

Project Study Task

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1.Summary Of Steps for Market Analysis

Step 1: Deciding (not) to Segment

1.1Implications of Committing to Market Segmentation:

➤ Long-term Commitment:

- Market segmentation requires a long-term commitment from the organisation.
- It is a strategic decision that involves substantial changes and investments.

➤ Required Changes:

- Development of new products or modification of existing products.
- Changes in pricing and distribution channels.
- Changes in communication messages and advertising.
- Potential changes to the internal structure of the organisation.

➤ Organisational Implications:

- Organisation may need to be adjusted to target multiple market segments.
- Strategic business units in charge of segments can ensure ongoing focus on segment needs.
- Organisation should be structured around market segments, rather than products.

➤ Decision-making and Communication:

- Decision to pursue market segmentation should be made at the highest executive level.
- Commitment must be systematically and continuously communicated and reinforced at all organisational levels and across all organisational units.

➤ Cost-benefit Analysis:

- The expected increase in sales must be sufficient to justify the costs of implementing a segmentation strategy.
- The benefits of market segmentation must outweigh the costs of developing and using the scheme.

1.2Implementation Barriers to Market Segmentation

➤ Senior Management Barriers:

- Lack of leadership, commitment, and involvement in the market segmentation process.
- Insufficient resources allocated for market segmentation analysis and implementation.
- Senior management not understanding the need for market segmentation or the process itself.
- **Organisational Culture Barriers:**
 - Lack of market or consumer orientation.
 - Resistance to change and new ideas.
 - Lack of creative thinking and bad communication.
 - Short-term thinking and unwillingness to make changes.
 - Office politics and lack of sharing of information and insights across organisational units.
- **Lack of Training and Expertise Barriers:**
 - Senior management and team lacking understanding of market segmentation foundations and consequences.
 - Lack of a formal marketing function or qualified marketing expert in the organisation.
 - Lack of a qualified data manager and analyst in the organisation.
- **Objective Restrictions Barriers:**
 - Lack of financial resources.
 - Inability to make structural changes required for market segmentation.
- **Process-related Barriers:**
 - Unclear objectives of the market segmentation exercise.
 - Lack of planning or bad planning.
 - Lack of structured processes to guide the team through market segmentation steps
 - Lack of allocation of responsibilities.
 - Time pressure hindering the search for the best segmentation outcome.
- **Operational Barriers:**
 - Management not understanding market segmentation techniques.
 - Difficulty in presenting results in a way that facilitates interpretation by managers.

1.3 Step 1 Checklist for Market Segmentation:

- **Knock-out Criteria:**

- Is the organisation's culture market-oriented? If no, seriously consider not to proceed.
- Is the organisation genuinely willing to change? If no, seriously consider not to proceed.
- Does the organisation take a long-term perspective? If no, seriously consider not to proceed.
- Is the organisation open to new ideas? If no, seriously consider not to proceed.
- Is communication across organisational units good? If no, seriously consider not to proceed.
- Is the organisation in the position to make significant (structural) changes? If no, seriously consider not to proceed.
- Does the organisation have sufficient financial resources to support a market segmentation strategy? If no, seriously consider not to proceed.

➤ **Preparation and Commitment:**

- Secure visible commitment to market segmentation from senior management.
- Secure active involvement of senior management in the market segmentation analysis.
- Secure required financial commitment from senior management.
- Ensure that the market segmentation concept is fully understood (conduct training if necessary).
- Ensure that the implications of pursuing a market segmentation strategy are fully understood (conduct training if necessary).
- Put together a team of 2-3 people (segmentation team) to conduct the market segmentation analysis.

Step 2: Specifying the Ideal Target Segment

2.1 The Third Layer of Market Segmentation Analysis:

- User input is crucial: User input is essential throughout the market segmentation analysis process, not just at the beginning or end.
- Organizational contribution: The organization must make a significant conceptual contribution in Step 2, which guides subsequent steps, including data collection and target segment selection.

