SUMMARY TO STEP-1:

Market segmentation is a tactical choice that calls for thorough consideration, dedication, and the capacity to handle potential difficulties that can develop during implementation. It ought to be viewed as a long-term strategy that, when carried out well, can be profitable, or it can pose serious threats to the company itself. Pursing a market segmentation technique is time consuming as well as requires company power from different units in the company to offer differentiated views on the topic or product.

- Market segmentation requires a long-term commitment rather than a quick fix plan. Segmentation techniques must be implemented and maintained by organizations, which requires time and money.
- Market segmentation deployment entails expenses for things like market research, focus groups, surveys, product modifications, and advertising. These expenses need to be justified by the expected increase in sales.
- Organizational Changes: Adopting a segmentation strategy may necessitate significant organizational changes, such as the creation of new items, changes to price, and adjustments to distribution and communication methods.
- Organizational Structure: Organizing around market segments rather than products can maximize the benefits of segmentation. Segment-focused strategic business units might aid in the adaptation to shifting consumer demands.
- Executive-Level Decision: In order to achieve commitment and alignment, the decision to investigate market segmentation should be made at the highest executive level and shared throughout the organization.
- A number of obstacles, including as senior management's lack of involvement or resource allocation, problems with organizational culture, a lack of training, and the absence of a defined marketing role, may prevent market segmentation from being successfully implemented.
- Objective Restrictions: Attempts at segmentation might be hampered by objective restrictions, such as budgetary constraints or the inability to make structural modifications.
- Process-Related Barriers: Barriers related to the segmentation process itself, such as unclear objectives, lack of planning, and time pressure, can affect the outcome.
- Ease of Understanding: Manager acceptability of market segmentation analysis can be increased by making it simple to understand, potentially using graphical displays.
- Persistent Commitment: Implementing market segmentation calls for perseverance, patience, and a readiness to face any obstacles that may crop up along the way.

SUMMARY TO STEP-2:

The success of market segmentation study depends on user participation and the carefully crafted design of these evaluation criteria. It also emphasizes the distinction between attractiveness criteria, which give flexibility and call for group discussion and selection, and knock-out criteria, which are inflexible and preset.

- User Input Throughout: For a market segmentation analysis to be effective, user input shouldn't be restricted to just the start or the finish. Users need to be involved in most stages of the analysis to ensure that it aligns with their needs and objectives.
- The organization is crucial in Step 2 after committing to the analysis in Step 1. The organization establishes two sets of segment evaluation standards in this step: knock-out standards and attractiveness standards.
- Knock-Out Criteria: Knock-out criteria are essential, non-negotiable features of segments that the organization would consider targeting. These criteria automatically eliminate some market segments and are not open to negotiation by the segmentation team.
  - by Kotler 1994: using segment attractiveness criteria
  - by Tynan and Drayton 1987: substantiality, measurability, and accessibility
  - recent criterion:
    - homogeneous = similarity
    - distinct = different from other segment members
    - large enough = segment must have enough customers
    - align with company's strength = capability to satisfy customers' needs
    - identifiable = spotting in marketplace must be easy
    - reachable = communication of customized marketing mix
- Attractiveness Criteria: Attractiveness criteria are used to evaluate the relative attractiveness of the remaining market segments, those that meet the knock-out criteria. This set of criteria is more diverse and flexible, and it represents a shopping list for the segmentation team. The segment attractiveness and organisational competitiveness values are determined by the segmentation team. This is necessary because there is no standard set of criteria that could be used by all organisations. Factors which constitute both segment attractiveness and organisational competitiveness need to be negotiated and agreed upon. To achieve this, a large number of possible criteria has to be investigated before agreement is reached on which criteria are most important for the organisation. McDonald and Dunbar (2012) recommend to use no more than six factors as the basis for calculating these criteria.

o   Members of the segmentation team must decide which attractiveness factors to utilize when assessing possible target segments. The proportional significance of each attractiveness criterion to the company must also be evaluated.

o   Attractiveness criteria are negotiated by the segmentation team and then used to assess the overall relative attractiveness of each market group in Step 8. Knock-out criteria, on the other hand, are set.

o   Segment Evaluation Plot: While there is a benefit to choosing attractiveness criteria early in the process, the segment evaluation plot cannot be finished in Step 2 of the market segmentation analysis (since there are no segments yet accessible). Determining what important to the company in terms of market segmentation makes it easier to choose a target group in Step 8 and ensures that pertinent data is collected during data collection (Step 3).

o   At the conclusion of this process, the market segmentation team should try to have about six segment attractiveness criteria. A weight should be given to each criterion to represent how important it is in relation to the others. Team members often distribute a total of 100 points among the criteria as part of the weighing process before engaging in negotiations to reach an understanding. The advisory committee's approval is ideal because it encompasses a variety of viewpoints.

SUMMARY TO STEP-3:

The value of high-quality data, selecting appropriate segmentation criteria, and the effects of different data gathering aspects on the effectiveness of segmentation solutions, determines how much accurate our results are. For academics and professionals undertaking market segmentation study, it offers helpful advice. This step is crucial in lieu of step 1 and 2.

o   Segmentation Variables: Segmentation variables are the factors in empirical data that are used to divide a sample into market segments. Commonsense segmentation often uses a single customer feature, such gender, as the segmentation variable. These parameters aid in segmentation.

o   Descriptor Variables: Other personal characteristics included in the data, such as age, the number of holidays taken, and the advantages sought while on vacation, are known as descriptor variables. The segments are described in detail using these characteristics, which is essential for creating powerful marketing plans.

o   Data-driven segmentation uses several segmentation variables to find naturally occurring or intentionally generated market categories, which is different from

commonsense segmentation. For instance, rather than focusing on a single factor like gender, market segmentation can be based on shared benefits sought.

- o The significance of data quality for the development of effective segmentation systems, high quality empirical data is crucial. The ability to accurately categorize people into segments and assign them to those groups has an impact on product customization, pricing, distribution, and communication strategies.
- o Empirical data for segmentation research can be gathered from several sources, including survey studies, observations (such data from scanners), and experimental studies. The chosen data source should accurately reflect actual customer behavior and be pertinent to the goals of the study.
- o Segmentation Criteria: The organization must decide on segmentation criteria before data collection. Common criteria include geographic, socio-demographic, psychographic, and behavioral factors. The choice depends on the market and the product or service being analyzed.

    1. Geographic Segmentation: Market segments are frequently created using geographic factors, such as residence location. This strategy is particularly pertinent when linguistic distinctions or other regional characteristics affect consumer behavior.
    2. Socio-Demographic Segmentation: Socio-demographic criteria like age, gender, income, and education is useful in various industries. However, they may not always explain product preferences adequately.
    3. Psychographic segmentation: Based on psychological variables including beliefs, interests, and advantages sought, psychographic criteria can provide light on customer behavior. Although they are more difficult to employ, they can be more reflective of the causes underlying behavioral variations.
    4. Behavioral Segmentation: Behavioral segmentation groups consumers based on their actual behavior, such as purchase frequency, spending amount, or brand choices. This approach directly targets similarities in behavior.

- o Data from Survey Studies: Due to its affordability, survey data is frequently used as the foundation for market segmentation analyses. Survey data should, however, be carefully gathered because it can be skewed.
- o Response Options: Response options in surveys impact data analysis. Binary or metric responses are preferred over ordinal scales, which can pose challenges for segmentation algorithms based on distance measures.
- o Response Patterns: Response patterns can have an impact on survey results, such as agreement bias or extreme response inclinations. To assure the quality of the data, response styles must be identified and addressed.