**STEP 1 :- Deciding (not) to Segment**

**Implications of Committing to Market Segmentation**

The market segmentation has key marketing strategy applied in many organizations, it is important to understand the implications of pursuing a market segmentation strategy. Cahill suggests that the benefits of segmentation should outweigh the expenses involved. To effectively implement and sustain a segmentation strategy, it requires a dedicated organizational structure led by strategic business units. This commitment should be a top-level decision, consistently communicated across the organization to ensure everyone understands and supports it

**Implementation Barriers**

In this process suggesting some books for market segmentation focus specifically on how market segmentation can be successfully implemented in organizations and what is the barriers and how to overcome this barriers by Dibb and Simkin, Croft, McDonald and Dunbar, they are in follows

Firstly, senior management's lack of leadership and commitment can undermine the process. They may not provide enough resources or show interest in the segmentation review.

Secondly, organizational culture, such as resistance to change and poor communication, can hinder implementation. Lack of training and qualified marketing expertise may also be a problem.

Objective restrictions like financial limitations and process-related barriers, such as unclear objectives and poor planning, can pose challenges. At an operational level, management may resist techniques they don't understand.

Overcoming these barriers requires proactive identification and removal, or considering abandoning segmentation. If proceeding, dedication, patience, and a clear sense of purpose are recommended by experts.

**Step 2 :- Specifying the Ideal Target Segment**

In Step 2 of the market segmentation process, after deciding to explore segmentation in Step 1, the organization contributes conceptually. This contribution guides subsequent steps, especially in data collection (Step 3) and selecting target segments (Step 8). In this step, the organization establishes two sets of segment evaluation criteria.

The first set, known as **knock-out criteria**, includes essential features that are non-negotiable for targeting segments.The first setis **attractiveness criteria** these criteria determine if market segments qualify for assessment. Kotler (1994) proposed initial knock-out criteria like substantiality, measurability, and accessibility. Additional criteria suggested by various authors include homogeneity (members within a segment should be similar) and distinctiveness (members must be different from those in other segments).

Besides knock-out criteria, presents a variety of attractiveness criteria for the segmentation team to consider. Attractiveness criteria are not binary; segments are rated on their attractiveness for each criterion. The overall attractiveness across all criteria decides whether a market segment is selected as a target in Step 8 of the segmentation analysis.

**Implementing a Structured Process** is general agreement in the segmentation literature, that following a structured process when assessing market segments is beneficial. The segmentation team determines the values for segment attractiveness and organizational competitiveness since there isn't a standard set of criteria applicable to all organizations. It's crucial to include representatives from various organizational units in this process for two reasons. First, each unit has a unique perspective on the business, bringing diverse viewpoints. Second, as the segmentation strategy impacts every organizational unit, they are all key stakeholders in the analysis.

While the segment evaluation plot can't be completed in Step 2, selecting attractiveness criteria early on is beneficial. Even though there are no segments to assess yet, choosing these criteria ensures relevant information is collected during data collection (Step 3) and simplifies the task of selecting a target segment in Step 8. By the end of this step, the team should have about six attractiveness criteria, each assigned a weight indicating its importance relative to others. Typically, team members allocate 100 points across criteria, and these allocations are negotiated until agreement is reached, ideally with approval from the advisory committee representing diverse perspectives from various organizational units

**Step 3: Collecting Data**

**Segmentation Variables** :- segmentation variable to refer to the variable in the empirical data used in commonsense segmentation to split the sample into market segments. the "segmentation variable" refers to the characteristic used in the empirical data to divide the sample into market segments. For example, gender serves as the segmentation variable, creating segments of women and men. Other variables, like age, the number of vacations taken, and benefits sought on vacations, are called "descriptor variables”

1. **Segmentation Criteria:-** The term segmentation criterion is used here in a broader sense than the term segmentation variable. The term segmentation variable refers to one measured value, for example, one item in a survey, or one observed expenditure category. The term segmentation criterion relates to the nature of the information used for market segmentation.

* Geographic Segmentation:-when geographic segmentation is used – the consumer’s location of residence serves as the only criterion to form market segments. While simple, the geographic segmentation approach is often the most appropriate.
* Socio-Demographic Segmentation:- socio-demographic segmentation criteria include age, gender, income and education. Socio-demographic segments can be very useful in some industries*.*
* Psychographic Segmentation:-When people are grouped according to psychological criteria, such as their beliefs, interests, preferences, aspirations, or benefits sought when purchasing a product, the term psychographic segmentation is used*.*
* Behavioural Segmentation:-Another approach to segment extraction is to search directly for similarities in behaviour or reported behaviour. A wide range of possible behaviours can be used for this purpose, including prior experience with the product, frequency of purchase, amount spent on purchasing the product on each occasion (or across multiple purchase occasions), and information search behaviour.

