

***Growing Your Business Profitability  
Through Database Profiling, Targeting & Segmentation***

*By Lisa Cole-Paquin*

**Summary**

In the face of increasing competition, marketers need to identify target markets that provide the greatest Return on Marketing Investment (ROMI). This article provides an introduction to processes that can help identify the most profitable customer segments. Through database profiling, targeting, and segmentation, you can develop strong competitive positioning and precisely target your scarce marketing resources.

**Profiling**

Profiling entails an analysis of your current customer and prospect data to determine and identify the best industry segments to pursue. Profiling confirms what you know about your market, as well as providing insights into where you have had successes you might not have known about.

What is the profiling process? Profiling matches your customer or prospect records to public information from data compilers and then enhances your records with the selected information (industry type, company size, etc).

- Tips:
  - DO profile your customers first because past success is generally a predictor of future success.
  - DO start with basic demographic profiling (industry type & company size) as these data descriptions serve as “data bridges” to outside databases from business information compilers.
  - DO commit to regular data updates (CASS, NCOA, external data providers) regularly — at least every 6 months.
  - DO profile your prospects since there are more prospects than customers, resulting in better statistics. Prospects reflect your current market interests and provide additional insights that your customer base can not offer.

- DON'T make assumptions based on anecdotal sales feedback about where the best marketing opportunities exist.
- DON'T develop a customer profile on information that is not accessible through readily available data sources.

## **Targeting**

Targeting is the process of segmenting an industry or market so you can concentrate your marketing efforts on key segments. Targeting makes the selling and distribution of your products/services more effective because it provides a focus to your marketing activities.

What are the standard targeting approaches?

- Current markets for current products
- New markets for current products
- New products for current markets
- New products for new markets
- Competitive opportunities

## **Segmentation**

Segmentation is grouping together individuals/companies into clusters that share common characteristics relevant to the sales of your product or your selling process to find the differences that will give your marketing an edge. Marketing opportunities increase when segmented groups of customers with varying needs/wants are recognized.

- Benefits:
  - Leads to relevancy of communications and offers
  - Saves marketing dollars
  - Establishes important data elements for marketing databases



- Can be used to qualify leads
  
- What are possible segmentation approaches?
  - Demographic
  - Relational demographic
  - Sales cycle
  - Behavioral
  - Competitive
  - Analytical
  - Job title/job function

Customers segment themselves naturally. To be successful, a company must ensure that their offers meet the prospects' needs because the offer is perceived to have true value. Knowing how customers behave — profiling, targeting, and segmentation — is the secret to growing your business profitably. For more information, contact Lisa Cole-Paquin, SVP Principal Marketing Strategist at 1-800-351-3807 or [lcolepaquin@protocolmarketing.com](mailto:lcolepaquin@protocolmarketing.com).

**Protocol Integrated Direct Marketing**  
**2805 Fruitville Road**  
**[protocolmarketing.com](http://protocolmarketing.com)**