

## An Analysis of Market Segmentation (Naelofar Hijab's Brand)

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**ABSTRACT:** With the development of world economy, there are so many enterprises occur around the globe. At the same time, the business competition among them is becoming more fiercely and consumers also have different and diverse in needs and wants. Thus, market segmentation is a crucial marketing strategy. Market segmentation is the process of dividing market of potential customers into groups or segments, based on different characteristic. Its aim is to identify and portray market segments or sets of buyers which would then becoming the company's target. A perfect segmentation allows the firm to dictate selling opportunities and to adapt its marketing activities in order to achieve customer need. Indeed, market segmentation is used to increase the sales volume in each area and it helps to make the best decisions for selling the product. Broadly speaking, the market can be divided into four major segmentation variables such as geographic, demographic, psychographic, and behavioral. These four segments will be discussed in detail in this paper. In this paper, I have chosen Naelofar Hijab's brand to explain in detail about market segmentation and targeting in the consumer market and how this brand gains more popularity among the 'Hijabista'.

**KEYWORDS** –Market, Market Segmentation, Diverse Need, Target, Bases for Market Segmentation, and Naelofar Hijab's Brand.

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### I. INTRODUCTION

#### 1.1 Background of Naelofar Hijab

Starting with the business of beauty supplements which is Bella Vita, that appoint her younger sister, NurAmeera Khan as face of product and then followed by Lofalens product, a brand that offering fashionable contact lens as well as Naelofar Abaya, featuring modern and stylish abayas are the beginning involvement the founder, Neelofa in the business world. She would eventually become an entrepreneur herself even though basically, it was a family business because she really loved fashion and had a passion for business that help to start making her own label. Venturing into business with a small team of trusted and like-minded individuals, Neelofa and her team decided to revolutionize and facilitate modest fashion to make shawls more practical and easier to wear. Never satisfied with what she had done, after countless brainstorming sessions, trials and errors, Neelofa continues to expand her business by launching Naelofar Hijab which is an instant shawl in December 2014.

She never expected her own brand can be accepted widely all around the world and becoming an international brand. The company started selling its product via online and at bazaars. After its flagship store in Taman TunDr Ismail, Kuala Lumpur opened in January 2015 the product started to be sold at this store. The shawl collection is now exported to more than 30 countries including Brunei, Australia, United Kingdom, Netherlands, and United States that make Naelofar Hijab as a global brand. The product aimed for modest fashion, the market aimed to be worth USD 327 billion by 2020 and the company planning to market the product in the untapped market.

#### 1.2 Background Founder of Naelofar Hijab

NoorNeelofaMohd Noor born on 10 February 1989 at Pasir Mas, Kelantan and the third child of nine siblings. She is the Goddess of Youth Champion (DewiRemaja) in 2010. She got all A's in UPSR, PMR, and SPM. She holds a Bachelor's Degree, International Trade and Marketing in Sunway University College Selangor. She is Malaysian celebrity, actress, host, model, and television presenter with 1.4 million likers on facebook, 5.4 million followers on instagram, and the number increasing constantly day by day. Every time she appears on screen, her adoring fans immediately rush to buy whatever she might have chosen to wear including her headscarves. She's also an entrepreneur and the face of fashion company Naelofar Hijab. Neelofa

considered as one of the celebrities most successful even though she had many scandal and controversy, but it did not weaken her passion and determination for being outstanding in the field that she involved. That, along with Neelofa's success in her business venture lands her as Forbes 30 under 30 Asia 2017.

## **II. PRODUCT SEGMENTATION**

Segmentation is a technique to identify and satisfy the needs of specific groups of customers with similar requirements within a market. It's an alternative to offering a "one size fits all" product to all markets. The different versions of a product will be offered to different groups of customers in product segmentation strategy operation (Philip Kotler, 2014). To operate a product segmentation strategy, the research should be carried out in order to identify groups of customers who want benefits or level of functionality that are not available currently in a product category. Indeed, the different versions of product can match the needs of customers precisely.

