Senior High School

12

Activity Sheet in

Principles of Marketing

Market Segmentation, Target Market & Positioning
ABM_PM11-Iei-13, ABM_PM11-Iei-14,
ABM_PM11-Iei-15
WEEK 6-9 (Part 4)

MARKET SEGMENTATION, TARGET MARKET & MARKET POSITIONING

LET US KNOW

Market has its unique characteristics, background, values, beliefs, interest, and goals. As marketer knowing the difference help your response to the various needs of the market. Knowing your market is as important of knowing your product. Tapping the right market of your product ensures sales increase and high company performance . In this activity sheet we will study and know the importance of marketing segmentation as an element of marketing strategy and how target market and market positioning use to develop a marketing program

LET US REVIEW

Choose the letter of the correct answer. Write your answer on a separate sheet of paper

1. _____is(are) a person's unique psychological characteristics that lead to relatively consistent and lasting responses to his or her own environment.
   a. Psychographics   b. Personality   c. Demographics   d. Lifestyle

2. _____is the process by which people select, organize, and interpret information to form a meaningful picture of the world?
   a. Readiness   b. Selectivity   c. Perception   d. Motivation

3. Which one of the following is not a characteristic of the target markets in B2B marketing?
   a. List prices
   b. Relatively short, direct channels to market
   c. Diverse group of organization members makes decision
   d. Competitive bidding for unique items, list prices for standard items

4. _____is the stage of the buyer decision process in which the consumer is aroused to search for more information; the consumer may simply have heightened attention or may go into an active information search.
   a. Information Search
   b. Alternative evaluation
   c. Subcultures
   d. Lifestyle

5. different social classes tend to have different attitudinal configurations and _____ that influence the behavior of individual members.
   a. Personalities   b. Values   c. Finances   d. Decision makers

LET US STUDY

We mentioned earlier that tapping the right market for the product and services offered, ensures high performance in sales . Buyers are different ,numerous and varies also in buying practices. With these given buyer characteristics, marketer must adapt the concept in marketing that will identify buyers similarities in terms of behavior, status , income, interest and purchasing power to ensure that the service and product offered will be utilized by the right buyer. Marketing program must be designed as customer-driven marketing strategies that build the right relationships with the right customers

Four major steps in designing a customer-driven marketing strategy

- **Market segmentation** is a process of dividing a market into smaller segments with distinct needs, characteristics, or behavior that might require separate marketing strategies or mixes.

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

- **Differentiation** is differentiating the market offering to create superior customer value.

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

Figure 1.

Philip Kotler, Principles of Marketing Diagram of Customer Driven Strategy

Segmenting Consumers Market

Geographic	Demographic	Psychographic	Behavioral
Dividing a market into different geographical units, such as nations, states, regions, counties, cities, or even neighborhood	Dividing the market into segments based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality • **Age and life-cycle** segmentation Dividing a market into different age and life-cycle groups • **Gender segmentation** Dividing a market into different segments based on gender. • **Income segmentation** Dividing a market into different income segments	Dividing a market into different segments based on social class, lifestyle, or personality characteristics	Divides buyers into segments based on their knowledge, attitudes, uses, or responses to a product. Many marketers believe that behavior variables are the best starting point for building market segments. ▪ **Occasion Segmentation** is dividing the market into segments according to occasions when buyers get the idea to buy, make their purchase, or use the purchased item ▪ **Benefit segmentation** Dividing the market into segments according to the different benefits that consumers seek from the product.

Geographic	Demographic	Psychographic	Behavioral
▪ Region	▪ Age	▪ Personality Attributes	▪ Volume of usage
▪ Urban	▪ Gender	▪ Motives	▪ End use
▪ Sub-Urban	▪ Race	▪ Lifestyles	▪ Benefit expectation
▪ Rural	▪ Ethnicity		▪ Brand Loyalty
▪ City Size	▪ Income		▪ Price Sensitivity
▪ Country size	▪ Education		
▪ State Size	▪ Occupation		
▪ Market Density	▪ Family Size		
▪ Climate	▪ Family life cycle		
▪ Terrain	▪ Religion		
	▪ Social Class		

Segmenting Business Markets , business marketers also use some additional variables, such as customer operating characteristics, purchasing approaches, situational factors, and personal characteristics.

Segmenting International Markets, segment by geographic location, economic factors, political and legal factors

Intermarket segmentation (cross-market segmentation) Forming segments of consumers who have similar needs and buying behavior even though they are in different countries.

