

GEOGRAPHIC SEGMENTATION: AN ESSENTIAL ELEMENT OF MARKET

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ABSTRACT

The goal of marketing segmentation is to enable firms to concentrate on the habits and patterns of their customers. If done correctly, marketing segmentation enables a company to maximize its return on investment (ROI) for both its marketing and sales efforts expenses. An organization should concentrate on the different sorts of segmentation if it markets its goods or services to consumers or businesses. According to Kotler (2010), market segmentation is the division of consumers into groups based on the demands they have in common and the buying patterns they develop.

Keywords: Marketing, Customer Segmentation, Market Segmentation.

Introduction

There are many various types of consumers in the world, and each has its own requirements and habits. Segmentation's objective is to give customers items that meet their unique demands and behavioral patterns. This is referred to as "segmenting" as a result. Consider a market as a network of distinct, connected sectors, each with its own profile. Businesses can find new markets by investigating the hierarchy of factors that consumers weigh when selecting a brand (Kotler).

Numerous consumer characteristics can be used to create marketing segmentation methods. One market segment might be distinguished by gender, while another might consist of customers in a particular age range. Along with income level and cultural level, locality is a general component of market segmentation. Despite the fact that some consumers may fit into more than one class as a result, marketing analysts often accept this singularity. Some firms are compelled to conduct inquiries that lead to practical ideas about how to make a product or service more beneficial to customers as a result of the growth of a certain group within the larger consumer base. This behavior might be a sign of further, equivalent changes unrelated to the primary good or service. However, making a few changes to the development of a product or service demonstrates to customers that the business is open to their needs.

Marketer Responsibilities

Businesses should be aware of their present and projected marketing sizes according to Kotler & Armstrong (1996), a market is a grouping of products or services, a grouping of consumers, and in an industry, a grouping of providers that they serve. The most important task for an organization in marketing is measuring current market demand, which can be viewed in terms of the entire region or local market demand (Kotler & Armstrong). The marketing environment, the volume and makeup of industry marketing, as well as other elements, all affect the overall market demand (Kotler & Armstrong). An organization must be aware of what its rivals are doing; they must spot trends and act accordingly.

Research, strategy, and idea sharing are all part of the broad discipline of marketing. Numerous organizations rely heavily on marketing since it increases consumer value and fosters customer relationships. Because of the needs, interests, and behaviors of the segment, consumers are comparable but not identical (Kotler, 2001).

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The Purpose of Consumer Market Segmentation

There are numerous ways to divide up a market. A marketer needs to experiment with various segmentation variables, both individually and as a whole (Kotler & Armstrong, 1996).. Organizations must think creatively, be flexible, and swiftly adapt to the new ways of doing business in the twenty-first century if they want to succeed in today's global market. However, a lot of businesses are now having to cope with more tiny customers that do not believe segmentation is beneficial. However, these vendors must look for sizable groups of clients who are adaptable in their needs and buying habits (Kotler & Armstrong). Mass marketing generates the widest range of potential market at the lowest expenses, according to prior studies, which can result in cheaper prices and larger profit margins. Mass marketing creates the broadest possible market at the lowest expenses, according to previous research, which can result in cheaper prices and larger profit margins.

Diversity In Marketing Segmentation

Market segmentation is a strategy used by marketers to break up their target market into smaller groups based on shared traits with the aim of reaching each group more successfully with their messages. Marketers are aware that each customer has unique desires and needs that are influenced by their psychographic and demographic traits, their encounters with a firm or brand in the past, and their geographic location. Marketing segmentation looks for groups of individuals with comparable requirements and wants so that marketers may create messages that are specifically appealing to them. The result is a slower-reacting consumer market than it would be if it consisted of workers from the higher classes. However, the company that is ready to start segmenting and targeting the appropriate goods and services to fit all of today's various cultures will gain an advantage over its rivals.

