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Strategies of Market Segmentation and Segment Targeting

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ABSTRACT

Rightly developed strategy of market segmentation is the basis of effective activity of firms and enterprises. To choose the right segment, to which firm's goods will be proposed, the marketing manager of the firm first must to divide market into several segments according to the factors of segmentation. Nowadays not only the classical factors, can be used. There are many new approaches to segmentation, which can be used. The more well-known among them are VALS system, segmentation by A. R. Winkler, segmentation by S. Plog and others. These methods are based on complex set of psychological, social and other factors and so can give more complex and full view to the different customers' groups. It also would be useful to use the K. Horney's theory of individual, psychological types by C.G. Jung and S. Freud's theory to develop new segmentation strategies, also based upon the psychological factors, because the task of the firm is not only to propose to the customers, what they need consciously, but to form new needs, which are not perceived yet. According to the specificity of the selected group or groups of customers the firm can work out effective marketing-mix, including all components: product, price, place, promotion, and also people, process and physical evidence if the firm works in the sphere of services. The next step after market segmentation is choosing of strategy of market targeting. The firm may work with one segment or with several segments, proposing different marketing-mixes for each of them. Or it may work with all market, ignoring the differences between customers groups. The strategies of target marketing are more effective, than the strategy of mass marketing in almost all cases.

KEY WORDS

Segmentation, target marketing, factors of segmentation, segmentation strategies

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