Segmentation - introduction

A market for a product is made up of different types of consumer who buy the product, which can be subdivided into segments.

Market segments are an important part of marketing because markets consist of customers with similar needs. For example, consider the wide variety of markets that exist to meet the following customer needs:

Need	Market Segments Created to Meet the Customer Need
To eat	Restaurants; fast-food outlets; grocery supermarkets
To drink	Coffee bars; wine & spirits production; milk production
To exercise	Health & leisure clubs; sport equipment; walking holidays
To travel	Airlines; railways; motor car industry; holiday industry
To socialise	Introduction agencies; sporting events; pubs

As you can imagine, such markets (if they were not further divided) would be very broad and of little use to someone wanting to make sensible marketing decisions.

Fortunately for those involved in marketing, **customers in a market are not the same**. Customers differ in the:

- Benefits they want
- Amount they are able to or willing to pay
- Media (e.g. television, newspapers, radio stations) they see
- Quantities they buy
- Time and place that they buy

It therefore makes sense for businesses to segment the overall market and to target specific segments of a market so that they can design and deliver more relevant products and services

By splitting the market into segment it is easier to analyse who buys the product and then aim to target these customers specifically. For instance if you know that it is mainly young men under 21 who buy your product you might then advertise in magazines such as FHM or Loaded.

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