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Market Segmentation and Targeting Strategies: Leveraging Consumer Insights for Competitive Positioning in Pakistan

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Abstract

The concept of market segmentation and targeting will always be a key factor of any competitive strategy as there are many consumers with different preferences who will not always react to a single value proposition. This article critically examines the relevance of segmentation, targeting and positioning (STP) in the emerging market of Pakistan where there is a large and young population, rapid urbanisation, growth of digital payments, significant regional and linguistic segmentations, income disparities and global, local and faiths sensitive consumption identities. The review investigates the variables of demographic, geographic, psychographic, behavioural, cultural and digital data in light of the basic segmentation theory and empirical evidence from Pakistan with respect to green consumption, banking, e-commerce, fast food, foreign-brand evaluation, social media engagement and generation Z to understand how these variables can be used together to develop actionable segments. Evidence suggests that age-income categories are too broad. The value sensitivity, religiosity, trust, digital confidence, local/ global orientation, environment consciousness, social influence and perceived risk of Pakistani consumers are materially different. So segment attractiveness must be evaluated in combination with accessibility, profitability, strategic fit, and brand credibility for effective targeting. The review also reveals that the conversion of consumer insights to unique value, authenticity, convenience, trust, status, local and/or ethical promises enhances competitive positioning. A practical insight-to-positioning framework is proposed to link market intelligence to segment construction, target selection, value proposition design, channel selection and continuous learning. The article concludes that firms in Pakistan could be better positioned to have a more sustainable advantage if they treat segmentation as a dynamic analytical skill and not just a one-off demographic exercise and also avoid personality, exclusion, stereotyping and privacy hazards.

Key words: *market segmentation; targeting; competitive positioning; consumer insights; consumer behaviour; Pakistan; digital marketing*

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1. Introduction

One of the basics concepts of marketing is segmentation. Smith (1956) maintained that the market should not be thought of as a homogeneous mass when demands of the various groups of buyers differ.

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Segmentation thus offers a strategic link between market heterogeneity and managerial choice in which firms discover relatively similar groups, decide to target those for which they can profitably create offers and communications, and engage in differentiation. The segmentation-targeting-positioning (STP) logic has evolved over the years from using basic demography, to using multidimensional, data-rich, segmentation systems integrating behaviours, attitudes, identities, channel interactions, and customer value (Wind, 1978; Wedel & Kamakura, 2000; Dolnicar et al., 2018). It is no longer a question of whether consumers differ, but rather which differences are strategically relevant, measurable, attainable, and economically valuable.

This is a particularly relevant question in the context of Pakistan. According to the national census of 2023, the population was around 241.5 million and there was a high rate of urbanization and significant provincial variation (Pakistan Bureau of Statistics (PBS), 2023). Meanwhile, the payment landscape is increasingly digital, with reporting by the State Bank of Pakistan (SBP) indicating a steady move towards electronic retail payments and growing digital payment infrastructure (State Bank of Pakistan [SBP], 2025). These shifts have resulted in a marketplace where traditional segmentation factors like geography, household income, age, family stage, and occupation are still relevant, but they are coupled with the use of smart phones, trust in online information, social-media habits, local/global identity, and convenience. The message is that national averages can mask variations in commercial terms between consumers in Karachi, Lahore, Islamabad, Peshawar and Quetta or between consumers in secondary cities or rural markets, between digital natives, value-driven households, status-oriented buyers, faith-sensitive consumers and risk-conscious online shoppers.

Pakistan is also an example to show the importance of segmentation which cannot be separated from positioning but used as a descriptive activity. The findings reveal significant distinctions among Pakistani consumers in terms of their preference for foreign versus home brands, attitude towards social influence, online shopping motivations, green consumption, Islamic finance, and communication in social media. For instance, Khan, Bamber, and Quazi (2012) discovered that in Pakistan, the country of origin can be used for premium positioning since elite consumers linked foreign products to psychologically and functionally different values. On the other hand, foreignness also results in rejection among certain groups and in politically relevant groups (Khan et al., 2019; Chaudhry et al., 2020; Sadiq & Ahmad, 2023). The notion of brand strategy in Pakistan does not just need to be based on the general idea of a 'young market' or a 'Muslim market', but on understanding the specific motives, trade-offs, identities and risks that underpin choice.

