

## Transcription

### Segmentation and Funnel analysis



Now let's move on to segmentation and funnel analysis. The process of segmentation and funnel analysis helps you understand your users in a better way so that you can build a better product for them.

So, first let's start with segmentation of users. What exactly is segmentation and why is it important for a PM? Let's see what our subject matter experts have to say.



Now, generally when using the analytics tool for the first time, the data that you receive will be for all your users, without any distinction between them. Your users generally would come from different locations, would have different education levels, buying power, or will differ on numerous other criteria.

Although the overall data collected is useful, having specific and detailed data about different segments of users will help improve your product even further. Here is where segmentation comes in. So, what exactly is segmentation?

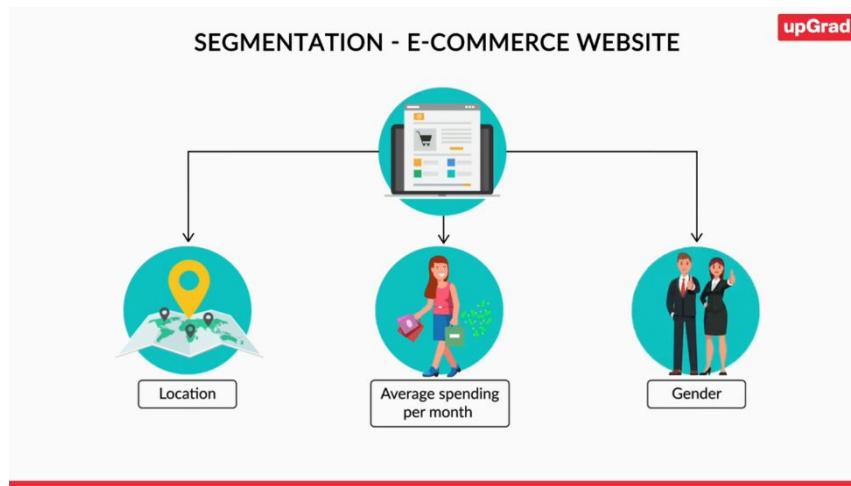
**Segmentation**

It is the process of **dividing users into smaller groups** that can be easily identified based on factors such as geography, age, spending habits and lifestyle.

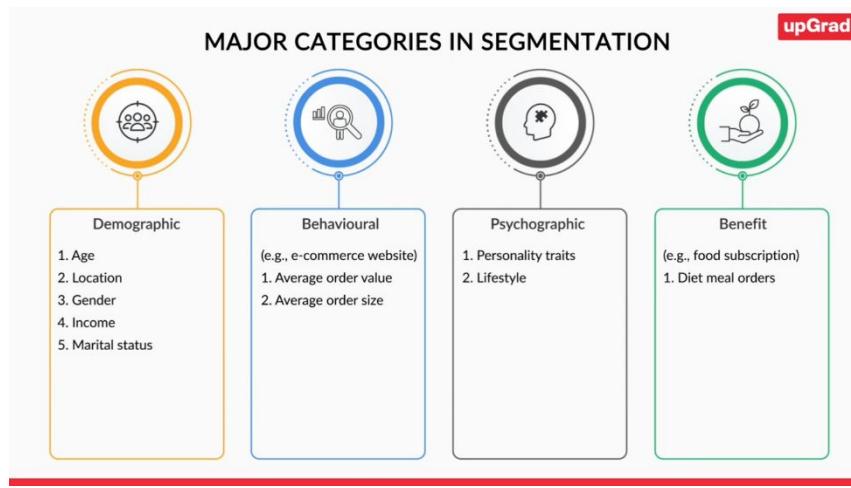
A pie chart illustrates the distribution of users across four segments:

Segment	Percentage
Blue segment	34%
Grey segment	30%
Green segment	16%
Orange segment	20%

Segmentation breaks down your users into smaller groups that can be easily identified based on any number of factors like geography, age, spending habits and lifestyle.



Let's take for an example, an eCommerce website. How would it segment its users? Well, it would carry out the segmentation based on whether they are from tier one, tier two city, their average spending per month and their gender.



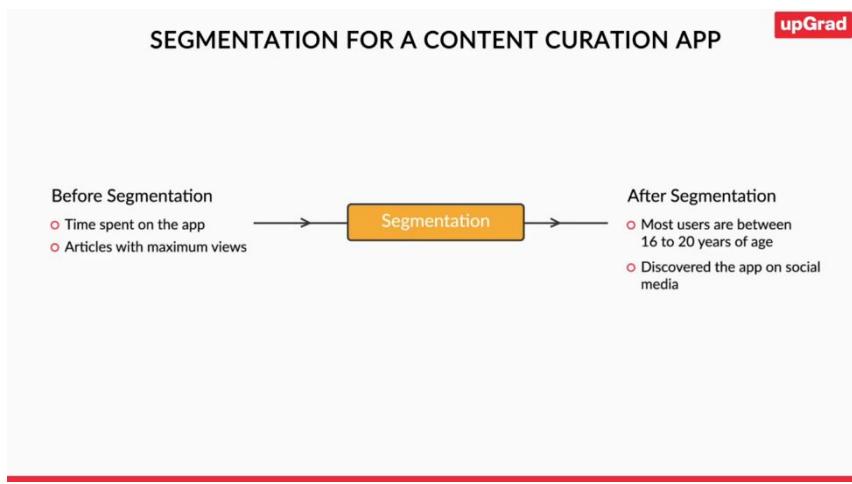
There can be other criteria as well. You can segment the users as per your choice, but there are four broad segments that you can use for a start:

1. The first one is demographic. It is one of the most basic and most used way to segment user. It involves grouping users, according to demographic characteristics like age, location, gender, income, marital status.
2. Second segment is Behavioural. Behavioural segment is when people are grouped based on their action on your product. For example, an eCommerce site may group user who spent more than 5,000 rupees per month into one group, or those who buy less than 10 items in a different group.
3. The third broad segment is Psychographic. This involves grouping the target market according to the personality characteristic, it could be lifestyle or any other such traits.
4. There's also segmentation by Benefit. In this case, what happens is when individuals are grouped on the basis of the benefits, they hope to achieve by using your product or service. For example, you have a food subscription offering. So, you will group users into those who ordered diet meals and those who order regular meals.

**IMPORTANCE OF SEGMENTATION**

- 1 Gain insights into different segments
- 2 Identify high-growth areas
- 3 Effective allocation of resources

So, now that you have understood the broad segments, why segmenting your users is important? Segmenting users helps you break down your users into smaller groups with similar characteristics, which you can then use to gain further insights into them and identify areas of high growth and accordingly allocate your key sources.



Let's consider an example. You have a product that deliver articles curated from web to users. Without segmentation, you would only have an idea on how much time users spend on your app, what articles get the most views and so on.

But after applying segmentation on the data, you would be able to figure out that the majority of your users are young people between 16 to 20 years of age, who downloaded your app after reading about it on social media. This data would lead you to build social sharing capabilities on your product, which would make it easy for readers to directly share articles from the app itself.

Now adding this feature could increase the traffic to your app by more than 30%. From this example, you can see that segmentation allows you to deep dive into data and find out key insights that can drive your product strategy.

The image shows a man in a blue button-down shirt gesturing with his hands while speaking. To his right is a white box containing a list of four benefits under the heading "IMPORTANCE OF SEGMENTATION". The upGrad logo is in the top right corner of the box. The benefits are numbered 1 through 4 and listed as follows:

- 1 Gain insights into different segments
- 2 Identify high-growth areas
- 3 Effective allocation of resources
- 4 Share data-backed insights with the team

Another important benefit of segmentation is that the data, is that it will make it easier for you as a product manager to share insights across the team and with senior executive. Not everyone understands the broad trends in data and providing segmented trends can make it easier for you to show the reasons behind product changes. And also, keep everyone on the same page.

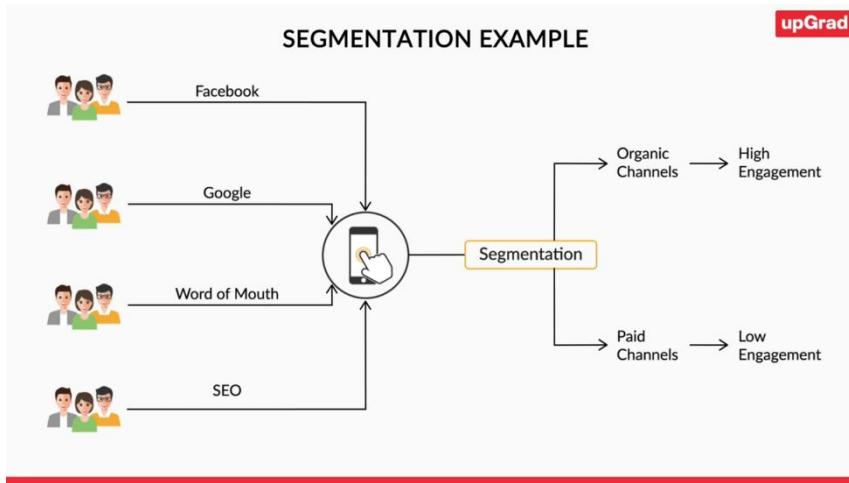
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USES OF SEGMENTATION IN THE INDUSTRY

- 01 Marketing
- 02 A/B testing
- 03 Engagement

Few examples of why segmentation is used in the industry can range from marketing. Like what are all these channels or segments through which you're acquiring users and how do they convert over time? It could be segmented for AB test. You could segment like people by different variations, and it could also segment in engagement. How are people engaged over different channels, such as web or mobile, etc.

There are a lot of benefits to segmentation. The most important benefit to segmentation is the ability to zero down on the segment that is responding to a particular product in a meaningful way, and then double down on it. For example, I will cover the rest of the conversation from the perspective of a product manager, responsible for growth and user acquisition.



Let's say you have an app and you acquire users from different marketing channels, such as Facebook, Google, organically, word of mouth and SEO. So, you can imagine that users are coming through all different channels every day. And it's very important to understand which channels are working for us so that we can build more and more products and improve the acquisition.

To continue on the marketing growth guy, let's see that he segments the data by organic and paid, and he understands that the engagement of the organic users is much more than the engagement of the paid users, which

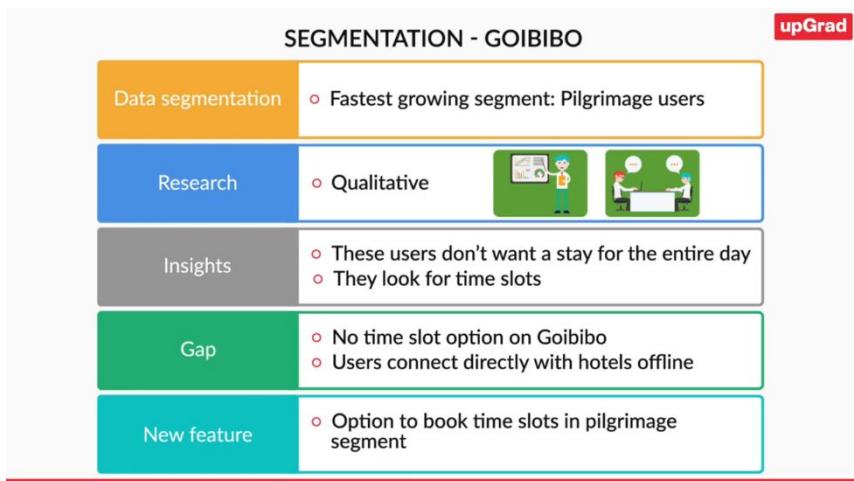
is very easily understandable because organic users hear about a product from their friends, and hence have a favourable opinion of the product before they sign up.

Whereas for paid users, they sign up through an ad and are not sold on the product completely when they sign up. So, if you are seeing that organic users are doing better than paid users, than what you want to do is to help your currently satisfied users spread the word about your product.

So, you want to build features like referral programs. You want to create a copy to help them sell the product more. You have to identify different triggers in the user journey when they're most excited about the product and would want to share their experience with the product with their friends.



So, now that you understand why segmentation of users is important, let's see how it helps the team at Goibibo.



So, for instance, I'll give you an example how we have leveraged segmentation at Goibibo to derive new product feature by themselves. You're looking at a broad last six months data. We realized that one of our fastest growing segments has been pilgrimage users, users going to Tirupati, Katra, Shirdi.

After looking at that segmentation of users, what we did was we started doing a qualitative analysis onto these users to understand what would they want, and came on the fact that these are the users who more often than not don't want a complete day stay. You know, maybe they would come in at 6:00 AM at Tirupati and would just want to freshen up and leave at 12:00 PM. But at the end, they are paying off for the whole day, if they book via Goibibo.

However, if they are actually going offline, reaching out the hotel, the hotel is giving them something which internally we call slot. We are now coming up with a product feature which will enable users to book these slots primarily into a pilgrimage segment.

So, you see, this is how you can essentially segment your users and drive new product features, build new products by themselves and change your products, tweak your products using these segmented users.



In this video, you learned that segmentation means dividing your users into smaller groups based on demographics, behaviour, personality, or benefit. You also learned why it is important for a product manager. In the next video, we'll take a look at how to standardize segmentation of your users.



