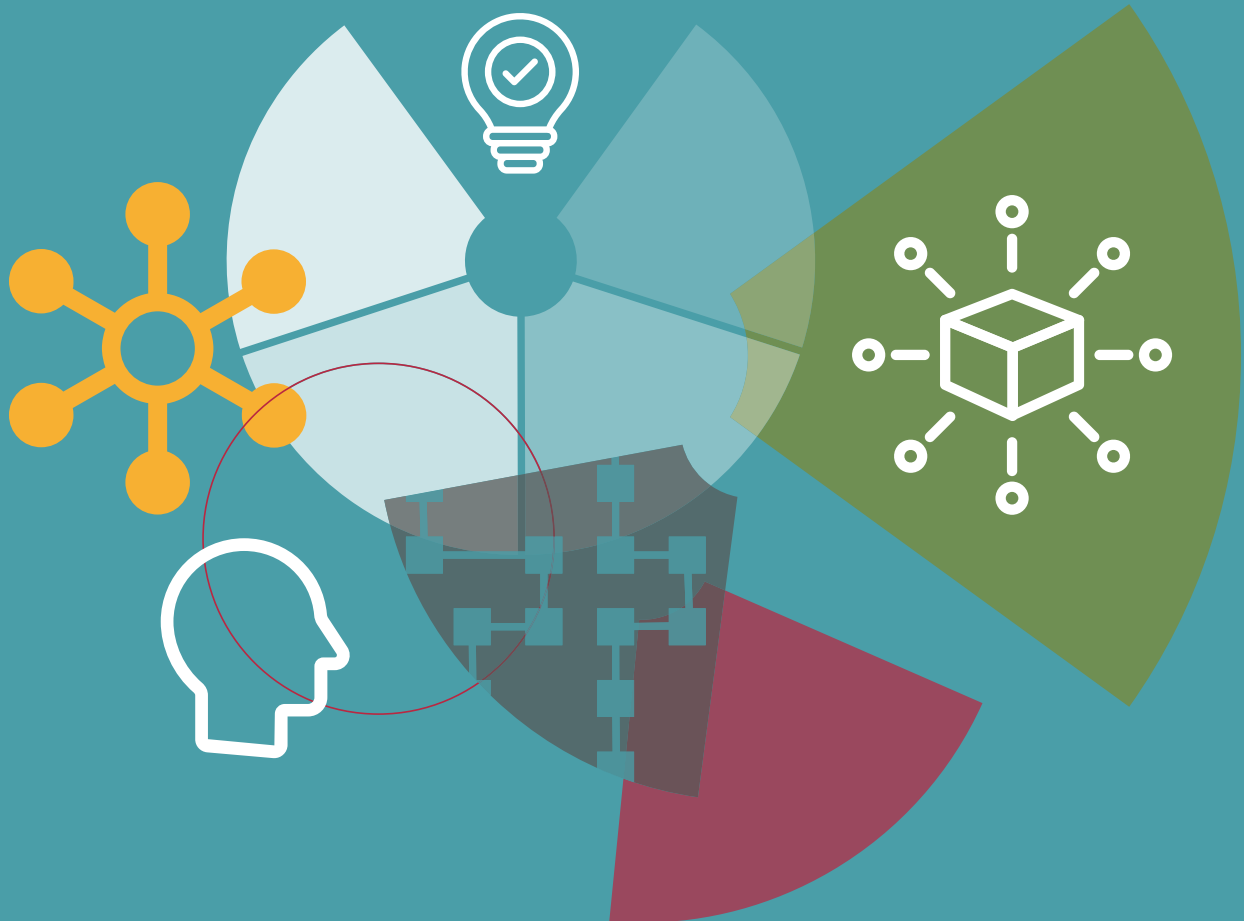




Firmographics and segmentation

How to use 8 common variables to target your audience



Firmographics & Segmentation

Introduction

Every business needs market segmentation to paint a more accurate picture of their customer base. From there, they can group customers according to similarities and create tailored messages to specific segments. Naturally, these highly personalised messages result in more conversions.

