CHAPTER - II

MARKET SEGMENTATION : A REVIEW

2.1  INTRODUCTION

This is a review of the state of the art of market segmentation research - a task that is at the core of modern marketing decision system. The term market segmentation was first coined by Wendell Smith (1956) in his pioneering article in which he discussed about market segmentation and product differentiation as alternative marketing strategies. Segmentation is based upon developments on the demand side of the market and market segmentation is defined as a rational and more precise adjustment of product and marketing effort to consumer or user requirements. Segmentation is disaggregative in its effect and trends to bring about recognition of several demand schedules where only one was recognized before .... market segmentation .... consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets in response to differing product preferences among important market segments. It is attributable to the desires of consumers for more precise satisfaction of their varying wants. Smith has looked market segmentation as a disaggregative process. Since inception of term market segmentation by Smith in year 1956, it has become an important as well as developed great relevance to marketers and researchers. Wendell R. Smith is acknowledged to be father of the concept- "Market Segmentation".

Market segmentation has been defined by two schools of thought separately, i.e., strategic and theoretical. According to strategic definition it involves the development of a marketing strategy for a segment or for allocating resources to several segments. The earliest writing on market segmentation has shown great emphasis on strategic definition. The theoretical definition involves the development of tools to identify distinct subgroups in the market and to characterise the differences in their response function. Nowadays availability of large number of sophisticated quantitative techniques has resulted in the use of this definition for market segmentation.

Kotler’s (1994) definition on market segmentation which has been widely accepted is as follows : “Market segmentation is the subdivision of a market into distinct subsets of customers. Where any subsets may conceivably be selected as a target market to be reached with a distinct marketing mix".
Wind and Cardozo (1974) defined a market segment as a group of present or potential customers with some common characteristic that is relevant in explaining and predicting their response to a supplier's marketing stimuli. Global market segmentation has been defined as "the process of identifying groups or sets of potential customers at either the national or sub-national level who are likely to exhibit similar buying behavior" (Hassan and Katsanis (1992) and Keegan (1995)). Claycamp and Massy (1968) developed a normative theory of market segmentation that draws on the concept of varying response elasticity's and the consequent allocation of market resources. Mahajan and Jain (1984) extended the approach to allow for simultaneous development of segments and allocation of marketing resources (to these segments) in a normative model of market segmentation. From this, it is clear that market segmentation is a form of research analysis involving both aspects-identification of segments and allocation of marketing resources among segments to be considered and not to be separated. Frank, Massy and Wind (1972) has extended normative model and incorporated uncertainty formulation of the models. The objectives of the models are usually to determine the price, units of media and type of media which is the a priori segments in order to maximize overall corporate profit. Tollefson and Lessig (1978), considered other forms of aggregation criteria that are more likely to maximize profit (details in normative theory). Massy and Weitz's (1975) article discusses on normative theory of market segmentation.

The first book that attempted to develop a logical and coherent framework to evaluate segmentation was done by Frank, Massy and Wind (1972). They extended and formulated normative model to segmentation and proposed two-step segmentation schemes involving macro segmentation bases and decision making unit bases. As mostly the book dealt with consumer market but some initial work in industry market segmentation and the basis has been described. Myers (1996) book discusses in detail on segmentation and positioning techniques and various utility of the techniques in the real world. Some other books on market segmentation are of Engel, Fiorillo and Layley (1972), Wedel and Kamakura (1997) and Weinstein (1994). Wind (1978) has developed a good general review on status of segmentation research. He, in his article has reviewed more than 100 articles, which were published on market segmentation. Review article by Wind is considered to be the framework for all research work in area of market segmentation. In his article he describes that concept of segmentation and most of the segmentation research approaches are equally applicable to industrial market situations. He has developed the basis of the five major phases of segmentation research with various sub-phases-problem definition, research design consideration, data collection approaches, data analysis procedures and data interpretation and implementation.
Beane and Ennis (1986) provide a comprehensive review regarding market segmentation method of measurement and how these concepts can be used in understanding markets. In their review they discussed on basis of market segmentation such as geographic, demographic, psychographic, behavioristic and on image segmentation and various tools that are used in segmenting markets not in very technical terms. In this review article, the authors referred to 261 reference articles. Dhalla and Mahatoo (1976) has a brief review of the published literature on the segmentation and has expanded the scope of segmentation research. The author contend that the segmentation concept would be more meaningful to management if research were to cover the entire scope of the problem. This means the inclusion in the initial survey of product - specific measures on both psychographics and communications behavior in addition to the standard attitudinal and usage data. After the segments have been selected , a second - phase research should be conducted to estimate the response elasticity's of different sub-markets to the firm's communication mix. In this way management will be in a firm position to evaluate the profitability of the segmentation strategy. Dalgic's (1998) article discussed about niche marketing strategy. Chang (1998) describes the use of internet in market place for providing research and target specific market segments. Some general review articles on segmentation research are of Myers and Tauber (1977), Wilkie and Cohen (1977) and Michman, Gable and Gross (1977), Hoek, et al (1996) and Assael's(1976) article on market segmentation.