You know that segmenting users to drive insights from data is essential for a product manager. So, is there a strategy which you can use to segment users based on specific factors? Let's ask our SME.



## CREATING A SEGMENTATION STRATEGY

01 Define the business objectives

02 Identify current priorities

03 Focus analytics on these priorities

04 Categorise the segments

- a. Acquisition
- b. Behaviour
- c. Outcomes

Nowadays, you will find that it is relatively easy to segment your data. In fact, many tools have default segments that you can use for any report you're working on. But such segments are generic across various industry. And if you want to gain insights specific to your product, you will need to create segments as per your needs.

The first step towards creating a segmentation strategy is to define very clearly your business objectives, goals, and target. Defining these using various framework has been covered in the sessions on metrices previously. Business objectives and goals will help you identify the important things and the current priority of organization.

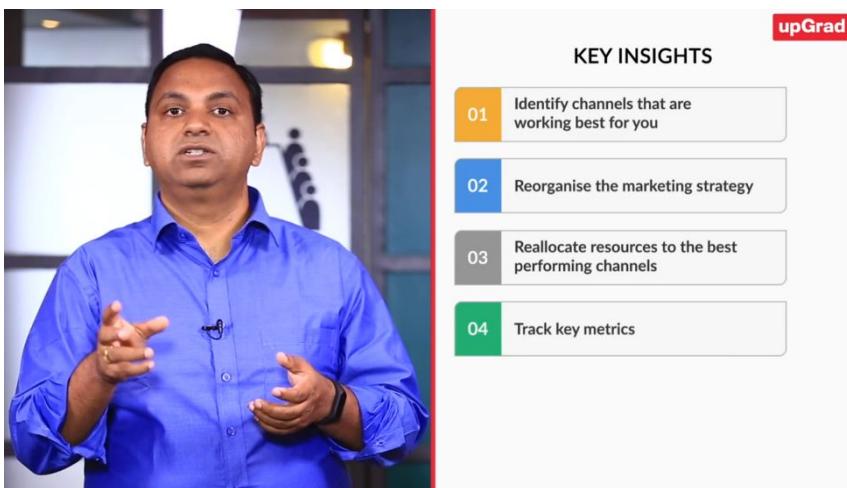
The target will help you in identifying the areas where you should focus the analytics. The three main categories where you should pick some segments are number one, acquisition, number two, behaviour, and number three outcomes. Now let's look at a how to select segments for each of these categories.

### Acquisition

It refers to the **activities undertaken to attract users to your product**. These may include **marketing campaigns** such as pay-per-click marketing, social media advertisement, email campaigns or affiliate campaigns



First, let's talk about acquisition. So, acquisition refers to activities that you undertake to attract users to your product. These may include marketing campaigns like Pay per click marketing, social media advertisement, email campaigns, or affiliate campaigns. The most important question you have to ask is where is the company focusing most of its resources to attract users.



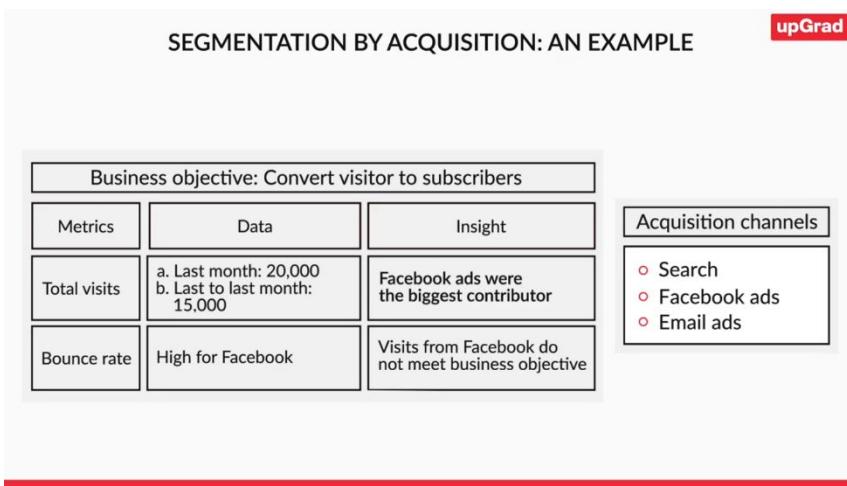
The image shows a man in a blue shirt speaking, likely giving a presentation. To his right is a sidebar with the title "KEY INSIGHTS" and four numbered steps:

- 01 Identify channels that are working best for you
- 02 Reorganise the marketing strategy
- 03 Reallocate resources to the best performing channels
- 04 Track key metrics

By segmenting users data based on acquisition channel, you would get insights into what is working and what is not.

According to these insights, you can reorganize your strategy and relocate important resources and funds to sources that are working for you. Once you have these broad segments identified, you would need to set metrices to track for each segment.

The goal at the end should be to find out total visits, cost per visits, first time visitors, bounce rates, and conversion rate. By identifying the number for each of these segments, you can identify the channel that are working well for you.



The diagram illustrates segmentation by acquisition. It starts with a business objective: "Convert visitor to subscribers". This objective is broken down into metrics, data, and insights. The data shows a significant increase in total visits from last month (20,000) to the previous month (15,000), attributed to Facebook ads being the biggest contributor. The insight notes that visits from Facebook do not meet the business objective. On the right, it lists acquisition channels: Search, Facebook ads, and Email ads.

Business objective: Convert visitor to subscribers		
Metrics	Data	Insight
Total visits	a. Last month: 20,000 b. Last to last month: 15,000	Facebook ads were the biggest contributor
Bounce rate	High for Facebook	Visits from Facebook do not meet business objective

Acquisition channels
○ Search ○ Facebook ads ○ Email ads

Now let's go through an example of acquisition. Suppose you work at a company where the objective is to convert the visiting users into subscriber. You have the data with you 20,000 visitors visited your website last month, hypothetically, which was higher than the previous months number of 15,000.

The data tells you that the user number grew, but it does not tell you why. By segmenting this data into acquisition channel like search, Facebook ads and emails, you will be able to see that the rise was due to the large increase in users, visiting by clicking the Facebook ads, while users through other channels did not increase much.

Now for each segment, if you check the data for metrics, such as bounce rate and cost per visitor, you would see that the bounce rate for visitors due to Facebook ads was very high. So, although the number of visitors increased, there was not much of a value because they did not spend much time on the website.

So, you can say that though Facebook ads increase the number of visitors, the growth does not meet the objective of user conversion. So, in this case, resources would be better spent on other acquisition sources.



In the last video, our industry expert took up an example of a PM responsible for growth in user acquisition. Let's see how this PM would segment users based on acquisition channels.



So, how is this segmentation done? The word that we use is instrumentation. Tracking or instrumentation is the way in which you identify a different attribute to each segment so that then you can see that data segmented in your analytics.

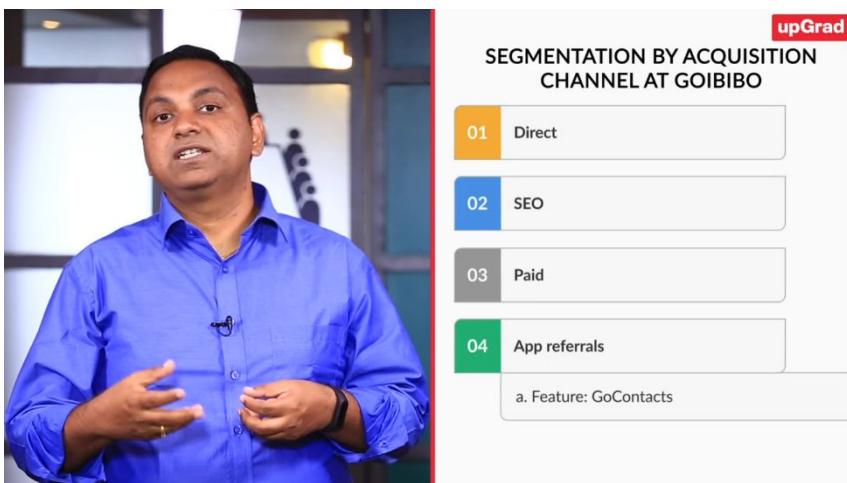
To instrument the particular segmentation that we talked about in the marketing case, what you would do is whenever a user registration occurs or the event of user registration occurs, you would add an attribute to the event of source.

TRACKING/INSTRUMENTATION		upGrad	
Acquisition Channel	Attribute	Users	Acquisition Channel
SEO	SEO	A	FB
Google AdWords	Gad	B	R
Facebook	FB	C	Gad
Referral	R	D	R
Direct	D	E	D
		F	SEO
		G	R

Now the source could be a SEO, Google AdWords, Facebook, referral, or direct. And once the source is attributed, as you can imagine in your user table, each user will have a source attributed next to them. And then over time, you can do a segmentation of which source is doing the best in engagement. And hence, you can identify which segment you should focus on.



After this explanation, let's see how users are segmented based on acquisition channels at Goibibo.



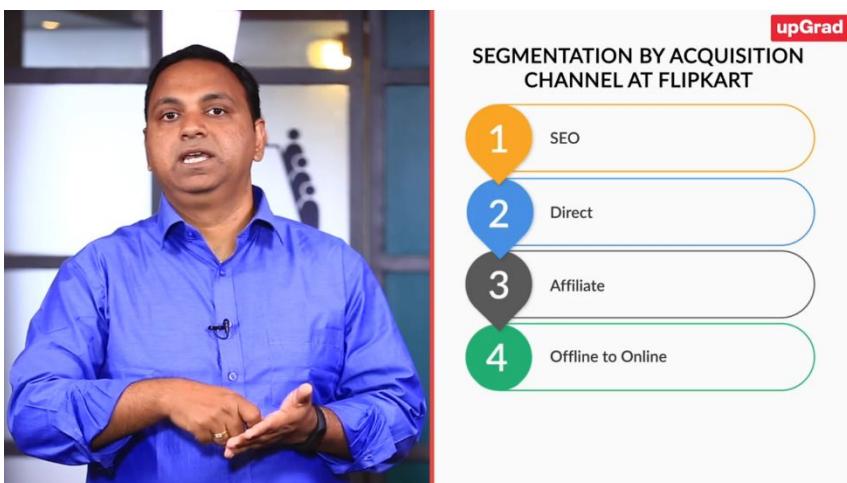
SEGMENTATION BY ACQUISITION CHANNEL AT GOIBIBO

- 01 Direct
- 02 SEO
- 03 Paid
- 04 App referrals
  - a. Feature: GoContacts

So, at Goibibo, we have various different marketing activities, which we run. Just like we talked recently, we have Facebook ads, we have SEM. SEO in general is not a marketing activity, but we have a segmented traffic. So, the way we segment is where's the traffic coming from. There's a direct traffic, there's SEO traffic, there's a paid traffic. Paid traffic again is split into SEM traffic, Facebook ads, affiliates.

We have an app traffic, so it comes from various different referrals. There, we also run various different product features. So, for instance, go contact. Go contacts allows you to sync your contact book on our app, which intern sends out an invite to your friends and they can sign up on the website, that in itself is an acquisition channel.

So, for us, go contact segmentation becomes another acquisition channel. This is one way to segment the users on to the, for instance, at Goibibo. There are other which you can do it.



SEGMENTATION BY ACQUISITION CHANNEL AT FLIPKART

- 1 SEO
- 2 Direct
- 3 Affiliate
- 4 Offline to Online

So, for instance, I'm sure Flipkart would be doing SEO, direct and affiliate marketing. But apart from that, they are also looking at, you know, how many people are coming from offline to online. So, that would be another segmentation for them.



So, you learnt that your segmentation strategy can be based on acquisition channels, behaviours, and outcomes. We have already discussed acquisition channels in this video. In the next one, we'll look at segmentation by user behaviour.

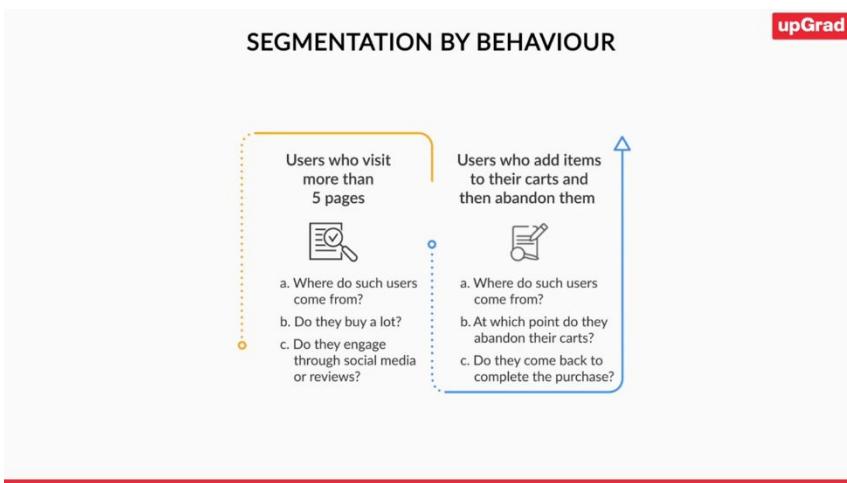
After segmentation by acquisition channels, let's look at user behaviour. How exactly can you segment users based on their behaviour with the product. Let's find out.

