Market Segmentation

Market Segmentation is basically dividing a broad target market into small subsets of consumers/customers for a business. These smaller groups are stereotyped to have the same common needs, interests and priorities and thus, marketing strategies are implemented to target them.

Key words:

**Demographic Segmentation**– grouping by traits such as age, race, gender, marital status, occupation, education and income levels.

**Geographic Segmentation** – grouping and targeting marketing activities by location such as international, national, provincial, city, community, area. Urban, rural, dowtown, suburbs etc etc. Local pizza places would advertise/try to reach their audience much differently than a franchise/national chain such as Pizza Hut.

**Psychographic Segmentation** – also called Lifestyle segmentation. A **demographic segmentation** for a person with a particular lifestyle: outdoor adventurer. Marketing towards them, and describing them through demographics (20-30s, white, male or female, not married, etc etc) and reaching them through channels different than a stay-at-home mom (through outdoor magazines, clubs etc vs commercials, flyers).

**Behavioural/Benefit Segmentation** – based on how users behave – how often they use an item, are they affected by price, brand loyal, does quality matter and what they are looking for in a product/service. Two people with similar demographics may have different buying/usage behaviours. Eg Although your teacher is Indo-Canadian, he would definitely purchase differently than another Indo-Canadian male in his 50s. Or how Vaseline is used by some consumers and how it is used by others.

1. For the first part of Market Segmentation, answer the following questions well in groups of 2 of your own choosing – do not have to be from your project group.
   1. Create a Psychographic Segmentation profile for a typical teenager and what products would be aimed at them.
   2. Create a Psychographic Segmentation profile for a Business school grad. As a marketer, what types of products would you market towards them and how would you “reach” them.
   3. Create a Demographic Segmentation profile for a Chopped Leaf customer. For a Yyoga member. For a Rolex watch wearer. For a Cactus Club customer.
   4. Which of the four Segmentation factors would be the most approriate for pain remedy medications? Hairspray? Fine-dining restaurants? Dating Apps? Mountain bikes?
   5. Describe the Geographic Segmentation factors for the marketing of anti-freeze (where and how to reach)? Lawnmower? Transit system, Four wheel drive SUV
   6. What goods or services would the following Psychographic Segments desire and why? Single parent family? Dual career couple, over 35 with two children under 6? Affluent retired couple over 60?
   7. Explain how Benefit Segmentation could be used by a marketer of a running shoe.
2. For this part of your business project, you will create a minimum of two market segment profiles and work with your RMHA team members. You might want to split this by dividing your group into two once the segments are decided and then come back together to review the two segments.

Create two market segmentation profiles for your business. Ensure that you use the Key words above. You can follow the guideline of the example below.

DO NOT just throw words down – elaborate and be specific. DO NOT just copy the same things from the example below. Do research on the typical types of people who would fit your Market segmentation.

Take a look at the following two market segments for a fitness centre.

Use the categories listed to create your segments. Ignore the Key Measures as you will not have that information. You may have to contact Carolyn at RMHA to get some information.

<http://www.segmentationstudyguide.com/segment-profiles/segment-profile-example/>