

Strategic Marketing – Segmentation

How to Look at Your Market

By Sherri Petro

Accounting firms could attempt to serve all customers who desire their services but they would find themselves scattered and ineffective. Strategic marketing allows the firm to identify the most profitable market it can serve. The first step is to segment the market. Segmenting sounds ominous but it simply means dividing the market into distinct groups of buyers with something in common. Which segment your firm eventually decides to serve depends upon on how you would like to look at your business. Do you intend on serving only one certain type of customer, foodservice operators, for example? Or would you prefer to offer a standardized accounting service to many different types of customers? Would you like to cater to a certain income class or age group? Firms cannot know where to focus their effort unless they spend some time figuring out how to look at customers.

Splitting into Groups

There are several ways to segment customers via their buying characteristics. The market can be split into geographic areas such as cities or by density or climate. They can also be split into demographic categories such as age, income, race, religion or nationality. Another way of looking at the market is by psychographic variables like social class or personality. Still another avenue for segmenting is by behaviors such as loyalty and attitude. You can even divide the market into several of these categories and mix and match until you find the combination which best serves your firm. It may be that entrepreneurs within fifty miles of your office with \$5 million in sales becomes your eventual target - but you won't know until you segment the customers!

How Exactly Do You Do this?

Firms will need to survey the market themselves or get existing data on characteristics. Census data can help with geographic and demographic information. Psychographic and behavioral data is more difficult to come by but data-mining on the internet can yield results. Federal, state and local government agencies along with local university libraries and websites are a great place to start. Your local professional society chapter may have this data available as well or can link you to the information source.

Insuring Relevancy

While segmenting the market can be exciting as one tries to figure out the best market to serve, it can also be overwhelming since there are so many variables and combinations! How do you slim down the possibilities? As you look at the market, you need to ensure the variables you are looking at are relevant. Why bother reviewing climate information if it has no bearing on how clients choose accounting services? When looking at characteristics, narrow your focus by looking into only those which affect client opportunity.

Customer Profiling

Once the information has been gathered the firm can create a customer segment profile. Put resources towards a certain market only if certain conditions are met. For example, if the effects can be measured, it makes sense to spend money because the segment is large enough to be profitable, and the firm can readily serve this market with an effective program. Once the segments have been identified and analyzed, begin the next step in the strategic marketing process - [targeting](#).

Conclusion

Without segmenting the market, the world may look like your oyster, but you may be unable to open it up! Segmenting requires research, analysis and profiling to best focus the marketing effort and “pry open” the most profitable markets for your firm.