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MARKET SEGMENTATION

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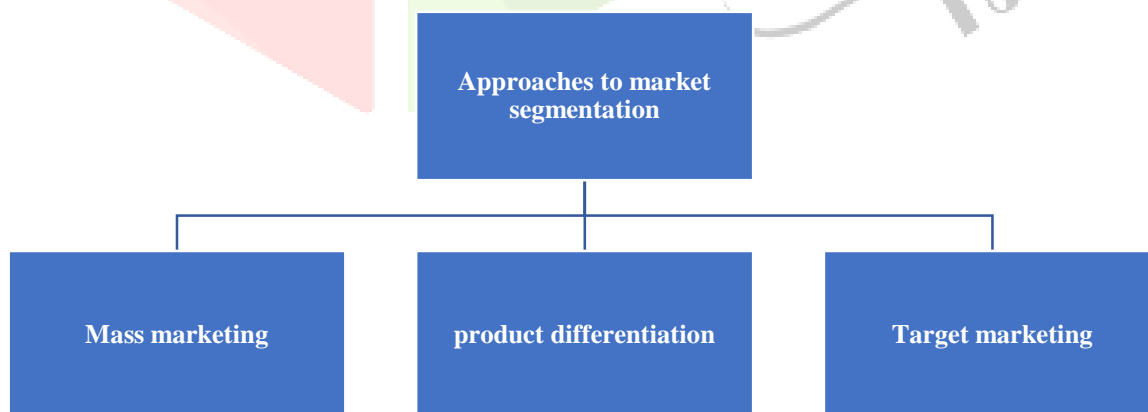
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Abstract:- There are several types of customers and it is very difficult for any business to satisfy all the customers. Market segmentation is very useful tool for satisfying different types of customers. In this research paper we will discuss about the concept of target marketing and market segmentation. Market segmentation is very important because customers are not identical in nature. They are differ on the basis of age, sex, income etc. So by dividing the customers in different segments and targeting the most profitable segment any business can make more profit and also able to get perfect position of their product in customer`s mind. So many businessman adopt target marketing strategy. This strategy includes (i) segmentation marketing (ii) Targeting (iii) positioning.

Index Term:- Segmentation , targeting , positioning, demographic, psychographic, geographic.

Introduction:-

Dividing the market into different segment is called market segmentation. It is a part of target marketing strategy. Segmentation is the first step of target marketing strategy. There are several approaches to segmenting a market.



Target marketing is different from mass marketing and product differentiation.

Mass Marketing:-

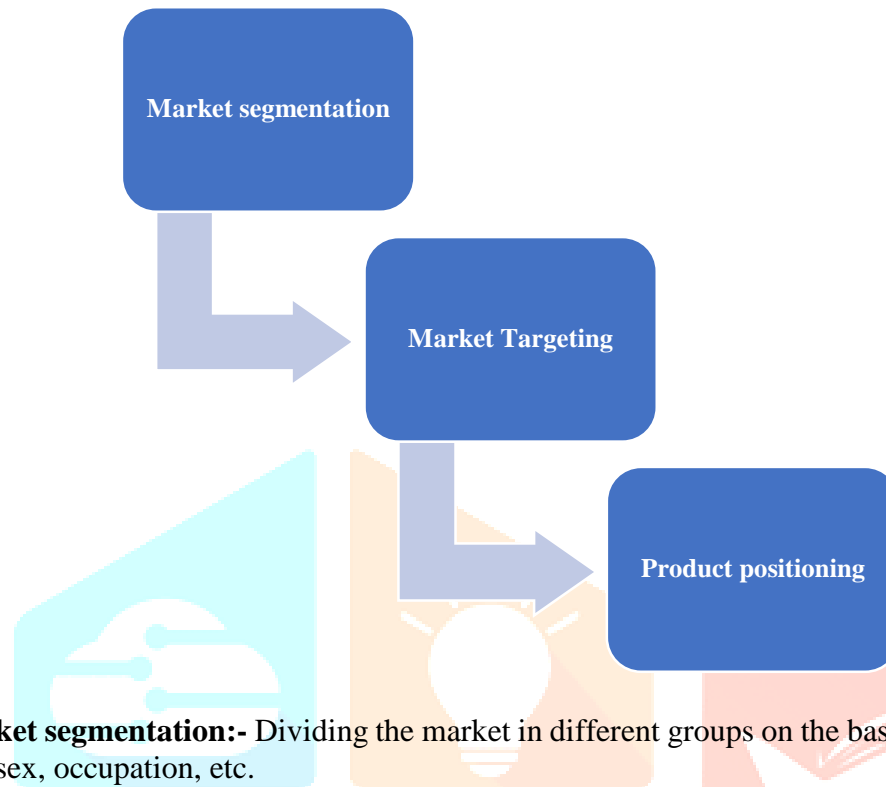
In mass marketing only one type of product is produced for all customers.

