Market Segmentation Analysis

(Understanding It, Doing It, and Making It Useful)

Summarization

Pusuluri Naga Anusha

Step 1: Deciding (not) to Segment

- The first thing before diving into segmentation is to **decide if it's the right move for the company**.
- It's not something to just try out casually it involves **major changes** in how the business runs.

In this Step

- Segmentation isn't just about **dividing people into groups** it affects:
  - The way we **design our product**
  - How we **price it**
  - Where and how we **sell it**
  - And who inside the company does what
- It demands a **strategic mindset**, not just quick analysis.

Risks if We're Not Ready

- Company may not have **strong leadership backing** this idea
- Teams might not **cooperate or communicate well**
- Lack of skilled staff (no marketing/data knowledge)
- **No proper plan**, goals unclear
- Not enough **budget or time**
- Culture might be too rigid for change

How to Know We're Ready

- Company is already **thinking from a customer's point of view**
- Open to making **big internal changes** if needed
- Strong support from **top-level people**
- Enough **time, tools, and team members** to make it work
- Teams from different areas can **collaborate easily**

My Understanding

- Don't rush into segmentation just because others are doing it.
- Only go for it if we have the **right setup and mindset**.
- Without full support, clear goals, and the right skills segmentation will fail.
- Better to wait than to do it half-heartedly.

Before beginning any segmentation work, a company must decide whether it makes sense to pursue segmentation at all. This step is not just about running an analysis it's about making a long-term commitment to changing how the company works. Segmentation can lead to changes in how products are developed, how prices are set, where products are offered, and how they are promoted. In some cases, it might even mean changing the company's internal structure to focus more on customer groups instead of products.

But segmentation isn't always the right move. It requires resources, time, and a team that's open to collaboration. Some companies might fail at segmentation because they don't have support from senior management, or because the departments don't communicate or work together well. Others may not have staff trained in segmentation or analytics. If the organization is still too product-focused and lacks a customer-first mindset, segmentation won't be successful. This step is about asking honestly: "Is our company truly ready to commit to a segment-based strategy

Deciding to use segmentation isn't just about using analytics it's about aligning the entire organization with a customer-focused strategy. This step requires businesses to evaluate whether they are ready to support segmented marketing across departments and over time. One of the most important factors is whether the **top management** is genuinely committed. If the support from leadership is weak, the segmentation effort will likely fail, no matter how good the analysis is. Another key issue is **organizational readiness** does the company have trained personnel, financial support, and time to implement the changes that will come from segmenting the market

Companies must also assess if their **internal structure supports cross-functional collaboration**. Segmentation involves more than just marketing; it impacts product design, service delivery, pricing, and customer interaction. Therefore, unless these departments can work

together, the insights from segmentation will not be implemented effectively. In many cases, companies also face cultural resistance employees might prefer the “old way” of doing things. Before doing segmentation, firms need to ask: “Are we ready to think and operate based on customer segments, and change our system if needed

Segmentation is a strategic decision, not just a marketing task. Before any analysis begins, the organization must reflect on whether the **benefits of segmentation** (like better targeting, product fit, and customer satisfaction) outweigh the **costs and effort** (like complexity, training, and changing internal systems). Some firms may not be ready to shift from a product-driven mindset to a customer-driven one. This step forces the company to assess its **long-term vision**: is it ready to serve multiple segments with tailored approaches, or does it want to keep offering the same thing to all customers?

One key insight from the book is that segmentation only works when **top management fully supports it** and when the company culture allows departments (like marketing, sales, product, and customer support) to **collaborate smoothly**. Also, segmentation should not be done “just because it’s trendy” it must solve real business challenges. If the organization is not yet equipped with the necessary tools, data, or internal alignment, it may be better to delay or simplify the segmentation process.

