



MARKETING SEGMENTATION

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WHAT IS MARKETING SEGMENTATION

Marketing segmentation is about dividing your consumers in to sub-groups to cluster them into more similar groups, such as for common needs, similar lifestyles or similar demographic profiles which enables the company to be more selective and personalized for their customers in a cost effective manner.



"The overall aim of segmentation is to identify high yield segments – that is, those segments that are likely to be the most profitable or that have growth potential – so that these can be selected for special attention".



FACTORS THAT EFFECT A COMPANY'S STRATEGY

- Company resources
- Product variability
- Product life cycle
- Market characteristics
- Competitive activity

POSSIBLE STRATEGIC APPROACHES

- ***Undifferentiated Strategy:*** Mass marketing, no segmentation
- ***Focus Strategy:*** Niche marketing, focus efforts on a small, tightly defined target market
- ***Differentiated Strategy:*** Multiple niches, focus efforts on 2 or more, tightly defined target markets
- ***Hyper-segmentation:*** One-to-one Marketing, customize the offer for each individual customer



TYPES OF MARKETING SEGMENTATION

- **Demographic:** Age, gender, SES level, Education, etc.
- **Geographic:** Country, Street, Region, Rural, City, etc.
- **Geo-demographic:** Combination of geographic and demographic variables
- **Psychographics:** lifestyle, social and personality characteristics
- **Behavioral:** Purchase frequency, needs-based, customer loyalty etc.



STEPS OF MARKETING SEGMENTATION

- Identifying the target market
- Identify expectations/needs of Target group
- Create subgroups
- Fine-tune needs of the target audience
- Name market segments
- Form Marketing Strategies for each segment
- Test strategies
- Regularly keep collecting data about your target market

CRITICISMS AND DRAWBACKS

Marketing Segmentation can be overly descriptive and provides insufficient insights to convey communication strategies. Also, difficulties with market dynamics, and instability of segments over time. According to Daniel Yankelovich (2006), non-demographic traits such as values or preferences seem to have more influence over consumers' purchases rather than demographic traits, and lastly, sound marketing strategy depended on identifying segments that were potentially receptive to a particular brand and product category.

MARKETING SEGMENTATION & ECOMMERCE

AI powered personalization eliminates manually created segments and take the game up to a whole new level. With the help of an eCommerce personalization software, tracking an online shopper's behaviour in real time and making the best of this data is possible.

Rather than solely depending on the static demographic data, the dynamically changing purchase intentions of an online visitor can be sorted out and used to predict the next purchase. This in turn is translated into higher sales, higher conversions and customer loyalty.

Why'd we need marketing segmentation? Well, answer is quite simple, you can't wear size 5 shoes if you are a size 9. Everyone has different needs.

THANK YOU

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