Customer Segmentation:

Why is it important for your ecommerce business?

Introduction

In today's competitive ecommerce landscape, understanding your customers—knowing their preferences and reaching them with the right products at the right time—is essential for boosting your average order value (AOV).

Shopper segmentation is key to achieving this. It involves categorizing customers into groups based on their needs, preferences, expectations, and pain points. The goal? To create actionable and meaningful segments that allow for highly effective customization and targeting of your marketing efforts.

What Is Segmentation?

Demographic Segmentation

This type of segmentation involves understanding your audience based on demographic factors such as age, gender, income level,and education. It's especially crucial for businesses serving a global audience.

Geographic Segmentation

Geographic segmentation groups customers based on their location. This is particularly beneficial for companies selling products or services to different types of customers, such as local versus international shoppers.

Psychographic Segmentation

Psychographic segmentation categorizes people based on psychological characteristics—like personality traits, values, and interests. This approach is vital for companies catering to a diverse customer base, including both introverts and extroverts.

Behavioral Segmentation

Behavioral segmentation focuses on grouping customers by their behavior, such as purchase history or engagement with your website or social media channels.

Beyond these four major models, there are other useful segmentation methods, such as RFM (Recency, Frequency, Monetary value) segmentation and transactional segmentation, which can be incredibly effective for targeted marketing.

Delving Into RFM Segmentation

RFM segmentation is a powerful tool for identifying a company's best customers by analyzing their purchasing behavior based on three key factors:

- ## Recency:

How recently a customer made a purchase. This helps businesses identify engaged customers who are still interested in their products.
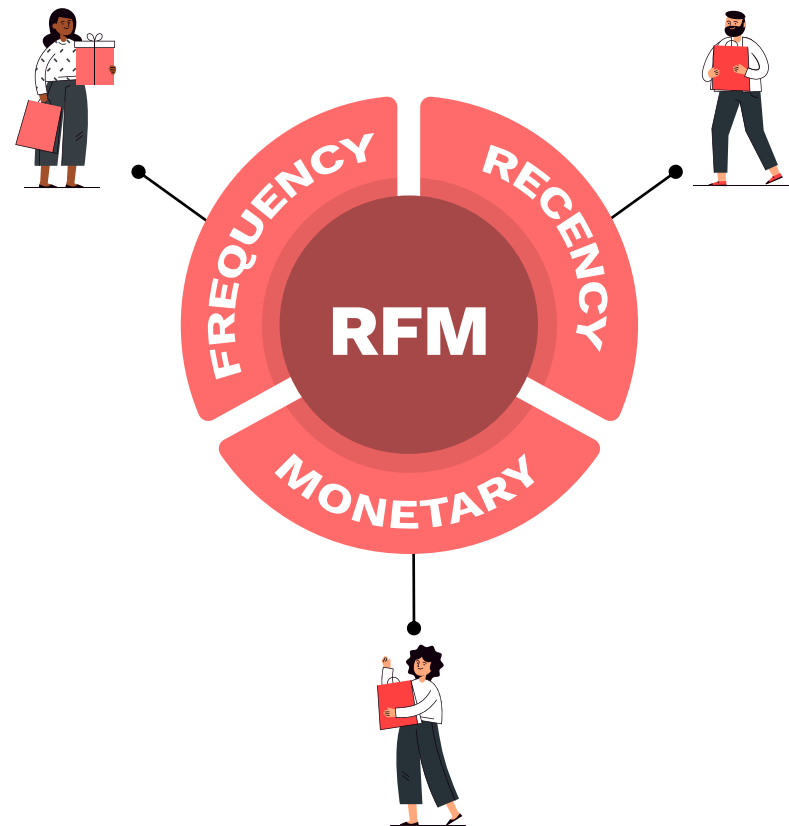
- ## Frequency:

How often a customer makes a purchase within a specific time period. This metric is essential for tailoring marketing strategies to keep loyal customers engaged.

- ## Monetary Value:

How much money a customer has spent over a particular period. High-value customers are identified through this metric, helping companies focus on those who contribute the most to revenue.

Transactional Segmentation

is another effective method, dividing the customer base into groups based on purchasing behavior, often using the RFM model. This allows businesses to create more targeted marketing strategies and personalized communications.

How Can Netcore Unbxd Help With Effective Shopper Segmentation?

Netcore Unbxd simplifies the complex task of customer segmentation, allowing businesses to manage it effortlessly without disrupting core operations.

Predefined and Customizable Attributes

Netcore Unbxd offers a set of predefined attributes that are automatically applied across various use cases. While these attributes can't be deleted, they can be customized to suit specific business needs. Businesses have the flexibility to prioritize or rearrange them as required. The default attributes include:

Frequency:

How often a customer makes a purchase within a specific time period. This metric is essential for tailoring marketing strategies to keep loyal customers engaged.

