



The Market Segmentation & Targeting

Shivam Chikara and Sandeep Kumar Mogha

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Shivam Chikara¹ and Dr. Sandeep Kumar mogha²

M.Sc. Data Science, Chandigarh University, India

Assistant Professor, Department of Mathematics, Chandigarh University, India

Email: shivamchikara7@gmail.com and sandeep.e9840@cumail.in

Abstract:

Concurrently Customers have a wide range of needs and desire around the world, and there is sterner business competition between them. So, for business satisfaction and market gains, exact market segmentation is simply essential. Through critical analysis of relevant ideas and a few real-world examples, this paper represents specifically different methods of market segmentation. Many bases or factors, such as geographic segmentation, demographic segmentation, psychographic segmentation, behavioural segmentation, and others, can be used to divide markets into consumer markets and industrial markets. On the basis of those factors, a company can segment the market that it can best serve and get profitable.

Segmentation

Market consists of buyers and buyers differ in one or more ways. They may 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 with products and services that match their unique needs. Dividing a market into distinct groups of buyers with different needs, characteristics or behavior, who might require separate produces or marketing mixes is called segmentation.

Level of segmentation

Mass marketing: - Using almost the same product, promotion and distribution for all consumers. The traditional argument for mass marketing is that it creates the largest potential market, which leads to the lowest costs, which is turn can translate into either lower prices or higher margins. But it is very hard to create a single product or program that appeals to all of these diverse groups.

Segment marketing: - Segment marketing recognizes that buyers differ in their needs, perceptions and buying behaviors. The company tries to isolate broad segment that make up a market and adapts its offers to match more closely the needs of one or more segment.

Niche marketing: - A niche is a more narrowly defined group, usually identified by dividing a segment into subsegments or by defining a group with a distinctive set of traits who may seek a special combination of benefits. Niche marketing is adapting a company's offerings to more closely match the needs of one or more subsegments where there is often little competition.

Micromarketing: - Micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations. Micromarketing includes

- I. Local marketing (tailored according to preference of city, neighborhood etc.)
- II. Individual marketing (tailored according to preference of individual)

Consumer market segmentation

Demographic	Psychographic	Behavioural	Geographic
Age Gender Family life cycle Family size Income Occupation Education Religion	Lifestyle Personality Social class	Purchase occasion Benefit sought Usage rate Readiness state	Countries State Region City Neighbourhood

Demographic segmentation

According to the demographic segmentation, the market is divided into distinct segments depending on factors including age, sexual orientation, family circle, income, profession, education, religion, race, generation gap, and nationality. The demographic element is the most common basis for selecting consumer companies. Demographic variables are easier to evaluate than other different variables, in part because they are carefully correlated with objectives, preferences, and consumption costs. Even if the aim is established using non-demographic factors, such as personality type, demographic variables should be taken into account in order to calculate the exact of target demographics and effectively reach them.

Maybe the era hole is a little difficult to understand as a factor. In the end, further information will be given to indicate how the generation gap has been exploited to phase markets. However, several professors have tried to categorise markets solely based on age differences. This concept is based upon the fact that every generation has been greatly influenced by the environment in which they were raised, including the track, sports, laws, and a wide variety of activities. Demographers refer to these businesses as "cohorts." Participants in the cohort have a common set of reviews.

Meredith, Schewe, and Karlovich refer to various generations as "the depression cohort," "the arena warfare II cohort," "the postwar cohort," "main-area baby boomer cohort," "trailing-edge child boomer cohort," "period X cohort," and "generation Y cohort" (2002). As an example, the marketing firm Leo Burnett conducted a generation gap analysis of China's young generation using Cathy Goodwin and James W. Gentry, Cathy Goodwin and James W. Gentry, Cathy Goodwin and James W. Gentry, Cathy. The research suggests that China's "open-minded generation" values relationships, achievements, and internal harmony. By instead investing time, they prefer to squander money. Considering their closeness to their parents, they are embracing modern lifestyles. The "elder generation," which encompasses their parents, places value on establishing a great example for their kids and working toward the bright future of the United States (Fara Warner, 1997). The circumstance of a McDonald's

advertisement in China shows a grandfather eating French-fried chicken with chopsticks as a result of the observation.

