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Abstract

Today's markets are diverse and dynamic in their nature and cannot be viewed as a one competition arena. Markets fragment into sub-markets which all have different demand prospects, customer needs and success factors. Due to the variation within the market, it has become evident that by viewing markets through a traditional market definition is not enough because traditional market definition does not capture the complex nature of the markets. Instead of the traditional market definition, a company could define its markets with the help of a strategic segmentation matrix. The strategic segmentation matrix lays foundation for recognising the differences and therefore for tailoring strategies to suit particular sub-areas of the markets.

The purpose of this study is to explore whether the strategic segmentation matrix can be used for defining market area of the case company. The research was seen necessary in the case company because there was a need for finding out a new way to define a market area.

The research is a qualitative case study concentrating on studying an international stainless steel producer. The research process was conducted in two parts. First, questionnaires were sent and they laid foundation for interviews. The aim of the questionnaire was to find out the case company's product variety in the market. 20 persons from different departments and work positions were chosen to answer in the questionnaire. 17 returned the questionnaire, of which 12 were selected to be interviewed. Interviews were conducted by using semi-structure interviews. The purpose was to find out the suitability of the segmentation matrix to define the market area but also to gather opinions.

Based on the research findings, it can be concluded that the strategic segmentation of the market area was necessary to be carried out. Defining the market area with the strategic segmentation matrix was useful and many possible applications were recommended for the matrix. By finding out the offered products through the matrix, it was possible to form the company's internal view about which sub-markets the case company is operating in and with what products. The findings support the case company to use the matrix and based on the findings it can be stated that strategic segmentation matrix is a good start for defining markets. However, before applying the matrix into the case company, the product and market dimensions of the matrix could be reviewed by taking into account the recommendations from findings as well as from strategic segmentation literature.

Key words	Strategic management, strategic segmentation, product – market matrix
Further information	