This article aims to assess the importance of consumer insights in enhancing market segmentation and targeting in competitive positioning in Pakistan. It tackles 4 questions. First, what are the most useful bases of segmentation in the context of Pakistan? Second, what do empirical research results show with regards to distinctive consumer groups and decision drivers? Third, what's the process of choosing target segments and translating insight into differentiated positioning? Fourth, what are the analytical and ethical issues that emerge in the ever-growing digitalisation and personalisation of segmentation? The article accounts for an integrative approach which connects the consumer evidence to strategic action and highlights implications for companies in the consumer goods, retail, banking, telecommunications, e-commerce, services and digitally mediated markets.

2. Conceptual Foundations of Segmentation, Targeting and Positioning

Segmentation is the process of breaking down the total market into distinct groups of customers who have similar characteristics, needs and behaviors, but who are different from other groups, and that may be expected to react differently to marketing efforts. Only if a segment enhances the quality of the decision can it be useful. Some of the classic criteria are identifiability, substantiality, accessibility, stability, responsiveness and actionability (Wedel & Kamakura, 2000). A large cluster might be a strategic weakness if it is not efficiently reachable, or a small cluster might be very appealing if it has high margins, strong retention or network influence, to name a few. Thus, Dolnicar et al. (2018) argue that segmentation should

start with a managerial aim and that it should be evaluated by the usefulness of the decisions made, and not just by the elegance of the statistical solution.

Targeting comes after segmentation and means to assess the segments based on market potential, the level of competition in the segment, strategic appropriateness, anticipated profitability, growth, risk, and the organisation's ability to offer superior value proposition. Undifferentiated strategy, niche strategy, multiple differentiation strategy, or individual level personalisation. The specific type to be selected depends on resources, category economics, channel structure and meaningful heterogeneity. Yankelovich and Meer (2006) warn of segments which are interesting to describe, but not strongly connected to purchasing activities. For Pakistan, this is especially true as terms like 'youth' or 'urban consumers' or 'middle class' can mean vastly different purchasing power, levels of digital confidence, social norms, and brand aspirations.

The final step is positioning. It relates to the unique place that a brand or offer holds in the target consumer's mind, compared to other offers. Keller (1993) sees strong brand knowledge as the development of strong, favorable, and unique associations. Competitive positioning thus involves answering three related questions: 1) who is the offer intended for, 2) what is the value of the offer, and 3) why should the target be convinced of the value? Segmentation without positioning creates classification without competitive consequences; positioning without segmentation is a risk of a generic promise that is irrelevant. Product differentiation is also distinguished from market segmentation, which involves differences in demand, but not in offers, by Dickson and Ginter (1987). Strategic advantage is achieved when these two sides are congruent.

Digitalisation provides a greater opportunity and complexity to STP. Micro-level heterogeneity beyond what can be captured using traditional surveys may be gleaned from search histories, app use, transactions, clickstreams, social-media interaction, location signals, and engagement patterns. Marketing analytics can be used to discover latent segments, forecast response, estimate customer lifetime value, and enable real-time personalisation (Wedel & Kannan, 2016). But with the abundance of data doesn't come the absence of data interpretation. Behavorial data has the ability to tell you what consumers did, but qualitative and attitudinal information is often necessary to tell you why. Consumer journeys are often online-to-offline or offline-to-online in Pakistan and data from platforms cannot be considered to be the entirety of the market, so firms should combine first-party behavioural data with survey, ethnographic, social-listening and channel data.

Table 1. Segmentation bases and strategic relevance in Pakistan

Segmentation base	Typical variables	Strategic use in Pakistan
Geographic	Province, city tier, urban/rural, retail access, logistics	Localise availability, pack size, language and service model; avoid treating geography as a lifestyle proxy.
Demographic	Age, gender, income, education, life stage, household size	Useful for reach and affordability, but should be combined with motivations and behaviour.
Psychographic	Values, aspirations, identity, status orientation, environmental concern	Supports brand meaning and creative strategy; useful for premium, green and lifestyle categories.
Cultural/ethical	Religiosity, local-global orientation, ethnocentrism, ethical congruence	Important in finance, food, cosmetics and foreign-brand categories; effects are segment- and category-specific.
Behavioural	Usage, loyalty, price response, purchase frequency, channel preference	Highly actionable for CRM, retention, cross-sell and promotion design.

Digital	Platform use, trust, privacy concern, eWOM reliance, engagement, personalisation response	Supports omnichannel and personalised targeting; requires privacy safeguards and offline validation.

