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Market Segmentation in Pakistan: A Mona Lisa Smile or a Big Fat Smile?

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Abstract: *This study investigates market segmentation approaches used by eight diverse corporations in Pakistan. Interviews were conducted with marketing professionals to explore their current methods and perceptions of alternative strategies. Findings reveal that most organizations still rely on traditional segmentation methods—demographics, psychographics, geographic, and behavioral factors. However, six of the eight companies expressed a desire for contemporary segmentation approaches focused on customer needs. Marketing professionals noted that need-based segmentation could enhance customer satisfaction and increase revenue. Although conventional methods have value, a gap exists in the Pakistani market for more personalized, needs-based segmentation that could drive better outcomes for both customers and companies. Keywords: Behavioral, Customer Needs, Demographics, Geographic, Psychographics, Market Segmentation.*

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Introduction

The concept of companies focusing on globalized production and large-scale customer service has shifted towards providing tailored solutions for specific market segments. This approach emphasizes differentiating offerings from competitors, a process known as strategic marketing (Ali & Anwar, 2021). According to (Buccieri et al., 2023), strategic marketing comprises of three key elements: market segmentation, target market selection, and positioning. Segmentation is foundational to this process, originally defined by (Smith, 1956) as recognizing a heterogeneous market and creating homogeneous smaller markets based on consumer preferences, leading to greater satisfaction.

In the 1950s, market segmentation gained attention in academia, focusing on empirical research and consumer insights (Lim et al., 2023; Vashishtha & Kapoor, 2023; Wells et al., 2010). Although market segmentation principles are established (Lo et al., 2020), their application in practice remains challenging. Companies need to leverage existing research, acknowledge foundational authors, and identify the strengths and weaknesses of current segmentation models. Lo et al. (2020) argue for the integration of classic concepts into business practices, emphasizing the need for alignment between theory and real-world applications (Liu et al., 2019).

In today's globalized market, setting boundaries for segmentation has become increasingly difficult, resulting in intense competition (Jaiswal et al., 2021; Ahani et al., 2019). Effective market segmentation is crucial, defined as the adjustment of products and marketing efforts to meet consumer needs (Smith, 1956). Companies in developed nations are expanding segmentation techniques to better address consumer needs, while those in developing countries often rely on traditional methods based on demographics and

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psychographics. This research will investigate market segmentation practices in Karachi, Pakistan, through in-depth interviews with marketing and brand managers across various industries.

Research Objective

To find out the segmentation strategies used by national and multinational companies functioning in Pakistan

Research Question

What are the segmentation strategies adopted by national and multinational companies operating in Pakistan?

Literature Review

Market Segmentation

Smith (1956) provided the first formal definition of market segmentation, describing it as the alignment of products and marketing efforts with diverse consumer needs. This shift recognized varying consumer demands, moving away from the mass marketing concept (Das & Singh, 2022; Pallant et al., 2020). Segmentation has been integral to consumer marketing for over 30 years and should align with the organization's competitive strategy (Ladipo et al., 2022; Antara et al., 2022). Researchers categorize market segmentation into two main groups: identifiable/accessible and needs/benefits (Rozhko, 2023). The identifiable/accessible approach utilizes easily identifiable variables, such as demographics, which help classify and target organizations (Koziel & Shen, 2023). Conversely, the needs/benefits orientation focuses on the unique needs sought by buying organizations, necessitating tailored marketing strategies for each segment (Sharma & Lambert, 1990).

(Denga et al., 2022) identified three features of sustainable competitive advantage: differentiation, strong positioning, and short-term uncopiable strategies. However, long-term strategies can be replicated due to market convergence. To maintain a competitive edge, segmentation must reflect the different buying behaviors of consumers (Appolloni et al., 2023).

Regardless of astounding advancement endeavors throughout the years, segmentation and targeting on are once in a while supportive in such markets. Indeed, even the naturally engaging division of the market into light and substantial clients and the procedure of focusing on the overwhelming client segment are probably not going to prevail in swarmed, developed markets. Seyedimany and Koksal (2022) suggest focusing on each of the customers' needs within the category because every individual customer within the segment also shows different buying characteristics.

