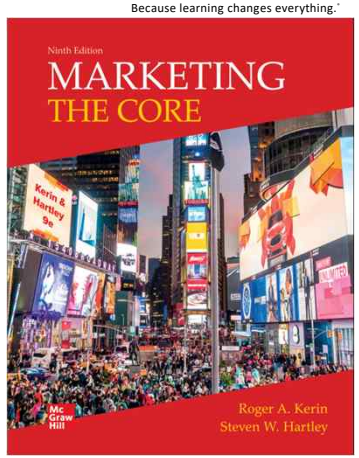
Because learning changes everything.




## CHAPTER 8

**Market Segmentation, Targeting, and Positioning**

MARKETING: THE CORE
Ninth Edition
Roger A. Kerin, Steven W. Hartley

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## LEARNING OBJECTIVES (LO)

After reading Chapter 8, you should be able to:

1. Explain what market segmentation is and when to use it.
2. Identify the five steps involved in segmenting and targeting markets.
3. Recognize the bases used to segment consumer and organizational (business) markets.
4. Develop a market-product grid to identify a target market and recommend resulting marketing actions.
5. Explain how marketing managers position products in the marketplace.



## "ON A SCALE OF 1 TO 10, HOW WEIRD ARE YOU?"

Segmentation is a key to success: Focus on tech users who will shop and buy online.

Obsession with customer service:

#1. Deliver WOW through service.

#3. Create fun and a little weirdness.

#6. Build open and honest relationships with communication.

Zappos Website



## WHY SEGMENT MARKETS?
### WHAT MARKET SEGMENTATION MEANS

Market segmentation: Aggregating buyers into groups that have common needs and will respond similarly to marketing.

Product differentiation.

Use marketing mix to help consumers view product as different and better than competitors.

Segmentation: Linking needs to actions.

- The Zappos segmentation strategy: Speed and best price.

Zappos Video



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## FIGURE 8-1 Market segmentation links market needs to an organization's marketing program through marketing mix actions.

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## FIGURE 8-2 A market-product grid shows the kind of sleeper that is targeted for each of the bed pillows with a different firmness.

**Using Market-Product Grids.**

| MARKET SEGMENTS | BED PILLOW PRODUCTS | | |
|---|---|---|---|
| | Firm Pillows | Medium Pillows | Soft Pillows |
| Side sleepers | =73% | | |
| Back sleepers | | =22% | |
| Stomach sleepers | | | =5% |

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## WHY SEGMENT MARKETS?
### WHEN AND HOW TO SEGMENT MARKETS 1

**Segment markets when there is opportunity for increased returns.**

**Three segmentation strategies:**

1. **One product and multiple market segments (Example: Books).**
2. **Multiple products and multiple market segments (Example: Cars).**
3. **Segments of one–"mass customization" (Example: BTO).**

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## WHY SEGMENT MARKETS?
### WHEN AND HOW TO SEGMENT MARKETS 2

**The segmentation tradeoff: Synergies versus cannibalization.**

- ***Organizational synergy*** **– better functioning organization.**
- ***Cannibalization*** **– stealing sales from yourself.**
- **"Tiffany/Walmart" strategy – selling to high-end and low-end segments.**

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Top: JHVEPhoto/Shutterstock; Bottom: Scott Olson/Getty Images 8

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**FIGURE 8-3 The five key steps in segmenting and targeting markets link the market needs of customers to a firm's marketing program.**

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS$_1$

**Criteria to use in forming segments:**

- ***Simplicity and cost-effectiveness.***
- ***Potential for increased profit.***
- ***Similarity of needs of buyers within a segment.***
- ***Difference of needs of buyers among segments.***
- ***Potential of a marketing action to reach a segment.***

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS$_2$

**Ways to segment consumer markets:**

- ***Geographic segmentation* – where live or work.**
- ***Demographic segmentation* – objective classification.**
- ***Psychographic segmentation* – subjective attributes.**
- ***Behavioral segmentation* – observable action.**
  - Usage rate.
  - The 80/20 rule.