3. Review Approach

An integrative evidence-review approach has been adopted for this article. It is a mixture of basic segmentation and positioning literature, empirical studies that are applicable to the Pakistani market and some institutional evidence (chosen) which explain the nature of the shifting market environment. Emphasis was placed on peer-reviewed studies that analyzed the decision-making processes of Pakistani consumers or had Pakistan in their sample of emerging markets. The evidence ranges from green consumption, foreign and local brand evaluation, online shopping, social media engagement, Generation Z, fast food consumption, banking and Islamic finance. These categories were chosen as they reflect various ways in which consumers can be segmented, including Economic value, Environmental orientation, Identity, Religiosity, Trust, Digital behaviour, Social influence, Perceived authenticity, and Channel preference.

The review is interpretive and not a statistical meta-analysis. Heterogeneous designs, measures, product categories, sampling frames and analytical methods are used in studies, and therefore pooled effect estimation is not appropriate. Instead, the synthesis finds common decision drivers and assesses how they can be translated into segmentation variables, targeting criteria and positioning choices. The method also helps to differentiate between variables that only explain consumers and variables that explain a differentiated response. For instance, age can be used for targeting Generation Z, however, narrative advertising responsiveness, need for cognition, perceived authenticity, trust and eWOM sensitivity can be used to guide message design and platform targeting (Tabassum et al., 2020; Ul Haq et al., 2026). The goal must then be managerial generalisation – finding strong principles that can be used for insight creation without losing sensitivity to category and region.

4. Consumer Heterogeneity and Segmentation Opportunities in Pakistan

With this vast geography there is no option but segmenting the country geographically, however, remember that geography should not only be a province or a city. Product availability and consumer response is influenced by urban density, retail infrastructure, broadband access, income distribution, language, climate, local competition, logistics, and cultural norms. The PBS (2023) census also confirms significant variations in population size and urbanization levels at the provincial level. Highly differentiated retail and digital strategies are possible in large metropolitan markets, as well as in secondary cities and rural areas, different pack sizes, distribution models, payment options and trust building mechanisms may be required. So, geographic segmentation is most effective when it is used in conjunction with behavioural and economic data, but not as a lifestyle proxy.

Demographic variables are still valuable since they impose limits on consumption based on life stage and resources. Category needs, channel access and willingness to pay are affected by age, gender, education, occupation, household size and income. Demographic segmentation is, however, more effective when combined with motives. This can be proved by evidence on green consumers in Pakistan. Saleem, Eagle and Low (2018) conducted a cluster analysis and identified three eco-social consumer segments and they revealed the significant difference between the income, education, gender, city of residence, and attitude towards the segments. They have found that no single ‘green consumer’ profile can be used efficiently in targeting the environmental markets. Likewise, Khan and Mohsin (2017) discovered that the preference for green-product choice was influenced by functional, social and environmental values, which demonstrated that seemingly similar consumers could be seeking different value combinations.

Psychographic Segmentation is especially relevant when consumption is related to identity, aspiration, status, morality, or lifestyle. The same brand can be assessed differently by the Pakistani consumers in different symbolic frames. Khan et al. (2012) discovered that the choice of the elite consumers depended on the product type and the psychological and functional benefits associated with a product. For high-end brands, foreignness can indicate prestige, expertise or cosmopolitanism to some, and cultural distance or unwanted identity to others. Khan, Ashraf and Malik (2019) demonstrated that the undesired self-congruence and negative social influence led to avoidance of foreign brands emphasizing the importance of fit between brand image and target identity.

Local-global orientation can so be seen as a useful segmentation dimension to exploit strategically. From a Chinese and Pakistani perspective, Safeer et al. (2022) found that both perceived brand localness and perceived brand globalness positively affected the brand authenticity and behavioural intentions. Significantly, the study indicates that uncertainty avoidance is an attribute which can discriminate the Pakistani consumers and can be used for targeting. This implies that companies do not have to make a binary decision between ‘local' and ‘global'. Some consumers want quality that's global, but local with the culture, others want a strong indigenous identity, others may want international association as status symbols. Competitive positioning can thus be a mix of cues, such as world class with local heritage, international technology with local service or international design with Pakistani cultural competence.

