

Customer Segmentation in B2B markets: An Exploratory Study of Methods, Success Factors, and Barriers

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ABSTRACT,

B2B companies rarely deal with a uniform customer base, and how different firms approach customer segmentation in practice, including the methods they use, the factors that enable effective segmentation, and the barriers they encounter, is the central question this study addresses. The theoretical foundations are well established, particularly through the frameworks of Wind and Cardozo (1974), Bonoma and Shapiro (1983), and Dibb and Simkin (2001), but empirical insight into how firms actually implement segmentation remains limited.

This study addressed that question through 22 semi-structured interviews with managers across diverse B2B companies, analysed using thematic analysis.

Most firms start with firmographic criteria and add a second layer based on channel type or customer value. The main benefits identified were resource focus, expertise matching, and the ability to predict commercial outcomes. The most persistent challenge was consistent application across the organisation, with finding the right talent and accurately judging customer potential at first contact also reported as recurring difficulties.

The findings confirm the applicability of established B2B segmentation frameworks, identify one previously unnamed barrier, and offer practical guidance for managers seeking to strengthen their segmentation approach.

AI statement

“During the preparation of this work, I (Karolis Gelžinis) used ChatGPT to formalize and improve the academic writing of the research. After using ChatGPT, I thoroughly reviewed and edited the content as needed and take full responsibility for the final outcome.”

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Keywords

Customer Segmentation, B2B, Customer Relations, Competitive Advantage, Business Strategy, Customer-centric Approach

1. INTRODUCTION

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1.1 Situation and Complication

In B2B markets, companies rarely deal with a simple, uniform customer base. Clients can vary greatly in size, industry, purchasing behaviour, and the kind of relationship they expect from a supplier. Some customers generate most of the revenue while being relatively straightforward to serve. Others consume significant time and resources but contribute little in return. Managing this diversity is one of the central challenges in B2B marketing, and customer segmentation is the primary tool for doing so. The concept was first formalised by Smith (1956), who argued that firms should align their offerings with distinct customer groups rather than address all buyers with the same approach. In B2B contexts, where purchasing decisions are organisational rather than individual, this logic takes on additional complexity. By grouping customers into meaningful categories, firms can make more deliberate decisions about where to invest their resources, how to adjust their offerings, and which relationships to prioritise (Bonoma & Shapiro, 1983; Hutt & Speh, 2016; Kotler & Keller, 2016).

The core idea behind segmentation is simple: not all customers are equal, and treating them as if they were leads to wasted resources and missed opportunities. Firms that segment well know which customers deserve more investment, which ones can be managed at lower cost, and which ones may not be worth keeping. These decisions shape the whole organisation, from pricing and sales planning to service delivery and product development (Weinstein, 2014; Morgan et al., 2019, pp. 4–29).

Putting segmentation into practice, however, is much harder in B2B settings than standard frameworks tend to suggest. B2B markets differ from consumer markets in several important ways. Purchasing decisions typically involve multiple people from different departments, each with different priorities, a configuration described in the literature as the buying centre (Webster & Wind, 1972, pp. 12–19; Sheth, 1973, pp. 50–56). Sales cycles are longer, products and services are often tailored to individual clients, and customer bases tend to be small and concentrated. In this kind of environment, poor segmentation decisions have direct commercial consequences (Wind & Cardozo, 1974, pp. 153–166; Freytag & Clarke, 2001, pp. 473–486; Mitchell & Wilson, 1998, pp. 429–445).

1.2 Knowledge Gap and Research Objective

This gap between theory and practice is what motivates the present study. Despite decades of research, managers trying to improve their segmentation still have limited practical guidance to draw on (Mora Cortez & Freytag, 2021, pp. 415–428; Mitchell & Wilson, 1998, pp. 429–445). A recent study by Mora Cortez, Clarke, and Freytag (2025) made progress by showing that the purpose behind segmentation, whether driven by sales goals, marketing activities, or performance monitoring, shapes which variables firms use and how those choices affect outcomes. Earlier work by Mora Cortez and Hidalgo (2022) found that segmentation and targeting capability differs systematically across advanced and emerging economies, suggesting that context plays a larger role than universal frameworks allow for. Both studies relied primarily on quantitative data, leaving open the question of how B2B companies approach segmentation in practice: which methods they use, what factors enable effective

application, and what barriers they encounter. These are



precisely the questions the present study sets out to address.

This research therefore takes a qualitative, exploratory approach. Rather than testing a pre-existing model, the aim is to understand how B2B companies approach segmentation, drawing on direct experience from managers across a range of industries. Data were collected through semi-structured interviews with managers from diverse B2B firms, as part of a collaborative research project at the University of Twente. The interviews covered multiple aspects of customer management, and the parts relevant to segmentation were analysed to identify patterns across different companies and contexts.

1.2.1 Knowledge Gap and Academic Relevance

Theoretical frameworks for B2B segmentation have been well established since the foundational work of Smith (1956), Wind and Cardozo (1974), and Bonoma and Shapiro (1983). Empirical insight into how firms actually implement segmentation in practice, however, remains limited, specifically with regard to which methods are used, what supports success, and what gets in the way (Mora Cortez & Freytag, 2021, pp. 415–428; Mitchell & Wilson, 1998, pp. 429–445; Dibb & Simkin, 2001, pp. 609–625). Several recent reviews have called for more practice-oriented and context-sensitive research in this area (Mora Cortez & Freytag, 2021, pp. 415–428; Bilro et al., 2023, pp. 122–142; Morgan et al., 2019, pp. 4–29). This study responds to those calls by complementing the quantitative findings of Mora Cortez et al. (2025) with in-depth qualitative interview data from managers across diverse industries, an approach that Bilro et al. (2023, pp. 122–142) similarly identified as essential for developing a more grounded understanding of B2B customer management in practice. By treating segmentation as something firms actually do rather than an abstract concept, it contributes to a better understanding of how strategic marketing decisions are made and sustained in real B2B organisations.

1.2.2 Research Objective

To explore how B2B companies approach customer segmentation in practice, focusing on the methods they use, the factors that contribute to successful outcomes, and the barriers they face.

1.2.3 Research Question

How do different B2B businesses approach customer segmentation, including the key success factors, methods, and barriers encountered?

1.3 Practical Relevance

For managers in B2B companies, the findings offer a grounded view of how other firms handle segmentation in practice, what tends to work, what commonly goes wrong, and how those challenges are dealt with. This kind of insight is difficult to obtain from theoretical frameworks alone. Segmentation decisions affect a wide range of organisational outcomes, including pricing strategy, resource allocation, sales force structure, account management priorities, and service delivery (Weinstein, 2014; Hutt & Speh, 2016; McDonald et al., 1997, pp. 737–757). Since segmentation also serves as the foundation on which key account management and other strategic customer relationship approaches are built (McDonald et al., 1997, pp. 737–757; Tzempelikos & Gounaris, 2015, pp. 22–34), even modest

improvements in how it is done can have meaningful commercial consequences.

