Customer Segmentation as a Risk Management Tool: Identifying and Managing Low-Value Clients in B2B Relationships

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ABSTRACT,
In the B2B industry, not all clients contribute equally to the business success, in fact some of them pose significant financial, strategic or reputational risks. This thesis explores the ways in which customer segmentation can be utilized as a tool to identify and manage such high-risk low-value customers. Through the use of qualitative data from 30 semi-structured interviews and a theoretical foundation in theories such as Customer Relationship Management (CRM), Segmentation, Customer Lifetime Value (CLV), Risk Management, and Trust, this paper aims to categorize the main practices firms use to mitigate problematic-client-related risks. Adding to this, the research provides a model based on the level of customer segmentation integration of each of these practices. This study contributes to a moderately underexplored intersection of segmentation and risk management in B2B contexts and offers practical guidance for firms which aim to optimize customer portfolios and reduce exposure to low-value clients' risks.

AI statement
"During the preparation of this work, I (Lucía Dacruz Solís) used Chatgpt to formalize and improve the academic writing of the research. After using this tool/service, we thoroughly reviewed and edited the content as needed, taking full responsibility for the final outcome."

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B2B customer segmentation, risk management, low-value clients, Customer Lifetime Value (CLV), Customer Relationship Management (CRM), high-risk customers, client portfolio management, customer churn

1. INTRODUCTION

Business to business (B2B) markets are extremely competitive in the current world, this makes establishing and maintaining a profitable and long-term customer base much more vital and crucial for organizational success and business sustainability (Rosenbloom, 2006, pp. 4-6). B2B companies usually work and operate in high-stakes environments with fewer but higher-value clients compared to the usual business-to-consumer (B2C) markets (Mitrovic, D., 2025, p. 50). Due to this reason, the risk of customer churn or unproductive client relationships can have very harmful effects on performance and long-term outcomes. This presents the issue of having "bad customers" and dealing with their impact. Not all customers are able to contribute equally to the firm's performance, some of them present a high risk of churn or unprofitability for the company, these are clients regarded as "bad customers" (Figalist et al., 2019, pp. 378–386). Being able to identify and manage such customers is key for any firm in order to be able to minimize financial risk and optimize resource allocation (Guliyev et al., 2024, pp. 1-11). In most traditional approaches to customer relationship management (CRM), the efforts towards taking care and retaining loyal, high-revenue clients are very high, while those customers whose behaviours contribute to decreasing business value, for instance by constant late payments or high service demands, are still being overlooked (Figalist et al., 2019, pp. 378–386).

Businesses have increasingly gained access to large volumes of customer data thanks to new technologies and big data analysis, however, many of them still lack effective strategies to interpret and use these insights in ways that can balance risk management while also contributing to market growth (P & Ahmed, 2016, pp. 511–512). The issue arises whenever traditional CRM models fail to identify these high-risk clients and therefore struggle with the consequences. As clarified before, these strategies mainly emphasize customer acquisition and retention and therefore are based on positive contribution metrics such as revenue of loyalty (Kumar & Reinartz, 2016, pp. 40–45). This encourages a limited vision when looking at the customer portfolio, which in turn can fail to capture customers behaviors that are able to harm the firm's long-term efforts. The real problem emerges whenever this narrow vision presented in traditional models misidentifies the "bad customers" as "valuable" ones, leading companies to invest resources, time and efforts into relationships that undermine profitability (Nguyen, 2012, pp. 60-65).

Furthermore, knowledge of the customer behavior can help marketing managers to create and to improve their strategies while having the customer as the main input. B2B customers are usually more complex, their buying process is more complicated and the sales value is greater. This is why customer segmentation, which has been a long and well-established marketing tool used to personalize and target strategies to different divisions of the customer base, would be very beneficial in the B2B market. The potential of this tool as a risk mitigator in B2B industries remains unexplored. The use of segmentation tactics to identify high-risk or "bad" customers presents a great opportunity to not just reevaluate segmentation as a growth strategy, but also as a defense mechanism against sales inefficiencies and inappropriate resource allocation.

1.1 Research objective

Despite the widespread use of traditional CRM tactics in B2B markets, the techniques used to identify and manage high-risk and low value customers remain understudied (Jahromi et al., 2014, p. 1258). Most existing literature research's focus is deeply rooted on the recognition and retention of favourable clients, while the issue of having bad customers is still overlooked and underevaluated (Nguyen, 2012, pp. 60-65). Due to this, this study has the aim to on one hand, fill in this gap by investigating ways in which B2B companies identify and manage these "bad clients", defined as customers that present a high risk of churn and/or add low value to the company, and on the other hand, to assess the extent to which customer segmentation can have an impact on the mitigation of such risk.

The main objective of this research is to explore ways in which B2B companies can utilize customer segmentation to assess, manage and mitigate the risks that are associated and brought to the company due to problematic customers. In that way, the strategic allocation of resources will be enhanced and the business relationships with the real valuable clients will become more sustainable.

1.2 Research problem

This study addresses the limited understanding of how B2B firms can identify and manage high-risk or unprofitable customers as the main problem. Most B2B literature is centered around prioritizing opportunities rather than addressing business threats, which in turn, focuses its efforts on retaining valuable clients rather than mitigating the risk of inefficient ones. This gap can lead to inefficient resource investment, high operational costs and overall weaker performance in real-life practice.

In order to address this issue, this research is guided by the following research question:

- How can B2B businesses identify and manage bad customers or customers with a high chance of churn, and to what extent does customer segmentation have an impact on mitigating this business risk?

This question is both academically and practically relevant. On one hand, the academic relevance of this study lays on customer relationship management (CRM), customer lifetime value (CLV) and target segmentation tactics within the B2B markets. The study addresses a relatively unexplored area in which segmentation is used not only for growth but also as a risk management tactic. On the other hand, practically, this study offers findings which can help to inform B2B managers about different data-driven approaches that can both prioritize high-quality customer retention while also managing risks related to problematic clients. By adopting this dual focus on identification and strategic response, the research aims to help B2B companies to develop more resilient and profitable customer portfolios based on a clear understanding of customer behaviors and risks.

1.3 Sub-questions

To guide this research, the following sub-questions are proposed:

- *"Which factors can contribute to the creation of high-risk customers or those with a high chance of churn in B2B companies?"*
- *"What tools can B2B companies utilize to identify and manage high risk or at-risk customers?"*
- *"How can customer segmentation help to predict high risk or churn risk customer's behaviors and what are the most effective methods to do so?"*
- *"What are the key strategies that can be implemented in a B2B context to mitigate and manage high risk customers?"*

2. THEORETICAL FRAMEWORK

The study is based on four key and interrelated theories: Customer Relationship Management (CRM) and its most relevant metric; Customer Lifetime Value (CLV), Segmentation Theory, Risk Management Theory and Trust Theory. Combining these frameworks helps to create a comprehensive foundation for understanding how companies can identify, categorize and manage high-risk clients in a B2B environment.

2.1 Customer Relationship Management (CRM) Theory

The **Customer Relationship Management (CRM) theory** (Payne & Frow, 2005, pp. 168–170) develops a new conceptual framework based on exploring the role and function of each element in the network. As conceptualized by Payne & Frow (2005), this theory explains the need for a cross-functional process-oriented approach that achieves long-term and mutually beneficial relationships with customers. On top of this, the CRM emphasizes the importance of integration across different departments in the company, such as marketing, sales and service functions, in order to achieve successful management.

In a B2B context, the CRM is especially complex. Client relationships are often high-value and built over long-decision-making cycles (Zablah et al., 2004, pp. 476–481). Therefore, in a B2B market, it's important to not only understand customer needs but also assess the profitability and sustainability of these relations. The CRM framework provides a strategy to differentiate customer treatment based on the different strategic value that each client can offer. This theory is able to not only recognize that not all customers add the same value, but also suggests that companies should develop distinct tactics and approaches to manage different client types, especially when some of them have a high risk or cost (Zablah et al., 2004, 482–486). Furthermore, CRM emphasizes mutual value creation while also providing tools to assess when the value of some clients diminishes due to poor relationships, this makes the CRM not only a good growth tool, but also a risk-managing mechanism in B2B industries.

On top of all this the Customer Lifetime Value (CLV) is a key quantitative metric that supports CRM practices and is highly used to project the value of a customer over time. This represents the current value of the likely future income flow generated by an individual purchaser (Ramachandran, 2006, pp. 1-2). This enables organizations to estimate the long-term value of each client by analyzing the entire history with the company. In turn, by using this tool firms are able to identify and invest more in certain customers while also reconsidering the relationships with those who generate losses.

2.2 Market Segmentation Theory

The **Market Segmentation Theory** (Wedel & Kamakura, 2000, pp. 7-35) has been traditionally associated with marketing and targeting methods, it explains and supports the strategy of dividing clients into homogeneous groups based on shared characteristics. These attributes can be demographic, behavioral, psychographic, or, recently been increasing, financial and risk-based. As mentioned before, until now it has been mostly used for marketing tactics, however, segmentation can also be used to categorize customers in terms of risks by combining behavioral and financial data, this can benefit companies by helping them to identify and manage such customers. This also aligns with the resource allocation theory (an extension of the preferred customer theory), which emphasizes distributing resources based on the value customers whether add or subtract from the firm (Schiele, 2022, pp. 522-523).

In the context of this study, the segmentation theory provides that strategic view in order to differentiate customer management practices according to the value added or subtracted that certain customers provide. Although most of the segmentation literature mostly focuses on demand generation, this research will focus on segmenting customers according to their risk profile, which contains metrics such as likelihood of churn, payment reliability, etc.

