



# The SaaS Guide to Behavioral Segmentation

The more effective way to target your users



# For decades, companies have segmented their customers using demographic, technographic, firmographic, and intent data.

Though details change, these tend to follow a familiar formula. Urban men under 5'7" who use MacBooks and drink light beer tend to vote for a certain political candidate. Married women between 25-30 who went to Midwestern colleges and currently have one child prefer Google Drive over Dropbox.

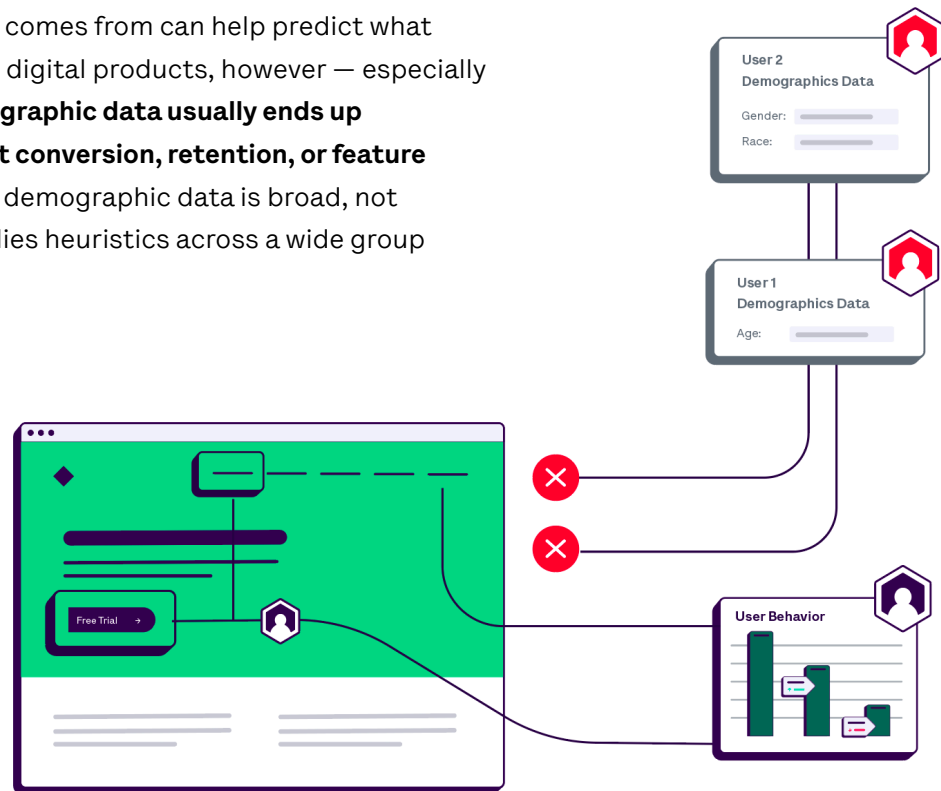


# Relying on demographics is not enough

Grouping people based on demographic data is great for targeting relevant prospects and bringing new people to your site. But if you're looking to improve their experience once they get there, you'll need to group users based on *what they do*, not just on *who they are*.

Certainly, knowing who is likely to buy a certain flavor of toothpaste can help marketing efforts. But in most digital products these demographic data points tend to be less useful. Why? **Because demographic data is a poor proxy metric for in-product activity.**

The general theory behind demographic segmentation is that knowing which group a user comes from can help predict what they'll do in your product. In digital products, however — especially B2B SaaS products — **demographic data usually ends up telling you scant little about conversion, retention, or feature interaction.** This is because demographic data is broad, not granular, and by nature applies heuristics across a wide group of people.