1.4 Literature Background

Academic research on B2B segmentation goes back more than fifty years. Smith (1956) was the first to formalise the concept, arguing that firms should align their offerings with distinct customer demand segments rather than pursue a single undifferentiated approach. Within the B2B context, Wind and Cardozo (1974) introduced one of the earliest structured frameworks, proposing a two-stage model starting with macro-segmentation, which groups customers by broad characteristics such as industry, company size, and location, followed by micro-segmentation, which examines how buying decisions are actually made within those groups. Parallel work on organisational buying behaviour by Webster and Wind (1972) and Sheth (1973) provided the theoretical basis for why those internal dynamics matter: B2B purchasing involves multiple actors operating within formal organisational structures, each bringing different motives and risk tolerances to the decision. Building on these foundations, Bonoma and Shapiro (1983) developed the nested approach, organising segmentation variables into five levels: firmographics, operating variables, purchasing approach, situational factors, and the personal characteristics of individual buyers, with the idea that firms work through these levels from the outside in, using as many as their situation requires.

Later research added more nuance. Hlavacek and Reddy (1986) argued that effective industrial segmentation must combine market potential with the firm's actual capacity to serve each segment, one of the first acknowledgements that segmentation is as much a strategic as an analytical exercise. Mitchell and Wilson (1998) provided one of the most thorough reappraisals of the field, highlighting the persistent tension between theoretically meaningful segmentation methods and what is practically possible for managers to implement, a gap that has proven difficult to close. Freytag and Clarke (2001), publishing in *Industrial Marketing Management*, argued that segmentation in B2B markets should not be treated as a one-time analysis but as an ongoing process, particularly where supplier-customer relationships are long-term and embedded.

More recently, Mora Cortez and Freytag (2021) reviewed 88 papers published across leading marketing journals between 1986 and 2019. Their review found that while the theoretical side of B2B segmentation is well developed, the implementation stage remains poorly understood. Dibb and Simkin (2001) had identified a similar problem earlier, pointing to specific barriers: poor data quality, lack of management support, internal resistance, and the difficulty of translating segment definitions into concrete actions that sales and service teams can follow. Bilro et al. (2023), in their systematic review of B2B customer behaviour research, similarly identified segmentation as one of ten major topics where empirical understanding lags behind its practical relevance.

2. THEORETICAL FRAMEWORK

2.1 Customer Segmentation in B2B Markets

Customer segmentation is broadly defined as the process of dividing a heterogeneous customer base into smaller, more homogeneous groups that share similar characteristics, needs, or behaviours (Goller et al., 2002, pp. 252–271; Kotler & Keller, 2016). In B2B markets, this process serves as the foundation for marketing strategy, helping firms decide which customers to target, how to allocate resources, and how to differentiate their approach across different account types (Mora Cortez & Freytag, 2021, pp. 415–428; Hutt & Speh, 2016). Within the segmentation, targeting, and positioning sequence popularised

by Kotler and Keller (2016), segmentation is the foundational step on which all subsequent targeting and positioning decisions rest.

Two frameworks have shaped how researchers and practitioners think about B2B segmentation most durably. Wind and Cardozo (1974) proposed a two-stage approach: macro-segmentation groups potential customers by broad organisational characteristics such as industry, company size, and location, while micro-segmentation examines the decision-making unit within those groups. The latter stage drew directly on the work of Webster and Wind (1972) and Sheth (1973) on organisational buying behaviour, which identified the buying centre as a complex unit involving multiple actors with different goals and risk preferences. Building on these foundations, Bonoma and Shapiro (1983) developed the nested approach, organising segmentation variables into five hierarchical levels: firmographics, operating variables, purchasing approach, situational factors, and the personal characteristics of individual buyers. These two frameworks remain the most widely cited in B2B segmentation research (Mitchell & Wilson, 1998, pp. 429–445; Mora Cortez & Freytag, 2021, pp. 415–428).

2.2 Segmentation as a Process

More recent research has moved away from treating segmentation as a one-time exercise and towards viewing it as an ongoing organisational process. Mora Cortez and Freytag (2021) propose a four-stage model: pre-segmentation, where the purpose and scope of the effort are defined; segmentation itself, where customers are grouped using chosen variables; implementation, where those groupings are translated into operational changes across sales, marketing, and service; and evaluation, where the firm assesses whether the segmentation is delivering the intended results.

This process view matters for the present study because it shifts attention from the question of which variables to use toward the question of how segmentation actually gets done inside organisations. Freytag and Clarke (2001) made a similar argument, noting that in relationship-intensive B2B markets segmentation is not just an analytical task but an ongoing management activity that shapes how a firm positions itself toward different customers over time. Morgan et al. (2019), reviewing marketing strategy research more broadly, made the same point from a different angle: strategic marketing concepts only deliver value when sustained through ongoing organisational routines, not when treated as a one-off analysis.

2.3 Segmentation Methods

The methods firms use to segment their customers vary considerably depending on their goals, available data, and organisational capabilities. Mora Cortez et al. (2025) found that the purpose behind segmentation shapes which variables and methods a firm tends to use: sales-oriented firms lean toward revenue-based and firmographic criteria, while those with a broader marketing purpose are more likely to incorporate behavioural or needs-based variables. Mora Cortez and Hidalgo (2022) reinforced this by showing that segmentation and targeting capability is among the most universally influential B2B marketing capabilities, regardless of whether a firm operates in an advanced or emerging economy.

Firmographic segmentation is the most common starting point, grouping customers by observable company-level characteristics such as industry, size, revenue, and geography (Bonoma & Shapiro, 1983; Dibb, 1998, pp. 394–406; Hlavacek & Reddy, 1986, pp. 8–21). Its appeal lies in accessibility: the data are generally available and easy to interpret. The limitation, as Dibb (1998) and Mitchell and Wilson (1998) both noted, is that when

most competitors rely on the same observable criteria, the resulting segments look similar across the industry and offer limited strategic differentiation.

Needs-based segmentation takes a different approach, grouping customers according to what they actually require from a supplier rather than what their company profile suggests (Freytag & Clarke, 2001, pp. 473–486; Macdonald et al., 2016, pp. 96–120). This has stronger differentiation potential but is harder to implement, since customer needs are not always directly observable and require more intensive data collection. Value-based segmentation groups customers by their financial contribution to the firm, actual or anticipated, often using customer lifetime value as the underlying metric (Jain & Singh, 2002, pp. 34–46; Mora Cortez et al., 2025). Behavioural segmentation, by contrast, focuses on purchasing patterns, order frequency, and relationship history, offering insight into how customers interact with the firm over time (Wind & Cardozo, 1974, pp. 153–166; Bilro et al., 2023, pp. 122–142). More recent work has highlighted how digital channels and CRM platforms are expanding what behavioural data is available, creating new possibilities for segmentation that traditional frameworks did not anticipate (Müller et al., 2018, pp. 70–83).

In practice, most firms combine several of these approaches rather than relying on a single method (Dibb, 1998, pp. 394–406; Mora Cortez et al., 2025). A related practice that has gained traction, particularly in sales-driven B2B firms, is the ideal customer profile, which uses the characteristics of the firm's best-fit existing customers to define target criteria and tier all other accounts accordingly (Mora Cortez et al., 2025; Mitchell & Wilson, 1998, pp. 429–445). Key account management represents a further extension of this logic, distinguishing strategically important accounts from the broader customer base and managing them through dedicated resources and structured relationship programmes (McDonald et al., 1997, pp. 737–757; Tzempelikos & Gounaris, 2015, pp. 22–34).

