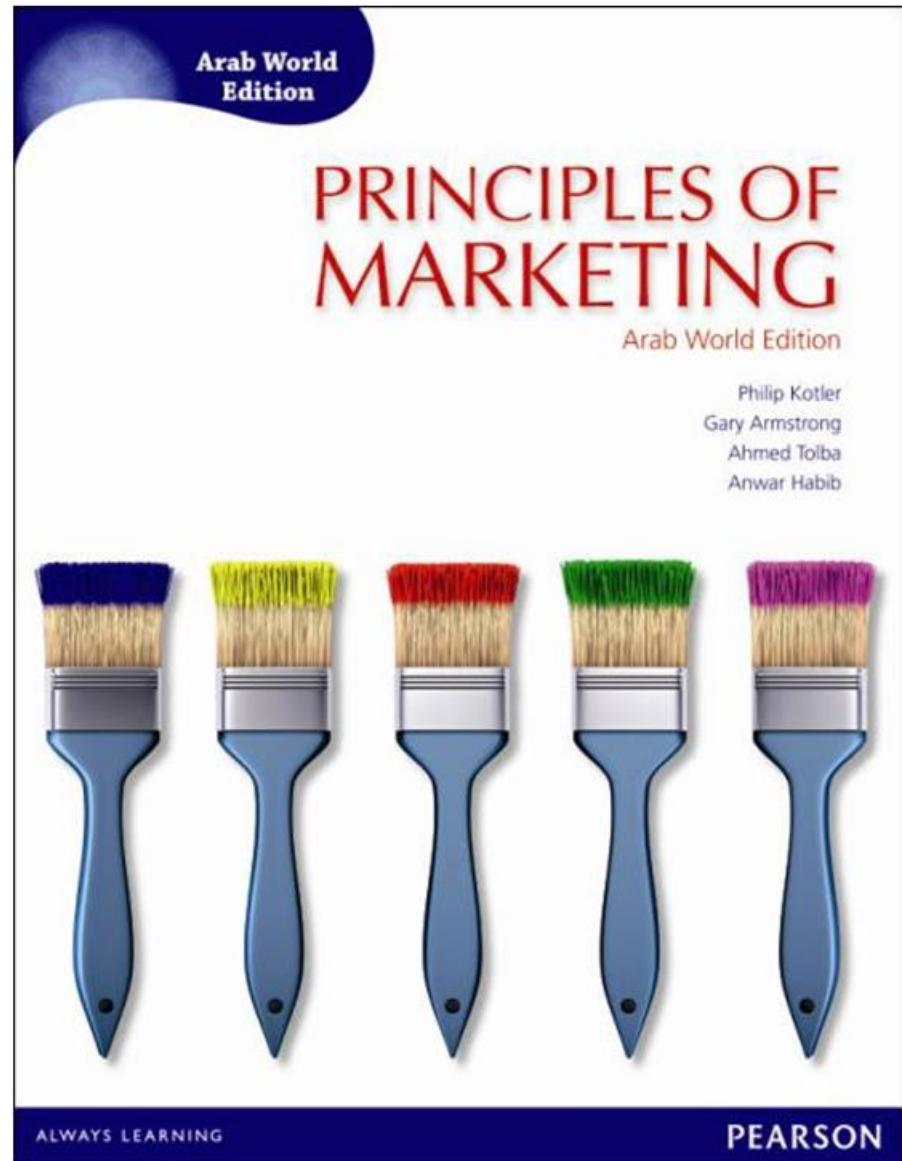


MARKETING MANAGEMENT

Lecture 5 - Chapter 7

Winter Semester 2022/2023

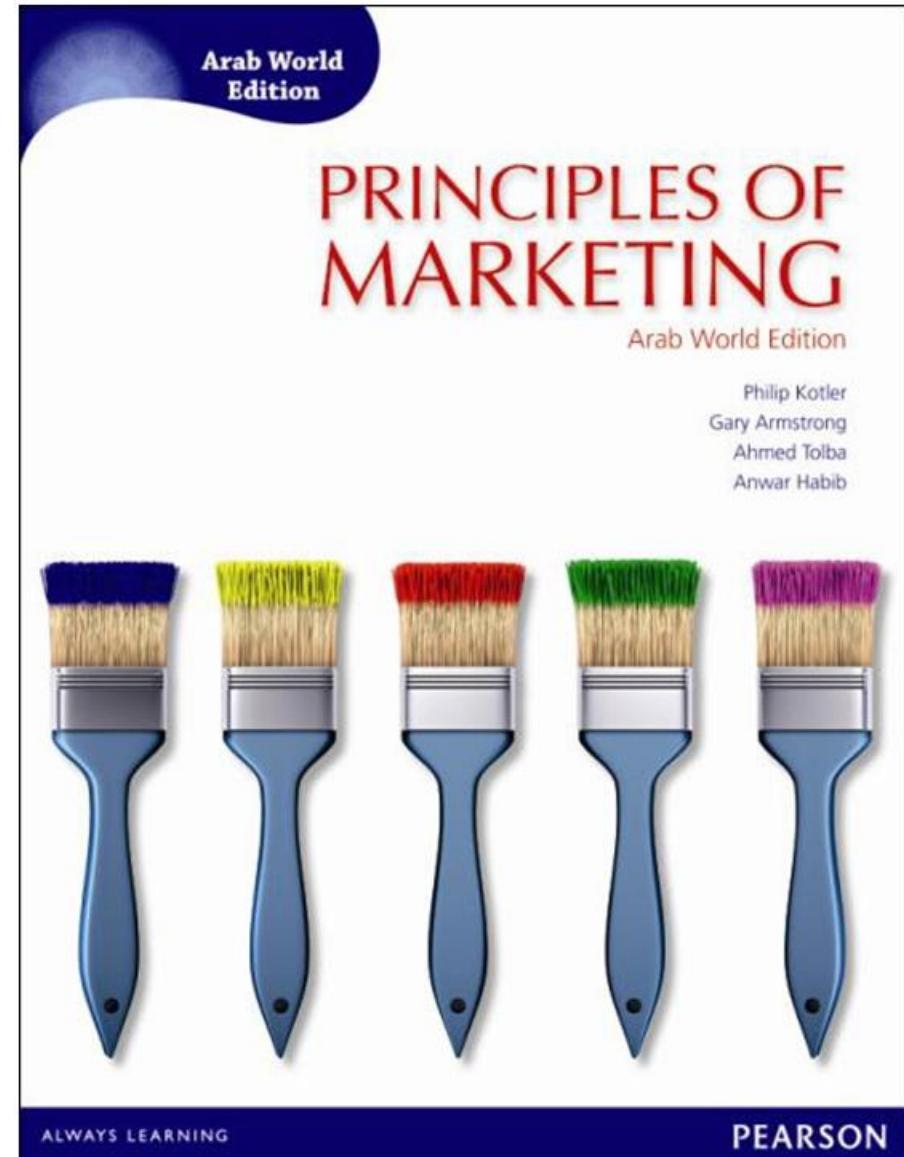
Course Lecturer:
Dr. Shaymaa Tayseer



