

# [Market segmentation in brazil](https://assignbuster.com/market-segmentation-in-brazil/)

### What is market segmentation?

To identify target market we need to divide the market into small segments according to the consumer characteristics and their needs. This segmentation allows companies to gain higher market share or niche market.

### Why we need market segmentation?

* To enhance profits for business

Some of the consumers have different types of nonrefundable income. So they are so much sensitive to the products price. By using market segmentation consumers can see average prices on the products. Therefore business will enhance the company’s profits.

* To give better chances for development of the business

Normally market segmentation will increase sales. Consumers can be fortified to buy the product after some of introduction of the product lower price.

* To keep more customers

Consumers’ environments change frequently. For an example they may get older, they find new jobs, they change their buying rates etc. Therefore marketing products needs to address different customer’s life cycles. Otherwise they switch to new products or brands.

* To enhance target market communication

Companies need to deliver the products details to appropriate consumer spectators. If the target market share is too comprehensive, there is a high risk to that product. Because they miss some of the key consumers and also they increase their communicating cost as well. Therefore that may become the product unprofitable. So with the market segmentation we can target the best most valuable customers and reach them at lower communicating cost.

* To gain stake of the market

If the company business hasn’t any strong position in the target market they are likely to be less profitable. If our production brand doesn’t have any scale of economy they are pressured by the other distributors and they limit their market share. So segmentation and targeting will gain more competitive position in the market. Also it will reduce the marketing costs as well. And also their product may become the most favored choice among the consumer groups. The main point is the segmentation will allow small and medium sized enterprise firms to strive with the large scaled enterprises firms.

### Target market or market segmentation in Brazil

Target market: Brazil younger generation ranging age 18 to 39

We used these profilers to segment the market

1. Geographic
2. Demographic
3. Psychographic
4. Behavioral

In recent years market research says that Brazil’s younger generation ranging from age 18 to 39 is more likely to drink Herbal tea. Because younger generation likely to try innovative products of tea as well as they more concern about their physical condition. This group has the largest segment at 69% of the total population (201 million). We choose younger generation because of they can be easily influenced by the media, they more likely to try new things. As a health and slim due women have a tendency to have more interested in herbal tea products rather than male. Both genders will see our products as a healthy beneficial beverage.

According to the research, technology of the Brazil it is approximately 10. 1% ahead of the global average. That means there are about 75, 982, 000 internet users in the country. And also their popular technology device is mobile phone. So by using majority of internet users and mobile phone users we can promote our product to their younger generation more easily. Because media is the best way we can influence them to buy our product. Market research shows that 68 percent of people are employed. Market research shows that 25 percent of the younger generation both female and male is working very long time. So they haven’t much time to bother about their physical condition. So we can influence them to use our herbal tea to maintain their physical condition. Research says that Brazil average household income and average personal income is above $10, 000.

That means they have a better income distribution, so they can buy our herbal tea product. And also Brazil education index is above the average for all world country education indexes. So they have better education system. So our product can be sold to the younger generation of Brazil easily. The marketing researches explain in 2018 the herbal tea consumption of Brazil will be 70% of their market size. Because now day’s younger generation will be mature in following years. So they know the health benefits of drinking herbal tea. So targeting the younger generation of Brazil will increase our sales and revenues. Life style is split consumers by their interests and hobbies. In Brazil they are much more likely to be healthy and likely to spend leisure time. Additionally, to the proposed tea product the main target group would be those who are likely to be healthy and like to consume healthy beverages. Usually younger generation like to have tea in the restaurant.

Then we can offer our herbal tea product to them and we can tell them that our product will well-suited with any kind of food in the restaurants. When we considering social class most of the Brazilian people falls into the middle class. These middle class people are more likely to have an impending to purchase our herbal tea product. In addition the herbal tea product pricing should be acceptable to ensure that these middle class people will agree to the product price and to their average income factor. So we need to consider target market with relevant to the social class also. When considering geographic factor we can sell our herbal tea product in the university areas, restaurants near to the universities and workplaces. Buying behavior is another market segmentation type. Research shows that Brazil urban population growth increases 1. 19 percent every year and their rural population decrease 0. 89 percent every year. So their urban population is in a higher position. So we can target those urban areas to market our product. Normally 84 percent is the urban population of the total population.

In most cases buyers buy benefits. Thus in order to address different consumer behaviors our herbal tea benefits needs to be tied up. So we need to segment our product with higher health benefits. Because younger generation like more value addition to their buying product and also they seek more benefits from one product. When considering behavioral segmentation we need to identify what is the product usage, type of the user etc. when bearing in mind some of younger Brazilians likely to have tea in the morning except black coffee. Because research shows that black coffee pretends to cause some diseases in human heart blood flow. Thus Brazil younger generation more like to maintain their physical conditions in a good way. Thus they more likely to be move to find some healthy productions. Therefore our herbal tea product will suit for that issue because already the younger generation moves from coffee to tea. Before we market our product we need to find out loyal consumers in Brazil. So for that we need to do some secondary analysis of the tea providers in Brazil. Thus when we picked a country then we need to join some conferences where the Brazilian tea providers drive. After that we need to build some relationship with them and find some valuable consumers with their help. So this is the hard segmentation for any company. Benefit wanted is the other segmentation type. Market research says that many younger generation consumers in Brazil demands several benefits from one product. So our product will give healthy benefits as well as a nice soft drink to them.

## Benefits of market segmentation

* More competent advertising

We can advertise the small market segments easily and more effectively. When we segment the market we inherently segment the marketing decisions as well. Then we can use some magazines, blogs and websites to market the product.

* Segments will generate new focus to the company

If company can hit the right segment earlier they can adjust their business to focus for more paybacks. In this way companies design a new product based on the new segments and with a thinner focus. For an example, beverage companies focus on healthy factor of their products.

* Increase the focus of the company

Segmentation is an effective and efficient mechanism to enhance the focus of a firm based on market segments. If the company has healthier focus they can earn improved outcomes. If the companies can focus market segments with their strategy they can gain more profits and more market share.