

MARKET SEGMENTATION

Market segmentation is a strategy that divides market into different homogeneous groups. This approach gives a possibility for a company to target the specific prospects who present the greatest opportunity for a firm and who will finally get the offer. The company's customers are supposed to share the same characteristics to tailor the marketing mix more precisely for their expectations and aspirations. There is a wide range of characteristics which can be applied in this process and they are the following:

- Geographic segmentation
- Demographic segmentation
- Psychographic segmentation
- Behavioral segmentation
- Etc.

While focusing on geographic segmentation we can consider factors like countries, regions, population variables. The population density or regional climate could be considered as a positional segmentation criteria. A typical example for Europe might be focusing on German speaking countries (Germany, Austria and Switzerland).

Demographic factors take into account measures like age, gender, education of the customers. These factors are considered to be the most popular because they are easy to get and usually demographic variables such as income, age, etc play the most important role in the customers` desires.

Psychographic segmentation considers the psychology and lifestyle of the customers. Be that opinions, attitudes, believes, etc., all of them can help the company a lot to determine what will be the respond of a group of customers to the launch of a new product. This data can be gathered from interviews, questionnaires or even be purchased from specific marketing agencies that conduct this type of research.

The last but not least is the behavioral segmentation. This strategy divides the market according to the patterns in which customers live and spend their money. It

is quite common for companies to use this type of segmentation because it shows the actual relation between the customer and the product. Price sensitivity, brand loyalty, buying attitudes and practices are between the main aspects in this approach.

It is up to company`s management to decide which segmentation criteria to use but one thing stays clear – only the most perspective segment should be considered for further development and introduction of products or services.

After prioritizing the target groups the company has to implement the appropriate marketing strategies to meet the needs and desires of each segment.

In general the right marketing segmentation will allow more effective allocation of marketing resources, focusing on the right customers and increasing marketing and overall performance of the company. Finding, understanding and targeting on the needs of the best customers is the right way to become a market leader or a perfect strategy to stay the one over the time.

Many companies take a big advantage from information gathered from customers. Perfectly tailored promotion campaigns, carefully designed customer loyalty programs and the latest media advertising target the right customers and make them enjoy the offered product all the time.