

# Market Research for Product~Market Fit

Divyanshu Srivastava

[Divyanshuxyz26@gmail.com](mailto:Divyanshuxyz26@gmail.com)

[LinkedIn](#)

**GitHub Link:**

[Link for this project](#)

Segmentation is a crucial strategy for any startup entering the Electric Vehicle (EV) market in India. It involves dividing the market into distinct groups of potential customers based on specific characteristics and preferences. By tailoring your products, marketing, and pricing to these segments, you can increase your chances of success in a highly competitive and dynamic industry. In summary, market segmentation is not just a tool; it's the compass that guides your startup's journey into the Indian EV market. By understanding the diverse needs and motivations of potential customers and tailoring your approach accordingly, you can increase your chances of success and become a significant player in the rapidly growing EV industry.

## Introduction to Addressing Challenges in the EV Market through Market Segmentation:

The Electric Vehicle (EV) market presents a world of opportunities, but it also comes with its fair share of challenges. As a forward-thinking startup entering this dynamic industry, our mission is clear: to not only recognize these hurdles but to actively tackle them through innovative market segmentation strategies.

## Challenges in the EV Vehicle Market:

- **High Upfront Costs:** Many potential EV buyers are deterred by the initial high purchase price. We understand that affordability is a concern for many, and we are committed to finding innovative ways to address this issue.
- **Range Anxiety:** The fear of running out of battery charge is a common concern. We are determined to alleviate range anxiety by offering solutions that extend beyond conventional boundaries.
- **Charging Infrastructure:** Uneven distribution of charging stations can be a roadblock to EV adoption. Our approach includes expanding the charging infrastructure and making it more accessible to all.
- **Limited Model Options:** Some consumers find limited choices in terms of EV models and features. We aim to diversify our product lineup to cater to a broader range of preferences.

## Our Solution through Market Segmentation:

Through market segmentation, we are poised to address these challenges in innovative ways:

- **Affordable EV Solutions:** By identifying segments with specific budget constraints, we will offer affordable EV options that meet their needs without compromising on quality or features.
- **Extending Range and Reliability:** Through our segmentation analysis, we will understand the distinct requirements of different consumer groups, enabling us to develop EVs with extended ranges and robust charging solutions that alleviate range anxiety.
- **Accessible Charging Infrastructure:** We will work closely with local authorities and communities to expand and optimize charging station networks, ensuring convenient access for our customers, regardless of where they reside.
- **Customized Product Lineup:** Our market segmentation approach will guide the creation of diverse EV models to cater to various preferences, from compact urban EVs to long-range options for travelers.

Through strategic segmentation, we aim to not only overcome these challenges but to create a dynamic and customer-centric ecosystem that propels the EV market forward. We are committed to making EVs accessible, reliable, and attractive to a wide range of consumers, ultimately driving the shift towards sustainable transportation.

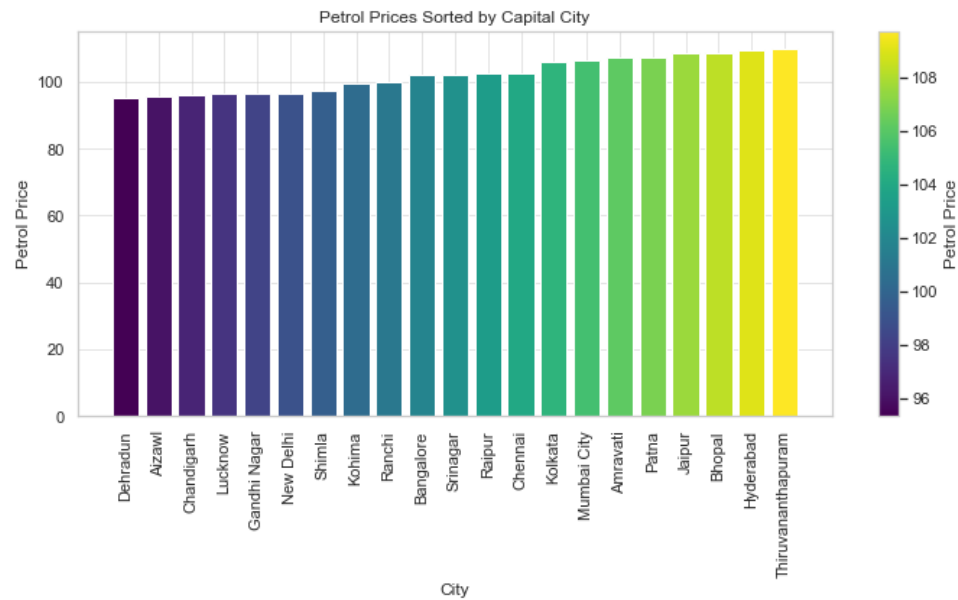
## Market Segmentation:

### 1. Geographic Segmentation:

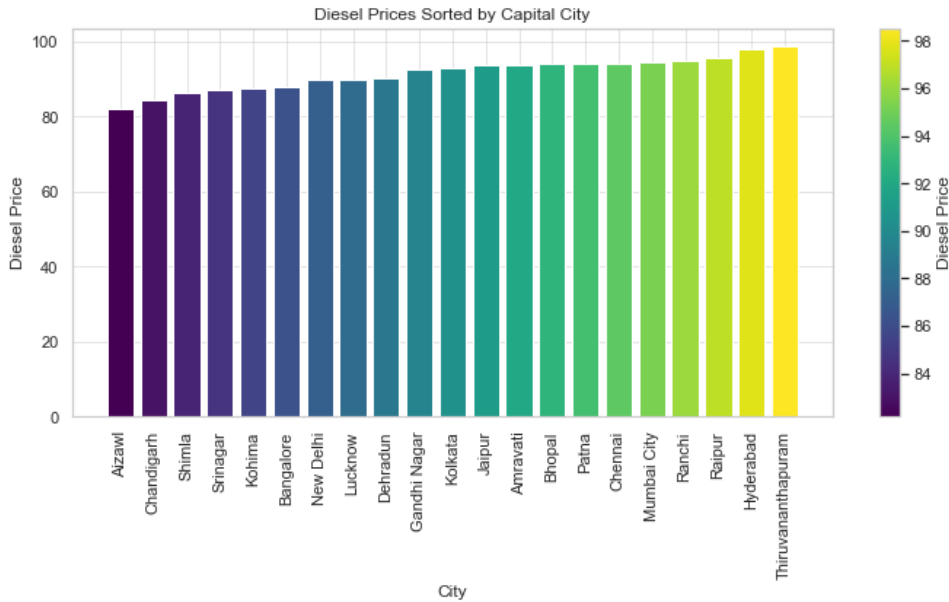
In the Electric Vehicle (EV) market, geographic segmentation plays a pivotal role in identifying areas where the adoption of EVs is most likely to flourish. By strategically choosing regions based on specific criteria, such as high petrol and diesel prices and the prevalence of charging

infrastructure, an EV startup can significantly enhance its chances of success. Here's a closer look at this geographic segmentation strategy:

### 1.1. High Petrol and Diesel Prices:



**Targeting Areas with High Fuel Costs:** One of the key considerations for geographic segmentation is identifying regions where the price of petrol and diesel is exceptionally high. This serves as a compelling driver for consumers to transition to electric vehicles. When the cost of traditional fossil fuels becomes prohibitively expensive, EVs become a more economically viable and attractive alternative. High fuel prices incentivize consumers to seek out cost-effective solutions, and EVs provide a compelling answer to this challenge.



