



DISCOVER YOUR IDEAL CUSTOMERS

A GUIDE TO MARKET SEGMENTATION
AND PERSONA DEVELOPMENT



INTRODUCTION

The modern consumer is better-informed, better-educated and more discerning than ever before. They expect more—they demand more—and any company that falls behind, stays behind.

This is why market research and audience segmentation has returned to the forefront of business strategy. Salesmanship and marketing counts for nothing if you don't know your audience, and how best to impact their buying decisions.

In this ebook, we're revealing how market research can revolutionise your business and enhance your profitability in an environment that rewards smarter, faster and more nuanced practices.

Are you ready to bring your organisation to the next level?
Then read on, and arm yourself with the knowledge you need.



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01

HOW TO USE MARKET RESEARCH TO BE MORE COMPETITIVE



HOW TO USE MARKET RESEARCH TO BE MORE COMPETITIVE



Good market research provides a basis for not only knowing how you're tracking in terms of your business' performance, it also helps focus your marketing efforts. If you're not using market research, here's what you're missing:

1/ Valuable competitor insights

A strong strategy includes getting valuable insights into your competitors and what they offer. Not only does this improve your overall marketing strategy, but it also improves the quality of your products and services.

Solid competitor insights help identify and expose opportunities, so you know where to focus your efforts to maximise your return on investment.

Here at Perceptive, we investigate the competitor landscape for our clients and enable transparency of where they're placed in the market, uncovering profitable and tangible opportunities.

We uncover the SWOT (strengths/weaknesses/opportunities/threats) of our client's business, to ensure they can adopt qualified strategies to capitalise on areas where the competition is weak.

2/ Testing for success

Conducting market research is the most effective way to test out ideas before you decide to go live or spend resource on marketing them.

When you're tracking the right metrics, you can quickly see which products, concepts, campaigns and messaging are resonating best with your target customers.

3/ Staying relevant

Change is the only true constant. This is especially true for marketing. If you want to remain a profitable business you need to anticipate and react to change in order to stay relevant.

By researching the evolving needs of your target market and consumers, and analysing your competition's reactions in depth, you ensure you will remain a key player for the long term.

You can do this by tracking your company's progress on an ongoing basis, by daily brand monitoring and reporting.

4/ Focusing on the customer

It is an obvious point, but nonetheless too important not to mention. The biggest benefit of analysing your market and the performance of your product or service is that it helps you understand your customers.

Who are they? What do they want? What do they expect? Once you know this, you can tailor your products and services to meet them.

The best way is to collect customer feedback by using an online survey, preferably through a third party to enhance credibility. Don't forget to segment your responses to ensure you're marketing the right messages to the right people.

You can also collect customer feedback directly from your survey emails. For [Customer Monitor](#), we have an easy feature that allows our clients to do this by the click of a button. They can then post direct testimonials by their promoters from the surveys to their social pages.

5/ Grow your business

By using market research for product development and business expansion initiatives you will be able to keep track of trends and future markets and also identify areas for expansion.

When you have the right research at hand, it will be easier to set realistic targets for your business and create effective strategies for your marketing campaigns.

02

5 STEPS TO EXCELLENT
MARKET SEGMENTATION



5 STEPS TO KICKSTART YOUR MARKET SEGMENTATION

Segmentation is the key to successfully discovering and defining your target audience. Here's how to get started:

1/ Understand your audience's needs and problems

Segmentation can be thought of as separating out groups of people to get a better idea of their behaviour. By finding out Group A does something that Group B doesn't, you get a better idea of who Group A are.

Crucially, this includes understanding what kind of problems these groups will be facing; in fact, this is where we recommend you start.

Begin by noting the challenges and needs of your audience. Here are some industry examples:

- » **Grocery retailer:** "food is too expensive".
- » **Shoe retailer:** "not enough diversity of style".
- » **Insurance provider:** "no suitable policy for my profession".
- » **Bank:** "too many fees".
- » **Telecommunications:** "terrible customer service".

Check the commentary of your latest customer survey if you want to expand your search. Pay particular attention to your **promoters** i.e. those who scored you highly and recommend your services. These comments will often include the precise problem that your product helped them to solve. i.e. "I love the Widget Deluxe, now I never have to worry about my windscreen icing over."

Next, list how your product or service can resolve these issues.

- » **Grocery retailer:** A range of everyday basics for lower incomes.
- » **Shoe retailer:** A new set of European-style shoes available in three different trending colours.

- » **Insurance provider:** A policy specifically designed for a single profession.
- » **Bank:** Lower initial fees for new customers.
- » **Telecommunications:** Dedicated customer service agents available at all hours.

