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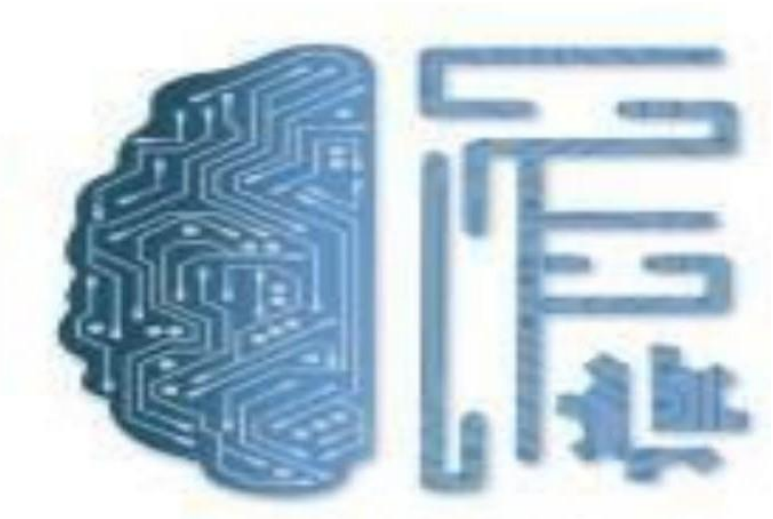

MARKET SEGMENTATION ANALYSIS

BY

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Ten Steps of Market Segmentation Analysis

Step 1: Deciding (not) to Segment

- **Implications of Committing to Market Segmentation**

  - ✓ Adopting a market segmentation strategy can affect your company in several ways, both positively and negatively and therefore it is imperative to thoroughly analyse these factors before making this strategic choice.

  - ✓ The primary inference is that the company must make a long-term commitment to the segmentation plan. There are expenses associated with conducting the study, setting up focus groups and surveys, creating several packages, and creating several ads and messaging.

  - ✓ One of the truisms of the segmentation strategy is that using the scheme has to be more profitable than marketing without it, net of the expense of developing and using the scheme itself.

  - ✓ Organizational changes may include new product development, pricing adjustments, and better market communication. Croft (1994) suggests organizing around market segments with strategic business units for improved focus on evolving market needs.

  - ✓ Because of the major implications of such a long-term organisational commitment, the decision to investigate the potential of a market segmentation strategy must be made at the highest executive level and must be systematically and continuously communicated and reinforced at all organisational levels and across all organisational units

  - ✓ Market segmentation is a strategic commitment involving substantial investments and organizational adjustments. The decision, made at the executive level, requires long-term dedication, impacting products, pricing, distribution, and internal structure. Justifying segmentation involves weighing increased sales against costs, emphasizing its long-term nature across the organization.

- **Implementation Barriers**

  - ✓ Organisational culture connects to a second set of obstacles. The following factors have been identified as impeding the successful implementation of market segmentation: short-term thinking, unwillingness to make changes, office politics, resistance to change and new ideas, lack of creative thinking, poor communication and lack of sharing of information and insights across organisational units, lack of market or consumer orientation

  - ✓ Implementing market segmentation faces barriers in senior management, organizational culture, training, and objectives. Challenges include leadership issues, cultural resistance, and insufficient understanding. Proactive identification and removal of barriers are crucial for success. Persistence, dedication, patience, and acknowledging challenges are essential for successful implementation.

