



Market Segmentation

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations.

Market Segmentation



Geographics

Country
City
Density
Language
Climate
Area
Population



Demographics

Age
Gender
Income
Education
Social Status
Family
Life Stage
Occupation



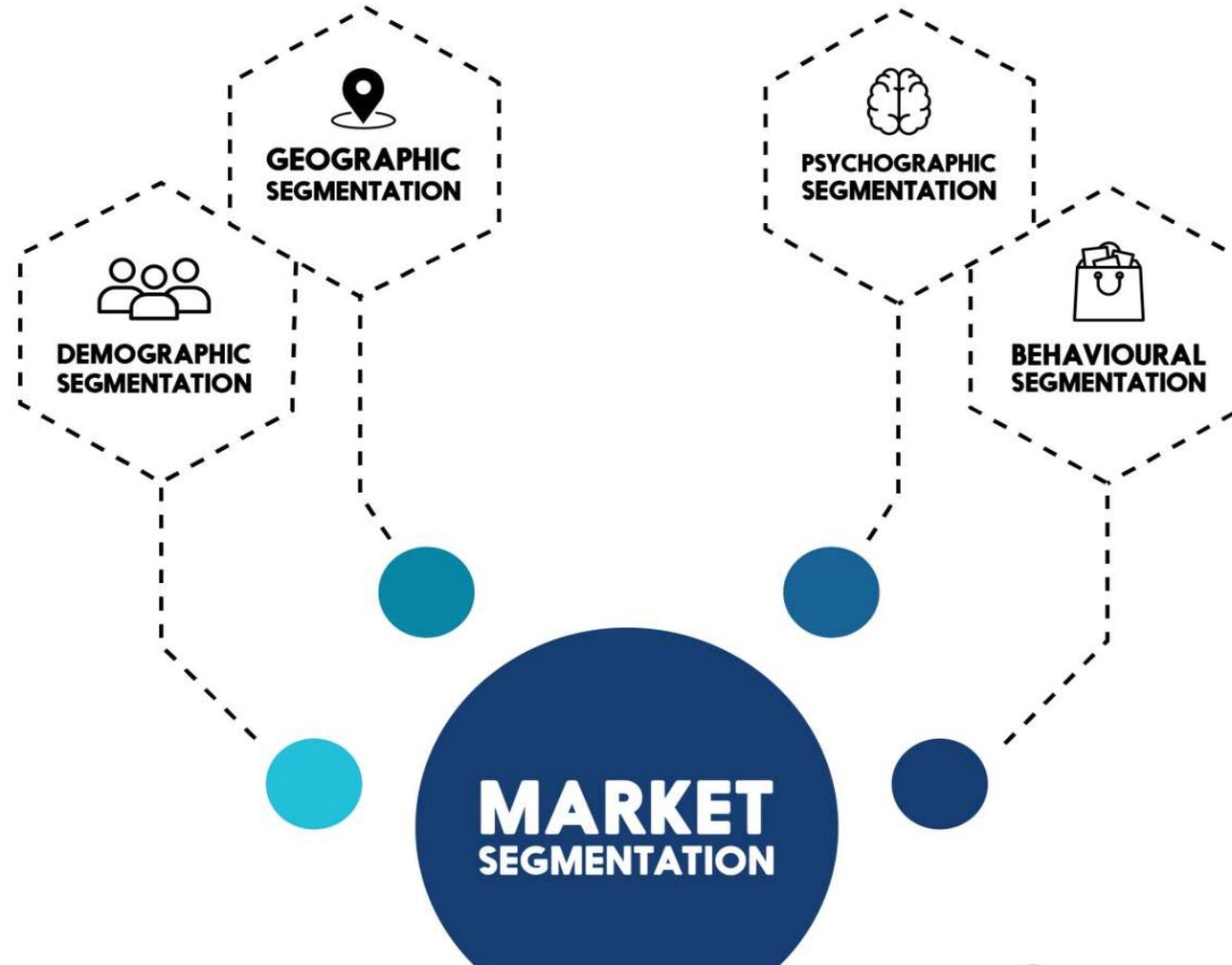
Psychographics

Lifestyle
AIO: Activity,
Interest, Opinion
Concerns
Personality
Values
Attitudes



Behavioral

Benefits Sought
Purchase
Usage
Intent
Occasion
Buyer Stage
User Status
Life Cycle Stage
Engagement





Customer
Preferences
Change
Based on
Geographic
Location.

