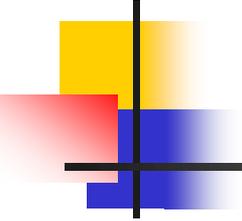




# MARKET SEGMENTATION

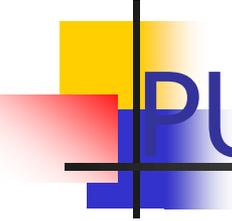
---

# The Role of Market Segmentation



---

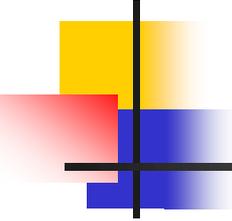
- **Market Segmentation**  
Division of the total market into smaller, relatively homogeneous groups.
- No single marketing mix can satisfy everyone. Therefore, separate marketing mixes should be used for different market segments.



# PURPOSE OF SEGMENTATION

---

- Target market selection
- Tailored marketing mix
- Differentiation
- Opportunities and threats

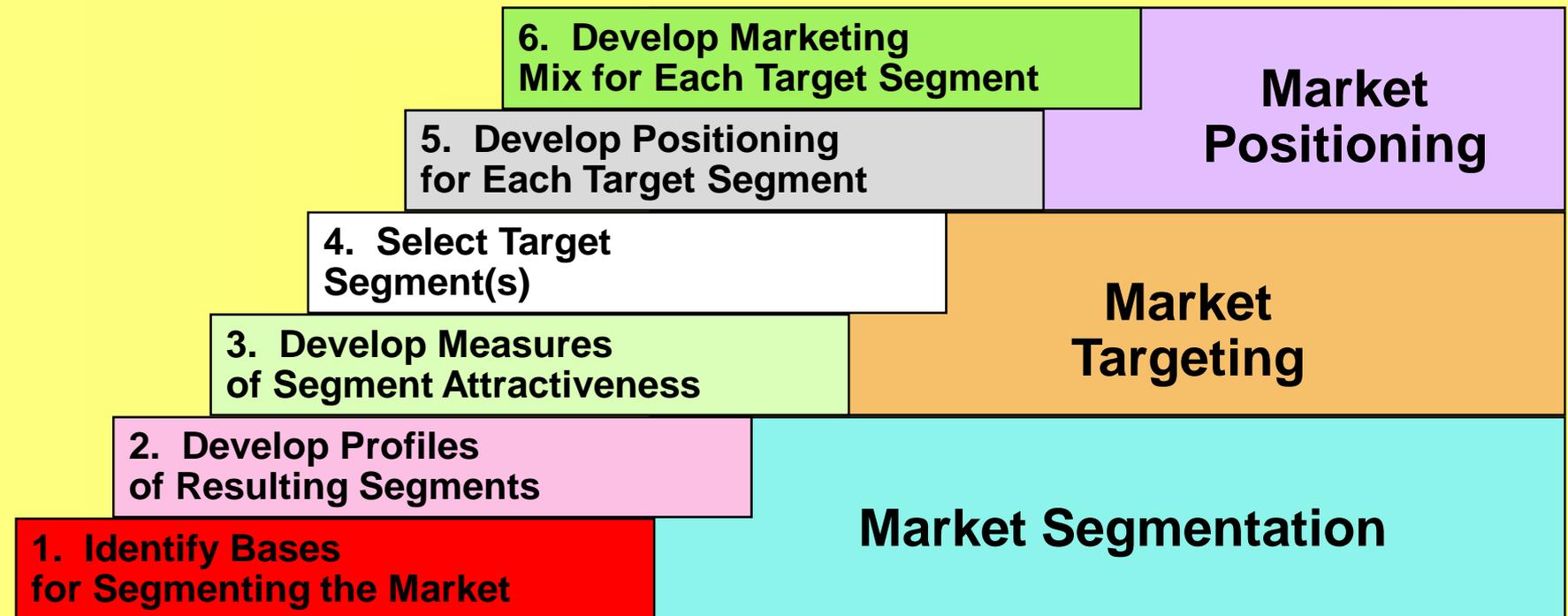


# Steps in Target Marketing

---

- Market segmentation
  - Dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviors requiring separate products or marketing mixes.
- Target marketing
  - Evaluating each segment's attractiveness and selecting one or more to enter.
- Market positioning
  - Setting the competitive positioning for the product and creating a detailed marketing mix.