Step 2: Specifying the Ideal Target Segment

- **Segment Evaluation Criteria**
  - ✓ There are many important factors to take into account when assessing how effective your market segments are. These standards guarantee that your segments are legitimate, useful, and eventually profitable for your company.
  - ✓ Here, the organisation must determine two sets of segment evaluation criteria. One set of evaluation criteria can be referred to as knock-out criteria. These are the fundamental, non-negotiable characteristics of the target segments that the organisation would think about pursuing. We might refer to the second set of evaluation criteria as the attractiveness criteria. The relative attractiveness of the remaining market segments—those that meet the knock-out criterion—is assessed using these criteria.
- **Knock-out Criteria**
  - ✓ It is used to determine if market segments resulting from the market segmentation analysis qualify to be assessed using segment attractiveness criteria.
  - ✓ The segment must be homogeneous; members of the segment must be similar to one another. The segment must be distinct; members of the segment must be distinctly different from members of other segments.
  - ✓ The segment must be large enough; the segment must contain enough consumers to make it worthwhile to spend extra money on customising the marketing mix for them. The segment must match the strengths of the organisation; the organisation must have the capability to satisfy segment members' needs.
  - ✓ Members of the segment must be identifiable; it must be possible to spot them in the marketplace. The segment must be reachable; there has to be a way to get in touch with members of the segment to make the customised marketing mix accessible to them. ○
- **Attractiveness Criteria**
  - ✓ Attractiveness criteria are not binary. Segments are not assessed as either complying or not complying with attractiveness criteria. Rather, each market segment is rated; it can be more or less attractive concerning a specific criterion. The attractiveness across all criteria determines whether a market segment is selected as a target segment in Step 8 of market segmentation analysis.
- **Implementing a Structured Process**
  - ✓ The use of a segment evaluation plot, emphasizing segment attractiveness and organizational competitiveness, is advocated in segmentation literature. Criteria negotiation involves a core team proposing factors, discussed with an advisory committee for diverse perspectives. Early selection of about six weighted attractiveness criteria, approved by the committee, aids data collection and facilitates target segment selection in later steps.

Step 3: Collecting Data

- **Segmentation Variables**

  - ✓ Empirical data is pivotal in market segmentation, distinguishing between commonsense and data driven approaches. In commonsense segmentation, a single variable like gender is used, while data driven segmentation employs multiple variables, known as segmentation variables. Descriptor variables offer detailed segment information. Data quality is essential for accurate segmentation, influencing product customization, pricing, distribution, and advertising. Various sources, such as surveys and observations, can provide empirical data, but preference should be given to sources reflecting actual consumer behavior. Overall, successful market segmentation hinges on quality data for precise segment identification and effective descriptions.

- **Segmentation Criteria**

  - ✓ The decision of which segmentation criterion to use cannot easily be outsourced to either a consultant or a data analyst because it requires prior knowledge about the market.

  - ✓ The most common segmentation criteria are geographic, socio-demographic, psychographic and behavioural.

    1. Geographic Segmentation
    2. Socio-Demographic Segmentation
    3. Psychographic Segmentation
    4. Behavioural Segmentation

- **Data from Survey Studies**

  - ✓ Most market segmentation analyses are based on survey data. Survey data is cheap and easy to collect, making it a feasible approach for any organisation.
  - ✓ Before extracting segments or collecting data, an organization must decide on a segmentation criterion, a broader concept than a segmentation variable. This decision requires prior market knowledge, and common criteria include geographic, sociodemographic, psychographic, and behavioral factors. Choosing the simplest approach that works for the product or service is generally recommended, emphasizing practicality and cost-effectiveness. Cahill advises adopting the least complex segmentation strategy that aligns with the product or service's requirements.
  - ✓ But survey data – as opposed to data obtained from observing actual behaviour – can be contaminated by a wide range of biases.
    1. Choice of Variables
    2. Response Options
    3. Response Styles
    4. Sample Si

STEP 4: Exploring Data

- **A First Glimpse at Data:**

This section dives into the crucial step of data exploration after collecting market segmentation data. It emphasizes the importance of cleansing and pre-processing data to extract meaningful insights. Three key aspects are highlighted:

1. **Variable Measurement:** Identifying the measurement level (nominal, ordinal, etc.) of each variable helps choose appropriate analysis techniques.
2. **Univariate Distributions:** Examining the individual distributions of each variable (frequency charts, histograms) reveals patterns and potential outliers.
3. **Dependency Structures**: Evaluating relationships between variables (correlation analysis) uncovers potential clusters or segments hidden within the data.

Using a travel motives dataset as an example, the text details its characteristics:

- 1000 Australian respondents, half aged 32-57, with varying travel motivations.
- Income data with missing values (66 respondents) requiring careful handling.

This thorough exploration lays the foundation for selecting the most suitable segmentation algorithm and ultimately extracting accurate, actionable market segments.

