# UNIT 3 MARKET SEGMENTATION

**Structure**



## 3.0 OBJECTIVES

In our previous Unit -'Marketing Environment', we discussed about the internal and external factors existing in the environment that affect an event organization and its operations. Once the organization has completed the analysis of its macro - and micro-environment, the event organizers are in a position to evaluate its marketing position. With this, the organizers can begin the planning of the next stage which is target segmentation. In this Unit we will learn about marketing segmentation and after going through this Unit, you should be able to:

- Describe the concept of market segmentation;
- Develop an understanding of segmentation bases in B2C and B2B markets;
- Relate to the basic approaches to segmentation; and
- Learn the meaning and process of targeting markets for events.

## 3.1 INTRODUCTION

In the first Unit – Marketing Fundamentals, of this Block, we had learnt that the market for event companies is a collection of its existing and potential customers/ stakeholders differing in their wants, demands, motives, characteristics and reasons for participating in any event. Till the early 20$^{th}$ century, the marketers used mass-marketing approach, which meant one product for all. The approach is effective when the supply of any product is less than its demand. However, in today's competitive world where supply of all kinds of products is more than their demands, the marketers cannot remain confined to mass marketing approach. This Unit will specifically focus on segmentation of markets for events.

## 3.2 MARKET SEGMENTATION – THE CONCEPT

Market segmentation as a concept was first introduced by Smith in 1956 as an alternative to the dominant mass marketing approach, which was mostly advertising, at that time, and was used to promote marketing messages to a mass

market. With the development of markets, it was seen that consumers are many and varied. They are varied because their needs are also different and they have to be approached in different ways if conveying the marketing messages are to be successful in driving the sales of products and services. All of this has led to the introduction of segmentation as a process that enables marketers to understand their market. Market research enables them to split the large market into smaller parts or segments.

*Market segmentation can be defined as sub-dividing the market (heterogeneous) into smaller homogeneous sub-sets of customers, in which they share certain similar characteristics and have specific needs in common, and appear as discrete targets to be reached with a distinct market mix (Ps of market).* Breaking up of a market into various sub-sets leads to a relevant marketing strategy, and thus better penetration in a given market segment, and better returns for their efforts. Market segmentation as one of the key concepts in marketing is useful as it allows thorough understanding of the market. This helps to predict consumer behaviour with a greater degree of accuracy. It hence increases the chances of recognizing and exploiting new market opportunities.

Segmentation analysis definitely helps the event planners to identify the size of the potential attendees for that particular event. In fact, with progressive growth in the event industry, the marketers have further sub-divided their market into niche market and micro market, thus dividing the market into four levels - mass market, market segmentation, niche market and micro market. The list of market segments includes existing as well as newly recognized market segments. Identification of new market segments depends on the information obtained from market environment analysis. Therefore, it requires careful consideration of information from the environment analysis stage itself to decide for inclusion of new segments or exclusion of existing segments.

Some marketers believe that breaking up a market into various segments may prove to be expensive in terms of marketing investment and control, while many believe that with market segmentation approach, the improved penetration will pay off the additional cost incurred. The popularity of segmentation as one of the marketing tools takes two assumptions into account. Firstly, the consumer preferences within the same segment are homogenous, but between different segments, the preferences are relatively heterogeneous. Secondly, the product and market mixes for a particular segment within the market will have greater sales volume and profits than companies who use mass market approach. For segmentation analysis to be effective the segments must be:

- *Measurable* – Identification of the segments should be in such a way that the size of the segment can be measured in terms of number of customers and potential volume which can be sold to them.
- *Profitable* – The size of the identified segment should be large enough to be turned out as profitable, producing a reasonable return on investment.
- *Accessible* –The segments must be accessible with existing marketing tools and media channels. The marketers must consider the entry barriers if existing in these segments.
- *Actionable* – Marketers must be able to design a suitable marketing strategy

within the limitations of the marketing budget for these segments, considering their resources and capabilities, legal requirements and professional codes. At this point, they should also understand the level of existing loyalties in the target segments.

- *Differentiable or uniquely responsive* – Lastly, it is very important that each segment should respond differently but favourably to different marketing stimuli.

These measures allow the event organizers and marketers, to include the most attractive market segments in their marketing plan.