Product differentiation:-

It is a process of distinguishing a product from others to make it more attractive to a particular target market. Marketers try to provide different sizes, colours, shapes, features and qualities.

Target Marketing :-

Target marketing is a subset of total market for a product or service. It has three steps.



Market segmentation:- Dividing the market in different groups on the basis of customers characteristics like age, sex, occupation, etc.

Market Targeting:- Selecting few segments where marketer will operate .

Product Positioning:- It refers to setting a name or place of product in consumer`s mind.

Literature Review:- In Dec,2017 Mark Camilleri has said in his research paper “Market segment targeting and positioning” that it is virtually impossible to satisfy all customer. So it is up to the company to select the specific parts of the market which they can be serve. Marketer will select definitely that area or segment which will be more profitable.

In Dec,2017 Dr. V. Venkata Narayana and Dr. A. kanaka Durga has said in their research paper “A study of market segmentation – Relevance and Association of segmentation with other components of marketing” that segmentation is an essential pre-requisite of undertaking various marketing activities. Successful organisation follow the concept of segmentation and the relevant strategies. They conclude in their paper limitations of market segmentation.

In 2011, Sulekha Goyat, in her Research paper “the basis of market segmentation a critical review of literature” provide all the information about market segmentation. She defines the basis of market segmentation such as demographic segmentation, psychographic segmentation, Behavioural segmentation.

She also gives information about segmentation process and its steps . In her research paper she says that there is a great influence of extraneous variable as price, trends and market conditions on the purchase of the consumers.