- **Data Cleaning:**

Data cleaning is a crucial first step in ensuring data quality and accuracy before analysis. This involves:

- ✓ **Verify value ranges:** Ensure metric variables stay within reasonable limits (e.g., age between 0-110).
- ✓ **Validate categories:** Check if categorical variables only contain allowed values (e.g., "male" or "female" for gender).
- ✓ **Correct errors:** Identify and fix implausible or inconsistent values.
- ✓ **Re-order factors:** Arrange categorical variable levels logically in R (alphabetical sorting might not be ideal).
- ✓ **Document and save:** Use code to track and reproduce cleaning steps, saving the cleaned dataset for future use.

- **Descriptive Analysis:**

- ✓ **Interpret data visually:** Histograms, bar plots, and box plots help analyze data distributions and identify key insights.
- ✓ **Identify data skewness:** Boxplots reveal if data leans towards a particular side, indicating non-normal distribution.

- **Preprocessing:**

Pre-processing categorical variables is crucial for compatibility with certain analysis methods.

- ✓ **Categorical Variables:**

    - ❖ **Merge low-frequency levels:** Combine infrequent categories for balanced distributions (e.g., merging income levels).
    - ❖ **Convert to numeric:** Transform ordinal variables (if distances between scale points are assumed equal), but avoid for Likert scales due to potential biases.
    - ❖ **Use binary variables:** If possible, prefer binary variables (0/1) as they're less prone to biases.

- ✓ **Numerical Variables:**

    - ❖ **Standardize:** Ensure variables have equal influence in segment extraction, especially with distance-based methods. Use R function scale() for standardization.

- ➢ **Principal Component Analysis:**

Principal Components Analysis (PCA) is a method for transforming a dataset containing multiple metric variables into a new dataset with uncorrelated variables called principal components, ordered by importance in terms of captured variance.

Key takeaways from its application to the Australian travel motives dataset:

- ✓ **Reduce dimensionality:** Transform data with multiple variables into a new set with uncorrelated "principal components," ranked by importance of captured variance.
- ✓ **Analyze variance:** If few early components explain most variance, it suggests all original questions contribute valuable information.
- ✓ **Visualize data:** Use informative principal components to create perceptual maps, revealing hidden patterns and contrasts between segments.

  Use PCA cautiously: Avoid using a subset of components for segmentation as it can distort the original data space. However, PCA can help identify highly correlated variables for potential removal without altering data.

    - ❖ A subset of principal components as segmentation variables is discouraged as it candistort the original data space. However, PCA can help identify highly correlated variables for potential removal, effectively reducing dimensionality without altering the original data.

Step 5: Extracting Segments

- **Grouping Consumers**

  - ✓ Market segmentation analysis is exploratory due to unstructured consumer data. The results of any method used to extract market segments depend on the assumptions made on the segment structure implied by the method. Segmentation methods shape the segmentation solution.
  - ✓ There is no single best algorithm for all data sets. If consumer data is well-structured, and well-separated, distinct market segments exist, tendencies of different algorithms matter less. If, however, data is not well-structured, the tendency of the algorithm influences the solution substantially. In such situations, the algorithm will impose a structure that suits the objective function of the algorithm.
  - ✓ Scale Level and Data Structure: The scale level of segmentation variables determines the most suitable extraction algorithm. Distance-based methods use distance measures based on the data's scale level. Special data structures, such as repeated measurements of consumers over time, can limit the set of suitable algorithms
  - ✓ Selecting a suitable clustering method requires matching the data analytic features of the resulting clustering with the context-dependent requirements desired by the researcher. Understanding how different algorithms impose structure on the extracted segments is important.
  - ✓ Binary Segmentation Variables: Binary segmentation variables can be treated symmetrically or asymmetrically. Asymmetric treatment is useful when using vacation activities as segmentation variables. Distance-based methods can account for the asymmetry and extract segments.
  - ✓ Directly Observable Characteristics: Benefits sought are directly observable, allowing no restrictions on the segment extraction algorithm. Indirect characteristics, like consumer price sensitivity, require regression models.
  - ✓ Many segmentation methods are taken from the field of cluster analysis, where market segments correspond to clusters. Selecting a suitable clustering method requires matching the data analytic features of the resulting clustering with the context-dependent requirements desired by the researcher. Understanding how different algorithms impose structure on the extracted segments

