

CENTRE	: DDU KAUSHAL KENDRA
NAME OF THE PROGRAMME	: B.VOC(LOGISTICS AND SUPPLY CHAIN MANAGEMENT
PROGRAM CODE	: 3UABVOC(LSCM)
COURSE CODE	: LSCM17106
COURSE NAME	: MARKETING MANAGEMENT
SEMESTER	: I
FACULTY NAME	: MR.RAJKUMAR
DESIGNATION	: ASSISTANT PROFESSOR
TOPIC	: SEGMENTATION, TARGETING, AND POSITIONING

Objectives

- ✿ **Be able to define the three steps of target marketing: market segmentation, target marketing, and market positioning.**
- ✿ **Understand the major bases for segmenting consumer and business markets.**

Objectives

- ✿ **Know how companies identify attractive market segments and how they choose a target marketing strategy.**
- ✿ **Comprehend how companies position their products for maximum competitive advantage.**

Procter & Gamble

- ✱ Sells multiple brands within the same product category for a variety of products
- ✱ Brands feature a different mix of benefits and appeal to different segments
- ✱ Has also identified different niches *within* certain segments
- ✱ Tide offers seven different product formulations to serve different niches' needs

Definition

- **Market Segmentation:**
 - **Dividing a market into distinct groups with distinct needs, characteristics, or behavior who might require separate products or marketing mixes.**



Steps in Market Segmentation, Targeting, and Positioning



Market Segmentation

Key Topics

- ✿ ***Segmenting Consumer Markets***
- ✿ ***Segmenting Business Markets***
- ✿ ***Segmenting International Markets***
- ✿ ***Requirements for Effective Segmentation***

- ✿ **Geographical segmentation**
 - Marketing mixes are customized geographically
- ✿ **Demographic segmentation**
- ✿ **Psychographic segmentation**
- ✿ **Behavioral segmentation**
- ✿ **Using multiple segmentation variables**

Market Segmentation

Geographic Segmentation Variables

- ❖ World Region or Country
- ❖ U.S. Region
- ❖ State
- ❖ City
- ❖ City or Metro Size
- ❖ Neighborhood
- ❖ Density
- ❖ Climate

Market Segmentation

Key Topics

- ✿ ***Segmenting Consumer Markets***
- ✿ ***Segmenting Business Markets***
- ✿ ***Segmenting International Markets***
- ✿ ***Requirements for Effective Segmentation***

- ✿ **Geographical segments**
- ✿ **Demographic segmentation**
 - **Most popular type**
 - **Demographics are closely related to needs, wants and usage rates**
- ✿ **Psychographic segmentation**
- ✿ **Behavioral segmentation**
- ✿ **Using multiple segmentation variables**

Market Segmentation

Demographic Segmentation Variables

- ✱ Age
- ✱ Gender
- ✱ Family size
- ✱ Family life cycle
- ✱ Income
- ✱ Race
- ✱ Occupation
- ✱ Education
- ✱ Religion
- ✱ Generation
- ✱ Nationality

What type of demographic segmentation is reflected by this ad?



Market Segmentation

Key Topics

- ✿ ***Segmenting Consumer Markets***
- ✿ ***Segmenting Business Markets***
- ✿ ***Segmenting International Markets***
- ✿ ***Requirements for Effective Segmentation***

- ✿ **Geographic segments**
- ✿ **Demographic segmentation**
- ✿ **Psychographic segmentation**
 - **Lifestyle, social class, and personality-based segmentation**
- ✿ **Behavioral segmentation**
- ✿ **Using multiple segmentation variables**

Hailstorm



Did I switch off the gas?

swatch+
IRONY

Rush Randle, Swatch ProTeam surfer, kitesurfer, windsurfer



***Swatch targets
those with an
active lifestyle***

Market Segmentation

Key Topics

- ✿ ***Segmenting Consumer Markets***
- ✿ ***Segmenting Business Markets***
- ✿ ***Segmenting International Markets***
- ✿ ***Requirements for Effective Segmentation***

- ✿ **Geographic segments**
- ✿ **Demographic segmentation**
- ✿ **Psychographic segmentation**
- ✿ **Behavioral segmentation**
 - **Typically done first**
- ✿ **Using multiple segmentation variables**