- Two sets of evaluation criteria: The organization must determine two sets of segment evaluation criteria: knock-out criteria and attractiveness criteria.
- Knock-out criteria: These are essential, non-negotiable features of segments that the organization would consider targeting.
- Attractiveness criteria: These criteria evaluate the relative attractiveness of remaining market segments that comply with the knock-out criteria.
- Literature review: The literature proposes a wide array of possible segment evaluation criteria.
- Selecting criteria: The segmentation team must select a subset of attractiveness criteria and assess their relative importance to the organization.

2.2 The Importance of User Input:

- Guides subsequent steps: User input in Step 2 guides the data collection process in Step 3 and target segment selection in Step 8.
- Conceptual contribution: The organization's conceptual contribution in Step 2 is critical to the success of the market segmentation analysis.
- Involvement throughout the process: User input is necessary throughout the process, not just at the beginning or end, to ensure that the analysis produces useful results for the organization.
- Wrapping around technical aspects: User input wraps around the technical aspects of market segmentation analysis, providing context and guidance for the analysis.

2.3 Knock-out Criteria:

- Homogeneous: Members of the segment must be similar to one another.
- Distinct: Members of the segment must be distinct from others.
- Large enough: The segment must contain enough consumers to make it worthwhile to spend extra money on customizing the marketing mix for them.
- Matching strengths: The segment must match the strengths of the organization; the organization must have the capability to satisfy segment members' needs.

- **Identifiable:** Members of the segment must be identifiable; it must be possible to spot them in the marketplace.
- **Reachable:** The segment must be reachable; there has to be a way to get in touch with members of the segment in order to make the customized marketing mix accessible to them.
- **Substantiality:** The segment must be substantial; it must have enough potential to justify the investment.
- **Measurability:** The segment must be measurable; it must be possible to quantify the segment's size and potential.
- **Accessibility:** The segment must be accessible; it must be possible to reach the segment with the marketing mix.

2.4 Attractiveness Criteria:

- **Rated on a scale:** Segments are rated on a scale of attractiveness for each criterion, rather than simply meeting or not meeting the criterion.
- **Multiple criteria:** A wide range of criteria are available to evaluate segment attractiveness, including:
 - Growth potential
 - Competitively advantageous
 - Profitability
 - Environmental risk
 - Fit with company strengths and image
 - Relationships with other segments
 - Technological factors
 - Socio-political factors
 - Financial and economic factors
 - And many more...

- Customizable: The segmentation team selects the most relevant attractiveness criteria for their specific situation.
- Weighted importance: The team assigns a weight to each criterion based on its relative importance to the organization.
- Overall attractiveness: The attractiveness ratings across all criteria determine whether a market segment is selected as a target segment.

2.5 Implementing a Structured Process:

- Follow a structured approach: Use a structured process when assessing market segments to ensure a thorough and organized evaluation.
- Segment evaluation plot: Utilize a segment evaluation plot to visualize segment attractiveness and organizational competitiveness.
- Customize criteria: Determine segment attractiveness and organizational competitiveness values by negotiating and agreeing upon relevant criteria.
- Limit criteria: Use no more than six factors as the basis for calculating segment attractiveness and organizational competitiveness criteria.
- Collaborative effort: Involve a team of people, including representatives from various organizational units, to ensure diverse perspectives and stakeholder buy-in.
- Weighted importance: Assign weights to each criterion based on its relative importance to the organization, using a typical approach of distributing 100 points across criteria and negotiating until agreement is reached.
- Seek approval: Obtain approval from the advisory committee to ensure that the segment attractiveness criteria are aligned with the organization's goals and objectives.
- Benefits: Selecting attractiveness criteria early in the process ensures that relevant data is captured and makes the target segment selection process easier in Step 8.

2.6 Step 2 Checklist:

- Convene segmentation team meeting: Discuss and agree on knock-out criteria (homogeneity, distinctness, size, match, identifiability, and reachability).

- Present knock-out criteria to advisory committee: Discuss and adjust knock-out criteria as needed.
- Study attractiveness criteria: Individually review available criteria for assessing market segment attractiveness.
- Select attractiveness criteria: Discuss with team and agree on a subset of no more than six criteria.
- Assign weights: Individually distribute 100 points across selected criteria, reflecting relative importance.
- Discuss and agree on weights: Negotiate with team to reach a consensus on weights.
- Present to advisory committee: Discuss selected attractiveness criteria and proposed weights with the advisory committee and adjust as needed.

