SUMMARY FOR STEP 1, 2, 3
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Chapter 3 discusses the decision making process regarding market segmentation.

Implications of Committing to Market Segmentation

- Market segmentation is a significant marketing strategy, but it's crucial to understand the long term commitment it requires.
- Commitment involves substantial changes, investments, and potential organizational restructuring.
- Costs include research, surveys, packaging, advertising, and communication messages.
- Cahill recommends segmentation only if the expected increase in sales justifies the expenses.

Implementation Barriers

Barriers Related to Senior Management

-Lack of leadership, proactive championing, and commitment by senior leadership can undermine segmentation success.
-Insufficient resource allocation by senior management hinders implementation.

Barriers Related to Organizational Culture

- Barriers include lack of market orientation, resistance to change, poor communication, and shortterm thinking.
- Lack of training for senior management and segmentation teams may lead to failure.

Chapter 4 focuses on Step 2 of the market segmentation process: specifying the ideal target segment

Segment Evaluation Criteria

- The chapter emphasizes the importance of user input throughout the market segmentation analysis.
-The organization must contribute conceptually in Step 2, determining two sets of segment evaluation criteria: knockout criteria and attractiveness criteria.
- Knockout criteria are essential features that automatically eliminate segments, while attractiveness criteria are used to evaluate the remaining segments.

KnockOut Criteri
- Knockout criteria include homogeneity, distinctness, size, match, identifiability, and reachability.
- These criteria are nonnegotiable and are used to determine if a market segment qualifies for further assessment.

Attractiveness Criteria

- A diverse set of attractiveness criteria is presented, including measurable, differentiable, substantial, accessible, and actionable.
- Attractiveness criteria are not binary but involve rating segments based on their attractiveness across various criteria.

Implementing a Structured Process

-A structured process for evaluating market segments is recommended, with a popular approach being the use of a segment evaluation plot.
-The segment evaluation plot involves assessing segment attractiveness against organizational competitiveness.
-Factors constituting both attractiveness and competitiveness need to be negotiated, and a set of criteria is chosen by the segmentation team.

Step 2 Checklist

- The chapter concludes with a checklist for Step 2 tasks, including convening a segmentation team meeting, determining knockout criteria, and selecting segment attractiveness criteria with associated weights.
- The process involves collaboration with an advisory committee representing different organizational units.

Chapter 5 of "Market Segmentation Analysis: Management for Professionals" focuses on Step 3 of the segmentation process: Collecting Data. The chapter delves into the importance of empirical data in both commonsense and data driven market segmentation.

Segmentation Variables:
- Empirical data is crucial for market segmentation, used to identify or create market segments and describe them in detail.
- In commonsense segmentation, a single characteristic (e.g., gender) serves as the segmentation variable, splitting the sample into segments (e.g., men and women).
- Descriptor variables, like age, number of vacations, and benefits sought, are used to describe segments in detail, aiding in developing effective marketing strategies.

Data Driven Market Segmentation:

Differs from commonsense segmentation by using multiple segmentation variables. The quality of empirical data is critical in both commonsense and datadriven segmentation for accurate segment identification and description.

Segmentation Criteria:
- The organization must decide on segmentation criteria, such as geographic, sociodemographic, psychographic, and behavioral factors.
- Segmentation criteria choice requires prior market knowledge.
  Relevant differences between consumers, such as profitability, preferences, and interaction effects, guide segmentation criteria selection.

Geographic Segmentation:
- Geographic information is a traditional segmentation criterion.
- Advantages include easy assignment to geographic units for targeted communication.
- Disadvantages involve potential mismatches in consumer characteristics within the same geographic area.

SocioDemographic Segmentation:
- Sociodemographic criteria (age, gender, income, education) are common but may not always explain product preferences.
- Advantage: Easy determination of segment membership.
  Disadvantage: Limited explanatory power for product preferences.

Data from Internal Sources

The section discusses the growing access organizations have to substantial internal data for market segmentation analysis. Examples include scanner data in grocery stores, booking data from airline loyalty programs, and online purchase data. The strength of such data lies in its representation of actual consumer behavior, avoiding issues associated with selfreported data. The automatic generation of such data, coupled with ease of access, makes them advantageous for analysis. However, a potential drawback is the systematic bias in overrepresenting existing customers, neglecting information about potential future customers with different consumption patterns.

Data from Experimental Studies

This section explores experimental data as a potential source for market segmentation analysis. Experimental data can be derived from field or laboratory experiments, such as testing responses to advertisements. Responses to these experiments can serve as segmentation criteria. Additionally, choice experiments or conjoint analyses are mentioned, where consumers express preferences for products with different attribute combinations. These studies provide valuable information about how specific product attributes and levels influence consumer choices, offering insights for segmentation analysis.

Chapter 11 focuses on Step 9: Customizing the Marketing Mix, specifically discussing the implications for marketing mix decisions in the context of market segmentation.

In the early days of marketing, there were various tools (ingredients) available to achieve better sales results, with the marketing mix consisting of elements like product planning, pricing, promotion, and distribution channels.

The chapter emphasizes that market segmentation is not a standalone strategy but is closely tied to other strategic marketing aspects, such as positioning and competition. The segmentation-targeting-positioning (STP) approach is introduced, involving segmentation, targeting, and positioning as a sequential process.

The target segment decision, integrated with competition and positioning, influences the development of the marketing mix. The traditional 4Ps model (Product, Price, Place, Promotion) is used for simplicity.

To maximize the benefits of market segmentation, it's crucial to customize the marketing mix for the target segment. This customization may involve designing new products, adjusting prices, selecting distribution channels, and developing communication and promotion strategies tailored to the target segment.

The chapter explores how market segmentation analysis can be structured around one of the 4Ps, depending on the specific goals, such as pricing decisions, advertising decisions, or distribution decisions.

Detailed examples are provided for each element of the marketing mix. For instance, in the Product dimension, decisions involve specifying products based on customer needs, and the chapter illustrates how product design or modification is driven by the selected target segment.

The Price dimension involves decisions such as setting prices and offering discounts. The chapter demonstrates how insights from market segmentation analysis can inform pricing decisions and illustrates this with an example of a destination marketing to a specific segment.

The Place dimension concerns how products are distributed to customers. The chapter discusses the importance of knowing the booking preferences of the target segment, using an example of a destination ensuring that a specific product is available through preferred distribution channels.

Finally, the Promotion dimension involves decisions about advertising messages and communication strategies. The chapter explores how insights from market segmentation analysis can guide promotional activities, using an example of tailoring information sources and advertising messages to the preferences of the target segment.