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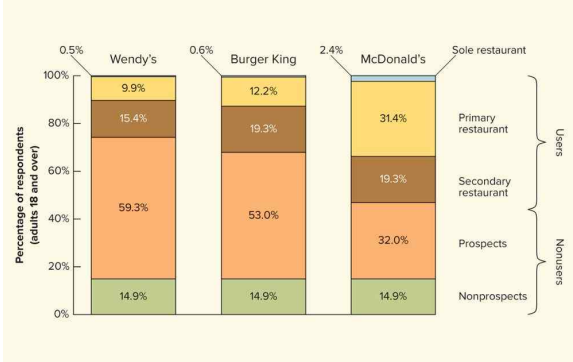
**FIGURE 8-4 Comparison of various kinds of users and nonusers for Wendy's, Burger King, and McDonald's fast-food restaurants.**

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Source: Simmons National Consumer Survey Spring 2014 Adult Survey OneViewSM Crosstabulation Report, Simmons Research LLC. 12

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## THE FINANCIAL RELEVANCE OF CUSTOMER PATRONAGE

Customer patronage has long-term financial consequences.

Companies pursue continuing relationships with customers.

Customer lifetime value (CLV).

- CLV = $ Margin × [Retention rate % ÷ (1 + Discount rate % – Retention rate %)]

Average CLV for Wendy's restaurants:

- Average CLV = $132 × [0.78 ÷ (1 + 0.06 – 0.78)] = $368.

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## APPLYING MARKETING METRICS

### What Is the Lifetime Value of a McDonald's and Burger King Customer?

What is the lifetime value of a McDonald's and Burger King customer?

- Use publicly-available information such as QSR, trade publications, or annual reports.

| | Revenue/Year | Cost of Service | $Margin | Retention Rate % | Discount Rate % | CLV |
|---|---|---|---|---|---|---|
| McDonald's | $312 | $147 | $165 | 88% | 4% | $908 |
| Burger King | $225 | $95 | $130 | 73% | 7% | $279 |

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## STEPS IN SEGMENTING AND TARGETING MARKETS

### STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS 3

Variables to use in forming segments for Wendy's:

- Students:
  1. Dorms, sororities, and fraternities.
  2. Apartments.
  3. Day commuters.
  4. Night commuters.
- Nonstudents:
  1. Faculty and staff.
  2. Residents in area.
  3. Workers in area.

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## STEPS IN SEGMENTING AND TARGETING MARKETS

### STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS 4

Segmenting organizational (business) markets:

- *Geographic segmentation* – Statistical area.
- *Demographic segmentation* – By NAICS code; by number of employees.
- *Behavioral segmentation* – Usage rate.

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES

1. Individual Wendy's products.
2. Groupings of Wendy's products: Meals.
   - Breakfast.
   - Lunch.
   - Between-meal snack.
   - Dinner.
   - After-dinner snack.

Dave's Hot 'N Juicy Cheeseburger Ad

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**FIGURE 8-5 Wendy's new products and innovations target specific market segments based on a customer's gender, needs, or university affiliation.**

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 3: DEVELOP A MARKET-PRODUCT GRID AND ESTIMATE THE SIZE OF MARKETS

**Forming a market-product grid:**

- Market segments (horizontal rows).
- Products (vertical columns).

**Estimating market sizes:**

- Sales of each product expected to be sold to market segments.
- Can range from no market (0) to large market (3).

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**FIGURE 8-6 A market-product grid for Wendy's fast-food restaurant next to an urban university. Numbers show the estimated size of the market.**

| MARKET SEGMENTS | | PRODUCT OR INNOVATION | | | | |
|---|---|---|---|---|---|---|
| General | Where They Live | Break-fast | Lunch | Between-Meal Snack | Dinner | After-Dinner Snack |
| Student | Dormitory | 0 | 1 | 3 | 0 | 3 |
| | Apartment | 1 | 3 | 3 | 1 | 1 |
| | Day Commuter | 0 | 3 | 2 | 1 | 0 |
| | Night Commuter | 0 | 0 | 1 | 3 | 2 |
| Nonstudent | Faculty or Staff | 0 | 3 | 1 | 1 | 0 |
| | Live in Area | 0 | 1 | 2 | 2 | 1 |
| | Work in Area | 1 | 3 | 0 | 1 | 0 |