Bases for Market Segmentation

The concept of market segmentation originated from the realization that a single product cannot satisfy all consumers, transitioning from undifferentiated marketing to differentiated marketing. Initially, segmentation categorized consumers based on homogeneous characteristics, such as age, income, and lifestyle, indicating similar behaviours within these groups (Lee & Kim, 2023; Jiang et al., 2023). (Christensen et al., 2007) introduced job-based segmentation, arguing that traditional demographic, geographic, and psychographic methods are static and fail to adapt to the rapidly changing consumer behavior.

Effective segmentation enables companies to tailor products, promotional strategies, distribution methods, and pricing for distinct market segments, enhancing customer focus and resource allocation. Unlike mass marketing, which assumes a homogeneous market, segmentation acknowledges diverse consumer needs, fostering innovation and responsiveness in product development and marketing strategies (Ma et al., 2023; Kleih et al., 2023). The segmentation strategy thus enhances the marketing mix and aligns product offerings with consumer demands, ultimately increasing profitability (Naim, 2023; Wang, 2022).

Economic changes played a crucial role in the evolution of market segmentation. In the 1960s, consumers gained purchasing power and became more discerning, prompting firms to recognize and respond to diverse consumer needs (Delia et al., 2022). For example, in the automotive industry, segmentation occurred among various consumer age groups and preferences, including luxury versus economy models, aligning products with specific consumer interests (Musso et al., 2022). Similar trends were observed in the soft drinks industry, where companies adapted to shifting consumer preferences.

Demographic shifts, particularly the rise of working women in the 1970s, further influenced market segmentation, leading to targeted advertising and product development aimed at women (Shashkova, 2021). Additionally, increasing awareness of health and nutrition prompted companies to create ready-to-eat meals and low-calorie products, again targeting specific consumer segments based on their lifestyles (Cha et al., 2024).

Thomas and George (2021) emphasized the importance of focused segmentation in achieving marketing objectives, asserting that effective segmentation is central to marketing strategy. According to Aaker and Moorman (2023), understanding customer needs and interests is essential for guiding segmentation efforts. Traditional criteria for market segmentation, as outlined by Robert McIntosh (quoted in Lage, 1992), include demographic, geographic, psychographic, economic, and social factors.

Strategic marketing consists of three key components: market segmentation, target market selection, and positioning. This integrated approach is vital for successful marketing actions and distinguishes companies from competitors (Palazzo et al., 2016; Xia, 2011; Kotler & Armstrong, 2008). Market segmentation not only aids in achieving corporate strategies but also enhances understanding of consumer behavior (Shashkova et al., 2021).

Table 1

Segmentation approaches of countries

Author	Topic	Country	Segmentation strategy
(Ahmed et al., 2014).	Product strategies in pharmaceutical marketing: a perspective of Pakistani pharmaceutical industry.	Pakistan	Range from SEC Class segments to strategies based on Demographics.
Roshif, M. U. (2015).	Fast Moving Consumer Goods (FMCG) Markets in India. The International Journal of Business & Management, 3(6), 31.	India	Primarily Demographic segmentation and Behavioral Segmentation.
Lynn, M. (2011).	Segmenting and targeting your market: Strategies and limitations.	USA	Geographic, Psychographic /lifestyle.
Klynveld Peat Marwick Goerdeler (KPMG). (2014).	Retail Leadership Summit 2014. Emerging Consumer Segments in India.	India	Class segments to strategies based on demographics. (1) Time Starved consumers, (2) Bottom of Pyramid consumers, (3) First-time users, (4) Online consumers, (5) Rurban consumers, (6) Emerging Effluents, and lastly, (7) conscious consumers
Wilson, I., & Mukhina, M. (2012).	Market segmentation in Russian subsidiaries of FMCG MNEs: Practitioner and academic perspectives. Marketing Intelligence & Planning, 30(1), 53-68.	Russia	Demographics, Diversity and Heterogeneity

