

Market segmentation

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1. The market was viewed as a homogenous market whereas segmentation suggests that there are different groupings of customers with different wants and needs, wanting different products.

Good marketing

1. Good marketing from then until the present day, would rely on increasingly sophisticated segmentation of markets
2. The minutiae, the variety, the clustering of customers against various criteria needs became central to research for marketers

Segmentation

1. Segmentation brought three distinct advantages
 - a. It made marketers think of the customer ahead of the product
 - b. In researching customers' needs at a granular level
 - c. It brought a better dialogue with customer and older up all sort of new segments of markets previously unexplored

New era of competition

1. It ushered in a new era of competition that did not always mean that the largest producer would dominate the market
2. Because now a whole range of smaller competitors could be dominant in a number of segments
3. And made it unlikely that there would ever be the total domination of markets that had characterised the first half of the 20th century
4. The rise of the internet, intelligent databases, and various multimedia has made the task of the marketer easier in identify, unifying and selling to market segments

Stages of segmentation

1. The first stage of segmentation is to establish criteria for segmenting the market
2. Then to divide the heterogeneous market into relevant, clustered subgroups.
3. One of the first limitations of segmentation is that if the market is subdivided into very small niches, It may not have enough customers to be profitable
4. Or it may be too costly, requiring constant changes to the marketing mix to serve segments

Market segments

1. Market segments should be measurable, and detailed information on customers characteristics
2. Having enough customers who have different preferences that can be addressed by marketing efforts

Characteristics

1. The characteristics of these groups are identified and analysed
2. Once the market is subdivided into segments, it is important to evaluate market segment attractiveness E.g. the structure, size, growth rate of the market segment
3. The marketer must find the potentially profitable segments and sort these out from unprofitable ones.

Examples of multiple segmentation techniques

1. Geographical segmentation – is the most classical form of segmentation, dividing the market into regions, countries, cities, states, provinces, suburbs, neighbourhoods,
2. Demographic segmentation – is the most widely used segmentation technique for consumer products. There is much census data available on age, income, sex, gender, consumer preference, neighbourhood, and ethnicity to help the marketer segment these groups in multiple ways
3. Brand loyalty segmentation is based upon the loyalty that consumers have for one brand over another. This can be applied to services as well as products. This is often a reflection of lifestyle disposition.
4. Usage level segmentation clusters those groups who are light, medium, or heavy users of a service or product
5. Product segmentation – defines the market by different types of customer who prefer different product attributes.
6. Benefit segmentation – is the segmentation of customers who prefer similar type of benefit. For example, some high quality and luxury are preferred by some. Others prefer low prices and simple functionality; others prefer newest innovations; others buy for security, predictability and safety.
7. Lifestyle segmentation – is the grouping of people around how they spend their disposable income on leisure and personal taste.

8. Market niche – is when the broad industry is segmented into smaller and smaller segments until a niche of buyers with similar wants and needs that can be satisfied is identified.
9. Psychographic segmentation is a way of segmenting the market by cultural attitude and psychological type e.g. the middle of the road, the fashionable, the thrill seekers, the security seekers, the risk takers, the risk averse, the aspirational, the image-conscious, the conspicuous consumers, the high achievers, the individuals, the reformers, the highly educated, the family-oriented, the self actualisers, the strivers, the strugglers etc.