***FINAL TERM***

***ADNAN BASHIR* ID #** 16010

***PRINCIPLE OF MARKETING* *Shoala Rasheed Khan***

***ANS NO 4***

**Product:**

**Definition:**A product is the item offered for sale. A product can be a service or an item. It can be physical or in virtual or cyber form. Every product is made at a cost and each is sold at a price. The price that can be charged depends on the market, the quality, the marketing and the segment that is targeted. Each product has a useful life after which it needs replacement, and a life cycle after which it has to be re-invented. In FMCG parlance, a brand can be revamped, re-launched or extended to make it more relevant to the segment and times, often keeping the product almost the same.

Product marketing is a process of promoting and selling a product to a customer. Also product marketing is defined as being the intermediary function between product developments and increasing brand awareness

**Explanation:**A product needs to be relevant: the users must have an immediate use for it. A product needs to be functionally able to do what it is supposed to, and do it with a good quality.
A product needs to be communicated: Users and potential users must know why they need to use it, what benefits they can derive from it, and what it does difference it does to their lives. Advertising and 'brand building' best do this.
A product needs a name: a name that people remember and relate to. A product with a name becomes a brand. It helps it stand out from the clutter of products and names.
A product should be adaptable: with trends, time and change in segments, the product should lend itself to adaptation to make it more relevant and maintain its revenue stream.

**ANS NO 3**

New Product Planning:

**The product planning definition**: Product planning is the process of producing a product idea and a set of tasks until the product is introduced to the market. Additionally, a small company must have an exit strategy for its product in case the product does not sell or is wildly successful.

The Product Planning Process is the continuous process of identifying and connecting market requirements that define a product’s feature set. Product planning serves as the basis for decisions about price, distribution, and promotion.

There are product planning software and product planning template. I suggest if this is your first time going through the process, start there. Don’t reinvent the wheel.

When it comes down to your new product launch you will want to know how many leads and sales your new product will generate. Down this handy leads calculator so you can plan better.

If we look at Apple we can see that initially started with computers. The leader of the organization, [Steve Jobs](https://en.wikipedia.org/wiki/Steve_Jobs) introduced a long line of new products with a disciplined product strategy process.

These new products were line extensions of their existing products.  In Apple’s recent “i” line, there is the iMac, iPod, iPad, and iPhone.

**How do I start a new product planning process?**

New product planning is essential for most companies because of their contribution to the growth and prosperity of the company. Planning for new products demands strategic activity. New product introductions are classified according to the following factors: (1) newest to the market; and (2) newest to the company.

**Customer Satisfaction and the New Product Planning Process**

New product introductions are classified according to the following factors: (1) newest to the market; and (2) newest to the company.

Six categories of new products are defined as follows:

**New to the world of products:** New product concepts and new products that create an entirely new market.

**New product lines**: New products that, for the first time, allow a company to enter an established market.

Additions to existing product lines: New products that supplement accompanies established product lines.

**Improvements and revisions of existing products**:  New products that provide improved performance or greater perceived value, and replace existing products.

**Repositioning**:  Existing products that are targeted to new markets or market segments.

**Cost reductions**:  New products that provide similar performance at a lower cost.

Typically, a company’s new product program includes items in all or most of the six categories. Totally new products account for only 10% of all new product introductions.

New product planning is based on customer needs analysis. Even new-to-the-world product ideas should have some relationship to needs that are not being met by existing products

**STEPS IN NEW PRODUCT PLANNING**

A new product does not have to be a high technology breakthrough to be successful. It must provide customer satisfaction.

Each planning stage is examined and related. This shows the importance of a coordinated program of new product planning.

There are two key considerations in new product planning:

Generating a stream of new product ideas that will satisfy management’s requirements for new products.

Establishing procedures and methods for evaluating new product ideas as they move through the planning stage.

**Deciding Which Customer Needs to Target**

New products provide an important strategic capability for achieving corporate and business unit objectives. Thus, it is important that businesses formulate guidelines for new product planning.

