Lesson 2: Segmentation

KNOWLEDGE ORGANISER

🎯 Learning goals

- ✓ Explain what market segmentation is
- ✓ Describe ways a market can be segmented
- ✓ Explain why businesses segment their market
- ✓ Apply segmentation to a real business

🔑 Key words

Segmentation Dividing a market into groups of similar customers.

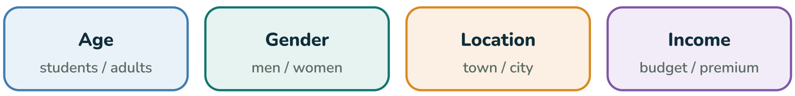
Market segment A group of customers who share similar characteristics or needs.

Target market The group of customers a business aims its product at.

Demographics Customer characteristics such as age, gender and income.

📘 What you need to know

One market → targeted segments



Businesses split a market into segments to target customers.

1. What segmentation is

No business can please everyone, because different customers want different things. **Market segmentation** means **dividing a market into groups of customers with similar characteristics** — called **segments**. The business then picks the segment(s) it can serve best: its **target market**.

> *"Segmentation splits a big, mixed market into smaller groups a business can actually target."*

2. Ways to segment a market

Common ways to segment include:

- **age** (teenagers vs older adults)
- **gender** (products aimed at men or women)
- **location** (town vs city, or different regions)
- **income** (budget vs premium customers)

A business often uses more than one at once — for example, 'young, city-based, higher-income' customers

3. Why businesses segment

Segmenting helps a business **target customers more accurately** and design a **marketing mix that fits** — the right product, price, promotion and place for that group. This makes marketing money go further and sales more likely. BrewBliss targets young, urban, ethically-minded professionals, so its branding, prices and Instagram promotion all speak to *that* segment.

✅ Test yourself

Cover the answers below, answer Q6–Q10, then check.

Q6 What is market segmentation?

Q7 Give four ways a market can be segmented.

Q8 Why do businesses segment the market?

Q9 What is a market segment?

Q10 Give an example of segmenting by age.

ANSWERS

A6 Dividing a market into groups of customers with similar characteristics.

A7 By gender, age, location and income.

A8 To target customers more accurately and design a suitable marketing mix.

A9 A group of customers who share similar characteristics or needs.

A10 Offering different products to teenagers and to older customers.