

# MARKET SEGMENTATION ANALYSIS TO INCREASE THE EFFECTIVENESS OF MARKETING STRATEGIES

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## ABSTRACT

Market segmentation analysis is a process for understanding and dividing the market into smaller groups or segmentation based on different characteristics, such as demographics, behavior, or needs. The goal of research is to understand the needs, preferences and behavior of different consumers so that companies can develop more effective marketing strategies for each segment. The research method used in this research is qualitative by identifying segmentation variables or criteria that are used to divide the market into different segments including demographics age, gender, income, geography (geographical location), psychographics values, interests, lifestyle, or behavior (purchasing habits, brand loyalty). The result of this research is market segmentation, identifying criteria that can be used to divide the market into smaller segments. These criteria may include demographic age, gender, income, geographic (geographic location), psychographic (lifestyle, values), or behavioral (purchasing habits, brand loyalty).

Keywords: Market Segmentation, Increasing, Marketing Effectiveness

## INTRODUCTION

Market segmentation analysis is an important process in marketing strategy that aims to understand and divide the market into smaller groups based on similar characteristics. (Pasaribu n.d.). Understanding Customer Needs and Preferences by analyzing market segments, companies can understand customer needs, preferences, and behavior in more depth allowing companies to adapt their products, services, and marketing strategies to better suit market needs (Dinda Nurhaliza Putri Diana and AG Sudiby 2023). Identifying Market Opportunities Segmentation analysis helps companies identify market opportunities that might be missed if the market were only viewed as a whole. By understanding the needs and preferences of different market segments, companies can develop new products and services or modify existing ones to meet those needs (Maharani, Said, and Ramadhani 2024) There are many obstacles that are often experienced in the course of business which often make companies develop slowly, such as disorganized internal management. Irregular internal management has an important influence on the

marketing of a product. (Author 2024). Therefore, in order not to experience problems in marketing, you also need to pay attention to internal management before promoting or marketing products, not having good financial planning in business, tight market competition and not doing in-depth research, not maximizing social media in promotion (Galuh 2024).

Obstacles in product marketing and marketing that often occur, such as an immature marketing strategy, launching a product without a mature plan, without considering the market and competitors, inappropriate target audience, wrong target can be a big obstacle in marketing if the product is aimed at the wrong group, efforts marketing will not provide maximum results (Fadhillah, Azhar, and Deni 2024). Timing or choosing the wrong time to determine or market a product can also be an important factor. Choosing the wrong time can result in wasted efforts. Not updating with the digital era requires businesses to continue to develop and adapt.(Fauziah and Fatoni 2024) If you don't keep up with technological developments, you may be left behind and face marketing obstacles. In Bagas Anggara's research entitled Analysis of the Effectiveness of Digital Marketing Strategies in Increasing Brand Awareness and Sales Conversion in the Fashion Industry, he concluded that the important role of digital marketing strategies in the fashion industry is to increase brand awareness and sales conversion (Ekonomi 2024) Various types of marketing strategies such as the use of social media, online content, digital advertising campaigns, and search engine optimization have proven effective in achieving business goals.

Then, in Reny Rahayu's research entitled Implementation of Marketing Strategies in Increasing the Competitiveness of Kaboki Knitted Bag Products, it was concluded that the Kaboki Knitted Bag Tourism, Sukorejo Branch, Pasuruan Regency has implemented a good marketing strategy in increasing product competitiveness. Market segmentation used by the Kaboki Knitted Bag Tourism, Sukorejo Regency Branch. Pasuruan in selecting consumers includes geographic, demographic and psychographic segmentation (Alapján- 2016) Then the results of Rahmah Siti Mariyam's service in an article written with the title Developing Product Quality and MSME Marketing Through Brand Innovation in Dayaba Utama Ferindo MSME Players wrote several research results. Innovative marketing strategies are the key to increasing the visibility and competitiveness of Dayaba Utama Ferindo products in the adopted market. digital marketing as the main tool to reach a wider target market (Dayaba et al. 2024). The explanation above illustrates that Market Segmentation Analysis to Increase the Effectiveness of Marketing Strategies does require several appropriate strategies. Based on the results of research conducted by Fidiyah Ika Nur Rohmah with the title Marketing Strategy Analysis in Business Development at Jokopi Through Improving Service Quality at Jokopi Go, it can be concluded that Jokopi is carrying out business development by creating a new concept by improving the quality of self-service services through Jokopi Go. Jokopi Go has succeeded in implementing a good 4P (Product, Price, Place, Promotion) marketing strategy. The products offered are coffee which has various flavors, snacks, ice cream, and merchandise as a form of exclusivity for Jokopi products which of course have good quality according to the price (Strategi et al. 2024).