Step 3: Collecting Data

3.1 Empirical Data in Market Segmentation:

- Empirical data forms the basis of both commonsense and data-driven market segmentation.
- Empirical data is used to identify or create market segments and describe them in detail.
- Segmentation variables are used to split the sample into market segments, while descriptor variables describe the segments in detail.
- Commonsense segmentation uses a single segmentation variable, while data-driven segmentation uses multiple segmentation variables.
- Data quality is critical for developing a valid segmentation solution, as it affects the correct assignment of individuals to segments and the accuracy of segment descriptions.
- Empirical data can come from various sources, including survey studies, observations, and experimental studies.

- Optimally, data used in segmentation studies should reflect consumer behavior, and survey data may not always be the best source for this purpose.

➤ **Commonsense Segmentation:**

- Uses a single segmentation variable to split the sample into market segments.
- Segmentation variable is typically a single characteristic of the consumers in the sample.
- Descriptor variables describe the segments in detail.

➤ **Data-Driven Segmentation:**

- Uses multiple segmentation variables to identify or create market segments.
- Segmentation variables serve as the starting point for identifying naturally existing or artificially creating market segments.
- Descriptor variables describe the segments in detail.

3.2 Segmentation Criteria:

- The organisation must choose a segmentation criterion before extracting segments and collecting data.
- Segmentation criterion refers to the nature of the information used for market segmentation, such as geographic, sociodemographic, psychographic, or behavioural.
- The decision on segmentation criterion requires prior knowledge about the market and cannot be easily outsourced.
- Common segmentation criteria include:
 - Geographic.
 - Sociodemographic.
 - Psychographic.
 - Behavioural.
- Relevant differences between consumers for market segmentation include:

- Profitability.
- Bargaining power.
- Preferences for benefits or products.
- Barriers to choice.
- Consumer interaction effects.
- There is no one-size-fits-all approach to choosing a segmentation criterion, and the simplest possible approach is often recommended.
- The best segmentation criterion is one that works for the product or service at the least possible cost.

3.3 Geographic Segmentation:

- Geographic information is considered the original segmentation criterion used for market segmentation.
- Geographic segmentation typically uses the consumer's location of residence as the only criterion to form market segments.
- Advantages of geographic segmentation include:
 - Easy to assign consumers to geographic units.
 - Easy to target communication messages and select communication channels.
- Disadvantages of geographic segmentation include:
 - Living in the same country or area does not necessarily mean people share other characteristics relevant to marketers.
 - Location is rarely the reason for differences in product preference.
- Geographic segmentation can be useful in certain contexts, such as:
 - National tourism organisations targeting tourists from neighbouring countries.
 - Global companies like Amazon and IKEA offering country-specific products and services.

- However, geographic segmentation can be limited in its ability to capture other relevant characteristics, such as benefits sought or socio-demographic criteria.
- International market segmentation studies using geographic information as a segmentation variable can be challenging due to:
 - Ensuring the segmentation variable(s) are meaningful across all included geographic regions.
 - Biases that can occur if surveys are completed by respondents from different cultural backgrounds.

3.4 Socio-Demographic Segmentation:

- Typical socio-demographic segmentation criteria include:
 - Age.
 - Gender.
 - Income.
 - Education.
- Socio-demographic segments can be useful in certain industries, such as:
 - Luxury goods (high income).
 - Cosmetics (gender).
 - Baby products (gender).
 - Retirement villages (age).
 - Tourism resort products (having small children or not).
- Advantages of socio-demographic segmentation include:
 - Easy to determine segment membership for every consumer.
 - May explain specific product preferences in some instances.
- Limitations of socio-demographic segmentation include:
 - Socio-demographic criteria may not be the cause for product preferences.
 - Do not provide sufficient market insight for optimal segmentation decisions.

