

Consumer (Segment) Analysis

- Typical **problems**
- Illustration of a segmentation process

The following slides illustrates
some typical **problems** in segmentation



Customer Analysis for “Wellcome’s segmented pricing strategies”

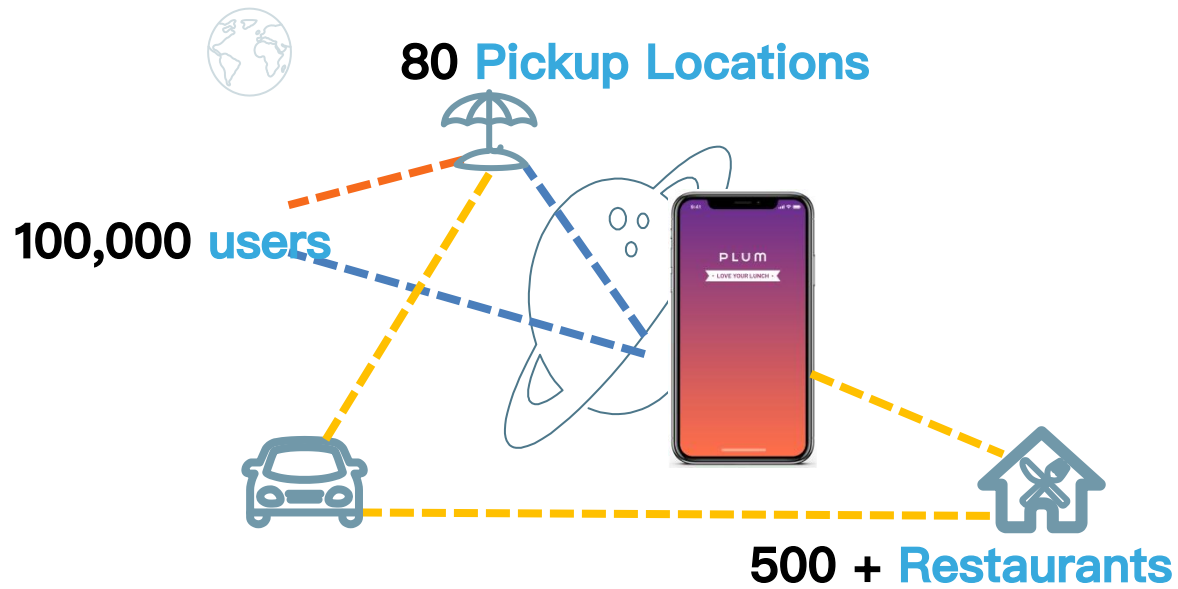
- Local market
- Mass market
- Resident
- Price sensitive people
- Elderly
- Family (Housewife)

What are the problems here?

A promotional flyer for Wellcome supermarket. At the top, it features the '惠康 wellcome' logo on the left and the slogan '永遠努力——為你著賞' (Forever Effortless——For Your Appreciation) on the right. The flyer is divided into several sections with colorful backgrounds and images of products.
Left Section (Yellow background): Promotes a '2 for 1' offer. Text includes '購物滿\$60即送1個笑印' (Spend \$60, get 1 smile stamp), '憑此券於星期二買油/米/麵/意粉滿\$60即送額外2個笑印' (With this coupon on Tuesday, buy oil/rice/noodles/pasta for \$60, get an extra 2 smile stamps), and '共可獲得3個笑印' (Total 3 smile stamps).
Right Section (Green background): Features various food items with prices.
- Top left: '新鮮豬腩肉/豬筒骨/豬湯骨/有皮豬上肉' (Fresh pork belly/bone marrow/pork ribs/pork with skin) for \$18.8/lb, with a unit price of \$31.08/kg.
- Top right: '新鮮蔬菜' (Fresh vegetables) for \$40, '送3個笑印' (Get 3 smile stamps), and '首選「首選」裝裝珍寶' (First choice 'First choice' treasure package) for \$26.9.
- Middle left: '包裝番茄' (Packaged tomatoes) for \$8.9, '加州無核黑提子' (California seedless raisins) for \$17.9, and '中國珍寶富士蘋果' (China treasure Fuji apples) for \$6.3.
- Bottom left: 'Eckrich 培根/厚打芝士' (Eckrich bacon/thick cut cheese) for \$29.9, '中國雞柳 5條裝/雞柳 300克/巴西雞柳 1件裝' (China chicken strips 5-pack/chicken strips 300g/Brazilian chicken strips 1-pack) for \$16.9, and '有皮三文魚 2件裝 240克' (Skin-on salmon 2-pack 240g) for \$42.9.
- Bottom right: '巴西雞柳 1件裝' (Brazilian chicken strips 1-pack) for \$33.8.



Plum Hong Kong



- Meal Delivery Apps. “Food” and “Tech” Company
- Delivery lunch to 15 Districts, 80 pickup points in HK
- Dedicated food curator team handpicks dishes and brings to pickup locations near to customers
- Founded in Nov 2017. Originating in HK, and also serves Singapore and New York City

Marketing Segmentation

Plum
Hong Kong

Geographic

Business District
Industrial Areas
Hospitals

Demographic

Professionals
Working Class
25–40 years old
Smartphone users

Psychographic

Strivers
Value Oriented
Lower sociability

Behavioural

Quality
Convenience
Time Constrained

What are the problems here?

