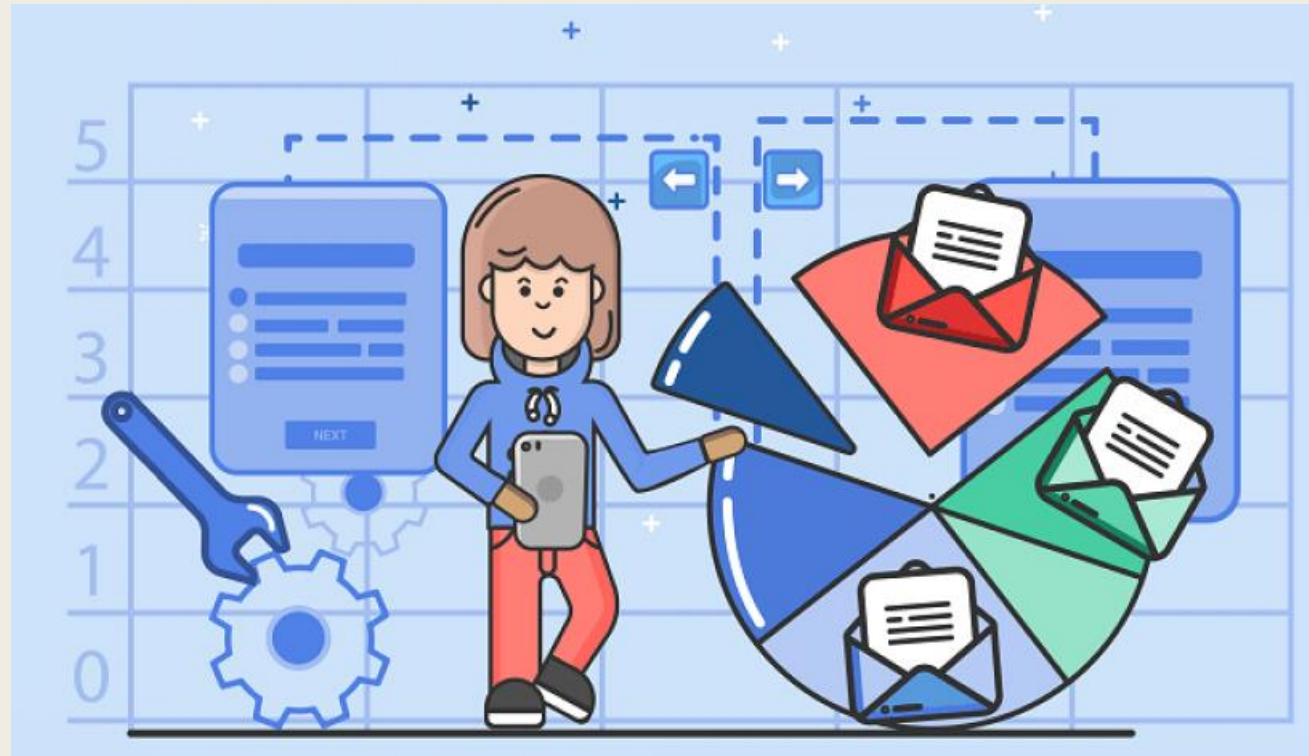


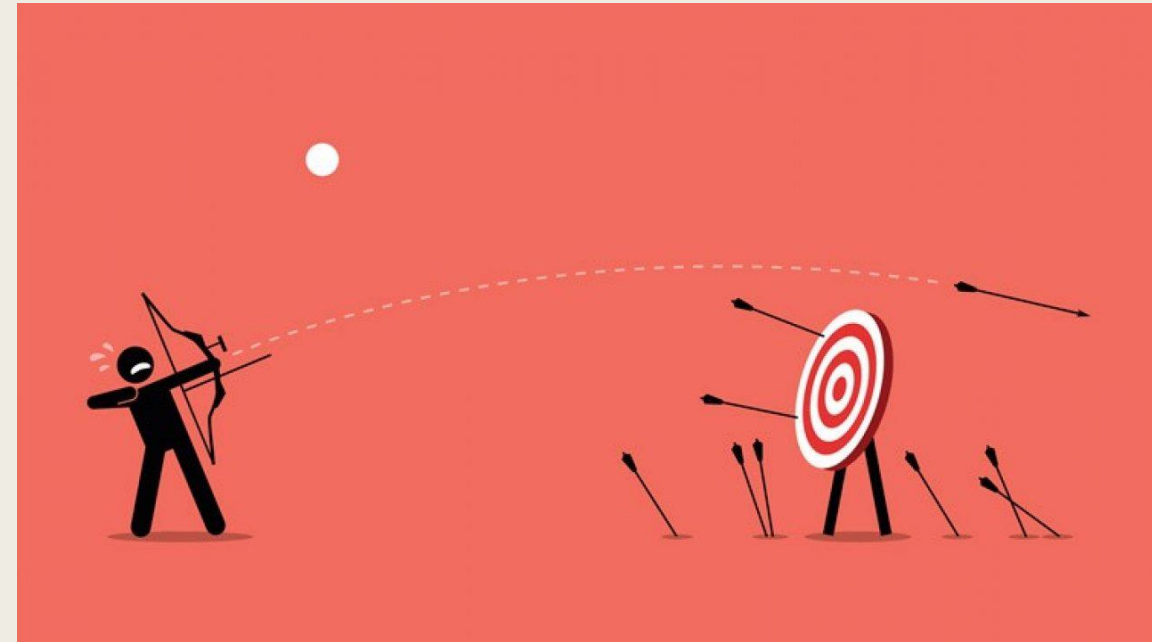
MARKET SEGMENTATION



-Yesoda Bhargava

Target Market

- Not enough to know your product and services.
- Know your customers and industry inside out.
- Target Market: A section of population at which a product/service is aimed at.
- Possible to have more than one target market.