A medium shot of a man with dark hair, wearing a blue button-down shirt. He is gesturing with his hands while speaking. To his right is a white callout box with rounded corners. At the top of the box, the upGrad logo is visible. Below it, the title "IMPORTANCE OF SEGMENTATION BY BEHAVIOUR" is centered. Three numbered points are listed inside the box, each with a colored circle (orange for 1, blue for 2, and dark grey for 3) and a corresponding description: 1. Paves way for new feature ideas, 2. Helps identify what is working well in the product, and 3. Checks whether users are using the product as imagined.

So, now that you have learned how to segment users based on how they visit your website, now let's look at how to segment them based on what users do with your product.

Segmentation by behaviour is very important for a product manager as this data can help you identify new ideas for feature, to be built. See what is working in the product and what is not. See whether your users are using the product as it had been imagined while building the product and other such questions.

Behaviour refers to the activity people undertake while using the product. The majority of behaviour segments fall into two buckets. One, users who see X pages, two, users who do Y things.



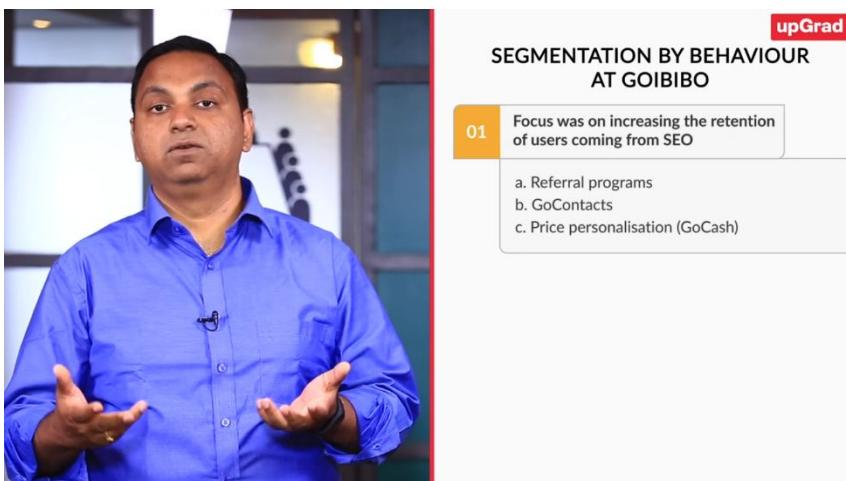
One behaviour segment could be visits with more than page views. For a content website like ESPN, more page views mean more ad revenue. And for an eCommerce website like Amazon, it means user is highly engaged and interested in buying eventually.

If you dive further into this data, you will be able to find answers to the questions where do such users come from? Do they buy a lot? Do they engage through social sharing or comments or reviews? For an eCommerce website, you could focus on people who add products to the cart and then abandon them.

Where did they come from? Where did they abandon the cart? Did they come back to complete the purchase or not? Identifying segment based upon the user behaviour is not an easy task. User behave in different ways with different products. There is no standard framework that can be applied to every product. You will need to play around with the data available, keeping in mind the objectives and the goals.



Now that you understand the theory, let's see how it's actually done in the industry. Here's how users are segmented based on the behaviour at Goibibo.



The image shows a man in a blue button-down shirt, gesturing with his hands while speaking. To his right is a white slide with a red 'upGrad' logo at the top. The slide has a title 'SEGMENTATION BY BEHAVIOUR AT GOIBIBO' and a section labeled '01' with the text 'Focus was on increasing the retention of users coming from SEO'. Below this are three bullet points: 'a. Referral programs', 'b. GoContacts', and 'c. Price personalisation (GoCash)'.

So, if you see travel industry in general, one of the behavioural segmentations which happens, no matter which part of the world you are, is that around 80 to 90% of your traffic comes via search engines. So, in essence, what I'm trying to say is that user is not loyal.

Why is he not loyal? Because it's very easy to search on Google cheap flights to Bombay. And that's why it's very important to segment users looking at how many people were eventually coming to you via SEO and then became your loyal customers.

At Goibibo, we tried a lot to build, you know, something called retention eventually to the people who had not been loyal to any of the brands. The referral program was one of the ways, go contact was another, price personalization was another way in which people could inherently come, log in and see the benefit of the money which was there in their wallet, called go cash.

This could only happen because we could segment the user behaviour, whether they are coming from the SEO, how much time they are spending on the site. There are obviously anomalies.

So, for instance, people who are coming via the organic route on M web doesn't usually behave in the same way when they come on D web because more often than not, people who are coming via organic route on M web gets converted onto your app downloads.

So, these are the things which you would eventually look at when you would start segmenting them based on the behaviour. Very important to do this, but there is no fixed framework. You would do it; you would learn it as you would continue to do along.



In this video, our SME explained how users can be segmented based on behaviour. Next, we'll take a look at how to segment users based on the outcome of their product use. See you on the other side.

You've seen how users can be categorized by acquisition channels and behaviour. Now let's turn to outcome. But before we dive into this topic, ask yourself a few questions. What kind of a user are you? Deal seekers, voracious shopper, just like to browse and see what's going on.

I think when it comes to online shopping, I am definitely a deal seeker. Now let's understand how exactly can users be segmented according to the outcome of their product use. Let's check it out.



You've seen how users are segmented based upon where they come from and how they use the product. Another important thing to keep in mind is to segment your user as per the outcome of their site visit. Now outcome are the activities by users that add value to your product. For instance, for a company like Amazon, segments with outcome would be users who order. For a blog, it would be users who subscribe.

**NEED FOR SEGMENTATION BY OUTCOME**

- 1 Identifying most valuable users
- 2 Understand what makes these users unique
- 3 Use data insights from segments to convert them to loyal users

So, why is it necessary to segment user as per outcomes? Because the users in the segment are the ones who add value to your product. They could be buying stuff, consuming content, or signing up for a paid subscription. There are some of the most valuable users for you who directly affect the revenue of your product.

So, its important to figure out what makes these users unique from other users and why they end completing the transactions while others don't.

You should take insights from the data for these segments and do more for these users so that they convert into loyal users for your product. So, let's see, how the users of an eCommerce website like Amazon would be segmented.

**SEGMENTATION BY OUTCOME IN ECOMMERCE**

Outcome Segment	Insight from Data	Action
Order value is 30% more than the average value	Why is the transaction value higher for them?	Push special offers for them
Add products to wishlist	Waiting for a price-drop	Send notification/email when the price drops
Return 50% more orders than average	Identify reasons for returns	Strategise for minimizing returns

Some of these segments could be users with order 30% more than the average order, finding out such users will help you identify why the transaction is more for them. And with this insight, you could push special offers for them.

Users who add products to their wish list, such users may be interested in buying, but maybe waiting for a price drop or offers. You could push out notifications or emails to such users whenever the price drops. Users who return 50% more orders than the average return. By analysing the segment, you could find out the reasons for return and also think of strategizing the return minimization.

That was the segmentation for an eCommerce company. Now let's take up for another. For a content SAS website, the segment could be along these lines. Users who apply for a trial or download the trial version of the product, users who request a call back from the sales team.

You should put at least two to three segments for outcomes. But keep in mind if you're selecting too many, it may be a signal that you don't know what you're doing. The best way then is to brainstorm with your team and higher management team to identify the relevant objective and business goals.



Now let's see how Goibibo categorizes its users based on outcome.

The image shows a slide titled 'SEGMENTATION BY OUTCOME AT GOIBIBO' under the heading 'Feature: Reserve Now, Pay Later'. It features a table with three columns: 'Outcome Segment', 'Insight from Data', and 'Action'. There are two rows in the table.

Outcome Segment	Insight from Data	Action
Users who reserve and end up booking	Tentative about dates, sure about destination	Flexibility to modify booking dates
Users who reserve and end up cancelling	Tentative about group size	Option to change no. of passengers later

So, for instance, at Goibibo, we have recently launched a product called Reserve Now Pay late. It does exactly what it says. You know, at hotel you can reserve now and pay up until a certain amount of date, a certain amount of due date until the cancellation policy kicks in.

When we actually launched it, there were a lot of people who started availing this product. So, we segmented these users and actually started understanding what is special about them. Why are they converting vis-a-vis people who are not converting?

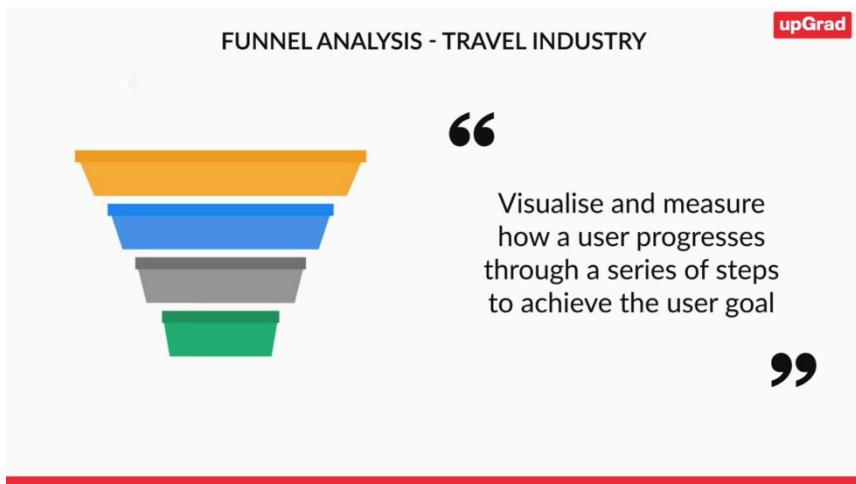
So, now conversion in this case was people who are reserving and at the end also, you know, booking. There was another segment, people who were actually reserving, but cancelling before the due date. And we realized that you know what, for instance, in number one segmentation, people were tentative about the dates, but they were very sure about the destination.

In the second case, one of the biggest use cases, which we figured out was the tentativeness about the size of the group. So, we are working to capture this kind of target group, this kind of target segment by bringing in amendment of the number of passengers in a reserve now product.



So, now you know how you can analyse which outcome adds the most value to your product. In the next video, we'll take a look at funnel analysis. See you on the other side.

Now that you understand segmentation, let's move on to funnel analysis. What is funnel analysis? How does it help you as a PM? And how is it conducted? Here's our subject matter expert with the answers.



So, while using a product, user generally go through a series of steps to achieve a user goal. Funnel analysis helps you to visualize and measure how a user would progress through a series of steps. You have to identify a flow which

consists of a sequence of events leading to an end goal, and track the percentage of people that advance from each step to the next one.

The flow or the steps differ as per your product. Some of the most common ones are, let's say, check out flow. It consists of these steps. The user adds an item to the cart, then views the cart, selects a delivery address and makes a payment to complete the order.

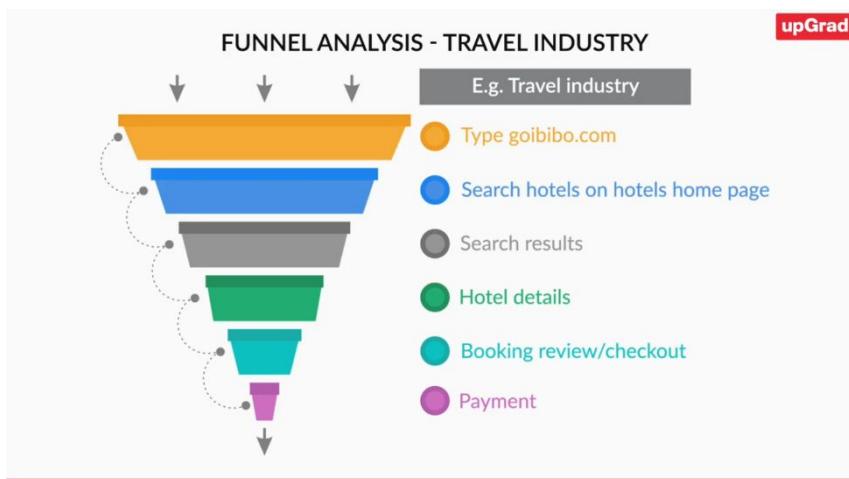
The other one could be user onboarding flow. It consists of following steps, the user visits the signup page, enter details like name, email, and password, sets preferences, and then the registration is complete.



Let's check out a few examples of user flows in the travel industry.



So, for instance, in travel industry, people could come from various different avenues. Like I was saying, let's say if the user is coming from SEO. So, your usual funnel would be Google. He would land either on your search results page or on your details page. Then he would go around onto your booking review page or your checkout page onto your payment page, and then eventually would convert.



He could directly also land on your site. For instance, you could type Goibibo.com, click on hotels link, then search for hotels on the hotel's homepage. Then go onto the search results page, hotel details page, booking review or a checkout page, and eventually convert.