Consumer Market Segmentation

- Segmenting the consumer market takes into account factors like
- geography,
- demographics,
- behavior, and psychology

Geographical Segmentation for Consumers

A market is separated by location according to geographic segmentation. Geographic segmentation is founded on the idea that consumers who reside in the same location have comparable desires and requirements, which may differ greatly from those of consumers in other parts of the world. For instance, certain products and services are in high demand in one area but not in another. Geographic segmentation can vary from region to region although having the same purpose. Geographic prejudices may vary depending on the brands that are offered. One brand might be widely regarded and liked in some markets, yet the majority of consumers might not be aware of it.

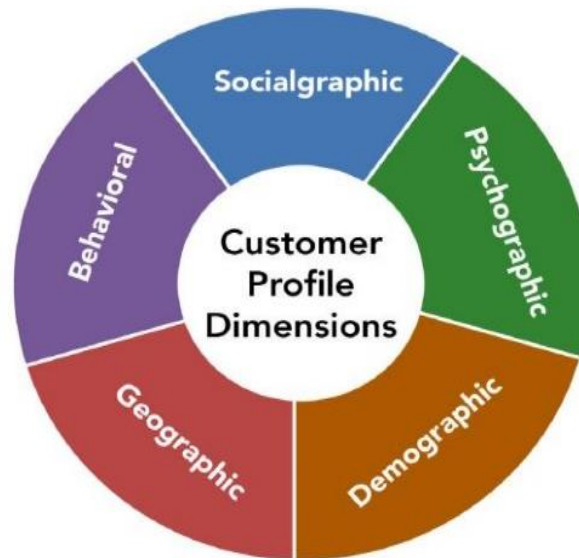
Demographical Segmentation

Age, race, nationality, occupation, and other demographic characteristics make up demographic segmentation. Therefore, an organization can decide which consumer to accommodate by keeping these factors in mind.

A company that serves the younger generation, for instance, must concentrate on clients between the ages of 18 and 45, whereas a company that serves the older generation must target customers from the age of 46 and up. An organization can better understand its customers and meet their requirements and wishes with the help of demographic segmentation. Because of the fierce rivalry in today's global market, demographic marketing study is a huge advantage for any organization.

Behavior Segmentation

There are numerous segmentation methods available. However, prior research suggests that behavior-based approaches are effective for the majority of organizations. A sub-segment of consumer segmentation was typically included in segmentation based on consumer behavior characteristics. Companies frequently gather this information to determine which section best matches the actions of their intended audience. Many businesses can decide where to spend their next marketing budget by using behavioral segmentation.



Marketing researchers created psychographic segmentation to link personality to brands.

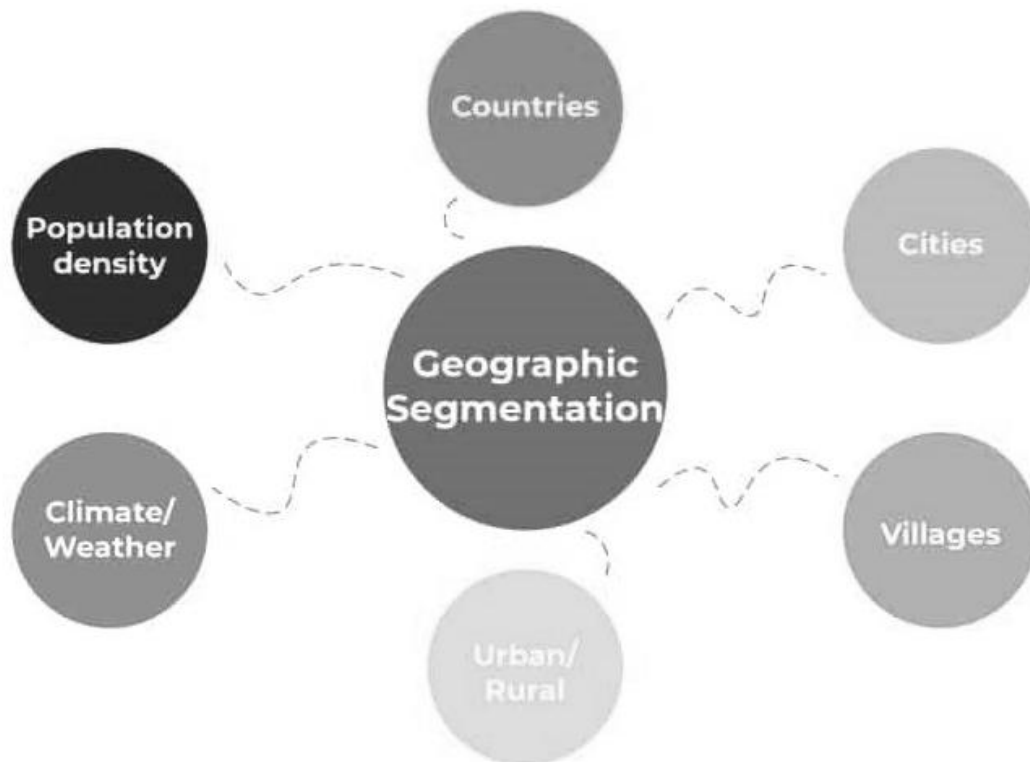
According to the definition of psychographics According to its definition, it is "the study of personality, values, attitudes, interests, and lifestyles." To engage with customers efficiently and help them recognize the company's goods or services, businesses need to be aware of their habits. Psychographic segmentation affects the psychology of the potential customer and aids the merchant in determining how to handle customers who fall into a particular section.

