Market Segmentation Analysis

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What is Market Segmentation?

Market segmentation is a decision-making tool for the marketing manager in the crucial task of selecting a target market for a given product and designing an appropriate marketing mix. Market segmentation is one of the key building blocks of strategic marketing. Market segmentation is essential for marketing success: the most successful firms drive their businesses based on segmentation. Market segmentation lies at the heart of successful marketing tools such as segmentation have the largest impact on marketing decisions.

In Simple word Market Segmentation means means cutting markets into slices.

What are the benefits of Market Segmentation?

- There are number of benefits of Market segmentation, at very first level Market segmentation forces organisations to take stock of where they stand, and where they want to be in future.
- Market segmentation offers an opportunity to think and rethink, and leads to critical new insights and perspectives.

- When implemented well, market segmentation also leads to tangible benefits, including a better understanding of differences between consumers, which improves the match of organizational strengths and consumer needs. Such an improved match can, in turn, form the basis of a long-term competitive advantage in the selected target segment(s).
- Market segmentation has also been shown to be effective in sales management, because it allows direct sales efforts to be targeted at groups of consumers rather than each consumer individually.

When at an organizational level, market segmentation can contribute to team building because many of the tasks associated with conducting a market segmentation analysis require representatives from different organizational units to work as a team. If this is achieved successfully, it can also improve communication and information sharing across organizational units.

What is the Cost of Market Segmentation?

WE have to do Substantial Investment for performing Market segmentation.

A large number of people have to dedicate a substantial amount of time to conduct a thorough market segmentation analysis. If a segmentation strategy is pursued, more human and financial resources are required to develop and implement a customised marketing mix.

In the worst case, if market segmentation is not implemented well, the entire exercise is a waste of resources. Instead of leading to competitive advantage, a failed market segmentation strategy can lead to substantial expenses generating no additional return at all, instead disenfranchising staff involved in the segmentation exercise.

What are The Layers of Market Segmentation Analysis?

Conducting high quality market segmentation analysis:
Extracting market segments

Enabling high quality market segmentation analysis:
Collecting good data, exploring data, profiling segments, describing segments

Making it happen in practice:
Deciding to segment, defining the ideal segment, selecting (the) target segment(s), developing a customised marketing mix, assessing effectiveness and monitoring marketing changes
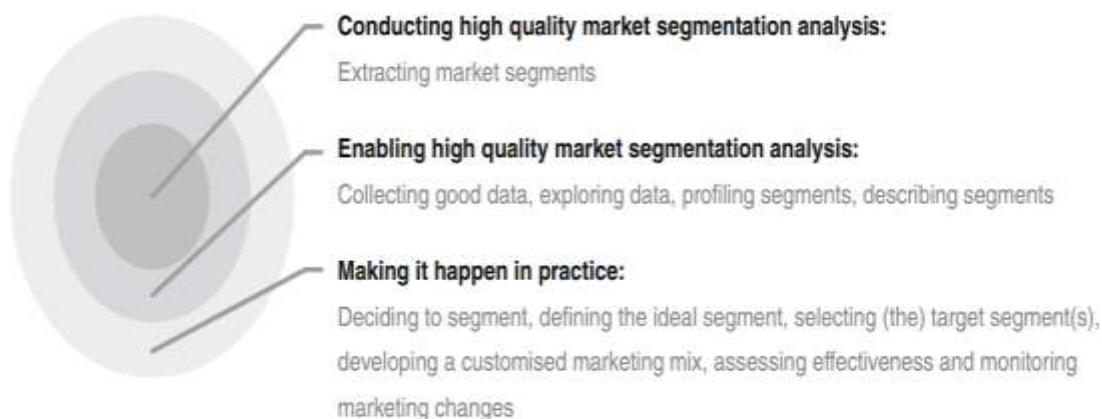
Fig. 2.1 The layers of market segmentation analysis

If all the tasks in the first (core) and second layer of market segmentation analysis have been implemented well, the result is a theoretically excellent market segmentation solution. But a theoretically excellent market segmentation solution is meaningless unless users can convert such a solution into strategic marketing decisions and tactical marketing action. Therefore, for any market segmentation analysis to be complete, a third layer is required. This third layer includes nontechnical tasks. These tasks represent organizational implementation issues, and do not sequentially follow the first and the second layer. As illustrated in the above image, the third layer of implementation tasks wraps around technical tasks.