McDonald and Dunbar provided three principal components to characterize market segments.

1) The first component of a market segment is the list of needs that the individuals in that segment regard as important to them, when selecting which competing offer to buy.

2) The second component of a market segment is profiling of the segments. An understanding of who is to be found in each of the chosen segments is necessary so that there is some way of communicating with, and reaching them. This enables successful targeting of segment-specific offers.

3) The third and final component of a market segment is its size in terms of volume and/or value.

It is very essential to understand that marketers do not create market segments. These segments exist in the marketplace; so marketers actually identify them. The most powerful aspect of segmentation is that it forces the marketers to understand the marketplace and thereby identify their market segments. After identifying the market segments marketers design and present the package accordingly.

## 3.3 SEGMENTING THE MARKET FOR EVENTS

Since different customers – both clients and target audience – differ in terms of various characteristics, it is difficult to customize the communication according to each individual. The need for segmenting the market on the basis of broad features that make up the market also arises in order to reach a compromise between *mass marketing* and *individual marketing* by the event organizers.

An example of mass marketing in events is any ticketed show such as a cricket match wherein tickets for watching the game are sold to anybody on a first-come-first-served basis. Events are designed first and then opened to any client for sponsorship. Individual marketing in events can also be termed as customized events. These involve designing a concept suitable for one particular client and its target audience (main customers).

**Bases for Segmentation in B2C Markets**

Marketers can segment the market using several relevant variables or bases. These have been explained in this section. The marketer tries various bases and their combinations to arrive at the best segmentation opportunities for the event. Often,

these bases are used in combination (multi-stage segmentation). Segmentation of the target audience becomes very important for event organizers since they define which clients to approach for funding the events, event category and variation that the event organizer should focus on.

***Geographic Segmentation***

In the case of products where there are clearly identifiable differences in their usage from one region to another, geography is an important variable for segmenting the market. Marketers of such products segment the market by climatic zone, country, region, state, cities, villages, and districts to identify similar consumer behavior. India, as a country is very diverse and big. Marketers of products like food items, clothes and cosmetics realize that the requirements of consumers in different regions like North India and South India are very different. Even within North India, consumers vary. For example, consumers in a state like Jammu and Kashmir are very dissimilar from the consumers in Uttar Pradesh. Thus it makes better sense to identify states and districts within states as an important variable for geographic segmentation.

In India, the events organized in North India will be very different from those in South India. A typical difference would be the type of music to be played in a mass marketed event. In North India, generally it is the Hindi film music which caters to the popular taste of masses, while events in South India have a larger role of classical music or at best regional film music, in regional language, which is specific to that state.

Geographic segmentation can help in the organisation of urban and rural events. Urban events like IITF in New Delhi or IPL are more westernized and cosmopolitan in their look and feel. Rural events like annual fairs in towns such as Meerut capture the local flavor more strongly. The food, music, shows and displays in rural events are closely associated with the event's specific target audience. The urban events are organized in the time period when important considerations are school holidays, gaps between other events, and product launch by a client. Rural events are generally organized around harvesting season primarily because that is the only time when the target audiences in the rural area have some spare money and inclination to spend on fun and enjoyment.

***Demographic Segmentation***

Demographic bases constitute nationality, religion, race, gender, age, income level, education level, occupation, family size, stage in family cycle, disposable incomes (purchasing power), social status and so on. The marketers realize that consumers who are similar on these bases are likely to demonstrate similar consumer behavior towards many products.

Variables like age (teenagers, young adults, middle aged, senior citizens etc.), gender (female, male), stage in family cycle (bachelor, married with no kids, married with kids, divorced etc.) and purchasing power (low income group, middle class, upper middle class, rich class etc.) are most commonly used segmentation variables by companies. India has the second largest population in the world and the largest youth population. This itself makes India an attractive destination for most of the global companies. Understanding the demographics of the target audience of the client is very important to create and market the event to the clients for getting sponsorship.

