

## Summary of Studying Task

### **Step1: Deciding to(not) Segmentation**

#### Implications of Segmentation:

The market segmentation involves a lot of research on the market and the organization must spend sufficient resources for the segmentation process.

There should be clear objective to conduct market segmentation process, and market segmentation is a long process and it goes on as we dig it deep.

Segmentation is a long-term process; management must maintain patience to conduct a clear market segmentation

The market segmentation should be implemented if the organization feels that it can increase the sales and can bring profits over the cost spent on segmentation process.

Market segmentation makes the organization to change its internal structures and organization must maintain separate policies, price mix, product mix for each market segmentation it is working on.

Development of new products, updating of existing products according to the trend going on each segmentation

#### Implementation Barriers of Segmentation:

Barriers are the things or obstacles that prevent the organization to conduct segmentation.

##### 1. Barriers related to Management:

The chief executive of organization should show a great interest in market segmentation then only the marketing executive would get direction for successful implementation of segmentation

The management must provide sufficient resources with great interest in it. The unwillingness or negligence or lack of leadership in segmentation process may mislead the segmentation process.

##### 2. Barriers related to organization culture

Organization culture plays a key role in the successful implementation of segmentation

Culture with unwillingness to change the policies or things related to segmentation, resistance to new ideas, creative thinking, changing organization politics, making short-term goals rather than long term, poor communication

3. Barriers related to experts

The organization with lack of qualified data experts, data managers, market experts will not get implemented segmentation efficiently  
And lack of format marketing function can affect the segmentation implementation

4. Barriers related to Restrictions facing by the organization

Organizations facing insufficient funds, inefficient assigning roles to the field workers, unable to change the internal structure at current position, No clear objective to conduct segmentation, bad planning affects the segmentation implementation

5. Barriers related to operation level:

Generally, managers ignore those complex techniques if they are that too complex, segmentation techniques are somewhat complex so there is need to simplify those techniques and make interactive plots to make it understand so it can create a thought of acceptance.

## **Step 2: Implementing Segmentation**

The step-2 is all about evaluation of segments and clarifying some information about segments that is useful for collecting right data and selecting specific target segment.

Generally, evaluation of segments is done by two criteria based

1. Knock-Out Criteria:

These are the basic conditions should met by segments to consider it as a important segment.

And the conditions include:

- a. Segment should be homogenous, means members in segment should share common preferences and likes dislikes
- b. Segment should be distinct among other segments i.e. the members in segment should be unique from market so that segment can be serviced by organization efficiently.
- c. Segment should be large enough to give service because if there is little members in segment it is better to leave it.
- d. Organization should be capable to align with the segment members needs and wants.
- e. There should be a way to reach the members of segment to provide service by the organization

2. Attractiveness Criteria:

The segments that met knock-out criteria should be further evaluated by assigning some attractive score to the segments

By assigning score it not only ensures selecting segments but also to collect right data about segments, for selecting successful target segment. Generally, segments are evaluated with segment evaluation plot by assigning score along x-axis for segment attractiveness and another axis for organization competition.

So, to score segment some criteria should be there, on what criteria score are assigned to the segments?

There is a structured process for that

Forming a group called advisory team where it includes different organization units because every one has different perspective on specific criteria.

A core team selects some criteria and do some research and brings it to in front of advisory team, the advisory team on negotiation has to select six criteria to follow and criteria should be weighted enough to know it's important

After selecting criteria that are influencing the segment attractiveness and organization competition

The data must be completed on segments according to the criteria selected by the advisory team and scoring attractive scores for each segment.

