

Topic 7: Market Segmentation

CHB1203 Principles of Marketing

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Learning Outcomes

By the end of this session, you will be able to:

1

Define

Market segmentation and explain why it matters in modern marketing

2

Identify & Compare

The four main segmentation bases: Geographic, Demographic, Psychographic, and Behavioral

3

Apply

Segmentation variables using real ASEAN and Thai brand examples

4

Evaluate

Segments using the MASDA criteria for effective segmentation

Why Segment the Market?

Not every customer is the same — and trying to serve everyone equally means serving no one well.

"The aim of marketing is to know and understand the customer so well that the product or service fits them — and sells itself." — **Peter Drucker**

Market segmentation is the process of dividing a total market into smaller, distinct groups of buyers who share similar needs, characteristics, or behaviors, and who may require separate marketing strategies or mixes.

1

Segmentation

Divide the total market into smaller groups

2

Targeting

Select which segment(s) to serve

3

Positioning

Decide how to create value for that segment



The 4 Bases of Market Segmentation

Every market can be divided using four fundamental lenses — each revealing a different dimension of the customer.



Geographic

Country, region, city, climate

Grab adjusts services by province



Demographic

Age, income, gender, education

AIS targets Gen Z with AIS Play



Psychographic

Lifestyle, personality, values

Eco-conscious café consumers



Behavioral

Usage, loyalty, occasions, benefits

Shopee 11.11 flash sale shoppers

1. Geographic Segmentation

Definition: Dividing the market based on geographic boundaries — country, region, province, city, or neighborhood.

- ❏ Consumer needs differ by **climate, culture, population density, and local regulations**. Location shapes what people need and how they buy.

Brand	Geographic Strategy
Grab Thailand	Separate app features for Bangkok vs. upcountry (motorbike taxis vs. standard cars)
7-Eleven Thailand	Adjusts snack selections and ready-meals by region
True Move H	Urban vs. rural network coverage packages differ
Coca-Cola ASEAN	Regional taste variants (less sweet in Thailand vs. Philippines)

2. Demographic Segmentation

Why It's #1

The most widely used segmentation base because demographics are **easy to measure** and closely linked to buying behavior.

Definition: Dividing the market by measurable population statistics — age, gender, income, education, occupation, family size, or generation.

Variable	Brand	Target Segment
Age / Generation	AIS Play	Gen Z & Millennials (digital entertainment)
Income	Central Department Store	Middle-to-upper income Bangkok shoppers
Gender	Hazeline (Unilever TH)	Women aged 18–35 (skincare)
Occupation	SCB M Visa	Business travelers and frequent flyers
Family Size	BigC Extra	Families buying in bulk

3. Psychographic Segmentation

Definition: Dividing buyers by **social class, lifestyle, or personality characteristics.**

- ❑ Two people with identical demographics (same age, same income) can have completely different lifestyles — and therefore, completely different purchasing behaviors.

Key Psychographic Variables

Lifestyle

How people spend their time and money

Personality

Adventurous, cautious, creative, etc.

Values & Beliefs

Environmental concern, tradition, status

ASEAN Brand Examples

Lululemon (TH)



Health-conscious, active lifestyle, "athleisure" consumers

Roast 8ths / Roots



Urban, eco-conscious, "third place" seekers in Bangkok cafés

Harley-Davidson



"Freedom seeker" personality types globally

Muji Thailand



Minimalist lifestyle, quality-over-quantity values

4. Behavioral Segmentation

Definition: Dividing buyers based on their **knowledge, attitudes, uses, or responses** to a product. Many marketers consider behavioral variables to be the **best starting point** for market segmentation.

Behavioral Variable	Description	Thai Example
Occasions	When they get idea to buy, make purchase, or use product	Songkran sales, New Year promotions, Valentine's Day
Benefits Sought	What value the customer seeks	Shopee (lowest price) vs. Lazada (product variety)
User Status	Non-user, first-time user, regular user, ex-user	True Move H win-back campaigns for churned customers
Loyalty Status	Level of commitment to a brand	King Power frequent buyer loyalty tiers

Segmenting International Markets

Modern communication technologies allow marketers to identify and reach **like-minded consumers across national borders**—a strategy called **intermarket segmentation**.

Consumers in Bangkok, Ho Chi Minh City, and Jakarta may have more in common with each other than with consumers in their own country's rural areas.



Shopee

Value-conscious digital shoppers — same "11.11 Sale" runs across TH, VN, ID, PH, MY



LINE

Young urban communicators — consistent sticker/content strategy across TH, JP, TW, ID



Netflix Thailand

Binge-watchers, local drama fans — Thai originals marketed across ASEAN



KFC ASEAN

Young fast-food consumers — consistent brand with localized menu offerings

Requirements for Effective Segmentation

Not every way of dividing a market produces a **useful segment**. A good segment must meet all five **MASDA criteria**:



Measurable

The size and purchasing power can be measured

How many eco-conscious consumers are in Bangkok?



Accessible

The segment can be effectively reached and served

Can we reach them via LINE or Instagram?



Substantial

Large or profitable enough to justify a strategy

Is the segment big enough to be worth targeting?



Differentiable

Responds differently to different marketing mixes

Do eco-consumers react differently than price-seekers?

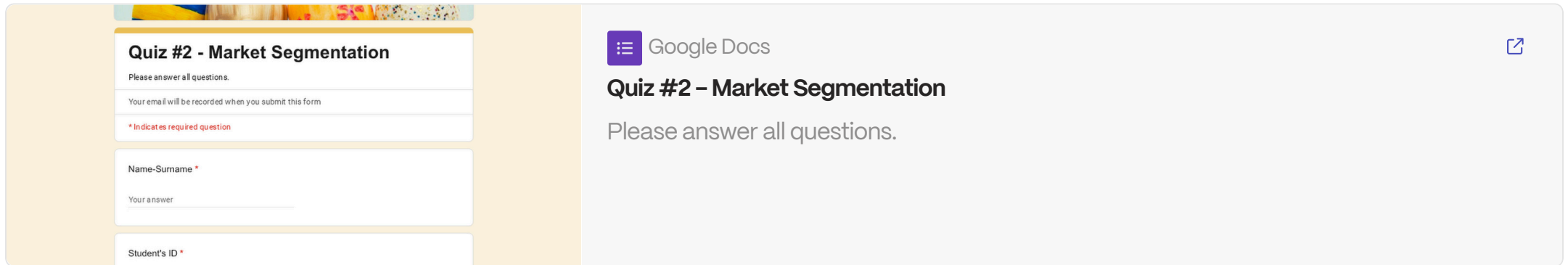


Actionable

Effective programs can be designed for the segment

Do we have the budget, skills, and channels to serve them?

Quiz 2: Market Segmentation



The image shows a screenshot of a Google Docs document. The document title is "Quiz #2 - Market Segmentation". The content of the document is a quiz form with the following elements:

- Quiz #2 - Market Segmentation**
- Please answer all questions.
- Your email will be recorded when you submit this form
- * Indicates required question
- Name-Surname *
- Your answer _____
- Student's ID *

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