

The Realm of Market Segmentation Approaches against Customers' Behaviours

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ABSTRACT

This article addresses chiefly approach to marketing analysis so far has largely identification and exploitation of key differences, in marketing capabilities and competitive strengths, for example marketing attention focuses on two particularly important areas of differentiation, the differences between alternative market offerings as far as customers are concerned, or the competitive positioning of suppliers, products, services and brands. Characteristics, behaviour, and needs play an important role to marketing decisions makers in developing strong marketing strategies or marketing segmentation. Market segmentation is one of the most widely accepted concepts in marketing. Its fundamental thesis is that, to achieve competitive advantage and, thereby, superior financial performance, firms should (1) identify segments of demand, (2) target specific segments, and (3) develop specific marketing "mixes" for each targeted market segment. It is referred to as the key to developing a successful strategy and pricing policy in a competitive environment. When segmentation is done in the market, it helps to determine who the most likely prospects are for your product and develop a set of product designs and prices that will most effectively target them.

What is Marketing Segmentation?

Is the process of defining and sub dividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics?

Segmentation aims is to design a marketing mix that precisely matches the expectations of customers in the targeted segment.

Any company wants to categorize their customers into segment should consider this factor:

- Clear identification of the segment
- Measurability of its effective size
- Accessibility through promotion efforts
- Appropriateness to the policies and the resources of the company.

In segmentation approaches; marketing segmentation identify the most productive bases for dividing a market, identifying the customers in different segments and developing segment descriptions such as,

- **Choice of target markets:** evaluating the attractiveness of the different market segment, area of market which has large volume of requirement such as costumers and products (niches).
Competitive positioning: identify the positioning of competitors in the market and in target niches to develop positioning strategy.

Principles of Market segmentation

Major features of modern markets are the extent to which they are capable of being segmented because of growing differences between customers and their demands to be treated as individuals and the existence of the vastly superior technologies of communication, distribution and production, which allow the pursuit of segmentation strategies. In some cases this lead to micro segmentation or one to one marketing, in which customer treated in as a different segment. Where there are differences in customer needs or wants, or in their attitudes and predispositions towards the offerings on the market between groups or individuals in the market, then there are opportunities to segment the market or to subdivide the larger market into smaller segment (group) which provide market targets. Based on this but the company have to consider resources, competencies brands, distribution, strength as their principal in order to achieve goals.

Bases for Segmenting Markets



- **Geographical Segmentation:** The customers might divide the market into different geographical units, such as continent, nations, states, regions, cities, climate, or neighborhood. The company can operate in one area or few areas or operate in all buy must pay attention to local variation; the nature of the geographical area will help the company to provide a better product and services. For example Hilton hotels customized rooms and lobbies according to

location or surfboard sellers might be divide the customer base by proximity to water suitable for surfing.

- **Demographic Segmentation:** the market is divided into groups on the basis of variables such as age, family size, family life style, gender, income, occupation, education, religion, race, generation, nationality and social class. There are several reason for the popularity of demographic variables to differentiate customer groups. One reason is that consumer needs, wants and usage rates, products and brand preference are often associated with demographic.
- **Psychographic segmentation:** is the science of using psychology and demographics to better understand consumers, in this segmentation buyers are divided into different groups on the basis of psychological or personality traits, lifestyle or values. People who share psychographic factors may be very much alike relative to the business, product or service or they may be vastly different.
- **Behavioral segmentation:** Traditionally behavior has been evaluated in terms of the customer or prospect behavior relative to the company, product or service, on this basis company should understand the nature of the customer's bases knowledge, attitudes toward the use of or response to the product. For example in USA men normally choose their shaving equipment and women choose pantyhose.

Segmenting consumer markets

In segmenting consumer markets can be broadly grouped into three main classes:

- Background customer characteristics
- Customer attitudes
- Customer behavior

The first two sets of characteristics concern the individual's predisposition to action whereas the final set concerns actual behavior in the market place.

