

# STRATEGY AND ORGANIATIONAL STRUCTURE

## Lecture 4: Tribal and international market segmentation

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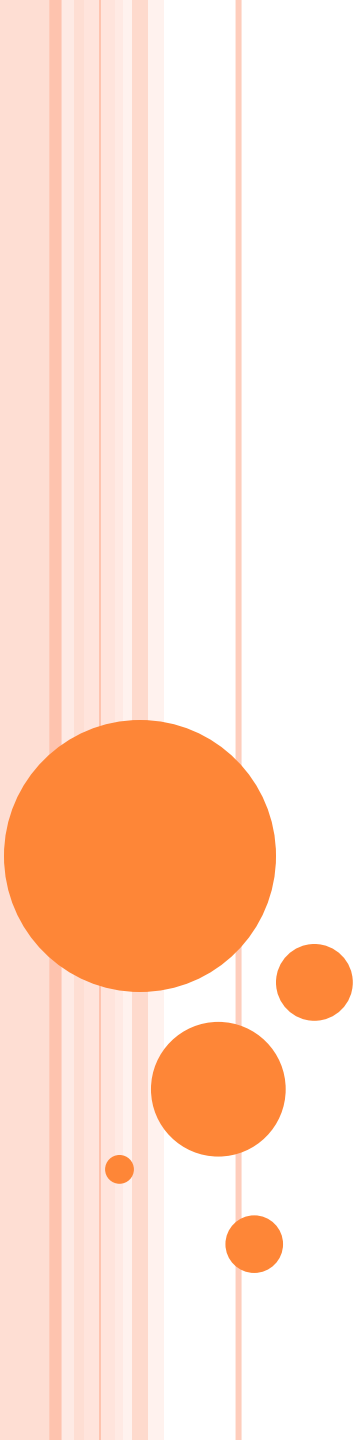
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*Target audience: MASTER II students- Strategic Management*

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## Tribal segmentation

- ❑ In this era, consumer is both individualistic and looking for social links by surrounding himself with people who have the same interests giving birth to tribes.
- ❑ Here comes the tribal marketing which takes as its unit of analysis heterogeneous individuals that are yet interconnected through shared emotions reinforcing their desire for social connection.
- ❑ So, marketers need to look for an emotional connection that will determine the specific consumption behaviors of the tribes they want to target.
- ❑ In tribal segmentation, it is the individuals themselves who group together spontaneously around common affinities such as product, a hobby (soccer or roller skating), a brand (Harley Davidson “motorcycle”), or a problem.

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- ❑ So, in tribal segmentation, the company tends to develop products and services that connect several individuals in the same tribe.
  - ❑ This helps to improve customer loyalty through the development of emotional loyalty based on the feeling of belonging to a tribe.
  - ❑ Also, in terms of communication, through the word of mouth (Buzz marketing), the consumers are more likely to believe a member of their tribe than a company that uses advertising, and convincing a few members of this tribe opens the door to a self-developing network.

# The segmentation of international markets

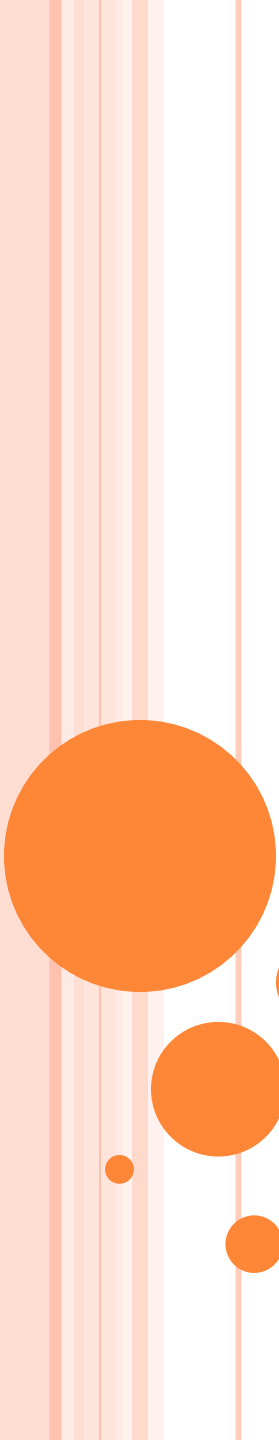
## ❑ Definition of International segmentation :

International markets segmentation is defined as the identification of groups of consumers with similar needs and wants across national or cultural boundaries.

## ❑ The necessity of international markets segmentation

Because of differences in the cultural, economic and political environment between various countries, international markets tend to be more heterogeneous than domestic markets.

The range of income levels, the diversity of life-styles and of social behavior is likely to be significantly greater when considering the world as opposed to a national market.



The world as opposed to a national market. The existence of such heterogeneity provides substantial possibilities for identifying different segments.

In addition, the mere size and diversity of the international market may increase the need for and desirability of segmentation.

□ **Variables of international markets segmentation**

International markets can be segmented using one or a combination of several variables. In one hand, they can be segmented by geographic location, economic factors, cultural, political and legal factors

In another hand, they can be segmented using a different approach which is called inter-market segmentation. Here, different segments are formed by customers who have similar needs and buying behavior even though they are from different countries

## Criteria for effective segmentation:

Contributing factors attributed to effective market segmentation are:

- ❑ **Segmentability:** that means that segmentation must lead to homogeneity within the segment and heterogeneity between the various segments
- ❑ **Measurability:** a segment must be easy to measure in order to determine its size, profits,..., etc.
- ❑ **Accessibility:** states that the segment should be accessible in terms of communication and distributional efforts
- ❑ **Substantiability:** is the degree to which a segment is considered sufficiently large to warrant the cost of a targeted market program
- ❑ **Actionability:** refers to the capability of the company to effectively target its chosen segment within its own budgetary and resources constraints