Author	Topic	Country	Segmentation strategy
GRADE, G. B (2015).	Product Marketing Plan: A Case Of Organic Tomato Ketchup.	UK	Range from geographical, demographical, psycho graphical and behavioral segments.
Varma, G., R. & Prof. Ravi, J. (2017).	Marketing Strategies in Dairy Industry: A Case Study on Amul Dairy. International Journal and Magazine of Engineering, Technology, Management and Research. 4(4).	India	Primarily Demographic segmentation and Behavioral Segmentation.
Mahia.,F.,R.(2014).	Mahia., F., R. (2014). Female Consumer Beauty Product Perception about Unilever Bangladesh Ltd.	Banglade sh	Geographic, Psychographic/lifestyle.
(Ahmed et al., 2016).	Income, Social Class And Consumer Behaviour: A Focus On Developing Nations.	Pakistan	SEC Class segments to strategies based on Demographics.
Ghosh, I. (2014). VALS (TM) Psychographic	A New Way of Market Segmentation in India. The International Journal of Business & Management, 2(4), 25.	India	Demographics.
Fuller, D., Hanlan, J., & Wilde, S. J. (2005).	Market segmentation approaches: Do they benefit destination marketers? School of Commerce and Management Papers, 149.	Australia	Geographic, Psychographic, lifestyle, Demographic, Loyalty, Usage, Benefits, and Behavioral
(Christensen et al., 2007)	Finding the right job for your product. MIT Sloan Management Review, 48(3), 38.	USA	Job-based market segmentation
Johns, N., & Pine, R. (2002).	Consumer behaviour in the food service industry: a review. International Journal of Hospitality Management, 21(2), 119-134.	China	Geographic and demographic
Tan, A. Y., & Lo, A. S. (2008).	A benefit-based approach to market segmentation: A case study of an American speciality coffeehouse chain	Hong kong	Benefit Sought Approach the service seekers, atmosphere seekers, quality coffee seekers and marketing oriented customers
Saillaja, V. (2015).	Two-Wheeler Market: Its Growth and Students' Buying Behaviour. ANVESHAK-International Journal of Management, 4(1), 90.	India	Specialized segments on the basis of consumer needs

Segmentation Strategies in Pakistan

Małecka et al. (2022) highlight that segmentation from the consumer perspective is crucial in developing markets. Despite using conventional segmentation methods, multinational and local companies in Pakistan struggle to address emerging, often latent consumer needs. For example, the cellular industry segments their market as pre-paid or post-paid, missing nuanced needs, while milk products are divided into loose, packaged, or powdered forms based on specific uses, such as drinking or dessert-making (Ahmed et al., 2016).

This approach risks alienating customers who fit multiple segments or whose needs transcend demographic traits (Schlager & Christen, 2021). Companies like LEGO adopt need-based segmentation by focusing on the different play styles of children to offer tailored products. In Pakistan's pharmaceutical industry, products are segmented into prescription and OTC categories and further defined by core, actual, and augmented attributes to align with consumer needs (Ahmed et al., 2014). The FMCG market, worth around 450 billion PKR with 15% annual growth, is divided into food and non-food categories, with food making up 40% of retail sales (Hussain, 2017). This rapid growth highlights the need for segmentation strategies that meet complex consumer demands beyond traditional classifications.

Methodology

Research Approach

The approach taken in this research is inductive. The aim is to identify patterns and themes from the qualitative data gathered rather than testing a hypothesis. An inductive approach supports the exploration of subjective insights from marketing professionals, allowing emergent themes to surface during data analysis (Bingham & Witkowski, 2021).

Methodological Choice

This study employs a qualitative research method. Qualitative methods are chosen due to the need for in-depth, contextual understanding of segmentation practices and challenges faced by various companies. Given the exploratory nature of the research, qualitative data provides richer, detailed information on the subjective experiences of participants (Busetto et al., 2020).

Research Strategy

The strategy adopted for this research is secondary data review and interviews.

Secondary Data Review

A review of existing literature on market segmentation provided foundational insights and highlighted existing gaps. This literature review helped frame the interview questions and identify potential areas for deeper investigation (Jain, 2021).

Primary data was collected through semi-structured interviews with marketing managers from eight companies. This approach allows flexibility in responses, enabling participants to express their perspectives openly while maintaining focus on segmentation issues (Jain, 2021).