Demographic Segmentation

- Demographic segmentation divides the market on the basis of demographic variables like age, gender, marital status, family size, income, religion, race, occupation, nationality, etc. This is one of the most common segmentation practice among the marketers

Behavioral segmentation

Behavioral segmentation is defined as the process of dividing the total market into smaller homogeneous groups based on customer buying behavior. Behavioral segmentation is done by organizations on the basis of buying patterns of customers like usage frequency, brand loyalty, benefits needed, during any occasion etc.



DEMOGRAPHIC SEGMENTATION

○ Age:

- It is essentially a case of age based segment of market.
- **Example: Amul has segmented his product in different age group.**



- **For kids** : Amul Kool, chocolate milk, nutramul energy milk
- **For Youth** : Amul cool cafe
- **For Women & older people** : Amul calc+, Amul Shakti energy drink

DEMOGRAPHIC FACTORS



DEMOGRAPHIC & PSYCHOGRAPHIC

- **Demographic**

- Age
- Gender
- Family size or life cycle
- Income
- Occupation
- Education
- Religion
- Race
- Generation
- Nationality



- **Psychographic**

- Social Class
- Lifestyle
- Personality/Attitude



Most Popular Bases & Easiest to Measure



Psychographic segmentation

- Psychographic segmentation involves dividing your market into segments based upon different personality traits, values, attitudes, interests, and lifestyles of consumers. ... It will allow you to better match the needs and wants of each segment with the correct products and services.

Psychographics Segmentation

- Psychographic segmentation divides buyers based on social class, lifestyle, and personality characteristics.
 - the same demographic group can have very different psychographic profiles
- Social class has a strong effect on preferences for cars, clothes, home furnishings, leisure activities, reading habits, and retailers.
 - afternoon tea at the Ritz-Carlton is aimed at the upper-middle & upper classes
 - a neighborhood pub near a factory targets the working class

6 Stages of the Product Life Cycle

1. Development
2. Introduction
3. Growth
4. Maturity
5. Saturation
6. Decline

HubSpot

Product Life Cycle(PLC)

6 stages of PLC

- Research & Development

The development stage of the product life cycle is the research phase before a product is introduced to the marketplace. This is when companies bring in investors, develop prototypes, test product effectiveness, and strategize their launch. Due to the nature of this stage, companies spend a lot of money without bringing in any revenue because the product isn't being sold yet.

Introduction

- The introduction stage is when a product is first launched in the marketplace. This is when marketing teams begin building product awareness and reaching out to potential customers. Typically, when a product is introduced, sales are low and demand builds slowly.
- Usually, this phase is focused on advertising and marketing campaigns. Companies build their brand, work on testing distribution channels, and try to educate potential customers about the product. If those tactics are successful, the product goes into the next stage — growth.

Growth

- **During the growth stage, consumers have accepted the product in the market and customers are beginning to truly buy-in. That means demand and profits are growing, hopefully at a steadily rapid pace.**
- **The growth stage is when the market for the product is expanding and competition begins developing. Potential competitors see success and want in. During this phase, marketing campaigns often shift from getting customers to buy-in to the product to establishing a brand presence so consumers choose them over developing competitors.**

Maturity

- The maturity stage is when the sales begin to level off from the rapid growth period. At this point, companies begin to reduce their prices so they can stay competitive amongst growing competition.
- This is the phase where a company begins to become more efficient and learns from the mistakes made in the introduction and growth stages. Marketing campaigns are typically focused on differentiation rather than awareness. This means that product features might be enhanced, prices might be lowered, and distribution becomes more intensive.

Saturation

- During the product saturation stage, competitors have begun to take a portion of the market and products will experience neither growth nor decline in sales.
- Typically, this is the point when most consumers are using a product, but there are many competing companies. At this point, you want your product to become the brand preference so you don't start to enter the decline stage.
- Again, marketers need to focus on differentiation in features, brand awareness, price, and customer service. The competition reaches its apex at this stage.

