

Market Segmentation Analysis

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Steps:

- Step 1: Deciding (not) to Segment.
- Step 2: Specifying the Ideal Target Segment.
- Step 3: Collecting Data.
- Step 4: Exploring Data.
- Step 6: Profiling Segment.
- Step 9: Customising the Marketing Mix

Step 1: Deciding (not) to Segment

1.1 Implications of Committing to Market Segmentation

Market segmentation, although a prevalent marketing strategy, isn't always the optimal choice and warrants careful consideration before implementation. Organizations must make a sustained commitment to it, entailing large adjustments and expenditures. Costs of segmentation include research, surveys, packaging, advertising, and communication tailored to segments. Cahill points out that segmentation has costs and suggests not pursuing it unless the anticipated boost in sales justifies the costs. The internal structure of the organization may be impacted by necessary changes, such as organizational reorganization and product development. For optimal effects, Croft advises structuring based on market segments as opposed to product categories. The decision to investigate market segmentation needs to be discussed with senior executives and shared widely across the company due to the significant ramifications.

1.2 Implementation Barriers

- Successful implementation challenges and barriers are covered in several works on market segmentation, including Dibb and Simkin 2008, Croft 1994, and McDonald and Dunbar 1995.

- Inadequate resource allocation and a lack of dedication, leadership, and participation in the segmentation process are obstacles associated with senior management.
- Organizational culture barriers encompass lack of market or consumer orientation, resistance to change, poor communication, short-term thinking, and office politics.
- A questionnaire was created by Croft (1994) to evaluate market orientation as a potential obstacle to the effective application of segmentation.
- Senior management and segmentation teams may fail to comprehend the principles and effects of segmentation implementation if they are not properly trained.
- Segmentation attempts may be hampered, particularly in varied or large enterprises, by the absence of a structured marketing role or skilled marketing specialists within the company.
- Segmentation may be hindered by objective constraints like insufficient funds or the incapacity to implement the required structural adjustments.
- Uncertain objectives, shoddy planning, an absence of organized procedures, an insufficient division of labour, and time restraints are examples of process-related obstacles.
- When obstacles are discovered, they should be aggressively addressed. If these obstacles are insurmountable, segmentation may need to end.
- McDonald and Dunbar (1995) emphasize that perseverance, tenacity, and acceptance of the problems that would inevitably arise throughout implementation are essential for successful segmentation.

1.3 Step 1 Checklist:

- Ask if the organization's culture is market-oriented. If yes, proceed. If not, seriously consider not to proceed.
- Ask if the organization is genuinely willing to change. If yes, proceed. If not, seriously consider not to proceed.
- Ask if the organization takes a long-term perspective. If yes, proceed. If not, seriously consider not to proceed.
- Ask if the organization is open to new ideas. If yes, proceed. If not, seriously consider not to proceed.

- Ask if communication across organizational units is good. If yes, proceed. If not, seriously consider not to proceed.
- Ask if the organization is in a position to make significant (structural) changes. If yes, proceed. If not, seriously consider not to proceed.
- Ask if the organization has sufficient financial resources to support a market segmentation strategy. If yes, proceed. If not, seriously consider not to proceed.
- 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. If it is not: conduct training until the market segmentation concept is fully understood.
- Ensure that the implications of pursuing a market segmentation strategy are fully understood. If they are not: conduct training until the implications of pursuing a market segmentation strategy are fully understood.
- Put together a team of 2-3 people (segmentation team) to conduct the market segmentation analysis.
- Ensure that a marketing expert is on the team.
- Ensure that a data expert is on the team.
- Ensure that a data analysis expert is on the team.
- Set up an advisory committee representing all affected organizational units.
- Ensure that the objectives of the market segmentation analysis are clear.
- Develop a structured process to follow during market segmentation analysis.
- Assign responsibilities to segmentation team members using the structured process.

Step 2: Specifying the Ideal Target Segment

2.1 Segment Evaluation Criteria

The primary source of information for the third layer of market segmentation analysis (shown in Fig. 2.1) is user input. It is crucial to realize that user input cannot be restricted to the creation of a marketing mix after the process or a briefing at the beginning of the process for a market segmentation analysis to yield results that are beneficial to a company. Instead, the user must actually wrap around the technical parts of market segmentation study during the majority of the process.

