Email Segmentation: How eCommerce Businesses can Segment their Email Lists
# Email Segmentation - The Key to Your Customer’s Hearts (And Pockets)

Email segmentation is a powerful tool in digital marketing. It allows businesses to communicate more effectively with their customers by delivering personalized messages that are more relevant and engaging. This strategy is essential for increasing customer satisfaction, loyalty, and ultimately, sales. However, it's important to understand the concept of email segmentation to make the most of its potential.

## What is Email Segmentation (And Why is it So Powerful)?

Email segmentation is the process of dividing your email list into smaller groups or segments based on specific criteria. This allows you to tailor your marketing messages to each segment, thereby increasing the chances of engagement and conversions.

### Why is Email Segmentation Powerful?

- **Increased Relevance:** By sending messages that are relevant to each segment's interests, you can increase the chances of opening and engaging with the email.
- **Improved Engagement:** Tailoring messages to specific segments can lead to higher open rates, click-through rates, and overall engagement.
- **Increased Conversion Rates:** By targeting specific segments with messages that are more relevant to their needs, you can increase sales and conversions.
- **Better Customer Relationships:** Understanding and segmenting your audience can lead to stronger, more personalized relationships.

## Email Segmentation - It Starts with Understanding Your Funnel

Before you can segment your email list, you need to understand the different stages of the customer journey. This is known as the marketing funnel, and it typically includes the following stages:

1. **Awareness:** This is the stage where potential customers first become aware of your product or service. It's important to capture their interest at this stage.
2. **Interest:** At this stage, potential customers have expressed interest in your product or service. It's crucial to keep them engaged and provide them with more information.
3. **Desire:** Potential customers are now ready to buy. They need to understand how your product or service can solve their problems.
4. **Action:** This is the stage where potential customers take the final step and make a purchase.

## Email Segmentation for E-commerce - 10 Ways to Drive Sales

### Demographics - The Best Place to Start

Demographics is the first segment to consider. This includes factors such as age, gender, income, and location. By understanding these basic characteristics, you can tailor your marketing messages to appeal to specific segments.

### Signup Source - It’s Like Meeting an Old Acquaintance

Signup source can provide valuable insights into how your customers learned about your brand. This can help you understand which marketing channels are most effective.

### Interests and Preferences - Best Friends Giving Each Other Advice

Interests and preferences can help you understand what your customers are passionate about. This can lead to more relevant and engaging content.

### Engagement - Kinda Like a Friendly Professional Showing the Way

Engagement is an important factor in email segmentation. High engagement can indicate that your customers are interested in your brand, and low engagement can be an opportunity to re-engage them.

### Purchase History - Getting in Your Customer’s Head

Purchase history can provide insights into what your customers buy and when. This can help you understand their buying habits and preferences.

### Purchase Amount - Wooing the Loyal Customer

Purchase amount can help you identify your high-value customers. By understanding who your most loyal customers are, you can develop strategies to retain them.

### Engagement with Recommended Products - Using Your “Psychic Powers” to Drive Sales

Engagement with recommended products can provide insights into which products are most popular and which customers are most likely to make a purchase.

### Subscription Time Frame - Rewarding Customer Loyalty

Subscription time frame can help you understand how long your customers have been with your brand. This can help you identify long-term loyalty and potential upsell opportunities.

### Cart Abandonment - A Gentle Reminder that You Really Need This

Cart abandonment can provide insights into what customers are interested in but are not purchasing. By understanding these insights, you can develop strategies to convert these customers.

### Inactive subscribers - Revive or Remove?

Inactive subscribers can be a challenge. You need to decide whether to continue sending them messages, re-engage them, or remove them from your list.

## How to Use Segmentation to Craft Personalized Emails

Effective email segmentation is critical for crafting personalized messages that resonate with your audience. Here are some best practices to consider:

1. **Define Your Segments:** Clearly define the criteria for each segment based on the information you have.
2. **Create Customized Messages:** Tailor your messages to each segment's unique needs and interests.
3. **Segment Based on Behavior:** Use behavioral data to create segments that are more likely to engage.
4. **Test and Iterate:** Continuously test your segmentation strategies and adjust as needed.
5. **Focus on Quality:** Ensure that your segmented messages are of high quality and are delivered at the right time.

By following these best practices, you can effectively use email segmentation to drive sales and improve your overall marketing strategy.
While many marketers debate over whether it’s dead or not, the savvy marketer is always looking for ways to increase open rates and click-through rates.

Why?

Because those are 2 important metrics that lead to sales. One of the most effective, yet easy to pull-off strategies to boost the effectiveness of your e-commerce email marketing campaigns is email segmentation.

