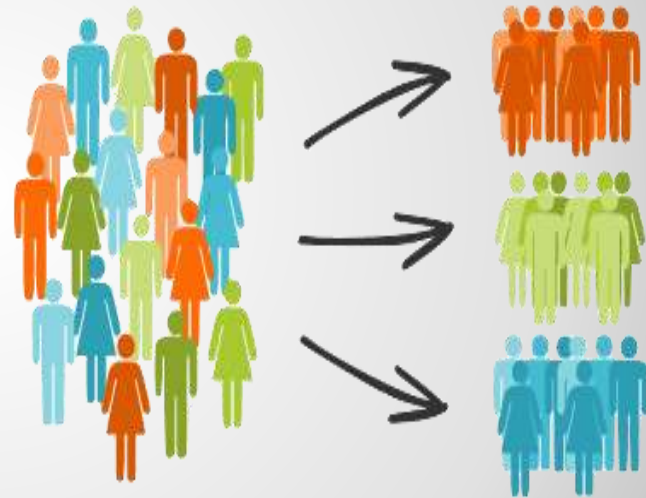


# SEGMENTATION

Segmenting Consumer Markets

# OUTLINE

- MARKET SEGMENTATION
- BASIS OF SEGMENTATION
- MICROSEGMENTATION
- CASE STUDY- NIVEA SUN



# WHAT IS SEGMENTATION?



- A process of dividing the market into homogeneous groups based on some common characteristics
- Segments are homogeneous within and heterogeneous across



## WHY SEGMENTATION?

- Different customers have different needs, so it is nearly impossible to satisfy them all by treating them alike.
- Segmentation helps to understand customer & satisfy their needs better than the competitor

## BENEFITS OF SEGMENTATION

- Identify opportunities for new product development
- Help design the optimum marketing mix for the TG
- Improve allocation of marketing resources

## GEOGRAPHIC

- Dividing the market into different geographic units
- Nations, States, Regions, Cities, Towns etc.
- Ex: Nike, McDonald's have different business strategies for India and USA.



## DEMOGRAPHIC

- Dividing the market into different demographic variables.
- Age, Sex, Gender, Income, Employment, Occupation etc.
- Ex: Consumers with different income may prefer to buy a BMW or a Maruti automobile.



# BASIS OF SEGMENTATION

## PSYCHOGRAPHIC

- Dividing the market into groups based on social class, lifestyle and personality characteristics
- Ex: Gamers buy Xbox, Travellers buy Wildcraft products etc.



## BEHAVIOURAL

- Dividing buyers into groups based on their knowledge, attitude, use or response to a product.
- Ex: Sensodyne toothpaste is for sensitive teeth, consumers buy clothes during Sale etc.



## BASIS OF SEGMENTATION

# MICROSEGMENTATION?

- Micro-segmentation is a more advanced form of segmentation which groups small numbers of customers into extremely precise segments, based on various factors, including behavioural predictions

**Marketers can then direct specific marketing actions to each micro-segment to maximize the effectiveness of every contact with each customer.**

# EXAMPLE

- Provide tailor made travel packages for different people as per their needs.
- One such example is **Solo adventure travel** , adventure travel package for people who want to travel solo.

*Imaginative*  
**adventures**  
tailor-made travel specialists







# CASE STUDY- NIVEA SUN

# NIVEA-SUN CARE

## INTRODUCTION

- PARENT COMPANY- Beiersdorf
- The NIVEA range includes product types ranging from female face and body products to men's shaving gels, through to deodorants and sun care products
- NIVEA Sun is a major international sun care brand, recognized worldwide as a leader in sun care research and development.



## KEY ISSUE

- Nivea sun wanted to tap sun care segment in UK and be the Number 1 brand in the UK sun care market in penetration, sales and likeability.(2005)



**Penetration relates to the percentage of potential customers that purchase a product**

# What are the ways to achieve their brand vision?

- One key way to achieve the vision is to provide innovative solutions to market needs.
- As a brand it has achieved this through continually segmenting its consumers in order to:
  1. Effectively meet consumers' needs
  2. Identify new market opportunities.

# WHAT NIVEA DID?

- Segmentation has been vital to the success of NIVEA Sun and allowed the brand portfolio to grow to over 40 products, all meeting clear consumer needs.
- Attitudinal – this is the most important segmentation variable.
- **Consumers' attitudes towards sun care influences their purchases.**
- NIVEA Sun conducted market research to understand user attitudes.
- This involved questionnaires using a nationally representative sample, and more intensive research with small groups, to discuss individual skin protection habits and preferences.

