# REPORT

# STEP 9 – CUSTOMIZING THE MARKETING MIX

In the past, marketing was seen as a toolbox of different strategies to achieve sales results. This toolbox included things like product
planning
pricing
advertising
distribution
One common model for the marketing mix is the 4Ps: Product, Price, Promotion, and Place.

Market segmentation is not a standalone strategy but works together with other strategic areas like competition and positioning. The segmentation-targeting-positioning (STP) approach is often used, where segmentation is the first step, followed by targeting a specific segment, and then positioning the product in a distinct way.

When selecting a target segment, it is important to customize the marketing mix accordingly. This means adjusting the product, price, promotion, and place to meet the needs and preferences of the chosen segment. For example, if a segment is interested in cultural activities, a company may design a product specifically tailored to their interests, offer relevant promotions, and choose appropriate distribution channels.

Each element of the marketing mix can be influenced by the target segment. For instance, product design may be modified to better meet customer needs, pricing decisions can be adjusted based on segment preferences, and promotional messages can be tailored to resonate with the target segment.

Overall, the content emphasizes the importance of aligning the marketing mix with the chosen target segment to effectively meet their needs and increase the chances of success in the market.

Bi Clustering the Price

Bi Clustering is the process of dividing the rows and columns in the form of clusters, here's the code which was originally written in R but have been converted to Python:

```
import numpy as np
from sklearn.cluster import SpectralBiclustering
from sklearn.datasets import load_iris

# Load the data
data = load_iris()
X = data.data

# Perform biclustering
bicluster = SpectralBiclustering(n_clusters=12, random_state=0)
bicluster.fit(X)

# Assign bicluster labels to rows
row_labels = np.zeros(X.shape[0])
for i, rows in enumerate(bicluster.rows_):
    row_labels[rows] = i + 1

# Count the number of rows in each bicluster
row_counts = np.bincount(row_labels.astype(int))

print(row_counts)
```

Importance of Bi Clustering the Price aspect of segmentation:

1) Identify Price Sensitive Segments: Identify those segments which respond to the market in a similar way

2) Customize Pricing Strategies:
Make changes in the pricing strategies by knowing/getting the unique patterns of buying of the customers

3) Optimize Pricing Structures:
Bi Clustering can reveal the customer buying patterns and price preferences

4) Price Positioning

PLACE:

The segment being referred to as "segment 3," which consists of customers who are interested in a destination with a rich cultural heritage. To better understand the booking preferences of these customers, a survey was conducted during their last domestic holiday. The survey allowed respondents to select multiple options for how they booked their accommodation. This information is valuable for the destination, as it helps them ensure that their "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product is available through the preferred distribution channels of the segment.

Code Used:

```
import pandas as pd
import matplotlib.pyplot as plt

# Load the data into a DataFrame (assuming 'ausActivDesc' is the data)
ausActivDesc = pd.read_csv('your_data_file.csv')

# Extract the columns starting with "book" using regular expressions
book_columns = ausActivDesc.filter(regex=r'^book')

# Specify the segment membership (assuming 'cl12.3' is the segment membership)
segment_membership = cl12_3

# Create a bar chart showing the proportions of booking behavior
```

```
plt.bar(book_columns.columns,
ausActivDesc.groupby(segment_membership)[book_columns.columns].mean().values[2],
width=0.5)
plt.xlabel("Booking Behavior")
plt.ylabel("Percent")
plt.xlim(-2, 102)
plt.show()
```

Benefits:
1) Distribution Channel Insight

2) Decision Making-For Direct Sales or Intermediaries

PROMOTION:

In simple terms, the content explains the importance of promotion decisions in the marketing mix. It discusses the need to develop an advertising message that resonates with the target market and identifies effective ways of communicating this message. Other promotion tools, such as public relations, personal selling, and sponsorship, are also mentioned.

The goal is to determine the best information sources to reach these customers and inform them about the "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product. This is done by comparing the information sources they used for their last domestic holiday and investigating their preferred TV stations.

To visualize the use of different information sources, a plot is generated using the same command as before, but this time using variables starting with "info". The resulting plot (Fig. 11.4) shows that members of segment 3 rely more on information provided by tourist centers when deciding where to spend their vacation compared to other tourists. This insight can be used

to design the promotion component of the marketing mix, such as creating specific information packs for the product available in hard copy at local tourist information centers and online on the tourist information center's website.

Additionally, a mosaic plot (Fig. 11.5) is used to display TV channel preferences. This plot helps understand the preferred TV channels of customers in segment 3.

Benefits of Promotion in Marketing Segmentation with respect to the mentioned code:

1. Targeted Advertising: By understanding the preferred information sources and TV channel preferences of customers in segment 3, businesses can tailor their advertising messages to resonate with this specific market segment. This increases the effectiveness of promotional efforts and enhances the chances of reaching the target audience with the right message.

