

Strategy for market segmentation and differentiation: contemporary marketing practice

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Abstract

The importance of marketing in terms of globalization is enormous, especially if seen as a tool without which the company cannot survive on the market. Today, international marketing is intensified and is adapted to all aspects of the daily life of the consumer. This is particularly true for companies that operate in more markets, that is, the work in more fragmented segments of domestic and foreign markets. Creating and formulating a marketing strategy is of great importance and requires a lot of resources and time in order to achieve the set goals.

The strategy dedicated to targeting consumers is part of the work of most of the companies in both the sacred and the Republic of Macedonia. The need for segmentation of markets according to different crises, then their targeting and grouping in different groups is necessary. The enterprises in the new millennium are faced with the challenge of finding the right way to consumers.

Keywords: market segments, marketing strategy, goals, targeting, consumers

1. Introduction

Global marketing is not some kind of revolutionary change, but it is a continuous evolutionary process of constant transformation. Today, international marketing is intensified and is adapted to all aspects of the daily life of the consumer. Local regions or national boundaries are no longer confined to competitive forces. To be successful in today's globalized economy, the world must respond to the conditions of the global market through knowledge and new skills, applying various aspects related to the international marketing process. So, international marketing skills are an important ingredient for any company, whether it is or not the only one involved in the business of the brand or company. Companies that have previously been focused on developing their domestic markets, creating new sources of competition, are often targeted at marketable price segments. Competition continues to be market-based and ultimately relies on providing superior value to consumers. However, the success of global markets depends on the accumulation and deployment of knowledge. Not only does competition intensify for all firms from their degree of involvement in the global market, but also the basis for competition changes.

More recently, the emergence of globalization as a process of linking the world has resulted in the creation of countries' communities. Here, among other things, comes the creation of a single market with similar interests, needs and demands of consumers.

In global marketing, market segmentation becomes especially essential, given the sometimes incredibly wide divergence in cross-border consumer needs, direction and preferences. Once the company has chosen its target segments, management needs to determine a competitive positioning strategy for its products.

The capabilities and capabilities of companies to bear competitiveness on a global scale depend on many factors, ranging from financial resources to competent staff. The range of opportunities offered to businesses is enormous, but the capabilities they possess to "grab" those occasions are more limited and narrower. The more successful, that is, those with more resources and abilities will be able to find and compete in more places, but the rest will be passive participants in the world markets. The existence of passive participants worldwide provides an opportunity for developing specialized markets or developing more concentrated markets.

Consumer targeting as one of the strategies used by most of the world's companies enables a more rational use of its resources, which results in better results. Targeting helps to redirect available resources to channels where there are genuine, realistic opportunities for creating success stories in the lifetime of an enterprise.

2. Marketing strategy - the ability to act on the enterprise

The strategy is a way of achieving the set goals, taken in general, while in marketing terms it can be said that realization of the set marketing goals is achieved. The strategy, regardless of the size of the company, primarily refers to the "choice of the direction of movement of the whole enterprise and the way of managing the business and the business portfolio". [1]

Today, in conditions of distinct different needs and demands of consumers, strong competition in the market and new challenges and trends affecting the marketing strategy, enterprises apply marketing orientation. This orientation implies a simultaneous analysis of the consumers, the competition and the internal capabilities of the company in the direction of creating a marketing mix that will satisfy the needs of consumers better than competitors but will also provide stable and long-term growth of the company's profits.