The company must contribute significantly to the market segmentation study in Step 2 after committing to look into the viability of a segmentation plan in Step 1. Though conceptual in nature, this contribution serves as guidance for several subsequent phases, chief among them being Step 3 (data gathering) and Step 8 (selecting one or more target segments). The business has to decide on two sets of segment evaluation criteria in Step 2. Knock-out criteria are a subset of the evaluation criteria. These are the fundamental, non-negotiable characteristics of the target segments that the organization would think about pursuing. We might refer to the second set of evaluation criteria as the attractiveness criteria. The two categories of criteria are typically not distinguished in the literature. Rather, a broad range of potential segment evaluation criteria are suggested by the literature, which also provides varying degrees of detail about them.

We talk about these criteria in two groups because they're different. The shorter knock-out criteria are super important. The segmentation team can't decide how much they matter; they're a must. The second group, attractiveness criteria, is longer and more varied. It's like a shopping list for the team. The team chooses which of these criteria they'll use to judge how good potential segments are. They also decide which criteria matter most. Knock-out criteria remove some segments automatically, but attractiveness criteria are chosen by the team and used to decide how attractive each segment is in Step 8.

2.2 Knock-Out Criteria

To see if market segments from the analysis may be examined using attractiveness criteria, knock-out criteria are applied. Kotler (1994) proposed the first set of these requirements, which are substantiality, measurability, and

accessibility.

Later, other criteria were proposed, such as the requirement that the segment be homogeneous. The section ought to be unique—that is, not like previous segments. It ought to be sufficiently large. It ought to complement the business's advantages. Identifying and contacting members of the section should be simple. The team, advisers, and senior managers must comprehend the knock-out criterion. While most are obvious, some, like size, require further information.

2.3 Attractiveness Criteria

The step above provides a variety of segment attractiveness criteria in addition to the knock-out criteria. The segmentation team is able to select the parameters that best suit their needs. These attractiveness standards go beyond simple yes/no answers. Segments aren't evaluated based on whether they meet or don't. Rather, every section receives a rating based on a set of criteria that determines how attractive it is or is not. When deciding whether to target a section in Step 8 of the study, all of these ratings come into play.

2.4 Implementing a Structured Process

According to the segmentation literature, evaluating market segments should adhere to a defined approach, usually utilizing a segment evaluation plot that gauges segment attractiveness and organizational competitiveness. The segmentation team, which typically consists of two to three core members, sets the criteria for these elements and submits a preliminary solution for review by an advisory committee made up of representatives from different organizational divisions. Since the segmentation approach impacts all units, having representatives from several units guarantees a diversity of viewpoints and buy-in. Choosing attractiveness criteria early on in the process simplifies data gathering and target segment selection later on, even when the segment evaluation plot isn't finished until later. The advisory committee's approval is preferably sought because of their varied perspectives, and the team negotiates to allocate weights to each criterion.

2.5 Step 2 Checklist

- Convene a segmentation team meeting.
- Discuss and agree on the knock-out criteria of homogeneity, distinctness, size, match, identifiability and reachability. These knock-out criteria will lead to the automatic elimination of market segments which do not comply (in Step 8 at the latest).
- Present the knock-out criteria to the advisory committee for discussion and (if required) adjustment.
- Individually study available criteria for the assessment of market segment attractiveness.
- Discuss the criteria with the other segmentation team members and agree on a subset of no more than six criteria.
- Individually distribute 100 points across the segment attractiveness criteria you have agreed upon with the segmentation team. Distribute them in a way that reflects the relative importance of each attractiveness criterion.
- Discuss weightings with other segmentation team members and agree on weighting.
- Present the selected segment attractiveness criteria and the proposed weights assigned to each of them to the advisory committee for discussion and (if required) adjustment.

Step 3: Collecting Data

3.1 Segmentation Variables

Both common sense and data-driven market segmentation are based on empirical facts. A single attribute, such as gender, is utilized as the "segmentation variable" in commonsense segmentation in order to divide the sample into segments. "Descriptor variables" are additional characteristics used to characterize these segments, such as age, vacation preferences, and benefits desired.

Multiple segmentation factors are utilized in data-driven segmentation to either organically or intentionally construct relevant market segments. For example, travelers with similar vacation privileges may comprise a segment. For precise segment assignment and description in both scenarios, high-quality empirical data is essential.

High-quality market segmentation requires accurate data. Surveys, loyalty programs, scanning records, and tests are some of the sources of this data. Although they are often used, surveys may not accurately represent behaviour. Investigating several data sources is so crucial. It is best to use the source that most closely reflects actual consumer behavior.