Naelofar Hijab offered wide range of product to their customers. The product segmentation help Naelofar Hijab to understand and influence consumer buying decisions and constitute a successful marketing campaign. In 4 years around, there are more than 30 collections in their portfolio, Naelofar Hijab offer great variety of hijab styles in order to satisfy the diversity in needs and tastes of customers. During acting and hosting job also help Neelofa to promote her shawl collections to audience. For example, when she was acting in drama "SuriHati Mr. Pilot" along with Fattah Amin, she wore her latest shawl collection in almost every scenes she acted. In addition, she also named her new shawl collection, Warda such as Lady Warda and Queen Warda based on her name character in that drama. This latest collection has captured the hearts of many her fans and it has boosted the demand of the collection which almost all sold out because of the good impact from the drama and the good marketing strategy.

## **III. MARKET SEGMENTATION**

### **3.1 Introduction**

Market segmentation is an essential part of any business. Referring to M. Croft's book "Market Segmentation" (1994), market segmentation targeting each segment with a specific product or service lays in the heart of marketing theory. Since marketing is emphasized about the important of satisfying customer's needs and wants as well as identifying them, market segmentation is a tool for that. It is about understanding customers and also matching the company's resources to the right user groups (segments). It is a process that identifies the group of customers within a market who can be targeted with separate products and services.

In order to satisfy customer's taste, Naelofar Hijab has released many types of scarves collection to be matched the expectation of customers in the targeted segment. For instance, on February Naelofar Hijab has launched Be Lofa where encompasses two tasteful designs, Be Lofa Turban and Be Lofa Shawl. It shows that Neelofa trying to release a collection that make the users look attractive, elegant, and modern even with hijab because she knows that young generation today are very up to date on the world fashion.

By segmenting their market, Naelofar Hijab will be focus more on their strategies in the particular market where the company can be more efficiently and effectively with the product that match customers unique needs in which company should always concerned about What type or trend of scarf that customers want?, Who is the main targeted customers?, and Where should the product to be marketed? Is it mass market or specific market? All these questions will help the company to come up with good marketing strategy.

### **3.2 Bases for Segmenting Markets**

Under market segmentation, there are four major variables that can be used to segment the market. The followings are the bases for segmenting consumer markets.

- 3.2.1 Geographic segmentation
- 3.2.2 Demographic segmentation
- 3.2.3 Psychographic segmentation
- 3.2.4 Behavioral segmentation

#### **3.2.1 Geographic Segmentation**

Geographic segmentation was perhaps the first type of segmentation to exist, historically speaking (Lunn, 1978). This is because many companies operate along geographic lines. The geographic location of customers does help the company in planning its marketing offer. This type of segmentation is quite common in dividing the rural and urban consumer market. It also divides the market into geographical units such as nations, states, regions, counties, cities or neighborhoods. The company can operate in one or a few areas, or it can operate in all but pay more attention to local variations.

As mentioned earlier, the flagship store of Naelofar Hijab located in Taman Tun Dr. Ismail (TTDI). There are complete facilities provided in that area which are needed by their boutique such as public transport that everyone is assessable and easily to get to boutique. The boutique location also near the main road will facilitate

customer who for the first time reached there and does not familiar with that area. Other facilities like good water supply system, electricity, and telecommunications. Besides that, Neelofa plans to take her hijabfashion business abroad by making her first foray into New York (Shafi, 2017). She feels that New York is a strategic location for a physical store and a warehouse for her fashion house, Naelofar Hijab.

