

MARKET SEGMENTATION



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▶ **CONCEPT AND DEFINITION**

The concept of market segment is based on the fact that the market of commodities are not homogeneous but they are heterogeneous.

Market represent a group of customer having common characteristics but two customer are never common in their nature, habits, hobbies income and purchasing techniques.

Market segmentation



- Is a process of dividing a heterogeneous market into homogeneous sub-units.
- Dividing a market into distinct groups of buyers with different needs.
- Identifying similar groups of customers.

Requirement of effective segmentation.



- **Measurable and obtainable**- size, purchasing power.
- **Accessible**-should be effectively reached, served.
- **Substantial and viable**-should not be so large and not profitable.
- **Intensity in competition**-more the intensity of competition, less attractive is the segment.
- **Actionable**-attractive segments should be invited.
- **Differentiable**-should be distinct from each other.

How to segment?



- **Survey stage**-(data collection)group discussion, in-depth interviews, by developing questionnaire to administer to a sample.
- **Analysis stage**-analysis of collected valid data.
- **Profiling stage**-profiled by demographic, geographic, psychographic.

Bases for segmenting services



- **Geographic**-e.g. state, district, block, region-urban or rural.
- **Demographic**-e.g. age, gender, marital status, education, family size, family life cycle etc.
- **Socio-economic**-income, social class, occupation.
- **Cultural**-culture, lifestyle, attitude.
- **Behavioural**-occasions, benefits, usage frequency.

Marketing Information

Marketing segmentation [Identifying similar group of customers]

Market targeting [deciding which groups of customers to aim for]

Marketing positioning [creating a concept to appeal to the target market]

TARGETING:



**ONE CANNOT BE
EVERYTHING TO
EVERYONE**

**BUT ONE CAN BE
EVERYTHING TO
SELECT FEW.**

Positioning:

- CREATING A DISTINCT IMAGE IN THE MIND OF THE CUSTOMERS.

MARKET POSITIONING:

*IS A BATTLE FOR THE CONSUMER'S MINDSHARE
WHICH IS TARGETED FOR CUSTOMER ACQUISITION
AND RETENTION.*

- A service firm must position itself in target segment 's mind.
- The position should be singular, simple, consistent message.
- The position must set the service firm and the service product apart.
- A service firm cannot be all things to all people, should focus on certain segments.

Market Positioning



- Identify Target Markets

Stage-1 (identify key offer characteristics)

tangible(colour,size,design)/intangible(reputation,guarantees)

Stage-2 (draw a perceptual map)

Stage-3 (decide on a competitive strategy)

Stage-4 (design offer attributes-USP)

Stage-5 (Sustain a competitive advantage)

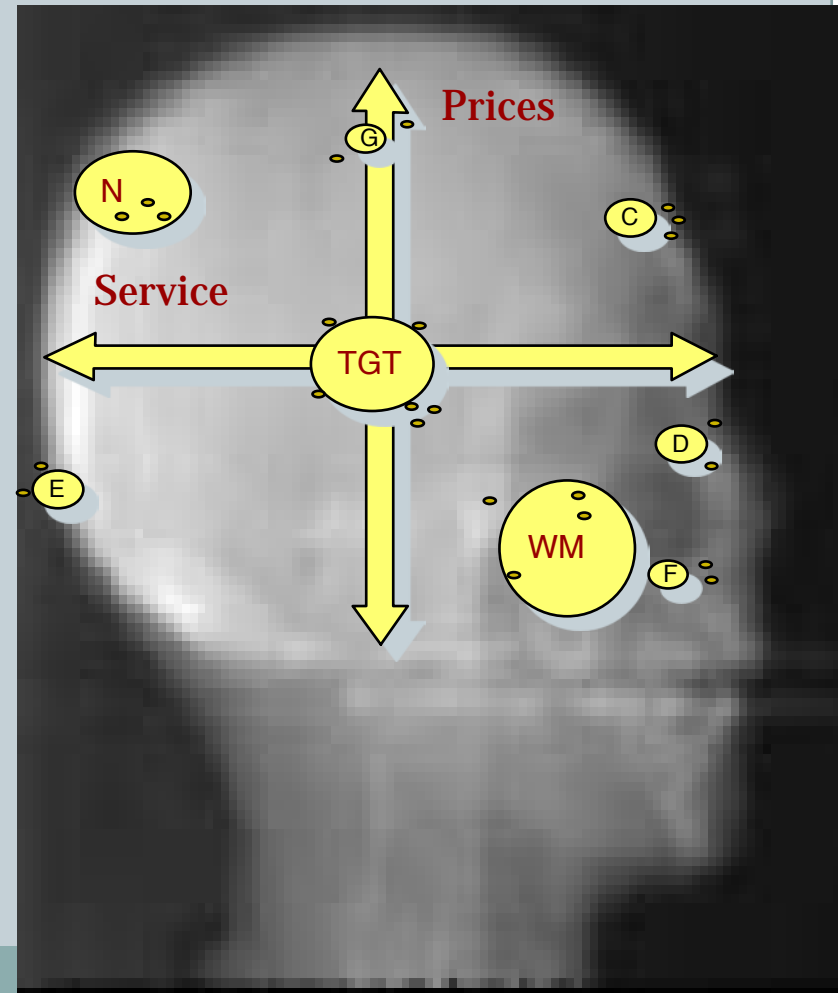
Draw a perceptual Map



- It is a map consists of a grid on two axes, with product attributes on each of them. Thus ,brands are spread over the grid, giving an indication of what the market perceives of the brands vis-à-vis others.
- Example-

