



# INFINITI'S 5 STEP GUIDE TO EFFECTIVE CUSTOMER SEGMENTATION



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**5 STEP GUIDE TO EFFECTIVE CUSTOMER SEGMENTATION**

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## WHY CUSTOMER SEGMENTATION IS IMPORTANT FOR BUSINESSES

Defining customer segments and identifying your buyer personas will empower you to build targeted marketing campaigns to grab customers' attention, maximize customer engagement, and enhance customer lifetime value. However, segmenting customers can seem daunting for businesses. This is primarily because breaking down your market into targetable groups requires researching your customers using both qualitative and quantitative approaches. This is where businesses realize the real power of customer segmentation.

With customer segmentation as part of your marketing strategy, you can target core groups of your potential customers with precision. Also, by leveraging customer segmentation, you can divide your customers into various segments that share similar characteristics to make marketing and promotion more organized and targeted.



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## 5 STEP GUIDE TO EFFECTIVE CUSTOMER SEGMENTATION

By focusing efforts on your best customers, you can drive profits and grow your business. But, are you wondering how to get started? Although segmenting customers that share similar characteristics seems to be simple, the approach involves thorough research and analysis. To help you out, our experts have unveiled a comprehensive guide to effective customer segmentation. The steps involved are:

1. Conduct customer surveys
2. Choose the type of segmentation
3. Evaluate lucrative customer segments
4. Devise the right marketing approach
5. Test and iterate





## Step 1: Conduct customer surveys

The initial step to customer segmentation involves conducting a thorough analysis of customers in the target market. The easiest way for businesses to learn about their customers is to conduct a customer survey. Conducting customer surveys is highly recommended as it lets customers express what they value. In the case of medium-sized businesses, offering gift cards and discounts as incentives for customer response can even help drive maximum data in shorter time periods. Furthermore, conducting customer surveys as part of preliminary research can also help businesses understand customers' needs and devise value maximization strategies to enhance customer experience.

## Step 2: Choose the type of segmentation

After analyzing the needs and demands of customers, the next step involves choosing the right segmentation approach. Segmentation approaches include geographic, demographic, psychographic, and behavioral segmentation. Businesses can base their segmentation strategy on their business objectives and goals.

**Geographic segmentation** – In this type of customer segmentation, customers are segmented based on geographic location. As customers' interests, values, and preferences vary across various geographies, it is imperative for businesses to categorize them based on their geography and devise marketing approaches accordingly.

**Demographic segmentation** – This is one of the simplest ways to segment customer groups as demographic segmentation involves segmenting customers based on their age, gender, education, income, and more.

**Psychographic segmentation** – In this type of customer segmentation approach, customers' values, interests, shopping patterns, and lifestyles are taken into consideration.

**Behavioral segmentation** – This is closely related to psychographic segmentation where customers' attitude towards the brand, factors affecting buying behavior, and the way customers use the product/service is considered during segmentation.





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### Step 3: Evaluate lucrative customer segments

After categorizing customers into segments based on their location, behavior, interests, and demography, the next step involves identifying lucrative customer segments. To do so, businesses can run demo marketing and promotional campaigns for different segments. This phase of the customer segmentation analysis engagement will help businesses understand how different customer segments will respond to marketing and promotional activities. Furthermore, by conducting demo campaigns, businesses can segment their customers again into smaller groups based on their engagement rate. This phase of customer segmentation analysis engagement will help businesses to identify profitable customer segments and curtail a large amount of marketing spend.





## Step 4: Devise the right marketing approach

After gathering complete insights into customers and their requirements, the next step involves devising the right marketing approach. Before devising the marketing approach, businesses will need to identify the channels preferred by the target customers to make purchases. Analyzing competitors' marketing and promotional strategies can even help in successfully devising a robust marketing approach.





## Step 5: Test and iterate

Just devising the marketing and promotional approach doesn't help businesses to drive sales. Businesses will need to continuously monitor the results and make changes in approaches when required. As customers' needs and requirements evolve continuously, businesses will need to conduct customer segmentation approach periodically to change their marketing and promotional strategies accordingly. Conducting customer segmentation approach makes it easier for businesses to focus on their customer base. Also, customer segmentation strategy helps businesses to understand the market more effectively and craft compelling sales and marketing strategies for each of the segments.

## CONTACT INFO

Positioned at the forefront of market intelligence, Infiniti Research has carved out a niche for itself as the premier provider of market intelligence solutions for leading players across industries. Our unmatched market intelligence solutions, consulting, and in-depth market assessments are well-known among industry leaders for their ability to solve the toughest challenges faced by industry players. Our innovative market intelligence solutions help enterprises transform structural capabilities, improve execution efficiency, and fast-track time to savings.



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