Decline

- Sales will decrease during the heightened competition and are hard to overcome.
- Additionally, consumers might lose interest in your product as time goes on, just like the CD example I mentioned earlier.
- To extend the product life cycle, successful companies can implement new advertising strategies, reduce their price, add new features to their increase value proposition, explore new markets, or adjust brand packaging.

Example of a Product Life Cycle

- Example of a type writer.
- Development: Before the first commercial typewriter was introduced to the market, the overall idea had been developed for centuries, beginning in 1575.
- Introduction: In the late 1800s, the first commercial typewriters were introduced.
- Growth: The typewriter became a quickly indispensable tool for all forms of writing, becoming widely used in offices, businesses, and private homes.

- **Maturity:** Typewriters were in the maturity phase for nearly 80 years, because this was the preferred product for typing communications up until the 1980s.
- **Saturation:** During the saturation stage, typewriters began to face fierce competition with computers in the 1990s.
- **Decline:** Overall, the typewriter couldn't withstand the competition of new emerging technologies and eventually the product was discontinued.

AIDA

AIDA MODEL

- The design and development of advertising follows the AIDA formula. The effectiveness of advertising depends upon to what extent the advertising message is received and accepted by the target audience.
- American advertising and sales pioneer, Elias St. Elmo Lewis, is largely credited for developing the AIDA model.
- Research has identified that an advertisement to be effective has to
 - (i) Attract **Attention**
 - (ii) Secure **Interest**
 - (iii) Build **Desire** for the product and finally
 - (iv) Obtain **Action**.



Attention



Interest



Desire



Action

Attention

- Most campaigns rely on a mix of visual stimuli
Typography , Color, Layout , Size , Celebrity , model etc.
- Text is then employed to further grab attention, enticing the reader to continue reading in search of more information.
That is why the first paragraph of a sales letter, direct mail piece or ad needs to be the strongest.
· Have you ever...? · Are you noticing...? · Can you see...?
- Presenting a shocking fact or statistic that identifies a problem

Interest

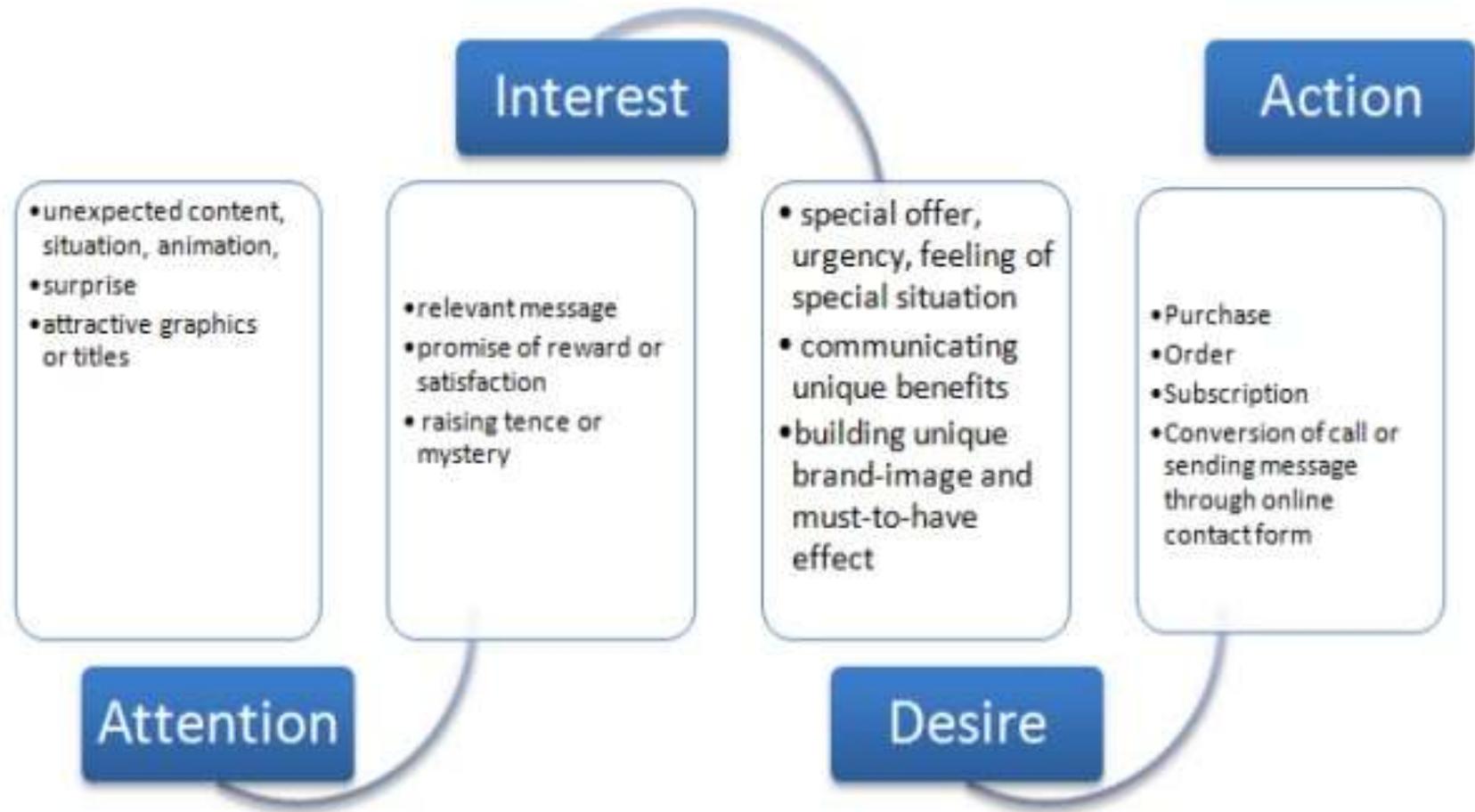
- Raise customer interest by focusing on and demonstrating advantages and benefits .
- Keep them engaged.
- Establish a need, create a bond .
- Being able to establish a need in the mind of a consumer is the cornerstone of an effective ad campaign.
- A demonstration or illustration can help the recipients to further identify with the problem and want to actively seek possible solutions
- Hinting at something special to keep their interest in what you have to say.

