**SUMMRIZED S.NO 1,2,3,10,11,12**

**1 Market Segmentation**

* 1. Strategic and Tactical Marketing

**Important Key Points:**

* **Marketing** connects consumers' needs and suppliers' offerings.
* **Marketing planning** is a two-step process:
  + **Strategic plan:** Defines long-term direction (target market, strengths/weaknesses, opportunities/threats).
  + **Tactical plan:** Creates short-term actions to achieve strategic goals (product, price, place, promotion).
* Choosing the right target market (strategic decision) is crucial.
* **Tactical marketing** depends on **strategic marketing**.
* **Good strategic marketing + good tactical marketing = best outcome.**
* **Bad strategic marketing + bad tactical marketing = slow failure.**
* **Bad strategic marketing + good tactical marketing = fast failure.**
  1. Definitions of Market Segmentation

**Important Key Points:**

* **Market segmentation** is a crucial step in strategic marketing to select a target market.
* It involves dividing a broad market into smaller groups with similar characteristics.
* This allows companies to tailor their marketing mix (product, price, place, promotion) for each segment.
* There are three main market segmentation strategies:
  + **Concentrated strategy:** Focuses on one specific market segment (good for resource-poor companies).
  + **Differentiated strategy:** Creates different products for different segments (good for mature markets).
  + **Undifferentiated strategy:** Offers the same product to the entire market (good for resource-rich companies or new products).
* Market segmentation helps companies better satisfy customer needs, develop a distinct brand image, and achieve marketing success.
  1. The Benefits of Market Segmentation

**Important Key Points:**

* **Market segmentation** benefits businesses by:
  + Encouraging self-evaluation (strengths & weaknesses)
  + Providing customer insights (wants & needs)
  + Leading to new marketing strategies
* **Effective segmentation** improves:
  + Understanding of customer differences
  + Matching of organizational strengths to customer needs
  + Potential for long-term competitive advantage
* **Extreme segmentation** (niche marketing):
  + Targets very specific customer groups
  + Requires a perfect match between customer needs and company skills
  + Aims for high profitability and growth potential
* **Tailored marketing mix** (based on segmentation):
  + Increases return on investment (ROI)
  + Avoids wasted marketing efforts
* **Market segmentation benefits small businesses:**
  + Allows them to focus on specific needs of a small group
  + Saves resources by avoiding a larger market
* **Other benefits:**
  + Effective sales management (targeted sales efforts)
  + Improved team building and communication within organizations
  1. The Costs of Market Segmentation

**Important Key Points:**

* Market segmentation requires significant investment in time and resources:
  + Conducting the analysis
  + Developing and implementing a customized marketing mix
  + Evaluating success and monitoring market changes
* Benefits are based on the assumption of a return on investment.
* Risks of market segmentation:
  + Upfront investment can be substantial.
  + Poor implementation can waste resources and demotivate staff.
* Businesses should carefully consider the investment before starting market segmentation.

**2.Market Segmentation Analysis**

2.1 The Layers of Market Segmentation Analysis

**Important Key Points:**

* Market segmentation analysis is a statistical process, but with exploratory elements.
* Both a data analyst and someone familiar with the organization's goals are needed for successful segmentation.
* Data quality is crucial - bad data leads to bad segmentation results.
* Market segmentation involves several steps:
  1. Data Collection
  2. Data Exploration (understanding the data)
  3. Segment Extraction (grouping consumers)
  4. Segment Profiling (describing each group)
* Segment profiling helps users understand the characteristics of each customer group.

2.2 Approaches to Market Segmentation Analysis

 There's no one-size-fits-all approach to market segmentation analysis.

