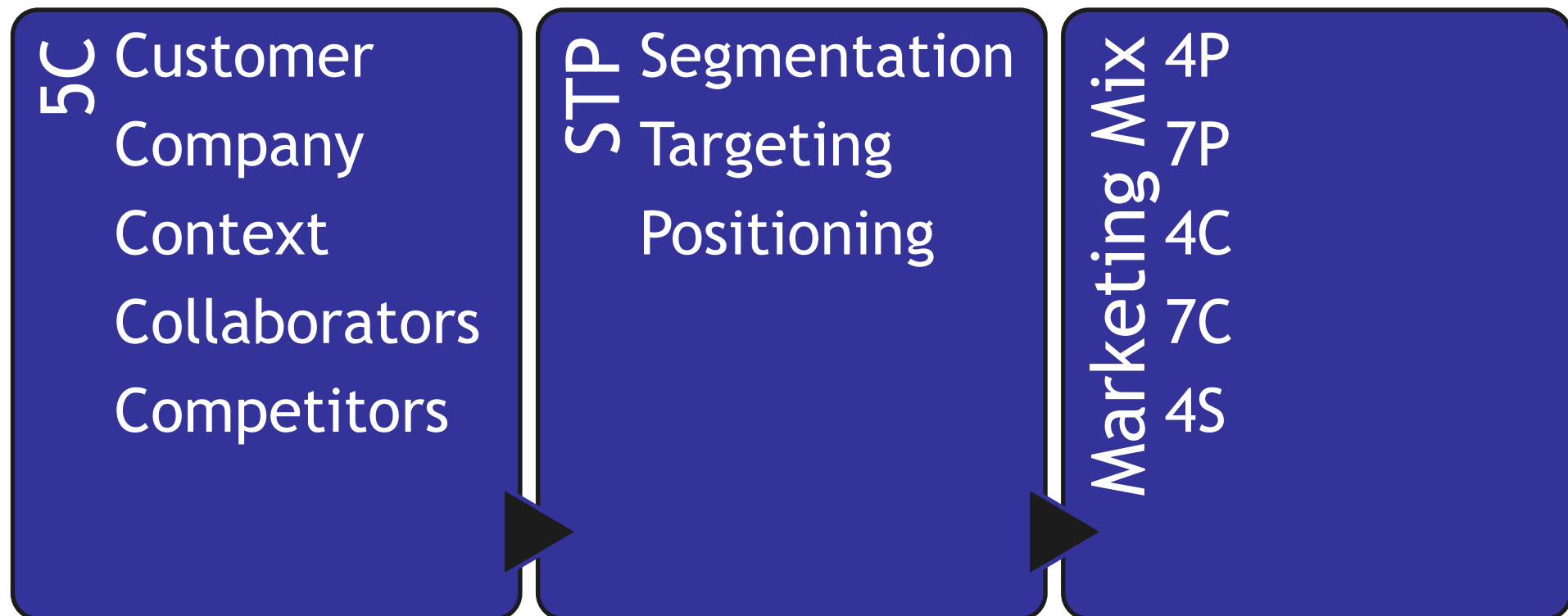


Market Segmentation, Targeting, and Positioning

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Marketing framework



The STP Process

- Segmentation is the process of classifying customers into groups which share some common characteristic
- Targeting involves the process of evaluating each segments attractiveness and selecting one or more segments to enter
- Positioning is arranging for a product to occupy a clear, distinctive and desirable place relative to competing products in the mind of the consumer

Target Market

- A market is a set of all actual and potential buyers
- A target market is a group of people toward whom a firm markets its goods, services, or ideas with a strategy designed to satisfy their specific needs and preferences.
- Any marketing strategy must include a detailed (*specific*) description of this.

Advantages of Segmentation

1. The process of breaking up a homogeneous market into heterogeneous segments forces the marketer to analyse and consider both the needs of the market and the company's ability to competently serve those needs - thereby making the company better informed about its customers
2. Competitor offerings and marketing positioning must also be analysed in this context so the company must consider what its competitive advantages and disadvantages are, helping it to clarify its own positioning strategy
3. Limited resources are used to best advantage, targeted at those segments that offer the best potential

Requirements for Effective Segmentation

Measurable

- Size, purchasing power, profiles of segments can be measured.

Accessible

- Segments can be effectively reached and served.

Substantial

- Segments are large or profitable enough to serve.