There is no single customer segmentation method that is likely to boost conversions for every segment, because in every case, one method might prove more effective than another. For example, while geographic segmentation might suffice for one sector, another might need to dig deeper and use behavioural or psychographic segmentation. But, for B2B companies, firmographic segmentation is non-negotiable.

Why are firmographics important?
What is firmographic segmentation?

1. Industry
2. Annual revenue
3. Company size
4. Location
5. Sales cycle stage
6. Status
7. Performance over time
8. Executive title

Conclusion

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What are firmographics and why are they important?

Firmographics are descriptive attributes of organisations, companies, non-profits, governmental entities, corporations, or any other type of firm. This data is to organizations, as demographic data is to individuals – both used to segment and target potential prospects.

What is firmographic segmentation?

Firmographic segmentation is the classification of business-to-business customers based on shared company or organisation attributes. This practice can help guide marketing, advertising, and sales by providing deeper business insights and ultimately lead to more focused and effective campaign strategies.

Variables used to create a firmographic target market

There are countless variables B2B teams use to create meaningful market segments using firmographics.

Some of the most common include:

1. Industry

Industry type is a natural variable because some sectors are more likely than others to be interested in certain products and services. A company in the education industry looking to invest in new classroom technology will not be interested in a retailer selling construction materials.

Grouping these companies together allows businesses to focus their advertising efforts to each industry. This is a more effective approach than promoting the same content to every industry and hoping your message resonates.



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2. Annual revenue

There Looking at revenue is essential because you want to advertise to those companies who can realistically afford what you offer, rather than wasting ad spend on prospects who cannot.

Your software might be more affordable than your competitors', and therefore more popular among smaller companies with less annual revenue. In this instance, you want to target those smaller companies who are more likely to be excited about your offer than Footsie 100 company.

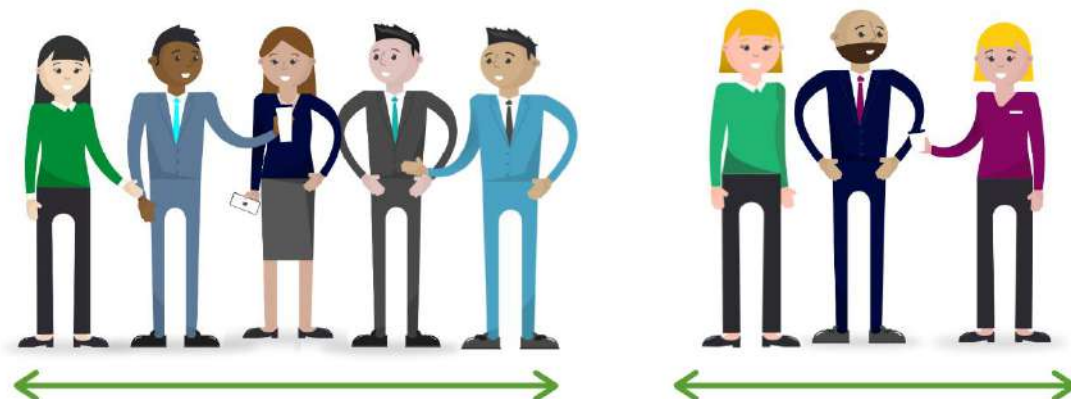


3. Company size

The number of employees a company has matters because different-sized companies likely respond differently to various messaging and advertising tactics. When using company size as a firmographic variable, ask yourself:

- Is your target business a major company or do they work on a smaller scale?
- Are they growing or downsizing?
- Are your products most popular with small start-ups, growing mid-size companies, or established industry leaders?

Answering these questions and segmenting your audience accordingly allows for more tailored advertising efforts.



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4. Location

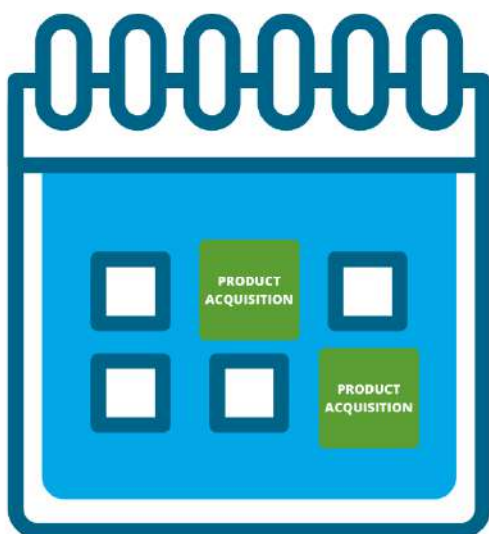
Location firmographics refer to where a target business is located geographically – city, region, country, continent, etc.