Yankelovitch (1964) gives the reader an early illustration of segmentation analysis. It is based on the proposition that once you discover the most useful ways of segmenting a market, you have produced the beginnings of a sound marketing strategy.... it is a systematic approach that permits the marketing planner to pick the strategically most important segmentation's and then to design brands, products, packages, communications and marketing strategies around them. It definitely simplifies the setting of objectives.... In fact, the key requirement of segmentation analysis is the best . His job should be to muster all probable segmentation and then choose the most meaningful ones to work with. The author discusses ten markets for both consumer and industrial products. Weinstein (1997) posits that when used affectively segmentation based marketing strategy (strategic segmentation) provides the foundation for increasing sales and improving overall marketing performances.

2.2 REQUIREMENT FOR OPERATIONALLY MEANINGFUL MARKET SEGMENTATION:

Management task doesn’t end with identifying segments and to make sure it will serve. There are number of segments in a market and marketer has to determine whether a segment is viable and meaningful in classifying into
According to Kotler (1994), useful market segments must exhibit five characteristics: Measurability, Accessibility, Substantiality, Differentiability and Actionability. First of all, measurability or the degree to which the size purchasing power and profile of the segments can be measured. The second is accessibility, or the degree to which the resulting segments can be effectively reached and served. The third is substantiality, or the degree to which the segments are large and/or profitability enough to serve [Beik and Buzby (1973)]. The fourth is differentiability or the degree to which the segments are conceptually distinguishable and respond differently to different marketing mix elements and programs. The fifth is actionability or the degree to which effective programs can be formulated for attracting and serving the segments.

Bell (1979) has described regarding requirement for meaningful segmentation - selected segments should differ in their responsiveness to marketing efforts. Brandt (1966) notes, “a currently useful market segment in terms of response homogeneity can become relatively heterogeneous within a short time; therefore, in planning the cultivation of a given market segment, a definite limit should be set on the time period for implementation of marketing efforts”. It should be cost effective and profitable for the marketers. Another parameter determining the segments attractiveness is the intensity in the inter-firm rivalry. The higher the intensity or more the competition, the more unattractive the segment will be for the marketer.

2.3 BASES FOR MARKET SEGMENTATION

The major issue in market segmentation is that of selection of basis for segmentation. Marketers use a great variety of parameters for segmenting markets. A segmentation base is a dimension for segmenting a market and in most cases, several bases need to be considered simultaneously to provide a complete customer profile [Weinstein (1994)]. The main purpose of segmentation is to group customers needs in a product-market into different segments. Marketing management task is to find out the best basis for the segments in which grouping of customer needs are satisfied. But very often taking into consideration market is segmented using more than one variable and to develop a more accurate and effective marketing strategy for that product.
The segmentation model requires a dependent variable known as a segmentation basis and independent variables usually called as segment descriptors. Choffray and Lilen (1980) has defined segmentation base as a criteria used to group potential or actual customers and a segmentation descriptor has been defined as a variable or characteristic that is linked to segment membership and is relevant for marketing strategy formulation and implementation. Frank, Massy and Wind (1972) has divided markets on the basis of two types of descriptor variables - general variables and situation specific variables. The general variable which classify consumers by broad characteristics such as demographics, socio-economic, personality and lifestyle characteristics and so on. The situation - specific variables which group consumers on product requirements and responses to marketing stimuli which includes, “perceptual maps” or some pattern related to consumption such as frequency of usage, brand loyalty, product benefits.

Kotler (1994) divides market segmentation variables into four major areas - geographic, demographic, psychographic and behavioristic. The first two areas deal with the consumer’s “state of being” and the third - fourth area is related to consumer’s “state of mind”. Dickson (1982) has described segmentation bases to be in five levels - starting with general descriptors like buyer characteristics, proceed to preferences and perceptions and end with specific purchase behavior. The author in his article had shown usefulness of both the person and the situation for segmentation variables.