Another variant of segmentation is by religiosity and ethical congruence, especially in the finance, food, cosmetics and lifestyle segments. But the evidence cautions against thinking of Muslim consumers as one religious group. Butt et al. (2018) concluded that besides religion, convenience, branch network, service quality were the main factors of adoption of Islamic banking in Pakistan and they were able to distinguish between users and non-users through their cluster analysis. Recent studies have revealed that for certain financial decisions, the role of religiosity can be far more significant than other factors such as pricing, reputation, service quality, marketing, and convenience (Ahmad et al., 2024; Nazir & Saqib, 2026). This managerial implication is that faith variables can be used as meaningful segmenting variables when they are predictive of preference in categories but must be used alongside functional benefit expectations and financial behaviour.

Product evaluation is also influenced by national identity, animosity and ethnocentrism, especially for foreign brands. Consumer animosity had a negative impact on brand image and brand loyalty of the Indian cosmetics, as important relationships were mediated by product judgement, as revealed by Chaudhry et al. (2020). Sadiq and Ahmad (2023) also found that religious beliefs, animosity and ethnocentrism affected young Pakistani consumers' appraisals of US products. However, other studies on fast food identified low religiosity and ethnocentrism impacts and weak impacts of emotions and perceived service quality (Kashif et al., 2015). These seemingly conflicting results are what make segmentation useful: country-of-origin cues may or may not be relevant depending on the category, political context, consumer involvement and their individual identity. These orientations should be measured not assumed on the basis of nationality.

Behavioural and digital segmentation is now at the heart of the matter as online interactions reveal variations in information search, trust, channel preference and conversion patterns. Rahman, Khan and Iqbal (2018) discovered that utilitarian value was a strong motivator for the Pakistani online consumers and there were still barriers of trust and privacy. Fatima, Bilal and Khan (2022) found that there was social-media brand engagement to online and physical purchase intentions mediated by brand equity, where trust in online purchasing had a stronger effect on the online pathway. These insights lead to a segmentation model that encompasses digitally confident buyers, digitally engaged risk-conscious researchers, omnichannel consumers and offline-preferring consumers. Groups can be exposed to identical ads, but need different reassurance, payment, fulfilment and service design.

Generation Z is a group that merits special consideration but is not monolithic. Tabassum et al. (2020) identified that for the Pakistani Generation Z respondents, the narrative advertising was very influential in terms of purchase intention and eWOM was also one of the digital sources of information. Algorithmic personalisation can positively affect perceived creativity and authenticity of ads on Instagram for Pakistani Gen Z, with need for cognition influencing the reactions (Ul Haq et al., 2026). Therefore, even within a specific age group, splitting up by cognitive style, authenticity orientation, creator/influencer affinity, platform usage, price sensitivity and purchase involvement can be more effective than a one-size-fits-all 'Gen Z strategy'.

5. From Segmentation to Target Selection

Having measurable segments doesn't imply that all should be pursued. To do strategic targeting, there has to be a clear attractiveness analysis. Pakistan can use a helpful decision model to assess each segment by six criteria: segment size and growth, the purchasing power of the segment, profitability of the segment, accessibility of the segment, the competitive intensity of the segment, and the strategic fit of the segment. In certain categories where consumers are uncertain about quality, online payment, authenticity, after-sales support and Shariah compliance, a seventh criterion, which is trust feasibility, is very important. While a segment may be big it can also be ugly, when the acquisition costs are too high or the firm is not able to offer the necessary capabilities to build up credibility.

There's a need to differentiate between market size and reachable demand. The apparent scale of Pakistan's population implies actual demand varies widely based on income, location, infrastructure, and category priority. Firms aiming to serve large segments of the middle class might overestimate their ability to pay due to the effects of inflation, household commitments, and informal purchasing habits on disposable income. In such markets, using price elasticity, preference for pack size, promotion sensitivity and payments method as a basis of segmentation may be more appropriate than nominal income alone. Value positioning can then be focused on affordability per use, mainstream offers can focus on a balance of quality and price, and premium offers may appeal to exclusivity, superior performance, status, service or global authenticity.

Accessibility is a combination of communication and distribution. Many consumers can be seen through digital channels, but it does not mean that they will convert. A social-media follower can research online and purchase at a brick-and-mortar store, while a rural user can see mobile ads and struggle with the fulfilment process and a high spending consumer can discover online and want a high touch service. Targeting should hence focus on the channel pathways per segment. The company must identify where awareness is created, where trust is created, where buying takes place, where post-buying service is required. This way of looking at experience aligns with the overall CX literature that makes sense of experience as a sum of experiences instead of a single transaction (Lemon & Verhoef, 2016).