Deep Dive into Barriers and Readiness

- **Leadership Challenge**: If the CEO or senior executives don’t support segmentation, it won’t work. Their role is to actively champion the strategy, allocate funds, and stay involved.
- **Cultural Obstacles**: Teams resistant to change, bad communication between departments, and short-term thinking stop segmentation success.
- **Skill Gaps**: Lack of trained staff or even a basic marketing function makes execution weak.
- **Checklist Questions** (Act as Knock-out Criteria):
    - Is the company market-oriented?
    - Willing to change?
    - Long-term thinking?
    - Open to new ideas?
    - Can departments collaborate well?
    - Can the org handle structural changes?

If the answer is “no” to any, the company should **not proceed with segmentation**

Key Decision Points:

- Ask: "Is our market diverse enough to benefit from segmentation?"

- Segmentation is useful **only if differences in consumer needs exist** and the business can profit from serving those differences.

Strategic Commitment:

- Segmentation impacts the entire organization — it's not just a marketing tool.
- It requires **long-term planning**, **top-level involvement**, and **budget allocation**.

Barriers to Watch Out For:

- Resistance to change
- Lack of internal cooperation
- Fear of complexity
- Absence of segmentation knowledge among staff

Checklist Example:

- Do we have senior management buy-in?
- Can departments collaborate?
- Are we okay with possible restructuring?

Real-world case (Fast Food example):
Even global brands like **McDonald's** have to decide whether they want to treat all customers the same or build **custom messages for each segment** (e.g., health-conscious vs. fast-food lovers).

Step 2: Specifying the Ideal Target Segment

purpose of this step

- After deciding to do segmentation (Step 1), the next step is to **decide what kind of segment we want to target**.
- It's more about thinking before doing this is a **planning step**, not technical yet.

Two Types of Segment Filters

We need to use **two types of criteria**:

1. Knock-Out Criteria – Basic rules that a segment must meet, or else we throw it out:

- All members in the segment should be **like each other** (homogeneous).
- Segment must be **clearly different** from other segments (distinct).
- Should be **big enough** to be worth targeting.
- Must be a **good match** with what our company offers.
- We should be able to **spot and identify** people in the segment.
- And most importantly we should be able to **reach them easily** through marketing.

2. Attractiveness Criteria – These help us compare and decide which segment is most worth targeting:

- These are **not strict yes/no rules**, but more like rating segments on a scale.
- Every segment gets a score based on how attractive it is (like profitability, growth, brand fit, etc.).
- Examples: buying power, loyalty, frequency of purchase, potential to grow, and so on.

How to Finalize This Step

- The segmentation team **lists down all possible criteria**, then narrows it to the **top 5–6** that matter most.
- Everyone on the team **gives points** (like 100 marks total) to show how important each criterion is.
- Then they **agree together** on the final weighted list.
- This is later shared with the **advisory committee** for suggestions or approval.

Understanding in My Own Words

- This step is like setting **ground rules** before starting the actual game.
- We decide what kind of customer segment would be **perfect** for us to focus on.
- First, we use **elimination rules** (knockouts).
- Then, among the valid ones, we use **rating rules** (attractiveness).
- This helps us not waste time later and gives **direction to data collection and targeting**.

Once the decision to segment has been made, the next step is to define what an ideal target segment would look like. This isn't about creating the segments yet it's about setting the rules that will help us recognize a "good" segment later. The company uses two types of criteria: knock-out criteria and attractiveness criteria. Knock-out criteria are basic requirements a segment must meet — like being large enough, clearly distinct from other segments, reachable, and a good fit for the business. If a group doesn't meet these rules, it's not even considered further.

Attractiveness criteria, on the other hand, are used later to compare valid segments. These include things like profitability, potential for growth, ease of communication, or alignment with the company's brand. Each team member helps decide how important each criterion is by distributing a total of 100 points among them. This helps create a shared understanding and priority list for selecting the best target segments. This planning step ensures that segmentation is done with a clear goal and focus.

This step is about setting a clear vision of what kind of customer group the company wants to attract. It works like a filter instead of trying to appeal to everyone, the company creates criteria to define what a **valuable segment** looks like. These criteria are split into **"knock-out" rules**, which are non-negotiable, and **"attractiveness" scores**, which help rank the good options.