2. Customized Information Packs: The insight gained from the information sources analysis allows businesses to create customized information packs for the "MUSEUMS, MONUMENTS & MUCH, MUCH MORE" product. Providing these packs both in hard copy at local tourist information centers and online on the tourist information center's website caters to the preferences of segment 3 customers, ensuring they have access to relevant information through their preferred channels.

3. Improved Communication Channels: Knowing the preferred TV channels of customers in segment 3 helps in selecting the most effective communication channels for promotional activities. Businesses can allocate resources towards advertising on these preferred channels, maximizing the reach and impact of their promotional messages.

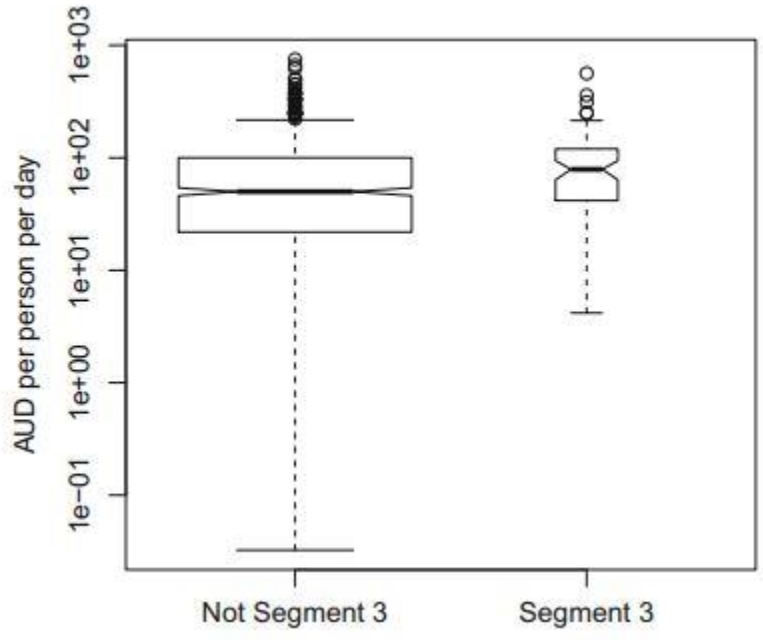
By leveraging promotion strategies based on market segmentation insights, businesses can effectively communicate their message, engage with the target audience, and increase the likelihood of customer engagement, ultimately leading to higher conversions and sales.

Code Used:

```
import pandas as pd
import matplotlib.pyplot as plt

# Set the rotation of the x-axis labels to 2 (las = 2)
plt.xticks(rotation=2)

# Create a contingency table of segment membership and TV channel preference
table_data = pd.crosstab(cl12_3, ausActivDesc['TV.channel'])

# Create a mosaic plot of the contingency table
plt.title("")
plt.xlabel("")
plt.mosaic(table_data, labelizer=lambda k: "")
plt.show()
```

Visualizations:

**Fig. 11.2** Total expenditures in Australian dollars (AUD) for the last domestic holiday for tourists in segment 3 and all other tourists