There are various different ways the users would come. Like for instance, in this case itself, I've told you three different ways. In SEO, the user can land directly on the search results page or directly on the hotel details page. The user could also, you know, choose something, put into his favourites or into a wish list, goes back, talks to his wife, spouse, partners, friends, and come back.

I was talking about Reserve Now pay later. So, for instance, in case of Reserve Now Pay later, he would reserve, but would come back and would actually pay for it via the booking confirmation email or via the ticket, which had been generated for him on the app.

So, there are various different flows. These are some of the common flows, which are there in the travel industry.



Coming back to funnel analysis, why is it important to a PM?

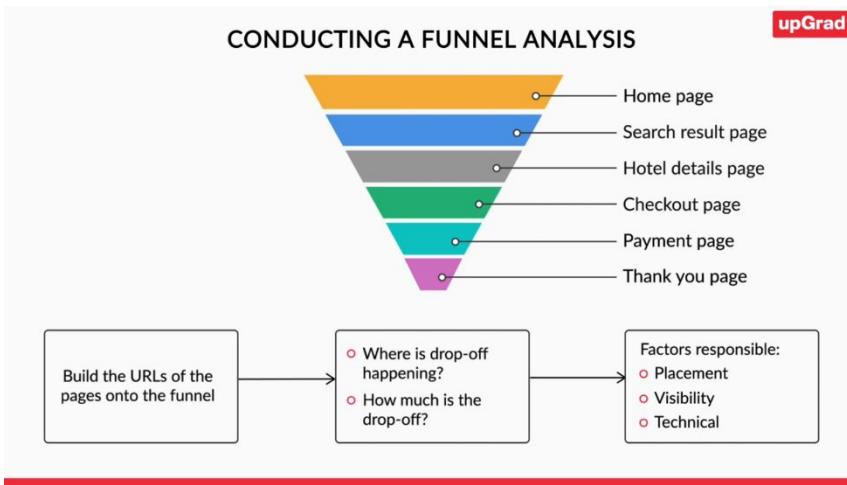
**IMPORTANCE OF FUNNEL ANALYSIS**

- 1 Identify drop-off points
- 2 Identify reasons for drop-off

Let's see, at every stage in a funnel, user drops off, and this number is usually quite significant. For example, a lot of people may add items to their cart, but only few ends up buying them.

Similarly, a lot of people may sign up for a trial version of a SAS product, but very few actually end up paying. It's important to understand exactly what is going wrong, and why users are dropping off. Through funnel analysis, you can find out where exactly users are dropping off and then think of ways to fix the problem.

So, most of the common products to use funnel analysis is Google analytics, GA, Mixpanel, Localytics. What you actually do is, once you have kind of put the JS or the JavaScript of these tools onto your various different pages, you choose what kind of funnel you want to build.



So, for instance, if you want to view how the user is flowing from the homepage to the search results page, to the hotel details page, to the checkout, to the payment page, to the thank you page, then all these pages, URL, you will have to build on to a funnel.

Then what you need to do is that you need to understand where is the drop off happening, how much drop-off is industry standard. So, for instance, you cannot panic at, let's say 5% drop-off on booking review page or checkout page. Because you know, industry norm is that at least 7 to 10% people would drop off at the checkout page.

What would this help you do is that it will also help you to do a competitive analysis of your various different ecosystems. So, for instance, you have a web app in web. When you would start doing funnel analysis, it'll help you to understand if there is a lot of drop happening, let's say from search results to details page on web vis-a-vis app.

Since the pricing is the same pricing, couldn't be the factor. So, what else could be the factor? Could the factor be the placement of the product? Could the factor be that the visibility is not fine? Could the factor be that, you know what, there's some technology issues.

So, when the person moves from search results to details page, details page loads a lot slower than the usual. These are things which you can figure out by doing further analysis, by seeing where's the drop happening, by running some qualitative analysis onto that step of the funnel, and then eventually can work around to fix that.

The image shows a video player interface. On the left is a video frame of a man in a blue shirt speaking. On the right is a sidebar with the title "IMPORTANCE OF FUNNEL ANALYSIS". Below the title are three numbered steps: 1. Identify drop-off points, 2. Identify reasons for drop-off, and 3. Optimise every step of the funnel. The "upGrad" logo is in the top right corner of the sidebar.

Step	Description
1	Identify drop-off points
2	Identify reasons for drop-off
3	Optimise every step of the funnel

Funnel analysis is extremely important for the company because every step of the funnel needs to be optimized. As we discussed, doing the AB testing that, you know, increasing traffic is expensive.

Increasing traffic is difficult, but this is the traffic, which is coming on a day on day basis on your site. This is the traffic, which you should leverage, and you should maximize upon which you should squeeze the most out of. Funnel alliances will help you do that.



So, you learned that funnel analysis helps you identify drop off points in the user flow so that you can fix the problem. Next up, we'll look at a few examples of funnel analysis to understand it better.

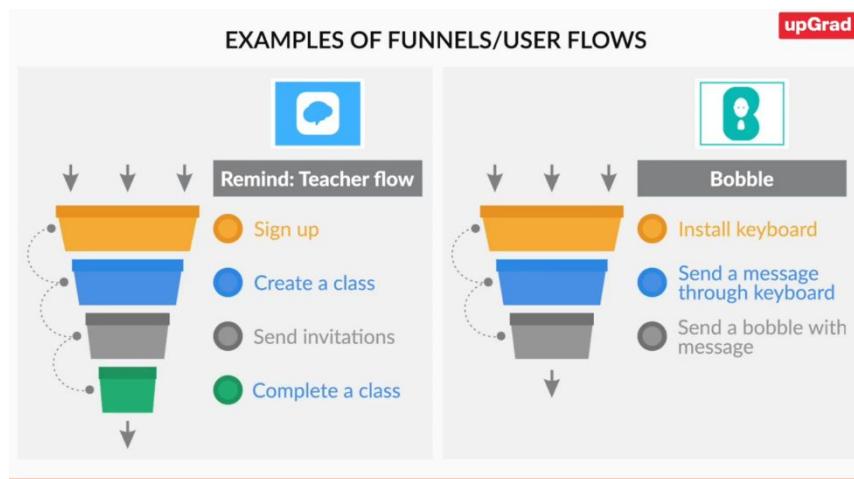
Now that you understand how funnel analysis can be conducted, let's look at a few examples. We'll look at the host onboarding funnel at Airbnb in detail.



Funnels, as you may have heard is one of the most commonly used terms for any product manager, because their day typically starts with analysing some key funnels in the product and ends with identifying opportunities in each of those funnels.

So, what are examples of some of these funnels? Let's say the first example would be the host onboarding funnel for a host at Airbnb. So, what does that mean? For example, for Airbnb, a host first hears about Airbnb, then they sign up, then they create a listing and then they start getting guests. This is an oversimplified view, but we'll help you understand the concept.

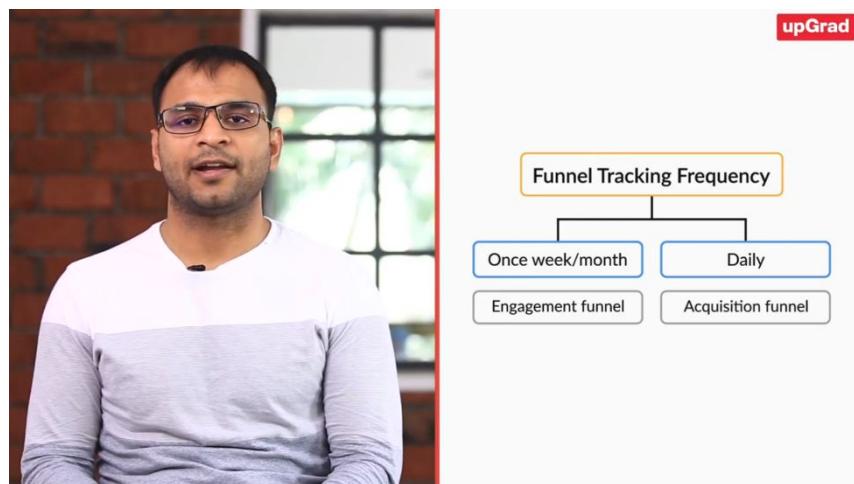
So, in the case of Airbnb, a large number of hosts will sign up. Some of them will create a listing and some of them will start getting guests.



And similar examples can be taken for Remind. The number of teachers that sign up, of them who create a class, of them who sent invitations, and of them who gets a class completed.

Or another example could be a keyboard app like Bobble. So, how many people install the keyboard and how many people then use the keyboard to send any kind of message, and how many people of those people did send a Bobble with the message.

So, as you can imagine, there is a funnel to everything. Once you set up a funnel, then how do you analyse it? People do it in different ways. Some people will use like a third-party SAS tool, such as Mixpanel to set up the funnel and then track it every day. Some people will use internal tools to create a sequel query, to see how a particular funnel is doing and so on.



You will also analyse the funnels at different frequencies. Some funnels such as your product engagement funnels are very sticky and they don't change very often. So, you might want to track them like once a week or once a month. Whereas there are some acquisition funnels that change every day. So, how did the marketing campaign do today versus yesterday? And those funnels you want to track every day.

Funnels have tremendous benefits. Imagine yourself as a product manager of a start-up. You have very few resources. You have two or three engineers, and you have a sharing designer with other PMs, and you need to make the most impact with your time and effort. Funnel analysis will help you do precisely that.



For example, in the case of Airbnb funnel, there are several ideas that you can have. You can have ideas to increase the number of hosts signing up to the platform. You can increase the number of hosts that create a listing, or you can increase the number of listings that get a booking.

Now as a PM, how do you prioritize your limited resources. So, funnel analysis helps you to identify the most important opportunity in a particular funnel. So, in case of Airbnb, maybe that 95% of host creator listing, and only 10% of listing get a booking.

So, it's very easy to see that you shouldn't worry about ideas to increase the number of listing for host, whereas you should focus your strength on increase in the amount of bookings for those new listings. So, this is an example from the industry, how a funnel is used.



In this video, you saw how analysing the host onboarding funnel at Airbnb can pinpoint that the booking of listings needs more effort.

The image shows a video player interface. On the left is a portrait of a man with a beard and glasses, wearing a blue shirt. On the right is a sidebar with the 'upGrad' logo at the top. Below it, the title 'TYPES OF FUNNELS' is centered. Two items are listed: '01 Marketing or onboarding' (with a yellow background) and '02 Customer experience' (with a blue background).

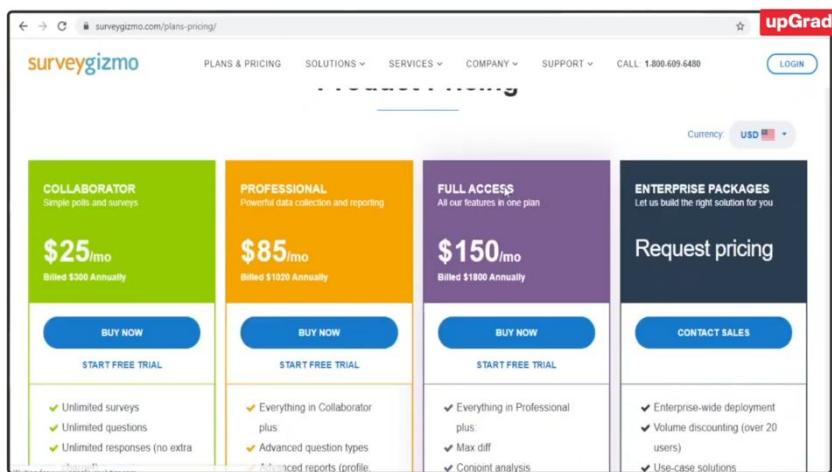
Business funnels can be of many types. As funnels are user flows, one can apply them almost any functions. In this segment, we will be looking at a few key funnels, which are used in technology companies. These funnels are marketing funnels, it's also called us onboarding funnels, customer experience funnels.

Let us look at them in detail. Let's start first with marketing funnel. It is to be noted that the layout of the funnel used here is just one way. We can design a funnel. How a funnel should be designed depends on the business and the product manager as per their business goal and requirements.

The image shows a video player interface. On the left is a portrait of the same man. On the right is a sidebar with the 'upGrad' logo at the top. Below it, the title 'MARKETING FUNNEL' is centered. A flow diagram is shown with two boxes: 'Leads' on the left and 'Customers' on the right, connected by a horizontal arrow pointing from left to right.

A marketing funnel is a visualization for understanding the process of turning the leads into customers from a marketing perspective. Analog is to a real funnel, the marketing team would try to capture as many leads as possible in the uppermost part of the funnel, gradually narrowing it down towards the purchasing decisions.

