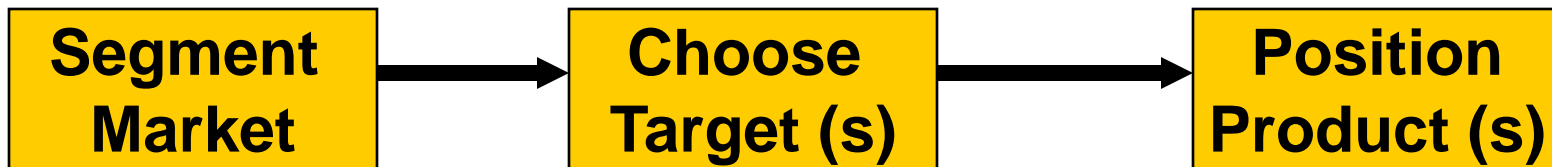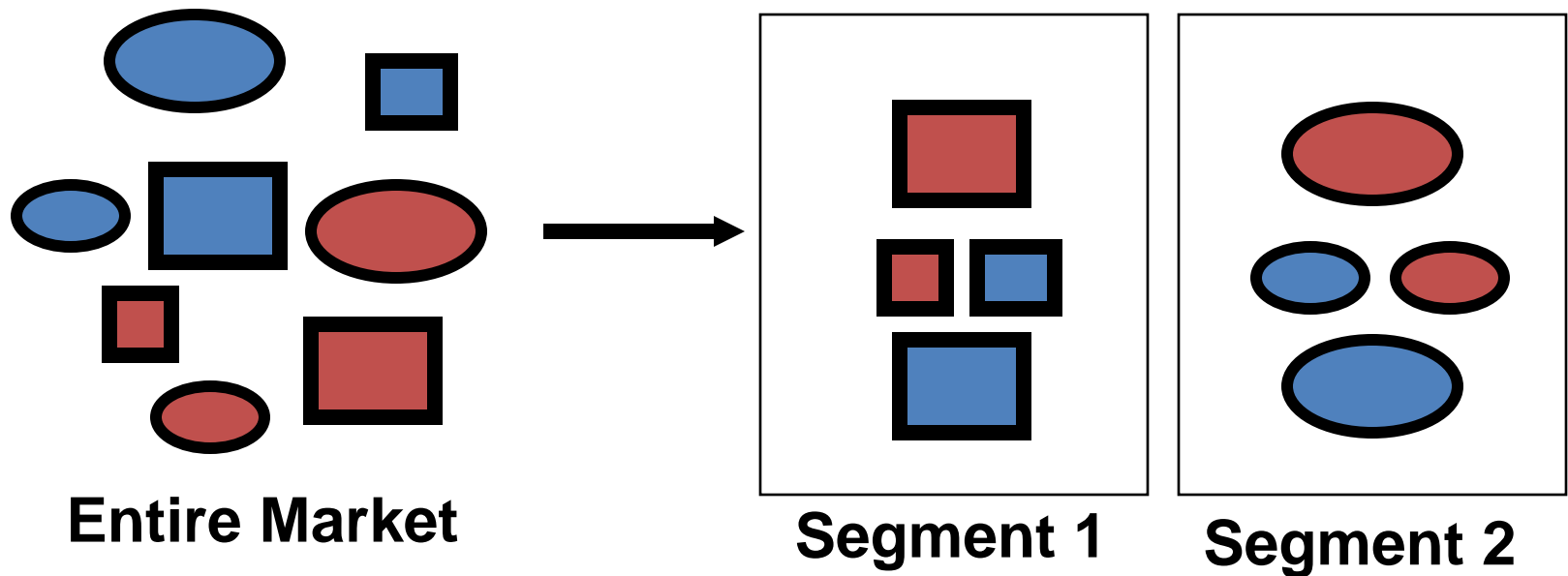# Market Segmentation

STP

Segmentation, Targeting & Positioning

- **Segmentation**: grouping consumers by some criteria
- **Targeting**: choosing which group (s) to sell
- **Positioning**: Developing the marketing strategy which positions the product in relations to rivals in order to appeal to target segments