- Demographics explain only a small percentage (around 5%) of the variance in consumer behaviour.
- Values, tastes, and preferences may be more influential in consumers' buying decisions and thus a stronger basis for market segmentation.

3.5 Behavioural Segmentation:

- Behavioural segmentation involves searching for similarities in behaviour or reported behaviour to extract market segments.
- Possible behaviours used for this purpose include:
 - Prior experience with the product.
 - Frequency of purchase.
 - Amount spent on purchasing the product.
 - Information search behaviour.
- Advantages of behavioural segmentation include:
 - Uses actual behaviour as the basis of segment extraction.
 - Groups people by the similarity that matters most.
 - Avoids the need for developing valid measures for psychological constructs.
- Examples of behavioural segmentation analyses include:
 - Using actual expenses of consumers as segmentation variables.
 - Using actual purchase data across product categories.
 - Using brand choice behaviour over time as a segmentation variable.
- Limitations of behavioural segmentation include:
 - Behavioural data may not always be readily available.
 - May not be suitable for including potential customers who have not previously purchased the product.

3.6 Data from Survey Studies:

- Survey data is cheap and easy to collect but can be contaminated by biases.

- Carefully selecting variables is critical to the quality of the market segmentation solution.
- Including unnecessary variables can lead to respondent fatigue and decreased data quality.
- Noisy variables can prevent algorithms from identifying the correct segmentation solution.
- Response styles can affect segmentation results and should be considered.
- Sample size is important, with a recommended minimum of 60-100 times the number of segmentation variables.

3.7 Data from Internal Sources:

- Internal data can be harvested for market segmentation analysis, such as scanner data, booking data, and online purchase data.
- Internal data represents actual behaviour, rather than stated behaviour or intentions.
- Internal data can be systematically biased by over-representing existing customers.
- Care should be taken to ensure that internal data is not contaminated by biases.

3.8 Data from Experimental Studies:

- Experimental data can be used as a basis for market segmentation analysis.
- Experimental data can result from field or laboratory experiments, choice experiments, or conjoint analyses.
- Experimental data can provide information about the extent to which each attribute and attribute level affects choice.

3.9 Step 3 Checklist:

- Convene a market segmentation team meeting to discuss promising segmentation variables and descriptor variables.
- Determine how to collect data to validly capture both segmentation variables and descriptor variables.

- Design data collection carefully to minimize data contamination through biases and other sources of systematic error.
- Collect data.

Step 6: Profiling Segments

6.1 Profiling Market Segments:

- The aim of profiling is to get to know the market segments resulting from the extraction step.
- Profiling is only required when data-driven market segmentation is used, not for commonsense segmentation.
- The goal of profiling is to identify the defining characteristics of market segments with respect to the segmentation variables.

➤ Characteristics of Profiling:

- Profiling involves characterizing the market segments individually and in comparison, to other market segments.
- It is important to identify characteristics that differentiate a segment from other market segments.

➤ Importance of Profiling:

- Good profiling is the basis for correct interpretation of the resulting segments.
- Correct interpretation is critical to making good strategic marketing decisions.

➤ Challenges of Data-Driven Market Segmentation:

- Data-driven market segmentation solutions can be difficult to interpret.
- Managers may have difficulties understanding segmentation results correctly.
- Segmentation analysis can be seen as a "black box" by managers.

➤ **Presentation of Market Segmentation Results:**

- Market segmentation results are often presented in a way that is difficult for managers to understand.
- Quotes from marketing managers highlight the issues with presentation, including:
 - Long reports that contradict the results
 - Lack of clear executive summaries
 - Insufficiently conclusive results
 - Overemphasis on numbers and percentages
 - Meaningless information
 - Poor presentation formats (e.g. PowerPoint, spreadsheets)

➤ **Approaches to Segment Profiling:**

- Traditional statistics approaches to segment profiling will be discussed in the following sections.
- Graphical statistics approaches can make profiling less tedious and less prone to misinterpretation.

6.2 Traditional Approaches to Profiling Market Segments:

- Data-driven segmentation solutions are often presented in a way that is difficult for users to understand.
- Two common approaches to presenting segmentation solutions are:
 - High-level summaries that oversimplify segment characteristics.
 - Large tables that provide exact percentages for each segmentation variable but are hard to interpret.