2.3 Risk Management Theory

The **Risk Management Theory** provides the theoretical grounding for treating certain clients as business risks (Miller, 1992, pp. 311–312, 322–325). In the business context, this emphasizes the identification and mitigation of the risks which can involve a bad organizational performance. In the corporate literature, risk has been given many definitions, however, it can be defined as the probability of an undesirable event or outcome (Aven, 2011, pp. 33-35, 38), in customer management, this can include actions such as churn or unpredictable demand.

Applying this theory for categorizing the uncertainties faced by firms to customer portfolios, implies companies assessing and managing those relationships that are able to create threats to the financial health and operational efficiency of the business. Risk management frameworks involve identifying, managing and controlling risk elements. In the context of this study, these may, for instance, include operational risk and financial risk, all of which can be traced back to specific customer behaviors.

2.4 Trust Theory

In contrast with the already explained frameworks, the **Trust Theory** adds a very important behavioral and psychological dimension to understanding customer risk in the B2B context. Mayer et al. (1995, p. 712), for instance, defines trust as "… the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party". For this research paper, this means trusting that a client will meet contract terms, and will behave in a predictable manner. The Trust Theory builds on the belief that trust plays a key role when shaping client behavior, in which most traditional relationship-building mechanisms are categorized as obsolete for B2B contexts (Mitrovic, 2025, p. 45). Here trust becomes a crucial element for risk management assessment, it directly influences decisions such as adoption, commitment and ongoing engagement.

This framework is specially relevant since it can be an early indication of risk. The absence of trust or the existence of low-trust signals with a customer, can help to identify threats before they have an impact on the company. Due to this trust functions can act both as a tool to strengthen a relationship and as a predictor of potential risks (Mitrovic, 2025, p. 50).

2.5 Conceptual Model and Variable Structure

Based on all this theoretical background, three types of variables have been identified. On one hand, the independent variables of this study are the customer behavior, for instance the payment history or the purchase frequency, the financial metrics, such as the average order size or the profit margins, and the engagement patterns, for example the responsiveness to certain campaigns and the purchasing influences indicators. On the other hand, the main dependent variable is the business risk and its outcomes. This includes not only the clearly negative behavior, such as the customer churn probability, delayed payments or other service costs, but also uncertainties created by clients, for instance irregular purchase patterns, high volatility in order size and unpredictability in future revenue. On top of this, there is a main mediating variable that is able to connect the others; customer segmentation. Here customers can be classified based on their risk-level using data driven clustering.

Due to all this, the proposed research model assumes that customer segmentation can act as a mediating mechanism between the customer behaviors and the business outcomes. Instead of reacting to risks created by problematic customers, the model enables a proactive and previous identification of the customer segments according to their risk levels, making the managing process much more smooth and easy. This method helps businesses to identify problematic clients quickly, to allocate resources more effectively, to disengage from consistently unprofitable customers, and to strengthen customer relationship management by integrating risk as a segmentation dimension.

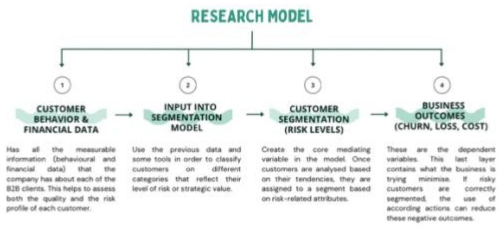

Figure 1: Research model for risk-based customer segmentation

3. RESEARCH DESIGN

3.1 Research Method

This study adopts an **exploratory research design** which aims to identify patterns and methods which B2B companies use to identify and control "bad customers", defined as those with a high chance of churn, low profitability or high risk behaviors, as well as assessing to what extent does customer segmentation have an impact on mitigating these business risks. The research follows a qualitative approach, primarily focused on semi-structured interviews with multiple professionals from various B2B industries (Adeoye-Olatunde & Olenik, 2021, pp. 1358–1360).

The research involves a combination of primary data, from the previously mentioned interviews, and secondary data, from existing studies and company reports. On one hand, secondary data will be used to understand behaviors and patterns, on the other, primary data will be used to gather real-life information. Some of the central variables that will be analyzed include: payment behavior (on-time vs. late), purchase frequency and value, frequency of complaints and profit margin per customer. In addition, any specific customer data mentioned during the interviews will be anonymized to maintain and ensure confidentiality and comply with the ethical standards.

The data analysis process consisted of four main stages (Creswell & Creswell, 2018, pp. 181–203):

1. Data preprocessing: Once all interviews were conducted, they were transcribed and translated (if necessary), anonymized and cleaned to ensure consistency.

2. Interview coding: The interviews were coded utilizing the tool Atlas.ai, which helped to create codes and identify common themes.

3. Theoretical mapping: Coded responses were interpreted making use of the previously mentioned theories: Customer Relationship Management, Customer Lifetime Value, Segmentation Theory, Risk Management, and Trust Theory.

4. Analytical integration: Patterns were identified across all the different interviews in order to assess how segmentation strategies can influence business outcomes, with focus on risk mitigation and customer management.

This methodology aims to produce actionable insights into which types of customers pose the greatest risks and to deliver practical insights into how B2B can utilize customer segmentation strategies to manage high-risk clients.

3.2 Sampling

In order to obtain a whole view of customer segmentation and risk across industries, this research uses purposive sampling to select interview participants with direct experience in B2B customer management. The B2B market is very broad and the companies that operate in it can go from manufacturing to logistics and other professional services, due to this participants of the study will be selected with the aim of having as many views as possible (Rosenbloom, 2006, pp. 4-6). A total of **30 semi-structured interviews** are planned.

Participants were selected to reflect the diversity within the B2B market, due to this, the selection tried to include:

- Companies of different sizes (from small sole traders to large corporations).
- Firms from different industries, such as product manufacturers, technology and professional services.
- Organizations with varied customer base dimensions (from a few high-value accounts to thousands of clients).

The sampling approach combines a homogeneous purposive sampling with a maximum variation sampling, by doing this it is possible to both ensure relevance with the research topic and to capture diverse experiences. This in turn increases the validity and strength of the findings while also ensuring relevance to the research objectives.

Table 1 presents the criteria used for participant selection:

Criteria	Description
1	Employed at a B2B company (product- or service-based)
2	Experience with customer management or segmentation
3	Involved in decision-making related to client selection, CRM, or risk assessment

Table 1: Criteria for participant selection (Appendix B)

3.3 Data Collection

The semi-structured interviews' structure is based on an interview guide which was developed according to the research objectives and the theoretical framework (see Appendix A). The questions focus on how companies are able to identify and segment their customers according to behavior or risk and on how these strategies and tactics can influence business decisions. The guide allows for flexibility in order to explore unexpected themes that can emerge during the interviews.

Interviews were scheduled via email or LinkedIn and conducted through video conferencing tools. Each meeting lasted between 20 and 40 minutes and was recorded with the participant's consent in order to allow full attention during the interview and facilitate an accurate transcription (Hughes, 2016, pp. 264–274).

After the data collection is finished, all interview recordings were transcribed using a transcription software followed by manual correction. These inputs were then coded and analyzed thematically, with support from the previously explained literature in order to conduct a proper data analysis that responds to the main research question.

By integrating findings from both qualitative interviews and secondary data, the study aims to identify how B2B firms can identify and manage high-risk clients and how customer segmentation can be utilized as a strategic tool for customer relationship management and threat-mitigation.

4. RESULTS

The following section will discuss the results obtained throughout all the semi-structured interviews. As mentioned previously, the aim of conducting the interviews was to find out the ways and techniques used in B2B companies to identify and manage high-risk clients as well as to evaluate if customer segmentation can serve as a tool to minimize or mitigate this issue. The results of the interviews were analyzed and coded through the use of Atlas.ai. Three main common themes were identified after studying the data:

1. Identification of bad/high-risk clients
2. Management of problematic customers
3. Risk mitigation through segmentation

The outcomes will be discussed by these categories and their sub-categories/codes. When referring to statements made by particular interview participants, the abbreviation code for the interview will be used, this will consist of: the appendix letter B, the number assigned to each participant and a letter to differentiate between quotes from the same interview.

4.1 Identification of bad/high-risk clients

As explained previously, in a B2B context, not all clients contribute equally to the value creation efforts of the company, some of them can even pose issues, such as financial or reputational risks. Across all the interviews, one of the main topic emphasized by participants was the importance of recognizing and pointing out those customers who can be categorized as "bad" (meaning clients who don't add value to the company, have problematic behaviors or have a low profitability) and/or high-risk (in terms of payment reliability, regulatory issues or an overall strategic fit with the business).

This theme is extremely dependent on the company itself, throughout the interviews, the participants mentioned that client evaluation involves a combination of financial factors, behavioral indicators and, most importantly in various discussions, contextual judgement. Some of the codes extracted from the analysis include: internal assessment of clients, values/ethics-based filters and data and technology tools. The goal in most cases is not to immediately discard customers, but to reevaluate the efforts destined to those clients. This section will explore the multiple strategies and ways organizations utilize to detect and categorize bad or high-risk clients as well as the reasoning behind these tactics and decisions.

4.1.1 Internal identification

A central and common insight throughout all interviews is that many companies rely on *internal processes* to identify indicators that can aid in recognizing clients which may cause risks in the long-term. This topic was mentioned in 23/30 (76.7%) of the interviews (See appendix C). These are mostly recognized in the daily operations and can be monitored by many different departments, such as sales, finance, human resource management… Participants across all interviews described a range of both quantitative and qualitative signs that can develop concern in the organization.

