

INVESTING IN SEGMENTATION IMPROVES MARKETING EFFECTIVENESS

THE SITUATION

Vignette (Nasdaq: VIGN) enables enterprises to achieve real-time advantage by rapidly building, deploying and optimizing enterprise Web applications. Vignette powers the Web applications of more than 1,600 leading organizations and is headquartered in Austin, Texas. Vignette has offices located throughout the Americas, Europe, Asia and in Australia.

The company develops and executes a variety of marketing programs. To reduce waste, time, and costs, the marketing organization continuously looks for ways to improve their targeting.

THE NEED

In preparation for several marketing campaigns designed to identify and secure new prospects, and to provide guidance for the new year's marketing plan, Vignette sought to identify and rank eight vertical market segments that would represent the best business potential for their solutions. Once identified, these markets would become the focus of intense marketing efforts.

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department," said Nolan Rosen, Vice President for Marketing. "We invested in segmentation to improve our response and lead conversion rates."

Vignette wanted a process that would provide a list of possible markets for their service and a methodology to evaluate the relative business opportunity of each so the company could make smarter strategic decisions about market expansion. With the internal team's time already committed, the company decided to explore outsourcing the effort.

THE DECISION

Besides having worked with VisionEdge Marketing (VEM) previously, Vignette liked VEM's approach to segmentation. Using the primary principles of

segmentation: substantiality, identifiability, accessibility, and opportunity, VEM builds a model that weights and ranks segments to ascertain those that best meet the established criteria.

"I believed VEM's unique segmentation methodology would provide us with a tool we could use over and over again," remarked Rosen.

THE PROCESS

Using VisionEdge Marketing's MarketSmart Service™ within the SmartStart Services Suite™, eight markets were evaluated and ranked in less than two months. There were four distinct phases to the project.

1. Discovery Session
2. Secondary research
3. Model population and recommendation
4. Executive presentation

The first phase, the Discovery Session, identified the criteria that would be used to evaluate the market segments. The outcome of the Discovery Session was a short list of eight industries to be evaluated using 15 weighted criteria. This approach fully leveraged the combined market knowledge of Vignette and set the direction for the secondary research.

The second phase involved extensive secondary research into each of eight market segments to obtain statistics for the fifteen criteria. The research relied heavily on site demographic

data available through Harte Hanks and industry statistics from IDC.

Using the data from phase two, VEM populated the model consisting graphically of two 2X2 grids. The Market Segmentation Quadrant yields a graphic representation of the relative strength and weakness of each segment.

"The segmentation model depicted at a glance which industries Vignette would be wise to focus on," said Rosen. "Not only were the best industries clearly indicated, but also VEM's model provided a detailed rationale for the ranking based on the selected criteria. It was a thorough and objective evaluation based on the best market data available."

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The fourth and final phase amounted to summarizing the project findings and recommendations for action into an executive slide presentation.

THE RESULTS

From beginning to end the project took eight weeks and was completed in time for Vignette to incorporate the recommendations into their annual plan.

Vignette has a strong rationale for aligning their sales, partnering and marketing strategies around a limited set

of verticals leading to greater efficiencies and effectiveness.

The VEM model is also being used within Vignette to evaluate additional market segments. "VEM gave us a professional and systematic methodology for successfully improving the effectiveness of our marketing efforts," said Rosen.

ABOUT VISIONEDGE MARKETING

VisionEdge Marketing (www.visionedgemarketing.com) is a data-driven metrics-based strategic and product marketing consulting firm recognized as a trusted authority in the area of marketing performance management.

The company excels at helping companies strengthen their competitive advantage, accelerate their ability to acquire, keep, and grow profitable customers, and measure Marketing's contribution to business goals. Founded in 1999, VisionEdge Marketing is located in Austin, Texas.

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