1. **Data from Survey Studies :-** Survey data is cheap and easy to collect, making it a feasible approach for any organization. But survey data – as opposed to data obtained from observing actual behaviour – can be contaminated by a wide range of biases.

* Choice of Variables :- In data-driven segmentation, all variables relevant to the construct captured by the segmentation criterion need to be included. At the same time, unnecessary variables must be avoided. Including unnecessary variables can make questionnaires long and tedious for respondents, which, in turn, causes respondent fatigue. Fatigued respondents tend to provide responses of lower quality. Including unnecessary variables also increases the dimensionality of the segmentation problem without adding relevant information, making the task of extracting market segments unnecessarily difficult for any data analytic technique.
* Respons*e* Option*s* :- Options allowing respondents to answer in only one of two ways, generate binary or dichotomous data. Such responses can be represented in a data set by 0s and 1s.Nominal variables can be transformed into binary data by introducing a binary variable for each of the answer options. Options allowing respondents to indicate a number, such as age or nights stayed at a hotel, generate metric data. Metric data allow any statistical procedure to be performed (including the measurement of distance), and are therefore well suited for segmentation analysis
* Response Style :- If a bias is displayed by a respondent consistently over time, and independently of the survey questions asked, it represents a response style. A wide range of response styles manifest in survey answers, including respondents’ tendencies to use extreme answer options (STRONGLY AGREE, STRONGLY DISAGREE), to use the midpoint (NEITHER AGREE NOR DISAGREE), and to agree with all statements. It could equally well just reflect a response style. It is critical, therefore, to minimize the risk of capturing response styles when data is collected for the purpose of market segmentation. In cases where attractive market segments emerge with response patterns potentially caused by a response style, additional analyses are required to exclude this possibility.
* Sample Size**:-** Many statistical analyses are accompanied by sample size recommendations. Not so market segmentation analysis. given Figure illustrates the problem any segmentation algorithm faces if the sample is insufficient. The market segmentation problem in this figure is extremely simple because only two segmentation variables are used sample size is insufficient (left plot), it is impossible to determine which the correct number of market segments is. If the sample size is sufficient, however (right plot) it is very easy to determine the number and nature of segments in the data set. this study demonstrates the importance of having a sample size sufficiently large to enable an algorithm to extract the correct segments (if segments naturally exist in the data).

1. **Data from Internal Sources :-** Increasingly organizations have access to substantial amounts of internal data that can be harvested for the purpose of market segmentation analysis. Typical examples are scanner data available to grocery stores, booking data available through airline loyalty programs, and online purchase data. The strength of such data lies in the fact that they represent actual behaviour of consumers, rather than statements of consumers about their behaviour or intentions.
2. **Data from Experimental Studies** :- Experimental data can result from field or laboratory experiments. For example, they can be the result of tests how people respond to certain advertisements. The response to the advertisement could then be used as a segmentation criterion. Experimental data can also result from choice experiments or conjoint analysis.

**STEP 7 :** **Describing Segments**

* **Developing a Complete Picture of Market Segments:-**

Segment profiling involves understanding differences in segmentation variables across market segments, chosen in the early stages of market segmentation analysis. These variables are crucial for extracting segments from empirical data. Step 7, describing segments, is similar to profiling but involves using additional information about segment members, not used in extracting segments.

* **Using Visualisations to Describe Market Segments:-**

Here, we discuss two basic approaches, they are in followes;

1. Nominal and Ordinal Descriptor Variables:- When describing differences between market segments in one single nominal or ordinal descriptor variable, the basis for all visualisations and statistical tests is a cross-tabulation of segment membership with the descriptor variable
2. Metric Descriptor Variables:- Conditional in this context means that the plots are divided in sections (panels, facets), each presenting the results for a subset of the data (for example, different market segments). Conditional plots are well-suited for visualising differences between market segments using metric descriptor variables.

* **Testing for Segment Differences in Descriptor Variables:-**

The simplest way to test for differences is to run a series of independent tests for each variable of interest. The outcome of the segment extraction step is segment membership, the assignment of each consumer to one market segment.

* **Predicting Segments from Descriptor Variables:-**

Another way of learning about market segments is to try to predict segment membership from descriptor variables. To achieve this, we use a regression model with the segment membership as categorical dependent variable, and descriptor variables as independent variables

**Step 9 : Product :-**

One of the key decisions an organisation needs to make when developing the product dimension of the marketing mix, is to specify the product in view of customer needs. Other marketing mix decisions that fall under the product dimension are: naming the product, packaging it, offering or not offering warranties, and after sales support services. In terms of the product targeted at this market segment, possible product measures may include developing a new product.

**GitHub Link:** [**https://github.com/akshaylanjewar0872**](https://github.com/akshaylanjewar0872)