Market Segmentation

Behavioral Segmentation Variables

- ❖ Occasions
- ❖ Benefits
- ❖ User Status
- ❖ User Rates
- ❖ Loyalty Status
- ❖ Readiness Stage
- ❖ Attitude Toward the Product

Market Segmentation

Key Topics

- ✿ ***Segmenting Consumer Markets***
- ✿ ***Segmenting Business Markets***
- ✿ ***Segmenting International Markets***
- ✿ ***Requirements for Effective Segmentation***

- ✿ **Geographic segments**
- ✿ **Demographic segmentation**
- ✿ **Psychographic segmentation**
- ✿ **Behavioral segmentation**
- ✿ **Using multiple segmentation variables**
 - **Prizm**

Traditional

- **Size:** 38% of population
40% of total sales
- **Age:** 25-49 years old
- **Values:** Traditional values
Active, busy, independent,
self-confident
- **Employment:** Family-and
job/career-oriented
- **Income:** Considerable
income
- **Benefits sought:** Wants
traditional styling, seeks
clothes that last, Interested
in newness, Defines value
as Quality, Fashion, Price



Update

- **Size:** 16% of population 24% of total sales
- **Age:** 25-49
- **Values:** Contemporary values Active, busy, independent, very self-confident
- **Employment:** Family- and job/ career-oriented
- **Income:** considerable income
- **Benefits sought:** Wants newness in color and style, Shops often, Defines value as Fashion, Quality, Price

Example Toothpaste Benefit segments

- **Sensory Segment**
- **Sociable Segment**
- **Worrier Segment**
- **Independent**



Sensory Segment

- ✿ Principle benefit sought: Flavor and product appearance
- ✿ Demographic strengths: Children
- ✿ Special behavior characteristics: Users of spearmint-flavored toothpaste
- ✿ Brands: Colgate
- ✿ Lifestyle characteristics: Hedonistic



Sociable Segment

- ✿ Principle benefit sought:
Brightness of teeth
- ✿ Demographic strengths:
Teens, young people
- ✿ Special behavior characteristics:
Smokers
- ✿ Brands: Macleans, Ultra Brite
- ✿ Lifestyle characteristics:
Active



Worrier Segment

- ❁ Principle benefit sought: Decay prevention
- ❁ Demographic strengths: Large Families
- ❁ Special behavior characteristics: Heavy users
- ❁ Brands: Crest
- ❁ Lifestyle characteristics: Conservative



Independent Segment

- ✿ Principle benefit sought: Price
- ✿ Demographic strengths: Men
- ✿ Special behavior characteristics: Heavy users
- ✿ Brands: Cheapest Brand
- ✿ Lifestyle characteristics: Value oriented



Market Segmentation

Key Topics

- ✿ *Segmenting Consumer Markets*
- ✿ *Segmenting Business Markets*
- ✿ *Segmenting International Markets*
- ✿ *Requirements for Effective Segmentation*

- ✿ Demographic segmentation
 - Industry, company size, location
- ✿ Operating variables
 - Technology, usage status, customer capabilities
- ✿ Purchasing approaches
- ✿ Situational factors
 - Urgency, specific application, size of order
- ✿ Personal characteristics
 - Buyer-seller similarity, attitudes toward risk, loyalty

Market Segmentation

Key Topics

- ✿ *Segmenting Consumer Markets*
- ✿ *Segmenting Business Markets*
- ✿ *Segmenting International Markets*
- ✿ *Requirements for Effective Segmentation*

- ✿ **Geographic segmentation**
 - Location or region
- ✿ **Economic factors**
 - Population income or level of economic development
- ✿ **Political and legal factors**
 - Type / stability of government, monetary regulations, amount of bureaucracy, etc.
- ✿ **Cultural factors**
 - Language, religion, values, attitudes, customs, behavioral patterns

Market Segmentation

Key Topics

- ✿ *Segmenting Consumer Markets*
- ✿ *Segmenting Business Markets*
- ✿ *Segmenting International Markets*
- ✿ *Requirements for Effective Segmentation*

- ✿ **Measurable**
 - Size, purchasing power, and profile of segment
- ✿ **Accessible**
 - Can be reached and served
- ✿ **Substantial**
 - Large and profitable enough to serve
- ✿ **Differentiable**
 - Respond differently
- ✿ **Actionable**
 - Effective programs can be developed