One of the most frequently mentioned indicators of "low-value" clients was **payment issues**. Several respondents stated that problems like late payments and inconsistent financial operations can serve as an early sign of future risks. As it can be seen in Appendix B, 13A, one of the participants of the study answered the question: "Do you also have clients who are less likely to actually pay on time or that they just don't negotiate well?" by emphasizing: "Poor pay is of course easy to identify. We have a finance department for that which then immediately puts everything on cash. So you can no longer order anything without paying in advance". This statement clearly reflects the importance of internal identification systems in both detecting and triggering a response to high-risk clients by switching the payment strategies for those customers to stricter terms and conditions. Adding to this, another interviewee also mentioned the use of financial scoring filters in their company, as it can be seen in Appendix B, 3B: "For a company, we check the business activity, payment history, solvency, and whether they have outstanding debts. So, there is a filter based on scoring, which is closely related to managing the company's financial risk". Both statements emphasize how payment issues play a key role in any company to manage client risk, these are not just easy to monitor through internal processes but they are also broadly recognized as a key metric to have input on financial risk assessments.

Apart from payment, **return on investment (ROI)** was also highlighted as a key identification metric by most participants. ROI can be defined as a performance metric utilized in most companies in order to evaluate the profitability of an investment, in essence, it measures the efficiency of an investment. A low ROI value indicates both that a company's stock price is low and that the company is financially underperforming (Setiawan & Rosa, 2023). Due to this, several respondents mentioned the use of this metric as a tool to detect low-value clients. As it can be seen in Appendix B, 23A & 23B, the respondent of one of the biggest companies which participated in the study explained: "Identifying underperforming or "bad" customers is primarily a function of ROI analysis" and "If a customer consistently yields low ROI, does not engage with marketing campaigns, and shows no strategic growth indicators, we consider reducing investment or even withdrawing support". The clients mentioned in the quote, although they do not explicitly create a financial loss, demand a very high level of support by the business, which does not match their revenue contribution to the organization. These clients are usually in need of internal resources, such as service teams or monetary investment, without really generating any benefits for the company itself, for these reasons they can therefore be identified as low-value customers.

Adding to this, one of the main topics discussed across many interviews was **poor engagement** with the company. This emerged as a clear signal of clients who presented risks for future projects and for future overall performance of the organization. Customers who constantly skipped meetings, delayed deadlines or failed to take part or act on strategic recommendations were seen as less committed and therefore less valuable. A clear example of this can be seen in Appendix B, 27B, where one of the participants explained "Low performance in terms of volume, poor engagement with campaigns, or resistance to collaboration can signal the need to reassess our approach". This reinforces the fact that when clients appear uninterested in what the company has to offer they become less valuable since they seem harder to retain in the long-term. Other participants also mentioned this issue, for instance in Appendix B, 5A "We have several ways to identify bad clients... One is simply because they don't buy from you and you're not generating revenue with them. You make a ratio between the commercial effort you dedicate to these clients and the benefits you get" or in Appendix B, 6C "If they don't have funds with us, don't take out loans, and don't use our other services (like insurance, vehicle leasing, or third-party offerings), they end up being less profitable". All of these inputs contribute to the explanation that this lack of alignment often presents internal debate about whether those clients should be deprioritized since they generate high-risks to the company's future performance and success (Senn, 2012).

4.1.2 Values/ethics-based filters

Although the most common sub-theme mentioned, in terms of the "Identification of bad/high-risk clients" was *internal identification* through methods such as financial or behavioral inputs, another key topic highlighted by a 53.4% participants was the use of *ethics-based filters* (See appendix C). In spite of one of the main central and common insights throughout most interviews being that many organizations rely on those internal processes to identify signals that can help to recognize low-value clients, there was a very strong tendency by many interviewees to mention ethical concerns and beliefs-based "red flags" (by this meaning discriminatory behaviors, aggressive negotiations and bad image due to beliefs or values).

One of the most frequently mentioned issues related to ethical concerns were **discriminatory behaviors** towards employees or managers. Several respondents stated that problems like aggressiveness or rudeness towards the company's workforce serves as a clear sign to drop and stop serving/working with those customers. As it can be seen in Appendix B, 1C, one of the participants of the study stated: "F.ex. we work on projects for clients who have treated the team poorly, and for me, that's a red line. Not everything is acceptable. So, we finish the project well, but we don't want to work with that client anymore". In this situation the company has to provide the agreed services to the client, since due to contracts and legal issues abandoning the project is usually very complicated and tedious, however, the interviewee clearly expressed that this type of behavior is seen as a threat to the company and because of this, it is not tolerated. In Appendix B, 2A it can be seen how another respondent explained: "We spot some early signs of toxicity, which we can see because normally we're very straight in the way that we when we get requests, I have no problem saying no to the client" and in Appendix B, 29A another participant voiced: "If it's not going well, then we try to assign another employee. And if that doesn't work either, then there really has to be a conversation, "We observe this and this in your behavior, and we don't like that"". These quotes make it clear that in most companies these types of behaviors are highly related to risks and low long-term value, which makes these types of early behavioral signals very beneficial when it comes to identifying clients that the company does not want to work with and does not want to be part of its client portfolio.

On another hand, some interviewees also mentioned the use of ethics-based filters; not so much related to behaviors towards the company's employees, but more focused on concerns like bad image, controversial views and reputational risks. For instance in Appendix B, 7B it can be seen how one of the participants stated: "...if we see signs of lack of professionalism or you know something that ethically we think is questionable we also sometimes just back away we say that's not for us" and in Appendix B, 4A another company explained: "f.ex. based on their social media presence, we've identified them as clients with a bad image that you're not interested in working with because they have bad reviews...". These two quotes emphasize the idea that ethical reasons are key to reevaluating client fit. Although such cases were less frequent through the data collection method, they were still seen as critical risks that could highly impact both the brand reputation and the employee morale.

4.1.3 Data-driven tools and technology

The last strategy mentioned by most organizations to detect and categorize bad or high-risk clients is the use of *data-driven tools and technology*. These types of metrics and structured processes were highlighted by multiple interviewees as a form of helping companies to systematically assess and filter the clients based on quantitative data and measurable criteria. This topic was mentioned in 40% of the interviews (See appendix C).

On one hand, as it can be seen in Appendix B, 9B, the participant answered the question "Do you use any tools or methods to assess bad clients?" by explaining: "Yes—warranty rate, communication, payment speed. If a customer scores poorly in many areas, we ask them to switch". By making use of these quantifiable metrics, clients can be fairly evaluated and a decision about whether to keep investing in them or not can be taken. When clients consistently have low scores across these metrics, the data can flag them as "high-risk" customers, which can then cause a reaction by the company (e.g., termination of relationship). On the other hand, in Appendix B, 10B, the interviewee explained how their own internal selection process is able to filter those clients which don't fit the company's expectations: "Interviewer: So the selection process filters out the ones who don't fit? Interviewee: Exactly. Our process — MQL, SQL, or reject — filters them". These three-step channels reflect the ways in which automated scoring models or CRM workflows can be used to categorize clients (this will be further explained in the discussion section). In short, these data-driven tools enable companies to not only collect customer data but also to analyze it and utilize it to identify risk patterns and early signals of clients who will present a bad fit with the firm.

As a conclusion, early identification of high-risk customers relies on a blend of internal measures, financial data, behavioral insights, data analysis and strategic judgement. Although some formalized processes were used in some companies, most respondents highlighted the role of team intuition and shared internal information in the evaluation and administration of the client portfolio.

4.2 Management of problematic customers

As previously discussed, not all customers contribute positively to a company's performance and some of them bring ongoing risks and challenges that the firm has to deal with in the long term. Until now, the identification techniques that some of the B2B companies who participated in the study have been explained, however, once problematic or high-risk clients have been recognized, organizations must decide how to manage these relationships. In order to do this, companies must balance risk mitigation strategies with the appropriate business objectives.

Section 4.2 focuses on the tactics and strategies identified during the interviews. Here companies described the different approaches utilized to handle clients which are difficult, unprofitable or potentially problematic in some way, whether it is financially, operationally or reputationally. According to some of the participants, the goal is not always to terminate these relationships. Instead, many companies stated the need to implement engagement models to manage resources more efficiently, rather than dropping the client and the projects that they had with him all outright. Some of the strategies to manage problematic clients mentioned by most interviewees included limiting the services, prepayment contracts or reduced significance of the project. These helped minimize the importance of some customers while still maintaining some level of commercial activity with them, as can be seen in Appendix B, 23B one of the participants highlighted: "A customer that is not profitable today may still be strategically important tomorrow…".

This section will explore the multiple strategies and ways organizations utilize to manage and control bad or high-risk clients as well as the reasoning behind these tactics and decisions.

4.2.1 Resource allocation strategies

A key and consistent insight that was brought up by most participants was the strategic role of *resource allocation strategies*. This tactic was mentioned in 50% of the interviews (See appendix C). Many companies operating in B2B contexts rely on a combination of tactics to determine how to distribute their limited commercial, financial and human resources across their client base. This evaluation process doesn't belong to one specific department of the firm, but rather involves a cross-functional collaboration in which teams from different functions, such as finance or human resources, work together in analyzing the information in order to make the appropriate decisions. As explained previously, many participants of the study described a range of both quantitative and qualitative indicators that allow organizations to differentiate between high and low-value customers. This distinction aids to create strategies for the allocation of resources. While paying closer attention and assigning more assets to high-worth clients usually results in a better performance and even a competitive advantage, doing this with high-risk ones can end up in failure and loss.

Resource allocation, in this sense, is not only seen as a cost-effectiveness strategy but also as a key tool to manage risk, aligning efforts with long-term goals and overall ensuring that the firm's value creation efforts are focused on those customers who can generate a positive impact in the future.