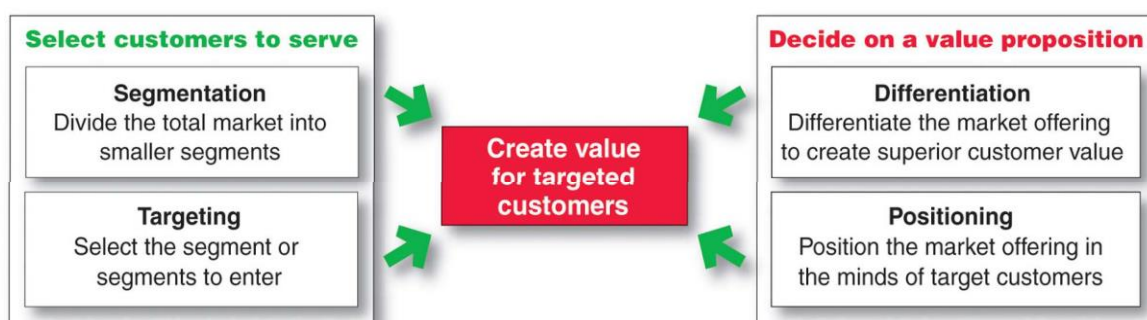


Figure 1 Creating Value for Targeted Customers

The strategy is not chosen at once and is not used in the same way, it is likely to change over the lifetime of the enterprise. Sometimes it may happen that the strategy changes throughout the years, depending on what needs to be met. Its creation is influenced by many factors, of a different nature coming from different directions. The main factors are: the forces from the surrounding area; the organizational situation that governs the enterprise; the situation on the market where the company operates and the life cycle in which the enterprise is located; the competitive position of the enterprise in comparison with other market participants.

According to the Camilleri [2] by dividing the market into segments, marketing managers can acquire a better understanding of the needs and wants of customers. This enables them to customize or to 'tailor' the company's marketing activities more accurately and responsibly to the individual customers' likings. Segmentation marketing supports businesses in meeting and exceeding their customers' requirements. It may also allow them to evaluate the competitors' strengths and weaknesses. This way, they could discover business opportunities in markets which were not served well.

A very important issue in creating a marketing strategy for the company is determining the scope of the market on which it wants to work, and also the number of markets where it wants to attend. The most important thing is to determine the nationality, that is whether it is a domestic or foreign market where the company will conquer and operate. The essential difference in determining the nationality of the market is to determine the competitors that will be part of the day-to-day operations, which depends on the strategy that will be applied in the operation. Companies are usually decided to independently create a marketing strategy, the definition of which is preceded by SWOT analysis and analysis of the marketing environment. The SWOT analysis should show the capabilities, weaknesses, opportunities and limitations of the enterprise. The necessity of this analysis stems from the fact that the results obtained from it give a direction in the creation of the strategy and more importantly in the positioning of the market. Different variants of capabilities, capabilities, weaknesses, and constraints make one mix of outcomes in which the enterprise can belong.

The analysis of the marketing environment is also very important, as the various aspects of the environment help to see where the company is located and where it can move. This analysis tells a lot about the environment, especially the competition of the company without whose knowledge cannot expect a bright future for the company.

The company's strategy should be targeted at consumers, as they are the most important part of the work of the enterprise. The marketing strategy should include: consumer needs; focusing on the marketing segment where the company will work; concentration of effort to 20% of consumers who give 80% of earnings. [3]

3. A strategy for targeting consumers

Market segmentation is the process of dividing a broad-based consumer or business market and consists of sub-groups of specific consumers (known as *segments*). In dividing or segmenting markets, they find common interests out, similar lifestyles or even similar demographic and culture profiles. The overall aim of segmentation is to identify *high yield segments* – that is, those segments that are likely to be most profitable or that have growth potential – so that they can be selected for special attention (i.e. become target markets).

According to Kotler [4], a company that practices segment marketing recognizes that buyers differ in their needs, perceptions and buying behaviors. The company tries to isolate broad segments that make up a market and adapts its offers to match more closely the needs of one or more segments. Segment marketing offers several benefits over mass marketing. The company can market more efficiently, targeting its products or services, channels and communications programmes towards only consumers that it can serve best. This company can also market more effectively by fine-tuning its products, prices and programmes to the needs of carefully defined segments. And the company may face fewer competitors if tower competitors are focusing on this market segment.

The increasing use of market segmentation, market targeting and product specialization has resulted in a greater need for specialist stores that focus on specific products and segments. Because of changing consumer lifestyles and the increasing number of two-income households, many consumers have greater incomes but less time to spend shopping. They are attracted to speciality stores that provide high-quality products, convenient locations, excellent service and quick entry and exit.

