MARKET SEGMENTATION, PROFILING AND TARGETING CUSTOMERS
KEY TERMS

- Market segmentation
- Profiling customers
- Targeting customers
MARKET SEGMENTATION

The three premises of segmenting a market are:

- People are similar in some ways.
- People are dissimilar in other ways.
- Homogenous groups (market segments) can be identified from a heterogeneous market.
MARKET AGGREGATION OR MASS MARKETING

- This is an approach whereby individual marketers or organizations assume that consumers have or show more or less identical demand, tastes and preferences for the products/commodities they offer to the market.
MARKET SEGMENTATION

- Process of dividing the mass heterogeneous market into homogeneous segments

- A market segment is a sub group of people who have more or less similar characteristics.
IDENTIFY SEVERAL MARKET SEGMENT FOR YOUR PRODUCTS

- Large scale farmers
- Medium scale farmers
- Small scale farmers
The main ways of defining segments are:

- Geographical area
- Industry or industry sub-sector
- Product
- Size of end-user
- Distribution channel
- Order size
- Order frequency
HOW IS MARKET SEGMENTATION DONE?

Using either or a combination of the following factors namely

Geographic factors

- country
- province
- Size of City, town,
- density
- **Behaviour factors of farmers**

  **Purchase occasion**: Rainy seasons

  **Benefit sought**: quality seed, high yielding, drought tolerant, diseases resistant

  **User status**: regular users, non users (those using saved seeds from previous season)

  **Usage rates**: light, medium and, heavy users
BENEFITS OF SEGMENTATION

- Customer satisfaction
- Profitability of business.
- Customers needs focus
REQUIREMENTS FOR EFFECTIVE SEGMENTATION

- Accessible
- Measurable
- Responsive to marketing effort
- Profitable
- substantial
What is a target market

- A specific market segment chosen by the seed company to serve/to market products.

Large scale farmland in Rift Valley region in Kenya
TARGETING OPTIONS

- Concentrate on one market segment with one product or different products

- Serve or target several market segments with differentiated products
CHOOSING A TARGET MARKET

Factors to consider
- Resources available
- Structural attractiveness
- Potential growth of the market segment
CUSTOMER PROFILING

The main goal of Customer Profiling is to:

- Categorize the traits and characteristics of current customers,
- Identify the primary characteristics of good and bad customers.
**Benefits**

- Discover which customers are sales and profit contributors
- Identify customers who have profitable growth potential for the future
- Find out who are your unwanted (unprofitable) customers
ABC Profiling Approach

A” Customers
- Customers that are currently contributing the highest sales and profits
- OR offer the most growth opportunity for profit and sales contribution.

Invest on Retention of these Customers
- Quality customer care
- Loyalty programs
- Relationship marketing programs (End of the year parties were best performing farmers/customers are recognized)
“B” Customers

- Group of customers with modest (or stable) growth potential

- Also in this group are New Potential Customers (targets) who match the business objectives but are not yet a significant part of the business
“C” Customers
Are group of customers with no growth (or shrinking) potential
Thank you • QUESTION & ANSWERS