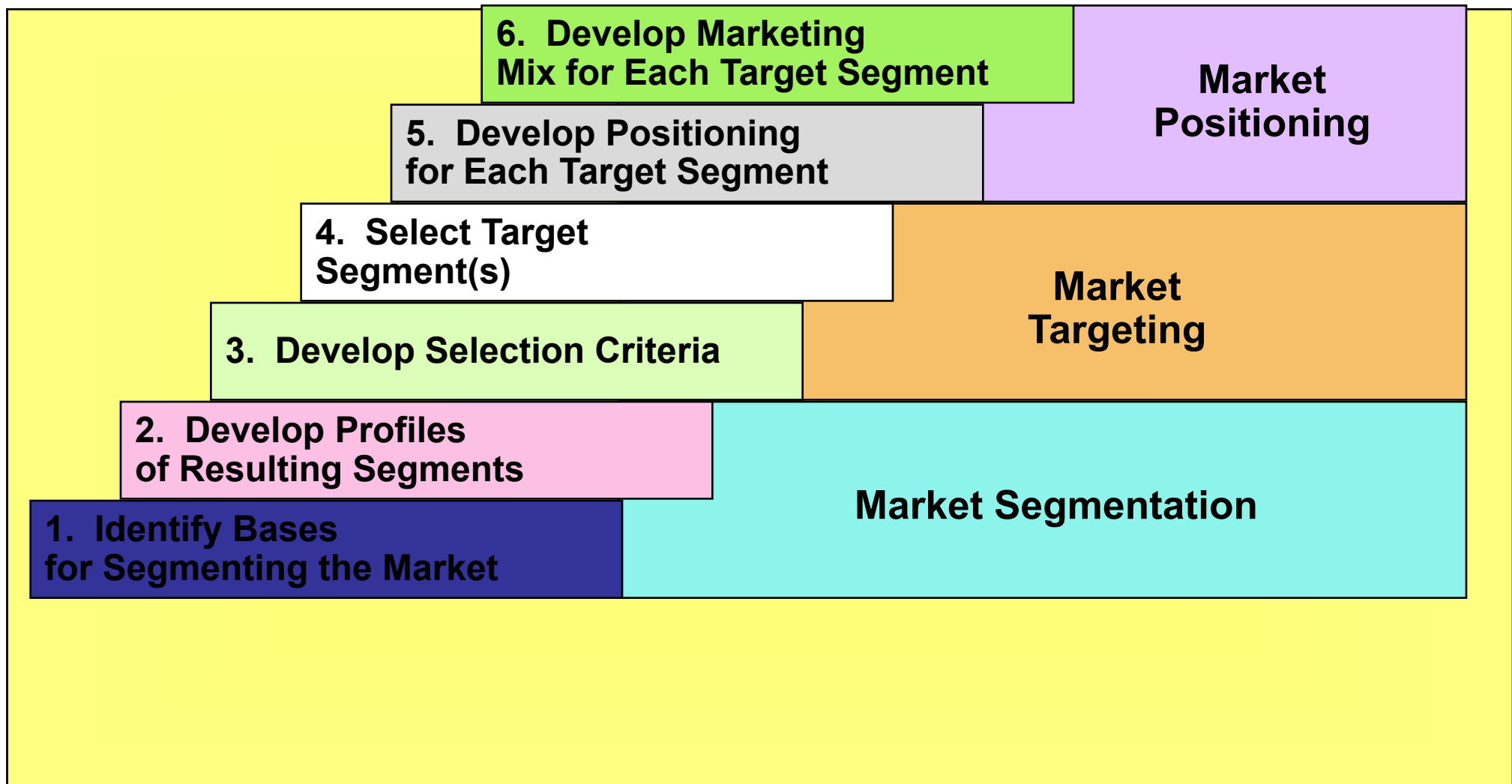
Differential

- Segments must respond differently to different marketing mix elements & programs.

Actionable

- Effective programs can be designed to attract and serve the segments.

Steps in Segmentation, Targeting, and Positioning



Levels of Market Segmentation

Mass Marketing

*Same product to all consumers
(no segmentation)*

Segment Marketing

*Different products to one or more segments
(some segmentation)*

Niche Marketing

*Different products to subgroups within segments
(more segmentation)*

Micromarketing

*Products to suit the tastes of individuals and locations
(complete segmentation)*