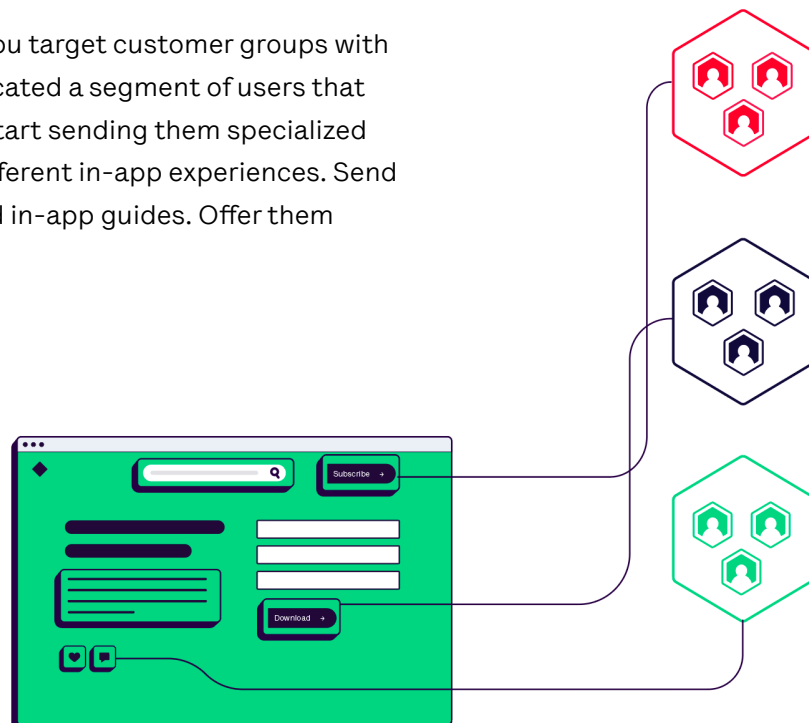


# A better approach to segmenting your users

We're not saying that demographic segmentation isn't important or useful. It is — especially for finding new users!

**But once they're on your site, behavioral segmentation is a much more powerful tool for optimizing users' experience.** When you take a behavioral approach, you focus on how users are interacting with your website or product. You see what behaviors tend to correlate with other behaviors. You segment user groups with granularity. You see what sorts of activities predict future activities. And so on.

Analyzing users by behavior lets you target customer groups with pinpoint accuracy. Once you've located a segment of users that is meaningfully distinct, you can start sending them specialized marketing materials or provide different in-app experiences. Send emails and push notifications. Add in-app guides. Offer them relevant content.



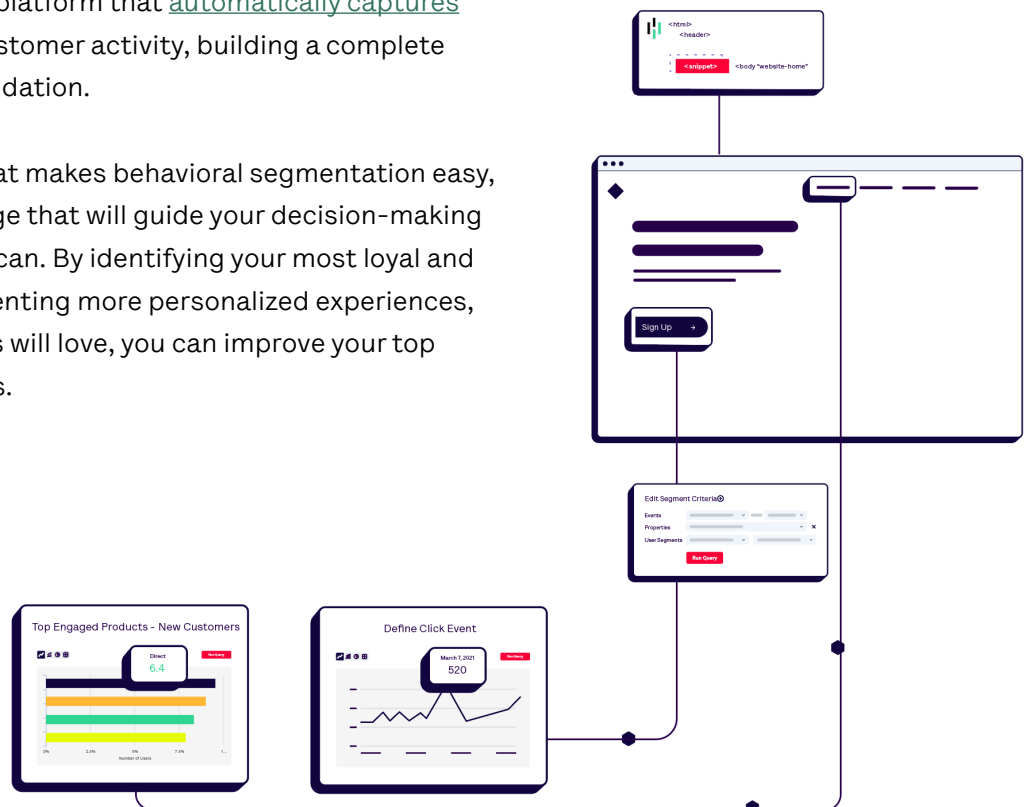
# So why doesn't everyone use behavioral segments?