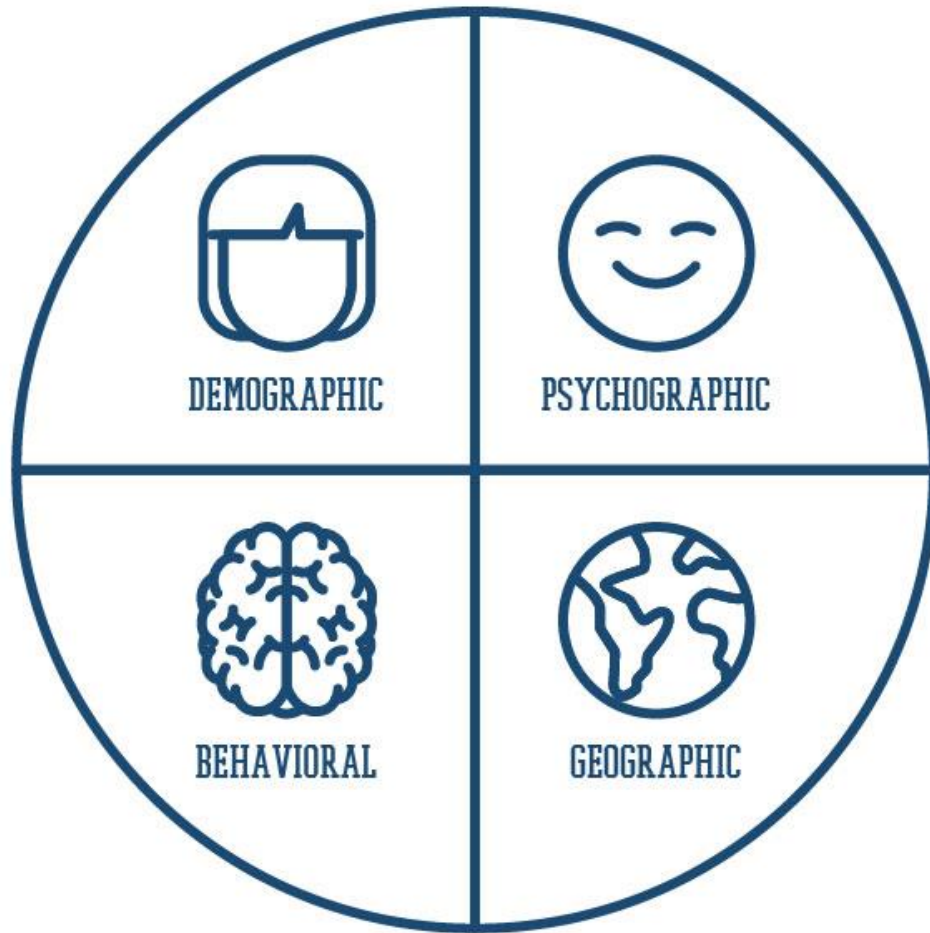


Market Segmentation

- Dividing a population into small, more refined and easily identifiable target markets.
- Why is it important?
 - *Facilitates greater understanding of the buyers' perceptions/personality.*
 - *Evidence based positioning of the product in the market.*
 - *Directly linked to effective marketing.*



