# Book review

# Market Segmentation: Conceptual and Methodological Foundations (2nd edition)

M. Wedel and W. Kamakura

*Kluwer Academic Publishers, Boston; 1999; ISBN: 0-7923-8635–3; 382pp; hardback; £69*

According to the authors of this book the literature has spawned more than 1,600 market segmentation-related references. If any were needed, this provides evidence of the continuing academic and research interest which segmentation attracts. The particular emphasis of this work is on 'mixture models' of segmentation (the modern incarnation of 'latent class models'). The authors have no doubts about the importance of mixture methodologies stating that: 'in terms of impact on academics and practitioners, next to conjoint analysis, mixture models will prove to be the most influential methodological development spawned by marketing problems to date'. (p. XIX) Yet this integrated literature and software review provides much more than a comprehensive introduction to the mixture methodology. In addition, it details the foundations of market segmentation and considers a number of commercial applications.

The book is structured in four parts. In the first, the foundations of the market segmentation concept are reviewed and different segmentation bases and methods explored. This is followed in parts two and three by a detailed examination of segmentation methodology. The principles and applications of clustering methods, mixture, models, mixture regression models and mixture unfolding models are all considered. There are also chapters on segment profiling, dynamic and joint segmentation. Part four offers insights into a range of commercial segmentation applications.

The authors explain that the book is suitable for two main groups of readers (p. XXI):

> 'To graduate students this monograph can serve as a reference to the vast literature on market segmentation concepts, methodology and applications. To practitioners, it can serve as a guide for the implementation of market segmentation, from the selection of segmentation bases through the choice of data analysis methodology to the interpretation of results.'

It is easy to see why this book is essential reading for the serious segmentation researcher seeking the academic reassurance to support key

methodological decisions. From this group, the authors are correct to target the graduate researcher. The chapters on the development of segmentation research and segmentation bases are ideal preliminary reading for those at the start of their research, while later chapters provide a particularly thorough grounding on the finer details of mixture modelling. I am somewhat less convinced that practitioners would be both willing and able to invest the required time and energy to immerse themselves in this book. This is in no sense a criticism of the practitioner group, but merely recognises the availability of other more accessible publications focusing on segmentation applications. In a sense this is a pity as part four of the book, which deals with key application issues, provides some excellent background on geodemographic and lifestyle segmentation.

On a personal level, my familiarity with cluster analysis and the basics of mixture models definitely made it easier to tackle the detailed methodological expositions contained within. I especially enjoyed the chapters on clustering and profiling, both of which thoroughly cover the substantive issues. The chapter on future research directions also provides food for thought. It is important to point out, however, that the uninitiated in quantitative segmentation analysis might struggle with this book, which is definitely not a read for the faint hearted. Despite the authors' assurances about the accessibility of the book, the densely packed material does not always lend itself to easy use and the language is a little turgid in places.

Overall, the minor shortcomings of this impressive tome should not detract from its vital contribution to the segmentation literature. It is unfortunate that the price tag might reduce the book's audience, but all serious researchers of segmentation issues should seek the considerable gain which lies beyond this particular financial pain.

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