Market Segmentation

Create your segments

Break down your markets into smaller segments with similar characteristics along the following lines:

- Demographic: age, gender, education, income, occupation
- Geographic: country, region, neighbourhood
- Psychographic: lifestyle, social class, values, personalities
- Behavioural: buying habits, brand loyalties, usage rates

Implement segmentation

- Conduct research - quantitative and qualitative, through surveys, polls, interviews and analysis of available data
- Group your data into common characteristics - from your research, identify patterns of behaviour and trends to start grouping your market
- Evaluate your segments - some will be bigger than others but other factors to consider are accessibility, profitability, use of service/brand. This will help you to prioritise in terms of time and budget spent.

Develop segment-specific strategies

Don't try selling a Ferarri to a Ford Fiesta driver. Or sell a meat-based product in Totnes..........
Each segment may require:

- Unique messaging
- Different marketing channels for communication
- Different products

Benefits of segmentation

- More targeted approach to marketing
- Increased customer satisfaction
- Product development: enables businesses to ensure they create products that are relevant to their market
- Cost efficiency: easier to allocate your budget more effectively for a higher ROI
- Competitive advantage: provide a personalised experience which will build brand loyalty and repeat purchase

Limitations

- The cost of gathering data can be high and time consuming
- Resource intensive – it takes time to create and understand segments
- Over-segmentation – can cause confusion and mixed messages
- Potential for stereotyping – generalisation can cause offense and have a negative effect
- Difficulties in measuring effectiveness – can any increase in ROI be attributed, solely, to segmentation?