

Tap Unexplored Markets Using Segmentation

The Advantages of Real-Time Dynamic Segmentation



What is Segmentation and How Does it Apply to Website Traffic?

Market segmentation, the practice of “breaking down the market for a particular product or service into segments of customers which differ in terms of their response to marketing strategies” has become a cornerstone of marketing theory for decades.

Markets can be divided according to a number of general criteria, such as by demographic, geographic, attitudinal or behavioral data. Small segments are often termed niche markets or specialty markets.

There has been a natural progression from offline analysis of market segments to the online world. Segmenting your website visitors has become a crucial aspect of online marketing. There is a wealth of data that can be derived about your visitors automatically and can be used for segmentation. For example, the physical location of the visitor can be determined by the visitor’s I.P. address. Once the location is known, broad demographic information can also be determined. These factors can be combined and analyzed to discover where best to apply your marketing efforts.

HitsLink has several dozen attributes with which you can segment your visitors and conversions. These include demographic, location, search engine, time, campaign, client, navigation and conversion data. The full set of segments is listed later in this document.

Within high-end analytics products, segmentation is usually available as filter criteria for reports.

Different Methods of Segmenting Analytics Data

Vendors have developed various methods of implementing segmentation with different capabilities. The design trade-offs have focused on performance and storage issues.

Limited vs. Unlimited Segment Definitions

Many vendors place a cap on how many segment definitions you can create. They will often charge a fee for each additional segment definition you create. The reason for this is generally because each segment definition will create a whole new set of data and the storage costs can spiral out of control without limiting the number of definitions. This methodology forces the customer to make guesses about what segments to analyze. It also has the effect of not being able to analyze historical data, since tracking the segment usually begins only after the segment is defined.

N-Dimensional vs. Single Dimensional

Many analytics products provide the ability to segment by a single dimension. For example, you can view visitors by country. N-Dimensional analysis allows for any number of segments combined logically. For example, you can create a report showing campaign activity in North America between the hours of 8am and 5pm for postal codes with the percentage of people earning over \$50,000/year greater than 60%.

The user interface for defining an N-dimensional segment looks like this:

✕
Create New Segment

✖

▼
>
▼

✖
AND ▼

▼
Equal To ▼

✖
AND ▼

▼
Equal To ▼

▼

Add another criteria...
▼

A Designated Market Area is a region where the population can receive the same (or similar) television and radio station offerings, and may also include other types of media including newspapers and Internet content. They can coincide with metropolitan areas, though rural regions with few significant population centers can also be designated as markets. Conversely, very large metropolitan areas can sometimes be subdivided into multiple segments. Market regions may overlap, meaning that people residing on the edge of one media market may be able to receive content from other nearby markets.

(Clear)
Cancel
Finish

Comprehensive vs. Sampled Data

Some vendors use a subset of a site's total analytics data for segmentation. Vendors provide sampled data for one simple reason – performance. It's much easier to deliver fast answers against sampled data than it is against comprehensive data – especially if for large web sites with hundreds of millions of visitors monthly. However, this can lead to inaccurate results, especially when segmenting conversions, doing long-tail analysis or trying to find niche markets.

Comprehensive data analysis uses the full set of data for reporting. Each visitor and conversion is included. Comprehensive data analysis has better accuracy, but if not properly designed, can lead to report generation times of hours or days.

Real-time vs. Delayed Data

Segmentation is used for serious analysis – for both management and ad-hoc reporting. Segmentation reporting needs to be fast in order to enable the discovery of market segments. If you have to wait a long time to view the results of a segment, it can make the cycle times on analysis frustratingly long and lead to lost opportunity.

Historical Analysis vs. Pre-Defined Segment Definitions

This issue is closely related to limited segment definitions. A vendor should allow for historical segmentation reporting. This is often not the case when the number of segment definitions is limited, because tracking of the segment is done only after the segment is defined.

The Ideal Solution

Ideally, you'd like to be able to build unlimited numbers of N-dimensional segment definitions against comprehensive data that can be reported on in real-time and applied to historical data.

HitsLink Platinum provides this ideal solution for segmentation.

