

Market segmentation apply on hotel and personal computer essay sample

[Business](#), [Marketing](#)



Market Segmentation means breaking down the total market into self contained and relatively homogeneous subgroups of customers, each possessing its own special requirements and characteristics. This enables the company to modify its output, advertising messages and promotional methods to correspond to the needs of particular segments. Accurate segmentation allows the firm to pinpoint selling opportunities and to tailor its marketing activities to satisfy consumer needs.

Through the process of market segmentation, there are certain variables to identify customer groups, such as needs, income geographical, location, buying habits and other characteristics as well, we can focus on the parts of the market that it can serve best and make great profit.

Importance of Market Segmentation

Due to the fact that resources are limited. Therefore, all business will minimize their resources and maximize their profit to gain their benefit. In order not to waste any times and money on promoting their production in the wrong direction. Market segmentation is needed to spot their product's market opportunities, gain competitive advantage and target marketing activity on promotion.

Step of Market Segmentation process

i)Market Segmentation

*Identify bases for segmenting the market

*Develop profiles of resulting segments

ii)Market Targeting

*Develop measures of segment attractiveness

*Select the target segment

iii)Market Positioning

*Develop positioning for each target segment

*Develop marketing mix for each target segment

Major Bases For Segmenting Consumer Markets

Geographic SegmentationDividing a market into different geographical units such as type of property, urban, suburban, rural regions, country and climatic zone.

Geo-demographic SegmentationDividing a market into groups based on the notion that people, who live close to one another, within the same physical geography, share broad characteristics of financial means, tastes, lifestyles and purchase habits.

Demographic SegmentationDividing a market into groups based on demographic variables such as age, sex, education, occupation, income, social class, family/household status, life-cycle stage, religion, nationality and race.

Behavioural SegmentationDividing a market into groups based on benefits sought, usage, loyalty preference, perceptions, readiness stage (unaware,

aware, informed, interested, desirous, intending to buy), marketing factor sensitivity (quality, price, service, advertising, sales promotion, etc.)

Psychographic Segmentation Dividing a market into different groups based on lifestyle, attitudes, interests, opinions, personality, perception and motivation.

Stage One – Requirements for effective segmentation

Market segments must be:

1) **Measurable** The size, purchasing power, and profiles of the segments can be measured.

E. g. population statistic data for baby food marketing.

2) **Accessible** Segment should be reachable & effectively served.

E. g. Licensing office of Transportation Department is a suitable place for driving training school to reach their potential customers.

3) **Substantial** They should be large or profitable enough to serve.

The segment should be the largest possible homogenous group worth pursuing with a tailored marketing program.

4) **Differentiable** E. g. If different social classes respond similarly to a sale on cars, they don't constitute separate segments.

5) **Actionable** Effective programs can be designed for attracting and serving the segments.

E. g. small restaurants can't provide too many varieties of meal.

Stage Two - Market Targeting

The process of evaluating the attractiveness of each identified segments, and then selecting one or more segments to enter.

(A) Factors when evaluating different segments

1) Segment size & growth Find the relative right size, 1st collect and analyze data on current segment sales, growth rates and expected profitability.

2) Segment's structural attractiveness With less competitors, less power of buyers, less powerful suppliers.

3) Company objectives and resources It should enter segment only in which it can offer superior value and gain advantages over competitors.

(B) Selecting suitable market segments with different Market -Coverage Strategies

1) Undifferentiated Marketing One offer for the whole market.

E. g. Coke. It may be less profitable due to heavy competition.

2) Differentiated Marketing Different marketing mixes for different segments.

E. g. Nike shoes. However, company must weigh increased sales against costs.

3) Concentrated Marketing One marketing mix for several segments, especially appealing when company resources are limited. Mercedes cars for high income class. Which strategy is best depends on company resources.

Stage Three – Market Positioning

Arranging for a product to occupy a clear, distinctive, and desirable place related to competing products in the minds of target consumers. Formulating competitive positioning for a product and a detailed marketing mix.

E. g. Toyota is positioned on economy, Mercedes on luxury, Porsche on performance & Volvo on safety.

(A)Some positioning strategies

1)Product attributes E. g. Disney Land as a theme park.

2)Benefits sought E. g. Dell Computer, customer can order their own configuration. No extra penny is paid for parts not needed.

3)Usage occasionsE. g. Gatorade as a beverage for replacing athletics' body fluids.

4)Classes of usersE. g. Johnson & Johnson's baby shampoo for babies.

5)Against a competitorsE. g. CTI to HK Telecom

6)Away from competitors E. g. 7-up, " UN-cola" to Coke

7) Different product classes. E. g. Burberry, a fashion wearing rather than solely raincoat.

(B) Choosing and implementing a positioning strategy

1) Identifying a set of possible competitive advantages on which to build a position.

2) Selecting the right competitive advantages

3) Effectively communicating and delivering the chosen position to the market.

Once the company has established its product positioning strategy, it is then in a position to go on to plan the details of its marketing mix.

Segmentation Approach Apply on Hotel Chain

Century International Hotel is a hotel and resort management company established in 1989, operating international standard hotels and resorts in the Asia-Pacific region from its corporate base in Hong Kong. The group currently manages 20 hotels and resorts in six geographical entities in the Asia-Pacific, namely Hong Kong, China, Vietnam, Malaysia, Indonesia and the Philippines.

The company placed itself in the mid-market hotel category and by providing value-of-money accommodation at carefully selected strategic locations.

Each property has selected different kind of segmentation approach according to its own resources and distinctive competencies. They are

generally use the Behavioral, Demographic, Psychographic and Geographic as its segmentation approach.