Organisations must avoid segments in which they cannot provide unique value – strategic fit. A brand that has poor service should never advertise a high level of convenience simply because rich, digital consumers are increasing. Similarly, if a local brand has a global look but no local feel, its communications will not resonate with youth. It is important that targeting be capability-led and market-led. A target segment isn't necessarily the one that is willing to purchase most, it's the segment where the organisation can provide, communicate and consistently deliver a better value.

6. Competitive Positioning Through Consumer Insight

Positioning turns the knowledge of the segments into a promise that can be turned into a competitive advantage. From the evidence, it was found that there are at least six positioning territories that are reoccurring in Pakistan: economic value, trust and safety, convenience, authenticity, status/aspiration, and cultural or ethical congruence. The relevance of each territory is dependent on the target. Transparent value and reliability can resonate with price-sensitive households; secure payments and return guarantees can be

experienced by digitally cautious consumers; convenience and time saving can be enjoyed by urban professionals; authentic and creative digital communication can grip the Gen Z, while premium consumers can savor symbolic distinction, and faith-sensitive customers can trust credible ethical or Shariah alignment.

Value positioning is more advanced than being the lowest price. Functional price value can be relevant in addition to and together with social and environmental value, as Khan and Mohsin (2017) demonstrate. If there are situations where there is uncertainty about the quality, a marginally higher price can boost confidence in the quality if backed by evidence. Firms should thus pinpoint the target's value equation, risk tolerance and reference price. Value could be low absolute price for one segment, durability for another, financing flexibility for another, health for another, sustainability for another and service inclusion for another. Segmentation makes it possible for the brand to say these things without sending a single message of price to all consumers.

In particular, ecommerce and financial services rely on positioning of trust. Trust and privacy concerns have been reported by Pakistani online consumers historically and with the recent expansion of digital-payments, the opportunity and exposure to fraud perceptions are higher (Rahman et al., 2018; SBP, 2025). A trust position must be functional not only communicative. It can contain trusted sellers, secure payment, cash-on-delivery if applicable, clear fees, hassle-free returns, service hotlines, visible reviews, delivery tracking, information usage transparency, and meaningful guarantees. This occurs in a position where it is difficult for competitors to replicate the service system.

Authenticity can link global and local positioning. Safeer et al. (2022) show that both localness and globalness can contribute to authenticity. This will help companies to prevent false options. An international brand can adapt the language, occasions, product forms, customer services etc. and still maintain quality signals. A Pakistani brand can be global in design and/or certification and/or technology and assert its competence while highlighting local heritage and community relevance. It is important for the brand to be consistent in what they say and what the customer finds. Some other evidence in the Gen Z also indicates that personalisation that is creative and authentic, and not mechanically targeted, is more persuasive. (Ul Haq et al., 2026).

But status positioning is still important for wealthier and aspirational segments – it should be handled with care. Khan et al. (2012) demonstrate that foreign-origin can result in preference for high-end product, but such an effect is dependent on the product category. Status can be a result of international provenance, rarity, design, technological advancements, social acknowledgment, or modern lifestyle. The successful premium position must then be able to determine what the target's social signal is. In certain categories, the Pakistani craftsmanship or the local origin might generate more status than the imported one. In others, the power of international credentials stands firm.

The precision must be higher with cultural and ethical positioning. Preference can be influenced by religiosity, national identity, and political sentiment, but not acting consistently. Based on the evidence found in Islamic banking and foreign-brand studies, these variables seem to have a particular effect rather than a universal one (Butt et al., 2018; Chaudhry et al., 2020; Ahmad et al., 2024). Brands should not engage in what could be called "performative cultural symbolism" without substance. The ethical stance required must rely on product formulation, sourcing, finance structures, certification, conduct and service practice - not just advertising imagery.

The last competitive territory is personalisation. Digital channels are more and more allowing for product recommendations, tailored offers and adaptive creative. However, personalisation needs to be done on the basis of meaningful signals and with mindful respect of privacy expectations. The data rich marketing can enhance segmentation and response prediction but data analysis has to be connected to marketing strategy (Wedel and Kannan, 2016). First-party data from transactions and engagement can be utilized in Pakistan

to segment heavy users, customers at risk of lapsing, customers seeking promotions, premium loyalists, category explorers, and high-potential new customers. Each of these segments can be used to deliver differentiated content and service levels and limit intrusive profiling for retention offers.