Data Collection

Data collection for this study involved both qualitative secondary research and semi-structured interviews: Secondary Data Collection: Literature on market segmentation was reviewed, focusing on identifying gaps in existing research, particularly in the context of Pakistani and international markets. This secondary research helped set the stage for primary data collection (Ganesha & Aithal, 2022)

Primary Data Collection through Interviews: A semi-structured questionnaire was developed to guide the interview process, ensuring a balance between consistency and flexibility. Questions covered topics relevant to segmentation strategies, challenges, and opportunities. Marketing managers from a mix of international and national companies in Pakistan, including Nestle, Engro Foods, Shield, Pizza Hut, Haier, Mead Johnson, Hilton Pharma, and Young Foods, were selected for interviews, ensuring diverse perspectives (Ganesha & Aithal, 2022)

Sampling Technique

For this study, purposive sampling (also known as judgmental or selective sampling) was employed. In qualitative research, purposive sampling is widely used when researchers need participants with specific knowledge, experience, or characteristics related to the study topic (Thomas, 2022). In this case, marketing

managers with experience in market segmentation were targeted due to their relevant expertise in marketing strategies and segmentation practices

The sampling frame for this study consisted of marketing managers from prominent companies operating in Pakistan, spanning both national and multinational corporations across different sectors. A sampling frame defines the specific pool from which participants are drawn and ensures consistency in the selection process (Suryananda & Yudhawati, 2021)

Sampling Frame

The study's sampling frame includes companies with a strong presence in the Pakistani market, as well as companies with diverse approaches to market segmentation. The selected companies are:

International Companies: Nestle, Haier, Mead Johnson, Hilton Pharma
National Companies: Engro Foods, Shield, Young Foods, Pizza Hut (local operations)
Industry Sectors: The selected companies represent various sectors, ensuring that the insights cover a broad range of segmentation practices. This industry diversity allows the study to capture unique segmentation challenges and strategies across sectors like FMCG, food and beverages, pharmaceuticals, and consumer electronics.

Data Analysis

A thematic analysis approach was used to analyze the qualitative data. This involves transcribing interviews and coding responses to identify recurring themes related to market segmentation practices (Christou, 2022). The thematic analysis allowed for the identification of patterns and insights into how segmentation is approached across different industries in Pakistan.

Results & Discussion

Table 2

Segmentation strategies by Pakistani companies

Companies	What are they currently doing?	What do they suggest to do?	Verdict in favor of Customer Needs Segmentation
Engro	Segmentation of end users is done on the basis of socioeconomic class within demographics.	Psychographics may be an option for us to use in future.	No
Young Food	Solely demographics and socioeconomic class.	Continuation of current strategies	No
Hilton Pharma	Demographics and behavioral approaches	Continuation of current strategy but need-based segmentation is also preferred in some cases	Yes
Pizza Hut	Customer Needs (Millennial)	Continuation of the current strategy	Yes
Haier	Geographic and demographic strategies are mainly used	Making room for customers' needs strategy to implement it in future. For this purpose, they are using post-purchase follow-up calls.	Yes
Shield	Demographics within the Socioeconomic class	Willing to move towards customer needs; however, recommending continuing existing strategies due to rivals.	Yes

Companies	What are they currently doing?	What do they suggest to do?	Verdict in favor of Customer Needs Segmentation
Nestle	Demographics are based on socioeconomic class, and different SKUs are based on customer needs.	Suggesting to use customer needs as a new strategy	Yes
Mead Johnson	Demographics and Psychographics mainly	Suggesting to use customer needs as a new strategy	Yes

Shield, a leading FMCG in Pakistan, dominates the baby care market and ranks third in oral care. With a strong local focus,

"Shield segments its market primarily by consumer class, targeting middle to lower-income groups (Classes B and C), especially young mothers aged 20 to 45".

Brand Manager explained that Shield's mid-tier positioning aims to deliver value for money, focusing on urban and rural areas alike. While successful locally, Shield's traditional demographic and psychographic segmentation contrasts with international FMCG players who prioritize need-based segmentation. However, Shield has shown interest in the "bottom of the pyramid" segment, reflecting an evolving approach to serve broader consumer needs.

"Shield's segmentation strategy, though conventional, has supported its growth, but modernizing it could enhance alignment with consumer-specific need" (Ahmed et al., 2014).

