Target Marketing and Market Segmentation

**Learning Outcomes**

Students should be able to:

- recognise that customers have differing needs and that target marketing is an effective way to offer the right leisure, travel and tourism products to the right people; and
- demonstrate knowledge and understanding that the leisure, travel and tourism market can be divided into segments such as:
  - age;
  - gender;
  - social group;
  - lifestyle; and
  - ethnicity.
Leisure travel and tourism accounts for approximately 12% – 15% of the UK’s Gross Domestic Product (GDP). In 2016, there were 2.6 million overnight trips to Northern Ireland by external visitors.

Leisure travel and tourism organisations are aware that each customer is different and has different needs; e.g. some customers enjoy active pursuits such as sailing or hillwalking while others are more interested in leisurely pursuits, for example, the theatre and the fine arts. As a result, organisations are aware of the need to identify different groups of customers within the overall market. By doing this, they can segment the market and focus their marketing activity to meet the needs of particular client groups.

Customers can be segmented in a variety of ways and products and services can be targeted to customers. This is beneficial for both the organisation and the customer. There is for example, little reason to promote skydiving to small children or the very elderly. The target market for this activity is generally considered the 18–40 year old age group.

Knowing who your customers are is a vital part of marketing.

There are many ways to segment the market. Leisure, travel and tourism students need to know and understand the following market segmentation:

- age;
- gender;
- social group;
- lifestyle; and
- ethnicity.

**Learning Activity**

Can you think of a mnemonic to help you remember the five segments?

Market segments often overlap and sometimes customers can be identified in two or more segments. Never the less, market segmentation is a useful way to develop products and services in order to meet the specific needs of particular customers.

Who is and who is not the target for this?

*Fig 1: Bungee Jumping*

*Image ©: Vulkanov | Thinkstock*
Segmenting the market

(i) Age

The easiest way to segment the leisure travel and tourism market is by age. Most products and services can be targeted at the young or the old. In the past, organisations such as SAGA have been particularly effective in targeting the ‘Grey Market’ by providing holidays aimed at the needs of retired people.

However, retirement patterns have changed in recent years and there are now increasing numbers of the elderly population who present an important and relevant market for leisure, travel and tourism organisations that may have traditionally focussed on the young. Elderly retirees enjoy good health and are more able than their predecessors to participate in strenuous pursuits such as cycling and water based activities. Elderly people account for a large proportion of the air travellers to sunnier climates such as Spain during the winter months.

![Winter sailing in the Caribbean](image_url)

Market segmentation by age remains one of the easiest ways to provide products and services that meet the needs of customers and this is the case when theme parks, target children and teenagers in their approach to market segmentation. The growth of water parks in overseas holiday destinations is another example.

(ii) Gender

In the past, targeting a particular market segment by gender was a popular way to develop an organisation’s marketing activity. Often sporting activity and the products associated with sport were seen as a gender dominated segment; rugby football for the men and netball for women. However, recent decades have witnessed a change in how men and women perceive their interest and participation in sport. The benefits to producers of sports clothing has been immense.

Never the less, gender remains a significant market segment and holidays targeted to men or women are increasingly popular as are activities throughout the leisure industry. In some cases, fitness suites and classes are set for females only. This is a popular market that will continue to grow. The arts and entertainment sector has long catered for gender specific markets. Home entertainment and magazine publications are good examples of leisure and recreation products and services that are significantly targeted on the basis of gender.
Learning Activity

Study Figs 3–7 which show participants in leisure and sporting activities.
• How might target marketing have changed in recent years for the four activities shown?
• To what extent is gender still a relevant market segment for such activities?

Fig 3: A female boxer
Image © : Jupiterimages | Thinkstock

Fig 4: A female footballer
Image © : PaSta77 | Thinkstock

Fig 5: Female rugby team
Image © : creativephoto | Thinkstock

Fig 6: Two men flyfishing
Image © : Stewart Sutton | Thinkstock

Increasingly, gender is a popular way to segment markets when activities at hotels such as beauty treatments form part of the service provision.

Fig 7(a): Typical beauty treatments at a hotel spa
Image © : ValuaVitaly | Thinkstock

Fig 7(b): Typical beauty treatments at a hotel spa
Image © : DragonImages | Thinkstock

Learning Activity

Identify other treatments that might be targeted equally at men and women.
(iii) Social Group

Social groups are typically a collection of individuals who share similar interests and have developed close, personal relationships as a result of these. In the past, marketing specialists would have attempted to categorise social groups in terms of employment and income and much use was made of social grade and the ability of individuals to purchase goods and services based on social position and earning power.

<table>
<thead>
<tr>
<th>Social Grade</th>
<th>Social Status</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Upper Middle Class. About 3% of population.</td>
<td>Higher managerial, administrative professional and celebrities.</td>
</tr>
<tr>
<td>B</td>
<td>Middle Class. About 20% of population.</td>
<td>Intermediate managerial, administrative or professional.</td>
</tr>
<tr>
<td>C1</td>
<td>Lower, Middle Class. About 28% of population.</td>
<td>Other professionals.</td>
</tr>
<tr>
<td>D</td>
<td>Working Class. About 18% of population.</td>
<td>Unskilled manual workers.</td>
</tr>
<tr>
<td>E</td>
<td>Casual Workers. About 10% of population.</td>
<td>State pensioners, widows and those who depend on benefits. The lowest grade of worker.</td>
</tr>
</tbody>
</table>

Changes in how people earn their personal income means that some manual workers in social grade C, can have a higher income than some who would have been described as being part of social class A. As a result, many of the old stereotypes are no longer valid and manual workers [C2] with high incomes can often afford luxury holidays or leisure facilities that would be difficult for those employed in the public sector and classified as B or C1.