### **3.2.2 Demographic Segmentation**

In demographic segmentation the market is divided into groups on the fundamental of variables such as age, family size, family life cycle, gender, income, occupation, education, race, generation, nationality, and social class. Kotler (1984, p. 255) states that “demographic variables are the most popular bases for distinguishing customer groups” because they are often associated with customer’s needs and wants. Another is that they are easy to measure. Naelofar Hijab targets their customers, lady and woman with ages around the range of 18-60 years. It shows that not only young generation can wear their shawl collection but “Gen X and Baby Boomers” generation also suitable with the product design because they are seeking to look pretty and young at their ages. Besides that, Naelofar Hijab focus more on career woman who have their income because the company knows that all the career woman are willing to spend their money for great look and appearance.

### **3.2.3 Psychographic Segmentation**

Psychographic emphasizes the importance of general environment, cultural, and social factor (Mostyn, 1977). In this segment, customers are divided into different groups according to lifestyle or personality or values. Even though the two may be of the same age, from the same occupation, with similar education and income, each of customers may have different attitude towards risk of buying particular product. Different people have different personality of their customers. For example, Naelofar Hijab has produced three types of hijab collections such as bawal, shawl, and turban because each of customers has different personality where not every women like wearing bawal but some of them maybe like wearing shawl or turban. To dominate abroad market, Naelofar Hijab has launched new hijab collection, Turban because the founder knows that to capture attention and the hearts of international audiences, she should design an elegant, modern, and comfortable hijab concept that can be adapted by their lifestyle.

### **3.2.4 Behavioral Segmentation**

In this method of segmentation, the marketers divide buyers into groups on the basis of their knowledge of, attitude toward, use of, or response to a product, occasions, brand loyalty, user rate, user status, and buyer-readiness stage are the behavioral variables. According to Philip Kotler (2007) “many marketers believe that behavioral variables are the best starting point for constructing market segments”.

The first one is occasions. We can distinguish buyers according to the occasions when they develop a need, purchase, or use a product. Occasional segmentation can assist the company to enlarge the usage scope of their product. Naelofar Hijab has took the advantage of some festivals, such as Hari Raya Aidilfitri by launching an instant hijab collection which is “Soulmate” where it can be matched with BajuKurung. Wear them together, with intricate detailing and graceful characteristic, this collection has the ability to provide a quick makeover, uplifting even the plainest and dullest of Raya costume with its impressive design.

Another segmentation included in behavioral segmentation is user status. Every product has its nonusers, ex-users, potential users, first-time users, and regular users (Philip Kotler& Gary Armstrong, 2005). The key to be successful is carrying out different marketing strategies in order to keep the regular customers and attract new or potential customers. Naelofar Hijab already possessed about 30 hijab collections. Neelofa and her team keep trying to release hijab collection with different design and in term of the quality of the fabric materials (such as wool chiffon and Korean chiffon), the color selection (Naelofar Hijab only use pastel colors) and the usage of Crystalline or Swarovski pearls on the fabric that differentiate Naelofar Hijab with other hijab brands. They will ensure that all the design can be used from young age till old age group.

The last one is loyalty status. Buyers can be divided into four groups based on brand loyalty status : “hard-core loyal (consumers who buy only one brand all the time), split loyal (consumers who are loyal to two or three brands), shifting loyal (consumers who shift loyalty from one brand to another), and switchers (consumers who show no loyalty to any brand)” (P. Rossi, E. Mc.Culloch and G. Allenby, 1996). Furthermore, one of initiative way that executed by Naelofar Hijab to make sure that their customers are loyal to their brand is through marketing campaign. Almost every year the company will produce a short video to promote all the hijab collection on that year as well as at particular time or festival, the company will hold a big promotion sale with at affordable price that will attract customers to buy their product in large quantity. It will make sure their hijab brand becoming the first choice among ‘Hijabista’.