Marketing management must decide the product markets and market segments in which to compete.

These decisions become important guidelines for the new product planning process. This can be seen in Exhibit 2 .[Customer satisfaction analysis](https://www.clarabridge.com/blog/the-key-to-customer-satisfaction-analysis/%22%20%5Ct%20%22_blank) determines opportunities for new products and processes.

**Organizational Structure for New Product Planning**

New product planning includes various business functions. How to organize for new product planning has been widely debated for several decades. Many product management systems have been developed and implemented.

And they all have deficiencies, yet there is agreement among managers from successful firms that the new product planning process requires a coordinated effort throughout the organization. The objective is planning and coordinating new product opportunities

**New Product Development Process**

This organizational form places new product planning responsibilities in a formal department.

Two versions may be found:

A separate department to give new products attention, push, focus, and drive;

The product manager cluster, which consists of a manager responsible for a group of product managers. The departmental approach provides a strong base of support for new product planning. But other departments may create internal frictions.

Organizational structure is required for the new product development planning process

 **How do I target specific customers and markets?**

New products provide an important strategic capability for achieving corporate and business unit objectives. Thus, it is important that businesses formulate guidelines for new product planning.
Marketing management must decide the product markets and market segments in which to compete.

**New Product development**

New product development is the process of bringing an original product idea to market. Although it differs by industryBringing

your vision for an original product to life is frequently one of the biggest hurdles for aspiring entrepreneurs.

The product development process can seem almost mysterious, and when you hear the origin stories of other great businesses, the journey to a finished product rarely resembles a straight line.

**for example**, realized that semi-permanent tattoos were lacking when her daughter brought some home, and mobilized her community of fellow designers to create Tattily.

**The new product development process in 6 steps**

New product development is the process of bringing an original product idea to market. Although it differs by industry, it can essentially be divided into six stages: ideation, research, planning, prototyping, sourcing, and costing.

**1. Ideation**

Many aspiring entrepreneurs get stuck on ideation, often because they’re waiting for a stroke of genius to reveal the perfect product they should sell. While building something fundamentally "new" can be creatively fulfilling, many of the best ideas are the result of iterating upon on an existing product.

The SCAMPER model is a useful tool for quickly coming up with product ideas by asking questions about existing products. Each letter stands for a prompt:

**Substitute**(e.g. fur in faux fur)

**Combine** (e.g. a phone case and a battery pack)

**Adapt**(e.g. a bra with front clasps for nursing)

**Modify**(e.g. an electric toothbrush with a sleeker design)

**Put to another use** (e.g. memory foam dog beds)

**Eliminate** (e.g. the middleman to sell sunglasses and pass the savings on to consumers)

**Reverse/Rearrange** (e.g. a duffle bag so that it doesn’t wrinkle your suits)

**2. Research**

With your product idea in mind, you may feel inclined to leapfrog ahead to production, but that can become a misstep if you fail to validate your idea first.

[Product validation](https://www.shopify.com/blog/validate-product-ideas) ensures you’re creating a product people will pay for and that you won’t waste time, money, and effort on an idea that won't sell. There are several ways you can validate your product ideas, including:

* Talking about your idea with family and friends
* Sending out an online survey to get feedback
* Starting a crowd funding campaign
* Asking for feedback on forums like Reedit
* Researching online demand using [Google Trends](https://trends.google.com/trends/?geo=US)
* Launching a “coming soon” page to gauge interest via email opt-ins or pre-orders

However you decide to go about validating your idea, it is important to get feedback from a substantial and unbiased audience as to whether they would buy your product. Be wary of overvaluing feedback from people who “definitely would buy” if you were to create your theoretical product—until money changes hands, you can’t count someone as a customer.

Validation research will also inevitably involve [competitive analysis](https://www.shopify.com/blog/competitive-analysis). If your idea or niche has the potential to take off, there are likely competitors already operating in that space.

