

TruAudience.



WHITEPAPER

Better Understand Your Customers

Four steps to creating
actionable segmentation

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Modern Marketing Demands Deep Customer Understanding

Just because your marketing strategies allow you to reach your target consumers doesn't mean that's enough to earn their attention. You need to speak to them in ways that deeply connect with their personal needs, desires and lifestyles. Making this type of relevant marketing a reality centers on genuinely knowing your target consumers. To do that:

- First, you need a 360-degree view of your customers and prospects that reveals patterns in their interests, attitudes and behaviors.
- You also must look at how they interact with your brand, as well as various other aspects of their lives.
- Finally, you must leverage these consumer insights to inform distinct marketing strategies and tailored communications.

So, how well does your brand understand consumers?

A consumer-first approach to marketing is no longer an option, it's mandatory

- Personalization makes or breaks businesses. In fact, 80% of consumers expect a personalized experience when shopping, and many will abandon their carts or choose a competitor if they don't receive one.¹
- Additionally, hyper-personalized customer experiences can reduce your acquisition costs by as much as 50%.²
- Despite this, only 32% of marketers are very satisfied in their abilities to leverage data/analytics.³



Today, marketers have more data at their disposal than ever before. So, why do so many brands struggle to put it to use? What does it take to turn disparate data points into useful segmentations and apply that across the vast and ever-changing ecosystem?

This whitepaper lays out a roadmap for doing just that.

What's Holding Back Most Segmentation Efforts?

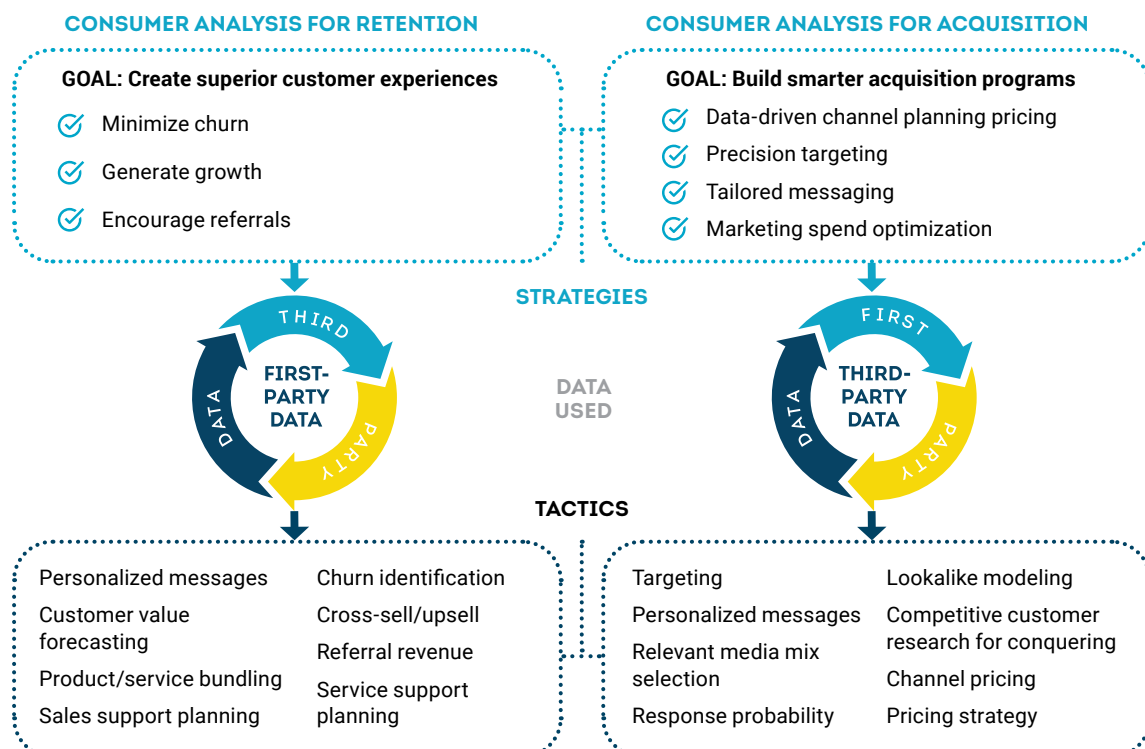
To gain a 360-degree view of your customers and prospects, you need 360-degree data. The good news is there's no shortage of data today – from owned websites, CRM data, surveys, third-party partners, sales data and more. However, while the importance of a data-driven customer segmentation and marketing approach is well-understood, the challenge is fragmentation and disconnected data sources make it difficult to effectively understand and use that data.