As it can be seen in Appendix B, 20A, one of the participants responded to the question: "And in terms of customer churn, would you say that you ever identify customers that you would prefer to stop serving or you would deprioritize?" by stating: "Absolutely all part of the resource allocation or you visit them less frequently". On top of this, the interviewee seen in Appendix B, 1A stated: "So, what we do is have a monthly meeting to organize the work with two people, the directors, and during that meeting, we go over all open projects and assign resources. Our way of doing this is through resource allocation". This clearly exemplifies the fact that resource allocation is a central tool to manage those clients that the company wants to stop serving.

This assignment of the firm's investment is a beneficial way to manage clients without terminating the contract with them. Several respondents emphasized that this allocation process isn't static, on the contrary it requires a continuous monitoring and adaptation based on client behavior and on business strategies. This ensures that even the low-value clients stay in the organization, in case they are needed in the future, while also reducing the risk of their impact on the firm's success. As it can be seen in Appendix B, 1B, one of the participants stated: "This applies to clients who contribute little but are important to me because, in the end, they are part of the foundation of the business. They may not be the super-priorities with big budgets for research, but they are still a solid base. So, I care for those clients, but I balance the resources I dedicate to them".

4.2.2 Price regulation strategies

Another common strategy utilized by most companies in order to control their high-risk clients is applying *price regulation strategies*. More than 30% of participants (See appendix C) explained how, due to the use of contracts and previous agreements, it is often difficult to just drop a client or a project outright. Due to this reason, there was a strong tendency by many interviewees to use tactics such as pay increase or price-filters to manage these low-value high-risk customers.

On one hand, as it can be seen in Appendix B, 17C, the respondent explained how its company made use of price strategies in order to **pre-filter customers** that wouldn't be a good fit with the firm's long-term goals and objectives. The interviewee explained: "Yes, we do sometimes find that we do charge fairly high prices for our people and in relation to other companies. But in return, we try to describe well where the value of our project lies". By setting fairly high prices for the services, the company strategically positions itself so that it doesn't have to reject customers, but rather avoid working with them altogether.
On the other hand, some firms explained the use of price regulation strategies, more specifically **price increase**, in order to manage low-value clients. One interviewee noted the effectiveness of this tactic by stating: "As for how to manage them, well, you offer fewer things or you just raise the prices. If you have to let them go at some point… Sometimes you have to let go of them" (Appendix B, 4B) and another respondent also explained: "How do we handle it? By raising the price for the next project a lot. I would never tell a client directly, "I don't want to work with you," because it's tough, and the company is large" (Appendix B, 1C). As it can be seen in both quotes, this tactic is particularly very used across B2B

4.2.3 Regulatory limits

Finally regulatory limitations were also mentioned in 16.7% of the interviews while doing the research for the study. These were primarily emphasized in one of the interviews since it was conducted with a public enterprise operating in the financial sector. In the context of this firm, strict oversight and compliance obligations with the government really constrained and influenced its ability to manage low-value clients. Although this was a strong topic in this specific case, many other respondents also commented on regulatory and contractual elements which restrict the way they control their customers.

As it can be seen in Appendix B, 6A & 6B, one of the interviewees explained: "We do identify these high-risk clients, but we can't simply drop them. We are heavily regulated" and "We can only end relationships with clients when it's justified by regulation—say, for legal or compliance reasons. But if it's purely about a client being unprofitable, we can't just cut them off". This clearly shows that, in most cases, even after the low-value clients are identified, the company's ability to respond or to take action can be constrained by external factors. Even in private sector companies, issues such as long-term agreements or industry-specific compliance standards are able to limit the extent to which firms can manage their relationships with problematic clients. These external constraints add a layer of difficulty when dealing with high-risk clients. However, rather than presenting only limitations, they can also serve as strategic tools to guide and justify some customer portfolio management decisions, as well as to ensure that all company's actions comply with regulatory regulations while also supporting the long-term business goals.

4.2.4 Conclusion on the approaches to exit

The analysis revealed that, althought new insights on the extent to which segmentation is currently embedded in the B2B low-value client risk management practices could change and improve the ways of managing high-risk clients, nowadays most businesses take a proactive, active approach to managing difficult or unprofitable customers (See the table in appendix C). On one hand, as it was seen in the interviews, the most frequently used strategy is to reduce service levels or deprioritize these clients (36.7%), followed by tactics such as raising prices (16.7%) or switching to advanced cashed payments in order to disencourage engagement (13.3%). These actions allow companies to maintain control over their portfolio while also minimizing risk without necessarily involving direct confrontation. On the other hand, a smaller group of the businesses adopted a more passive approach, by for instance relying on client retention and relationship preservation tactics in order to avoid direct exit (16.7%) or by being tied to regulatory constraints (6.7%). Finally three of the organizations (10%) didn't have a clearly defined approach. Overall, the data suggests that although client exit is usually sensitive, a majority of the companies have developed structured ways, to manage these transitions efficiently.

4.3 Risk mitigation through segmentation

In order to be able to answer the research question, the study also researched whether the use of customer segmentation served as a tool for mitigating low-value client risk. As mentioned before, once problematic or high-risk customers were identified, many companies opted to not end the relationship but rather to adjust their level of engagement. The interviews reflected a pattern: when asked whether segmentation served as a strategy to manage risk, most respondents gave positive answers, highlighting this tool as a useful solution to not losing clients but still being able to manage them correctly.

Section 4.3 will focus on how segmentation can enable firms to categorize clients (by risk level or strategic importance) and therefore, help to allocate resources more efficiently. According to most answers, this method helps firms avoid overcommitting to some customers who don't offer enough positive return while not completely cutting ties with them. Even when, in some interviews, the answer to whether this tool was helpful was "no", the response was usually accompanied by an acknowledgement of segmentation's value in a business, which, in turn, suggests that this practice is viewed as a "best-practice model" in B2B risk management.

4.3.1 Positive correlation

As mentioned before, the most commonly mentioned and largely supported belief among most of the interview participants was that the use of customer segmentation was indeed seen as a tool for mitigating risk. More than 60% of companies agreed with this (See appendix C). Interviewee in Appendix B, 7C noted the effectiveness of this tactic by stating: "I think you have to do customer segmentation... Otherwise you'll waste a lot of resources and time dealing with people that can't be proper clients", other responses to the question of: "Do you also have that customer segmentation helps a bit in identifying and mitigating risks?" include: "Limiting risks? Yes, that's how what you say now should work." (Appendix B, 16C), "Without a doubt, yes, especially with clients who we could call bad payers" (Appendix B, 3C) and "Absolutely. It has it's critical for us, yes. We need to develop these protocols and these strategies" (Appendix B, 2C). All of these support the idea of using customer segmentation techniques to mitigate business risk caused by low-value customers. By categorizing clients based on profitability or strategic relevance, companies can more easily tailor their engagement levels and therefore increase their performance.

4.3.2 Negative correlation

On the other hand, 36.7% of the firms disagreed with the belief and expressed skepticism about the effectiveness of customer segmentation as a risk mitigating tool (See appendix C). Although most of these companies acknowledged the general usefulness of segmentation for marketing or financial purposes, its impact on client-related risks was questioned. Some participants believed that segmentation can oversimplify complex client relationships, as it can be seen in Appendix B, 14C, the interviewee explained: "I would say financial analyses that you do or whether you look at the payment behaviour. Those kinds of things are much more decisive than the segmentation. It's not like we say we're going to stop doing a certain segment or something" and in Appendix B, 15C another respondent expressed: "I don't think segmentation plays a huge role in that, at least for us. Because it's not like we're suddenly going to say that our solution no longer works for automotive...We have never downsized in terms of what is our focus area, so I don't think segmentation helps get customers back out through the back door". These quotes highlight the fact that, although segmentation is still regarded as a beneficial tool for the firm, it is not seen as a sufficient strategy to single-handle manage those clients seen as high-risk or "bad" since it can miss some key contextual factors.

4.4 Model

Looking back at the results, once all the six different strategies to identify and to manage high-risk clients in B2B organizations have been identified, a model has been created in order to provide a clear overview based on the relevance and integration of customer segmentation strategies on these tactics. For the model (see Figure 2), the ways of spotting and controlling "bad" customers have been categorized into three ranges of segmentation relevance: fully leveraged, emerging opportunities and inconsistent practices (See Appendix D). This model will be further developed and explained during Section 5: Discussion.

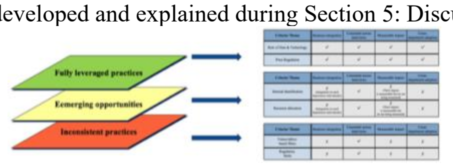

Figure 2: Integration of Customer Segmentation in Identifying & Managing High-Risk B2B Clients (Appendix D)

5. DISCUSSION

5.1 Interpretation of the results

In the following section, the results of this research are interpreted and explained further. On top of this, the results are also compared to the findings of the literature review. Research on the B2B market segmentation and, more specifically, on its use to identify and manage high-risk clients is still underdeveloped (Cortez et al., 2021, pp. 416–417, 424–425). This study aimed to provide a deeper understanding of the use of these strategies and techniques as well as of the forces influencing the need of B2B firms to identify and control these types of customers.

By conducting several interviews with many experts in the field and by completing the data with secondary research, several ways in which customer segmentation can help to identify and manage low-value clients were identified. Since most of the participating companies indicated that their approaches to identifying and managing these clients are grounded in customer segmentation, the data collected suggests that segmentation serves as a crucial tool for monitoring and controlling low-value or high-risk customers. However, there were still some overlooked themes which highlighted intact opportunities to integrate customer segmentation into risk assessment filters. The various ways to identify and manage low-value clients have been categorized into six themes, on one hand, in terms of identifying high-risk clients the three main codes are: internal identification, values/ethics-based filters and role of data-driven tools and technology, on the other hand, for managing problematic customers the three main codes are: resource allocation strategies, price regulation strategies and regulatory limits. All of which have been categorized into three ranges of segmentation relevance: fully leveraged, emerging opportunities and inconsistent practices.