Key: 3 = Large market; 2 = Medium market; 1 = Small market; and 0 = No market

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 4: SELECT TARGET MARKETS 1

**Criteria to use in selecting target markets.**

- **Two types of criteria:**
  1. **Those that divide a market into segments.**
  2. **Those that actually pick the target segments.**



## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 4: SELECT TARGET MARKETS 2

**Criteria to use in selecting target markets:**

- ***Market size.***
- ***Expected growth.***
- ***Competitive position.***
- ***Cost of reaching the segment.***
- ***Compatibility with the organization's objectives and resources.***



## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 4: SELECT TARGET MARKETS 3

**Choose the products and segments:**

- **No breakfast – too small a market and not compatible with organization's resources.**
- **Do focus on four student segments only.**
- **Do not focus on three nonstudent segments.**



## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 5: TAKE MARKETING ACTIONS TO REACH TARGET MARKETS 1

**Wendy's immediate segmentation strategy:**

- ***Day commuters*** **– run ads in buses; signs near parking lots.**
- ***Between-meal snacks*** **– promote eating during this downtime for restaurant (10% off purchase).**
- ***Dinners to night commuters*** **– promote a single meal to the segment of night commuter students.**



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## FIGURE 8-7 Advertising actions to market various meals to a range of possible market segments of students.

| MARKET SEGMENTS | PRODUCT GROUPINGS: MEAL OCCASION | | | |
|---|---|---|---|---|
| Behavioral: Where They Live | Lunch | Between-Meal Snack | Dinner | After-Dinner Snack |
| Dormitory Students | 1 | 3 | 0 | 3 |
| Apartment Students | 3 | 3 | 1 | 1 |
| Day Commuter Students | 3 | 2 | 1 | 0 |
| Night Commuter Students | 0 | 1 | 3 | 2 |

Ads in buses: signage near parking lots and in parking structures.

Ad campaign: "10% off all purchases between 2:00 and 4:30 P.M. during spring semester"

Ads distributed by campus ambassadors, bookstore signage, and targeted mobile ads.

Key: 3 = Large market; 2 = Medium market; 1 = Small market; and 0 = No market

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 5: TAKE MARKETING ACTIONS TO REACH TARGET MARKETS 2

**Keeping an eye on competition:**

- **Marketers must be aware of the strategies of competitors:**
  - ***McDonald's.***
  - ***Growing hamburger chains (Ex. Five Guys).***
  - ***"Fast-casual."***
  - ***Nonhamburger chains.***

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 5: TAKE MARKETING ACTIONS TO REACH TARGET MARKETS 3

**Future strategies for Wendy's? Must look at:**

1. **What HQ is doing.**
2. **What competitors are doing.**
3. **What might be changing in the area.**

**Wendy's new aggressive marketing includes:**

- **Address single-use food packaging waste.**
- **Advertise use of fresh beef; eggs from cage-free hens; new menu items.**
- **Increase convenience by adding self-service kiosks.**

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## STEPS IN SEGMENTING AND TARGETING MARKETS
### STEP 5: TAKE MARKETING ACTIONS TO REACH TARGET MARKETS 4

**Apple's ever-changing market segmentation strategy:**

**"Apple Product Matrix"**

- **Two types of products (desktops and laptops).**
- **Two market segments (consumer and professionals).**