Marketers use sensitivity to marketing factors as the basis for segmentation. Customer sensitivity to changes in the firm’s promotional and marketing policies as well as those of competitors must vary from one segment to another [Claycamp and Massy (1968), Frank (1968)]. Wind (1978) has selected basis for segmentation is to determine the decision - making purposes for the segmentation effort. In this article most typical decisions in the case of consumer markets (such as positioning, pricing, advertising, distribution and etc.) are considered along with the bases which are most appropriate for each type of decision (such as benefits or attribute sought product - usage patterns, buyer characteristics and etc.).

Green, Tull and Albaum (1995) describe bases for defining segments considered from highly brand - specific criteria to quite general and person - related criteria. Bases for defining segments are classified into product - class behavior, product - class related attitudes, person - dominant attitudes, brand - selection behavior, brand - related attitudes and these are further subdivided into different variables. For purposes of choosing a segmentation basis, there are two general alternatives : a priori and clustering methods. Priori segmentation in which the management decides in advance what basis to use.
for segmentation in which consumers are grouped on the basis of benefits sought and need fulfilled and psychographic characteristics. Hybrid approaches are also used by some researchers in which combining of the respondent based on priori segment with clustered segments basis. Green (1977) states that the major problem in segmentation is the choosing of the basis for segments and then outlines componential segmentation (COSEG). COSEG works by evaluating several competing segmentation bases as well as defining the overall ability of the market to be segmented. Green applies componential segmentation in the example of a firm trying to develop a credit card from the perspective of the retailer accepting it or not. Wang (1997) discusses bases for international market segmentation and classifies as the micro-based, the demand-based, the global and consumer-based approaches.

Market segmentation is a managerial tool and the most important concept in segmentation is of selecting basis for grouping consumers. It is often seen that segmentation basis may theoretically be described well but in real problem management faces difficulties in implementing concept of useful segmentation bases. Bonoma and Shapiro (1984) has stated that often management and researchers face an interesting “segmentation tension” between the theoretically desirable and the managerial possible. Beil (1972) has indicated gap in application of market segmentation strategies. The basis for market segmentation takes one or other forms each of which is illustrated by appropriate literature references and examples on the following sub-sections:

2.3.1 Demographic Segmentation:

Demographic and socioeconomic characteristics are among the most widely used basis for segmenting the prospective buyers in the market. Demographic segmentation is most convenient and easily understood basis of market segmentation. The information needed to study consumer behavior for potential users of a product or a brand based on differences in preferences and needs are directly related to one or more of the common demographic characteristics. Demographic variables are easier to measure and correlated with sales and other marketing output data. It is most useful in answering the question “who is the market?”. Consumer markets are segmented on the basis of demographic variable such as age, gender, family size, family life cycle, occupation, income, education, religion, race, nationality and marital status. Several segmentation researchers used demographic variables in their study and proved it to be of great utility.

Bass, Tigert and Lonsdale (1968) used demographic variables for describing light and heavy users. Frank, Massy and Wind (1972) describe
demographic characteristics and their use in market segmentation and explained
demographic descriptors to serve as a link between measures of response to the
marketing mix. Kotler (1994) has illustrated various demographic variables
with good examples. Blattberg, Peacock and Sen (1976) contend that
demographics can be related to buyer behavior. Umesh (1987) states that “often
the only common information we have for linking the various segments is
demographics. For the researcher the problem thus becomes how to use the
common language of demographics to infer the relationships between the
various segmentation bases”. Danaher and Rust (1992) study in linking the
segmentation relationships between media usage and product usage within
demographic groups. Ahuja (1998) discusses about family and household
demographic variables and uses for the study of market research. Schiff,
Fernandez and Winer (1977) in their literature on market segmentation states
that industrial markets can also be segmented by demographic and
socioeconomic criteria as consumer market. Carrigan (1998) discusses
segmentation of the grey market and age group classification. Frank, Massy
and Wind (1972) studied the importance of socioeconomic and demographic
variables on purchase behavior. Frank (1968a) in the literature considers
demographic characteristics of the population on relation to some basis of
segmentation. Riquier et al. (1998) had attempted to study demographic
variables for its ability to identify segments and with this segments tried to
identify other behaviors.

