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BETTER BUSINESS DECISIONS



The Importance of Market Segmentation

Market Segmentation enables Styrene Butadiene Rubber firms to identify specific products in Australian import statistics.

Australian import codes will sometimes include several products within a single import code. If the different products are distinctive in terms of their characteristics, a meaningful analysis can be undertaken. At its core, trade market segmentation is research that divides import transactions into subsets of similar transactions (products) that might be found in one import code.

By understanding market segments, firms can target more precisely their sales and marketing strategies, measure competitors and the total import market.

Australian imports of Styrene Butadiene Rubber (SBR)

SBR is a range of synthetic rubbers derived from styrene and butadiene used as an input in car tyre manufacturing, other automotive parts industries, paper, building and construction industries, and other sectors. It is imported into Australia by a range of companies with two of the largest being Industrial Organics and Redox Australia.

The Importance of Market Segmentation

In 2021 SBR was imported into Australia at two different price points with one price point 6 times larger than the other. These represent two different types of SBR found in the same single Australian Import code.

The first price point is around \$AU 400 a tonne where over 2,500 tonnes was imported from South Africa and around 700 tonnes was imported from Portugal at a slightly lower price. The second price point is between \$AU 2,400 and \$AU 3,400 per tonne with imports mostly from South Korea and to a lesser extent Taiwan and China. These higher priced transactions are a different market segment to the lower priced transactions and need to be treated as such.

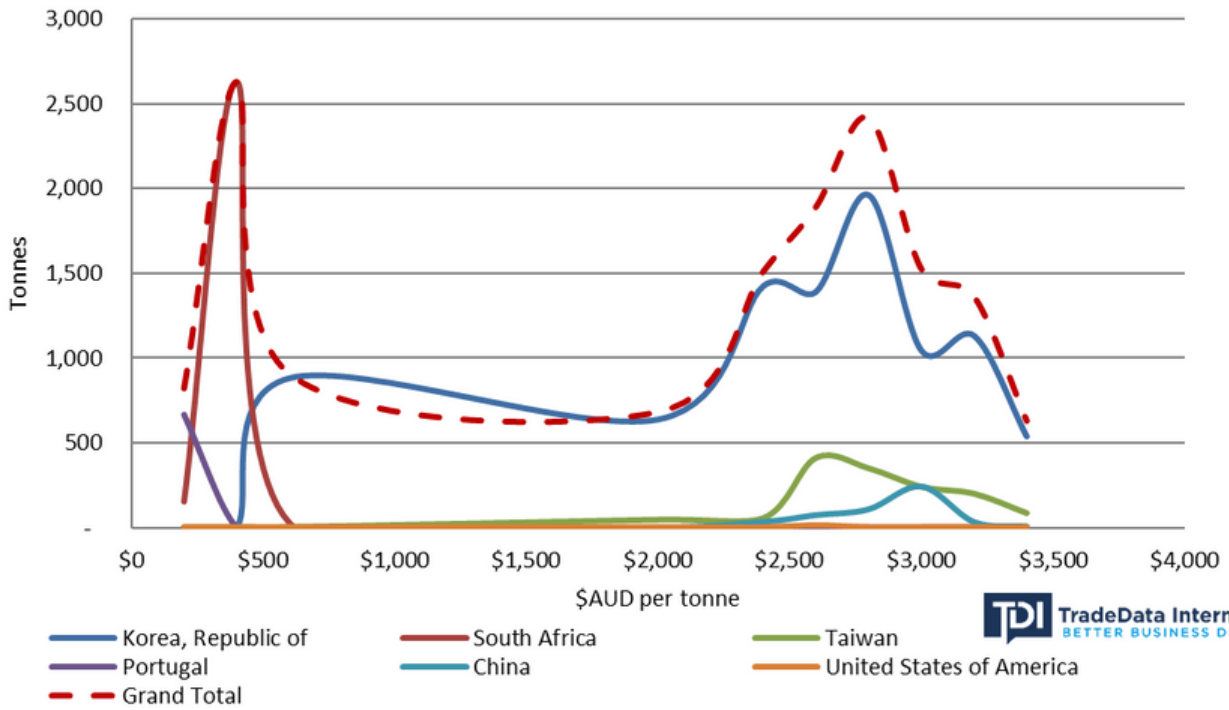
This analysis highlights the importance of market segmentation when analysing trade statistics. If you did not segment the transactions the results will be severely distorted and unreliable.

For example, if an average 2021 price is calculated for SBR, the price would be around \$AU 2,000 a tonne. When in fact there are few, if any transactions, at this price.

If you were analysing these import statistics only from the perspective of the higher priced product segment, you will need to delete the lower priced transactions. Failure to do so will severely distort any analysis.

Price Histogram - Australia Imports of SBR

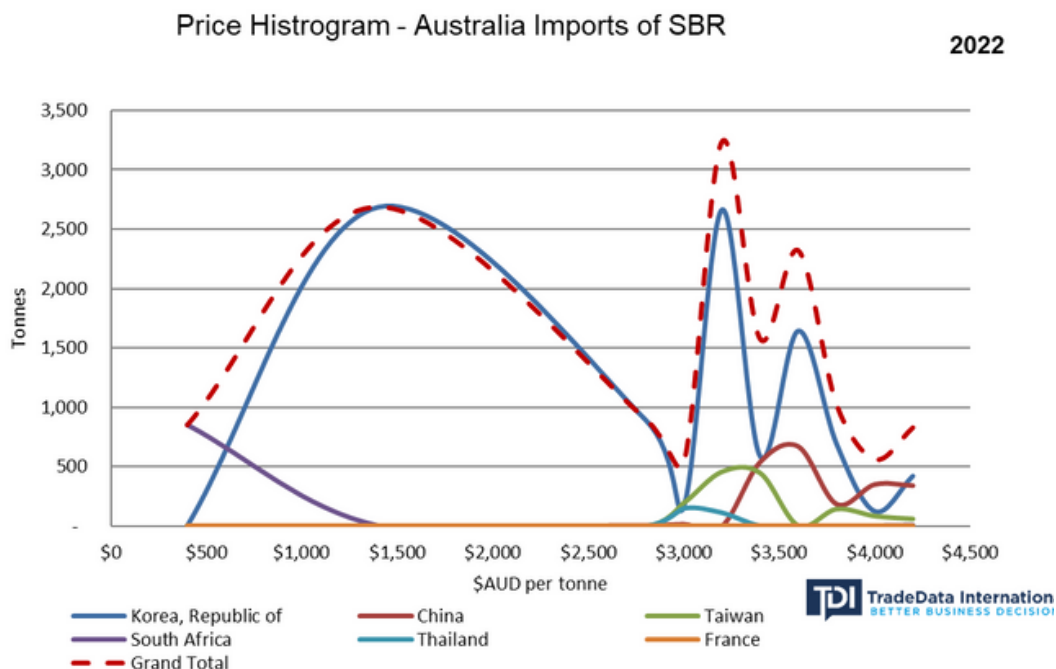
2021



The importance of monitoring segments

In 2022, the market changes in as far as the large volume of low priced shipments from South Africa are reduced substantially and there are no longer any lower priced imports from Portugal.

They have been replaced by large volumes from South Korea but at higher prices than before around \$AU 1,500 per tonne. South Korea still supplies in the higher priced segment and there is also increased supply from China at these higher prices in 2022.



Segmentation analysis enables product specific import analysis to be undertaken to enable firms to fully utilize the commercially valuable information that can be derived from analysing Australian import statistics.