3.2. Segmentation Criteria

Organizations must make a critical decision before extracting segments or gathering data: choosing a segmentation criterion. This criterion influences the type of information used in market segmentation, going beyond the scope of a segmentation variable. Typical criteria include behavioural, psychographic, sociodemographic, and regional factors. It is difficult to assign this choice to consultants or analysts because it requires an understanding of the market. Market segmentation relies heavily on key differences between consumers, including profitability, bargaining power, preferences, barriers, and interaction effects. With so many factors at our disposal, the issue of which is best arises. Although there isn't much advice on which option is best, experts advise choosing simplicity. Go ahead and use demographic or geographic segmentation if it makes sense for your offering; sophistication isn't always a sign of superiority. Choosing

what best offers your product or service at the lowest possible cost is ultimately what matters.

3.2.1 Geographic Segmentation

One of the first and most important segmentation criteria in market segmentation is geographic information (Lewis et al. 1995; Tynan and Drayton 1987). This method frequently divides the market into parts based just on the place of a customer's domicile. Although simple, it works effectively in some situations. For example, linguistic distinctions make it reasonable to regard visitors from different countries as separate groups while luring tourists from nearby countries. Global retailers such as Amazon and IKEA customize their products according to the geographic areas of their clients.

The benefit of geographic segmentation is that it makes it simple to assign customers to regional groups, which helps with communication targeting and channel selection. One disadvantage, though, is that similar geography does not always indicate same product preferences or other pertinent attributes. People in the same area, for example, could have different ideal holiday experiences, with sociodemographics being a more important determinant.

Geographical data has become more popular in international market segmentation research despite its drawbacks; yet, there are difficulties in interpreting the segmentation variable in different countries and cultural contexts.

Haverila's (2013) study, which divided youthful mobile phone users across national boundaries and demonstrated the changing significance of geographic considerations in contemporary market segmentation, is an illustration of this global strategy.

3.2.2 Socio-Demographic Segmentation

Age, gender, income, and education are examples of traits that are included in socio-demographic segmentation criteria. These standards are useful in some sectors of the economy, like high-end luxury goods, gender-specific cosmetics, and age-based retirement communities. Products geared at families, such as baby supplies or vacation packages, can effectively use age and gender differences in their segmentation. Similar to geographic segmentation, socio-demographic

variables facilitate simple customer categorization and, on occasion, provide information about particular product preferences resulting from these characteristics, such as selections for family-friendly vacations.

Sociodemographics, while useful in understanding certain consumer behaviours, is frequently insufficient to fully account for product choices. According to Haley (1985), just around 5% of the variation in customer behaviour may be attributed to demography. Even further, Yankelovich and Meer (2006) suggest that sociodemographics might not be the best foundation for segmentation. Conversely, values, tastes, and preferences have a bigger impact on consumers' purchasing decisions. This suggests that to develop efficient market segmentation methods, deeper psychological and behavioural drivers must be taken into account.

3.2.3. Psychographic Segmentation

People are categorized using psychographic segmentation according to psychological factors such as beliefs, interests, preferences, and the advantages they hope to obtain from a product. A variety of mental elements are included in psychographics; typical types include benefit and lifestyle segmentation. Psychographics are more complex than demographics or geography, frequently requiring several variables to capture elements like travel motivations or perceived hazards. This method explores the fundamental reasons behind individual behaviour, such as the attraction of culturally rich areas to tourists looking for unique cultural experiences. Although psychographics offer deeper insights into the behaviour of consumers, figuring out which segments to belong to can be more difficult, and the precision of the measurements employed to capture these psychological aspects determines how effective psychographics are.

3.2.4. Behavioural Segmentation

Analysing behavioural or activity similarity is another method for segmentation. This can include past product experiences, purchasing frequency, spending patterns, and information-seeking behaviours. Since it concentrates on what matters most, segmentation based on real behaviour might be beneficial.

Research has shown, for example, that tourist-reported behaviours are more effective than those from their home countries. This approach makes use of people's actual actions rather than just their promises. Nevertheless, obtaining behavioural data isn't always simple, particularly if you wish to include prospective clients who haven't made a purchase from you previously.

3.3 Data from Survey Studies

One popular and affordable method of gathering information for market segmentation is through surveys. They entail posing a series of questions to a sample of people in order to learn more about their traits, inclinations, actions, and viewpoints. The segments are then created using this information. In this area, there are a number of important factors to consider:

3.3.1 Choice of Variables

Selecting the appropriate factors or traits to research is crucial when creating a survey. These characteristics, which include psychographic features (attitudes, lifestyle), behavioral patterns (frequency of purchases, brand loyalty), and demographic details (age, gender, income), should be pertinent to the segmentation goals.

