

# How to Develop a Marketing Segmentation Strategy

IDENTIFYING MARKETING SEGMENTS AND  
A COMPELLING VALUE PROPOSITION TO  
SET YOU UP FOR SUCCESS



# Introduction



Segmentation is the art and science of splitting your target audience or market into groups based on their behavior, interests, demographics, or other characteristics. One of the most basic examples is “registered” and “not registered” for a particular event. But, sadly, many organizations still can’t even manage this simple segmentation. Does this experience sound familiar?

Members, customers, attendees, and prospects expect some level of personalized or, at least, relevant messaging and content from every organization they interact with— that’s the standard these days. But you need data and technology that allows you to segment member communications so you can send relevant content to different target audiences.

When you segment your email marketing lists and, therefore, tailor your marketing messages and other communications to different segments, it proves you understand the email recipient: who they are, what they do, what they’re interested in, and what they need. Besides becoming a source of relevant content, you’ll benefit from increased appreciation of your association’s value, and better email performance metrics (opens, clicks, engagement, and more.)

*Read on to learn how to develop a marketing segmentation strategy by identifying marketing segments and a compelling value proposition.*

# Identifying Member & Non-Member Segments

As with any strategy, start with your goal and work backwards.

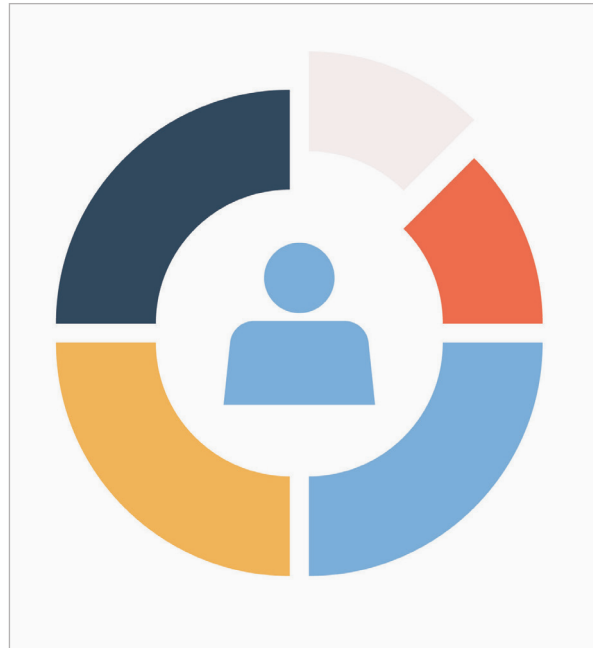
For example, you can use segmentation to help you achieve goals related to:

- Recruitment
- Retention
- Engagement
- Leadership development
- Event marketing
- Product marketing

What type of segmentation would help you target messaging and increase the chances of you reaching a particular goal? What data do you need to identify and segment those different target audiences? Do you have that data now or do you need to start collecting it?

The three most common segmentations, according to the 2019 Membership Marketing Benchmarking Report by Marketing General Inc. (MGI), are:

- Membership level/type, for example, regular, vendor, and student member. Per the MGI report, this segmentation is used by 59% of associations.
- Demographic segmentation, for example, age, geographic location, and gender, is used by 36% of associations.



- Job/occupation segmentation, for example, position or job type, department, specialty, career stage, and company size, is used by 31% of associations.

Other commonly used segmentations are:

- Membership tenure
- Membership status, for example, member vs. non-member
- Non-member prospects' level of past engagement
- Member engagement level (history, activities, behavior)

# Segments vs. Personas

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## Are segments the same as personas? Well, kind of.

The marketing term "persona" refers to a fictional representation of an ideal customer or member that's based on market research and data about existing customers or members. Personas represent segments of your target audience or market.

Some marketers really get into their personas. They give them names, like Young Professional Yasmin, and create a long list of personal details about the persona's job, income, hobbies, and work challenges. The theory is this approach helps the marketing team see the persona as a real person.

Association professionals may have an easier time seeing personas as real people. In fact, some of you may see them regularly in real life, so you might not have to go into that much detail. What's most important is to understand the particular needs, challenges, interests, aspirations, and membership goals of a persona or segment so you can craft marketing messages and content that will attract their attention, hold their interest, and help them achieve their goals. That's a long sentence but it's the most important one in this blog post so go ahead and take a moment to read it again.

For example, you would communicate differently with longtime members who regularly volunteer at events than you would to first-year members who haven't yet experienced the benefits of volunteering.

But how do you gain an understanding of your persona or segment's needs, challenges, interests, aspirations, and membership goals?

You look for patterns and trends in your member data. You analyze behavioral metrics, such as downloads, email opens and clicks, web page visits, registrations, and online community activity.

You also use market research, for example, surveys and interviews, to gain insights. Talk to members and non-members about their:

- Typical day at work
- Business goals and career aspirations
- Pain points, frustrations, concerns
- Interests and needs
- Membership experience
- Information and education routines and preferences
- Networking routines and preferences

Remember, segmentation is both an art and science, based on educated guesses, really. You will learn as you go and make adjustments to your original hypotheses.