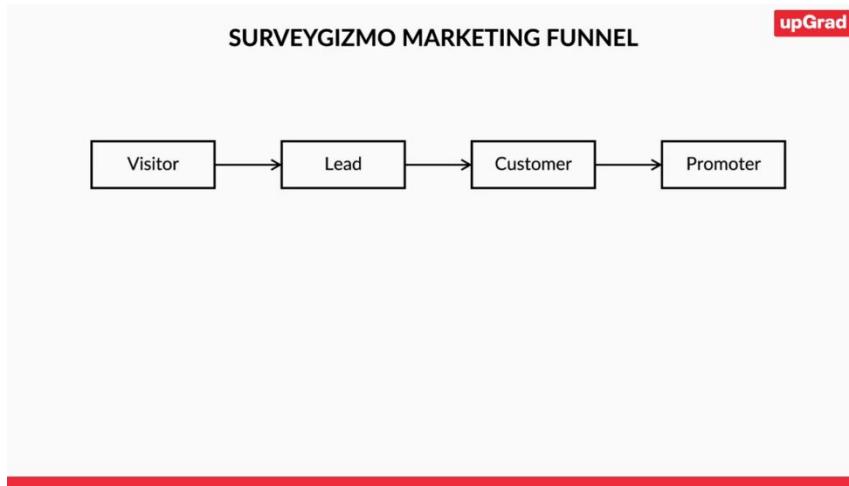
Let's consider a digital marketing example. Imagine that you are unaware of how to conduct marketing research in a digital environment. So, you start off merely with Google, how to conduct marketing research. And imagine that you come across SurveyGizmo as one of the search results.



Since it is one of the top results on Google, you visit its website. On the survey gizmo website, you come across a form asking for your details, such as name, email ID under the contact information. Once you have provided your details, you receive an email from survey gizmo containing marketing advice or offers.

If you like the marketing advice or the discounted offers, you may choose SurveyGizmo as the platform to conduct your marketing research to gain customer insights. Once you start using it as your go to platform for marketing research, you start forming opinions of the tool.

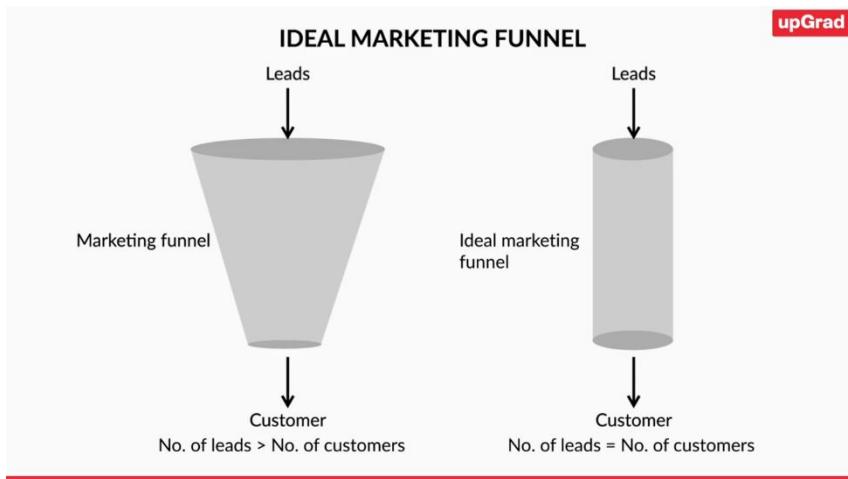
If survey gizmo is something that serves your purpose as well, you may talk about it to your people in the community and therefore promote it. Now, this is a typical journey that is followed by all customers in digital environment, and case of almost every product.



When you perform a Google search, you were a stranger to survey gizmo. After an information search, you became a visitor to Survey Gizmo's website. Since it appeared as one of the top results. After visiting its website, you filled in your details in optional form and now you're a lead.

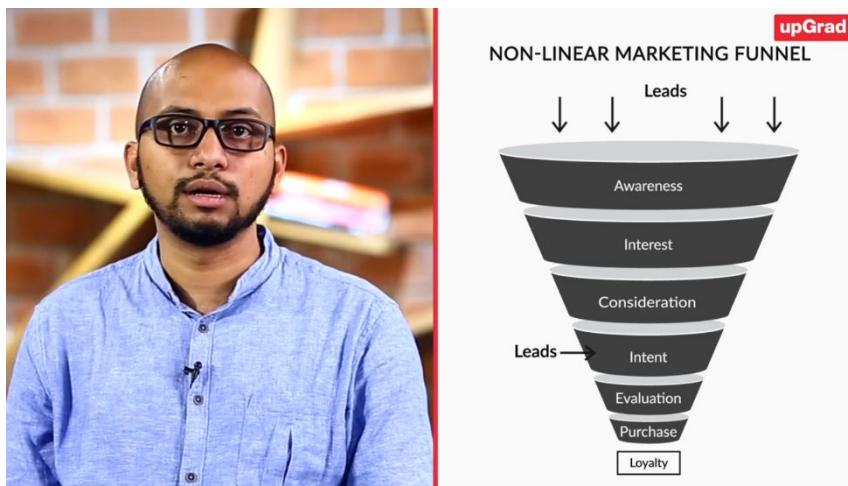
When you run your first survey on survey gizmo, you became its customers. And when you promoted it among your peers, you became its promoter. So, the journey you followed was the first you started off as a stranger, next you turned into a lead and you shared your information on its website.

Through personalized promotion, you are turned into a customer. And once you are happy with SurveyGizmo's service, you became a promoter.



Ideally the marketing funnel or any funnel for that matter should be a cylinder with all the leads converting into the customers.

However, this is not the case. And hence, the job of PM is to convert this funnel into ideal cylinder. Let us take you through different stages of funnel.



Let's start with awareness. This is the stage where a potential customer is drawn towards the product through campaigns and customer research. The lead is generated through this stage. In the case of SurveyGizmo, we saw that the user did not have much awareness about the tool that could be used. Hence, he went and searched about surveys on Google.

Now let's look at interest. This is the stage where the potential user learns more about the product. They show an intonation, which needs to be identified and captured by the PM to develop a relationship and introduce the positioning.

Nurturing of the leads takes place through targeted email or content to educate the customer. Here, the user saw SurveyGizmo as the first search result. Taking Google as a credible source, the user clicked on SurveyGizmo's website and hence their interest is generated.

Consideration is the next stage where the leads have shown considerable interest to be termed as a marketing qualifiable or qualified lead. They are now seen as prospective customers. Nurturing continues with more targeted emails, free trial, offers and more.

Once the user went through the website, they would find relevant information for themselves. As the user provide their details on the website, Survey Gizmo provide them with marketing communication. On the basis of that communication, the user may consider it for the use.

Now the intent, this is the stage where the prospect finally demonstrates his or her interest in purchasing. This can be shown through a product placed in shopping cart or repeated views. This is a substantial opportunity for product manager to convince the prospect of products features finally.

Hence, once the user has provided the details, but still do not show interest towards using the product, the representatives from SurveyGizmo may contact to generate the intent within the user. Moving to evaluation. This is a stage where the buyer makes a final decision to purchase the product.

This is just before the final payment, and this is a stage where most of the prospects are dropped due to price fluctuation or price sensitivity, or sometimes even lack of intent. And hence, the user finally evaluates the portal of Survey Gizmo for the final use. This evaluation might be weighed against the competitive product and the pricing of Survey Gizmo.

And finally purchase, this is the stage where customer finally crosses the line of evaluation and makes the purchase. Now, the prospect has turned into a paying customer. Here, a positive experience with them leads to referrals, which can lead to funnel to the last stage.

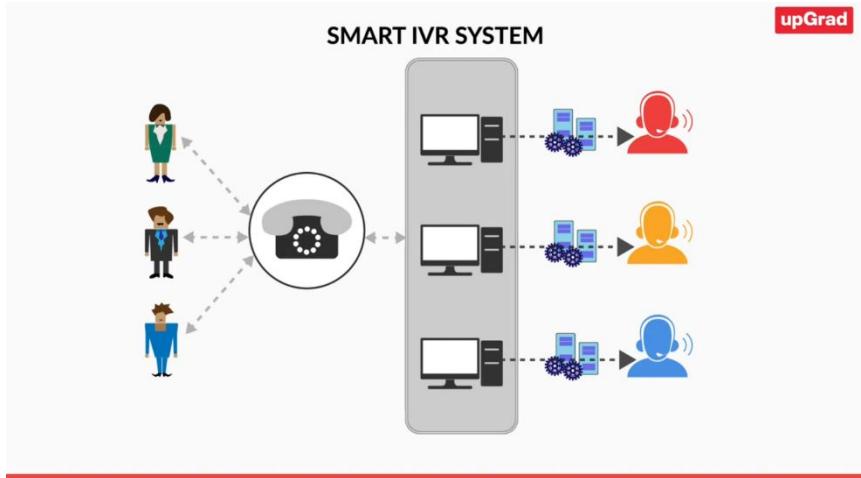
In this case, once the purchase happens, Survey Gizmo gets their paying customers and lead would be considered as converted. Under loyalty, the customer has repeated positive experience and made repeat purchases.

As a loyal customer, he or she becomes an influencer for other prospective customers. In the world of internet and multiple touch points, the customer has with the product, the funnel is no longer linear and the prospect enters and exits the funnel at various stages. Sometimes they're referred by other existing customers and directly enter the interim stage.

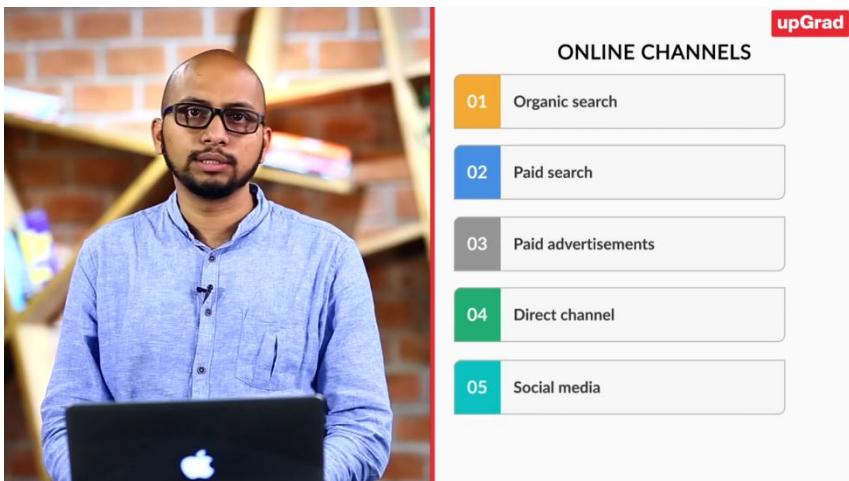


Let us look at a case study from a cloud service business to assess different types of funnels. We would be again looking at an organization that we have discussed before. This business helps its clients by providing a cloud-based customer service and call handling solutions.

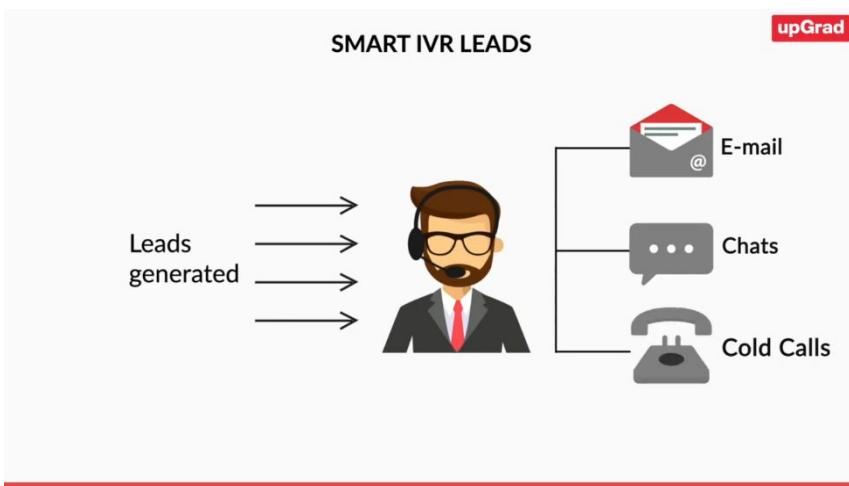
To understand a funnel, we would be taking the cases of both marketing, as well as customer experience funnel, to understand how both processes work for this business.



Here, we'll be using an example of their product, an IVF system, which is a cloud based interactive voice response system that is used for customer support.



The company generally generates its leads through multiple online channels. These channels are organic search, paid search, paid advertisement, direct channel, social media, and a few others.



Once these leads are generated in the system in form of prospective customers, the sales executives would contact with them to assess their interest in the product.

These interactions could be in the form of email, chat and cold calls. Now, as this is an enterprise product, a good knowledge of business and technology is required. There were customers here who bought the product without any intervention of the sales executives as well. Thus, the company segmented its customer into tech savvy and non tech savvy customers.



SEGMENTATION OF CUSTOMERS

01	Tech-savvy
02	Non tech-savvy
a. Well informed by sales team	
b. Moved to loyalty stage	

The tech savvy customers skipped a number of levels of marketing funnel and moved straight to the purchase portion. However, through product analytics, it was seen that these customers had meagre retention rate. These customers are tech savvy.

Hence, they found faults within the product by themselves or they were not well informed by the sales executive, which is a result of skipping the steps of marketing funnel. For the same reason, these customers could not be made into a lot of customers.

The non tech savvy customers were connected to the sales team and were informed well about the product. These customers were educated about how to align their goals with specific feature, and hence could use the product well. These customers travel the entire funnel and became loyal customers in a more significant proportion.