### *Psychographic Segmentation*

The earlier two bases for segmentation (geographic and demographic) are easy to identify and quantifiable. However, many times it is realized that they are not enough to define the consumers' choice or behaviour. For example – two girl students in the same class of the same college in the same city and belonging to same socio-economic group still demonstrate different liking to various events. One of them likes to go to film star's live show while the other one likes to watch a classical music concert. The factors which cause these differences are known as psychographics. The word 'psychographics' is a combination of psychology and demographics. Psychographic segmentation combines the effect of demographics (explained above) with elements like lifestyle, personality traits and value-system. In psychographic segmentation, questions about activities, interests, opinion, and self-concept are used to divide the same demographic group into further homogeneous subsets. These variables are difficult to identify or quantify and in-depth probing of consumers is required to extract the relevant information about their psychographics. As an example, you can see that passenger car companies in India came up with Sports Utility Vehicles (SUVs) targeted at a particular lifestyle and attitude segment of the buyers (outgoing, adventurous, nature-loving, risk takers, and non-conformists).

Event organizers can use variables like sports lovers, outdoor adventure lovers, music enthusiasts, knowledge seekers, lifestyle followers to segment the target audience and create specific events for these.

### *Behavioural Segmentation*

The three bases of segmentation described in the above sections are based on user's characteristics. Behavioural segmentation, on the other hand, is based on usage characteristics. The factors used in behavioural segmentation for events, as given by Kotler et al. are as follows.

- *User status* – existing users of the product. This means, in what way do the target segments 'use' the event. User status includes potential attendees, non-attendees, former-attendees, regular attendees and first-time attendees.

- *Loyalty to a brand* – brand loyalists, brand switchers, competition brand loyalists, and ex-users of the brand determine its loyalty. Loyalty is determined by recurring events and helps to establish whether particular members of a target segment are loyal, somewhat loyal or completely non-loyal towards the event.

- *Benefit sought from the product* – different benefits the consumers look for in an event. For example, Pepsi launched Diet-Pepsi for consumers who wanted a cold drink but were calorie conscious.

- *Usage rate* – light users, medium users or heavy users of a product or service. For example – all airlines identify their most frequent fliers and give them the highest level of privileges. It has to be understood how frequently the target segments use an event. Is there light attendance, medium attendance or heavy attendance?

- *Occasion of purchase* – regular buyers, occasional buyers, one-time buyers. Also, the company can segment the market on the basis of specific occasion

of purchase by different customers. Companies like Hallmark and Archies have identified so many occasions on which consumers like to gift cards and other items to their near and dear ones. Similarly, event marketers need to understand at which point do people attend events. Work and play can be two key aspects in this regard.

- *Attitude towards the event* – the consumers can be enthusiastic, negative, indifferent or unaware about the product, and the company may segment the market on the basis of these attitudes. When it comes to events, it depends on what the target segment thinks about the event. Primary research can be conducted to explore attitudes and opinions about the event.

- *Buyer readiness stage* – In this criterion, target segments are identified for their readiness to buy the product or service (the event), in relation to awareness and determination concerning a particular product or service. They can be fully aware of the product, completely unaware , aware but not interested, not ready to buy although aware and informed, aware and ready with the intention to buy, informed and wanting the product / service but not able to buy due to certain circumstances. These options and the number of people in these categories have a major impact on the event marketing plan, developing key messages, the choice of particular communication strategies and tactics to reach the chosen market segment(s).

**Check Your Progress I**

**Note:** Use the space provided for your answer

1) Define market segmentation. What are the characteristics of effective market segmentation?

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2) Name the various approaches used to segment the market in B2C markets.

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3) What is the difference between geographic and demographic segmentation?

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4) Describe the factors on which behavioural segmentation is based.

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**Bases for segmentation in B2B markets**

Segmentation of clients is essential for event management companies since not only is the information on the brands, products or services of the client important, but also the audience that the client is going to target.

With reference to the bases for segmentation in B2C markets (explained in section 3.3) the following are the equivalent bases for segmentation in B2B Markets:

- *Geographic* – On the basis of geographical location, segmenting business markets is more relevant to some events than others in most cases. For example a local literary event will probably target a sponsor from the same city. Likewise, mega events like Commonwealth or Olympics will target their top-tier sponsors who are multinationals with a strong global presence, such as Coca-Cola, Nike and Visa. Lower-level tiers will attract companies from the city or country in which the event will be staged. But events like trade exhibitions and fairs will rely heavily on segmenting their markets by geographical location, as this will reflect the geographical spread of the business or industry which the event is meant for.

