



# ***Pillars of Marketing: Market Segmentation - Types, Target Marketing, Positioning – Types and Differentiation - Attributes***

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# Course Outcomes and Competencies Focused

**CO 1- Recall** various important concepts of marketing management.

**CO2 - Understand** the frameworks, processes and models of marketing management.

**CO3 - Apply** the concepts and factors related to STPD, buying behaviour and marketing mix across various business sector.

## COMPETENCIES

- Ability to understand application of STPD
- Process of Market Segmentation
- Application of STPD concept through case studies to be discussed in the session

# The STP Process

Marketing Decision	Marketing Actions to be Undertaken
Segmenting	Identifying and developing profiles of market segments
Target	Evaluating segments and deciding the market coverage strategy
Positioning	Identifying , selecting and communicating competitive advantages
Differentiation	Create a competitive advantage or to make your product superior to alternatives on the market

# Segmentation: Heterogeneity in India

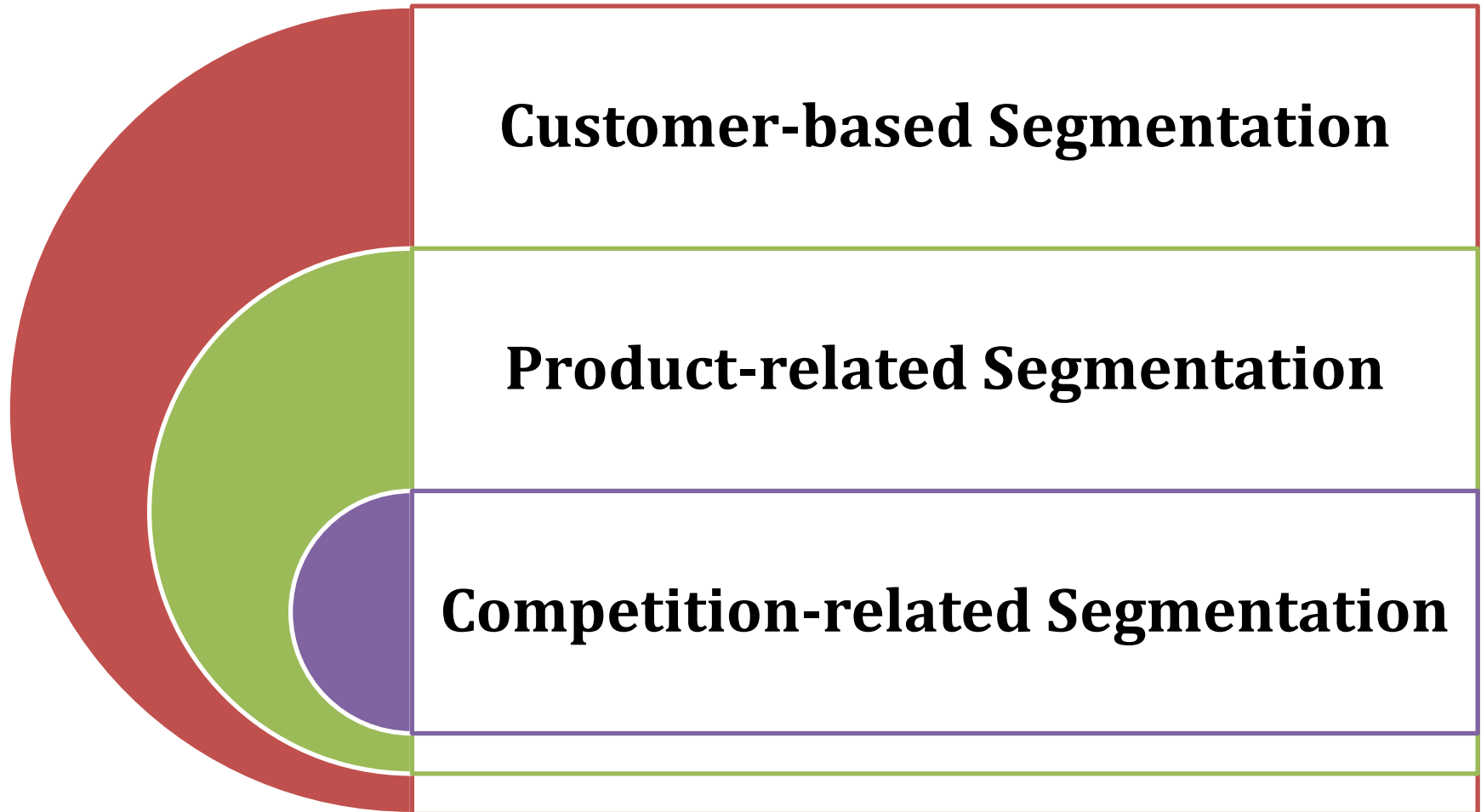
Variable	Example
<b>Socio – Cultural Differences</b>	Caste Based Habitations in Villages
<b>Population Size &amp; Density</b>	Mumbai Vs Jaipur
<b>Difference in Infrastructure</b>	North eastern states Vs Karnataka
<b>Media Exposure levels</b>	Kerala Vs Orissa
<b>Literacy Levels</b>	Himachal Pradesh Vs Bihar
<b>Income levels &amp; patterns</b>	Farmers & Daily Wage Earners
<b>Family Structure</b>	Joint Families & Nuclear Families