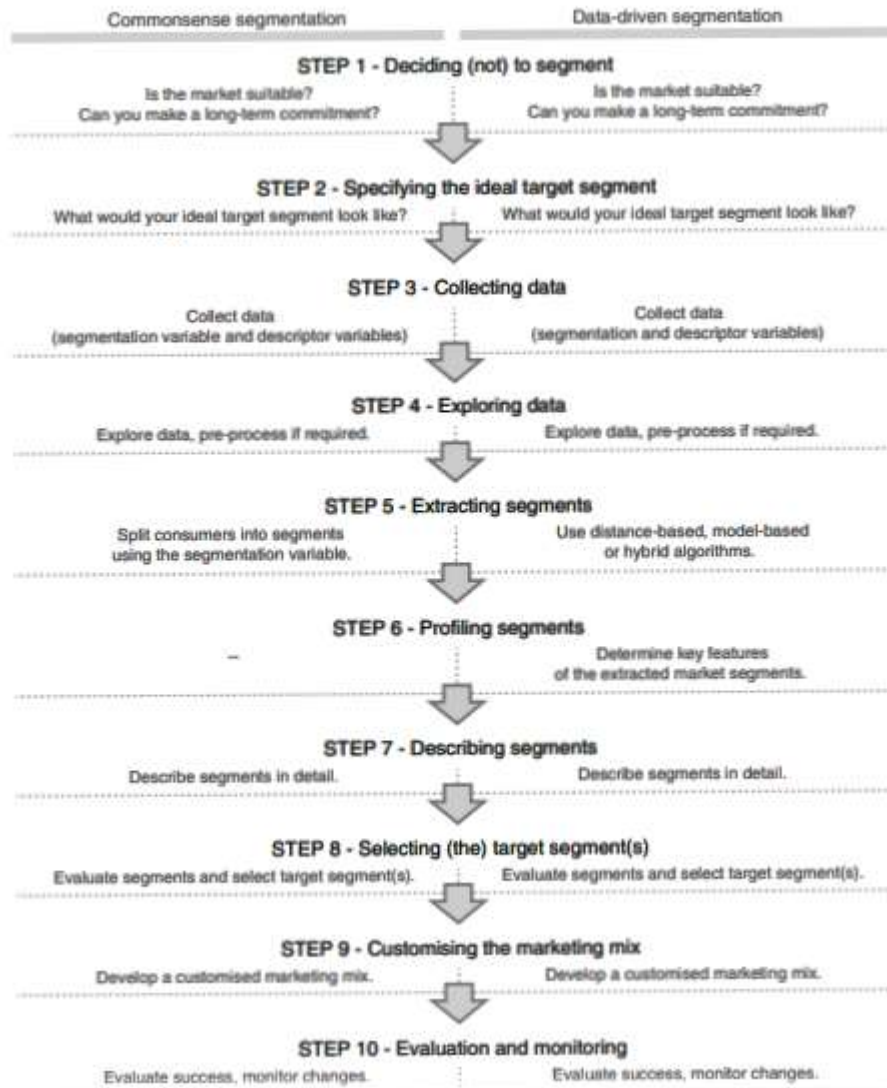## How to Approach Market Segmentation Analysis

We can't say that any one particular Approach is the best while conducting Market Segmentation analysis. Instead we can Systematized the approaches in number of different ways.

Using Organizational Constraints

There are 3 types of Approaches for Market Segmentation by Dib and Simkin

1. The creation of segments from existing consumer classifications.
2. The emergence of segments from qualitative research.
3. The quantitative survey-based approach.

The Ten Steps of Market Segmentation Analysis

Commonsense segmentation	Data-driven segmentation

STEP 1 - Deciding (not) to segment

Is the market suitable? Can you make a long-term commitment?	Is the market suitable? Can you make a long-term commitment?

STEP 2 - Specifying the ideal target segment

What would your ideal target segment look like?	What would your ideal target segment look like?

STEP 3 - Collecting data

Collect data (segmentation variable and descriptor variables)	Collect data (segmentation and descriptor variables)

STEP 4 - Exploring data

Explore data, pre-process if required.	Explore data, pre-process if required.

STEP 5 - Extracting segments

Split consumers into segments using the segmentation variable.	Use distance-based, model-based or hybrid algorithms.

STEP 6 - Profiling segments

—	Determine key features of the extracted market segments.

STEP 7 - Describing segments

Describe segments in detail.	Describe segments in detail.

STEP 8 - Selecting (the) target segment(s)

Evaluate segments and select target segment(s).	Evaluate segments and select target segment(s).

STEP 9 - Customising the marketing mix

Develop a customised marketing mix.	Develop a customised marketing mix.

STEP 10 - Evaluation and monitoring

Evaluate success, monitor changes.	Evaluate success, monitor changes.

Step 1: Deciding (not) to Segment

Implications of Committing to Market Segmentation

Market Segmentation is a long term process and hence organization needs to understand this and commit to process. The commitment to market segmentation goes hand in hand with the willingness and ability of the organization to make substantial changes and investments. Segmenting a market is not free. There are costs of performing the research, fielding surveys, and focus groups, designing multiple packages, and designing multiple advertisements and communication messages. We do not need to segment unless the expected increase in sales is sufficient to justify implementing a segmentation strategy, that One of the truisms of 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.

Implementation Barriers

There are number of books on Market segmentation focus mainly on how market segmentation can successfully implemented in an organization.

The First group of barriers is from senior management like Barriers from Lack of leadership, pro-active championing, commitment and involvement in the market segmentation process by senior leadership undermines the success of market segmentation.

Senior management can also prevent market segmentation to be successfully implemented by not making enough resources available.