Segmentation of the market is explained as a division of the market according to different criteria, however useful for the company, it cannot help selecting the marketing strategy because of the heterogeneous quality of the market. The enterprise needs to adapt its activities to the specific requirements of consumers, and it is necessary to further divide the market from the point of view of consumers of certain homogeneous groups depending on their needs according to certain criteria.

The three steps of segmenting, targeting and positioning are necessary so that the enterprise can be found and managed successfully.

3.1. Market Segmentation - the first step in creating a Buying Leading Strategy

Most often, companies combine segmentation variables and therefore opt for a particular target group. The variables that would be a filter in the segmentation of the market can be of a different nature, or nature. In addition to the variability of the variables they can be divided into four groups: geographic; demographic; psychographic; behavioral. [5]

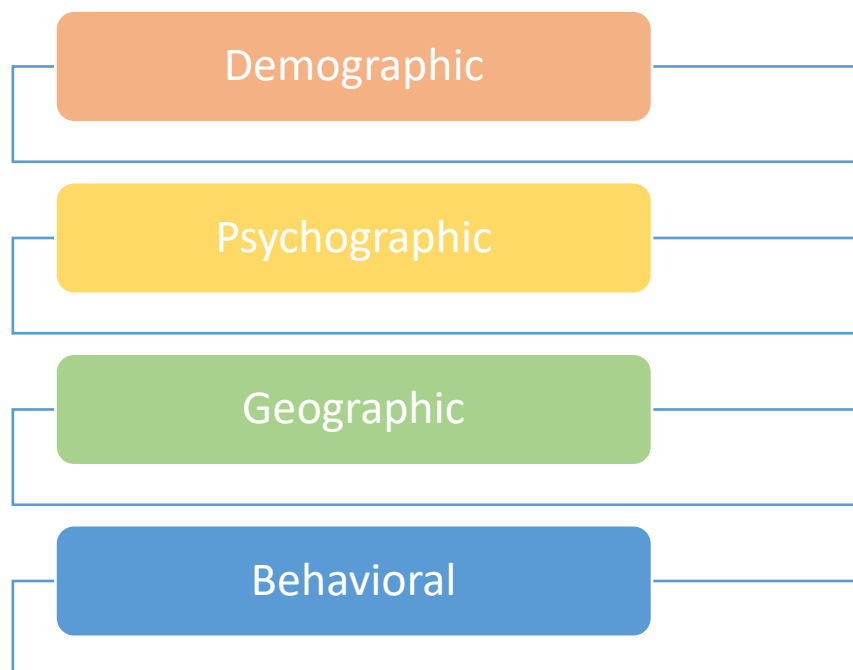


Figure 2 Segmenting consumer markets

Demographic variables for segmenting the market

The most commonly used method for segmenting the market are the demographic variables, which include: sex, age, family life cycle, occupation, income, religion, race, education, nationality. All of these variables affect the way of buying and, of course, deciding on buying from customers. Each of them has a special influence, that is, the dominance of some of them will affect which category of consumers would be.

Psychographic variables for segmenting the market

The division of consumers according to this segmentation is based on the lifestyle, the social class, the characteristic features of consumers.

Geographic variables for segmenting the market

Geographical segmentation is one of the oldest and most used methods of segmentation where consumers are grouped based on their belonging to certain geographical areas - country, region, city, etc. Company decisions can be targeted at market segments in urban areas, in suburbs or in rural areas, and this depends on the company's capabilities and needs.

Behavioral variables for segmenting the market

This segmentation method is based on a series of behavioral variables that include the ways in which consumers buy certain products, used by the buyer, status of use, user status, loyalty status, and readiness to purchase the product. All these variables are important because the consumer takes them into account before making a purchase decision. One way of behavioral segmentation is to classify consumers according to the occasions in which consumers are in need of buying or using a product. Another type is segmentation based on user status, according to which consumers are classified to non-users, former users, potential users, users who have purchased once and regular users.