# Segmentation



**Targeting**

# Bases of Segmentation



# Customer based Segmentation

## THE 4 TYPES OF MARKET SEGMENTATION



### GEOGRAPHIC

- Zip code/post code
- City
- Country
- Population density
- Distance from a certain location (like your office or store)
- Climate
- Time zone
- Dominate language



### DEMOGRAPHIC

- Age
- Gender
- Income
- Occupation
- Family size
- Race
- Religion
- Marital Status
- Education
- Ethnicity



### PSYCHOGRAPHIC

- Values
- Goals
- Needs
- Pain points
- Hobbies
- Personality traits
- Interests
- Political party affiliation
- Sexual orientation



### BEHAVIORAL

- Purchasing habits
- Brand interactions
- Spending habits
- Customer loyalty
- Actions taken on a website

# Geographic Segmentation

- **Region:** South India, Western Region, North, East
- **City:** Class-1, Class-2, metro cities, Cities with a population of 0.5 million to 1 million, Cities with population over 1 million.
- **Rural & Semi-urban area:** Rural villages with a population of over 10,000, semi-urban areas, small towns with population between 20,000 & 50,000



## Demographic Segmentation

- **Age:** Under 6 yrs., 6-11 yrs., 12-19 yrs., 20-34 yrs., 35-49 yrs., 50-60, 60+ yrs.
- **Family Size:** Young, single; young, married, no children; young, married, youngest child under 6 yrs., older married with children, older married with children under 18, older single, etc
- **Gender:** Male, Female
- **Income:** Low, lower middle, middle, upper middle & high
- **Occupation:** Unskilled worker, skilled worker, traders, shop owners, businessmen, self-employed, professionals
- **Education:** Illiterate, SSC/HSC, non-graduate, graduate/ post-graduate (general), graduate/ post-graduate (professional)

## Psychographic Segmentation

- **Socio-economic Classification:** A1, A2, B1, B2, C1, C2, D, E1, E2
- **Life-cycle:** Culture-oriented, sports-oriented, out-door oriented
- **Personality:** Compulsive, gregarious, Authoritarian, ambitious.

## Behavioral Segmentation

- **Occasion:** Regular, Special
- **Benefits:** Quality, Service, Economy, speed
- **User-status:** Non-user, ex-user, potential user, first user, regular-users
- **Usage rate:** Light, medium, heavy
- **Loyalty Status**
- **Readiness stage:** Unaware, aware, informed, interested, desirous, intending to buy
- **Attitude toward product:** Enthusiastic, positive, indifferent, negative, hostile

# Product-related Segmentation



**Product-use situation**

**Benefits Segmentation**

**Consumption:** heavy users, moderate users, light users

**Decision Criteria:** price, perceived quality of product/service, service offered by firm, technology.

# Competition-based Segmentation



**Hard core loyal:** Who continue to buy same brand over and over again.

**Soft core loyal:** Loyal to 2 or 3 brands in a product group.

**Switchers:** Never stick to a brand.

# Demographic – SEC Classification

- Three variables –
  - **Education of chief wage earner**
  - **durable ownerships**
  - **type of house**



# Rural SEC

Socio-Economic Class (SEC) - Rural			
Education	Type of House		
	Pucca	Semi Pucca	Kuchha
Illiterate	R4	R4	R4
Literate but no formal school	R3	R4	R4
Upto 4th standard	R3	R3	R4
5th to 9th standard	R3	R3	R4
S.S.C./H.S.C.	R2	R3	R3
Some College but not Graduate	R1	R2	R3
Graduate/Post Graduate (General)	R1	R2	R3
Graduate/Post Graduate (Professional)	R1	R2	R3

Note : Four Socio-Economic Classes have been labeled as R1, R2, R3, and R4.

R1 : Upper most Class.

R4 : Lowest Class.

Source : Market Research Society of India.

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# Old SEC

EDUCATION \ OCCUPATION		Illiterate	Literate but no formal schooling	School upto 4 years	School 5 to 9 years	SSC / HSC	Some College but not graduate	Graduate / Post Graduate - General	Post Graduate – Professional
Unskilled Worker		E2	E2	E2	E1	D	D	D	D
Skilled Worker		E2	E1	E1	D	C	C	B2	B2
Petty Trader		E2	D	D	D	C	C	B2	B2
Shop Owner		D	D	D	C	B2	B1	A2	A2
Businessmen / Industrialist – (No. of employees)	None	D	C	C	B2	B1	A2	A2	A1
	1-9	C	B2	B2	B2	B1	A2	A1	A1
	10+	B1	B1	B1	A2	A2	A1	A1	A1
Self Employed Professional		D	D	D	D	B2	B1	A2	A1
Clerical / Salesman		D	D	D	D	C	B2	B1	B1
Supervisory Level		D	D	D	C	C	B2	B1	A2
Officers / Executives – Junior		C	C	C	C	B2	B1	A2	A2
Officers / Executives – Middle / Senior		B1	B1	B1	B1	B1	A2	A1	A1