The background characteristics do not change from one purchase situation to another; they are customer specific but not specifically related to his/her behavior in the particular market of interest

Common variable used in background customer characteristics

Demographic Characteristics

Gender: A basic approach to segmentation of the market for household consumables and for food purchase is to identify housewives as specific marketing segment. Or let take an examples of Avon company they specifying their product to female, so as to say they segment their marketing into female only by giving them cosmetics, lipstick and other beauty products. Many segmentation schemes use gender as a first step in the segmentation but then further refine their targets within the chosen gender category such as by social class, in some markets

most of relevant variable is gender preference example Time square level 5 they target female who likes beauty and hair dressing or Mac foundation their market for certain product and service are concern with female.

Age: This has been used as basic segmentation variables in many markets. The market for holidays is a classic example with holiday companies tailoring their products to specific age group such as under 30's or senior citizens .In these segmentation scheme it is reasoned that there are significant differences in behavior and product or service required between the demographic segments identified.

Age may also combine with other characteristics like social class, for example Taylor Nelson analyzed alcoholic drink market into age/social class group and linked this to drinks consumption (Grant, 1996)

Geographical location: This segmentation may be useful variable, particularly for small or medium sized marketing operation which cannot hope to take a widely dispersed market. Many company, for example choose to market their products in their home country only, implicitly excluding worldwide markets from their target. Within Countries it may also be possible to select regional markets where the company's offerings and the market requirements are most closely matched.

Subculture: Each individual is a member of variety subcultures. These subcultures are groups within the overall society which have peculiarities of attitude or behavior. It is likely that membership of subculture has to be relatively enduring and not transients, and the membership of subculture is for central importance in affecting the individual's attitudes and ultimate behavior.

The major subcultures used for segmentation purpose are based on racial, ethnic, religious, or geographical similarities. In addition to that subcultures existing within specific age groupings may be treated as distinct market segments example targeting micro communities has become important in relationship marketing. One Canadian bank has focused to great effect on the tightly knit but affluent Filipino community in Canada (Svendsen 1997)

Socioeconomic Characteristics: Factors such as income, occupation terminal education age and social class have been popular with researcher for similar reason to demographics. The most important here in this segmenting market by the social class or the life style, it s expected that people living in different life style and they have different classes of life style. These life style are turn, relevant to marketing related activity, such as propensity to buy certain good and service.

Consumer life style

Stage of family life cycle, essentially a composite demographic variable such as age, marital status and family size, has been particularly useful in identifying the types of people most to be attracted to a product field especially consumer durables and they will be attracted. For example producers of baby product build mailing lists of households with newborn babies on

the basis of free gifts given to mothers in the maternity hospitals, this used to direct advertising message for further baby, toddler and child products to a family at the appropriate time.

Identifying and describe market segment

Mass Market segment

Mass marketing is a marketing philosophy and method in which a single, wide-ranging marketing strategy is developed to target the greatest number of people, rather than one designed to target each specific population segment.

Multiple market segments

Multiple market segments usually develop to satisfy different market segment.

- Clearly more expensive
- Worthwhile if

Serves customers' needs better

Doesn't reduce quality

Doesn't increase price

Adds to the seller's sales revenues and profits

Example: different variation of the same product to high and low end segments

Niche Marketing is a market in which area has a large volume of requirement such as customers and products.

Niche market segments are concentrating in all marketing effort on a small but specific and well define segment of the population, usually Niche do not exist but are created by identifying needs, wants and requirements that are being addresses poorly or not at all by other firms, and developing and delivering goods and services to satisfy them.

Single segment Market is often specialized product for example machinery, and exclusive goods.

It will be clear that before the above marketing segment identify and endorse to consumers the first task is to identifying and decide on what bases to segment the market.

