

Concept

In business, market segmentation determines who is in your target market – and who is not.

When utilizing market segmentation you look at all the people who could buy your product and decide how to break them up into groups that have similar needs, wants or demand characteristics.

When you do this, you are able to communicate with different groups using different messages and marketing techniques.

An ideal market segment is:

- **Measurable**
- **Large enough to earn profit**
- **Stable, not going to vanish after a short time**
- **Reachable by your marketing strategies**
- **Homogenous and responds similarly to your marketing strategies**

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Bases for segmenting Consumer Market

Marketers categorize their prospects into customer segments in order to keep their efforts focused and effective.

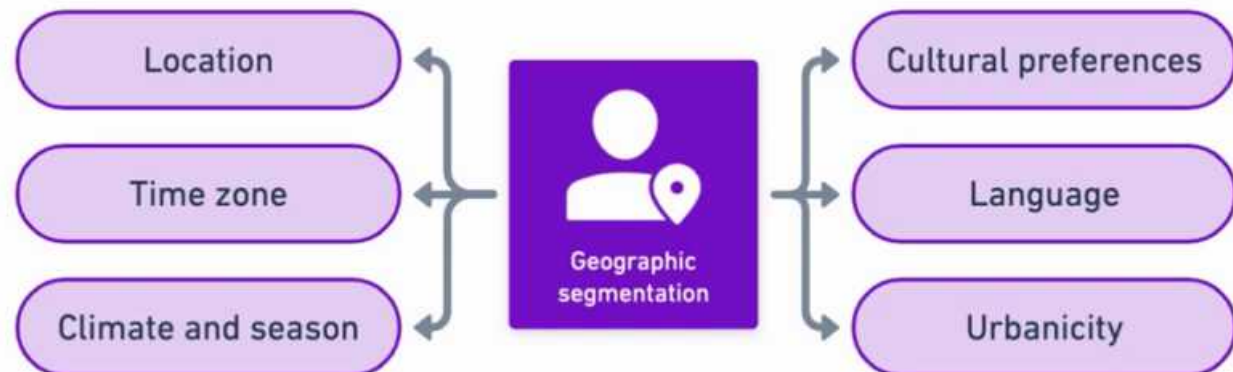
When your prospects are grouped correctly, it's much easier to target specific groups and tailor your efforts for maximum impact. Below are the most common forms of segmentation.

**Geographic , Demographic ,
Psychographics , and Behavioral
segmentation.**

**These segmentation variables can be used
singly or in combination.**

1. Geographic Segmentation

Geographic segmentation calls for dividing the market into different geographical units such as nations, states, regions, or a few geographic area.



1. Geographic Segmentation

Example :

McDonald's is the world's biggest restaurant chain, with over 37,000 restaurants in more than 120 markets. The fast-food chain divides its target markets into segments by country, region, and cities, then customizes the menu by local preferences.

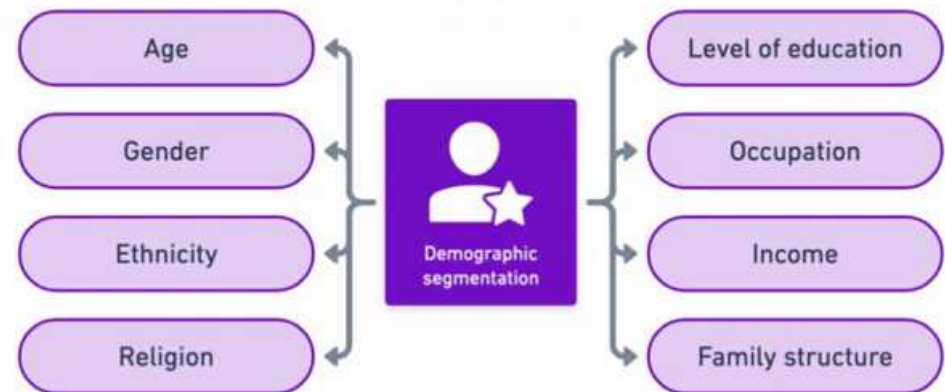
1. Geographic Segmentation

Example :

Instead of trying to sell a Big Mac (a beef burger) in India and affecting the local sentiment, they introduced the Maharaja Mac: a variation of the Big Mac but without pork or beef.

2. Demographic Segmentation

Demographic segmentation groups customers and potential customers together by focusing on certain traits such as age, gender, income, occupation & family status.



2. Demographic Segmentation

Example :

**For a younger demographic (12 – 24)
Snapchat and Instagram are the best
channels.**

**The largest group of Twitter users are
between 25 – 34.**

3. Psychographic Segmentation

In psychographic segmentation, buyers are divided into different groups on the basis of lifestyle and/or personality. People within the same demographic group can exhibit very different psychographic profiles. Here we might look at customers and define them by their:

**Personality traits, Hobbies, Life goals, Values
Beliefs, Lifestyles**

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Example :

If a shoe manufacturer intends to design shoes for various sections of the market such as athletes, office-goers, students, etc. Dividing groups according to customers whose lifestyle revolves around cycling or running, those individuals who prefer formal shoes, and similar other segmentation. This way, the manufacturer can produce shoes the cater to every lifestyle

4. Behavioral Segmentation

Behavioral segmentation refers to a process in marketing which divides customers into segments depending on their behavior patterns when interacting with a particular business or website.

4. Behavioral Segmentation

These segments could include grouping customers by:

- 1. Their attitude toward your product, brand or service;**
- 2. Their use of your product or service,**
- 3. Their overall knowledge of your brand and your brand's products,**
- 4. Their purchasing tendencies, such as buying on special occasions like birthdays or holidays only, etc.**

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Types of behavioral segmentation:

- i. Segmentation based on purchase and usage behavior**
- ii. Occasion or timing-based segmentation**
- iii. Benefits sought segmentation**
- iv. Segmentation based on customer loyalty**