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# EFFECTIVENESS OF GLOBAL MARKET SEGMENTATION IN THE SPORTSWEAR INDUSTRY

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## ***Abstract***

*Researchers have paid relatively little attention to whether markets can be segmented across national boundaries, considering the increasing attention that academic literature draws from the Global Marketing Strategy (GMS). This research is based on the theory of GSM and predicts the existence in the sportswear industry of stable cross-market segments. The study collected data on demographics and evaluative characteristics by surveying a cross-national sample of Austrian, Chinese, South Korean and U.S. consumers on their lifestyle preferences. Factor analysis results identify eight lifestyle variables that can be used to support consumers in the market for sportswear. A follow-up cluster study reveals four psychographic clusters that cut across cultural boundaries: fashion pioneers, eye-catching fashion consumers, novelty seekers, and sociable followers. The analysis also examines whether the four segments can be separately discussed and demonstrates that, yes, they have different characteristics. The results encourage correlations across the global fashion markets that allow the sportswear industry to target consumer segments based on the theoretical framework.*

**Keywords:** *Global market segmentation, Global marketing strategy theory, Sportswear industry, Lifestyle, Sportswear purchase behavior.*

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## **I. INTRODUCTION**

The globalization of the market is one of the most significant challenges facing advertisers today. Due to advances in information technology and wide mass media exposure, customers can easily find street fashions in New York City online, or watch Versace fashion shows on cable TV. These patterns blur cultural distinctions and homogenize consumers' tastes and expectations across the

globe, leading to the adoption of identical types of fashion across multiple countries [1]. With increasing evidence that the use of a Global Marketing Strategy (GMS) can be linked to higher productivity rates, it is important to examine whether cross-market segmentation is feasible in different contexts. Despite frequent discussion in textbooks and a problem faced by practitioners, work has been limited on defining and targeting cross-border market segments. For particular, the clothing sector has attracted limited attention from practitioners or analysts, even though the fashion industry has experienced rapid globalization [2].

The overall revenue of Nike, Inc. in 2017, for instance, was around \$29.2 billion, an increase of 9 percent since 2015. Of that, 53% was attributed to foreign markets, while 34% was attributed to the economy of the United States. China is one of the seven key markets of the Nike brand, however. The method of identifying homogeneous groups, such as national groups or individual consumer groups, with identical consumption trends is global market segmentation. This study focuses on comparisons between consumers around the world market, instead of concentrating on regional variations. Notably, most previous studies of global market segmentation did not draw on global marketing theories to establish hypotheses [3].

Alternatively, multivariate studies have mostly simply been conducted to evaluate if cross-market segments exist; they have not provided a theoretical foundation as to why a cross-market segmentation strategy could be effective if cross-market segments exist in a homogeneous tendency for different generations across countries. The findings of the study can be interpreted in this way in the wider sense of global marketing strategy [4]. The aim here is to explore whether correlations exist or not across world fashion markets, allowing companies to define and target market segments based on the theoretical framework. The research explores buyers in the sportswear industry from four countries as part of an overall global market strategy, and groups survey respondents based on a combination of demographic and lifestyle segments. The emphasis is on the sportswear industry as sales represent a large and growing worldwide market, with the use of sportswear being appropriate not only for sporting activities but also for everyday life.

## II. MARKET SEGMENTATION

### A. Global market segmentation:

The process of dividing a heterogeneous market into homogeneous customer groups that respond in the same way to marketing activities is market segmentation. Global markets have traditionally been segmented on a country-by-country basis, but in recent years there has been a question of the desirability and feasibility of targeted cross-national (or inter-market) segments in an increasingly global economy. An operational structure for international market segmentation has been established, and country characteristics are emphasized over segment characteristics. A conceptual

structure is also introduced, whereby customers throughout the world can be grouped together, formulating a consumer-based global marketing strategy for a product [1].

Numerous studies have examined the usefulness of macro-level segmentation variables (country-based economies, cultural factors, and regional locations) and micro-levels from an organizational point of view (domestic populations, habits, behaviors, preferences, predispositions, and cultural characteristics). In addition, earlier foreign market segmentation studies focused on conceptual and theoretical viewpoints were analyzed and analyzed by some scholars. If one embraces the idea that the world economy has become more global, it is fair that micro level variables such as behaviors, perceptions or behavioral response to the marketing mix should be seen as a basis for segmentation, rather than simply applying conventional geographical and economic segmentation, rather than simply applying conventional geographical and economic segmentation to international markets.