- *Companyographics and Annual Turnover* – Similar to demographic criteria in consumer markets, the companies can be divided into homogenous groups based on the type of industry, product, size of the company in terms of sales / profits, size of the company (number of employees), scale of operations, age of the company, end customers of the targeted company and so on. Particularly large-scale events which will require huge sponsorships will need to approach companies that can provide sizeable amounts for sponsorship or for another form of participation in an event, like exhibiting at an international trade show.

- *Industry sector and / subsector* – This kind of a segmentation is more useful to events than segmentation on the basis of geographical location. Businesses from a particular industry sector or subsector will highlight a particular type of product or service and this will be useful in linking up with the profile of the individuals attending that event.

- *Company's culture and objectives* – Companies can be conservative, modern, risk-averse, and risk-takers in their overall approach towards buying. They can be extremely cost conscious on one hand, or value maximizers on the other.

- *Company reputation* - A company is assessed and graded for its reputation too. Engagement of such companies with their audiences is strong, and leaves them with a memorable event experience.

- *Attractiveness of products / services offered by a company* – It is important to understand the profile of the core attendees / audiences of an event. In this case the companies will be targeted depending on how attractive their products are to the audience segments. This attractiveness will be determined by the consumer preferences of the expected event attendees. But it should not be mistaken that just because a company delivers luxury services or products, it will be perceived as 'more attractive.' For example in a geographical area where there is poor employment, a job fair attracting companies producing high-end shoes as its intended consumer audiences will be a flop.

- *Benefit segmentation* - can be used for segmentation of clients effectively. Segmentation on the basis of different levels of the benefits offered by events – such as reach and interaction, can be termed as benefit segmentation. Therefore, clients can be segmented into clients seeking high reach with less interaction, equal reach and interaction or low reach with high interaction. Each of the event variations discussed earlier could also be converted into tangible event market segments.

***Relevance of Market Segmentation to Event Management Companies***

Event management companies target many corporates for getting sponsorship support for their events. Event marketing integrates the corporate sponsorship of an event with a whole range of marketing elements such as advertising, sales promotion, and public relations. Two basic reasons have contributed to the popularity of corporate sponsorship for events:

- Event marketing allows a company to break through the advertising clutter and target an audience by enhancing or creating an image through an association to a particular event. The resulting brand awareness reinforces the product or service, and drives sales.

- Its success has attracted companies of all sizes and with any budget. The 'property' or event also profits tremendously from the deal as the corporation gains a financial partner, a supplemented advertising budget, and added leverage to sell tickets.

While targeting the companies to garner the sponsorships, the event marketer will need to do segmentation of the prospect companies on the bases explained in Section 3.3.

## 3.4 TASKS INVOLVED IN SEGMENTATION

Since customer characteristics stand distributed over several variables, a company can segment the market through a combination of several variables / bases. Two relevant approaches to segmentation are discussed below.

- *User based segmentation* – This is also known as the top-down approach. The company first uses the geographic segmentation to identify similar layers in the markets followed by further segmentation based on demographics, lifestyle and attitude. These segments are refined further by adding the relevant behavioural variables.
- *Usage based segmentation* – This is also known as bottom-up approach. The company first studies the behavioural patterns of the potential customers, and then finds commonality on the basis of psychography, demography and geography.

Increasingly, the companies are resorting to the bottom-up approach. The aim is to go as deep as possible in segmenting the market, subject only to practicality. The companies try to spot and choose segments that are most attractive and most suited to the products of the company.

The tasks involved in segmentation are given below:

- Profiling the differences between one segment and the other in terms of their wants / value requirements and their likely responses to a particular product offer and other marketing mix elements.
- Finding out, by what descriptive characteristics can consumers be tagged to a specified segment.
- Disaggregating the consumers into suitable segments based on the above two steps.
- Checking whether it is possible to formulate separate marketing programmes / marketing mix for the different segments.
- Identifying which segments will be particularly attracted to the offerings of the company and hence, can be called as the target segment for the company.
- Estimating the likely purchase level by each of the segments.
- Ensuring that the segments are attractive and effective.

## 3.5 TARGETING

After segmentation, choosing the target market comes as an integral aspect in the formulation of marketing strategy. After drawing up the profile of the identified segments and having assessed their attractiveness, the company decides to target one or more of these segments where it believes it has better chance of creating success for itself.