➤ **Example: Australian Vacation Motives Data Set:**

- The example uses the Australian vacation motives data set and the neural gas clustering algorithm to extract segments.
- The segmentation solution is reloaded from a saved file.

➤ **Interpreting Segmentation Solutions:**

- Interpreting segmentation solutions requires comparing percentage values of each segment for each segmentation variable to the values of other segments or the total value.
- This can be a tedious task, especially when dealing with multiple segmentation solutions.

➤ **Challenges of Interpreting Segmentation Solutions:**

- Comparing percentage values between segments and the total requires many comparisons (e.g. 420 comparisons for the example table).
- Presenting multiple segmentation solutions can make the task even more overwhelming (e.g. 2100 pairs of numbers to compare).
- Providing information about the statistical significance of differences between segments is not statistically correct, as segment membership is directly derived from the segmentation variables.

6.3 Importance of Visualisations in Market Segmentation:

- Data visualisation is an integral part of statistical data analysis and is particularly important in exploratory statistical analysis, such as cluster analysis.
- Visualisations can provide insights into complex relationships between variables and make it easier to monitor developments over time.

➤ **Limitations of Traditional Representation:**

- Traditional tabular representation of market segmentation solutions can be difficult to interpret and lacks intuitive insights.
- Simplified summaries can be misleadingly trivial, while complex tables can be overwhelming.

➤ **Benefits of Visualisations in Segment Profiling:**

- Visualisations can facilitate the interpretation of segment profiles and make it easier to assess the usefulness of a market segmentation solution.

- They can be used to inspect one or more segments in detail and assist in selecting the best segmentation solution from many alternatives.

➤ **Previous Research on Visualisations in Market Segmentation:**

- There is a growing body of research on the use of visualisations in market segmentation, including reviews of visualisation techniques and examples of prior use.

6.4 Understanding Defining Characteristics of Market Segments:

- A segment profile plot is a useful tool to understand the defining characteristics of each segment.
- The plot shows how each market segment differs from the overall sample for all segmentation variables.

➤ **Creating a Segment Profile Plot:**

- The plot can be created by rearranging variables to improve visualisation, such as ordering them by similarity of answer patterns.
- Hierarchical clustering of variables can be used to achieve this.

➤ **Interpreting a Segment Profile Plot:**

- The plot shows the cluster centres (centroids) for each segment, which represent the numbers contained in a table like Table 8.1.
- The dots in the plot represent the total mean values for the segmentation variables across all observations in the data set.
- Marker variables are highlighted in colour, which are variables that deviate substantially from the overall mean.

➤ **Benefits of Segment Profile Plots:**

- They are easier and faster to interpret than tables, even well-structured ones.
- They facilitate the identification of defining characteristics of each segment.
- They can be used to identify response style segments.

➤ **Empirical Evidence:**

- An eye-tracking study found that people take longer to extract information from tables than from segment profile plots.
- The study also found that people inspect a larger area of the table than the plot, indicating more cognitive effort.

➤ **Conclusion:**

- Good visualisations, such as segment profile plots, can facilitate interpretation of market segmentation results and offer an excellent return on investment.
- They can help managers make long-term strategic decisions based on segmentation results.

6.5 Assessing Segment Separation:

- Segment separation can be visualised in a segment separation plot, which depicts the overlap of segments in all relevant dimensions of the data space.

➤ **Characteristics of Segment Separation Plots:**

- The plots are simple when the number of segmentation variables is low, but become complex as the number of variables increases.
- Even in complex situations, segment separation plots offer a quick overview of the data situation and the segmentation solution.

➤ **Benefits of Segment Separation Plots:**

- They provide a visual representation of segment separation, making it easier to assess the quality of the segmentation solution.
- They can help identify areas of overlap between segments, which can inform further analysis or refinement of the segmentation solution.

6.6 Step 6 Checklist:

➤ **Visualise Segment Profiles:**

- Use the selected segments from Step 5.
- Visualise segment profiles to learn about what makes each segment distinct.
- Responsible: Data Analyst/User.
- Completed: [Insert status].