 Two main ways to categorize segmentation approaches are:

* **Organizational Flexibility:** This considers how willing or able a company is to adapt its marketing based on segmentation results. (Dibb & Simkin, 2008)
  + Constrained organizations might choose simpler methods due to limitations.
* **Segmentation Variables:** This focuses on the type of data used to define customer groups. (covered later in the text, not in this excerpt)

2.2.1 Based on Organisational Constraints

**Important Key Points:**

* There are 3 approaches to market segmentation analysis, categorized by how much change they require from the organization (Dibb & Simkin, 2008).
  + **Segment Revolution (Most Radical Change):**
    - Starts from scratch with new marketing plan based on segmentation results.
    - Like building a new sandcastle.
    - Best approach for maximizing segmentation benefits, but may not be feasible due to organizational limitations.
  + **Segment Evolution (Less Radical Change):**
    - Refines existing marketing approach based on segmentation.
    - Like improving an existing sandcastle.
    - Achieved through internal workshops and data analysis.
    - Suitable when a complete overhaul is unnecessary.
  + **Segment Discovery (Least Radical Change):**
    - Identifies segments through random chance or ongoing data analysis (e.g. data mining).
    - Like finding a pile of sand perfect for a sandcastle.
    - Requires noticing and acting upon the discovery.

2.2.2 Based on the Choice of (the) Segmentation Variable(s)

**Important Key Points:**

* Market segmentation approaches can be categorized based on the type of consumer characteristics used (segmentation variables).
* Two main categories are:
  + **A priori (Commonsense, Convenience-group):**
    - Uses one segmentation variable (e.g., age, gender) based on intuition or secondary data.
    - Simpler and faster, but may lack depth.
    - Example: Targeting tourists who previously spent a lot on theme parks.
  + **A posteriori (Cluster-based, Data-driven):**
    - Uses multiple segmentation variables (e.g., spending patterns, motives).
    - Relies on data analysis to identify segments.
    - Offers deeper insights, but requires more resources.
    - Example: Analyzing tourist data to identify segments based on travel motives and spending habits.
* In practice, combinations of these approaches are often used:
  + **Commonsense/Commonsense:** Splitting consumers by one variable then splitting a segment further by another.
  + **Data-driven/Data-driven:** Combining multiple sets of segmentation variables.
* Multi-stage segmentation (combining a priori and a posteriori approaches) can be effective.

2.3 Data Structure and Data-Driven Market Segmentation Approaches

**Important Key Points:**

* Data-driven market segmentation doesn't necessarily reveal natural segments, it may create them.
* There are 3 conceptual approaches to data-driven segmentation based on data structure:
  + **Natural Segmentation (Rare):** Distinct segments already exist in the data, waiting to be discovered. (Traditional view)
  + **Reproducible Segmentation:** No natural segments, but some structure allows for consistent segment generation across repeated analysis. (More common)
  + **Constructive Segmentation:** No inherent structure, but segments are still useful for targeting subgroups with similar preferences. (Most common)
* It's crucial to analyze data structure before segmentation to avoid misinterpretations.
* Analysis helps determine which segmentation approach is most applicable:
  + **Natural Segmentation:** Data analyst has clear solution.
  + **Constructive Segmentation:** Data analyst collaborates with users to define strategically useful segments.

2.4 Market Segmentation Analysis Step-by-Step

**Important Key Points:**

* 10-step approach to market segmentation analysis (same for commonsense & data-driven):
  1. Decide (not) to segment: Consider suitability & long-term commitment.
  2. Specify ideal target segment: What characteristics would define your perfect customer group?
  3. Collect data: Gather information on segmentation variables and additional descriptors.
  4. Explore data: Understand the data & prepare it for analysis (if needed).
* Commonsense vs. Data-Driven Segmentation Differences: (steps 3 & 5)
  1. Commonsense: Split consumers based on a chosen segmentation variable (e.g., age).
  2. Data-Driven: Use algorithms to identify segments based on multiple variables.
* Steps 5-10 are similar for both approaches: 5. Extract segments: Identify distinct customer groups based on chosen approach. 6. Profile segments: Determine key characteristics of each segment. 7. Describe segments: Provide detailed descriptions of each segment. 8. Select target segment(s): Choose the segment(s) to focus your marketing efforts on. 9. Customize marketing mix: Develop a marketing strategy tailored to the target segment(s).