Advanced Segmentation for Customized Targeting

Beyond these default segments, Unbxd offers a robust interface for Advanced Segmentation. Ecommerce businesses can create custom segments based on additional criteria such as RFM, Social and Community, or User Journey. Unlike traditional segmentation methods, which often miss the nuanced preferences of individual shoppers, Unbxd's advanced segmentation allows retailers to create detailed shopper groups based on specific attributes, ensuring every interaction is tailored to the shopper's unique style and needs.

User-Friendly Interface and Real-Time Insights

The Unbxd Console provides an intuitive drag-and-drop interface for creating custom segments. Users can define segment criteria by selecting attributes from various categories (e.g., age, gender, purchase frequency) and combining them using logical operators like AND, OR, and NOT. The console also provides real-time insights into the size and characteristics of the segments being created, enabling fine-tuning before implementation.

Location   Device   User type

Customizing Search Results With Netcore Unbxd

Once a segment is defined, businesses can set specific rules to customize search results for that segment:

Predefined and Customizable Attributes

Netcore Unbxd offers a set of predefined attributes that are automatically applied across various use cases. While these attributes can't be deleted, they can be customized to suit specific business needs. Businesses have the flexibility to prioritize or rearrange them as required. The default attributes include:

- **Rule-Based Customization:**

For example, a retailer might ensure that users in a "High-Spending" segment see premium products or exclusive offers at the top of their search results.

- **Dynamic Personalization:**

The Unbxd Console also supports dynamic personalization, continuously optimizing search results based on evolving user

Example Use Cases:

Location-Based Customization

Scenario: A fashion retailer wants to target users in different regions with location-specific promotions. By creating segments based on user location (e.g., North America, Europe, Asia, or even specific cities like Los Angeles or New York), the retailer can customize search results to highlight region-specific brands, ongoing sales, or seasonal products.

Outcome: Shoppers see products in search results and category pages that are more relevant to their local context, leading to increased engagement and higher conversion rates.

Behavioral Segmentation Customization

Scenario: A home goods retailer aims to cater to frequent buyers of home decor items. By creating a segment for these users, the retailer can customize search results to prioritize new arrivals, exclusive collections, and bundled offers.

Outcome: Frequent buyers are more likely to return and make additional purchases, as they encounter products that align with their past preferences and shopping behavior.

Advanced Segmentation for Cross-Channel Communication

Netcore Unbxd's advanced segmentation empowers businesses to enhance cross-channel marketing campaigns:

• Consistency Across Channels:

By segmenting customers based on their preferences, behaviors, and demographics, businesses can create a unified message that resonates across multiple channels—email, social media, or in-app notifications.
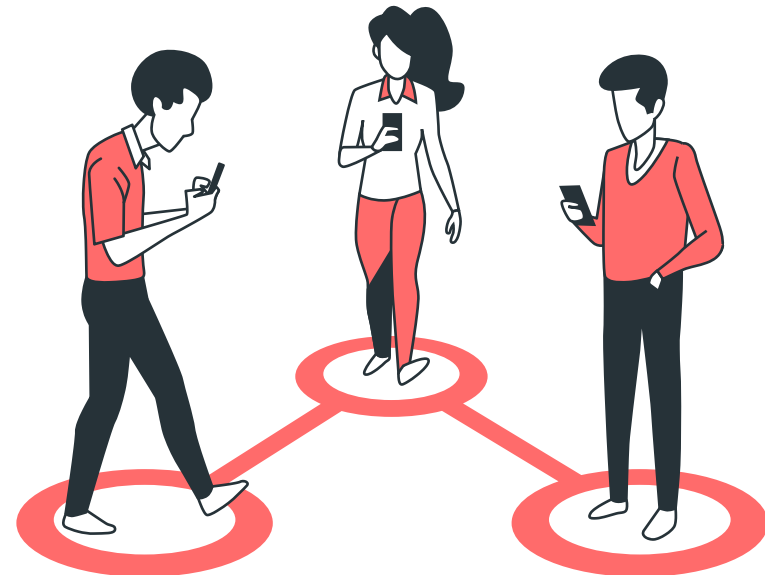
• Targeted Messaging:

Advanced segmentation allows for highly targeted messaging. For instance, a retailer could send product recommendations via email to a segment of customers based on their previous purchases while also displaying complementary products on social media. Each touchpoint is personalized, increasing the likelihood of conversion.

• Optimized Marketing Spend:

With segmentation, marketing budgets can be more efficiently allocated by targeting specific shopper segments with tailored campaigns. This reduces wasted spend on broad, untargeted campaigns and increases ROI by focusing on segments most likely to convert.