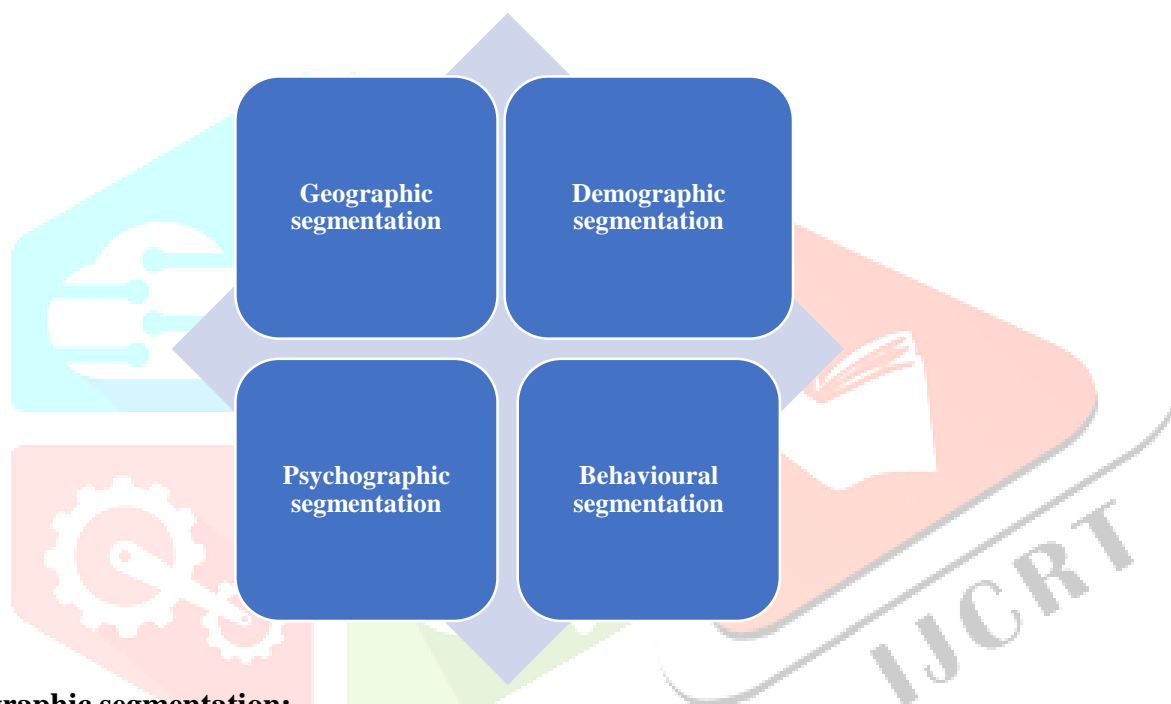
In May 2010, A. coroline Tynan and Jennifer Drayton has said in their research paper “Market segmentation” that market segmentation is a crucial strategy. Its aim is to identify and delineate market segments or “sets of buyers” which would then become targets for the company`s marketing plan. The market can be subdivided by geographic, demographic , psychological, psycho- graphic or behavioural variables. She also tells advantages of market segmentation in her research paper.

Objectives:-

- In market segmentation different groups of customers are made on the basis of their homogeneous characteristics.
- Nature and characteristics of targeted customers can be identified by market segmentation.
- Market segmentation helps the business to know the specific customers' needs and wants.
- Market segmentation is helpful in making marketing strategies.
- Market segmentation also helps in allocating market budget. It helps the marketer to decide how much money should be spend on advertisement.

Research methodology:-

- This research is descriptive in nature.
- Secondary data is used in this research paper.
- Went for a thorough study of literatures available on market segmentation and the various components of marketing which have a great relevance to market segmentation.

Basis of market segmentation:-**Geographic segmentation:-**

In geographic market segmentation markets are divided on the basis of area, regions, city size, urbanisation etc.

Example:- coolers and air conditioners not sold in hilly area.

Coca cola used geographical market segmentation:-

Coca cola used the approach of splitting buyers into groups based on their location. They sell their product globally. This brand tailors its offering to local tastes. This company modify the taste drink formula to satisfy different preferences. For example, they acknowledge that consumers in Asia who prefer sweeter flavours than those in the US or Europe.

Psychographic segmentation :-

It segments the market on the basis of nature and characteristics of people like: personality, lifestyle, social class, culture etc.

Example :- Apple company uses psychographic segmentation to create a brand personality which can fit into the perception of their users. Apple company target the audience who like luxury products.

Demographic segmentation:-

In this segmentation, markets are divided on the basis of demographical variables such as age group, sex, income, education etc.

Example:- L'Oréal used demographic factors for market segmentation. Their clients belonged to the middle and upper class, who identify with enhancing their beauty.

For example, Dark and lovely is a product line for African women.

L'Oréal company handle more than 30 brands with different categories.