Step 1 Checklist

This first checklist includes not only tasks, but also a series of questions which, if not answered in the affirmative, serve as knock-out criteria. For example: if an organization is not market-oriented, even the finest of market segmentation analyses cannot be successfully implemented.

1. Ask if the organization's culture is market-oriented.
2. Ask if the organization's culture is market-oriented.
3. Ask if the organization takes a long-term perspective.
4. Ask if the organization is open to new ideas.
5. Ask if communication across organizational units is good.
6. Ask if the organization is in the position to make significant (structural) changes.
7. Ask if the organization has sufficient financial resources to support a market segmentation strategy.
8. Secure visible commitment to market segmentation from senior management.
9. Secure active involvement of senior management in the market segmentation analysis.
10. Secure required financial commitment from senior management.
11. Ensure that the market segmentation concept is fully understood.
12. Ensure that the implications of pursuing a market segmentation strategy are fully understood.

Put together a team of 2-3 people (segmentation team) to conduct the market segmentation analysis.

Step 2: Specifying the Ideal Target Segment

Segment Evaluation Criteria

The third layer of market segmentation analysis depends primarily on user input. It is important to understand that – for a market segmentation analysis to produce results that are useful to an organization – user input cannot be limited to either a briefing at the start of the process, or the development of a marketing mix at the end. Rather, the user needs to be involved in most stages, literally wrapping around the technical aspects of market segmentation analysis. After having committed to investigating the value of a segmentation strategy in Step 1, the organization has to make a major contribution to market segmentation analysis in Step 2. While this contribution is conceptual in nature, it guides many of the following steps, most critically Step 3 (data collection) and Step 8 (selecting one or more target segments).

What is Knock-Out Criteria?

Knock-out criteria are 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 customizing the marketing mix for them.

• The segment must be matching the strengths of the organization; the organization 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 in order to make the customized marketing mix accessible to them.

Knock-out criteria must be understood by senior management, the segmentation team, and the advisory committee. Most of them do not require further specification, but some do. For example, while size is non-negotiable, the exact minimum viable target segment size needs to be specified.

Step 2 Checklist to be followed

- Convene a segmentation team meeting.
- Discuss and agree on the knock-out criteria of homogeneity, distinctness, size, match, identifiability and reach ability. These knock-out criteria will lead to the automatic elimination of market segments which do not comply (in Step 8 at the latest).
- Present the knock-out criteria to the advisory committee for discussion and (if required) adjustment.
- Individually study available criteria for the assessment of market segment attractiveness.
- Individually distribute 100 points across the segment attractiveness criteria you have agreed upon with the segmentation team. Distribute them in a way that reflects the relative importance of each attractiveness criterion.
- Discuss weightings with other segmentation team members and agree on a weighting.
- Present the selected segment attractiveness criteria and the proposed weights assigned to each of them to the advisory committee for discussion and (if required) adjustment.

Step 3: Collecting Data

<u>Segmentation Variable</u>

Empirical data forms the basis of both commonsense and data-driven market segmentation. Empirical data is used to identify or create market segments and – later in the process – describe these segments in detail.

In commonsense segmentation, the segmentation variable is typically one single characteristic of the consumers in the sample.

Each row in this table represents one consumer, each variable represents one characteristic of that consumer. An entry of 1 in the data set indicates that the consumer has that characteristic. An entry of 0 indicates that the consumer does not have that characteristic. The commonsense segmentation illustrated in below figure uses gender as the segmentation variable. Market segments are created by simply splitting the sample using this segmentation variable into a segment of women and a segment of men.

Table 5.1 Gender as a possible segmentation variable in commonsense market segmentation

Sociodemographics		Travel behaviour	Benefits sought				
gender	age	Nº of vacations	relaxation	action	culture	explore	meet people
Female	34	2	1	0	1	0	1
Female	55	3	1	0	1	0	1
Female	68	1	0	1	1	0	0
Female	34	1	0	0	1	0	0
Female	22	0	1	0	1	1	1
Female	31	3	1	0	1	1	1
Male	87	2	1	0	1	0	1
Male	55	4	0	1	0	1	1
Male	43	0	0	1	0	1	0
Male	23	0	0	1	1	0	1
Male	19	3	0	1	1	0	1
Male	64	4	0	0	0	0	0

segmentation variable   descriptor variables

Segmentation Criteria

. The term segmentation variable refers to one measured value, for example, one item in a survey, or one observed expenditure category. The term segmentation criterion relates to the nature of the information used for market segmentation. It can also relate to one specific construct, such as benefits sought. The decision 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, sociodemographic, psychographic and behavioral.

Geographic Segmentation

Geographic information is seen as the original segmentation criterion used for the purpose of market segmentation. Typically – when geographic segmentation is used – the consumer's location of residence serves as the only criterion to form market segments. While simple, the geographic segmentation approach is often the most appropriate. For example: if the national tourism organization of Austria wants to attract tourists from neighboring countries, it needs to use a number of different languages: Italian, German, Slovenian, Hungarian, and Czech. Language differences across countries represent a very pragmatic reason for treating tourists from different neighboring countries as different segments.