Table 1. Overview of B2B segmentation models and criteria from the literature.

Model / Approach	Description	Key references
Macro-micro two-stage model	Groups customers first by broad organisational characteristics, then refines by buying unit behaviour	Wind & Cardozo (1974)
Nested approach	Five hierarchical levels: firmographics, operating variables, purchasing approach, situational factors, personal characteristics	Bonoma & Shapiro (1983)
Firmographic segmentation	Industry, company size, revenue, geographic location	Bonoma & Shapiro (1983); Dibb (1998); Hlavacek & Reddy (1986)
Needs-based segmentation	Customer requirements and value-in-use	Freytag & Clarke (2001); Macdonald et al. (2016)

Value and profitability-based segmentation	Customer lifetime value, revenue contribution, profitability tiers	Jain & Singh (2002); Mora Cortez et al. (2025)
Behavioural segmentation	Purchasing patterns, order frequency, relationship history	Wind & Cardozo (1974); Bilro et al. (2023)
Ideal customer profile	Best-fit customer definition used to tier and prioritise all other accounts	Mora Cortez et al. (2025); Mitchell & Wilson (1998)
Key account management segmentation	Distinguishes strategically important accounts from regular customers for dedicated management	McDonald et al. (1997); Tzempelikos & Gounaris (2015)
STP framework	Segmentation as the foundational step in the segmentation-targeting-positioning sequence	Kotler & Keller (2016); Smith (1956)

2.4 Success Factors and Barriers

Alongside the question of which methods to use, the literature identifies a range of factors that influence whether segmentation efforts succeed or fail. On the success side, key conditions include clear management support, cross-functional involvement in the segmentation process, good quality customer data, and segments simple enough for the sales force to apply consistently (Bonoma & Shapiro, 1983; Dibb & Simkin, 2001, pp. 609–625; Mitchell & Wilson, 1998, pp. 429–445). Mora Cortez et al. (2025) found that the type of targeting procedure used, whether financial, developmental, or knowledge-based, moderates whether segmentation variables translate into positive firm-level outcomes. Mora Cortez and Hidalgo (2022) added that segmentation and targeting capability drives performance across very different economic contexts, suggesting the enabling conditions are more universal than firm-specific.

On the barriers side, Dibb and Simkin (2001) identified three main categories. The first are process barriers, including poor data availability and difficulty choosing the right variables. The second are implementation barriers, including internal resistance from sales teams and the challenge of restructuring existing processes around new segment definitions. The third are organisational and cultural barriers, including insufficient shared understanding of what segmentation is for and a lack of commitment from senior leadership. Mitchell and Wilson (1998) framed these as a fundamental tension between theoretically meaningful and managerially possible segmentation, a gap that Mora Cortez and Freytag (2021) showed remains largely unresolved in the contemporary literature.

2.5 Research Model

Based on the literature reviewed above, this study examines three core concepts and the relationships between them. The first is the segmentation approach, which covers how firms define their segments, what variables and methods they use, and how the segmentation process is structured internally. The second is the success factors, which refer to the internal and external conditions that enable effective segmentation. The third is barriers, which capture the obstacles firms face during both the segmentation process and its implementation.

These three concepts are not independent. The methods a firm chooses are shaped by its purpose for segmenting and the data it

has available. Success factors and barriers act as enabling and constraining conditions that determine whether a segmentation approach translates into meaningful outcomes in practice. Rather than serving as a framework to test statistically, Figure 1 maps the phenomena explored through the qualitative interviews and provides an organising structure for interpreting what managers described on the ground. Context, including firm size, industry, and organisational culture, shapes the segmentation approach from the outset. This is illustrated in Figure 1 below.

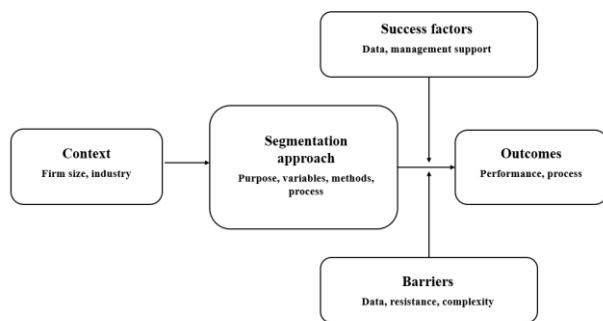


Figure 1. Conceptual overview of B2B customer segmentation: themes explored in this study (based on Mora Cortez & Freytag, 2021, pp. 415–428, and interview findings)

3. METHODOLOGY

3.1 Research Design

This study took a qualitative, exploratory research design. Given that the research question asks how B2B companies approach customer segmentation in practice, a qualitative approach was the most appropriate choice. The goal was not to measure or test a hypothesis, but to gain a deeper understanding of real-world practices, experiences, and challenges as described by the people involved in them. This aligns with an interpretivist research philosophy, which holds that understanding social and organisational phenomena requires looking at how people make sense of their own situations (Saunders et al., 2019).

3.2 Data Collection

Data were collected through semi-structured interviews with managers from B2B companies. Semi-structured interviews were particularly well-suited to this study because they allowed the conversation to follow a consistent set of topics while still giving respondents the freedom to elaborate on things that were relevant to their specific context. This flexibility was important in a study where practices were expected to vary considerably across firms and industries.

Interviews were conducted as part of a broader collaborative research project within the bachelor's thesis circle at the University of Twente. Each student in the circle conducted three to five interviews, resulting in a total dataset of 22 interviews across the group. Each interview covered multiple aspects of B2B customer management, with specific questions addressing segmentation practices, methods used, success factors, and barriers encountered. The interview questions relevant to this study were: how does your firm segment its customers, do you differentiate between customers, what are the key benefits of segmentation for your firm, and what challenges have you faced in implementing or applying segmentation?

All interviews were recorded with the informed consent of the participant and transcribed afterwards to allow for systematic analysis.

3.3 Sampling

Participants were selected using purposive sampling, meaning companies were chosen deliberately based on their relevance to the research topic rather than randomly (Saunders et al., 2019). The key selection criterion was that the company operates in a B2B context, meaning it sells products or services primarily to other businesses rather than to individual consumers. Beyond this, the sample aimed to include a variety in terms of company size, industry, and geographic location, in order to capture a range of different segmentation approaches and contexts. Interviewees were managers or employees with direct knowledge of or involvement in customer management and segmentation decisions within their organisation.

3.4 Data Analysis

The interview data were analysed using thematic analysis, a widely used method for identifying patterns and themes across qualitative data (Braun & Clarke, 2006, pp. 77–101). The process involved reading through the transcripts, coding relevant passages, and grouping those codes into broader themes that addressed the research question. Specifically, the analysis followed an inductive coding process in which relevant expressions and phrases from the transcripts were first identified as first-order codes, then grouped into second-order categories based on conceptual similarity, and finally clustered into the four aggregate themes presented below. A full overview of this coding structure is provided in Appendix C. The analysis looked for recurring patterns related to three areas: the segmentation methods and approaches companies use, the factors that contribute to successful segmentation, and the barriers that prevent or complicate it. The findings were interpreted in relation to the theoretical framework presented in the previous section, allowing for a comparison between what the literature suggests and what companies actually do in practice.

