

Customer Segments



1. What are Customer Segments?

Definition:

Customer Segments refer to the **different groups of customers** a business aims to serve. Each segment shares **similar needs, behaviors, or characteristics**.

👉 A business cannot serve everyone; therefore, it must clearly **identify and describe its target customers**.

2. Why are Customer Segments Important?

- They help the company **understand customer needs**
- They guide **marketing and communication strategies**
- They influence **pricing, distribution, and product design**
- Investors want to know **who will buy the product**

🚫 A business plan without clear customer segments is considered weak and unrealistic.

3. Key Questions to Identify Customer Segments

Students should answer the following questions:

- Who are our customers?

- *What problem do they face?*
 - *Who is willing to pay for our solution?*
 - *Are there different types of customers?*
 - *Is the market B2C or B2B?*
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4. Types of Customer Segments

1. Demographic Segmentation

Based on:

- *Age*
- *Gender*
- *Income level*
- *Education*
- *Occupation*

Example:

Young professionals aged 25–40 with medium to high income.

2. Geographic Segmentation

Based on:

- *Country*
- *City*
- *Region*
- *Urban vs rural areas*

Example:

Customers located in major urban areas.

3. Psychographic Segmentation

Based on:

- *Lifestyle*
- *Values*
- *Interests*
- *Attitudes*

Example:

Environmentally conscious consumers who value sustainable products.

4. Behavioral Segmentation

Based on:

- *Buying habits*
- *Usage frequency*
- *Brand loyalty*

Example:

Regular users who prefer high-quality and reliable products.

5. Customer Segments in Business Models

Customer segments can be:

- **Mass Market:** *one large group with similar needs*
- **Niche Market:** *a small, specialized group*
- **Segmented Market:** *several related segments*
- **Diversified Market:** *different unrelated segments*

Example:

The business targets both individual consumers and small businesses.

6. Writing Customer Segments in a Business Plan

Writing Style Guidelines

- *Be specific, not general*
- *Use clear and professional English*
- *Avoid vague expressions like “everyone”*

Useful Expressions

- *The target customers include...*
 - *The primary customer segment consists of...*
 - *The business mainly targets...*
 - *Customers are characterized by...*
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7. Example of Customer Segments Section

Customer Segments

The primary customer segment consists of young urban professionals aged between 25 and 40 who are interested in healthy and sustainable lifestyles. These customers have medium to high income and are willing to pay for quality products.

A secondary customer segment includes small retail businesses looking for eco-friendly solutions at competitive prices.

8. Common Mistakes to Avoid

- ✗ Targeting everyone***
- ✗ Describing customers in one sentence only***
- ✗ Confusing customer segments with marketing channels***
- ✗ Ignoring customer needs and problems***