**WHAT IS SEGMENTATION?**

**Segmentation** is the process of dividing a large and diverse customer base into smaller, more manageable groups that share similar characteristics.

The goal is to **understand differences within your customers**, such as who they are, how they behave, and what they value, so you can make more targeted and data-driven decisions.

In short:

Segmentation helps you move from *“all customers are the same”* → to *“these are different types of customers with distinct needs and value.”*

**Types of Customer Segmentation**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | **Description** | **Example Fields in Your Data** | **Example Insights** |
| **Demographic Segmentation** | Based on who customers are. | Age, Gender, Income, Education | Which generation spends more? Which income group drives premium purchases? |
| **Geographic Segmentation** | Based on where they are located. | Country, State, City | Which regions bring in the most sales or profit? |
| **Behavioral Segmentation** | Based on actions or usage patterns. | Purchase frequency, Loyalty score, Product preference | Who are your repeat vs. one-time customers? |
| **Psychographic Segmentation** | Based on lifestyle, interests, or values. | (Can be inferred from survey data, preferences, etc.) | Which segment prefers high-end vs. affordable options? |

You want to create a new column called **Age Group** (or Generation) such as:

|  |  |  |
| --- | --- | --- |
| **Generation** | **Birth Years** | **Age Range (2025)** |
| Gen Z | 1997–2012 | 13–28 |
| Millennials | 1981–1996 | 29–44 |
| Gen X | 1965–1980 | 45–60 |
| Baby Boomers | 1946–1964 | 61–79 |

**Decide Your Income Ranges**

You’ll need to define what “Low,” “Medium,” “High,” and “Premium” mean in your dataset.  
Here’s a sample structure (you can adjust to fit your data):

|  |  |
| --- | --- |
| **Income Bracket** | **Income Range** |
| Low | 0 – 100,000 |
| Medium | 100,001 – 300,000 |
| High | 300,001 – 700,000 |
| Premium | Above 700,000 |

**Tenure Group**

|  |  |
| --- | --- |
| **Tenure group** | **Range** |
| New | <1 |
| Emerging | <3 |
| Loyal | <7 |
| Legacy | >8 |

**KEY CHARTS AND INSIGHTS**

**Customer Distribution by Generation**: "Generation" (Boomers, Gen X, Millennials, etc.) is more insightful and marketing-focused than the generic "Age Group." It immediately frames the data in a way that is useful for targeting campaigns.

**Customers count by Tenure group:**"Tenure" is the metric, but "Loyalty" is the business insight. This title tells your manager not just how long customers have been around, but how this relates to their loyalty, which is a key business concept.

**Customer count by Income bracket:** "Income Bracket" is technical. "Wealth Profile" is more strategic and gives a quicker understanding of the customer base's overall value and spending potential.

**Customer count by occupation:** It's clean, professional, and clearly describes what the chart is showing. You could also use Top Customer Occupations if you want to highlight the most common jobs.

**Customer count over years (growth):** It's simple and effective. It clearly states that we are looking at customer numbers (Count) over Time and the key trend we're interested in is Growth.