5.1.1 Fully leveraged practices

In the context of this paper, a theme is considered **fully leveraged** when customer segmentation is embedded in the organization's strategy and its operations. By this it is implied that segmentation is recognized by many departments as an essential part of the decision-making and applied and supported by systems such as CRM or data analytics. In order to better categorize the themes into the three-way model presented in Figure 2, a set of criteria was generated in order to determine the fit of the codes into the different levels of integration of customer segmentation when it comes to identifying and managing high-risk B2B clients. The criteria can be seen in Table 2, the compliance of the two fully leveraged practices with the criteria can be seen in Table 3.

Criteria	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Description	The practice is embedded in the company's client strategy and risk management efforts.	Multiple participants across the study confirm the use of this practice.	Leads to concrete outcomes that can be measured to compute efficiency.	Involves coordination across departments like sales, finance, or human resources.	Customer segmentation is considered the foundation of the strategy.

Table 2: Criteria for the three way model for the Integration of Customer Segmentation in Identifying & Managing High-Risk B2B clients (See Appendix E)

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Role of Data & Technology	✔	✔	✔	✔	✔
Price Regulation	✔	✔	✔	✔	✔

Table 3: Fully Leveraged Level Practices (See Appendix E)

Based on these criteria two practices stand out, not only for being widely mentioned across all interviews, but also for being particularly embedded in the strategic decision-making of many firms when it comes to managing low-value clients. The use of data-driven tools and other technologies in the identification process and the implementation of price regulation strategies in the management phase contain systematic and measurable business outcomes which are then utilized to segment the customers and therefore recognize them and develop strategies to control them. Due to this, these two topics reflect a high degree of integration with customer segmentation frameworks.

In terms of identification of high-risk clients, the role of *data-driven tools and technology* lies in helping companies to systematically assess and filter the clients based on quantitative data and measurable criteria. Twelve out of thirty participants of the study mentioned automated scoring models and CRM workflows as key instruments for detecting early signs of what, in the long-term, would develop business issues (See appendix C). These systems, as pointed above, are grounded in theories such as the Customer Relationship Management (CRM) theory, and therefore also on metrics such as Customer Lifetime Value (CLV). This allows firms to segment their portfolio not just by the usual quantitative standards (e.g., volume or market), but also by behavioral and financial performance (Payne & Frow, 2005, pp. 168–170). The use of CLV helps companies to predict the value of a customer over time, which in turn makes it not only a good growth tool, but also a key risk-identifying mechanism in B2B industries (Ramachandran, 2006, pp. 1-2).

On the management side, *price regulation strategies* were highlighted by 11 participants as a beneficial and useful tool to control the impact of problematic clients (See appendix C). As emphasized during the results section, many companies agreed that rather than completely ending relationships with clients, many times the firm prefers to strategically position itself in order to avoid having to reject customers, but rather preventing working with them altogether. By adjusting their price strategy, firms create a natural "pre-filtering customers" mechanism. This approach is highly interrelated with the Trust Theory, which builds on the belief that trust plays a key role when shaping client behavior (Mitrovic, 2025, p. 45). By appealing to pricing tactics, companies are able to avoid working with customers who do not align with their strategic priorities, therefore only working with those that fit their criteria and thus, they can trust.

To conclude, these two strategies: data-driven tools for identification and pricing tactics as a control mechanism, represent the highest level of segmentation relevance found in the research. The use of customer segmentation in both practices demonstrates both a practical application of theoretical concepts, but also a shift from a reactive to a more proactive way to approach client management issues generated by high-risk customers. Both of these "fully leveraged" tactics can serve as a benchmark for what the integration and internalization of customer segmentation is able to achieve during the strategic planning and everyday decision-making in terms of problematic client and risk control.

5.1.2 Inconsistent Practices

The second level of the model presented in Figure 2 is **inconsistent practices**, a theme is considered as part of this level whenever they have customer segmentation as a base, but the use is inconsistent or incomplete across the firm. By these means the practices do rely on segmentation to some extent but they are not fully integrated in the organizations functions, operations or strategies and therefore, they vary in how systematically or effectively segmentation is applied. As it was done for *fully emergent practices*, in order to better categorize the themes into the three-way model presented in Figure 2, a set of criteria was generated in order to determine the fit of the codes into the different levels of integration of customer segmentation (Table 2). The compliance of the two inconsistent practices with the criteria can be seen in Table 4.

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Internal identification	✗ (Integration in each department individually)	✔	✗ (Their impact is measurable but its not being measured)	✗	✔
Resource allocation	✗ (Integration in each department individually)	✔	✗ (Their impact is measurable but its not being measured)	✗	✔

Table 4: Inconsistent Level Practices (See Appendix E)

As seen in the table, between the highly embedded segmentation strategies and the underutilized emerging opportunities there are a set of practices that can be categorized in an intermediate space:

the *internal identification* of problematic clients and the *resource allocation strategies* in the management phase. Both of these approaches were mentioned in multiple interviews, and most firms explained the utilization of segmentation as their foundation. However for both strategies the use is inconsistent or incomplete across the firm, what is meant by this is that, even though they demonstrate a clear link to customer segmentation strategies, they are not being fully implanted across the organizations operations.

The first of these is *internal identification*, this refers to the everyday internal recognition strategies applied in order to identify low-value customers. Twentythree companies mentioned payment issues, low return on investment (ROI) and poor engagement as key indicators of future risks. The interviews executed during the research implied that while all of this data is very valuable and could be added in a systematic way as customer segmentation's input, the lack of structured integration into a more centralized segmentation model makes this very difficult. This method leads different departments to act in an individual way when taking strategic decisions, for instance, while one department, such as finance, is aware of client issues, some other one, such as HRM might believe nothing is wrong. This leads to a divided approach in which risk is recognized but it is not uniformly acted upon. Despite this, theoretical models such as the CRM theory and the CLV tool provide metrics which can aid in turning these independent operational insights into more formal and measurable customer categories which can be then added into the larger segmentation system (Payne & Frow, 2005, pp. 168–170). This would benefit customer segmentation by adding reactive inputs which rely on informal communication and daily operations (Kumar & Reinartz, 2016, pp. 40–45).

The second theme is *resource allocation strategies*, this topic was widely mentioned and used by firms who participated in the study, but similarly to internal identification of problematic customers, the decisions were isolated between functions. While the approach of adjusting service intensity or shifting priority away from certain clients can be categorized as rational (Schiele, 2022, pp. 522-523), the decision criteria of these choices is linked to individual management or team's beliefs and ideas. The lack of cross-department adoption and of a uniform framework guiding which clients get deprioritized and why makes it difficult to use these inputs in a formal customer segmentation framework.

From a segmentation theory perspective both of these practices reflect a foundation on customer segmentation and partial integration of its logic (Wedel & Kamakura, 2000, pp. 7-35). They are supported by theoretical frameworks but the application of the tactics still lacks formality. Without a broader and more homogeneous structural adoption across departments and without proper measurable insights these practices remain too inconsistent to use in customer segmentation strategies. By formalizing these approaches, for instance by integrating the data into CRM programs or by encouraging cross-functional data-sharing, customer segmentation systems could be evolved (Payne & Frow, 2005, pp. 168–170). If these implementations are executed accordingly, these two practices have the potential to move into the *fully leveraged* category, which would in turn offer firms with more predictable and coordinated ways to reduce risk and to control problematic clients more effectively.

5.1.3 Emerging Opportunities

The last level of the model presented in Figure 2 is **emerging opportunities**, a theme is considered as an emergent opportunity whenever it is characterized by not only having low business integration and low cross-department adoption but also by lacking a foundation on customer segmentation and by not having a measurable impact since the assessment of these strategies is mostly subjective. Although these practices are currently treated as qualitative or externally measured filters rather than data-driven segmentation inputs, they do represent significant opportunities for firms in which segmentation could be embedded more deeply. The compliance of the two identified emerging opportunities with the specific criteria can be seen in Table 5.

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Values/ethics-based filters	✗	✔	✗	✗	✗
Regulatory limits	✗	✔	✗	✗	✗

Table 4: Emerging Opportunities Level (See Appendix E)

As seen in the table, emerging opportunities do not have customer segmentation as a core base yet, the reason for this is that these areas usually involve qualitative, external or subjective methods which are harder to quantify and integrate into more traditional and formal segmentation models (Ramirez et al., 2024, pp. 192-194).

The first theme in this level is *values and ethics-based filters*, this refers to the ways in which firms identify high-risk customers based on their beliefs and ethical concerns. This topic was brought up multiple times during the research study, more than half of the firms noted rejecting clients due to reputational concerns or an unalignment of values, especially those which would bring future risks to the organization. Unlike factors such as financial regulation, these processes were not formalized or tied to any segmentation whatsoever, the decision-making was informal and mostly subjective, which made it hard to measure. However, although these strategies lack a foundation on customer segmentation practices, they could still be beneficial when integrated into segmentation tools. During the last years ideas such as the ESG (Environmental, Social, and Governance) frameworks and the corporate social responsibility have gained technical importance, due to this, taking into account inputs gained through values and ethics-based filters would generate strategic advantages to the company (Wang et al., 2024, pp. 1115–1120). On top of this, according to the Trust Theory this approach would also support building and preserving trust and relationships with clients who contribute to the mutual integrity and the long-term alignment of the business goals (Mitrovic, 2025, p. 45).

