

MARKET SEGMENTATION AND SEGMENTATION STRATEGIES

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ABSTRACT

To begin with, market segmentation seeks to enrich consumers with products that satisfy their individual set of needs and behaviour patterns. And in order to achieve success in this modern age, organizations should think more creative and innovatively likewise be willing to alter and adapt quickly to the ever changing environmental factors that may facilitate new ways of doing business in this twenty-first century.

The essence of segmentation is reflected within the division of market into a bigger number of homogenous subgroups of shoppers with similar needs and expectations. The purpose of this study was to look into the linkage between market segmentation and segmentation strategies.

A review on some literature was taken as an approach to determine the essence of market segmentation and its strategies to businesses and other stakeholders.

Furthermore, after a careful observation and analysis, market segmentation and its strategies serve as an intermediary between value opportunities and new market spaces of a company's strength that is necessary in attaining a more resilient strategic goal. Additionally, it gives businesses the opportunity to concentrate on core business value thereby reducing the potential of resources wastage.

Finally, market segmentation and strategies still showcase the need for improvement and unless it is taking into consideration, there will always be a gap that can hinder success whenever a market is segmented. Reason being, businesses operate in a dynamic and a very uncertain environment.

Key words: segmentation, strategies, environment, organization, dynamic, homogeneous, concentrate.

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1. Introduction

Manufacturers are endowed with many various consumers with varying needs and behaviours. Market segmentation seeks to enrich consumers with products that satisfy their individual set of needs and behaviour patterns. As a result, this is often referred to as segmentation that considers a market as a sequence of connected and unique segments, each with its own profile.

Companies can uncover new segments by researching the hierarchy of attributes that customers will consider when choosing a brand. The essence of segmentation is reflected within the division of market into a bigger number of homogenous subgroups of shoppers with similar needs and expectations. Various segments require different marketing strategies that must be defined so as to form competitive advantage with their implementation.

According to modern authors within the field of promoting, one in all basic strategies of strategic marketing is segmentation, the adequate application of which has become the premise for realization of competitive advantage within the market (Kotler & Keler, 2011).

Marketing segmentation strategies are often extended through an intensive choice of attributes found among purchasers. Only a few within the market is recognized by gender, while another are made from purchasers within a particular age category.

Locality is another general element in market segmentation, together with earning and culture level. Therefore, although this causes some consumers who constitute over one class, marketing researchers generally provide this singularity. As a function of the event of a specific set within the larger consumer base, some businesses are forced to ask questions that start some realistic suggestions on a way to make a product or service more advantageous to consumers. This action may point to additional comparable changes that don't affect the most product or service. Nevertheless, creating some changes within the growth of a product or service sends a transparent communication message to customers that the organization does listen to purchasers.

The increase of strategic planning significance in modern business environment has had a control on strengthening of the requirement to start out from the detailed analysis of business decisions with respect to customers when formulating strategies (Choy, Shin & Lee, 2013).

Strengthening of the requirement essentially implies approaching market from the angle of satisfying the wants and designing relations with customers within the future. With regards to the standard approach, marketing activities were being planned to a big extent within the short term and were focused on attracting customers and increase of sales within the short term.

The requirement for change in orientation within the planning of promoting activities isn't only characteristic for contemporary industries supported

information technology, but also for traditional industries like industries of furniture, agricultural machines, etc. Strengthening of ties between customers and makers was enabled by the event of knowledge technology and adaptation of its application in marketing.

2. Market Segmentation and Strategies

Market segmentation is that the process of positioning buyers in an exceedingly product-market divisions in a way that each member of every segment display similar responsiveness to a specific placement strategy. Buyer similarities are indicated by the quantity and frequency of purchase, loyalty to a specific brand, how the merchandise is employed, and other measures of responsiveness. So, segmentation is an identification process geared toward finding subgroups of buyers within a complete market. The chance for segmentation occurs when differences in buyers' response functions allow market demand to be divided into segments, each with a definite demand function. A typical example is Subaru, an automaker that has established a fiercely loyal body of consumers in its market niche, with a special attention on experience car seekers and has registered tremendous success in areas that have hilly and snowy.