Where do you even begin?

Next, we'll explore four steps to help you create actionable customer segmentation that combines first- and third-party data and informs multichannel marketing strategies.

Step 1: Establish Objectives for Your Market Segmentation Initiatives

Understanding consumers is valuable for its own sake, but you'll find you can optimize your segmentation-based strategic decisions if you have an end goal in mind from the start of your segmentation efforts. Your objectives will fall in one of two areas: customer retention and customer acquisition.



A campaign approach can provide a jumpstart

Testing and experimenting are also completely valid in creating and ultimately, finalizing a segmentation to which your entire organization can align. If you want to get the ball rolling quickly and gain some initial learnings, you may decide to take a campaign approach to segmentation. TransUnion has seen swift segmentation initiatives achieve positive return. For example, using a segmentation to specifically address website personalization for unauthenticated visitors. This limited-variable, targeted test could provide initial learnings on segments to prioritize or adjust other efforts — which can then be applied more broadly.

Once brands go through the process of creating a segmentation model and using it for a discrete business purpose, they realize the strategic value of their models and start applying them across the business.



Spotlight: Leading retail bank

This bank's website gets many visitors, but most are unknown, unauthenticated or both. With little to no data about site visitors, the bank had to rely on a generic home page that offered the same products, promotions and messages to all site visitors. Using a combination of CRM data and privacy-friendly analyses of unknown web visitors, the bank identified unique target segments for each of its core product categories using predictive models of propensity to buy.

By using TruAudience® Consumer Insights, the bank mapped 72% of visitors to one of its segments and directed even brand-new visitors to more personalized browsing experiences.

Step 2:

Build an Integrated Dataset for a 360-Degree View

A true 360-degree consumer view is only possible with an integrated dataset that includes both internal and external data. This may sound complicated, but technology makes it a lot easier than you think.

Internal data is rich but narrow

Internal data from customer relationship management (CRM) systems, billing systems or other repositories of customer knowledge are valuable for segmentation. In addition to containing the contact information and preferences your consumers have chosen to share, internal data provides excellent intel into your own relationships with these consumers.

This allows you to segment based on what's already been successful for your business and use that to inform strategies; for example, past purchase behavior might be useful for cross-selling and some personalization.

However, internal data in isolation does not combat multifaceted consumers or support acquiring those who have not interacted with your brand.

Additionally, internal data often gets out of date very quickly; customers don't usually call you every time they move, change phone numbers or switch their preferred email addresses. Companies that use TruAudience Identity Resolution to keep their CRM databases fresh typically update 5%–15% of records in their databases every month. (For more information, see the What Is TruAudience Identity Resolution? section on page 7.)

External data by itself doesn't differentiate

External data or third-party syndicated data on its own is a perfectly good option for certain strategies — or if no first-party data is available. However, if you're relying solely on third-party data, you have no way to connect what you're learning about your consumers' buying habits to your brand or marketing. In addition, your competitors have the same syndicated data you do. If you're not enriching it with anything that's unique to your business, your resulting segmentation won't be unique either.

Integrating internal and external data provides depth, breadth and accuracy

The winning combination emerges when you bring all your first- and third-party data into single views of your consumers, supported by an authoritative identity methodology. The identity methodology is key to overcoming the biggest barrier to integrating internal and external data: the lack of a consistent way to tie together all this disparate data while conforming to privacy policies and best practices. The right consumer intelligence solution will give you very granular data access, enabling you to dig as deep as needed to develop precise segments while still segregating PII from other identifiers.

TruAudience Consumer Insights can help

These powerful solutions leverage TransUnion's identity graph for marketing solutions and tap into a robust repository containing 15,000+ consumer attributes — including demographics, geography, beliefs, attitudes, needs, life events, purchase behaviors, and buying and media preferences.



What is TruAudience Identity Resolution?

It's an authoritative identity methodology that reconciles the many offline and online identifiers and assigns them to a single consumer. It connects both past and present identifiers, including name, address, phone number, email addresses, cookies and mobile device IDs to provide robust and more accurate consumer profiles that take many situation-specific concerns into consideration.

Not all identity methodologies are created equal. Contact us to learn more about TransUnion's unique approach.