CUSTOMER EXPERIENCE FUNNEL  
Non Tech-Savvy Customers

A funnel diagram divided into four horizontal sections. From top to bottom, the sections are labeled: Repeat (grey), Loyalty (grey), Referral (dark grey), and Advocacy (red).

Thus, they traverse the customer experience funnel as well from repeat purchase and loyalty for the advocacy of the product as well. Repeat purchase meant a higher level of engagement with the product which resulted in a probable loyalty.

They further would be able to refer the product to a potential customer backing on their positive experience with the product, and finally would be able to become product advocates. This can be expressed in blogs, website, in form of testimonials and articles.



Now, let's look at customer experience funnel. This funnel is made by reversing the existing marketing funnel. This funnel essentially turns our customers into advocates for the products, which in turn refuels the top of the marketing funnel. This stems from the last portion of marketing funnel, which is loyalty.



Major stages of customer experience funnel are repeat and loyalty. Repeat is a state where the customer purchases repeatedly turning them into repeat customers. This is done by nurturing the customers to make more significant purchases.

For example, in case of Amazon, a user forgot to buy a present for the birthday of his daughter, and hence purchases a product with one day delivery. Amazon delivers the product on time and the user is hence happy with that service. Thus, it is highly likely that the user would be making a repeat purchase from Amazon.



Loyalty is a stage where the customer develops a preference for product, hence identifies with it. Now, Amazon who on the basis of their operational excellence has created a niche in market would start to be identified by their users, hence creating a community where people buy only from Amazon, even if the price is on a higher side. This would be because of an insured timely delivery and excellent after sales service.



Referral. In this state, the customer is loyal to the product or service and is likely to make referrals and recommend the product. Customers of Amazon who have been loyal to the brand and hence purchase only from it would now refer it to friends and family members. And by talking about the benefits of buying from Amazon, this would help in generating new customers.



**Advocacy.** This is the stage which is pinnacle of the evolution of customer nurturing. Peers customers turn into evangelists, writing favourable reviews, social media posts, and help tremendously in creating new leads for the product.

There are numerous methods today to spread awareness about products, typically on social media websites. Satisfied users would advocate the use of Amazon to prospective customers, hence helping in not just retaining existing customers, but also generating new ones.



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**USING SEGMENTATION IN THE REVIEW MODULE**

Theme/Aspect	Metric
L0 Metrics	
Review Coverage	Percent page views with reviews Percent products with reviews
Engagement	Helpful clicks per review view
Contribution	Reviews per unit
L1 Metrics	
Contribution	Email My order page Notification

Let's see, what is the utility of a segmentation activity for the review product. We are still working with the reviews. You are a product manager at Amazon who is looking at the reviews. You had that view earlier where you had a dashboard, you had the L zero metrics and you had the L1 metrics as well. And let's say, you've been looking at it and there is a situation.

Well, it looks like the helpfulness metric or the engagement metric, we were measuring. Essentially how many people find it helpful, looks like that metric has been falling consistently over the past few weeks. And the L1, L2 level metrics you had in that sheet don't really help you. You can't get anywhere. You're not understanding what's happening. Why is this metric falling down?

So, in this situation, an understanding of the segments of customers and how they are responding or how the metrics are changing for different segments can be very revealing and help you identify a problem area, much faster.



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## USING SEGMENTATION IN THE REVIEW MODULE

**01** Identify utility of different kind of reviews for different customers

- a. Price-conscious customers like reviews that talk about product value
- b. Affluent customers may like reviews that talk about personal experiences

The kind of questions a segmentation can help you answer, there are many, but let's just take a few examples. One question could be what kind of reviews are more helpful for which customers? So, it may happen that certain kinds of reviews, let's say reviews which talk about this product being very good value for money and so on, right about the value of the product or the price of the product could be very helpful for certain customers who are very price conscious.

Whereas there could be some other customers who don't worry about price too much, they are willing to spend, but they just want some assurance from the reviews that this product will be good for their kid. So, maybe some review, which gives a personal experience saying that, you know, my daughter loves this item. Maybe that will appeal much more to this other customer segment.



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## USING SEGMENTATION IN THE REVIEW MODULE

**01** Identify utility of different kind of reviews for different customers

**02** Identify effect of reviews on the customer journey

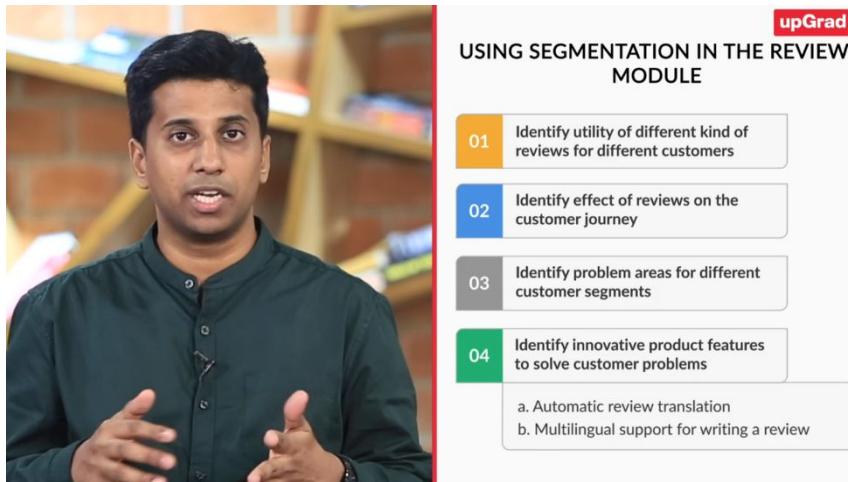
- a. Some customers abandon their cart even if they see a few negative reviews
- b. A few negative reviews may not influence some frequent buyers
- c. Helpful reviews may help in shortening the purchase cycle for a customer segment
- d. Useful reviews may help in converting customers into loyal customers of the platform

Another question you can answer is what is the effect of the reviews on the customer engagement. Well, different segments will respond differently on seeing a good review or even a bad review for that matter. For example, someone who is coming to the platform for the first time, isn't sticking with the platform, isn't loyal at all, he's just a newcomer.

And he sees that there are conflicting reviews or bad reviews on the page. And the customer might just say, you know what, all bad reviews I can't trust this platform, and customer goes off. While someone else who is very online shopping savvy, has been seeing these portals a lot, has been a customer for several years, knows that we have to take reviews with a pinch of salt and will not react the same way to seeing a, let's say mismatching review or a bad review.

So, even how the customer engages on seeing a good or a bad review is influenced by what segment the customer belongs to. The other kind of things you can have over here are that, maybe for certain segments of customers, when they see more helpful reviews, maybe it shortens their purchase cycle.

Or maybe for some customers because they feel that, you know, this is a good place to see reviews, it increases their loyalty. It builds trust on the platform. And maybe this segment just visits the platform more often and buys more. So, understanding the customer segments can help you understand how it affects the customer engagement.



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### USING SEGMENTATION IN THE REVIEW MODULE

- 01** Identify utility of different kind of reviews for different customers
- 02** Identify effect of reviews on the customer journey
- 03** Identify problem areas for different customer segments
- 04** Identify innovative product features to solve customer problems
  - a. Automatic review translation
  - b. Multilingual support for writing a review

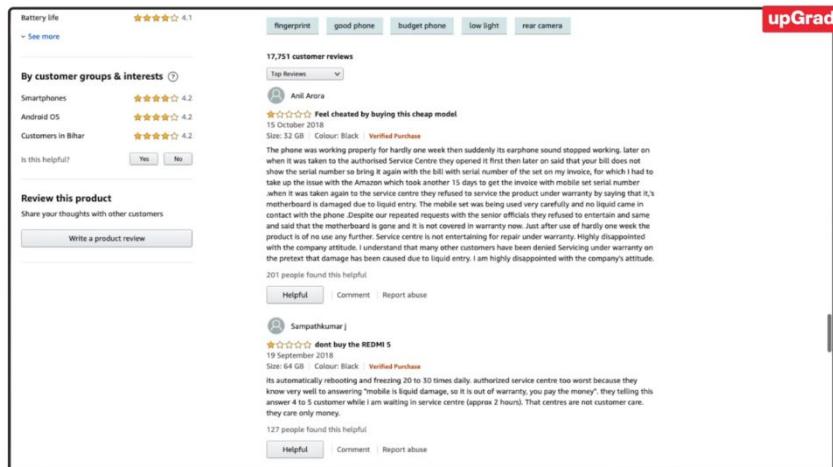
You can also get different inputs or let's say different ideas, or maybe identify problem areas while looking at different segments. So, for example, let's say you realize that your reviews module, which is in, every information is in English.

If it's all in English, it doesn't seem to be working for areas where there is heavy non-English speakers. Or places where literacy is, let's say very, very low. Or maybe this tells you that there is need for say automatic review translation, which just converts your English review into the preferred language of the user. That could be a feature which could add a lot of value for the segment.

Or you may also think of say multilingual support for review input, because see, at the moment people can only enter reviews in English. Maybe if I enable people entering reviews in Tamil or Kannada or Hindi or Telugu, maybe I'll have much more contribution. That gives you another idea.

Or maybe, you can assess that, you know, it looks like different segments react differently to different kinds of reviews. So, this can give you ideas on developing better product features that help you optimize your product as well. So, not only basic improvements, but also you can think of whole new ideas yourselves.

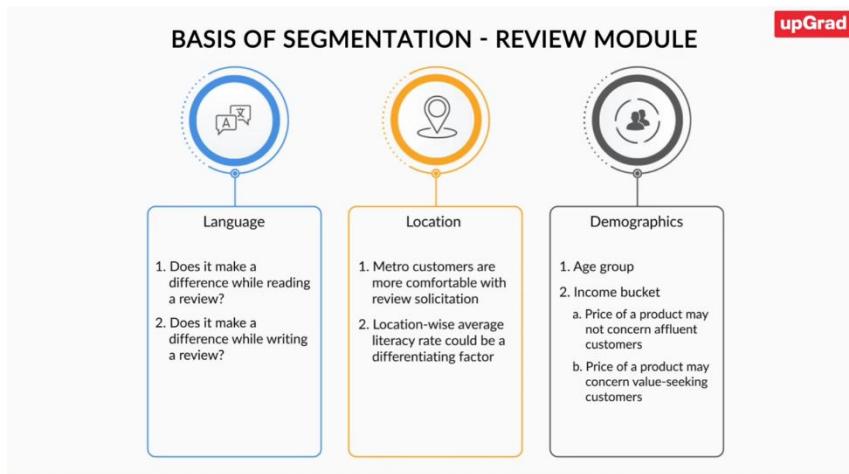
So, now that we understand the importance and utility of creating customer segments, one question could be that let's say, you know, I want to make these segments. I want to create some customer segmentation, but what do I segment on, what are the possible segmentation criteria for me. And to answer this question, you probably have to think more from a customer journey and customer perspective.



The customer is interacting with different, say touch points, for your module. So, for example, for the review's module, when the customer comes to the product page, there are reviews being displayed. That's one place the customer is interacting with your module.

The other is the reviews addition flow, where the customer adds a review or contributes a review to the platform. In this flow as well, the customer is interacting. And in both these touch points, you see that some of the customer attributes start to play.

And at these touch points is where you have to evaluate which customer attributes can play a role. What attributes can, let's say, make one customer behave differently from the other and so on. A few things may become important.



First is the language. Your current reviews module displays and accepts reviews only in English. Now are all customers equally comfortable in English? Well, Maybe not. Also, does the comfort in the English language make a big difference while reading reviews alone, does it make an equal difference while writing reviews?

Because there could be a difference. People who are not very comfortable may still be able to just read some reviews, but they may not be able to contribute or write reviews at all.

The other important, and somewhat related is location. Maybe Metro customers are much more comfortable with the flows of your review, reading and reviews solicitation flows, maybe non-Metro guys are not so comfortable. So, that can be a differentiating factor.

Another metric over here could be maybe based on the location. You can enter an average literacy date for their, say village or city or town. And that can also be an important differentiator between customers because people belonging to some, let's say very high literacy areas will in general, not have as many problems as people belonging to a very low literacy area.

So, then there are these other demographics of the customer. An important one can be age group. So, some age groups are more comfortable with the app in general, or let's say with the review edition and review reading flows than the others. Well, ages 15 to 25 could be far more comfortable with these flows and with using the app, than someone let's say above the age of 55. So, again, this can be a differentiating factor.

What about things like income bucket? Well, someone who is in a very high-income bucket may not be so worried about the lower price. Maybe that person is more blind conscious, or maybe that person cares more about the speed of delivery and so on, and the quality.

Maybe someone in a low-income level may care about the price of the thing a lot more, maybe the thing being value for money a lot more and is okay to wait for a few more days to get the item. So, these are things around language, location, and demographics. Beyond this, you could have a lot of other inferred characteristics.

So, for example, you can have something like an RFM segment, recency, frequency, monitoring. Let's briefly talk about what RFM is.