Strategies:

- Operating Monday to Friday (except public holidays)
- Selection of 6-7 meals, 2 Beverages, 2-3 desserts or side dishes a day
- 4 different types of cuisine : Chinese, Western, Vegetarian & Asian
- Menu Price \$39-79

Customer Characteristics - Seller

Taobao Business Unit	User status	Geographic	Psychographic	Behavioural
Taobao Marketplace	Individuals	<ul style="list-style-type: none">Rural and major cities (taobao villages)	<ul style="list-style-type: none">trendy	tech-savvy
Tmall	Businesses	<ul style="list-style-type: none">Global (Alimama and 5 merchant networks to support sellers in different regions)	<ul style="list-style-type: none">innovative	
Etao	e-commerce websites		<ul style="list-style-type: none">traditional	


- 7 million active sellers
- Segmented marketing

What are the problems here?



Segmentation for Classic Coke

Demographic segmentation (age) is adopted



Children (1-10 years old)	Teenagers (10-24 years old)	Adults (25-54 years old)	Elderly (55 + ys old)
<ul style="list-style-type: none">• Like soft drinks• Drinks choices limited by parents• Influenced by the packages	<ul style="list-style-type: none">• High ability of acceptance• Explore new things• Addicted to the Internet	<ul style="list-style-type: none">• Respect and like Chinese cultures• Healthy lifestyle	<ul style="list-style-type: none">• “Old things are good; New things are bad”• Healthy lifestyle

What are the problems here?

Demographic		Behavior	Psychographic	Meal requirement	Cuisine type
Household members	%	<i>What are the problems here?</i>			
1 person	19.9	without cooking, meal time unstable	Striver, Freedom, convenience and choice	Fast, tasty, different choices, New favorite, can have meal anytime	Western/Japanese/ Korean/Western
2 persons	28.6	lack of cooking, meal time unstable	Striver, Freedom, convenience and choice	Fast, tasty, different choices. Can have meal anytime	Western/Japanese/ Korean/Western/ Chinese
3 persons	23.2	Partial cooking, stable meal time	Striver, enjoy family life	tasty, health	Mostly Chinese
4 persons or above	28.2	Mostly cooking themselves, and can help by home helper, stable meal time	enjoy family gathering	Health, tasty	Chinese



- Conceptually, segmentation based on household size is OK. However, it does not seem to be very useful for foodpanda. How can household size matter? How can foodpanda differentiate these four groups of consumers in its marketing activities? While I can see household size may matter if you are considering a loyalty/quantity discount program, segmenting market based on it does not need to be in such a detail.
- The table suggests household size the most important basis. But for operational and competitive/branding reasons, behavior factors (such as when and where the orders, cuisine types and requirements) may be more important for foodpanda to coordinate restaurants and delivery, and to build foodpanda's competitive advantages.

In general, demographic factors are easier to use for segmentation, but behavioral factors are increasingly used in practice; although more difficult, it is often a lot more effective

An Illustration of a segmentation process

Segmentation for A Travel Agency

agency in Kowloon area, with big universities nearby...

1. Define your market
2. Define the segmentation variables
3. Segment the market
4. Describe the segments
5. Select the target segment(s)
6. Targeting

Step 1: Define your market

Who are prospective/potential customers?

- Who are the travelers?
- Who probably buy the tickets?
- Who influence the travelers' decisions?
- Why probably make the purchase?

A tentative list of potential customers

- Travelers for leisure
- Business travelers
- University staff
- Travel organizers within organizations

Step 2: Identifying segmentation bases & prioritize

What are the segmentation variables?

- Characteristics
- Behavior
- Attitude
- Restrictions

A tentative list of variables

- Purpose of traveling: business, leisure
- Wants: comfort, excitement, convenience...
- Age, income and price sensitivity
- Travel by airplane or by car
- Time schedule

Step 3: segment the market in a table format

3 segmentation bases/dimensions

Segmt.	purpose		wants			income		
	business	leisure	comfort	excitement	convenience	high	medium	low
1								
2								
3								
4								
5								
...								

Step 3: segment the market

Segmt.	purpose		wants			income		
	business	leisure	comfort	excitement	convenience	high	medium	low
working	√				√	√	√	
being at home		√	√			√	√	
venturing		√		√		√		

You pick a name for each of the segments

Step 4: describe the segments in more details

We need to know

- Demographics and sizes of the segments
- Idiosyncrasies/interests/values/attitudes
(travel frequencies, how long, preferences)
- How to reach them respectively

Step 5: select the target segments

The factors to evaluate the targets

- Size of the segment
- Short/long run prospect
- Potential impact on the market
- Our competency
- Targeting capability
- Competition, etc.

Step 5: select the targets

Factors	Weights	Segment 1		Segment 2		Segment 3	
		score	w * s	score	w * s	score	w * s
Size.....							
Short term potential							
Long term potential							
.....							
Priority score							

You pick these factors

Step 5: select the targets

Factors	Weights	Segment 1		Segment 2		Segment 3	
		score	w * s	score	w * s	score	w * s
Size.....	3	1	3	4	12	4	12
Short term potential	2	2	4	4	8	3	6
Long term potential	3	5	15	5	15	4	12
.....	..						
Priority score			45		60		67