Overview

Audience segmentation is used for a wide range of purposes by businesses today. The two most common applications of segmentation are analysis and targeting. For analysis, marketers commonly use segmentation to help understand the behavior of one portion of the population when compared to another. As for targeting, segmentation is used by virtually every marketer who is responsible for engaging with and ultimately influencing prospects and customers to meet business goals. This white paper focuses on common applications of segments in both analysis and targeting within the financial services industry.

Types of Segments

Segmentation is as much of an art as it is a science. It's done a million different ways, and there is no right or wrong. Multiple approaches to segmentation can all yield either substantial insights into your customer base or facilitate targeted content or experience programs.

It is important, however, to understand the nuances of segmentation before jumping in feet first. The segment categories listed below may help you devise a segmentation framework that you can use to guide your targeting activities.

Life-Stage Segments

These segments are used to classify your target audience into discrete segments that are mutually exclusive. Life-stage segments map to defined business processes within your organization like a sales cycle, your relationship with the individual, the individual’s engagement with your brand such as recency or social media interaction, etc. The possibilities are as endless as they are specific to your business. Life-stage segments, while useful for reporting and analysis, are often too broad to be used for targeting on their own, but they are often the starting point for additional segmentation.
Focused-Target Segments

Focused-target segments are used for very specific targeting campaigns. Sometimes, these segments are based on a combination of life-stage segments, behaviors, demographics or transient attributes. People may move in or out of these segments, depending on changes in behaviors, demographics or attributes, so segment populations are constantly changing.

Discrete-Population Segments

Discrete-population segments are used to designate a specific group of people you want to track and/or interact with over time. These segments are typically event-based (people who opened a savings account in June, for example) and governed by a specific time frame. Therefore, this population does not change over time. No one new joins the segment and no one leaves it either. This type of segment is sometimes referred to as a cohort.
Mature organizations understand that you can have many different views of a customer, depending on the lens. These same organizations track people in multiple life-stage models, not just one. Why? Because life-stage models are typically focused on individual facets of the relationship. Below are several common life-stage models used in the financial services industry today.

### Sales Cycle

The sales cycle life-stage model defines the journey from prospect to customer through the lens of the buying cycle.

- **Browser**
  
  Visited site in recent period but viewed no substantive content (financial product or service info)

- **Researching prospect**
  
  Viewed information about a type of financial product or service in recent period (such as money market savings, 529s, Trading Account, IRA, etc.)

- **Planning prospect**
  
  Viewed in-depth content around a life-stage topic or used a relevant tool (e.g. Mortgage Calculator, Retirement Planning, College Saving, etc.)

- **Deciding prospect**
  
  Viewing specific financial service product variants (Funds, Account Types, etc.)

- **Engaged prospect**
  
  Post lead-generation, continued interaction as a prospect but has not yet converted

- **Active customer**
  
  Customer who is using operational or transactional features of the website on a regular basis (e.g. online banking)

- **Dormant customer**
  
  Customer who is not using operational or transactional features of the website on a regular basis (e.g. online banking)

### Digital Channels Interaction Preference

The digital channels interaction preference life-stage model defines customers’ interactions with an organization’s online presence.

- **Digital resistors**
  
  Customers who have not interacted with your digital presence (web, mobile, social)

- **Personal relationships**
  
  Customers who prefer personal relationships over digital interaction, so they prefer direct communication channels (teller at a local branch, personal banker via phone, etc.)
Digital dabblers
Customers who use online sporadically but only for simple tasks

Digital preferred
Customers who use digital channels for some specific tasks but not everything

Committed to digital
Customers who use digital channels for all tasks unless personal interaction is required to complete transaction

Lapsed
Customers who have interacted with your digital presence but no longer do so actively

Online Engagement
The online engagement life-stage model defines the levels of engagement that a customer or prospect has with your website.

Newcomer
Visited for the first time in recent period

Receptive
Viewed information about a financial product or service in recent period

Attracted
Returned to site within one week or prior visit

Engaged
Visited three or more times or logged in during recent period

Active
Frequent visitor for more than four weeks, or logged in multiple times in the past four weeks

Hyperactive
Multiple log-ins or very frequent visitor (e.g. more than four weeks – more than two visits per week)

Dormant
No activity for the past x months

Client Success
Kimberly-Clark, a major consumer packaged goods brand and Webtrends client, has developed a highly successful segmentation strategy based on its customer life stages and how they relate to its products. The company groups its expecting and new parent visitors into segments based on the age of the coming/new baby. Those segments include Baby on the Way, Newborn, Moving Baby and Toddler Time. As their customers’ babies grow, new products are targeted to parents that are best suited to their child’s age. This is achieved through targeted content and calls to action to sign-up for free samples. This segmented targeting approach resulted in a 17 percent increase in conversions.
Common Focused-Target Segments for Financial Services

Additional Examples of Focused-Target Segments and Their Common Uses

**Geographic**
Use to create location-based campaigns or target people who live within the region of geographic eligibility

**Product(s) owned**
Perfect for discovering opportunities for cross-sales and up-sales based on product mix and the development of resulting targeted cross- and up-sell segments

**Age group**
Create segments of customers based on age range to help you to identify the best financial products to promote in targeted campaigns aimed at prospects of a certain age

**Device**
Helpful for creating targeted campaigns that enhance the user experience on mobile as well as prompting desktop web users who have yet to utilize your mobile app to install it and drive usage

Focused-target segments are used for very specific targeting campaigns. Typically, these segments are based on a combination of behaviors and demographics. People may move in or out of these segments, depending on changes in behaviors or demographics, so the population of a segment is constantly changing.