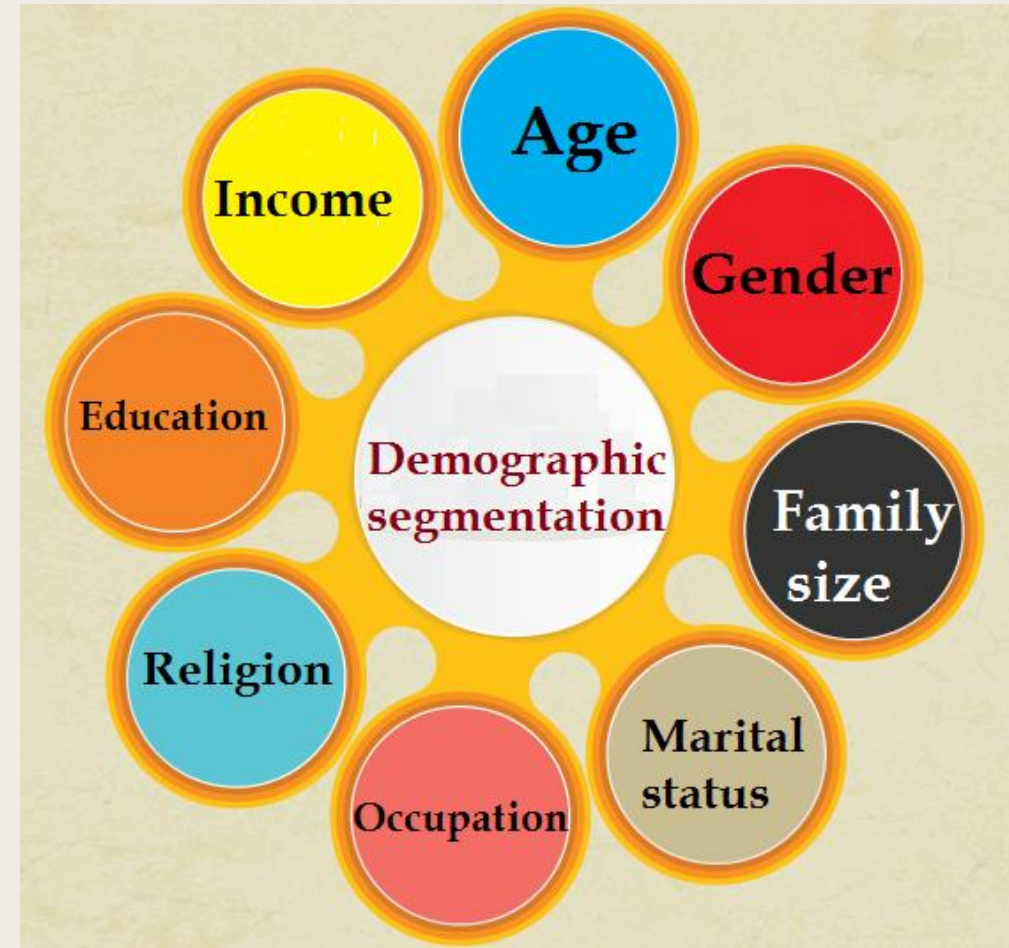
Market Segmentation Types

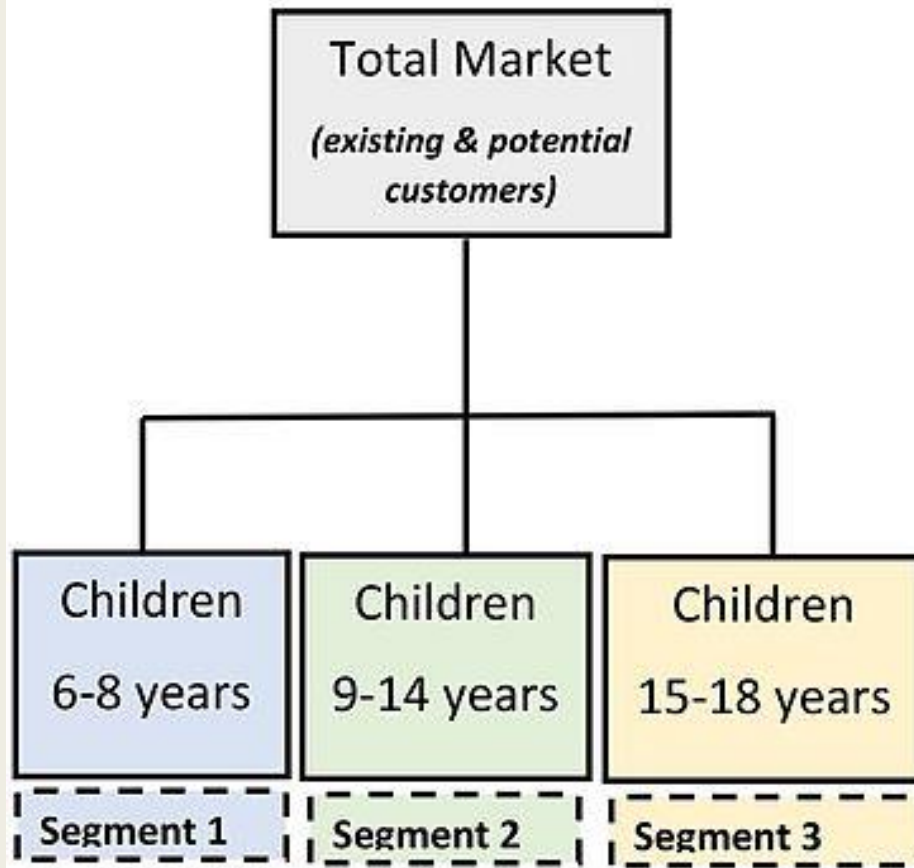


- ✓ Demographic
- ✓ Geographic
- ✓ Behavioural
- ✓ Psychographic

Demographic Market Segmentation

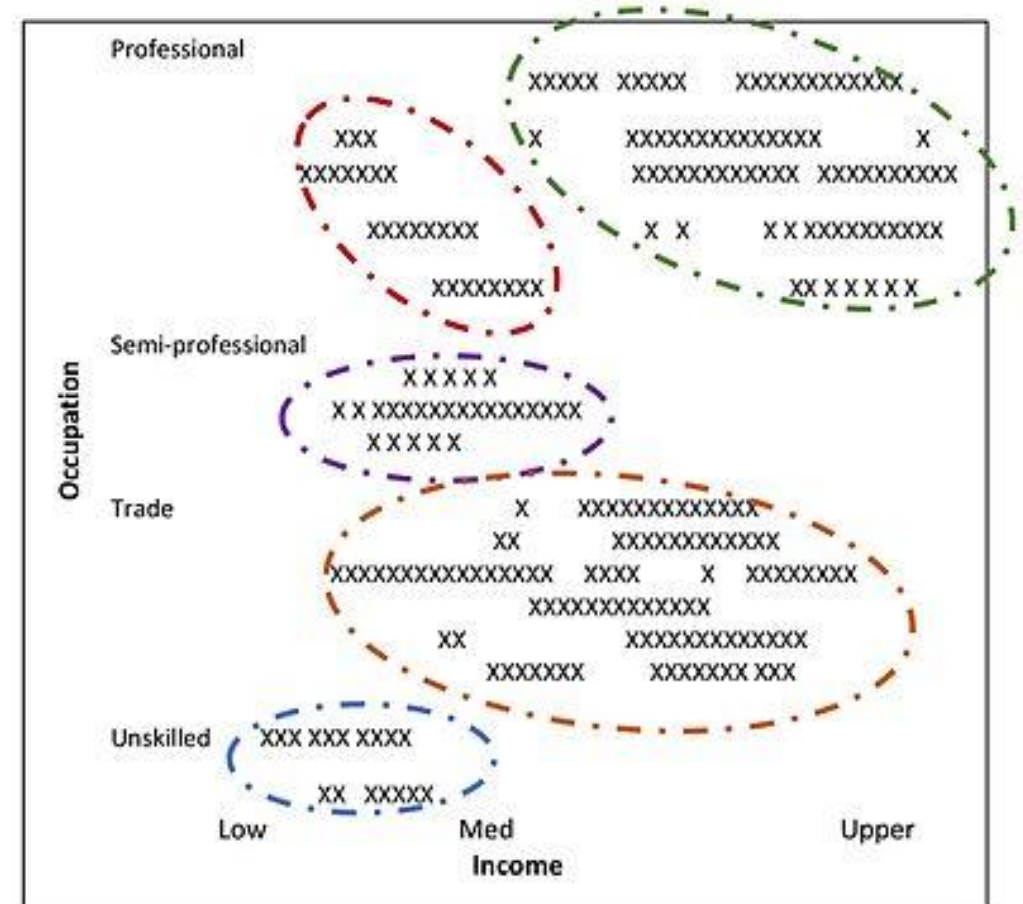
- Most straightforward way of defining customer groups.
- Eg: demographic segmentation might target potential customers based on their income level.
- Assumption: consumers with similar demographic profiles will exhibit similar purchasing patterns, motivations,
- In practice, most demographic segmentation utilises a combination of demographic variables.
- Requires analysis of databases.
- Many companies purchase data from commercial market firms for such analysis.





Market Potential: Children 6-18 years
Segmentation: Demographic (single variable)
Variable: Age (years)

Source: Hypothetical



Market Potential: People 16 years +
Segmentation: Demographic (multiple variables)
Variable: Occupation and income

Examples of sources for market research

- [Pew Research Center](#)
- [Statista](#)
- [United Nations Census Bureau Business and Economy Page](#)



