



Evaluation of Marketing Segmentation Analysis, Meaning, Differentiation Strategy and Environmental Analysis.

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Abstract

Despite the benefits market segmentation offers, businesses continue encountering implementation difficulties. This raises concerns about the strategies use and how they may be overcome. This study focuses on the meaning, differentiation strategy, market and environmental analysis of the market segmentation strategy. Secondary data was employed in this study. The researchers found out that customers need information that are relevant to their needs which is the reason for market segmentation. Customers use various criteria prior to choosing which company products to give more priority to. Customers bases their decision on benefits, prices, conveniences and life style. However, conducting an effective marketing segmentation analysis requires careful consideration and thorough analysis of data. Marketers must collect relevant information, segment the market, and interpret the results accurately. Additionally, markets are dynamic and constantly evolving, so regular evaluations and updates of segmentation strategies are essential to stay ahead of changes in customer behavior and preferences. It is therefore, recommends that there should be ultimate aim of making a profit in business, also the limitation on the usage of promotion of any product. This will give the market a clear idea of what is profitable and also the customers to making a right choice.

I. Introduction

Marketing segmentation is a crucial concept in marketing that involves dividing a larger target audience into smaller, distinct groups of consumers with similar needs, characteristics, or behaviors. In the cutthroat world of business, there's a strategy that sharpens a company's competitive edge by honing in on the individuality of each

customer. Zhukova (2023) states that market segmentation is a fundamental concept in marketing. It involves dividing a broad target market into smaller, more specific groups or segments. Each segment shares similar characteristics and needs, allowing companies to tailor their marketing strategies and messaging to effectively reach and engage with their target audience (Carpenter, 2024). It's called market segmentation, and it's the art of breaking down a broad consumer base into smaller groups more homogenous in their preferences (Ananian, 2024). However, marketing segmentation is to decide the market into groups, where individual have the same needs and desires of services and products.

The purpose of segmentation is to allow for more targeted marketing and service efforts to groups that are likely to respond favorably to such strategies. Appinio Research (2023) indicated that Market segmentation as the process of dividing a larger market into smaller groups based on shared characteristics, such as demographics, geographic location, psychographics, and behavior. Think of it as the process of peeling back the layers of a market to get to its core and, in the process, discovering the individual kernels (Ananian, 2024).

In view of the above, the paper will identify the market segmentation strategy a process of defining and sub-dividing a large homogenous market into clearly identification of having similar needs, wants, or demand characteristic. Using 4p's, price, product, place, and promotion to help with this match.

Types of Market Segmentation Analysis

Market segmentation can be performed using various categories. Some segments will be more useful to specific businesses, so it's important to consider which criteria align with your strategic



goals. Here are a few segment types as indicated Zhukova (2023) to get you thinking:

1. **Demographic Segmentation:** This classic method divides consumers based on variables such as age, gender, income, occupation, education, family size, religion, race, and nationality. It's one of the most straightforward ways to understand consumer behavior. The following should be considered:

- i. The age and the gender of the target audience needs to be considered.
- ii. The common occupation and income levels of the population also play a part.
- iii. The religion and language that the people follow also needs to be kept in mind.
- iv. The family size and quality of education are also important here.

2. **Geographic Segmentation:** Dividing a market based on geographic units, such as nations, states, regions, counties, cities, or neighborhoods. This method allows businesses to tailor their offerings to a locations specific needs or preferences. The following should be considered:

- a. What is the size of the country and what is the density of the population there?
- b. What is the climate condition of that country?
- c. Are there any limitation on the usage and promotion of the product in the country?
- d. Which country the customer resides in?

3. **Behavioral Segmentation:** This approach divides consumers based on their behavior, using knowledge of the occasion, benefits sought, user status, usage rate, loyalty status, and readiness stage. It can paint a detailed picture of how consumers interact with a product or service. The following should be considered:

- i. The benefits that the customers are looking for, and the value they seek and drive.
- ii. The degree of brand loyalty and brand satisfaction.
- iii. The willingness to buy a product, and also the rate of its usage.
- iv. The profitability of marketing there and also the income level of the targeted customer base.

