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# STRATEGIC MARKETING

Identifying the Customer: Segmentation,  
Targeting and Positioning

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# Customer-driven marketing strategy: creating value for target customers

## Topic outline

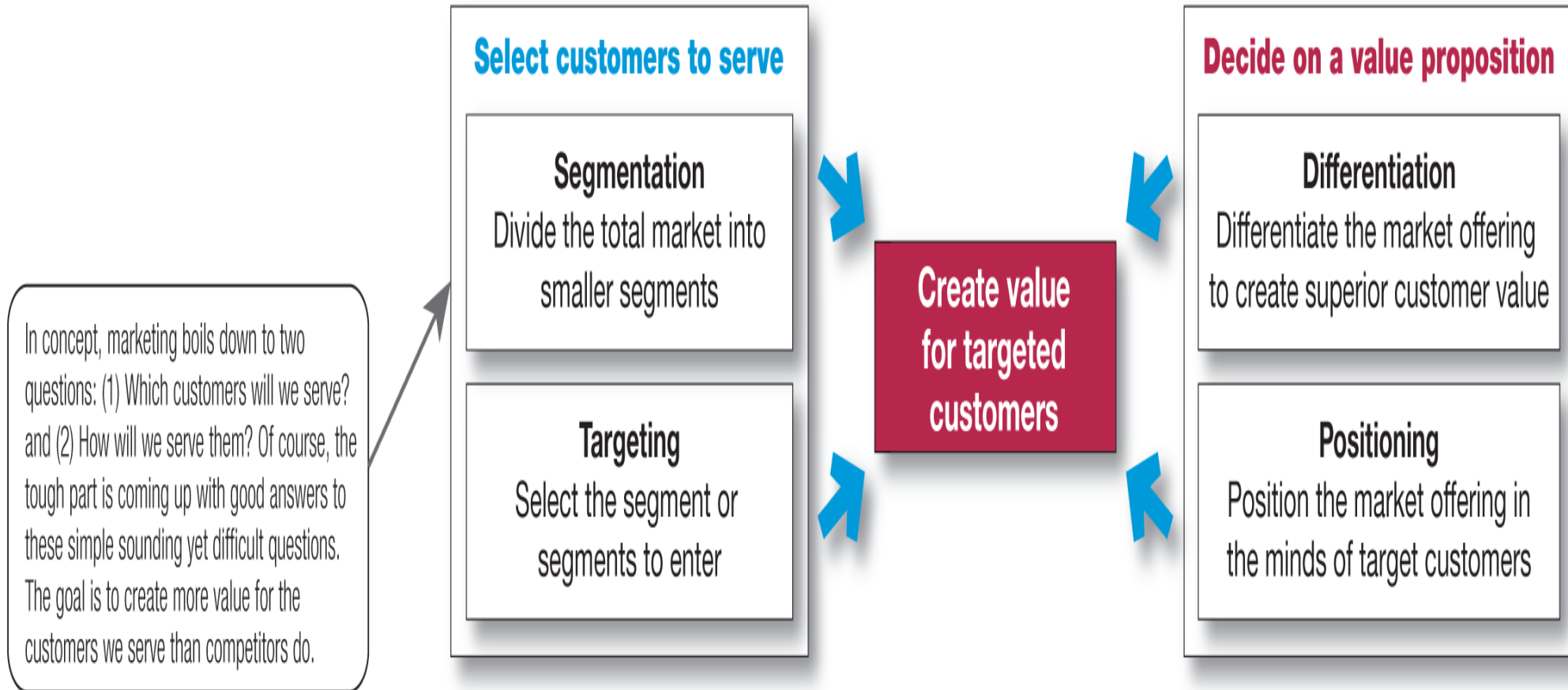
- Customer-driven marketing strategy
- Market segmentation
- Market targeting
- Differentiation and positioning.

# Market segmentation

## **Market segmentation**

Dividing a market into smaller segments with distinct needs, characteristics or behaviour that might require separate marketing strategies or mixes.

