

accepted without further enquiry as marketing mix variables interact not only with each other but also with non-marketing variables in the firm.

Table 11.3 Suggested Strategies Relating to Marketing Mix Variables in PLC Stages

Stage in Life Cycle	Product	Pricing	Promotion	Distribution
Introduction	Iron out product deficiencies	Highest	Create awareness of product's potential. Stimulate primary demand	Selective distribution
Growth	Focus on product quality. Introduce variations of product	High	Selective advertising of the brand. Heavy advertising to create image	Extended coverage
Maturity	Product adjustments for further brand differentiation	Moderate	Maintain and build image. Facilitate sales promotion.	Close-relationship with dealers
Decline	Simplify the product line. Seek new product uses. Introduce changes to revitalize the product.	Low	Primary demand may again be cultivated.	Selective cultivation

11.2.6 Market Segmentation

In order to introduce the concept of market segmentation, the two concepts of 'market' and 'segment' need to be separately defined. Market is defined as the market for a particular product which in effect means the functions served by that product. A 'market segment' refers to a homogeneous group consisting of buyers who seek the same offering. These two concepts are related to each other in the sense that the concept of a market as a set and a segment as a subset is the basis on which the process of segmentation is carried out. In defining a segment, one thinks less in terms of functions and more in terms of *benefits sought* and *by whom*. The output of a segmentation analysis is therefore (a) *a profile of customer target group*, focusing on those details that will help develop the 4 Ps, and (b) *the set of benefits sought*, which will constitute a critical advantage to act as the buying inducement.

Bases for Segmentation

Segmentation is principally based on what people *say*, *are*, and *do*, i.e., what people benefit demographically including social and family life cycle, and psychographically including personality variables. Some important personality variables that may be used in psychographic segmentation are: impulsiveness, sociability, achievement orientation, masculinity, self-confidence, conservativeness, prestige consciousness, alertness to change, thriftiness, and sentimentalism.

Other bases for segmentation are *usage rate* and *brand loyalty*. It is the *heavy users* category which is important so far as the usage rate is concerned. The same is the case for those who are *loyal* to some brand.

Basis for Segmentation Selection

There is no standard method to define what basis is the best in a particular case, and companies therefore resort to one or more of the following: Intuition and experience, trial and error, research on consumption patterns, research on attitudes and perceptions. Two approaches are used for breaking up a market: (a) the top-down approach, and the (b) bottom-up approach. In the top-down approach, called *logical division*, one starts with the market and breaks it down into more and more refined markets. In order to follow the bottom-up approach, called *ordering*, one starts with the individual consumers and groups, and their likely wants into segments.