4. **Psychographic Segmentation:** This method classifies consumers by their lifestyle, activities, interests, and opinions. It goes beyond what they buy to why they buy, helping companies develop a marketing plan that resonates with the customer's motivations. The following should be considered:

- a. The general personality traits of the customers must be kept in mind.

b. The values of the people and attitude that they have toward certain products are crucial pieces of information for a marketer.

c. The hobbies and perception of the selling company are also necessary to be obtained.

5. **Firmographic Segmentation:** Firmographic segmentation applies demographic segmentation to businesses, with characteristics including company size, industry, revenue, and business structure. It aids in the B2B targeting and tailoring of products and services to specific types of organizations.

6. **Needs-Based Segmentation:** This method categorizes consumers by the specific problems they are trying to solve and the benefits they seek. It's used to identify the unmet needs in the market and create products or services to meet them.

7. **Intent Segmentation:** Identifying and grouping customers with the strongest buying signals can be a compelling way to focus marketing and sales efforts.

Market Segmentation Analysis.

The act of dividing target market into various segments based on a number of factors, and then devising individual strategies for each segment is commonly carried out practice. The task of analyzing market Segmentation is imperative for the success of every company. Market segmentation analysis is the practice of dividing a broad market into subsets of consumers or businesses who have, or are perceived to have, common needs, interests, and priorities (Ananian, 2024). Market segmentation analysis, at its core is the process of grouping consumers into naturally existing or artificially created segments of consumers who share similar product preferences or characteristics Sara (Dolnicar, Grün, & Leisch, 2018). Virag (2024) stated that market segmentation is the process of qualifying companies (or people) into groups that respond similarly to specific marketing strategies. This is the first critical step in creating a marketing and sales process tailored to differentiate your business in the market and resonate across multiple demographics. Market segmentation is the foundation of any successful long-term marketing strategy (Demo, 2022). Saalmuller (2024) indicates market segmentation analysis as the process of dividing your customers into different groups known as segments or audiences that are tied together by similarities.

When producer of a specific commodity decides to promote the commodity, what makes him decide how to approach potential customers? The rates of his customers are vast and varied and



includes people from all walks of life belonging to different income groups. Demo (2022) stated that to get maximum value from your marketing budget, get to the heart of your customers shopping motivations by splitting your market into subgroups then you will be in a stronger position to serve your customers unique needs. According to research from SALES manago, 77% of marketing ROI comes from segmented, targeted and triggered campaigns. So, if your marketing campaigns are falling flat, do more market research to understand what makes your customers tick across each segment (Demo, 2022). One of the reasons market segmentation techniques drive more revenue for businesses is because they can help in delivering personalized customer experiences Demo (2022). Therefore, the best personalization tools are to segment audience in other to;

- I. Drive more email and SMS leads.
- II. Lift website conversion rates.
- III. Improve average order values.
- IV. Increase customer lifetime value.

Market segmentation is a technique that can be used to divide customer base into subgroups based on shared characteristics, such as age, income, hobbies and location. The aim of segmentation is to tailor marketing efforts to ideal customer profile (ICP), i.e. the customers most likely to buy the products offered or service.

Each of these customers require a unique approach. The bases for this approach arrive at by carrying out market Segmentation analysis. One of the most widely used concepts of marketing management is Segmentation, Targeting and positioning (STP). Where the marketer studies the potential customer base by carrying out analysis, the most profitable segment is chosen and targeted, and necessary promotional activities are taken. The resources of marketer are absolutely important and cannot afford to waste them unnecessarily. A specific target audience will be in mind (for any form of promotion), before taking any necessary steps accordingly.

The Purpose of Market Segmentation

The primary purpose of market segmentation as indicated Appinio Research (2023) is to:

1. Identify Target Markets: It helps to pinpoint products or services' most promising customer groups.
2. Customize Marketing Strategies: Segmentation enables craft marketing campaigns that resonate with each segment's unique preferences and needs.