Local Marketing

*Tailoring brands/ promotions
to local customer groups*

Individual Marketing

*Tailoring products/ programs
to individual customers*

Step 1. Market Segmentation Bases for Segmenting Consumer Markets

Geographic

Nations, states, regions or cities



Demographic

Age, gender, family size and life cycle, or income



Psychographic

Social class, lifestyle, or personality



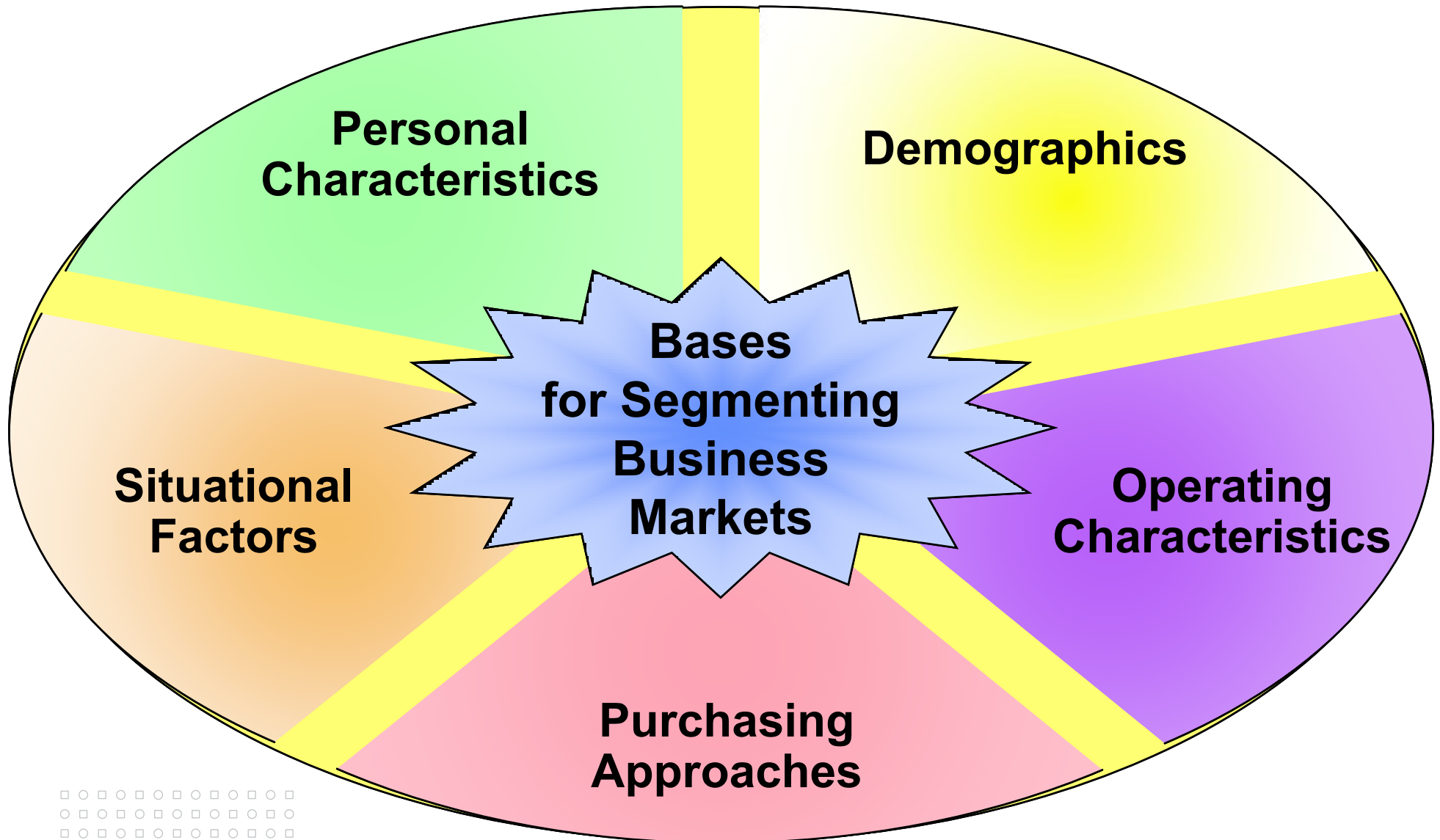
Behavioural

Occasions, benefits sought, user status, usage rate, loyalty



Step 1. Market Segmentation

Bases for Segmenting Business Markets



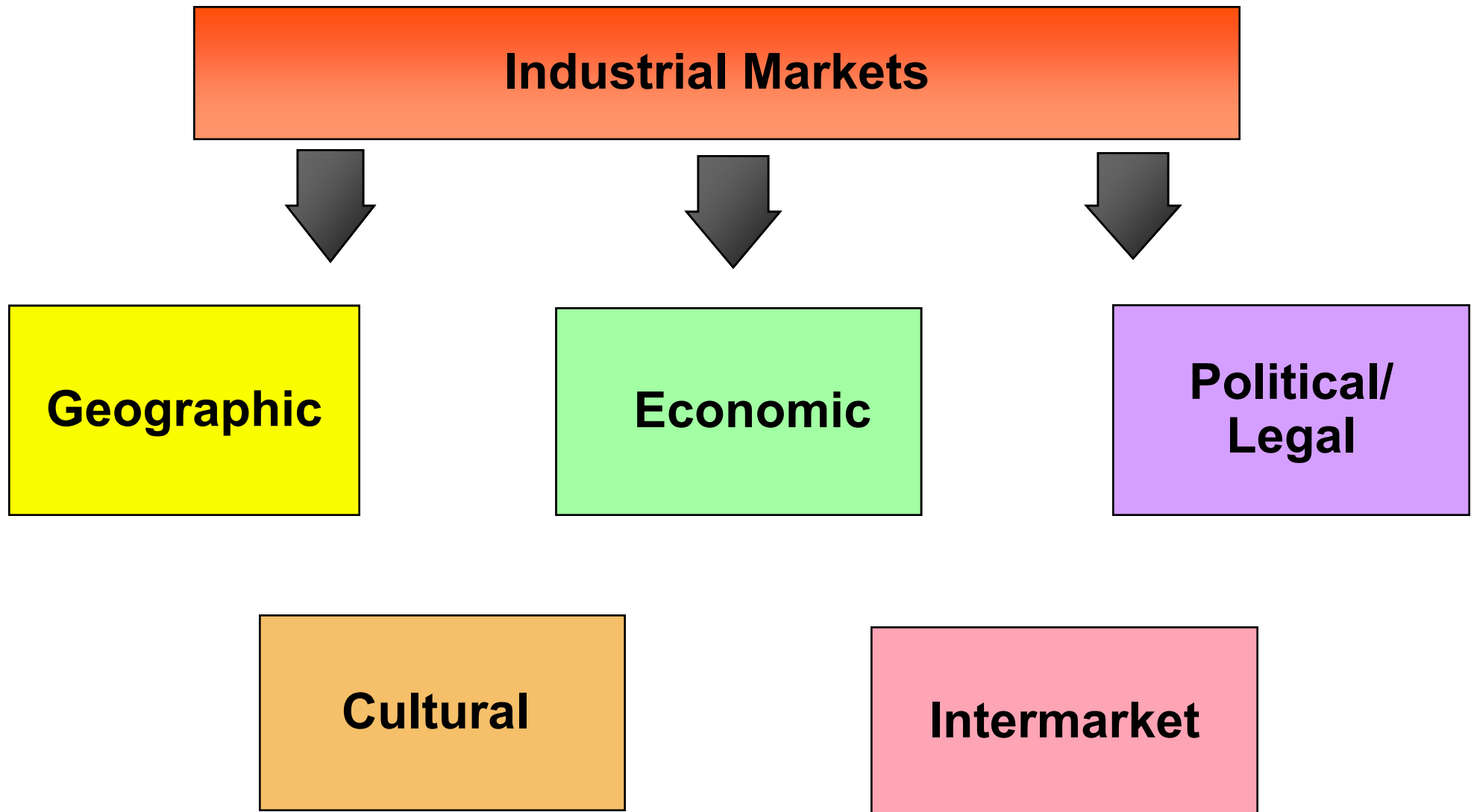
Segmenting Business Markets

- Segmentation by customer size or geographic location

- Four segments of business customers