The second area with unused potential is the use of *regulatory limits* when managing customers. Although this topic was mostly mentioned by a public-sector firm, it also emerged across other four companies in the study. This theme shows how legal compliance and other policy-driven factors can constrain client relationships. Although these externalities can be taken into account when controlling the customer portfolio, they are usually treated as isolated issues rather than implementing their inputs on the customer segmentation strategies. By aligning these regulatory risk controls with segmentation frameworks, through CRM or other theories, firms would be able to better assist client value and its operational risks. This clearly relates to the risk management theory, in which regulatory compliance risks can and should be treated as part of the broader identification and control of problematic customers (Miller, 1992, pp. 311–312).

To conclude, both ethical filtering and regulatory considerations mostly require qualitative assessments and judgement calls rather than purely data-driven techniques. Although this makes it more difficult for these strategies to create a foundation based on customer segmentation, they still provide insightful insights that can be used to identify and manage the client portfolio. On top of this, as firms develop their data analytics tactics and give more importance to metrics such as ESG scores or reputational risk indicators, the potential to make these factors measurable and to embed them within formal customer segmentation frameworks becomes more tangible (Kumar & Reinartz, 2016, pp. 40–45).

5.2 Theoretical implications

The aim of this research was to explore the ways in which B2B companies identify and manage low value clients and to what extent does customer segmentation contribute to mitigating this problematic customer's risk. By supporting the analysis with a multi-theoretical framework, more specifically with theories such as Customer Relationship Management (CRM) theory, Segmentation Theory, Risk Management Theory, and Trust Theory, the study is able to contribute to a deeper theoretical understanding of the role of customer segmentation when it comes to controlling problematic customer and adjusting companies' client portfolios based on risk identification (Miller, 1992, pp. 322–325). On top of this, the integration model presented in Figure 2 contributes to segmentation literature by offering a structured view on the distinction between three levels of integration of customer segmentation when it comes to identifying and managing high-risk B2B clients. Furthermore, this research paper also serves as a practical example which reveals how customer segmentation can be treated as not only a marketing tool, but also as a strategic mechanism that is able to structure and design behaviors across the firm, more specifically in areas such as risk prediction, resource allocation or pricing strategies. Finally, the findings of the study advocate for the idea that customer segmentation serves not only as an identification tool, but also as a preventive management one, which in turn, aligns with the CRM and the Risk Management Theory by aiding firms to control client-related risks.

5.3 Practical implications

Besides the contributions of this study to research in the field of customer segmentation and problematic customer management in the B2B industry, it also offers several actionable ideas for organizations seeking to improve the way they identify and manage these low-value clients. The research found that those firms that consistently utilize segmentation techniques based on structured behavioral, financial, or strategic client data are usually more likely to detect early signals of high-risk customers and therefore adjust their client portfolio models accordingly. Due to this, organizations seeking to improve their performance in this area can use this paper to implement tools such as: CRM systems, customer scoring, or the criteria presented for the integration model shown in Figure 2, in order to effectively provide structured, data-driven insights to their segmentation frameworks.

Finally this research encourages firms to view segmentation as a core strategic tool which supports growth, risk mitigation and long-term client portfolio optimization. These practical insights can be crucial implementations for firms aiming to develop a more mature and efficient segmentation model which not only focuses on those clients who add value to the business but also on those who detract it.

5.4 Limitations and recommendations

Although this research has provided valuable insights into how B2B companies identify and manage low-value clients through the use of customer segmentation strategies, several limitations must also be acknowledged.

Firstly, while the study tried to include a varied and broad range of companies in the research, the final pool of firms contacted for the interviews is still small relative to the amount of B2B professionals in the industry. This *limited size sample* may not fully reflect the real diversity of the organizational structures or strategies from the organizations across the B2B market. As a result of this, although the findings offer indicative trends and insights, they may not be universal across all B2B contexts. Adding to this, the study was mainly focused in B2B companies operating within European markets. These have specific regulatory and business norms which may not be generalisable across other geographies. Due to this, the inputs of this study may not be easily translatable to firms operating in different legal, cultural or economical environments. Finally, the exploratory and qualitative nature of this research, while it added behavioral inputs and depth, doesn't have a quantitative validation of the information, which makes it more difficult to analyze. On top of this, despite the efforts to ensure neutrality through coding and rational analysis, some part of the interpretation of the interview results was subjective, which introduces the possibility of researcher bias. Further research will benefit from the use of a larger sample, the inclusion of quantitative and measurable methods and a cross-regional approach in order to make the findings more universal and globalized.

5.5 Conclusion

This paper aimed at researching how B2B companies identify and manage high-risk low-value clients through the use of customer segmentation strategies. Following the objective of the study, the central research question of this paper was:

"How can B2B businesses identify and manage bad customers or customers with a high chance of churn, and to what extent does customer segmentation have an impact on mitigating this business risk?"

Through conducting interviews with multiple experts in the field, the ways in which customer segmentation can be used to identify and manage problematic customers were recognized. Following this identification of the practices used to point out and control high-risk clients, a model was created that provided a clear overview of the three different levels of customer segmentation integration in terms of these strategies. Ultimately, the research provided new insights on the extent to which segmentation is currently embedded in the B2B low-value client risk management practices. This revealed that although some practices had fully leveraged segmentation, others still lacked this foundation and therefore relied on inconsistent or unexploited opportunities. The study uncovered that by reviewing and shifting these practices' focus, firms can aim to achieve an improved strategic decision-making process and an enhanced long-term client portfolio management.

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APPENDIX

Appendix A – Interview Guide

Main topic of the question	Interview question
1. How do they segment (models used, barriers and challenges)	1.1 How do you segment your customers? Sub-questions (in case they are needed): • Do you differentiate? • How does it compare with other companies? • What about other criteria? Geographic? Product/Service? • What are the key benefits? • What are the challenges faced with implementation and application?
2. How do they build/ manage customer portfolios (models used, barriers and challenges)	2.1 How do you differentiate among individual customers? 2.2 How do you utilize Customer Portfolio Management (CPM) models to segment Sub-questions: • How does it compare with other companies? • What about other criteria (eg customer loyalty, demand nature, cost vs benefit of serving customers)? • What are the key benefits? • What are the challenges faced with implementation and application?
3. Buyers and seller interactions - individual level (personal). Is it always a rational process?	3.1 Are there customers you like to work with (individuals)? How would the personal relation influence your efforts? Sub-questions: • Were you ever in a situation where .. (think more)
4. Segmentation consequences: external	4.1 Which are the consequences from differentiating customers? How do you treat them differently, then? how do externalities affect the segmentation Sub-questions: • How does your company adjust its relationship management strategies based on High-value and low-value customers? • Innovation, delivery (e.g. in allocation situation, lack of capacity), react to complaints, prices, news products, market share, how often engage…. • Think about Covid, any different customer treatment?
5. Segmentation consequences: internal	5.1 Which are the consequences from differentiating customers? How do you engage with them internally, within your firm? Sub-questions: • What do you do for good customers, e.g. if they want to rush an order, if there are problems, if they have

	special requirements? (You as the agent for your customer) • Engagement with other functions in your firm
6. Software support	6.1 Do you use any software for supporting your customer segmentation efforts? 6.2 Do you have any software for customer portfolios (individual customers)? Sub-questions: • If yes, can you tell me what kind of system or software you use? • Which features does it have? • Which other solutions do you know / other firms might use?
7. How do they identify bad customers? (Customer churn and business risk)	7. How do you identify bad customers that you want to stop serving? Deprioritize? Sub-questions: • Could you describe the different methods or tools used in the company to identify such customers. • Are there any indicators or signals used to predict when a customer is at risk of leaving the company? • Could you explain to what extent customer segmentation has an impact on mitigating or reducing this risk?

Appendix B – Interview results

Criteria	Description
1	Employed at a B2B company (product- or service-based)
2	Experience with customer management or segmentation
3	Involved in decision-making related to client selection, CRM, or risk assessment

Company number	Interview Quotes		
	A	B	C
1	"It's about measuring the effort involved. It has a lot to do with how we work on projects; it's about adjusting the deliverables based on the project. So, what we do is have a monthly meeting to organize the work with two people, the directors, and during that meeting, we go over all open projects and assign resources. Our way of doing this is through resource allocation"	"This applies to clients who contribute little but are important to me because, in the end, they are part of the foundation of the business. They may not be the super-priorities with big budgets for research, but they are still a solid base. So, I care for those clients, but I balance the resources I dedicate to them. I can't give them the same level of attention I would give to a super-large project for a major client"	"F.ex. we work on projects for clients who have treated the team poorly, and for me, that's a red line. Not everything is acceptable. So, we finish the project well, but we don't want to work with that client anymore. How do we handle it? By raising the price for the next project a lot. I would never tell a client directly, "I don't want to work with you," because it's tough, and a company is large."
2	"We spot some early signs of toxicity, which we can see because normally we're very straight in the way that we when we get requests, I have no problem saying no to the client"	"I tried to do it as polite as I can, but I have no problem saying no to some things... Picked criteria in terms of profitability of projects, I mean we have a margin that we need to achieve and if we don't achieve that margin, we try to change the way that we approach the project you know "	"Interviewer: And do you believe or like to what extent do you think customer segmentation has an impact on mitigating or reducing these risks? Interviewee: Absolutely. It has it's critical for us, yes. We need to develop these protocols and these strategies because this has shown us that there are certain"
3	""Well, there is a basic tool for that, which is debt management. Before contracting, there is a scoring phase where we can classify the client based on their probability of default. If the probability of default is high, the contract probably won't be finalized"	"For a company, we check the business activity, payment history, solvency, and whether they have outstanding debts. So, there is a filter based on scoring, which is closely related to managing the company's financial risk"	"Interviewer: So, do you think customer segmentation has an impact on mitigating or reducing the risk of having bad clients? Or is it mainly the identification process you do beforehand? Interviewee: Without a doubt, yes, especially with clients who we could call bad payers"
4	"We have identified the clients who are not so good, f.ex. based on their social media presence, we've identified them as clients with a bad image that you're not interested in working with because they have bad reviews... As for how to manage them, well, you offer them fewer things"	"As for how to manage them, well, you offer them fewer things or raise the prices. And if you have to let them go at some point, it has been said, 'Look, in the end, it's not a relationship of abuse, where I keep asking you, and I always have to give because I'm scared of losing you.' Sometimes you have to let go of them."	"Well, we also have internal models, which would be the risk of churn model, which basically tells you the probability that this client will leave in X months? It's useful for sending alerts to the commercial team in the area, telling them, 'You need to visit these clients, or they will leave.'"
5	"Several ways to identify bad clients... One is simply because you're not generating revenu with them. In the end, they don't buy from you, and you make a ratio between the commercial effort you dedicate to these clients and the benefits you get."	"Another way to identify bad clients is when they stop having the resources to know your technologies and solutions. This recently happened to us with a partner"	"So, clients that no longer have the certified people, who are no longer following certification programs, or are not investing in your technology – well, that's a clear sign."
6	"We do identify these clients, but we can't simply drop them. Banks are heavily regulated"	"We can only end relationships with clients when it's justified by regulation—say, for legal or compliance reasons. But if it's purely about a client being unprofitable, we can't just cut them off"	"If they don't have funds with us, don't take out loans, and don't use our other services (like insurance, vehicle leasing, or third-party offerings), they end up being less profitable"
7	"We try early on in our sales process to identify the people that we don't think we can work well with"	"...if we see signs of lack of professionalism or you know something that ethically we think is questionable we also sometimes just back away we say that's not for us"	"I think you have to do customer segmentation... Otherwise you'll waste a lot of resources and time dealing with people that can't be proper clients"