3. Optimize Resource Allocation: helps allocate resources more efficiently by focusing on high-potential segments.

Benefits of Market Segmentation Analysis

The fundamental benefit of market segmentation is to enable businesses to understand their customers on a more granular basis, leading to more efficient strategies and higher customer satisfaction. From personalized marketing messages that resonate with specific groups to tailoring products to meet the exact needs of a segment (Carpenter, 2024). the advantages are:

1. **Improved Customer Retention:** Understanding and catering to the unique needs of segments foster customer loyalty.
2. **More Effective Marketing:** Segmentation can drastically improve the return on investment for marketing by reaching the right customers with the right message.
3. **Innovative Product Development:** By focusing on segments, companies can develop products or services that meet specific demands or solve particular problems.
4. **Increased Profits:** All the above factors, in aggregate, lead to higher sales, better customer relationships, and ultimately, increased profits.

Reasons for Segmenting Market

Market Segmentation is a crucial component of successful marketing strategies. It involves dividing a broad target market into smaller groups (segments) based on specific characteristics, desires, or needs. Here's why it matters as according to (Zhukova, 2023):

1. Understanding Diverse Audiences: Your potential customers vary in age, location, income, and preferences. Segmentation helps you tailor your approach to different groups effectively.
2. Personalized Marketing: By identifying segments, you can create targeted messages and offers. For example:
 - Demographic Segmentation: Based on age, gender, income, etc.
 - Psychographic Segmentation: Focused on lifestyle, values, and interests.
 - Behavioral Segmentation: Considering buying habits and usage patterns.
 - Geographic Segmentation: Based on location.

Remember, your customer is not everyone. Be specific about who you're communicating with.

As mentioned earlier, marketing Segmentation can be based on factors, such as; culture, economic status, race, age, life style, beliefs and geographical differences etc. If the market



Segmentation is based on geographic units, it is called geographic Segmentation, as per the dictionary of marketing terms, it is defined as follows: Market Segmentation strategy whereby the intended audience for a given product is divided according to Geographic units, such as nations, States, regions, countries Cities or neighborhoods. Marketers will tailor Market programs to fit the needs of individual geographic areas. Localizing the products, advertising and sales effort to geographic difference in needs and wants. Geographic Segmentation can be a very important process, especially for multinational businesses with global brands. They need to form various marketing programs, to lure the customers of different geographical locations, after careful evaluation. Products, advertising techniques or promotion may vary with different geographical location, as per customers taste that are categorized to form that unit. For example, a global business organization that specialized in clothing may segment the market on the basis of the climate. Such Segmentation results in the sale of winter clothes in a country with cold weather, but at the same time may promote other types of clothes in other country with different climate. Therefore, the variables of this type of marketing Segmentation include regional climate population density and economic status. Geographical Segmentation and profiling are very vital processes of marketing strategy, as they are formulated after conducting detailed analysis of the customers who are belonging to different regional units. This segmentation can be beneficial to identifying the preferences and needs of customers in a particular geographical location due to weather conditions, lifestyle and culture.

II. Conclusion

In conclusion, different Market Segmentations strategy involves dividing of Market into groups and sub-groups, where individuals have similar needs and wants for products and or services; this enable better products and services for customers. Variables that can be considered for market segmentation include; behavioral, demographic, psychographic and geographic segmentations. Further, qualitative and empirical studies are required to prove the criteria for Segmentation.

III. Recommendations

Before marketing products or services, there is needs to clearly understand customers, in other to find ways to satisfy their needs, want, desires and

preferences. A clearly defined marketing Segmentation strategy help create market that can carter for each group of individuals that make economic sense to mass productions and distributions. Therefore, the following recommended:

1. Segmentation should be on the basis of physical location and boundaries of the customers.
2. The age and the gender of the target audience should to be considered.
3. The general personality traits of the customers must be kept in mind.
4. The benefits that the customers are looking for, and the value they seek are derived.

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