Psychographic segmentation

In this segmentation, customers are divided into different groups as per their values, personality, and way of life. Although having to the same demographic category, people can differ greatly in their psychographic traits. Consumers' "time or money restraints" influence their lifestyles in some way. After they have limited time, people often try to accomplish two or more tasks at once. For instance, they might talk on the phone or eat while driving, and they might ride their bikes to work to build their muscles. Because cats are simpler to feed than dogs, they prefer them. Some companies will therefore offer simple services to these time-pressed customers. The companies will provide low-cost services or goods to customers on a tight budget. Another facet of psychographic segmentation is personality. Customers may have a wide range of preferences depending on your personality. Others are reserved and prefer the status quo, while still others are outspoken and energetic.

In order to satisfy the customer demands, firms must therefore add uniqueness to their product. Automobile companies are a prime example of how to segment markets using personality. They produce a range of automobiles that can be used for family purposes by conventional buyers or that stand for youth and style by young consumers. Another example is Hello Kitty from Sanrio. A lot of young Japanese women who value beauty support Sanrio, a Japanese company, and this brand has a devoted support. Sanrio has found that young women seek out the cartoon characters from their childhood throughout uncertain times. The rounded, quiet expression of Hello Kitty inspires thoughts of safety and fear.

Behaviour Segmentation

In this segmentation, buyers are divided into groups based on their familiarity with, attitude toward, usage of, or reaction to a product. "Many marketers believe that factors like occasions, benefits, and user status have a big impact on sales. The consumption rate and loyalty status are the best starting grounds for creating market groups." 2007 (Philip Kotler). A first example is occurrences. Buyers can be classified according to when they first need something, purchase it, or sell it. Companies can gain from segmentation on occasion to increase the range of uses for their products.

Businesses might occasionally utilize holidays like Mother's Day and Father's Day to increase sales of sweets and flowers, for example, and many companies also have merchandise ready for Christmas marketing. "A company may also be worried about major life events, such as getting married, having kids, being sick, or being fired, because these people will have new requirements," the article continues.

Mother-to-best (those who are still pregnant and will become mothers soon) will instantly become heavy users as, in different periods of life, some potential users will turn into actual users. Infant service and product providers will recognise them and make them offers in an effort to persuade some of them to become customers. Because they stand to benefit more

from doing so, the market's top companies work to win over new customers, and smaller companies focused on luring existing customers away from the market leaders.

The question of loyalty is the last but not least. Customers may well have loyalty to particular brands, stores, or companies. As according to Oliver, loyalty is a strong commitment that will not be impacted by the outside world or by changed behaviour brought on by promotional efforts. It will also continue to support and buy a product or service. Customers can be classified into four groups based on their brand loyalty: the "hard-core loyal" (consumers who only purchase from one brand), the "split loyal" (consumers who purchase from two or three brands), the "shifting loyal" (consumers who switch from one brand to another), and the "switchers" (consumers who exhibit no brand loyalty at all).

Businesses can learn a lot by analysing their customers' levels of loyalty. Businesses may first discover which customers are loyal to their products. If they look at those customers who show little loyalty, they can identify which brands are their real rivals. For example, Pepsi should re-evaluate its brand positioning if its customers also consume Coca-Cola. Second, by looking at the customers who have stopped using a company's products, businesses can identify the weak points in their marketing strategy. Businesses may also use promotions to attract customers who are not repeat customers.

Geographic Segmentation

The market is divided into various geographic segments, including countries, states, regions, areas, counties, cities, and streets. The company has the choice of working in one, several, or all of these regions, but it should pay close attention to the variations in needs and preferences across them. Because different regions have different cultures, the company's marketing strategy must be modified to the particular context.