RFM stands for recency, frequency and monitoring. So, each customer is rated on these, given a score, say one to five. Five being the highest. So, the person having the highest monetary value gets a score of five. The person having the lowest gets a score of one, and so on for the frequency and the recency.

Person who purchased most recently gets a high score. And the person who purchased with the higher frequency gets high score. And you combine all three to get to one final scoring for the customer. And you typically, based on these, let's say values, you come up with a few segments. So, there is some sort of a customer tiering.

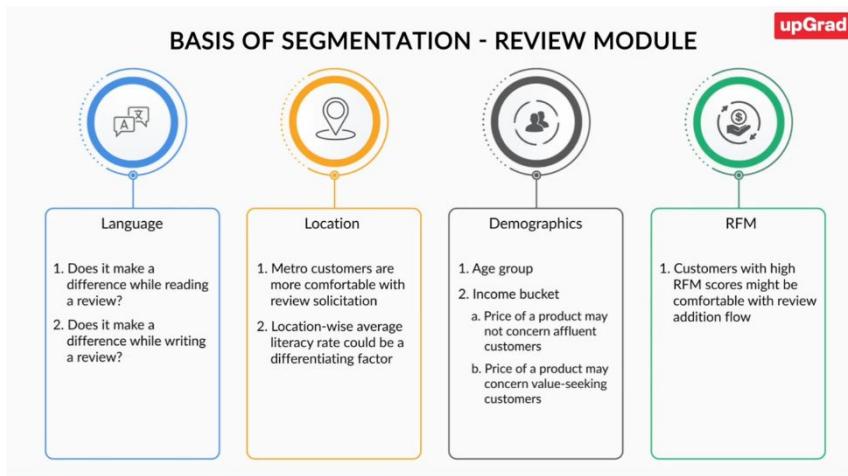
**USING RFM FOR TIERING CUSTOMERS**

	R	1	2	3	4	5
F	1	2	3	4	5	
M	1	2	3	4	5	

**PLATINUM MEMBER** **BRONZE MEMBER**

So, you can say based on these things, this is the highest tier or the most valuable tier for me. These could be your say platinum customers. And based on these factors, again, someone who is low recency, low frequency and low monetary, maybe you would say this person is, I don't know, bronze customer.

So, RFM is one of the ways, one of the very popular ways in which you just classify your segment, specify your customer base into three or four buckets based on your notion of value they bring to the platform. And based on that, you have high value customers. You have low value customers.



And high value customers, high value, high frequency customers, they are very familiar with the platform and things they care about could be different. Low value, low frequency customers may have very different expectations and they behave differently. So, these also become factors for you.

Another important factor could be how they have engaged with the review's ecosystem. So, someone who has already engaged with the review's ecosystem has written a review, is actively reading reviews, and let's say marking reviews helpful, this person is far more comfortable with these flows compared to someone else who is using the app for the first time.

So, these are some examples of possible segmentation criteria. You can make features, or you can take information on these aspects for each customer. And then after this, you can follow it up with a segmentation exercise with a specific goal.

The image shows a man in a green shirt standing in front of a laptop, gesturing with his hands as if speaking. To his right is a white card with the 'upGrad' logo at the top. Below the logo, the text 'BASES FOR SEGMENTATION' is centered. To the left of this title are three numbered boxes: '01 Age group' (yellow background), '02 City tier' (blue background), and '03 RFM criteria' (grey background).

So, you have three signals, which is the age group, the city tier, and the RFM theory. Now, after you have decided these three, the next step is actually performing the segmentation. And there are multiple approaches. Some could be rule-based, some could be statistical approaches, some models. And regardless of what approach we take, your data science or analytics team will help you with that as well.

Let's say we have some segment, patient exercise done, and outcome our clusters. What do our clusters look like? What do our segments look like?



**SAMPLE OUTPUT OF SEGMENTATION**

01	Customers living in metro cities who are in the age group of 20 to 30 years
02	Customers living in non-metro cities who are above 50 years

Well, your segments could be something like this, you could have one segment which corresponds to a Metro people in the age group 20 to 30, and these are your high value or gold customers.

Another segment which can come out is your non-Metro customers who are above 50 years of age. And these are the low value customers or say bronze customers. And you can have a couple of other segments coming up.

So, that brings us to one area where a segment analysis or a segmentation exercise will really help us, which is when you start to analyse your funnel metrics by these segments. Remember that funnels help you say, see, or visualize the customer journey. And what kind of droppage or what kind of, let's say drop off you see at what points. And it helps you assess how your flow is working.

The important point here is that your funnel or the experiences can actually be very different for different segments. And once you start to take that lens, how does my flow work for this segment versus that segment, that's when the real insights start to come out.

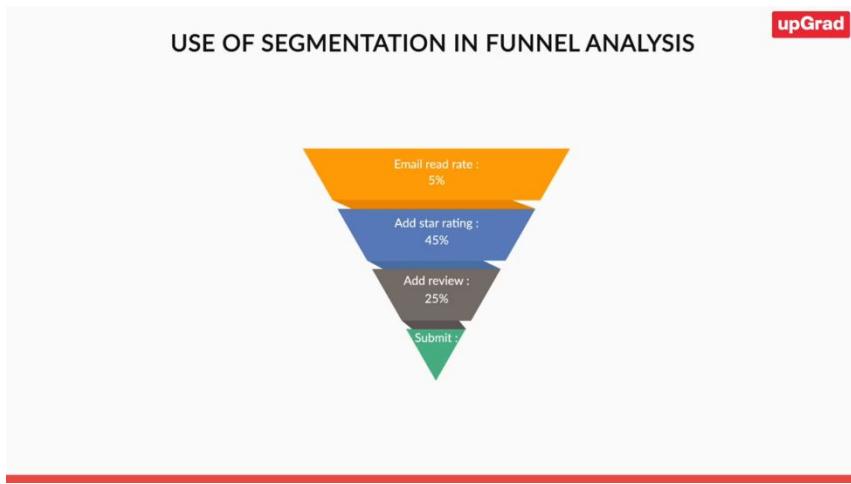


**USING SEGMENTATION IN THE REVIEW MODULE**

Theme/Aspect	Metric
Review Coverage	L0 Metrics
	Percent page views with reviews Percent products with reviews
Engagement	Helpful clicks per review view
Contribution	Reviews per unit
Contribution	L1 Metrics
	Email
	My order page Notification

Let's take the example of the review edition flow. Let's say we have a problem statement. Let's say we have been tracking our sheet, the metrics dashboard, remember, and we saw that the review contribution seems to be

consistently falling. And the L1 into cuts, which was, let's say by channel and all, did not reveal anything because these drops were say secular across those cuts that we saw.

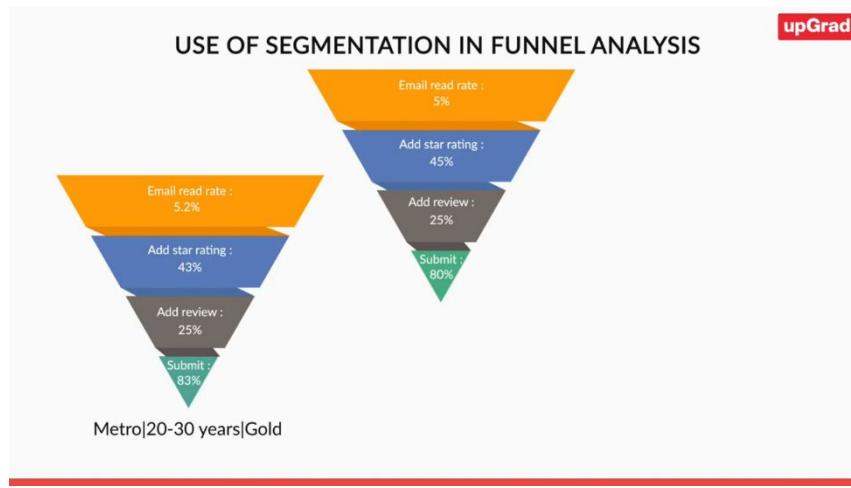


So, what did we do? Let's say we have our segmentation exercise done, and we now begin to evaluate the funnel by these segments. So, we have an overall funnel where you have these four steps. There is the email which is sent to people, so people can click on the email to read the email. So, this is an email read rate, it is the first step of the funnel.

Next is once they have opened the email, they can go ahead and give a star rating. So, this is the second metric in this funnel, people adding the star rating. And the next is after giving the star rating, how many are giving you a review. And finally, how many are going ahead and submitting the review?

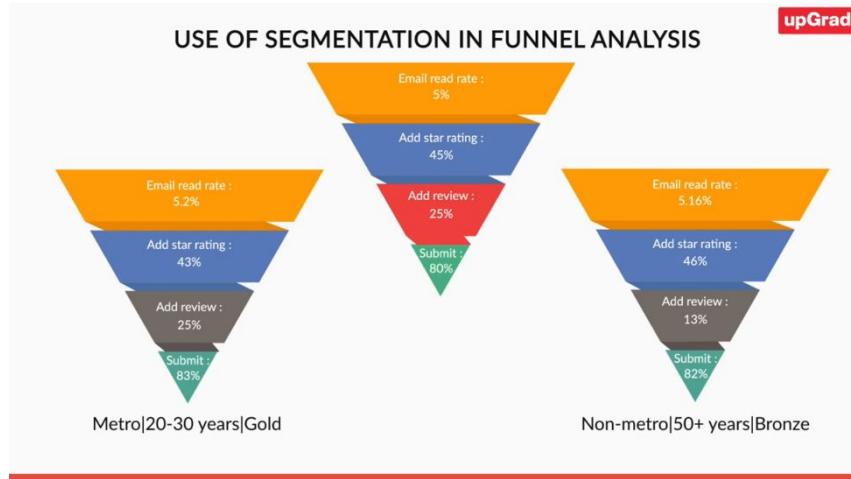
So, there are these four steps. About 5% people read your emails, of those about 45 add a star rating, about 25% of those will add a review. And of the people who have gone ahead and, you know, are adding a review, 80% of them hit the submit button. This is your overall flow. Looking at this does not really tell you that, you know, is something going wrong somewhere or not.

But let's look at this funnel for the first segment we had, which is people from Metro who are 20 to 30 years old and who are the high value or gold customers.



If I see the funnel for these people, I see that the read rate is 5.2 and 43% add a star rating, which is, you know, these numbers are not very far away from the overall numbers. 25% ad review, which is at par with the overall number and 83% submit, which is again, very similar to the overall number.

So, no difference really, nothing worth diving into, but let's look at the same funnel for the other segment, which is the non-Metro guys who are 50 years above, who belong to the bronze category.



Now for these customers, looks like the email read rate is still very close. 5.16, 46% add a star rating, which is again, not very different from the overall number. But what do we have here? Looks like only 13% are going ahead and adding a review.

And after that, the submission rate is still very similar, but this is the step where you see a big drop. The add review step is where only 13%, as opposed to 25% overall are going ahead and adding a review. So, this is where the problem has been identified.

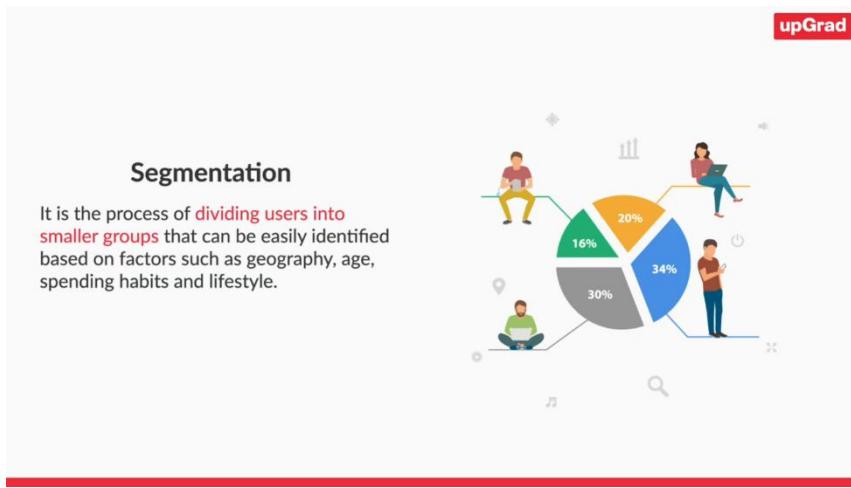
So, what do you make of this? Look at the segment again, that segment is people from non-metros who are a little higher in the age and who are not very, very frequent and high value shoppers. So, from your understanding of this segment and from your understanding of the domain, you can build some hypothesis here.