### Benefits for the EV Startup:

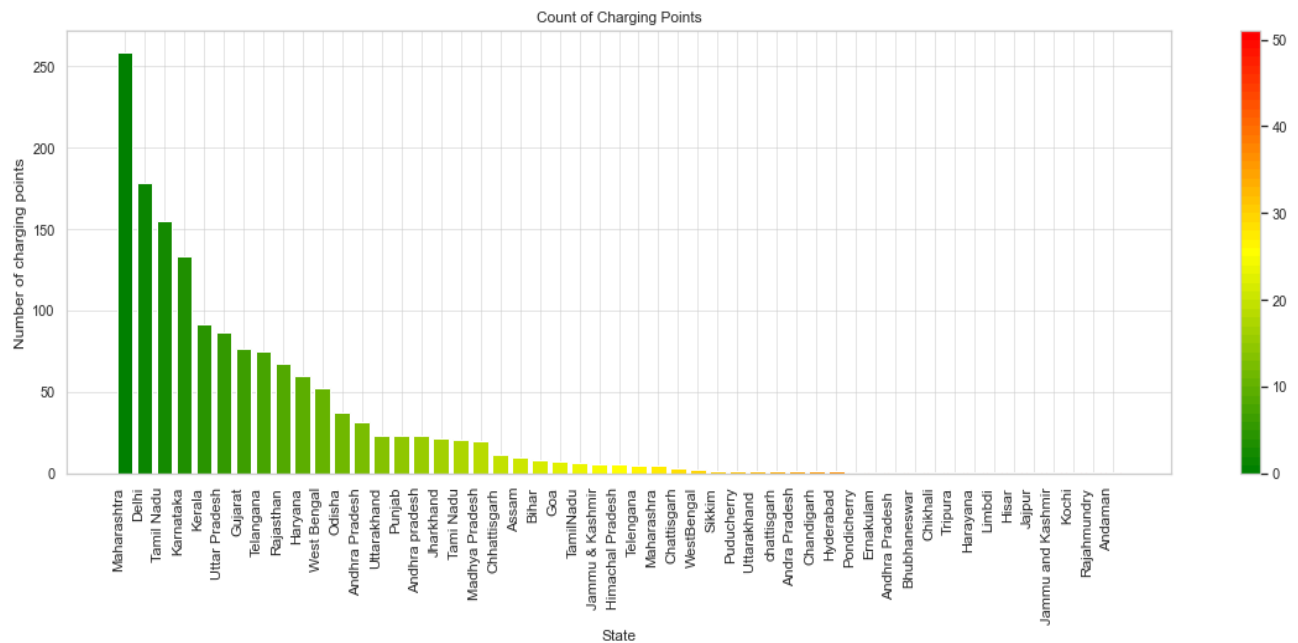
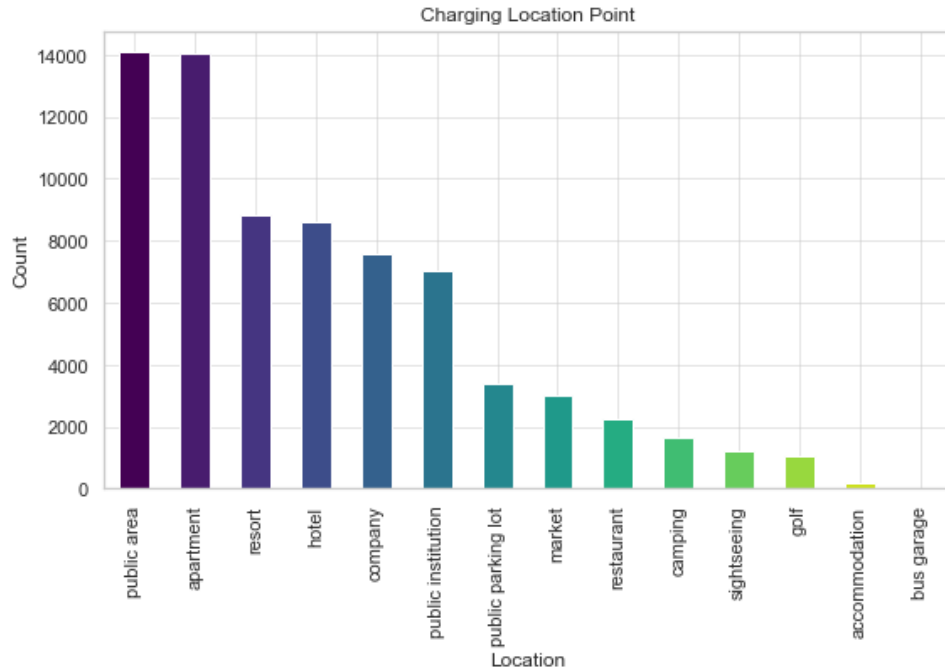
- Entering markets with high fuel costs positions the EV startup as a practical and cost-saving option for consumers.
- The startup can leverage the cost advantage of EVs to attract customers looking to reduce their fuel expenses.

### 1.2. Prevalence of Charging Infrastructure:

**Targeting Areas with Extensive Charging Networks:** Charging infrastructure availability is a critical factor influencing EV adoption. To effectively implement geographic segmentation, the startup should consider regions where the density of charging stations is substantial. A robust charging network alleviates one of the main concerns of potential EV buyers—range anxiety—by ensuring convenient and accessible charging options.

### Benefits for the EV Startup:

- Operating in areas with abundant charging infrastructure makes EV ownership more convenient for customers.
- It builds confidence among consumers that they can charge their EVs easily, thereby encouraging adoption.



Incorporating geographic segmentation based on high fuel prices and charging infrastructure density is a strategic move for an EV startup. By opening operations in areas where fuel costs are a pain point for consumers and charging points are abundant, the startup can effectively position itself as the solution to rising fuel expenses and offer the convenience of hassle-free EV charging. This targeted approach not only benefits the startup but also contributes to the broader goal of reducing carbon emissions and promoting sustainable transportation choices.