Market niche as widely called is usually practice to visit a market segment that represents a comparatively small portion of the buyers within the total market. We consider a distinct segment (niche) and a segment to be identical. Segmentation identifies customer groups within a product market, each containing buyers with similar value requirements concerning specific brand characteristics.

A segment could be a possible market target for a company competing within the market. Segmentation offers organizations a chance to raised and match its products and capabilities to buyers with certain value requirements. Customer satisfaction will be improved by providing a worth offering that matches the worth proposition considered most vital by the client in an exceedingly segment. Importantly, market research may identify segments not recognized or served effectively by competitors. There are also opportunities to tap into new areas valuable and build a singular space within the market.

Segmenting markets could be a good start for superior performance. Understanding how buyers' needs and desires vary is crucial to designing effective marketing strategies. Effective approaches to segmenting markets could also be one among the foremost critical factors in developing and implementing market-driven strategy. The requirement to boost an organization's understanding of buyers is rising due to buyers' demands for uniqueness and therefore the growing array of technology available to get products to satisfy these demands. Companies are responding to the opportunities to supply unique customer value with products starting from customized phone pagers for business users to self-designed, individualized greeting cards for consumers.

Market segmentation is an incredibly important marketing tool that is used to disaggregate heterogeneous demand into the distinct groups of shoppers (Dickson & Ginter, 1987). Segmentation could be a complex process that supports the processing of data on customers' expectations and preferences. Information is often subjective, while their processing is feasible and supported by different statistical methodologies that usually don't provide the same results.

Strategic approach to market segmentation is of high importance in a company's marketing activities. Researchers have indicated the very fact that efficiency and marketing activities within the future and further as business results of the corporate are directly correlated with the degree of adaptation of promoting strategy to different market segments (Gilo & Porat, 2006). Strategic market segmentation implies having business and marketing efforts adequately focused at a selected group of buyers, with similar expectations and preferences, which may generate profit and enable adequate market positioning of the business.

It has also highlighted that companies are frequently focused at a bigger number of various market segments. For instance, an oversized number of companies in an industry develop car models of various categories designed for various segments. Strategic method to the market includes coming up with unrelated marketing strategies that are focused on different market segments. A successful long-term business outcome implies that strategies are mutually compatible and synchronized.

Different strategies represent an identical brand that is executed at an ideal time to represent each strategy focusing on a particular market segment. So as to satisfy the stated objective, strategies can often be significantly different thanks to the very fact that various factors influence competitiveness and market positioning in accordance with each market segment (Gilo & Porat, 2006).

However, marketing activities with short-term focus are most often implemented with the concept of realization as greater income as possible. Within the strategic planning of promoting activities it's necessary to start out from the actual fact that activities must not be only short-term oriented, but they need to appreciate the angle of preservation of brand name market position of a company brand within the future.

2.1. Demographic Segmentation

These segmentation strategies basically group customers with respect to certain key population concepts such as age, sex, class, income, occupation, and etc. Marketing professionals before the modern era were employing simple grouping principles by logically noting which populations were more likely to shop for their products and targeting their message accordingly. Today's demographic segmentation models can give a more accurate and specific picture of a buyer population, informed by customer data instead of observation and speculation (<https://www.veracentra.com/blog/four-segmentation-strategies/>).

2.2. Geographical Segmentation

This is also one among the only and widely-used segmentation strategies. Geographic segmentation strategy fills us with the perception of where a collection of shoppers are located. It's really made production and distribution of products easier because it involves grouping potential customers by country, state, region, city or maybe neighbourhood.

2.3. Psychographic Segmentation

Psychographic segmentation on the other hand is a strategy that is more informed and accurate in the technological age. It involves segmenting our valuable customers into different groups in connection to their specific personality characteristics for example values, and attitudes. In a similar sense, it includes the understanding of how these personal traits affect a customer's lifestyle and buying pattern.

A typical example of psychographic segmentation could be a car company that assembles and sells the same model to different segments based on their value of luxury and the degree of economic or environmental awareness when it comes to buying a car. In this instance, the company would market to the luxury-valuing segment by giving weight to luxury features and will market to the economically or environmentally-conscious segment by emphasizing opposite features like gas mileage, storage space, and everlasting tires. This is especially important in ensuring that the product offer and meet the desires of each respective buyer.