For example, a knock-out rule might say, "The segment must be reachable via online platforms," while an attractiveness criterion might say, "Prefer segments that are growing fast." Once these are selected, team members distribute 100 points among the criteria based on importance. This exercise ensures that **everyone is aligned** on what matters most. It's not just about finding profitable customers it's about finding the **right fit for the company's mission, capability, and brand values**.

An interesting note from the text is that it's better to limit the number of attractiveness criteria to **five or six**, so that the evaluation process stays focused and easy to manage. These criteria also form the **basis for later steps**, such as data collection and segment scoring

This step is about creating a **clear, shared definition** of what the company's "dream customer segment" would look like before even looking at real data. It's like making a checklist of what a segment must have to be considered. These include:

- **Knock-out criteria** (non-negotiable must-haves, e.g., segment must be large, reachable, and match the company's strengths),
- and **Attractiveness criteria** (used to rank segments later, e.g., growth potential, loyalty, profitability).

The book recommends using a **structured group process** to choose these criteria. Each team member distributes 100 points among the attractiveness criteria, based on how important they think each one is. Then the group discusses and agrees on final weights. This step also involves

an **advisory committee** a group of decision-makers from different departments — to make sure the chosen criteria reflect the entire organization's goals and resources.

An added value of this step is that it helps define **what kind of data should be collected** later, so no time is wasted on irrelevant information. Having these criteria ready early also simplifies **Step 8**, where the final target segment is selected.

Two Key Evaluation Types:

1. **Knock-out Criteria** (Non-negotiables):
    a. Segment must be large, reachable, and fit the brand.
    b. Example criteria: identifiable, accessible, distinct, matching brand strengths, stable over time.
2. **Attractiveness Criteria** (Ranking Factors):
    a. These include things like:
        i. Future growth
        ii. Profitability
        iii. Brand loyalty
        iv. Ease of communication
    b. Not binary: you rank segments based on **how well** they score on these.

Segment Evaluation Tip:

- Use **segment evaluation plots** later in Step 8. But defining criteria now (Step 2) ensures data is collected correctly in Step 3.

Process Summary:

- Team members distribute **100 points** across attractiveness criteria.
- Results are reviewed by an **advisory committee** representing all departments for better alignment.

Step 3: Collecting Data

In this step

- Now that we know what type of segment we want (from Step 2), we need to **collect the right data** to find those segments.
- Without good data = segmentation won't work properly

data we need

1. Segmentation variables

→ Used to **create** the segments
Examples: preferences, behavior, motives

2. Descriptor variables

→ Used to **describe** the segments after we create them
Examples: age, gender, income, region

Types of segmentation criteria:

1. Geographic

- Based on **location** (e.g., city, country)

2. Socio-demographic

- Based on traits like **age, gender, income, education**

3. Psychographic

- Lifestyle, personality, values, attitudes (harder to collect)

4. Behavioral

- Based on actions: buying, product usage, website clicks

data come from

Survey data

- Most common source
- Need to carefully choose **questions + response options**
- Be aware of **response bias** (people faking answers)

Internal company data

- Like customer purchase history, complaints, etc.
- Already available, but may not have everything we need

Experimental data

- Collected by testing customer responses
- Useful for preferences and decision-making

Things to avoid:

- Asking unnecessary questions → wastes time & confuses people
- Small sample size = unreliable results
- Ignoring psychographics/behavior when they matter
- Assuming data is always clean → need **cleaning & pre-checks**

ypes of Segmentation Variables:

1. **Segmentation Variables** – used to form clusters (e.g., product preferences, opinions).
2. **Descriptor Variables** – used to label clusters after segmentation (e.g., age, gender).

Segmentation Categories Explained:

- **Geographic**: Easy to use but often oversimplified.
- **Socio-Demographic**: Useful in some markets (e.g., baby products, luxury cars).
- **Psychographic**: Based on lifestyle, opinions, and values — more insightful.
- **Behavioral**: Includes purchasing behavior, brand loyalty, and product usage.

