



Marketing Segmentation of Consumer Markets

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One of the crucial aspects of marketing is the segmentation of market that helps businesses to accumulate the resources and financial funds and allocate them in accordance with their strategic course. The market segmentation involves the distinction between the target market and target segment: while target market is the potential market of the business which is categorized by uniform consumer needs in relation to the certain product, target segment is defined as the homogenous group within the target market unified by common needs and a readiness to buy the product/services of the business. In this sense, market segmentation is the activity oriented on the identification of potential target groups in relation to the certain product.

Market segmentation of the consumer market can be presented as a scheme of the consequent algorithms which formulate the common nature of group identification. Notably to mention, the proposed scheme of segmentation meets the marketing-driven approach proposed by the French marketer Jean-Jacques Lambin and considers the macro-segmentation of the target market (Weitz & Wensley, 2002). Thus, the initial step is the establishment of segmentation principles which sets the marketing methodology. Then, it is a determination of segmentation methods: for instance, it can be a method of grouping by traits or a method of multivariable statistical analysis. The definition of segmentation criteria is the next step of the segmentation scheme. Thus, the consumer market can be distinguished by regional criteria (population, density, transport and communication, climate, commercial structure, legal restrictions), demographic criteria (age, gender, education, mobility, differentiation by income, profession, family status), consumer lifestyle criteria (social groups, the extent of consumption, consumer experience, brand recognition ability, personality types, consumer motives), and so on.

When the marketing segmentation criteria are defined, the marketers identify the target market, and then categorize it by specific target groups – segments – for the purpose of



producing certain goods. The specification of consumer target segments is realized on the base of segmentation criteria. Formally, it implies the development of a strategy of covering target segments. For example, it can be a strategy of non-differentiated marketing, a strategy of differentiated marketing, or a strategy of the concentrated marketing. The selection of proper segmentation strategy depends on the segment size and competition level. Obviously, when all the segments are properly identified and analyzed, the business eventually engages product positioning or targeting (Wedel & Kamakura, 2000). It means that the organization allocates the products within the market segment in an optimal way. Notably, the processes of segmentation and positioning should be differentiated, although they both are the parts of market segmentation. In a way, positioning is a creation of the product's competitive image to be properly recognized by consumers. Therefore, the outcome of segmentation is the collection and analysis of marketing characteristics, while the outcome of positioning is the direct promotion of product.

In the meantime, the segmentation is considered as successful when five basic marketing principles are met (Brassington & Pettitt, 2006). Thus, the principle of segment difference means that consumer groups should be distinguished by characteristics. The principle of consumer similarity is important for developing marketing plans pertaining to the whole target segment. The segment size principle means that target segments should be big enough to provide good sales and minimize the costs. The principle of consumer measurability helps in defining needs and response of customers. The principle of consumer access indicates about the necessity to have proper communication channels.



References

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