1. Evaluate & monitor: Assess the success of your segmentation strategy and monitor changes in the market.

**3.Deciding (not) to Segment**

3.1 Implications of Committing to Market Segmentation

**Important Key Points:**

* Market segmentation isn't always the best strategy. Consider these implications before investing time and resources:
  + **Long-term Commitment:** Market segmentation requires a long-term commitment from the organization, similar to a marriage, not a fling.
  + **Investment Required:** Segmentation involves costs like research, surveys, marketing materials, etc. It should only be pursued if the expected sales increase justifies these costs.
  + **Organizational Changes:** Targeting different segments may require changes to products, pricing, distribution, communication, and even internal structure.
* **Decisions and Communication:**
  + The decision to segment should be made at the highest executive level.
  + The decision and its implications need to be clearly communicated throughout the organization.

3.2 Implementation Barriers

the important note points from the passage on market segmentation barriers:

**Senior Management Barriers:**

* Lack of leadership, commitment, and involvement in market segmentation.
* Not allocating enough resources for analysis and implementation.

**Organizational Culture Barriers:**

* Lack of market or customer focus.
* Resistance to change and new ideas.
* Poor communication and information sharing.
* Short-term thinking and unwillingness to adapt.
* Office politics.

**Knowledge and Skills Barriers:**

* Lack of training in market segmentation principles for both senior management and the segmentation team.
* Absence of a formal marketing function or qualified marketing experts.
* Lack of qualified data managers and analysts.

**Resource and Structural Barriers:**

* Limited financial resources.
* Inability to make necessary structural changes.

**Process Barriers:**

* Unclear objectives for market segmentation.
* Poor planning and lack of structured processes.
* Unassigned responsibilities and time pressure.
* Management not understanding segmentation techniques.

**Key Takeaway:**

* Identify and address these barriers before implementing market segmentation.
* Consider abandoning segmentation if barriers are insurmountable.
* Persistence and a willingness to solve problems are crucial for success.

3.3 Step 1 Checklist

**Step 1 Checklist: Deciding (not) to Segment**

This checklist focuses on assessing an organization's readiness for market segmentation and includes tasks with "knock-out criteria."

**Key Considerations (Knock-out criteria):**

* **Market Orientation:** If the organization lacks a market focus, segmentation efforts are unlikely to succeed.
* **Willingness to Change:** Resistance to change within the organization can hinder implementation.
* **Long-Term Perspective:** Short-term thinking can conflict with segmentation's long-term benefits.
* **Openness to New Ideas:** A closed mindset can prevent successful adoption of segmentation strategies.
* **Communication & Collaboration:** Poor communication across departments can create roadblocks.
* **Ability to Make Changes:** Inability to implement structural changes needed for segmentation can be a barrier.
* **Financial Resources:** Insufficient resources can limit segmentation efforts.

**Tasks and Responsibilities:**

* Secure senior management commitment (visible, active involvement, financial).
* Ensure everyone understands market segmentation concepts and implications (may require training).
* Assemble a segmentation team (2-3 people) including:
  + Marketing expert
  + Data expert
  + Data analysis expert
* Establish an advisory committee with representatives from all affected departments.
* Define clear objectives for the market segmentation analysis.
* Develop a structured segmentation process.
* Assign responsibilities within the segmentation team based on the process.
* Allocate sufficient time to complete the segmentation analysis without pressure.

**10 Selecting the Target Segment(s)**

10.1 The Targeting Decision

**Important Note Points on Selecting Target Segments (Step 8):**

**Market Segmentation - The Big Decision:**

* Selecting target segments is a crucial, long-term strategic decision impacting future performance.

**Building on Previous Steps:**

* Knock-out criteria for segments should be established in Step 2 (e.g., size, homogeneity).
* Segment attractiveness criteria should also be defined and weighed in Step 2.
* Ideally, knock-out criteria are already applied in Steps 6 & 7 (profiling & describing segments).
* Segments that don't meet needs the organization can't fulfill are eliminated earlier.

**Double-Checking Knock-Out Criteria:**

* Before selecting target segments, re-confirm all remaining segments pass the knock-out criteria.

**Evaluating Attractiveness & Competitiveness:**

* Assess the remaining segments' attractiveness to the organization (which segments are most desirable?).
* Evaluate the organization's relative competitiveness within each segment (how likely are we to be chosen?).