➤ **Apply Knock-out Criteria**

- Use knock-out criteria to check if any of the segments currently under consideration should already be eliminated because they do not comply with the knock-out criteria.
- Responsible: Data Analyst/User.
- Completed: [Insert status].

➤ **Pass on Remaining Segments**

- Pass on the remaining segments to Step 7 for describing.
- Responsible: Data Analyst/User.
- Completed: [Insert status].

Step 8: Selecting the Target Segment(s)

8.1 The Targeting Decision:

➤ **Overview:**

- The selection of one or more target segments is a long-term decision significantly affecting the future performance of an organisation.
- The segmentation team builds on the outcome of Step 2, where knock-out criteria and segment attractiveness criteria were established.

➤ **Re-Apply Knock-out Criteria:**

- Ensure all market segments under consideration have passed the knock-out criteria test.
- Responsible: Segmentation Team.
- Completed: [Insert status].

➤ **Evaluate Segment Attractiveness and Organisational Competitiveness:**

- Evaluate the attractiveness of the remaining segments and the relative organisational competitiveness for these segments.
- Ask questions in two broad categories:
 - Which market segments would the organisation most like to target?

- Which organisation would each segment most like to buy from?
- Answering these questions forms the basis of the target segment decision.
- Responsible: Segmentation Team.
- Completed: [Insert status].
- A generic segment evaluation plot can be used to evaluate alternative market segments.
- The plot has two axes: segment attractiveness (x-axis) and relative organizational competitiveness (y-axis).
- Segments are represented as circles, with size reflecting another criterion of choice (e.g., contribution to turnover or loyalty).

8.2 Segment Attractiveness and Relative Organizational Competitiveness:

- Segment attractiveness is evaluated based on criteria specified in Step 2 of the market segmentation analysis.
- Relative organizational competitiveness is evaluated based on criteria that consumers use to select between alternative offers in the market.
- The values for each criterion are determined by the market segmentation team based on the profiles and descriptions resulting from Steps 6 and 7.

➤ Calculating Segment Attractiveness and Relative Organizational Competitiveness:

- The values for each criterion are multiplied by the weight of the criterion (agreed upon in Step 2) to get a weighted value.
- The weighted values are added up to get a segment's overall attractiveness and relative organizational competitiveness.
- The results are plotted on the segment evaluation plot to visualize the relative attractiveness and competitiveness of each segment.

8.3 Step 8 Checklist:

- Convene a segmentation team meeting.
- Determine potential target markets from profiled and described segments.

- Double-check compliance with knock-out criteria (homogeneity, distinctness, size, match, identifiability, and reachability).
- Discuss and agree on values for each market segment for each segment attractiveness criterion.
- Discuss and agree on values for each relative organisational competitiveness criterion for each market segment.
- Calculate each segment's overall attractiveness and relative organisational competitiveness.
- Plot values onto a segment evaluation plot.
- Make a preliminary selection.
- Ensure compatibility of selected target segments (if targeting more than one).
- Present selected segments to the advisory committee for discussion and reconsideration (if required).

Step 9: Customising the Marketing Mix

9.1 Implications for Marketing Mix Decisions:

➤ **Marketing Mix:**

- Originally seen as a toolbox to assist in selling products, with marketers mixing ingredients to achieve best possible sales results.
- Commonly understood as consisting of the 4Ps: Product, Price, Promotion, and Place.

➤ **Segmentation-Targeting-Positioning (STP) Approach:**

- Market segmentation is part of the STP approach, which involves a sequential process of segmentation, targeting, and positioning.
- Segmentation is not independent from other strategic decisions, and it's important not to adhere too strictly to the sequential nature of the STP process.

➤ **Target Segment Decision and Marketing Mix:**

- The target segment decision affects the development of the marketing mix, which needs to be customized to the target segment.
- Each aspect of the marketing mix (Product, Price, Place, and Promotion) needs to be thoroughly reviewed once the target segment or segments have been selected.