4. RESULTS

4.1 Overview of the Findings

Twenty-two semi-structured interviews were conducted with managers from B2B companies spanning a wide range of industries, sizes, and geographic locations. Some respondents ran small owner-managed businesses with fewer than thirty employees. Others represented multinationals with revenues in the billions. All participating companies and individuals have been fully anonymised. Throughout this section, interviews are referred to using codes i1 to i22, corresponding to the order in which companies appear in the interview list. See Appendix B for the full overview of interview characteristics.

Thematic analysis of the segmentation-relevant portions of each interview produced four main themes: the methods and approaches companies use to segment their customers; how formal or informal those approaches are in practice; what benefits companies associate with segmentation; and the barriers that get in the way of applying it consistently. A full overview of the coding scheme is provided in Appendix C.

4.2 Segmentation Methods and Approaches

4.2.1 Firmographic and Size-Based Segmentation

Nearly every company in the sample starts with firmographic segmentation, grouping customers by company size, industry, or geography. It was the most consistently present approach across all 22 interviews, regardless of industry or company size, and in most cases, it served as the first layer on top of which other criteria were then applied.

An aluminium manufacturing company (i14) described a straightforward three-tier approach: "We segment our customers into three main groups: small businesses, medium-sized businesses, and large industrial firms. This is a practical segmentation approach based on order size, payment discipline, and repeat business potential." A large telecommunications firm (i5) had built its entire sales organisation around employee count, dividing customers into SME accounts, large accounts, and corporate or key accounts at different headcount thresholds.

Geography came up widely, though for most companies it played a supporting rather than leading role. A car rental company (i10) described local presence in key markets as a commercial necessity: "in our business to have local contact persons... that these people understand the clients' demands in the general current business... this is the way of success." A global tyre manufacturer (i8) combined regional structure with product families and customer size: "I would say we differentiate in the regions. We differentiate in product families and obviously in customer size. And then, as a sub differentiation, I would say good and bad paying customers." A facility management company (i19) took a different approach at the first level, distinguishing between global key accounts and local accounts before applying sector-based segmentation across industrial, life science, food and beverage, transport, and office clients.

4.2.2 Channel-Based and Functional Segmentation

For companies operating through intermediaries, the most natural organising logic was not size or geography but the type of customer relationship. A heavy equipment wear parts manufacturer (i2) built its model around two segments: "We have two general customer groups. One of them is a distributor or dealer segment, and OEM or OED, which falls under the same one." A drilling tools manufacturer (i3) used a similar logic, separating horizontal from vertical drilling customers and then distinguishing further between distributors and end users within each.

Not all channel-based approaches followed the same pattern. An IT server hosting company (i13) ignored geography entirely and segmented purely on function: "We differentiate mainly not on geographic area, but mainly on what kind of function they do on the infrastructure." A dairy company (i15) combined multiple layers, including channel type, geography, strategic importance, and product mix, into one segmentation framework. The most structurally complex example came from a semiconductor equipment manufacturer (i16): "Those are the three axes: our own product group, how the customer groups use it for their device technology, and the geographic layer."

4.2.3 Value and Profitability-Based Tiering

A third pattern, often applied on top of the first two, involves sorting customers by their commercial value. This was rarely the starting point but appeared consistently as a refinement layer once companies had already grouped customers by observable characteristics.

A warehouse racking company (i11) described a four-tier system dividing customers into key, target, maintained, and manage categories, with defined visit frequencies and service levels attached to each. A background screening software company (i6) worked from the top down, selecting an ideal customer profile from its top one hundred clients and describing the resulting tier one as "the gold of the company," with lower tiers handled through automated processes. A municipal software company (i7) used a population-based ABC model, with pricing and engagement levels following the assigned category.

In most cases, value-based tiering coexisted with simpler firmographic criteria rather than replacing them. Companies used

size or geography as the first filter and then refined within those groups based on commercial potential, loyalty, or strategic fit. Table 2 presents a selection of representative quotes illustrating the range of segmentation methods identified.

Table 2. Segmentation methods and approaches across interviews.

Code	Segmentation approach	Quote
i14	Size-based, three tiers	<i>"We segment our customers into three main groups: small businesses, medium-sized businesses, and large industrial firms, based on order size, payment discipline, and repeat business potential."</i>
i8	Regional, product, size, payment behaviour	<i>"We differentiate in the regions. We differentiate in product families and obviously in customer size. And then as a sub differentiation, I would say good and bad paying customers."</i>
i2	Channel-based, distributor vs OEM	<i>"We have two general customer groups. One of them is a distributor or dealer segment, and OEM or OED, which falls under the same one."</i>
i11	Four-tier value model	<i>"We categorize customers in key customers, target customers, maintained, and manage. Each account manager within their region will have customers categorized in these four categories."</i>
i6	Tiered ICP model	<i>"We segment customers into tier one, two, and three. Tier one is high value. Tier one we call our ideal customers, the gold of the company."</i>
i13	Functional, use-based	<i>"We differentiate mainly not on geographic area, but mainly on what kind of function they do on the infrastructure."</i>
i16	Three-axis model	<i>"Those are the three axes: our own product group, how the customer groups use it for their device technology, and the geographic layer."</i>
i19	Global vs local, then sector-based	<i>"The first split is global key accounts versus local accounts... we have industrial clients, life science clients, food and beverage, transport, and office clients."</i>
i15	Multi-layer channel model	<i>"We primarily segment customers based on a combination of channel type, geographic markets, customer size and strategic importance, and product mix."</i>
i21	Trust and counterparty type	<i>"We divided into majors, trading houses, and boutique trading houses. Trust is very important."</i>

4.3 Formal versus Informal Approaches

The distinction between formal and informal approaches aligns closely with what Mora Cortez and Freytag (2021, pp. 415–428) identified as the least-developed stage of B2B segmentation research, namely the implementation stage, and with Freytag and Clarke's (2001, pp. 473–486) argument that segmentation in relationship-intensive markets operates more as an ongoing management activity than a fixed analytical exercise.

One of the clearest dividing lines in the data runs not between industries or company sizes but between companies that have documented, consistently applied segmentation systems and those where segmentation happens largely through experience and habit. Both types appeared throughout the sample, sometimes in companies of similar scale.

The background screening software company (i6) and the municipal software company (i7) had the most structured approaches: written criteria, defined tiers, and clear expectations for how staff should classify and engage with customers. The warehouse racking company (i11) described a similar four-tier model applied consistently across its account management team, with visit frequencies and service levels tied to each category.

At the other end, several companies were candid about the informal nature of their segmentation. The aluminium manufacturer (i14) noted that its approach is "managed through experience, close monitoring, and direct communication" rather than any documented system. A waste management company (i18) put it bluntly: "it's not always a conscious segmentation. It's just how things happen sometimes." A digital marketing agency (i20) described the core difficulty: "it is very hard to make several groups because everyone is different."

