

# Market Segmentation

Bases for segmenting markets  
and putting segmentation into  
action

# Market segmentation

- The process of identifying distinct groups of customers who are similar in their needs.



# Why market segmentation

- Customers have varied needs
- Marketers have limited resources
- Marketers cannot satisfy all the needs of all the customers
- Market segmentation helps marketers to choose customer groups (segments) they can most profitably serve.

# Levels of Market segmentation

- Mass marketing
- Segment marketing
- Niche marketing

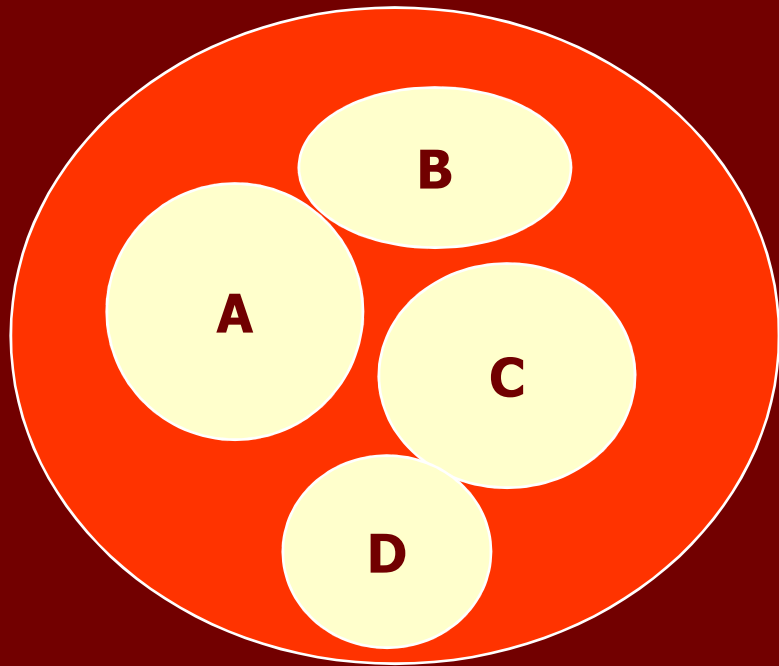
# Mass Segmentation



**Mass Segmentation means covering the whole market. Companies with large resources can do this. Here. The same product is offered to all customers: no distinction is made among the customers in the market.**

**E.g.: Coca Cola offers the same product to all customers. It follows a mass segmentation strategy. So do petroleum companies like BP, IOL, etc.**

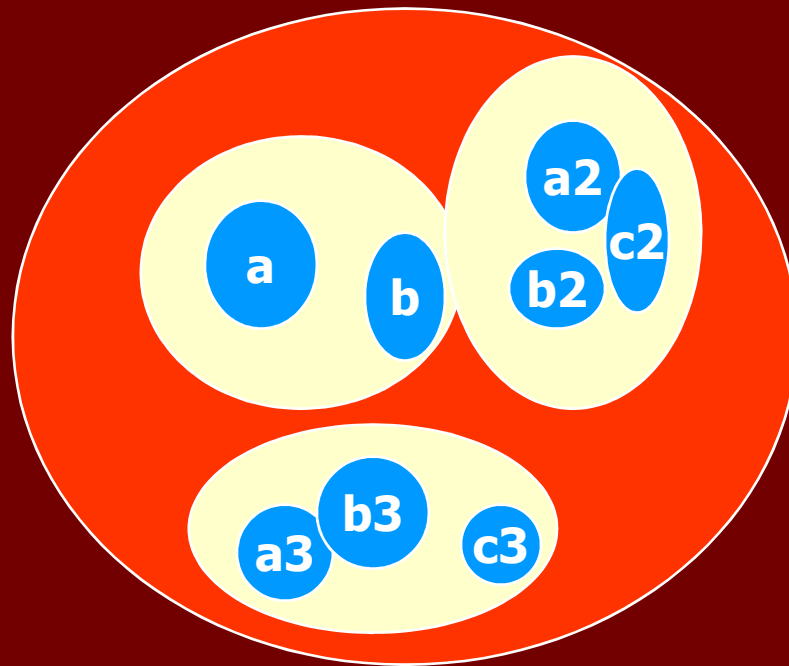
# Segment Marketing



**Segment Marketing :** Companies divide the market into various segments such as here-segments A, B, C, D . The company will then choose one or more of these segments to market their brands to. Companies like HUL, P&G, Maruti, etc follow this strategy.

