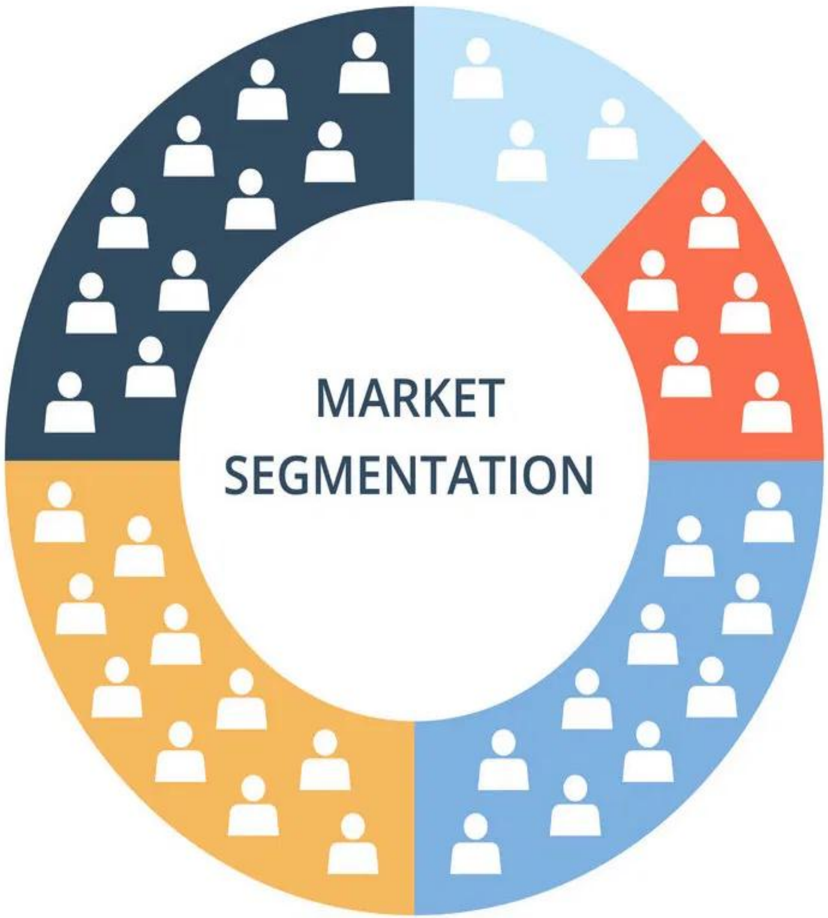
UNIT-II



What is meant by market segmentation?

Market segmentation is the process of dividing a **market** of potential customers into groups, or segments, based on different characteristics.

MEANING OF MARKET SEGMENTATION

- Segmentation is a Marketing Strategy which involve dividing a broad target market into subset of Consumers, Businesses or countries who have common needs, interests and priorities and then designing and implementing strategies to target them.

Definition of Market Segmentation

Market Segmentation is the Sub- dividing of customers into homogenous sub-set of customers where any sub- set may conceivably selected as market target to be reached with distinct Marketing Mix.

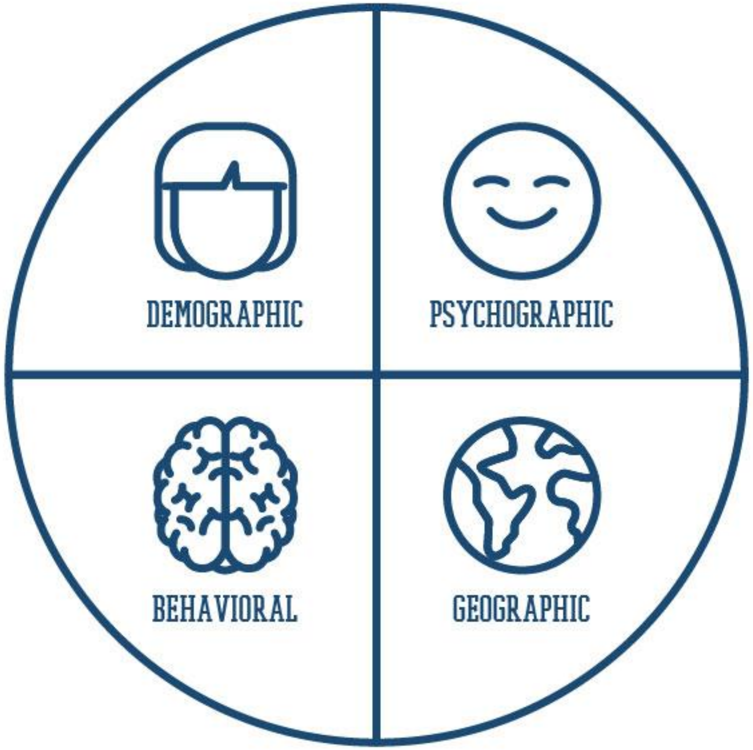
Philip Kotler

- **Why is market segmentation important for marketers?**
- Market segmentation makes it easier for marketers to personalize their marketing campaigns.
- By arranging their company's target market into segmented groups, rather than targeting each potential customer individually, marketers can be more efficient with their time, money, and other resources than if they were targeting consumers on an individual level. Grouping similar consumers together allows marketers to target specific audiences in a cost effective manner.
- Market segmentation also reduces the risk of an unsuccessful or ineffective marketing campaign. When marketers divide a market based on key characteristics and personalize their strategies based on that information, there is a much higher chance of success than if they were to create a generic campaign and try to implement it across all segments.
- Marketers can also us segmentation to prioritize their target audiences. If segmentation shows that some consumers would be more likely to buy a product than others, marketers can better allocate their attention and resources.