Visiting your competitors’ website and signing up for their email list will allow you to understand how they attract customers and make sales. Asking your own potential customers what they like or dislike about your competitors will also be important in defining your own competitive advantage.

The information compiled from doing product validation and market research will allow you to gauge the demand for your product and also the level of competition that exists before you start planning.

**3. Planning**

Since product development can quickly become complicated, it’s important to take the time to plan before you begin to build your prototype.

When you eventually approach manufacturers or start looking for materials, if you don’t have a concrete idea of what you want your product to look like and how it will function, it’s easy to get lost in the subsequent steps.

The best place to begin planning is with a hand-drawn sketch of what your product will look like. The sketch should be as detailed as possible, with labels explaining the various features and functions.

You don't need a professional quality drawing since you won’t be submitting it to a manufacturer at this stage. However, if you are not confident that you can produce a legible diagram that will make sense of your product,

Try to use your diagram to create a list of the different components or materials you will need in order to bring the product to life. The list does not need to be inclusive of all potential components, but it should allow you to begin planning what you will need in order to create the product.

For example, a drawing of a purse design could be accompanied by this list:

* Zippers (large and small)
* Silver clasps
* Leather straps
* Protection pouch
* Embossed label
* Interior wallet

Along with the components, you should also begin to consider the retail price or category your product will fall into. Will the product be an everyday item or for special occasions? Will it use premium materials or be environmentally friendly? These are all questions to consider in the planning phase since they will help guide you through not only your product development process but also your brand positioning and marketing strategy.

The packaging, labels, and overall quality of your materials should be considered as well before you continue to the sourcing and costing stages. These will have an effect on how you market your product to your target customer, so it’s important to take these aspects of your product into consideration during the planning phase too.

4. Prototyping

The goal of the prototyping phase during product development is to create a finished product to use as a sample for mass production.

It’s unlikely you will get to your finished product in a single attempt—prototyping usually involves experimenting with several versions of your product, slowly eliminating options and making improvements until you feel satisfied with a final sample.

Prototyping also differs significantly depending on the type of product you are developing. The least expensive and simplest cases are products you can prototype yourself, such as food recipes and some cosmetic products. This do-it-yourself prototyping can also extend to fashion, pottery, design and other verticals, if you are lucky enough to be trained in these disciplines.

However, more often than not, entrepreneurs will work with a third party to prototype their product. In the fashion and apparel industry, this usually involves working with a local seamstress (for clothing and accessories), cobbler (for shoes) or pattern maker (for clothing). These services can usually be found online by Goggling local services in the industry.

Most large cities also have art, design or fashion schools where students are trained in these techniques. Administrators from these university or college programs **can** usually grant you access to their internal job board where you can create a request for prototyping help.

are typically expensive and involve set up fees, for things like tools and dies, that are used to cut and shape pieces of plastic and other hard materials.

Luckily, with the innovation of 3D printing, designs can be turned into physical samples at a much lower cost with a quicker turnaround time.

**5. Sourcing**

Once you have a product prototype you’re satisfied with, it is time to start gathering the materials and securing the partners needed for production. This is also referred to as building your supply chain: the vendors, activities, and resources that are needed to create a product and get it into a customers’ hands.

While this phase will mainly involve looking for [manufacturing-related services](https://www.shopify.com/blog/13843597-make-manufacture-wholesale-or-dropship-the-pros-and-cons-of-each-model), you may also factor in storage, shipping, and warehousing into your choices at this stage.

In Shoe Dog, a memoir by Nike founder Phil Knight, the importance of diversifying your supply chain is a theme that is emphasized throughout the story. Finding multiple suppliers for the different materials you will need, as well as different potential manufacturers, will allow you to compare costs. It also has an added benefit of creating a backup option if one of your suppliers or manufacturers doesn’t work out. Sourcing several options is an important part of safeguarding your business for the long-term.