2.4. Behavioral Segmentation

This segmentation strategy groups people by the special behavioural patterns they show when making purchasing decisions. It is true that customer behaviour is sometimes difficult to interpret therefore going forward might include many different approaches. Product-specific behavioural segmentation strategies often focus on customers' expectations for, attitude towards, and response to, a given product. More general behavioural segmentation strategies group customers based on their buying and product-using patterns, identifying how different customer segments prefer to spend their money and time.

This strategy may not only help identify target groups that are a good match for an existing product but as well aid in understanding the continuous behavioural column of consumers. It also helps identify product gaps making it a favourite of consumer goods corporations that produce a variety of products spanning a variety of product categories.

3. Purpose of Segmentation

In order to achieve success in modern global market, Organizations should think innovatively and be more willing to alter and adapt quickly to the ever changing environmental factors that may facilitate new ways of conducting business during this twenty-first century. Notwithstanding, a good deal of organization is now facing a bigger number of small consumers who don't think segmentation is worth it. However, these suppliers must seek for broad classes of consumers who adapt in their products or services needs and buying habits (Kotler & Armstrong, 2008). Previous studies show that mass marketing creates the biggest potential market at very cheap costs, which might cause lower prices and better profit margins (Chernev, 2012).

Optimization of effectiveness of company's business actions due to focus of business activities; segmentation give businesses the opportunity to concentrate on core business value thereby reducing the potential of resources wastage. When a manufacturer concentrates on only a few portion of the market, it can serve them better through efficient coordination of all the business functions such production, marketing and most importantly research and development.

Basic variables measured in market segmentation are customer preferences with relevancy product characteristics and habits exhibited within the purchasing process. Adequate segmentation within the future may be a continuous process that suggests frequent evaluation and modification of strategy. The requirement for endless process was made because of the very fact that stated variables are changing over time under the influence of various factors. Some researches indicate that new information that becomes available at the market can have a big impact on the change of stated variables (Ma et al., 2014).

Apart from information, socioeconomic changes with customers even have a control on the change of choices with regard to the way of buying and preferences of advantages. Complexity in customer requirements also makes it tougher to spot market segments. Customers evaluate products and services supported the evaluation of their value which is base on two important elements namely; expectation and experience as widely sated in the literature. Usually value is created in the customer's perfective if his or her experience after partaking in service offering by a business is greater than the expectation. S/he is satisfied if the experience supersedes the experience and vice versa (Maričić & Đorđević, 2012).

Company's cost efficiency due to rationalization of business activities and directing resources towards the needs and preferences of a specific market segment. Resources especially the human capital which equally stands as the most important resource of an organization is directed purposely to accommodate all the preferential desire of consumers.

Apart from segmentation of consumers on the premise of traditional criteria, in theory and in practice, behavioural form of segmentation is additionally applied. And it implies the categorization of consumers in conjunction to their attitudes on values offered by certain products, terms and conditions of purchasing and product brand (Kotler & Keler, 2011). This sort of segmentation basically starts from the values that customers expect and like which essentially depends on the perspective of customers with varying descriptive features of the same expectations and preferences (Maričić & Đorđević, 2012).

4. Factors Influencing Segmentation

Market division into segments enables marketing managers to accumulate a way better understanding of the requirements and wishes of shoppers. These grant them the knowhow to complete raise and customize company's marketing activities more accurately and responsive towards customer's needs. Market segmentation doesn't only serve and answer consumers need but rather exceed and support their requirements. Additionally, it also allows the monitoring and evaluation of rival strengths and weaknesses. This way, they may discover business opportunities in markets which weren't served well. This way, they may discover business opportunities in markets which weren't served well. Customer segmentation enables marketers to adopt a more systematic approach when planning ahead for the longer term. This lands up in better utilization of selling resources which may even end in the correct shaping of any marketing program (Schegg & Stangl, 2017; Camilleri, 2016).

4.1. Merits

Well performed segmentation of the market especially for the case of customers is a prerequisite for a proper brand positioning. Segmentation also enables the reduction of competitive pressure by selecting segments or niches where there is no (strong) competition or by differentiating a part or a complete offer of the company with respect to competitors.