After this, you'll have a clear idea of the problems facing your potential customers and how to position your offering to resolve them. This clarity will enable you to further refine your audience segmentation, which we'll cover in the next step.

Tip: You can do this for your company in general, but it's ideal to perform this analysis for a single product or service at a time. This way, you can achieve greater granularity which often leads to the discovery of new insights.

2/ Define your customer demographics and geographics

Now that you know what problems you are solving and how you are solving them, you can begin figuring out who would benefit from your efforts.

Begin by grouping your target audience by **demographics**. Traits like:

- » Age
- » Education
- » Gender
- » Nationality

Geographical factors like country, region and city are also important.

For example, if you were the grocery retailer above who was developing an everyday range of food for lower income families, then you might segment out your audience by household income, or family size, or occupation; anything that might make them more likely to have the need or problem you are solving.

As you do this, you'll start seeing groups forming naturally.

The demographics might reveal single parents with large families and a low income are a significant part of the grocery retailers target audience, for example.

Students on a low income who live in a flatting situation might be another group they would target.

These will form the basis of your primary segments.

However, the key to success here is to nail down exactly what makes these groups different from one another, as well as what makes them similar.

The grocery retailer has identified the differences between the student and single parent segments (household makeup), but they may also find that there are similarities; such as both segments living in the same major city, for example.

If the retailer wanted to target both of these audiences, they would do well to ensure that their new everyday basic range is available in that city.

This exercise allows you to target specific traits, as well as more general ones, across the entirety of your audience—rather than treating your target audiences as completely separate and potentially missing out on a campaign or product development that would appeal to both.

3/ Define your customer psychographics

The demographic and geographic analysis was just the beginning. You also need to consider **psychographics**, which looks at the values, personality traits, interests, attitudes and so on of your customers.

Much like your demographics and geographics, this is designed to clarify the makeup of your segments. Begin by asking the following questions:

- » What do your segments enjoy doing at the weekend?
- » What do they do after work?
- » Do they have a particular political leaning?





Once again, groups will begin to appear naturally. The insurance provider detailed before (“no suitable policy for my profession”) could develop an insurance product for a group of tradespeople, for example, who require a more robust policy.

In the demographics and geographics stage, the insurer found that their target audience tends to be older males in rural settings.

This covers the problem they are facing, how the offering intends to resolve it, as well as who is suffering from the problem and where they are.

Next, their psychographics research uncovers that these older males share a love of sports, and many of them are a member of their local rugby team.

This gives the insurer more insight into the **personality** of the audience, and could inform them on how to appeal to their audience beyond just having the policy available. Perhaps getting an endorsement from a popular sports star to capitalise on the interests of their audience would be effective.

Once again, ensure that you are looking at both the similarities as well as the differences between various segments. The insurer above may find that there’s a small but significant audience for their new product that’s made up of younger females, who share the same interest in sports as the older male demographic.

This might draw the insurance company to include a social media marketing campaign featuring the popular sports star—a channel where the older male segment might not be active, but the younger women are.

4/ Fuel your marketing strategy

Once you have a clear idea of the segments that make up your audience, you can use this information to develop your marketing strategy.

Gather your team to brainstorm ways you can target your customers. Would they respond well to an emotional appeal? To practical benefits? To a particular channel or advertising method? Is there an opportunity to use multiple different marketing methods for different segments of your target audience?

Every piece of research you have done so far will help you appeal to your audience no matter where they are, who they are or what they believe.

Crucially, define what you can do to make their lives easier with your product or service and how you will communicate this message most effectively.

This is also an excellent opportunity to “close the loop” on your segmentation analysis. After a marketing campaign is finished, send out another survey to get an idea of how successful it was; what kind of impact it had on the people who saw it.

Did the people who you thought would see it do so? Did they react in the way you wanted them to? Did it result in more sales, more brand equity, greater understanding of your product? Your financial reporting will be able to tell you some of this, and the follow-up survey will fill in the blanks on how effective your segmentation was.

5/ Continue collecting research and experimenting with segments

Segmentation analysis is not a one-and-done deal. As your audience changes or grows, you’ll need to ensure that you stay on top of the segments you are targeting—and that can only be achieved with ongoing research and experimentation.

Your research should consider both qualitative and quantitative measures, and you should also be studying your buyers’ journey and your competitors efforts as well.

Understand what makes your products, services and company unique; your strengths, weaknesses, unique selling points and so on. This is best achieved simply by asking your customers—and regularly!

