



Market Segmentation

An insight into different ways
to build your target market

Presented by
Cidewalk

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An Introduction to Market Segmentation

There is no one size fits all when it comes to people. Market segmentation is all about grouping people together in order to create a message / product that will resonate with them. This can be done in a variety of ways ranging from how a person thinks to statistic information to how they were raised. We'll break down the following 4 different ways you can potentially segment your market – but know that you don't have to limit yourself to just one. You can mix and match in order to an accurate portrayal of your ideal customer(s).

Demographics - This is what most people think of when talking about market segmentation. Age, gender, household income, education level, race, nationality are the major demographic segment “boxes”.

Behaviors - The obvious definition here is this how your potential customers behave. More specifically, this is what do they expect and how will they use the product. Is your product for a specific event? Degree of brand loyalty also plays a factor here.

Psychographics - What does your customer look like? Are they a busy parent who is constantly on the go and hasn't had a vacation in 5 years? Are they a new graduate who is completely engulfed in work? Getting inside your customer's head will make it easier to market the solution your product is solving.



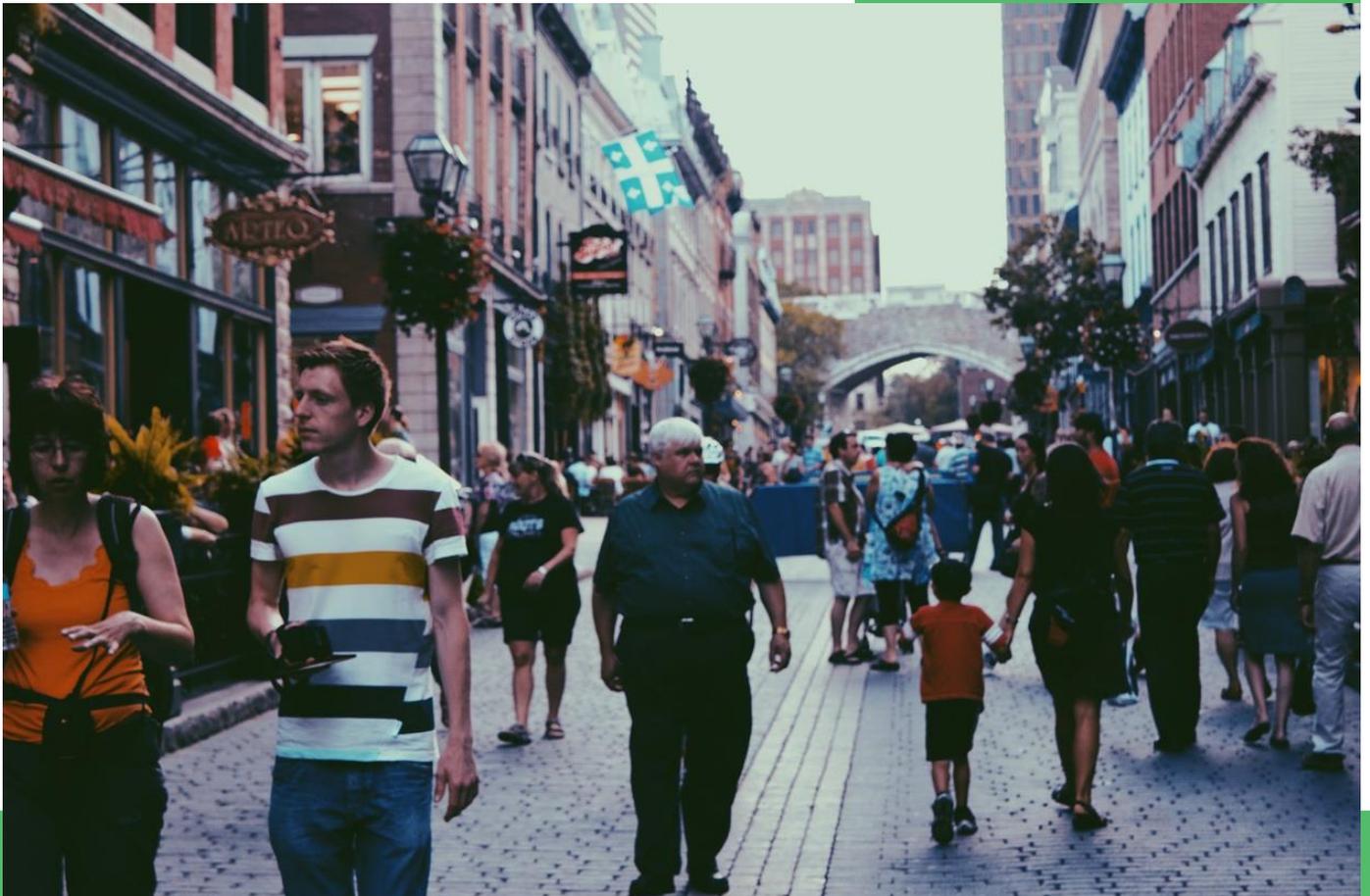
Price Segmentation - Some customers prefer luxury; some prefer value. Make sure that you have a consistent brand message - if you have luxury customers, a discount offer won't increase sales (and could actually hurt). Conversely, a value customer may be enticed by bundle pricing