Chapter 7:

Customer-Driven Marketing Strategy: Segmentation, Targeting & Positioning

Designing a Customer-Driven
Strategy and Mix

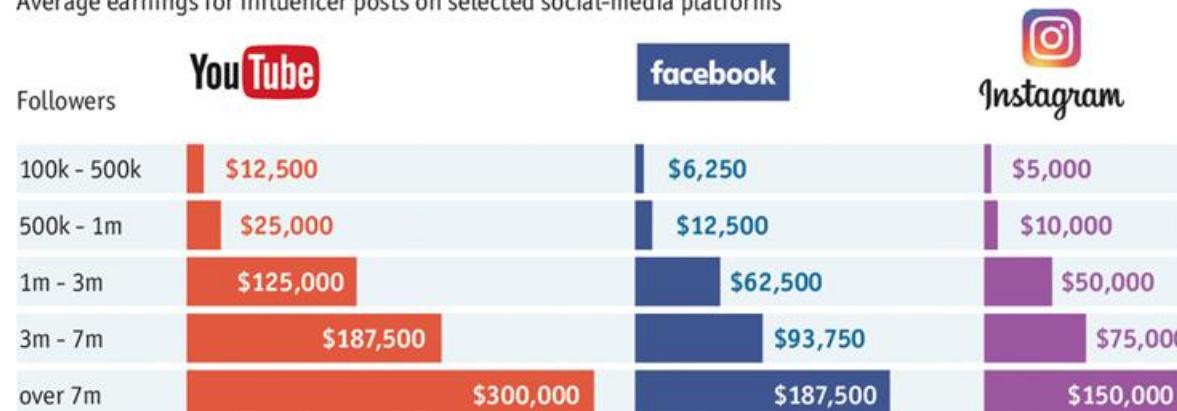


Did you know?