# Steps in Segmentation, Targeting, and Positioning



# No Market Segmentation



# Segmented by Gender



# Segmented by Age



# Step 1. Market Segmentation

## Levels of Market Segmentation

### **Mass Marketing**

*Same product to all consumers  
(no segmentation)*

### **Segment Marketing**

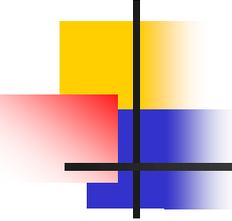
*Different products to one or more segments  
(some segmentation)*

### **Niche Marketing**

*Different products to subgroups within segments  
( more segmentation)*

### **Micromarketing**

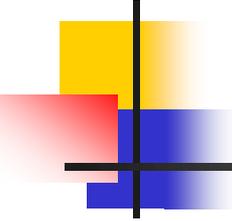
*Products to suit the tastes of individuals or locations  
(complete segmentation)*



# Market Segment

---

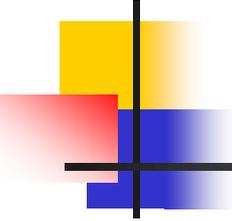
- A large identifiable group within a market with similar wants, purchasing power, geographical locations, buying attitudes



# Niche Marketing

---

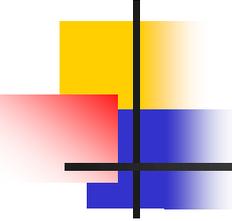
- What is an attractive niche ?
- A distinct set of needs
- A premium can be charged
- Not likely to attract competition
- Gains certain economies through specializations
- Sufficient size, profit and growth potential



# Local Marketing

---

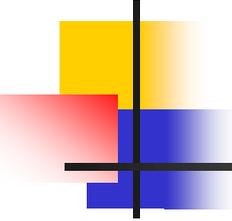
- When the marketing mix is altered to suit the local conditions  
eg. Giving a higher/ lower discount than what's prevailing in the rest of the markets  
or implementing a different promotion scheme



# Individualized Marketing

---

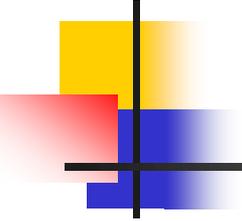
- When the firm deals with each customer on a **one – to – one** basis.
- When products are **customized** for the customer.
- Wind and Rangaswamy gave the concept of **-customerisation**.



