The purpose of marketing is to match the genuine needs and desires of consumers with the offers of suppliers particularly suited to satisfy those needs and desires. This matching process benefits consumers and suppliers, and drives an organisation’s marketing planning processes.

Strategic marketing planning is important because it determines the long-term direction of an organization. It involves identifying consumer needs and desires, strengths and weaknesses internal to the organization, and external opportunities and threats that the organization may face. Through a SWOT analysis, an organization can identify its strengths, weaknesses, opportunities, and threats, which can help in developing the strategic marketing plan.

Once the strategic marketing plan has been established, decisions can be made about which consumers to focus on (segmentation and targeting), and which image of the organization to create in the market (positioning). These decisions are critical because they determine the long-term direction of the organization, and cannot easily be reversed. Only when these decisions have been made can work on the tactical marketing plan begin.

The tactical marketing plan involves developing and modifying the product to meet the needs and desires of the target segment, determining the price in view of cost, competition, and the willingness to pay of the target segment, selecting the most suitable distribution channels to reach the target segment, and communicating and promoting the offer in a way that is most appealing to the target segment. The tactical marketing plan depends entirely on the strategic marketing plan, but the strategic marketing plan does not depend on the tactical marketing plan.

Benefits of market segmentation:

* Allows organizations to tailor their marketing efforts to specific groups of consumers, which can lead to increased efficiency and effectiveness of marketing campaigns.
* Helps organizations identify and understand the unique needs and desires of different consumer groups, allowing them to develop products and services that better meet those needs.
* Can lead to increased customer loyalty and satisfaction, as consumers feel that their specific needs are being met.
* Enables organizations to more accurately measure the success of their marketing efforts by tracking the response of specific consumer groups.

Costs of market segmentation:

* Can be expensive and time-consuming to conduct the research necessary to identify and understand different consumer segments.
* Can lead to increased complexity in marketing efforts, as organizations need to develop different marketing strategies and campaigns for each segment.
* May lead to increased competition within specific segments as organizations compete for the attention and loyalty of consumers within those segments.

Variables of market segmentation:

* Demographic segmentation: dividing consumers into groups based on characteristics such as age, gender, income, education, and occupation.
* Psychographic segmentation: dividing consumers into groups based on personality traits, values, attitudes, and interests.
* Behavioural segmentation: dividing consumers into groups based on their behaviour and how they interact with products or services.
* Geographic segmentation: dividing consumers into groups based on their geographic location.

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| **Variable** | **Dimensions** | **Sample survey questions** |
| Age | Unidimensional | How old are you? |
| Gender | Unidimensional | What is your gender identity? |
| Country of Origin | Unidimensional | Where do you live? |
| Prior Purchase | Unidimensional | Have you purchased our service before? |
| Benefits sought | Multidimensional | When booking flights online, do you care about   * Convenience * Value for money * Speed * Ability to compare fares |
| Motives | Multidimensional | When choosing a vacation, do you   * Rest and relax * Explore new things * Meet new people * Learn about other cultures * Getaway from everyday routine |

Data driven Market segmentation:

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| --- | --- | --- | --- | --- |
|  | Common sense/ Common sense segmentation | Common sense/ data driven segmentation | Data driven/ Common sense segmentation | Data driven/ data driven segmentation |
| Primary segmentation variables | Commonsense  e.g. age, country of origin | Commonsense  e.g. age, country of origin | Data driven  e.g.expenditure, vacation activities | Data driven  e.g. travel motives, expenditures |
| Secondary segmentation variables | Commonsense  e.g. gender, seeking adventure or not | Data driven  e.g. travel motives, vacation activities | Commonsense  e.g. Gender. Family status | Data driven  e.g. vacation activities, information sources used |
| Example | Young female tourists | Mature aged who play golf, enjoy wine-tastings and fine-dining | Tourists who engage in many activities that attract entrance fee like theme park, zoo | Tourists who want to learn about the culture and local people, who attend local cultural events and food festivals |