statista 

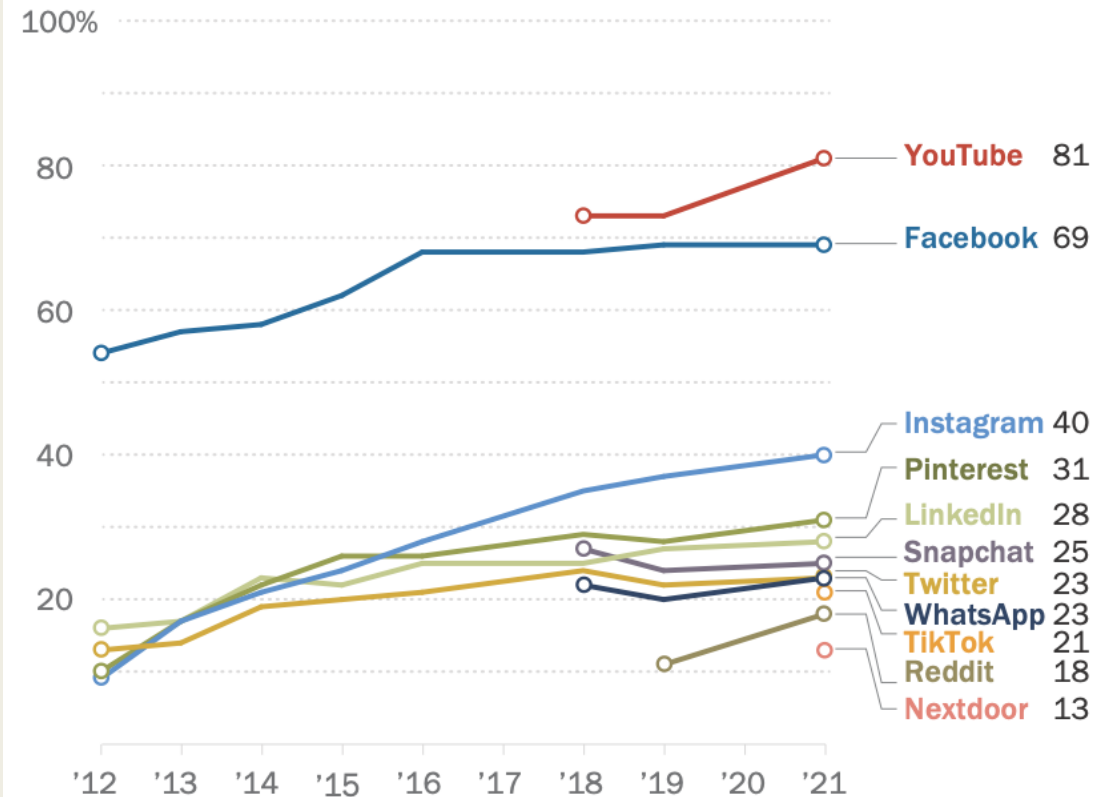


Pew Research Center

United States™
Census
Bureau

Growing share of Americans say they use YouTube; Facebook remains one of the most widely used online platforms among U.S. adults

% of U.S. adults who say they ever use ...



Note: Respondents who did not give an answer are not shown. Pre-2018 telephone poll data is not available for YouTube, Snapchat and WhatsApp; pre-2019 telephone poll data is not available for Reddit. Pre-2021 telephone poll data is not available for TikTok. Trend data is not available for Nextdoor.

Source: Survey of U.S. adults conducted Jan. 25-Feb. 8, 2021.

"Social Media Use in 2021"

PEW RESEARCH CENTER

Discuss.
[Source](#)

More examples

- A recruiter running one of those mostly annoying LinkedIn InMail campaigns. Ideally, they'd be targeting people who are currently looking for a job.
- Journals/Conferences sending broadcast emails of upcoming events to authors who have published in the visible forums.
- Fairness cream. Bad example?

Geographic Market Segmentation

- Categorizes customers based on geographic borders.
- **Geographic Market Segmentation Examples**
 - *ZIP code*
 - *City*
 - *Country (Brazil, Canada, China, France, Germany, India, Italy, Japan, UK, US)*
 - *Radius around a certain location*
 - *Climate (Mediterranean, Temperate, Sub-Tropical, Tropical, Polar)*
 - *Urban or rural*
 - *Region (North, North-west, Mid-west, South, Central)*
- Example: Car manufacturers targeting customers living in warm climate where vehicles do not need to be equipped for snowy weather.
- Online shoe store could show different products depending on where the visiting customer was based: boots for someone in countryside, sandals for resort visitors. Products which match with climate preferences in a given region of a country. Think COVID.
- Often considered first step in International Marketing.

- COD is specific to Indian Markets.
- Food delivery services in urban markets. Will it be successful in rural/tribal markets?
- In the Philippines, McDonald's sells McSpaghetti? And in Hong Kong, they sell ramen flavored french fries?
- Watch The Founder (Netflix). Ray Kroc came to McDonalds when he was 52 years old !!
- Bicycle sellers sell different cycles to urban/rural markets.