 - Programmed buyers
 - Relationship buyers
 - Transaction buyers
 - Bargain hunters

Step 1. Market Segmentation

Bases for Segmenting International Markets



Step 2. Market Targeting

Evaluating Market Segments (developing selection criteria)

➤ Segment Size and Growth

- Analyze sales, growth rates and expected profitability for various segments.

➤ Segment Structural Attractiveness

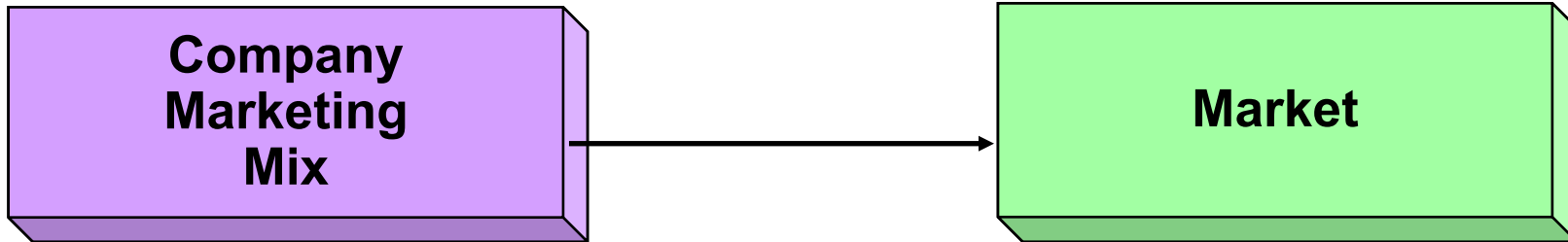
- Consider effects of: Competitors, Availability of Substitute Products and, the Power of Buyers & Suppliers.

➤ Company Objectives and Resources

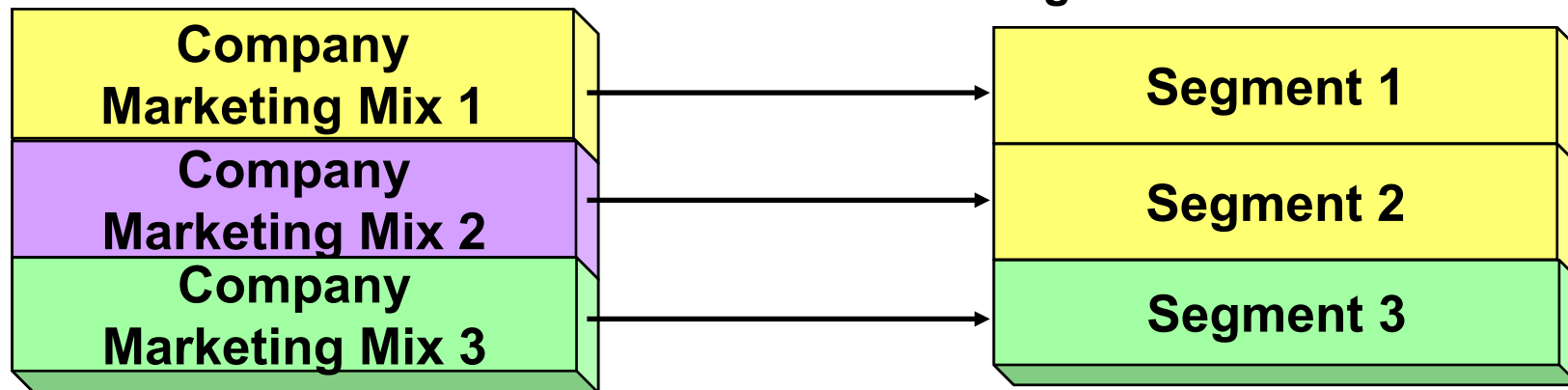
- Company skills & resources relative to the segment(s).
- Look for Competitive Advantages.