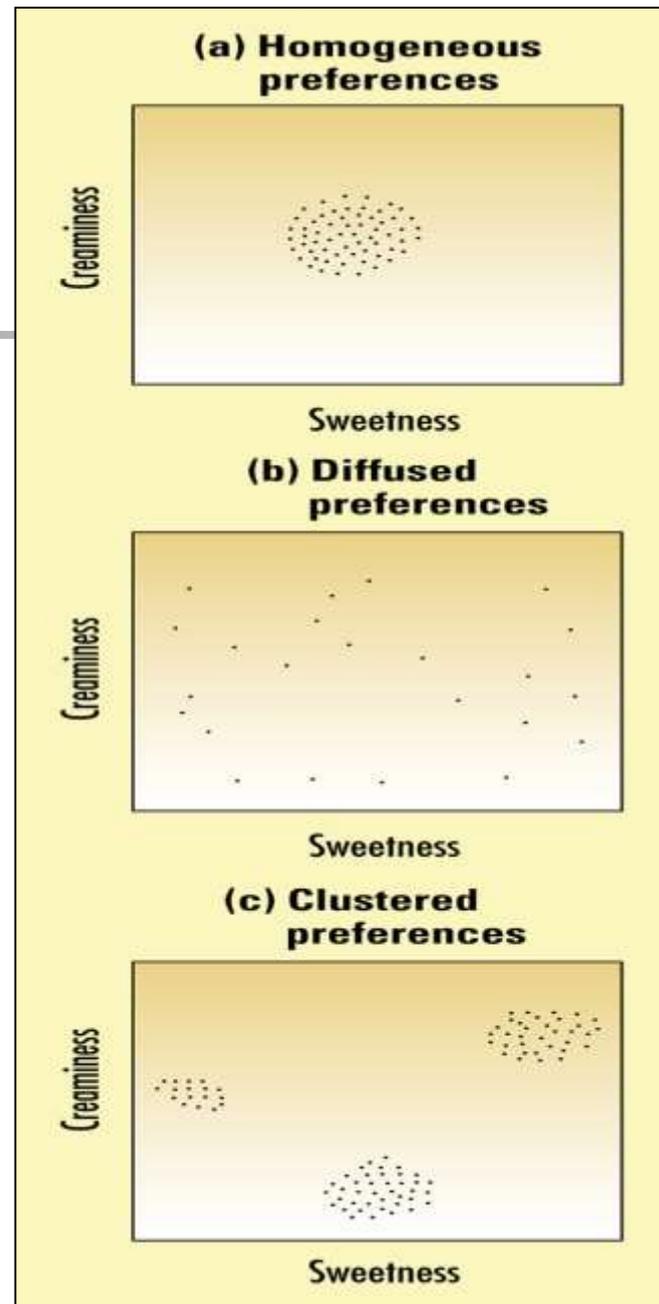
# Patterns of Segmentation

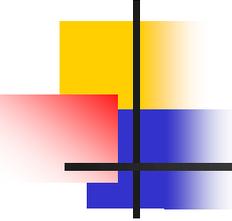
---

- Homogeneous Preferences-Mass Marketing
- Diffused Preferences-Individual
- Clustered Preferences-Segment



# Basic Market- Preference Patterns





# Market Segmentation

---

- Key variables:
  - Geographic
  - Demographic
  - Psychographic
  - Behavioral
- No single way to segment a market.
- May combine more than one variable to better define segments.

# Market Segmentation

## Bases for Segmenting Consumer Markets

### Geographic

Nations, states,  
regions or cities



### Demographic

Age, gender,  
family size and  
life cycle, or  
income



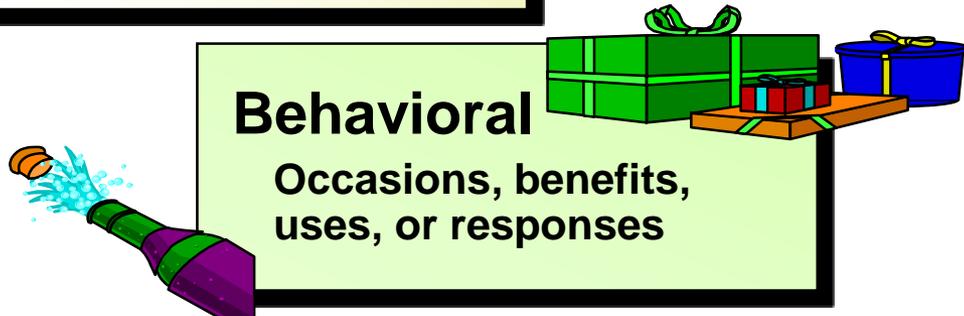
### Psychographic

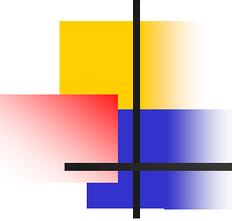
Social class, lifestyle,  
or personality



### Behavioral

Occasions, benefits,  
uses, or responses

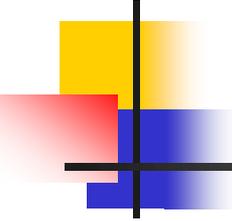




# Market Segmentation

---

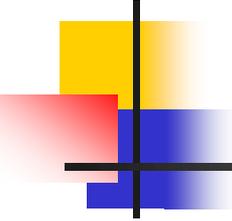
- Geographic:
  - World region or country
  - Region of country
  - City or metro size
  - Density or climate



# Market Segmentation

---

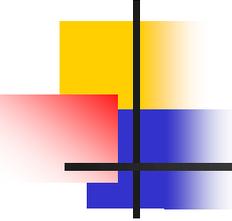
- Demographic:
  - Age, gender, family size, family life cycle, income, occupation, education, race, religion, etc.
  - The most popular bases for segmenting customer groups.
  - Easier to measure than most other types of variables.



# Market Segmentation

---

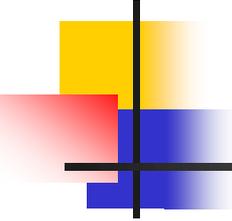
- Age and Life-Cycle Stage:
  - Example: Colgate has different toothpastes for different age groups.