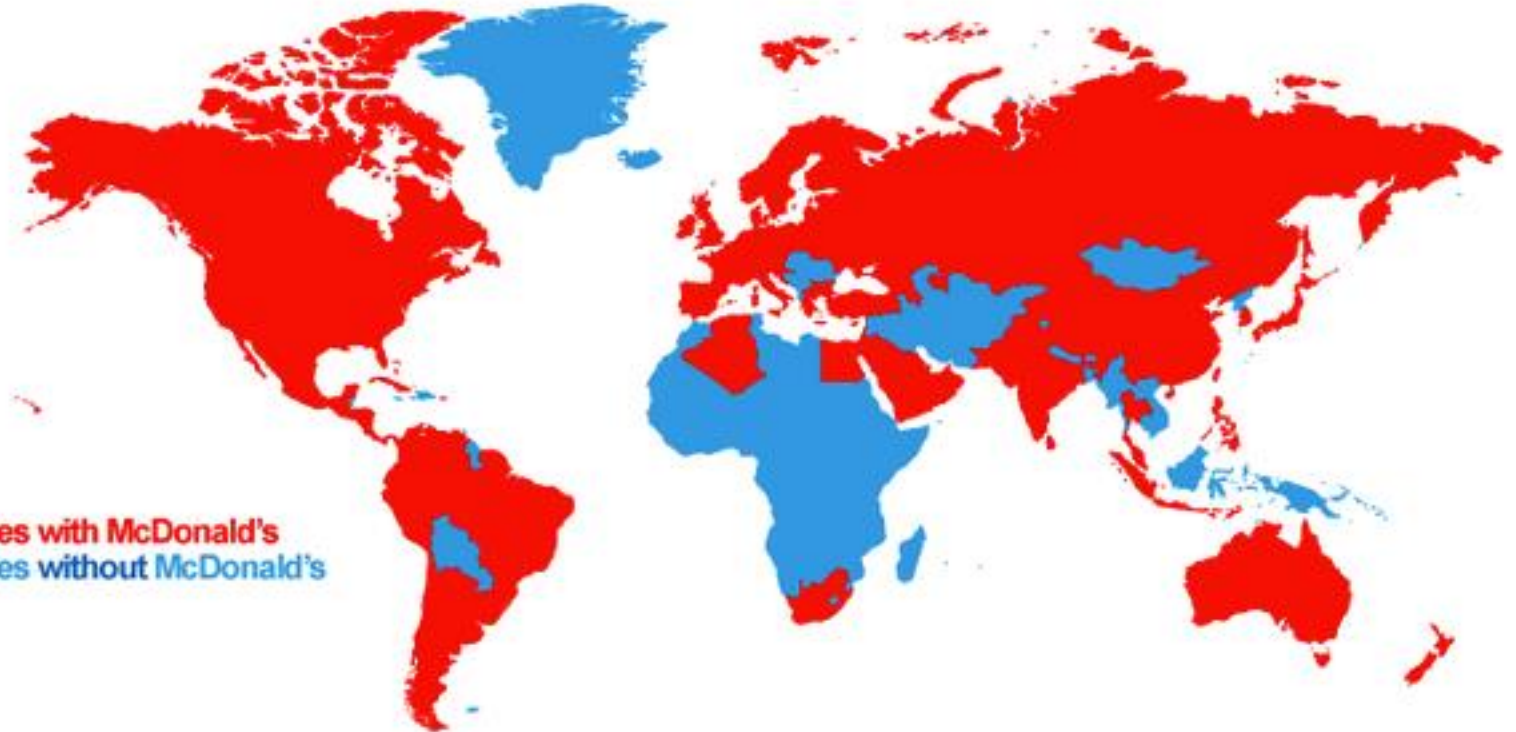
McDonald's in
Germany sells
beer.