- **Distance based Methods**
  - ✓ Distance-based methods use a notion of similarity between observations (consumers) tofind groups of similar observations (market segments).
    - ❖ **Distance Measures:** Distance-based methods use distance measures based on the data's scale level such as Euclidean Distance, and Manhattan Distance.
    - ❖ **Hierarchical Methods:** Hierarchical clustering methods mimic the human approach to dividing a set of n observations into k groups.
    - ❖ **Partitioning Methods:**
      - Ideal for small data sets with up to a few hundred observations. Larger data sets struggle with dendrograms and pairwise distances.
      - Clustering methods creating a single partition are more suitable for data sets with over 1000 observations. Distances between each consumer in the data set and the centre of the segments are computed instead of computing all pairs of observations.
      - K-Means and K-Centroid Clustering: K-means clustering is a popular partitioning method used to divide consumers into market segments.
    - ❖ **Model-Based Methods**:
      - Distance-based methods have been used in market segmentation analysis for a long time. Model-based methods, pioneered by Wedel and Kamakura, are an alternative to these methods. Mixture methodologies have gained significant interest from applied marketing researchers and consultants.
    - ❖ **Algorithms with Integrated Variable Selection:**
      - Most algorithms extract segments from data, assuming each variable contributes to the segmentation solution.
      - However, some segmentation variables contain redundant or noisy variables. Preprocessing methods can identify these variables.
    - ❖ **Data Structure Analysis:**
      - Market segmentation is exploratory, making traditional validation impossible. Validation in market segmentation involves assessing the reliability or stability of solutions after modifying data or the algorithm.
      - Stability-based data structure analysis provides insights into data properties, guiding methodological decisions.
    - ❖ **Segment Level Stability Analysis**:
      - Selecting the best global segmentation solution doesn't guarantee a single market segment. It's crucial to assess both the global and segment-level stability of market segments to avoid discarding solutions with individual segments, as most organizations only need one target segment

Step 6: Profiling Segments

Profiling Segments is a crucial step in market segmentation analysis. It involves examining and describing each identified segment in detail, allowing you to understand their unique characteristics, needs, and preferences. This information is essential for developing targeted marketing strategies and effectively reaching your desired audience.

- **Identifying Key Characteristics of Market Segments:**
  - ✓ The aim of the profiling step is to get to know the market segments resulting from the extraction step. Profiling is only required when data-driven market segmentation is used.
  - ✓ For commonsense segmentation, the profiles of the segments are predefined. At the profiling stage, we inspect a number of alternative market segmentation solutions. This is particularly important if no natural segments exist in the data, and either a reproducible or a constructive market segmentation approach has to be taken.
  - ✓ Good profiling is the basis for correct interpretation of the resulting segments. Correct interpretation, in turn, is critical to making good strategic marketing decisions.

- **Traditional Approaches to Profiling Market Segments**:
  - ✓ Market segmentation is crucial for understanding your target audience and tailoring your marketing efforts for maximum impact. While data-driven approaches are gaining popularity, traditional methods are still valuable tools for profiling market segments.
  - ✓ Data-driven segmentation solutions are usually presented to users (clients, managers) in one of two ways:

    (1) as high-level summaries simplifying segment characteristics to a point where they are misleadingly trivial, or

    (2) as large tables that provide, for each segment, exact percentages for each segmentation variable. Such tables are hard to interpret, and it is virtually impossible to get a quick overview of the key insights.
  - ✓ No single approach is perfect. Choose the method(s) that best align with your marketing goals, available data, and target audience.
  - ✓ Traditional approaches shouldn't be seen as mutually exclusive. Consider exploring hybrid approaches for a more comprehensive picture. •
  - ✓ Continuously monitor and refine your segmentation profiles as you gather new data and gain deeper customer insights.