The event organizer, after defining the market segments, needs to select one or more of these segments to enter, consolidate and grow. Attractiveness of a segment can be measured in terms of the potential reach and scope for interaction that the segment provides. Greater the reach and interaction, greater is the attractiveness for clients and thus, larger the growth, profitability, scale economies and so on

of the segment for event organizers. The targeting decision is also contingent upon other considerations such as ease with which members of the segment can be won over. Dissatisfied clients of other event organizers can be very attractive target segments. The clients' business worth in terms of event-spend in the event category that the organizer is interested in, and the loyalty and ability to influence other clients is also an important part of the decision making for targeting clients. Next, the event organizer's specialization, skills and long term objectives, which decide the event categories, should be in tune with the requirements of the segments.

In this section, you can understand the various targeting options for an event organizer using a market segment and event specialization combination matrix.

Kotler has described five targeting options used by companies based on the market segmentation and product development (event development) combination. In the below diagrams, 'M' represents the market segment and 'P' represents the product.

1) *Single Segment Concentration*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company using this option will concentrate its targeting to one segment of the market with one product matching its requirement. For example – an event management company may just specialize in destination wedding (product) targeting a particular segment.

2) *Selective Specialization*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company will select more than one product-segment combination, which it wishes to target. For instance, the event management company is into organizing events such as sports events, fund raising events and also corporate events for different market segments.

3) *Product Specialization (event specialization)*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company wishes to create an image of a product specialist. In that case, the company will target various segments with the same product, though there will be minor modifications in the product to suit each segment's unique requirements. For example – an event management company may just specialize in entertainment events which could be for market segments like birthday parties, cultural events or any other social events.

4) *Market Specialization*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company wishes to create an image of a consumer segment specialist. In that case, the company focuses their target on one segment and strives to fulfill all the requirements of that segment through various product developments. For example – an event management company may decide to be known as an event specialist for Bollywood celebrities as their only customer segment and may organize all kinds of events for them.

5) *Full Market Coverage*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

In this targeting option, the objective of the company is to cover the entire product-segment combination. This is possible only for a company with enough resources and scale of operation. Typically, the largest company or the market leader company follows full market coverage targeting strategy.

Looking at the attractiveness of the target audience, the corporates are very clear in their objectives. For example, when it comes to college festivals – ambitious brand conscious students fit right into their target audience profile– be it for toothpaste, website, cold drinks, mobile phones – and the festival offers both easy and direct access to this group. Even a car company is interested in them since they will be the customers of tomorrow. Event organizers should take this factor into account when targeting clients.

**Check Your Progress II**

**Note:** Use the space provided for your answer

1) Describe the bases of segmentation in B2B markets.

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2) Which are the two approaches relevant in segmenting the market? Briefly describe them.

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3) List down the tasks involved in market segmentation.

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4) What is targeting? Describe the five options of targeting in the context of events.

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## 3.6 LET US SUM UP

Increasing competition has ensured that in most of the product categories, there is enough choice to the consumers and supply generally is more than the demand. In such a situation, the marketers in the companies have no option but to apply market segmentation. Each segment should be very consistent and homogeneous internally but very distinct from other segments. The segments identified by the company need to be evaluated for attractiveness on the parameters such as measurability, growth potential, profitability, actionability and accessibility. Subsequent to market segmentation, the company needs to decide on its targeting approach. Five approaches which a company can use for targeting include – single segment concentration, selective specialization, product specialization, market specialization and full market coverage. While deciding the approach, the prime consideration is to identify the segment where opportunity matches its strength.

## 3.7 KEYWORDS

**Bases for Segmentation**: Variables which allow us to identify the commonalities in consumers

**Market Segmentation** : Act of identifying homogeneous subsets of customers from a heterogeneous market

**SEC** : Socio-economic classification

**Targeting** : Act of identifying the optimal target segment for a company to create its marketing mix and policies matching the requirements of that particular segment

## 3.8 SUGGESTED READINGS

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## 3.9 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

**Check Your Progress I**

1) Market segmentation is defined as sub-dividing the market (heterogeneous) into homogeneous sub-sets of customers which are alike in some way or another and appear as discrete targets to be reached with a distinct market mix (5Ps of market). Breaking up of a market into various sub-sets ensures the development of a relevant marketing strategy and thus better penetration in a given market segment and better returns for their efforts. The characteristics of effective market segmentation are:

   ***Measurable –*** Identification of the segments should be in such a way that the size of the segment can be measured in terms of the number of customers and potential volume which can be sold to them.

