

The Significance of Market Segmentation in Marketing

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ABSTRACT

The rationality about market segmentation is to guide businesses towards their focus on the behaviours of consumers' and consumption patterns. It gives great results done rationally and effectively, market segmentation is roadmap which guide an organization to attain its goal, in the form of profit (return on investment (ROI)) in turn for its all expenses accrued for marketing and promotion of products/services. If any organization wants to promote to their product or services to consumer and increase their sales, then they must focus on the various strategies of market segmentation. Kotler (2010) explains market segmentation is the classification of consumers available in the market that have common or similar needs, wants and purchasing behavioural habits.

Keywords: Consumption pattern; Promotion; purchasing behaviour

INTRODUCTION

The market is made up of variety of consumers; each consumer is having their own bunch of needs want and consumption patterns. Market segmentations pursue to satisfy the needs, want and consumption patterns of consumers with right set of products and services and this process is known as a segmenting. Just imagine a market which has a huge variety of segments, each segment with its own specific patterns. An organisation may not find new area or segments by researching the structures of traits that a consumer would take into account when selecting a brand (Kotler). The rational strategies of marketing segmentation can be developed through patterns of needs, want and shared choice of traits identified between consumers. One of the segmentations can be created in the market according to gender, whereas second may be created based on consumers' according to their age category. Market segmentation can be based on their geographical location which also cover their income level and cultural factors. Consequently, marketer always prefers to have common attributes of consumers come under more than one segment.

In the process of developing of a specific segmentation within the high density of consumers' profile, few companies are compelled to do the survey on rational feedbacks from the consumer to produce their products or services more beneficial for consumers. To deliver the improved product and services to the consumers certain changes must be done and changes should not affect the core product or service. Nonetheless, organisation must communicate with the consumers and prospective consumers about the certain changes which are incorporated in the products and services and they are favourable for the purchasers.

RESPONSIBILITIES OF MARKETER

Every Organization should be acquainted with current and potential size of market. According to Kotler & Armstrong (1996), a market is a place where a set of products or services available, a market is a bunch of buyers and sellers, and in an industry, a bunch of sellers that they provide. The most essential job for any organization in market is to know their trend of market, market demand, which can be identified in terms of total regional or local market demand (Kotler & Armstrong).

The total demand of a market cannot be fixed number, but it an equation of the level of market and industry level and most importantly the environment of market (Kotler & Armstrong).

It is required for organisation to know about the competitor available and level of competition exist in market to cater the market and survive in the market.

Marketing is very broad area that includes filed of market research, techniques and full of various ideas about the products and services. There is greater role of marketing for improving the product's values for the end user and to maintain the relationship with prospective customer as well as existing customer. Due to different needs, wants, availability of alternatives, likes - dislikes, and their segment, consumers can be called as similar, but they are not identical (Kotler, 2001)

THE BASIS FOR MARKET SEGMENTATION

There is no thumb rule to segment the market in one way because every market is different from others; each market consists of different type of product with different type of consumer and their group.

An organisation should take in consideration the various factors of segmentation, single, grouped or the combination of both (Kotler & Armstrong, 1996).

To survive in the twenty first century's global market every company should involve novelty in thinking process, improvement in products and service, be adaptive and flexible enough to face the cutthroat competition prevailing in national and international level. However, intermediaries must look for broader perspectives of consumers who can be adapted in their products or services needs and buying habits (Kotler & Armstrong). Earlier analysis describes that lowest cost is only possible when organisation is involved in mass marketing, which results into lower prices and higher profit margins.

DIVERSITY IN SEGMENTATION

Marketing segmentation plays a major role where consumer Diversity is very high and increasing rapidly. With the help of Segmentation companies can have separate identity of their products and services in the overabundance of competition. India will undergo a There will be great transformation in Indian cultural and ethnic composition due to economic factors over the next 20 years. Indian market is composed of low to middle class consumer owing to shrinking labour market. This gives a bit slow response to consumer market than upper class workers.

In this stiff competition of products and services only those organisations will survive which has strong will to segment and target the market appropriate products and services to cater the diverse consumers who belongs various cultures and regions.

BASIS OF CONSUMER MARKET SEGMENTATION

Market can be segmented on following basis:

- Geographical
- Demographical
- Behavioural
- Psychological

Geographical Segmentation

The geographic segmentation of market indicates a market which is divided by geographical location. According to Geographic segmentation concepts consumers share some related needs and wants of products and services and those needs and wants should be different from the consumer who are from different geographical location of world.