# Niche Marketing/niche segmentation

**Niche Marketing:** Here the segments are subdivided into smaller segments, called 'niches'. Niche is a group of customers sharing similar needs . Even though the size of a niche may be small, marketers can earn by concentrating on a Niche as customers on a Niche are willing to pay more with the marketer customizing the offering to suit their specific needs. E.g. of a company that does Niche segmentation is Nike.





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## NICHE MARKETING

**St. Moritz Momentum Diving Watches**  
The St. Moritz Momentum Watches are famous for their Diving watches and are well used and loved within Diving circles.

Momentum Watches are Swiss made to high standards making these watches ideal for work and play.

- The **Momentum Nereos** is awesome for Scuba Diving as it is equipped with a precision depth gauge, water thermometer and ascent rate alarm.
- The **Momentum M1** is constructed from solid stainless steel, is 200m water resistant and comes in a vast range of colours.

cost-\$680

# Market segmentation procedure

- Step1- Survey stage: exploratory interviews to identify how customers differ in their demographics, attitudes, product-usage patterns, incomes, etc.
- Step2- Analysis stage- create a number of maximally different segments
- Step3- Profiling stage- each segment is profiled in its distinguishing terms such as demographics, attitudes, preferences, etc.e.g- SOHO market segment for PC marketers such as Compaq, Dell.

## Bases for Segmenting consumer markets

- Geographic segmentation- dividing the market in terms of regions such as cities, towns, countries, etc.
- Demographic segmentation-
- Age and life-cycle stage-consumers wants differ in different ages and life-cycle stage. E.g- Bajaj Allianz has a 'Silver plan' for retired persons above 60years of age.
- Gender- Gender segmentation is applied to clothing, magazines, personal care products.
- E.g- Bajaj Pulsar DTSi-'Definitely male'-meant for men;
- Femina-for the woman of substance

- Income-income segmentation can be applied for automobiles, clothing, travel, consumer-durables. E.g- a Tag Huger watches are for Rs. 1 lakh meant for the high income groups.
- Social class- has a strong influence on a person's preference for cars, clothing, home furnishings, leisure activities. E.g- the Baleno is for higher social class persons.

# Psychographic segmentation

- Lifestyle- expressed in terms of attitudes, opinions, and interests. Lifestyle segmentation can be applied to cosmetics, beverages, automobiles, clothing. E.g- Royal Challenge is meant for people who work hard and party harder.
- Personality-people often consume products that express their personalities.e.g-Asmi diamonds- for the woman who is confident; mountain dew – adventurous young, confident , fun-seeking men; Enfield- masculine, rugged, adventure seeking.

# Behavioural Segmentation

- Occasions- Market can be segmented according to when and for which occasions the product is consumed. e.g.-Titan watch-gifting; Cadbury-celebrating; Frito Lays chips-'Har programme ka main food'.
- Benefits- most used and useful form of segmenting. Consumers use a product for varied benefits. E.g- Colgate-dental care )Colgate total, Colgate dental cream); freshness (Colgate gel, Colgate Maxfresh; gum care-Colgate active salt; economy-Colgate powder)

- User Status- Markets can be segmented into ex-users, nonusers, first-time users, potential users, regular users. E.g-Air Deccan is focusing on first time air travelers; Huggies urges mothers who use cloth nappies\s (non-user) to its diapers.
- Usage rate- market can be segmented into light, medium and heavy users. Such segmentation is used in cigarettes, beverages, travel. E.g- ITC's Classic Ultra light is meant for light smokers; Wills is meant for heavy smokers, Hutch-small, medium, large talk plans

- Loyalty status-
- Hard core loyals- a,A,A,a,a
- Split loyals- A, B, B, A, B
- Shifting loyals- A, A, A, B, B
- Marketers have to keep brand loyal customers happy by retaining them through reward programmes and in case of shifting loyalties, find out reasons.

- Buyer readiness stage- unaware, aware, interest, desire, intend to buy. Marketers have to use different tools for different segments.
- Attitude- enthusiastic, positive, indifferent, negative, hostile.
- Marketers can focus on consumers having a more positive attitude as attitudes are difficult to change.

# Multi-attribute segmentation (Geoclustering:)

- **Multi-attribute segmentation  
(geoclustering)**

Crossing several variables to form a better defined segment.

e.g- a bank can define its segment as wealthy, middle aged, adults who can make bold decisions on their investment options.

Femina- young, individual minded confident working women who have varied interest in life (cooking, arts, family, sports, health)