Some companies occupied a middle position that was harder to categorise. A facility management company (i19) acknowledged its own limitations directly: "I think we are pretty immature in that area... we are not as formalised about it as we should be." The semiconductor equipment manufacturer (i16) described a real and consistent approach that simply was not written down below the strategic level. For the largest customer segments, the respondent noted, everyone in the organisation already knows who the key players are and formal recording adds little value.

What the data suggests is that formalisation follows complexity. As customer bases grow larger and more varied, the need for documented criteria increases. But this relationship is not automatic. Even some large organisations in the sample had not formalised their segmentation, often for cultural or historical reasons rather than lack of capability.

4.4 Key Benefits of Segmentation

When asked about the benefits of segmentation, respondents consistently came back to three things: being able to focus limited resources more deliberately, matching people to customers in a way that made commercial sense, and having a clearer sense of what to expect from different customer groups.

Resource focus came up most often. A fire protection and building systems company (i9) was direct about it: "we have a limited amount of time... we don't have an indefinite resource in our case, engineering capacity. So you want to focus on the customer groups that are the most profitable and loyal." An installation and maintenance company (i17) made a similar point from a different angle, noting that once you stop serving a customer type that does not fit your model, those hours can be redeployed elsewhere more productively.

The expertise matching point was less often framed in theoretical terms but came through clearly in practice. The facility management company (i19) built its specialist sector teams

around the logic that a pharmaceutical client needs someone who understands pharmaceutical requirements, not a generalist account manager. The warehouse racking company (i11) described the same principle applied within its tiered model.

The most concrete account of segmentation benefits came from the background screening software company (i6): "Segmentation improves efficiency and predictability. You know how long a sales cycle will take, how many contact moments are needed, and what the likely revenue will be." The respondent backed this up with figures, citing a churn rate of 1.9 percent among top-tier clients compared to roughly 70 percent for clients outside the ideal profile.

Table 3. Key benefits of customer segmentation.

Code	Benefit	Quote
i9	Resource focus and prioritisation	<i>"We have a limited amount of time. We don't have an indefinite resource in our case, engineering capacity. So you want to focus on the customer groups that are the most profitable and loyal."</i>
i6	Efficiency and commercial predictability	<i>"Segmentation improves efficiency and predictability. You know how long a sales cycle will take, how many contact moments are needed, and what the likely revenue will be."</i>
i14	Pricing and delivery management	<i>"Segmentation helps us set the right price for the right customer, manage delivery priority more effectively, and use our resources more efficiently."</i>
i8	Effectiveness through differentiated treatment	<i>"The key benefit of segmentation, I think, is effectiveness. You treat a small customer different than a bigger customer."</i>
i5	Matching expertise to customer complexity	<i>"Segmentation enables us to assign customers to account managers with the appropriate expertise. Different customer groups have different requirements."</i>
i7	Accessibility and pricing clarity	<i>"Without segmentation, category C clients would not be able to afford the same software as category A, because there is simply less money there. By splitting the pricing, we ensure that smaller clients are not excluded."</i>
i17	Operational control and focus	<i>"The main benefit is control and an overview of your package of work. The moment you serve a specific customer group, you can set up your processes accordingly."</i>
i2	Predictability in partner relationships	<i>"The benefit is predictability. It helps us understand what to expect from each partner, how to communicate with them, what to offer, and where to push harder commercially."</i>

4.5 Barriers and Challenges in Implementation

Knowing how to segment and actually doing it consistently are two different things. Every company in the sample that had a segmentation approach also described some version of the challenge of applying it in practice.

The consistency problem was the most universal. The warehouse racking company (i11) described it as a behavioural issue: "some people tend to go to the customer where they can have a chat, a coffee... there is some resistance of acceptance." Sales staff gravitate toward familiar accounts rather than the ones the model says to prioritise. The municipal software company (i7) ran into a different version of the same problem, not resistance but drift. Pricing agreements made by colleagues years earlier had deviated from the official category structure, and tracing them back was difficult: "agreements made by colleagues years ago are sometimes hard to trace back, which creates complications."

Finding people with the right skills for increasingly specialised segments was the second recurring difficulty. The warehouse racking company (i11) described the challenge of sourcing technical expertise: "finding the right skill set. Technically, when you do the product segmentation and of course language when you have cross country focus, sometimes language is a challenge also." The global tyre manufacturer (i8) pointed to the same problem from a different angle, specifically finding key account managers capable of handling the complexity of its largest customer relationships.

A third issue that came up repeatedly was the risk of getting a customer wrong at first contact. Small companies that look low-value often are not. A heavy equipment wear parts manufacturer (i2) described this directly: "appearances can be deceiving. We often see very small companies, a four-or-five-person family business without even a proper storage facility, that end up placing and selling container-load quantities. You might initially segment them as low-capacity and invest less effort, and then they surprise you with significant volume." The telecommunications firm (i5) handled this by building growth potential into its segmentation criteria, though it acknowledged the difficulty of doing this systematically.

For smaller, relationship-driven businesses, the challenge was of a different kind altogether. A digital marketing agency (i20) described a fundamental tension between personal service and formal categorisation: revenue roughly determines customer importance, but the work is personal enough that rigid groupings feel artificial. The background screening software company (i6) captured a related tension between data and instinct: "the process is not always perfectly systematic. I tend to feel signals through conversations before the data confirms them."

Table 4. Barriers and challenges in implementing customer segmentation.

Code	Barrier	Quote
i11	Internal resistance to the model	<i>"Some people tend to go to the customer where they can have a chat, a coffee... there is some resistance of acceptance when it comes to people accepting the model."</i>
i7	Inconsistency among colleagues	<i>"The main challenge is maintaining consistency among colleagues... agreements made by colleagues years ago are</i>

		<i>sometimes hard to trace back, which creates complications."</i>
i11	Finding the right talent	<i>"Finding the right skill set technically, when you do the product segmentation, and of course language when you have cross-country focus, sometimes language is a challenge also."</i>
i2	Misjudging customer potential	<i>"Appearances can be deceiving. We often see very small companies that end up placing and selling container-load quantities. You might invest less effort, and then they surprise you."</i>
i5	Growing complexity of segments	<i>"Different customer segments require different skills, resources, and expertise. As customer requirements become more complex, managing those differences becomes increasingly challenging."</i>
i14	Consistency in daily operations	<i>"The biggest challenge is applying the segmentation consistently in daily operations, especially during busy periods."</i>
i6	Intuition versus data	<i>"The process is not always perfectly systematic. I tend to feel signals through conversations before the data confirms them."</i>
i20	Personal relationships make categorisation difficult	<i>"It is very hard to make several groups because everyone is different. So it is very hard to group them."</i>

4.6 Summary of Findings

B2B customer segmentation in practice is considerably more varied and context-dependent than the theoretical literature tends to suggest. Firmographic criteria are the near-universal starting point, but what happens after that differs substantially. Some companies add a value-based tier, others a channel-based split, and many combine several approaches into a layered model that has developed organically over the years. How formally any of this is documented and followed varies just as much as the methods themselves.

