



Lesson 4.4 – Market Segmentation



Market Segmentation the process of identifying groups of consumers based on their common needs

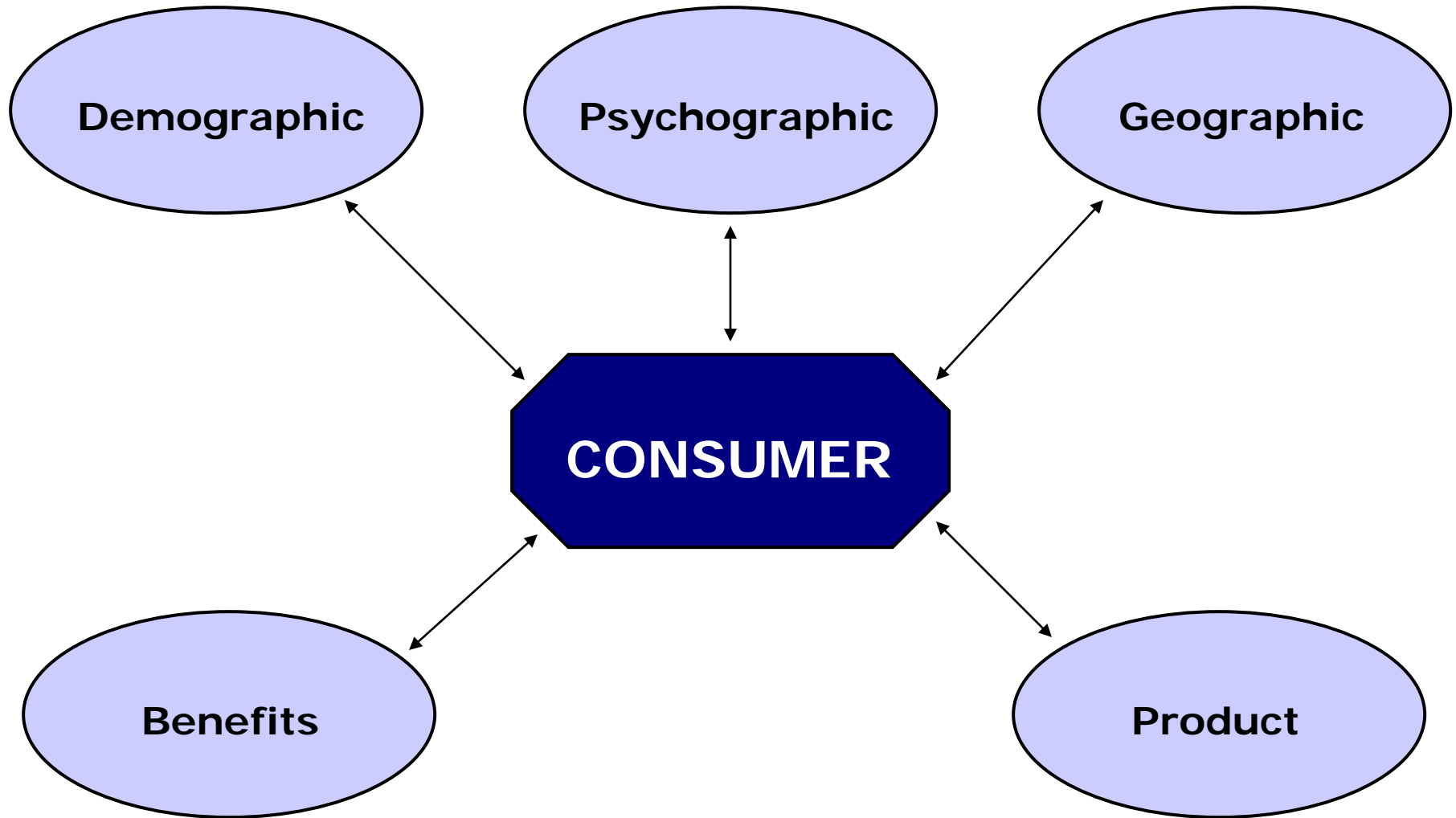
Market Segmentation

Helps Companies To:

- 
- Understand consumer groups
 - Determine target markets
 - Develop positioning strategies
 - Customize products and marketing strategies

Five Bases for Market Segmentation

- 1) Demographic
- 2) Product
- 3) Psychographic
- 4) Benefits
- 5) Geographic



Five Bases for Market Segmentation

- Age
- Income
- Occupation
- Gender
- Education

Demographic Segmentation:

Focuses on information that can be measured

Demographic Segmentation

Fans of the PGA and LPGA tours tend to be among the “baby boomer” age demographic (45-64), according to data from Scarborough Sports Marketing.