Segment Market → **Choose Target (s)** → **Position Product (s)**
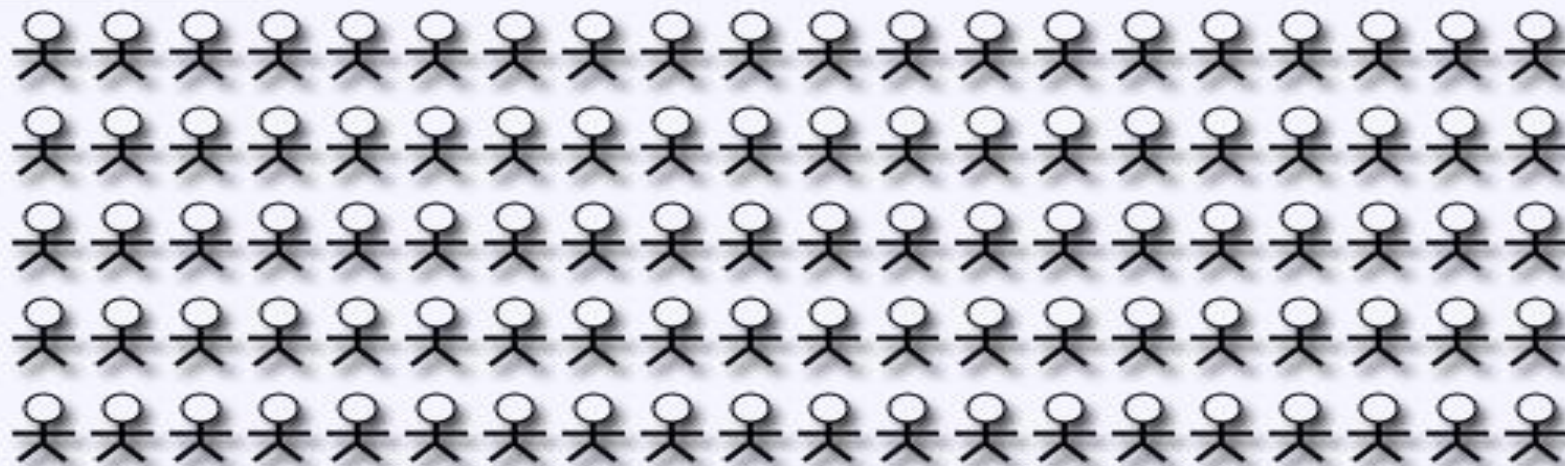
2

Segmentation

- **Segmentation** = grouping consumers by some criteria, such that those within a group will respond similarly to a marketing action and those in a different group will respond differently.

Entire Market

Segment 1   **Segment 2**

SAMPLE MARKET SEGMENTATION

Overall Market

MALES	FEMALES

Ages 15 to 19

Ages 20 to 24

Ages 25 to 29

Ages 30 to 34

To Remain Competitive, a company must

- Separate the market into the appropriate segments
- Target appropriate segments
- Position the product in the mind of potential customers
- Be prepared for the reposition the products

The Segment Must be

- **Relatively homogeneous group**
- **Distinctive and identifiable**
- **Accessible : capable of being reach**
- **Actionable**
- **Measurable**
- **Sufficiently large to be profitable**

10 Steps in Market Segmentation

Preliminary Considerations

1. Always make key accounts a segment on their own

2. Apply segmentation to smaller customers

3. Consider a firmographic segmentation

Using Research To Find Segments

4. Look where possible for a needs based segmentation

5. Use market research to determine needs

6. Customer needs are simpler than you think

7. Consider a behaviour segmentation if needs are hard to recognise

Grouping Segments & Implementation

8. Use cluster analysis to group together companies with different needs

9. In a spreadsheet code all customers and potential customers

10. Implement the segmentation

Market Segmentation

Two critical questions:

- **What's a market?**

- **What's a market segment?**

Choosing Segment to target

	Unattractive Segment	**Average Segment**	**Attractive Segment**
Absence of competitive Advantage	Avoid	Avoid	A Possibility
Average in term of C.A	Avoid	A Possibility	Secondary target
Strong C.A	A Possibility	Secondary Target	Prime target

How should market segments be defined?

