

LESSON SUMMARY

Revenue and Strategic Management
WEEK 2

Market Segmentation



Learning Objectives

- 2.1 - Examine the origin of Strategic Management.
- 2.2 - Evaluating the importance of the Strategic Management Process.
- 2.3 - Explain the size and scope of Global Competitiveness in the Hospitality Industry.
- 2.4 - Distinguish the characteristics of Strategic Thinking.

Market Segmentation in Hospitality

Market segmentation involves dividing a diverse market into distinct groups based on common traits or behaviours. This helps businesses better understand and cater to different customer needs effectively.

Types of Segmentation

- **Geographic Segmentation:** Divides markets based on location, considering local preferences, cultural factors, and regional trends.
- **Demographic Segmentation:** Segments based on age, gender, income, etc., providing insights into consumer behaviour and preferences.
- **Psychographic Segmentation:** Focuses on attitudes, values, and lifestyles to understand guest motivations and preferences.
- **Behavioral Segmentation:** Analyzes buying habits, usage patterns, and attitudes towards products and services.

Rationale Behind Segmentation

- **Geographic Factors:** Uses postal codes and distance to target local markets efficiently, crucial for hotels near tourist spots or business centres.
- **Demographic Insights:** Utilizes census data to tailor services based on age, income, family size, etc., helping understand diverse guest needs.
- **Psychographic Understanding:** Explores guest motivations and values, informing effective marketing strategies and personalized service offerings.
- **Behavioral Patterns:** Guides pricing strategies and promotional efforts based on how guests interact with services and products.

Key Takeaways

- **Enhanced Understanding:** Segmentation provides deeper insights into guest preferences and behaviours.
- **Tailored Strategies:** Allows for personalized marketing and service offerings that resonate with specific segments.
- **Adaptability:** Flexibility in choosing segmentation criteria based on business goals and guest characteristics.

Challenges and Emerging Trends

- **Challenges:** Complexity in data management, evolving guest expectations, and maintaining competitive advantage.
- **Emerging Trends:** Integration of AI and advanced analytics, personalized guest experiences, and sustainability considerations.

Conclusion

Effective market segmentation in the hospitality industry is essential for maximizing revenue and guest satisfaction. By understanding and targeting specific segments based on geographic, demographic, psychographic, and behavioral factors, businesses can create tailored strategies that meet diverse guest needs while staying competitive in a dynamic market environment.