Demographics

Age – Age can give you a number of insights and a number of different advertising angles to take. When creating your advertisements, you can either speak to their current age or their past age. Keep in mind your design aspects as well – if you target youth, make your designs more futuristic compare to classic. Or if you target senior citizens, make sure your font large and easier to read.

Gender – Similar to age, gender can give you a number of different angles. Interactions with friends, relationship faux pas, how data is interpreted, and family dynamics often differ between men and women.

Demographics breaks people down by their “statistics”. In marketing, we can use this information to shape our ads. Different demographics have different lifestyles and values - and thus, we can speak differently.





Caution

While it can be important and extremely useful to target by demographics, be sure to not go overboard. You don't want to alienate any demographic outside your target. For example, if you're targeting men you'll do better if you don't also alienate women.

Location – Not only do varying regions use different word choices, they can hold different values dear. Make sure you know how to talk to your specific region. Or if you're targeting locally, use this similar bond to build a connection in your advertising.

Marital Status – Married and single people live vastly different lives. When it comes to marketing, remember they have different lifestyles, routines, and desires.

Income / Education Level – Your desired brand image may greatly affect the income or education level that you target. Note that this isn't always exclusive – perhaps your good / service targets someone from a lower income or education level so they rise in status (ex: language tutoring, certain cars, or clothing accessories). If this is you, showcase how your product will affect their future.

Occupation – Owners, office workers, service providers, etc. You can speak to each of them in unique ways and can solve different problems with the same product. As an example, each of these individuals will need hair cuts but they may mean different things to each of them (function, style, status, etc.)

Psychographics

Lifestyle – Simply put, how does the customer live their life? This goes much beyond what they do. For example, two college students could have very different lifestyles - do they follow the crowd or are they a trend setter?

Interests & Opinions –What kind of hobbies does your market have? Combining a hobby with a particular demographic allows you to speak on a different level. For example, you could use sports to speak to dads in their mid-40s. Similarly, what opinions does your market have? Have your ads speak directly to those opinions . . . or if your market is split, put them against each other to build in-group loyalty.

Social Class – Ones social status can greatly affect how marketing speaks to them. (Note: this is more than just occupation; social status can be an active choice). Someone on the higher end of social status is likely to care more about image (and by extension brand image). And if you're deciding on which market to target, know that this is often tied to buying power.

Values – Again this will give insight in how to speak to your audience. Does family trump career? Time trump gifts? Adventure trump routine? Binding these values to your brand will give enhance your brand equity and attract a particular audience.



