



POV

# Do you need a Segmentation? And, if so, What Kind?

✦ Navigating the path to deeper consumer understanding and strategic growth.

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POV

Do you  
need a  
Segmentation?  
And, if so,  
what kind?



# Are you wrestling with these issues?

## (The Case for Segmentation)



For many marketers, the word “segmentation” can feel intimidating. Given its strategic importance, along with the time and investment required to build a good one, it’s understandable to feel uncertain about its potential value versus the immediate effort. And even if you agree that segmentation *is* needed, figuring out *what kind* – a people-based segmentation, or one focused on audience needs – can be a puzzle in itself. Ultimately, the question we hear most often, implicitly or explicitly, is: “Do we need a segmentation? And, if so, what kind?”

Clients asking these  
questions are  
typically grappling  
with at least one of  
these issues:



“Our marketing target  
is too broad - how do  
we get more specific  
than ‘Millennial  
Moms’?”



“We HAVE to grow  
and innovate - but  
where? And for which  
customers?”



“Our competitive set  
has changed, and we  
need to find a new way  
to differentiate  
ourselves!”



“My target audience is  
changing - and I don’t  
think we understand  
them anymore!”



If any of these resonate and make you want to  
crawl under your desk, it might just be time to  
talk about segmentation.

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At its core, segmenting a market or audience is about identifying clusters of consumers with commonalities that a business can use to target communications, refine marketing, or innovate. While segmentations can sometimes be complex, they fundamentally help you find meaningful groups. These groups can be based on product preferences, consumer behaviors, attitudes about a category or topic, or shared demographic traits.

Generally, segmentations take one of two high-level forms: they can segment people based on *who they are*, or they can segment the behaviors, needs, motivations, or use occasions people share in common. Both are powerful strategic tools, but knowing which one to choose is key!

## —A people-based segmentation helps answer questions like:



- What types of consumers represent the biggest opportunity for growth?

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- How can our marketing and communications more effectively speak to our target audience's values, lifestyles, and preferences?

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- How does cultural heritage (or ethnicity) make my target audience unique, and how can we honor that?

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## —An occasions/needs-based segmentation helps understand:



- Why is a consumer choosing a competitor brand over mine?

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- What common values or needs can we most effectively speak to (and align with) to attract new customers?

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- Where can our brand “live” in the day-to-day lives of our target audience, and what occasions can we be present for?

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- Each type of segmentation plays a different role and meets a different business need. While understanding consumer values, attitudes, habits, and preferences is important to both, an occasions/needs-based segmentation uses these elements as the *primary* way of grouping consumers. This means the research needs to go deeper than just demographics and psychographics to truly understand the underlying facets of consumers' identities that transcend these surface-level traits.

## For example...

- An alcoholic beverages company might create a "people-based" segmentation that clusters consumers by a combination of gender, age, location, and attitudes about the category. Think "millennial male craft brew aficionados" versus "college grad beer rookies" – these are often largely homogenous groups based on demographics.
- That same company could also create an "occasion-based" segmentation. This would cluster consumers around important moments in their lives where beer might play a significant role, such as creating connections with family, social time with friends, or game day. Depending on the business need, each of these is valid. However, the occasion-based segmentation can often be more broadly applicable, as the occasions themselves might be more universal. Marketers can then delve deeper into the nuances of each occasion to understand which are right for the brand, and even target specific demographics within those occasions for greater impact.







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# The Critical Crossroads: When Segmentation Might NOT Be for You



Evaluating whether you truly need a segmentation is a critical first step. Segmentations can require significant time and cost investments, so a misguided one isn't just a waste of resources – it could lead you down the wrong strategic path entirely.

Segmentation is a specialized solution, not a universal one. So, despite its flexibility and rich detail, it isn't always the right tool for every challenge. You might want to think twice about a full-blown segmentation, or explore simpler research approaches, if any of these situations describe your current reality:



- Your target market is already highly defined and relatively homogeneous.



- You have limited resources to invest in research and/or need quick, tactical answers.



- You recently completed a segmentation, or your existing one is still relevant and actionable.



- Your primary business goal is basic brand health, not strategic growth.

At Ahzul, we take a bespoke approach to building segmentations, avoiding a cookie-cutter model to ensure our research plan best meets *your* specific business needs.

**This means we'll also  
be honest and tell you  
if a segmentation isn't  
the best solution for  
what you're trying to  
achieve right now.**

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Segmentations can range from more informal grouping and profiling to statistically rigorous segment modeling, and even layered segmentations like a dual people and needs approach. Because of this range, thorough preparation is absolutely critical to getting the context and content just right.

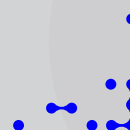
# Statistical Rigor/Complexity



Basic grouping or  
profiling of similar  
people or needs.