Another factor to keep in mind: people change. Young professionals "graduate" into another segment. Or, a member from a large global company strikes out on their own and becomes a small business owner.

It's not that easy to keep track of members and their changing interests and attributes, but your member portal is a huge help because it allows members to update their profile and keep their data accurate and complete.

# Defining Your Association's Value Proposition

Now that you know how to identify your organization's market segments, it's time to work on the value you will bring to each of them.



When Marketing General Inc. (MGI) surveyed associations for its 2019 Membership Marketing Benchmarking Report, only 11% of them said their value proposition is “very compelling.” And the rest?

- Compelling – **38%**
- Somewhat compelling – **41%**
- Not very compelling – **9%**
- Not at all compelling – **1%**

Slightly more associations fall in the “somewhat compelling” or less categories than in the “compelling” or “very compelling” categories— that’s troubling.

MGI sees a correlation between value proposition and membership health. Associations that reported increases in membership growth, new members, and retention are “significantly more likely to report that their value proposition is very compelling or compelling.”

You can also see the impact of a weak value proposition in other survey data. Associations could choose three reasons for why members don't renew. The #1 reason (41%) is “lack of engagement,” but the other top reasons are related to membership value.

- Could not justify membership costs with any significant ROI - **27%**
- Lack of value - **25%**
- Employer won't pay or stopped paying dues - **21%**
- Too expensive - **17%**

The words “ROI” and “value” are missing from the last two reasons, but aren't they related to value too?

# Features vs. Benefits

Even if you do have a compelling value proposition, it's not so easy to demonstrate it.



Many of these associations struggle with their value proposition because they're making one of the most common mistakes in membership marketing—focusing on the features, not the benefits, of membership.

A feature is a statement about the product or service you're promoting. The problem is, when you promote features, you force the prospect to figure out why they would want the feature. Features don't entice prospects to join and they don't entice members to register for a program, volunteer, or renew.

But benefits do. A benefit answers the question, "What's in it for me?" A benefit focuses on the results and impact a feature will make. Here are two examples of typical features and benefits of membership.

**Feature:** Enjoy networking opportunities with your peers.

**Benefit:** Deepen existing business relationships and make new contacts on a regular basis. As you attend events and meetings, or participate in online discussions, you'll forge lasting ties with fellow members who have the same professional interests and business concerns as you.

**Feature:** Attend cutting-edge educational programs.

**Benefit:** Build the skills that help you improve your job performance, move forward in your career, and make you even more valuable to your business and employer.

*MGI survey participants said their biggest internal challenge in growing membership is the difficulty in communicating value and benefits.*



# Defining Your Membership Value Proposition

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**Association staff are usually the ones who define the value proposition. But, your value proposition is what members believe, not what your association says.**

Here are four steps to defining a better value proposition.

## ***#1: Know Your Prospect (And Member).***

Do your market research. Don't rely on survey findings from a few years ago. Everything is changing much too fast for that. Analyze the data in your AMS and other systems. Conduct new surveys and interviews with both members and non-members.

Remember, not all membership prospects are alike. They have different levels of engagement with you and different types of jobs, business sizes, career stages, etc. They will value different benefits of membership.

## ***#2: Change Your Point-of-View.***

It's easy to rely on assumptions and conventional wisdom about the type of benefits that will appeal to members. But, this is an inside-out perspective, instead of what it should be, outside-in.

You believe membership is a great value because you fully understand what you're offering. But the prospect knows little to nothing about your offerings. They can't make the same connections about it that you can.

Start looking at membership from their perspective. Find out why it matters to them. How can membership change their work performance, their professional relationships, their career, and their business?

## ***#3: Think About Impact.***

Once you start seeing membership from the prospect's point of view, you can better imagine the results it can offer. We're now moving beyond "features vs. benefits" to "features vs. results."

Look at your membership features and benefits, and then take each one into the impact or results phase. What results does a member get from benefit X? What impact does benefit X make on a member's job, career, business, and life?

## ***#4: Sell Emotional Benefits First.***

Emotions influence purchasing decisions way more than we'd like to admit. Think about that when you write about benefits. Benefits use the language of emotions—what could happen to you, what you'll feel and experience. Features use the language of logic—what it is, period.

An especially relevant and emotional benefit of membership is connection and belonging. Talk about becoming part of a community where people "get" you and your work, where you can find support, advice, inspiration, and answers. Inspire the prospect to think about a community where everyone knows their name or where they can make a name for themselves.

Negative emotions often have even more power than positive ones but tread carefully here. Allude to the fear of missing out, not getting ahead, becoming obsolete, losing your edge, or losing business to a competitor.



## CONCLUSION:

Segmenting your target audience and developing a compelling value proposition that resonates with those segments is one of the most important elements in marketing and communications. Spending the time to define these will set your organization up for success.

*Use segmentation in your membership marketing so you can tailor your value proposition to different groups in your target audience.*



*We'd love to show you how our association management solutions can help you segment your target audience.*

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