Tip: Psychographic information can be difficult to come by for the average business owner. Most companies turn to dedicated research agencies to perform their studies in the form of focus groups, interviews, and so on.

Some information can be gleaned from surveys as well—but all research, in order to be valid and useful, must be performed correctly; and that’s often best left to the professionals.

03

IMPROVE MARKETING
EFFECTIVENESS WITH
PERSONA DEVELOPMENT



IMPROVE MARKETING EFFECTIVENESS WITH PERSONA DEVELOPMENT



When creating your personas, you'll want to ensure you're asking the right questions to get the information that you need. Here, we're sharing our best tips on how to develop your buyer personas—including the questions to ask when you do.

Why data-backed personas are important

Personas help to keep your company on-target.

Salespeople chase the right leads, marketers construct the correct content to appeal to them, and research and development study the problems your audience is facing and work to create new product features to resolve them.

However, buyer personas are often formed on the basis of [too little data and too many assumptions](#). This can lead to them [becoming a distraction](#), rather than being informative. In the worst cases, they can even generate tension between and within various departments, as people argue as to who is “better representing” the persona in question.

In other words, poorly formed personas do the exact opposite of their intent: they distract, they fracture and they mislead.

This is why you need to ensure that you have the **right process in place** for researching the right data needed to create personas that actually represent your customers.

“
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opposite of their intent.”

Asking the right questions

Before you can begin researching, you'll need to determine the right questions about your audience. These questions will make up your surveys, forms, queries to your team, and so on.

Questions like:

- 1/ Where are your customers from?
- 2/ How old are they?
- 3/ What do they do for a living?
- 4/ What interests and hobbies do they have?
- 5/ Where do they hang out with their friends?
- 6/ What does their household look like?
- 7/ What challenges are they facing?
- 8/ Which of these are they hoping to solve with your product or service?
- 9/ What are their goals, desires and dreams?
- 10/ What media channels are they active on?
- 11/ Where do they begin their purchasing journey?
- 12/ How do they evaluate different offerings?
- 13/ What is the key deciding factor in their purchasing decisions?

The list above is not exhaustive. Depending on your business, you will need to consider additional questions, and remove others.

For example, in a **business-to-business** context (B2B), you may need to ask other questions like:

- » Who are the decision makers?
- » How much budget do they have to invest in your product or service?
- » How large is their company in terms of revenue or employee size?

In a **business-to-consumer** market (B2C), those questions will be irrelevant but you might be better off asking things like:

- » How active is your audience on social media?
- » How likely are they to recommend brands they like to their friends and family?
- » What is their overall household income?

Tip: If you aren't sure what questions you need to ask, start with the basics: demographics and geographic; who they are and where they're from. The rest will flow from there—keep your mind open to any factors that might influence their buying decision.

5 steps to collect the data you need to create your personas

Once your questions have been defined, you can begin gathering your data.

There are a variety of methodologies you can use to get the data you need, but here's five common ones to get you started:

1/ Interview and survey your customers

Interviews can be done either face-to-face or over the phone, and will help you to understand what customers like about your product or service.

The face-to-face option is ideal, as it allows you to record the plethora of non-verbal communication present in such conversations. However, this does tend to take longer and may not always be a practical method for your business. In these cases, phone interviews are perfectly viable.

You should also consider a survey at the same time. While the interviews will gather the deeper experiential insights from your customer, a survey can gather equally important demographic data.

You may even want to arrange your interview invitations based on the answers to the survey. For example, if you



find a significant portion of survey respondents are from a particular demographic, it could pay to interview a few of them to get more insights into this important portion of your target audience.

These interviewees will also often be the primary examples from which you build your personas.

2/ Analyse new and existing data for trends

You will have a host of data from these interviews and surveys. However, your existing database, if available, can also be an excellent source of data for persona analysis.

Start by analysing how your current customers are interacting with your content:

- » How are they reaching your site; search, social media, or directly?
- » What do they do once they are there; do they head to the blog, to a particular landing page, or immediately click away?
- » What kind of content are they engaging with? Is there a particular subject they seem to be especially engrossed in?

This behavioural analysis gives you insight not only into how your content is performing (and how to produce more of it), but also gives you a look into the mind of your customers: what they want from you, what challenges they are facing, and how they seek to solve them.

We recommend using [Google Analytics](#) as a tool to get a basic idea of these trends on your website. You may need to wait some time for data to collect, however, if you haven't already implemented the tracking code required for the use of Google Analytics.

3/ Ask your sales and marketing teams

This bedrock of data will require more refinement. You will need to segment this data out into usable chunks—but separating the wheat from the chaff can be difficult. Your sales and marketing teams can point you in the right direction.