- The marketer can spot and compare marketing opportunities. S/he can examine the needs of each segment and determine to what extent the current offering satisfies these needs. Segments which have low level of satisfaction from current offerings represent excellent opportunities for the marketer.
- With the help of knowledge about different segments, the marketer can better allocate the total marketing budget. Differences in customer response to different marketing tools serve as the basis for deciding on the allocation of market funds to different customer groups.

- The marketer can modify his product/service and marketing appeals to suit the target segment. Market segmentation gives producers the opportunity to redesign and add unique features to already existing product or default products that couldn't meet the needs and desire of customers. Once these adjustments are made, customers can be attracted in trading with businesses and as well maintain that aspect of loyalty for a better return in the future.
- Segmentation facilitates setting up of realistic selling targets and priorities. The market is populated in such a way that manufactures cannot attain to all the needs and wants of customers. In the other end, resources are limited and meeting all the operational need of producers seems more difficult than ever before. Unless and until priorities are set and through segmentation, business owners are able to concentrate and sell bigger chunk of their value offering to customers.
- Segmentation gives management the opportunity to identify new profitable segments which deserve special attention. As already mentioned above, some segments are more viable than others. That being the case, they need much attention than other segments in the competitive market and through which they can supply quality products for a greater return on investment.
- Furthermore, it is possible to deal with competition more effectively by using resources more effectively. Competition becomes easier and more appealing if you concentrate and serve only those within your capability means. Producers gain competitive advantage through offering valuable products or services to certain customers after significant research on their needs and wants.
- Finally, appropriate service packages can be developed for each market segment that is if the firm is strictly involved in offering intangible products. Segmentation ideally enables service providers to put into consideration all the fundamentals that are relevant for a perfect service delivery.

4.2. Demerits

There is always a danger that the company is measured too narrowly, i.e. that it is focused at satisfying the need of one group of customers, while neglecting other relevant parts of the market. The stated danger is overcome by a broader view on business situation and the market. Segmentation strategy can be used to profile a greater number of different market segments.

- To begin with, when a firm attempts to serve several market segments, there is a proliferation of products. Cost of production rises due to shorter production runs and product variations. Basically, economics of scale is becomes effective when the firm is producing greater quantity of similar

units. Which is quite opposite with segmentation; where the firm only produce for a specific unit and in some instances with only few production units.

- Larger inventory has to be maintained by both the manufacturer and the distributors. In order to maintain and ensure uninterrupted delivery of products to its valuable customers, producers always have to ensure that they maintain the maximum inventory requirement from their respective suppliers. This ascertain continuity but it is sometimes difficult to maintain as other environmental factors such as earthquakes, flooding and political instability remain unpredictable and can hugely influence the extent to which large inventories are maintained.
- Furthermore, promotion and distribution expenditures increase when separate program are used for different market segments. Market segmentation appears to be more frustrating when a single producer has to promote and equally distribute products for different segments. This is not only costly but as well time and effort consuming as the manufacturer has to use a completely different channel to create awareness and deliver any product, thus requiring additional expenditure to fulfil the segment requirement. Cost as we all know if higher reduces profit and as well return on investment for shareholders.
- Finally, when characteristics of a market segment change, investment made already might become useless. The market segment is built on the basis of customer needs and wants which generally keeps changing as human desires change over time. This regular change of desire in terms of needs and wants in extension change the market segment thereby making already established segments less important and likewise creating the trouble of coming up with another segment.

5. Discussion

Accordingly, segmentation involves grouping of individuals in respect to habits, lifestyle or even personal characteristics. For example, a car mobile phone developer might segment a country's population into high, middle and low-income earners, and this division will enable this particular firm to focus its marketing activities on the segment with the highest probability of accepting any product it offer in the market.

After a careful assessment of the pros and cons, market segmentation still showcase some areas that actually need improvement and unless it is taking into consideration, there will always be a gap that can hinder success whenever we segment.

5.1. Decision Deficiency

A major weakness of market segmentation is how difficult it comes to reaching any decision about which element in the segment is more important. Possible criteria for segmentation include age, gender, region, ethnicity, income level, life-cycle position, buying habits, personality and motives, consistent with the book “Essentials of selling,” by Charles W. Lamb and colleagues. Choosing between one and several of those factors against others is often the difference between success and failure, thereby making market segmentation more unpredictable and uncertainty.