One of the biggest blockers to successfully using behavioral segmentation is having to manually collect and organize behavioral data.

Many companies only invest in a basic product analytics tool that requires them to select each potential event to track (like clicks, purchases, or uploads), ask the engineering team to write the tracking code, and then manually organize and govern that data within an external spreadsheet.

This approach doesn't provide the flexibility needed to segment behavior in different ways. Because you won't know right away which behaviors will correlate with metrics like engagement or retention, you should have a platform that [automatically captures](#) and organizes all possible customer activity, building a complete and well-organized data foundation.

When you have a platform that makes behavioral segmentation easy, you'll get insights about usage that will guide your decision-making like no other kind of analysis can. By identifying your most loyal and valuable customers, implementing more personalized experiences, and rolling out features users will love, you can improve your top growth and retention metrics.

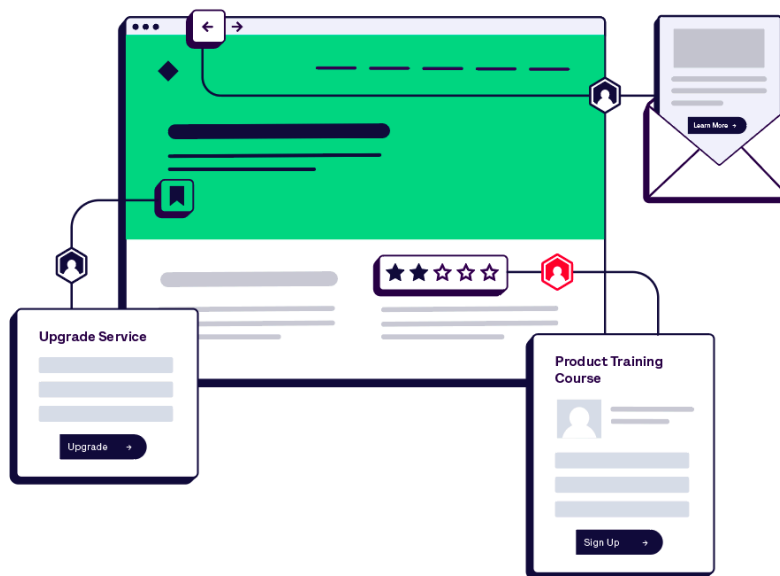


# Actionable insights from behavioral segmentation

You discover that visitors who use your free app's bookmarking functionality tend to upgrade to a paid membership at a higher rate than those who don't. You create an in-app guide that encourages new visitors to use bookmarks.

You discover that users who are inactive for longer than 60 days have a low rate of retention. You can send a **personalized email marketing campaign** to re-engage users who have been inactive for 30, 45, and 60 days.

You discover that a customer's NPS score correlates with how often they view your documentation. You could then invite customers with a low NPS score to a product training session that uses your documentation as a resource.



# Getting started with behavioral segmentation

## Step 1

**Identify meaningful groups.**

**For SaaS sites, your groups might be:**

- Power users
- Users of specific features
- Users who haven't engaged in 30 days