What is Email Segmentation (And Why is it So Powerful)?

So what is email segmentation and why should e-commerce businesses like yours use it?

Well, I’m glad you asked.

Email list segmentation is a strategy used by email marketers to increase their engagement rates. Segmenting your email list means grouping subscribers with similar qualities together. The criteria you use to segment your list is dependent on:

- Your business model
- The goals of your email marketing campaign
- The type of customers you serve

So Why should you segment your email list?

Here are the 3 main benefits of email list segmentation you’ll enjoy as an e-commerce store business:

1. **Advanced personalization**: One of the biggest benefits of email segmentation is that it affords you advanced personalization. With studies showing that personalized emails enjoy 26% higher open rates than those that lack personalization, you can't afford not to send personalized emails.

2. **Targeted messaging**: Another advantage of segmenting your email list is that it helps you create hyper-targeted messages for each segment. This helps hook your audience and increases engagement. In fact, a study conducted by Mailchimp revealed that segmented email campaigns enjoy a 14.31% higher open rate than non-segmented ones. More importantly, they command an incredible +100% higher click rate.
One of the key elements to email segmentation is to understand your sales funnel. Remember, the point of segmenting your email list is so as to be able to create targeted campaigns. To do this, you'll have to know exactly where in your sales funnel your subscribers are.

- Reveals what they are looking for
- Determines what information they need from you
- Puts you in a better position to move them to the next stage of the funnel

Knowing where your subscriber is in the sales funnel is, therefore, crucial to creating segments that will convert better. Let's look at a basic sales funnel and see how the 3 major positions (TOFU, MOFU, and BOFU) influence your email segmentation:

### Top of the Funnel (TOFU) - Building Relationships with New Subscribers:
Subscribers who are at the top of the funnel are still in the exploratory stage of the buyer journey. As such, the messaging should be more informative and not too salesy. This means the goal of your segments, at this stage, is to build a relationship with your subscribers.

### Middle of the Funnel (MOFU) - Gaining Your Subscribers’ Trust:
Middle of the funnel subscribers are those who now know you but are not yet sure if they’re ready to do business with you. The main goal of your segments and messaging at this stage is to gain your customer’s trust.

### Bottom of the Funnel (BOFU) - Converting Subscribers into Customers:
Subscribers that are at the bottom of the funnel are ready to buy. Those in this segment will actually appreciate your sales pitch. And done well, it will convert a good percentage of your subscribers into paying customers.

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**Increased revenue**: Let’s be honest here, your e-commerce store is not a charity. You need to drive sales and increase revenue. Email segmentation can help you do just that. Research conducted by Hubspot shows that segmented emails drive as much as a 760% increase in revenue.

As you can see, email segmentation is not just a gimmick. It is a practical strategy that will help you keep your audience engaged, and more importantly, boost your bottom line.
When it comes to driving sales through email, one of your best tactics is personalization. And it’s impossible to send personalized emails without segmenting your email list. This is why every e-commerce business needs to know how to segment their email lists for increased conversions. So how can you segment your email list?
Here are 10 ways you can drive sales by segmenting your e-commerce email list.

1. **Demographics - The Best Place to Start**

2. **Signup Source - It’s Like Meeting an Old Acquaintance**

3. **Interests and Preferences - Best Friends Giving Each Other Advice**

4. **Engagement - Kinda Like a Friendly Professional Showing the Way**

5. **Purchase History - Getting in Your Customer’s Head**

6. **Purchase Amount - Wooing the Loyal Customer**

7. **Engagement with Recommended Products - Using Your “Psychic Powers” to Drive Sales**

8. **Subscription Time Frame - Rewarding Customer Loyalty**

9. **Cart Abandonment - A Gentle Reminder that You Really Need This**

10. **Inactive subscribers - Revive or Remove?**
One of the best and easiest places to start from when segmenting your email list is by using demographics. In their simplest essence, demographics paint a picture of who your customer is and where they are.

Some typical examples of demographics include:

- Location
- Gender
- Age
- Marital Status

A great example of segmenting according to demographics is creating a segment of customers with children. You can then create a campaign promoting children’s clothing. So, how do you choose the demographics to use for your email segmentation?

Here are a few questions you need to answer in order to get the right answer for your business:
Is my product restricted to gender, age, or other demographics? : Use one or a combination of these to segment your list

What time zones are my customers in? : Sending Emails when a subscriber is sleeping reduces the chances of your email being seen and opened.

Can I cross-sell a product they won't use but might want for a loved one? : This one works best with married subscribers and parents.

Segmenting your email list by demographics is a basic way of achieving your email marketing goals but it works. It’s often more effective if you sell seasonal products or those that are gender-specific.