Moving on to another FMCG company, we concentrate now on the edible oil industry sector, namely Habib Oil Mills (Pvt.) Ltd. HOM, a prominent player in the fats and edible oil sector in Pakistan, produces cooking oils and related cooking mediums, and with the help of its extensive distribution system, the company is able to supply its range of products to all "commercially viable" markets in the country. It constantly strives to maintain brand loyalty amongst its customers and has achieved a 500% growth over the past 10 years or so. So, how do they segment their markets?

"… we focus according to consumer classes. A, B and C respectively."

Like other local FMCG players, HOM has traditionally segmented markets demographically. However, they have begun exploring need-based segmentation. Interviewee explained HOM's approach

"For Class A customers, we offer Habib Cooking Oil and Banaspati, while the premium segment is targeted with Super Habib—a healthier, premium alternative."

This strategy acknowledges a growing segment of health-conscious consumers willing to pay more for quality, suggesting HOM's gradual shift toward aligning products with specific consumer needs. This emerging focus on health consciousness reflects a subtle adaptation of segmentation beyond traditional methods.

Haier is the leading brand in the world in household appliances. We have a mass production industry which offer products like refrigerators, freezers, washing machines, air conditioners, TVs, microwave ovens, small domestic appliances, PCs, commercial air conditioners, Haier medical and much more. Our main focus is that our product will always be available in the market in bulk, so customer perception about our product is always positive in the term that Haier products are always available and never short in the market. The head office of Haier in Pakistan is located in Lahore. They have different channels, such as wholesales, retail accounts, and key accounts, which supply products throughout Karachi through 32 strategic outlets of Surmawala and other sub-sellers.

"Basically, they follow the practice for market segmentation on the basis of geography, which includes more than 40 major cities. Moreover, demo graphical segmentation is very important in that area. They target females, mostly housewives aged 25 to 50."

They believe that women above 25 is more concern about the home appliances product and they are very sensitive and focused on it so our main targets are female and also aware about the products and

details. They have an area wise penetration which is described in detail on their website cities like Karachi, Sukkur, Quetta, Gawadar, Turbat, Hyderabad, Morro, Rohri, Nawabshah, larkana.

"Targeting and segmentation are done on the basis of demographics, seasonal offers, price discounts, bulk purchases, and corporate clients. We introduced these promotions occasionally and seasonally also to position the brand as well, Promotion of BTL, TVs, Mall activations, Door to door, Exhibitions, Demo trials, Collaborations, Celebrity endorsement, Brand ambassadors, Social media engagement through questions and quizzes."

Segmentation methods for each category are done on the basis of some strategy for psycho graphics. They have a social class, which includes the middle class and upper class, depending upon the lifestyle of the consumer; for the demographic, they target aged between 30 to 50, both males and females, but mostly female; behavioural segmentation depends upon the user status. Potential users are first-time users, loyalty users and every ready user who is aware and has the capability to buy.

The opinion of the customer is very important to them; if they have any queries regarding their products, payments, or delivery, then they can contact our customer care executives by using the given contact details. The positioning of the products can be done as a proactive, deliberate, and iterative process to measure, define, and modify the clients' products and their marketable offerings. In product differentiation, the attribution, quality, price and benefits of the products are also considered by the competitors or the users.

Engro Corporation segments its dairy product Olpers primarily through demographics, targeting mothers aged 25-45, particularly those in:

"SEC classes A to E, who prioritize nutrition for their children aged 5-12. The company avoids psychographic segmentation, as limited product variants make further market division impractical".

According to the interviewee, "We target mothers seeking the best nutrition for their children," focusing on the drinking milk segment, which accounts for 58% of consumption. Budget constraints prevent broader segmentation; instead, Engro prioritizes the drinking segment over tea (35%) and dessert (6%) due to its high consumption rate.

Nestlé segments consumers by *SEC classes, targeting areas like DHA and Malir and considering factors like income, education, and urban-rural divisions.* The interviewee explained, "Segmentation is divided into SEC classes... we divide Pakistan into sub-segments and identify income patterns." Nestlé employs qualitative and quantitative research to adapt to market trends and consumer opinions.