## 2. Demographic Segmentation:

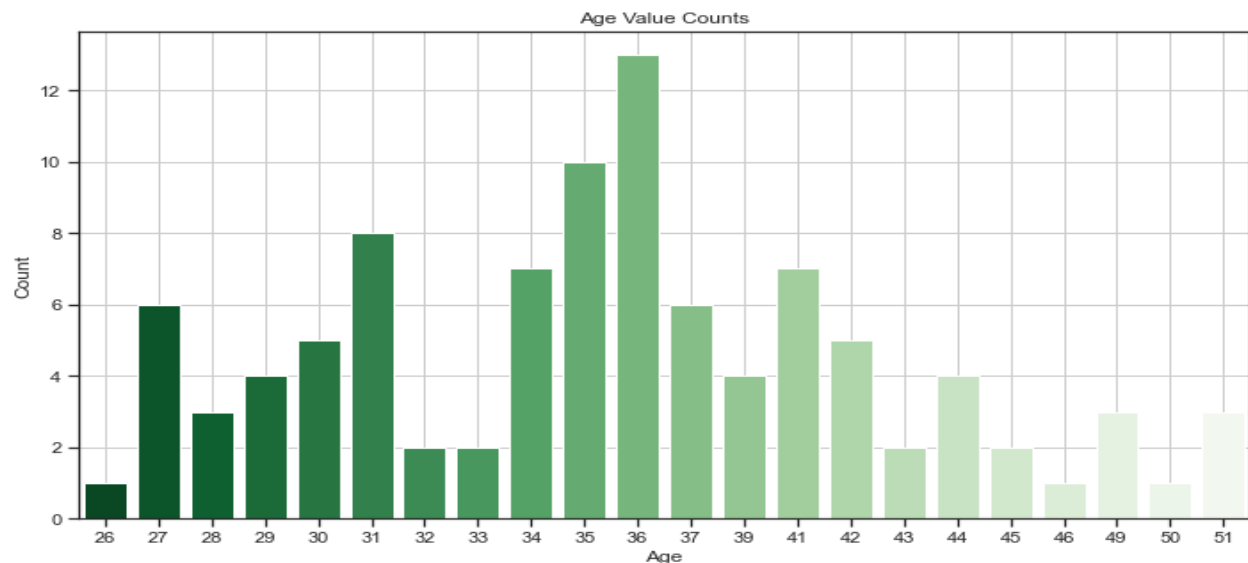
Demographic segmentation is a powerful tool for an Electric Vehicle (EV) startup to understand and target specific customer groups effectively. By considering various demographic factors, such as age, profession, education, loan status, family size, and income, the startup can tailor its approach to meet the unique needs and preferences of potential EV buyers. Here's how demographic segmentation can be leveraged:

### 2.1. Age Group:

**Understanding Age-Related Car Buying Patterns:** Demographic segmentation based on age is crucial in the EV market. Different age groups have distinct preferences and priorities when it comes to car ownership. Younger generations may be more open to adopting EV technology due to their environmental consciousness and tech-savviness. On the other hand, older age groups might prioritize reliability and practicality.

#### Benefits for the EV Startup:

- Tailor marketing messages and product features align with the preferences of specific age groups.
- Develop marketing campaigns that resonate with the values and aspirations of different generations, whether it's sustainability for millennials or convenience for older buyers.

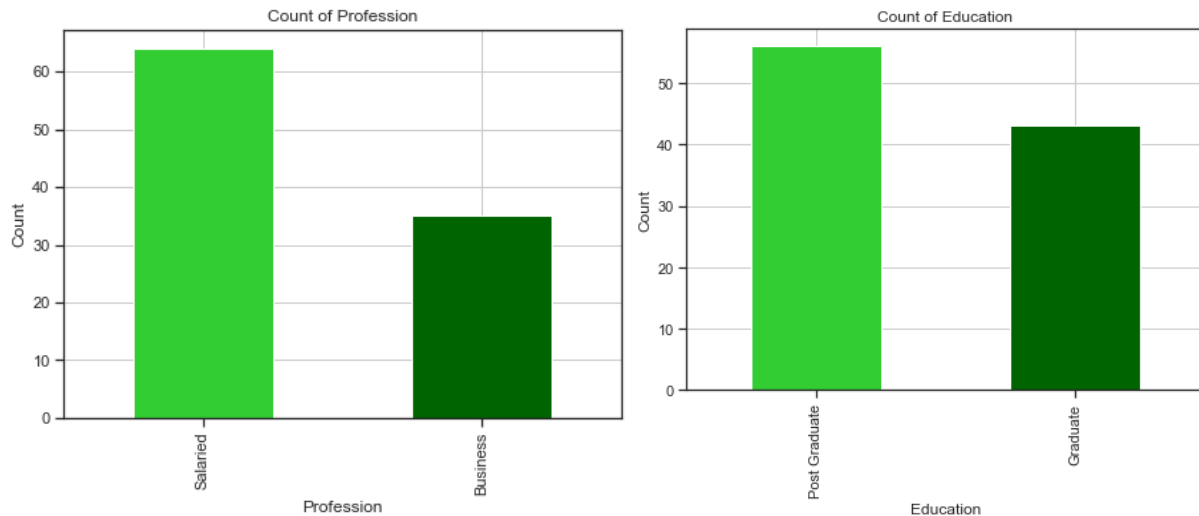


### 2.2. Profession:

**Catering to Different Professions:** Demographic segmentation by profession can help the startup identify customer groups with distinct transportation needs. For instance, professionals who commute long distances may prioritize range and charging infrastructure, while urban dwellers may prefer compact EVs for city driving.

### Benefits for the EV Startup:

- Customize product offerings and features to meet the specific requirements of different professional groups.
- Develop fleet solutions and partnerships tailored to businesses looking to electrify their company vehicles.



### 2.3. Education Level:

**Addressing Educational Background:** Demographic segmentation based on education can provide insights into consumer knowledge and awareness of EV technology. More educated consumers might be more receptive to EVs and understand the environmental benefits and cost savings.

### Benefits for the EV Startup:

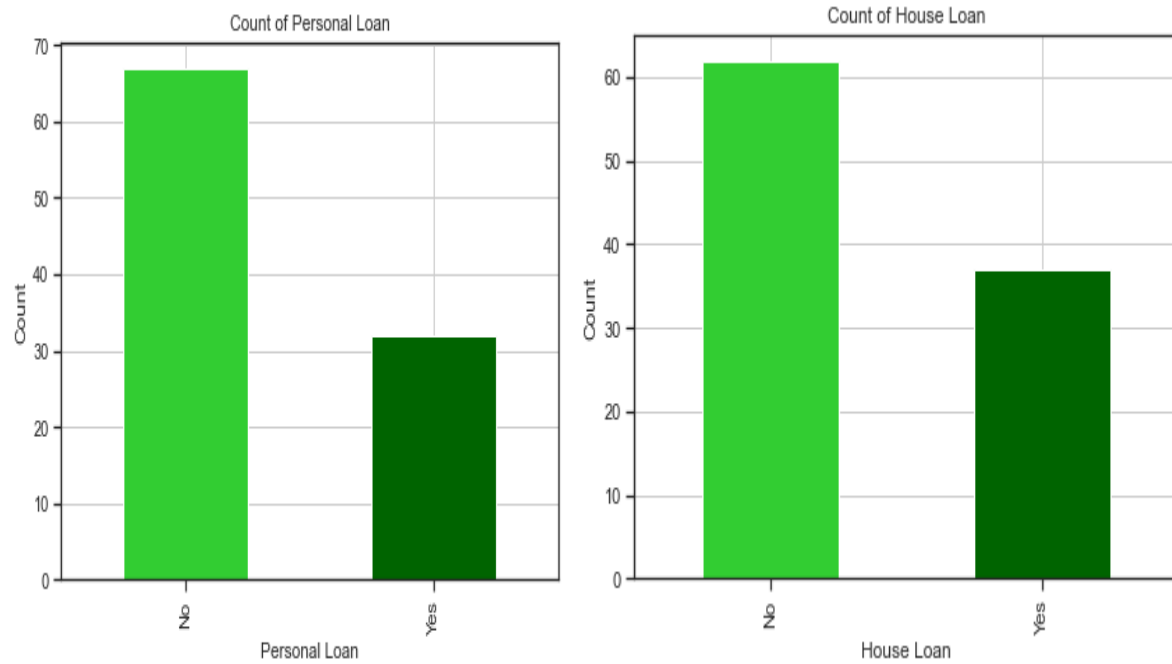
- Develop educational campaigns and content to target less-informed segments, while focusing on advanced features and benefits for more educated consumers.
- Address potential misconceptions or myths about EVs among less-educated segments.