Step 2. Market Targeting

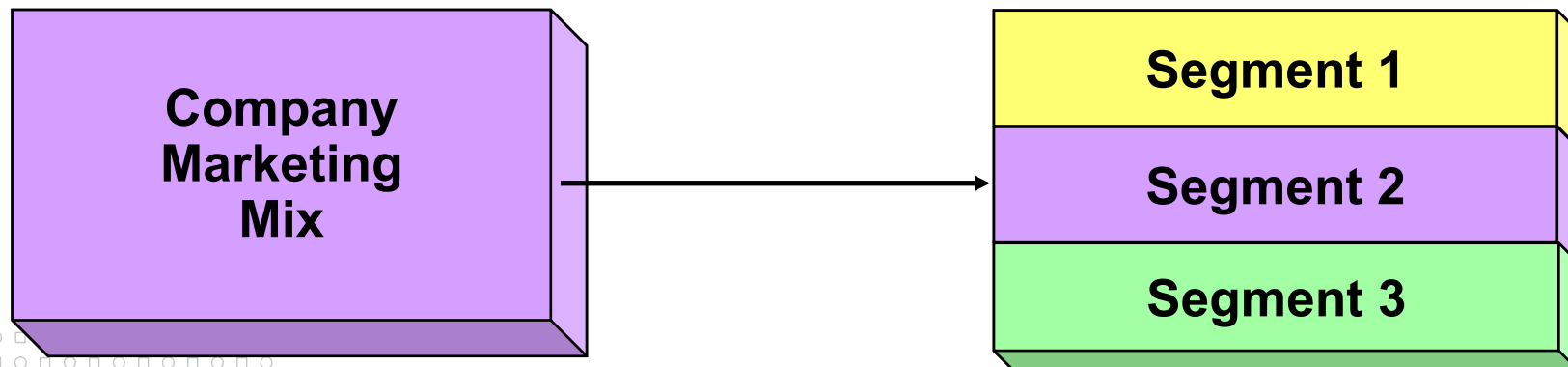
Market Coverage Strategies



A. Undifferentiated Marketing



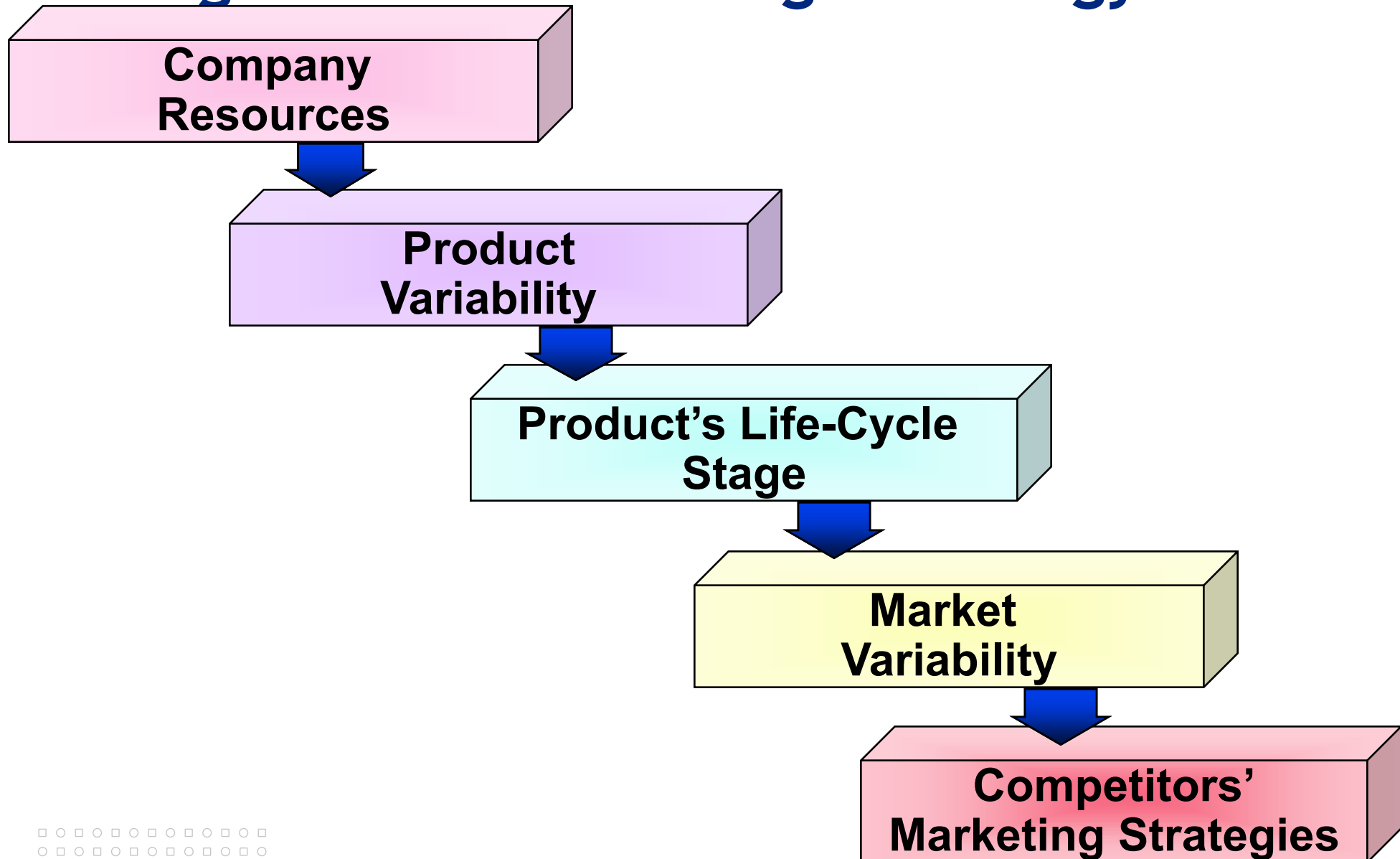
B. Differentiated Marketing



C. Concentrated Marketing

Step 2. Market Targeting

Choosing a Market-Coverage Strategy

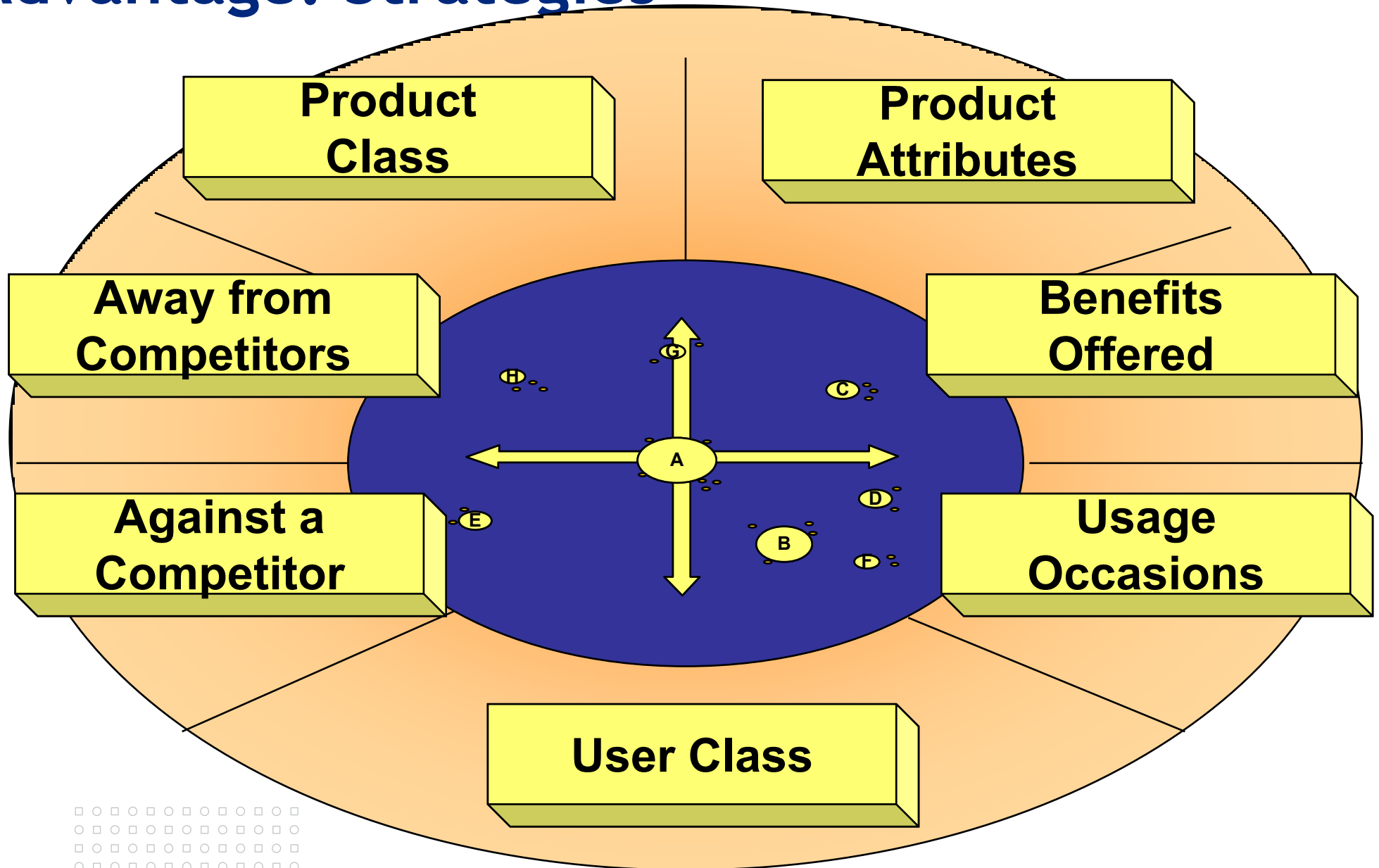


Step 3. Positioning for Competitive Advantage

- Product's Position - the way the product is *defined by consumers* on important attributes - the place the product occupies in consumers' minds relative to competing products.

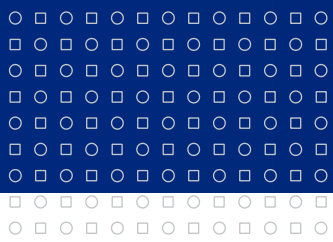
- Marketers must:
 - *Plan* positions to give their products the greatest advantage in selected target markets,
 - *Design* marketing mixes to create these planned positions.