- **Segment Profiling with Visualisations**
  - ✓ Combining segment profiling with visualizations can be a powerful way to gain deeper insights, communicate findings effectively, and make informed decisions based on your market segmentation analysis.
  - ✓ The process of segmenting data always leads to a large number of alternative solutions. Selecting one of the possible solutions is a critical decision. Visualisations of solutions assist the data analyst and user with this task

- ✓ Effective visualizations are clear, concise, and informative.
- ✓ Choose the right visuals to highlight the most relevant insights for your specific goals.
- ✓ Market segment profiling helps you gain deeper insights into the distinct characteristics of each segment created through a segmentation process. This knowledge is crucial for tailoring your marketing strategies and effectively reaching your target audience.
- ✓ Use visualizations in conjunction with qualitative analysis to tell a complete story about your market segments.
- ✓ Identifying Defining Characteristics of Market Segments A good way to understand the defining characteristics of each segment is to produce a segment profile plot.
- ✓ The segment profile plot is a so-called panel plot. Each of the six panels represents one segment. For each segment, the segment profile plot shows the cluster centres.
- ✓ Assessing Segment Separation Segment separation can be visualised in a segment separation plot.
- ✓ The segment separation plot depicts – for all relevant dimensions of the data space Market segment profiling provides valuable insights into your target audience.
- ✓ Remember, choosing the right profiling techniques and tools depends on your specific needs and objectives. By combining these approaches and continuously refining your understanding, you can unlock the full potential of market segmentation for your marketing strategies.

STEP 7: Describing Segments

- ✓ **Developing a Complete Picture of Market Segments**
  - ❖ Emphasize the significance of segment profiling and description in market segmentation. It discusses how profiling involves understanding differences in segmentation variables, while description uses additional information like demographics and behaviors. Good segment descriptions are crucial for tailored marketing strategies, and the use of visualizations is highlightedfor user-friendliness in studying differences between market segments.
- ✓ **Using Visualisations to Describe Market Segments**
  - ❖ Use of visualizations to describe market segments, focusing on nominal and ordinal descriptor variables. Visual representations simplify interpretation for both analysts and users, integrating statistical significance information to avoid over-interpretation. The text explains the process using examples, such as creating cross-tabulations and employing mosaic plots. The advantages of mosaic plots include efficient visualization of differences between segments, handling multiple descriptor variables, and integrating inferential statistics. Specific examples illustrate the association between segment membership and gender, income, and moral obligation to protect the environment.
- ✓ **Nominal and Ordinal Descriptor Variables**
  - ❖ The analysis of market segments using nominal and ordinal descriptor variables. It covers data preparation, cross-tabulations, and mosaic plots for visualizing relationships between segment memberships and various descriptors.
  - ❖ The color-coded mosaic plots aid in identifying statistically significant associations. Examples include gender, income, and moral obligation, showcasing how different segments exhibit distinct characteristics. The approach provides valuable insights into segment characteristics and associations with descriptor variables.
- ✓ **Metric Descriptor Variables**
  - ❖ Use of visualizations for describing market segments, particularly focusing on metric descriptor variables. The discussion introduces the R packages lattice and ggplot2 for conditional plots, suitable for presenting results for different market segments.
  - ❖ Examples include histograms and parallel box and-whisker plots for variables like age and moral obligation. The text emphasizes the importance of statistical testing, such as incorporating confidence intervals in box-and-whisker plots.
  - ❖ A modified version of the segment level stability across solutions (SLSA) plot is also introduced, demonstrating the tracking of a metric descriptor variable (moral obligation) across various segmentation solutions. The color-coded SLSA plot provides insights into segment characteristics based on mean moral obligation values.
- ✓ **Testing for Segment Differences in Descriptor Variables**
  - ❖ Testing for segment differences in descriptor variables, covering statistical methods to assess variations across market segments. It introduces the $\chi 2$-test for nominal or ordinal variables, demonstrating its application for gender distribution across segments.

- ❖ The text then delves into the analysis of variance (ANOVA) for metric variables, providing step-by-step instructionsand an example using moral obligation values across segments. Pairwise t-tests are discussedfor identifying specific segment differences after rejecting the null hypothesis in ANOVA.
- ❖ Additionally, the section introduces Tukey's honest significant differences for a more comprehensive visualization and understanding of pairwise differences. The use of confidence intervals and adjustments for multiple testing, such as Holm's method, are emphasized throughout. The examples include output interpretations and visualization to facilitate understanding and interpretation of the statistical tests.

✓ **Predicting Segments from Descriptor Variables**

- ❖ Binary distribution (two categories) or a multinomial distribution (more than two categories), making them suitable for predicting segment membership. Binary Logistic Regression: Multinomial Logistic Regression: Understanding the coefficients and their significance in logistic regression models allows for insights into the importance of specific descriptor variables in predicting segment membership.
- ❖ Regularization techniques, such as LASSO or ridge regression, can be employed for variable selection and model improvement. Cross-validation is essential to validate model performance on new data and avoid overfitting. The section provides a comprehensive overview of regression models for predicting segment membership, emphasizing their interpretability and applicability in market segmentation analysis.

