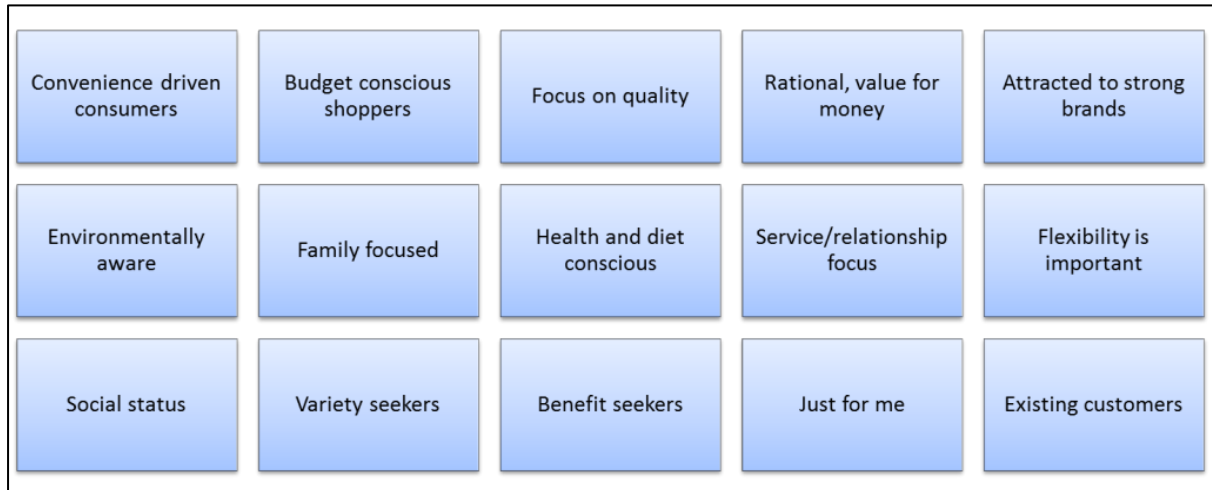


How to Segment a Market

Here is a list of 15 possible market segments (as shown in the below diagram) that could exist in virtually any market.

Your task for this activity is to construct your own segmentation approach, using the following list as a guide.



Market segment ideas

Convenience driven consumers

These are consumers that are looking to simplify the purchase, or its process, and are primarily seeking the benefit of convenience.

Budget conscious shoppers

These consumers may make their purchase decision based on the lowest price, or select the product that represents the best value for money.

Focus on quality

This is a segment of consumers who are interested in higher quality products and services. Many consumers in this segment believe that buying higher quality represents better value over time.

Rational, value for money

The consumers in this market segment are more involved in the purchase decision and look to make decisions on a “best product solution” basis.

Attracted to strong brands

This market segment is less involved in their purchase decision, and will rely upon a strong brand to guide their purchase decision.

Environmentally aware

This is an emerging segment consisting of people who take into account the environmental impact of their purchases.

Family focused

This market segment is a family or household unit has one main grocery buyer who is purchasing on behalf of themselves and other people in the family unit.

Health and diet conscious

In various markets, particularly food, beverages, medicines, vitamins, health centers – this is a growing market segment that is quite interested in the health and well-being aspects of the product.

Service/relationship focus

Particularly in service industries, there would be a market segment that would be interested in quality of service provided and/or developing a relationship with the firm and its staff.

Flexibility is important

The tailoring of a product offer is becoming more important to some groups of consumers, as highlighted by the needs of this market segment.

Social status

Consumers in this segment use brands and products as a means to signal their self-identity and social status. This would be quite common in markets such as cars, alcohol, cigarettes, holiday destinations, restaurants, clothing, jewelry, and so on.

Variety seekers

Many markets will have a group of consumers who seek out variety. Some consumers simply like change and choice, whereas others like to experience new things.

Benefit seekers

In some markets, there are usually multiple segments that are seeking a particular benefit from a product. The brand should be positioned around a specific product attribute - common in fast moving consumer goods.

Just for me

The “just for me” market segment of those consumers interested in their own needs and pleasures. They will seek out product solutions that make them feel good, even though they may be expensive or not necessarily healthy.

Existing customers

The final market segment provided in this list of potential market segments is simply the firm’s/brand’s existing customer base. Although this would need to be segmented down further, as per the above market segments, it is highlighted here as it is sometimes overlooked.

Student Discussion Questions

Keep in mind that there are more segments listed here than you will need – it is likely that only some of these segments will be appropriate for you. Ideally, you should look to select 4 to 8 of the market segment examples and then fine tune them for your requirements.

1. Choose two products/markets. One should be a physical good and one should be a service industry.
2. Using the above list of market segment ideas, construct a market segment for each of these markets.
3. How similar/different is your segmentation approach between the two markets.
4. Share your market segmentation approach with the rest of the class. What were the common segments utilized?
5. In your opinion, which market segmentation structure (in the class) would be the most effective for helping select a target market and developing an appropriate marketing strategy?