10.2 Market Segment Evaluation

**Important Key Points on Market Segment Evaluation (Step 10.2):**

**Decision Matrix for Target Segment Selection:**

* Visualizes segment attractiveness and relative organizational competitiveness.
* Helps choose one or a few target segments.
* Uses axes for:
  + **How attractive is the segment to us?** (X-axis)
  + **How attractive are we to the segment?** (Y-axis)
* Segments appear as circles with size reflecting another selection criterion (e.g., profit contribution).

**Calculating Segment Attractiveness:**

* Based on pre-defined criteria and weights (from Step 2).
* Rating for each segment is multiplied by weight for each criterion.
* Weighted values are summed for each segment (overall attractiveness).

**Calculating Relative Organizational Competitiveness:**

* Similar to attractiveness calculation, but from the segment's perspective.
* Considers criteria like product appeal, price suitability, distribution channels, and brand image.

**Interpreting the Plot:**

* Helps identify segments for elimination (e.g., unattractive or low fit).
* Segment 8: Highly attractive to us, but low profit potential (good candidate with improvement).
* Segment 5: Attractive and high profit, but not receptive to our offerings (may require further work).
* Segment 2: Good fit and decent profit, but segment may not find us that appealing (consider including).

**Using R to Create the Plot:**

* The decisionMatrix function in the "MSA" package can be used with relevant data.
* Define matrices (x, y) for segment values, weight vectors (wx, wy), and a size vector for bubble size.

10.3 Step 8 Checklist

**Important Key Points on Selecting Target Segments (Meeting):**

**1. Refining Potential Targets:**

* Convene a segmentation team meeting.
* Identify segments from Steps 6 & 7 considered as potential targets.
* Re-evaluate these segments against knock-out criteria (homogeneity, distinctness, size, match, identifiability, reachability).
* Eliminate any segments that fail to meet these criteria.

**2. Evaluating Segment Attractiveness & Competitiveness:**

* Discuss and agree on values for each segment attractiveness criterion (defined in Step 2).
* Discuss and agree on values for each relative organizational competitiveness criterion.

**3. Calculating Segment Scores:**

* Calculate each segment's overall attractiveness by:
  + Multiplying segment value with weight for each attractiveness criterion.
  + Summing up all these values for each segment.
* Calculate each segment's overall relative competitiveness similarly.

**4. Visualizing Results:**

* Plot the values onto a segment evaluation plot.

**5. Making a Preliminary Selection:**

* Based on the evaluation plot, make a preliminary selection of target segments.
* If targeting multiple segments, ensure compatibility between them.

**6. Seeking Advisory Committee Input:**

* Present the selected segments to the advisory committee.
* Allow for discussion and potential reconsideration of the selection.

**11: Customising the Marketing Mix**

11.1 Implications for Marketing Mix Decisions

Important Key Points on Market Segmentation & Marketing Mix:

Market Segmentation & STP Approach:

* Segmentation is not a standalone strategy; it works with other strategic marketing areas.
* The STP (Segmentation-Targeting-Positioning) approach emphasizes this connection.

STP is a sequential process:

* Segmentation (identify & describe segments)
* Targeting (evaluate & select target segments)
* Positioning (differentiate product for segment needs)
* Segmentation shouldn't be viewed entirely separately from other strategic marketing decisions.
* There may be back-and-forth adjustments before finalizing target segments.

Target Segments & Marketing Mix:

* The target segment decision impacts the development of the marketing mix (4Ps).
* The 4Ps include: Product, Price, Place (Distribution), and Promotion.
* Selecting target segments requires reviewing and potentially customizing each P:
* Product: New designs, modifications, or rebranding may be needed.
* Price: Pricing strategies, discounts, etc. may need adjustment.
* Place: Choosing suitable distribution channels may be necessary.
* Promotion: New communication messages and promotions tailored to the segment may be required.

Segmentation Analysis & The 4Ps:

* Market segmentation analysis can be structured around a specific P (e.g., informing pricing decisions).