✓ **Binary Logistic Regression**

- ❖ Binary Logistic Regression is explored as a method for predicting binary outcomes, demonstrated by predicting membership in segment 3 based on variables like age and moral obligation score.
- ❖ Key points include model formulation using the Bernoulli distribution and logit link function, interpretation of coefficients and odds ratios, model evaluation through likelihood ratio tests and summary statistics, and the importance of model selection to prevent overfitting. The example emphasizes visualizing predicted probabilities, comparing models, and understanding the significance of variables in market segmentation analysis

✓ **Multinomial Logistic Regression**

- ❖ Multinomial Logistic Regression is explored as a method for predicting outcomes with more than two categories simultaneously. Key points include model formulation using the multinomial distribution and logistic function, interpreting coefficients and odds ratios, model evaluation through summary statistics and likelihood ratio tests, model selection based on the AIC, and assessing predictive performance through visualizations.
- ❖ The example emphasizes interpreting predicted probability plots and how age and moral obligation impact segment membership probabilities, providing a thorough understanding of multinomial logistic regression in the context of segment analysis

✓ **Tree-Based Methods**

- ❖ Tree-Based Methods, specifically Classification and Regression Trees (CARTs), are explored for predicting binary or categorical dependent variables.

- 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.

- 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.

- 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.

- Key points include the advantages of CARTs, their algorithm overview involving recursive partitioning, variations in algorithm parameters, implementation in R using packages like partykit, interpretation of tree output, visualization of tree structure, handling different dependent variables, and evaluating tree performance through purity assessment of terminal nodes. The section provides a comprehensive understanding of CARTs, emphasizing their flexibility, interpretability, and practical application in predicting categorical outcomes.

STEP 8: Selecting the Target Segment

- ✓ **Choosing your ideal market segment** is a crucial step, not just picking the biggest or most profitable one. Here's what matters.
- ✓ **Knock-Out Criteria:** Before diving in, ensure each segment meets essential criteria like size, internal similarity, distinctiveness from others, identifiability, reachability, and alignment with your company's strengths.
- ✓ **Beyond the Basics:** Even if a segment passes the initial test, go deeper. Evaluate its **attractiveness** (potential size, growth, profitability, strategic fit) and your **competitiveness** (brand image, product fit, marketing expertise, distribution channels) within that segment.
- ✓ **Decision Matrices:** Visualize segment potential using a matrix with two axes:
  - ❖ **"How attractive is the segment to us?"** (higher scores are better)
  - ❖ **"How attractive are we to the segment?"** (higher scores indicate a stronger competitive edge)
- ✓ **Prioritize Smartly:** Analyze scores to prioritize segments that offer both high attractiveness and strong competitiveness. Don't be afraid to eliminate segments with high profit potential but low attractiveness or competitiveness – they might not be a good long-term fit.
- ✓ The best choice aligns with your strategic goals and ensures sustainable success. So, carefully consider all factors, visualize using decision matrices, and pick the segments that truly resonate with your business.
- ✓ This section discusses the use of decision matrices in the market segmentation process, particularly in Step 8, which involves selecting target market segments. The matrices help visualize relative segment attractiveness and organizational competitiveness.
- ✓ In the suggested example, a generic segment evaluation plot is presented, emphasizing two axes: "How attractive is the segment to us?" and "How attractive are we to the segment?"
- ✓ To determine segment attractiveness, the team assigns values for each attractiveness criterion based on profiles and descriptions resulting from previous steps. The weighted values for each criterion are then summed up to represent a segment's overall attractiveness. The same process is applied to determine relative organizational competitiveness. Then the segments with lowerattractiveness may be eliminated, despite high profit potential.

STEP 9: Customising the Market Mix

➢ Implications for Marketing Mix Decisions

- ✓ Market segmentation does not stand independently as a marketing strategy. Rather, it goes handin hand with the other areas of strategic marketing, most importantly: positioning and competition. In fact, the segmentation process is frequently seen as part of what is referred to as the segmentation-targeting-positioning (STP) approach.

