

International Segmentation, Brand & Positioning

Objectives

The main objective of this Learning Unit is to understand why we should segment markets and how to go about doing so.

Learning Unit Summary

Without doubt it would be ideal for a company to offer a personalized product to each of its clients. As this is usually impossible it is necessary to look for methods to try to offer products that are personalised for different groups or segments of the market.

Today's markets are more volatile than before and possibly the traditional 'mass media' advertising focus is no longer appropriate. One option is to focus on different niches of the market where we are able to satisfy their needs and wants. This is possible with market segmentation i.e., dividing the market into groups of potential clients with similar needs and profiles and which present similar buying habits.

In this unit you will: Learn about market segmentation and its importance in International Marketing.

This will be achieved by :

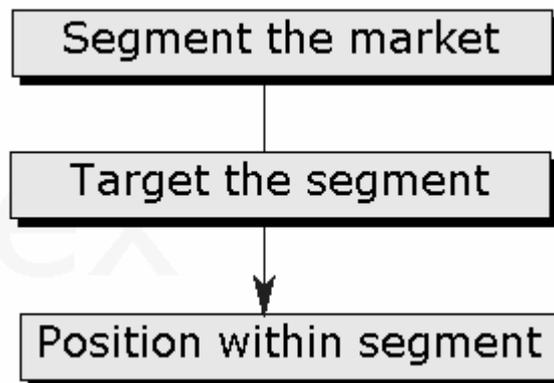
- Analysing the need for segmentation.
- Examining the most common segmentation criteria.
- Outlining statistical studies on segmentation.
- Detailing some strategies that can be applied to new export markets.

Segmentation is differentiating the total market of a product or service into a certain number of homogenous sub-groups according to the habits, needs and tastes of those who make up these sub-groups, and which are called market segments.

Market segmentation is the basis of other marketing actions. It will require a big management effort to direct the strategy to each market niche and also the necessary investigation, implementation and control for realising a correct segmentation.

The main objective of the segmentation is to improve the position of our company and serve better the needs of the clients. We will be able also to increase sales, improve our market share and improve our image.

To get a product or service to the right person or company, a marketer would firstly **segment the market**, then **target** a single segment or series of segments, and finally **position** within the segment(s).



Segmentation is essentially the **identification of subsets of buyers** within a market who share similar needs and who demonstrate similar buyer behavior. The world is made up from billions of buyers with their own sets of needs and behavior.

Segmentation aims to match groups of purchasers with the same set of needs and buyer behavior. Such a group is known as a 'segment'.

Market segmentation allows:

- Product differentiation by preparing appropriate marketing mixes for each market segment.
- Organize distribution according to buying characteristics.
- To better focus media advertising according to habits and lifestyles.

The objective of market segmentation is to allow companies to better adapt their marketing policies to all or some of these sub-groups.

We can highlight 4 benefits to be obtained from applying market segmentation strategies:

- We can design products which will satisfy the needs of each segment of the market.
- We can develop more effective promotion campaigns at a lower cost.
- We can improve the position of the company.
- We can adapt or even personalize our campaigns to each niche.

Note that larger segments are not necessarily the most profitable to target since they likely will have more competition. It may be more profitable to serve one or more smaller segments that have little competition. On the other hand, if the firm can

develop a competitive advantage, for example, via patent protection, it may find it profitable to pursue a larger market segment.

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