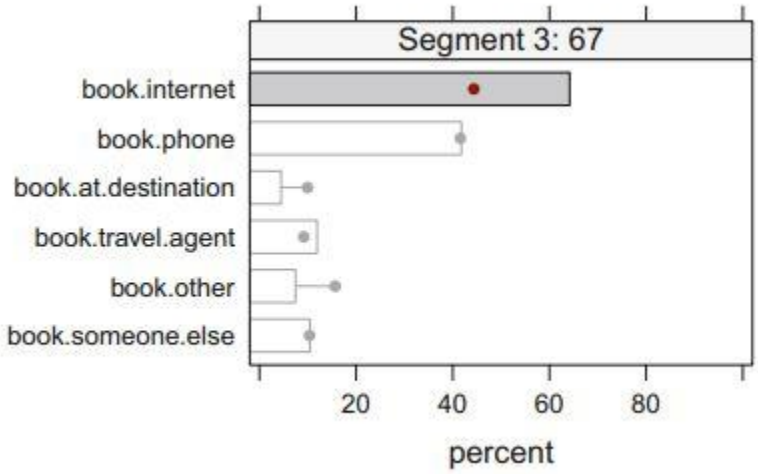



**Fig. 11.3** Hotel booking avenues used for the last domestic holiday by segment 3 and by the average tourist

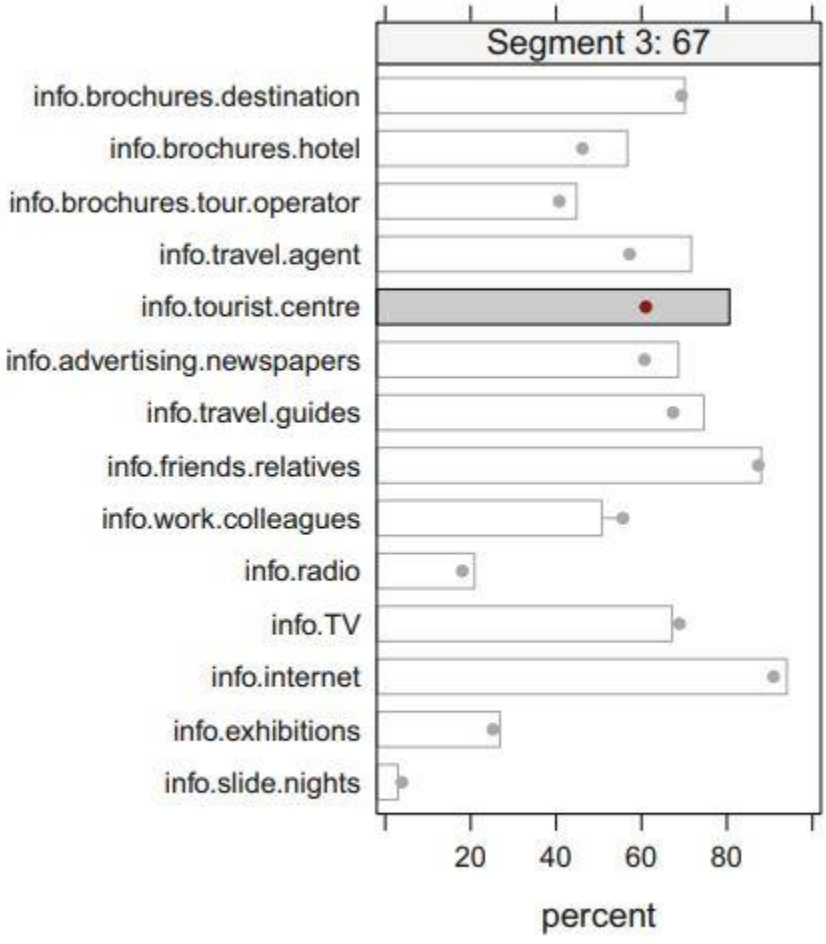



**Fig. 11.4** Information sources used by segment 3 and by the average tourist.

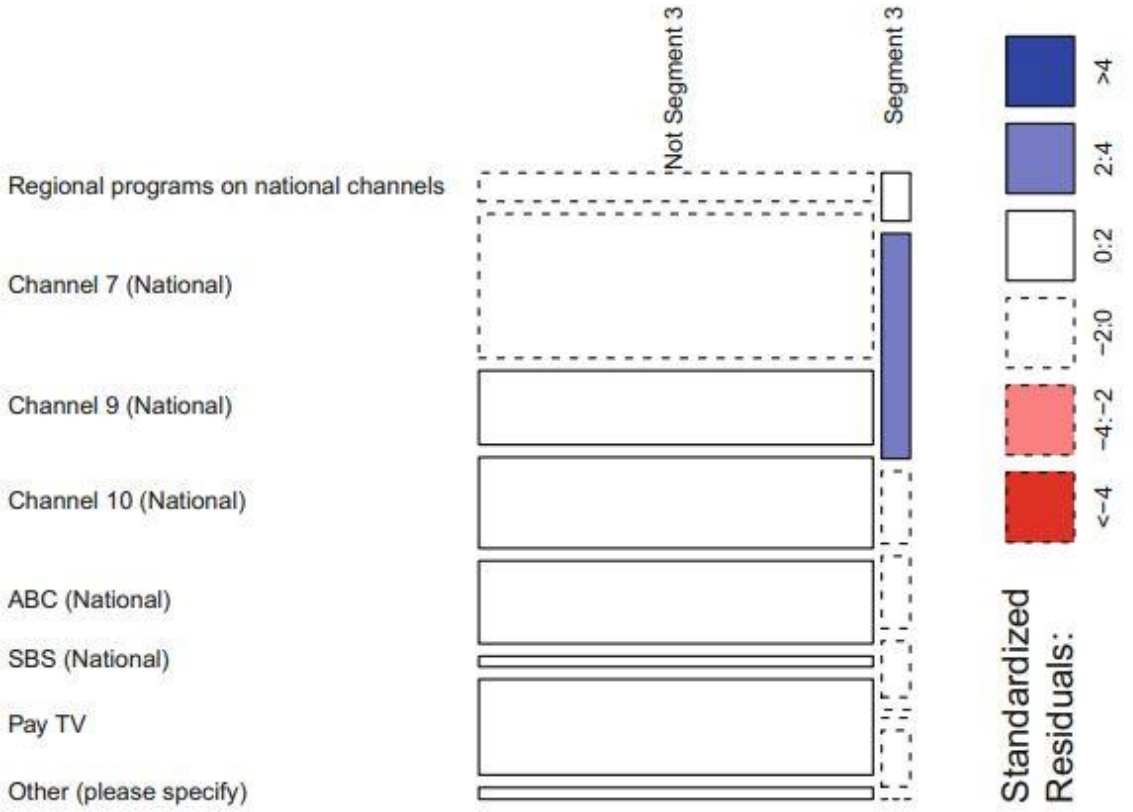



**Fig. 11.5** TV station most frequently watched by segment 3 and all other tourists


**Fig. 11.1** How the target segment decision affects marketing mix development