

Market Segmentation

3

Fast tracking through the segmentation process

Contents

Process structure	47
Phase 1 – Developing segments	48
Determining the scope of a segmentation project	48
Portraying how a market works and identifying decision-makers	50
Developing a representative sample of different decision-makers	53
Accounting for the behaviour of decision-makers	58
Forming market segments out of like-minded decision-makers	61
Phase 2 – Prioritizing and selecting segments	64
Determining the attractiveness of market segments	64
Assessing company competitiveness and the portfolio matrix	66

 Published by Goodfellow Publishers Limited, Woodeaton, Oxford, OX3 9TJ
<http://www.goodfellowpublishers.com>

Copyright © Goodfellow Publishers 2010

All rights reserved by Goodfellow Publishers Limited. The text of this publication, or any part thereof, may not be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, storage in an information retrieval system, or otherwise, without prior permission of the publisher.



Design and setting by P.K. McBride

3

Fast tracking through the segmentation process

Introduction

We have diligently put together what we term 'Fast tracks' for each of the steps in the market segmentation process. These include the main learning and action points for each step.

The fast tracks therefore give you the essentials of what you need in order to complete your segmentation project. Please be aware, however, that you will almost certainly have to refer to the appropriate chapter for each step from time to time if you are to achieve the best results for your project.

The principal purpose of the fast tracks is to provide those of you new to the segmentation process with a concise guide to what it entails. For those of you familiar with the process as presented in this book, the principal purpose of the fast tracks is to provide you with all the memory prompts you require for a segmentation project.

■ Process structure

The **market segmentation** process consists of two phases:

- **Phase 1** Developing segments
- **Phase 2** Prioritizing and selecting segments

The first phase contains three stages, broken down into five steps:

Stage 1 Your market and how it works

Step 1 – Defining the market

Step 2 – Market mapping

Stage 2 Decision-makers and transactions

Step 3 – Who specifies what

■ **Definition:**

Market segmentation is the process of splitting customers, or potential customers, in a market into different groups, or segments, within which customers share a similar level of interest in the same, or comparable, set of needs satisfied by a distinct marketing proposition.

Stage 3 Segmenting the market

Step 4 – Why

Step 5 – Forming segments

The second phase consists of a single stage, broken down into two steps:

Stage 4 Identifying your target segments

Step 6 – Segment attractiveness

Step 7 – Company competitiveness

As it is only by developing and implementing the appropriate strategies for each of your chosen segments that your company will be able to reap the benefits of segmentation, a chapter has been set aside in this book to discuss the setting of marketing objectives and strategies for segments (Chapter 13).

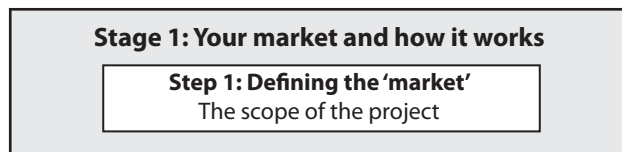
■ Phase 1 – Developing segments

The first phase of the segmentation process is applied to the whole market your business is capable of operating in, not just to that part of the market you are currently successful in. It therefore includes the customers of your competitors, as well as your own, along with the products and/or services bought by these customers.

■ Determining the scope of a segmentation project

This section looks at the most crucial and complex issue in marketing, namely, how a market is defined. Until this is clearly understood, issues such as market share, the identification of target customers and their needs, and even the recognition of competitors, will continuously cause difficulty. It is the essential first step of your segmentation project, as illustrated in Figure 3.1.

Figure 3.1: The segmentation process – Step 1 (Chapter 4)



Fast track

- Describe the geographic area covered by the project. Keeping it within the borders of a single country is a manageable starting point. If you want to include other countries ensure that the stage of market

Chapter extract

**To buy the full file, and for copyright
information, click here**

[http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&st](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=237)

[oryID=237](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=237)



All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recorded or otherwise, without the written permission of Goodfellow Publishers Ltd

All requests should be sent in the first instance to

rights@goodfellowpublishers.com

www.goodfellowpublishers.com