Market segmentation is the division of a market into several different groups of buyers. Market segmentation can be intended as dividing different (heterogeneous) markets into homogeneous market groups, where each group can be targeted to market a product according to the needs, desires or characteristics of buyers in that market (Prasetyo 2024). The definition of effectiveness states that effectiveness is a description that provides a measure that gives an idea of how far the target can be achieved. This opinion states that effectiveness is a measure that provides an idea of how far the targets previously set by the institution can be achieved. This has a very important role in every institution and is useful

for the development and progress achieved by an institution (Sulaiman and Alawiyah 2024). According to Kotler and Armstrong (2008), as quoted by (Ilma Agustin et al. 2024), Marketing strategy definition refers to a marketing concept in which business units seek to create value and gain profits through interactions with consumers. According to (Tjiptono, 2015), marketing strategy is considered a general guide that includes direction in selecting target markets, planning and implementing the marketing mix. The three main components covered involve determining the company's focus market, product and service development, and timing market entry and market development activities (Syariah and Ilmu n.d.).

## **METHODOLOGY**

The research method used in this research is qualitative by identifying segmentation variables, variables or criteria used to divide the market into different segments including demographics age, gender, income, geography (geographical location), psychographics values, interests, lifestyle, or behavior (purchasing habits, brand loyalty).

## **RESULTS AND DISCUSSIONS**

Grouping target consumers according to their characteristics certainly has important benefits, both short-term benefits and long-term benefits. Some of the benefits of market segmentation in a business include: Business owners are in a better competitive position, Business owners can allocate their budget more appropriately to various market segments, Business owners can adjust the products or services offered to suit market demand, Business owners can identify market opportunities that show opportunities for new product development, business owners can identify potential new consumers.

### **Types of Market Segmentation include**

#### **a. Market segmentation based on demographics**

In this market segmentation, the market is divided into groups based on demographic variables. Demographic variables are often used to group target markets because they are considered easier. The demographic variables in question are age, gender, population, family size, income, occupation, education level and citizenship.

#### **b. Market segmentation based on geography**

The target market in this type of segmentation is differentiated based on geographical conditions. In this case, potential consumers will be grouped with reference to the village, sub-district, city, district and province of residence. Geographic segmentation needs to be considered because product or service needs differ from one another depending on the location and weather there.

#### **c. Market segmentation based on behavior**

Segmentation based on behavior will divide consumers into several groups based on their use, knowledge, response or attitude in responding to the product. Through this type of segmentation, we can find out how consumers behave towards a business. Some people believe that behavioral variables are a good starting point for building market segments. If implemented well, we can develop a strategy to build brand loyalty for the business we run.

d. Market segmentation based on psychographics

In psychographic segmentation, the target market is divided into different groups based on social class, lifestyle and personality. This type of segmentation grouping is a little more complicated than other types because you have to know in detail what the tastes of the target market are. A certain group of people tends to show that their social class influences their choice of clothes, cars and household appliances. Regarding lifestyle, people's interest in goods or services is generally influenced by lifestyle.

### **Stages of Market Segmentation**

After knowing the benefits and types of market segmentation, now is the time for us to start segmenting. In carrying out market segmentation, there are conditions that must be met so that market segmentation is effective. Market segmentation must be measurable, accessible, and profitable. Here are several stages that you must go through to produce effective market segmentation:

a. Do research

The first and most important step is to conduct target market research first. We need to know exactly who should be included in the same segment. Make sure the individuals in your target market have something in common. For the record, women and men have different needs so they cannot be included in the same segment. This also applies to the target market of young and old, workers and students, and so on.

b. Identify target market

The next step after conducting research is to determine or identify the desired target market. In this case, you must have a goal, whether targeting new consumers or old consumers. Once the target market is determined, it is important for you to know what their needs are. You must interact frequently with your target market to find out their interests and demands in more depth. Don't forget to determine the criteria you want to use in determining the target market. The criteria in question are determined based on demographic, geographic, psychographic or behavioral conditions.

c. Analyze data

After all the data related to the target market is collected, we can start processing and analyzing it. Data analysis is needed to become a reference in determining product preparation and marketing strategies. Analysis can be carried out by applying the SWOT model (Strengths, Weaknesses, Opportunities, Threats) for each market segment. That way, it will be easier for you to design the right strategy to promote products in each segment.

d. Conduct evaluation

Even though you have successfully designed a marketing strategy, you still have to evaluate each segment. This evaluation is necessary with the aim of ensuring that the target market can be used as a reference and help with your market segmentation. If it turns out the results are not suitable, don't be afraid to try again. You can try to segment the market based on different criteria or characteristics than before.

