DEFINING BEHAVIOURAL SEGMENTATION

WITH 7 EXAMPLES

SUMMARY

What is market segmentation?

Behavioural segmentation is one of many methods of market segmentation. Market segmentation is crucial, as it aids marketers to optimise their campaigns and strategies so that they appeal to a specific target group, without wasting time, budget, or resources on ineffectual tactics.

Different types of segmentation focus on a multitude of variables that range from static information such as age, gender, or occupation (that demographic segmentation focuses on) to interests, opinions, and activities (covered in psychographic segmentation).

Learn more about how to segment your market, the various techniques involved and successful strategies for implementing each type of segmentation ⟶

What is behavioural segmentation?

Behavioural market segmentation focuses on the actions, habits, and interactions of a prospect or existing client. By examining how and when buyers purchase a product among other variables, marketers can gain a deeper understanding of buyer habits and learn how best to take advantage of behavioural patterns.
This data can then be leveraged to implement detailed personalisation specific to clients and prospects.

**Buyer
needs**

**Behavioural
segmentation**

**Buyer
behaviour**

How existing clients use and benefit from products can also be determined with behavioural market segmentation. Focusing on behavioural patterns can also indicate whether leads are ready to convert into buyers or require further nurturing. Once established, this knowledge can then be leveraged to inform marketing and sales strategies to increase their success and boost ROI.

Insights gained from behavioural segmentation can guide crucial behavioural targeting. This is especially important given the expectations of prospects for higher levels of personalisation from campaigns. Equipped with the right information, sales representatives are able to demonstrate their knowledge of prospects. This is persuasive as it implies significant time invested in trying to win their business, showing individual attention. Detail and data are king, as accuracy is influential in selling to accounts in key target segments.

Behavioural segmentation examples and types of client segmentation:

- Purchasing behaviour
- Buyer journey stage
- User status
- Client loyalty

- Benefits sought
- Usage rate segmentation
- Occasion or Timing

7 Behavioural segmentation examples in detail: what is target behaviour?

Determining behavioural information required for behavioural segmentation requires marketers to examine several variables and data analysis processes.
Below are seven different target behaviour examples and types of client segmentation:

1. Purchasing behaviour

One of the first client segmentation examples is purchasing behaviour. This refers to the process a buyer makes during their decision-making process for each purchase. Behaviour varies from client to client, as each buyer may have different roles in the buying process, require more or less information, or simply buy according to their habits.

Due to the variety of influences, assessing which behaviours are most predictive for purchase-making and quantifying purchasing behaviour for behavioural market segmentation can be a challenging process. To develop a better understanding of purchasing habits, behaviour should be divided into four subcategories to later prioritise and adapt communication:

Complex:

The buyer is highly involved in the purchasing decision process and focuses on the distinct differences between brands to inform their decision.

Variety:

The potential client is not very involved with the final buying decision, is only searching for variety and as such, any final choices may be inconsequential.

Dissonance-reducing:

Before making a purchasing decision, a potential buyer comparing two similar brands may choose to base their decision purely on a difference in price.

Habitual:

Alternatively, when deciding between similar products offered by different brands, a buyer may side with a brand they are more familiar with based on personal preference and past experiences.

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	High involvement	Low involvement
Significant differences between brands	Complex buying behaviour	Variety-seeking buying behaviour
Few differences between brands	Dissonance-reducing buying behaviour	Habitual buying behaviour

Collecting information on purchasing behaviour can be a complex process. However, the greatest source of information is the clients themselves. Information recorded from incentivised client surveys can then be applied to future behavioural segmentation, campaign strategies, and to assessing the requirements for influencing purchasing decisions.

2. Benefit segmentation

Another example of behavioural segmentation is benefit segmentation. This method focuses on what buyers stand to receive when purchasing a product or service and is aided with accurate behavioural targeting and behavioural segmentation. Each client may benefit from products differently, depending on their needs and how they are fulfilled by making a purchase.