# Market Segmentation

---

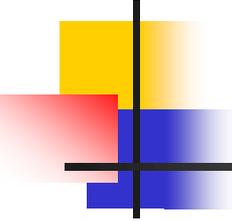
- Income:
  - Identifies and targets the affluent for luxury goods.
  - People with low annual incomes can be a lucrative market.
  - Some manufacturers have different grades of products for different markets.



# Market Segmentation

---

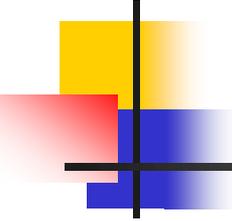
- Psychographic:
  - Social class
  - Lifestyle
  - Personality



# Market Segmentation

---

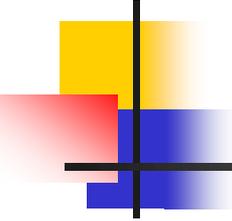
- Behavioral:
  - Occasion segmentation
    - Special promotions and labels for holidays.
    - Special products for special occasions.
  - Benefits Sought
    - Different segments desire different benefits from products. Focuses on the attributes that people seek in a good or service and the benefits that they expect to receive from that good or service
  - Groups consumers into segments based on what they want a product to do for them



# Market Segmentation

---

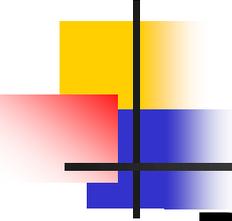
- User Status
  - Nonusers, ex-users, potential users, first-time users, regular users
- Usage Rate
  - Light, medium, heavy
- Segmenting by grouping people according to the amounts of a product that they buy and use
- Markets often divided into heavy-user, moderate-user, and light-user segments
- The 80/20 principle (“Pareto’s Law”)



# Market Segmentation

---

- Buyer-Readiness Stage
  - Unaware, Aware, Interested, Desire, Intention to buy
- Loyalty Status
  - Hard-core loyal, Split loyal, Shifting loyal, No loyal
- Attitude
  - Enthusiastic, Positive, Indifferent, Negative, Hostile

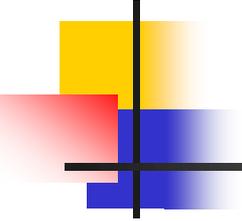


---

## ■ **Brand Loyalty**

- Segmenting consumers grouped according to the strength of brand loyalty felt toward a product
- Frequent flyer programs of airlines and many hotels

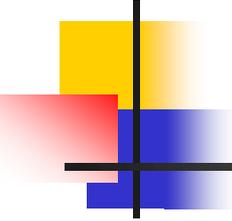




---

- **Using Multiple Segmentation Bases**

- Increase accuracy in reaching the right markets
- Combine multiple bases
  - Geographic and Demographic
  - Product-related with income and expenditure patterns
  - Others