A sort of market segmentation called geographic segmentation divides potential customers into categories according to where they reside. Geographic segmentation enables marketers to target customers in a nation, city, or region with a message that speaks to their specific needs and desires. People that share an environment frequently have comparable needs and wants.

Comparing Geographic and Demographic Segmentation

There are three more types of marketing segmentation that are frequently used to assist identify groups of clients with similar characteristics in addition to geographic segmentation, segmentation by demographic, psychographic, and behavioral factors. Demographic segmentation divides a target market into distinct segments based on statistical data. These data may contain information on a person's age, gender, family circumstances, location, income, educational attainment, ethnicity, and other factors. Companies can obtain demographic data about consumers from a variety of sources, including the US Census Bureau, the Office of Entrepreneurship at Small Business Administration websites dedicated to market research, and polling organizations.

- **Psychographic Segmentation:** Through psychographic segmentation, a target market is divided into groups according to attributes, values, drives, convictions, pastimes, and ways of life. Since this information is not readily available, businesses may need to conduct considerable customer research in order to identify and appropriately interpret psychographic categories. Depending on their positions and duties, target prospects in B2B sales may be under distinct psychological influences and motives. A sales manager may be driven to increase sales, a COO may be driven to increase operational effectiveness, and a CFO may be driven to provide excellent financial performance Psychographic segmentation separates client groups according to their shared needs and values.
- **Behavioral Segmentation:** Behavioural segmentation is the process of classifying target prospects based on their interactions with the marketing company in the past. Due to this widespread practice, marketing companies must efficiently track customer interactions with the brand across a variety of marketing touchpoints. Marketers may divide consumers into groups based on how they connect with brands, behave online, or make purchases.



How Does Geographic Segmentation Work?

Organizing potential customers into groups based on shared geographic characteristics is the aim of geographic segmentation. Geographic segmentation's core premise is that a consumer's demands and wants can differ depending on where they are and that putting people into groups based on where they are can help marketers produce more pertinent material that caters to customers in a particular location. So as to deliver better-targeted adverts, it is possible to identify and define client segments using a variety of geographic criteria.

Country

Some businesses must focus their marketing initiatives in the country where they only conduct business. International businesses may create marketing plans to reach consumers in several nations or break into untapped markets abroad.

City

A business could choose to prioritize attracting customers from a particular city. Because cities have higher population densities than rural or suburban areas, businesses that sell physical things can distribute their goods to more customers at a lesser cost by focusing on urban areas. For businesses whose distribution system is centered in urban areas, marketing to cities is beneficial.

Urban/Suburban/Rural

Some businesses might decide to sell their goods differently to clients that habitations include urban, suburban, and rural areas. This reflects the fact that our settings have an impact on how we view and use particular goods and services.

A car manufacturer may target urban populations by offering safety features like lane change alerts and backup cameras that avoid collisions when there are many other vehicles nearby. The same company may place a strong emphasis on fuel efficiency and spaciousness (room for a family), as this target market will use the automobile for both getting to and from work each day and getting the kids to football practice. Marketing messaging for customers in rural areas could emphasize comfort and toughness.

