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Market Segmentation

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Introduction

Market segmentation is the process of breaking down and dividing customers of a product to groups based on their needs and characteristics:

- Demographics
- Geographic
- Psychographics



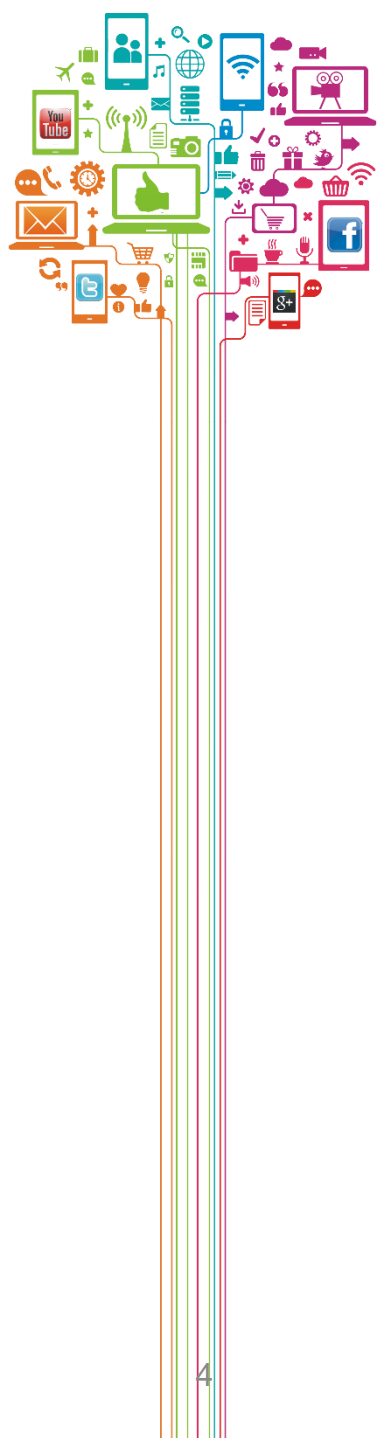
The Four Types of Market Segmentation



- Age
- Gender
- Income
- Location
- Family Situation
- Annual Income
- Education
- Ethnicity



- Personality traits
- Values
- Attitudes
- Interests
- Lifestyles
- Psychological influences
- Subconscious and conscious beliefs
- Motivations
- Priorities



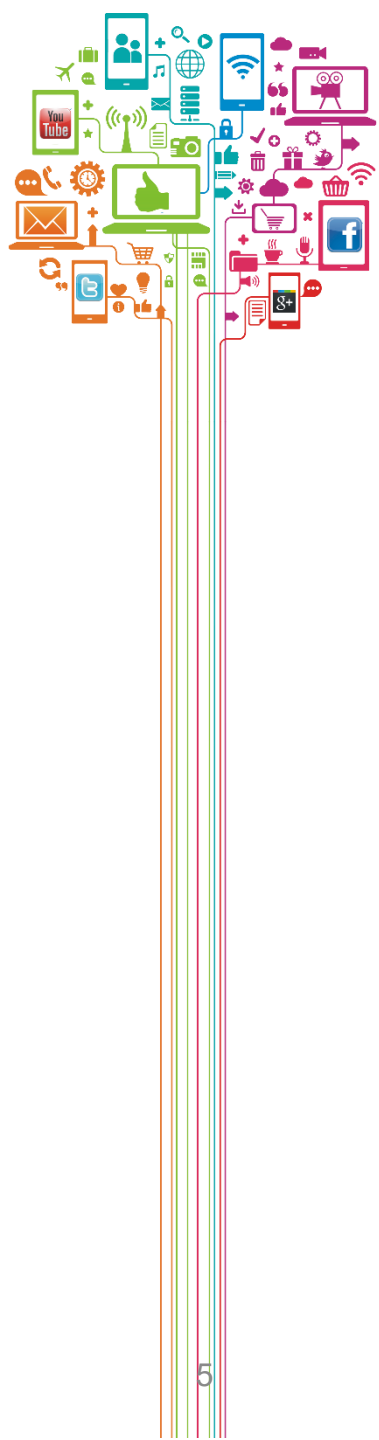
The Four Types of Market Segmentation



- ZIP code
- City
- Country
- Radius around a certain location
- Climate
- Urban or rural