### 2.4. Loan Status:

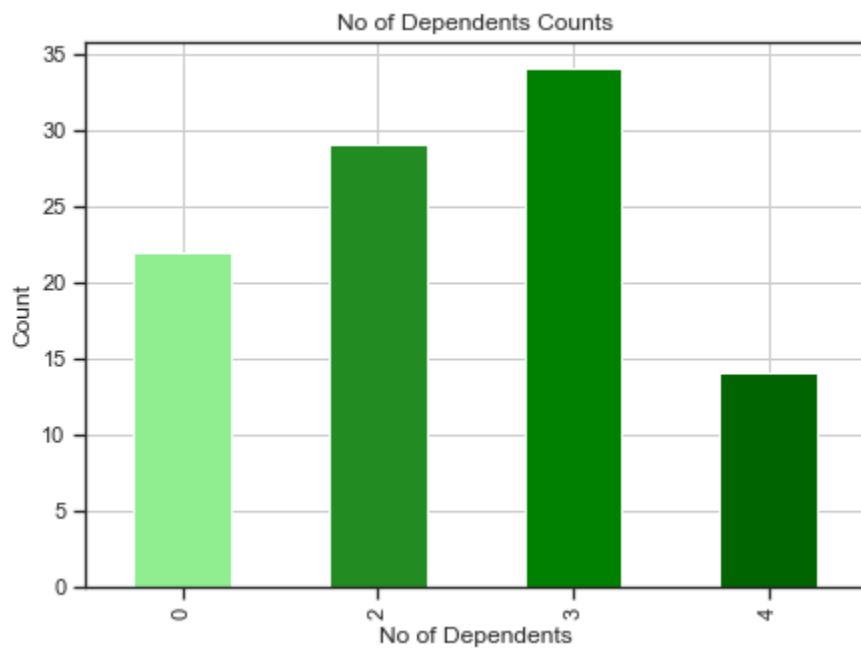
**Understanding Financial Constraints:** Segmentation by loan status can help the startup assess the financial readiness of potential buyers. Those with significant personal and house loans may have different budget considerations than those without such financial obligations.

### Benefits for the EV Startup:

- Offer financing options and incentives that cater to individuals with various loan situations.
- Address concerns about affordability and financial feasibility for potential buyers.



## 2.5. Family Size:



**Considering Household Size:** Demographic segmentation based on family size can impact the choice of EV model. Families with more members may require larger vehicles, while smaller households may prefer compact options.



### Benefits for the EV Startup:

- Offer a range of EV models that suit the needs of different family sizes.
- Highlight the benefits of spacious interiors and cargo capacity for families.

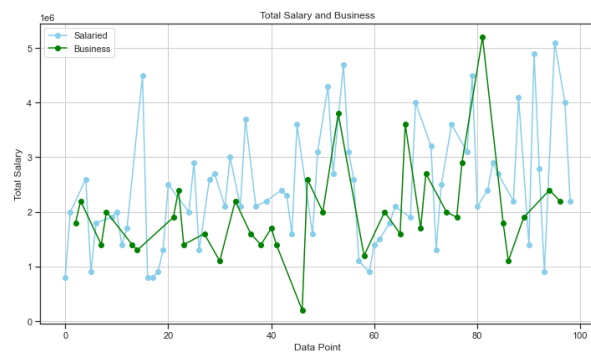
## 2.6. Income and Salary:

**Targeting Income Groups:** Income and salary levels play a pivotal role in the affordability of EVs. Segmentation by income helps the startup tailor pricing and financing options to different income brackets.

### Benefits for the EV Startup:

- Create pricing strategies that cater to both high-income customers looking for premium EVs and budget-conscious buyers seeking affordable options.
- Develop incentives and financing plans that align with varying income levels.

By implementing demographic segmentation, the EV startup can gain a deeper understanding of its target audience, allowing for more precise product development, marketing strategies, and customer engagement. This customer-centric approach is key to success in a diverse and evolving EV market.



## 3. Psychographic Segmentation:

Psychographic segmentation is a powerful approach that delves into the psychological and lifestyle characteristics of potential customers. By understanding their values, beliefs, attitudes, and preferences, an Electric Vehicle (EV) startup can tailor its offerings to meet the specific desires and motivations of different consumer groups. Here's how psychographic segmentation can be applied to cater to potential EV buyers:

### 3.1. Government Subsidies and Incentives:

#### Understanding the Environmentally Conscious Segment:

- Psychographic segmentation helps identify consumers who are environmentally conscious and value sustainable transportation options.

- These individuals may be highly receptive to government subsidies, incentives, and policies that promote EV adoption.
- For this segment, the startup can highlight the financial advantages of EV ownership, such as tax credits, rebates, and reduced operating costs due to lower fuel and maintenance expenses.