The benefits companies describe are consistent: they segment to focus their resources, to get the right people in front of the right customers, and to make their commercial operations more predictable. The barriers are equally consistent: the hardest part is not designing a segmentation model but getting the whole organisation to follow it, finding staff with the right specialist expertise, and avoiding the trap of underestimating customers based on first impressions. These findings are discussed in relation to the existing literature in the following section.

5. DISCUSSION

The findings broadly support the theoretical frameworks established in the B2B segmentation literature, but they also show where practice regularly falls short of what those frameworks assume.

The near-universal reliance on firmographic criteria confirms Wind and Cardozo's (1974) macro-segmentation stage and the

outer layers of Bonoma and Shapiro's (1983) nested approach. Fifty years on, company size, industry, and geography remain the starting point for most B2B segmentation efforts. The inner nests of Bonoma and Shapiro's model, specifically situational factors, purchasing approach, and the personal characteristics of individual buyers, appeared far less consistently. Most firms in the sample worked through two or three levels at most, rather than the full five. This is consistent with Dibb's (1998) observation that companies gravitate toward criteria that are easier to operationalise, even when more sophisticated approaches might produce better results.

The frequent layering of profitability-based tiering on top of firmographic groupings aligns with Mora Cortez et al.'s (2025) finding that segmentation purpose shapes the variables firms choose. Companies focused on sales performance lean toward revenue and firmographic criteria; those with a broader commercial orientation add developmental or relationship-based dimensions. The coexistence of multiple approaches within single companies also supports Dibb's (1998) argument that effective segmentation typically combines methods rather than relying on one.

Channel-based segmentation was more prominent in the findings than the foundational literature implies. In industries involving distributors, original equipment manufacturers, or resellers, the distinction between customer types by route to market was the primary organising logic rather than an add-on to firmographic grouping. This suggests that existing frameworks underrepresent a form of segmentation that is, for many B2B firms, the most natural and commercially relevant one.

The gap between companies with formal documented models and those relying on intuition speaks directly to what Mora Cortez and Freytag (2021) identified as the least-developed area in B2B segmentation research: the implementation stage. The data confirm that this gap is real and persistent. Companies with clearly articulated segmentation frameworks still described the logic breaking down operationally: sales staff following their own instincts, informal relationship dynamics overriding formal categories, and pricing agreements drifting from official structures. This validates the implementation barriers described by Dibb and Simkin (2001) and echoes the tension between theoretically meaningful and managerially possible segmentation identified by Mitchell and Wilson (1998), particularly the difficulty of turning segment definitions into consistent day-to-day behaviour.

Dibb and Simkin's (2001) three-category barrier framework, covering process, implementation, and organisational/cultural barriers, is confirmed by the findings. Data availability issues represent process barriers. Consistency problems and internal resistance represent implementation barriers. The informal, experience-driven nature of segmentation at several companies reflects organisational and cultural barriers, where the conditions for systematic customer classification simply have not developed.

The findings also identify a barrier that Dibb and Simkin's framework does not name explicitly: the tendency to misjudge customer potential based on observable characteristics at first contact. Small companies regularly generate unexpectedly large volumes. Customers with currently limited revenue are sometimes prioritised because of anticipated future value. When observable characteristics do not reliably predict commercial outcomes, firmographic segmentation will systematically misclassify accounts, and the cost of those misclassifications is not always visible until later. This is a genuine limitation of size and firmographic-based approaches that existing theory has not adequately addressed.

On the benefits side, the resource allocation and efficiency gains described by respondents are consistent with what Weinstein (2014) and Mora Cortez et al. (2025) predict. Two benefits stand out as less prominent in the existing literature. Expertise matching, which involves using segmentation to align account managers with the customers whose needs fit their knowledge, was described by several respondents as a primary driver of their segmentation structure, but it receives relatively little attention in academic work, which tends to focus on market-level outcomes rather than internal talent allocation. Commercial predictability, meaning the ability to forecast sales cycle length, contact requirements, and likely churn based on segment membership, was described with a level of specificity, including concrete churn figures, that qualitative segmentation research rarely captures.

5.1 Conclusion

The research question guiding this study was: how do different B2B businesses approach customer segmentation, including the key success factors, methods, and barriers encountered?

The answer, based on 22 interviews across diverse B2B industries, is this. Most companies start with firmographic groupings, covering size, industry, and geography, and add a second layer based on channel type, profitability, or strategic fit. How formal and documented that process is varies enormously, from structured tiering models with defined visit frequencies to entirely intuitive approaches that have never been written down. The degree of formalisation tends to increase with company size and customer base complexity, but this relationship is not automatic.

The success factors that distinguish effective from ineffective segmentation are management support, shared criteria that the whole team understands and follows, and data infrastructure that makes consistent application possible. Where these are in place, segmentation delivers real benefits: more focused resources, better expertise matching, and greater commercial predictability. Where they are absent, even well-designed models fail at the operational level.

The barriers that most consistently prevent effective segmentation are inconsistent application across the organisation, difficulty finding people with the right skills for specialist segments, and the risk of judging customer potential too early based on observable characteristics alone. The last of these is a practical challenge that existing frameworks have not fully addressed.

5.2 Practical Implications

Firmographic segmentation is a reasonable starting point, but it is not enough on its own. The findings confirm Dibb's (1998) warning that when most competitors use the same observable criteria, the segments they produce look similar and offer little strategic differentiation. Companies that added a second layer, whether based on profitability, channel type, or growth potential, described more actionable and commercially meaningful results. Treating firmographic groupings as a first filter rather than a finished product is the practical implication here.

The more important lesson from the data, though, is that the design of a segmentation model matters less than the organisational conditions for following it through. Several companies had well-articulated frameworks that broke down because sales staff did not consistently apply defined criteria, or because informal relationship dynamics took over. Getting buy-in from the people who actually use the segmentation, rather than just designing it for them, is where the real implementation work happens. Training and internal communication around

segmentation criteria are likely to deliver better returns than refining the model itself.

Managers should also think about how forward-looking their segmentation criteria are. Grouping customers purely on current size or revenue will systematically underinvest in accounts whose value lies ahead rather than in the present. Adding growth potential, purchasing trajectory, or strategic fit as secondary criteria reduces the risk of the kind of misclassification described by several respondents, where small-looking customers turned out to be large-volume ones.

For companies that lack data infrastructure, the findings suggest that simple tier models, such as ABC or key/target/maintain, are both achievable and effective. The discipline of applying a simple model consistently produces more benefit than a sophisticated model applied loosely.

5.3 Theoretical Implications

The findings provide empirical support for Wind and Cardozo (1974) and Bonoma and Shapiro (1983) at the level of methods and criteria. Firmographic segmentation is dominant in practice, confirming that the outer layers of the nested approach remain relevant decades after its introduction. The consistent absence of the inner nests, however, suggests the framework may overestimate what organisations are willing or able to sustain in practice. Distinguishing between the full nested model as an aspirational framework and a simplified two or three-level version as a realistic baseline would make future theory more useful to practitioners.

The study also supports Mora Cortez and Freytag's (2021) identification of the implementation stage as the least-developed area in B2B segmentation research. The evidence here is qualitative and grounded: well-designed models break down for human, cultural, and organisational reasons, not analytical ones. Future research should focus as much on the conditions for implementation as on the design of segmentation criteria themselves.