   ***Profitable –*** The size of the identified segment should be large enough to be turned out as profitable producing reasonable return on investment.

   ***Accessible –*** The segments must be accessible with existing marketing tools and media channels. The marketers must consider the entry barriers if existing in these segments.

***Actionable –*** Marketers must be able to design a suitable marketing strategy for these segments considering their resources and capabilities. At this point, they should also understand the level of existing loyalties in the target segments.

***Differentiable or uniquely responsive –*** Lastly, it is very important that each segment should reflect distinctive consumer behavior responding differently among the segments but favourably to different marketing stimuli.

2) The approaches used to segment market in B2C markets are - Geographic Segmentation, Demographic Segmentation, Psychographic Segmentation and Behavioural Segmentation

3) *Geographic segmentation* approach is used where there are clearly identifiable differences in the usage of products from one region to another. Marketers of such products segment the market by climatic zone, country, region, state, cities, villages, and districts to identify similar consumer behavior. For instance, types of cultural events celebrated in North India are different from those celebrated in South India. Marketers of products like food items, clothes and cosmetics realize that the requirements of consumers in different regions like North India and South India are very different. Even within North India, consumers vary. For example, consumers in a state like Jammu and Kashmir are very dissimilar from the consumers in Uttar Pradesh. Thus it makes better sense to identify states and districts within states as an important variable for geographic segmentation. On the other hand *demographic segmentation* is based on nationality, religion, race, gender, age, income level, education level, occupation, family size, stage in family cycle, disposable incomes (purchasing power), social status etc. The marketers realize that consumers who are same on these bases are likely to demonstrate similar consumer behavior towards many products. Understanding the demographics of the target audience of the client is very important to create and market the event to the clients for getting sponsorship.

4) Behavioural segmentation is based on following factors:

***User status*** – This refers to the way in which target segments 'use' the event. User status includes potential attendees, non-attendees, former-attendees, regular attendees and first-time attendees.

***Loyalty to a brand*** – brand loyalists, brand switchers, competition brand loyalists, and ex-users of the brand determine its loyalty. Loyalty is determined by recurring events and helps to establish whether particular members of a target segment are loyal, somewhat loyal or completely non-loyal towards the event.

***Benefit sought from the product*** – different benefits the consumers look for in an event. For example, Pepsi launched Diet-Pepsi for consumers who wanted a cold drink but were calorie conscious.

***Usage rate*** – This refers to how frequently the target segments use an event. Is there light attendance, medium attendance or heavy attendance?

***Occasion of purchase*** – regular buyers, occasional buyers, one-time buyers. Also, the company can segment the market on the basis of specific occasion

of purchase by different customers. Event marketers need to understand at which point do people attend events.

***Attitude towards the event*** – The consumers can be enthusiastic, negative, indifferent or unaware about the product. It depends on what the target segment thinks about the event. Primary research can be conducted to explore attitudes and opinions related to the event.

***Buyer readiness stage*** – Consumers can be fully aware of the product (event), completely unaware , aware but not interested, not ready to buy although aware and informed, aware and ready with the intention to buy, informed and wanting the product / service but not able to buy due to certain circumstances. These options and the number of people in these categories have a major impact on the event marketing plan, developing key messages, communication strategies and tactics to reach the chosen market segment(s).

**Check Your Progress II**

1) The bases of segmentation in B2B Markets are as follows:

***Geographic*** – Segmenting business markets on the basis of geographical location is more relevant to some events than others. For example a local literary event will probably target a sponsor from the same city. Likewise, mega events like Commonwealth or Olympics will target their top-tier sponsors who are multinationals with a strong global presence, such as Coca-Cola and Nike. Lower-level tiers will attract companies from the city or country in which the event will be staged. But events like trade exhibitions and fairs will rely heavily on segmenting their markets by geographical location, as this will reflect the geographical spread of the business or industry which the event is meant for.