3.3.2 Response Options

Respondents are given options for their responses in surveys, including rating scales or multiple-choice questions. The precision and applicability of the data gathered may be impacted by the way these choices are designed. It is important to make sure that response choices appropriately reflect the viewpoints of the respondents.

3.3.3 Response Styles

Individual responses to survey questions may vary depending on cultural norms or the need to project a particular image of oneself. It's critical to be aware of potential response biases and consider them during analysis because these response styles have the potential to introduce biases into the data.

3.3.4 Sample Size

A survey's sample size, or total number of respondents, should be high enough to yield statistically significant results. To guarantee that the results can be applied generally, the sample must also be representative of the intended audience.

3.4 Data from Internal Sources

Databases of customers, sales records, and transaction histories are examples of internal data sources that are already in the possession of a company. The information in this data can shed light on previous customer encounters, behavior, and buying trends. Because it represents actual consumer encounters, using internal data might be beneficial.

3.5 Data from Experimental Studies

In experimental studies, specific variables are changed in order to see how they affect the behaviour of consumers. These investigations shed light on cause-and-effect connections. For instance, a business may experiment with various marketing techniques to observe how they affect consumer preferences and purchasing choices.

3.6 Step 3 Checklist

- Convene a market segmentation team meeting.
- Discuss which consumer characteristics could serve as promising segmentation variables. These variables will be used to extract groups of consumers from the data.
- Discuss which other consumer characteristics are required to develop a good understanding of market segments. These variables will later be used to describe the segments in detail.
- Determine how you can collect data to most validly capture both the segmentation variables and the descriptor variables.
- Design data collection carefully to keep data contamination through biases and other sources of systematic error to a minimum.
- Collect data.

Step 4: Exploring Data

Prior to moving on to segment development in Step 4 of the market segmentation process, the emphasis is now on examining and comprehending the data that has been gathered. During this stage, a variety of methods and analyses are used to improve the data's manageability, significance, and suitability for tasks including subsequent segmentation. Let's examine each subsection in more detail:

4.1 A First Glimpse at the Data

Firstly, it is important to obtain a preliminary summary of the information gathered. This entails looking at the content, format, and structure of the data. Initial observations aid in the identification of possible problems that may need more research and cleansing, such as missing numbers, outliers, or contradictions.

4.2 Data Cleaning

To guarantee the quality and dependability of the data, data cleaning is an essential stage. Errors, inconsistencies, and missing values must be found and fixed during this process. Imputing missing values, fixing errors, and standardizing formats are a few examples of data-cleaning techniques. Accurate analysis and dependable segmentation results depend on clean data.

4.3 Descriptive Analysis

In order to understand the distribution and properties of the data, descriptive analysis entails summarizing and displaying the data. Finding patterns, trends, and correlations between variables is aided by this phase. Histograms, bar charts, and scatter plots are a few examples of techniques that can help visualize the type of data.

4.4 Pre-Processing

Preparing the data for more sophisticated analysis methods is called pre-processing. The data will be scaled and transformed in this step to make it

appropriate for segmentation techniques. Pre-processing involves two primary components:

4.4.1 Categorical Variables

Discrete groups or categories are represented by categorical variables. It can be necessary to convert them into an appropriate format in order to use them efficiently. This could entail methods such as ordinal encoding, which assigns numerical values based on the order of categories, or one-hot encoding, in which each category becomes a separate binary column.

4.4.2 Numeric Variables

To bring numerical variables to a single scale, normalization or standardization may be necessary. While standardization scales the results to have a mean of zero and a standard deviation of one, normalization modifies the values to fall inside a given range. This guarantees that segmentation outcomes are not disproportionately influenced by factors with different scales.

4.5 Principal Components Analysis (PCA)

Principal components analysis (PCA) is a dimensionality reduction technique that reduces the size of large, complicated data sets by reducing them to a smaller, more manageable set of uncorrelated variables. By doing this, the number of variables is decreased while maintaining the highest level of significant information. PCA can assist in identifying underlying correlations and patterns in the data.

4.6 Step 4 Checklist

- Explore the data to determine if there are any inconsistencies and if there are any systematic contaminations.
- If necessary, clean the data.
- If necessary, pre-process the data.
- Check if the number of segmentation variables is too high given the available sample size. You should have information from a minimum of 100 consumers for each segmentation variable.