Identifying the various benefits of a product for each target segment can indicate the main selling points of each product, can uncover buyer motivation, and help to segment target markets. Highlighting key benefits allows for better personalisation and messaging that resonates with audiences.

This information can also inform product creation. Similar to other client segmentation examples such as purchasing behaviour, client surveys are instrumental for benefit segmentation. Collected feedback can be analysed and later implemented into A/B testing to trial various campaign elements and narrow down the most effective tactics for each segment.

3. Buyer journey stage

For effective client segmentation, identifying the buying stage of potential buyers and existing clients can prove to be insightful and help guide the personalisation of strategies for specific users.

Types of client segmentation based on buying stage:

- **Non-users:** Have no knowledge of a company or its products.
- **Prospects:** Have limited knowledge and are undecided about making a purchase.
- **First-time buyers:** Have recently made a purchase of a product or service.
- **Repeat buyers:** Regular clients who consistently renew contracts.
- **Former clients:** Past clients who have moved on to use competitors' products either for their price, quality, or simply due to their changing needs.

Depending on the buying stage of each client, different communication and campaign strategies will be effective. For example, a repeat buyer should not be addressed in the same way as a former client. In addition, a lost account will require more detailed behavioural targeting and nurturing to encourage them to return.

Similarly, prospects who are consistently visiting pricing pages, but not going through with a purchase, may also require further nurturing to move them from the awareness stage of the funnel towards making a purchase. The enthusiasm of first-time buyers also presents an opportunity and should be taken advantage of to create lasting loyalty.

As such, establishing the buying stage of potential and existing clients can be used to segment large target markets into smaller, more specific groups. Knowledge of these groupings can then be applied to strategies to implement campaigns with messaging that appeals to buyers in each stage. Feedback from personalised campaigns can then be leveraged to create new products and make improvements to existing ones.

Build an effective strategy that reaches and resonates with the needs of the B2B buying group in six steps $\longrightarrow$

4. Usage rate segmentation & user status

Usage rate is another important subcategory of behavioural market segmentation, as it serves as an indicator of the accounts which are worth an investment and are generating the most revenue for a company.

Therefore, usage can guide how marketing campaigns are personalised and the identification of target accounts that can be prioritised over those that do not strongly impact sales and revenue. This also encourages a positive ROI for strategies.

Rather than only focusing on frequent buyers, clients can be segmented into smaller groups depending on the value and frequency of their purchases.

Users can be divided into three specific groups or user statuses:

▸ **Light users:** Clients who use products much less than others and are likely to not make a repeat purchase.

▸ **Medium users:** Clients who use or purchase products on an average basis; neither regularly nor infrequently. These clients may be more inclined to make purchases due to specific timing or based on events and discounts.

▸ **Heavy users:** These users are the most loyal and engaged with products. They regularly renew or purchase products and services and are responsible for a large portion of a company's revenue.

Usage rate segmentation helps companies to understand why specific groups of users are heavy or light. These insights can be used to inform behavioural targeting and test various marketing strategies to increase the number of heavy users for different products and overall client loyalty.

Whilst at face value, heavy users may seem to be the priority for targeted and personalised marketing, light and medium users are examples of the need for lead nurturing. Many marketers neglect their top of funnel leads or light users, resulting in a loss of accounts over time. In this regard, usage rate segmentation is another opportunity to reassess nurturing approaches and their effectiveness.

Revitalise your lead nurturing strategy with our 6-month Lead Nurturing Playbook, built to boost your lead generation process. ⟶

5. Product behaviour

Product behaviour is an in-depth analysis of how clients use products. This may include the most used features, the least popular features, and what challenges are being faced during use of the product. This information, when combined with general feedback from clients about product features, can be leveraged to improve the overall optimisation of products for key segments.

Product behaviour from existing or potential clients using a product trial can also be used to inform usage rate segmentation and the identification of accounts within target segments that stand to benefit from products the most.

6. Engagement rate

Engagement rates are another important variable for identifying behavioural characteristics of existing and potential clients. The level of engagement focuses on which content is most successful in capturing the attention of target audiences. Engagement also indicates which prospects are consuming different types of content and when in relation to their buyer stage.