***Companyographics and Annual Turnover*** – Just like demographic criteria the companies can be divided into homogenous groups based on the type of industry, product, size of the company in terms of sales / profits, size of the company (number of employees), scale of operations, age of the company, end customers of the targeted company and so on. Particularly large-scale events which will require huge sponsorships will need to approach companies that can provide sizeable amounts for sponsorship.

***Industry sector and / subsector*** – In this kind of segmentation of businesses from a particular industry sector or subsector, a particular type of product or service will be highlighted and this will be useful in linking up with the profile of the individuals attending that event.

***Company's culture and objectives*** – Companies can be conservative, modern, risk-averse, and risk-takers in their overall approach towards buying. They can be extremely cost conscious on one hand, or value maximizers on the other.

***Company reputation*** - A company is assessed and graded for its reputation too. Engagement of such companies with their audiences is strong, and leaves them with a memorable event experience.

***Attractiveness of products / services offered by a company*** – Understanding the profile of the core attendees / audiences of an event. The companies

will be targeted depending on how attractive their products are to the audience segments. This attractiveness will be determined by the consumer preferences of the expected event attendees.

***Benefit segmentation*** - Segmentation is done on the basis of different levels of benefits offered by events such as reach and interaction. Clients seeking high reach with less interaction, equal reach and interaction or low reach with high interaction are segmented.

2) Two approaches relevant in segmenting the market are:

- *User based segmentation* – This is also known as the top-down approach. The company first uses the geographic segmentation to identify similar layers in the markets followed by further segmentation based on demographics, lifestyle and attitude. These segments are refined further by adding the relevant behavioural variables.

- *Usage based segmentation* – This is also known as bottom-up approach. The company first studies the behavioural patterns of the potential customers, and then finds commonality on the basis of psychography, demography and geography.

Increasingly, the companies are resorting to the bottom-up approach. The aim is to go as deep as possible in segmenting the market, subject only to practicality.

3) The tasks involved in market segmentation include:

- Profiling the differences between one segment and the other in terms of their wants / value requirements and their likely responses to a particular product offer and other marketing mix elements.
- Finding out, by what descriptive characteristics can consumers be tagged to a specified segment.
- Disaggregating the consumers into suitable segments based on the above two steps.
- Checking whether it is possible to formulate separate marketing programmes / marketing mix for the different segments.
- Identifying which segments will be particularly attracted to the offerings of the company and hence, can be called as the target segment for the company.
- Estimating the likely purchase level by each of the segments.
- Ensuring that the segments are attractive and effective.

4) Targeting is the process of choosing the target market and is a subsequent step to market segmentation. After drawing up the profile of the identified segments and having assessed their attractiveness, the company decides to target one or more of these segments where it believes it has better chance of creating success for itself. This is referred to as targeting. The five targeting options given by Kotler are:

i) *Single Segment Concentration*

In the below diagrams, 'M' represents the market segment and 'P' represents the product.

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company using this option will concentrate its targeting to one segment of the market with one product matching its requirement. For example – an event management company may just specialize in destination wedding (product) targeting a particular segment.

ii) *Selective Specialization*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company will select more than one product-segment combination, which it wishes to target. For instance, the event management company is into organizing events such as sports events, fund rasing events and also corporate events for different market segments.

iii) *Product Specialization (event specialization)*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company wishes to create an image of a product specialist. Here the company will target various segments with the same product, though there will be minor modifications in the product to suit each segment's unique requirements. For example – an event management company may just specialize in entertainment events which could be for market segments like birthday parties, cultural events or any other social events.

iv) *Market Specialization*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

The company wishes to create an image of a consumer segment specialist. Here the company focuses their target on one segment and strives to fulfill all the requirements of that segment through various product developments. For example – an event management company may decide to be known as an event specialist for Bollywood celebrities as their only customer segment and may organize all kinds of events for them.

v) *Full Market Coverage*

| | M1 | M2 | M3 |
|---|---|---|---|
| P1 | | | |
| P2 | | | |
| P3 | | | |

In this targeting option, the objective of the company is to cover the entire product-segment combination. This is possible only for the company with enough resources and scale of operation. Typically, the largest company or the market leader company follows full market coverage targeting strategy.