When looking for suppliers, there are plenty of resources both online and in person. While it may seem old-fashioned, many business owners choose to attend trade shows dedicated to sourcing. Trade shows like [Magic](https://www.ubmfashion.com/shows/magic) in Las Vegas, provide the opportunity to see hundreds of vendors at once—to see, touch, and discuss materials and build a personal relationship with suppliers, which can be valuable when it comes time to negotiate prices.

During the sourcing phase, you will inevitably come across the decision of whether to produce your product locally or overseas. It is a good idea to compare, as they each have their own advantages and disadvantages.

The most commonly used sourcing platform for overseas production is Alibaba. [Alibaba](https://www.shopify.com/blog/16665772-alibaba-101-how-to-safely-source-products-from-the-worlds-biggest-supplier-directory) is marketplace for Chinese suppliers and factories, where you can browse listings for finished goods, or raw materials. A popular way of using Alibaba to find a manufacturer is to look for listings with similar products to your own, and then contact the factory to see if they can produce your specific design.

**6. Costing**

After research, planning, prototyping, and sourcing is done, you should have a clearer picture of what it will cost to produce your product. Costing is the process of taking all of the information gathered thus far, and adding up what your cost of goods sold (COGS) will be, so that you can determine a retail price and gross margin.

Begin by creating a spreadsheet with each additional cost broken out as a separate line item. This should include all of your raw materials, factory set up costs, manufacturing costs, and shipping costs. It is important to factor in shipping, import fees, and any duties you will need to pay in order to get your final product into the customer’s hands, as these fees can have a significant impact on your COGS depending on where you are producing the product.

If you were able to secure multiple quotes for different materials or manufacturers during the sourcing phase, you can include different columns for each line item that compares the cost. Another option is to create a second version of the spreadsheet, so that you can compare local production vs. overseas production

**Product Development**

Up to this point, the product only existed as a word description, a drawing, or a prototype. But once the business analysis clears the product, the work is handed over to the research and development department for actual product development.

It may take days, weeks, or months to develop the final product as the product goes through a series of testing phases (alpha testing and beta testing) to validate all the assumptions and incorporate everything that was promised during the previous stages.

* **Alpha testing** is testing the product within the firm to make sure it fits the standards set.
* **Beta testing** involves launching a test version in the market to validate the product-market fit. However, it doesn’t involve testing the final product or marketing strategy.

**What Is Market Segmentation?**

Market segmentation is a process of dividing the market of potential customers into smaller and more defined segments on the basis of certain shared characteristics like demographics, interests, needs, or location.

The member of these groups share similar characteristics and usually have one or more than one aspect common among them which makes it easier for the marketer to craft marketing communication messages for the entire group.

There are many reasons as to why market segmentation is done. One of the major reasons marketers segment market is because they can create a custom [marketing mix](https://www.feedough.com/marketing-mix-4ps/) for each segment and cater them accordingly.

Importance Of Market Segmentation

Companies often deal with customers who belong to different age groups, have varied interests, and are motivated by different triggers.

Segmenting these potential customers into different groups –

Makes it easier for the marketer to develop a different marketing mix for each customer segment which is more likely to bring results.

Increases the results of the marketing efforts as each of the groups witness personalised marketing messages according to what stimulates them to do the task.

For example, a chips brand can launch a party pack for $15 in cities where teens are more likely to buy them for parties. Whereas, the same brand may launch small packs in the country-side where people don’t spend a lot on chips.

Bases Of Market Segmentation

Segmenting is dividing a group into subgroups according to some set bases. These bases range from age, gender, etc. to psychographic factors like attitude, interest, values, etc.

**Gender**

Gender is one of the most simple yet important bases of market segmentation. The interests, needs and wants of males and females differ at many levels. Thus, marketers focus on different marketing and communication strategies for both. This type of segmentation is usually seen in the case of cosmetics, clothing, and jewellery industry, etc.