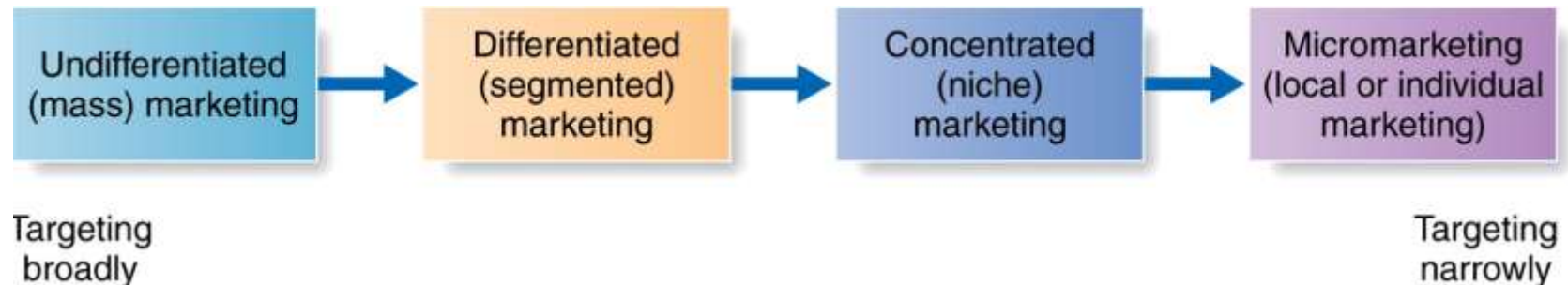
Target Marketing

❖ Evaluating Market Segments

- Segment size and growth
- Segment structural attractiveness
 - ❖ Level of competition
 - ❖ Substitute products
 - ❖ Power of buyers
 - ❖ Powerful suppliers
- Company objectives and resources

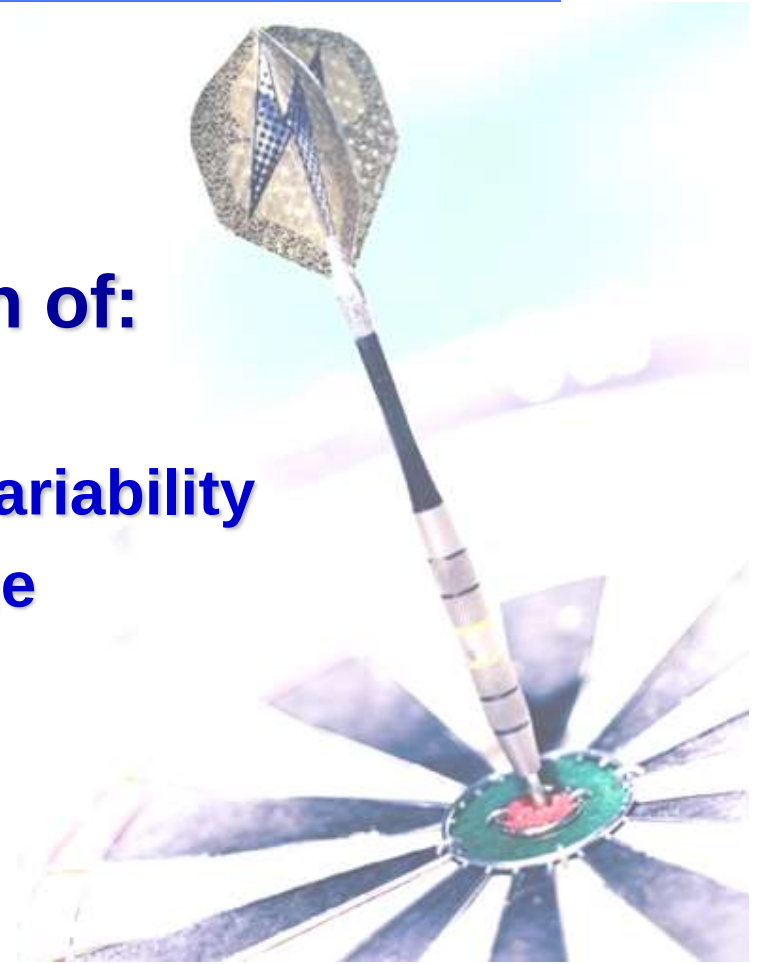


Target Marketing Strategies



Target Marketing

- **Choosing a Target-Marketing Strategy Requires Consideration of:**
 - **Company resources**
 - **The degree of product variability**
 - **Product's life-cycle stage**
 - **Market variability**
 - **Competitors' marketing strategies**



