
Overview

This standard is about researching the behaviours and motivations of customers and using the outcomes to identify market segments. It includes identification of distinct clusters of customers based on their motivations, attitudes and behaviours, identifying measurable market segments and evaluating their potential stability, accessibility and profitability. It is for marketing professionals who identify market segments.

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Identify market segments

Performance criteria

- You must be able to:*
- P1 conduct research to identify the motivations, attitudes and behaviours of customers
 - P2 identify distinct clusters of customers based on motivations, attitudes and behaviours
 - P3 profile established clusters, identifying their distinguishing characteristics
 - P4 identify market segments that are measurable in terms of size, buying power and profile
 - P5 propose test plans for market segments
 - P6 test ideas for market segments in line with the test plan
 - P7 assess the viability of identified market segments, evaluating their potential profitability, stability and accessibility
 - P8 make recommendations on target segments that are likely to achieve the required returns on investment for the organisation
 - P9 consult key stakeholders on recommendations and make appropriate amendments in line with feedback

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Knowledge and understanding

You need to know and understand:

- K1 legal, regulatory and ethical requirements that impact on marketing
- K2 the value of market segmentation when developing marketing strategy
- K3 what constitutes a market segment and how this differs from customer classification
- K4 characteristics that might be relevant to establishing potential market segments
- K5 how to conduct research into customer motivations, attitudes and behaviours from which valid and reliable conclusions can be drawn
- K6 the factors that make market segments distinct and the reasons for determining distinctive segments
- K7 how to develop test plans
- K8 factors to consider in assessing the viability of identified market segments
- K9 how to forecast potential returns on investment for target market segments
- K10 mechanisms for consultation with key stakeholders

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Developed by	Skills CFA
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Version number	2
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Date approved	January 2013
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Indicative review date	January 2016
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Validity	Current
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Status	Original
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Originating organisation	Skills CFA
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Original URN	CFAMAR17
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Relevant occupations	1132 Marketing & Sales Manager 3543 Marketing Associate
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Suite	Marketing (2013)
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Key words	Marketing, marketing management, market research, public relations
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