Table 2. Insight to positioning map for Pakistani consumer segments

Illustrative segment	Dominant insight	Possible positioning territory	Execution priorities
Value-seeking households	Price, reliability, pack economics, promotion response	Transparent value and dependable quality	Affordable packs, price-per-use communication, broad distribution
Digitally confident convenience seekers	Time saving, mobile payment, delivery, service speed	Fast, seamless, secure convenience	App-first journeys, delivery guarantees, frictionless payment
Digitally engaged but risk-conscious consumers	Trust, privacy, authenticity, returns	Safe online purchasing with visible assurance	Verified sellers, COD/secure payment, reviews, easy returns
Aspirational/global-oriented consumers	Status, design, globalness, authenticity	Premium distinction with credible global standards	Selective channels, premium experience, global credentials
Local/identity-oriented consumers	Cultural fit, local pride, social influence	Authentically Pakistani and socially relevant	Local stories, language, community relevance, domestic provenance
Faith-sensitive financial/service consumers	Religiosity plus service, price, convenience	Ethically credible service without functional compromise	Certification, transparent practices, service quality, competitive pricing
Eco-socially conscious consumers	Environmental and social value, price-value trade-off	Responsible value with practical benefits	Evidence of impact, credible claims, product performance, segment-specific pricing
Gen Z creative-personalisation seekers	Authenticity, narrative, creativity, social proof	Relevant, expressive and personalised brand experience	Short-form content, narrative ads, creators, adaptive but non-intrusive personalisation

7. An Insight-to-Positioning Framework for Pakistan

This segmentation system must be a cyclical process and not merely a research project. In the first stage, problem definition, management defines which decision they wish to enhance, such as who to acquire, which cities to focus on, which tier of the product to introduce, or which customers to keep. The second is the integration of insight. Companies integrate transactional and channel data, surveys, interviews, social listening, customer-service data, competitor data and context data. This allows for no overreliance on a single source and further elucidates behaviour and motivation.

The third phase is the building of the segments. For a given question, a company can choose a priori groups (region, life stage, customer status, etc.), or data driven groups (factor analysis, cluster analysis, latent class analysis, machine learning, etc.). The aim is not to produce the greatest number of clusters, but to find out which groups respond differently to decisions. An example of clustering for actionable green-consumer profiles in Pakistan is given by Saleem et al. (2018). Some of the key metrics for behavioural segmentation are recency, frequency, monetary value, product mix, price sensitivity and engagement patterns which can be refreshed more often in high volume digital businesses.

The fourth step is to validate. Segments should be profiled with variables other than those that were used to generate them such as channel response, retention, profitability, brand preference, campaign lift, service cost, or willingness to pay. This stage protects against statistically well behaved but commercially poor clusters. Target selection (fifth stage) is done on the basis of attractiveness and strategic-fit criteria. The sixth stage is called positioning design, in which the firm defines a target-specific value proposition, reasons to believe, tone, offer architecture, channel plan and experience standard. Stage 7 is experimentation and learning. Campaigns, offers, creative messages and channel treatments are tested and this result is fed back into the segmentation model.

This framework also enables companies to separate stable from dynamic variables. Values, identity and life stage can shift slowly and channel activity and purchase intent can shift quickly. A helpful system as a result makes use of a reasonably secure strategic segmentation for brand and portfolio choices, coupled with dynamic behavioural scores to support campaign execution. A bank could have segments by financial needs, by level of religiosity, by level of service expectations, and by preference for digital, and add scoring to existing propensity to adopt a new feature or change a product category. The strategic coherence is maintained in this two-layer architecture without losing responsiveness.

8. Managerial Implications

The first consequence for managers in Pakistan is to transcend the demographic short hand. Age, gender, income and place should NOT be used as explanations but as entry variables. Firms need to understand each variable's relevance because of its motives. 25 year old consumer in Lahore and 25 year in Peshawar might vary in platforms, household role, brand symbolism, religiousness, price sensitivity, language preferences and trust in online payment. A combination of demographic, psychographic, behavioural and contextual data leads to more meaningful targets.