# Market segmentation (Continued)

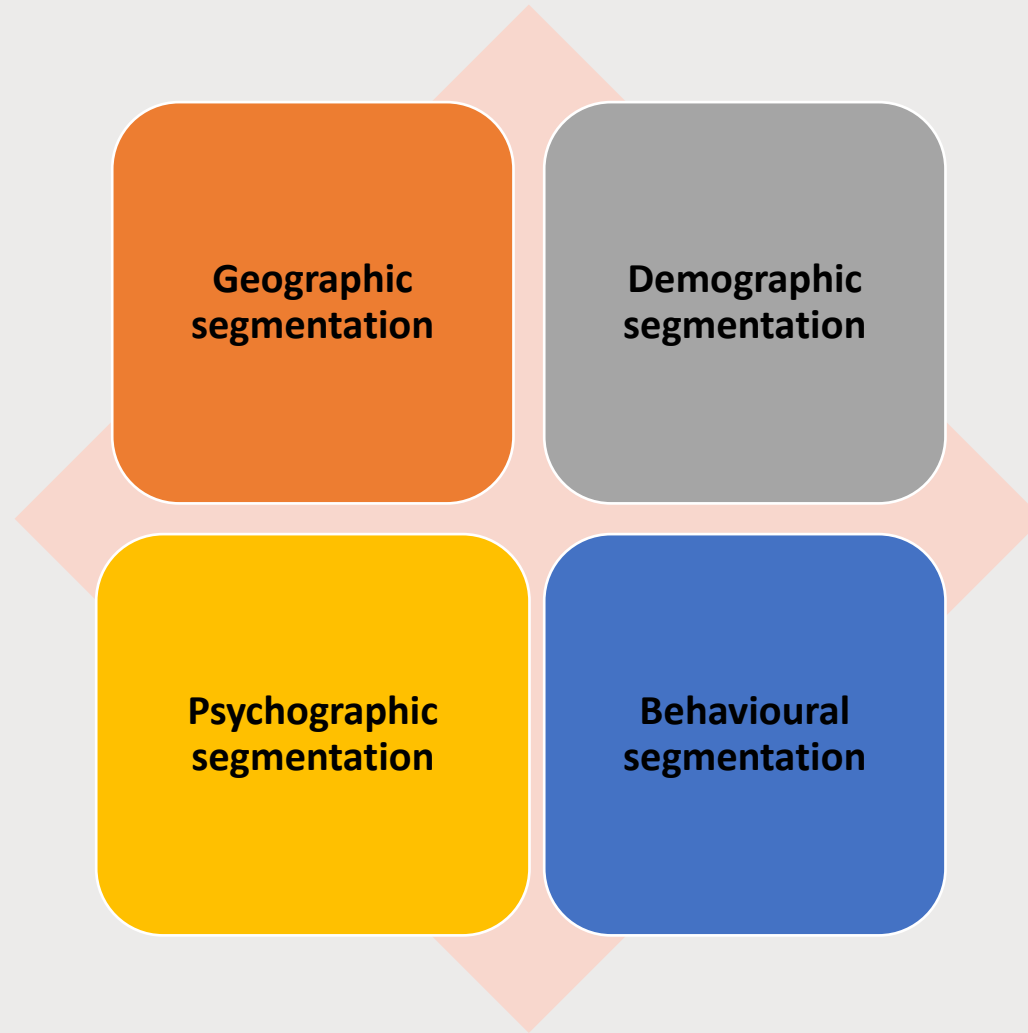


## Market segmentation (Continued)

- Segmenting consumer markets
- Segmenting business markets
- Segmenting international markets
- Requirements for effective segmentation.

# Market segmentation (Continued)

## Segmenting consumer markets



# Market segmentation (Continued)

## Segmenting consumer markets

- **Geographic segmentation** divides the market into different geographical units such as nations, regions, states, countries or cities.

# Market segmentation (Continued)

## 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 (Continued)

**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, middle-income or low-income consumers

# Market segmentation (Continued)

## Segmenting consumer markets

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

# Lifestyles

- Psychographics
- Includes activities, interests, and opinions
- They explain buyer's purchase decisions and choices



# Psychographics for segmenting Pet Owners

- Business and consumer research supports the use of psychographics for segmenting pet owners. For example, Boya et al. found [three clear-cut segments of dog owners](#) during an exploratory study in which more than 500 dog owners rated key dimensions of their dog-human relationship — dog-oriented self-concept and anthropomorphism. **Dog people** strongly identify with their dogs, define themselves in terms of their relationship with their dogs and treat their dogs like people. **Dog parents** see their dogs as an integral part of the family, but are less likely to define their personal and social identities in terms of their dogs. **Pet owners** in the Boya et al study see their dogs primarily as pets who are part of the family but are treated distinctly differently than are children. Segmenting the universe of pet owners according to the strength of their attachment to their pet, as in the referenced study, enables marketers to create emotional connections with pet owners by talking with them in terms of how they think about themselves and their pets.