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Demographic Segmentation

According to knowledgebase.com, the biggest demographic for the artist Shakira is 20-year old women.



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Demographic Segmentation

In 2016, in an effort to reach a younger demographic, Major League Baseball launched the Play Ball Weekend initiative which featured various youth events and instructional clinics at MLB home games.



Demographic Segmentation

The World Surf League's fan base has an average age of 32, much younger than most other professional sports leagues

Understanding their fan demographics gives the WSL direction in creating marketing strategies. Because the WSL has such a young fan base, the league focuses on digital marketing initiatives as a primary means for connecting with their consumers

Demographic Segmentation

Since 2000, the number of NASCAR fans earning \$100,000 or more has doubled from 7% to 16% of its fan base, and those with incomes of \$50,000 or more has risen from 35% to 48%.



Demographic Segmentation

According to league data, the average household income for NHL fans is \$104,000, highest of the four major sports with Major League Baseball (\$96,200), the NBA (\$96,000), and the NFL (\$94,500).



Demographic Segmentation

According to a report from Leichtman Research Group, 81% of households in the U.S. have at least one high definition television set, up from 17% in 2006.



Demographic Segmentation

A survey by CNBC has found that half of all American households own at least one Apple device, and the average Apple-buying household has a total of three.



Demographic Segmentation

Scarborough Research released demographic figures relating to fans of the IndyCar, suggesting 29% of the fan base were “blue collar”, while 37% were “white collar.”



Demographic Segmentation



According to Newzoo's 2017 global eSports report, 50% of their online population held full-time jobs, 58% of occasional viewers held full-time jobs and 62% of eSports enthusiasts were employed full-time

Demographic Segmentation

According to a report by the Entertainment Software Association (ESA), 45% of the entire gamer (video game playing) community are women and they comprise 46% of the most frequent video game purchasers.



Click [here](#) to view a graphic reporting on gamer demographics from USA Today

Demographic Segmentation

According to data from Scarborough Sports Marketing published in a 2011 issue of *Sports Business Journal*, fans of MMA are 78% male and 22% female.



Demographic Segmentation

Target retail stores understand that 60% of their shoppers are women, likely playing a significant role in their decision to sponsor the ASAP Women's Surfing Event In Maui.



Demographic Segmentation

68% of NHL fans have attended college



Demographic Segmentation

Triple A baseball posts its demographic information online for prospective sponsors to review

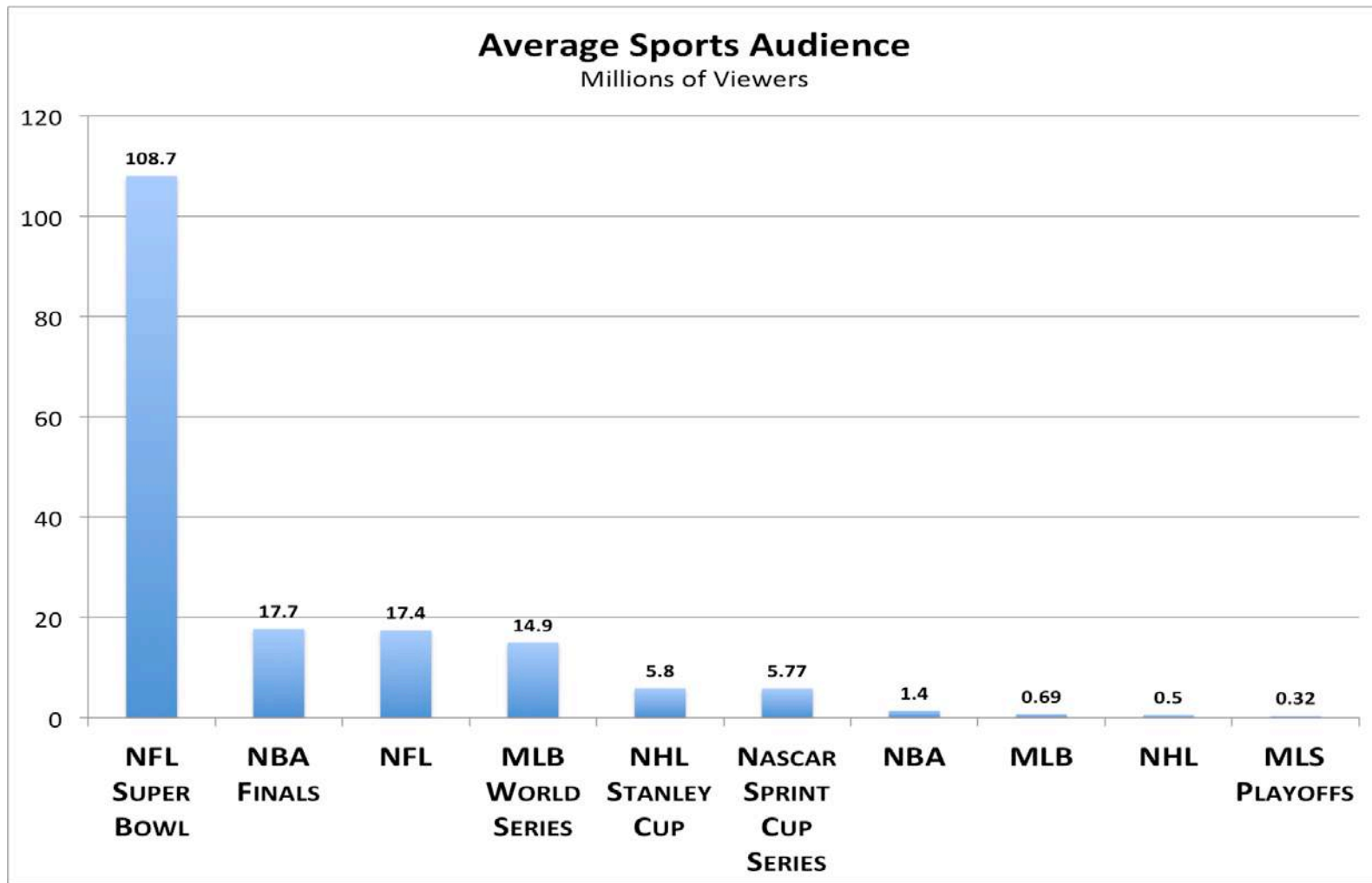
- 40% of the fan base earns \$46-75k per year
- 42% of the fan base has an Undergraduate Degree
- 91% of the fan base has a major credit card
- 69% of the fan base owns their own home

