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Research Paper

Child consumer as important segment of the market

Commerce

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ABSTRACT

Market segmentation is the identification of portions of the market that are different from one another. Segmentation allows the firm to better satisfy the needs of its potential customers. Consumer markets can be segmented on the four customer characteristics. Like Geographic ,Demographic, Psychographic, Behavioralistic. market segments should be identifiable, durable accessible. Due to need ,and benefits of market segmentation there are some advantages and disadvantages of market segmentation also which are discussed in this paper. Child consumer is also the important segment of market segmentation.

Market Segmentation

Market segmentation is the identification of portions of the market that are different from one another. Segmentation allows the firm to better satisfy the needs of its potential customers. the market place is heterogeneous with differing wants and varying purchase power. The heterogeneous marketplace can be divided into many homogeneous customer segments along several segmentation variables . the division of the total market into smaller relatively homogeneous groups is called market segmentation.

Variables of Segmentation in Consumer Markets

Consumer markets can be segmented on the following customer characteristics.

- Geographic
- Demographic
- Psychographic
- Behavioralistic

Geographic Segmentation

The following are some examples of geographic variables often used in segmentation.

- Region: by continent, country, state, or even neighborhood
- Size of metropolitan area: segmented according to size of population
- Population density: often classified as urban, suburban, or rural
- Climate: according to weather patterns common to certain geographic regions

Pester power has played a major role in attracting non traditional advertiser such as car and technology companies to cartoon network.

Demographic Segmentation

Some demographic segmentation variables include:

- Age
- Gender
- Family size
- Family lifecycle
- Generation: baby-boomers, Generation X, etc.
- Income
- Occupation
- Education
- Ethnicity
- Nationality
- Religion
- Social class

Many of these variables have standard categories for their values. For example, family lifecycle often is expressed as bachelor, married with no children (DINKS: Double Income, No Kids), full-nest, empty-nest, or solitary survivor. Some of these categories have several stages, for example, full-nest I, II, or III depending on the age of the children.

The use of Happy Meals by McDonalds is one example of a marketing program aimed at their child market, as is the use of Ronald McDonald as a spokesperson. More recently, McDonalds focused on the adult portion of their market as they introduced their McCafe – line of coffee based product. Technomic states that the toy that comes with the Happy Meal is the largest influence for the children, approximately "...87% of six- and seven-year-old kids and 80% of kids ages eight and nine said they enjoyed getting a toy with their kids' meals".

ICICI launched a special account for kids in association with cartoon network. This was meant to cater to aspirating and demanding kids by issuing them personalized debit cards.

Psychographic Segmentation

Psychographic segmentation groups customers according to their lifestyle. Activities, interests, and opinions (AIO) surveys are one tool for measuring lifestyle. Some psychographic variables include:

- Activities
- Interests
- Opinions
- Attitudes
- Values

Surf ran a color your future contest .offering scholarship to study abroad. The heritage brand which was relaunched on kids stains platform stretched its equity to the kids market by introducing a scholarship in the form of fixed deposits of Rs. 1 lakh to 5 lakh

Behavioralistic Segmentation

Behavioral segmentation is based on actual customer behavior toward products. Some behavioralistic variables include:

- Benefits sought
- Usage rate
- Brand loyalty
- User status: potential, first-time, regular, etc.
- Readiness to buy
- Occasions: holidays and events that stimulate purchases

Raymonds has also introduced Zapp kids wear for children in the age group of 4-14 years

Behavioral segmentation has the advantage of using variables that are closely related to the product itself. It is a fairly direct starting point for market segmentation.

Requirements of Market Segments

In addition to having different needs, for segments to be practical they should be evaluated against the following criteria:

- Identifiable: the differentiating attributes of the segments must be measurable so that they can be identified.
- Accessible: the segments must be reachable through communication and distribution channels.
- Substantial: the segments should be sufficiently large to justify the resources required to target them.
- Unique needs: to justify separate offerings, the segments must respond differently to the different marketing mixes.
- Durable: the segments should be relatively stable to minimize the cost of frequent changes.

A good market segmentation will result in segment members that are internally homogenous and externally heterogeneous; that is, as similar as possible within the segment, and as different as possible between segments.

Advantages of Market segmentation
here are several advantages of segmentation.

1) Focus of the Company – Segmentation is an effective method to increase the focus of a firm on market segments. If you have better focus, obviously you will have better returns. Numerous automobile companies have started focusing on small car segments. This is nothing else but a company changing its focus for better returns. Thus companies base their strategy completely on a new segment which increases its focus and profitability.

2) Increase in competitiveness – Naturally, once your focus increases, your competitiveness in that market segment will increase. If you are focusing on youngsters, your brand recall and equity with youngsters will be very high. Your market share might increase and the chances of a new competitor entering might be low. The brand loyalty will definitely increase. Thus market segmentation also increases competitiveness of a firm from a holistic view.

3) Market expansion – Geographic segmentation is one type of segmentation where expansion is immediately possible. If you have your market strategy on the basis of grography, then once you are catering to a particular territory, you can immediately expand to a nearby territory. In the same way, if you are targeting customers based on their demography (Ex – reebok targets fitness enthusiasts) then you can expand in similar products (Ex – reebok expanding with its fitness range of clothes and accessories). Segmentation plays a crucial role in expansion. You cannot expand in a territory when you have no idea of which segment of customers you will be meeting.

4) Customer retention – By using segmentation, Customer retention can be encouraged through the life cycle of a customer. The best example of this is the Automobile and the Airlines segment. You will find major example of customer life cycle segmentation in the Hospitality segment whether they be hotels, airlines, or hospitals. In India, Titan is an example of products which are planned through the life cycle of a customer. From fast track to Sonata and the high range watches, Titan has them by price segment as well as life cycle segment. Thus a watch is available for any customer who enters a Titan showroom, whatever be his age.

5) Have better communication – One of the factors of marketing mix which is absolutely dependent on STP is Promotions or communications. The communications of a company needs to be spot on for its TARGET market. Thus if you need a target market, you need segmentation. Communication cannot be possible without knowing your target market. Imagine if you had to make someone across a curtain understand what is politics. You would go on about ruling parties, states, countries and politicians. And when the curtain is taken aside, you find that the person across the curtain is a 5 year old kid. Is there any use talking to him about politics? This shows why communication needs segmentation. If you dont know your market segment, what is their demography, what is their psychology, where they are from, then how can you form a communication message.

6) Increases profitability – Segmentation increases competitiveness, brand recall, brand equity, customer retention, communications. Thus if it is affecting so many factors of your business, then definitely it affects the profitability of the firm. Do you ever see people negotiating in a Nike, Gucci or BMW showrooms? You wont. One of the USP's of these brand is their segmentation. They are in fact targeting segments which have no need of bargaining or negotiation. Thus their profitability is high.

Disadvantages:
- Costs in actually finding out who to target
- Increased costs to develop variations of the product.
- Higher stock holding costs.
- Higher advertising and other costs.
- Increases marketing costs
- Consumer backlash
- Limits general popularity

Conclusion - there may be theoretically 'ideal' market segments, in reality every organization engaged in a market will develop different ways of imagining market segments, and create product differentiation strategies to exploit these segments. The market segmentation and corresponding product differentiation strategy can give a firm a temporary commercial advantage.

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