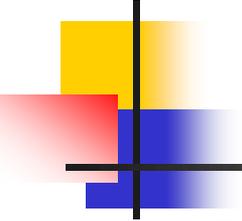




# MARKET SEGMENTATION

# The Role of Market Segmentation



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- **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.

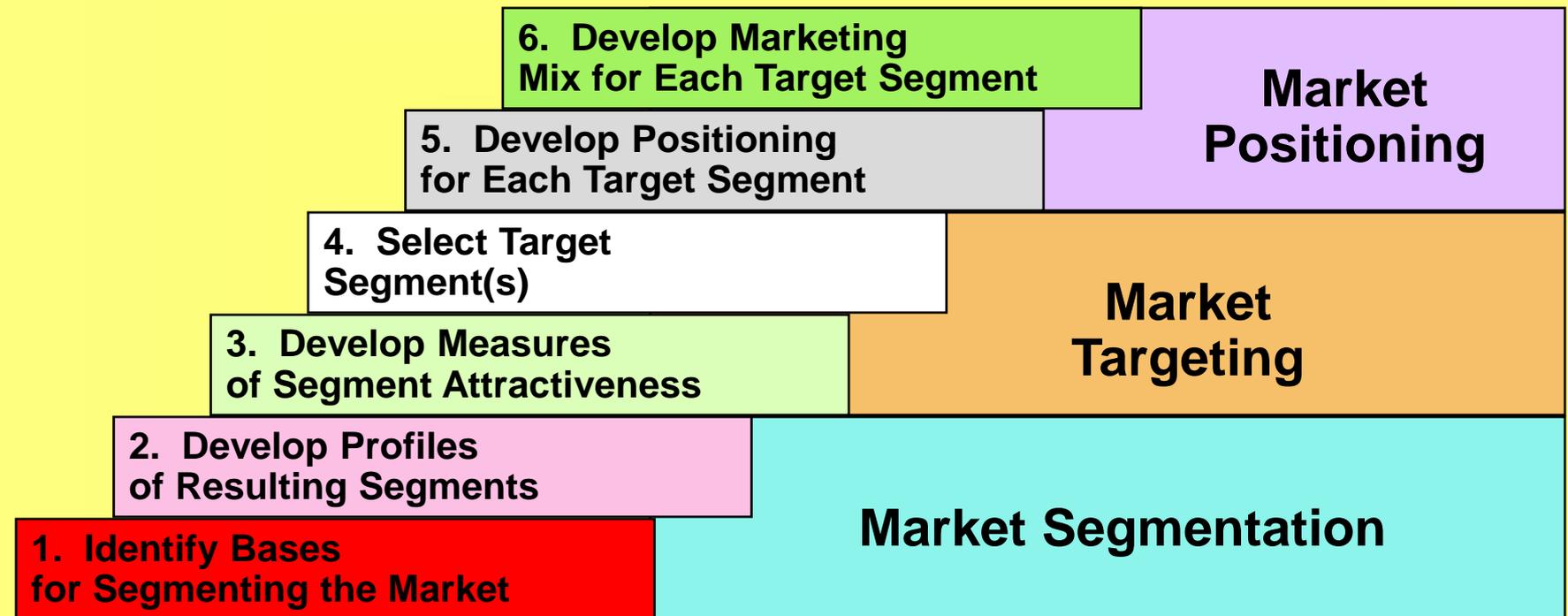


# Steps in Target Marketing

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- 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 Sex



# 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)*



# Mass Marketing

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



# Niche Marketing

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- 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

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- 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

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- 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**.



# Market Segmentation

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- 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

Region, villages,  
Density, climate,  
culture



### Demographic

Age, gender, family structure,  
life cycle, income, education,  
house type, land ownership,  
occupation, religion and caste



### Psychographic

Social class, lifestyle,  
or personality

### Behavioral

Occasions, benefits,  
uses, loyalty status, pop





# Market Segmentation

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- Geographic:
  - Region of country
  - Village size
  - Density
  - Climate
  - Culture



# Market Segmentation

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



# Market Segmentation

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- Psychographic:
  - Social class (Upper, middle and lower)
  - Lifestyle (Trendsetters, followers/adopters, traditionalists)
  - Personality (Authoritarian, ambitious)



# Market Segmentation

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- 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

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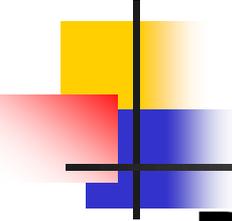
- User Status
  - Nonusers, ex-users, potential users, first-time users, regular users
- Usage Rate
  - Light, medium, heavy
- Segmenting by grouping people according to the amounts of a product that they buy and use
- Markets often divided into heavy-user, moderate-user, and light-user segments
- The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



# Market Segmentation

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- 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



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## ■ **Brand Loyalty**

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



# 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.

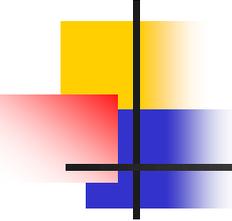
## Differential

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

## Actionable

- Must be able to attract and serve the segments.

# The Market Segmentation Process



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



# EVALUATION OF SEGMENTS

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## OVERALL ATTRACTIVENESS

- Size
- Growth rate
- Accessibility
- Profitability
- Scale economics
- Low risk

## COMPANY OBJECTIVES AND RESOURCE COMPETENCIES



# SELECTION OF SEGMENTS

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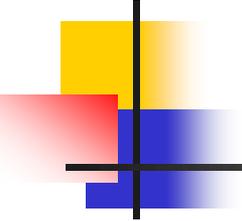
- After evaluating the segments according to the above-mentioned factors, segments can be selected by rating them on a pre-determined scale (low, medium, high) with respect to the evaluation factors.



# COVERAGE OF SEGMENTS

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- Undifferentiated marketing.
- Differentiated/targeted marketing.
- Concentrated marketing.



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Thank you for your attention!

*Any questions please?*