1. Boya UO, Dotson MJ, Hyatt EM. A comparison of dog food choice criteria across dog owner segments: an exploratory study. *Int J Consum Stud*. 2015;39:74-82.

# Market segmentation (Continued)

## Segmenting consumer markets

- **Behavioural segmentation** divides buyers into groups based on their knowledge, attitudes, uses or responses to a product.
- Occasions
- Benefits sought
- User status
- Usage rate
- Loyalty status.

# Consumption-Specific Segmentation Usage-Behavior

- Usage rate
  - Awareness status
  - Level of involvement

# Consumption-Specific Segmentation

## Usage-Behavior

- Usage-situation segmentation
  - Segmenting on the basis of special occasions or situations
  - Example : When I' m away on business, I try to stay at a suites hotel.

# Benefits Segmentation

- Benefits sought represent consumer needs
- Important for positioning
- Benefits of media



# Benefits Visiting Tourists Seek in National Park

## – Table 3.13 (excerpt)

Segment	Description
Environmentalists	Interested in an unpolluted, un-spoilt natural environment and in conservation. Not interested in socializing, entertainment, or sports. Desire authenticity and less man-made structures and vehicles in the park.
Want-it-all Tourists	Value socializing and entertainment more than conservation. Interested in more activities and opportunities for meeting other tourists. Do not mind the “urbanization” of some park sections.
Independent Tourists	Looking for calm and unpolluted environment, exploring the park by themselves, and staying at a comfortable place to relax. Influenced by word of mouth in choosing travel destinations.

# Market segmentation (Continued)

## Using multiple segmentation bases

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

# Market segmentation (Continued)

## Using multiple segmentation bases

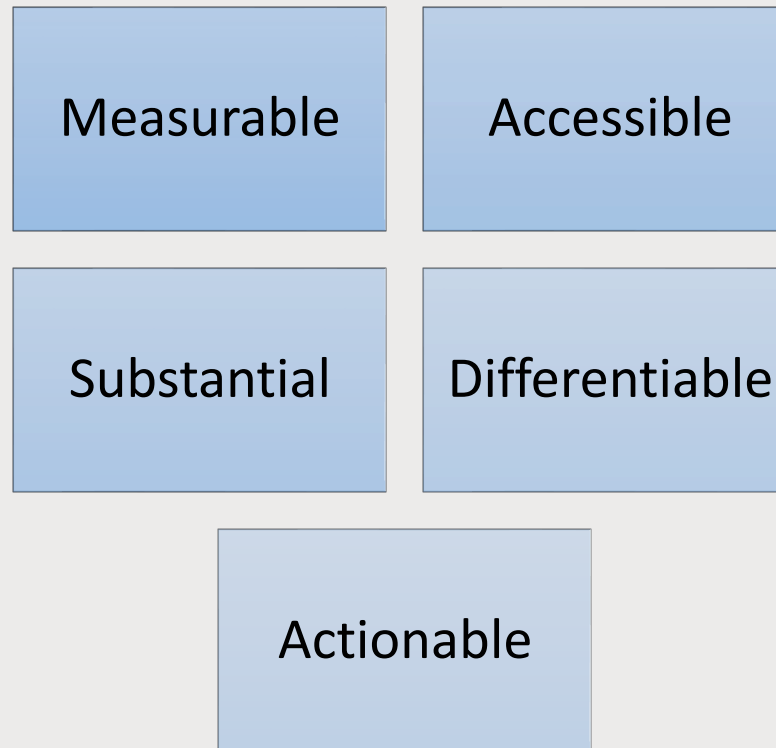
**ACORN** is a major system of segmenting UK households into unique segments and social groups.

- These groups segment people and locations into marketable groups of like-minded consumers that exhibit unique characteristics and buying behaviour based on a host of demographic factors.

# Market segmentation (Continued)

## Requirements for effective segmentation

To be useful, market segments must be:



# Market targeting

## Selecting target market segments

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

# Market targeting (Continued)

## Evaluating market segments

- Segment size and growth
- Segment structural attractiveness
- Company objectives and resources.

