

Paper –Marketing Management

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Topic- Bases for Market Segmentation

The basic criteria for segmenting a market are Customer needs. To find the needs of customers in a market, it is necessary to undertake Market Research. The optimal bases on which to segment the market depend on the particular situation and are determined by Market Research, Market Trends and Managerial Judgement Profilers are the descriptive, measurable customer characteristics (such as location, age, nationality, gender, income) that can be used to perform a segmentation exercise. One can identify four primary bases on which to segment a Consumer Market or most common profilers used in customer segmentation are as following:

Geographic Segmentation

Region of the country

Urban or Rural areas

Climate & Population density Demographic Segmentation

Age, Sex, Family size

Income, Occupation, Education

Religion, Race, Nationality

3. Psychographic Segmentation

Social class

Lifestyle type

Personality type

4. Behavioural Segmentation

Product usage like Light, Medium, Heavy users

Brand Loyalty: Medium, High

Type of user

Price Sensitivity

Geographic Segmentation

Geographic Segmentation is the process of dividing the market into different Units such as Nations, Regions, Countries, Cities, States, Climate etc. Geographic Segmentation is an important process particularly for multi-national, global busine and brands. Many companies have regional and National marketing programmes which alter their products, advertising and promotion to meet the individual needs of geograph units. A company may decide to operate in one or more geographical areas, or to opera in all areas but pay attention to geographical difference in Needs & Wants. Segmentation is also used to allocate territories to the Salesman.

Demographic Segmentation

Demographic Segmentation consists of dividing the market into groups based on variables such as age, gender, family size, income, occupation, education, religion, race and nationality. Demographic segmentation variables are amongst the most popular bases for segmenting customer groups. This is partly because customer needs and wants are closely linked to demographic variables such as income, age, gender etc. Demographic Variables are easier to measure than other variables. Main demographic segmentation variables are:

Age: Consumer needs and wants change with age although they may still wish to consume the same types of product. So, Marketers design, package and promote products differently to meet the wants of different age groups.

Social class: Social Class is a measure made up of a combination of demographic characteristics which includes level of education, type of occupation and the type of neighbourhood a person lives in. Many Marketers believe that a consumers "perceived" social class influences their preferences for cars, clothes, home furnishings, leisure activities and other products & services. There is a clear link with income-based segmentation.

Income: Many companies target affluent consumers with luxury goods and convenience services. Income Segmentation is used by the marketers of products and services like clothing, cosmetics, automobiles, travel etc.

Gender: Gender segmentation is widely used in consumer marketing. The best examples include clothing, hairdressing, iitm magazines, toiletries and cosmetics etc.

Life-Cycle stage: A consumer stage in the life-cycle is an important variable

particularly in markets such as leisure and tourism sector.