Real Example (Fast Food case):

- Surveyed 1453 Australians on whether McDonald's was seen as "Yummy," "Cheap," "Greasy," etc.
- Used binary (Yes/No) responses for clarity.
- Also collected age and gender — useful for later segment descriptions.

Tip:
If data is unclear or messy, even the best segmentation won't help. So it's better to do:

- Pilot testing
- Clean question formats
- Balanced response options

My Summary:

- Step 3 is all about **getting the right data**, from the right source, in the right format.
- We collect **useful, segment-relevant variables** that will help us group people properly later.
- Good data = strong base for the whole segmentation process.

After identifying what kind of segments the company is looking for, the next step is to collect the data that will allow us to discover those segments. This includes collecting two types of information: segmentation variables and descriptor variables. Segmentation variables are used to form the actual groups (like preferences, behaviors, or opinions), while descriptor variables help us understand who the members of each group are later (such as age, gender, or income).

Segmentation criteria can be based on geographic factors (like region or country), socio-demographic traits (such as age and income), psychographic traits (like personality or lifestyle), or behavioral traits (like purchase frequency or brand loyalty). Companies can collect this data through surveys, internal databases (like purchase history), or controlled experiments. However, it's not just about collecting a lot of data it's about collecting the **right** data that matches the criteria defined in Step 2. The quality and relevance of the data collected here will strongly affect the success of the entire segmentation process.

Data collection is not just about gathering as much information as possible it's about **gathering the right data** in the right format. Segmentation analysis works best when the variables chosen are clean, clear, and relevant. The book warns against including **noisy or redundant variables**, as these can confuse the segmentation algorithm and reduce the accuracy of the results. That's why this step starts with careful **questionnaire design**, often based on **qualitative research or pilot studies** to uncover what matters most to the target audience.

Also, **response styles** can distort results. For example, if a person always answers “yes” to every question (called **acquiescence bias**), it may look like they belong to a segment that agrees with everything which is misleading. To avoid this, survey formats should include **binary (yes/no)** or **metric (numeric)** questions where possible, rather than vague scales (like "somewhat agree"). The book recommends limiting the use of ordinal scales unless necessary.

Lastly, the authors highlight that sample size matters. The sample must be large enough to allow the detection of **reliable, replicable segments**, especially when using machine learning models like clustering. Poor sampling and badly framed questions can lead to **invalid segments that look good on paper but don’t exist in reality**

Step 3 involves collecting the actual data that will later be used to discover segments and describe them. There are two types of data:

- **Segmentation variables**, which help in identifying patterns or forming clusters (e.g., preferences, satisfaction, motives),
- and **Descriptor variables**, which describe who is in each segment (e.g., age, gender, location).

The book emphasizes that poorly chosen variables can ruin the segmentation. That’s why companies are encouraged to run **pilot studies or qualitative interviews** before launching full-scale surveys. Additionally, attention must be paid to **response styles** some people may tend to always agree, avoid extremes, or misinterpret questions. To reduce bias, the use of binary responses (Yes/No) or clear numeric scales is preferred.

The book also covers **data sources**:

- **Surveys** – most flexible, but need careful design.
- **Internal data** – already available, but might lack some key insights.
- **Experimental data** – collected via A/B tests or field experiments.

Finally, **sample size** matters a lot: small or unrepresentative samples may lead to unstable or false segments. The book warns that segments that seem logical in analysis may not actually exist in real life if the data is flawed.

Step 4: Exploring Data

- **Why explore data**
  To avoid surprises. Raw data can have errors, blanks, or unrealistic values.
- **Steps to follow:**

1. **Check data types** – are they correct (int, float, string)
2. **Missing data** – remove or replace using mean/median/mode.
3. **Outliers** – extreme values that don't make sense (e.g., age = 199).
4. **Basic analysis** – average, range, count of each column.
5. **Visual exploration** – boxplots, histograms, scatter plots.