Two under-theorised benefits emerge from the findings. Expertise matching, which involves using segmentation to align people with the right knowledge to the right customer types, is described by multiple respondents as a core motivation for their segmentation structure, but it features rarely in academic literature, which has focused more on market-level than internal organisational outcomes. Commercial predictability, meaning the ability to forecast sales cycles, contact requirements, and churn from segment membership, is described in concrete, measurable terms that qualitative research in this area has rarely captured. Both deserve more attention in future conceptual frameworks.

The appearance problem, meaning the systematic risk of misjudging customer potential from observable characteristics at first contact, represents a gap in the existing barriers literature. Dibb and Simkin's (2001) three-category framework does not account for it explicitly. Future work on segmentation barriers should consider the predictive validity of commonly used variables, not just whether the right variables are being used.

5.4 Limitations

The sample of 22 companies is diverse in industry and size, but it is not statistically representative and findings cannot be generalised to the broader population of B2B firms. The absence of four to five interviews from one circle member means certain industries or contexts may be underrepresented.

The data rely entirely on self-report. Respondents may have described their segmentation practices in a more deliberate or systematic light than day-to-day operations would show. Without

direct observation or access to internal documentation, reported practices cannot be independently verified.

The analysis covers only the segmentation portions of each interview. While appropriate given the research question, this means the connections between segmentation and adjacent aspects of customer management, including portfolio decisions, relationship investment, and performance outcomes, could not be explored in depth.

The study is cross-sectional. Segmentation strategies evolve in response to market shifts, leadership changes, and accumulated experience, and a snapshot design cannot capture that dynamic.

The geographic concentration of the sample, with most companies based in Europe and the Netherlands in particular, may limit transferability to other cultural or institutional contexts where customer relationship norms and data infrastructure differ meaningfully.

5.5 Future Research

The most immediate opportunity is quantitative validation. A survey-based study testing the relationships identified here, for example between formalisation and commercial outcomes, or between forward-looking criteria and customer retention, would allow the patterns observed qualitatively to be assessed for generalisability and magnitude.

The appearance problem identified in the findings warrants dedicated research. How firms might develop segmentation criteria that predict customer value more accurately than observable characteristics at first contact is an open and practically important question. Survival analysis, customer lifetime value modelling, and CRM-based machine learning approaches all offer potential methods.

Longitudinal research on how segmentation evolves within firms would address one of this study's core limitations. Tracking the journey from informal to formal approaches, or how companies respond when their segmentation models stop working, would add both theoretical and practical value to the field.

The customer perspective is almost entirely absent from existing segmentation research, and this study is no exception. How customers experience being categorised, and whether differential treatment is perceived as fair or commercially appropriate, would add an important dimension to the understanding of segmentation's real-world consequences.

The role of digital tools and data analytics also merits further attention. None of the companies in this study described using AI or predictive analytics for segmentation in any meaningful way, despite most having access to CRM systems. As these capabilities become more accessible, research into how they change segmentation practice in B2B markets would be both timely and relevant.

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7. APPENDIX

Appendix A – Interview Guide

Main topic of the question	Interview question
1. How do firms segment (models used, barriers and challenges)	1.1. How does your firm segment its customers, including models used and barriers and challenges encountered? 1.2. Do you differentiate? 1.3. How does it compare with other companies in your sector or with your competitors? 1.4. What other segmentation criteria do you use, for example geographic, product-based, or service-based? 1.5. What are the key benefits of segmentation? 1.6. What are the challenges faced with implementation and application of this segmentation?
2. How do they build/manage customer portfolios (models used, barriers and challenges)	2.1. How do you differentiate among individual customers? 2.2. Do you utilise Customer Portfolio Management models to segment individual customers, and if so, how? 2.3. How does it compare with other companies in your sector? 2.4. What other segmentation criteria do you use, such as customer loyalty, demand nature, or cost versus benefit of serving customers? 2.5. What are the key benefits of segmenting individual customers? 2.6. What are the challenges faced with implementation and application of this segmentation of individual customers?
3. Buyers and sellers' interactions – individual level (personal). Is it always a rational process?	3.1. Are there customers you like to work with? 3.2. How would this personal relationship influence your efforts? 3.3. Were you ever in a situation where a customer you like asked to rush an order, and how did you approach it? 3.4. Were you ever in a situation where a customer you dislike or find more difficult asked to rush an order, and how did you approach it?
4. Preferred customer theory and supplier satisfaction	4.1. How does your organisation identify and segment customers who receive preferred customer status? 4.2. What criteria are most important in this classification and how is preferred status incorporated? 4.3. Do you segment your customers based on the level of satisfaction you experience as a supplier, and if yes, what indicators or metrics do you use? 4.4. How do your relationships and engagement strategies differ across customer segments with varying levels of supplier satisfaction?
5. Segmentation consequences: external and internal	5.1. External: 5.1.1. Which are the consequences of differentiating customers and how do you treat them differently? 5.1.2. How does your company adjust its relationship management strategies based on high-value and low-value customers? 5.1.3. How would your company act toward high-value and low-value customers in terms of innovation such as new products or pricing? 5.1.4. How would your company act in terms of delivery and capacity allocation when capacity is limited? 5.1.5. Did Covid result in any different customer treatment? 5.1.6. How do you handle complaints from high-value and low-value customers? 5.2. Internal: 5.2.1. Which are the internal consequences of differentiating customers? 5.2.2. How do you engage internally within your firm for different customer types? 5.2.3. How is production planning done when capacity is limited? 5.2.4. How does segmentation influence production planning? 5.2.5. What do you do for good customers if they want to rush an order, if there are problems, or if they have special requirements? 5.2.6. Can you describe engagement with other departments in your firm to serve good or difficult customers?
6. Software support	6.1. Do you use any software to support your customer segmentation efforts?

	6.2. Do you have any software for customer portfolios or comparing individual customers? 6.3. If yes, what kind of system or software do you use and which features does it have? 6.4. Does it offer AI features and how do you use them? 6.5. Which other solutions do you know of or that other firms might use?
7. How do you identify bad customers? Customer churn, or business risk	7.1. How do you identify bad customers that you want to stop serving? 7.2. What are you doing to stop the relationship, for example deprioritising or increasing prices? 7.3. What methods or tools does your company use to identify bad customers? 7.4. Are there any indicators or signals used to predict when a customer is at risk of becoming uninteresting? 7.5. To what extent does customer segmentation have an impact on mitigating or reducing this risk?