Celebrities' Endorsement Earnings on Social Media

Follow the money

Average earnings for influencer posts on selected social-media platforms



Source: Captiv8

www.economist.com

October 17, 2016

Guess the Company



- The first shop opened in 1959
- It was first under the family name "Al Abdullah Jewelry Traders"
- Then later the name of the company changed to....., slightly reminding everyone of the main heritage of the family arriving in Dubai originally from **Damascus**, Syria.
- **Headquartered** in Dubai, United Arab Emirates
- Is the Middle East's leading international jewelry and watch retailer

damas جلول

VERA

WHAT'S YOUR SHADE?

*A little
bit of
sunshine
wherever
you go*

Farfasha



Les Exclusive stores -> high net worth consumers

Semi-Exclusive stores -> upper-middle income consumers

Damas 22K stores -> middle income consumers

Segmentation, Targeting and Positioning

Segmentation and Targeting

Market segmentation is the process that companies use to divide large **heterogeneous** markets into small markets that can be reached more **efficiently** and **effectively** with products and services that match their unique needs.

Market targeting (targeting) is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.



Segmentation, Targeting and Positioning

Market Differentiation and Positioning

Differentiation involves actually differentiating the market offering to create superior customer value.



Positioning consists of arranging for a market offering to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.

Segmentation, Targeting and Positioning

FIGURE | 7.1

Designing a Customer-Driven Marketing Strategy

In concept, marketing boils down to two questions: (1) Which customers will we serve? and (2) How will we serve them? Of course, the tough part is coming up with good answers to these simple-sounding but difficult questions. The goal is to create more value for the customers we serve than competitors do.



Market Segmentation

- Segmenting **consumer** markets
- Segmenting **international** markets
- Requirements for effective segmentation



Market Segmentation

Segmenting Consumer Markets



**Geographic
segmentation**

**Demographic
segmentation**



**Psychographic
segmentation**

**Behavioral
segmentation**



Market Segmentation

Geographic Segmentation

Geographic segmentation divides the market into different geographical units such as nations, regions, cities, climates, neighborhoods.



Market Segmentation

The image displays three separate screenshots of the Nike website's homepage, each representing a different geographical market segment:

- Africa Segment:** The top screenshot shows the Nike homepage for the African market. The main navigation bar includes links for "SPORTS", "NIKE SPORTSWEAR", and "NIKE+". A search bar at the top right contains the placeholder text "WHAT ARE YOU LOOKING FOR?". Below the navigation, four sports categories are displayed with corresponding icons and labels: "FOOTBALL" (a person playing football), "GOLF" (a person golfing), "WOMEN'S TRAINING" (a woman stretching), and "RUNNING" (a person running).

Africa
- India Segment:** The middle screenshot shows the Nike homepage for the Indian market. The main navigation bar includes links for "SPORTS" (highlighted in orange), "NIKE SPORTSWEAR", and "NIKE+". A search bar at the top right contains the placeholder text "WHAT ARE YOU LOOKING FOR?". Below the navigation, five sports categories are displayed with corresponding icons and labels: "CRICKET" (a person batting), "FOOTBALL" (a person kicking a ball), "WOMEN'S TRAINING" (a woman stretching), and "RUNNING" (a person running).

India
- Australia Segment:** The bottom screenshot shows the Nike homepage for the Australian market. The main navigation bar includes links for "SHOP", "SPORTS" (highlighted in orange), and "NIKE SPORTSWEAR". A search bar at the top right contains the placeholder text "WHAT ARE YOU LOOKING FOR?". Below the navigation, six sports categories are displayed with corresponding icons and labels: "RUNNING", "FOOTBALL", "WOMEN'S TRAINING", "MEN'S TRAINING", "BASKETBALL", and "SKATEBOARDING".

Australia

Market Segmentation

Segmenting Consumer Markets

Demographic segmentation divides the market into groups based on variables such as **age**, gender, family size, family life cycle, income, **occupation**, education, religion, race, generation, and nationality.

Market Segmentation

Demographic Segments

Age and life-cycle stage segmentation is the process of offering different products or using different marketing approaches for different age and life-cycle groups.



Gender segmentation divides the market based on sex (male or female).



Income segmentation divides the market into affluent or low-income consumers (ex. Automobiles, clothing, cosmetics, financial services, and travel)

Market Segmentation

EXAMPLE: Demographic Segmentation - Gender



Market Segmentation

Psychographic Segmentation

Psychographic segmentation divides buyers into different groups based on social class, lifestyle, or personality characteristics.



Market Segmentation

Behavioral Segmentation

Behavioral segmentation divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product.