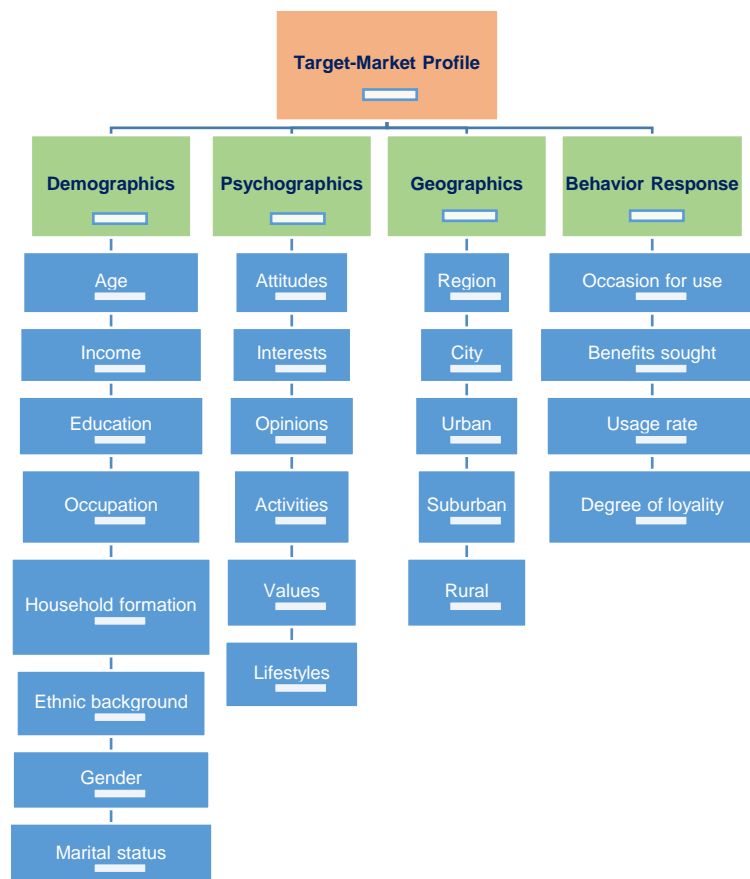


Figure 3 Variables for Identifying target markets

3.2. Targeting the market - a second step in creating a buried water strategy

Targeting, or targeted marketing, can be termed differentiated marketing, which involves the use of different marketing strategies for each segment of the market. The predecessor of this type of marketing is of course the mass marketing, that is, the emergence of the targeted marketing is more recent. Segmentation and targeting of a particular market do not imply a reduction in the number of consumers, but it may involve an increase in the customer base with the very fact that more attention and effort towards a certain group of consumers is paid. When analyzing segments, the company is very important to take care of three factors: the size and growth of the enterprise - what are the future trends; structural attraction of the segment; goals and resources of the company. Each of these factors has its impact and the analysis of all these factors can give a better picture for each of the potential segments.

The attractiveness of the segments depends on a number of factors, such as the following:
[6]

Profitability of the segments - one must see what the prospects for profitability are in all segments for which the company is considering serving them, in terms of how quickly a turnover of funds could be expected.

Sales growth rate in segments - it is particularly important to analyze the growth rate of sales, what are the forecasts for a certain period of time (usually at least in the first 5 years).

The power of consumers in negotiating prices - it is especially important to know what is the power of consumers in dictating the prices, that is, what type of market it is.

Seasonality and cycling - these trends of seasonality or cycling in production, so sales sometimes have importance for the enterprise. That is, there are companies that would like to serve occasionally, that is, in certain seasons in order to be able to bear the production. After the analysis, the company decides on the number of segments it will serve. The possibilities available to the enterprise are different:

- **UNIFIED MARKETING** - it involves serving all segments of the market, without a particular determination of certain segments.
- **DIFFERENTED MARKETING** - it's about deciding the company about the number and type of segments that the company wants to serve.
- **CONCENTRATED MARKETING** - is used most commonly in companies that operate with limited financial resources.
- **MICROMARKETING** - this marketing involves serving a smaller group of consumers, and may be local or individual.