The key advantage of geographic segmentation is that each consumer can easily be assigned to a geographic unit. As a consequence, it is easy to target communication messages, and select communication channels (such as local newspapers, local radio and TV stations) to reach the selected geographic segments.

Socio-Demographic Segmentation

Typical socio-demographic segmentation criteria include age, gender, income and education. Socio-demographic segments can be very useful in some industries. For example: luxury goods (associated with high income), cosmetics (associated with gender; even in times where men are targeted, the female and male segments are treated distinctly differently), baby products (associated with gender), retirement villages (associated with age), tourism resort products (associated with having small children or not).

As is the case with geographic segmentation, socio-demographic segmentation criteria have the advantage that segment membership can easily be determined for every consumer. In some

instances, the socio-demographic criterion may also offer an explanation for specific product preferences (having children, for example, is the actual reason that families choose a family vacation village where previously, as a couple, their vacation choice may have been entirely different).

Step 3 Checklist

- Convene a market segmentation team meeting.
- Discuss which consumer characteristics could serve as promising segmentation variables. These variables will be used to extract groups of consumers from the data.
- Discuss which other consumer characteristics are required to develop a good understanding of market segments. These variables will later be used to describe the segments in detail.
- Determine how you can collect data to most validly capture both the segmentation variables and the descriptor variables.
- Design data collection carefully to keep data contamination through biases and other sources of systematic error to a minimum.

And Lastly Collect Data.

Step 4: Exploring Data

To read the data set into R, we use the following command:

 R> vac <- read.csv ("vacation.csv", check. Names = FALSE)

 check.names = FALSE prevents read.csv () to convert blanks in column names to dots (which is the default). After reading the data set into R, we store it in a data frame named vac. We can inspect the the vac object, and learn about column names, and the size of the data set using the commands:

R> colnames (vac)

 [1] "Gender" [2] "Age" [3] "Education" [4] "Income" [5] "Income2" [6] "Occupation" [7] "State" [8] "Relationship.Status" [9] "Obligation" [10] "Obligation2" [11] "NEP" [12] "Vacation.Behaviour" [13] "rest and relax" [14] "luxury / be spoilt" [15] "do sports" [16] "excitement, a challenge" [17] "not exceed planned budget" [18] "realise creativity" [19] "fun and entertainment" [20] "good company" [21] "health and beauty" [22] "free-and-easy-going" [23] "entertainment facilities" [24] "not care about prices" [25] "life style of the local people" [26] "intense experience of nature" [27] "cosiness/familiar atmosphere" [28] "maintain unspoilt surroundings" [29] "everything organised" [30] "unspoilt nature/natural landscape" [31] "cultural offers" [32] "change of surroundings" R> dim(vac) [1] 1000 32 summary(vac) generates a full summary of the data set.

Descriptive Analysis

 Being familiar with the data avoids misinterpretation of results from complex analyses. Descriptive numeric and graphic representations provide insights into the data. Statistical software packages offer a wide variety of tools for descriptive analysis. In R, we obtain a numeric summary of the data with command summary

(). This command returns the range, the quartiles, and the mean for numeric variables. For categorical variables, the command returns frequency counts. The command also returns the number of missing values for each variable.
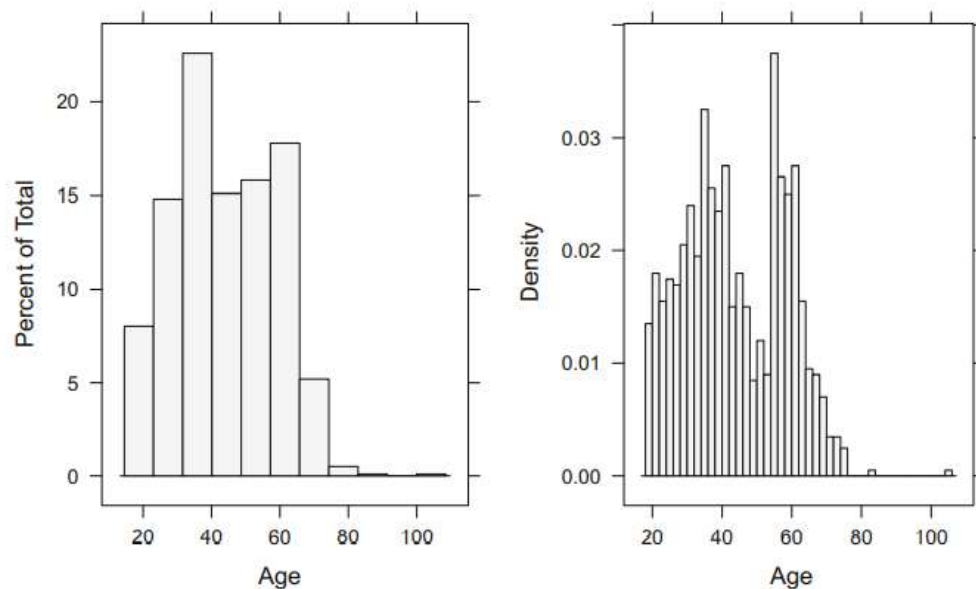
Fig. 6.1 Histograms of tourists' age in the Australian travel motives data set