8	"Interviewer: Do you track churn or customer risk? Interviewee: No, not at the moment."	-	.
9	"Interviewer: Do you ever identify customers to stop serving? Interviewee: Yes. When one gives us bad input. We're finding a replacement before kindly parting ways"	"Interviewer: Do you use any tools or methods to assess that? Interviewee: Yes—warranty rate, communication, payment speed. If a customer scores poorly in many areas, we ask them to switch. Rarely, but it happens"	"Interviewer: Does segmentation help reduce that risk? Interviewee: Definitely. Bigger companies are more organized, track their own technicians, and self-correct. Smaller companies often cause the issues themselves"
10	"Interviewer: Have you ever completely stopped working with a customer? Interviewee: I don't think so. What usually happens is that a machine they use stops being produced, and then our orders stop too. It's more about the product lifecycle than customer behaviour"	"Interviewer: So the selection process filters out the ones who don't fit? Interviewee: Exactly. Our process — MQL, SQL, or reject — filters them"	"Interviewer: Do you use segmentation to reduce risk? Interviewee: That's monitored by our finance department. If a customer doesn't pay well, we don't cut them off, but we switch them to advance payment. That gets reflected automatically in our CRM and on future quotes"
11	"Interviewer: How do you identify customers you'd prefer to stop serving? Interviewee: We rarely do that. Even if a client is difficult to work with, we still try to deliver results. If they stay with us, it means we're doing something right"	"Interviewer: Do you track client risk? Interviewee: Yes, during project meetings we label clients as "at risk" based on their behaviour or results. If someone is at risk, we put in extra effort—sometimes doubling the hours we spend"	"Only in extreme cases—maybe once or twice in ten years—have we ended a relationship due to very poor communication ...We'd rather try our best and know we did everything we could than regret not doing enough if they leave"
12	"Sometimes we have bad experiences with a client or see repeated failed applications. Then it might quickly become a "no" again. There are also cases, especially after COVID, where things went poorly. If too much happened in the past, we might decide not to work with them again"	"We have a dedicated department for risks with existing clients who can't repay. When someone falls behind, there's usually a personal reason. We stop email communication and switch to phone. If needed, we even send someone to their home or business. People have a responsibility to repay — they signed for it. If it gets too serious, BKR and debt collectors get involved"	"Interviewer: Does segmentation help? Interviewee: In that phase, it's more about personal handling. The only segmentation is based on how long someone hasn't paid. If it's 0–30 days, it follows our standard process. Over 30 days, a notification appears in Salesforce and the case goes to the relevant team"
13	"Interviewer: Do you also have clients who are less likely to actually pay on time or something, or that they just don't negotiate well Interviewee: Poor pay is of course easy to identify. Have a finance department for that which then immediately puts everything on cash. So you can no longer order anything without for without paying in advance"	"But do you know this? You have so much, you have permits. You have to deal with local governments, sometimes national ones. You have to deal with regulations. You have to have a third party to build a residential house or put a foundation more. There are so many things in there that have to be coordinated that it is just very difficult to say of is this a bad client or a difficult client?"	"Of course that segmentation is also made in response to the competition. And if people are in a certain segment, we have way too much competition, we have in an area where there is an abundance of biomass. For now at leas we shouldn't get into that, because it makes no sense"
14	"Those that were now not going to put everything with one supplier, but that just actually spread all the pickings a bit across different supplier... then the trick is to look especially can you motivate them to go back to us anyway of course."	"When there's no growth potential. Then we'd rather lose them than get rid of them. ... A customer who doesn't pay us, so we delivered products...we still want that money, but we are going to stop with that customer"	" I would say financial analyses that you do or whether you look at the payment behaviour. Those kinds of things are much more decisive than the segmentation. It's not like we say we're going to stop doing a certain segment or something"
15	"We just have to get rid of that because we have too many customers. We have to create space. If you come across a company like that, I'd love for you to send that to me"	"What we do see is we have customers leaving for a variety of reasons. One may be that they are bought up by a company that has a different solution as its strategy. We also have customers who leave because they are very dissatisfied with us. That too can happen."	"I don't think segmentation plays a huge role in that, at least for us. Because it's not like we're suddenly going to say that our solution no longer works for automotive...We have never downsized in terms of what is our focus area, so I think the short answer is no. I don't think segmentation helps get customers back out through the back door"
16	"Interviewer: Nice. do you also have that you basically have bad customers? So that they are risks or that they notice?...And in what way do you identify those customers? Interviewee: There are those people who don't want to choose Grolsch, but are going to take Heineken. Yes, those BTK switchers was called that...Although I told you, those personas, we don't actually do much with that"	"Interviewer: Tobias: So do you have any of the method's you guys use to make sure the customer stays with you? Interviewee: Yes, it varies quite a bit. F.ex. We have some hospitals. Where we offer very flat discount to still provide us with a position that they won't go to the other competitor"	"Interviewer: Do you also have that customer segmentation helps a bit in identifying and mitigating risks? Interviewee: Limiting risks? Yes, that's how what you say now should work."

17	"Companies that can go bankrupt, but also companies with payment are indeed sometimes a bit stricter, so for example, that we have delivered products and that they don't completely agree with it or don't think it's good enough and then indeed don't want to pay for it"	" I think if we have some more high-risk companies and we have the idea that in the future we would indeed not be so keen to work with them anymore, then we would in any case in that project itself, of course, just still do everything we can to have it completed successfully"	"Interviewer: Do you do things to reduce the risk of them going away? Interviewee: Yes, we do sometimes find that we do charge fairly high prices for our people and in relation to other companies. But in return, we try to describe well where the value of our project lays"
18	"We are quite, I would say, holistic in our approach and how we approach customer. I think in the professional business you cannot deprioritize customer base"	"The only customers I would say which we would not want to work with our customers, which I would say would buy our products and try... So these are the kind of customer we do not want to work with because I think they're not following a few rules of hygiene of the rules"	"The biggest reason for customer churns are I would say sales Rep leaving now we are in a very and this is how we win customers also from competition no we business where people interaction are very important."
19	"Interviewer: Would you say that you maybe that segmentation basically allows you to align, so maybe the marketing and sales for example, do these strategies and customer segmentation, do they align together? Interviewee: Yeah, definitely."	-	-
20	"And in terms of customer turn, would you say that you ever identify customers that you would prefer to stop serving or you would deprioritize? Absolutely all part of the resource allocation or you visit them less frequently"	-	-
21	"It's a bit more a challenging thing. It doesn't happen too often. I must say, our clients are all more as good clients, so I rarely have bad clients."	"So what you try of course is to you need to be patient and not to quickly react. But if it starts to hurt our business so to say if it starts to get a problem for our business then then what I would do is I will escalate it to my manager."	"To talk to that client in in a not in a big crowd of course, but on a more smaller level. To in in a, let's say in, in a diplomatic way, make aware of that there is an issue"
22	"Of course we're also working with all of them with some less than with others. But there wouldn't be churn in that sense, right."	"You're trying to invest lots of time to understand what your client is looking for, how the client is developing so everyone is rather trying to find the best way to support the customer instead of getting rid of them."	"Though I would say there are several cases where a customer might have not a perfect fit for your product when then it is also maybe. Purposeful to just cut off ties and to cut ties and no longer work with them together"
23	"If a customer consistently yields low ROI, does not engage with marketing campaigns, and shows no strategic growth indicators, we consider reducing investment or even withdrawing support"	"Identifying underperforming or "bad" customers is primarily a function of ROI analysis... We take into account not only financial performance but also behavioural factors... A customer that is not profitable today may still be strategically important tomorrow..."	"...alternatives to cutting ties...to optimize resource allocation without burning bridges. It's a balance between efficiency and preserving relationships"
24	"We don't really label customers as "bad", but we do monitor performance indicators closely. Return on investment, profitability index, and engagement level are key criteria"	"We recognize that customers may need time to adapt to new strategies. It's our role to support and educate them through the change process."	"But when there is a clear pattern of low contribution and high resource demand, we adjust our service model accordingly, shifting our focus to more promising partners"
25	"We do conduct regular portfolio reviews based on risk exposure, cost to serve, and engagement levels."	"If a client consistently underperforms, poses compliance risks, or drains our resources, but at the same time, doesn't really align to our strategic goals, we consider deprioritizing or transitioning them to a different service model."	-
26	"Our goal is actually is trying to maintain a good long-term relationship with our customers, so that's why we always try to find good ways to deliver the value to our clients."	"If a brand format shows consistent decline or no longer aligns with evolving consumer preferences, we evaluate whether to maintain, update, or phase them out."	"The goal is to ensure every offering contributes positively to the portfolio while still preserving the brand's integrity and potential future value."

