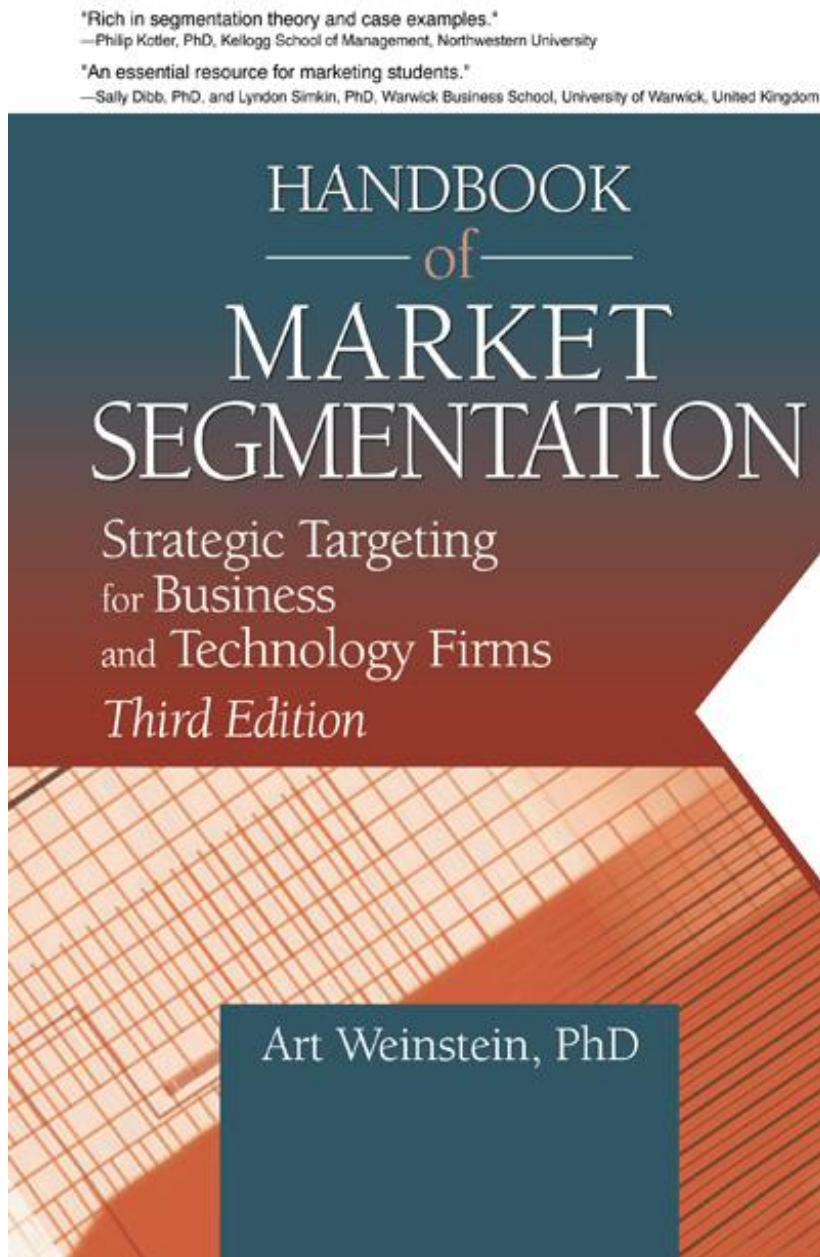


Segmenting Technology Markets - Lessons Learned from Marketing Leaders

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I recently completed a major research project with 70 top-level marketing executives on best practices in market segmentation in 13 high-tech business sectors. The study was conducted in California, Florida and nationwide. My findings were published in the Academy of Marketing Science and Society for Marketing Advances proceedings, as well as the Journal of Strategic Marketing (JSM) and Journal of Marketing Analytics (JMA).

I began exploring this fascinating B2B marketing arena in 1990 when I did my doctoral dissertation "Market Definition in Industrial High-Tech Markets". A quarter of a century later, I am still learning from the experts in the field and sharing the insights gained with academic, practitioner and student audiences. For example, this work was recently featured in

presentations/webinars with organizations such as the Business Marketing Association of Northern California, Direct Marketing Association, Market Research and Intelligence Association of Canada, amongst others.

Here are 10 recent knowledge chunks I gained in this latest round of inquiry:

A. Segmenting B2B Technology Markets via Psychographics (JSM, 2014)

1. While psychographics has captured the imagination of consumer marketers, only 22% of B2B companies used psychographics as a segmentation dimension.
2. The top 5 B2B segmentation dimensions were application, firmographics, geographics, benefits, and value (psychographics was rated 9th).
3. Those firms that did use psychographics were richly rewarded. It was the most effective segmentation dimension resulting in a 24% increase in business performance.
4. While only 1 in 5 companies used "formal" psychographics, 3 of 5 (59%) used "informal" analysis - i.e., many years of marketing experience is a good proxy information source for sound decision making. Using formal or informal analysis led to better insights than not using psychographic thinking.
5. Barry and Weinstein's 3 component, 8 item B2B psychographics model was strongly supported by the respondents (Journal of Marketing Management, 2009).

B. Target Market Selection in B2B Technology Markets (JMA, 2014)

1. The 3 most important criteria for target market selection were opportunities in the industry, sustainable differential advantage and profitability.
2. Market oriented firms were more successful in using technology than production oriented firms.
3. 75% of companies used a differentiation strategy (target 2 or more market segments with 2 or more strategies). 54% of these companies were successful or very successful in their marketing strategy.
4. Competitive analysis was a strong predictor of target market success accounting for 22% of explained variance.
5. Firms using creative market selection criteria were more successful than those companies using traditional approaches.

What has been your experience in segmenting and targeting business and technology markets? What are your major challenges in truly understanding your customers and designing winning marketing strategies? What questions do I need to ask marketing executives in follow-up studies?

Art Weinstein, Ph.D., is Chair and Professor of Marketing at NSU. He is an internationally known expert in B2B segmentation who has written four books and dozens of scholarly articles on this subject. He has provided segmentation research, consulting, and training to some of the largest technology companies in the world. Contact him at art@nova.edu to request a copy of articles A or B.