An effective market segmentation must be (Kotler, 1994; Van Dam, 1996):

Meaningful: segmentation must be relevant in the light of the aims of the user
Measurable: size and profile of the segments can be established
Substantial: the segments are big and profitable enough
Differentiated: the segments can be distinguished conceptually
Homogeneous: the segments do not overlap on segmentation variables
Stable: the segments must be recognisable over some time
Repeatable: the segments can be reproduced by reliable and valid measure instruments
Manageable: individuals must be easily attributed to segments
Accessible: segments must be traceable and within reach with the help of media
Controllable: there must be a steering relationship between management and segment

4 Types of
MARKET SEGMENTATION



Main Bases of Segmentation

Geographic	Demographic	Behavioural	Psychographic
E.g. "Customers within 10 miles of the M25"	E.g. "A Level & University Students"	E.g. "Customers wanting a value for money impulse buy"	E.g. "Customers who prefer to buy organic food"
Customer location Region Urban / Rural ACORN classification	Age Gender Occupation Socio-economic group	Rate of usage Benefits sought Loyalty status Readiness to purchase	Personality Lifestyles Attitudes Class

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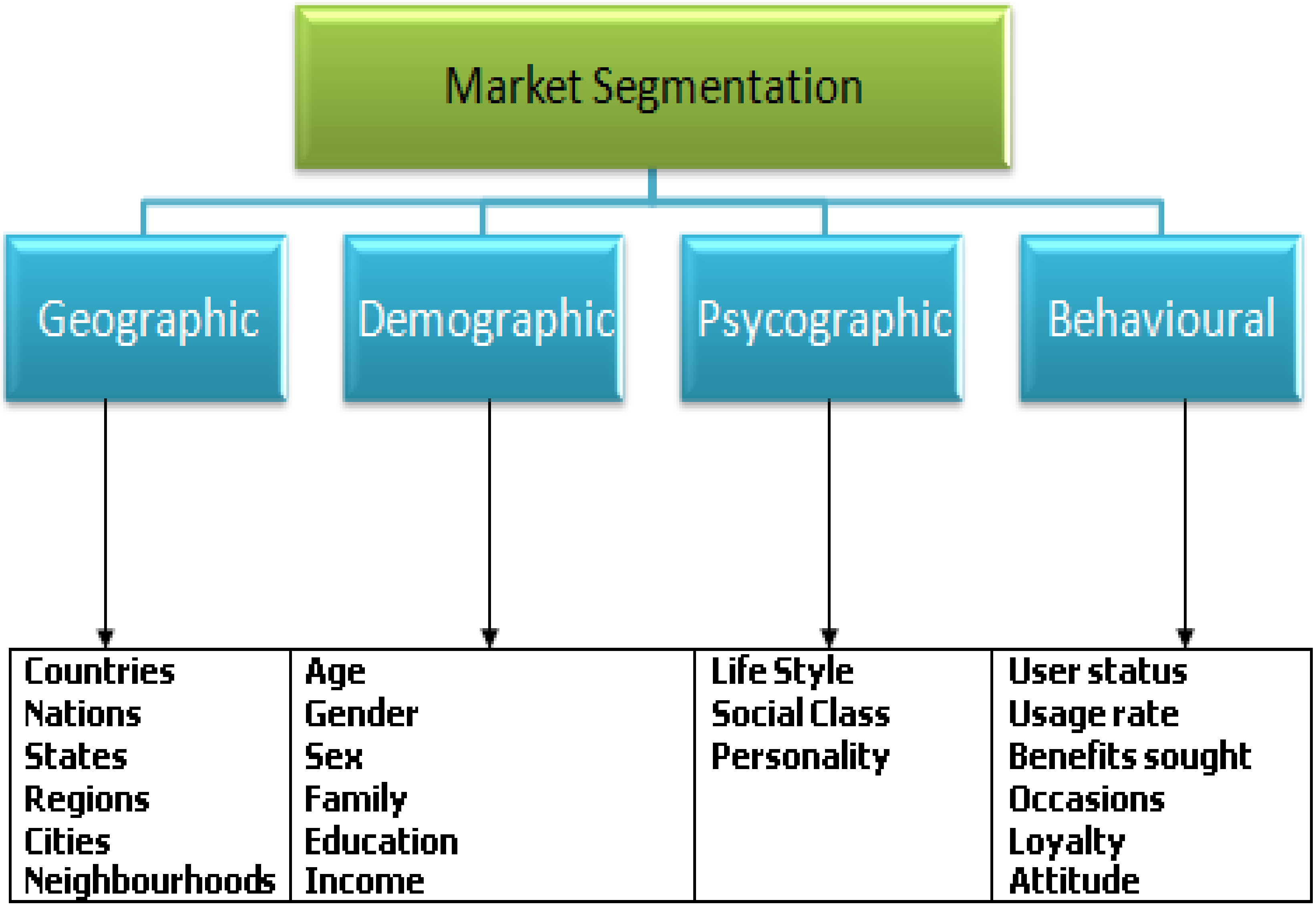
Market Segmentation
Geographic
Demographic
Psycographic
Behavioural
Countries
Nations
States
Regions
Cities
Neighbourhoods
Age
Gender
Sex
Family
Education
Income
Life Style
Social Class
Personality
User status
Usage rate
Benefits sought
Occasions
Loyalty
Attitude