product launch. You may want to suppress your normal newsletter to that segment so they aren't distracted by your updates to your flagship product.

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On that note, we've found that some businesses use their CRM to manage every contact for all aspects of their business. If that's the case for your business, then the vendors that supply your business would probably appreciate it if you suppressed your marketing campaigns for them. You're buying from them, not the other way around.

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Part 4: Segmentation for list hygiene

We've been talking a lot about contacting the right people at the right time, but it's equally important not to contact the wrong people at the wrong time.

Just as good hygiene is important for overall human wellness, list hygiene is important to overall health of your CRM data. Be certain that your data is in good order, which will allow you to send campaigns and offers to the right people and avoid the wrong people.

Email servers track a number of data points on email senders and under certain conditions will direct email straight to spam folders, or other subfolders, before the recipient even has had a chance to see it, let alone open it or delete it.

Unfortunately, if you have too many instances of bounce, deletions, or low open rates, your credibility as an email sender can be affected, and it can make your deliverability rate suffer tremendously. You want to be sure to pay attention to how the people on your list respond to the campaigns you send to them. Note the following:

- Who unsubscribes

- Which contacts mark your email as spam

- Hard bounces (invalid email addresses that return your mail)

- Stale subscribers (recipients you haven't emailed or who haven't engaged with or opened your emails in four months or more)

Email bounce and open rate data is a very complicated topic. It's important to understand how email deliverability affects your list and impacts your efforts.

Segmentation can support your list hygiene efforts. When you segment your lists to direct the best campaigns and offers to the right recipients, you increase your chances that they will

engage with your content, lowering your bounce rate and raising your credibility.

Recipients that always delete without opening your newsletter, should be segmented to an appropriate list, and removed from active status. This way, you can add them to a reengagement campaign in order to bring them back around, and you lower your bounce rate for next time.

If a contact marks your content as spam, it's a clear signal that your campaigns are not a good match, and you should immediately remove them from your list. Not only is this good for your deliverability ranking, but you won't waste your time on contacts who aren't interested in your offers.

If you have stale contacts on your list that you haven't contacted (or they haven't opened your emails) in four months or more, segment them out and reengage them on a separate campaign. If you include them in your normal mailings, there's a chance you could damage your email spam credibility.

Likewise, segment out your bounced emails. Use them to automatically set them in a campaign to obtain a good email; otherwise, remove them from your active list.

Although it can hurt a little to give up contacts on the list you've worked so hard to grow, you'll be doing yourself a big favor in the long run by keeping your list healthy. Ultimately, the healthier your list is, the better your leads that reach sales.

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Part 5: Track and measure only what's important to you

Don't collect information you're not going to use; track only what's important to you!

When you collect any particular detail about your contacts you should be clear about the reason. Namely, it should support your efforts to provide value to your customers and leads. Don't ask for email, phone number, and address if you're only going to email your contacts. What value do you get out of collecting more than you need?

In fact, when you provide gated content for lead generation, less is more—people tend to be more willing to provide one or two details at a time, rater than several. If you ask for too much, it could feel invasive, and you may lose the lead. Instead of trying to get all the information up front, use progressive profiling: With each successive interaction with your gated content, ask for a little more information before you give them the next piece. For piece No. 1, get a name and email, piece No. 2, ask what their annual revenue is, piece No. 3, get a phone number and maybe a preferred call time. By the time they've interacted with piece No. 3, you know some useful information, and they've also demonstrated some strong interest in your business.

Keep in mind that your contacts will be aware of the kind of data you ask them to provide, so if you ask them for their preference, honor their preference. If you know that they want to get emails only on Sunday, don't send them email on Tuesday. If you can't feasibly comply with their preference, don't ask them to give it to you.

Capitalize on existing momentum. Your contacts may be shy about handing you their contact data, so you'll need to be smart about how you gather data. Take every opportunity to make data collection feel as natural as possible.

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Example: Your "Thank You For Your Order" page is not a dead end—it's an opportunity. You can continue to engage with your audience and collect good data, like preferences. Let them know that if they provide their birthdate, you'll add them to a birthday promotion campaign. This will feel like a second win for the customer, and you'll receive a new piece of data and a great follow up campaign.

The continued momentum you have with your campaigns demonstrates your success. To keep momentum up, measure each campaign's success and use that knowledge to help determine what data you continue to collect and how you measure success going forward.

Measure and improve. Excellent CRM's like Keap allow you to segment in a nearly unlimited number of ways, which means it can support your marketing strategy in nearly unlimited ways. Not only that, but CRM segments also help measure your strategy's success.

70 percent of digital marketers use increases conversions to measure impact of personalization on ROI.

-Econsultancy.com

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Segmentation is fantastic for running A/B tests on your content. A/B, or "split testing," is a way to measure the effectiveness of a campaign by running in parallel two types of content to viewers with similar demographics. Whichever piece of content is more successful (often times measureable by tracking conversion) is the better one to use for your future campaign.

Segmentation can help you with a variation on the A/B test, which tracks customer trends that can be reduced to A or B groups. When you have a control and a variant set, you can segment the list accordingly to determine the impact. For example, perhaps you want to know about the long-term behavior of new customers that purchased your product before Christmas versus new customers that purchased afterChristmas. You can tag these two groups into segments and track their activity for analysis later.

Segments should act like a speedometer. At the end of the day, you ought to be able to look at the individuals on your list and have a good idea where they're at. Are they a customer or a prospect? Have they opened your newsletter? Have they browsed your website? Attended a webinar? Each activity is an opportunity to put them on a list segment.

When you use list segmentation to nurture prospects through the funnel and to keep current customers engaged with your brand, you'll be able to open any one contact in your CRM and see just where they stand in your content marketing strategy.

Ultimately, segmentation supports and helps refine your marketing strategy. Through discovery, personalization, and measurement, your segmentation efforts should fit neatly within your strategy, both aiding in execution of that strategy as well as refining it.

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About the authors

Ben Snedeker

Ben Snedeker joined Keap in 2015 to do full time that which he loves most: writing the stories that inspire action. He holds a MFA in Creative Writing from Emerson College. In his prior life, he was a freelance writer working days at MIT as a grant manager. After a decade of paper pushing in academia, writing for a fast moving company like Keap is his dream come true. A perennial tinkerer, when he's not in the office, he can't help but tend his bonsai trees, edit other people's writing, and make sure his kids clear their plates before they leave the table.

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