**Market-product synergies: A balancing act.**

- ***Marketing synergies.***
- ***Product synergies.***

**Apple's 1984 Super Bowl Ad**

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## MARKETING MATTERS

### Apple's Segmentation Strategy—Camp Runamok No Longer

**Targeted lines of computers at specific market segments.**

| MARKETS | | COMPUTER PRODUCTS | | | | | | |
|---|---|---|---|---|---|---|---|---|
| SECTOR | SEGMENT | MacBook | MacBook Air | MacBook Pro | iMac | iMac Pro | Mac Mini | Mac Pro |
| CONSUMER | Individuals | ✓ | ✓ | | ✓ | | ✓ | |
| | Small/ home office | | ✓ | ✓ | ✓ | ✓ | | |
| | Students | ✓ | ✓ | | ✓ | | ✓ | |
| | Teachers | | | ✓ | ✓ | | | |
| PROFESSIONAL | Medium/ large business | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| | Creative | | | ✓ | ✓ | ✓ | | ✓ |
| | College faculty | | ✓ | ✓ | ✓ | | | |
| | College staff | | | | ✓ | ✓ | | |

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## POSITIONING THE PRODUCT 1

Product positioning.

Product repositioning.

**Two approaches to product positioning:**

1. ***Head-to-head positioning*** **– compete on similar products.**
2. ***Differentiation positioning*** **– seek a less-competitive market.**

**Writing a positioning statement:**

- **Derived from company's customer value proposition.**

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## POSITIONING THE PRODUCT 2

**Product positioning using perceptual maps:**

1. **Identify important attributes for a product or brand class.**
2. **Discover how customers rate competing products or brands on these attributes.**
3. **Discover where the company's product or brand is on these attributes in minds of customer.**
4. **Reposition the company's products or brands in the minds of consumers.**

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## POSITIONING THE PRODUCT 3

Perceptual map.

**A perceptual map to reposition chocolate milk for adults:**

1. ***Identify important attributes for adult drinks.***
2. ***Discover how adults see competing drinks.***
3. ***Discover how customers see chocolate milk.***
4. ***Reposition chocolate milk to make it more appealing to adults.***

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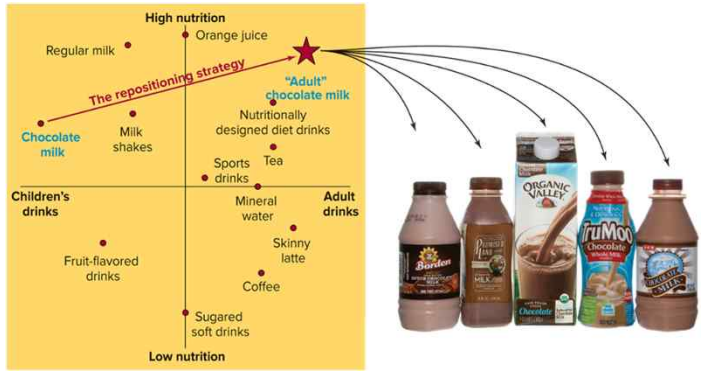
## FIGURE 8-8 The strategy American dairies are using to reposition chocolate milk to reach adults.







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## VIDEO CASE 8

**Prince Sports, Inc.: Tennis Racquets for Every Segment**

**Prince Sports Video Case**

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## TABLE 1 Prince targets racquets at specific market segments.

| Main Segments | Subsegments | Segment Characteristics | Brand Name | Length (Inches) | Unstrung Weight (Ounces) | Head Size (Sq. In.) |
|---|---|---|---|---|---|---|
| **Performance** | Precision | Touring professional players | EXO³ Ignite 95 | 27.0 | 11.8 | 95 |
| | Thunder | Competitive players | EXO³ Red 95 | 27.25 | 9.9 | 105 |
| **Recreational** | Small head size | Forgiving racquet with added control | AirO Lightning MP | 27.0 | 9.9 | 100 |
| | Larger head size | Larger sweet spot and added power | AirO Maria Lite OS | 27.0 | 9.7 | 110 |
| **Junior** | More experienced young players | Ages 8 to 15; Shorter and lighter racquet | AirO Team Maria 23 | 23.0 | 8.1 | 100 |
| | Beginner | Ages 5 to 11; Much shorter and lighter racquet | Air Team Maria 19 | 19.0 | 7.1 | 82 |

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## VIDEO CASE 8
### PRINCE SPORTS[1]