- Are they in a large major city or a small remote town?
- Is the company an international brand?



5. Sales cycle stage

The information you present to a prospective customer should be relevant to where they are in the buyer's journey. Are they in a position to make a purchase, or just looking for more information to possibly purchase later? It helps lead customers through the sales funnel by building relationships and truly understanding their wants and needs on a psychological level, and then pushing them through to the next stage. Lead nurturing also helps you learn things like how long it generally takes for a buyer to conduct diligent research and make an informed purchase decision, and how much time might be wasted on someone with no intent to buy anytime soon. Without fully understanding the sales cycle, you can easily waste time and budget this way – advertising to businesses who never intend to buy.



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6. Maturity

The maturity, status or structure of an organisation refers to the relation of one organisation to another, the legal status of an organisation, or the lifecycle stage of the business. It includes characteristics such as:

- Start up
- High growth
- Mature
- Individual firms
- Standalone entities
- Subsidiaries
- Limited liability
- Partnerships
- Publicly owned companies
- Privately held companies

Knowing which organisations find the most value from your products and services can significantly boost the effectiveness of sales, advertising, and marketing strategies.



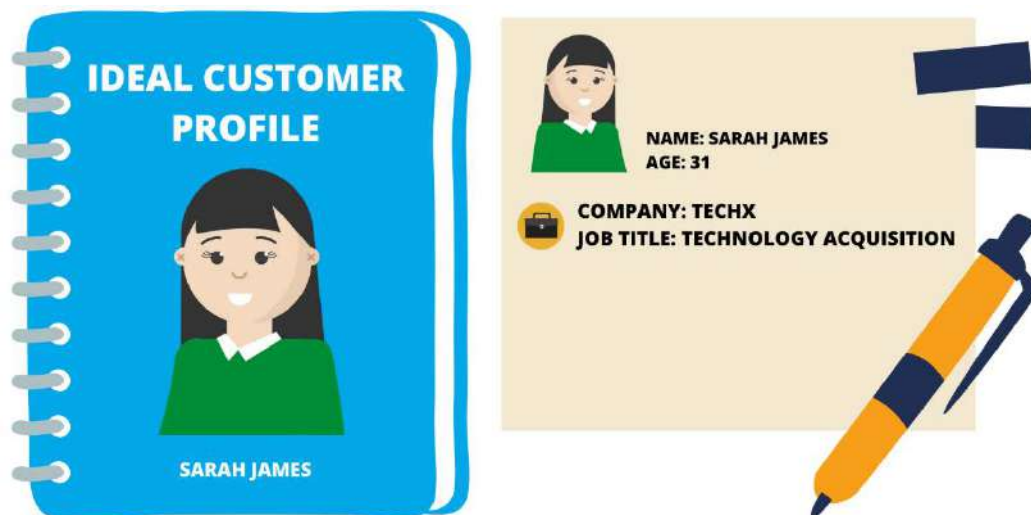
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7. Performance over time

Firmographic segmentation by performance is the grouping firms together based on characteristics related to business execution over time:

- Duration of existence
- Rates of growth or decline
- Profits and losses

Similarities in any of these categories can be an indicator that the firms need a common solution: your product or service.



8. Executive title

The firmographic variables above can all be used in determining your ideal customer profile (i.e. a buyer persona, but on a company level).

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Summary

Firmographic market segmentation uncovers valuable insights to inform and improve advertising campaigns. By grouping prospective organisations based on similar attributes, you are sure to benefit from new advertising opportunities, more relevant messaging, and increased ROI. The better you know a prospect, the more personal the value proposition you can offer, and the higher the chance it will resonate and result in the desired action.