Exploring Data

- Time to **check and clean** the data we collected.
- Look for **missing values, duplicates**, or anything weird.
- Use **descriptive stats** to understand how the data is spread out.
- Do **preprocessing** like:
  - Normalize numeric values
  - Convert categories into numbers
- Use **PCA (Principal Component Analysis)** if we want to reduce many variables into a few without losing too much meaning.
- Check for **incomplete responses**, remove or fix them.

Diagrammatic Analysis

- Use **histograms, box plots, dot plots** to spot patterns.
- Understand **distribution** of values (e.g., are most people aged 20–30?).
- Handle **outliers** if they can mess up clustering.
- Prepare categorical data by using **dummy variables** or **label encoding**.

In this step, we take a closer look at the data collected in Step 3. The goal is to make sure everything is ready for segmentation. We check if the data is clean, complete, and suitable for the analysis. For example, we inspect the types of variables (like YES/NO responses, numbers, or categories), remove missing or incorrect entries, and convert non-numeric values into numeric ones (like changing "Yes" to 1 and "No" to 0). We also examine how the variables are distributed, detect outliers, and consider reducing dimensionality using techniques like PCA. This process helps us figure out the **best method to group customers later**

This step is about creating a **clear, shared definition** of what the company's "dream customer segment" would look like before even looking at real data. It's like making a checklist of what a segment must have to be considered. These include:

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The book recommends using a **structured group process** to choose these criteria. Each team member distributes 100 points among the attractiveness criteria, based on how important they think each one is. Then the group discusses and agrees on final weights. This step also involves an **advisory committee** a group of decision-makers from different departments — to make sure the chosen criteria reflect the entire organization's goals and resources.

An added value of this step is that it helps define **what kind of data should be collected** later, so no time is wasted on irrelevant information. Having these criteria ready early also simplifies **Step 8**, where the final target segment is selected.

Exploring data is a crucial early step to ensure that the information collected is **clean, meaningful, and suitable** for clustering. This stage starts with checking **basic descriptive statistics** for each variable mean, standard deviation, range and identifying any **missing values or outliers** that may distort analysis. For example, variables with extreme values might need to be **log-transformed**, while those with missing entries may be imputed or removed.

The process also involves assessing **variable distributions** and whether some variables are strongly correlated or redundant. Redundant variables can be removed or combined using **dimensionality reduction techniques** like **Factor-Cluster Analysis**, helping simplify the dataset without losing key information.

Exploratory data analysis also includes **testing for internal stability**. This means re-running segmentations on different data subsets to see if the same groups keep forming. If the clustering results change too much, it's a signal that the segmentation might not be reliable long-term. This step acts like a **quality check** before final segmentation is done.

- **Principal Component Analysis (PCA)** and **Factor-Cluster Analysis** are often used to reduce data when there are too many segmentation variables.
- Example: In one case, 45 variables were reduced to just 8 principal components using PCA but this kept only 50% of the original data's meaning. So, half the information was lost even before segments were formed.

Step 5: Extracting Segments

- **Clustering = grouping people** who are similar based on data patterns.
- **k-Means:**
  - Simple, fast
  - Needs you to tell number of clusters (k)
  - Works well for numeric data
- **Hierarchical clustering:**
  - Creates a **dendrogram** (tree structure)
  - Doesn't need k upfront
- **Model-based methods:**
  - Like **Gaussian Mixture Models**
  - Useful when data isn't clearly separated
- **How to choose number of clusters?**
  - **Elbow method** → look for the "bend" in the curve
  - **Silhouette score** → closer to 1 = better

- Actual **clustering** happens here → this is where we **find the groups**.
- Common techniques:
  - **k-Means** (fast and popular)
  - **Hierarchical clustering** (creates tree-like grouping)
  - **Model-based** (e.g., mixture models using probabilities)
- Test different numbers of clusters and **check for stability** using plots like gorge plots or stability plots.
- Try multiple clustering methods and compare results.
- Decide the **number of clusters (k)** using:
- Elbow method
- Silhouette score
- Stability plots
- Distance-based methods work better for **numerical data**.
- Model-based methods are great when **segments overlap,** or data is mixed-type.
- Self-organizing maps or neural networks can also be used for **advanced clustering**.

