MARKETING MANAGEMENT

UNIT-1

PART-VIII

Bases of Market Segmentation

The various segments that are in vogue are as follows:

1. Geographic Segmentation:

Chronologically, this kind of segmentation appeared first. For planning and administrative purposes, the marketer will often find it convenient to subdivide the country into in a systematic way. The great advantage of adopting this scheme is that standard regions are widely used by Government and it facilitates collection of statistics. Most of the national manufacturers split up their sales areas into sales territories either state-wise or district wise.

2. Demographic Segmentation:

Under this method, the consumers are grouped into homogeneous groups in terms of demographic similarities such as age, sex, educational standard, income level, etc. This is considered to be more purposeful since the emphasis ultimately rests on customers. The variables are easy to recognise and measure than in the case of the first type, as persons of the same group may exhibit more or less similar characteristics. For example, in the case of shoes, the needs and preferences of each group could be measured with maximum accuracy.

(a) Age Group. Usually, age groups are considered by manufacturers of certain special products, for example, toys. Even in the purchases made by parents, children exert a profound influence The market segmented on the basis of the age groups is as follows: Children. Teen-ager's adults and grownups.

(b) Family Life Cycle. This is yet another method falling under demographic segmentation. The concept of a family life cycle refers to the important stages in the life of an ordinary family These stages are called decision-making units (DMUS): A widely accepted system distinguishes the following eight stages:

1. Young, single:

2. Young, married, no children;

3. Young, married, youngest child under six;

4. Young, married, youngest child over six;

5. Older, married, with children;

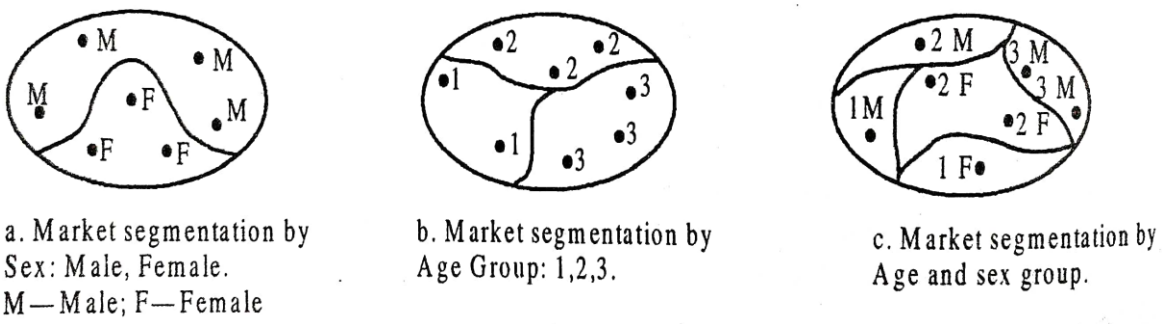
6. Older, married, no children under eighteen;

7. Older, single; and

8. Others.

Although the distinction between the young and the old is not explicit, the concept provides a useful basis for breaking down the total population into sub-groups for a more detailed analysis.

(c) Sex. Sex influences buying motives in consumer market too. In the case of many products men demand special styles. Bicycle is an example This kind of segmentation is useful in many respects. The recent studies, however, show that traditional differences are being fast broken down making this kind of segmentation meaningless. Successful attempts to remove barriers of discrimination against women have generated many market opportunities. Interestingly enough however, it has not been nearly so easy to get males to accept products traditionally considered feminine. Demographic segmentation is illustrated below, using two bases: Age and Sex.



a. Market segmentation by Sex: Male, Female. M—Male; F—Female

b. Market segmentation by Age Group: 1,2,3.

c. Market segmentation by Age and sex group.

Fig. 8.3: Demographic Segmentation using Age and Sex

A decade ago, driving motor vehicles including two wheelers by women was seldom seen but today it has become a common sight. The distinction in dress traditionally maintained by girls and boys has also been considerably reduced. These changes have tremendous marketing implications.

3. Socio-Economic Segmentation. The segmentation here is done on the basis of social class, viz. working-class, middle-income group, etc. Since marketing is potentially and intimately connected with the ability to buy is segmentation is meaningful in analysing buying patterns of a particular class. Socio economic factors, especially when used together, can help to locate a market precisely.