Metrics including download rates and other variables—such as interactions with client service representatives, chatbots across social media, or proprietary websites—can also be insightful for identifying which content appeals to target segments. Content consumption data also aids behavioural segmentation to identify the needs of specific accounts and their interests.

With this information, content marketing strategies can be optimised to create timely content that appeals to leads and encourages them through the sales funnel towards making a purchase.

7. Channel-based engagement

An integral part of informing the adaptation of strategies and campaigns to meet different behavioural characteristics is determining the preferred channels of communication for different segments. This is also true in psychographic segmentation, as both psychographics and behavioural segmentation are instrumental in determining the preferences of target accounts and their personas to deliver a personalised approach.

By focusing engagement on which channels are most popular with different segments, behavioural segmentation can be performed with greater accuracy. Insights gained from channel-based engagement benefits marketers by helping them avoid investing in campaigns across ineffective channels. After crafting marketing campaigns and content to encourage engagement on prospects' preferred channels, interactions can be measured and analysed to inform and improve future strategies for different target segments.

Discover the fundamentals of omnichannel marketing vs multichannel marketing and what makes a successful channel marketing strategy $\longrightarrow$

Benefits and drawbacks
of behavioural segmentation

Benefits

As one of the many examples of behavioural segmentation, client segmentation and the consequent ability to perform behavioural targeting, are extremely beneficial to a marketing strategy.

➤ **Engaged users:** Behavioural market segmentation aids marketers to identify the most engaged users of their products and the prospects interacting with content the most. These patterns in behaviour enable marketers to create efficient and effective marketing strategies with less risk of wasting time, budget, or resources.

➤ **Accurate messaging:** Behavioural marketing can leverage behavioural segmentation to optimise messaging based on findings to increase engagement rates. In this way, behavioural characteristics enrich client demographics with appealing and targeted messaging.

➤ **Personalised experiences:** Detailed analysis of the habits and behaviours of existing and potential clients allows for content and communications to be personalised. This has the ability to improve client loyalty and encourage prospects through the buying process to make a purchase.

➤ **Boosted brand loyalty:** A detailed understanding of prospects' needs and what they respond well to is an effective way of demonstrating how they stand to benefit from purchasing a company's product. Using behavioural segmentation in this way encourages brand loyalty, as clients value companies that take the time to invest in learning about their needs and concerns.

Drawbacks

Whilst the benefits of behavioural market segmentation are numerous, there are a few limitations to consider when developing strategies:

➤ **Scope:** Behavioural data measuring interactions and engagement is unable to track interactions or offline behaviours. This may include how a decision is made by a group of decision-makers.

➤ **Theory:** Although behavioural characteristics are indicative of past behaviours, predictions of future behaviour should be treated as theory, rather than fact.

➤ **Trends:** Behavioural segmentation can be used to gather insights about how segments behave. However, behavioural data is unable to determine how prospects would react to future products or new behavioural marketing and content strategies.

Similar to other methods of market segmentation, behavioural segmentation benefits from a combination of other bases of segmentation rather than being the primary and sole method of segmentation.

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Why you should start using behavioural segmentation

Behavioural segmentation is vital, as behavioural characteristics help marketers to develop a clearer understanding of how to segment their broad target market. This also facilitates the identification of specific behaviour patterns that distinguish different segments from one another. Consequently, this information can be utilised to improve the success rates of communications, content, product design, and marketing campaigns in general.

Behavioural segmentation is another example of how different bases of segmentation can benefit marketers by providing them with data and insights that can be used to gain a detailed understanding of key segments and how to improve future campaigns.

Our team of dedicated in-house demand generation experts work with clients to develop precision strategies specific to their target markets and the segments within.

LET'S WORK TOGETHER TO BUILD CUSTOMISED CAMPAIGNS THAT DELIVER UNMATCHED LEVELS OF ENGAGEMENT

Reach the team at letstalk@infusemedia.com $\longrightarrow$

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