Behavioral Segmentation

Base on the purpose for Travelling, the hotel distinguish their customer into two major markets – business and pleasure

Business Travel

Satisfying business travellers may not only convince them to return for the same business purpose, but may also convince them to bring their spouses or even to revisit the property with their families during their next vacation.

Therefore, you could found that most of Century's hotels were located in the business district or commercial area. Those hotels were features of meeting facilities, in-room fax line, plus business centre.

(For example)

One of the fastest-growing segments of regular business travel is the travelling businesswoman whose needs may often differ from those of male business travellers. Therefore, the Century Kuala Lumpur Hotel features a special rooms for lady executives floor. (exclusive for business women)

Pleasure Travel

Pleasure Travel is probably among the more changeable of the travel industry market segments. They are generally price sensitive and the volume of pleasure travellers is highly related with general economic conditions.

The specific segmentation of the pleasure travel market often depends on the attractions, products and service offered by the hotel.

(For example)

Insular Century hotel, Davao, Philippines, is quietly located along the Gulf of Davao and is five minutes from the airport. The guestrooms overlook lush gardens, beach, swimming pool and coconut groves. Resort facilities include tennis and basketball courts, putting greens, a beach and a jetty for ferry to nearby islands.

Demographic Segmentation

Demographic is one of the most common bases for distinguishing among customer groups. It is because there are easy to measure and often relate with consumer wants, preferences and usage rates. A report said that 35 to 44 year age group shows a very high propensity to travel and to stay at hotel facilities when they do travel.

(For example)

A lot of well know corporate and worldwide company were hired a group of overseas employee in Makati, the heart of the business center of Manila. This

group of people seeking for a place which provide a condominium service as they will stay long. Therefore, Primetown Century Tower, Makati provide a full-service condominium hotel complex combining the convenience of living in a hotel with modern residential comfort. Offers studio bedroom suites, all with living, dining and kitchen facilities.

Geographic Segmentation

The occupancy of hotel is drawn from what kind of business sources.

Normally, the business sources are classified geographically as well as by other characteristics.

It is important of a hotel to choose the location to operate their business.

(For example)

Century Hong Kong Hotel business come from one particular market – Convention & Exhibition. It is because of his location is nearby the Hong Kong Convention and Exhibition Center, therefore, the customers seek this particular benefit when they choose their accommodation.

Psychographic Segmentation

Psychographic information is very useful in identifying the customers seek in their activities and interests. Such as the lifestyle segmentation is extremely useful in understanding the roles that potential customers actually define for themselves.

(For example)

Nowadays, when people travel, they tend to travel to a unknown destination with some new experiences or unusual. The hotels in city may let them feel that it is not too much different from those in their own country. Therefore, the Pearl Farm beach resort, is unique located in a secluded cove on Samal island in exotic Davao of Southern Philippines. The hotel only had 85 rooms fringed by white sand beach and deep crystal waters, the resort features charming cottages on stilts in the sea. This oasis is truly a place for people seeking to get away from other destinations which becomes more people arrival or more commercialised and standardised.

Segmentation Approach Apply on Personal Computer

Dell Computer Corporation

Effective use of market segmentation can improve profit contribution of a company. Personal computer adopt Benefit Segmentation approach. This segment requires finding the major benefits that people looking for such as lower price, high quality, and convenience. Now, lets Dell Computer Corporation as an example for further elaborate.

Dell Computer Corporation is the No. 2 and fastest growing among all major computer systems companies worldwide. In the States, it ranks No. 2 as leading supplier of PCs to business customers, government agencies, educational institutions and consumers.

What's the secret to Dell's stunning success? Dell could best understand customer needs based on right market segmentation, positioning and targeting. After all, the positioning task consists of three steps:

For Dell, it provides different ranges for different benefit segments through Direct Marketing. Such as:

Product Selling Points Target customers Price level

Dimension latest technology small business & home users High

OptiPlex Reliable system Network users medium

Latitude Notebook with stable system and superior battery Common users Low

Inspiron Notebook with latest technology Those willing to pay more High

Precision Workstation handles complex application CAD engineers Affordable

PowerEdge high end network system High end users High

PowerVault Storage high storage Users need high storage

i) Identifying a set of possible competitive advantages on which to build a position

Most of customers require good performance and lowest price for choosing PC. Dell offers its customers powerful, richly configured systems at competitive prices. Customers may view, configure and price systems with Dell's product line. Thus every Dell system is built to order. Dell charged low

prices to attract high volume. The high volume resulted in lower costs which, in turn, let Dell keep prices low.

ii) Selecting the right competitive advantages

In direct side, customer requires convenience. Dell revolutionized its industry by selling personal computers by mail order rather than through retail stores. A customer can talk by phone with a Dell representative on Monday morning to order a fully customized, state-of-the-art PC suit their special needs, and have the machine delivered to his/her doorstep by Wednesday.

iii) Effectively communicating and delivering the chosen possible to the market

With built-to-order policy, Dell is characterized as a highly flexibility company on its products. Thus, Dell could serve co-operations from different fields with their unique needs by providing tailor made configuration PC or system. Besides, similar even better, performance with lower price is always a sound reason for Dell occupying a larger sale values in business sector. As good will and image is built, this invisible asset further enhances Dell's market penetration in both business and personal sector.

Conclusion

Overall, Market Segmentation offers several benefits to a business. The company can market more efficiently, targeting its products or services, channels and communications program toward only consumers that it can serve best. Many people may think that market segmentation is only good

for firms, since the firms will be benefit in terms of a better competitive position for its products, resulting in greater sales and profitability. On the other hand, customer will also have benefit from it. This is because a customer will get a greater satisfaction from the goods and services that they purchased. This is a particularly important point as the whole rationale of the marketing concept is increased business effectiveness through the provision of consumer satisfaction.