PURCHASE SUBSIDIES FOR EV						
	Segment	2W	3W	Cars	Light Carriers	Buses
Delhi	Subsidy (in INR)	5,000/ kWh	30,000	10,000/ kWh	30,000	As appropriate
	Max. amount (in INR)	30,000	N/A	150,000	N/A	N/A
	No. of vehicles	N/A	N/A	1,000	N/A	N/A
Bihar	Subsidy (in INR)	10,000/ kWh	10,000/ kWh	10,000/ kWh	Not defined	10,000/ kWh
	Approx. amount (in INR)	20,000	50,000	150,000		2.5 million
	No. of vehicles	24,000	70,000	4,000		1,000
Maharashtra	Subsidy	15% on BP*	15% on BP*	15% on BP*	Not defined	10% on BP*
	Max. amount (in INR)	5,000	12,000	100,000		2 million
	No. of vehicles	70,000	20,000	10,000		1,000
Kerala	Subsidy	N/A	30,000	N/A	N/A	N/A
	Subsidy period		1 year			

\*Base price of the vehicle

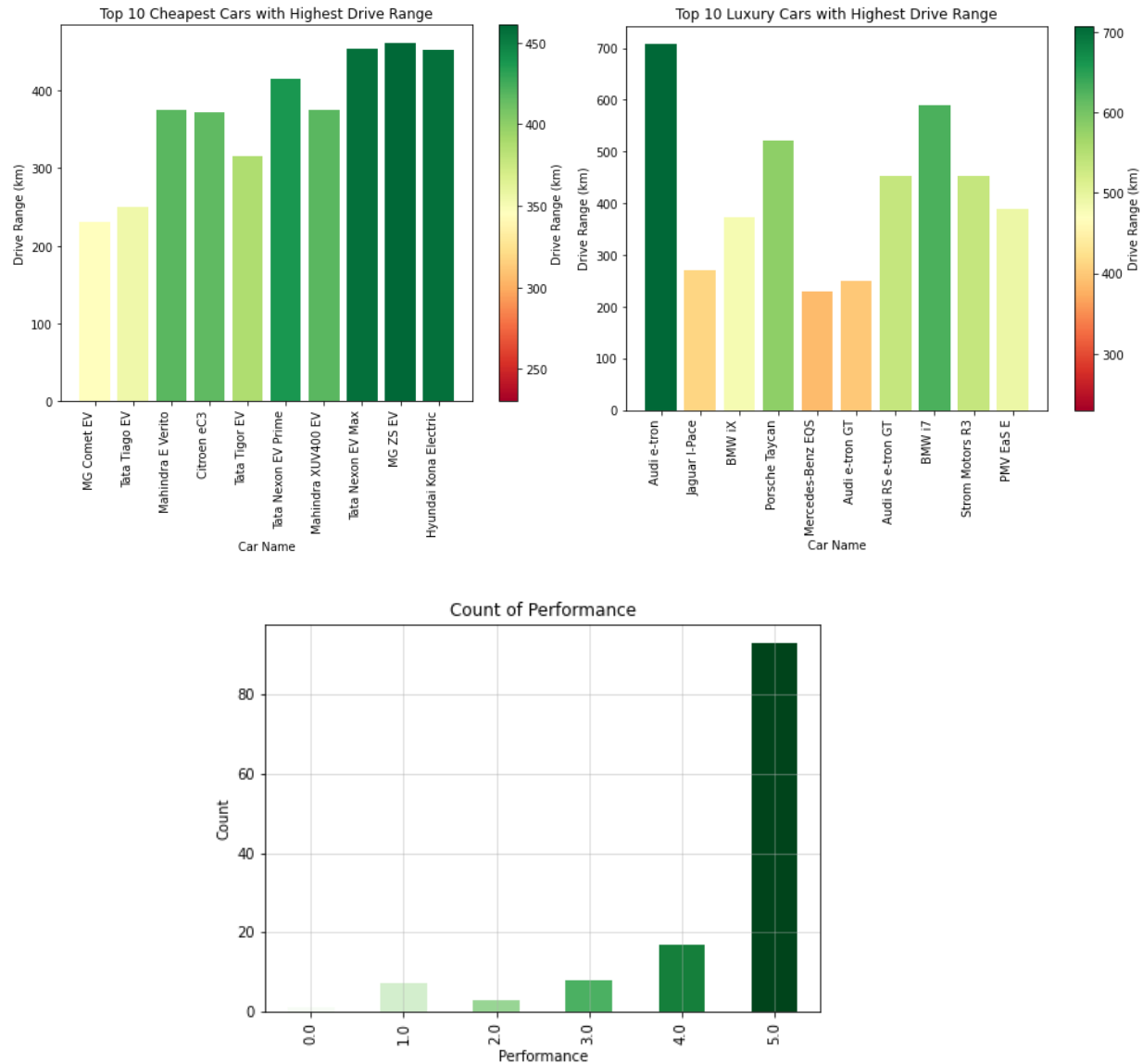
### Benefits for the EV Startup:

- Target environmentally conscious consumers with marketing campaigns that emphasize the positive impact of EVs on the environment.
- Provide information on available government incentives and help potential buyers navigate the application process.

## 3.2. Drive Range and Performance:

### Catering to Tech Enthusiasts and Performance Seekers:

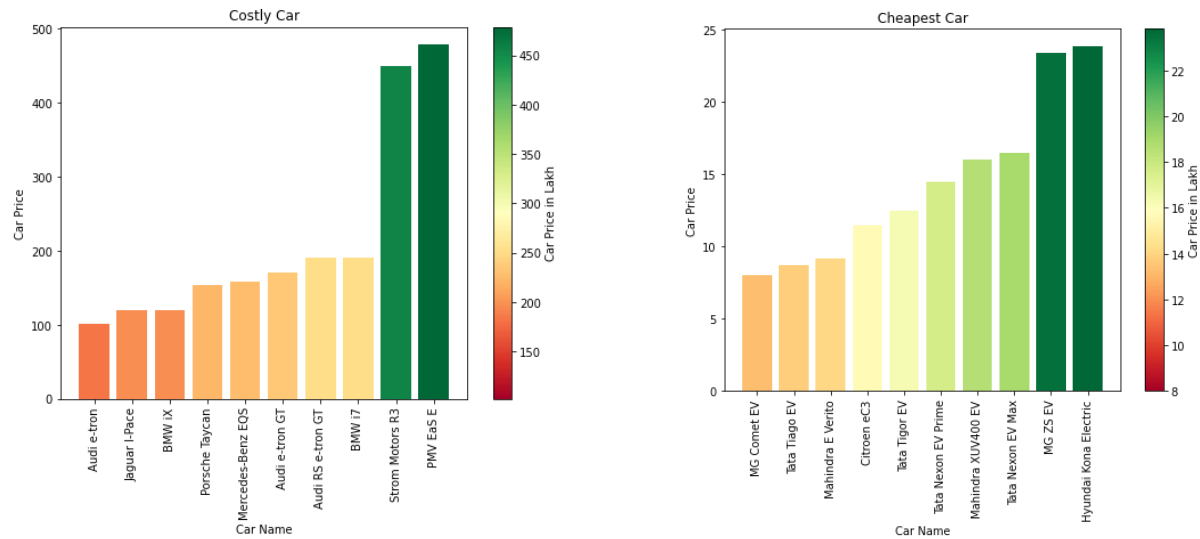
- Psychographic segmentation can identify consumers who prioritize technology and performance in their vehicles.
- For these enthusiasts, EV startups can focus on EV models with extended drive ranges, powerful electric motors, and advanced tech features.
- Highlight the exhilarating performance of EVs, such as instant torque and rapid acceleration, to appeal to this segment's desire for a thrilling driving experience.



