



A priori segmentation - segments customers based on publicly-available information

ADVANTAGES

- Simple
- Uses easily-accessible metrics and information
- Creates clear groups of customers within a market

DISADVANTAGES

- Less detailed as less information used to create segments
- Not always valid as often segments are too broad

Needs-based segmentation - segments based on differentiated drivers for product / service to exist.

ADVANTAGES

- Takes into account customer needs & analysis to create relevant segments so is more accurate
- Very personalised approach

DISADVANTAGES

- Can be time-consuming and costly to do
- Needs often change, dependent on external factors, so can be quickly outdated



Value-based segmentation - segments customers based on their economic value / wealth

ADVANTAGES

- Simple to do
- Enables specific product / service targeting based on price and potentially higher revenues

DISADVANTAGES

- Can require quite personal / sensitive information
- Doesn't take into account personal preferences or interests