**Age Group**

Segmenting market according to the age group of the audience is a great strategy for personalized marketing. Most of the products in the market are not universal to be used by all the age groups. Hence, by segmenting the market according to the target age group, marketers create better marketing and communication strategies and get better conversion rates.

**Income**

Income decides the purchasing power of the [target audience](https://www.feedough.com/target-market-definition-examples-strategies-analysis/). It is also one of the key factors to decide whether to market the product as a need, want or a luxury. Marketers usually segment the market into three different groups considering their income. These are

**High Income Group**

**Mid Income Group**

**Low Income Group**

This division also varies according to the product, its use, and the area the business is operating in.

**Place**

The place where the target audience lives affect the buying decision the most. A person living in the mountains will have less or no demand for ice cream than the person living in a desert.

**Occupation**

Occupation, just like income, influences the purchase decision of the audience. A need for an [entrepreneur](https://www.feedough.com/how-to-become-an-entrepreneur/) might be a luxury for a government sector employee. There are even many products which cater to an audience engaged in a specific occupation.

**Usage**

Product usage also acts as a segmenting basis. A user can be labelled as heavy, medium or light user of a product. The audience can also be segmented on the basis of their awareness of the product.

**Lifestyle**

Other than physical factors, marketers also segment the market on the basis of lifestyle. Lifestyle includes subsets like marital status, interests, hobbies, religion, values, and other psychographic factors which affect the decision making of an individual.

**Types of Market Segmentation**

**Geographic Segmentation**

Geographic segmentation divides the market on the basis of geography. This type of market segmentation is important for marketers as people belonging to different regions may have different requirements. For example, water might be scarce in some regions which inflates the demand for bottled water but, at the same time, it might be in abundance in other regions where the demand for the same is very less.

People belonging to different regions may have different reasons to use the same product as well. Geographic segmentation helps marketer draft personalized marketing campaigns for everyone.

**Examples of Geographic Segmentation**

An example of geographic segmentation can be seen in the seafood industry. In USA, even though seafood is preferred all over the country, however, seafood is extensively marketed in the South and Southeast regions. This is due to the fact that fresh supply is available in these areas all year round, and catering to the demands of customers in these areas is easy.

* **Products based on season**: Regions such as Canada and Russia, that are cold throughout the year, will see a huge number of warm clothing traders promoting and selling their products. They focus on targeting their products only to locations in Canada and Russia. Due to such targeted selling, it becomes easy for traders to make profits. These traders will fail to make profits if they target warmer parts of the world, such as Australia.
* **Size and type of region**: There are countries in Asia, such as India, where people speak different languages in different states. This is the primary reason for successful Western fast food outlets to devise new strategies to target local flavors and costs to flourish in the Indian market. A strategy designed around geography will help these outlets compete with local players and grow in a market as diverse as India.
* **Food inclinations:** With the change in the region, there is a drastic change in food preference as well. In the U.S., there is a constant supply of seafood across the east and west coast, which are promoted all throughout the year. In Asian countries, such as China, food habits are highly dependent on religious ceremonies. For example, the Chinese eat dumplings during the Spring festival to convey their relationship with God. Local food chains produce food by keeping these aspects in mind to make sure they do not suffer loses with the change in occasions.
* **Launch products or services in new regions**: Geographic segmentation is used when an organization wishes to launch a product/service in a new geographic location. For a Western burger giant to launch a new outlet in underdeveloped countries such as, Bangladesh, where most citizens are habituated to breads such as, nan, roti and not the ones that the burger giant offers, it’s crucial to understand how to establish or mold their products to suit the palate, traditions and culture of this geographic segment.

**Demographic Segmentation**

Demographic segmentation divides the market on the basis of demographic variables like age, gender, marital status, family size, income, religion, race, occupation, nationality, etc. This is one of the most common segmentation practice among marketers. Demographic segmentation is seen almost in every industry like automobiles, beauty products, mobile phones, apparels, etc. and is set on a premise that the customers’ buying behavior is hugely influenced by their demographics.

