

# MARKET SEGMENTATION

## MARKET TARGETING

### Questions

- What is market segmentation and why it is done?
- What are the different levels of market segmentation?
- How can a company divide a market into segments?
- How should a company choose the most attractive target markets?

## Market Segmentation

- Mass marketing versus Target marketing.
- Segmentation is an act of dividing heterogeneous market into homogeneous groups where people share similar needs and wants.
- Helps in designing specific marketing programs for enhancing customer satisfaction.

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## Four Levels of Segmentation

- Segments
- Niches
- Local areas
- Individuals

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## Segment Marketing

Targeting a group of customers  
who share a similar set of  
needs and wants.

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## Niche Marketing

A narrowly defined group of customers.  
Dividing segments into sub-segments  
Small but profitable.

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## Local Marketing

Designing marketing programs  
as per the needs and wants of  
local customer groups.

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## Marketing to individuals Customerization

Designing marketing programs as per  
individual's needs and preferences.

Combines operationally driven  
mass customization with customized  
marketing in a way that empowers  
consumers to design the  
product and service offering  
of their choice.

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# Market-Segmentation Procedure

- ¶ Survey
  - Motivations
  - Attitudes
  - Behavior
- Analysis
  - Factors
  - Clusters
- ₃ Profiling

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# Bases for Segmenting Consumer Markets

## Geographic

Region, City or Metro  
Size, Density, Climate



## Demographic

Age, Gender, Family size  
and Life cycle, Race,  
Occupation, or Income ...



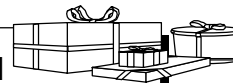
## Psychographic

Lifestyle or Personality



## Behavioral

Occasions, Benefits,  
Uses, or Attitudes



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## Geographic Segmentation

- Country,city, state or region
- Climate
- Density, size – big, small,
- Metro or non metro
- Urban, rural, tribal

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## Demographic Segmentation

- Age and Life Cycle
- Life Stage
- Gender
- Income
- Generation
- Social Class

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## Psychographic Segmentation

- Lifestyle : traditional, modern, open, western,
- Personality : aggressive, adventurous, introvert, hardworking, affectionate, rebellious, rigid, flexible etc.
- Use of celebrity endorsement to make it a lifestyle or personality type brand

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## Behavioral Segmentation

- Occasions
- Benefits
- User Status : non, ex-user, potential, new, regular
- Usage Rate : light, medium, heavy
- Buyer-Readiness : unaware, aware, informed, interested, desire, intention to buy
- Loyalty Status : hard core, split, shifting, switchers.
- Attitude : enthusiastic, positive, indifferent, negative, hostile

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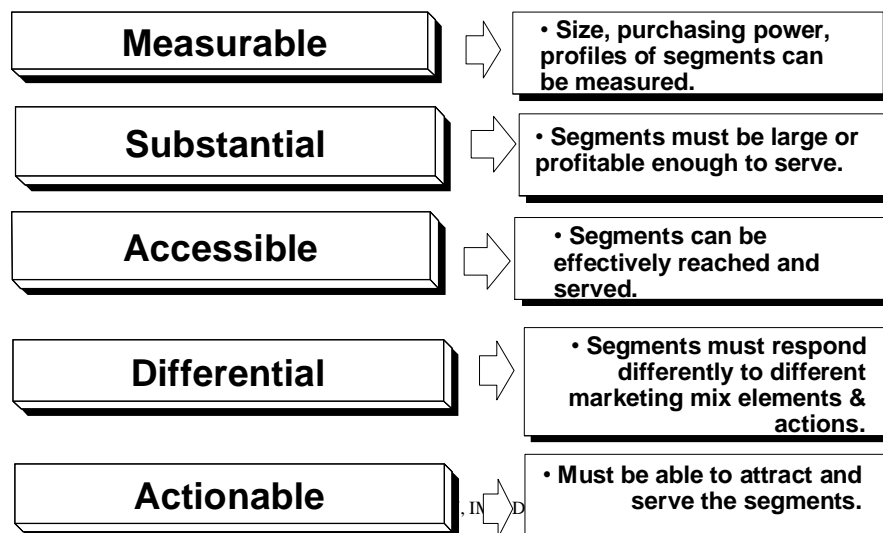
## Market Targeting

- Deciding which segments and how many segments to enter.
- Identify and profile distinct groups of buyers who differ in their needs and preferences.
- Select one or more market segments to enter.
- Establish and communicate the distinctive benefits of the market offering.

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## Evaluation Criteria





## Five Patterns of Target Market Selection

**Single-segment concentration**

	M1	M2	M3
P1			
P2			
P3			

**Selective specialization**

	M1	M2	M3
P1			
P2			
P3			

**Product specialization**

	M1	M2	M3
P1			
P2			
P3			

**P = Product**  
**M = Market**

**Market specialization**

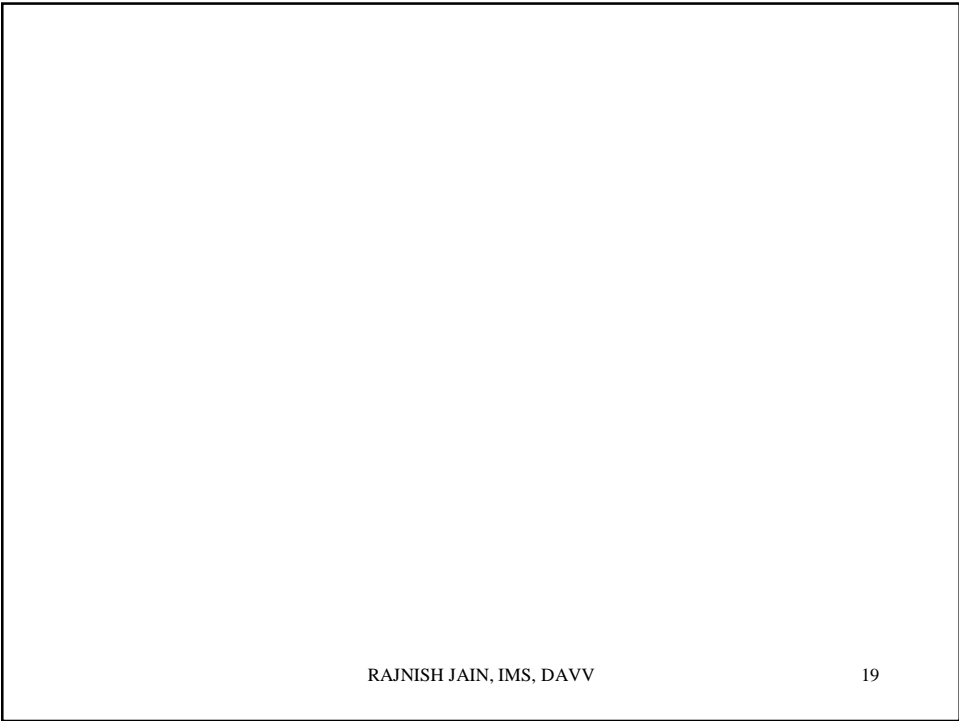
	M1	M2	M3
P1			
P2			
P3			

**Full market coverage**

	M1	M2	M3
P1			
P2			
P3			

## Conclusion

- What is market segmentation and why it is done?
- What are the different levels of market segmentation?
- How can a company divide a market into segments?  
Geographic, demographic, psychographic and behavioural.
- How should a company choose the most attractive target markets? Measurable, Substantial, accessible, differentiable, actionable.
- How markets are selected?



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