MARKET SEGMENTATION

Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of customers who have common needs and priorities. Thus proving more effective at satisfying customer needs rather than designing and implementing strategies for vastly different customers.

It is worth noting that not all elements of the marketing mix are necessarily changed from one segment to the next.

A market segment should be:

- Measurable
- Accessible by communication and distribution channels
- Different in its response to a marketing mix
- Durable (not changing too quickly)
- Substantial enough to be profitable

How businesses can segment their potential customers

Consumer Market Segmentation

Geographic Segmentation	Is based on regional variables such as region, climate, population density and population growth rate.
Demographic Segmentation	Is based on variables such as age, gender, ethnicity, education, occupation, income and family status.
Psychographic Segmentation	Is based on variables such as values, attitudes and lifestyle.
Behavioural Segmentation	Is based on variables such as usage rate and patterns, price sensitivity, brand loyalty and benefits sought.

Business Market Segmentation

Geographic Segmentation	Based on regional variables such as customer concentration, regional industrial growth rate and international macroeconomic factors.
Customer Type	Based on factors such as the size of the organisation, its industry, position in the value chain etc.
Buyer Behaviour	Based on factors such as loyalty to suppliers, usage patterns and order size.