

# The understanding of segmentation variables in strategic marketing management



In general, the understanding of segmentation variables leads to the successful strategic marketing management. It is pointed out that 'segmentation variables or bases are the dimensions or characteristics of individuals, groups or businesses that are used for dividing a total market into segments.' (Dibb, S et al 2001: 210). According to it, as West, D (2010: 153-154)[ii]stated, 'the most important criteria for identifying segment are geography, demography, psychograph and behavior.' To some extent, the companies would like to choose one or more variables from a wide range of choice to develop their market strategies.

For instance, P&G , which 'started from humble beginnings as a small soap and candle company in 1837, and has since grown into a multinational corporation with hundreds of product lines; now, it is the largest firm in the personal products industry of the consumer goods sector,' (Hooper, B. et al., 2007: 10)[iii]using an appropriate combination of variable by especially astute marketers around the world to make strategic decision-making, reducing the risk of failure and eliminating 'the top competitors including Johnson & Johnson, Kimberly-Clark Corp., Colgate-Palmolive Co., Avon Products, Inc., and Unilever.' (Hooper, B. et al., 2007: 11-12)Currently, the leader of P&G put the segmentation criteria into use smartly, when setting the target for the growth strategies, which are obtaining the maximisation of market share. Annual Report of P&G (2010)[iv]illustrates that 'the growing strategy of it is to touch and improve the lives of more consumers in more parts of the world, more completely, connecting explicitly to the company's purpose.'

The 'More Consumers' means 'innovating and expanding vertically, up and down value tiers.' (Annual Report, 2010) Obviously, with the understanding of the behavior bases for segmentation, P&G is trying to improve the products at every aspect, retaining the existing market share and attracting the potential consumers. The resources shown in the Annual Report (2010) stated that 'in western Europe, the Ariel Excel Gel is innovated as a new-to-the-world gel which is consumer preferred.' At the same time, 'the newest laundry brand in Japan is designed to the consumers who want the detergent cleans well, but also provides natural and gentle.' They are the examples to show that, it creates a new brand combine the different function of the old brand, increasing the usage rate of its brands and loyalty level of the consumers. It is supported by Daniel F. Supulber (2004: 65)[v], which 'the company might gradually change its products and services or drastically change by existing and entering markets. These changes imply that understand which of its existing customers it is trying to retain and what new customers it hopes to attract.'

Focusing on the geographic bases for the segmentation, P&G insists that 'The More Parts of the World' which refers to 'capture the white space market where have not been competing.' (Annual Report, 2010) Therefore, in order to seizing the market efficiently, it divides the global market into several reasonable parts depending on the climate, topography, and the custom of people. These parts include 'North America, Western Europe, Middle East and Africa, Asia' (Annual Report, 2010) and so on. The shampoo called Pantene is proposed to the Asia, because, compared with the hair of western people, which of eastern is harder and dryer. In addition, the

content of mineral within the water in the Europe is much than that in any other countries; therefore, the detergent which contains the ingredient to soften the hard water is provided in the market meet the needs of the consumers.

Moreover, 'More Completely' could be identified as P&G demography segments that it launches different products in a countries, which is summarized by the company at Annual Report as 'improving the existing products, by creating or entering adjacent categories and driving regimen use that broadens product portfolios., For instance, there are 8 kinds of hair care in the United Kingdom and Ireland, but in America, it has 11 brands existing, which does not comprise brands such as Gillette, Head & Shoulders. Maybe it will be considered as a silly behavior to put the product on the same market rack, causing the competitions within the company. However, the choices of the buying behaviors come from different age, gender, social status, and family size. Using Herbal Essence as an example, the women would more prefer this kind of product than men, because the image of it is described by P&G is 'gorgeous, and feminine.' (P&G, 2010)[vi]In addition, the brand of Hugo Boss delivers 'unconventional looks for men and women with a modern urban attitude, embodying an avant-garde yet confident style.' (P&G, 2010)[vii]It would be deemed as a member ranking at a higher social hierarchy with the image of Hugo. P&G makes sure the multiple choices for the consumers, dramatically changing the market share, outright, compared with the competitors,.

In order to achieve the company's long term financial targets, P&G create over-arching strategies, which are More Consumers, More Part of the World  
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and More completely, basing on the market segmentation variables to obtain the competitive advantage. It is apparent that the segment marketing gains the efficiency to the company, resulting from its focusing on different services, products to enter the specific market. It is agreed with by McDonald, M and Dunbar, I (2004: 55)[viii], stating that it can result to the 'concentration of resources', 'greatest competitive advantage' and 'high returns'. Furthermore, the company will access to the strategy quickly, coordinating the profit and consumers with the price, proposal plan. Similarly, it could lead to the maximisation of market share referring to the case of P&G, and this is realized and customers have benefited. As the data demonstrated in the Annual Report 2010, 'The global market share is up nearly half a point and accelerating, which leads to about 66% of sales in building share in brands and countries accounting , and growing in 14 of their top 17 countries.' In addition, they reach 'an additional 200million consumer, bring the total serves to 4. 2 billion'.

Nevertheless, the modification for different regions and nations should be taken into account when the company is facing the emergency and risk, which may raise the cost. What is more, it may cost a lot of money on research and development which does not balance with the profit. The Annual Report 2010 claimed that, it invests '\$2 billion on research and development, which is 50% more than the closest competitor.'

Unfortunately, it has been considered that the increasing of the market share and the investment on experiment are not implying the profit maximization. On the contrary, the net sales of the company from '\$76, 694 in 2009 climb

to \$78, 398 in 2010,' (Annual Report, 2010) not generating the net earning inclines.

To sum up, as markets have become more complex, the purpose of the essay has its essential meaning to define and judge the market segmentation. It is a basic beginning for the company to enter an unsure potential market, build sustained customers with the demands and needs of market precisely. Of course, the market segmentation guarantees the market share, but actually, not makes sure the benefits of the profit and net earnings equally, with the case of P&G. As a result, the market segmentation should be carried out with fully understanding, appropriate research and comprehensive analysis before make a strategic market decision.

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