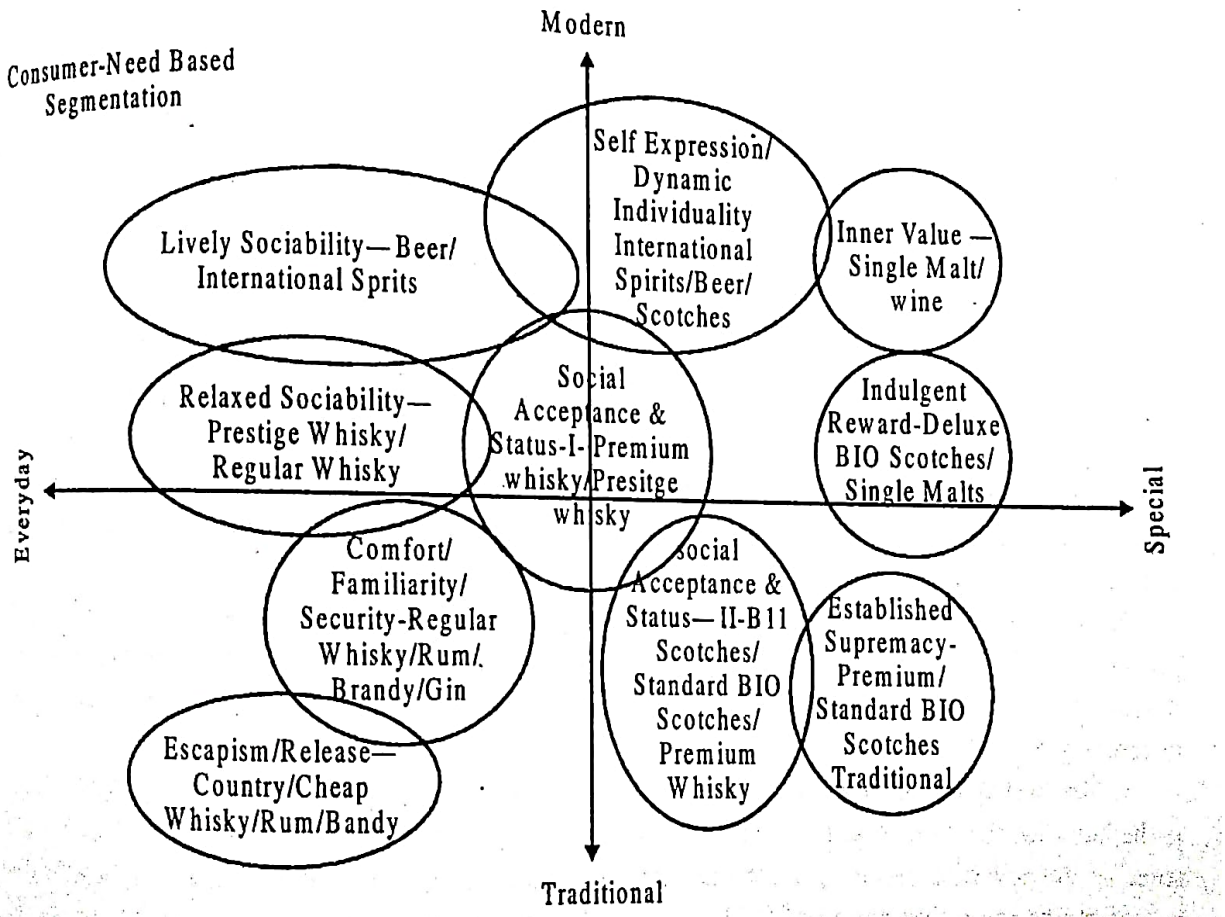


Fig. 8.4: Socio-Economic Variables

This method is widely used because it not only helps in locating segments but also in measuring the size of the segment easily.

4. Product Segmentation. When the segmentation of markets is done on the basis of product characteristics that are capable of satisfying certain special needs of customers, such a method is known as product segmentation. The products, on this basis, are classified into:

1. Prestige products, e.g., Automobiles, Clothing.
2. Maturity products, e.g., Cigarettes, Blades.
3. Status products, e.g., Most Luxuries.
4. Anxiety products, e.g. Medicines, Soaps.
5. Functional Products, e.g. Fruits, Vegetables.

The argument in favour of this type of product segmentation is that it is directed towards differences among the products which comprise markets. Where the products involved show great differences, this method is called a rational approach.

5. Benefit Segmentation. Under this method, the buyers form the basis of segmentation but not on the geographic principles mentioned above. Here consumers are interviewed to learn the importance of different benefits, they may be expecting from a product. These benefits or utilities may be classified into generic or primary utilities and secondary or evolved utilities. The following table would explain this aspect:

Table. 8.1: Benifit of Segmentation

Product category	Generic or Primary utility	Secondary or Evolved Utilities
Tooth-paste	Cleaning	Good Taste, Breath freshening, Brightness
Shampoo	Cleaning	Shiny hair, Thickening Hair
Disprin	Pain Control	Speed of Action, Teste
Automobiles	Convenience	Economy Seeking Status, Quality, *i.e.*, Speed

But, choosing the benefit to be emphasised is not an easy job, for the thrust of various utilities may shift from time to time.

6. Volume Segmentation. Another way of segmenting the market is on the basis of volume of purchase. Under this method the buyers are grouped into categories like bulk purchasers. Minimum purchasers, and single unit purchaser. This analysis is also capable of showing the buying Behaviour of different groups.

7. Marketing-factor Segmentation. The responsiveness of buyers to different marketing activities is the basis for this type of segmentation. The price, quality, advertising, promotional devices, etc. are some of the activities involved under this method. This is explained by R.E. Frank as follows: "If manufacturer knew that one identifiable group of his customers was more responsive to changes advertising expenditures than others, he might find it advantageous to increase the amount of advertising aimed at them. The same sort of tailoring would also be appropriate if it were found that customer reacted differently to changes in pricing, packaging, product, quality, etc.