### Benefits for the EV Startup:

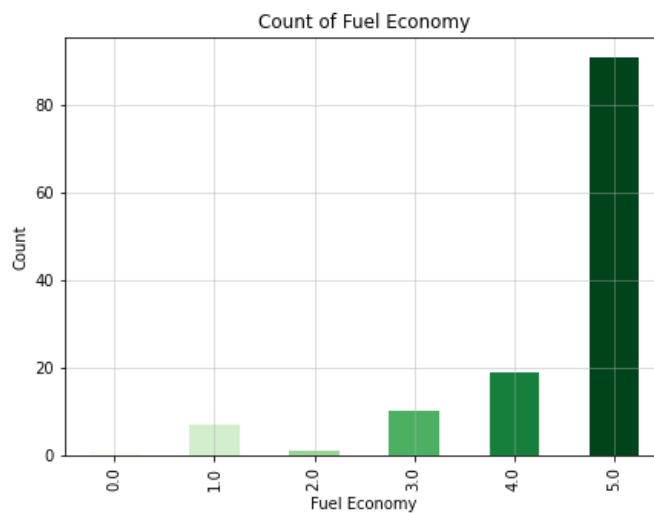
- Develop and market high-performance EV models that cater to tech-savvy and performance-oriented customers.
- Showcase the cutting-edge technology and impressive driving capabilities of EVs to capture this segment's interest.

### 3.3. Fuel Economy and Cost-Consciousness:



### Appealing to the Economical and Practical Segment:

- Psychographic segmentation may reveal a segment of consumers who prioritize fuel economy and cost savings.
- For these budget-conscious buyers, the startup can emphasize the efficiency of EVs, lower operating costs, and long-term financial benefits.
- Address concerns about the affordability of EVs by highlighting potential savings on fuel, maintenance, and repair expenses.



### Benefits for the EV Startup:

- Develop and market EV models that excel in terms of fuel efficiency and cost-effectiveness.
- Offer financing options, warranties, and cost-comparison tools to demonstrate the economic advantages of EV ownership.

Psychographic segmentation allows an EV startup to align its product offerings, marketing strategies, and communication with the values and aspirations of potential buyers. By understanding the diverse psychographics of different consumer segments, the startup can create a more personalized and appealing EV ownership experience, catering to the unique motivations and preferences of each group. This customer-centric approach enhances the startup's chances of success in a competitive and rapidly evolving EV market.

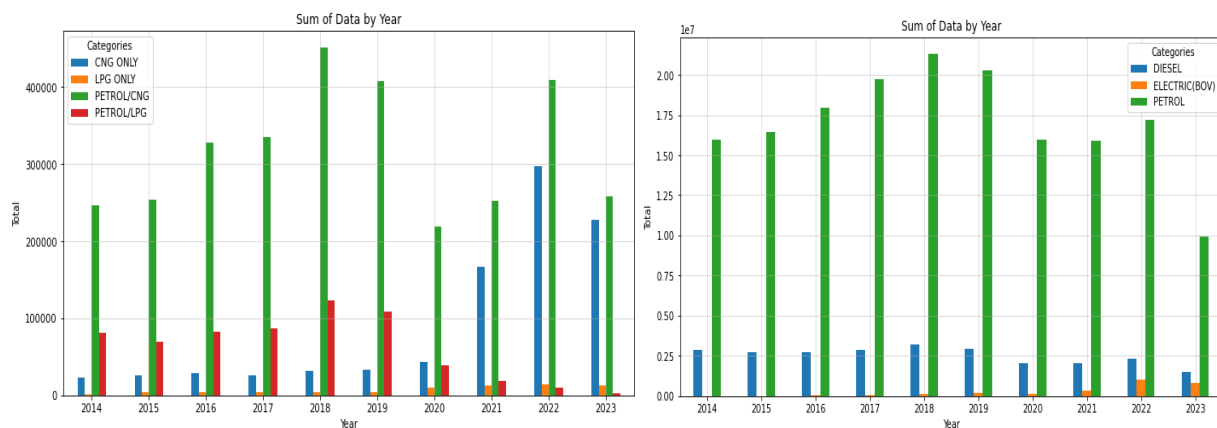
## 4. Behavioral Segmentation:

Behavioral segmentation involves analyzing the behaviors, habits, and actions of potential customers to better understand their preferences and needs. For an Electric Vehicle (EV) startup, behavioral segmentation can provide valuable insights into consumer buying patterns and usage tendencies. By considering key behavioral factors, the startup can tailor its approach to meet the specific requirements of different customer segments. Here's how behavioral segmentation can be applied:

### 4.1. Fuel Consumption Patterns:

#### Analyzing Fuel Consumption Trends:

- Behavioral segmentation can help identify consumers with consistent and high annual fuel consumption rates.
- These individuals may be ideal targets for EV adoption due to their significant expenditure on gasoline or diesel fuel.
- The startup can highlight the potential fuel cost savings and return on investment (ROI) from switching to an EV.

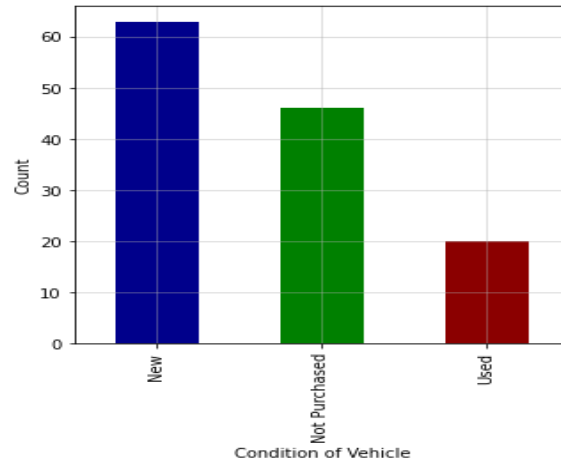


#### Benefits for the EV Startup:

- Identify potential early adopters who are motivated by financial savings.

- Develop marketing campaigns and tools that calculate the potential fuel cost savings when switching to an EV based on individual fuel consumption patterns.

## 4.2. Vehicle Condition:



### Targeting Those with Aging Vehicles:

- Behavioral segmentation can pinpoint individuals with older vehicles that may be approaching the end of their usable life.
- These consumers might be seeking replacement options, and the startup can position EVs as a modern and environmentally friendly alternative.
- Emphasize the superior reliability and lower maintenance costs of EVs compared to aging internal combustion engine (ICE) vehicles.

