

Market segmentation and the disintegration of an entire market

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



Name

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Task

Date

1

Market Segmentation refers to the disintegration of an entire market of a good or service into subgroups with respect to the needs of the customers. According to Michael Croft, it involves the identification of diverse consumers that exist within a particular market who could be targeted with separate products or marketing strategies (Croft, 3). In market segmentation, customers with similar needs or preferences are grouped together. Market segmentation variables can be grouped into four principal groups:

Benefit

Demographic

Geographic

Behavioral

Benefit Variables are related to the customer needs and expectations, for example, low prices and high-quality services. Demographic Variables concern the characteristics of customers, for instance, marital status, gender, age, occupation, income, education, and religion among others. Market segmentation can also be done on geographical variables deals with regional placement of customers for instance countries, states, and urban centers while behavioral variables concerns brand loyalty, product usage rate, and willingness to purchase (Cahill, 7). Initially, Starbucks targeted the entire coffee market and but tried to differentiate its coffee by developing

fitting personal service and thus the Starbucks Experience. It also applied Geographical Segmentation principle by distributing its over 17, 000 outlets in different countries.

2

The principle of market targeting requires a business to recognize the diversity of its customers, and thus should offer them diverse services or goods that meet their varied tastes. The firm should be able to move at the same pace as the demands of consumers changes. The Starbucks experience first changed due to its attempts to meet the dynamic needs of the ever-increasing number of customers. It had to reconstitute its operations, as well as open new coffee outlets in potential market segments. After realizing that the business was losing most of its customers to the competitors, Schult came up with new policies for strategizing the future of the organization. It was no longer appealing to the traditional customer, thus lost its specialty, and finally became different.

3

Starbucks now aims at meeting the unique and ever-changing needs of its customers. Stiff competition from other coffee houses forced the company to change the brand of their products in order to differentiate them from those offered by the competitors. The firm is now more focused with the benefits that customers will generate from consuming its coffee, which includes personal satisfaction, quality services beyond the customers' expectations, timely delivery of services amongst others. The company also came up with corrective measures to curb any diversion in the quality of services offered that may result from the behavioral change of the both its traditional and

new customers.

4

In my opinion, Starbucks will return to the revenue and profit it once enjoyed because the company has recognized the existence of stiff competition and taken appropriate steps to deal with it. They have put up strategies that aimed at rebuilding the company's brand and image, policies that aim at offering high-quality services that will trap the customers' fast-cash. They have also added labor hours and installed automated machines in their systems in order to reduce time spent by the customers when receiving their services. The desire for growth made Starbucks launch a campaign, which aimed to educate the potential consumers about its coffee. Reducing its prices made the coffee considerably cheaper and thus expected to increase in sales volume. Additionally, they introduced the single-serve packets that cost as low as \$1 each. Starbucks partnered with Kraft to offer flavored coffee, which was a significant growth strategy as it would be able to meet the new customer needs. Therefore, it can be concluded that Starbucks has an enormous potential for growth and can reinstate its previous benefits it used to enjoy.

Works Cited

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