Demographic Segmentation

IMG College (a marketing and multimedia agency) boasts that college sports fans provide the most attractive fan base in all of sports.



Demographic Segmentation



Demographic Segmentation

The NBA has the youngest audience, with 45 percent of its viewers under 35. It also has the highest share of black viewers, at 45 percent—three times higher than the NFL or NCAA basketball.

Major League Baseball shares the most male-heavy audience, at 70 percent, with the NBA.

The NHL audience is the richest of all professional sports. One-third of its viewers make more than \$100k, compared to about 19 percent of the general population.

Nascar's audience has the highest share of women (37 percent) and highest share of white people (94 percent).

Demographic Segmentation

The Professional Golfers Association has the oldest audience by multiple measures: smallest share of teenagers; smallest share of 20- and early 30-somethings; and highest share of 55+ (twice as high, in the oldest demo, as the NBA or Major League Soccer).

Major League Soccer has the highest share of Hispanics by far (34 percent; second is the NBA at 12 percent) and the lowest income of any major sports audience. Nearly 40 percent of its fans make less than \$40k.

The NCAA demographics for football and basketball are practically identical but they are surprising old (about 40% over 55+) and surprisingly white (about 80%), which clearly has as much to do with who owns a TV rather than who follows the sports.

Five Bases for Market Segmentation

- Sports season ticket holders
- Theatre group ticket coordinators

Product Usage Segmentation:

Reflects what products consumers use, how often they use them, and why

Five Bases for Market Segmentation

- Sports Fans
- Music Lovers
- Individuals who enjoy attending live events

Psychographic Segmentation:

Grouping consumers based on personality traits and lifestyle

Five Bases for Market Segmentation

Season ticket holders enjoy additional “perks” such as exclusive invitations to pre-game chalk talks with the team’s coaches

Benefits Segmentation:

Refers to a perceived value consumers receive from the product or service

Five Bases for Market Segmentation

- North, South, East and West Regions of the United States
- Urban and Rural areas of a particular state

Geographic Segmentation:

