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Customer segments

Understanding Customer Segments is Key to Business Success

DEFINITION

Customer segments are the different groups of people or organizations a business aims to serve. Identifying these segments helps tailor products and marketing strategies effectively.

KEY CONCEPTS

Market Segmentation

The process of dividing a broad target market into smaller, more defined categories.

Target Market

The specific group of customers a business focuses on to sell its products.

Demographics

Statistical data relating to the population and particular groups within it, such as age, gender, and income.

Psychographics

The study of consumers based on their activities, interests, and opinions, providing deeper insights into their motivations.

Customer Personas

Fictional characters created to represent different user types within a targeted demographic, helping businesses understand their customers better.

EXAMPLES

- A fitness app targeting millennials interested in health and wellness.
- A luxury car brand focusing on high-income individuals seeking status.
- An online course platform catering to professionals looking to upskill.

MEMORY TIPS

- ★ Remember 'DPT' for Demographics, Psychographics, and Target market.
- ★ Use 'C-P-M' to recall Customer Personas and Market segmentation.
- ★ Think of customer segments as puzzle pieces that fit together to form a complete picture.

COMMON MISTAKES

- ✗ Failing to define clear customer segments.
- ✗ Assuming one segment fits all without proper research.
- ✗ Neglecting to update segments based on market changes.

QUICK RECAP

Customer segments are crucial for tailoring business strategies and products. Understanding demographics and psychographics helps businesses effectively reach their target markets.