• Actionable Data Across Channels:

Segmentation provides insights into how different customer groups behave across channels. This data is invaluable for refining marketing strategies and improving cross-channel efforts.

Quick Glimpse: What Netcore Unbxd Can Do for Ecommerce Businesses

ONE

Classify shoppers based on their location and purchasing patterns to recommend the right products to the right audience.

TWO

Identify how shoppers' purchasing behavior changes according to their device.

THREE

Differentiate between first-time shoppers and repeat customers, displaying trending products to the former and preferred products to the latter.

Netcore UNBXD

FOUR

Set custom attributes for segmentation based on specific business requirements, with up to five custom attributes configurable under the attribute settings.

FIVE

Perform bulk uploads and downloads of segments, allowing for seamless campaign management across different environments.

SIX

Configure and preview segments directly on your website, viewing search results in real-time to troubleshoot segment configurations effectively.

Conclusion

In today's rapidly evolving e-commerce landscape, staying ahead requires more than just maintaining the status quo. To truly thrive and outpace the competition, businesses must elevate their strategies. With Netcore Unbxd, your e-commerce business can achieve this by flawlessly executing customer segmentation, a critical component in optimizing the customer lifecycle. By delivering personalized, targeted experiences that drive engagement and conversion, Netcore Unbxd ensures your business not only keeps pace with industry changes but also sets the standard for success.
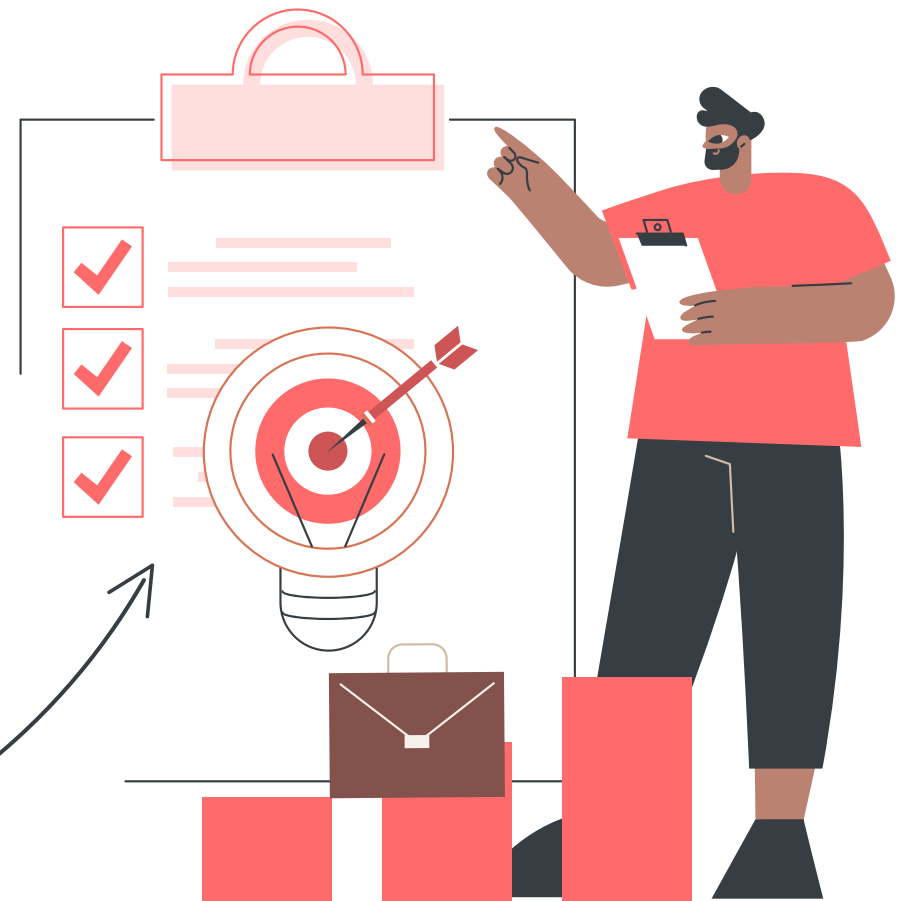
About Unbxd

Netcore Unbxd is an AI-driven platform designed to empower brands with personalized customer experiences, driving exponential growth in online sales. Our dedication to transforming e-commerce has earned us prestigious accolades, establishing us as a leader in the Gartner® 2024 Magic Quadrant™ for Search and Discovery and the Forrester Wave™: Commerce Search and Product Discovery, Q3 2023 report.

1710 S. Amphlett Blvd
Suite 124 San Mateo,
CA 94402

sales@unbxd.com
support@unbxd.com

+1 (650) 282-5788