1. **In the 21st century, what trends in the environmental forces (social, economic, technological, competitive, and regulatory) (*a*) work for and (*b*) work against success for Prince Sports in the tennis industry?**
2. **Because sales of Prince Sports in tennis-related products depend heavily on growth of the tennis industry, what marketing activities might it use in the United States to promote tennis playing?**
3. **What promotional activities might Prince use to reach (*a*) recreational players and (*b*) junior players?**

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## VIDEO CASE 8
### PRINCE SPORTS 2

4. What might Prince do to gain distribution and sales in (*a*) mass merchandisers like Target and Walmart and (*b*) specialty tennis shops?
5. In reaching global markets outside the United States (*a*) what are some criteria that Prince should use to select countries in which to market aggressively, (*b*) what three or four countries meet these criteria best, and (*c*) what are some marketing actions Prince might use to reach these markets?

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## IN-CLASS ACTIVITY 8-1
## HONEY NUT CHEERIOS® MILK 'N CEREAL BAR: IDENTIFYING PRODUCT GROUPS

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## ICA 8-1
### HONEY NUT CHEERIOS® MILK 'N CEREAL BAR

1. Discover process of categorization and how different people categorize the same objects in different ways.
2. Explore some of the reasons for these differences.
3. Understand the importance of categorization in identifying both market segments and competitors.

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## IN-CLASS ACTIVITY 8-2
## 3M POST-IT® FLAG + HIGHLIGHTER: PRODUCT POSITIONING FOR CONSUMERS AND RETAILERS

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## ICA 8-2
### 3M POST-IT® FLAG + HIGHLIGHTER

1. **Study 3M Flag Highlighters.**
2. **Suggest Consumer Benefits and Retailer Benefits.**
3. **Compose a Product Positioning Statement that Links it to 3M's Branding Strategy for the Product.**

**3M Post-it® Flag + Highlighter Website**

**3M Post-it® Flag + Highlighter Ad**



## 3M Post-It Flag and Highlighter Handout

3M POST-IT® FLAG + HIGHLIGHTER
PRODUCT & BRANDING STRATEGIES HANDOUT

**(A) Identify the benefits and importance to consumers and retailers**
**(B) Compose a positioning strategy**

| Product and Branding Strategy | (A) Benefits/Importance to Consumers | (A) Benefits/Importance to Retailers |
|---|---|---|
| 1. Post-it® brand name and logo. | | |
| 2. Post-it® Flag + Highlighter concept: A product that combines Post-it® Flags with a highlighter. | | |
| 3. Design: Highlighter style and size of pen barrel, Post-it® Flags dispenser in pen, colors of highlighter ink, flags, and barrel, clip on cap. | ⇩ | ⇩ |
| B. A 15- to 20-word product positioning statement suggested by above the strategies. | | |

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## 3M Post-It Flag and Highlighter Answers Handout

3M POST-IT® FLAG + HIGHLIGHTER
PRODUCT AND BRANDING STRATEGIES ANSWERS HANDOUT

| Product and Branding Strategy | (A) Benefits/Importance to Consumers | (A) Benefits/Importance to Retailers |
|---|---|---|
| 1. Post-it® brand name and logo. | • Provided immediate credibility for potential buyers because of recognition of 3M name and Post-it® brand.<br>• Aids future consumer recognition and recall of company and brand. | • 3M and Post-it® brand names provide immediate credibility for potential retailers considering stocking the items because of their recognition by consumers.<br>• Post-it® logo conveys the theme of the product line. |
| 2. Post-it® Flag + Highlighter concept: A product that combines Post-it® Flags with a highlighter. | • Provides 2-in-1 benefits of both: (a) Post-it® Flags and (b) highlighting.<br>• Provides information about Post-it® Flag refills on the back of the blister card. | • Provides a complete product line: Post-it® Flag + Highlighters, Post-it® Flag + Pens, Post-it® Flag + Gel Marker, and Post-it® Flag refills. |
| 3. Design: Highlighter style and size of pen barrel, Post-it® Flags dispenser in pen, colors of highlighter ink, flags, and barrel, clip on cap. | • Similar to highlighters that consumers may be familiar with.<br>• Convenient, easy-to-use dispenser of small flags.<br>• 5 colors available to meet consumer preferences; typical colors used in other highlighters.<br>• Adequate supply of flags: 50 in highlighter; good value for the price paid (MSRP: $7.99 for a 3-pack). | • Helps convince retail buyer of product's marketability.<br>• Helps retailer see opportunity for follow-on sales of more Post-it® Flag Highlighters and refills. |
| B. A 15- to 20-word product positioning statement suggested by above the strategies. | "A combination Post-it® Flags and highlighter package that enables users to have the convenience of both for many applications." | "A combination Post-it® Flags and highlighter product line with a recognized brand name and logo, attention-getting packaging, and high potential volume." |