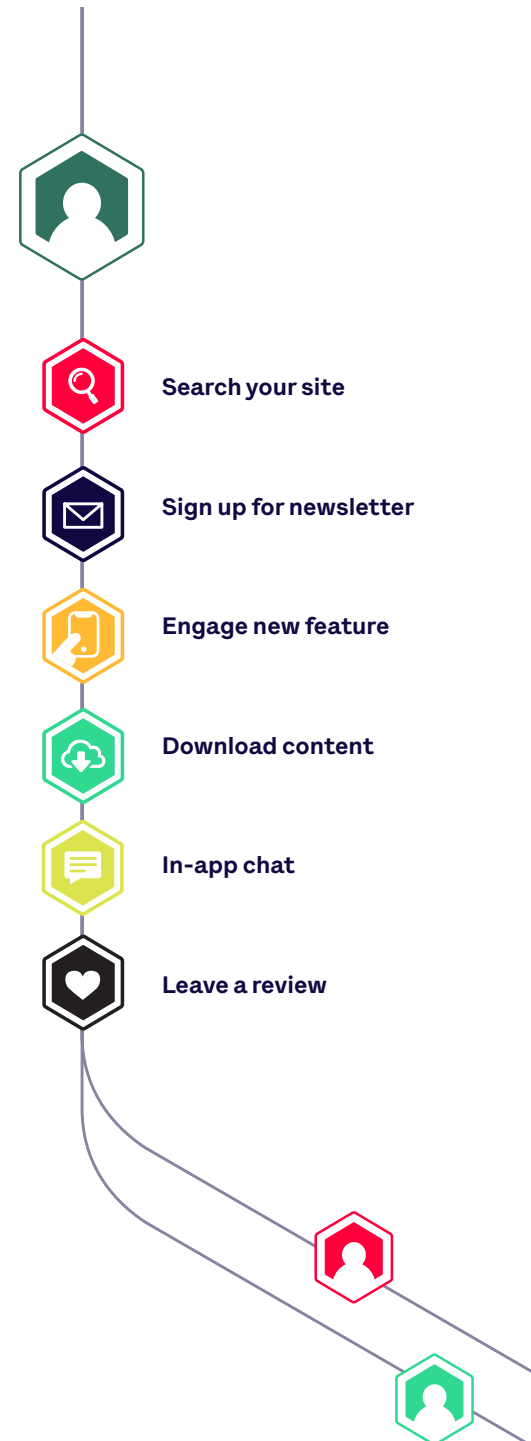
## Step 2

**Pick one of these groups and start exploring!**

**For example, you could ask if people who log into your product more than once a day also...**

- Go through more pages on your site?
- Leave a review?
- Engage with new features?
- Come from referring sites?
- Receive your newsletter?
- Get regular emails?
- Use your in-app chat?
- Sign up for product updates?

These specific questions may not all apply to your product, of course. That's fine! The point is to get in the habit of checking lots of correlations, since doing this can give you crucial information for targeting different kinds of customers.

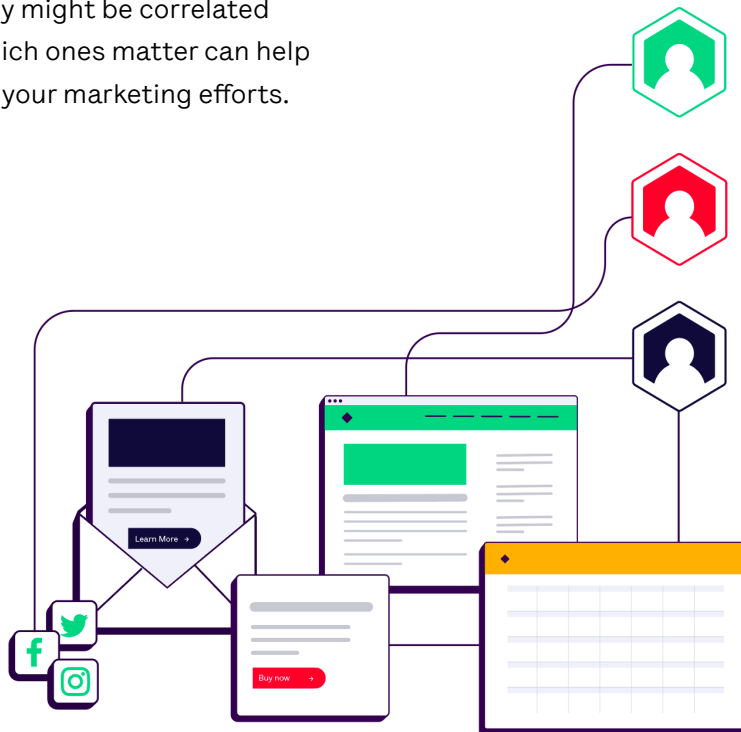


# Touchpoints outside the product

Measuring behaviors from people who come to your product through different channels can also be a useful source of information.