The sales team should be able to tell you about the kinds of leads that are most valuable (and which are not), and how these leads respond to their sales approach.

- » Do the leads seem excited from the outset, or do they require a fair amount of cajoling?
- » What kinds of features do the leads appear to be most interested in?
- » What problems do the leads seem to be facing the most?

The same can be said of the marketing team. They will be able to let you know what kind of content is having the most impact with certain groups of people.

- » Did a particular advertising campaign hit home more than others?
- » What is the most popular piece of marketing collateral produced to date?
- » Are you focusing your efforts in one particular place? Why?

Your internal stakeholders are excellent sources of **qualitative information** in particular, and they should be able to help you gain a picture of the more human side of your personas.

“ This behavioural analysis gives you insight not only into how your content is performing, but also gives you a look into the mind of your customers. ”

4/ Utilise form submissions

If you use the questions above as form fields, you get instant persona direction every time an engaged part of your audience submits a form.

A word of caution, however: be careful with the number of form fields you use. Too many, and even the keenest lead might be put off and click away from your offer. Too few, and it can undermine the qualification process.

Some platforms, such as HubSpot, provide you with the opportunity to use “smart form fields”. These allow you to gather further new information about a contact after their first submission.

For example, if you have a lead that has already submitted their basic demographic data (name and email, for example), the next time they visit the site and go to fill out a form, they will be asked for their company size, geographic region, or whatever else is pertinent to your business.

This is an effective way to gather persona data without **irritating your users**.

5/ Brainstorm with your team

Sometimes you simply don't get the data you need. Sometimes a survey gets a poor response rate, or a website's traffic volume is too low.

In times like these, a certain level of assumption may be permissible—if only to get you down the right path.

But you must still rely on accurate data if you want usable personas. To do that, you need to avoid the major problems that persona development runs into: misleading data and inconsistency across departments.

To do this, gather all the important internal stakeholders together and hold a brainstorm session. This is much like step 3, but casts a wider net. Anyone who may have insights into the mind of the customer—sales, marketing, customer service, executives—should be invited.

This way, you ensure that you are getting at least a modicum of informed data on your persona. Perhaps more importantly, you are also ensuring that everyone is on the same page about the personas you are pursuing: no inter- or intra-departmental discord due to persona miscommunications.

Summary

To develop truly accurate, useful personas, you need to have the right data.

That data is gathered from qualitative and quantitative methods, and is based around forming and answering the right kinds of questions.

While there are many ways to get the data you need, the five places we recommend any business should start are:

- 1/ Interviewing and surveying customers.
- 2/ Analysing new and existing data.
- 3/ Obtaining insights from your sales and marketing teams.
- 4/ Utilising form submissions to get more specific data.
- 5/ Brainstorming with your wider team if necessary.

From these insights, you will be able to create personas that direct your business towards a more customer-centric and more profitable future.

04

HOW TO DEVELOP YOUR
MARKETING PERSONAS



HOW TO DEVELOP YOUR MARKETING PERSONAS



When creating your personas, you'll want to ensure you're getting the info you need and asking the right questions. Here, we're sharing our best tips on how to develop your marketing personas and what to ask when you do.

5 ways to collect the info you need to create your personas:

- 1/ Interview your customers face-to-face or over the phone to understand what they like about your product or service. Face-to-face is ideal, but may not be time efficient or always practical. You can also conduct a quick online survey for a large number of less in-depth answers.
- 2/ Analyse your contacts database to spot how certain prospects find and engage with your content, preferably through an automated online CRM or CMS.
- 3/ Ask your sales team about which leads they're talking to the most. Think about the sales cycles your team work with; can they make any generalisations about what type of customers you serve the best?
- 4/ Capture important persona information by using specific form fields on your website. For example, if your personas vary based on position in a company, you could ask each lead about their role on your form.
- 5/ If none of the above works (or you feel that you're not getting enough valuable information), the last resort is to gather all of your important stakeholders (including senior sales people and anyone who deals with customers on the front end) in one (preferably, well-catered) room. Then, conduct a persona workshop or brainstorm to capture everyone's perspective on who your ideal customers are and why.

8 important questions you need to answer:

- 1/ What is their background (are they a lead or customer, how long have they been with you or how much do they engage with your content)?
- 2/ What are their demographics (age, location, job etc)?
- 3/ What are their challenges (or their unsatisfied needs)?
- 4/ What major benefits are they looking for (the benefits of a product or service that they view as important)?
- 5/ What are their goals (their desires and wants)?
- 6/ What do they most value in a product or service offering?
- 7/ How do they search for products and services?
- 8/ How do they evaluate different products and services to choose one to purchase?