- **Occasions** (ex. Mother's day, Ramadan, Easter)
- **Benefits sought** (P&G 19 laundry product brands: economy, bleaching power, fabric softening, fresh smell)
- **User status** (non users, ex users, potential users, first time users and regular users)
- **Usage rate** (light, medium and heavy product users)
- **Loyalty status**



Market Segmentation

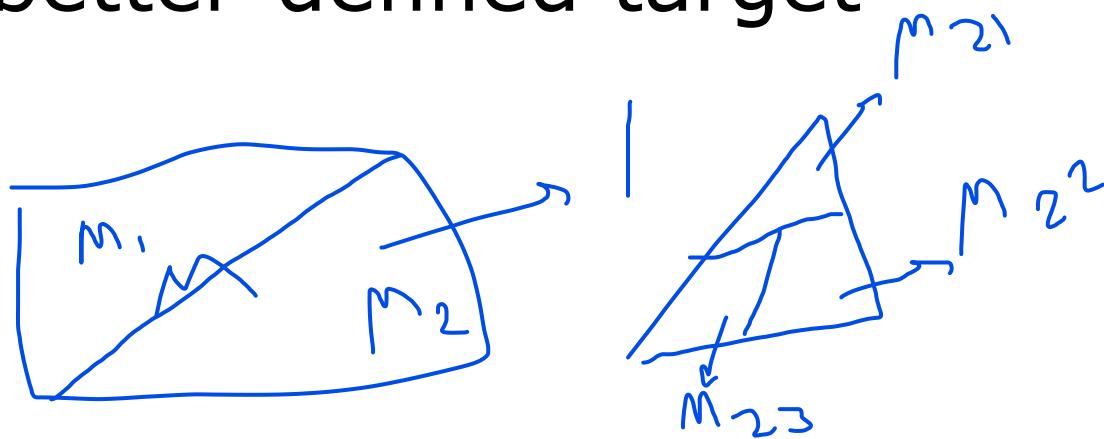
EXAMPLE: Behavioral Segmentation



Market Segmentation

Using Multiple Segmentation Bases

Multiple segmentation is used to identify smaller, better-defined target groups





Market Segmentation

Segmenting International

Markets

Inter-market segmentation divides consumers into groups with similar needs and buying behaviors even though they are located in different countries.

Examples:

- Coca-Cola: World's Teen
- Rolex: Global elite



Market Segmentation

Requirements for Effective Segmentation

To be useful, market segments must be:

- Measurable** → Size, profiles of segments can be measured
- Accessible** → Segments must be effectively reached and served
- Substantial** → Segments must be large or profitable enough to serve
- Differentiable** → Worthy to separate segments
- Actionable** → Possible to develop separate marketing programs



Market Targeting

Target Market

Target market consists of a set of buyers who share common needs or characteristics that the company decides to serve.



Market Targeting

Evaluating Market Segments

Segment size and growth - large, fast growing segment vs. small and less attractive

Segment structural attractiveness- aggressive competitors, substitute products, **power of buyer, powerful suppliers**

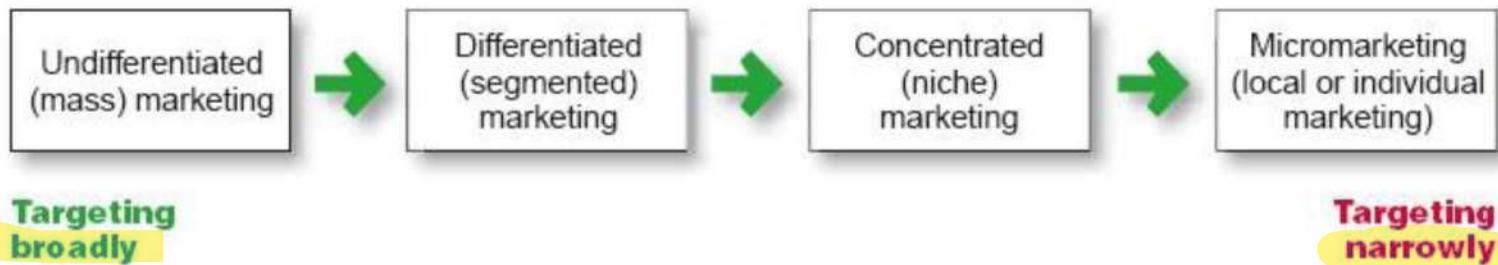
Company objectives and resources - skills and resources