Social group segmentation is now more often targeted to particular interest groups such as those interested in visiting sites that were part of recent films or television series, history or culture enthusiasts, or recreational cycling. The holiday market is often specific to these types of people and tours and visits can be easily tailored to meet the specific needs of these type of groups. Transport organisations have long recognised the value of catering to social groups and have provided special interest bus tours for social groups with interests as varied as classical architecture to World War 1 battlefield tours.

![Fig 8: Breakdown of society by social class](Image © : JOHNGOMEZPIX | Thinkstock)
The growth of interest in the series ‘Game of Thrones’ has been responsible for a considerable market segment visiting Northern Ireland to view sites such as the Dark Hedges and Ballintoy Harbour.

(iii) Lifestyle

How we live our lives, that is our lifestyle, is determined by the type of job we do, work patterns and the family commitments that we have. Lifestyles vary enormously between people and generally play a major role in helping us to decide what type of leisure, travel and tourism products and services we purchase. As a result, lifestyle is perhaps the most important market segment available to the leisure, travel and tourism industry.

In some cases, people’s lifestyles are so busy that while they are relatively wealthy, they lack the time to enjoy the benefits of wealth. Lifestyle is a useful way to segment leisure, travel and tourism markets as it provides opportunities for organisations to target people with higher than normal levels of disposable income who may purchase expensive holidays or leisure products. They are more likely to make fewer purchases but will spend large sums of money doing so. The growth of high quality fitness suites in major cities in the UK is evidence of products and services being provided for people with a busy lifestyle. Lifestyles for a married couple with a young family will be significantly different from a single adult or a retired couple. Each will have different needs in terms of their own leisure time and segmenting by lifestyle offers a wide range of possibilities for product and service development. Lifestyle marketing often involves the use social media in promoting these new products and services and if marketed correctly, can provide significant benefits to both the customer and to the organisation.
Ethnicity can be described as a common national or cultural tradition. There has been an increased interest in our own national and cultural backgrounds in recent years. Ethnicity is now a major segment in the leisure, travel and tourism market. It can be expressed by customers in a variety of ways, and these include food, entertainment, travel and sport. As ethnic groups express interest in cultural identity, travel operators are able to provide access to products and services that are of interest to these types of cultural and religious groups. Visits to Northern Ireland from the United States and Canada have often been underpinned by the recognition of the cultural and ethnic links of both countries to places like Belfast and Londonderry.

Events can also be marketed to ethnic groups and a good example is the annual World Pipe Band Championships that are annually held in Glasgow. Pipe bands and their supporters attend this event from all over the world and travel, accommodation and catering providers have been quick to realise the economic value of this expression of cultural identity.

Organisations that are able to recognise the importance of ethnicity in a marketing strategy and who are able to successfully identify a range of complimentary products and services will continue to benefit from a significant market segment that appears to be of interest to a substantial number of visitors each year to Northern Ireland.
Learning Activities

• Identify other ways that leisure, travel and tourism organisations could segment the market to meet the needs of particular customers.
• What type of leisure, travel and tourism organisations might find it effective to target two or more market segments?
• What impact would targeting more than one market segment have on an organisation’s marketing mix? Explain using examples.
• Suggest leisure, travel and tourism products and services that are targeted specifically at three different age groups and make reasoned judgements on whether age segmentation is still a reliable way to segment the leisure, travel and tourism market.

Class activity

• Investigate the different needs of travellers using two different travel brochures. Examine two winter holiday brochures where the first is aimed at sunshine holidays and the other is directed at ski holidays. Students should examine all the possible options for travel, accommodation, and activities at each resort. Brochures could be used to create a collage of photographs that depict the target market and that identify specific needs of each type of customer. Students should explore who these customers are, e.g. families, couples, groups and so on.
• Investigate the characteristics of different market segments. Students could explore the market segments in Table 1 by identifying at least 4 sub-categories for each market segment. Some examples have been provided.

Table 1: Breaking down market segments

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Sub-category 1</th>
<th>Sub-category 2</th>
<th>Sub-category 3</th>
<th>Sub-category 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Elderly 55+</td>
<td>Age group 18–30</td>
<td>Teenagers 13–19</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lifestyle</td>
<td>Keep Fit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
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</tbody>
</table>

Having completed Table 1, students could use Table 2 to identify specific characteristics for each sub group for a selected market segment (e.g. elderly couples may decide to go abroad for longer periods than young working professionals but may not have as much disposable income).
Table 2: Characteristics of market segment sub-categories

<table>
<thead>
<tr>
<th>MARKET SEGMENT: AGE</th>
<th>Features or characteristics of this part of the market segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly 55+</td>
<td>Less disposable income than young professional. Able to travel abroad for long periods. Unlikely to be tied by school holidays.</td>
</tr>
<tr>
<td>Age group 18–30</td>
<td></td>
</tr>
<tr>
<td>Teenagers 13–19</td>
<td></td>
</tr>
</tbody>
</table>

This activity could be developed to address all the segments and each sub-category.

Students could discuss in groups, the advantages and disadvantages of using these and other segments when segmenting leisure, travel and tourism markets. Record and summarize the main points of the discussion.

• Select a suitable marketing poster or website and investigate the target market at which it is directed
  Students select their own piece of promotional material:
  – Decide who is the target market;
  – Analyse its effectiveness in targeting that particular market segment
  – What is it that makes one piece of promotional material better than another? List those features and explain why they are important in marketing activity.

**Resources**

https://www.tutor2u.net/business/reference/marketing-introduction-to-market-segmentation