What next?

Once you know who your personas are, you can create specific marketing material to develop key messaging based on relevant keywords and search terms which focus on your persona's needs and challenges.

This messaging is then transformed into relevant content which talks to your personas needs and will lead them through what we call the marketing funnel. This messaging is based on content relating to their current position in the buyers cycle.

05

DEFINING YOUR TARGET AUDIENCE—WHO ARE MILLENNIAL CONSUMERS?



DEFINING YOUR TARGET AUDIENCE— WHO ARE MILLENNIAL CONSUMERS?



As many as 84 per cent of millennials (or Gen Y, or even the “selfie” generation) [don't trust traditional advertising](#). How do we as marketers speak to this extensive and influential group of consumers, without being intimidated by the scale or sheer buying power they possess?

Who are millennials anyway?

Millennials are those born between the years of 1982 and 2004, having grown up in an expanding world of choice and options. They saw the world get smaller through the proliferation of the internet, and have quickly become used to having any and all information that they need right at their fingertips.

Often called “digital natives”, they are the first generation raised on digital, being naturally comfortable with technology and [tend to be among the first to try new technologies](#)—the innovators of our time.

What do millennials value?

Let's look at some (eye-opening) figures. In a study from the McCarthy Group, nearly half (47 per cent) of respondents mentioned the internet as the one thing they could not live without. All the more reason for brands to truly master and leverage the power of digital channels, if they are not already.

In terms of who millennials trust, advertising and sales people ranked the lowest, while closest friends ranked as the most trustworthy source. This said, 35 per cent of respondents cited websites as their preferred source of information before making a purchase.

These stats confirm what marketers have known; that word-of-mouth both online and offline is integral to success. However, this knowledge still doesn't solve the issue of how we should be generating this trust and these recommendations.

What do millennials themselves have to say about the matter?

Millennials want more than just a product or a service

Millennials want a far more holistic experience from companies—far beyond what their Baby Boomer parents may expect.

For example, one study from Casual Living found that a brand's ability to make a millennial smile is 33 per cent more important than it is to an older generation.

Millennials want to be entertained, but they also want to be able to make their own voice heard. About two-thirds of this generation feel that companies should offer more ways to share their opinions online, according to a study from Bazaarvoice.

Lastly, Ipsos research discovered that 64 per cent of millennials follow brands through social networks—perhaps as a forum to make their afore-mentioned opinions heard.

What all of these findings should be telling companies is that this younger generation needs three things: entertainment, attention and connection—and the brand that can provide it to them will benefit greatly from their efforts.



Nearly half of respondents mentioned the internet as the one thing they could not live without.



06

HOW TO ADAPT YOUR
MARKETING MESSAGING TO
MILLENNIAL CONSUMERS



HOW TO ADAPT YOUR MARKETING MESSAGING TO MILLENNIAL CONSUMERS



Millennials are buying differently today, and it looks like that trend won't change. How do you adapt your marketing messaging to millennial consumers?

The pressure is on for brands to figure out how to speak to these consumers; they are more informed and selective than any other consumer before.

How can brands engage with millennials?

Brands empower their customers on social and put people at the heart of their marketing strategy. Modern marketing is about people—not the brands themselves.

Millennial consumers want a different relationship from what they are getting right now from many brands. Social media, as an example, has changed and continues to change everything. People now expect faster response times to their issues—and will happily publicly shame brands that don't live up to expectations.

Additionally, brands need to engage customers in meaningful interactions via technology that make them truly empowered participants, not just passive bystanders—such as sharing photos of products with their wide networks of friends.

Brands need to become more open to let consumers become architects and ambassadors of a brand.



A changing level of trust

If you're looking to reach millennials with brand messages, remember to appeal to the sources that they trust the most: their closest friends, news sources and company websites.

Recommendations are now more important than ever. Millennials simply do not trust traditional advertising any more, especially compared to their parents—and can you blame them? The news is saturated with stories of betrayed trust from companies to consumers in one form or another.

Boycotts and anti-corporate campaigns proliferate; and brands need to put the focus back on earning trust if they want to succeed.

3 strategies to communicate with millennials

Want to make sure you're not missing anything out? Kate Elfering narrowed it down to a brief 3-step checklist.

- 1/ Firstly, understand and appeal to their most important values: happiness, passion, diversity, sharing and discovery.
- 2/ Understand their lifestyles and experiences and find ways to amplify their reality.
- 3/ Ensure they feel informed and involved, not just marketed or sold to.



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