The choice of segmentation variables depends on the targeted P:

* Price: Price sensitivity, deal proneness, etc.
* Promotion: Benefits sought, lifestyle, psychographics.
* Place: Store loyalty, store patronage, etc.
* Typically, segmentation analysis considers the entire marketing mix, not just one P.
* Insights from target segment descriptions guide adjustments to the marketing mix.

11.2 Product

Important Key Points on Product Design & Market Segmentation

Product Decisions Based on Target Segments:

* Specifying products in view of customer needs is crucial.
* Modifications to existing products are often more efficient than entirely new designs.

Product dimension of the marketing mix includes:

* Naming
* Packaging
* Warranties
* After-sales support

Example: Cultural Heritage Destination & Target Segment 3

Target Segment 3: High interest in museums, monuments, gardens, scenic walks, and markets.

* They share some interests with other segments (relaxing, eating out, shopping).

Product Development for Target Segment 3:

* New Product Option: "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product.
* Includes an activities pass to help locate desired attractions.
* Points to relevant offers during vacation planning.

Existing Product Enhancement:

* Proactively promote gardens at the destination as an attraction.

Key Takeaway:

* Market segmentation helps identify opportunities to tailor product offerings to specific customer needs.

11.3 Price

Important Key Points on Price Decisions & Market Segmentation

Typical Price Decisions:

* Setting base product price
* Deciding on discounts and promotions

Example: Cultural Heritage Destination & Target Segment 3

Segment 3 again: High interest in museums, monuments, gardens, scenic walks, and markets.

* Segment 3 shows higher vacation expenditures per person per day than other tourists (based on spend data).

Pricing Strategy for Target Segment 3:

* Opportunity to avoid discounts for the "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product.
* Potential to even consider a premium price for this product based on segment's higher spending habits.

Key Takeaway:

* Market segmentation can reveal price sensitivity differences between segments.
* This allows for targeted pricing strategies, potentially including premium pricing for segments with higher spending tendencies.

11.4 Place

Important Key Points on Place Decisions & Market Segmentation

Place Decisions:

* Focuses on product distribution to customers.

Examples include:

* Online vs. offline sales
* Direct vs. indirect channels (wholesalers, retailers)

Example: Cultural Heritage Destination & Target Segment 3

Segment 3 again: High interest in museums, monuments, gardens, scenic walks, and markets.

Segment 3 books hotels more frequently online compared to other tourists.

Place Strategy for Target Segment 3:

* Ensure the "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product is available for online booking.
* Consider collecting data on booking behavior for other products/services to understand online booking preferences.

Key Takeaway:

* Market segmentation can reveal distribution channel preferences between segments.
* This allows for targeted distribution strategies, like prioritizing online booking options for segments that prefer them.

11.5 Promotion

Important Key Points on Promotion Decisions & Market Segmentation

Promotion Decisions:

* Developing a resonating advertising message for the target market
* Identifying the most effective communication channels

Promotion Tools:

* Advertising
* Public relations
* Personal selling
* Sponsorship

Example: Cultural Heritage Destination & Target Segment 3

Segment 3 revisited: High interest in museums, monuments, gardens, scenic walks, and markets.

Promotion Strategy for Target Segment 3:

* Information Sources: Segment 3 relies more heavily on tourist centers for vacation planning compared to other tourists.
* Strategy: Make "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product information available at the local tourist center (both physical and online).

Data Needed:

* Information about preferred channels for other products/services would strengthen the promotion strategy.

Key Takeaways:

* Market segmentation can reveal preferred information sources and media consumption habits of different segments.
* This allows for targeted promotion strategies, like prioritizing specific channels (tourist centers) or media (certain TV channels) for reaching high-value segments.

11.6 Step9 Checklist

Here are the important note points from the passage on market segmentation barriers:

**Senior Management Barriers:**

* Lack of leadership, commitment, and involvement in market segmentation.
* Not allocating enough resources for analysis and implementation.

**Organizational Culture Barriers:**

* Lack of market or customer focus.
* Resistance to change and new ideas.
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* Short-term thinking and unwillingness to adapt.
* Office politics.

