



**Module:** English

**Branch:** Marketing

**Level:** Third year Bachelor

## Lecture 02: Market Segmentation

### Learning Objectives

After teaching this Lecture the Students should be able to:

- *Understand the concept of Market Segmentation.*
- *Analyse the purposes of segmentation*

The Marketing Program of the Firm depends on how the marketer identifies the potential customers, profiles them, targets them, and positions the offering in the minds of the customers.

### 1- Defining the Market Segmentation

Market Segmentation is the process of dividing the market into distinct homogenous sub-groups of consumers with similar needs or characteristics that lead them to respond in similar ways to particular marketing programmes. It is the subdividing of a market into distinct subsets of customers.

### 2- Basis of Market Segmentation

- **Gender**

The marketers divide the market into smaller segments based on gender. Both men and women have different interests and preferences, and thus the need for segmentation.

Organizations need to have different marketing strategies for men which would obviously not work in case of females.

A woman would not purchase a product meant for males and vice a versa.

The segmentation of the market as per the gender is important in many industries like cosmetics, footwear, jewellery and apparel industries.

- **Age Group**

Division on the basis of age group of the target audience is also one of the ways of market segmentation.

The products and marketing strategies for teenagers would obviously be different than kids.

Age group (0 - 10 years) - Toys, Nappies, Baby Food, Prams

Age Group (10 - 20 years) - Toys, Apparels, Books, School Bags

Age group (20 years and above) - Cosmetics, Anti-Ageing Products, Magazines, apparels and so on

- **Income**

Marketers divide the consumers into small segments as per their income. Individuals are classified into segments according to their monthly earnings.

The three categories are:

High income Group

Mid Income Group

Low Income Group

Stores catering to the higher income group would have different range of products and strategies as compared to stores which target the lower income group.

Pantaloon, Carrefour, Shopper's stop target the high income group as compared to Vishal Retail, Reliance Retail or Big bazaar who cater to the individuals belonging to the lower income segment.

- **Marital Status**

Market segmentation can also be as per the marital status of the individuals. Travel agencies would not have similar holiday packages for bachelors and married couples.

- **Occupation**

Office goers would have different needs as compared to school / college students. A beach house shirt or a funky T Shirt would have no takers in a Zodiac Store as it caters specifically to the professionals.

### **3-The importance of Market Segmentation (Why Market Segmentation?)**

Not all individuals have similar needs. A male and a female would have varied interests and liking towards different products. A kid would not require something which an adult needs. A school kid would have a different requirement than an office goer. Market Segmentation helps the marketers to bring together individuals with similar choices and interests on a common platform. Market Segmentation helps the marketers to devise appropriate marketing strategies and promotional schemes according to the tastes of the individuals of a particular market segment. A male model would look out of place in an advertisement promoting female products. The marketers must be able to relate their products to the target segments. Market segmentation helps the marketers to understand the needs of the target audience and adopt specific marketing plans accordingly. Organizations can adopt a more focused approach as a result of market segmentation. Market segmentation also gives the customers a clear view of what to buy and what not to buy. A Rado or Omega watch would have no takers amongst the lower income group as they cater to the premium segment. College students seldom go to a Zodiac or Van Heusen store as the merchandise offered by these stores are meant mostly for the professionals. Individuals from the lower income group never use a Blackberry. In simpler words, the segmentation process goes a long way in influencing the buying decision of the consumers. An individual with low income would obviously prefer a Nano or Alto instead of Mercedes or BMW. Market segmentation helps the organizations to target the right product to the right customers at the right time. Geographical segmentation classifies consumers according to their locations. A grocery store in colder states of the country would stock coffee all through the year as compared to places which have defined winter and summer seasons. Segmentation helps the organizations to know and understand their customers better. Organizations can now reach a wider audience and promote their products more effectively. It helps the organizations to concentrate their hard work on the target audience and get suitable results.

### **4-Types of Market Segmentation**

- **Psychographic segmentation**

The basis of such segmentation is the lifestyle of the individuals. The individual's attitude, interest, value help the marketers to classify them into small groups.

- **Behaviouralistic Segmentation**

The loyalties of the customers towards a particular brand help the marketers to classify them into smaller groups, each group comprising of individuals loyal towards a particular brand.

- **Geographic Segmentation**

Geographic segmentation refers to the classification of market into various geographical areas. A marketer can't have similar strategies for individuals living at different places.

Nestle promotes Nescafe all through the year in cold states of the country as compared to places which have well defined summer and winter season.

McDonald's in India does not sell beef products as it is strictly against the religious beliefs of the countrymen, whereas McDonald's in US freely sells and promotes beef products.

## 5- Key Terms to learn

- Segmentation: is the dividing of something into parts which are loosely connected.
- Marketer: is someone whose job involves marketing. Its Synonyms are: seller, agent, retailer, promoter
- Product:(goods, services). is something that is produced and sold in large quantities, often as a result of a manufacturing process.
- Income: Income is money that a person or a business receives in return for working, providing a product or service, or investing capital. A person's income may also derive from a pension, a government benefit, or a gift. To a government tax agency, income may be taxable, tax-exempt, or tax-reduced.
- Customer: A customer is an individual or business that purchases another company's goods or services. Customers are important because they drive revenues; without them, businesses cannot continue to exist
- Consumer: Consumer goods are products bought for consumption by the average consumer. Alternatively called final goods, consumer goods are the end result of production and manufacturing and are what a consumer will see stocked on the store shelf.