**Attitudinal based segmentation is what helped Nivea to grow in UK**

# SEGMENTS



CONCERNED  
CONSUMERS



SUN AVOIDERS



CONSCIENTIOUS  
SUN LOVERS



CARELESS  
TANNERS



NAÏVE BEAUTY  
CONSCIOUS

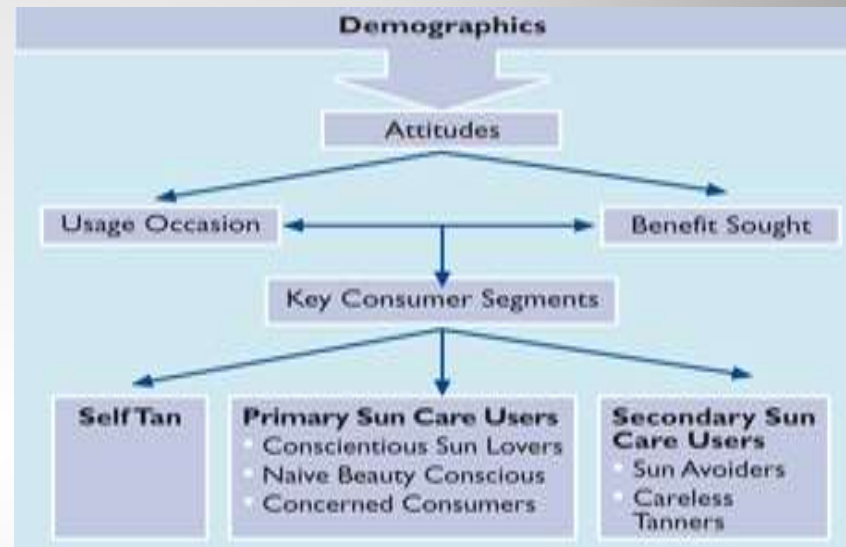


**BASIS- Attitude towards sun care**

- **Concerned Consumers** 'a good tan is not important'. These consumers are conscious of the harmful effects of the sun and purchase sun protection products that are most likely to offer high sun protection factors
- **Sun Avoiders** - avoid sunbathing and using sun protection when in the sun - it is seen as a chore. These are unlikely to purchase a sun care product. Through education, this segment may be convinced to protect using more easy-to apply products such as sprays.
- **Conscientious Sun Lovers** - adore sunshine and like to use a trustworthy brand with suitable protection factors. They know about sun care and use this knowledge to purchase suitable products for their skin.
- **Careless Tanners** - adore the sun but don't protect against harmful dangers. Tanning is important to this group, not protection. They don't worry about the long-term damage to their skin and may purchase a low SPF product, if any at all.
- **Naive Beauty Conscious** - like to have a good sun tan. They recognize that sun protection is important but fail to understand about Sun Protection Factors (SPFs). These consumers may still be interested in the core features of a sun protection product (e.g. SPF) and be more inclined to purchase an added-value offering such as a mousse.

# BUSINESS REFLECTION

- Brand got to understand consumers better and helped in classification
- Innovative launches were done
  1. spray products that are easy to apply (particularly appealing to men)
  2. reformulation of the products to offer immediate protection
  3. Women are the main purchasers of sun care for the family. This is reflected in above-the-line (advertising) communications, generally targeted towards a female audience.



<b>Protection</b>	Moisturising Sun Lotions SPF4, 8, 12, 15, 20, 30, 40, 50+	Moisturising Sun Sprays SPF6, 10, 15, 20, 30, 50+	Firming Sun Lotion SPF6, 15 Satin Sheen Sun Lotion SPF8, 15 Sun Oil SPF4	Sensitive Sun Lotion SPF30, 50+	Pampering Protection Mousse SPF 8, 15	Children's Sun Lotion SPF25, 40, 50+ Sun Spray SPF20, 30, 40, 50+ Baby Sun Lotion SPF50+
<b>After Sun</b>	Moisturising After Sun Lotion 200/400ml	Cooling After Sun Spray	After Sun Tan Prolonger	Regenerating After Sun Balm		
<b>Self Tan</b>	Sun Touch Lotion Normal to Dark or Fair Skin	Sun Touch Caring Spray	Sun Touch Face Cream Normal to Dark or Fair Skin	Sun Touch Aerosol Spray Normal to Dark or Fair Skin	Sun Touch Wipes	



## The UK sun care market (worth £173.6m)



NIVEA Sun has 17.5% value market share.

Source: IRI (HBA Outlets, value sales, 52 W/E 24 Dec, 2005)

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# CONCLUSION

- Segmentation is the tool that enables NIVEA Sun to identify different groups of customers, and provide the best possible products to meet individual requirements.
- The sun care market consists of different consumers with differing needs.
- The UK has the biggest sales of NIVEA Sun across Beiersdorf within Europe. Understanding segmentation enables NIVEA Sun to maintain a Number 1 value position in protection and after sun in the UK.