Desire

- This is the stage where you stoke the flames of their desire until they are absolutely certain they have to have what you are selling.
- Convince customers that they want and desire the product or service and that it will satisfy their needs.
- This is often accomplished through the problem-solution technique.
- Desire is like a fire, and can be stoked by many methods, such as: (Scarcity principle), how other people approve of the item etc.
- There are certain barriers here - certain reservations in the mind of customers. We have to overcome them. We have to convince by giving evidence, testimonials, endorsements, and facts and figures

Action

- You've attracted their attention, built their interest and fanned their desire.
- Lead customers towards taking action and/or purchasing.
- A call to action should be in every single ad, regardless of format. Whether it is a special offer, a free gift or time-limited discount.
- Whether it's going to your website, picking up the phone or sending an order, the last section of advertisement needs to contain a powerful call to action.





Example: Film Industry

- Before the films are to be released, they start with airing their promos on television. Later they use the outdoor and the press to create more **AWARENESS AND ATTENTION**. The producers bank on the star cast, music, locations and the crew of the film to catch the eyes of the public.
- To create **INTEREST** among the consumers, they then release the music and also introduce the theme of the film. The purchase of the music cassettes and CDs is an indication of the interest generated by their efforts.
- Later at the **DESIRE** stage, along with continuous promos on television, press and hoardings, they have promotions through contests and movie tickets as prizes. They also have interactive programs like the star cast of the film visiting different music shops and creating desire among the audience.
- After all these promos and activities, if the film is successful in creating interest and desire among the people, there is immediate **ACTION** which is seen through purchases of tickets at movie halls.

Reliance India Mobile campaign can be used to explain this model better

- **Awareness:** The elaborate advertisement where Mukesh Ambani spoke about the new project being introduced on his father's 70th birthday.
- **Interest:** Was generated as the company spokesperson featured in the ad, as a representative of the company image and also spoke about introducing a new technology – CDMA.
- **Desire:** Was created with various offers like free SMS, 40paise STD calls, easy payment schemes, and discount coupons worth Rs. 1 lakh.
- **Action:** Dhirubhai Ambani Pioneer offers induced people to go for the product.