

MARKETING STRATEGY

Daily Notes

[SEGMENTATION]

DATE

Companies know that they cannot profitably serve all consumers in a given market — at least not all custom consumers in the same way. There are too many different kinds of consumers with too many different kinds of needs. And most companies are in a position to serve some segments better than others. Thus each company must divide up the total market, choose the best segment and design strategies for profitably serving chosen segments. This process involves market segmentation, market Targeting, Differentiation and Positioning —

→ Market Segmentation :

The market consists of many types of customers, products and needs. The marketer has to determine which segments offer the best opportunities.

Consumers can be grouped and served in various way based on geographic, demographic, psychographic and behavioural factors. The process of dividing a market into distinct groups of buyers who have different needs characteristics, or behaviors, and who might require separate products or marketing programs is called market segmentation.

Market segment — A group of consumers who respond in a similar way to a given set of marketing efforts.

Every market has segments, but not all ways of segmenting a market are equally useful. For example, Disprin would gain little by distinguishing between low-income and high-income pain reliever users if both respond the same way to marketing efforts.

In the car market, consumers who want the biggest, most comfortable car regardless of price make up one market segment. Consumers who care mainly about price and operating economy make up another segment.



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It would be difficult to make one car model that was the first choice of consumers in both segments.

Companies are wise to focus their efforts on meeting the distinct needs of individual market segments.

⇒ Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs.

⇒ Market segmentation addresses the first simple-sounding marketing question: - What customers will we serve?

Basis of Segmentation:

1. Geographic - Dividing a market into different geographical units such as nations, states, countries, cities, climate, etc.
2. Demographic - Dividing the market into groups based on variables such as - Age, Gender, Family size, Family life cycle (young, single, married, no children, older etc), Income, Occupation, Education, Religion, race etc.
3. Psychographic - Dividing a market into different groups based on social class, lifestyle, or personality characteristics.
4. Behavioral - Dividing a market into groups based on consumer knowledge, Attitude toward product (positive, negative, Enthusiastic, indifferent), Uses, ie uses rates (light user, heavy user), User status (non user, ex-user, potential user, first time user). Readiness stage (Unaware, aware, informed, interested, intending to buy) Benefit (Quality, service, economy, convenience, speed)