#### **IV. COMPETITORS**

Naelofar Hijab market ready-made designs with new revolution. Naelofar Hijab often facing an issue with plagiarized. However, Naelofar Hijab always come up with new collection so that they are not overtaken by them and Naelofar Hijab keep faster than plagiaristic. Neelofa and her team decide to revolutionize and simplify modest fashion, to make shawls more practical and easier to wear. Even with many kinds of new brands emerging on the market, Naelofar Hijab brand continuously being embraced by the customer whether it is sold in boutique or by online. Naelofar Hijab itself is among market leader and it has trigger the phenomenon with their own group of loyal followers. For example, the latest number of followers in their official instagram is about 595K that spearheading other hijab brands such as Duck Scarves, Sugar Scarf, and Adijuma Scarf. The influence of advertising, models or celebrities who sport a hood that is one of factor that brand into a frenzy women in hijab. Social networking sites is also factor that users usually obsessed with popular brands.

##### **4.1 Naelofar's Competitive Advantage against Competitors**

###### **Location**

Besides online sale, there are many boutiques and vendors that sell Naelofar Hijab in order to be close to their fans and customers. Meanwhile, the flagship store located in Kuala Lumpur, capital of Malaysia.

###### **Product**

Most design of Naelofar Hijab is instant shawl. Simple but nice is a key element of the brand. Naelofar Hijab always come up with the latest collection to add variation to an existing collection. Their new collection is always a premium collection of more elegant. Naelofar Hijab keeps improving their existing product in order to meet and satisfy consumer's need and taste. Every month Naelofar Hijab will launch new design and marketing strategy. Each new design will surely hit the crowd because of the quality and uniqueness always bring the satisfaction to their customers. Different design and use of high quality fabric become a factor that reinforces the brand in the hearts of customers. Naelofar Hijab always produce new collection follow by the trend and market need to ensure sales momentum is constantly increasing.

###### **Promotion**

Naelofar Hijab constantly produce new design and always have a good promotion for the old designs. Naelofar Hijab use an approach to appreciate their customers by make a huge promotion during year end sale which is they can buy the scarf at combo deals. If the customer decides to buy more than one piece of scarf, they will get more discounts. The founder, Neelofa also well known as TV host and famous actress. So, she uses this opportunity to promote her scarf in the best way which is she wears all Naelofar Hijab collections during show time. Besides that, Naelofar Hijab also make huge promotion during Hari Raya Aidilfitri and AidilAdh because at that season, a lot of customers will buy the scarves to be matched with Raya costumes. Other promotion is Naelofar Hijab also make a contest to all the customers who have instagram account, to make a short video tower 5 pieces of different collections for one minutes duration. The winner of this contest will get a new collection of scarf. Naelofar Hijab is very good in create something new and grab all the opportunity. That's why Naelofar Hijab have many regular customers who always stick and loyal with that brand.

###### **Prospect**

Naelofar Hijab product suitable will all ages, from teenagers to women and mature women.

###### **Brand**

Naelofar Hijab collection always capture the hearts of her fans because each design has their own class and speciality.

###### **Quality**

All Naelofar Hijab products use the best quality materials and soft fabric to ensure the satisfaction of customers.

###### **Price**

The price is affordable with the best quality used. Mostly the products are priced RM 50 and above.

###### **Publicity**

The founder, Neelofa always wearing Naelofar Hijab scarves whenever its latest issue to appear on television or formal occasions.

## **Packaging**

The scarves come with attractive packaging design and also can be a gift for a loved one. The packaging looks like a high class and branded item.

## **V. CONCLUSION**

Market segmentation is clearly a crucial marketing strategy. It enables the marketing manager to divide total demand into relatively homogenous segments identified by geographic, demographic, psychographic, or behavioral variables. These characteristic are relevant in explaining and in predicting the response of customers, in a given segment, to marketing stimuli. This can be seen through the achievement of Naelofar Hijab where their success in expanding their business locally and internationally has been widely acknowledged by various institutions and government agencies. In just a few short years since it was established, Naelofar Hijab has also garnered numerous awards including the SME and Entrepreneurship Award at a prestigious event held in JW Marriot, Kuala Lumpur.

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