## **Benefits of Market Segmentation**

Market segmentation is a good marketing strategy. Because, there are several benefits in it that will benefit the company. The following are some of the benefits that can be obtained

### **a. Marketing Ideas Become Clearer**

The first benefit is that marketing ideas become clearer. Because before supplying goods, the company already has data on consumers who will buy the product. This data is not only related to consumer characteristics and needs. However, it is also related to people's interest and purchasing power. Therefore, companies can determine more appropriate marketing ideas according to consumer data.

### **b. Easier to Manage Products**

With market segmentation, it is certain that product management will be easier. Because the target consumers for this product already exist. So, the company just needs to market it. This is also the reason why marketing after market segmentation is more effective and efficient. Because, the chances of a best-selling product being purchased by consumers are greater than those who don't implement it.

### **c. Finding Comparisons Between Markets**

If our business implements market segmentation, the company will definitely have the characteristics, purchasing power, preferred type of marketing and customer needs in mind. It cannot be denied that it is related to this context, where consumers have different sizes. Therefore, companies can make comparisons between markets by grouping consumers. Later the comparison results will appear which groups buy more products and which don't.

## **Market Segmentation Terms**

To be able to carry out strategies and determine consumer segmentation in business marketing activities, this must not be done haphazardly. Because there are certain conditions that must be met first by the business owner. The following are some of the conditions in question

### **a. Segmentation Must Be Measurable**

The first requirement for determining market segmentation is that the segmentation must be measurable. This also includes measuring the size and breadth of the market and the potential purchasing power there. One example of the measurement results of market segmentation is female consumers' interest in fashion compared to men. If this segmentation measure already exists, it will definitely be easier for business owners to find customers.

### **b. Logical and Workable Market Segmentation**

The second condition is that we need to segment the market according to the best ideas. But make sure it can be carried out well. This is related to the strategic plan that will later be used to create segmentation. If the strategy cannot be implemented, it will certainly be useless. Because what is certain is that there will be products that will be marketed even though the characteristics of the buyers have been identified.

## **There must be a segmentation target that you want to achieve**

If you want to create market segmentation, first determine the important points that are strategic targets. Make sure the target is reasonable. So it can be achieved through a segmentation system. This company's marketing segmentation target is called a targeted market. From here a

mapping will emerge of which markets are prioritized and which are not. Create market segmentation but ensure the targeted market remains broad. Because if it is too narrow then the number of consumers will be smaller. That means, the company's sales profits will also be very small.

### **How to Carry Out Market Segmentation**

Market segmentation is a business strategy that is carried out using certain techniques and procedures. The following are several procedures in market segmentation, among others

#### **a. Survey Stage**

The first procedure is to carry out exploration which is also known as the Survey Stage. The form of this survey is determined by the company itself, either by conducting interviews, distributing targets, or asking for suggestions and interest from the public. The aim of implementing this procedure is so that the company has initial data regarding the people in a particular market. This also includes information about their motivation and attitudes towards a product. If these initial data have been obtained, then the market segmentation application steps can be continued by implementing the second procedure, namely carrying out information analysis.

#### **b. Stage Analysis**

If the company already has initial data related to consumers, then this information must be analyzed first, which is known as stage analysis. One area of analysis for market segmentation is finding out the reasons for consumer attitudes and motivations. Later, the results of this analysis will be the first step in grouping according to the same motivations, attitudes and causes.

#### **c. Profiling Stage**

Profiling stage is a market segmentation procedure in which the company begins to identify several consumer groups. The benchmark itself is initial survey data plus data from consumer analysis. From this identification process, the names of consumer groups that will be used as sales targets will emerge. If everything is complete, the product will be marketed to them according to the information that has been obtained.

### **CONCLUSION**

Conclusions from market segmentation analysis are the key to increasing the effectiveness of marketing strategies. By deeply understanding who the right target market is, companies can allocate their resources more efficiently and develop messages that are more relevant and attractive to each market segment. It also allows companies to tailor their products and services to the specific needs and preferences of each segment, which can increase product appeal and customer satisfaction. Thus, market segmentation analysis not only helps companies find new opportunities for growth, but also makes it possible to optimize the use of their resources and achieve more effective marketing results overall.

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