### **B. Global sportswear market:**

Sportswear is primarily characterized as clothing and footwear designed for sports participation, although casual clothing worn by people for everyday activities is now also included. As a fashion trend since the 1990s, casual and comfort clothes have dominated, with sports or leisure activities being calculated as part of a fitness trend. The global market size of the sportswear industry is rising from US\$ 145 in 2007 to US\$ 166 billion by 2016. The demand for athletic footwear is greater than the market for recreational sportswear [5].

It is essential to this phase that reachable segments of sufficient size are effectively defined. In the current report, a lifestyle segmentation approach for the sportswear industry is suggested as appropriate due to its consistency with customer behavior in that market. Key aspects of buyer behaviour in the industry are described below. Demographic variables such as age, gender, occupation, monthly income and level of sports activity influence sportswear buying behavior. To grasp the consumer's appetite for sportswear, it is necessary to determine the qualities found within such products. Brand features typically identify criteria for the assessment and selection of products and brands during the purchasing decision process.

Clothing attributes consist of such intrinsic features as design/style, colour, fabric, construction, comfort, and durability and such extrinsic features as size, brand name, country of origin, wardrobe co ordination, store image and salesperson assessment. To order to develop effective marketing mix strategies, it is necessary to specify the brand names, costs, retail formats and sources of information that consumers actually consider when making decisions. Furthermore, this study

includes buying back intentions towards the sportswear brand to assess how they differ by segment of lifestyle [6].

### III. CONCEPTUAL FRAMEWORK AND HYPOTHESES

#### A. Theoretical framework:

The Global Marketing Strategy (GMS) theory presents an opportunity to discuss the effectiveness of alternative methods for serving customers worldwide from multiple theoretical perspectives, including the theory of multinational corporations. A useful theoretical framework is given by the GMS model to examine opportunities created by global advertising and marketing. The addition of a GMS makes it more practical to define global market segments to the degree they exist, because cross-market segments with similar marketing mix variables are identified and targetable. The use of cross-market segments helps all four of the factors to use a global strategy. Targeting the cross-market segments involves global market participation and marketing strategies alignment across markets. So targeting global segments will gain better integration of responses to competitive changes and more targeted marketing efforts with a focus on targeting a more restricted number of total segments [6].

A striking finding from the analytical part of the GMS study is that when fit (the degree to which the global marketing strategy of a business suits the external environment and the organizational resources of the company itself) is good, both financial and strategic results are solid. Because using global market segments will encourage GMS implementation, the theory suggests companies would make an effort to define such segments [7]. The theory of the GMS would argue that fit improvements would deliver better financial and strategic outcomes for those companies with internal ability to define and target cross-national segments. The performance resulting from the adoption of GMS, according to the theory, is a function of competitive advantage built up by economies of scale, more synergies and cross-subsidization [8].

### IV. DISCUSSION

#### A. Lifestyle segmentation:

First, the lifestyle scores in each country have been standardized according to the mean of each lifestyle item. The lifestyle dimensions for the whole sample were defined by factor analysis using main components with varimax rotation. Eight factors were produced by that process. The present factor is products, factor loading ratings, and the alpha coefficients of Cronbach. Eight variables clarify the overall difference by 58.3 per cent [9]. Using lifestyle ratings, a clustering method for K-means was conducted and a four cluster solution emerged. The clusters identified by this

approach reflect segments of the worldwide sportswear consumer market that are homogeneous and heterogeneous between segments based on lifestyle. In addition, in order to determine the efficacy of the four-cluster solution, a multiple discriminate analysis was used, and the results show that 99.2 percent of the initial clustered cases were correctly identified. It is also the case that customers from various nations were divided reasonably equally between the segments.

## B. CONCLUSION

The study presented here has found, consistent with the concepts of Global Marketing Strategy, that a global approach to market segmentation in the sportswear industry can be a viable way for global marketers to gain customers around the world. As a result, both the GMS hypothesis and the suggestion that there is a trend towards an evolving global consumer culture are reinforced by the report. The results demonstrate the effectiveness of a lifestyle framework for global market segmentation and include guidance for global businesses targeting sportswear to global customers. The research identified four key categories that could theoretically be used to categories clients across markets: Style Pioneers, Conspicuous Fashion Buyers, Sensational Seekers, and Sociable Followers. The four segments present differences in demographics, buying actions of sportswear, characteristics of sportswear, and intent to purchase.

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