Demographic segmentation is made up of two words. The word demography is derived from the Greek word “demos,” meaning people and the English word “graph,” which means “the study of.” When these two words are combined, they mean the study of people.
In market research, however, there is a slight deviation in the usage of the word….

**Examples of Demographic Segmentation:**Demographic segmentation examples explain how a market is divided into smaller groups according to age, gender, family income, race and ethnicity, qualification, marital status, nature of employment etc.
It is an extremely tedious task to accommodate customers belonging to different demographics and develop an exhaustive marketing plan.…

* Say an apparel company splits its audience into two: those who live in warm climates and those who get snow. Then it tailors appropriate products and campaigns to those separate areas. That's geographic segmentation at work!

**Definition. Geodemographic segmentation**

 refers to a range of methods used for classifying and characterizing neighborhoods or localities based on the principal that residents living near each other are likely to have similar demographic, socio-economic and lifestyle characteristics.

* In [marketing](https://en.wikipedia.org/wiki/Marketing), geodemographic segmentation is a [multivariate statistical](https://en.wikipedia.org/wiki/Multivariate_statistics) classification technique for discovering whether the individuals of a population fall into different groups by making [quantitative](https://en.wikipedia.org/wiki/Quantitative_property) comparisons of multiple characteristics with the assumption that the differences within any group should be less than the differences between groups.

**Behavioral Segmentation**

Behavioral segmentation is the process of sorting and grouping customers based on the behaviors they exhibit. These behaviors include the types of products and content they consume, and the cadence of their interactions with an app, website, or business.

As marketers, we often walk a tightrope separating psychology and business. Most often, we bring our marketing theories of how customers will respond to a marketing campaign. Behavioral segmentation is the observation of each customer’s actions for marketers to then send their tailored messaging.

Once users are identified by their specific behavior, mobile marketers can target messages and campaigns specifically tailored to these audiences.

The market is also segmented based on audience’s behaviour, usage, preference, choices and decision making. The segments are usually divided based on their knowledge of the product and usage of the product. It is believed that the knowledge of the product and its use affect the buying decision of an individual. The audience can be segmented into –

Those who know about the product,

Those who don’t know about the product,

Ex-users,

Potential users,

Current Users,

First time users, etc.

People can be labelled as brand loyal, brand-neutral, or competitor loyal. They can also be labelled according to their usage. For example, a sports person may prefer an energy drink as elementary (heavy user) and a not so sporty person may buy it just because he likes the taste (light/medium user).

 **Why is Behavioral Segmentation Important?**

Once users are identified by their specific behavior, mobile marketers can target messages and campaigns specifically tailored to these audiences. The benefits of behavioral segmentation include:

**01. Personalization**: Behavioral segmentation doesn’t just tell you what product or service a certain group of customers likes. It helps you understand what channels they frequent and what type of messaging they respond to, so you can boost your conversions.

**02. Budget allocation:** Since you know which segments spend the most and how they spend, you can better allocate your efforts to target them.

**03. Forecasting:** Looking at each segment’s patterns, you can identify trends and more effectively plan for the future.

**Behavioral Segmentation Examples**

Some of the most common nuances of behavioral segmentation boil down to when users become customers ([acquisition](https://clevertap.com/blog/mobile-user-acquisition/)), how they use the app ([user journey](https://clevertap.com/blog/user-journey-map/)), how frequently they use the product ([engagement](https://clevertap.com/user-engagement-guide/)), and how long they continue to use the product ([retention](https://clevertap.com/blog/retention-rate/)).

Acquisition, engagement, and retention are all important factors to keep in mind when analyzing customer behavior. Understanding the following ways your users can interact with your product will help you accomplish a sustainable and constructive behavioral segmentation strategy.