**Signup Source - It’s Like Meeting an Old Acquaintance**

People are bombarded by hundreds of emails every single day. According to research, the average person receives about 121 emails a day. Now that’s a lot of emails to keep track of, resulting in a number of them being ignored.

And this is exactly why you need to segment your email list by signup source. This is particularly important when running a welcome campaign.

Segmenting your email list by signup source allows you to connect with your recipient by reminding them where you first met. In a sense, they’ll feel like they are talking to an old acquaintance. This will help:

- **Increase open rates.** When people remember who you are and why they signed up to your list, they’re more likely to open your email than if they don’t remember.

- **Win trust faster.** Reminding people where you “met” will make them feel like you have something in common. This lends itself to enhancing the trust they have in you. And of course, trust always leads to better sales.

So what common sources do customers usually come through?

Here are a few to consider:

- **Lead magnet.** Many subscribers come to join your email list by downloading a lead magnet that they found interesting. If your email list is big enough, you can even further segment it by the type of lead magnet your subscribers downloaded.

- **Coupon code.** Everyone loves a great deal. That’s why coupons work so well in encouraging people to sign up for your email list. They are also a great way to tell the purchase intent of a subscriber.

- **Ads.** If you invest in paid advertising and you get people to sign up through these, you can create a segment for these. Like the coupon lovers, these subscribers are highly likely to purchase.
Checking your subscribers’ signup source is a great way to know exactly what they’re looking for. This makes it easier for you to tailor an offer specifically for them. For those who signup closer to the bottom of the funnel, you can even shorten your lead nurturing sequence.

**Interests and Preferences - Best Friends Giving Each Other Advice**

If your e-commerce store sells a variety of products, one of the best ways you can increase sales is by segmenting your email list according to subscriber interests and preferences.

When it comes to preferences in email marketing, this has more to do with how often your subscribers want to hear from you. Make sure to give your customers total control of this - it will make them love you more. Segmenting according to preferences makes sure that you give your subscribers just enough content to keep them satisfied - and looking forward to your next email. Another advantage of having a preference center is that you can use it to gather more data on your subscribers - data you can use to create other email segments.

As for interests, this deals more with the kind of products and content your subscribers like.

Source: https://reallygoodemails.com/emails/we-think-youll-like-this-and-this-and-this/
Segmenting your email list according to subscriber interest gives you a powerful opportunity to cross-sell or upsell. Because the customers in this segment already bought (or showed interest in) a certain product, chances of a well-crafted and highly targeted email can lead them to buy again.

This method of segmentation is especially powerful as:

- You’re targeting subscribers who are already engaged and interested
- It fosters brand loyalty
- Helps increase the LTV of your customers

Knowing what your customers want and giving them exactly that is a great way to foster a great relationship between you and them. This is because you prove that you care about their needs and interests.

**Engagement - Kinda Like a Friendly Professional Showing the Way**

Before people buy from you, they’ll first engage with your brand through your website and emails. And every single click, scroll, or page visited gives you a wealth of data you can use to create an effective segment for your next campaign. You can also use physical engagement (such as conference or tradeshow attendance) to create segments. Here’s a great example from Salesforce:

[Image of Salesforce email]

Source: https://reallygoodemails.com/emails/highlights-from-connections/
Let’s briefly look at how you can put this to work when marketing to your subscribers.

**Website Engagement**

When a visitor lands on your website, what do they do? Which pages do they visit? How many times do they visit a particular page? For those who drop off, where do they drop off?

While it may seem like you’ll need a psychic to get all that data, you don’t. All you need is a good behavioral analytics tool and you’ll have all this data at your fingertips. Data such as:

- Number of visits to your website
- Amount of time spent on a particular webpage (especially important are product pages)
- How far down the page they scrolled

These engagement metrics (and more) can be used to segment your subscribers. For example, you can create a segment for visitors who visit a particular product page more than once in a certain time frame. You can then send out an email offering a discount on that particular product.

**Email Engagement**

How do subscribers engage with your emails? This insight will help you further segment your email list to increase the effectiveness of your campaigns. Important email engagement metrics to track include:

- Emails opens
- Click-throughs
- Most clicked links

You can create segments according to these metrics. For example, you can create a segment for those who regularly open your emails and a separate one for those who don’t open regularly. Or you could create a segment for those who open a particular product link but don’t buy. You can then give them a discount on the product or recommend a similar product (Amazon’s killer tactic).

**Purchase History - Getting in Your Customer’s Head**

Every time a customer buys one of your products you need to do a celebration dance. Not only because your business has made a sale, but because every purchase reveals more about your customer.