**Knowledge and Skills Barriers:**

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**Resource and Structural Barriers:**

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**Process Barriers:**

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**Key Takeaway:**

* Identify and address these barriers before implementing market segmentation.
* Consider abandoning segmentation if barriers are insurmountable.
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This checklist focuses on assessing an organization's readiness for market segmentation and includes tasks with "knock-out criteria."

**Key Considerations (Knock-out criteria):**

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## 11.7

## Important Note Points on Selecting Target Segments (Step 8):

**Market Segmentation - The Big Decision:**

* Selecting target segments is a crucial, long-term strategic decision impacting future performance.

**Building on Previous Steps:**

* Knock-out criteria for segments should be established in Step 2 (e.g., size, homogeneity).
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**Double-Checking Knock-Out Criteria:**

* Before selecting target segments, re-confirm all remaining segments pass the knock-out criteria.

**Evaluating Attractiveness & Competitiveness:**

* Assess the remaining segments' attractiveness to the organization (which segments are most desirable?).
* Evaluate the organization's relative competitiveness within each segment (how likely are we to be chosen?).

**Target Segment Decision - Two Key Questions:**

1. **Which segment(s) does the organization prefer to target and commit to?**
2. **Which segment(s) are most likely to choose and commit to our organization?**

**Answering these questions is the foundation for selecting target segments.**

## Important Key Points on Market Segment Evaluation (Step 10.2):

**Decision Matrix for Target Segment Selection:**

* Visualizes segment attractiveness and relative organizational competitiveness.
* Helps choose one or a few target segments.
* Uses axes for:
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**Interpreting the Plot:**

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**4. Visualizing Results:**

* Plot the values onto a segment evaluation plot.

**5. Making a Preliminary Selection:**

* Based on the evaluation plot, make a preliminary selection of target segments.
* If targeting multiple segments, ensure compatibility between them.

**6. Seeking Advisory Committee Input:**

* Present the selected segments to the advisory committee.
* Allow for discussion and potential reconsideration of the selection.

## 11.9

## Important Key Points on Market Segmentation & Marketing Mix:

**Market Segmentation & STP Approach:**

* Segmentation is not a standalone strategy; it works with other strategic marketing areas.
* The STP (Segmentation-Targeting-Positioning) approach emphasizes this connection.
* STP is a sequential process:
  1. Segmentation (identify & describe segments)
  2. Targeting (evaluate & select target segments)
  3. Positioning (differentiate product for segment needs)
* Segmentation shouldn't be viewed entirely separately from other strategic marketing decisions.
* There may be back-and-forth adjustments before finalizing target segments.

**Target Segments & Marketing Mix:**

* The target segment decision impacts the development of the marketing mix (4Ps).
* The 4Ps include: Product, Price, Place (Distribution), and Promotion.
* Selecting target segments requires reviewing and potentially customizing each P:
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**Segmentation Analysis & The 4Ps:**

* Market segmentation analysis can be structured around a specific P (e.g., informing pricing decisions).
* The choice of segmentation variables depends on the targeted P:
  + **Price:** Price sensitivity, deal proneness, etc.
  + **Promotion:** Benefits sought, lifestyle, psychographics.
  + **Place:** Store loyalty, store patronage, etc.
* Typically, segmentation analysis considers the entire marketing mix, not just one P.
* Insights from target segment descriptions guide adjustments to the marketing mix.

## 11.10

## Important Key Points on Product Design & Market Segmentation

**Product Decisions Based on Target Segments:**

* Specifying products in view of customer needs is crucial.
* Modifications to existing products are often more efficient than entirely new designs.
* Product dimension of the marketing mix includes:
  + Naming
  + Packaging
  + Warranties
  + After-sales support

**Example: Cultural Heritage Destination & Target Segment 3**

* **Target Segment 3:** High interest in museums, monuments, gardens, scenic walks, and markets.
  + They share some interests with other segments (relaxing, eating out, shopping).

**Product Development for Target Segment 3:**

* **New Product Option:** "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product.
  + Includes an activities pass to help locate desired attractions.
  + Points to relevant offers during vacation planning.
* **Existing Product Enhancement:**
  + Proactively promote gardens at the destination as an attraction.

**Key Takeaway:**

* Market segmentation helps identify opportunities to tailor product offerings to specific customer needs.