Step 3. Positioning for Competitive Advantage: Strategies

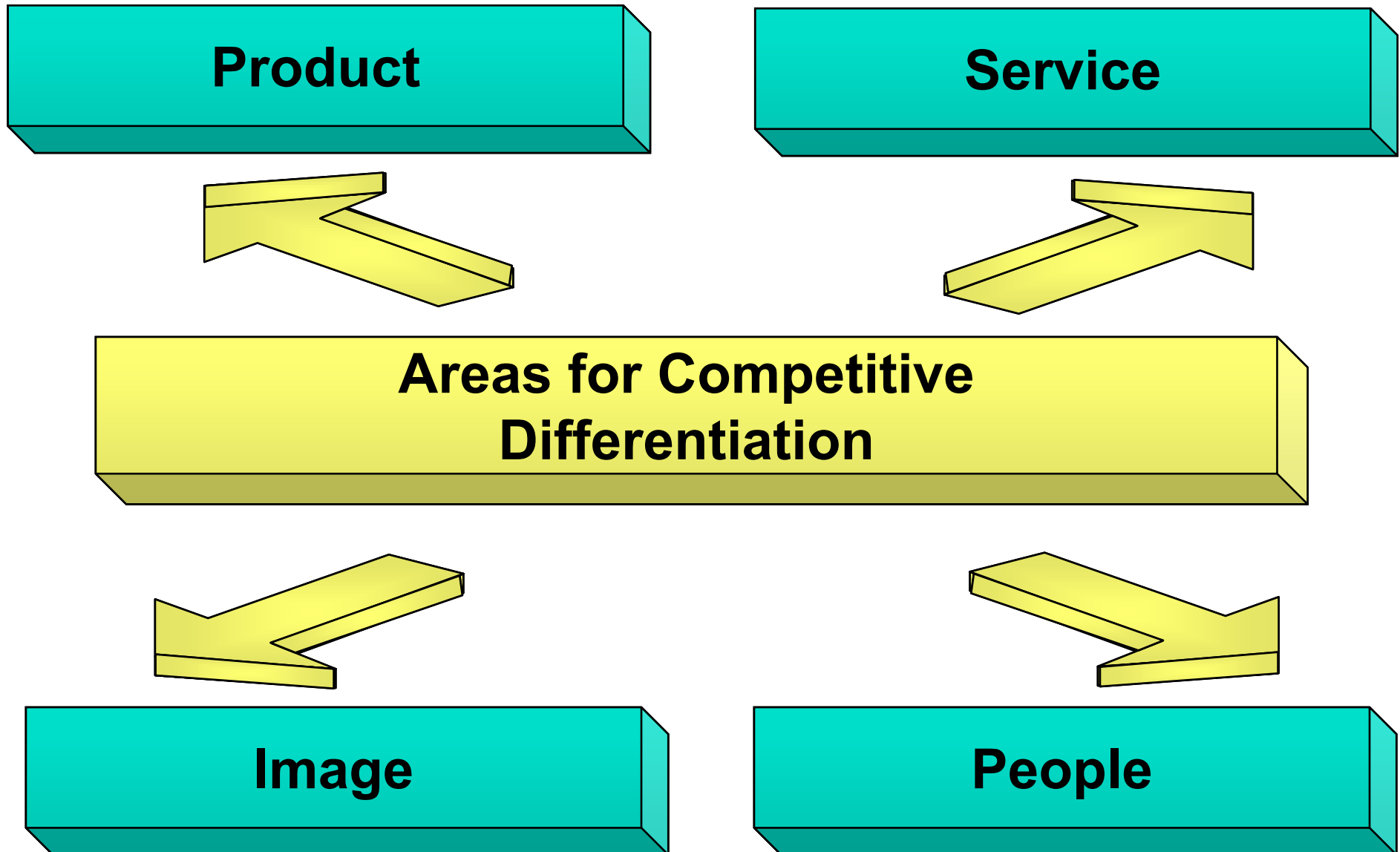


Steps to Choosing and Implementing a Positioning Strategy

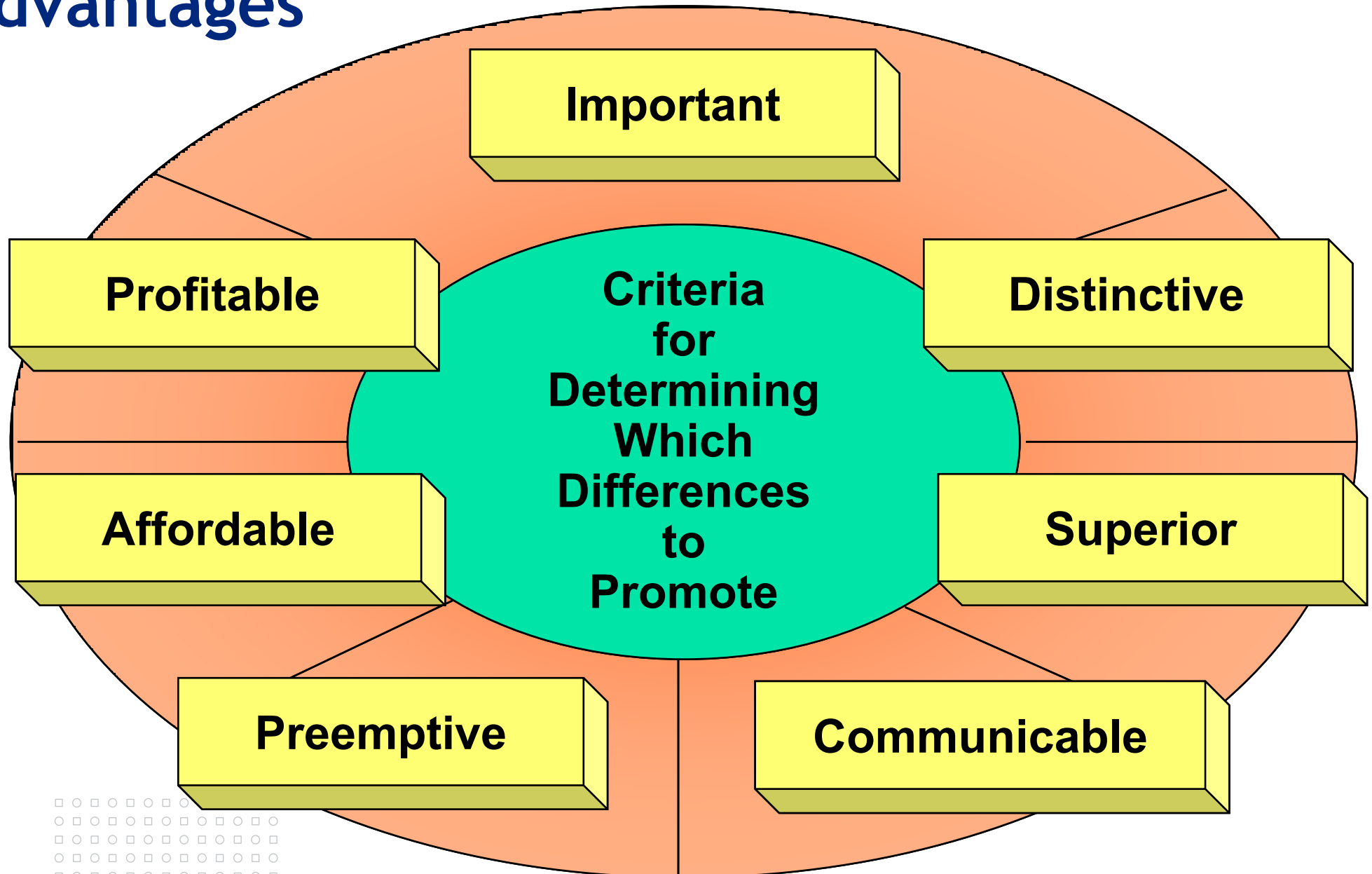
- Step 1. Identifying Possible Competitive Advantages: Competitive Differentiation.
- Step 2. Selecting the Right Competitive Advantage: Unique Selling Proposition (USP).
- Step 3. Communicating and Delivering the Chosen Position.
- Step 4. Support the positioning strategy with a unique marketing mix

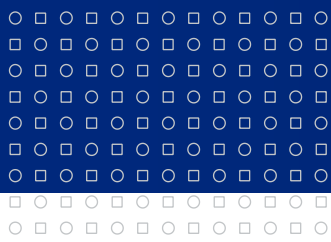


Developing Competitive Differentiation



Selecting the Right Competitive Advantages





Step 4 - Supporting the positioning strategy

- At this stage the company has decided on its positioning strategy and must now design a marketing mix to support this strategy. The next part of the course looks at ‘Developing the Marketing Mix’

