**10 Steps for Market Segmentation**

**What is Market Segmentation?**

Market segmentation is a marketing strategy in which select groups of consumers are identified so that certain products or product lines can be presented to them in a way that appeals to their interests.

**Step 1: Deciding (not) to segment**

* Not always the best decision to pursue this strategy.
* Requires time and resources.
* Might have some barriers in implementations
* Some of the barriers are:
  + Lack of leadership, commitment and involvement.
  + Required resources are not available.
  + Lack of market or consumer orientation
  + Lack of resistance to change & new ideas.
  + Lack of creative thinking, communication skills.
  + Unwillingness to make changes and office politics
  + Lack of formal marketing function
  + Not having clarified objectives of market segmentation
* Most of these barriers can be identified and proactively removed.
* If barriers can not be removed, the attempt should be abandoned
* The checklist given in the book can be used to ask a series of question to decide whether market segmentation is the way to go

**Step 2: Specifying the ideal target**

* Market segmentation depends on user input.
* User inputs can not be limited to the beginning or end or development of the process.
* Users have to be involved in all stages.
* Orgs. must determine two set of segment evaluation criteria.
* One set is called *knock-out* criteria, these are essential, non-negotiable features that are to be considered.
* Other is called *attractiveness* criteria, these are used to relative attractiveness of remaining market segmentation.
* Different books give different sets of criteria that are given in table 4.1 of book (pg. 32)
* Knock out criteria:
  + The segments must be homogeneous
  + Must be distinct.
  + Must be large enough, must have enough consumers to make it worthwhile to spend money.
  + Must match the strengths of the organisation; the segment members must be satisfied too.
  + Must be reachable.
* Attractiveness criteria:
* Each segment is rated differently.
* Can be more or less attractive with respect to specific criteria.
* Attractiveness across all criterion decides if segment is selected as target or not.
* Structured process is beneficial.
* Segment attractiveness VS Organisational competitiveness plot is used to select target segments.
* These values are determined by segmentation teams.
* While the plot cannot be completed in this stage because there is no segment, The attractiveness criteria should be selected in this step.
* This will help in knowing precisely what it is about market segments that matter to the organisation, ensuring all info is captured whilst collecting data in next step.
* At the end, the segmentation team should have a list of approx. six segment attractiveness criteria.
* Each criteria should have a weight marking its importance.