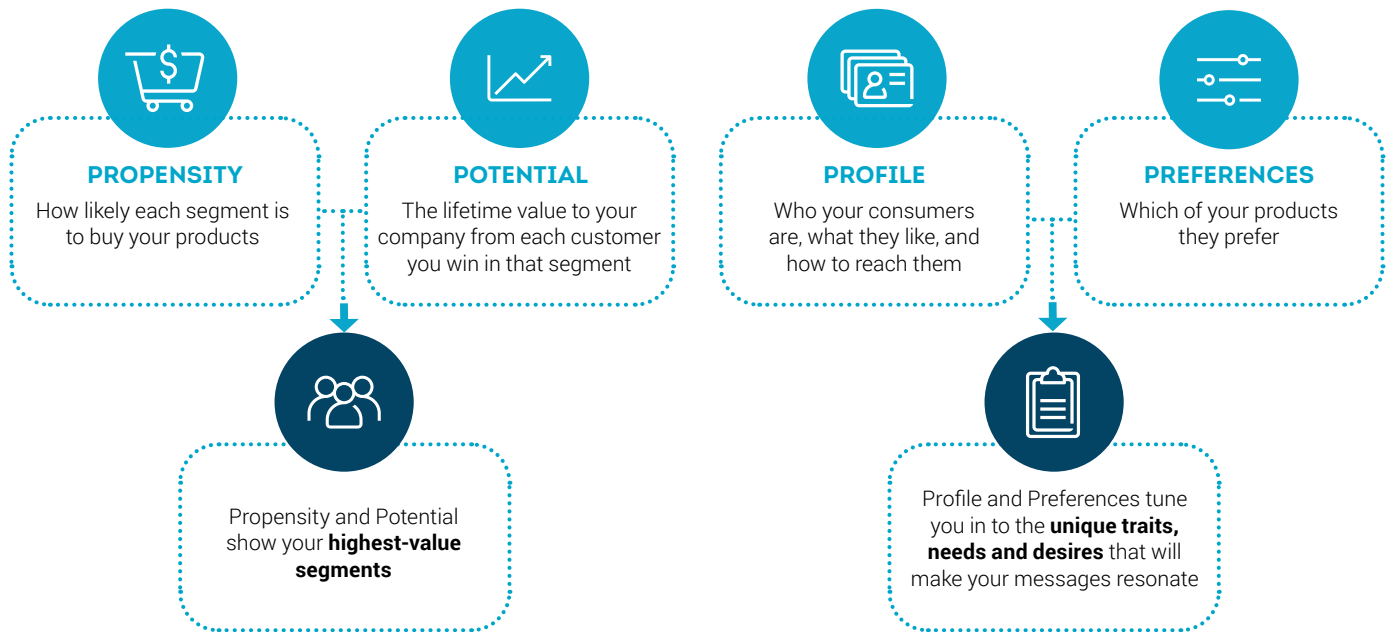
Step 3:

Utilize Your Integrated Dataset in a Custom Segmentation Model

In the past, the cost of custom segmentation has put it out of reach for many marketers. Today, technology-based solutions like TruAudience Consumer Insights have changed the equation. Once you have your integrated dataset ready, you can build custom segmentations with more flexibility and support than you might expect.

Uncover dynamic customer understanding

Your segmentation should help you define your customers in regard to how they relate to your brand or product, as well their more general attitudes. Aim to understand your segments' propensities, potential, profiles and preferences.



Taken together, these help you:

- Target the right consumers – that is, those most likely to become high-value customers
- Deeply understand them
- Earn their attention by delivering tailored communications aligned to their preferences
- Avoid wasted spend
- Do all of this at scale

Expand beyond syndicated segments

Syndicated segmentation solutions may seem like a quick path to customer understanding, but TransUnion clients have found they usually don't provide the level of granularity required for relevancy and prediction. Typically, the 50–60 “one-size-fits-all” segments that come with a generic segmentation schema cannot adequately capture the diversity in consumer interests, attitudes and behaviors across an industry. For example, a “financial services” segmentation schema may attempt to cover banking, insurance, wealth management and auto, but the markets for each of these products are quite different.

Layer in multiple use cases

Ultimately, you'll want to make sure your model can serve use cases at different levels in the enterprise. For example, there may be 50 distinct segments that “live” within your customer base, but different slices of these 50 segments may be relevant for different marketing initiatives. The example below illustrates how to operationalize this approach.



Spotlight: Leading wireless provider

This well-known brand uses the TruAudience geodemographic segmentation solution to create custom target groups for individual tactics, as well as derive higher-level strategic insights. Using internal customer data onboarded to TransUnion, the wireless provider client created 50 customer segments. It then employs different combinations of these 50 segments for individual marketing tactics like display campaigns, call center cross-sell/upsell programs, and email or website personalization. The wireless provider rolls up the 50 segments into 11 distinct strategic groups to meet its needs for higher-level, strategic insights. For an executive audience, these 11 groups are further rolled up into just 3 groups. Most households in the US can then be tied back to both custom segments and target groups – whether or not they're currently customers. In addition, everyone in the company has consistent language to reference when speaking about customers.