Market Targeting

Selecting Target Marketing Segments

◆ FIGURE | 7.2

Marketing Targeting Strategies

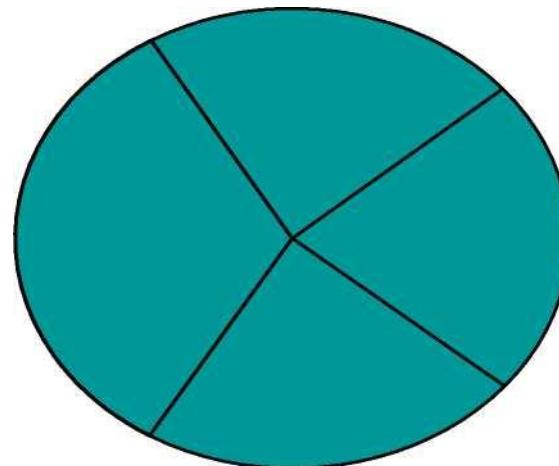


Market Targeting

Selecting Target Marketing Segments

Undifferentiated marketing targets the whole market with **one offer**

- **Mass marketing**
- Focuses on **common needs** rather than what's different



Market Targeting

Selecting Target Marketing Segments

Differentiated (segmented) marketing targets several different market segments and designs separate offers for each.

- Goal is to achieve higher sales and a stronger position
- More expensive than undifferentiated marketing



Market Targeting

EXAMPLE: Differentiated Marketing



Procter & Gamble markets different laundry detergents, including Tide—each with multiple forms and formulations—that compete with each other on store shelves.



Juhayna markets different milk brands, Bekheiro and Juhayna Milk —each with a different target market.

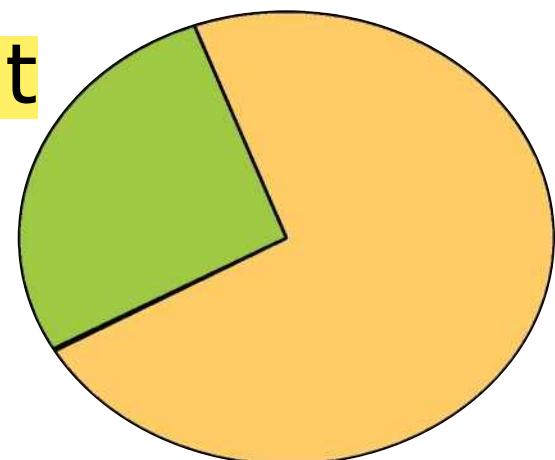
Market Targeting

Selecting Target Marketing Segments

Concentrated (niche) marketing

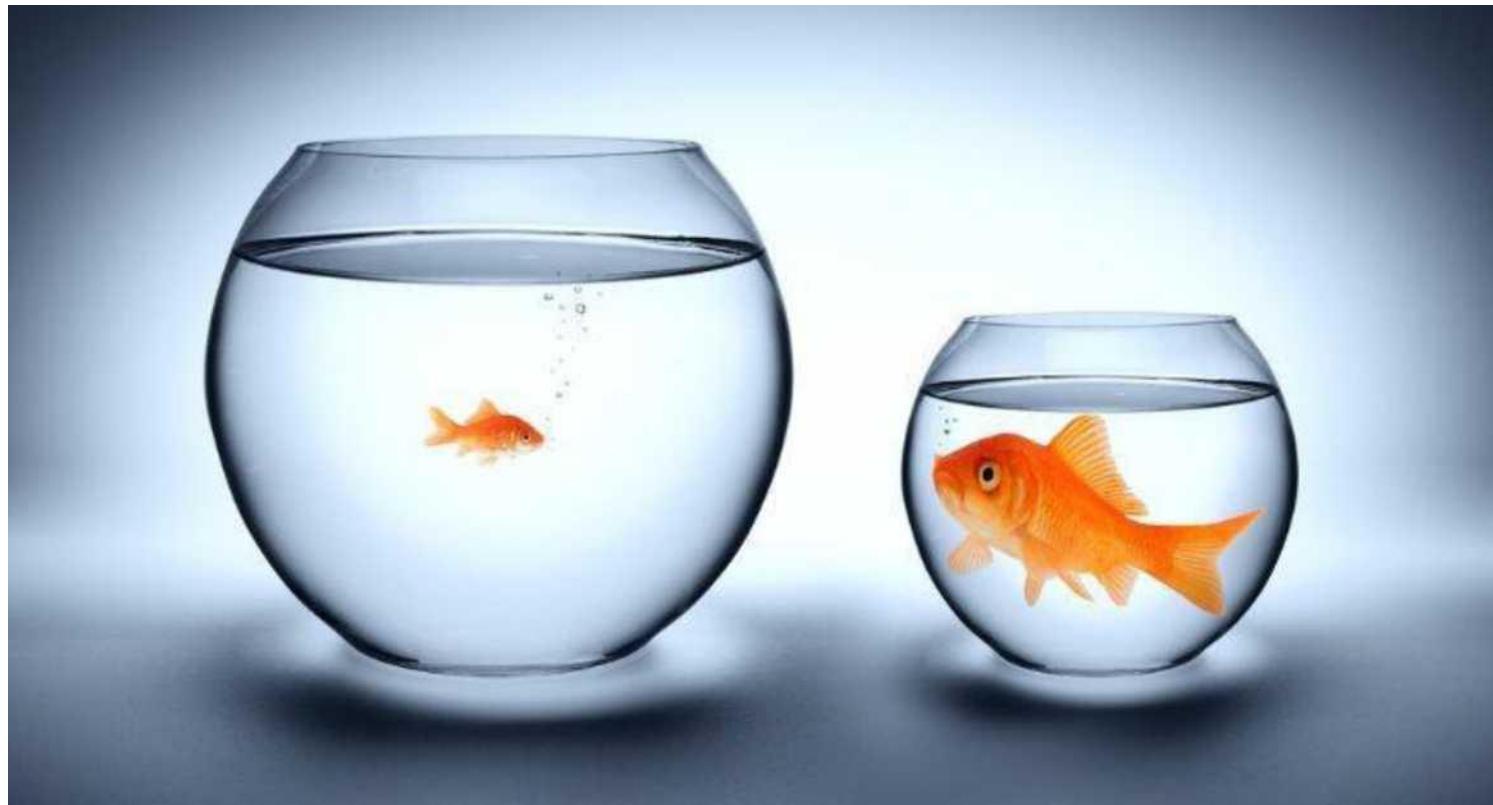
targets a large share of one or a few smaller segments or niches.