Unfortunately a number of authors have described demographic
segmentation to have severe limitations and also marketers are interested to
know their customers much better. First serious critic of demographic
segmentation was by Yankelovich (1964) who states that “demography is not
the only or the best way to segment markets. Even more crucial to marketing
objectives are differences in buyer attitudes, motivations, values, patterns of
usage, aesthetic preferences and degree of susceptibility”. Frank (1967) points
out that demographic variables such as age, sex, income, occupation and race
are in general poor predictors of buyer behavior and consequently less than
optimum bases for segmentation strategies.

Even though demographic attributes alone are not enough in describing
identified segments but prove to be one of the good predictors of purchase
behavior. Frank (1968b) in his comprehensive review of market segmentation
has stated that most cross-sectional studies indicate at best correlation
between demographic, socioeconomic characteristics with personality
characteristics and selected aspects of household purchasing behavior, such as
total consumption, brand loyalty and deal proneness will be useful.
2.3.2 Geographic Segmentation:

The geographic segmentation is most popular basis for market segmentation. It is often useful to segment markets based on different geographic characteristics like place of living, geographic regions [such as pin codes, urban - rural, size of town (city - town)], climatic zone, population density. The geographic descriptors are considered to be important basis of the market segmentation as it helps marketing managers to make decision on geographic variations which are significant for particular product, sales, growth rates, servicing costs and competitive structures.

Hawkins, Roupe and Coney (1980) in their article discuss about influences of geographic subcultures. Kahle (1986) has studied about various store types on different geography basis in his article. Tutton (1987) deals with one approach of segmentation to be geography for national account and discusses that sometimes geographic dispersion of customer locations does effect the general character of demand and cultural consideration are also important in segmentation. This article deals with service market but similarly consumer market also affected by variation in geographic location as consumer of one region may have different needs or preferences than other. Tons and Farr (1995) used geographic and demographic characteristics for segmenting markets for study of higher education.

2.3.3 Psychographic Segmentation:

The psychographic research has been increasing interest in segmentation studies and applications. The demographic segmentation unable to explain consumer characteristics which in turn couldn’t produce clear and actionable segments, whereas psychographic segmentation adds color and enables us understanding more of the demographic descriptions of consumer groups. Psychographic segmentation involves breaking down a market according to the differences in consumers life styles, personality characteristics, self images, buying motives of buyers, and social class. In psychographic basis of segmentation, information is gathered through behavioral research involving psychographic tests and personality traits studies.

Wells has given many good articles on research into psychographics. Wells's (1975) article on psychographic research is considered to be a good article at that time. He described psychographics as a quantitative attempt to place consumers on psychological dimensions. In his article he used five different uses of the research method and developed eight male psychographic segments. Psychographic segmentation concept is often called as life - style
segmentation. The life style or living style of consumers and consumer influences on responses of marketing variable is considered to be a group phenomenon. Wells (1968) in his article considered attitude types as basis for segmentation. Plummer (1974) discussed regarding life - style segmentation in his article with applications. He states that “the basic premise under life - style research is that the more the marketers understand their customers the more effectively they can communicate and market to them”. The author suggests that for better description of segments in life - style segmentation one should combine both demographic and psychographic descriptors.

Wells and Tigert (1971) describe the foundations of AIO methodology in motivational research method and how these psychographics (activities, interests and opinion) can describe target audiences and product users. Berkman and Gilson (1974) has given the concept of life - style and how it helps in analyzing the consumer decisions. They used AIO methodology for identifying heavy users of specific, product categories taking examples - for beer, eye make - up and bank credit card. Bushman (1982) states that use of systematic life styles is likely to identify and to understand the nature of the various segments. His article suggests systematic life styles for segmenting market of new products. Boote (1982) applied psychographic segmentation on value orientations of consumers in the United Kingdom.

