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The Segmentation Talisman - 'Consumption Pattern Strata'

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Abstract: Since the very inception of marketing discipline, there has been a quest to address the customer meaningfully. From the seller's market conditions to the buyer's market condition, this quest has become all the more prominent now, to the extent that the products and services are supposed to be intrinsically customer focused. Companies are fighting over the tough-to-get market shares.

All this has translated into another endeavor of catching the customers through different dimensions of the possible market implements. Information and Communication Technology has been very radical in transforming the traditional functional processes. Same applies here as well. This paper elaborates, how to develop customer segmentations with the help of IT tools. Therefore, shunning the traditional symptomatic attributes.

I. You Are What You Do

"It doesn't matter where you come from, who you are; what matters is what you do". This is the avowal that is going to change the paradigm of customers' segmentation in time to come. Traditionally, we all have been following the pattern of segmentation variables, which includes demographic, geographic, psychographic & behavioral. Or popularly the customer based, product based and competition based segmentation. However, in pragmatic sense what is more important is to understand the consumption pattern and preferences, because this clearly reflects the potential of a person to get into a segment more meaningfully *(we have the evidence of previous consumption)*. To illustrate the concept- Hypothetically, from an international tour operator's customer profile, it is found out that 45% customers are middle aged graduate males residing in north Indian cities with population more than 10 lakhs. This is "what they are". Conversely, if we deduce a relation ship, which indicates that 45% of their customers already had a mobile phone, credit card and a four-wheeler. Therefore, there exists a stratum with a particular characteristic, which signifies that they seek a certain set of values. This is "what they do"

II. Old Is Not Always Gold

The value-based view of any business transaction should be considered. Segmentation is the process of identifying the value, while targeting is communicating the values and values are delivered through positioning. The very concept of Segmentation is about identifying the values. The existing classification defines values sought in a vague manner. Consumption pattern is more relevant and is of epitome importance as it reflects the values sought and searched by the customer.

Astonishingly enough, the various traditional segmentation variables will automatically be taken care of in a more meaningful manner, chiseling of the unwanted when this stratum is carved out. For example, for person who is a user of both a cell phone and credit cards, there is a greater likelihood that he is at least aware about the various four wheelers available in the market, this chisels away and also gives proper shape to the important traditional segmentation variables like: behavioral – readiness stage, Demographic – age, Psychographic – social class etc.

Adapting the stratum approach will make the application of traditional variable redundant. As, out of the set intersection of traditional variables we search for the segments to be addressed, this refining will reflexively be done when we pick up a stratum dealing with similar set of product value. Therefore making it more comprehensive, addressable, meaningful and pinpointed.

Marketer endeavor to search for the customer preferences by various direct and indirect approaches, while the stratum identification itself speaks of the same. We can have reasons to assume that a high-school teenager, whose family income more than Rs. 1,000,000 p.a. is likely to go to a premium dress material showroom. But can be almost sure that this teenager will be a prospect for this dress material showroom if he is already having a premium segment car, goes to discotheque and is regular Hollywood movie watcher. "Consumption pattern" is the word.

III. Determination of Consumption Pattern and Identification of Strata

Correct identification of Reference groups & strata can be done using data mining and business intelligence. Therefore the businesses of tomorrow will be extending their arms to the customers predominantly relying on the technologies that are able to render very reliable and accurate information in diverse forms and this information shall have varied applications. The Integrated marketing communication will change and he direct marketing efforts will be better addressed.

This approach can effectively supplement the traditional segmentation variables, where the new markets are to be developed and not enough data regarding the existing pattern

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is available. This will enable the marketers to address the various segments in a more meaningful and better way, empowering them to evolve the Unique Marketing Proposition rather than only Unique Selling Proposition. It has potential to stand through the dynamics of the business environment daunted by radical technological product innovations and business model obsolescence.

There would be a complete shift of focus from Product based view to the Customer based view of the marketing arm of the business. Not that how they are related to the firm but how they are related to others. Owing to the precision of data mining and exactitude of extraction of information, this stratum approach has tremendous potential to reduce IMC overheads and increase response rate. With ICT proliferation and e-Business adoption, soon its will become norm rather than exception.

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