Psychographic Segmentation

Psychographic Segmentation divides the audience on the basis of their personality, lifestyle and attitude. This segmentation process works on a premise that consumer buying behaviour can be influenced by his personality and lifestyle. Personality is the combination of characteristics that form an individual’s distinctive character and includes habits, traits, attitude, temperament, etc. Lifestyle is how a person lives his life.

Personality and lifestyle influence the buying decision and habits of a person to a great extent. A person having a lavish lifestyle may consider having an air conditioner in every room as a need, whereas a person living in the same city but having a conservative lifestyle may consider it as a luxury.

Nature Of A Market Segment

A market segment needs to be homogeneous. There should be something common among the individuals in the segment that the marketer can capitalise on. Marketers also need to check that different segments have different distinguishing features which make themunique. But segmenting requires more than just similar features. Marketers must also ensure that the individuals of the segment respond in a similar way to the stimulus. That is, the segment must have a similar type of reaction to the marketing activities being pitched.

A good market segment is always externally heterogeneous and internally homogeneous.

Examples Of Market Segmentation

Market segmentation is a common practice among all the industries. It is not possible for a marketer to address the mass with same marketing strategy. Here are some examples of market segmentation to prove this point.

**Beauty Products**

While marketing beauty products, marketers often segment the target market according to the age of the users, the skin type, and also the occasion. A perfect example of this is Olay.

The company developed its ‘Age Defying’ product range to cater to mature adults and ‘Clearly Clean’ range to cater to young adults and teens.

**Fast Food**

Fast food chains like McDonald’s often segment their target audience into kids and working adults and develop different marketing plans for both. Marketing efforts like distributing a toy with every meal works well for kids and providing the food within 10 minutes, free WiFi, and unlimited refills work well for working adults.

Sports

Sports brands like Nike, Adidas, Reebok, etc. often segment the market based on the sports they play which help them market the sports-specific products to the right audience.

Benefits Of Market Segmentation

Segmenting the market offers the following benefits to the businesses –

Better Matching Of Customer Needs: Different customers have different needs. By segmenting the target market and developing homogeneous groups, it becomes easier for the marketer to cater to the customer needs better.

Identification Of Gaps In The Market: Market segmentation also results in the identification of target groups that are not targeted well in the market. This opens up opportunities for the business to exploit and make profits from.

Increased ROI: Since market segmentation helps serve the customer needs better, it not only decreases spending unnecessarily but it increases repeated sales, and customers also return the favour in the form of [referrals](https://www.feedough.com/referral-marketing-the-ultimate-guide/), [word of mouth](https://www.feedough.com/what-is-word-of-mouth-marketing-ultimate-guide/), etc.

Customer Retention: Customers retain with a business which understands their needs and fulfils them as they require. Segmentation helps in this.

Increased Market Share: Through market segmentation and targeted communication, a [competitive advantage](https://www.feedough.com/competitive-advantage-definition-types-examples/) can be built which results in increased market share.

**Disadvantages Of Market Segmentation**

Even though there are many advantages of market segmentations, there are some disadvantages and limitations as well.

**Extensive Research And Development**: The process of market segmentation requires the business to do extensive research which is not feasible for some of the businesses.

**Expensive Process**: Segmentation is an expensive process, both in terms of time and money. It requires the business to spend a lot to identify different groups and market to them differently according to their needs.

**Bottom-Line**

Market Segmentation is a convenient method marketers use to cut costs and boost their conversions. It allows them to be specific in their planning and thus provide better results. It ultimately helps them to target the niche user base by making smaller segments.

***ANS NO 1***

**Buying decision process**

The customer buying process (also called a buying decision process) describes the journey your customer goes through before they buy your product. Understanding your customer’s buying process is not only very important for your salespeople, it will also enable you to align your sales strategy accordingly.

The five stages framework remains a good way to evaluate the customer’s buying process. John Dewey first introduced the following five stages in 1910:

**1. Problem/need recognition**

This is often identified as the first and most important step in the customer’s decision process. A purchase cannot take place without the recognition of the need. The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).

