



A Study on Customer Segmentation Using Data Analytics

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Abstract:

Customer segmentation is a strategic marketing approach that involves dividing customers into distinct groups based on their characteristics, behaviors, preferences, and purchasing patterns. With the growing availability of customer data, organizations increasingly utilize data analytics techniques to identify meaningful customer segments and develop targeted marketing strategies. This study examines the role of data analytics in customer segmentation and its impact on customer relationship management, personalized marketing, and business performance. The findings reveal that data-driven customer segmentation enhances marketing effectiveness, improves customer satisfaction, and contributes to organizational growth.

Keywords: *Customer Segmentation, Data Analytics, Customer Behavior, Market Segmentation, Business Intelligence, Customer Relationship Management, Marketing Analytics.*

Introduction:

In today's competitive business environment, understanding customer needs and preferences is essential for organizational success. Customers differ in terms of demographics, purchasing behavior, lifestyle, and product preferences. Therefore, businesses must identify and categorize customers into meaningful groups to provide customized products and services.

Customer segmentation using data analytics enables organizations to analyze large volumes of customer data and identify patterns that support strategic decision-making. Through advanced analytical tools and techniques, businesses can create targeted marketing campaigns, improve customer engagement, and optimize resource allocation.

This study focuses on understanding the significance of data analytics in customer

segmentation and its contribution to business performance.

Literature Review:

Kotler and Keller (2021) The authors stated that customer segmentation helps organizations understand diverse customer needs and develop effective marketing strategies.

Sharma and Gupta (2022) The study found that data analytics significantly improves the accuracy and effectiveness of customer segmentation.

Kumar (2023) The researcher observed that customer segmentation enhances personalized marketing and customer satisfaction.

Mehta and Rao (2024) The study highlighted the role of predictive analytics in identifying customer preferences and purchasing behavior.

Singh and Verma (2025) The researchers concluded that data-driven segmentation

contributes to improved customer retention and profitability.

The literature indicates that customer segmentation supported by data analytics is a valuable tool for improving marketing performance and customer relationship management.

Objectives of the Study:

1. To understand the concept of customer segmentation.
2. To examine the role of data analytics in customer segmentation.
3. To analyze customer characteristics and purchasing behavior.
4. To evaluate the effectiveness of segmentation strategies in marketing.
5. To suggest measures for improving customer segmentation practices.

Research Questions:

1. What is customer segmentation and why is it important?
2. How does data analytics support customer segmentation?
3. What factors are considered while segmenting customers?
4. How does customer segmentation improve marketing effectiveness?
5. What strategies can enhance data-driven customer segmentation?

Research Methodology:

Research Design:

Descriptive Research Design.

Sources of Data:

Primary Data:

- Structured Questionnaire
- Personal Interaction with Customers

Secondary Data:

- Marketing Journals
- Research Articles

- Books on Marketing and Analytics
- Company Reports
- Online Sources

Sampling Technique:

Convenience Sampling.

Sample Size:

100 Customers.

Data Collection Tools:

- Questionnaire
- Interview Schedule

Statistical Tools:

- Percentage Analysis
- Mean Analysis
- Tables and Charts

Study Period:

January 2026 – April 2026.

Data Analysis:

Table 1: Awareness of Personalized Marketing Offers

Response	Respondents	Percentage
Highly Aware	40	40%
Aware	35	35%
Neutral	15	15%
Not Aware	10	10%
Total	100	100%

Interpretation: Most customers are aware of personalized marketing offers based on segmentation.

Table 2: Factors Influencing Customer Segmentation

Factor	Respondents	Percentage
Purchase Behaviour	35	35%
Demographics	25	25%
Income Level	15	15%
Lifestyle	15	15%
Geographic Location	10	10%
Total	100	100%

Interpretation: Purchase behavior is considered the most important factor in customer segmentation.

Table 3: Satisfaction with Personalized Services

Opinion	Respondents	Percentage
Highly Satisfied	32	32%
Satisfied	46	46%
Neutral	14	14%
Dissatisfied	8	8%
Total	100	100%

Interpretation: Most customers are satisfied with personalized products and services resulting from customer segmentation.

Findings:

1. Customer segmentation helps organizations understand customer needs effectively.
2. Data analytics improves the accuracy of customer segmentation.
3. Purchase behavior is the most significant factor influencing segmentation.
4. Personalized marketing campaigns increase customer engagement.
5. Customer segmentation contributes to better customer satisfaction and loyalty.
6. Data-driven decision-making improves marketing effectiveness.
7. Organizations benefit from improved customer retention and profitability.

Suggestions:

1. Utilize advanced analytics tools for more accurate customer segmentation.
2. Continuously update customer databases for better insights.
3. Implement personalized marketing strategies based on customer segments.
4. Enhance data quality and data management practices.

5. Use predictive analytics to identify future customer needs.
6. Strengthen customer relationship management systems.
7. Conduct regular market research to understand changing customer preferences.

Conclusion:

Customer segmentation using data analytics has become an essential strategy for modern businesses seeking to improve marketing effectiveness and customer satisfaction. The study concludes that data analytics enables organizations to identify meaningful customer groups, understand purchasing behavior, and develop personalized marketing strategies. Effective customer segmentation enhances customer engagement, loyalty, and profitability. Organizations should continue investing in data analytics capabilities to gain deeper customer insights and achieve sustainable competitive advantage.

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