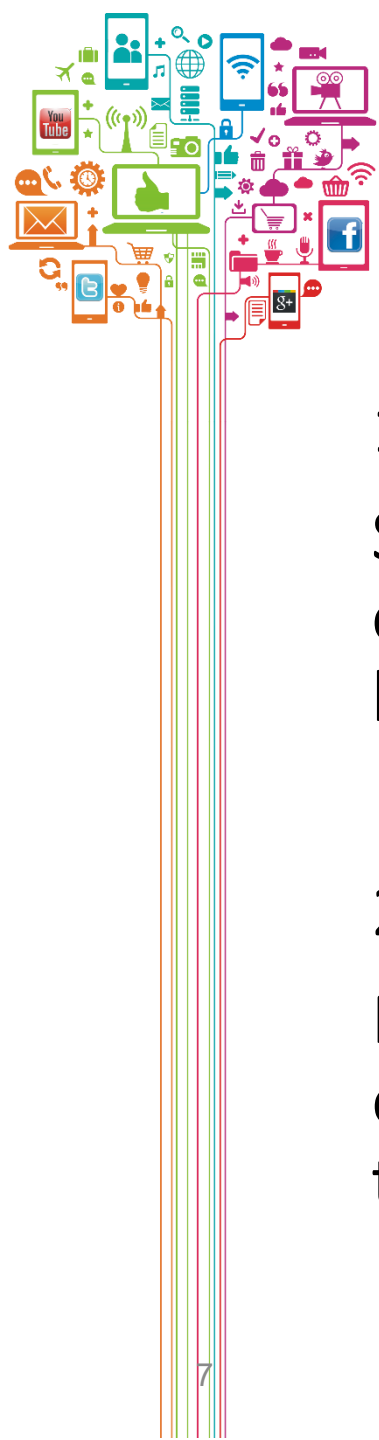


- Purchasing habits
- Spending habits
- User status
- Brand interactions



Why Segmentation Is Important

- Companies use this method in order to focus their products and marketing campaign on a specific type of audience.
- Segmentation can help you to target just the people most likely to become satisfied customers of your company or enthusiastic consumers of your content.
- Market segmentation allows you to target your content to the right people in the right way.



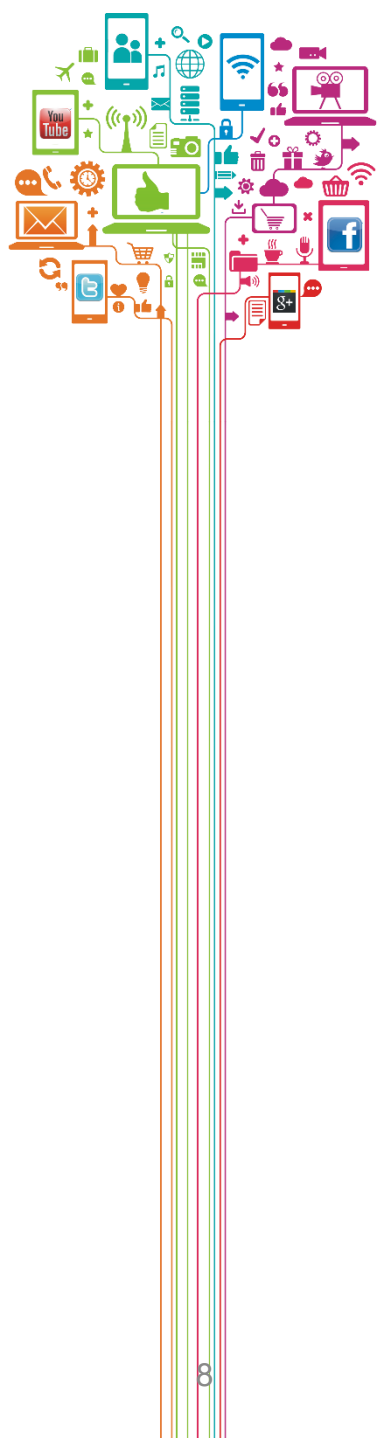
Segmentation Benefits

1. Focus of the Company

Segmentation is an effective method to increase the focus of a firm on market segments. If you have better focus, obviously you will have better business.

2. Improves Product Development

Focusing in on a specific market segment allows a business to tailor existing products and services to meet the particular needs of those customers.



