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Abstract:-

In evaluating different market segments, the firm must look at two factors: the segment overall attractiveness and the company objectives and resources. How well does a potential segment score on the criteria? A potential segment must have characteristics that make it generally attractive, such as size, growth, profitability, scale economies, and low risk. Investing in the segment should make sense given the firms objectives, competencies, and resources. Some attractive segments may not mesh with the company's long run objectives, or the company may lack one or more necessary competencies to offer superior value.

Keywords:

Segment, Overall, Attractiveness, Company, Objectives, Resources.

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EVALUATING AND SELECTING THE MARKET SEGMENTS

INTRODUCTION

When various market segments are being targeted two vital aspects must be assessed.

1.Whether the segment possesses a positive response when evaluated on the below five norms.

a.Company Resources
b.Degree of product variability
c. Product life cycle stages
d.Market Variability
e.Competitions& Strategies

2.Is it worthwhile for the company to invest in this segment, given its goals, capabilities and the funds at its disposal?

Even then, some appealing segments may not really match the company's long term product policy, or the company may not be able to offer the product quality or values required by the segment.

A.Focus on One Segment or Single Segment Concentration

Through focusing on just one segment the company's presence is heightened. It gets excellent market information and reduces expenses through customization of its production, channels of distribution and communications.

Focus on one segment strategy may have

Volkswagen concentrates on the small car market and Porsche on the sports car market. Through concentrated marketing, the firm gains a strong knowledge of the segments needs and achieves a strong market presence. Furthermore, the firm enjoys operating economies through specializing its production, distribution, and promotion. If it captures segment leadership, the firm can earn a high return on its investment.

However, there are risks. A particular market segment can turn sour or a competitor may invade the segment: When digital camera technology took off, Polaroid earnings fell sharply. For these reasons, many companies prefer to operate in more than one segment. If selecting more than one segment to serve, a company should pay cost attention to segment interrelationships on the cost, performance, and technology side. A company carrying fixed costs (sales force, store outlets) can add products to absorb and share some costs. The sales force will sell additional products and a fast food outlet will offer additional menu items. Economies of scope can be just as importance as economies of scale.

Companies can try to operate in super segments rather than in isolated segments. A super segment is a set of segments sharing some exploitable similarity. For example, many symphony orchestras target people who have broad cultural interest, rather than only those who regularly attend concerts.

SELECTIVE SPECIALIZATION

A firm selects a number of segments, each objectively attractive and appropriate. There may be little or no synergy among the segments, but each promises to be a moneymaker. This multi-segment strategy has the advantage of diversifying the firm's risk. When Procter & Gamble launched Crest White strips initial target segments included newly engaged women and brides-to-be as well as gay males.

PRODUCT SPECIALIZATION:

The firm makes a certain product that it sells to several different market segments. An example would be a microscope manufacturer who sells to university, government and commercial laboratories. The firm makes different microscopes for the different customer groups and builds a strong reputation in the specific product area. The downside risk is that the product may be supplanted by an entirely new technology.

MARKET SPECIALIZATION:

The firm concentrates on serving many needs of a particular customer group. An example would be a firm that sells an assortment of products only to university laboratories. The firm gains reputation in serving this customer group and becomes a channel for additional products the customer group can use. The downside risk is that the customer group may suffer budget cuts or shrink in size.

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