

Market segmentation and target market selection



**ASSIGN
BUSTER**

Industry analysis. Collect some secondary data for your industry and market before analyzing them – e. g., for trends, attractiveness, or profitability, etc. Also identify the major competitors and their market shares. Comment on your industry and the likelihood of your business success. Marks will be given for relevant Tables and graphs.

The number of tobacco users is rising, for example Japanese tobacco market growth by 5% in 2009, there are value of \$48. 2 billion for the period 2005-2009. For Singaporean, tobacco market growth by 2. 4%, there is about \$2. 9 billion. All of this shows that the using tobacco rate at Asia is increasing. At the same time, the sales of cigarette are expects will be rise every year. According to the statistic of the Singaporean, the statistic show that the performance of the market is forecast to increasing marginally, with an anticipated CAGR of 2% for the five-year period 2009-2014, which is expected to lead the market to a value of \$3. 3 billion by the end of 2014.

Market segmentation is one of the steps that go into defining and targeting specific markets. It is a process of dividing a larger market into division of consumer or specific group based on their needs and wants. The concept of market segmentation allow marketer to understand customers and can easily target customer's needs.

Cigarette has been aggressively marketed to the Malaysian public through a number of different channels and interactive modalities in order to foster demand for particular brands of tobacco products, create a more permissive environment in which to engage in tobacco use, and establish cigarette use as a norm of acceptable social behavior if not a “ habit” to be emulated.

Ever sensitive to social and cultural differences, the tobacco industry has gone to great pains to position tobacco products through market segmentation. Electronic cigarette are marketed to appeal to special market niches that for existing smokers as well as potential smokers.

The potential customers can be found when segment the customers based on their needs want, then the opportunity for business market will also are recognized. For electronic cigarette, we segment it based on different based such as demographical bases, behavior bases and psychographic bases.

Segmentation based on demographical bases include, age, generation and social class. Electronic cigarette are segment on demographical based on the age and generation. It is target to the customers that age are between 18-25 years old. Adults are not a likely population for that our target market because few new smokers are adults. Most new smokers are youths, it can be proved in statistic that 77% of daily smokers are daily smokers by age 20. The purpose of our target market in this range of age is because most of the people in this range are educated, thus they know that the ingredient of cigarette are harmful. However, haunting curiosity cause them involve in smoking to fulfill their desire. Because of this, we try to introduce our product to youth to substitute the traditional cigarette and it will gather a greater effect than introduce for adults.

Second, our products are segment based on the psychographic.

Psychographic segmentation is group customers based to their lifestyle such as activities, interests, and opinion (AIO).

Growth of the number of people are aware about the environmentally friendly. They notice that using traditional cigarette can produce and release smoke that can damage so we try to target on this group that they tend to buy electronic cigarette which is no produce any smoke that can damage.....Furthermore, the customers understand the value bring by the electronic cigarette. Customers know that bought an electronic cigarette is not only to reduce the damages of earth, but also using the electronic cigarette is harmless to the healthy.

Buyer behavior

Complex buyer behaviour e. g. Intel Pentium Processor

Dissonance-reducing behaviour (brand reduces after-sales discomfort)

Habitual buying behaviour e. g. salt - little difference

variety seeking behaviour - significant brand differences e. g soap powder

Also known as consumer behavior, buyer behavior has to do with determining which specific factors influence the buying habits of the individual. By accurately assessing the decision-making process of buyers in different situations, it is easier for businesses to identify groups of consumers who are most likely to demonstrate interest in the products produced by those companies. While there are many different concepts of what impacts buyer behavior, most approaches do make use of a core group of factors.

One of the key factors that makes a difference in buyer behavior is the role that the individual fills in society. For example, individuals who are parents to small children will have a different set of priorities when it comes to buying goods and services than individuals or couples who do not have any children in the home. In like manner, the consumer habits of someone who earns an hourly wage is likely to be different from that of someone who is employed in a salaried position. There is even some difference between the buying habits of people who are part of a couple and those who are currently not romantically involved. This is because purchasing products tends to include input from the romantic partner, and may be aimed at meeting the demands of the couple rather than an individual need or want.

The goals and aspirations of the consumer also play a major role in buyer behavior. Often, those goals will help determine if the consumer will attempt to save money in order to achieve the goal, or is open to using credit of some type to purchase the desired goods. For example, an individual may be willing to purchase a home by utilizing a mortgage, while at the same time being somewhat reluctant to buy a new television set on credit. In this scenario, the consumer is likely to look for a mortgage that offers the most desirable terms, including a low rate of interest. At the same time, the consumer will be on the lookout for any sale prices on televisions, and eventually find the right set that meets his or her expectations both in terms of quality and price.

Cultural conditioning and peer pressure also influence buyer behavior. In some cultures, simplicity in living is considered a virtue. In this type of setting, consumers tend to be more focused on purchasing goods that are

useful rather than simply decorative. They are also more likely to be interested in purchasing products that will provide satisfaction for a longer period of time, even if the purchase price is higher than the price of similar products with a shorter life expectancy. Someone who desires simplicity may purchase furniture that is made from hard woods that hold up to constant use for decades, while foregoing the purchase of furniture made from pressed wood or other materials that tend to wear out in just a few years.