

Market background

[Finance](#), [Market](#)



Market segmentation is the process of “dividing a market into distinct groups of buyers who have distinct needs, characteristics or behavior and who might require separate product or marketing mixes” (Kotler, 2004). Underlying the decision to segment the market is the recognition that a single market is not composed of people with homogenous needs, attitudes and behavior and therefore requires a different marketing strategy for each group of people. This process helps marketers in identifying opportunities for a new product or product mix by identifying specific needs of a group of consumer marketer (Kinsey, 2005)

Market segmentation can be done in many ways. A company with a customer base over a large geographic area can divide its market into various geographic areas. It can also segment the market on the basis of demographic factors such as gender, age, family size or family life cycle stage, profession, education, ethnical background etc. Other techniques include psychographic segmentation is another type of segmentation that is “based on social class, lifestyle or personality characteristics” and behavioral segmentation that is “based on the consumer knowledge attitude, use or response to a product” (Kotler, 2004). Other than the geographic segmentation all the other segmentation techniques requires a lot of consumer research with a demographic research on a lesser extent.

Whatever segmentation techniques are used the market segments identified must be measurable in terms of size, purchasing power etc, accessible through target marketing, substantial, differentiable so that they should deserve the investment in a separate marketing strategy and actionable that

is creating a marketing strategy for it should be practically possible for the company (Kotler, 2004).

The task at hand is to segment the beverage market, decide on the target market and then design the most effective product mix for that segment. The beverage under consideration has an ingredient that is perceived to have health advantages. Thus, the drink can be positioned to be a wholesome addition to a healthy diet. The fact that their competitors have limited themselves to athletic males has left most of the market open for new product.

The company can market the product to a much larger psychographic segment which is of health conscious consumers. On a secondary level some demographic segmentation can be done where students and young professionals are targeted through relevant marketing strategies that promote the drink as a source of nutrients needed for mental and physical growth necessary to cope with a demanding environment.

Also a market strategy can be designed such that it encourages product use in the morning with breakfast. This type of strategy comes in the occasion segmentation as part of the behavior segmentation. With a powerful promotion program the beverage can become a necessary morning drink for all health conscious people.

As the product is being promoted as a health drink it should contain appropriate nutrients and vitamins and fruit extracts whose details should be given on the package. As it is being promoted as a morning drink it should

be light and should not have sharp taste or smell. Also along with individual packages it should be available in easy to open packages that contain at least seven servings.

Kinsey, J & Yeap, C. (2005). Buyers and Market Segments: FoodMarketing Economics. Presented at APEC 4451/5451 lecture at University of Minnesota