- ✓ The segmentation-targeting-positioning approach postulates a sequential process. The processstarts with market segmentation (the extraction, profiling and description of segments), followed by targeting (the assessment of segments and selection of a target segment), and finally positioning (the measures an organisation can take to ensure that their product is perceived as distinctly different from competing products, and in line with segment needs).

❖ 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.
- ✓ Othermarketing 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.

❖ Price

- o The price dimension of the marketing mix involves setting product prices and decidingon discounts.
- o The example of a destination marketing to segment 3 is used to illustrate this process.
- o The bicluster solution is loaded to compare segment 3 members to tourists not belonging to segment
- o A binary vector is constructed containing segment membership for each consumer, witha vector initialized with only missing values (NAs).
- o The segment membership vector contains numbers 1 to 12 and includes missing values.
- o A binary variable is created indicating if a consumer is assigned to segment 3 or not.
- o Additional consumer information is available in the data frame ausActivDesc inpackage MSA.
- o A parallel boxplot of the variable SPEND PER PERSON PER DAY split by membership in segment 3 is created.

- The data shows that segment 3 members have higher vacation expenditures per personper day than other tourists, suggesting potential for a premium price for this product.

❖ Place

- ✓ The text emphasizes that a crucial decision in the marketing mix's "place" dimension is determining how to distribute the product to customers.
- ✓ It raises questions about whether the product should be available online, offline, or both, and whether the manufacturer should sell directly to customers or use intermediaries like wholesalers or retailers.
- ✓ To visualize booking behavior, it is recommended to use the propBarchart function from the flexclust package in R. It outlines the process of loading the package and calling the function with specific arguments.

❖ Promotion:

- ✓ Developing an effective marketing mix for a specific market segment requires understanding their preferred channels for information and engagement. This holds true forSegment 3, whose distinct preferences regarding travel planning and media consumption

❖ Leveraging Information Preferences:

Tourist Information Centers: Segment 3 demonstrates a marked preference for utilizing tourist information centers when choosing travel destinations. This presents a clear opportunity to make readily available, both physically and electronically, brochures, pamphlets, and online content specifically showcasing the "Museums, Monuments & Much, Much More" product within local tourist information centers.

❖ Optimizing Media Channels:

Channel 7 Preference: Segment 3's distinct television channel preference for Channel 7 indicates a unique avenue for targeted advertising campaigns. By focusing advertising efforts on this channel, the destination can ensure maximum exposure of the "Museums, Monuments & Much, Much More" product to this specific market segment.

❖ Formal Tone and Specificity:

- ✓ Emphasize the strategic alignment between identified preferences and proposed promotional tactics.
- ✓ Use descriptive language to detail the specific actions recommended for each channel (e.g., providing information packs at tourist centers, tailoring advertising campaigns for Channel 7).
- ✓ Avoid informal expressions and contractions to maintain a professional tone.

- ✓ By strategically utilizing these insights, the destination can effectively craft a targeted andimpactful marketing mix for Segment 3, maximizing the reach and resonance of the "Museums, Monuments & Much, Much More" product within this distinct market segment.
- ✓ Tourist Information Centers: Segment 3 demonstrates a marked preference for utilizing tourist information centers when choosing travel destinations. This presents a clear opportunity to make readily available, both physically and electronically, brochures, pamphlets, and online content specifically showcasing the "Museums, Monuments & Much, Much More" product within local tourist information centers.
- ✓ **Strategic Alignment:** Aligning promotional efforts with **identified preferences** strengthens their effectiveness. By **concentrating advertising on Channel 7**, the destination can **guarantee maximum exposure** of the "Museums, Monuments & Much, Much More" product to this specific segment.

Conversion Of McDonald’s Case Study Code

GITHUB LINKS:

PRABHALA V N S L TEJASWI:

GitHub - PRABHALATEJASWI/FEYNN-LAB

ARNAV SAMAL:

GitHub - arnavs04/fastfood-market-segmentation: my work on team project 1 at feynn labs

DEEPAK KUMAR:

GitHub - DeepakKumar-123456/FEYNN-LAB1

HARSHAL AVINASH TAWARE:

GitHub - Harshalt05/Feynn-Labs