Second, companies must establish segmentation based on jobs and trade-offs performed by consumers. For instance, in telecommunications usage, variables such as data-intensity, network reliability, price elasticity, entertainment usage, business usage and digital-payment behaviour may prove more actionable than age. Segments in retail/ecommerce can be based on convenience, trust, fulfilment preference, return sensitivity and promotion response. Religiosity can be a factor in banking, but it shouldn't be the only factor—pricing, service quality, convenience, adoption of digital channels, and reputation should all be taken into consideration. Pack size, household usage, channel, health orientation and brand trust may be more useful in predicting purchase in FMCG than broad social class.

Third, a company should not offer positioning at the national level if there is scope for local adaptation in the category. Region-sensitive messages, occasions, ambassadors, retail execution and customer service can pay off for Pakistan's linguistic and cultural diversity. Localisation doesn't need to mean breaking up the brand. The core promise can stay consistent with the execution being regionally adapted to the language, occasion of consumption, media context and cultural references. It is essential to maintain good governance, or else the local relevance may weaken the brand.

Fourth, marketers need to measure competitive position at segment level. General awareness or preference can mask the acceptance of the strategically important consumers. It is therefore important to track brand salience, perceived value, brand trust, brand authenticity, brand distinctiveness and brand consideration across priority segments and among the most relevant competitors. This way, positioning is measurable. To be a 'trusted digital convenience', the brand needs to know if the urban professional connects the brand with security, speed, reliability, and if these associations drive choice.

Fifth, businesses need to put resources into first-party information and testing. Given the changing nature of platform algorithms and privacy regulations, more and more of the durable competitive insight will be derived from consented customer relationships. In the event that data quality is robust and consumers

comprehend the worth exchange, loyalty programmes, applications, CRM systems, service interactions, and digital payment methods can facilitate segmentation. Randomised tests and controlled pilots can then show you which segments react to specific offers. This changes the segmentation from a descriptive to a causal learning process.

Finally, segmentation should be embedded in functions. If product development, pricing, distribution, sales, customer service, and analytics are all based on different definitions of the customer, there can't be differentiated value. The organisation should share the same name, profile, needs, value proposition and metrics for the priority segments. As for omnichannel companies, there is a need to be consistent in both online and offline promises, otherwise it can result in a loss of trust.

9. Ethical and Analytical Challenges

The more finely segmented, the greater the risk. One is stereotyping. Cultural, religious, regional, gender or generational variables can be helpful predictors, but are undesirable predictors if a firm assumes that group membership automatically translates to preference. There is a consistent finding of within-group variation in each of the empirical studies examined here. Some financial choices are influenced by religiosity, but not all banking choice can be explained by religiosity; aspiration and avoidance can be influenced by foreignness in some segments but not others; Gen Z is digitally active in some aspects, but they vary in cognitive process and expectations of authenticity. Ethical segmentation needs to be based on evidence-based probabilities, not on a set of assumptions.

The second risk is digital exclusion. Data-rich companies would get the most information about consumers who buy online regularly, and consumers with infrequent purchases, who are rural, older, less connected, or cash-based would not be seen by the data analytic systems. Businesses that only optimise around what they see online could potentially be shortchanging commercially important populations. This bias can be overcome by mixed-method insight and periodic representative research.

10. Conclusion

Market segmentation and targeting offer a systematic approach to the battle in the vast, segmented and everchanging consumer market of Pakistan. Evidence indicates that there is more to heterogeneity than just traditional demographics. The economic value orientation, environmental concern, social influence, digital trust, online shopping motivation, religious commitment, local-global identity, country-of-origin response, authenticity preference, and cognitive engagement with personalised advertising are different among Pakistani consumers. Such differences can be sources of opportunities for companies to formulate more relevant offers and more defendable positions.

The review also reveals that segmentation is only useful when it brings about a change in action. Managers need to link segment discovery to segment selection, value proposition design, and channel design, service delivery, and performance measurement. The positioning in Pakistan is likely to be strongest where it is built around one or more of the meanings that resonate with consumers; value, trust, convenience, authenticity, aspiration, cultural fit, or ethical credibility; and backed by an operational proof. The proposed insight-to-positioning process highlights a problem definition cycle that involves data integration, segment building, validation, target selection, positioning, experimentation and learning.

Future research should be longitudinal and multi-city and multi-category, which would provide insights into consumers outside of the major cities and universities. Adopting probability sampling, behavioural data, experimental designs, and latent segmentation would serve to better support causal and managerial inference. The study should also focus on the ways in which segments shift over time in a way that is influenced by inflation, AI-driven personalisation, creator commerce, mobile payments, local-language content, sustainability concerns and privacy expectations.

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