How HitsLink Platinum has Solved the Limitations of Segmentation

HitsLink Platinum employs an innovative, massively scalable, distributed database technology that can report on vast amounts of data nearly instantaneously. Visitor data is distributed across large numbers of servers so that processing can also be spread out. For sites that get millions of visitors a day, each report request may employ dozens or hundreds of servers at once to compile the report data.

With this technology, the designers of HitsLink Platinum did not have to make the trade-offs generally required for segmentation.

What Criteria can be used For Segmentation?

HitsLink Platinum provides a comprehensive list of segment criteria. Reports can be segmented using any combination of the following:

Demographic

- Population - Postal Code
- Households - Postal Code
- Median Household Income - Postal Code
- Percent White - Postal Code
- Percent Black - Postal Code
- Percent Hispanic - Postal Code
- Percent American Indian - Postal Code
- Percent Asian/Pacific Islander - Postal Code
- Percent Other Race - Postal Code
- Percent 2 or More Races - Postal Code
- Percent Male - Postal Code
- Percent Female - Postal Code

- Percent Household Income \$0-\$49999 - Postal Code
- Percent Household Income \$50000 - \$99999 - Postal Code
- Percent Household Income \$100K+ - Postal Code
- Average Value of Owner Occupied Housing Units

GeoLocation

- Continent
- Country / Region / City
- Designated Market Area
- Postal Code
- Area Code

Search Engine

- Search Engine (Current Visit)
- Search Engine Group (Current Visit)
- Search Term (Current Visit)
- Search Engine (Latest)
- Search Engine Group (Latest)
- Search Term (Latest)

Time

- Time of Day
- Minutes of Visit
- First Access
- Last Access
- Days Since Last Visit
- Days Since First Visit
- Day of Week
- Weekends
- Weekdays
- Day of Month

Referrer

- Referring Domain
- Referrer

Visitor

- Organization
- MultiVariate Key
- Visit Number
- Lifetime Orders
- Lifetime Revenue
- Visitor Domain
- I.P. Address

Navigation

- Page Depth
- Entry Page

Client

- System Language
- Browser
- Browser Version
- Operating System

- Operating System Version
- Cookies
- Java Support
- Screen Resolution

Campaign

- Campaign (Current Visit)
- Campaign (Latest)
- Campaign (First)
- Campaign (Ever)

Transaction

- Transaction Type
- Transaction Unique Id
- Transaction Revenue
- First Time Transactions
- Repeat Transactions

Custom Fields

- HitsLink Platinum supports custom fields on visitors and transactions. These fields can be part of segmentation definitions.

Tips

Using web analytics to segment your online visitors requires a bit of upfront thinking and requirements gathering. It also allows for discovery of hidden market opportunities. Here are some tips to help you get the most out of your web analytics segmentation:

Determine your goals

A goal might be to increase your conversion rates, or to find the optimum market segments for a campaign. Conversely, you may wish to find market segments that do not convert enough customers to warrant advertising dollars.

Measure current segment behavior

This is the process of implementing your analytics tracking. This involves:

- Placing a small JavaScript on the pages you wish to track.
- Defining what events you wish to track, such as orders, downloads, or trials. The system provides a tracking script for each event to place on the confirmation page of each event.
- Verify that tracking is occurring as expected.

Once the baseline analytics are tracking, you can begin the segmentation analysis.

Define main segments

Define the basic segments for analysis. Basic filters for segmentation in web analytics include: new visitors, repeat visitors, geography, time, referrer, keyword, and campaign type.

Find your most effective and least effective segments

Based on tracking your main segments, along with ad-hoc analysis, you will find the most effective market segments for your website. You will also find the least effective and be able to transfer advertising and marketing resources appropriately.

Look for the unexpected

How are the segments performing against expected behavior? If there are unexpected results, do more analysis to answer why. Are there more effective times in the day for email campaigns? Which keywords are working best? Which campaigns in which countries are performing? Being able to combine multiple segments for analysis is how to answer these questions.

Optimize

Make changes to the elements that you think will accomplish your goals. For example, you can increase conversions by focusing your efforts on the highest performing segments.

Repeat

Web analytics segmentation analysis will let you know what appeals to and works for a segment. Success with web analytics segmentation means that you met your business goals and improved key performance of that segment. Repeat the segmentation analysis and optimization process so your campaign outperforms and margins soar!

About Net Applications

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