3.3. Market positioning - the third step in creating a purchasing water strategy

Positioning implies determining the segments where the company wants to attend, and deciding is still in the kidney because the product itself will depend on the segments. Most often, companies decide to create or modify existing products in order to adapt them to the segments where they would work. The most important thing is to discover the wishes, the needs and the possibilities of the consumers before switching to the arrangement of the product, that is, the products.

The market position is determined by the factors and parameters relevant to consumers, which they essentially choose. Consumers determine the position of the enterprise market, that is, the most successful are those enterprises that have the biggest profits that are leading and are distinguished from the products of the competition. [7] If the enterprise can be positioned on targeted markets of superior value, whether it is through lower prices or through larger benefits that will justify high prices, it takes advantage of the competition. Most often, companies decide to build a strategy based on a certain element, that is, whether there will be a difference in the product, the way of working or some other advantage. The most commonly used advantages in terms of competition in order to build a marketing strategy.

4. Strategy for targeting consumers in the Republic of Macedonia

The Republic of Macedonia is a country inhabited by less than 2 million inhabitants, with a small territory for business opportunities. The fact that there are few consumers here, the low GDP, low economic growth and development and other economic indicators point to the real opportunities offered to the business community.

The companies in Macedonia are different from American companies from different aspects, and more importantly, the business climate is very different. The way of work, technical-technological products and innovations are not in favor of enterprises in our country, unlike in

the United States. Each of these factors and other circumstances indicate that differences are perceived in the marketing strategy of Macedonian enterprises.

As a good example for a company that pays attention to the strategy for targeting consumers and takes care of the work is Prilepska Pivarnica AD. It was founded in 1924 as a joint-stock company in Prilep, Republic of Macedonia.

The marketing conception of Prilepska Pivarnica AD is related to the existence of a developed market in which market laws operate. Marketing builds its activities through the program orientation of the production of a product or service for well-known consumers. It is a kind of creation and delivery for the company's program decisions. Instead of mass marketing in practice, the target marketing strategy, the identification of market segments, the selection of one or more segments and the development of specific strategies for each target market are more often applied.

Marketing research refers to all elements of the marketing concept in Prilepska Pivarnica AD. The main objects of market research are all basic elements of market relations: the product itself; the market as a place and a set of conditions for the realization of products, which primarily depend on the relationship of demand and supply of the product; buyers; the distribution network of products; methods for ranking; means to stimulate demand; suppliers of raw materials and others.

Another good example for building a leading purchasing strategy is Alkaloid, one of the most successful companies operating in this region.

The company works with the world's best technical and technological inventions in their field of activity, competing with the world's brands in the pharmaceutical industry. In addition to its dedication to the production process, the company boasts a well-built vision, mission and goals that are step-by-step. Also, the company Alkaloid can boast a well-built marketing strategy, especially in the segment of market segregation and targeting.

The first segmentation in the market that the company makes is the geographical variable, that is, the company first markets the markets according to the geographical position of the countries, ie the continents. Its network of representation is in the United States, as well as on the territory of Europe. Then across continents, the company's products meet on the European continent in almost all countries, while in the United States it is represented by a limited number of products from its range.

Another aspect of segmenting the markets is according to the demographic characteristics, that is, it is usually done according to the age of the consumers. In the range of products, you can find products intended for the youngest ages, that is, babies to the oldest generations.

If you look at both markets, the US and Macedonian can understand that the difference is high and that this gap can be analyzed from several aspects. First of all, the size of the territory of countries, another aspect is the size of the market and its absorption power. The population's population, the mixed nature of nationalities, the representation of almost all religions and beliefs in one market (American) versus the other, the Macedonian. In addition to these differences, there are still many types of differences that have an impact on the workings of enterprises and their way of formulating and implementing their strategies for segmenting and targeting markets.

5. Certain experiences of a strategy for targeting consumers among US companies

The US market is one of the largest markets in the world, and the presence of enterprises is very high. The number of population, the size of the territorial area, the economic indicators and other elements indicate the possibilities that the enterprises can use. In addition to the opportunity to carry out territorial expansion in their country, these enterprises have the opportunity to spread throughout the world. Another factor that promotes the spread of American companies around the world is the emergence of technology in their tight circles.