Target Marketing

✿ Socially Responsible Targeting

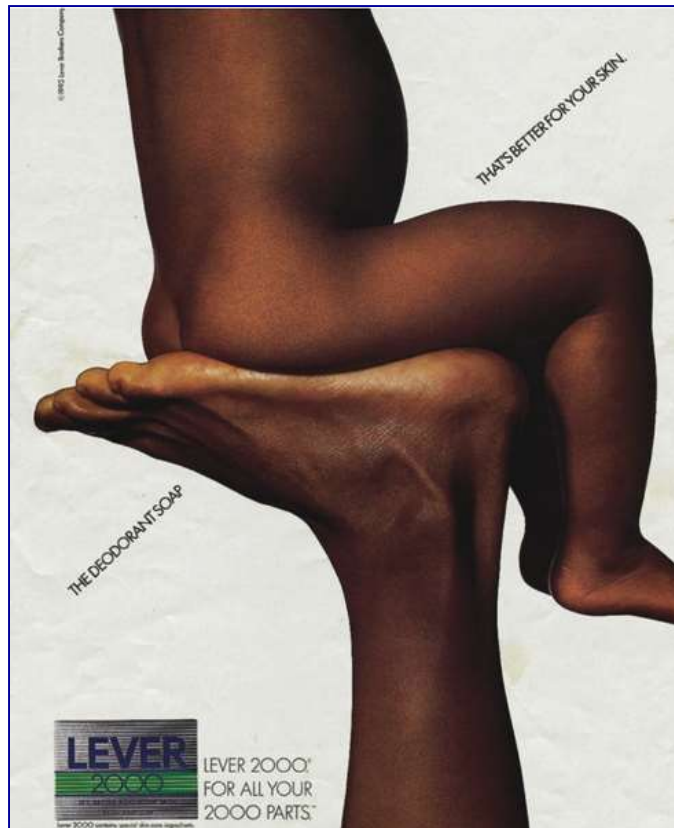
- Some segments are at special risk:

- ❖ Children
- ❖ Inner-city minority consumers
- ❖ Internet shoppers



- Controversy occurs when the methods used are questionable.

Positioning



- ✿ **Positioning:**
 - The place the product occupies in consumers' minds relative to competing products.
 - Typically defined by consumers on the basis of important attributes.

Positioning

Choosing a Positioning Strategy:

- Identifying possible competitive advantages -- many potential sources of differentiation exist:

- ❖ Products
- ❖ Services
- ❖ Channels
- ❖ People
- ❖ Image

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Boxster S, sunflower field, Route 50, CO.



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when the leash breaks.**

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PORSCHE

***Porsche is
positioned on
the basis of
performance
and freedom.***

Positioning

- ✱ **Choosing a Positioning Strategy:**
 - **Choosing the right competitive advantage**
 - ❖ **How many differences to promote?**
 - **Unique selling proposition**
 - **Positioning errors to avoid**
 - ❖ **Which differences to promote?**

Positioning errors

- Under-positioning
- Over-positioning
- Confused-Positioning



Positioning

Criteria for Meaningful Differences

• Important

• Distinctive

• Superior

• Communicable

• Preemptive

• Affordable

• Profitable

Possible Value Propositions

		Price		
		More	The same	Less
Benefits	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less

Positioning

- ✿ **Choosing a Positioning Strategy:**
 - **Developing a positioning statement**
 - ❖ Positioning statements summarize the company or brand positioning
 - ❖ **EXAMPLE:** To *(target segment and need)* our *(brand)* is *(concept)* that *(point-of-difference)*.
 - **Communicating the chosen position**

Positioning

- ✿ **Choosing a Positioning Strategy:**
 - **Communicating and delivering the chosen position**
 - ❖ **Entire marketing mix must support the chosen strategy**
 - ❖ **May require changes to the product, pricing, distribution or promotion.**