Loudon and Della Bitta (1988) has suggested life-style segmentation for development of uncover new product opportunities to obtain better product positioning, developing promotion strategy and explained with several examples. Dhalla and Mahatoo (1976) in their review article has stated that psychographic measures developed are meaningful only when they are situation specific and not of a generalized nature and discussed regarding three key areas of psychographic segmentation i.e. value orientations, role perceptions and buying style. Young, Ott and Feigin (1977) has illustrated a practical application of styling segmentation technique to the marketing problem. Richards and Sturman (1977) in their article has discussed regarding successful application of life - style market segmentation techniques by Warener’s slim wear to brassieres. Langer (1985) associates psychographic research to two demographic markets : the affluent and young women. From these research, six affluent segments and three young women segments have emerged. Yuspeh (1984) suggest that syndicated segmentation schemes such as VALS can be used as descriptive tool rather than using them to select potential target segments. Kamakura and Wedel (1995) presented a tailor made interview procedure for life-style segmentation related to the consumption of fashion. File and Prince (1996) illustrated the impact of personal behavior of family members in family run business firms. Life - style segmentation has some drawbacks such as it increases survey costs. Everthough identification of life - style segments have been done but results have not been actionable.
2.3.4 Benefit Segmentation:

In benefit segmentation, the identification of groups of potential customers on the basis of their similarity in user needs or/and product benefits are sought, such as economy, convenience or prestige. In highly developed and competitive market such type of segmentation will be necessary and useful.

Haley (1968) initially proposed the concept of using benefits as the basis for identifying market segments. He describes that, “the benefits which people are seeking in consuming a given product are the basic reasons for the existence of true market segments”. Haley’s article describes four segments to the toothpaste market into benefit segments. The segments are classified on basis of principal benefit sought such as to prevent decay or brightens of teeth, or tastes good or cheap. He also considers descriptive characters such as demographic, behavioral, brand favorites, personality characteristics and life-style with principal benefit sought segments. Haley’s benefit segmentation is initially based on statistical procedures which describes applications of factor analysis, multidimensional scaling, cluster analysis, and other distance measures (like perceptual mapping). Haley (1984b) in another article has described various alternate benefits help in developing advertising copy with examples and case study of air travelers. Haley (1984a) has expanded to previous article to include problem detection component to describe segments to discriminate by their attitudes and differences in their behavior are analyzed through cross tabulation. Haley (1971) has developed benefit segmentation for new advertising copy or for suggesting alternative marketing strategy, such as the changes in product formulation.

Moriarty and Venkatesan’s (1978) have dealt with concept benefit segmentation for service sector. Their article contends an example of potential financial-aid management information services for education institutions to evaluate analytically the relative importance of benefits of segments. A Thurstone case V scale analysis was used on each segment. Calantone and Sawyer (1978) dealt with the benefit segments which have emerged using Haley’s technique have been proven to be stable at least at an aggregate level. Yankelovitch (1964) in evaluating ten markets for consumer and industrial markets argues in favor of benefits and customer’s determination of value as appropriate bases for segmentation. Myers (1976) in his article discusses about benefit structure analysis for developing a new tool for product planning in both product and service sectors. Myers and Tauber (1977) describe in their article about benefit structure analysis in detail. Green (1974) in his article illustrates about product benefits sought by current product for development of product with suitable example of the sports car market. Green, Krieger and Schaffer (1985) cited the benefit segments to be managerial useful.
2.3.5 Behavioural Segmentation:

Behavioural segmentation is most widely used basis for segmentation studies [Michman et al. (1977) and Hutt et al. (1972)]. It involves market to be segmented based on product related consumer characteristics like the decision-making unit, consumption patterns (the amount and type of product usage rate, the usage occasions, the end use, the degree of loyalty brand or store, the benefits sought and the user status). Attitudes (the knowledge, the perceptions, the preferences, the image-concept, and the readiness stage) and the response to changes in own or/and competitors’ marketing mix. Collins (1971) discusses that individual patterns of purchase behaviour must be identified and brand loyalty to be studied for segmentation of market. Blattberg and Sen (1974) discuss with some demographic traits that easily identify the market segments by purchasing behaviour.

2.3.6 Loyalty Status Segmentation:

Customer loyalty patterns form a favorable basis for segmentation of consumers. Consumers differ in their loyalty status in respect of particular brand or supplier. Consumer loyalty is measured by various market research techniques. Kotler (1994) views brand loyalty status of buyers can be divided into four groups: Hard-core loyal, Split loyal, Shifting loyal, and Switchers. Still (1983) states that "whenever a brand has both brand-loyal and fringe buyers segmentation on the basis of brand loyalty may prove meaningful in setting marketing objectives and in formulating strategy for the two quite different markets".

Wind (1970) argues "loyalty segmentation useful ... means of discovering that a particular brand had a loyal group which sought self reward ... drinking". Miller and Granzin (1979) applied loyalty and benefit segmentation for retail store customers. Demographic, socio-economic and attitudinal characteristics have been related statistically to brand loyalty [Cunningham (1962), Frank and Boyd (1965) and Frank, Douglas and Polli (1968)].