Statistical  
Segmentations or  
Dual/layered  
Segmentations.





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# Crafting a Segmentation That Delivers: The Foundation for Success

The most critical step in approaching a segmentation is nailing down the strategic business questions you need to address, and then thinking through *how* that information will actually be used within your organization. While that might sound obvious, it's absolutely vital for the success and adoption of your segmentation results - and often overlooked!

Next, whether you're taking a people-focused or needs-focused approach, it's important to define your universe (or sample scope) to ensure you're speaking to the right population.

The key to setting the proper context or scope is having

## clear objectives for the research

so that the decision is strategy-led. In many cases, this will look like 'casting your net' wide enough for the results to provide insight and opportunities with your current consumers and identify reasonable growth potential, whether it's new consumers or new needs/occasions, without going too far afield.

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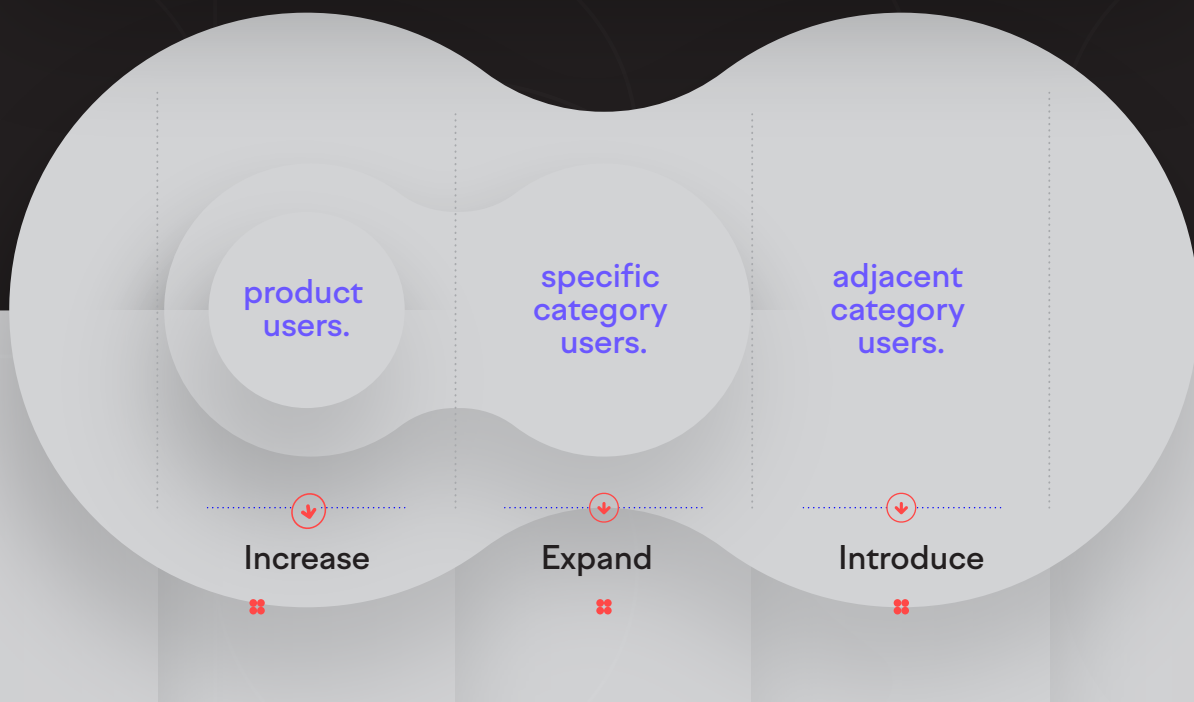




For instance, a narrower scope that focuses on current consumers in your product category might be ideal if your objective is to refine messaging for an existing product or understand very specific usage patterns.

Conversely, a broader focus on adjacent categories (for example, potato chips or snacking in the image below) would be helpful if your goal is to identify new growth opportunities, potential new customer segments, or understand how your product fits into a larger consumption landscape.

The results of a narrower segmentation would provide deep insights into a specific, known audience, while a broader one would highlight emerging trends and untapped markets, leading to different strategic implications for product development and marketing efforts.



Just as important as the *context* is the *content* of your survey. It should thoroughly explore the audience, occasion, or need to ensure you're making the most of the research investment.

Demographic and behavioral questions are non-negotiable, but capturing robust psychographic information is equally vital for building a holistic view. This means diving into things like lifestyle habits, social circles, attitudes toward products or categories, and general life beliefs & behaviors (like definitions of success, financial outlook, or purchase habits), just to name a few.