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## Market Segmentation

**Market segmentation** involves aggregating prospective buyers into groups, or segments, that (1) have common needs and (2) will respond similarly to a marketing action.



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## Product Differentiation

**Product differentiation** is a marketing strategy that involves a firm using different marketing mix actions to help consumers perceive the product as being different and better than competing products.

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## Market-Product Grid

A **market-product grid** is a framework to relate the market segments of potential buyers to products offered or potential marketing actions.

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## Usage Rate

**Usage rate** is the quantity consumed or patronage (store visits) during a specific period. *Frequency marketing* focuses on usage rates.

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## 80/20 Rule

The **80/20 rule** is a concept that suggests 80 percent of a firm's sales are obtained from 20 percent of its customers.

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## Customer Lifetime Value (CLV)

**Customer lifetime value (CLV)** represents the financial worth of a customer to a company over the course of their relationship.



## Product Positioning

**Product positioning** is the place a product occupies in consumers' minds based on important attributes relative to competitive products.



## Product Repositioning

**Product repositioning** involves changing the place a product occupies in a consumer's mind relative to competitive products.



## Perceptual Map

A **perceptual map** is a means of displaying in two dimensions the location of products or brands in the minds of consumers to enable a manager to see how they perceive competing products or brands, as well as the firm's own product or brand.



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## Accessibility Content: Text Alternatives for Images



### FIGURE 8-1 Market segmentation links market needs to an organization's marketing program through marketing mix actions. - Text Alternative

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The first stage is to identify the market needs by looking at the benefits in terms of product features, expense, quality, and savings in time and convenience. The second step is to link needs to actions by taking steps to segment and target the markets. The final step is to execute marketing program actions. This is done with a marketing mix of product, price, promotion and place (distribution).

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### FIGURE 8-2 A market-product grid shows the kind of sleeper that is targeted for each of the bed pillows with a different firmness. - Text Alternative

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Side sleepers (73 percent) prefer firm pillows, back sleepers (22 percent) prefer medium, and stomach (5 percent) prefer soft.

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## FIGURE 8-3 The five key steps in segmenting and targeting markets link the market needs of customers to a firm's marketing program. - Text Alternative

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First, identify market needs. Link needs to action with these five steps:

1 Group potential buyers into segments.

2 Group products to be sold into categories.

3 Develop a market-product grid and estimate size of markets.

4 Select target markets.

5 Take marketing actions to reach target markets.

Finally, take executive marketing program actions.

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## FIGURE 8-4 Comparison of various kinds of users and nonusers for Wendy's, Burger King, and McDonald's fast-food restaurants. - Text Alternative

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The horizontal axis represents 3 restaurants, while the vertical axis represents percentage of respondents (adults 18 and over) ranging from 0 to 100 in increments of 20.

There are 3 bars. Each bar comprises of users and nonusers.

The users are further broken down into the categories as:

Sole restaurant, primary restaurant, and secondary restaurant, while the nonusers are broken down into prospects and non-prospects.

The data (in percentage) is as follows:

Wendy's:

Sole restaurant: 0.5; primary restaurant: 9.9; secondary restaurant: 15.4; prospects: 59.3; and nonprospects: 14.9.

Burger King:

Sole restaurant: 0.6; primary restaurant: 12.2; secondary restaurant: 19.3; prospects: 53.0; and nonprospects 14.9.