### **Step 3: Data Collection**

Step3 is all about the Collecting data

How to select right questions and ways of collecting data required for target segmentation

Discussed about commonsense segmentation and data-driven segmentation

Commonsense segmentation is segmenting data into segments based on one segment variable

Data-driven segmentation is segmenting data into segments based on more than one segment variable

Segment variable is a variable that is used to segment the market and all other variables are called as descriptor variables

Data quality should be good

Market can be segmented based on following criteria:

1. Geographical Segmentation: Segmenting and finding the needs and wants of consumers based on their region.

2. Demographics Segmentation: Segmenting the market according to the customers demographics like age, gender, income

Where there is a possibility of sharing similar preferences and interests according to the demographics

3. Psychographic Segmentation: Segmentation according to the beliefs, interests, lifestyle of consumers

Very difficult to find the reason of their interests but important one

4. Behavioral Segmentation: Segmentation according to the purchase patterns of customers, how often they buy products, like Season wise

While collecting data using methods like survey the questions asked to the respondents should be unique and make them to answer optimally and have to keep the following things in mind while taking the survey for collecting data

1. The answer should be in a metric or binary so that the further data analysis is easy to do.
2. There would be some answers like irrelevant to the context try to eliminate them
3. Remove response styles like repeating means there are some answers “all of the above”, “strong agree”, “strong disagree” some respondents give this type of answers repeatedly even if they don’t know.
4. Choose questions and variables that should not deviate from the context.

There would be several methods of collecting data like internal data, data from experimenting if the data is quality enough and enough size then it is good to consider.

Size of data:

The data should have at least size of 100 multiplied by no. of each segmentation variables, to fit the segmentation algorithms good.

#### **Step 4: Data Preprocessing**

After collecting the data from step3

The following steps have to be followed

1. Check the types of variables available in the data, what are the data types of variables, size of data, how many categorical
2. Check any null values and remove them or try to fill with the central measurements like mean, median, mode for numerical and for categorical most-frequently occurred.
3. Check the plots of univariate and bivariate, to find the relation among the variables
4. Histogram for univariate, scatter plots for two variables, and for checking multicollinearity heat map
5. Encode the categorical variables appropriately like 0,1 or ordinal encoding
6. Transform the whole data between (0,1) or standardize the data so that each and all values are on common scale.
7. The whole process decides which algorithm can be used for segmentation.
8. Apply Principal component analysis so that to clear multicollinear, high dimension and importance to the appropriate important variables.

## **Step 8: Target Segmenting**

After upon reaching step 8 there are several segments extracted from the data with the help of clustering algorithms

Step 5 is for extracting segments from the empirical data

Step 6 & 7 is for describing segments and making profile about the cluster

In the step 8 it is the stage of selecting target segment the segment has to answer the following questions

1. How the segment is attractive to the segmentation to what segment the organization want to commit
2. How the competitiveness of altering organization, will the organization with stand the competition or how attractive the organization to the segment

The segment is selected from the segments by plotting segment evaluation plot.

The segment attractive score and organization attractive score to the segment is calculated as discusses in the step 2

The step 5 ,6,7 provides the detailed information of segment using that the segmenting team assigns rates to the segments according to the criteria approved by advisory team

And each criterion has weighted value, score assigned by team and criteria weight multiplied and addition of all criteria produces overall attractive score of segments

Same process is done for competitiveness based on the criteria.

Thus, produced score are plotted by using 3d plot the segment which has more attractive score, attractive to organization and big bubble has to select to enjoy the benefits

## **Step 9: Customizing Market Mix**

Upon selecting target segment in step 8 in step 9 some marketing strategy and marketing mix has to be customized

The Marketing mix include 4ps: Product, Price, Place, Promotion

The Marketing strategy: Segmentation, Targeting, Position

Up to step 8 segmentation, Targeting is completed in step 9 its time to position the services of the organization in the market.

Have to customize the 4ps according to the segmentation

**Product:** The updating of existing product or creating some differentiate product that has more attractive to the members of segment.

Like changing name of the product, or Creating brand for product

**Price:** The price has to be decided so that it should attract the target segment members and also the organization has to enjoy benefits

The organization has to revisit its prices and corrections has to be made like discount

**Place:** The organization has to plan the platform to sell their products like making available it online/offline.

Organization has to find the most visited platform by its segment members and make their product available.

**Promotion:**

The organization has to find different platform to promote their products by monitoring the most visited platforms by its members