Dividing of markets into physical locations

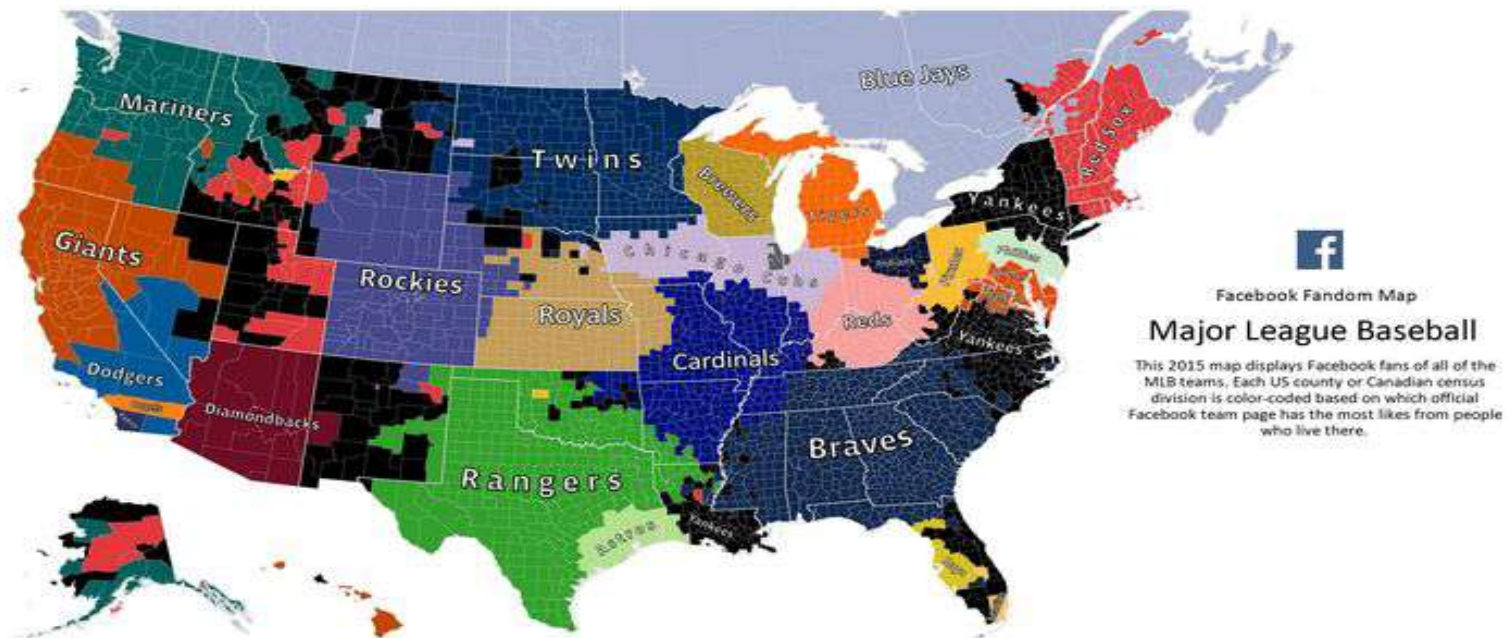
Important to Sports Marketers Because:

Sports consumers are characteristically loyal to particular regions when making buying decisions

Marketing Applications

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For example, according to data from Facebook in 2015, nearly one out of every three people in the U.S. that watch baseball on television live in Southern states (the South has the highest MLB viewership percentage at 32.8%, 7% more than Midwest which represents the next highest region based on viewership).



LESSON 4.4

A map illustrating college football fandom in the U.S.

U.S. CFB Fan Map, May 2016
National Map



This map was created from 347 responses to an mQTD designed to vary by county. We received responses in a total of 187 unique counties. In each of these counties, we displayed the team with the most votes responding. For counties without users responding, we used the responses to simulate a distribution of users over the continental U.S. and compiled that distribution based on the number of linked users on mQTD. We then took the team with the highest simulated number of users in each county, provided that the team had at least one response in that state. Take care in your usage with a similar goal of color, they are subject to low sampling bias. In both cases, you were given to the team with fewer linked users, both for diversity and specificity.

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Sports Consumers are Characteristically Loyal to Particular Regions

Most sports teams enjoy higher levels of fandom in the immediate geographic area for which their team calls "home"

However, a variety of factors can influence the overall popularity (and subsequent fandom) of sports teams on a national and global scale



Sports Consumers are Characteristically Loyal to Particular Regions

For example, the Dallas Cowboys have historically been referred to as “America’s Team”



However, a 2016 poll suggests just 27% of fans today actually consider the Cowboys to be deserving of the moniker while 64% said they did not deserve that designation



According to the same poll, the most popular NFL team nationally is actually the Green Bay Packers