- How do people who have received emails behave?
- (Do they use different features or login more frequently?)
- People who have visited your blog?
- People who come through paid ads?
- People who arrive through social media?
- People who have attended your events?

Again, try as many of these as you can! Any might be correlated with higher conversion rates. Knowing which ones matter can help organize both your product roadmap and your marketing efforts.





**crunchbase**

# Behavioral segmentation in practice

Crunchbase is the leading platform for professionals to discover innovative companies, connect with the people behind them, and pursue new opportunities. To drive their product roadmap and better target their diverse user base, [CrunchBase turned to Heap](#). With data on every single digital interaction at their fingertips, the CrunchBase team is able to ask questions that they never could before. Some of their core questions included:

- How do different user cohorts interact with CrunchBase, and how do we get them to engage further?
- What are different user cohorts doing onsite that might signal intent (to purchase one of our Advanced and Commercial products, to contribute, etc.)? What are the personas of our buyers for our premium products?
- How do we define success? Specifically, how do we define baselines for different marketing campaigns? Is a 17% conversion rate good, or is 3%?

With Heap, CrunchBase was able to identify specific patterns in user behavior, signaling when, for example, people didn't fully understand the product's capabilities. The team then modified their product and messaging to guide users to engage more directly.

“Before Heap, we didn’t have much information around specific user actions beyond big picture metrics. Now we do.”



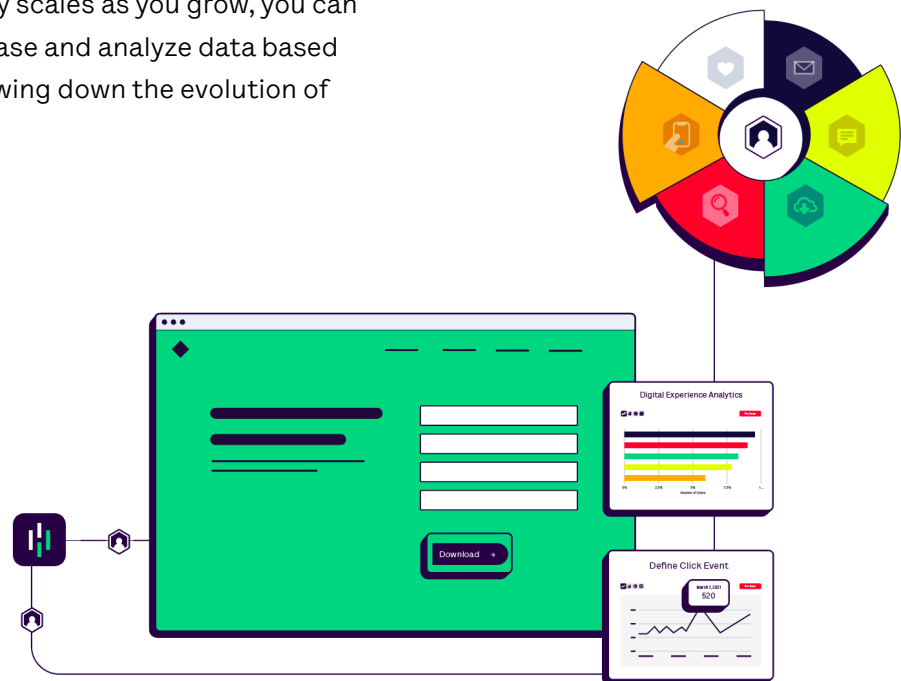
**Gianni Argiris**

CrunchBase Product Manager

# Heap makes it easy to build out behavioral segments

Heap's [Autocapture technology](#) makes it simple for teams to gather every bit of behavioral data from your product or site.

Our [Data Engine](#) then organizes that data to make it useful. With Heap's data foundation, **you'll see what users are doing on the platform in real time.** As you collect more and more of this data, you can start comparing different groups based on hundreds of actions and use your findings to improve the user experience for each. Because Heap automatically scales as you grow, you can further segment your customer base and analyze data based on new variables without ever slowing down the evolution of your business.





# About Heap

Heap's mission is to power business decisions with truth.

We empower product teams to focus on what matters — building the best products — not wrestling with their analytics platform. Heap automatically collects and organizes customer behavioral data, allowing product managers to improve their products with maximum agility.

Visit [heap.io](https://heap.io) to learn more.