- If you have too many segmentation variables, use one of the available approaches to select a subset.
- Check if the segmentation variables are correlated. If they are, choose a subset of uncorrelated segmentation variables.
- Pass on the cleaned and pre-processed data to Step 5 where segments will be extracted from it.

Step 6: Profiling Segments

6.1 Identifying Key Characteristics of Market Segments:

- Understanding the market categories that arise from data-driven segmentation requires profiling.
- In commonsense segmentation, it is superfluous since segment profiles are specified according to logical criteria such as age groups.
- Segments are characterized both separately and in relation to other segments as part of profiling. Segments may not be distinguished by merely naming common activities, such as alpine skiing for winter visitors.
- Proper segmentation findings interpretation is necessary for making informed strategic marketing decisions, and this requires good profiling.
- Managers have hurdles when it comes to interpreting data-driven segmentation solutions. A lot of managers find it difficult to comprehend and analyze segmentation data, and they are frequently provided in a way that is unclear or conflicting.
- We examine graphical and traditional statistics ways to segment profiling; the graphical approaches are less laborious and more easily misinterpreted.

6.2 Traditional Approaches to Profiling Market Segments

- The Australian vacation motives dataset was utilized for segmentation analysis.
- The neural gas clustering technique was used to create segments, with a range of three to eight segments and twenty random restarts.
- Users are usually presented with data-driven segmentation solutions in the form of large tables or simpler summaries.
- Simplified summaries can mislead by oversimplifying segment characteristics.
- Large tables include precise percentages of every segmentation variable for every segment, but they are difficult to understand and don't provide a brief summary of the most important findings.
- Occasionally, details regarding the statistical significance of differences between segments for each segmentation variable are given in order to alleviate the difficulty of comprehending huge tables.

6.3 Segment Profiling with Visualisations

The presentation of market segmentation solutions often lacks effective utilization of graphics, despite the integral role of data visualization in statistical data analysis. Graphics play a crucial role in exploratory statistical analysis by providing insights into complex variable relationships, especially in the context of big data. McDonald and Dunbar, as well as Lilien and Rangaswamy, advocate for the use of visualization techniques to enhance the interpretation of segmentation analysis results. Haley and Cornelius et al. underscore the superiority of graphical representations over tabular formats for conveying insightful information. While previous research by Reinartz and Kumar, Andriotis and Vaughan, Dolnicar and Leisch, among others, indicate the practical application of visualizations in segmenting solutions, Leisch provides a review of visualization techniques for cluster analysis and mixture models. Visualizations assist in analysing segment specifics and profiles during the data-driven market segmentation process, which makes interpretation and solution evaluation easier. Throughout the segmentation process, visual representations help analysts and consumers make important judgments because there are so many options available.

8.4 Step 6 Checklist

- Use the selected segments from Step 5.
- Visualise segment profiles to learn about what makes each segment distinct.
- 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.
- Pass on the remaining segments to Step 7 for describing

Step 9: Customising the Marketing Mix

The stage of market segmentation known as "customizing the marketing mix" is when specialized marketing plans are created in order to successfully engage particular target markets. The goal of this step is to comprehend the unique traits and inclinations of each market segment and then modify the product, price, distribution, and marketing strategies following those insights. Businesses can design individualized experiences that speak to the needs and preferences of each segment by examining the data acquired in the earlier processes. This strategy increases client happiness and loyalty, which eventually spurs company expansion. Consistent observation and adaptation guarantee that the marketing mix stays in step with changing consumer preferences and market trends. Developing distinctive methods for every target group in order to increase relevance and engagement is step nine. To create more successful and effective marketing campaigns, it is important to create specialized product offers, price structures, distribution networks, and communication strategies that address the unique characteristics and behaviours of each group.

9.1 Implications for Marketing Mix Decisions

Marketing Mix Consequences The process of examining the knowledge obtained from market segmentation and using it to mold the many components of the marketing mix is referred to as "decisions." Every market category that has been established has unique demands, preferences, and features. As a result, this process entails choosing the distribution methods, price schemes, product development, and advertising tactics that will appeal to each segment the most.

For example, if a company finds a market niche of consumers who prioritize sustainability and organic products and are health-conscious, this would have implications for the marketing mix. These would include creating and promoting organic product lines, determining prices that reflect the perceived value of such products, choosing distribution channels that appeal to consumers who are concerned about the environment, and creating advertising messages that emphasize the eco-friendliness of the products. Businesses can improve customer happiness, forge closer bonds with their customers, and gain a competitive edge in the market by customizing each component of the marketing mix to the particular needs of each market group.

