Assignment - Segmentation

Student Instructions

Select a Consumer Product for which to segment the market: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
(This can be a tangible good or a service.)

Your first task is to segment the market using traditional segmentation variables (e.g., Demographic, Geographic, Psychographic, Behavioral)

First, list at least five variables/attributes that you might use to segment the market for this product. Select variables from the four traditional categories (demographic, geographic, behavioral, psychographic). Remember that these need to describe ***potential prospects***, ***not the product***.

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Now, pick the ***two*** most important of these. Select at least 2 levels for each variable and create a segmentation plan. You may use the table below, replacing Variable 1 & Variable 2 with your segmentation variables. Each segment is identified by a number. For instance, if you have 3 levels x 3 levels, you’ll have 9 segments. If you prefer, delete the table and create your own segmentation matrix.

|  |  |
| --- | --- |
|  | Put your First Variable Here  |
| Put your Second Variable here | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  | Level 1 of First Variable | Level 2 of First Variable | Etc. |
| Level 1 of Second Variable | Segment #1 | Segment #2 | Segment #3 |
| Level 2 of Second Variable | Segment #4 | Segment #5 | Segment #6 |
| Etc. | Segment #7 | Segment #8 | Segment #9 |
| Etc. | Segment #10 | Segment #11 | Segment #12 |

Briefly discuss whether you think these variables and levels create unique segments that would be better served by creating a differentiated offering for each segment. In other words, would people in different segments want or need different market offerings? This could be different product versions, different channels of distribution, or different promotions.

(discussion here)

Which two segments do you think will be most valuable to target?

Briefly explain why these would be the most valuable to target. (At least three reasons)

Finally, consider the Fennell-based model that segments based on a person in a specific occasion. Briefly describe a person in one of your segments and describe two different occasions in which they would purchase this product class but would want or need different versions of the product. Think about how the situation motivates them to make the purchase.

Teaching Notes:

The PowerPoint slides outline a traditional model of segmentation and then introduce the concept of segmenting based on consumers’ perceptions of the product-use situation and how their appetite for the product changes. For instance, a 35-year-old father of 2 buying a cake. If he’s simply picking up dessert for this evening, he’ll likely buy a very different cake than if he were picking up a cake to celebrate one of his children’s birthday.

Students should be able to select viable variables to segment the market and then recognize that these segments may predict probabilities of purchase but provide limited insight into motivations.

Sample Rubric:

This is a sample rubric that can be pasted into Excel to calculate a weighted average grade.

|  |  |  |
| --- | --- | --- |
| **Action** | **Weight** | **Evaluation (0 – 100)** |
| Selected a consumer product | 5 |  |
| Five viable attributes | 15 |  |
| Selected two good attributes (segmentation variables) | 10 |  |
| Assigned appropriate levels | 10 |  |
| Discussed segmentation effectiveness | 15 |  |
| Selected two “best” segments | 5 |  |
| Explained “best” segments | 15 |  |
| Described a person and two “occasions” | 15 |  |
| Well written, good grammar, makes sense | 10 |  |
|  |  |  |
| Overall grade for the assignment |  |  |

Discussion Questions:

* What is the real purpose of segmentation?
* What are the advantages of using traditional segmentation variables, such as demographics and geographics?
* What are the shortcomings of using traditional segmentation variables, such as demographics and geographics?
* What makes a “good” segmentation variable?
* Is it feasible to segment by purchase occasion without also using some sort of demographic segmentation?
* What is meant by the statement, “a market is not made up of individuals, but of occasions”?