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THE ROLE OF MARKET SEGMENTATION IN INTERNATIONAL MARKETING

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Abstract: Just like domestic markets, international markets also require segmentation. International market segmentation is the process of dividing foreign markets into distinct groups of buyers (countries) based on specific characteristics. This article discusses the features and the necessity of certain criteria and principles used in segmentation, which are applied when selecting the appropriate target segment.

Keywords: segmentation, international marketing, target segment, strategies for selecting target segments, types of marketing strategies, offensive strategy, leadership strategy, exit strategy.

Introduction. When selecting a target foreign market, companies consider the key outcomes of international segmentation. These are aligned with the assessments of their production resources, technological capabilities, financial and economic conditions, product assortment structure, strategic business areas, production capacities, infrastructure (including informational), management and marketing goals, personnel qualifications, and more. Balancing market demands and preferences with the company's ability to meet them allows firms to identify optimal, "fertile" and promising international sales markets. Modern international marketing tends to prefer broader and global target markets with high potential capacity, new potential demand, clearly defined boundaries that are quantifiable, and those responsive to marketing activities.

Literature Review. According to S.V. Vinogradova, N.V. Markina, and E.S. Yudnikova, recent market segmentation, particularly for consumer goods, often highlights visual and chronological characteristics, such as those reflecting the life cycle of individuals or consumer groups. In practice, marketers use a combination of segmentation criteria. General recommendations include:

1. Variable selection depends on the research object (end consumers or business buyers) and the segmentation purpose. For instance, developing a brand image for an insurance company may benefit from segmentation by psychographic variables.
2. Selection is based on hypotheses about cause-effect relationships between consumer characteristics and their demands for products or services.
3. It is advisable to use variables of various types. Ignoring some may distort results. Objective variables (socioeconomic, demographic, geographic) are used first, followed by subjective ones (psychographic, behavioral, personality-based).
4. Among a wide range of variables, one or several key ones are chosen. Too many can lead to over-fragmentation.

Analysis and Results. Consumer-oriented marketing is used when foreign economic activity is aimed at satisfying demand

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formed by the market. When developing the market activity of producers on the basis of marketing strategies, both of these types of
marketing should be taken into account. At the same time, one should not forget about the main function of marketing - studying the needs of a potential consumer.
This aspect is a vital part of commercial activity, since it is impossible to successfully operate in the foreign market without understanding the requirements of consumers[1].

International marketing research concludes with target market selection, including demand study, target segment selection, and product positioning. Segmentation involves dividing markets into distinct buyer groups (countries) based on specific features. A segment is a distinct part of a market, comprising consumers, products, companies, regions, or countries with shared characteristics. Success depends largely on correct segment selection and identification, guided by clear criteria and principles.
Next, companies must select an optimal market strategy. There are three broad types:

1. Undifferentiated marketing: Focuses on minimizing marketing costs by avoiding tailored strategies for each segment. If multiple firms use this, competition intensifies in leading segments.
Example: The U.S. auto industry long produced only large vehicles, leading to severe competition in major market segments.

2. Concentrated marketing: Focuses on gaining a large share in a single segment. Though risky, it can be highly successful.
Example: Volkswagen focused on compact cars.
Positioning is key to product competitiveness — establishing a strong market position and developing an appropriate marketing mix.

Recommendations and Conclusion. Leading companies aim to find homogeneous segments across markets to create unified strategies and reduce implementation costs. A company seeking foreign sales markets evaluates factors differently than one seeking international production locations. Target market selection involves balancing external market demands and the company's internal capabilities. When developing regional or international expansion strategies, firms must respond to opportunities and move away from less profitable ventures.

Criteria for selecting international target segments include:
- Largest segments with potential for deeper segmentation
- Clearly defined and measurable boundaries
- Highest potential demand
- Accessibility and data availability
- Similarity to home or previously explored foreign markets
- Responsiveness to the company's marketing efforts

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