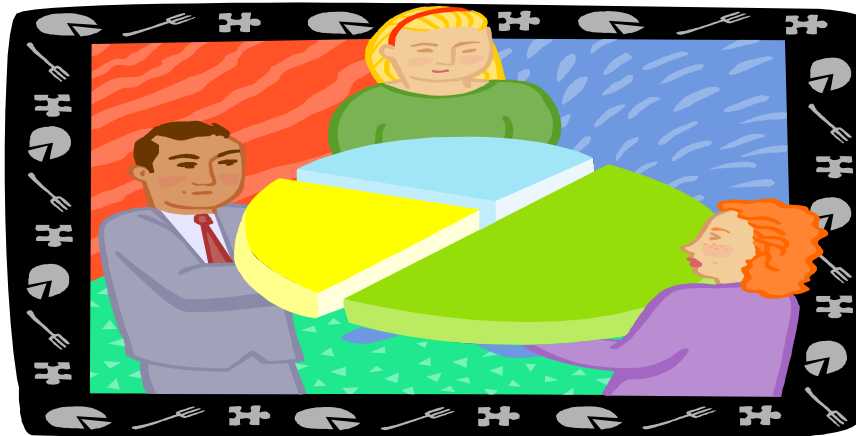


# What is market segmentation?

A. Identifying a target market by dividing the market into segments according to customer needs and characteristics



Market segmentation helps marketers sell more efficiently.  
HOW?

# How is market segmentation accomplished?

Demographics

Geographics

Psychographics

Product Benefits

# Demographics

Characteristics about the consumer:

<b>AGE:</b>	76 million	“Baby Boomers”	1946- 1964	51% of wealth
	40 million	“Generation X”	1965- 1976	Conservative \$
	77 million	“Generation Y”	1977- 1997	Computerized

## Gender:

Research indicates that there are almost 2 women to Each guy in the United States.

## Income:

Disposable income: \$ after taxes  
Discretionary income: \$ after paying all living costs

## Ethnic:

US Population is changing: California 1<sup>st</sup> state that Caucasians are the minority.

# Geographic Variables

**Geographic Variables** - statistics about where people live  
people who live in the same area have similar needs



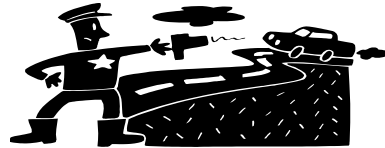
It is said that  $\frac{1}{2}$  of the American population will be living in CA, TX and FL. Why do you think this would be true or false?

Businesses look at 4 states for Hispanic markets: NY, TX, CA, and FL

# Psychographic Variables

- personalities and lifestyles

- used when segmentation by age and income is sufficient
- involves family criteria
- focuses on attitudes and values



Have values changed in the past 10 years?

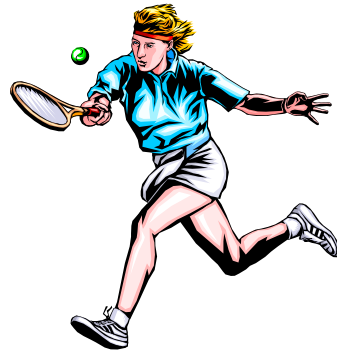
How has this influenced marketers?

What are some of the value changes?



# Product Benefits

Segmenting the market by what does the product do for you.



Shoe MFGs divide the market based on the demands made on shoes  
Of each activity.



Oily, dry, normal, dandruff,  
Are product benefits.

# Segmentation basis    Typical market segments

- **Geographic:**

- **Region**                      **New England, Middle Atlantic, and other census regions**
- 
- **City Population**            **Under 25,000; 25,001-100,000; 100,001-500,000; 500,001-1,000,000; etc.**
- 
- **Urban-rural**                **Urban, suburban, rural**
- **Climate**                      **Hot, cold, sunny, rainy, cloudy**

- **Demographic:**

- **Income**                      **Under \$10,000; \$10,001-\$25,000; \$25,001-\$35,000; \$35,001-\$50,000; over \$50,000**
- 
- **Age**                            **Under 6, 6-12, 13-19, 20-34, 35-49, 50-64, 65 and over**
- 
- **Gender**                      **Male, female**
- **Family life cycle**            **Young, single; young, married, no children, etc.**
- 
- **Social class**                **Upper class, upper middle, lower middle, upper lower, etc**
-

# Segmentation basis Typical market segments (cont.)

- **Demographic (cont.):**

- **Education** Grade school only, high school graduate, college graduate
- **Occupation** Professional, manager, clerical, sales, student, homemaker, unemployed
- **Ethnic background** African, Asian, European, Hispanic, Middle Eastern, etc.

- **Psychographic:**

- **Personality** Ambitious, self-confident, aggressive, introverted, extroverted, sociable
- **Life-style** Activities (golf, travel); interests (politics, art); opinions (conservation, capitalism)
- **Values** Values and Life-Styles