McDonald's:

Sole restaurant: 2.4; primary restaurant: 31.4; secondary restaurant: 19.3; prospects: 32.0; and nonprospects: 14.9.

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## FIGURE 8-5 Wendy's new products and innovations target specific market segments based on a customer's gender, needs, or university affiliation. - Text Alternative

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The table includes three general market segments: gender, needs, and university affiliation, with each segment having various groups with need. Each product or innovation is broken down based on the needy groups in each market segment.

Hot 'n Juicy Hamburger: gender segment needs: primarily male, needs segment: primarily meat lovers, with convenience secondary, university affiliation segment needs: primarily affiliated students, faculty, and staff, with nonaffiliated residents and workers secondary.

Drive-Thru: gender segment needs: primarily male, needs segment: primarily convenience, university affiliation segment needs: primarily nonaffiliated residents and workers, with affiliated students, faculty, and staff secondary.

Baked Potato: gender segment needs: both male and female; needs segment: primarily convenience with heal-conscious secondary; university affiliation segment needs: primarily affiliated students, faculty, and staff, with unaffiliated residents and workers secondary.

Super value meals: gender segment needs: primarily male, needs segment: primarily price/value, with meat lovers secondary, university affiliation segment needs: primarily affiliated students, faculty, and staff, with unaffiliated residents and workers secondary.

Fresh-Made Salads: gender segment needs: primarily female, with male secondary, needs segment: primarily health-conscious, with price/value and convenience secondary, university affiliation segment needs: primarily affiliated students, faculty, and staff, with unaffiliated residents and workers secondary.

Baconator: gender segment needs: primarily male, needs: primarily convenience with meat lovers secondary; university affiliation segment needs: primarily affiliated students, faculty, and staff, with unaffiliated residents and workers secondary.

Chili Cheese Fries: gender segment needs: primarily male and female, needs segment: primarily convenience, university affiliation needs: primarily affiliated students, faculty, and staff, with unaffiliated residents and workers secondary.

My Wendy's Mobile App: gender segment needs: primarily male and female, needs segment: primarily convenience, university affiliation needs: primarily affiliated students, faculty, and staff, with unaffiliated residents and workers secondary.

Southwest Chicken Sandwiches: gender segment needs: primarily male and female; needs segment: primarily health-conscious, with convenience secondary, university affiliation needs: primarily affiliated students, faculty, and staff, with unaffiliated residents and workers secondary.

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## FIGURE 8-6 A market-product grid for Wendy's fast-food restaurant next to an urban university. Numbers show the estimated size of the market. - Text Alternative

Return to parent-slide containing images.

The table includes the general student and nonstudent markets, which are further broken down into where they live. Each product or innovation is broken down by the size of these market segments. A 3 is a large market, a 2 is a medium market, a 1 is a small market, and 0 is no market.

Breakfast: students: dormitory 0, apartment 1, day commuter 0, night commuter, 0. nonstudents: faculty or staff 0, live in area 0, work in area 1.

Lunch: students: dormitory 1, apartment 3, day commuter 3, night commuter 0. nonstudents: faculty or staff 3, live in area 1, work in area 3.

Between-meal snack: students: dormitory 0, apartment 1, day commuter 1, night commuter 3. nonstudents: faculty or staff 1, live in area 2, work in area 0.

Dinner: students: dormitory 0, apartment 1, day commuter 1, night commuter 3. nonstudents: faculty or staff 1, live in area 2, work in area 1.

After-dinner snack: students: dormitory 3, apartment 1, day commuter 0, night commuter 2. nonstudents: faculty or staff 0, live in area 1, work in area 0.

The shaded target market highlights lunch, between-meal snack, dinner, and after-dinner snack for the student market segment.

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## FIGURE 8-7 Advertising actions to market various meals to a range of possible market segments of students. - Text Alternative

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The Wendy's market product grid shows three highlighted segments and associated advertising action notations. The three segments are 1. the entire market segment of day commuters across the categories of lunch, between-meal snack, dinner and after-dinner snack; 2. the Between-meal snack segment across all four types of students; and 3. the Dinners to night commuters segment.