Psychographics is all about entering the mind of a prospect / customer / consumer. If you are able to get into their life and mind, you can unlock buying motivations that you may not have otherwise realized were there.

Personality – This can be seen as a conglomeration of all. Overall how does the person act and want to be portrayed? It can be pretty easy (and very effective) to build a marketing campaign around particular personalities. Think about the personalities of senior citizens, bikers, or even hipsters.

Behavioral Segmentation

Usage – How often customers use your product can greatly influence how you market to them. Your heavy users probably don't need a lot of marketing, while your light users could likely use some gentle nudges. You can also use this information to create "in-groups" of people – think Pumpkin Spice Lattes at Starbucks.



Different behaviors and reactions are a part of human nature. As a small business owner, you can create different pieces of marketing material that speak to these different behaviors

Loyalty – Similar to usage, loyalty ranges from light to heavy. Decide whether you want to throw your budget into retention or into acquisition in order to grow your business. Note that each will have different motivations – usually with retention promotes quality, while price can be a driving factor for those switching brands.

Occasion – What triggers a purchase among your customers and prospects? Is it seasonal? Time based? Event based? Inventory based? Completely spontaneous? Not only can you use this in current advertising, but new advertising can try to create new situations for purchase. For example, today a lot of fast food and fast casual restaurants are getting into the catering business.

Buying Cycle Stage – There is a big difference between targeting someone who is a loyal customer and someone who is barely aware you exist. You can create buying cycle groupings in many different ways. For example, a simple breakdown may be Customers, Inquirers, and Prospects. A more complex one may be Unaware, Aware, Knowledgeable, Interested, First Time Buyer, Repeat Buyer, Lifetime Buyer.

Benefits Sought – Telling people how you can make their lives better should be at the core of your marketing. However, customers are going to use your products for different reasons. If you are a personal trainer, some will want to lose weight, some will want to gain muscle, some will be training for a race, and some will just want to be healthier overall. Promoting one or two can help you build your brand identity, while also attracting a certain segment of the market.

Price Segmentation

Whether we like to admit it or not, price and quality are large drivers of our purchasing decisions. Knowing this, we can create 4 classifications of price market segments - and advertise to each of them differently

Low Price, Low Quality - Just Do It. That's the motto of this group. As long as it gets the job done they're all for it. They make quick decisions and are easily persuaded by sales, discounts, and reward programs.

Low Price, High Quality - This group will probably take the longest to convert. They are cautious buyers and will shop around, identify all options, and may even create a spreadsheet that compares all products. Whereas they may take a while to decide on a purchase, they can usually be sold additional products once they are convinced you're the best option. Make sure you tell them about / display complimentary or additional suggested products.

High Price, High Quality - These are your luxury buyers. They are interested in highest end products. If you are competing in this market, talk more about additional features and especially about benefits. Avoid discounts as this could cheapen your brand image.

High Price, Low Quality - Why on Earth would someone fall into this category? Brand loyalty. These buyers are all about the perception of the company. Think about how many coffee chains are able to charge a premium without delivering a truly premium cup. Telling prospects how many other people use your product can help create this following.

Want to know a pricing trick?

Decoy pricing is you offer 3 products – a low price, medium price, and high price option. What's the catch? The medium price and the high price option are promoted in a near identical fashion. This makes people think the “mama bear” option is the best value; therefore, some that would've bought the low price item, bump up to the medium because of the perceived value.

Cidewalk's parent company, Chitika Inc. has handled advertising inventory on behalf of Fortune 500 companies since 2004. Chitika understands how local, mobile targeting can be a tremendous asset for effectively reaching today's consumers. Cidewalk connects small businesses to local customers using strategically placed mobile ads on some of the world's most popular mobile apps.

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- Advanced Marketing - Mobile marketing is more modern, more unique, and provides more benefits than traditional forms of advertising.
- Cost-Effective Ads - We are purposely priced to fit into the budget of any typical small business.

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