ACROSS THE WORLD

Countries with McDonald's
Countries without McDonald's



**Number of McDonald's outlets
of selected countries**

US
13,381



Japan
3,598



Canada
1,400



Germany
1,276



UK
1,250



China
660

Most expensive McDonald's burger - selected countries (USD)*



Norway
7.18



Denmark
5.93



Iceland
5.21



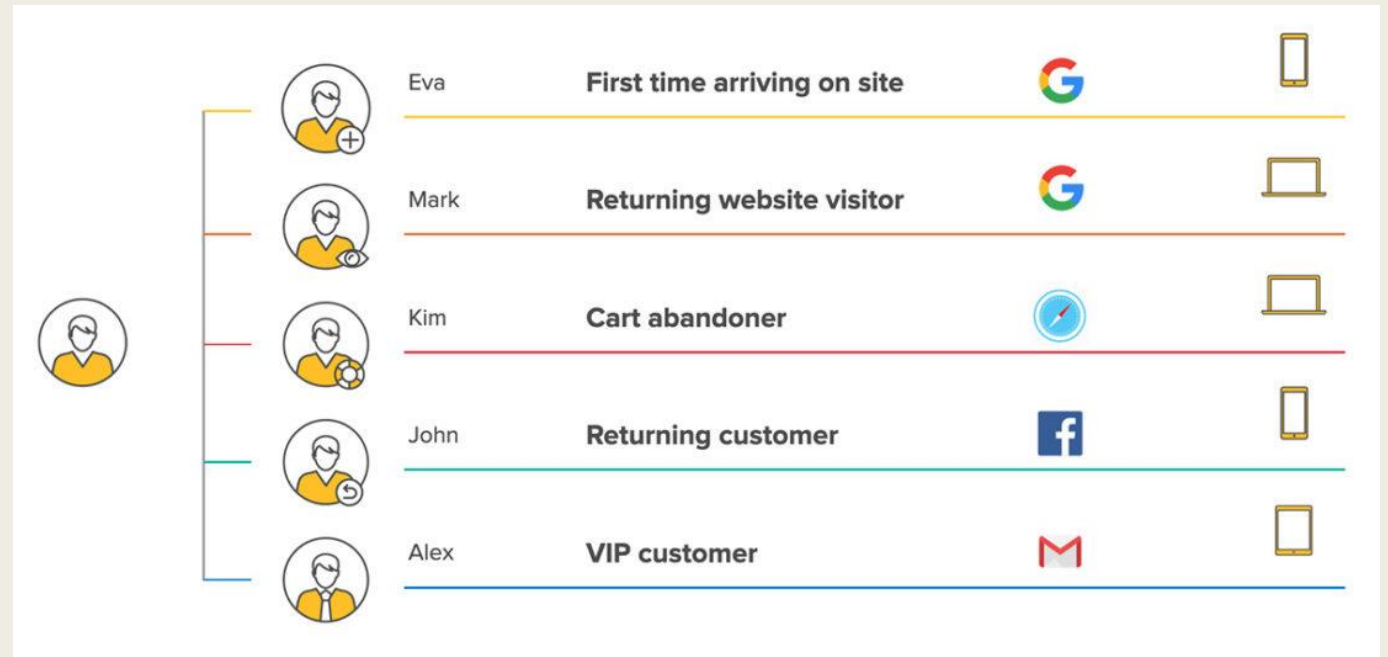
Eurozone
4.96



US
3.57

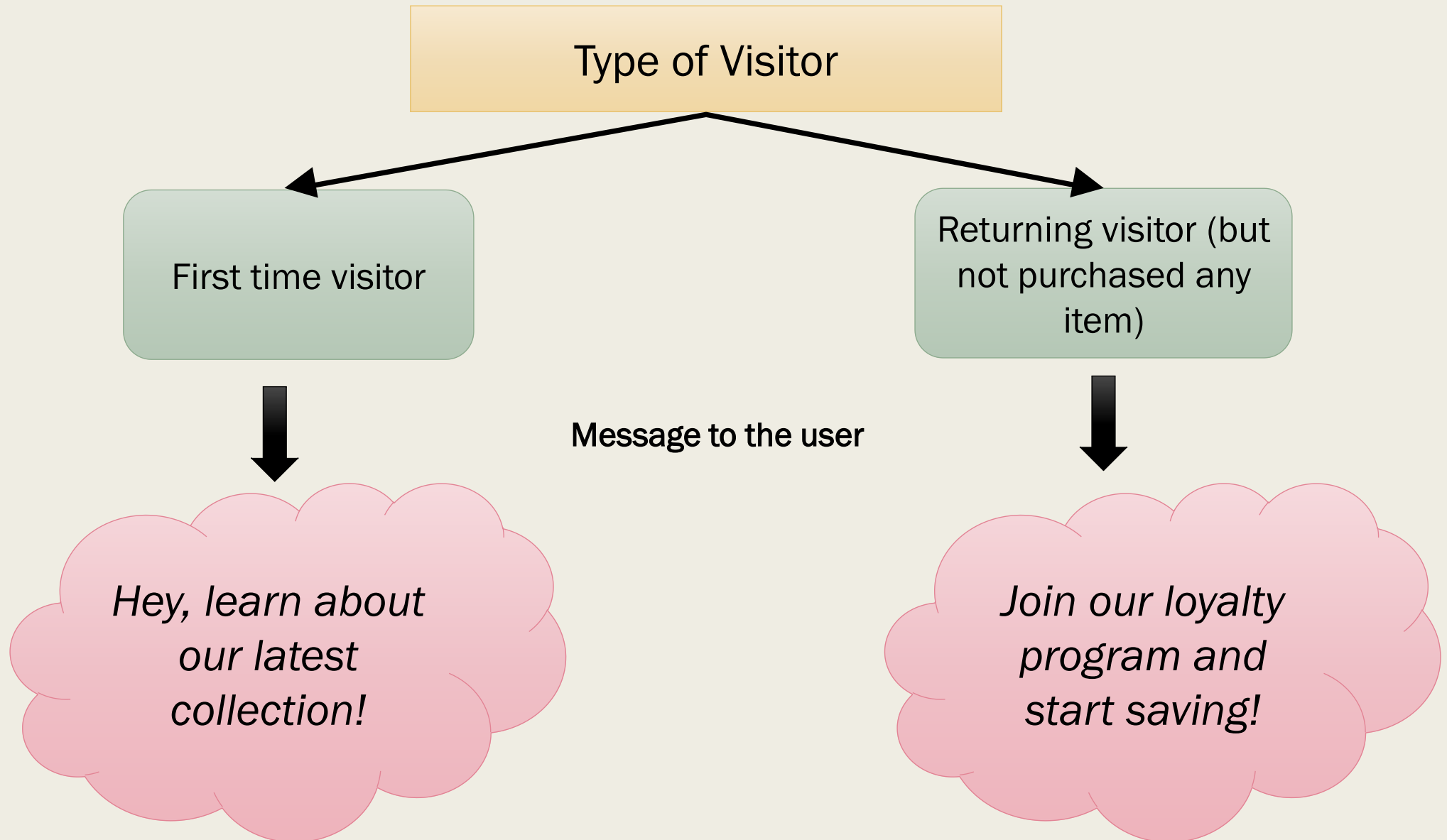
Behavioural Market Segmentation

- Focuses on “how customer acts”.
- Requires you to know about how a customer interacts.
- Examples
 - *Purchasing habits*
 - *Spending habits*
 - *Browsing habits*
 - *Interactions with the brand*
 - *Loyalty to brand*
 - *Previous product ratings*
 - *User status*



Websites take user data and analyse the usage of the user.

Types of visitors: new visitors, returning visitors, and returning clients.

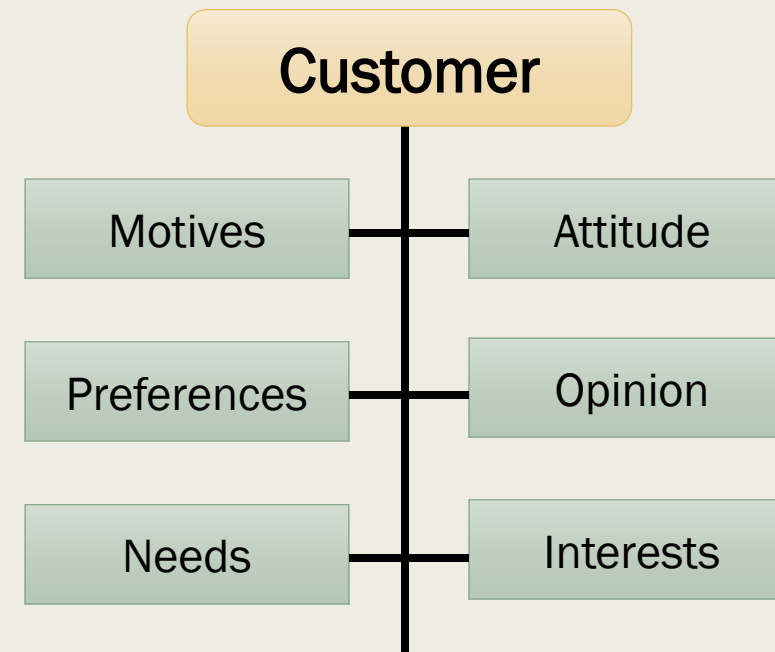


More examples

- Have you noticed online e-commerce websites giving you discount if you leave your cart without checking out. That's one example of behavioural market segmentation.
- Or incentive to a new visitor.
- Targeted approach focused on purchasing habits have been found to be improve conversion rate.
- Think cookies !!
- Reward programs for loyal customers.
- Amazon, Flipkart product recommendations, even Youtube, Facebook, Twitter, Google News, Netflix.

Psychographic Market Segmentation

- Segregating customers based on their personalities and characteristics (mental and emotional).
- Some characteristics could be:
 - *Personality traits*
 - *Values*
 - *Attitudes/Beliefs*
 - *Interests/Hobbies*
 - *Lifestyles*
 - *Psychological influences*
 - *Subconscious and conscious beliefs*
 - *Motivations*
 - *Priorities*
- Difficult to identify as subjective.