5.2. Segmentation Myopia

The other thing that I observed from my analysis of market segmentation is that, sometimes businesses create groups that are too irrelevant for profit accumulation. This is also highlighted in keeping with the book “An Introduction to Property Marketing,” by Abdul Hamid Mar Iman. For instance, suppose the car dealership focuses its marketing efforts on a narrow income tax bracket, reasoning that this segment of the population is possibly to shop for its cars. If that segment has too few members, the possibility of gaining any target revenue will be very minimal irrespective of how successful or how effective the marketing efforts were.

5.3. Problem of Lead Role

Additionally, for example if the firm’s product or service offering continue to influence the market dominance at large, segmentation in this case wouldn’t offer any meaningful outcome. Imaging being the only restaurant in Rzeszow, your goal possibly might include raising general awareness rather than targeting just concentrating on a particular group. This is to say market segmentation does not hold in all instances and the example above is a clear manifest. Usual few small businesses maintain dominance in certain markets. And once they hold that competitive advantage, competition becomes very frustrating in some situation. However, it might still be helpful to contemplate which markets to specialize in before it becomes absolutely necessary.

5.4. Inadequacy of relevant data

In a nutshell, some small businesses sometime don’t have vibrant consumer data, so making research on the potential preferences of these consumers can be difficult and a time impossible to reach. This has even make proper analysing and evaluation tougher. As the saying goes, the more scrappy the primary data and subsequent analyses, the very likely of forming miscalculation during market segmentation. Like similarly mentioned above, you may attempt to target a high-income segment of the population, believing these people are the prospects that

are more likely to afford your product or service. But in another way round, a distance survey might revealed that targeting middle-income earners can end of being more favourable to your business than the previous target.

6. Conclusion and Recommendations

Efficient and effective segmentation is really vital to any market focus strategy thus connecting firm's unit position with proper coordination, control and planning of resources and daily operations around all segment potentials. Market segmentation serves as an intermediary between value opportunities and new market spaces of a company's strength that is necessary in attaining a more resilient strategic positioning.

Firstly, among the recommendations to fill the gaps, especially on decision deficiency, a close concentration is required to identify, define market segments and form a target which will later be described, analysed and evaluated to reach any meaningful decision. The groups are analysed to see if the response profiles are different across the candidate segments. Alternatively, customer response information may be a way to form customer groupings then the descriptive characteristics of the groups analysed to seek out if segments may be feasible. This can be achieved through a vigorous marketing research with support of research and development capabilities.

Segmentation of a product or service market requires that response inequalities exist between various segments, whose segments are identifiable and stable over time. In extension, the benefits of segmentation should exceed the cost if done genuinely. The variables useful as bases for forming and describing segments include the characteristics of individuals and organizations, sometimes situation with buyers' needs and preferences, and behaviour. Segments may be formed by identifying customer groups using the characteristics of individuals or other elements such as age, gender, life style, buying habit, personality and motives.

On a similar note, market segment analysis and evaluation takes strengths and limitations of every segment as a potential target market for the organization. Segment analysis includes customer descriptions and satisfaction analysis; which is indeed based on customer expectation and experience, evaluating existing and potential competitors and competitive dominance, marketing program positioning analysis, and financial and market attractiveness. Segment analysis is very important in evaluating customer satisfaction, finding new product opportunities and selecting market targets. However, it's also important to know the organizational challenges to implementing segmentation strategy which can exist

in the company as it will enable the firm to continuously plan and put on improvement measures in the event of any segmentation abnormality likewise completing modalities on factors that will be perfect match segmentation.

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APPENDIX

Criteria	Market Segment = _____	Market Segment = _____	Market Segment = _____	Market Segment = _____
<i>Rating is Very High (best), High, Medium, Low, Show Stopper (worst)</i>				
1. Economically attractive				
2. Accessible to your sales force				
3. Strong value proposition				
4. Complete product				
5. Competition				
6. Strategic value				
7. Personal alignment				
Overall rating				
<i>Rating for ranking is 1 (most attractive) to 4 (least attractive) – key factors is most important contributor to the ranking</i>				
Ranking				
Key deciding factors				

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