- *Who* the customers are
- *Where* they are
- *How* they behave

Market Segmentation

Three Kinds of Market Segmentation Criteria:

- **Demographic**

    Reflects *who* the customers are

- **Geographic**

    Reflects *where* the customers are

- **Behavioral**

    Reflects *how they behave* in this usage category

Geographic Segmentation

Region of the country Urban or Rural

Demographic Segmentation

Age, gender, family size, Income, occupation, education, Religion, race, nationality

Psychological Segmentation

Social class, Life style type, Personality Type

Behavioral Segmentation

Product Usage, Brand Loyalty, type of user

WHY SEGMENT MARKET

- **Better matching of customer needs**
- **Enhanced profits for business**
- **Better opportunities for growth**
- **Retain more customers**
- **Target marketing communications**
- **Gain share of the market segment**

Market Targeting

- **The process of evaluating each market segment's attractiveness and selecting one or more segments to enter**

- **Develop measures to attractiveness**

- **Identify which and how many segments should be targeted**

Factors in choice of target segment

- **Size of market**

- **Resource available**

- **Corporate objectives and mission**

- **Competition**

- **Accessibility**

- **Sustainability**

- **Ability to establish in the market**

Benefits of Targeting

- **Focus resources on the most profitable segment**
- **Focus on the long term objective**
- **Provide better understanding of a limited market**
- **Improve communication between buyer & seller**

Positioning

- **The development of an offer within each segment that is most likely to appeal to the targeted group**

- **Example**

- **Nestles Maggi Noodles " Two Minute"**

- **BMW positioned as the "Ultimate Driving Machine"**

- Dominos delivered hot and fresh in less than 30 minutes or free
- Coffee Day
- Barista
- Examples u experienced

Strategic Options for Positioning

- Undifferentiated Marketing
- Differentiated Marketing
- Concentrated Marketing

UNDIFFERENTIATED

- One product for whole market , hoping the it would appeal to everyone

- Example??????

- Coca –Cola

DIFFERENTIATED MARKETING

- The marketers decides to enter several market segments or niches and develops separate offers for each

- EXAMPLE?????

- Nike Shoes for sports persons and other customers

Concentrated Marketing

- **Appeals to companies with limited resources**
- **Company targets a segment and goes for a large market share instead of small share in a larger segment**
- **Example: Wizard producer for greeting cards and wedding cards**
- **Oshkosh Truck is the largest producers of airport rescue trucks**

Developing a Positioning Strategy

1. Who am I? (The identity. Lineage , family)

2. What am I ? (The functional capabilities)

3. For whom am I ? (Who do I serve best)

4. Why me? (Why at all consumer should choose me and not the other alternatives)

Ways of Positioning

- Positioning by Corporate Identity
- Positioning by Brand Endorsement
- Positioning by Product Attributes and Benefits
- Positioning by use , Occasion and Time
- Positioning by Price Quality
- Positioning by Product Category
- Positioning by Product User
- Positioning by Competitor

Positioning by Corporate Identity

Positioning by Corporate Identity

Positioning by Brand Endorsement

Positioning by Product Attributes or Benefits

- **Close Up Means Fresh Breath**

Colgate means whitening, decay prevention, tasty for kids

Positioning by Use , Occasion and Time

Used for child's cold at night

For Sprains and Muscle pains

For Antiseptic Properties

Positioning by price quality

- **Nirma successfully used price quality positioning strategy. The middle class housewives want to use surf but cant afford it due to price factor. Nirma positioned itself as a quality product that lathered well, clean well and price was nearly one third of surf**
- **Tide new price (10 Rs)**

Positioning by Price Quality

- **Zenith was for "Value for money" MNC Quality , Indian Price**

Positioning by Product Category

- **Maruti Omni As spacious family car**

- **Milk Power of HLL as energy drink for sports people and health drink for school going kids (same product with little change and different packing)**

Positioning by Product User

- **Dabur Chyavanprash , the ayurvedic tonic is positioned for all ages, grandfather to Grandchild**

Positioning by Product User

- **Johnson & Johnson successfully positioned its baby shampoo for adults who were heavy users of shampoo**

- **The New Bajaj Spirit gives you more for less NOW AVILABLE AT A LOW DOWN PAYMENT OF RS 999/-**

Positioning by Competitors

- **Comparative advertising**
- **Athlon processor and Pentium Processor**
- **iMac of Apple with other PC**
- **Cox & kings , Thomas Cook and SOTC**

Repositioning

- **Position again in response to new opportunities or threats**

- **As new features or new users**

- **EXAMPLE???**

- **Nestles Milkmaid was** **" MILKMAID CONDENSED MILK"** **Repositioned by Ideal for Preparing sweets and Desserts**

- **Johnson & Johnson repositioning their baby shampoos for adult heavy users**