Principal Components Analysis

Principal components analysis (PCA) transforms a multivariate data set containing metric variables to a new data set with variables – referred to as principal components – which are uncorrelated and ordered by importance. The first variable (principle component) contains most of the variability, the second principle component contains the second most variability, and so on. After transformation, observations (consumers) still have the same relative positions to one another, and the dimensionality of the new data set is the same because principal components analysis generates as many new variables as there were old ones. Principal components analysis basically keeps the data space unchanged, but looks at it from

a different angle. Principal components analysis works off the covariance or correlation matrix of several numeric variables. If all variables are measured on the same scale, and have similar data ranges, it is not important which one to use. If the data ranges are different, the correlation matrix should be used (which is equivalent to standardizing the data).
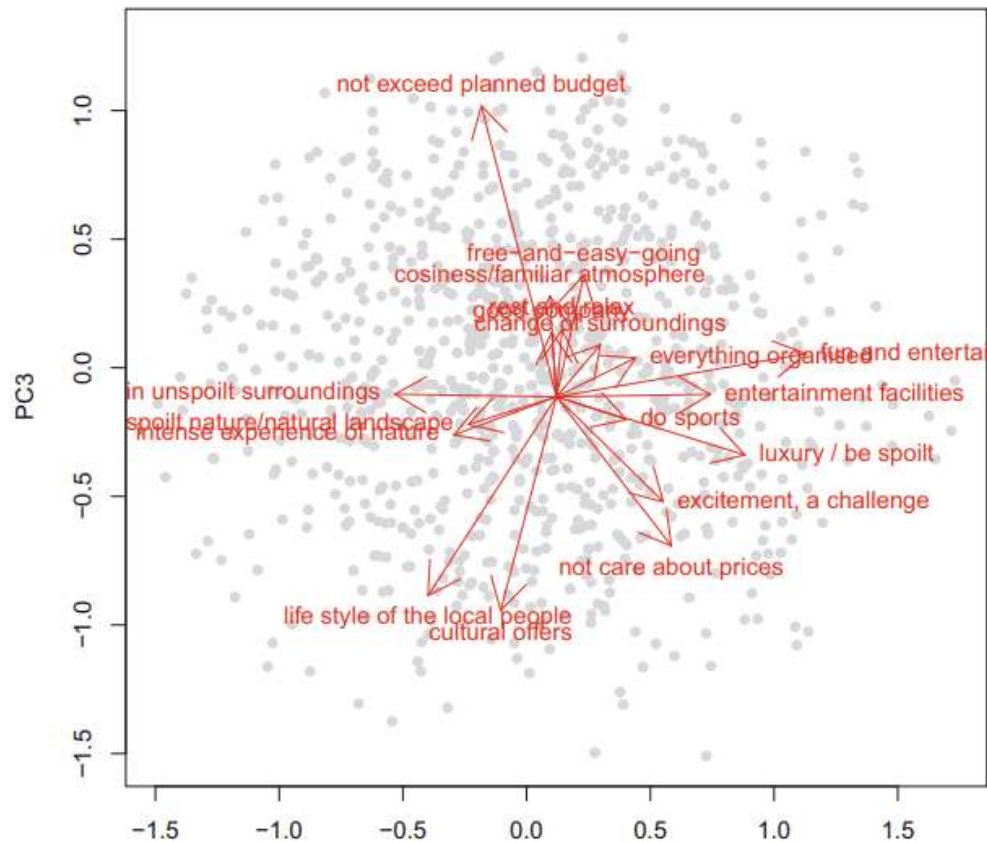
Step 4 Checklist

- Explore the data to determine if there are any inconsistencies and if there are any systematic contaminations.
- If necessary, clean the data.
- If necessary, pre-process the data.

- Check if the number of segmentation variables is too high given the available sample size. You should have information from a minimum of 100 consumers for each segmentation variable.
- If you have too many segmentation variables, use one of the available approaches to select a subset.
- Check if the segmentation variables are correlated. If they are, choose a subset of uncorrelated segmentation variables.
- Pass on the cleaned and pre-processed data to Step 5 where segments will be extracted from it.

Analysis and Approaches used for Segmentation

What is Market Segmentation?

Perhaps the most common use case for clustering algorithms in the real world, Market Segmentation refers to using Cluster Analysis to segment a customer base into different market segments using the clustering techniques we've learned.

Key Takeaways

- The key takeaways from this section include:
- There are two main types of clustering algorithms: non-hierarchical clustering (k-means) and hierarchical agglomerative clustering
- You can quantify the performance of a clustering algorithm using metrics such as variance ratios
- When working with the k-means clustering algorithm, it is useful to create elbow plots to find an optimal value for k
- When using hierarchical agglomerative clustering, different linkage criteria can be used to determine which clusters should be merged and at what point
- Dendrograms and clustergrams are very useful visual tools in hierarchical agglomerative clustering
- Advantages of k-means clustering include easy implementation and speed, whereas the main disadvantage is that it isn't always straightforward how to pick the "right" value for k

Advantages of hierarchical agglomerative clustering include easy visualization and intuitiveness, whereas the main disadvantage is that the result is very distance-metric-dependent

You can use supervised and unsupervised learning together in a few different ways. Applications of this are look-alike models in market segmentation and semi-supervised learning

Introduction to Clustering

It is basically a type of unsupervised learning method. An unsupervised learning method is a method in which we draw references from datasets consisting of input data without labeled responses. Generally, it is used as a process to find meaningful structure, explanatory underlying processes, generative features, and groupings inherent in a set of examples.