- More complex than data-analysis. Good research can help in effective marketing.



Contd..

- Gives insight into why people decide to purchase or not purchase your product/service.
- Click or ignore your ad.
- Example: Customers who value community and friendships and are environmentally conscious.
- Creation of ads that show people entertaining friends in their home and emphasize the environmentally friendly attributes of your brand.
- Survey to acquire such information from customers.
- Analyse the kind of content they interact with.
- Interview/focus group discussions, case studies useful.



Starbucks Beverage ranges

- ✓ sophisticated coffee drinkers who care about quality and bean sources.
- ✓ Those who do not drink coffee: frappuccinos, lemonades, teas, and juices.
- ✓ Selling products catered to individuals.

Starbucks creates a sense of belonging.



iPhone and Privacy



Cult Fitness



Market Segmentation Vs. Customer Segmentation

Market Segmentation

- Process of dividing a **market of potential customers** into groups or segments based on characteristics important to the firm.
- Used for people who are not yet customers.

Customer Segmentation

- Done after the target segment/customers have been identified.
- Customers who have made atleast one purchase.



Assignment III: Team Project

- Go back to your innovation projects.
- Identify the potential market segments for the product/service proposed by you.
- Organize it with proper rationale as to why you have considered the particular market segmenting way. There may be multiple ways you may want to segment your potential audience.
- Be as precise as you can be.
- Assessment will be based on the diversity/breadth of the thoughts/thinking your team has undertaken. This will reflect your brainstorming with the team, ideally.

THANK YOU.