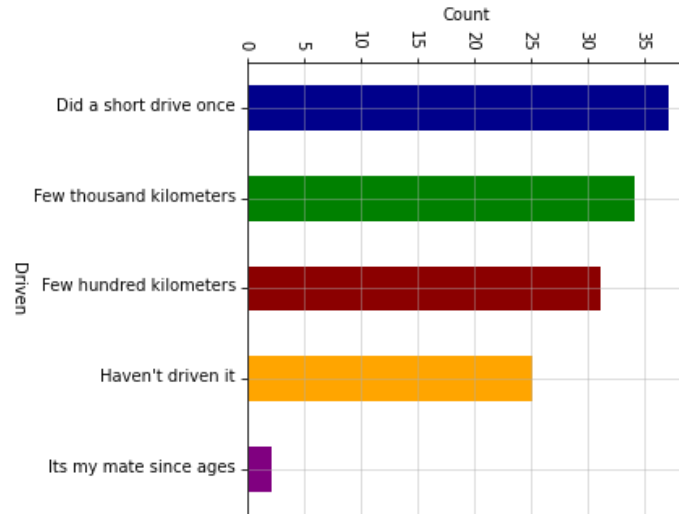
### Benefits for the EV Startup:

- Attract customers looking to replace their older vehicles with eco-friendly options.
- Highlight the durability and longevity of EVs as a cost-effective and sustainable choice.

## 4.3. Driving Habits:

### Catering to High-Mileage Drivers:

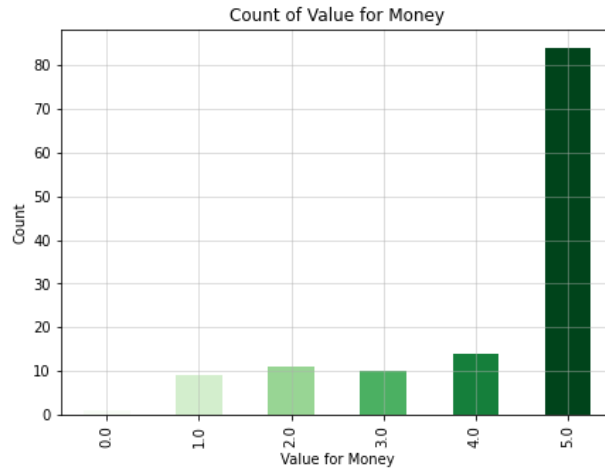
- Behavioral segmentation can identify individuals with long daily commutes or those who frequently travel long distances.
- These customers may appreciate the extended range and efficiency of certain EV models.
- Promote EVs as a practical solution for their specific driving needs, emphasizing the convenience of longer ranges.



#### Benefits for the EV Startup:

- Tailor product offerings to meet the needs of high-mileage drivers.
- Educate customers about the benefits of EVs in terms of reduced fuel stops and long-distance travel.

#### 4.4. Resale Value:



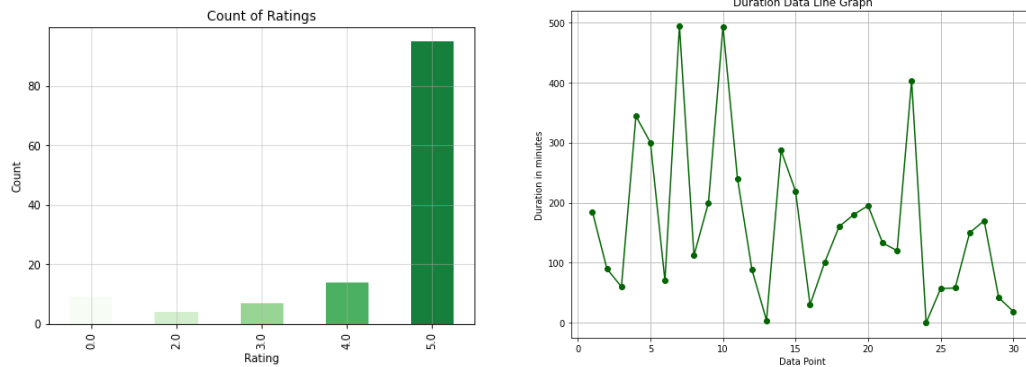
#### Addressing Resale and Long-Term Ownership Concerns:

- Behavioral segmentation can identify customers who consider the future resale value of their vehicles.
- Emphasize the potential for EVs to hold their value over time, highlighting their longevity and technological advancements.
- Provide information about the expected depreciation rates of EVs compared to traditional vehicles.

### Benefits for the EV Startup:

- Attract customers looking for vehicles that retain their value over the years.
- Offer insights into EV depreciation rates and long-term ownership benefits.

## 4.5. Vehicle Ratings and Charging Duration:



### Leveraging Vehicle Reviews and Charging Preferences:

- Behavioral segmentation can consider customer reliance on vehicle ratings and reviews.
- Highlight positive reviews and awards received by EV models to build trust and confidence.
- Consider the preferences of customers who value shorter charging durations and promote fast-charging capabilities.

### Benefits for the EV Startup:

- Utilize positive reviews and ratings as part of marketing campaigns.
- Address concerns about charging times by showcasing fast-charging options available with certain EV models.

By applying behavioral segmentation, the EV startup can gain a deeper understanding of consumer behaviors and preferences, allowing for more targeted product development, marketing strategies, and communication. This customer-centric approach is essential for success in the competitive and rapidly evolving EV market.

## Libraries Used:

- Pandas
- Numpy
- Warnings
- Matplotlib
- Seaborn
- Sklearn

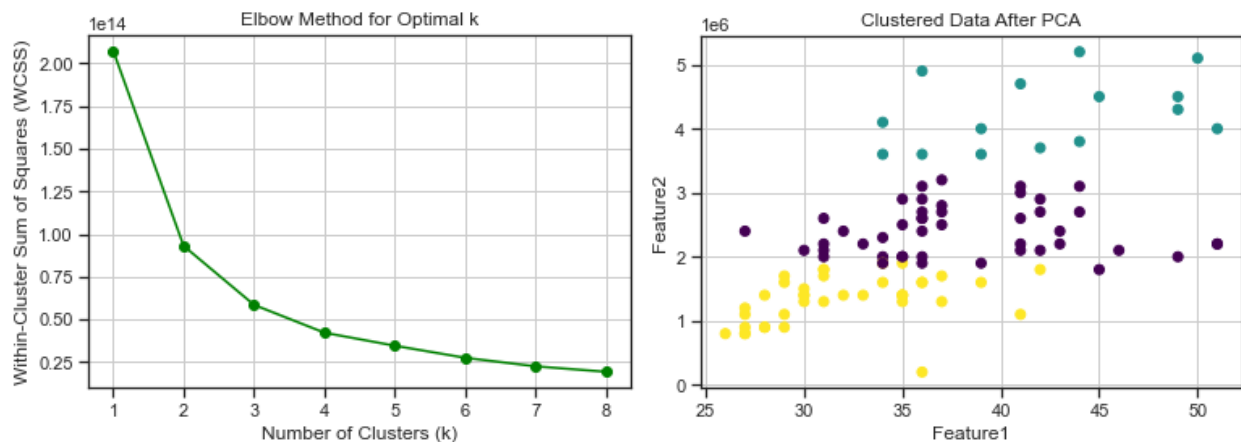


## Segmentation:

K-means clustering is a popular unsupervised machine learning technique used to group similar data points into clusters. In the context of an Electric Vehicle (EV) startup, when you mention that you have three clusters after applying Principal Component Analysis (PCA) and K-means clustering, it suggests that you have successfully divided your data into three distinct groups based on certain features or variables relevant to your EV business. Below, I'll explain how this might be applied in the context of an EV startup:

### 1. Customer Segmentation:

K-means clustering can be applied to customer data to segment your potential customer base into three groups based on specific attributes or behaviors. For an EV startup, this could include factors like income levels, driving patterns, environmental consciousness, and preferences for EV features.