➤ **Customizing the Marketing Mix:**

- The selection of one or more specific target segments may require:
 - Designing new or modifying existing products (Product).
 - Changing prices or discount structures (Price).
 - Selecting suitable distribution channels (Place).
 - Developing new communication messages and promotion strategies (Promotion).

➤ **Segmentation Variables:**

- The choice of segmentation variables depends on the purpose of the market segmentation analysis (e.g., pricing decisions, advertising decisions, distribution decisions).
- Insights gained from the detailed description of the target segment guide the organisation in how to develop or adjust the marketing mix to best cater for the target segment chosen.

9.2 Product Dimension of the Marketing Mix:

➤ **Specifying the Product:**

- Key decision: specifying the product in view of customer needs.
- May involve modifying an existing product rather than designing a new one.

➤ **Product-Related Marketing Mix Decisions:**

- Naming the product.
- Packaging the product.
- Offering or not offering warranties.

- Providing after-sales support services.
- **Product Design or Modification Driven by Target Segment Selection:**
 - Example: targeting segment 3 in the Australian vacation activities data set.
 - Key characteristics of segment 3 members:
 - Engage in visiting museums, monuments, and gardens.
 - Enjoy scenic walks and visiting markets.
 - Share traits with other segments (relaxing, eating out, shopping, sightseeing).
 - Possible product measures:
 - Developing a new product (e.g., MUSEUMS, MONUMENTS & MUCH, MUCH MORE product with activities pass).
 - Proactively making gardens an attraction in their own right.

9.3 Price Dimension of the Marketing Mix:

➤ **Key Decisions:**

- Setting the price for a product.
- Deciding on discounts to be offered.

➤ **Pricing Strategies:**

- Penetration pricing: setting a low initial price to attract customers.
- Skim pricing: setting a high initial price to maximize profits.
- Bundle pricing: offering multiple products at a discounted price.
- Value-based pricing: setting prices based on the perceived value of the product.

➤ **Discount Strategies:**

- Cash discounts: offering a percentage off the original price.
- Trade discounts: offering discounts to wholesalers or retailers.
- Promotional discounts: offering limited-time discounts to drive sales.

- Loyalty discounts: offering discounts to repeat customers.
- **Target Segment Considerations:**
 - Pricing decisions should be informed by the target segment's price sensitivity and willingness to pay.
 - Discounts can be used to incentivize target segment members to purchase.

9.4 Place Dimension of the Marketing Mix:

- **Key Decision:**
 - How to distribute the product to customers.
- **Distribution Channel Options:**
 - Online distribution (e.g., e-commerce website).
 - Offline distribution (e.g., physical stores).
 - Both online and offline distribution.
 - Direct sales to customers (e.g., manufacturer's website).
 - Indirect sales through intermediaries (e.g., wholesalers, retailers).
- **Channel Selection Considerations:**
 - Target segment's preferred distribution channels.
 - Product characteristics (e.g., perishable, bulky).
 - Cost and efficiency of different channels.
 - Competition and market trends.
- **Example: Segment 3 and Online Booking:**
 - Members of segment 3 book their hotel online more frequently than average tourists.
 - Implication: online booking option must be available for the MUSEUMS, MONUMENTS & MUCH, MUCH MORE product.
 - Potential for further research: collecting information on booking habits for other products, services, and activities to inform place dimension decisions.

9.5 Promotion Dimension of the Marketing Mix:

➤ Key Decisions:

- Developing an advertising message that resonates with the target market.
- Identifying the most effective way of communicating this message.

➤ Promotion Tools:

- Advertising (e.g., TV, print, digital).
- Public relations (e.g., media releases, events).
- Personal selling (e.g., sales representatives, customer service).
- Sponsorship (e.g., event sponsorship, product placement).

➤ Target Market Insights:

- Identifying the best information sources for reaching the target market.
- Understanding the target market's media habits and preferences.

➤ Example: Segment 3 and Information Sources:

- Determining the best information sources for reaching members of segment 3.
- Analysing the information sources used by segment 3 for their last domestic holiday.
- Investigating preferred TV stations to inform promotion decisions for the MUSEUMS, MONUMENTS & MUCH, MUCH MORE product.