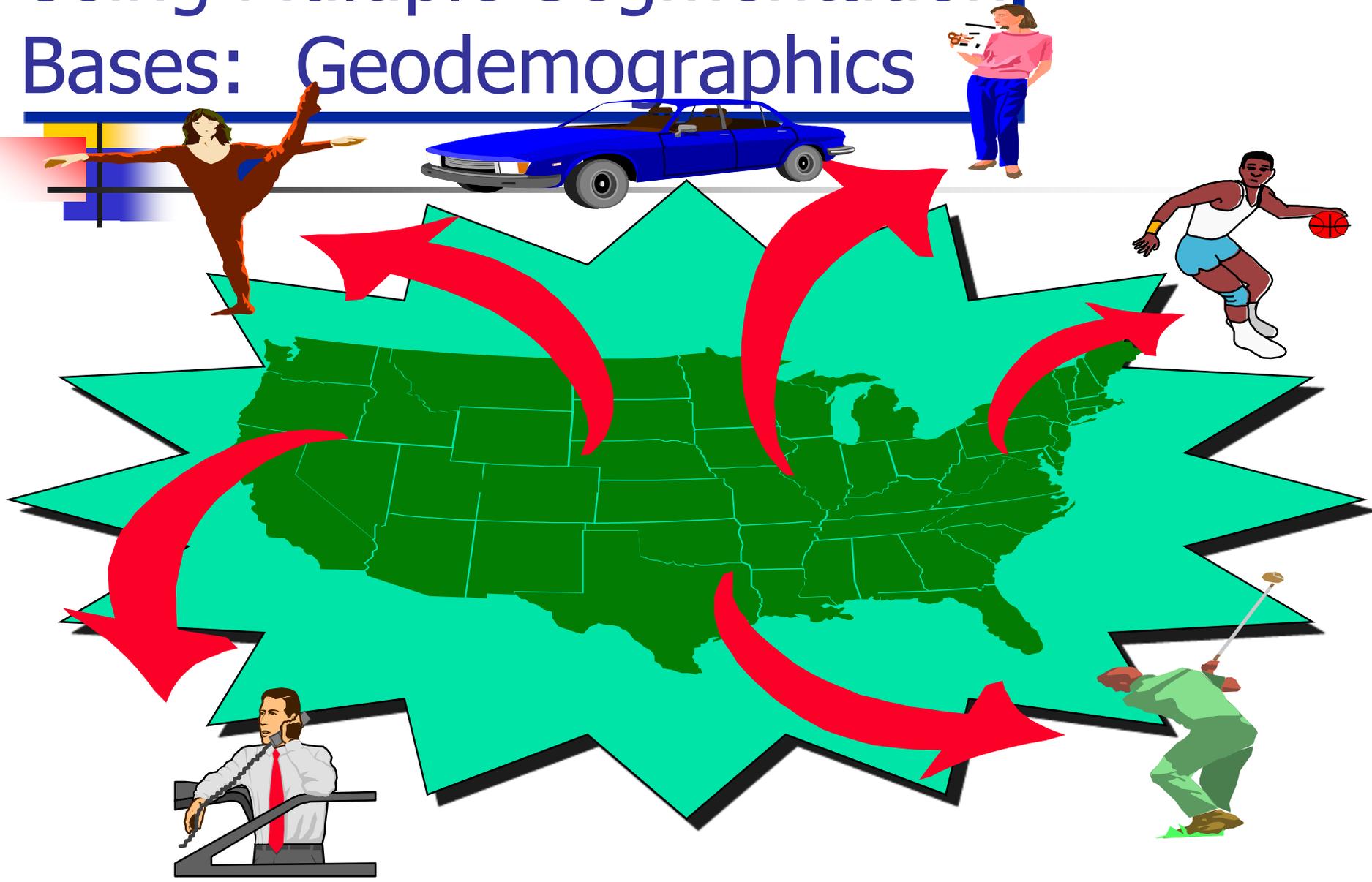


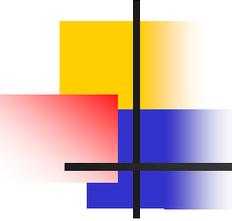
# Market Segmentation

---

- Best to use multiple approaches in order to identify smaller, better-defined target groups.
  - Start with a single base and then expand to other bases.
  - Geodemographic segmentation is becoming more common.

# Using Multiple Segmentation Bases: Geodemographics

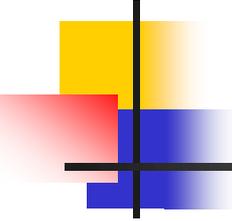




# Segmenting Business Markets

---

- Consumer and business markets use many of the same variables for segmentation.
- Business marketers can also use:
  - Operating Characteristics-Technology
  - Purchasing Approaches-Purchasing policies
  - Situational Factors-Urgency, Size of the order
  - Personal Characteristics



# Segmenting International Markets

---

- Factors used:
  - Geographic location
  - Economic factors
  - Political and legal factors
  - Cultural factors
- Intermarket segmentation:
  - Segments of consumers who have similar needs and buying behavior even though they are located in different countries.

# Requirements for Effective Segmentation

## Measurable

- Size, purchasing power, profiles of segments can be measured.

## Accessible

- Segments must be effectively reached and served.

## Substantial

- Segments must be large or profitable enough to serve.

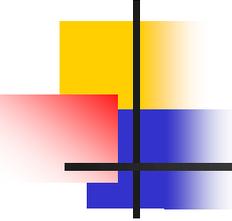
## Differential

- Segments must respond differently to different marketing mix elements & actions.

## Actionable

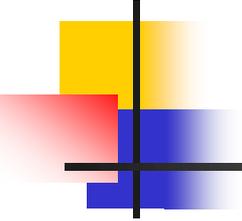
- Must be able to attract and serve the segments.

# The Market Segmentation Process



---

- Develop a Relevant Profile for each Segment
- Forecast Market Potential
- Forecast Probable Market Share
- Select Specific Market Segments



---

Thank you for your attention!

*Any questions please?*