## 10.12

## Key Points on Refining the Marketing Mix for Target Segments

**Target Segment and Marketing Mix Customization:**

* This stage focuses on using market segmentation insights to tailor the marketing mix for each target segment.

**Segmentation Team Meeting:**

* Convene a meeting to discuss the chosen target segment(s).

**Deep Dive into Target Segment:**

* Carefully review the profile and detailed description of the target segment to fully understand its characteristics and needs.

**Marketing Mix Customization by P (Product, Price, Place, Promotion):**

* **Product:** Determine how the product's features, design, or branding can be adjusted to better cater to the segment's preferences.
* **Price:** Analyze the segment's price sensitivity and willingness to pay. Decide on pricing strategies like price points or discounts suitable for this segment.
* **Place:** Identify the most effective distribution channels (online, offline, specific retailers) to reach the target audience.
* **Promotion:** Determine the communication channels (TV, social media, etc.) and messaging that will resonate with the segment.

**Reviewing the Marketing Mix Holistically:**

* Ensure all elements of the marketing mix (product, price, place, promotion) work together cohesively to create a unified message for the target segment.

**Multiple Target Segments:**

* If targeting multiple segments, repeat the above steps (product, price, place, promotion customization) for each segment.
* Analyze compatibility between the chosen segments to avoid conflicts in messaging or resource allocation.

**Presenting the Marketing Mix:**

* Develop an outline of the proposed marketing mix, highlighting adjustments made for each target segment.
* Present this outline to the advisory committee for feedback and potential modifications.

**Key Takeaway:**

* By tailoring the marketing mix to specific target segments, businesses can create more targeted and effective marketing campaigns.

**12: Evaluation and Monitoring**

12.1 Ongoing Tasks in Market Segmentation

Important Points on Ongoing Market Segmentation Management

Market Segmentation as a Continuous Process:

* Segmentation is not a one-time activity; it requires ongoing monitoring and adjustments.

Post-Implementation Tasks:

Evaluate Segmentation Effectiveness:

* Measure the impact of the segmentation strategy on profits or achievement of organizational goals.
* If goals are not met, the strategy may need revision.

Monitor the Market for Changes:

* Consumer preferences, the competitive landscape, and the overall environment are constantly evolving.
* A monitoring process is necessary to identify these changes.

Monitoring Process Options:

* Regular reviews by the segmentation team.
* Automated data mining systems that alert the organization to relevant changes.

Key Takeaway:

* By continuously monitoring and adapting the segmentation strategy, businesses can ensure it remains relevant and effective in a dynamic marketplace.

12.2 Evaluating the Success of the Segmentation Strategy

Important Key Points on Evaluating Market Segmentation Effectiveness

Goal of Evaluation:

* Assess if the customized marketing mix achieved expected benefits for the organization.

Short-Term Measures:

* Profit Increase (Primary Measure): Monitor profits to see if segmentation led to increased revenue.

Non-Profits: Track other relevant metrics like donations raised or volunteers recruited.

Long-Term Measures:

* Brand Perception (Tracking Study): Use tracking studies to see how the organization is perceived in the target market.
* Positioning Effectiveness: If successful, the organization should be seen as excelling at meeting specific target segment needs.

Competitive Advantage:

* Effective segmentation can lead to a competitive advantage through specialized positioning.
* Target segments will view the organization as a preferred supplier due to its strong understanding of their needs.

Key Takeaway:

* By evaluating the effectiveness of the segmentation strategy, organizations can identify its impact and make necessary adjustments to maximize benefits.

12.4 Evaluating Market Segmentation Effectiveness

Important Key Points on Evaluating Market Segmentation Effectiveness

Goal of Evaluation:

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Key Takeaway:

* By evaluating the effectiveness of the segmentation strategy, organizations can identify its impact and make necessary adjustments to maximize benefits.
* 12.3 Stability of Segment Membership and Segment Hopping
* Important Points on Market Segment Stability and Hopping
* Market Segment Membership Changes Over Time:
* Studies show significant movement of customers between segments over time.
* Up to 70% of customers may change segments within a few years.

