

Chapter35 Market segment

Overviews

1. How business use market segmentation to target customers.
2. The different methods of segmentation: location, demographics (including income and age) and lifestyle.

1. Market segment

Market segment : is part of a whole market where consumers have similar characteristics and preferences.

2. Methods of market segmentation

2.1) Location (geographical) segmentation

- Different customers group are likely to have different needs depending on where they live. People living in how climate have different needs than people living in cool climate.
- E.g. Europe ⇒ Sweaters, Tropical Countries ⇒ Linen clothes

2.2) Demographic segmentation

- to divide markets according to
- the age, E.g. Baby, Children, Adult
- gender, E.g. Man ⇒ Shaving razor, Woman ⇒ Sanitary Napkin

2.3) Lifestyle or psychographic segmentation

- e.g. TV broadcasters may target sports channels at sport lovers.
- Fine dining restaurants will target customers with a passion for sophisticated menus.
- Adventure holidays may be targeted at outdoor types.
- Organic foods might be targeted at people who care more about the environment.

3. Benefits of Segmenting a market :

- To produce different products to different group of customers
- Customers maybe more loyal to the business which provide specialized products.
- Make marketing expenditure cost effective by producing a product customers want.
- Get higher sales and profits, because of cost-effective marketing