"We define targets and identify bull's eye... we keep track of opinions and market trends,"

said the respondent, highlighting the use of trackers and focus groups to refine strategies. Nestlé's approach is similar to India's Amul Dairy, another major dairy brand, which uses traditional demographics to segment milk and dairy products. Amul's mass-market approach, combined with low-cost pricing, has established it as a highly valued brand in India, comparable to Olpers in Pakistan (Varma & Ravi, 2017).

Young Foods operates in the Mayonnaise, Chicken spreads and dip sauces segment. The brand caters to a wide variety of edible spreads. The brand traditionally segments its market by means of demographics and SEC class, primarily the female segment ranging from early teenage to late forties. As indicated by the interviewee

"The target market is mainly females lying between the age brackets of 15 – 45 years. This includes college girls, teenagers, wives and mothers. The target segment lies in the SEC range of A – D classes. The segmentation is based solely on demographics and SEC bases; the product offerings are in such a way that other tools are not that effective. The element of trust is the core and essential selling point for the product and its offerings."

Young Foods is a mass-market brand catering to both consumer and corporate segments. Known as a "taste enhancer," it uses French recipes, recipe books, and culinary institutions to appeal to young females. Through an emotional appeal, it addresses consumer touchpoints, emphasizing health by using organic, locally sourced ingredients.

"Young Foods segments its market by targeting health-conscious young women who value organic ingredients, French-inspired recipes, and a passion for cooking. The segmentation strategy used by Young Foods is a psychographic and demographic segmentation strategy".

Hilton Pharma, established in 1969 and becoming the world's largest vitamin manufacturer within a year, began operations in Pakistan in 1972. Currently, it focuses on demographic and behavioral segmentation strategies. The interviewee stated,

"We are supposed to use demographic and behavioral approaches for the segmentation of the market. We mostly serve those patients who are suffering from neurologic complications."

The company also targets female consumers in need of vitamins, emphasizing the importance of customer needs in product development.

"Yes, we cannot ignore this factor; customers' opinions are extremely important for pharmaceutical companies," the interviewee added.

In Pakistan, pharmaceutical products fall into two categories: prescription and OTC. The product mix includes antibiotics, painkillers, and cough syrups, defined by core, actual, and augmented levels. The new product development process involves molecule identification, screening, and commercialization. This analysis reveals that no universal segmentation approach exists in the Pakistani pharmaceutical market, aligning with Hilton Pharma's practices (Ahmed et al., 2014).

Pizza Hut belongs to the Quick Service Restaurant (QSR) industry. It is an international chain and is the market leader in the QSR pizza industry, having the highest number of franchises and outlets all over Pakistan, located in the Upper North region, central North and South. For all three regions, the company has three GMs, who report to COO, and under them, the company has AMs who look after around 15 to 16 outlets each. Then we have managers and REMs, restaurant managers. In addition to this, the company has a sales team that reports directly to the head office in Karachi together with other supporting departments, such as marketing, which is the main department, and then finance. Since the company is in the QSR industry, therefore, they try to make corporate alliances and target two main segments, i.e. millennials and family.

Pizza Hut segments its consumers primarily based on demographic factors. The interviewee noted that 70 percent of Pakistan's population is millennials, so the company primarily targets this demographic. Their segmentation strategy involves two steps: first, they categorize customers by demographic segmentation, focusing on consumer classes SEC A+, A, B, and B-. Then, they implement a push strategy, specifically targeting millennials and families as their main segments, alongside corporate alliances. The interviewee elaborated on their primary focus on millennials:

"We segment markets by consumer classes, primarily targeting SEC A+, A, B, and B-. We offer both high-priced and affordable products to cater to our customers. Our main segments include young couples who prefer not to cook, individual millennials who enjoy activities like movies and travel, and older customers familiar with Pizza Hut's long-standing presence in Pakistan. While we target all segments, millennials are our primary focus. We position ourselves through various deals and promotions that appeal to different segments."

According to the interviewee millennial are very value driven so they try to position their campaigns on discounts and value meals. The company has a research department as well, and they also hire local research firms to carry out customer analysis so that they can identify new segments or get information about the customer needs to better manage the current segments. As per the words of the interviewee:

"We focus on variety-based, value-driven innovations. While our main product development comes from the head office, we collaborate with local research companies and conduct focus groups to introduce about five new products each year. This process isn't solely based on customer needs; rather, it follows a push strategy. After 35 years in the market, we aim to avoid redundancy, developing value-driven products to stay competitive, unlike items like the KFC Zinger that have become ubiquitous."