Impact of Segment Membership Changes:

* Changes in Segment Size: Requires revisiting the segmentation strategy if the target segment shrinks.
* Changes in Segment Characteristics: May necessitate adjustments to the marketing mix.

Segment Hopping:

* Frequent switching between segments by some customers.

Reasons for Hopping:

* Using the same product differently in various situations.
* Seeking variety in product experiences.
* Responding to promotions.
* Example: Family Segment Hopping:
* Family vacations while camping (nature lovers, tight budget).
* Anniversary trip to a luxury hotel (big spending, short-stay city tourists).

Implications for Segmentation Analysis:

* Segmentation is not a static process; it requires monitoring and adaptation.
* Consider segment hopping behavior when developing marketing strategies.
* Potentially exclude or target segment hoppers in specific ways.

Key Takeaway:

* Understanding the dynamic nature of market segments is crucial for designing effective and adaptable marketing strategies.

12.4 Segment Evolution

Here are the important points from the passage:

* **Market segments are not static:** They change over time due to various factors like consumer evolution, new products, and disruptive innovations.
* **Regular monitoring is crucial:** Companies need to track segment changes using an "early warning system" to adapt their strategies. This involves continuous research and measurement.
* **Understanding baseline stability is essential:** Not all segment shifts are genuine. Instability in the data itself can be misinterpreted as segment evolution. Stability analysis helps differentiate real changes.
* **Segment evolution can take multiple forms:** Segments can merge, split, disappear, or remain unchanged. The MONIC framework helps identify these transitions.
* **Ignoring segment dynamics is risky:** Companies targeting outdated segments will miss the mark. Adapting to change is key for success.
* **Competitive advantage comes from quick adaptation:** In the age of big data, the ability to identify and react to relevant segment changes (needs, size, composition) is a major advantage.
* **Market segmentation is an iterative process:** It's not a one-time thing. Companies should revisit and refine their segmentation strategies periodically to maintain alignment with customer needs and achieve a competitive edge.

12.5 Step10Checklist

**Important Points for Market Segmentation Team Meeting:**

**Meeting Goals:**

* Define success indicators for short-term and long-term evaluation of the segmentation strategy.
* Establish methods and frequency for measuring success and market dynamics.
* Assign data collection responsibilities.
* Determine meeting schedule for reviewing indicators and potential adaptations.
* Develop an adaptation checklist for critical market shifts.
* Gain approval on all aspects from the advisory committee.

**Action Items:**

* **Success Indicators:**
  + Define metrics for short-term (e.g., sales by segment) and long-term (e.g., customer lifetime value) success of the segmentation strategy.
* **Measurement and Frequency:**
  + Determine how to measure each success indicator and how often data will be collected.
  + Assign data collection responsibilities to specific team members or departments.
* **Segmentation Team Meetings:**
  + Decide on a regular meeting schedule to review success indicators and market dynamics.
* **Market Dynamics Indicators:**
  + Identify metrics to capture changes in customer needs, segment size, competition, etc.
  + Consider baseline global and segment-level stability to avoid misinterpreting data instability.
  + Determine how market dynamics indicators will be measured and how often.
  + Assign data collection responsibilities.
* **Review and Adaptation:**
  + Decide how often the segmentation team will review market dynamics indicators.
  + Establish a process for the data collection unit to proactively alert the team if a critical change is detected.
* **Adaptation Checklist:**
  + Develop a specific checklist outlining actions different departments need to take quickly in response to critical market shifts.
* **Advisory Committee Approval:**
  + Present all aspects of the plan (indicators, measurements, review intervals, adaptation checklist) to the advisory committee for approval or modification.

**Additional Considerations:**

* Ensure the adaptation checklist is tailored to your organization's specific needs and departments.
* The frequency of data collection and meetings should balance timeliness with practicality.
* Leverage automation for data collection whenever possible.

By following these steps, your market segmentation team can establish a robust system for monitoring success, adapting to market changes, and maintaining a competitive edge.

In essence, the passage emphasizes the importance of dynamic market segmentation. Companies must continuously monitor and adapt to evolving customer needs and market conditions for long-term success.