That’s why purchase history provides a very effective email segmentation opportunity.
When it comes to segmenting your email list, their purchase history is one of the most effective as it helps you provide ultra-relevant content to your subscribers. Particularly if your product is one that customers have to purchase regularly (like dog food, for example), you can use these segments for powerful marketing campaigns by:

- Sending reminders to order again
- Promote accessories
- Recommending similar products

So, next time your cash register rings, know that you’ve got another email segmentation opportunity. Or, in other words, an opportunity to increase sales by getting in your customer’s head and offering them exactly what they need.

### Purchase Amount - Wooing the Loyal Customer

Keeping an eye on your customers’ baskets is another great way to find out how to segment your email list. Let’s be honest, not all your customers have the same buying power. But at the end of the day a sale, big or small, is still a sale. And you have to do everything in your power to encourage all customers to buy. To do this you can segment your list by:

- Big spenders
- Average spenders
- Those who love sales and coupons
This will save you from promoting expensive products to everyone on your list, only to have your campaign flop. On the other extreme, running a campaign promoting items less than the average value of your big spenders will result in you leaving money on the table.

Source: [reallygoodemails.com/emails/reminder-4-days-left-to-redeem-your-exclusive-offer/](https://reallygoodemails.com/emails/reminder-4-days-left-to-redeem-your-exclusive-offer/)

The above email is a great example of marketing to big spenders. The email copy is well crafted for those who are willing to spend a little more on a good night’s sleep.

However, no matter how much each customer spends, it’s important to woo your loyal customers with offers targeted for them. At the end of the day, they’ll become so accustomed to busying from you that they won’t dare go elsewhere.
Engagement with Recommended Products - Using Your “Psychic Powers” to Drive Sales

When you recommend products to your customers and they engage with them, it’s a sign that they are interested in your offer. Even if they just click through to the product page and don’t buy, create a segment for them.

This email marketing strategy is effective because recommended products:

- **Increase shopping time.** The more time shoppers spend on your site, the more likely they’ll buy something - either the recommended product or something else.

- **Result in repeat visits.** Repeat visits can only mean one thing - the chances of the visitor purchasing something are high.

- **Give shoppers more options.** More options means your customers will consider you as their one-stop-shop for their needs. This will result in customer loyalty and an increase in sales.

According to research, recommended products drive, on average, 24% of orders and 26% of revenue. Now, that’s one strong case for segmenting your email list according to engagement with recommended products.

Source: https://reallygoodemails.com/emails/dont-get-left-in-the-dust/

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One of the simplest yet highly effective segmentation strategies is to segment your customers according to the time they’ve been with you. This is particularly effective when the goal of your email marketing campaign is to foster brand loyalty. Whether your customer has been with you for a year or 10 years, showing your appreciation for them is a great way to achieve your goal.

Source: https://reallygoodemails.com/emails/you-re-the-best/

So how can you use this type of segment?

Here are a few ideas to consider:
• **Celebrate anniversaries.** Celebrating a milestone you reach with a subscriber is a great way to keep them engaged. Of course, there’s no celebration without a gift, is there? By giving them a gift in the form of a coupon or discount code, you’ll not only encourage sales but foster loyalty.

• **Reward long-standing customers.** Everyone loves to feel appreciated - especially your customers who have been with you for a long time. Create segments for them depending on how long they have been with you. Once done, what better way to reward them than with exclusive offers?

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**Cart Abandonment - A Gentle Reminder that You Really Need This cart abandonment**

It’s every e-commerce store’s nightmare. Yet, dread it as you may, it is a normal part of running an e-commerce store. In fact, research shows that cart abandonment rates are as high as 69.57%. While that sounds like doom and gloom, this is actually another marketing opportunity for the savvy marketer. That’s because a good marketer understands that shoppers abandon carts due to (among other reasons):

- High (or unexpected) shipping costs
- Finding the product cheaper elsewhere
- Researching the product before buying
- Getting distracted and forgetting to check out

When a customer abandons their cart, it’s important that you try and find out the reason. This will help you devise a solid campaign to get them to complete their purchase.

But to do that successfully, you’ll first need to create a segment in your email list for abandoned carts.

With this list, you now have an opportunity to recover a sizeable percentage of your abandoned carts. All you have to do is send a campaign reminding them of their (sad and lonely) abandoned cart.

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Source: [https://reallygoodemails.com/emails/don-t-let-free-shipping-go-to-waste/](https://reallygoodemails.com/emails/don-t-let-free-shipping-go-to-waste/)
And remember to improve your response rates by giving your customers an incentive to complete their purchase. Something as simple as free shipping or a discount code can work wonders.