SEC Classification Grid



# The New SEC - New Consumer Classification System(NCCS)

NCCS - the new SEC Grid has 12 grades ranging from A1 to E3:

No. of Durables Owned	Education of CWE						
	Illiterate	Literate but no formal school/ School up to 4 yrs	School: 5 to 9 years	SSC/ HSC	Some College (incl Diploma) but not Grad	Grad/ PG: General	Grad/PG: Professional
	1	2	3	4	5	6	7
None	E3	E2	E2	E2	E2	E1	D2
1	E2	E1	E1	E1	D2	D2	D2
2	E1	E1	D2	D2	D1	D1	D1
3	D2	D2	D1	D1	C2	C2	C2
4	D1	C2	C2	C1	C1	B2	B2
5	C2	C1	C1	B2	B1	B1	B1
6	C1	B2	B2	B1	A3	A3	A3
7	C1	B1	B1	A3	A3	A2	A2
8	B1	A3	A3	A3	A2	A2	A2
9 +	B1	A3	A3	A2	A2	A1	A1

NCCS - the new SEC v/s SEC - A Comparison:

NCCS - the new SEC	Current SEC System
Single System for Urban and Rural India	Different classifications for Urban and Rural India
Linked to the household	Linked to only one individual
Discriminates on Education of CWE and durables in Household; i.e. household parameters used for household classification	Uses only CWE discriminators (education and occupation); no household parameters used for classifying the household
Dynamic, ability to change over time	Static, neither variable changes significantly over time
Captures affordability quotient of household	Does not capture affordability adequately

# Effective Market Targeting

- **Segment attractiveness** must match company objectives and resources
- **Undifferentiated marketing**- Coca Cola
- **Differentiated marketing** – Byju's
- **Single segment concentration**
- **Deciding the appropriate coverage strategy** – Lifebuoy communication and marketing by Unilever



# Positioning and differentiation

- Communicating and creating a distinctive place in the mind of the consumer
- Identifying the unique features of the product/ service
- Differences with respect to competition
- Selecting differences having a greater competitive advantage
- Communicating the best advantage to the consumer

## CASE STUDY:

<https://www.thehindubusinessline.com/catalyst/chasing-marketing-nirvana-at-kumbh/article25962395.ece>



# Issues in Positioning

- Attractiveness
- Distinctiveness
- Pre-emptive -Affordability
- Communicability
- Under positioning / over positioning
- Confused positioning

# Positioning of Google Assistant: Launch by Pichai



# Differentiation



2 major criterion:

**Tangible product attributes**

**Intangible characteristics & emotional associations**

# 1. Tangible product attributes

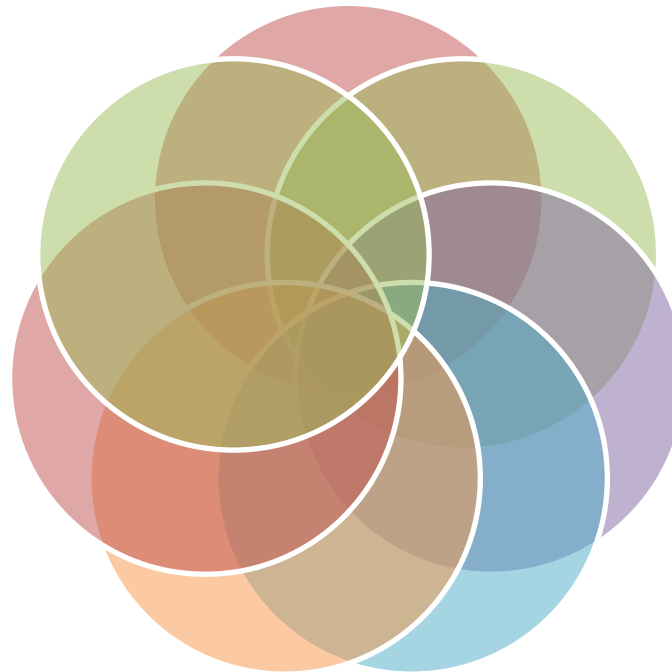
On basis of:

**Product quality/  
technology/  
operational  
efficiency/  
service**

**Ingredients/  
formula**

**Design  
Superiority**

**Functional value**



**Packaging**

**Additional  
features**

# Tangible product attributes

**Ingredients/ formula:** eg. Close-up with gel



**Functional value:** eg. Samsung convertible refrigerator

**Additional features:** eg. Asian Paints - Paint with insecticide

**Packaging:** Eg. Real juice with 6 layers

**Design Superiority:** LG Flatron television

**Product quality/ technology/ operational efficiency/ service:**  
Inverter AC by Lloyd,



## 2. Intangible characteristics & emotional associations



Raymond's  
Suitings



Jhonson n  
Jhonson's  
baby soap



Cadbury's  
Dairy milk

