

The year we rethink segmentation

 By [Dali Tembo](#)

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If there's one thing we love as marketers, it's squeezing ever-evolving consumers into deceptively neat PowerPoint boxes. Too many customer segmentation reports are based on over-simplified, outdated data; rich with biases - just ask 'Bargaining Busi' and 'Premium Pam'.



Dali Tembo, managing director of Instant Grass International.

Single snapshots of customer behaviour (perceptions, attitudes and influences included) only serve as a starting point when analysing contemporary shoppers who've made a habit of embracing change.

As internet usage expands and product life-cycles shrink, the need to question static models of segmentation has become critical. As we stare down the barrel of 2019, here are three reasons why you need to look at your static segmentation research more critically.

1. Constant volatility

Static definitions of segments struggle to address our extreme levels of volatility. Take findings from our 2018 Youth Report conducted in partnership with the UCT Unilever Institute of Marketing as an example.



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Approximately 380 youth (aged 18 to 24) enter into unemployment daily in South Africa – that's now the highest unemployment rate in the world. If you're a mass market youth-orientated brand, how do you account for the inevitable change in this segment's behaviour? Using traditional segmentation models, the answer is... with great difficulty.

If there's one thing we can count on going into the new year, it's that the pace of change will not abate. The quicker businesses are able to understand and adjust to changes amongst their shoppers, the more likely they'll be able to produce output that offers consumers impactful and differentiated value.

2. Identity curation

Today's consumers rarely fit into just one segment. They've become experts at shifting and carefully crafting their identities and behaviour to reap potential benefits. Take beauty customers as an example. Research shows us that handbag audits of traditionally premium beauty customers reveal products that speak to value.

Assume lower-income households won't purchase expensive things, and you'll inevitably miss out on massive opportunities – just look at the success of premium stores in Jabulani and Maponya Mall.



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The point? Depending on the time of day, it's possible to witness one consumer fit into three or four segments across categories; all displaying hugely different behavioural patterns and interests.

This is the age of **identity curation**, where consumers craft multiple aspects of their identity to suit their needs, at different times. If your segmentation model does not account for this, you're not subscribing to a holistic picture of your market.

3. Self-selection and ownership

In 1964 [Daniel Yankelovich](#), one of America's most influential social scientists, introduced non-demographic segmentations in the hope it would steer marketers away from making vague predictions about their consumers.

“ And 54 years later, we're still gambling on customer behaviour. Today's shoppers don't want marketers to make choices for them. Wherever possible, consumers will segment and target themselves by opting in to communities that speak to their values and behaviour. ”

In truth, this makes our lives much easier.

It's time we allowed consumers to choose their own relevant information, design their own products and services, and associate themselves with influences that feel more meaningful. To do this, one needs to be aware of these communities and have access to them, which is normally no easy task.

So, where to from here?

Dynamic segmentation

Who can afford to market to a growing list of segments, have access to 'round the clock' consultants or subscribe to multiple segmentation updates a year? As a business, we don't believe that's necessary. 2019 will be the year when our industry wakes up to the concept of dynamic segmentation.

Increasingly, forward-thinking companies are addressing these needs by building tools that allow research to live in real-time.

Utilising best practice consumer journey technology, on the ground video ethnography and constantly updated online platforms, we as an industry are changing how clients view 'the people' behind the purchase, long term.



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In the future, segmentations that represent consumer through a single snapshot in time, will last for about as long as the insight teams that commissioned them.

To produce sustainable outcomes in 2019, and to take the guesswork out of decision-making, we expect to see multidimensional and dynamic segmentation methods come to the fore.

ABOUT DALI TEMBO

Dali Tembo is a leading strategic mind canvassing how globalisation is affecting Africa's youth. Having completed his undergrad in organisational psychology, business management and public management, Dali went on to study a post-grad honours in marketing and an MBA specialising in emerging markets from the University of Liverpool...
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