The interviewee's insights highlight that millennials seek not only value but also variety and benefits in products. A related study on an American speciality coffee house in Hong Kong found that segmenting consumers based on the benefits sought strategy can help companies gain a competitive edge. The survey

of 1,000 customers revealed four primary segments: service seekers, atmosphere seekers, quality coffee seekers, and marketing-oriented customers. The study recommends that marketing managers leverage socio-demographic factors alongside consumer behaviours to cater to these specialized segments effectively. By understanding and addressing the specific needs of these groups, companies can enhance their market leadership and responsiveness to changing consumer preferences (Tan & Lo, 2008).

Nestle Pakistan is the leading food and beverage company in Pakistan, with a key focus on nutrition, health, and wellness. It is reaching the remotest locations throughout Pakistan to serve consumers. Nestle Pakistan operates in many ways, but people, products, and brands are the main flag bearers of the company's image, and they continue to enhance Pakistanis' quality of life. Nestle's industry primarily focuses on dairy products and water, but as time passes and as per the customers' needs, they also focus on different products like biscuits, baby milk, cream, and others. They have different social classes and have divided them into different categories like A, B, C and D. As indicated by the interviewee:

"We have different social classes, and we have divided them into different categories like A, B, C, and D. Our team is focused on all social classes with different products and categories."

The interviewee's insights emphasize that millennials desire value, variety, and benefits in products. A study on an American speciality coffee house in Hong Kong supports this by demonstrating that segmenting consumers based on benefits sought strategy can provide a competitive advantage. The survey of 1,000 customers identified four key segments: service seekers, atmosphere seekers, quality coffee seekers, and marketing-oriented customers. The findings suggest that marketing managers should utilize socio-demographic factors along with consumer behaviors to effectively target these specialized segments. By understanding and meeting the specific needs of these groups, companies can improve their market leadership and adaptability to evolving consumer preferences (Tan & Lo, 2008).

"Strategies like PPP and others are only created for emerging and underdeveloped countries like Pakistan, India, and Africa. In developed countries, they have different strategies based on customer needs and demographics."

Segmentation is based on both demographics and psychographics, with an emphasis on customer needs. The interviewee noted, "Initially, we drive things from demographics, but studies show that identifying customer needs is essential." For example, Everyday Tea adapted its recipe for lower-income consumers by introducing smaller tea bag sachets. Customer feedback is crucial for assessing product value and image; the company employs brand teams and third-party agents to gather random feedback. They also monitor social media for complaints and have a traceability system to address issues, enabling them to track and correct problems effectively.

Nestle's different brand teams used different tools based on the situation and market need by using different techniques. Mostly, FMCG companies segment the consumer in terms of income, volume and education, but here at Nestle, they have a different strategy. They have different social and economic categories like A, B, C, and D, which are defined on the basis of education and income. As per the interviewee

"Like I have already informed you we have different social economic categories like A, B, C, and D, which are defined on the basis of education and income."

Conclusion

Market segmentation plays a major role in the marketing domain in order to penetrate the market in an efficient way. There are a significant number of market segmentation approaches which have been used for many years; however, the current trend is showing that the brands within the Pakistani market have certain reservations related to traditional segmentation approaches. Though demographics, psychographics and geography are widely utilized as market segmentation approaches within various brands and companies; however, an urge to develop new strategies is present in the majority of the brands. From the findings collected through the sample brands of this research, it has been evaluated that the majority of the marketing professionals have preferred to utilize the customer needs segmentation approach over the traditional market segmentation techniques. Focusing on customer needs to develop market segmentation is a new way to target markets for beneficial outcomes. Pizza Hutt and Nestle are

currently utilizing a customer needs segmentation approach; however, other brands are using traditional ways for market segmentation. However, such brands are also willing to move towards customer segmentation approaches as suggested by a diversified range of published literature. Within the International context, customer needs and benefits sought approach is commonly applied within brands and companies.

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