Now the actual segmentation begins. In this step, we use clustering algorithms to **form distinct customer groups** based on their similarities. The book discusses methods like k-means clustering (quick and effective), hierarchical clustering (which builds nested groups), and model-based clustering using mixture models. A good segmentation solution has groups that are **clearly**

separated, meaningful, and stable. Analysts test different numbers of clusters and check their quality using graphs like gorge plots or silhouette scores. This step is where we **identify patterns** and **create potential target segments**

In this step, we finally begin **splitting the consumers into meaningful groups**. There are several clustering methods you can use. The most common ones include:

- **k-Means Clustering**: It's quick and useful for numeric data, but you have to pre-define the number of clusters.
- **Mixture Models**: These are **model-based** methods that assign probabilities to segment membership and are more flexible.
- **Mixtures of Regression Models**: These help when you want to segment based on how variables interact, not just their values.

To determine the best solution, the book recommends using **internal cluster indices**, **gorge plots**, and **stability analysis** tools. This help assess if the clusters are consistent and meaningful. You can also look at **segment-level stability**, which checks whether the same customer keeps ending up in the same group across multiple analyses. This step helps to ensure that your segmentation is not random or unstable it's **solid and reproducible**.

In this phase, the focus is on using algorithms to identify **distinct customer groups**. Various techniques are applied depending on data type and goals. For example:

- **k-Means**: Works well for continuous data and when the number of clusters (k) is known.
- **Mixtures of Distributions**: Assigns probabilities to segment membership and is more flexible for **overlapping or soft boundaries** between clusters.
- **Mixture of Regression Models**: Allows segmentation based on **response behavior**, such as purchase frequency or likelihood to buy again.

One advanced practice is **stability analysis**, which tests if the same segments reappear under different conditions or with different samples. If results vary wildly, the segmentation is considered **unstable** and untrustworthy.

Another powerful tool is the **segment evaluation plot**, which helps visualize segments in terms of their potential (e.g., how much they like the brand vs how often they purchase). This assists in spotting **attractive vs. unattractive clusters** early in the process. The goal of Step 5 is not just to find groups, but to find **stable, actionable, and strategically meaningful segments**.

Segment Extraction: Techniques & Visual Insights

- **Global Stability**: Re-run segmentation multiple times with slightly different inputs to check consistency.

- **Scree Plot**: Shows how "tight" the segments are. Flatter plots = less obvious cluster separation.
- **Gorge Plot**: Visual check of how distinct the clusters are.
- **SLSA Plot (Segment-Level Stability Across Solutions)**: Helps you see if segment members shift across models (e.g., 3-cluster vs 4-cluster solutions).
- **Hybrid Approaches**: Start with k-means (fast) → use those centroids in hierarchical clustering to refine results.
- Different algorithms shape results differently. For example, **k-means** creates round clusters, but **single linkage clustering** can detect spiral-shaped or stretched groups.
- Choosing the wrong algorithm can lead to **wrong segments**, especially if the customer data doesn't naturally form clear clusters.
- **Global Stability Testing**: Instead of just one solution, extract multiple segmentations using resampled data to check consistency.
- **Gorge Plot & SLSA/SLSW**: These are visual tools that check whether segment members "stay in place" when settings or samples change. If many customers shift across groups, the solution isn't stable.

Tools in R

- `stepcclust()`: Automatically tries multiple k values.
- `bootFlexclust()`: Tests stability.
- `slsaplot()` and `slswFlexclust()`: Visualize segment-level consistency.