Appendix B – Overview of Interview Characteristics

Interview Code	Position of Interviewee	Company Description
i1	Business Development Manager	Reusable transport cases
i2	Business Development Manager	Heavy equipment wear parts
i3	Business Development Manager	Drilling tools
i4	Business Development Manager	Tamper-evident packaging
i5	Sales Manager	Telecommunications
i6	Co-founder	Background screening
i7	Portfolio Manager	Municipal software
i8	Cluster Director Benelux, UK, Nordics	Tyre manufacturing
i9	Territory Sales Director	Fire protection and building systems
i10	Senior Sales Manager Automotive Industry	Rental services
i11	Business Unit Manager	Warehouse racking systems
i12	Deputy Chief Executive Officer	Personal hygiene products
i13	Chief Executive Officer	IT server hosting
i14	Chief Executive Officer and Owner	Aluminium manufacturing
i15	Deputy Chief Executive Officer	Dairy products
i16	Product Manager	Semiconductor equipment
i17	Not specified	Installation and maintenance services
i18	Not specified	Waste management services
i19	Senior Account Manager	Facility management
i20	Owner and Director	Digital marketing
i21	Senior Trader	Biofuels trading
i22	Business Development Manager	Commodities data and SaaS

Appendix C – Coding Scheme and Thematic Overview

Theme	Sub-theme	First-order Codes
1. Segmentation Methods and Approaches	Firmographic and size-based segmentation	"SME Accounts (10–50 employees), Large Accounts (50–250), Corporate/Key Accounts (250+)" (i5); "Differentiate in the regions, in product families, and in customer size" (i8); "Revenue — small customer, big customer, or concern" (i10);

		"Global key accounts versus local accounts" (i19); "Industrial clients, life science clients, food and beverage, transport, office" (i19); "Geographic — local contact persons in Italy, Spain, Netherlands" (i10); "Domestic and export customers" (i12); "Private individuals, SMEs, larger commercial sectors" (i17); "Geographic and profitability combination" (i9); "Order size, payment discipline, repeat business potential" (i14); "Good and bad paying customers" as sub-differentiation (i8).
	Channel-based and functional segmentation	"Distributor or dealer segment, and OEM or OED" (i2); "Distributors and end users" (i3); "Horizontal drilling and vertical drilling" (i3); "OEMs and remanufacturers" (i1); "Resellers, hosters, internet professionals" (i13); "What kind of function they do on the infrastructure" (i13); "Majors, trading houses, boutique trading houses" (i21); "Our own product group, how customer groups use it for device technology, and the geographic layer" (i16); "Channel type, geographic markets, customer size and strategic importance, and product mix" (i15); "Segment within companies by seniority and role — contact procurement, not marketing" (i22); "Above-ground collection systems, mini-containers, underground collection systems" (i18).
	Value and profitability-based tiering	"Tier one, two, and three — tier one we call our ideal customers, the gold of the company" (i6); "Key customers, target customers, maintained customers, manage" (i11); "Category A, B, C — 100,000+ residents is A, 50,000 to 100,000 is B, below that is C" (i7); "Strategic customers, growth customers, stable operational customers, opportunistic customers" (i15); "ABC customer classification" and "Pareto logic (80/20)" (i12); "Ideal customer profile — ICP" (i6); "Focus on most profitable and loyal" (i9); "What data do we have and who can use that data" (i22).
2. Formal versus Informal Approaches	Formal structured approaches	"Top 100 clients, remove the first and last 10 as outliers, build segmentation from the remaining 80" (i6); "Written criteria, defined tiers, and clear expectations for how staff should classify and engage" (i6, i7); "Category A pays the highest rate — weekly meetings and co-development of new features" (i7); "Each account manager has customers categorised in four categories with defined visit frequencies" (i11).
	Mixed or partially formal	"ABC model: order frequency, RFQ conversion rate, partnership mindset" (i4); "Data-driven decisions but experience and judgment still play a significant role" (i4); "Not following any specific theory" (i8); "Quantitative and qualitative criteria combined" (i15); "Everyone knows who the big players are — not formally recorded below the strategic level" (i16);

		"We are pretty immature in that area — not as formalised about it as we should be" (i19).
	Informal and experience-based	"Managed through experience, close monitoring, and direct communication" (i14); "It is not always a conscious segmentation — it is just how things happen sometimes" (i18); "It is very hard to make several groups because everyone is different" (i20); "WhatsApp and email, no software" (i21); "No formal model — just treat them normally, like you would want to be treated yourself" (i20); "Informal segmentation on age, loyalty, growth profile, payment morale — not formalised yet" (i13); "We tried a model but in practice it does not work" (i18).
3. Key Benefits of Segmentation	Resource focus and prioritization	"We have limited engineering capacity — focus on the customer groups that are most profitable and loyal" (i9); "The main benefit is control and an overview of your package of work" (i17); "Segmentation helps us set the right price for the right customer, manage delivery priority more effectively" (i14); "20/80 rule — 20% of your customers generate 80% of revenue" (i11); "Better allocation of commercial resources" (i12, i15); "Without segmentation, category C clients would not be able to afford the same software as category A" (i7).
	Expertise matching	"Segmentation enables us to assign customers to account managers with the appropriate expertise" (i5); "Different customer groups have different requirements" (i5); "A pharmaceutical client needs someone who understands pharmaceutical requirements, not a generalist" (i19); "Put the right people with the right knowledge and technical background to support customers" (i11); "Effectiveness — treat a small customer differently than a bigger customer" (i8).
	Commercial predictability	"Segmentation improves efficiency and predictability — you know how long a sales cycle will take, how many contact moments are needed, and what the likely revenue will be" (i6); "1.9% churn rate among top-tier clients compared to roughly 70% for clients outside the ideal profile" (i6); "The benefit is predictability — it helps us understand what to expect from each partner" (i2); "Clients who are a good fit stay with us an average of 4.2 years and generate around €20,000 in lifetime value" (i6).
4. Barriers and Challenges	Inconsistency in application	"Applying the segmentation consistently in daily operations, especially during busy periods" (i14); "Agreements made by colleagues years ago are sometimes hard to trace back, which creates complications" (i7); "The main challenge is maintaining consistency among colleagues" (i7); "Some people tend to go to the customer where they can have a chat, a coffee" (i11); "Resistance of acceptance when it comes to people accepting the model" (i11); "Not as formalised about it as we should be" (i19);

		"It is not always a conscious segmentation — it is just how things happen sometimes" (i18).
	Talent and expertise constraints	"Finding the right skill set technically, and language when you have cross-country focus" (i11); "Finding the right people, especially for the higher-end customers" (i8); "Different customer segments require different skills, resources, and expertise" (i5); "As customer requirements become more complex, managing those differences becomes increasingly challenging" (i5); "Sales team is relatively young and we are maturing in that respect" (i13).
	Misjudging customer potential	"Appearances can be deceiving — small companies that end up placing container-load quantities" (i2); "Low-value customers can also have high potential — some purchasers are difficult but there is potential behind it" (i9); "The stuff you see online is different once you have a conversation with someone from that company" (i22); "We do not segment by company size — we want to get the product into the market" (i1).
	Data availability	"Not formally incorporated — challenge of getting segmentation correct in CRM" (i13); "We do not use a special CRM system to support customer segmentation" (i14); "No software for customer segmentation at the moment" (i13, i21); "We started to do customer portfolio management more and more, but the sales team is relatively young" (i13).
	Personal relationships override formal criteria	"It is very hard to make several groups because everyone is different" (i20); "Trust is the most important thing" — relationships prioritised over formal categorisation (i21); "In the oil business you know half the players on a first-name basis — nobody is using more than an Excel sheet" (i21); "We know every client personally — not comparing them based on value" (i20).