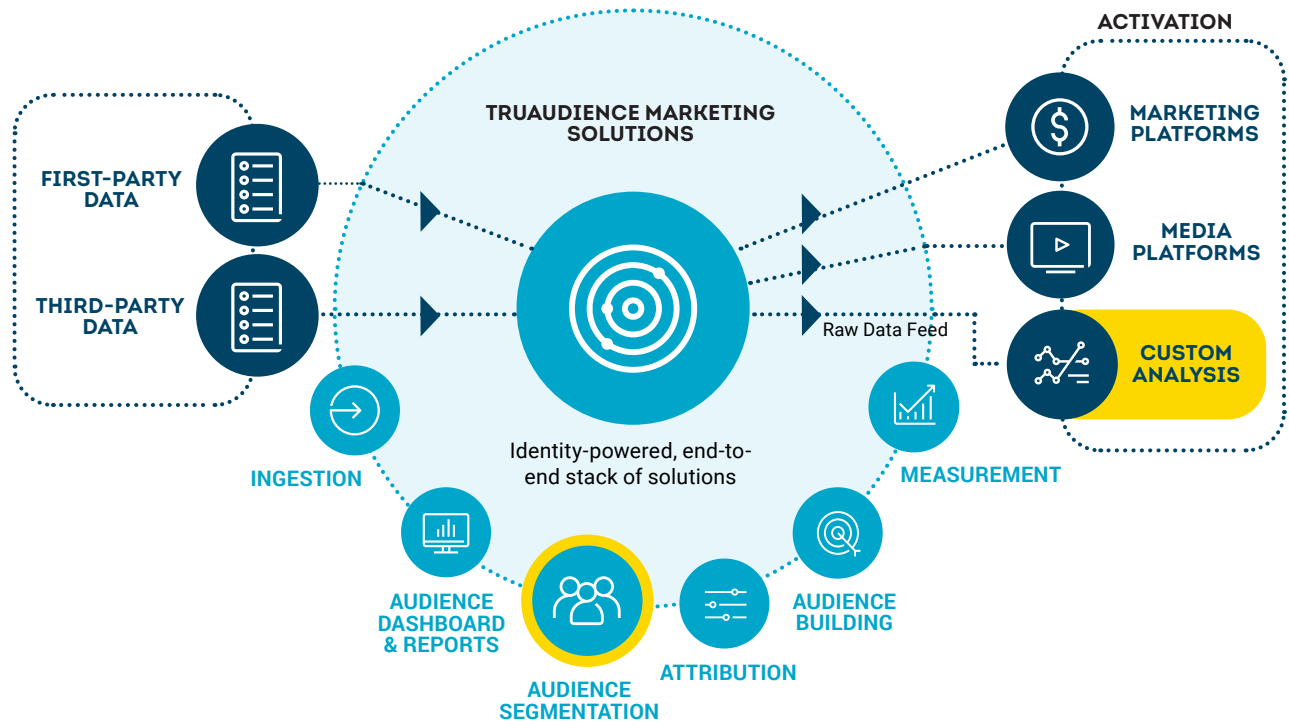
CUSTOMER SEGMENTS CAN BE COMBINED INTO STRATEGIC OPPORTUNITY GROUPS



Step 4:

Activate Your Segmentation

Any segmentation model that can't easily integrate with your online and offline channels will gather a lot of virtual dust. Once you build your segmentation, you'll want to incorporate it into your execution workflows for all channels your customers use to interact with you. This includes both online channels like web and media, as well as offline channels from call centers to direct mail.



Below, we've illustrated some ways you can take action in different channels.

ONLINE



DIGITAL ADVERTISING

Target your digital advertising only to those consumer segments with the right propensity and buying power. For example, an 18-year-old sports car enthusiast who lives on a college campus is unlikely to buy a luxury car.



AUDIENCE OPTIMIZATION

Improve performance of your audience strategies with more relevant insights and intelligence.



REMARKETING

Tailor messaging in remarketing initiatives to the interests of specific segments. For example, an individual purchases an SUV for a much different reason than a family living in a rural area.



WEBSITE PERSONALIZATION

Personalize messaging on your website from the moment consumers land on it. Show big-screen televisions to homeowners and lightweight laptops to business travelers.