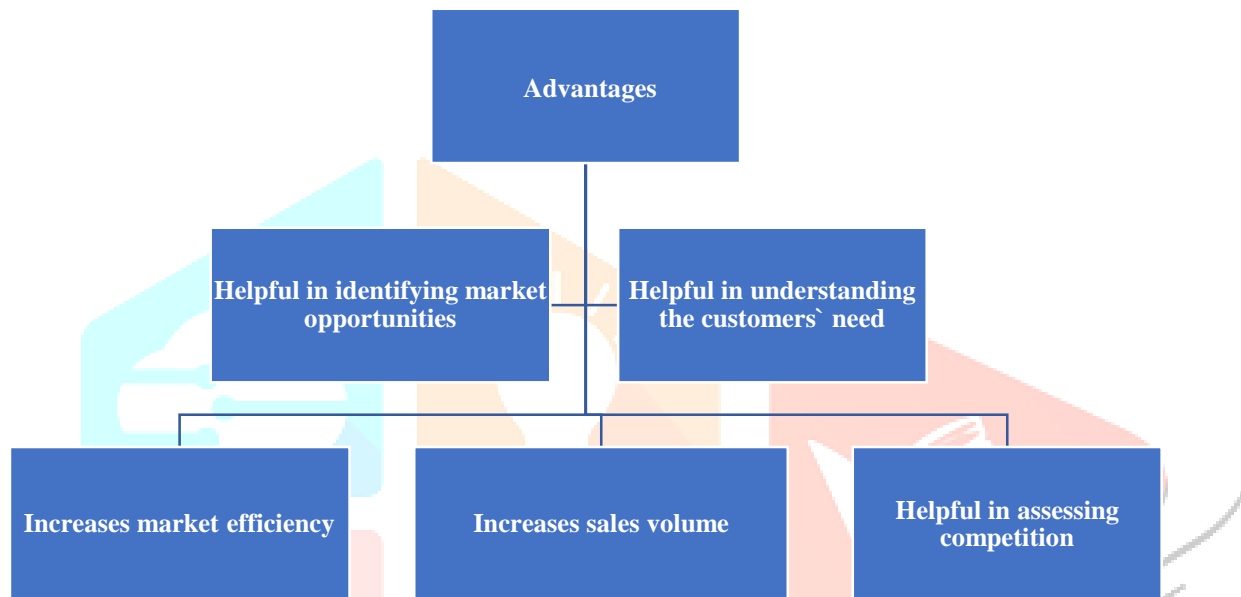
Behavioural segmentation:-

consumer behaviour also form a basis of market segmentation. Like:-

- I) Usage rate
- II) Benefit response
- III) Spending habits.

Example:- Duolingo used behavioural segmentation. For the language app Duolingo , retaining users comes down to keeping them motivated. They memorize new words and phrases. They realize that most language learners eventually lose their initial drive and need a pick me up to continue studying. That`s why Duolingo has decided to create users segments on the basis of app behaviour and milestone achievements.

Advantages of market segmentation:-



Helpful in identifying market opportunities:-

By market segmentation marketer can easily identify the opportunities available in market .They can recognise the area where customers` response is poor. After doing this marketer can readjust their marketing strategy.

Helpful in understanding customers` need:-

Market segmentation helps companies to learn about customers. They can know why customers do or do not prefer any particular products. By doing so , they can make changes in their product according to customers` preference.

Increases marketing efficiency:-

By segmenting market into different categories companies can adopt proper pricing strategies, promotion strategies etc. according to the segmented market and customers` requirements. By doing this company`s marketing will become more efficient.

Increases sales volume:-

Market segmentation helps in increasing the sales volume of the company. By segmenting market, company can easily satisfy the customers` need by providing the product according to their customers` choice. Each segments has different demand pattern so any changes in product of a particular segment will not affect the demand of other segment.

Helpful in assessing competition:-

By market segmentation company can easily know the competition level in each segment and can adopt their marketing strategy accordingly. Strength and weakness can also be determined by market segmentation.

Conclusion:-

In this research paper different types of market segmentation is described. Bases of market segmentation is explained which are mainly four psychographic, geographic, behavioural and demographic. Market segmentation is a very effective way to satisfy targeted customer. As we know that without satisfying customer need, No organisation can earn profit and move ahead. By market segmentation market is divided in different groups on the basis of customers preferences and their characteristics. By doing this organisation can provide product to each group according to their needs and wants. It plays significant role in growth of business. Importance of market segmentation is also explained in this paper.

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