Market segmentation is the process of classifying customers into various groups according to their homogenous needs. It is a very effective method of identifying and categorizing customers and providing customized goods or services in this age of consumerism. Companies identify the various segments of the market and target those segments that are profitable and compatible with their objectives, resources and constraints. A marketer’s ‘market segment’ consists of his existing as well as prospective customers whose needs, desires and expectations are different from the customers of other segments and match the resource constraint set of the marketer. Today, companies recognize that they cannot appeal to all buyers in the market or at least not to all buyers in the same way. Because each of the buyers is unique, and they come from different backgrounds, live in different areas and have different interests and goals. As a result, they are too varied in their needs and buying practices.

The scope of research in market segmentation in life insurance is wide spread. There is also ample scope to explore the factors which are acting as barriers towards even and distributed growth of life insurance market in our country. The bases of segmentation can also be developed and modified to explore the needs of life insurance customers in a better way. With that end in view the present research work is carried out to study the trends and patterns of market segmentation strategies adopted by the life insurance companies and develop a model for better market coverage.

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