Our Strategy Race:
Leg 2 - From Lisbon to Cape Town. Segmentation

Bases for Consumer Market Segmentation

Demographic Segmentation
THEME 1. Segmentation Consumer Markets

Bases for Consumer Market Segmentation.


- Needs-benefits sought
- Decision Roles
- User Status
- Usage Rate
- Purchase Occasion
- Buyer Readiness-Stage
- Loyalty Status
- Multiple bases

- Nielsen-PRIZM (Claritas)
- Each country and marketing company should have an own system

- VALS System (Values and Lifestyles)
- Anticipated Change in Europe (ACE)
- Other Systems

5. Why to segment markets? Bases for Consumer Segmentation: geographic, demographic, psychographic and behavioral

### Bases for Consumer Market Segmentation.

**Demographic Segmentation**

- **Age and Life Stage**
- **Income**
- **Gender**
- **Generation**
- **Race and Culture**

**Age:** Consumer wants and abilities change with age. Each company segments its products by their own classification. The target market for some products may be the *psychologically young.*

**Life stage:** defines a person’s major concern, such as going through a divorce, going into a second marriage, taking care of an older parent, deciding to cohabit with another person, deciding to buy a new home, and so on.

Pampers divides its market into prenatal, new baby (0–5 months), baby (6–12 months), toddler (13–23 months), and preschooler (24 months +).

With Honda Fit, the firm deliberately targeted Gen Y or Millennial buyers as well as their empty-nest parents.

Source: Kotler-Keller, Marketing Management 15th Edition
Bases for Consumer Market Segmentation.

**Income segmentation:** is a long-standing practice in such categories as automobiles, clothing, cosmetics, financial services, and travel. However, income does not always predict the best customers for a given product. Many marketers are deliberately going after lower-income groups, in some cases discovering fewer competitive pressures or greater consumer loyalty.

Kimberly Clark has segmented their brands according to different segments which can afford expensive paper towel given their high income, and discount-priced brands for those of low income level.

Levi-Strauss introduced premium lines such as Levi’s Capital E to upscale retailers such as Bloomingdales and Nordstrom, and the less-expensive Signature by Levi Strauss & Co. line to mass market retailers Walmart and Target.

Source: Kotler-Keller, Marketing Management 15th Edition
Gender: Men and women have different attitudes and behave differently. “According to some studies, women in the United States and the United Kingdom control or influence over 80 percent of consumer goods and services, make 75 percent of the decisions about buying new homes, and purchase outright 60 percent of new cars”. Gender differentiation has long been applied in clothing, hairstyling, cosmetics, and magazines.
Leg 2. From Lisbon to Cape Town. Segmentation Road Map

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Generation: Each generation or cohort is profoundly influenced by the times in which it grows up—the music, movies, politics, and defining events of that period. Members share the same major often advertise to a cohort by using the icons and images prominent in its experiences. They also try to develop products and services that uniquely meet the particular interests or needs of a generational target. Here are some general observations about the four main generation cohorts of consumers, from youngest to oldest.

<table>
<thead>
<tr>
<th>TABLE 8.3 Profiling U.S. Generation Cohorts</th>
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<tbody>
<tr>
<td>Generational Cohort</td>
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<tr>
<td>----------------------</td>
</tr>
<tr>
<td>Millennials (Gen Y)</td>
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<tr>
<td>Gen X</td>
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<tr>
<td>Baby Boomers</td>
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<tr>
<td>Silenced Generation</td>
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</tbody>
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Source: Kotler-Keller, Marketing Management 15th Edition
Bases for Consumer Market Segmentation.

Race and Culture: “Multicultural marketing can result in different marketing messages, media, channels, and so on. Specialized media exists to reach virtually any cultural segment or minority group, though some companies have struggled to provide financial and management support for fully realized programs”.

Source: Kotler-Keller, Marketing Management 15th Edition