Clustering is the task of dividing the population or data points into a number of groups such that data points in the same groups are more similar to other data points in the same group and dissimilar to the data points in other groups. It is basically a collection of objects on the basis of similarity and dissimilarity between them.
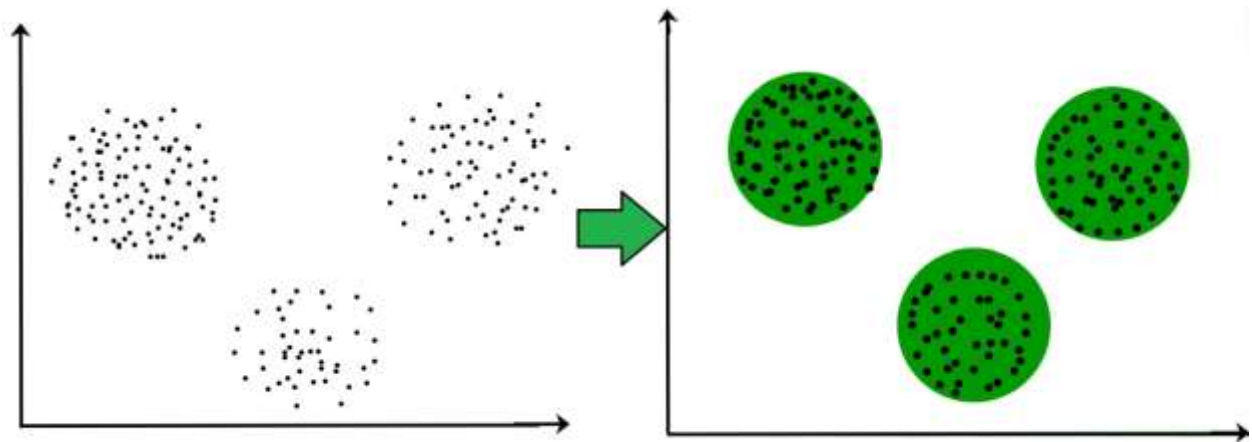
Why Clustering?

Clustering is very much important as it determines the intrinsic grouping among the unlabeled data present. There are no criteria for good clustering. It depends on the user, what is the criteria they may use which satisfy their need. For instance, we could be interested in finding representatives for homogeneous groups (data reduction), in finding "natural clusters" and describe their unknown properties

("natural" data types), in finding useful and suitable groupings ("useful" data classes) or in finding unusual data objects (outlier detection). This algorithm must make some assumptions that constitute the similarity of points and each assumption make different and equally valid clusters.

Clustering Methods:

Density-Based Methods: These methods consider the clusters as the dense region having some similarities and differences from the lower dense region of the space. These methods have good accuracy and the ability to merge two clusters. Example *DBSCAN (Density-Based Spatial Clustering of Applications with Noise)*, *OPTICS (Ordering Points to Identify Clustering Structure)*, etc.

Hierarchical Based Methods: The clusters formed in this method form a tree-type structure based on the hierarchy. New clusters are formed using the previously formed one. It is divided into two category

Agglomerative (bottom-up *approach*)

Divisive (top-down *approach*)

Partitioning Methods: These methods partition the objects into k clusters and each partition forms one cluster. This method is used to optimize an objective criterion similarity function such as when the distance is a major parameter example *K-means, CLARANS (Clustering Large Applications based upon Randomized Search)*, etc.

Grid-based Methods: In this method, the data space is formulated into a finite number of cells that form a grid-like structure. All the clustering operations done on these grids are fast and independent of the number of data objects example *STING (Statistical Information Grid), wave cluster, CLIQUE (Clustering In Quest)*, etc.

Clustering Algorithms :

[K-means clustering algorithm](#) – It is the simplest unsupervised learning algorithm that solves clustering problem K-means algorithm partitions n observations into k clusters where each observation belongs to the cluster with the nearest mean serving as a prototype of the cluster.
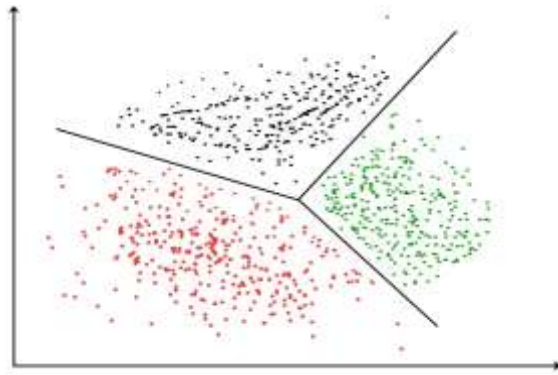
Step 6: Profiling Segments

After getting a four-segment k-means solution in the previous step, we proceed with the profiling of the four segments that we clustered by clustering methods earlier.