9.2 Product

One of the fundamental components that a company can tailor to the traits and inclinations of various market groups is mentioned about market segmentation and the marketing mix. It entails creating and designing goods and services to meet the particular requirements and preferences of every market niche. This entails taking into account elements like branding, quality, design, functionality, and product features.

Businesses can develop offerings that target particular categories by using knowledge from market segmentation in their product decisions. For instance, a business may create a smartphone app that streamlines the purchasing experience if it discovers a group of tech-savvy consumers who prioritize convenience. On the other side, the company might release premium models of its goods with improved features and materials for a market segment looking for exclusivity and luxury. Businesses might potentially broaden their market reach and boost consumer satisfaction and loyalty by tailoring their products to the unique interests of different market niches.

As part of the marketing mix, the product aspect entails customizing goods and services to meet the demands and distinct qualities of various market segments. By using this strategic approach, organizations can develop solutions that appeal to customers, increasing sales and improving overall competitiveness.

9.3 Price

Setting a product or service's monetary worth based on a range of elements, including as manufacturing costs, competition, consumer perception, and market segmentation information, is a crucial aspect of the marketing mix. Businesses examine price sensitivity, willingness to pay, and value judgments of various market segments when contemplating market segmentation in order to identify the best pricing strategies for each category.

Pricing decisions can be influenced by market segmentation, which finds segments with different price sensitivity levels. A company might, for example, charge more for premium features to appeal to customers who value them, while charging less for features that appeal to consumers who are more concerned with price. Businesses may optimize income and profitability while successfully satisfying the demands of various client groups by customizing prices to each segment's preferences and willingness to pay. Setting pricing in accordance with

the tastes and perceived values of various market segments is part of the marketing mix's price factor. Making strategic price decisions based on insights from market segmentation can boost sales, improve customer satisfaction, and increase a product or service's overall marketability.

9.4 Place

Place in the marketing mix refers to the distribution strategy that focuses on how goods and services are made available to consumers. When it comes to choosing the best distribution channels to reach various client segments, market segmentation is essential. Businesses may maximize their distribution networks by knowing which shopping patterns, locations, and accessibility are preferred by each segment.

Market segmentation helps businesses choose distribution channels that best suit the tastes of each segment, which in turn helps firms make placement decisions. Segments desiring specialist products, for example, might be addressed through niche merchants or exclusive outlets, whereas segments that desire convenience might be targeted through online platforms, home delivery, or local storefronts. Businesses can improve customer satisfaction and market reach by ensuring that their products are available at the appropriate times and places by customizing their distribution strategy to meet the needs of specific segments. The location component of the marketing mix entails carefully selecting distribution channels in accordance with the tastes and customs of various target niches. By optimizing distribution networks and making items or services widely accessible to each segment, market segmentation insights help firms maximize their chances of success in the market.

9.5 Promotion

A crucial part of the marketing mix, promotion entails interacting with target market segments to generate interest in, awareness of, and demand for a good or service. By enabling companies to customize their messaging and communication channels to successfully reach and engage various client categories, market segmentation helps firms focus their promotional efforts.

Businesses can develop promotional strategies that resonate with the particular needs and interests of their target audiences by knowing the distinctive traits and preferences of each segment. To appeal to different segments, this may entail

employing different language, imagery, or messaging approaches. For instance, a high-end fashion brand may target affluent consumers with sophisticated and aspirational messaging, while a younger, value-conscious audience may be reached with a more approachable and casual tone.

Additionally, the choice of communication channels is influenced by market segmentation, guaranteeing that advertising efforts are focused on the media and platforms that each category uses most frequently. Using influencers, social media, traditional advertising, or other channels following the interests and behaviours of the target audience could be part of this. Businesses can improve the efficacy of their communication endeavours and forge closer bonds with their intended consumers by tailoring their promotion tactics to certain market segments.

9.6 Step 9 Checklist

- Convene a segmentation team meeting.
- Study the profile and the detailed description of the target segment again carefully.
- Determine how the product-related aspects need to be designed or modified to best cater to this target segment.
- Determine how the price-related aspects need to be designed or modified to best cater to this target segment.
- Determine how the place-related aspects need to be designed or modified to best cater to this target segment.
- Determine how the promotion-related aspects need to be designed or modified to best cater to this target segment.
- Review the marketing mix in its entirety.
- If you intend to target more than one segment: repeat the above steps for each of the target segments. Ensure that segments are compatible with one another.
- Present an outline of the proposed marketing mix to the advisory committee for discussion and (if required) modification.