#### Cluster 1: Early Adopters:

- These customers may be environmentally conscious and willing to pay a premium for advanced EV technology.
- Target this group with high-end EV models and emphasize environmental benefits and advanced features.

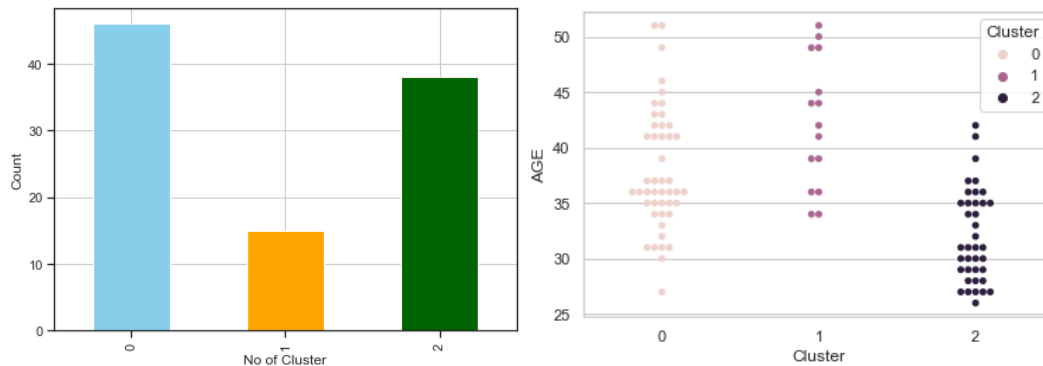
#### Cluster 2: Cost-Conscious Consumers:

- This segment may be budget-conscious and interested in the economic advantages of EVs.
- Offer affordable EV models and emphasize cost savings on fuel and maintenance.

#### Cluster 3: Performance Enthusiasts:

- These customers may prioritize high-performance EVs with impressive acceleration and advanced technology.
- Focus on marketing EV models that offer thrilling driving experiences and cutting-edge tech features.

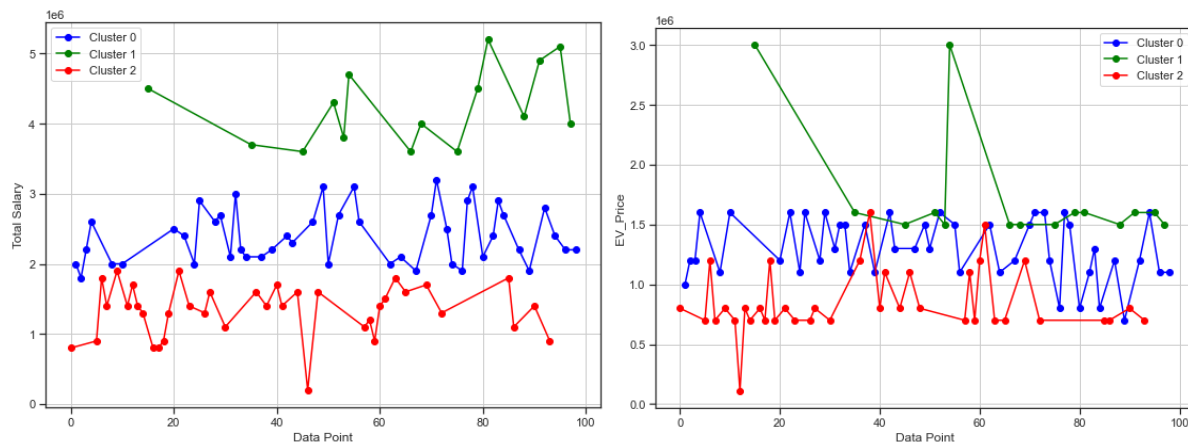
## 2. Product Development:



K-means clustering can help inform product development decisions, including the design and features of your EV models. By analyzing customer preferences and behavior within each cluster, you can tailor your product offerings to better match the needs of each group.

- **Cluster 1:** Develop high-end EV models with advanced technology and environmental sustainability features.
- **Cluster 2:** Design budget friendly, practical EVs with efficient performance and a focus on affordability.
- **Cluster 3:** Create high-performance EVs with rapid acceleration, sports car-like handling, and premium features.

## 3. Marketing and Sales Strategies:



Each cluster may require a different marketing and sales approach. By understanding the characteristics and preferences of each group, you can tailor your marketing messages, pricing strategies, and distribution channels to effectively reach and engage potential customers.

- **Cluster 1:** Highlight environmental benefits, premium features, and tax incentives in marketing campaigns. Partner with luxury dealerships for distribution.
- **Cluster 2:** Emphasize affordability, cost savings, and easy financing options in marketing materials. Consider online sales and partnerships with budget-focused retailers.

- **Cluster 3:** Promote high-performance capabilities, cutting-edge technology, and exclusive driving experiences. Partner with performance car enthusiasts' clubs and organizations.

#### 4. Model Training:

Train machine learning models using the extracted features to predict customer behaviors or preferences. The choice of models depends on your specific objectives, but common choices include:

- **Random Forest Accuracy: 0.97**
- **Logistic Regression Accuracy: 0.70**
- **K-Nearest Neighbors Accuracy: 0.53**
- **MultinomialNB Accuracy: 0.60**
- **Decision Tree Accuracy: 0.97**
- **AdaBoost Accuracy: 0.97**

## CONCLUSION:

Electric vehicle (EV) startups can use advanced techniques such as K-means clustering, Principal Component Analysis (PCA), and machine learning models to segment their customers into distinct groups based on their preferences, behaviors, and needs. This information can be used to guide strategic decisions across the business, from product development to marketing campaigns and customer support.

For example, EV startups can use customer segmentation to:

- Develop EV models that resonate with the preferences of different customer groups.
- Design marketing strategies that effectively communicate the unique benefits of their EVs to each customer segment.
- Optimize their sales and distribution channels for maximum reach and impact.
- Improve the overall customer experience by providing tailored products and services.

By embracing new technologies and data-driven decision-making, EV startups can gain a deeper understanding of their target customers, develop innovative products and services, and transform the transportation industry.

## Datasets And Links:

- [EV\\_Cars\\_India\\_2023](#)
- [Electric Vehicle Charging Stations in India](#)
- [Fuel Prices In India](#)
- [Vehicle Registration India 17-22](#)
- [Electric Vehicles User Reviews India](#)
- [Charging record dataset](#)

- [Indian Consumers Cars purchasing behavior](#)
- [A REVIEW OF STATE GOVERNMENT POLICIES FOR ELECTRIC MOBILITY](#)