The segment profiling plots makes it easy to see key characteristics of each market segment profile plots. This makes it easy to see the key characteristics of each market segment. It also highlights differences between the segments. To achieve this we have to perform hierarchical clustering analysis.

To understand the market segments, managers need to do two things:

(1) Compare the bars for each segment with the horizontal lines to see what makes each segment distinct from all consumers in the market.

(2) Compare bars across segments to identify differences between segments.

At the end of Step 6 managers have a good understanding of the nature of the four market segments in view of the information that was used to create these segments. Apart from that, they know little about the segments. Learning more about them is the key aim of Step 7.

Step 7: Describing Segments

Descriptor variables that are present in the data set are additional pieces of information about consumers that are critically important to gaining a good understanding of market segments. One such descriptor variable in this data set is love or hate the food.

We analyse the descriptor variable mosaic plot for each segment and observe the additional pieces of information given by customers for each segment individually and get comparative analysis.

To further characterise market segments with respect to the descriptor variables, we try to predict segment membership using descriptor variables.

Optimally, additional descriptor variables would be available. Of particular interest would be information about product preferences, frequency of eating at a fast-food restaurant, frequency of dining out in general, hobbies and frequently used information sources (such as TV, radio, newspapers, social media). The availability of such information allows the data analyst to develop a detailed description of each market segment. A detailed description, in turn, serves as the basis for tasks conducted in Step 9 where the perfect marketing mix for the selected target segment is designed.

Step 8: Selecting the Target Segment:-

In this step the important choice has now been made: which of the numerous different market sectors will be targeted? Market segmentation is a powerful marketing strategy. The selection of one or more target segments is a long-term choice that has a substantial impact on an organization's future performance.

A number of segments are accessible for comprehensive study when a worldwide market segmentation solution has been selected – often at the conclusion of Step 5. In Step 6, these portions are profiled and characterized, and in Step 7, they are discussed. Step 8 requires the selection of one or more of

those market categories for targeting. On the results of Step 2, the segmentation team can develop. During Step 2, market segment knock-out criteria were agreed upon, and segment attractiveness criteria were chosen and weighted to represent the relative relevance of each of the criteria to the organization.

Step 8's market categories should already meet the knock-out criterion. It's never a bad idea to double-check. The first objective in Step 8 is to make sure that all of the market segments that are still being considered for target markets have passed the knock-out criterion test. After then, the attractiveness of the remaining segments, as well as their relative organizational competitiveness, must be assessed. To put it another way, the segmentation team must ask a series of questions that fall into two categories.

1. Which of the market segments would the organization most like to target? Which Segment would the organization like to commit to?

2. Which of the organizations offering the same product would each of the segments
Most like to buy from? How likely is it that our organization would be chosen?
How likely is it that each segment would commit to us?

The use of a decision matrix to visualize relative segment attractiveness and relative organizational competitiveness for each market segment is recommended in most books that cover target market selection. Many different types of decision matrices have been presented in the past, and names like Boston matrix, McKinsey matrix, directed policy matrix, and others have been used to characterize them. The goal of all of these decision matrices, as well as their visualizations, is to make it simpler for the company to analyses different market segments and choose one or a few for targeting. The market segmentation team must determine which form of the decision matrix provides the most relevant framework for decision-making.

Regardless of the variance, the two criteria shown along the axes cover two dimensions: segment attractiveness and relative organisational competitiveness particular to each of the segments.

There is no one-size-fits-all metric for sector attractiveness or organisational competitiveness. As a result, consumers must return to their original criteria for their desired target group. In Step 2 of the market segmentation analysis, you defined your ideal target segment. Step 2 yielded a set of segment attractiveness criteria as well as weights indicating how important each of these criteria is in determining the overall value of segment attractiveness.

This information is crucial in Stage 8, the target segment selection step of market segmentation study. The real value each market segment has for each of the criteria given to establish segment attractiveness is the piece of information missing in order to pick a target segment. The grouping, profiling, and description of each market segment yields these values. The segmentation team must assign a value to each attractiveness criterion in order to establish the attractiveness value to be utilised in the segment assessment plot for each segment.

For the relative organisational competitiveness, the same process is applied. When deciding on the criterion, the following is the question:

Which criteria do consumers use to select between alternative offers in the market?

Affordability of the present pricing to segment desire or capacity to pay; availability of distribution channels to distribute the product to the segment; segment knowledge of the organization's existence or brand image held by segment members are all possible criteria.

The value of each section: How appealing are we to the target market? Is computed in the same manner as the value for each segment's attractiveness from an organisational standpoint is calculated: first, criteria are agreed upon, the

Weighted, then each segment is rated, and finally the values are multiplied and added.

There are some important checklist for step8 which should be completed before beginning of step9

1) Convene a segmentation team meeting.

2) Determine which of the market segments profiled in Step 6 and described in Step 7 are being considered as potential target markets.