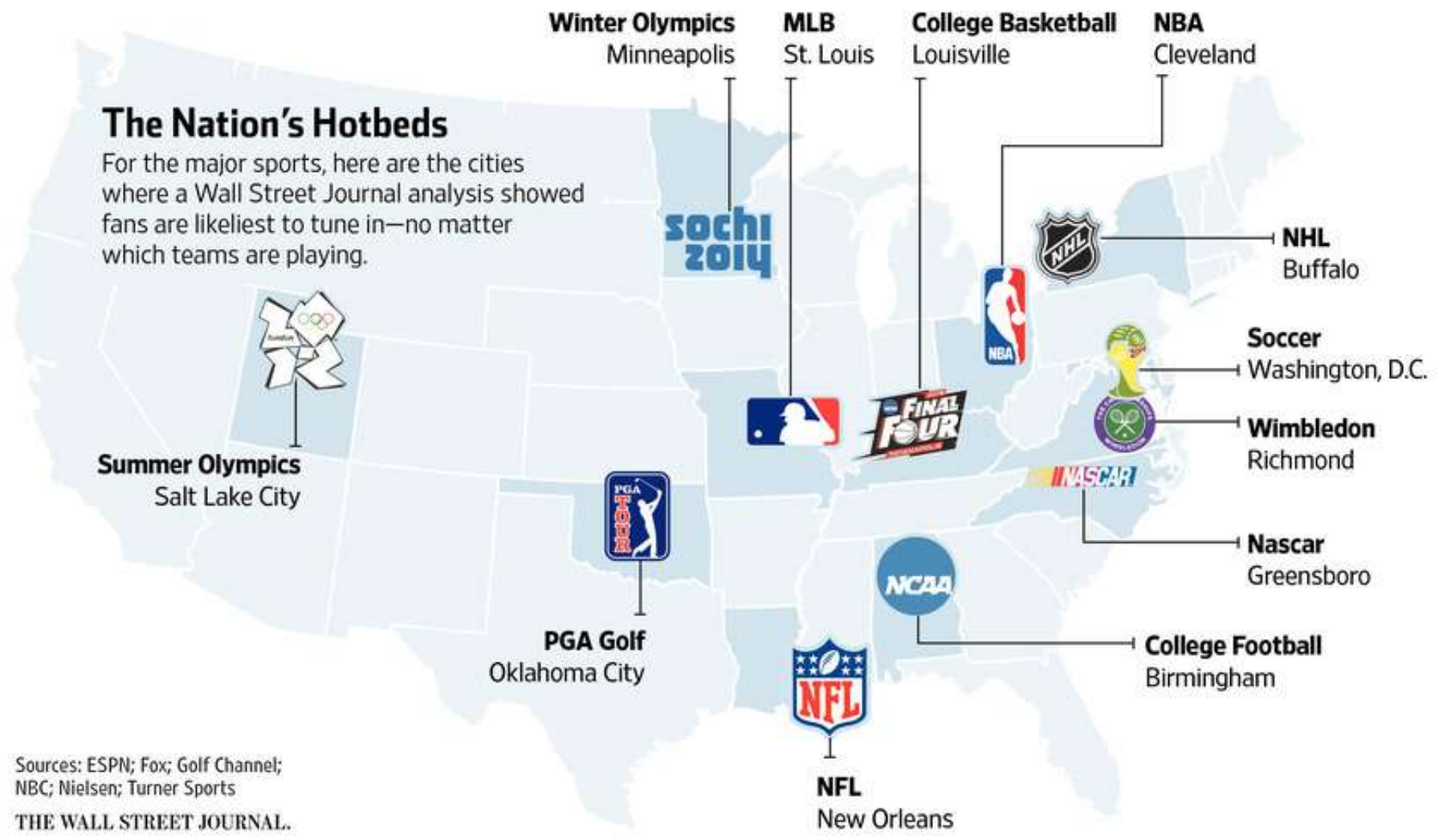
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According to the *Indianapolis Business Journal*, the NBA will double the size of the geographic area teams are allowed to deploy marketing efforts to 150 miles, a rule change that could result in a significant boost in revenue or a team like the Indiana Pacers. One NBA executive told *Sports Business Journal* the new rules will allow its 30 teams overall to reach 100 million more fans with their marketing efforts.



Marketing Applications

LESSON 4.4



Sources: ESPN; Fox; Golf Channel; NBC; Nielsen; Turner Sports
THE WALL STREET JOURNAL.

Selecting multiple segments

Because many segments may be valid in helping marketers make decisions, marketers often choose to use several segments

Ultimately, a decision is made based on what best fits the organization's target market

Selecting multiple segments

Young women have played a major factor in the revival of the Toronto Blue Jays franchise, where the 57% of fans age 18 to 24 are female, representing “one of the fastest-growing segments of our entire demographic slice,” according to Toronto's vice-president of marketing and merchandising.



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LESSON 4.4 REVIEW (ANSWERS)

Marketing Applications

- 1) Identify the five bases of segmentation
 - 1- Demographic
 - 2- Product usage
 - 3- Psychographic
 - 4- Benefits
 - 5- Geographic