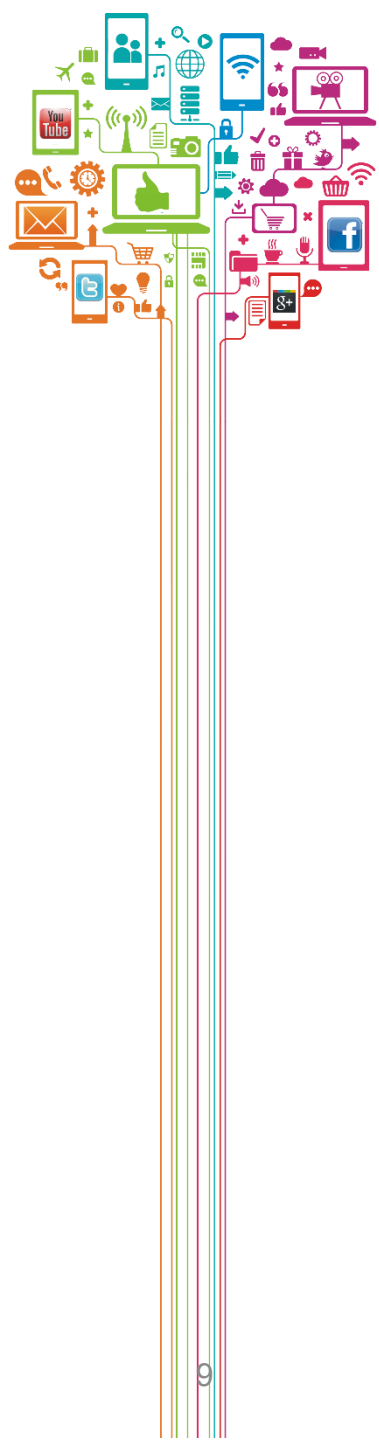
Segmentation Benefits

3. Increase profit

The more product/service that appeals for more people, results in better sells and income for the provider (company).

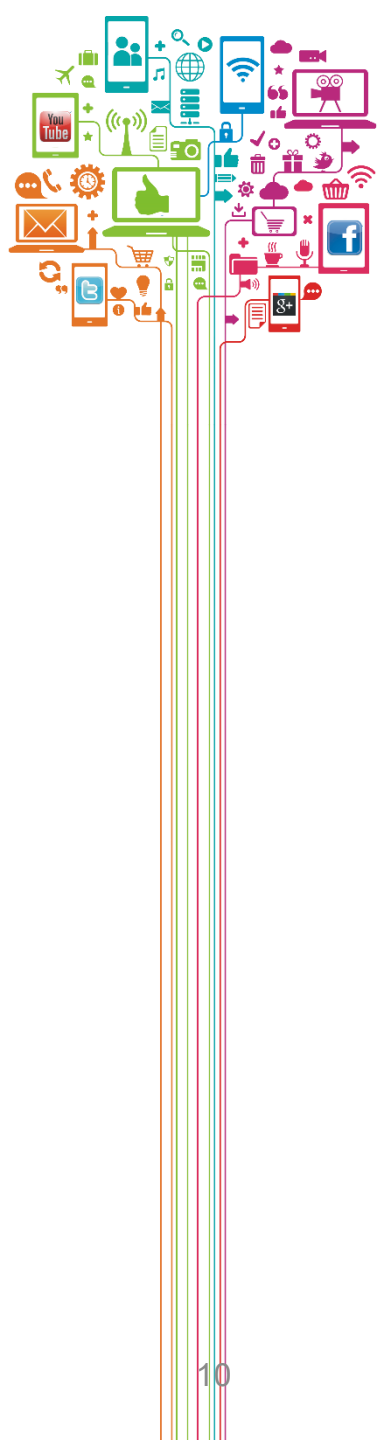
4. A better vision

It helps the marketer to identify potential buyers/ customers and pick up their target market effectively.



Common Marketing Segmentation Mistakes

- Not updating your strategy to keep up with the change.
- Consumers are misinterpreted.
- Cost is not taken into consideration.
- Consumers are confused.



Summary

- Explanation of market segmentation
- Four types of how to segment the market
- Why is segmentation important
- Advantages of segmentation
- Disadvantages of the action



Reference

- Dickson, Peter R., and James L. Ginter. "Market Segmentation, Product Differentiation, and Marketing Strategy." *Journal of Marketing* 51:1-10.
- Millier, Paul. "Intuition Can Help in Segmenting Industrial Markets." *Industrial Marketing Management*. March 2000.

Nynne Larsen Supervisor: Mariette Ulbæk Market Segmentation - A framework for determining the right target customers Aarhus School of Business BA-thesis May 2010