

Market Segmentation in B2B Marketing

Customer segmentation is powerful because it allows marketers to draw an accurate picture of their customers, group them according to similarities, and devise pinpointed messages to specific segments of their customer base. Inevitably, these messages are personalized and tailored, which results in a significantly higher number of conversions. But there is no one single way of segmenting customers that is clearly the best option.

Depending on the products and brand you are marketing, one method of customer segmentation might prove more effective than another. Here are some of the most common segmentation methods for B2B marketers, along with the pros and cons of each method and relatable examples to help you make an informed decision about the best segmentation method (or methods) for your business.

1. Segmenting Customers Based on Firmographics (equal to demographics in B2C)

B2B marketers leverage firmographics in the same way B2C marketers use demographic data; it is a method of segmenting customers based on their shared qualities. Firmographic segmentation groups customers based on factors like business size (either by the number of employees or annual revenue), company location, industry, and even other technologies used by the targeted companies. Marketers love firmographics because the cost to collect the data and use it for segmentation is fairly inexpensive. Additionally, firmographics are easily translatable to the sales team; marketers can convey the firmographic description of any particular customer segment to the sales department with little trouble.

2. Segmenting Customers Based on Tiering

Customer tiering is a method of segmentation based on how well the customer matches the goals of your business. For instance, you can use customer tiering to segment customers based on how much revenue you can expect them to bring to your business during the duration of your relationship, or by how closely that customer matches your own sales and marketing strategies.

This is a forward-thinking approach to segmentation because it ranks the importance of a customer or lead based on how much that customer can potentially bring in terms of value. Many businesses have taken tiered segmentation to a whole new level in the last few years in the form of account-based marketing, a strategy that focuses sales and marketing activities on a limited number of accounts believed to yield the highest potential value for your business. Rather than leveraging the power of big data and marketing automation to scale campaigns across a broad range of potential leads, account-based marketing turns the sights of both the sales and marketing teams toward a common goal of maximizing the potential return from a shortlist of accounts.

Demand generation marketers also recognize the potential value of tiered customer segmentation when it comes to working with your existing customer base. While marketing efforts have historically focused on lead generation activities, savvy teams leverage big data to uncover the potential value of the customers already buying from their business. Tiered segmentation allows demand generation marketers to divide existing customers based on their customer lifetime value.

Of course, like firmographic customer segmentation, the potential downside is that you cannot assume the needs of all the customers in a specific tier are the same. As a result, developing a marketing message to suit any particular tier may prove difficult.

3. Segmenting Customers Based on Needs

Does a particular customer segment need to spend the least amount of money? Perhaps this segment needs the most powerful features or a product that outlasts the competition. Needs-based customer segmentation groups your customers according to what they are looking for in a product.

This model segments customers based on their needs. Of all the methods of segmentation, this one offers the marketer the most accurate way to target customer segments. It is highly scalable because the marketer can designate as many needs-based segments as preferred.

Needs-based segmentation often derives from what drives potential leads toward your business in the first place. If you are a cloud service provider and a site visitor comes to you through a blog post on file sharing, then you may determine that prospect needs a solution that simplifies file sharing. As a result, you might target that prospect with additional content surrounding that concept to help usher the user further down your sales funnel.

The drawback is that the needs of customers can be difficult to define. It is also hard for marketing to express to the sales reps who will be working with each customer segment.

4: Segmenting Customers Based on Customer Sophistication

As the name suggests, segmenting based on customer sophistication means dividing your target audience based on their product or industry acumen. Like other methods included in this post, segmenting by customer sophistication offers the opportunity to tailor your campaigns toward a lead's specific needs. However, instead of splitting customers by their needs, firmographic information, or potential value to your business, customer sophistication looks exclusively at a target company's awareness of the problem your product solves.

5: Segmenting Customers Based on Behavior

For demand generation marketers, behavioral segmentation acts as a strong complement to tiered segmentation for maximizing the value of your existing customer base. Behavioral segmentation looks at the ways your current customers interact with your product or solution to determine two critical things:

Could this customer benefit from expanding their current solution?
Is this customer at risk of churning our solution?

In other words: is there upsell potential or do we risk losing this customer completely? In either case, a good demand generation marketer can recognize those trends and plug the customer into an appropriate segment designed to either nudge them toward buying more, or in the case of churn, mitigate risk by improving the health of their product usage.

Targeting

B2B targeting is identifying your target audience - either audience segments or specific companies you want to do business with. Pretty simple concept, but deceptively challenging to do well. For any B2B marketer implementing a lead gen campaign, good targeting is vital.

A great targeting strategy informs messaging and the direction of resources and budget so you can present compelling, persuasive content to the right decision makers.

A lot of B2B marketers suspect that their targeting could be better. Even the very best marketers in

the business still worry that there is an audience segment they're not reaching as effectively as they could be.

How Do You Target a B2B Customer?

Before you can properly define your target audience, you'll need to be able to answer the following questions with a high degree of certainty:

- What industry are you trying to reach?
- What major pain points does your product or service solve for them?
- What messaging assets will most effectively cut through the noise?
- Who, specifically, by title, are you trying to reach in your chosen industries?
- Do the people with your preferred titles have the ability to sign off on expenditures? Or does it require a green light from someone else?
- How long is the average sales cycle? How many touchpoints, on average, will a B2B buyer need to have with your content before they're ready to get on a Sales call?
- What will it take for you to be established as a thought leader in the eyes of your prospects?
- How does what you're offering improve upon or best what the competition is offering?

Positioning:

It's called as mind mapping. How you position your product in the mind of the customer.

Two types of positioning may be followed:

1. Product positioning
2. Brand positioning

Promotion

Let's take a look at six absolutely fundamental **B2B promotional** strategies that will not only help your firm keep up, but help you get ahead.

1. Niche-driven **Strategy**.
2. A High Performance Website.
3. Search Engine Optimization (SEO)
4. Social Media.
5. Personal selling (Must be read in detail)
6. Referral **Marketing**.

THE EIGHT STEPS OF THE SALES PROCESS