Weather & Climate

Although some companies promote seasonal products like winter tires, doing so in California is not really practical. With the use of geographic segmentation, businesses that sell seasonal goods may reach the right audience at the right time, when the product is needed. Directive Consulting Increases Marketing ROI with Geographic Segmentation One of the finest ways to reach out to potential customers with highly focused marketing messages that increase conversions and generate money is through geographic segmentation. In addition to providing Geographic segmentation has many of the same benefits as demographic, psychographic, or behavioral segmentation, but it is also easier and less expensive to apply.

Modern technology has made it possible for enterprises to reach markets that earlier generations might not have even considered. No matter what services or goods we offer, it's like living in a vast village, which ought to influence the way we think. We have access to clients all around the world thanks to social media, modern communication tools like WhatsApp and Zoom, and delivery services like FedEx. Distance hasn't slowed down our ability to respond swiftly, reducing delays that once took weeks or months to minutes or hours. While the markets have opened, everyone can now enjoy that luxury, and the level of competition is increasing. Guesswork, haphazard strategies, and unsupported assertions that you are familiar with your customer are no longer acceptable. Identifying the clients most likely to respond to your brand and prioritizing your efforts are crucial tasks that start with regional segmentation. It falls under the larger research category of market segmentation. The latter includes demographics and psychographics including age, religion, ethnicity, and many more factors in addition to geography. In fact, all forms of market segmentation constitute an "open sesame" for businesses worldwide, allowing for the most effective use of online advertising.

Examples of Geographic Segmentation

In all spheres of business, geography marketing and its tight connection to geographic market segmentation are visible. Real-world examples paint a clear picture that enables us to comprehend the effect these techniques have on our ROI and revenues:

Florida, which has a large concentration of baby boomer residents, is where Medicare service providers concentrate their efforts. In order to attract farmers and agriculturalists, John Deere advertises significantly in agricultural areas. In the winter, people of chilly northern cities like New York and Chicago are lured by advertisements from Sandals, the exotic vacation resort brand. A lot of the time, year-round, summer clothing makers concentrate their efforts in the heat-belt areas like Florida, Arizona, and Texas.

Apple and Samsung install internet services to serve their communities in Third World nations. Geographic hotspots become the focus of COVID-19 mask providers as they develop.

The locations of CVS and Walgreens' new stores are in suburbs and communities with a strong customer base.

Business Segmentation

- Businesses can be segmented based on their customer types,
- buyer behaviors,
- and geographic location.

Geographical Segmentation for Business

A marketing strategy known as geographic segmentation divides potential customers based on geographic units like cities, states, countries, etc. Making a profit is every organization's primary goal. An excellent marketing strategy is required to achieve this goal. The wide concept of marketing includes many different activities, such as researching customer behavior, needs, and preferences. It is crucial to use a variety of marketing strategies to promote and sell any good or service. Additionally, it is critical that marketers acknowledge the diversity of each customer and categorize their needs according to the many market categories.

Customer Type

When an organization needs to impact a certain consumer type, it uses customer-type segmentation. Organizations target specialized target audiences with each product and marketing strategy rather than providing services or goods to everyone. Companies can deploy marketing budgets more wisely by focusing exclusively on the demographics that are most likely to buy their products by using customer-type segmentation.

Buyer Behavior

Consumer purchasing behavior is the subject of this study. However, a company must decide which market sector it will target before it can begin to influence its customers' behavior. Segmentation is one of the most vital elements in marketing. Buyer behavior study helps to acquire knowledge, which is very helpful for creating market positioning, customer commitments, and price strategies.

If a purchase is significant to a customer, they will go above and above and become more invested in it—especially if they have no past experience with that particular good or service.

Conclusion and Recommendations

A market can be segmented in a variety of ways. The best strategy is one that an organization can use for its products or services. The optimal decision frequently results from combining several tactics. In the modern global marketplace, how people perceive cultural differences may be crucial to the success of any organization. Every company will therefore need to tailor its marketing techniques to the preferences of its target audience.

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