Frank and Massy (1965a) note that because of lack of within-segment homogeneity it is not surprising to find that loyal customers do not, as a rule, differ from switchers either in their demographic and psychographic traits, or in their sensitivity to marketing strategies such as pricing, dealing, and retail advertising. Some earlier research studies have shown drawbacks of application of loyalty as segmentation basis. Frank’s (1967) view of brand loyalty is not to be useful basis of segmentation. Frank and Massy (1965a) found no statistically significant ... between the price dealing and retail advertising elasticity’s for
loyal and non loyal families. Frank et al (1972) state that “the marketing responses of various groups, there is little evidence to suggest ... loyal customers differ in terms of their ... different types of promotional activity”. Starr and Robinson (1978) discussed about segmentation by the decision making unit, that is, the degree of brand loyalty.

2.3.7 Usage Occasion Segmentation:

Usage occasion segmentations are those segments which involve different occasions for which the use of the same product. Many marketers have expanded their product usage occasions and thus increased the sales of their products. Different customers may use the same product in different use situations. Rasna for example, is shown as being used in different situations like a party, the unexpected guests, a drink at the end of a long and tiring working day, etc. A marketer tries to make the product versatile so that it can be used in different situations. Goldman (January 22, 1982) discussed about many social occasions may make the buyer willing to pay more, sensitive to brand image and attentive to label graphics. For example, the occasion is often a prime factor in wine selection. A wine’s status is more important if the wine is to be served to guests, than if it is to be consumed alone.

2.3.8 Purchase Occasion Segmentation:

In this segmentation, consumers are grouped based on the reasons or time they purchase a product. Dickson (1982) discusses person-situation segmentation in the context of other segmentation research. A marketer tries to make the product versatile so that it can be used in different situations. But the customer may purchase different products and brands for different situations. Like, for sports, a customer may buy a sports watch and for a party may wear a jewelled watch. Thus depending on the purchase situations, a product or a brand may be selected by the customer. Knowing these situations help the marketer plan the positioning strategy.

2.3.9 Usage Rate Segmentation:

Usage rate as a segmentation basis divides different buyers into amount of product or brand consumed. Fitts and Mason (1977) in their study of characteristics of users versus non-users of commercial bank services with statistically relevant demographic and socio-economic variables contend that “whether specific market segments exist with varying usage rates and identifiable characteristics for various products and services is always a key question for marketers. The quantity consumed at any given time has been the basis for segmenting the beverages (tea, coffee) , soft drinks, breweries and cigarette markets. There, is considerable variation exists in the products or service usage rates, which divides consumers into light users, moderate users and heavy users. According to Pareto’s principle, heavy users usually constitute
about 20% of market but account of 80% of the sales”. Loudon and Della Bitta [1988] state that “the marketer is generally most interested in determining whether those who purchase the company’s brand are different, either demographically or psychographically, from those buyer competitor’s brands. If characteristics can be distinguished, then marketing programs can perhaps be developed to attract more buyers who resemble the preferred buyers”. Bass, Tigert and Lonsdale (1968) used demographic and socio-economic variables to describe the differences in light and heavy users of several products. The importance of the heavy users is indicated and strategies based on the heavy half are easier to implement if these users have clearly defined demographic profiles on discussed by Frank (1968b). Tsedt (1964) discussed the importance of a buyer is represented by the associated purchase volume by different usage groups.

2.3.10 Occasion-Based Benefit Segmentation:

Stout et. al. (1977) has first publicly reported the occasion based benefit segmentation at the 1976 AMA Attitude Research Conference. Greenberg (1982) discusses about occasion-based segmentation in his article. McDonald and Goldman (1979) and Greenberg and McDonald (1989) had extended their discussion on occasion-based benefit segmentation approaches at various proceedings or as commentary without hard database to support it. Dubow’s (1992) paper contends the concept and originity of this type segmentation and its applicability in solving the marketing problem. A case study is presented in the paper for wine consumption occasion and applicability of analytical producers viz., quasi-ratio scale ordering, occasion-based cluster analysis and traditional user-based cluster analysis (both cluster analyses used a directed k-means procedure). Finally, a comparison between occasion-based and user-based approaches are done and indicated that occasion-based approaches are more useful in decision making for marketers by supplying additional information to the benefit segmentation side.