- Limited company resources
- Knowledge of the market
- More effective and efficient



Market Targeting

EXAMPLE: Concentrated (niche) Marketing



Market Targeting

Selecting Target Marketing Segments

Micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations.

- **Local marketing**
- **Individual marketing**

Market Targeting

Selecting Target Marketing Segments

Local marketing involves tailoring brands and promotion to the needs and wants of **local** customer groups

- Cities
- Neighborhoods
- Stores



Market Targeting

Target Market Strategies

Individual marketing involves tailoring products and marketing programs to the needs and preferences of **individual** customers.

Also known as:

- **One-to-one marketing**
- **Customized marketing or mass customization**
- **Markets-of-one marketing**



ADD A PERSONAL TOUCH

Customization is simple. Change a color or add your name, number or a motivational message to create a shoe that fits all you.



CREATE A ONE-OF-A-KIND

You're shoe is a blank canvas. When every color is key and you sweat each detail. There's a world of options to explore.



GAIN AN EDGE

Take your training to the next level. Changing performance details like plates and midsoles can help you jump higher, run faster, go farther.



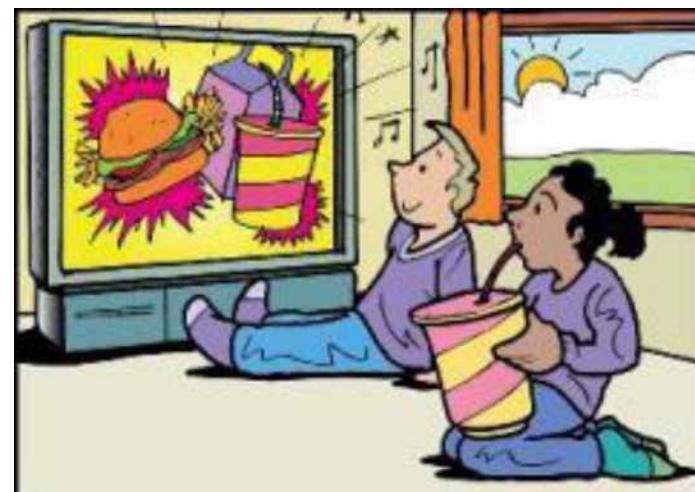
Market Targeting

Socially Responsible Target Marketing

*Concern for vulnerable segments
(Children) with controversial or
potentially harmful products*

Examples:

- Cigarettes
- Internet abuses



Differentiation and Positioning

Positioning

Product position is the way the product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing products.