Market Targeting

- ❖ A **target market** consists of a set of buyers who share common needs or characteristics that the company decides to serve. Market targeting can be carried out at several different levels.
- ❖ **Undifferentiated (mass) marketing**, A market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer.
- ❖ **Differentiated (segmented) marketing** A market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each.
- ❖ Concentrated (niche) marketing A market-coverage strategy in which a firm goes after a large share of one or a few segments or niches.
- ❖ **Micromarketing Tailoring** products and marketing programs to the needs and wants of specific individuals and local customer segments; It includes local marketing and individual marketing.
- ❖ **Local marketing Tailoring brands** and promotions to the needs and wants of local customer segments—cities, neighborhoods, and even specific stores.
- ❖ **Individual marketing** Tailoring products and marketing programs to the needs and preferences of individual customers—also called one-to one marketing, customized marketing, and markets-of-one marketing.

A **product's 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. Products are made in factories, but brands happen in the minds of consumers

Example : Cetaphil is position as gentle soap, Bodyshop is position as organic beauty products, Toyota is position as fuel efficient , Mercedes Benz and Cadillac is position as luxury, Porsche and BMW is position as performance

Competitive advantage, an advantage over competitors gained by offering greater customer value, either by having lower prices or providing more benefits that justify higher price.

Value proposition the full positioning of a brand—the full mix of benefits on which it is positioned.

Positioning statement. The statement should follow the form: To (target segment and need) our (brand) is (concept) that (point of difference).

LET US PRACTICE

Directions: Read and analyze the following statements carefully and identify the type of market segmentation being described whether Geographic, Demographic, Psychographic and Behavioral Segmentation. Write each statement on the table provided below. Write your answer on separate sheet of paper.

1. A vehicle manufacturer that sells a luxury brand BMW that target an audience that has a higher income.
2. A brand that sells an enterprise marketing platform, this brand would likely target mangers at larger companies (500 + employees) who can make purchase decisions for their teams.
3. A luxury car company choosing to target customers who like in warm climate where vehicles do not need to be equipped for snowy weather.
4. A marketing platform might focus on their marketing efforts around urban, or city centers where their target customers are likely to work.
5. A luxury car brand choosing to target customers who have purchased a high-end vehicle in the past three years.
6. A luxury car brand chooses to focus on customers who value quality and status.
7. A business enterprise marketing flatform may target marketing managers who are motivated to increase productivity and show value to their executive team
8. A marketing platform may focus on leads who have signed up for one of their free webinars.

Geographic	Demographic	Psychographic	Behavioral

6

LET US REMEMBER

Four major steps in designing a customer-driven marketing strategy

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	▪ Social Class		

LET US APPRECIATE

Briefly explain your reflection/insights on the given statements. Write your answer on separate sheet of paper

1. "Don't find customers for your product, find products for your customers" – by Seth Godin

2." A satisfied customer is the best business strategy of all"

Source: https://rb.gy/upbhlu

LET US PRACTICE MORE

Case Guide:

a. Identify the target market of the following products.
   * Kopiko Kopiccino
   * Nescafe Cappucino
   * Great Taste White

b. Determine their brand positioning.

c. Based on your target market analysis of the brands, develop your brand of instant coffee, and provide the following:
   Brand Name:
   Product Benefits:
   Target Market Characteristics
      a. Geographic
      b. Demographic
      c. Psychographic
      d. Behavioral

EVALUATION

Directions: **MODIFIED TRUE OR FALSE**. Write the word TRUE if the underlined word/ words are correct and write the CORRECT ANSWER if the underlined word/ words are incorrect. Write your answer on separate sheet of paper.

_____ 1. <u>Target marketing</u> is the process of breaking a market into several segments and then choosing the marketing efforts to the selected segments.

_____ 2. Geographic pertains to where the population is located, wherein <u>demographic segmentation</u> divides market regions into urban and rural areas.

_____ 3. The <u>loyalty of customers</u> to brands is an important factor that companies must look at in selling a brand.

_____ 4. <u>Psychographics</u> variables considered the gender, age, income, education, occupation of the target market.

_____ 5. Most marketers create localize promotional tools to <u>mismatch</u> the needs of the geographical areas.

_____ 6. The buying power of customers are determined by their background, <u>earnings, or income</u> and buying habits.

_____ 7. Market segmentation methods are used to identify customers with <u>similar</u> needs and wants.

_____ 8. Marketers need to know that <u>all customers</u> are alike in the way they think and react.

_____ 9. <u>Demographic segmentation</u> is divided into groups according to buyer's knowledge, attitudes, uses and response to a product.

_____ 10. One of the factors that marketers should consider in doing behavioral segmentation is to divide the market into groups based on buying <u>frequency</u>

8

ACKNOWLEDGEMENT

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