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• Score leads and separate sales-ready contacts from your nurture stream.
• Deliver only the most high-quality leads to your sales team.
• Identify where your prospects are in their buyer journeys and personalize their experiences.

During need or problem recognition, the consumer recognizes a problem or need that could be satisfied by a product or service in the market.

Problem Recognition is the first stage of the buyer decision process.

At this stage, the consumer recognizes a need or problem. The buyer feels a difference between his or her actual state and some desired state.

This could be a simple as “I’m hungry, I need food.”

The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).

**2. Information search**

Having recognized a problem or need, the next step a customer may take is the information search stage, in order to find out what they feel is the best solution. This is the buyer’s effort to search internal and external business environments, in order to identify and evaluate information sources related to the central buying decision. Your customer may rely on print, visual, online media or word of mouth for obtaining information.

Once the need is recognized, the consumer is aroused to seek more information and moves into the information search stage.

The second stage of the purchasing process is searching for information.

After the recognition of needs, the consumers try to find goods for satisfying such needs. They search for information about the goods they want.

Consumers can get information about goods from different sources.

Personal sources: This includes family, friends, neighbors, acquaintance, etc.

Commercial source: This includes advertising, salespeople, dealers, packaging, display, etc.

Public sources: This includes mass media, consumer rating organizations, etc. they also become confidential to provide information.

Experimental sources: This includes handling, examining, using, etc. Such information becomes decisive and confidential.

**3. Evaluation of alternatives**

As you might expect, individuals will evaluate different products or brands at this stage on the basis of alternative product attributes – those which have the ability to deliver the benefits the customer is seeking. A factor that heavily influences this stage is the customer’s attitude. Involvement is another factor that influences the evaluation process. For example, if the customer’s attitude is positive and involvement is high, then they will evaluate a number of companies or brands; but if it is low, only one company or brand will be evaluated.

With the information in hand, the consumer proceeds to alternative evaluation, during which the information is used to evaluate” brands in the choice set.

Evaluation of alternatives is the third stage of the buying process. Various points of information collected from different sources are used in evaluating different alternatives and their attractiveness. While evaluating goods and services, different consumers use different bases.

Generally, the consumers evaluate the alternatives on the basis of attributes of the product, the degree of importance, belief in the brand, satisfaction, etc.

**4. Purchase decision**

The penultimate stage is where the purchase takes place. Philip Kotler (2009) states that the final purchase decision may be ‘disrupted’ by two factors: negative feedback from other customers and the level of motivation to accept the feedback. For example, having gone through the previous three stages, a customer chooses to buy a new telescope. However, because his very good friend, a keen astronomer, gives him negative feedback, he will then be bound to change his preference. Furthermore, the decision may be disrupted due to unforeseen situations such as a sudden job loss or relocation.

After the alternatives have been evaluated, consumers take the decision to purchase products and services. They decide to buy the best brand.

But their decision is influenced by others’ attitudes and situational factors.

**5. Post-purchase behavior**

In brief, customers will compare products with their previous expectations and will be either satisfied or dissatisfied. Therefore, these stages are critical in retaining customers. This can greatly affect the decision process for similar purchases from the same company in the future, having a knock-on effect at the information search stage and evaluation of alternatives stage. If your customer is satisfied, this will result in brand loyalty, and the Information search and Evaluation of alternative stages will often be fast-tracked or skipped altogether.

On the basis of being either satisfied or dissatisfied, it is common for customers to distribute their positive or negative feedback about the product. This may be through reviews on website, social media networks or word of mouth. Companies should be very careful to create positive post-purchase communication, in order to engage customers and make the process as efficient as possible

In the final stage of the buyer decision process, post purchase behavior, the consumer takes action based on satisfaction or dissatisfaction.

In this stage, the consumer determines if they are satisfied or dissatisfied with the purchasing outcome. Here is where cognitive dissonance occurs, “Did I make the right decision.”