OFFLINE



EMAIL/DIRECT MAIL DATABASES

Enhance customer files by appending segmentation to customer records. Your existing customers deserve more personalized mail.



DIRECT MAIL PROSPECTING

Pull lists based on segment (along with additional metrics like demographics, affluence, buying power, etc.). Craft more relevant messaging based on insights derived from segmentation.



CALL CENTER OPTIMIZATION

Immediately identify if an inbound caller is someone with a high propensity to be a valued customer. Arm your agents to introduce the best cross-sell offers to each inbound caller. For example, a single adventurer may be looking for a much different travel experience than an empty-nester couple.



MARKET/SITE SELECTION

Prioritize expansion efforts by which markets rank the highest in number of lookalikes for your top-performing segments.

Introducing Segmentation Planner, Powered by TruAudience Consumer Insights



Segmentation Planner, powered by TruAudience Consumer Insights is a fast, customized services engagement through which a TransUnion team of experts works with you to:

- Assess your data and determine which attributes are linked to specific strategic or operational questions
- Develop a custom segmentation for your business
- Surface actionable consumer insights to help you optimize your marketing strategies and inform your campaign investments

Also available via self-service through TruAudience Consumer Insights

Our unique methodology uses the proprietary TruAudience segmentation framework – and a robust consumer dataset containing over 15,000 attributes – to augment your customer records and build actionable target groups customized to fit your business needs.

In addition to demographic data, TruAudience Consumer Insights can provide a wealth of information about each customer group's lifestyle, preferences, shopping behaviors, media habits and geographic distribution. With these insights, you can describe, identify, locate and quantify your best customers in order to optimize your marketing strategies and focus your campaign investments. The average Segmentation Planner project takes just three weeks from data onboarding to actionable segmentation.

Segmentation Planner uses TransUnion's geodemographic segmentation solution to take full advantage of:

- The TruAudience segmentation framework – which is the foundation of TruAudience Consumer Insights and provides the building blocks for precise, customized segmentations
- A robust consumer data repository containing more than 15,000 consumer attributes
- The TransUnion identity graph for marketing solutions which enables more accurate integration and normalization of internal and external data, and provides a 360-degree view of consumers

Boost revenue now

In the past, customer segmentations have been too expensive, time-consuming and difficult to use for everyday marketing execution. Today, you have a much faster, more effective approach to understanding your customers. It's time to stop drowning in data and start profiting from it. You'll be surprised by how easy it is to take action on the four steps we've described in this whitepaper – in just a matter of weeks.

Contact TransUnion to learn how a TruAudience Consumer Insights engagement can help you:

- Enhance short-term and long-term revenue
- Spend valuable budget more efficiently
- Make smarter decisions
- Deliver superior brand experiences

Endnotes

1. "Consumer-Research-Report." Braze. https://marketing-assets.braze.com/production/resources/Consumer-Research-Report-2023_Final.pdf (2023).
2. "Driving Performance With Content Hyper-Personalization Through AI And LLMs." Forbes. <https://www.forbes.com/sites/forbesbusinesscouncil/2024/02/23/driving-performance-with-content-hyper-personalization-through-ai-and-llms/> (February 23, 2024).
3. "66% of Marketers Lack Confidence in Ability to Achieve Revenue Goals." CMO Council. <https://www.cmoCouncil.org/about/media-center/press-releases/66-of-marketers-lack-confidence-in-ability-to-achieve-revenue-goals-according-to-cmo-council-and-sprinklr-research-> (May 11, 2023).

TruAudience™

To learn more about how TruAudience Consumer Insights can help you build a better understanding of your customers, visit us at:

www.TransUnion.com/TruAudience-Insights

About TruAudience marketing solutions

TruAudience marketing solutions power data-driven marketing and measurement with an end-to-end suite of identity resolution, data enrichment, consumer and media insights, audience targeting and advanced analytics solutions.

In the face of data deprecation and new regulations, TruAudience marketing solutions make it possible for marketers to improve actionability across the addressable marketing ecosystem. TruAudience solutions help marketers develop a robust view of consumer identity; make strategic marketing and business decisions based on consumer insights; create powerful new audiences based on credit-informed and non-credit attributes; reach those audiences across today's fragmented media ecosystem; and measure and optimize their campaigns at pace.

<https://www.transunion.com/TruAudience>

About TransUnion (NYSE: TRU)

TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing an actionable picture of each person so they can be reliably represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for Good®.

A leading presence in more than 30 countries across five continents, TransUnion provides solutions that help create economic opportunity, great experiences, and personal empowerment for hundreds of millions of people.

<https://www.transunion.com>