

Market segmentation and positioning of offering

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



Therefore, this point is moot as one or two sufficiently large and separate stores (so to to cannibalize sales) should be large enough to capture the market geographically. Primary's mall segmentation of Singapore will be demographic segmentation. Its products are largely aimed at the lower to middle class portion of the population given the nature of Primary's market offering - cheap, quality and fast changing trendy clothing, which will be covered later on. Primary also aims its products to the 15-35 age bracket of the population.

Primary also uses Customer Relationship Management (CRM) software to analyze consumer knowledge, attitude, use and response to its product and therefore also segments its customers behaviorally. Primary's marketing offering of cheap, good quality products attracts both regular and occasion customers, and some first-time and irregular buyers. With their intended market being lower- and middle-class consumers, it means that Primary also attracts heavier users of their products. Behaviorally, it has a problem segmenting its consumers by loyalty status.

With its price differential playing a big part in its attractiveness to its consumers, its consumers are relatively variable due to a simultaneous shift in loyalty status with a shift in income. Consumers on a shift from middle to upper-middle or upper class might shift loyalty to higher-end brands in order to define their lifestyle status. Primary's market segmentation result is hence customers of both genders between the ages of 15 and 35, of lower- to middle class. They appeal to this specific market of young people with their affordable, trendy and fast-changing apparel.

This particular segment (15-35 of age) makes up 28. 10% of Singapore population (as of 2014, statistics from census data at Signings. So).

Furthermore, those with a monthly income of \$4, 999 or less- according to the latest data obtained from Signings. So - makes up 100% of the 15-19 age bracket, 99. 6% of the 20-24 age bracket, 94. 2% of the 25-29 age bracket and 83. 6% of the 30-34 age lower to middle class makes up a majority of Singapore population, and it makes sense for Primary to target them as a market.

To add on, the economic climate of Singapore is not as stable as it used to be, causing possibly even upper-middle and upper class potential consumers to be increasingly price-sensitive. It is likely then that Primary's market offering may appeal even to outside of its target market. Assessing the target market for its structural attractiveness means assessing its profitability with regard to competition, substitute products, the power of buyers and the power of suppliers.

Primary has admittedly many competitors, especially in the already-saturated retail market of Singapore. With such high competitive rivalry, Primary has to stay one step ahead in order to remain relevant. However, we feel like Primary will be able to rise ever its competitors given its highly competitive prices - it has already successfully dominated other markets with its low cost, such as in the UK and in Europe.

The situation is similar with regard to substitute products - with high competition, any number of substitute products exist. However, Primary similarly will be able to remain relevant as long as its prices remain

competitive. As mentioned above, Primary's target market makes up a large portion of Singapore population. Furthermore, the unstable economic climate means that increasingly rice-sensitive customers are likely to look to Primary's low prices in order to satisfy their needs.

The buying power of the customers therefore remains high. For suppliers, Primary has out sourced 90% of the its manufacturing to developing countries like Bangladesh, India and China for its basics, and Turkey and Europe for its " fast fashion". Having spread out its suppliers over multiple countries means that Primary has minimized the bargaining power of each supplier. It is notable that Primary's main suppliers, like China and Bangladesh, are in very close vicinity to Singapore, potentially saving large amounts in shipping.

Requirements for Effective Segmentation -?

- 0 Measurable: Examples include the size, purchasing power, and profiles of the segments
- 00 Accessible: Refers to the fact that the market can be effectively reached and served
- 00 Substantial: Refers to the fact that the markets are large and profitable enough to serve
- 00 Differentiable: Refers to the fact that the markets are conceptually distinguishable and respond differently to marketing mix elements and programs
- 00 Actionable: Refers to the fact that effective programs can be designed or attracting and serving the segments

Strategies for Marketing marketing

- ii Focuses on common needs rather than what's different

Differentiated marketing targets several different market segments and designs separate offers for each.

- O Goal is to achieve higher sales and stronger position
- ii More expensive than undifferentiated marketing

Primary's market offerings product position: Functional differentiation (cheapest) + Image differentiation (on-trend) The lead time of its Asia-produced basics are about 90 days, while "fast fashion" has lead time of 8 weeks, which allows Primary more leeway to respond to demand for their popular items. By trading in season, they gain leverage over their competitors like H&M, which forecasts 2 years in advance compared to Primary's 6 months. Furthermore, while their target market is 15-35-year-olds, Primary's largest sales volume comes from their low-cost, basic items that hold appeal to all ages, like white camisoles and Jeans. Primary's position on the positioning map is of low-price, high quality.