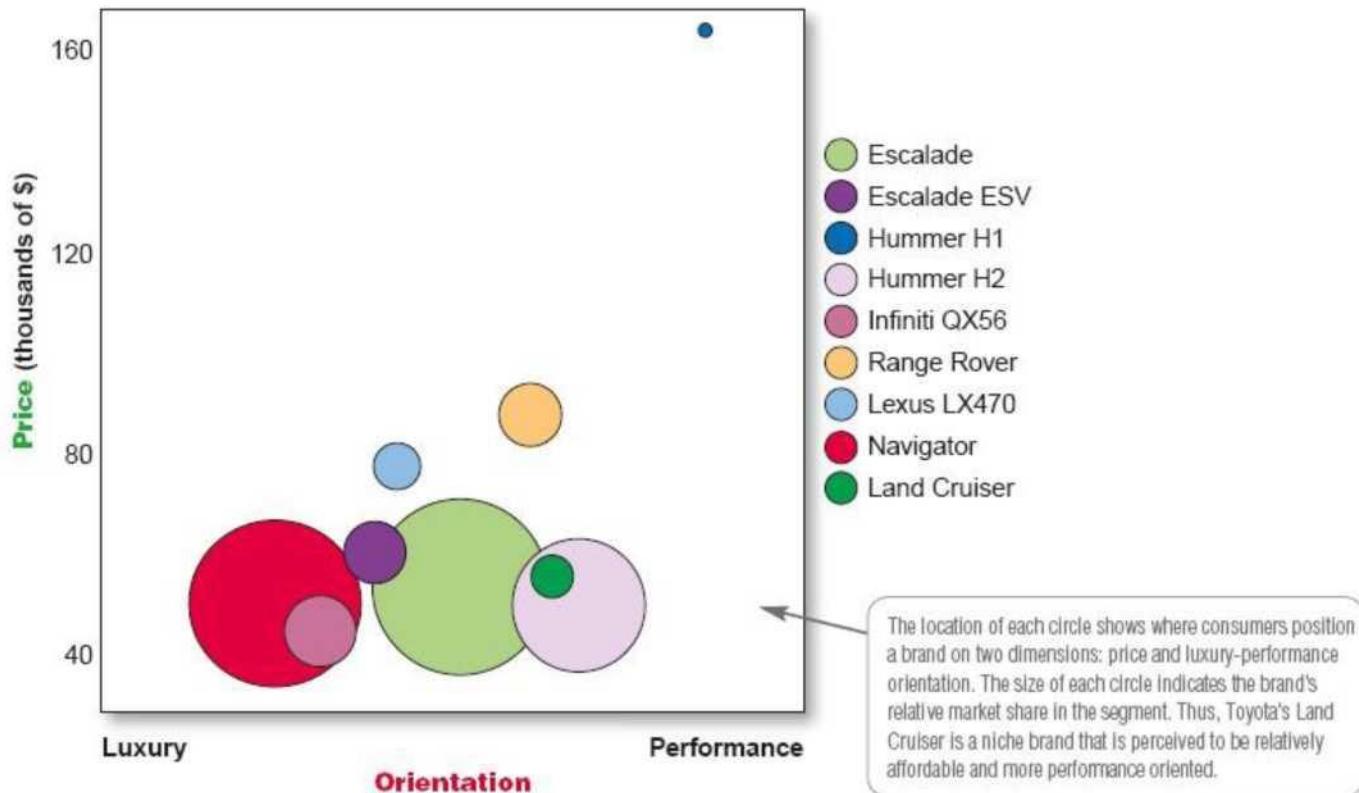
Positioning maps show consumer perceptions of a company's brands versus competing products on important buying dimensions.