3)Double check that all of those remaining segments comply with the knock-out criteria of homogeneity, distinctness, size, match, identifiability and reachability. If a segment does not comply: eliminate it from further consideration.

4) Discuss and agree on values for each market segment for each segment attractiveness criterion.
5) Discuss and agree on values for each relative organisational competitiveness criterion for each of the market segments.

6) Calculate each segment's overall attractiveness by multiplying the segment value with the weight for each criterion and then summing up all these values for each segment.

7) Calculate each segment's overall relative organisational competitiveness by multiplying the segment value with the weight for each criterion and then summing up all these values for each
Segment.

8) Plot the values onto a segment evaluation plot.Make a preliminary selection.If you intend to target more than one segment: make sure that the selected target segments are compatible with one another.

9) Present the selected segments to the advisory committee for discussion and (if required) reconsideration.

Step 9: Customizing the Marketing Mix

Marketers used to think of marketing as a toolbox to help them sell more things, and they would mix and match the materials to get the greatest potential sales results. Product planning, packaging, physical handling, distribution methods, price, personal selling, branding, display, advertising, promotions, service, fact finding, and analysis are all 12 components that marketers have at their disposal in the early days of marketing. Many different variations of the marketing mix have been developed since then, but the 4Ps (Product, Price, Promotion, and Place) are the most often used.

As a marketing strategy, market segmentation is not sufficient. Rather, it complements the other aspects of strategic marketing, namely positioning and competitiveness. In fact, segmentation is commonly regarded as a component of the segmentation-targeting-positioning (STP) strategy. A sequential procedure is implied by the segmentation-targeting-positioning method. Market segmentation (the extraction, profiling, and description of segments), targeting (the assessment of segments and selection of a target segment), and finally positioning (the steps an organisation can take to ensure that their product is perceived as distinct from competing products and in line with segment needs) are the first steps in the process.

The marketing mix is influenced by the target segment choice, which must be combined with other strategic areas such as competition and positioning. The classic 4Ps model of the marketing mix, which includes Product, Price, Place, and Promotion, serves as the foundation for this debate.To get the most out of a market segmentation strategy, adapt the marketing mix to the target segment. The development of new communication messages and promotion strategies that are appealing to one or more specific target segments may necessitate the design of new products (Product), changes to prices or discount structures (Price), the selection of suitable distribution channels (Place), and the development of new

communication messages and promotion strategies that are appealing to the target segment (Promotion).

However, market segmentation analysis is rarely done in light of one of the 4Ps in particular. Rather, the insights gathered from Step 7's thorough description of the target segment aid the organisation in developing or adjusting the marketing mix to best cater to the chosen target group.

Product

When defining the product dimension of the marketing mix, one of the most important decisions an organisation must make is to identify the product in light of client demands.
Frequently, this does not entail creating a whole new product, but rather altering one that already exists. Other product-related marketing mix considerations include branding the product, packaging it, providing or not providing warranties, and providing after-sales support services.
Possible product measures for the product aimed at this market group include the development of a new product. For example, a MUSEUMS, MONUMENTS & MUCH, MUCH MORE product (together with an activities pass) that assists members of this segment in locating activities that they are interested in and alerts them to the presence of these offerings at the location throughout the vacation planning process. Another way to reach this demographic is to make the destination's gardens a stand-alone attraction.

Price

Setting the pricing for a product and choosing on discounts to be provided are two common decisions an organisation must make when building the price dimension of the marketing mix.

The expenditures of the right-hand group, and the expenditures of all other customers on the left. In an ideal world, we'd have data on real spending across a wide range of categories, as well as price elasticity and trustworthy information on the segment's willingness to pay for a variety of things.

However, the knowledge is still useful. It shows how the pricing dimension may be leveraged to get the most out of a focused marketing strategy.

Place

How to distribute the product to clients is the most important choice related to the location dimension of the marketing mix. This involves deciding if the product should be sold online alone, offline only, or both; whether the maker should sell directly to customers; and whether a wholesaler, retailer, or both should be employed.

Promotion

When creating a marketing mix, common promotion considerations involve creating an advertising message that will resonate with the target market and determining the most successful manner to communicate this message. Public relations, personal selling, and sponsorship are all tactics in the promotion area of the marketing mix.

As same from the step8 there are also some checklist in step9:-

1) Convene a segmentation team meeting.

2) Study the profile and the detailed description of the target segment again carefully.

3) Determine how the product-related aspects need to be designed or modified to best cater for this target segment.

4) Determine how the price-related aspects need to be designed or modified to best cater for this target segment.

5) Determine how the place-related aspects need to be designed or modified to best cater for this target segment.

6) Determine how the promotion-related aspects need to be designed or modified to best cater for this target segment.

7) Review the marketing mix in its entirety. If you intend to target more than one segment: repeat the above steps for each of the target segments. Ensure that segments are compatible with one another.

8) Present an outline of the proposed marketing mix to the advisory committee for discussion and (if required) modification.

Github link:-
https://github.com/VinayWadhwa19/MarketSegmentation_Mcdonalds