Nowadays, a lot of businesses cater their products, advertisements, and promotions to the requirements of specific regions, cities, or even communities. For instance, Campbell observed that its heated and poured straight onto nacho chip nacho cheese sauce was too highly spiced for residents of the East Coast but still not warm enough for residents in the West and Southwest. In order to best satisfy their respective regions, Campbell's facilities in Texas and California now produce a warmer melted cheese sauce than the other plants. Other businesses are working to develop these formerly unexplored or underdeveloped areas. For instance, a lot of multinational corporations are relocating to small communities around the US due to fierce opposition, leaving major cities and suburbs.

Geographic segmentation gives useful distinctions even while adjacent possibilities or needs exist. However, because there are variations among clients in the same geographic region, business owners shouldn't solely rely on geographic region as a segmentation method. Targeting a positive market using multiple segmentation bases is therefore a far more complex method.

Requirements for effective segmentation

Measurability: - The degree to which the size, purchasing power and profits of a market segments can be measured.

Accessibility: - The degree to which a market segment can be reached and served.

Substantiality: - The degree to which a market segment is sufficiently large or profitable.

Actionability: - The degree to which effective programmes can be designed for attracting and serving a given market segment.

Steps in developing market segment

Qualitative research – exploratory research techniques find the motivations, attitude and behaviour of customers. Typical methods are focus group interviewing, elicitation interviews or repertory grid techniques.

Quantitative research – quantitative research identifies the important dimensions describing the market. Data are gathered by mail or personal interviews from enough customers to allow analysis.

Analysis – The data collected depend on the sort of analysis to be used. The most common process is the use of factor analysis, cluster analysis, Automatic Interaction Detection and conjoint analysis.

Validation – It is important to check if the segments are real or have occurred by chance. Validation can be done by analysing the statistics from the analysis, replication the results using new data or experimenting with the segments.

Profiling – Each cluster is profiled to show its distinguishing attitudes, behaviours, demographics and so forth. Usually, the clusters thus found get a descriptive name. e.g., initiators in doctors.

Targeting: - Target group in marketing is defined as the group of people or organization for which an organisation designs, implements and maintains its marketing mix. Target market is a set of buyers sharing common needs or characteristics the company decides to serve. Targeting is a step of evaluating market segments and selecting the segment to be in.

Evaluating market segments

In evaluating different market segments, a firm must look at two dimensions; segment attractiveness and company fit. Before digging into any segment brands should look for the 3Cs framework: CUSTOMER, COMPETITION & COMPANY.

Segment attractiveness:

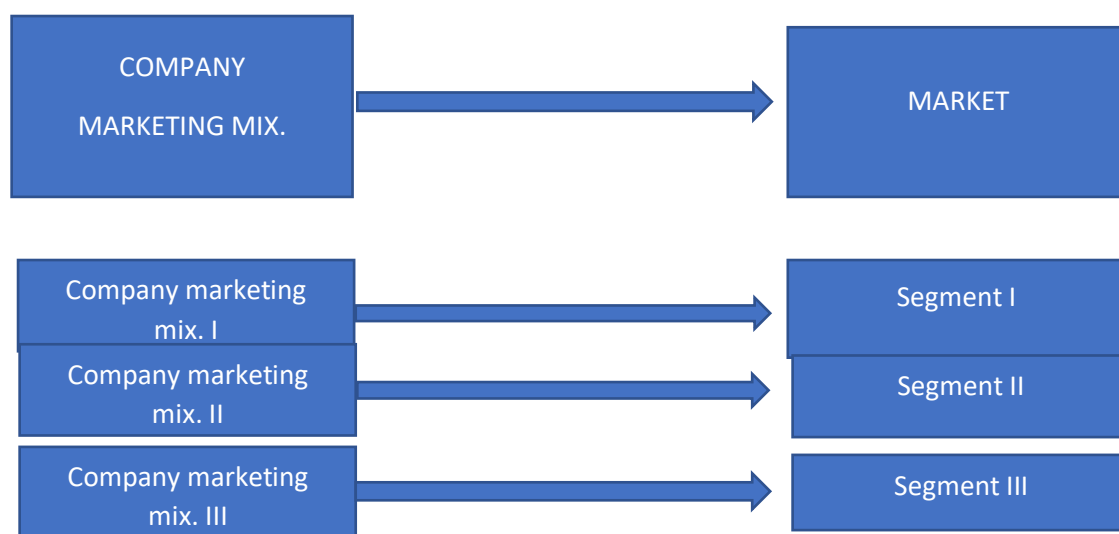
Porter's 5 forces model can be used to evaluate segment attractiveness where in buyer power, competitor analysed, competitor analysis, threat of substitute, bargaining power of suppliers and threat of a new entry should be analysed.