Differentiation and Positioning

Positioning Map

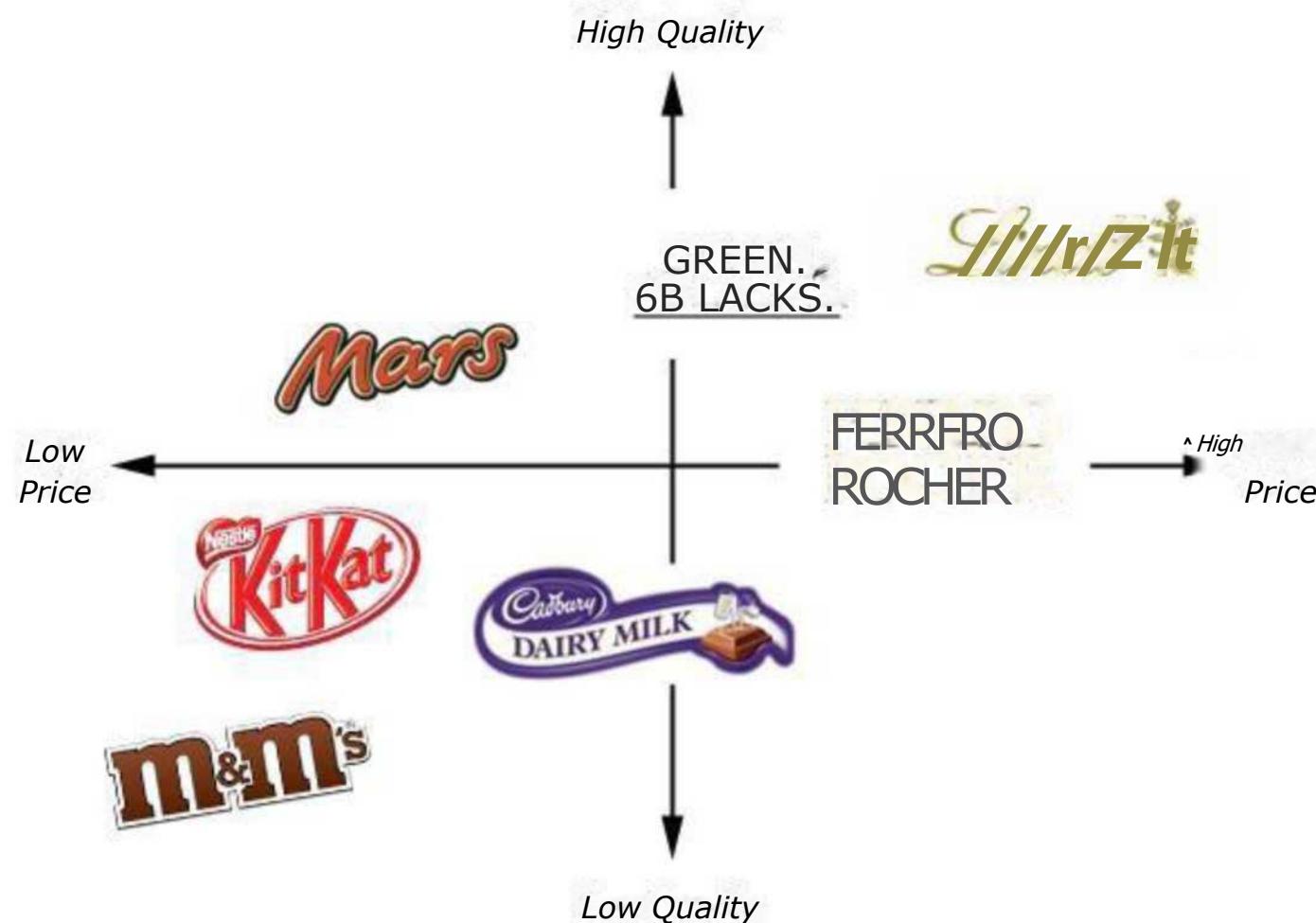
FIGURE | 7.3

Positioning Map:
Large Luxury Sport
Utility Vehicles



Differentiation and Positioning

EXAMPLE: Fictional Example of Positioning Map



Differentiation and Positioning

Choosing a Differentiation and Positioning Strategy

1. Identifying a *set of possible competitive advantages* to build a position
2. Choosing the *right competitive advantages*
3. Selecting an *overall positioning strategy*



Differentiation and Positioning

Choosing a Differentiation and Positioning Strategy

Competitive advantage is an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices.

Differentiation and Positioning

Identifying Possible Value Differences and Competitive Advantages

Identifying a set of possible competitive advantages to build a position by providing superior value from:

Product differentiation

Service differentiation

Channel differentiation

People differentiation

Image differentiation

Differentiation and Positioning Choosing the Right Competitive Advantage

Criteria for which differentiation to promote:

- Important** → The difference delivers a highly valued benefit to target buyers
- Distinctive** → Competitors do not offer the difference, or the company can offer it in a more distinctive way.
- Superior** → The difference is superior to other ways that customers might obtain the same benefit.
- Communicable** → The difference is communicable and visible to buyers.
- Preemptive** → Competitors cannot easily copy the difference.
- Affordable** → Buyers can afford to pay for the difference.
- Profitable** → The company can introduce the difference profitably.

Differentiation and Positioning

Developing a Positioning Statement

Positioning Statement:

"To (target segment and need) our (brand) is (concept) that (point of difference)."

Example: Blackberry

"To busy, mobile professionals who need to always be in the loop, BlackBerry is a wireless connectivity solution that gives you an easier, more reliable way to stay connected to data, people, and resources while on the go."

Communication and Delivering the Chosen Position

Delivering the chosen position

A company must take steps to deliver and communicate the desired position to target consumers.

Choosing the positioning is often easier than implementing the position.