Mapping Product Positions

Gives you a visual representation of **where** consumers place **competing brands** along **key dimensions**



Decide on a Competitive Strategy



- **To compete head –on**
- **Get away from the competition-stay alone**
- **Me Too**

- **Examples-**

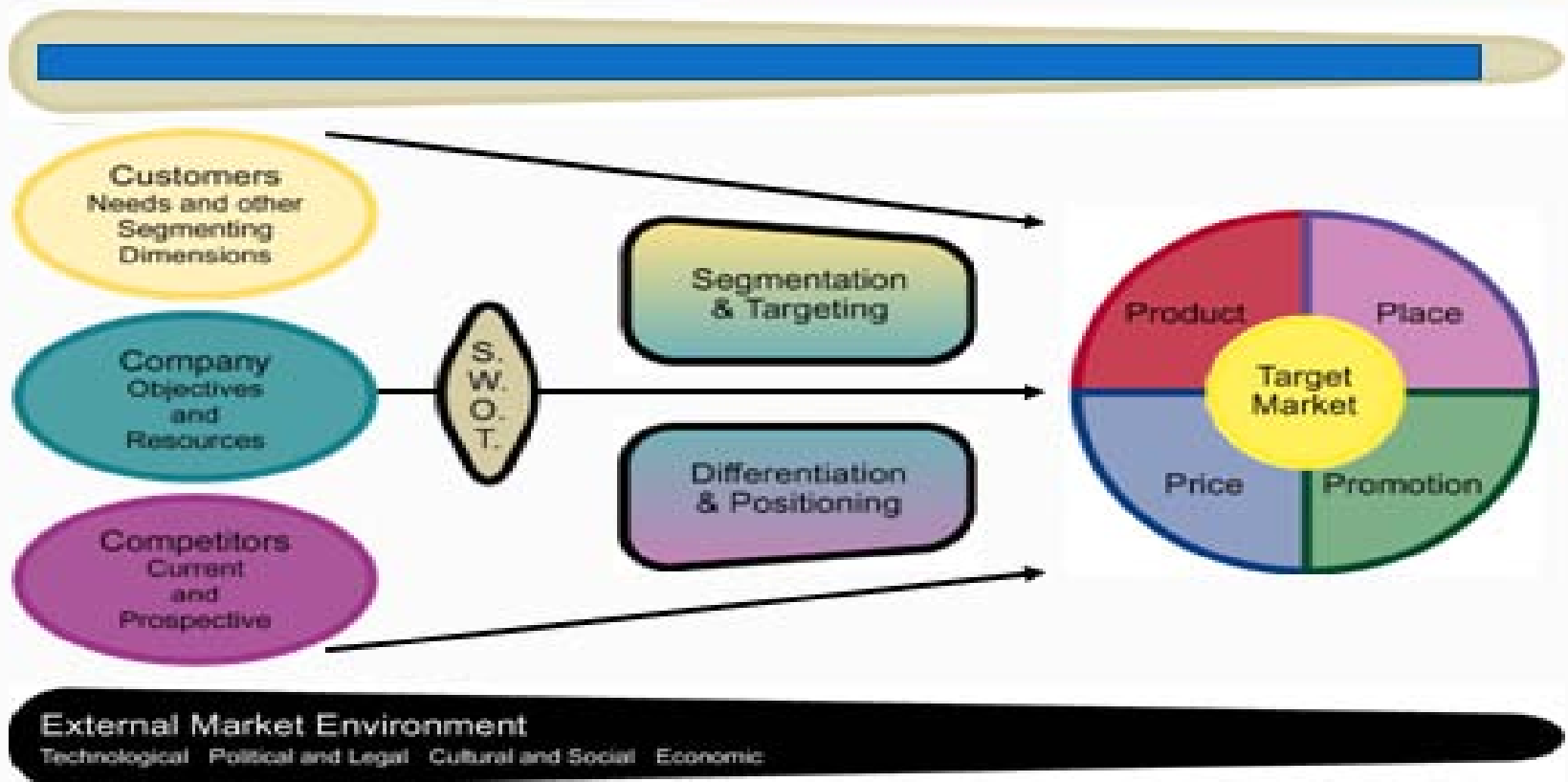
Design Product Attributes



- Design service features
- Brand name-
- Slogan-
- Advertising themes-
- Price levels-
- Distribution outlets

Thus with marketing mixes, the service marketer is able to position his offer in the minds of the consumer.

Marketing Strategy Planning Process Highlights Opportunities



Sustain a Competitive Advantages



- **To set his offer apart from rest of the competition- in the eyes of the target customer.**

Company's perception of itself



Company's perception of competitors

Customers' perception of company

Competitors perception on company

Company' perception of customers

Competitors' perception of customers
Customers' perception of competitors



Competitors' perception of themselves

Customer perception Of themselves