Target segments are often used in conjunction with a specific life-stage segment. As people move from one customer life-stage segment to another, there is an opportunity for targeting relative to that change. For example: active digital visitors who moved to the dormant segment in the last month. Below are a few examples of focused-target segments.

**New User**
Your organization spends marketing dollars to get its customers to use its online tools or online banking capabilities, and help reduce costs associated with personal interactions. Once you’ve acquired new users, you should employ targeting to help ensure adoption. The first use of a new tool or service is absolutely critical to establishing an ongoing pattern of adoption. Use on-site targeting to show instructions, help videos and ‘did you know’ content. Use email targeting to welcome the user and share tips or hints about the capabilities and functions available on the website, along with a link to the site.

**Lapsed User**
Is it true that “all good things must come to an end”? Not if you can help it. Your organization should be targeting users who stop using online tools or online banking capabilities. A lapse in use can often signal a shift to another financial institution. A 2014 survey indicates that more than one-third (37.7 percent) of respondents use more than one financial institution for their banking needs. Consistent competitive pressure reinforces the need to keep customers satisfied and engaged as their loyalty wanes. There is a significant opportunity for targeting here. Email targeting can serve as a gentle reminder that “we’re here when you need us” or perhaps to promote something new along the lines of, “try out our new service.” Use email targeting to drive log in, and then leverage on-site targeting to highlight those new features or services.

**New Planner**
When prospects move from the researching segment to the planning segment in the sales cycle life-stage model, there is an opportunity to interact with the prospect via targeting. At this stage, you most likely do not have their email address, so on-site targeting would be the primary method for interaction. You might, for instance, promote the two most popular retirement planning tools you have to someone who recently started looking at your retirement products.
Common Discrete-Population Segments for Financial Services

Client Success

A Webtrends client and major insurance provider utilizes a combination of focused-target segmentation strategies as well as discrete-population segments. In one case, the provider needed to deliver special information to customers and eligible prospects who were directly affected by a natural disaster. This segment utilized a customer’s address and the timing of the disaster to target these people with the appropriate information to ensure they were served appropriately and understood how the insurance company could help them to recover.

Discrete-population segments are used to designate a specific group of people you want to track and/or interact with over time. A type of discrete-population segmentation called cohorts compares the discrete-population to a control population to determine differences over time. What is unique about this segment type is that the definition places all applicable people into a single segment that they will never leave as a result of changes in behaviors or their stage in a life cycle. Sometimes, these discrete populations are later targeted with life-stage related offers, but their primary use is in business intelligence and developing a better understanding of the way in which a group of like customers are interacting with your organization over time.

In the financial services industry, these segments are typically used to follow people who exhibited a high-value behavior in a specific time, such as opening a savings account in June or attending portfolio review in July. For instance, a cohort of people who opened checking accounts in June may receive an email with tips for using online banking in July and bill pay in August. Alternatively, a discrete-population could be defined as people who purchased a mortgage from a single brokerage which would then be compared to other brokerages to understand which was best able to grow their customer accounts. In certain cases, discrete-population segments can be used to identify candidates for cross- or up-sell opportunities. Finally, creating segments of customers who share a certain trait and watching the point in time where some choose independently to purchase a new financial product can be used to target the remaining members of the cohort with similar products and services.

Webtrends Can Help

Webtrends offers a variety of products and services to help you in your targeting and segmentation endeavors. Webtrends Segments® makes it incredibly simple to discover new segments or build segments you already know. Once defined, these segments can be automated for integration into action systems such as email marketing platforms and onsite targeting tools including Webtrends Optimize®. Optimize provides organizations the ability to test and target relevant content in real time on their websites and the ability to optimize the content over time.

Additionally, Webtrends offers consulting services specifically for financial services and organizations needing additional expertise or lacking the bandwidth to create and execute on a targeting and segmentation strategy. Our team has worked with some of the largest world-wide financial organizations to help them formulate a strategy, define a plan, and execute on an end-to-end segmentation and targeting program designed to drive measurable results.

Whether you need the right tools or the right people, Webtrends can help. To learn more, visit us at webtrends.com/finance
About Webtrends Inc.

For more than 20 years, Webtrends has helped companies make sense of their customer data to drive digital marketing success. By combining innovative technology with our team of trusted and creative advisors, our solutions are designed to provide actionable insights, increase customer engagement and boost revenue.

We partner with companies at all levels of digital maturity and offer solutions in measurement and optimization. We work closely with approximately 2,000 global brands including Microsoft, KLM Royal Dutch Airlines, Kimberly-Clark, HSBC, Marks & Spencer, npower, BMW, Toyota, The Telegraph, Lastminute.com and many more.