For example, ice cream is in high demand in hot weather region but not demanded in cold weather regions. Different regions require different Geographic segmentation which may be based on different aspect of location like weather, conditions of environment, altitude of location etc. Geographic biasness may be based on the different products range available because a single product or service may be preferred and accepted but it may not be preferred by most of the consumers.

Demographical segmentation

It is the process of dividing market into segments based on various components like age, gender, income, religion, family size, and education, all these factors should be kept in mind to target the right customer at right place. This segmentation plays important role in allocating their budget for brand's advertising and marketing more efficiently. This segmentation uses the ability of market rather than whole market.

For example, a company producing exclusive male garments must target the male consumers only, whereas other company producing female garments must concentrate on female consumers only. This gender based demographic segmentation supports a company to understand its male and female customer and deliver as per their needs and wants. To survive in severe competition, Company must strengthen their market analysis to identify the appropriate demographic of consumer.

Behavioural Segmentation

Behavioural segregation is a strategy that divides the customer market into smaller groups based on their purchasing habits and behaviour. Companies begin the process of ethical segregation by learning how customers are transformed, and then comparing them with the wishes, needs, requirements, and customer purchase patterns. Once you have identified customers according to their common interests, ethics, and pattern. Next, you should have a separate email marketing campaign for all parts of your target group. Though it may seem vague and complicated, and it may be sometimes, but today I will explain to you how you can differentiate your target market in terms of behaviour.

For example, you need two batteries to turn on your son's toy car. If a mall offers special offers for 12 or 24 batteries, you avoid it. Because you only need two. The fact is that customers are more precise and specific about their needs and wants at the time of purchase. When you give them, what they need and want, only then will you pay attention to them. All by getting the right idea in the right mindset at the right time and in the right place.

Psychographic Segmentation

Psychographic segmentation became advanced by using marketing researchers to correlate personality with manufacturers. Psychographics is assessed as "the examine of personality, values, attitudes, hobbies, and life." Organizations want to realize their consumers' conduct to correctly connect with them and for the patron to perceive the Corporation's products or services.

Psychographic segmentation acts on the psychology of the possible customer and facilitates the merchant determine how she or he have to manage their client that belongs to any precise phase.

For example, of this kind of marketplace segmentation is Bigbazar. Bargain stores like Bigbazar goal middle-class price range savvy folks who goal to save money whenever and anywhere they can. As a result of psychographic segmentation and through studying the beyond and gift customer trends Bigbazar design messages along with "unbeatable fees" and "unique discounted online gives" to goal their clients that choose discounted items to keep cash. In view that those messages resonate with their target audience, they permit them to attain out to their clients in a more efficient way.

BUSINESS SEGMENTATION

Business Market can be segmented on following basis:

- Geographical Segmentation
- Customer type
- Buyer Behaviour

Geographical segmentation

Geographical segmentation is an advertising tactic wherein potential consumers are divided on the idea of Geographic gadgets, consisting of cities, states, international locations, and so forth. The important reason of any corporation is to make a income. To accomplish this purpose, an excellent advertising and marketing tactic is necessary. Advertising and marketing is a extensive idea, which entails numerous actions, like studying the consumer's behaviour, desires and personal choices. Selling and promoting any product and service the usage of a ramification of techniques is noticeably critical. It is also essential that marketers apprehend the variety of every customer and identifies their wishes by means of the distinct segments of markets.

Consumer type

Purchaser kind segmentation is used when an n company want to steer a certain purchaser kind. In place of offering a products or services to absolutely everyone, companies tailor each product and advertising tactic to a precise goal markets. By means of the usage of patron type segmentation, organizations are capable of effectively allocate marketing assets by using concentrated on best the populations who are most possibly to shop for what they may be selling.

Buyer behaviour

Buyer behaviour is the study of ways consumers buy. Nonetheless, before a company can begin to shape their purchasers conduct, they should set up which marketplace section they'll be focusing on. One in all the most important elements in advertising and marketing is segmentation. Information is evolved because of customer conduct analysis and it's far extremely fine whilst developing marketplace positions, consumer commitment, and pricing plans. Customers will make

greater effort and come to be greater engaged of their purchase if it's far important to them, mainly if they haven't any prior expertise of buying that specific service or product.

CONCLUSION

There are ranges of ways in which a market can be segmented. An organisation will need to apply the right approach this is excellent for it services or products. Regularly, the satisfactory preference arises from the use of numerous techniques. The belief of cultural variations in these days' global marketplace will be the important thing for any organisation's fulfilment. As a end result, each corporation will need to shape their advertising strategies to their consumers shopping for behaviour.

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