For example, understanding consumers' attitudes towards sustainability might reveal a segment willing to pay a premium for eco-friendly products, or their approach to personal finance could indicate receptiveness to subscription models. Similarly, insights into their social media habits could inform your communication channels, while their definition of success might shape the aspirational messaging for your brand. That's why at Ahzul, we go well beyond basic demographic profiling to provide a full, robust picture of the segments.

It's also often possible to link your segmentation results to secondary sources of information, such as your CRM database or audience targeting databases. Identifying this as an important goal upfront allows you to work with the appropriate parties to create data proxies that connect these sources. Linking primary and secondary data when creating your segmentation can significantly enhance diagnostic information for the segments and boost your organization's ability to act on the results.



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# Ensuring Your Investment Pays Off: Activating Your Segmentation



Sometimes, the most challenging (or intimidating) part of creating a segmentation is actually introducing it to your organization. But a great segmentation is only valuable if it's truly integrated and used. Leveraging the following strategies can significantly boost the successful adoption of a new segmentation:



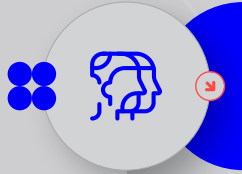


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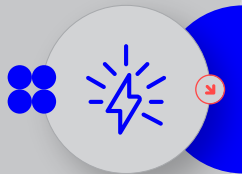


## \_Qualitative Immersion:



Using ethnographies and other qualitative strategies can help you truly get to know the consumers within key segments and understand their needs in ways that go much deeper than quantitative analysis alone. Pairing these results creates a rich, full-color picture that brings segments to life.

## \_Stunning Design & Visualization:



Visuals are key to capturing interest in your segmentation and helping stakeholders digest and remember the results. Marketers are often inundated with endless PowerPoint reports. Bringing your segments to life through creative and visually impactful design (in reports and complementary materials) will not only grab attention and make the results memorable, but great design can also significantly amplify understanding and interpretation.

## \_Interactive Workshops:



These are a vital part of the segmentation process. They introduce your stakeholders to the new segments in ways that allow them to more fully engage and immerse themselves, asking questions, considering ways to apply the segmentation in their context, etc. Well-executed workshops also guide your stakeholders to work collaboratively, brainstorming and beginning to build activation strategies – which really speeds up the usefulness of your new segmentation.



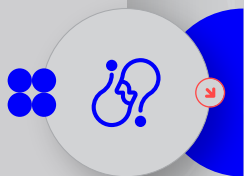
In some instances, you might be introducing a new segmentation when another already exists in your organization.

## Multiple segmentations can coexist -

but it's vital to have clear roles for how and where each plays into your marketing strategies.

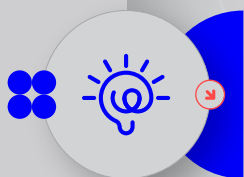
To ensure your segmentation truly delivers and is adopted, keep these key recommendations in mind:

### Define Your "Why":



Before starting, ask yourself: What specific business questions do we need this segmentation to answer, and how will these insights actually be used to make decisions and drive action within our organization?

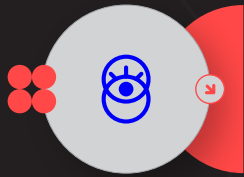
### Scope Smart:



Consider the "who" and "how deep." Will you focus on current product users, a specific category, or a broader adjacent market? How wide should your net be cast to provide both immediate insights and future growth opportunities without going too far afield?

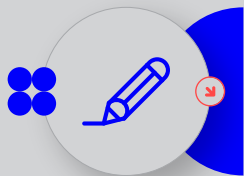
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## Capture the Whole Picture:



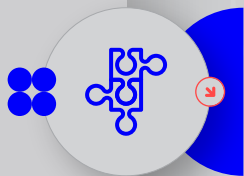
Ensure your research goes beyond basic demographics. What psychographic information (lifestyles, attitudes, habits, motivations) is crucial for building truly holistic and actionable segments? How can you link primary research with secondary data (CRM, audience databases) to enrich your understanding and enhance actionability?

## Plan for Activation from Day One:



A beautiful segmentation sitting on a shelf is useless. How will you bring these segments to life for your team? Think about qualitative immersions, compelling visuals, and interactive workshops to foster engagement and ensure everyone understands and can apply the findings.



## Integrate Thoughtfully:



If you have existing segmentations, how will this new one fit in? Define clear roles for each segmentation to avoid confusion and ensure they complement, rather than complicate, your marketing strategies. Keep the segments simple and intuitive enough for broad organizational understanding and adoption.

At Ahzul, we're passionate about creating bespoke segmentations that not only deliver deep consumer understanding but also drive strategic growth and innovation for your business. And, just as importantly, we believe in making the process enjoyable for everyone. Please reach out if you have questions or are curious about whether and how a tailored segmentation process can benefit your organization.





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