Business strengths:

Company's long-run objectives, marketing skills, general management strengths, present resources and ability of forward and backward integration are the factors to be matched before choosing a correct segment.

Selecting market segments:

Using an undifferentiated marketing strategy, a firm might decide to ignore market segment differences and go after the whole market with one offer. The offer will focus on what is common in the needs of consumers rather than on what is different. It relies on quality, mass distribution and mass advertising to give the product a superior image in people's minds. Undifferentiated marketing provides cost economies



Differentiated marketing

A market-converge strategy in which a firm decides to target several market segments and designs separated offers for each. In general, differentiated marketing typically creates more total sales than does undifferentiated marketing.

Concentrated marketing



Concentrated marketing is especially appealing when company resources are limited. Instead of going after a small share of a large market, the firm goes after a large share of one or a few submarkets.

Single segment market

When the firm chooses a single preferred market segment and targets it with a single marketing mix/product aimed at serving that segment as much as possible.

	S1	S2	S3
P1	Blue	Blue	Blue
P2	Blue	Blue	Yellow
P3	Blue	Blue	Blue

Selective specialization

This is multiple -segment strategy, also known as differentiated marketing. Different marketing mixes are offered to different-to-different segments. The product itself may or may not vary, but in many cases only the promotional messages or distribution channels vary.

Example: - J&J offering baby range for babies, clean & care for young adults, surgical items for hospitals.

	S1	S2	S3
P1	Blue	Green	Yellow
P2	Yellow	Yellow	Green
P3	Green	Blue	Yellow









Product specialization

When a firm possess a relatively attractive product, which it tailors to variety of feasible markets. Example: - Pharma companies

	S1	S2	S3
P1	Green	Green	Green
P2	Blue	Blue	Blue
P3	Yellow	Yellow	Yellow

Market specialization strategy

When a firm finds one market segment so attractive, that it offers variety of different products targeted to the same market. Example: - First cry

	S1	S2	S3
P1			
P2			
P3			

Full market coverage

It occurs when a firm tries to serve all segments in an entire marketing as here, the firm can offer variety of marketing mixes to every major segment in a market. Example: - Supermarket

	S1	S2	S3
P1			
P2			
P3			

Conclusion

Market segmentation is the act of breaking a large market into smaller, more easily identifiable segments, which may be collections of individuals or businesses with similar product requirements. Before the 1960s, few organisations provided coverage. On the other hand, segmentation is a crucial marketing strategy for investors due to splitting-up of the market. It enables marketers to manage their costs. using a marketing mix to meet the needs of specific market sectors Additionally, it helps business owners find new marketing opportunities while understanding the needs and options of consumers. Market segmentation may be quite important for Chinese businesses. Due to China's growing relevance in global change and its membership in the WTO, a huge variety of foreign-invested firms are entering the country. Chinese firms benefit from this phenomenon's fantastic technologies and remarkable control system, but it also increases competitiveness. As a result, local businesses in China must develop a market segmentation strategy if they hope to distinguish themselves from a sea of global corporations and find market organisations from which they will profit most. In other words, nearly every Chinese and international company should gain from market segmentation.

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