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### Step 6- Summarization

#### Step 1: Deciding to Segment or Not

##### Implications of Committing to Market Segmentation:

- Essential for long term success, but not always the best strategy.
- Involves significant costs like research, surveys, and product modifications.
- Requires changes in product development, pricing, distribution, and communication.
- Decisions should be made at the executive level.
- Continuous communication and reinforcement are vital.

##### Implementation Barriers:

- Senior management barriers include lack of leadership and commitment.
- Organisational culture barriers include resistance to change and poor communication.
- Lack of training for employees.
- Objective restrictions like financial constraints.

The decision to implement market segmentation requires thorough consideration of implications, potential barriers, and organisational readiness. Leadership commitment, communication, and resource allocation are crucial for successful implementation.

#### Step 2: Specifying the Ideal Target Segment

##### Segment Evaluation Criteria:

- User input is crucial and extends throughout the process.
- Two sets of criteria: knockout and attractiveness.
- Knockout criteria are nonnegotiable and eliminate unsuitable segments.
- Attractiveness criteria assess remaining segments' desirability.

##### KnockOut Criteria:

- Includes substantiality, measurability, accessibility, homogeneity, distinctiveness, size sufficiency, alignment with organisational strengths, identifiability, and reachability.
- Understood by senior management, the segmentation team, and the advisory committee.
- Essential for determining eligible segments for assessment.

##### Attractiveness Criteria:

- Diverse and rated on a continuum for each criterion.
- Cumulative ratings guide target segment selection.
- Approximately six criteria with assigned weights are identified by the team.

#### Implementing a Structured Process:

- Utilises a segment evaluation plot for assessing segment attractiveness and organisational competitiveness.
- Values assigned by the team with no universal criteria.
- Involves representatives from different organisational units for diverse perspectives.
- Segment evaluation plot timing: Not completed in Step 2 but facilitates data collection and target segment selection in subsequent steps.

### Step 3: Collecting Data

#### Segmentation Variables:

- Essential characteristics used to divide samples into segments.
- Can be based on empirical data or common sense.
- Data Driven segmentation utilises multiple variables for segment identification.
- Quality empirical data is crucial for valid segmentation solutions.

#### Segmentation Criteria:

- Pre Extraction decision involves choosing criteria before data extraction.
- Criteria encompass geographic, sociodemographic, psychographic, and behavioural factors.
- Selection should be based on prior market knowledge and simplicity.

#### Geographic Segmentation:

- Based on consumer residence.
- Advantages include simplicity and targeted communication.
- Disadvantages include potential lack of shared characteristics among residents.

#### SocioDemographic Segmentation:

- Criteria include age, gender, income, and education.
- Used in various industries but has limitations in explaining product preferences.

#### Psychographic Segmentation:

- Based on psychological criteria like beliefs and lifestyle.
- Advantages include understanding underlying reasons for behaviour.
- Disadvantages include complexity in determining segment memberships.

#### Behavioural Segmentation:

- Based on behaviour or reported behaviour.
- Types include prior product experience and purchase frequency.
- Advantages include reliance on actual behaviour, but challenges include data availability.

Data Source: Survey Studies:

- Most segmentation analyses rely on survey data.
- Advantages include cost effectiveness, but biases can impact quality.

Choice of Variables:

- Critical for segmentation quality.
- Data Driven segmentation should include relevant variables while avoiding unnecessary ones.

Response Options:

- Binary or metric options preferred for meaningful analysis.
- Challenges exist for ordinal scales in applying standard distance measures.

Response Styles:

- Response bias and style impact analysis.
- Minimising impact during data collection is crucial.

Sample Size:

- Important consideration for segmentation analysis.
- Sample size should be sufficient considering variables and desired segments.

Data from Internal Sources:

- Increasingly used for segmentation.
- Advantages include representing real consumer behaviour but may be biased towards existing customers.

Experimental Data:

- Derived from controlled experiments.
- Advantages include systematic testing, but alignment with segmentation objectives is crucial.

Data collection for market segmentation involves selecting appropriate variables and criteria from various sources such as surveys, internal data, and experimental studies to understand customer needs, preferences, and behaviours effectively.

## Step 6: Profiling Segments

Identifying Key Characteristics of Market Segments:

- Profiling is necessary for data driven segmentation to identify defining characteristics of resulting segments.
- Characteristics are compared individually and in comparison to other segments.

- Good profiling is crucial for correct interpretation and strategic marketing decisions.

#### Traditional Approaches to Profiling Market Segments:

- Data Driven segmentation solutions are often presented in summary tables or large tables, which can be hard to interpret.
- Tables provide exact percentages for each segmentation variable by segment.
- Profiling involves comparing segment percentages to overall percentages and other segments.

#### Segment Profiling with Visualisations:

- Graphics are integral to statistical data analysis and aid in interpreting segment profiles.
- Segment profile plots visually depict how each market segment differs from the overall sample.
- Visualisations make it easier to assess the usefulness of segmentation solutions and assist in selecting the most appropriate solution.
- Segment separation plots visualise overlap between segments in the data space.
- Neighbourhood graphs indicate similarity between segments, aiding in assessing segment separation.

Visualisations such as segment profile plots and segment separation plots provide a clearer and more intuitive understanding of market segmentation solutions compared to traditional tabular presentations. They help identify defining characteristics of segments and assess segment separation more effectively.