**Inactive subscribers - Revive or Remove?**

Just as cart abandonment is a normal part of e-commerce, so too are inactive subscribers a normal aspect of email marketing. But why does someone who willingly (and happily) gave you their email address suddenly stop engaging with your emails?

Here are a few reasons:

- They got what they were looking for
- Your content has lost its relevance
- The email address is no longer in use

As long as a subscriber does not engage with your emails for a pre-determined period of time (usually 6 months), they are classified as being inactive. Action needs to be taken with these as they can negatively impact your campaigns and, more importantly, your sender reputation. And that's one of the main reasons you need to create a segment in your email list for inactive subscribers.

How do you deal with this tricky segment?

It's actually quite simple.

The first step after segmenting your list and creating a segment for inactive users is to create a reactivation campaign.

A reactivation campaign involves sending your inactive subscribers an email to try and elicit a response such as:

- An open
- A click
- Or even a purchase
What happens if some subscribers don’t engage with your emails?

As much as it may hurt, you’ll just have to let them go. Remove them from your email list - they are high risk low potential subscribers.
How to Use Segmentation to Craft Personalized Emails

Now that you know how to segment your email list, it’s time to look at how you can craft hyper-personalized emails that will move your sales needle up. Whether you decide to write the emails yourself or opt to hire a copywriter, email segmentation will help you:

**Understand Your Customers’ Psychographics**

Psychographics can be considered to be the opposite side of the coin to demographics. In short, while demographics deal with who your customer is, psychographics deal with why they need your product. It’s the psychology behind their purchase decisions and is mainly influenced by (among other things):

- Lifestyle
- Habits
- Behavior
- Interests

Understanding what influences your customers’ purchasing decision is crucial as it helps you leverage their psychographics to encourage a sale.

**Why?**

Because it will make your customer feel like you know them on a personal level. In the above example, the main selling points are wellness and rejuvenation - something that can really allure to busy people (think CEOs, startup founders, etc.) who never have time to themselves.
Use the Right Language

Another way in which email segmentation can help you craft personalized emails is that your segments will influence the language you use. For example, the way you write an email to a segment made up of senior citizens is totally different from the language you'll use with Gen-Z.

Here's an example from one brand that really understands its customers way of speaking:

Source: https://reallygoodemails.com/emails/did-you-say-beard-welcome-to-beardbrand/
Using the right language helps you connect emotionally with your customers. It will also help you use the right language that helps you connect on an emotional level.

**Offer the Right Product**

Of course, the main aim of email marketing is to drive sales. To do that, you’ll have to make sure the product you’re promoting is relevant to your target audience. And this is exactly what email segmentation allows you to do. It allows you to create email campaigns that promote relevant products.

Nothing is as embarrassing as promoting a product that your customer finds irrelevant. Besides your ego taking a hit, so will your revenue.

Source: https://reallygoodemails.com/emails/were-bloomin-giving-it-away/

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5 Email Segmentation Best Practices
You Should Be Following

Email marketing can be quite tricky if you don’t know what you’re doing. That’s why when it comes to segmentation, it’s important that you follow email segmentation best practices. These are factors that will help ensure that your segmentation is effective. And that also leads to the overall success of your email marketing campaign.

Let’s quickly look at 5 of the most important email segmentation best practices, shall we?

1. **Use the Right Email Marketing Platform:** One of the most critical components of your email marketing campaign is the ESP you use. While the goal is the same for all of them, functionality differs. This is why you need to use an ESP that has advanced features - particularly allowing you advanced segmentation capabilities.

2. **Always Start Simple:** Even though you may want to start by hyper-segmenting your email list right away, it’s strongly advised to start simple. Start with broad segments and then further segment these after each campaign you run.

3. **Segment Using Data:** Always collect data on your customers - even if it may seem insignificant. Not only does data help you create effective segments, but it goes a long way in ensuring your messaging is hyper-targeted. As a result, you’ll run successful campaigns (and make bank).

4. **Create Buyer Personas for Each segment:** Buyer personas are a great way of peeking inside your customers’ heads. They help you know what your customers need and what motivates them to buy. Buyer personas can help you establish effective segments for different demographics and psychographics.

5. **Test - Always:** One thing you need to remember about email marketing is that no strategy is set in stone. There’s always room for improvement. This is why you need to keep track of your most important KPIs. Use them to test which email segmentation strategy drives more sales.
Email Segmentation - The Key to Your Customer’s Hearts (And Pockets)

Email segmentation is the backbone of every email marketing campaign. As such, it should never be taken for granted. Most importantly, you need to follow best practices to ensure your marketing campaigns bring you the best return on investment.

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