

CFAM1.3.3

Establish and understand potential market segments



Overview

This unit is about researching the behaviours and motivations of customers towards understanding potential market segments at which organisations' products/services might be targeted. It includes analysing the data to confirm that clusters suggested by the analysis are real and can be used to inform a market segmentation strategy.

For the purposes of this unit, 'organisation' can mean a self-contained entity such as a private sector company, a charity or a local authority, or a significant operating unit, with a relative degree of autonomy, within a larger organisation.

This unit is recommended for middle marketing managers. Such marketers might be research or segmentation specialists employed directly by the organisation, or work for an agency/consultancy.

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Performance criteria

- You must be able to:*
- P1 explore relevant characteristics amongst potential and existing customers
 - P2 conduct research across sample populations to ensure that conclusions can be justified
 - P3 identify the motivations, attitudes and behaviours of customers
 - P4 identify clusters of customers who may be considered to be distinct due to similarities in their motivations/attitudes/behaviours
 - P5 review the clusters identified and confirm that the segments proposed are real and can be targeted effectively
 - P6 profile established clusters, identifying the distinguishing characteristics that describe those within them and any further relevant features

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Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- K1 the importance of effective segmentation and its value towards developing marketing strategy
- K2 what constitutes a market segment, and why this differs from customer classification
- K3 characteristics that might be relevant to establishing potential market segments, including demographics, psychology, product/services awareness and/or usage patterns
- K4 the importance of ensuring that research is sufficient to justify any conclusions drawn from its results, and how to do this
- K5 the factors that make segments distinct, and the importance of determining segments that are distinctive
- K6 the importance of ensuring that segments are viable, that is they are of a size sufficient to warrant targeting, and are also accessible to an organisation

You need to know and understand:

Industry/sector specific knowledge and understanding

- K7 sources of information on trends and developments within the industry/sector
- K8 current and emerging trends and developments in the industry/sector
- K9 factors affecting customer decision-making within the industry
- K10 legal, regulatory and ethical requirements impacting upon marketing products/services within the organisation's sector

You need to know and understand:

Context specific knowledge and understanding

- K11 the organisation's range of products/services relevant to the segmentation process
- K12 the organisation's actual and potential customer base
- K13 the needs and expectations of the organisation's actual and potential customers
- K14 the customers' decision-making processes when buying the organisation's products/services

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Additional Information

Behaviours

1. You identify patterns and trends in complex and apparently diverse data
2. You develop systems to gather and manage information and knowledge effectively and efficiently
3. You gather and analyse information from a variety of sources
4. You articulate the assumptions made in understanding the situation
5. You generate and recognise imaginative and innovative solutions that can be implemented
6. You present information clearly, concisely and accurately

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