Undoubtedly, much of the technical and technological inventions and improvements of existing technology occur precisely in the United States.

Staples is one of the most popular office supplies companies in the United States. Its beginnings are from 1986. as a guide in this industry. However, competition as in other spheres becomes great, and the company can not expect work as before. The need for changes in the products or the way of working was more certain. The first step that the company undertook was engaging a marketing agency in its operations, which at that time was not a particular trend. Further engagement of the company's personnel in mastering and overcoming competition took place up until the moment when the company is boom on the world markets with the so-called. stress balls. At this point, the company thinks its consumers have become the largest promotional agents.

An example of the Staples company is an example of how the company performed its repositioning on the market. It is a very important tool in the work, because not always occupied position is guaranteed and eternal. The efforts that an enterprise must invest in are seen in this example, and such efforts are not only about the products or services the company offers but also its marketing efforts. Especially important are the efforts in the strategy for appearance and positioning, as its success is the largest part of the success story of the company.

A good example is how Enterprise Rent-A-Car [8] is how a strategy for targeting consumers, ie segmenting the market and targeting a particular market segment, can help create a successful life story for an enterprise. In a situation of great competition by Hertz, Avis, Alamo and other companies, this company succeeds with the low budgets available to get them close or even stand up to shoulder.

In addition to the low advertising support, the inability to allocate a lot of financial resources, the success of the company is due to the well-chosen market segment in good weather conditions. That is, Enterprise Ren-A-Car, unlike their competition that dominated the airports and targeted business travelers as well as tourists, managed to locate on the low-cost market. In fact, the company through their recommendations by insurance agents, car dealers and other people related to this area offer their cars. They worked with older cars, which did not change for a longer period of time and for a much lower price than their competition. Starting from that point, today the company has managed to expand its network of representation, and today also serves rich consumers, ie consumers.

American Express, known as AMEX, is the best example that American companies can talk about. It is an American multinational corporation for financial services, which was founded in 1850 in New York. The world is known as a harbinger, that is, a company that performs a revolution in electronic payment. Currently, the scope of the company is in four fields: international cards; cards in the United States: commercial services globally and commercial services.

As of December 2015, net income of American Express amounts to 5.16 billion dollars. This company is particularly interesting for analysis because it works in the field of digital services, which is especially current and trend in recent decades. Its success is even greater with the very fact that the scope of work is much larger than the domestic market. For segmenting and targeting markets, this company has its own systematization and practice to support it.

Digital products are segmented by geographical criterion, ie consumers of digital products are divided according to their geographical distribution. In addition to geographical criteria, consumer segmentation is based on psychographic and demographic factors. Demography includes levels of education, income level, marital status, occupation. Because of the high product quality and specific targeting, a myriad of variables are considered during segmentation. In the figure below, one can see part of the cards that this institution has at its disposal for its consumers. From them you can see the company's commitment and the wide range of products it offers. Its segmentation of markets according to different criteria is seen here. The company goes there that there are special cards for certain business communities, such as Mercedes Benz, one of the largest automotive giants on the world market. Here it is

seen that the company's targeting is wide, that is, in its portfolio of work, they include different segments and serve customers of different categories.

American companies have greater opportunities for themselves and for the population there.

Conclusion

Segmentation of markets, both on the domestic and foreign markets, makes it easier for the company to operate in its operations. For businesses that have a wide range of products, financial and staffing opportunities to serve multiple segments of markets, this division will help to modify products or introduce in their production lines, new products to meet the wishes and needs of consumers from a certain segment. Targeting individual segments depending on the company's desire and capabilities is an inevitable process when the segmentation has already been carried out. Then comes the process of establishing or positioning the markets that wants to serve the company. Positioning involves "embedding" in consumer awareness, trying to make his product a choice of consumers in front of competing products. Depending on several factors, the markets are not the same, i.e. the overall structure and size of the markets is different, which also implies different ways and opportunities for the companies depending on which market they operate. As previously mentioned, the great differences between the markets of the Republic of Macedonia and the United States are completely different from several aspects, which implies that the way of strategy building, and segmentation of the markets will be completely different.

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