After identifying the problem in the area you want to establish your market segment, research will be needed to be conducted to identify major benefit to users and purchasers of the product or service under consideration, this will be followed by the finding of your research method (qualitative or quantitative) to estimate the size of the potential segments and describe them further in terms of other background characteristics.

First order and second order segmentation.

There is misconception among marketing managers as to what constitutes a market segment. In many consumers marketing in particular, many managers will describe the segmentation of their market targets in terms of background characteristics.

In reality the most fundamental way of segmenting market is the market orient approach of grouping together customers who are looking for the same benefits in using the product or services. For example Avon Company or IKEA they prefer to deal with the women product as the preferable segment to them by produced body lotion and beauty cosmetics to target those girl or women in certain age who likes beauty.

The benefits of segmenting marketing

The important benefits that can be derived from segmenting a market, in the which can be summarized in the following terms:

- Segmentation is particularly useful approach to marketing for the smaller company. Its allows target market to be matched to company competencies and makes it more likely that the smaller company can create a defensible niche in the market.
- It helps to identify gaps in the market i.e. unserved or underserved segments. These can serve as targets for a new product development or extension of the existing product or service range.
- In mature or decline marketing it may be possible to identify specific segments that are still in growth. Concentrating on growth segments when the overall market is declining is a major strategy in the later stages of the product life cycle.
- Segmentation enables the marketer to match the product or service more closely to the needs of the target market. In this way a stronger competitive position can be built.
- The danger when not segmenting the market when competitors do should also be emphasized. The competitive advantages noted above can be lost to competitors if the company fails to take advantage of them. A company practicing a mass marketing strategy in a clearly segmented market against competitors operating a focused strategy can find itself falling between many stools.

Defining how the market is segmented

Market is segmented due to the marketing strategy, position, that involves dividing a broad to target market into subsets of consumers who have common needs and then designing and points that best allow reach them.

Market segments allow companies to create product differentiation strategies to target them Market segment can be defined in many different ways, one way to carve up market is to identify preferences segment such as:

Homogeneous preferences: A market where all the consumers have roughly the same preferences, the market shows no natural segments. We would predict that existing brands

would be similar and cluster around the middle of the scale in both sweetness and creaminess. **Diffused preferences:** At the other extreme, consumer preferences may be scattered throughout the space, indicating that consumers vary greatly in their preference. The first brand to enter the market is likely to position itself to appeal to the most people. A second competitor could locate next to the first brand and fight for market share or could locate in a corner to attract a customer group that was not satisfied with the center brand. If several brands are in the market they like to position themselves throughout the space and show real differences to match in consumer preference.

Clustered preferences: In this market segment the company might develop several brands each positioned in different segment. If the develop only one brand, competitors would enter and introduce brands in the other segments

Determining current and potential strengths

The potential strength of the market can be determined by the following elements:

- Internal Analysis: this enable a firm to identify it strength and the weakness and give opportunity to make strategic decision, not only that but the information from internal and external environment will help the company to understand their potential and will enable them in developing strategy.
- Organization resource: such as financial, physical and human resources indicate the company or market strength that company has.
- Intangible resource: brands names, patents and trademark □ Cultural and structural resource.
- Organization capabilities: such as expertise, quality of product, distribution channel, new product innovation, customer services and company strategies and planning.

All of this above the can be observe by a company after doing research in order to identify their problem.

CONCLUSIONS

In increasingly fragmented markets, marketers in both consumer and industrial markets are turning more to segmentation methods to identify prime market targets. In approaching market segmentation, companies must confront the quite sophisticated methodology of segmentation, test the market targets, identified and make strategic decision on how to use a segmentation model in developing its market strategy.

The whole concept of segmentation is very strong. When applied in a market it assures great energy and large profit as well. Segmentation also leads to brand positioning together with target market segment. The purpose of segmentation is to look deeper within the general market in order to locate customers with more specific needs within the product group and who also share similar characteristics. The main point of carrying out segmentation is to make sure customers who belong to different groups get their demands.

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