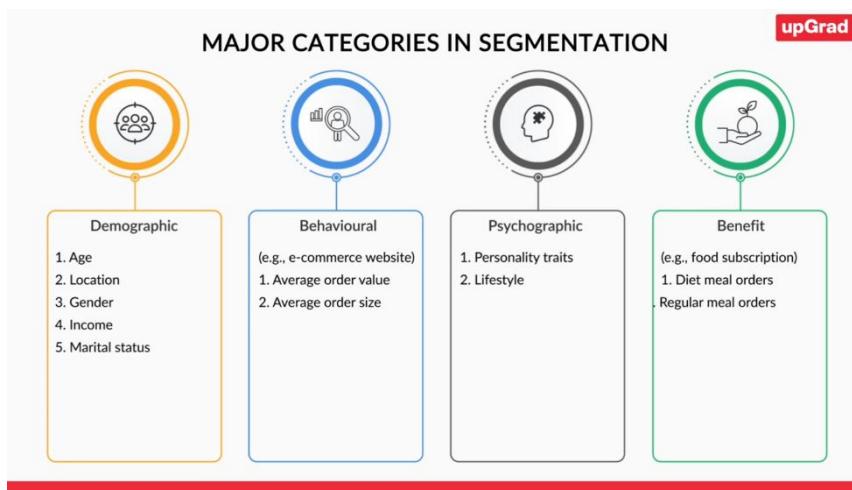
Maybe these customers are not very comfortable with the English language, or at-least not comfortable enough to go ahead and write reviews. So, your hypothesis here from this analysis can be that customers with lower education levels or belonging to let's say low literacy locations are not comfortable adding reviews to your platform in English.

Now, what do you do with this hypothesis? Well, as a next step, you can go ahead and validate this hypothesis. You can either find some existing insights on this topic or some existing analysis which you have, or maybe there was some experiment done earlier, which gave you a similar insight.

Or if you have the time, you could do some customer research, reach out to customers and so on. And then that gives you ideas on further improving the product and making it better. Maybe add a feature and so on to make sure you're getting contribution from that segment as well.



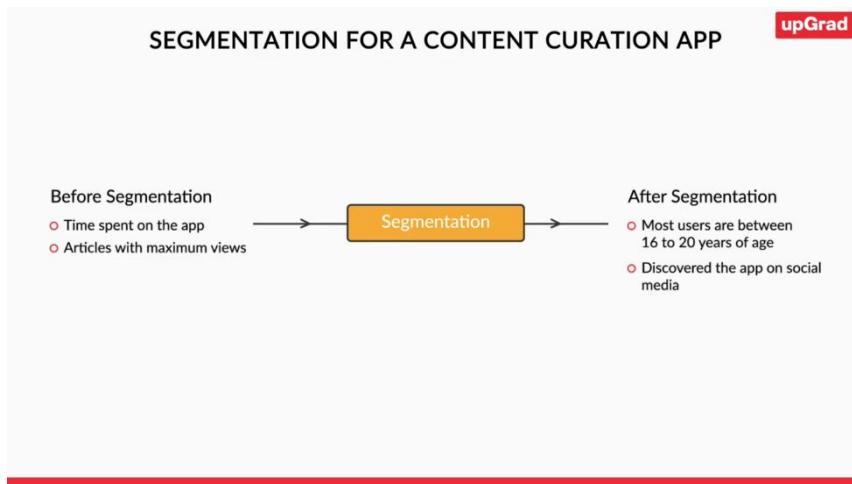
Let's recap, the session to revise all that you've learned. Segmentation is breaking down users into smaller groups on the basis of demographics, behaviour, psychographics, or benefits. This would give you specific detailed data about different segments, which would help you improve your product.



For a start, there are four broad segments.

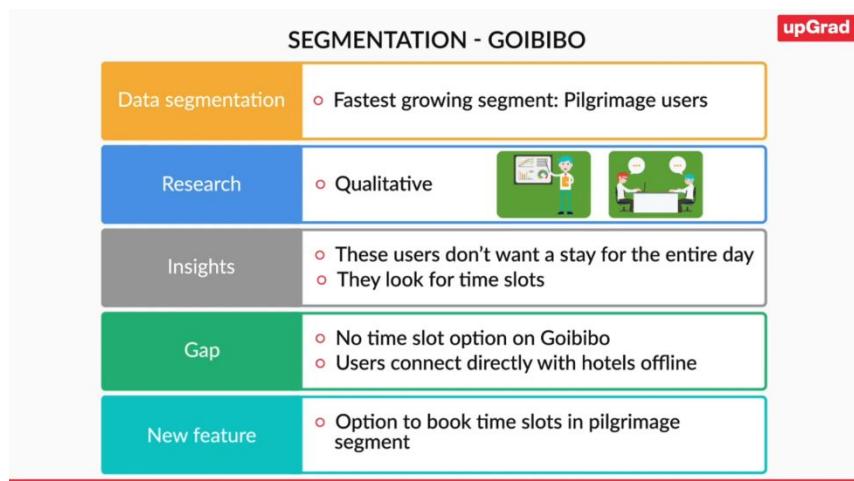
1. The first one is demographic characteristics like age, gender, location, income, and marital status.
2. The second one is behavioural, which would include the actions user performed with your product.
3. The third segment is psychographic, which is grouping the target market based on personality or lifestyle.
4. And the fourth segment is benefit. This is grouping users according to the benefits they hope to achieve by using your product.

You then learned that segmentation is important because it can give you valuable insights to improve your product.



For example, for a news curation website, segmentation could help them identify that most of their users are 16 to 20 years old, who find out about the product on social media. This insight from segmentation would tell them that they should add social sharing capabilities to their product.

Segmentation also helps you as a product manager to share insights that are backed by data with your team. You can identify the segment that responds the most to your product and double your effort towards that segment.



For example, segmentation helped Goibibo identify that users who book pilgrimages look for slot bookings at hotels. Based on this insight, they have initiated efforts to build this feature into their product.



**KEY INSIGHTS**

01	Identify channels that are working best for you
02	Reorganise the marketing strategy
03	Reallocate resources to the best performing channels
04	Track key metrics

Next, you learn that segmentation can be done on the basis of acquisition channels, behaviour and outcomes. Segmentation by acquisition channels helps you identify the most profitable channel on which you can focus your resources to attract users.



SEGMENTATION BY ACQUISITION CHANNEL AT GOIBIBO

01	Direct
02	SEO
03	Paid
04	App referrals
a. Feature: GoContacts	

For example, Goibibo segments its users based on marketing channels like direct traffic, SEO, paid traffic, SEM, Facebook ads, affiliates, ad traffic through referrals, and their feature go contacts.

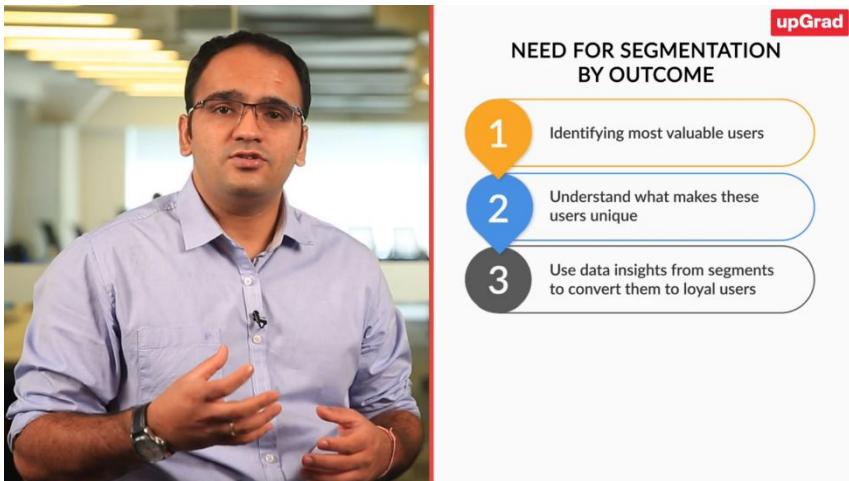
Next segmentation by user behaviour helps you understand what is working out, or not working, which gives you ideas about new features. You can categorize user behaviour into users who see X pages and users who do Y things.



SEGMENTATION BY BEHAVIOUR AT GOIBIBO

01	Focus was on increasing the retention of users coming from SEO
a. Referral programs b. GoContacts c. Price personalisation (GoCash)	

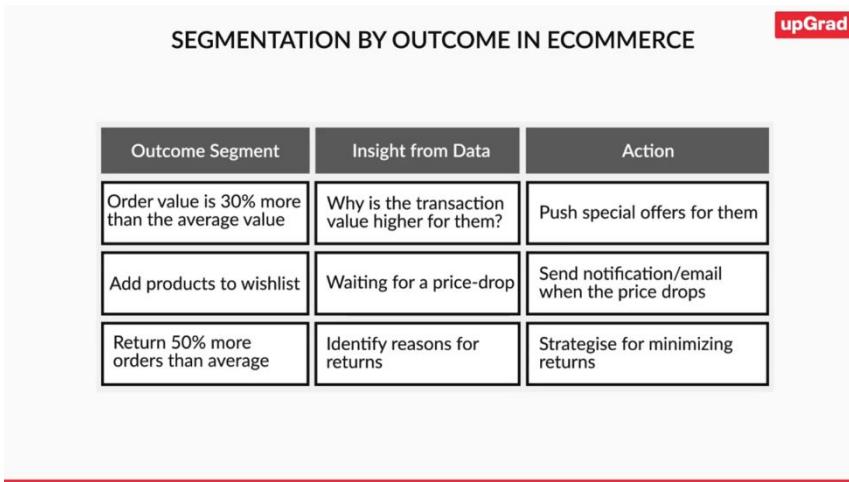
For example, for an eCommerce company like Amazon, more page views mean that the user is highly engaged and interested in buying eventually. At Goibibo, they analysed user behaviour and found that 80 to 90% of the users came from SEO. So, they leveraged features like referrals, go contacts and go cash to change this behaviour and turn them into loyal users.



**NEED FOR SEGMENTATION BY OUTCOME**

- 1 Identifying most valuable users
- 2 Understand what makes these users unique
- 3 Use data insights from segments to convert them to loyal users

Segmenting users by the outcome of their product use helps you identify which outcome adds the most value to your product so that you can take measures to maximize that value.



Outcome Segment	Insight from Data	Action
Order value is 30% more than the average value	Why is the transaction value higher for them?	Push special offers for them
Add products to wishlist	Waiting for a price-drop	Send notification/email when the price drops
Return 50% more orders than average	Identify reasons for returns	Strategise for minimizing returns

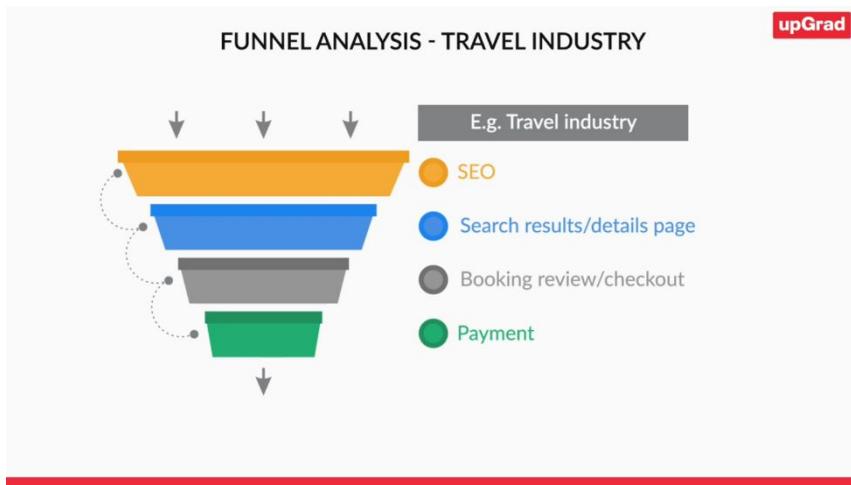
For example, for Amazon, the segmentation would be users whose order is 30% more than average, users who return 50% more than others, and other similar outcomes. A content website with segment based on which users go for the trial options are which users request a call back from sales.

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**SEGMENTATION BY OUTCOME AT GOIBIBO**  
Feature: Reserve Now, Pay Later

Outcome Segment	Insight from Data	Action
Users who reserve and end up booking	Tentative about dates, sure about destination	Flexibility to modify booking dates
Users who reserve and end up cancelling	Tentative about group size	Option to change no. of passengers later

At Goibibo, they analyse the outcome of the Reserve Now Pay later feature and realized that users cancelled because they were unsure of the group size. So, now they are building an option to change group size in a reservation.



After segmentation, we moved on to funnel analysis. While using a product, users go through a flow containing a number of steps. For example, a checkout flow or a user onboarding flow. A user flow in the travel industry would start with the Google search from where the user would land on your results or details page.

Then he would go to the booking review page, checkout page, and finally to the payment page. Funnel analysis of such user flows is important because it helps you identify drop off points, which you need to fix.

**IMPORTANCE OF FUNNEL ANALYSIS**

- 1 Identify drop-off points
- 2 Identify reasons for drop-off
- 3 Optimise every step of the funnel

After this, you learnt how to conduct funnel analysis. You first start to identify user flow and create a funnel for it using tools like Google analytics or Mixpanel. Then you would analyse where the drop off points are, and why this is happening. Based on this, you can take steps to rectify the problem and optimize each step of the funnel.



Finally, you saw how the host onboarding funnel at Airbnb can be analysed. For example, the data could show that 95% of hosts create a listing, but only 10% of listings get a booking. This would show you that you should focus your efforts on increasing the number of bookings received and not increasing the number of listings from a host.

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