Step 9: Customizing the Marketing Mix

- Now design a **tailored marketing plan** for the chosen segment:
  - **Product** → What features or versions will they love
  - **Price** → How much are they willing to pay
  - **Place** → Where should we offer it (online, offline)
  - **Promotion** → What message and channels will attract them

- Make sure everything fits the **segment's needs and lifestyle**.
- Use **segment insights** to:
- Change packaging, features, colors (Product)
- Adjust price ranges or discounts (Price)
- Offer on platforms the segment uses (Place)
- Tailor messaging style and tone (Promotion)
- Always keep the **segment's habits and preferences** in mind.
- **Marketing mix (4 Ps):**
    - **Product** – Adjust design, features, quality
    - **Price** – Discounts? Premium pricing? Bundle offers?
    - **Place** – Sell through website, mobile app, or physical store
    - **Promotion** – Ads, influencers, offers, email marketing
- Must match each segment's:
    - Buying power
    - Preferred shopping channels
    - Decision style (impulsive/logical)

Once we've selected our target segment(s), we customize the **4Ps (Product, Price, Place, Promotion)** to match that segment's needs. This may mean designing a new product, changing packaging, offering a specific price deal, selecting the right distribution channels, or creating tailored promotional content. Every element must be shaped based on the segment's preferences, habits, and behavior. This step ensures the strategy is not only targeted but also **effective in real-world marketing**

Step 9 connects segmentation to **real-world marketing actions**. After choosing the target segment(s), companies design a marketing mix using the 4Ps **Product, Price, Place, and Promotion** to cater specifically to that group.

11.2 Product

This is about adjusting the **product offering** to better match the needs and interests of the target segment. It may include renaming, redesigning packaging, adding/removing features, or creating **bundled experiences**. For instance, a tourism agency targeting history lovers could design a "**Museums, Monuments & More**" package to suit that group's interest in cultural sites.

11.3 Price

Decisions here go beyond setting a cost — they include **discount strategies**, **payment methods**, and **perceived value**. If the target group is price-sensitive (like students), businesses might create

a budget-friendly line, as McDonald's did with the "**MCSUPERBUDGET**" menu for youth customers.

11.4 Place

Place covers **how and where** the customer accesses the product. Based on booking behavior, if a segment prefers **online platforms**, the product must be bookable online. For example, Segment 3 tourists preferred booking hotels through the internet, so the tourism product should be promoted and sold via digital channels.

11.5 Promotion

Promotion is about crafting the right **message and media strategy**. If a segment relies on **tourist information centers** and **TV channels** like Channel 7, those should be used to promote the product. Flyers, brochures, or TV ads tailored to the segment's interests will be more effective than general advertising.

Checklist for Step 9

A comprehensive checklist ensures that the marketing mix aligns with the target segment's expectations:

- Hold team meetings.
- Study segment profile carefully.
- Modify 4Ps accordingly.
- Repeat the process if multiple segments are selected.
- Present mix to advisory board for feedback.

Customising the Marketing Mix (Extra Content)

Unique Content for Marketing Action Plan:

Product

- **Tip**: Name and theme matter. Like Segment 3 tourists liked culture — so a bundled product named "**Museums, Monuments & Much, Much More**" helps make it attractive.
- Use segment profile plots to decide what features to add or remove from a product.

Price

- Instead of basic discounting, **match price to value** expected by segment.
- If one segment loves deals, offer package discounts. If another values premium services, charge more for exclusive features.
- Avoid underpricing high-value segments just to appear cheap.

Place

- Decide channels based on behavior. Some segments prefer **internet booking**, others use **agents or in-person options**.
- For example, fast food chains targeting youth might use **delivery apps**, while older segments still prefer walk-ins.

Promotion

- Use visual tools like **segment descriptor histograms** to understand where to place ads.
- A case study showed a segment preferred TV ads on Channel 7 and brochures — so campaigns were placed accordingly.**Rich Insights for Customised Marketing Mix**
- **Promotion Insight Example**: Tourists in Segment 3 preferred TV ads via Channel 7 and brochures from hotels and destinations — tailor marketing to these channels.
- **Product Customization**: Segment 3 spent more per day → instead of offering discounts, add **premium upgrades**.
- **Checklist Reminder**:
    - Hold segmentation team review meeting.
    - Redesign each of the 4Ps.
    - Recheck compatibility across multiple segments if targeting more than one.
    - Present marketing mix to advisory team for final green light.