MARKETING

SEGMENTATION

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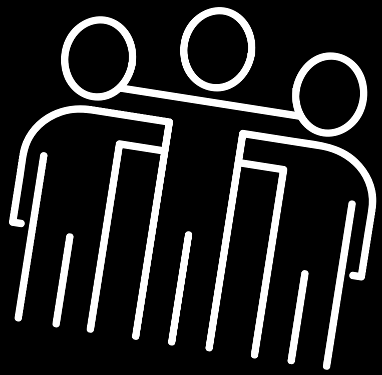
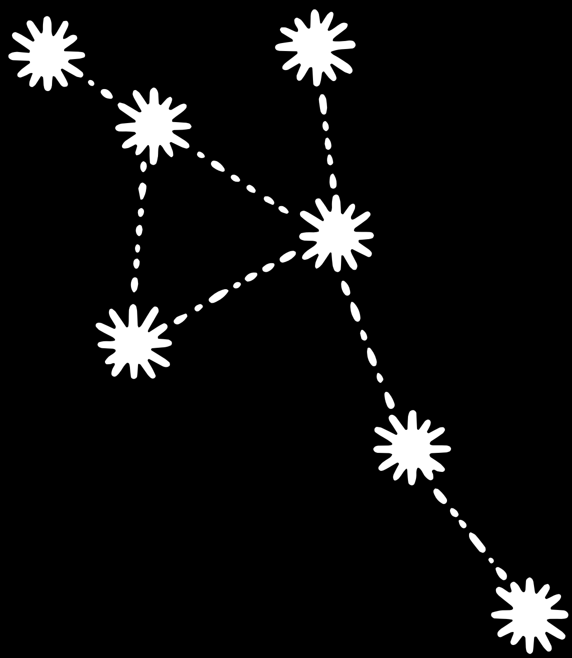
WHAT IS SEGMENTATION

Segmentation is the process of dividing the total market into identifiable group of customers with the aim of increasing efficiency and overall profitability of the company. It is quite impossible for a product to favor to all customers, as a result segmentation has appeared to solve this challenge.



"MECE "PRINCIPLE

For a segmentation scheme to be right, it needs to meet the MECE principle. MECE which stands for mutually exclusive, collectively exhaustive states that a market needs to be segmented in such a way that a person can only be part of a segment and all potential customers belong to a segment.



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MAJOR SEGMENTATION SCHEMES

Demographic

The most over-used and overrated segmentation schemes is to segment the market based on age, sex, gender, ethnicity, etc. While this kind of segmentation is good for media choice, try not to rely to much on this scheme.

Psychographic

The famous AIO scheme which stands for activities, interests and opinions is part of this segmentation scheme. It will help you a lot in developing your marketing communication messaging.

Demographic

Segmenting based on user behavior such as usage rate, brand loyalty status, usage occasions, spending habits, share of wallet, purchase prefrences,etc.

Benefits-Sought

By far the most insightful segmentation scheme. In this model you segment your market based on the kind of benefits the user is seeking. Someone seeks status in a car, another person seeks joy, and one might seek safety.

SEGMENTS FEASIBILTY

Once your market has been segmented against the criteria outlined in the previous page, you need to decide which segment is worth going after. The important criteria in helping you decide which segments to target, are outlined below.

1. **Low competition**
2. **Large size**
3. **Positive future trend**
4. **Low acquision cost**
5. **High affinity between our strengths and segments needs**

You can list all the identified segments in rows and the above-mentioned criteria in columns. Then score segments on a scale from 1 to 5, 1 being very unfavorable in terms of the analyzed criterion and 5 being very favorable. Once all segments have been listed and scored, their score can be summed up. This way can help you a lot in deciding which segments offer a more positive ROI once targeted.

THANKS FOR YOUR ATTENTION.

AMIR JABBARI