Advertising actions noted for segment 1: Ads in buses; flyers under windshield wipers of cars in parking lots. Advertising actions noted for segment 2: Ad campaign: 10 percent off all purchases between 2 and 4:30 p. m. during spring semester. Advertising actions noted for segment 3: Ad on flyer under windshield wipers of cars in night parking lots: "Free Frosty with this coupon when you buy a drive-thru meal between 5 and 8 p. m."

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## MARKETING MATTERS Apple's Segmentation Strategy—Camp Runamok No Longer - Text Alternative

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The Wendy's market product grid shows three highlighted segments and associated advertising action notations. The three segments are 1. the entire market segment of day commuters across the categories of lunch, between-meal snack, dinner and after-dinner snack; 2. the Between-meal snack segment across all four types of students; and 3. the Dinners to night commuters segment.

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## FIGURE 8-8 The strategy American dairies are using to reposition chocolate milk to reach adults. - Text Alternative

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The two dimensions create four quadrants: high nutritional children's drink, low nutritional children's drink, low nutritional adult drink, and high nutritional adult drink.

Orange juice is a high nutrition, age neutral drink.

Mineral water is a nutritionally neutral, adult drink.

Sugared soft drinks are low nutrition, age neutral drinks.

High nutritional children's drinks include regular milk, milk shakes, and chocolate milk that will be strategically repositioned.

Low nutritional children's drinks include fruit-flavored drinks.

Low nutritional adult drinks include skinny lattes and coffee.

High nutritional adult drinks include nutritionally designed diet drink, tea, sports drinks, and the strategically repositioned "adult" chocolate milk. Arrows connect the term "adult" chocolate milk with five images of chocolate milk drinks which appear next to the perceptual map

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## 3M Post-It Flag and Highlighter Handout - Text Alternative

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The chart helps to identify the benefits and importance to consumers and retailers, and compose a positioning strategy.
The data for product and branding strategy, benefits or importance to consumers and benefits or importance to retailers are as follows:
1. Post it brand name and logo: Blank: Blank.
2. Post it flag plus highlighter concept (a product that combines post it flags with highlighter): Blank: Blank.
3. Design (highlighter style and size of pen barrel, post it flags dispenser in pen, colors of highlighter ink, flags, and barrel, clip on cap: Blank (with downward arrow): Blank (with downward arrow).
4. A 15 to 20 word product positioning statement suggested by above the strategies: Blank: Blank.

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## 3M Post-It Flag and Highlighter Answers Handout - Text Alternative

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The data for product and branding strategy, benefits or importance to consumers and benefits or importance to retailers are as follows:

1. Post it brand name and logo: provided immediate credibility for potential buyers because of recognition of 3M name and post it brand; and aids future consumer recognition and recall of company and brand: 3M and post it brand names provide immediate credibility for potential retailers considering stocking the items because of their recognition by consumers; and post it logo conveys the theme of the product line.
2. Post it flag plus highlighter concept (a product that combines post it flags with highlighter): provides 2 in 1 benefits of both a) post it flags and b) highlighting; and provides information about post it flag refills on the back of the blister card: provides a complete product line (post it flag plus highlighters, post it flag plus pens, post it flag plus gel marker, and post it flag refills.
3. Design (highlighter style and size of pen barrel, post it flags dispenser in pen, colors of highlighter ink, flags, and barrel, clip on cap: similar to highlighters that consumers may be familiar with; convenient, easy to use dispenser of small flags; 5 colors available to meet consumer preferences (typical colors used in other highlighters); adequate supply of flags (50 in highlighter, good value for the price paid (MSRP: 7.99 dollars for a 3 pack): Helps convince the retail buyer of product's marketability; and helps retailer see opportunity for follow on sales of more post it flag highlighters and retails.
4. A 15 to 20 word product positioning statement suggested by above the strategies: A combination post it flags and highlighter package that enables users to have the convenience of both for many applications: and a combination post it flags and highlighter product line with a recognized brand name and logo, attention getting, packaging and high potential volume.

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