27	"We do not explicitly label any customer as “bad,” but we do evaluate each relationship based on a mix of tangible and intangible factors. So it is not really as white and black, good or bad, but rather the decision we made after the critical assessments"	"Low performance in terms of volume, poor engagement with campaigns, or resistance to collaboration can signal the need to reassess our approach. However, we recognize that change is often met with hesitation"	"When certain accounts show consistent disinterest and no alignment with our brand's trajectory, we gradually shift focus to more promising partners. It’s all about long-term alignment, trust, and shared vision. This is what really important for us"
28	"A large customer generally has a greater need for eventually selling the time, for our time, where a smaller customer is already helped with much less time. So that’s definitely where we made distinctions. Look, if those ratios start to get skewed, then we do try to draw the conclusion of yes this is not the right way."	"Interviewee: Yes and that selection is very black and white. It's either yes or no. And the big difference with us is in time. So in that we do make a difference. So basically a customer who takes too much time, that’s not going to cause them to be treated less well. Interviewer: That basically makes you guys not want him as a customer. Interviewee: True what you say"	"Interviewer: And at some point, how do you repel customers like that? How do you take it to the customer? Interviewee: Well, you know before you get there you have some good conversations. And generally so far that's resulted in the client understanding and so they deal with it well. Or saying in a friendly way of: hey we advise you to look further"
29	"If it's not going well, then we try to assign another employee. And if that doesn't work either, then there really has to be a conversation, "We observe this and this in your behaviour, and we don't like that."	"Interviewer: Your surveys show that some relationship managers deliberately stop offering certain services? Interviewee: Yes, it's all in consultation with the client. If they do not provide or do not want to optimize, then we choose not to provide certain services, and others do - f.ex, payroll does, administration does not"	"Interviewer: So you also set a certain bar for the customer? Interviewee: Definitely. In our strategy this is also very clear: if a customer does not want to optimize or work efficiently, then we should actually say goodbye. Interviewer: So then he actually falls into C? Interviewee: Yes. And then it's basically: improve or say goodbye"
30	"I call those “good customers” and “care customers.” Care customers are customers who struggle to place an order, pay late or with difficulty, and where there is a lot of hassle around delivery – whether what they claim is true or not. Ideally, you would have a filter that takes out all non professional customers, but that is not possible in practice. Rather, I would send those care customers to the competitor."	"For example: a customer places an order, but wants to pay afterwards – then we say no. Or a customer receives goods and says they are broken or delivered wrong – then we can see that back on our cameras"	"Sometimes you turn a blind eye and say: we’ll send something after or we’ll create a credit. But with customers where those kinds of complaints keep coming back, we say: no, we have proof, we won’t do it"

Appendix C – Interview information table and percentages tables

Company number	Identification method	Management method	Risk through segmentation (Yes/No)	Exit strategies
1	Internal ID, resource-based prioritization, ethics filter (mistreatment)	Resource allocation, price increase for difficult clients	Yes	Raise price to deter, quietly drop
2	Internal ID, margin filter	Profitability thresholds, project change	Yes	Say no early, avoid future projects
3	Data: Scoring system, payment history	Pre-contract filtering	Yes	No contract finalization
4	Public image (e.g., social media), churn models	Offer less, raise prices	Yes	Let go after warning
5	Commercial effort vs. revenue, engagement	Tech knowledge as a filter	Yes	Stop engaging
6	Regulatory-based only	Can't exit unless legally justified	No	Limited by regulation
7	Ethics filters, early sales ID	Avoid engagement	Yes	Back away silently
8	None	None	No	Not applicable
9	Tools: warranty rate, comms, payments	Replacement client found	Yes	Ask them to switch
10	MQL/SQL/reject filters	CRM automation	Yes	Advance payment only
11	Behavior-based "at risk" flag	Extra effort to recover	No	Exit only in rare cases
12	Bad experience, repeated failure	Debt collection escalation	No (segmentation by delay days)	BKR, debt collection
13	Finance dept. flags cash clients	Regulatory complexity	Yes	Cash-only enforcement
14	Strategic priority loss	Refuse future business	No	Write off bad debt
15	Volume pressure	Accept exits when needed	No	Space-making filtering
16	Behavior filter (BTK switchers)	Discounts to retain	Yes	Not explicit
17	Payment issues, dissatisfaction	Full effort but high price	Yes	No future cooperation
18	Ethics filters (rule-breaking)	Holistic view, relational	No	Avoid from start
19	Segmentation for alignment	Not discussed	Yes	Not specified
20	Resource allocation	Deprioritize through visit frequency	Not stated	Reduce service intensity
21	Rare escalation	Diplomacy & escalation	No	Escalate internally
22	Fit-based consideration	Supportive approach	No	Cut ties if not a fit
23	ROI analysis, behavioral factors	Balanced service model	Yes	Gradual withdrawal
24	Monitoring KPIs	Shift service focus	Yes	Reallocate effort
25	Portfolio reviews (cost/risk)	Transition model	Yes	Deprioritize or transition

26	Long-term relationship focus	Phase out poorly aligned brands	No	Gradual evaluation
27	Mixed tangible/intangible assessment	Long-term alignment focus	No	Gradual shift to better clients
28	Time vs. size balance	Friendly disengagement	Yes	Encourage client to leave
29	Behavioral observation	Reduce services offered	Yes	Categorize as C; say goodbye
30	Unprofessional customer filter	Order/payment behavior screening	Yes	Redirect to competitors

Identification methods:

Method	Nº of companies	Fraction	Percentage
Internal Identification	23	23/30	76.7%
Values/Ethics Filters	16	16/30	53.4%
Role of Data & Tech	12	12/30	40%

Management methods:

Method	Nº of companies	Fraction	Percentage
Resource Allocation	15	15/30	50%
Price Regulation	11	11/30	36.7%
Regulatory Limits	5	5/30	16.7%

Risk through segmentation:

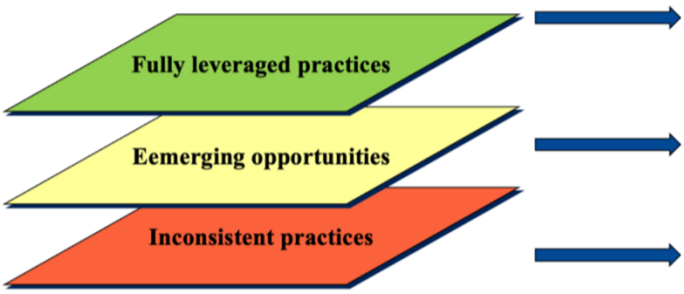
Segmentation use	Nº of companies	Fraction	Percentage
Yes	19	19/30	63.3%
No	11	11/30	36.7%

Risk through segmentation:

Exit strategy type	Nº of companies	Percentage	Type
Reduce service / Deprioritize	11	36.7%	Active
Raise price / Make less attractive	5	16.7%	Active
Switch to advance/cash payment	4	13.3%	Active
Formal/legal exit only	2	6.7%	Passive
Avoid exit / Prefer retention	5	16.7%	Passive
Not specified	3	10%	—

Appendix D – Three-Way Model for the Integration of Customer Segmentation in Identifying & Managing High-Risk B2B Clients

	Identifying	Managing
Fully leveraged	Role of data & technology	Price Regulation
Emerging opportunities	Values/ethics-based filters	Regulatory Limits
Inconsistent practices	Internal Identification	Resource Allocation



Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption
Role of Data & Technology	✓	✓	✓	✓
Price Regulation	✓	✓	✓	✓

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption
Internal identification	✗ (Integration in each department individually)	✓	✗ (Their impact is measurable but its not being measured)	✗
Resource allocation	✗ (Integration in each department individually)	✓	✗ (Their impact is measurable but its not being measured)	✗

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption
Values/ethics-based filters	✗	✓	✗	✗
Regulatory limits	✗	✓	✗	✗

Appendix E - Criteria for the *three way model for the Integration of Customer Segmentation in Identifying & Managing High-Risk B2B Clients* and Results

Criteria	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Description	The practice is embedded in the company's client strategy and risk management efforts.	Multiple participants across the study confirm the use of this practice.	Leads to concrete outcomes that can be measured to compute efficiency.	Involves coordination across departments like sales, finance, or human resources.	Customer segmentation is considered the foundation of the strategy.

Fully Leveraged Level Practices:

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Role of Data & Technology	✔	✔	✔	✔	✔
Price Regulation	✔	✔	✔	✔	✔

Inconsistent Level Practices:

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Internal identification	✗ (Integration in each department individually)	✔	✗ (Their impact is measurable but its not being measured)	✗	✔
Resource allocation	✗ (Integration in each department individually)	✔	✗ (Their impact is measurable but its not being measured)	✗	✔

Emerging Opportunities Level:

Criteria/ Theme	Business integration	Consistent across interviews	Measurable impact	Cross-department adoption	Foundation on customer segmentation
Values/ethics-based filters	✗	✔	✗	✗	✗
Regulatory limits	✗	✔	✗	✗	✗