# Market targeting (Continued)

## Selecting target market segments

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

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

# Market targeting (Continued)

## Selecting target market segments

**Differentiated marketing** targets several different market segments and designs separate offers for each.

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



# Market targeting (Continued)

## Selecting target market segments

**Concentrated marketing** targets a large share of a small market

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

# Market targeting (Continued)

## Selecting target market 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 (Continued)

## Selecting target market segments

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

- Cities
- Neighbourhoods
- Stores.

# Market targeting (Continued)

## Selecting target market segments

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

- Also known as:
  - One-to-one marketing
  - Mass customisation
  - Markets-of-one marketing.

# Market targeting (Continued)

## Choosing a targeting strategy

Depends on:

- Company resources
- Product variability
- Product life-cycle stage
- Market variability
- Competitor's marketing strategies.

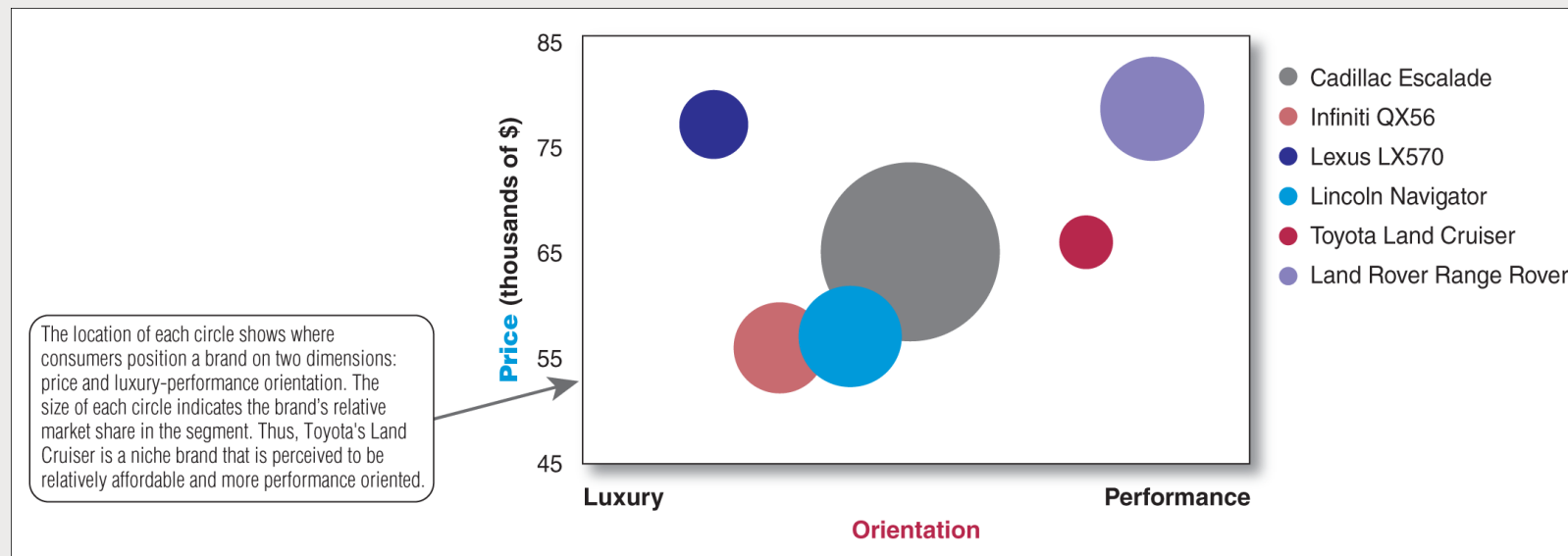
# Differentiation and positioning

**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.

- Perceptions
- Impressions
- Feelings.

# Differentiation and positioning (Continued)

**Positioning maps** show consumer perceptions of their brands versus competing products on important buying dimensions.



Source: Based on data provided by WardsAuto.com and Edmunds.com, 2010.

# Differentiation and positioning (Continued)

## Choosing a differentiation and positioning strategy

- Identifying a set of possible competitive advantages to build a position.
- Choosing the right competitive advantages.
- Selecting an overall positioning strategy.
- Communicating and delivering the chosen position to the market.



# Differentiation and positioning (Continued)

## Choosing a differentiation and positioning strategy

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

Product differentiation

Services differentiation

Channel differentiation

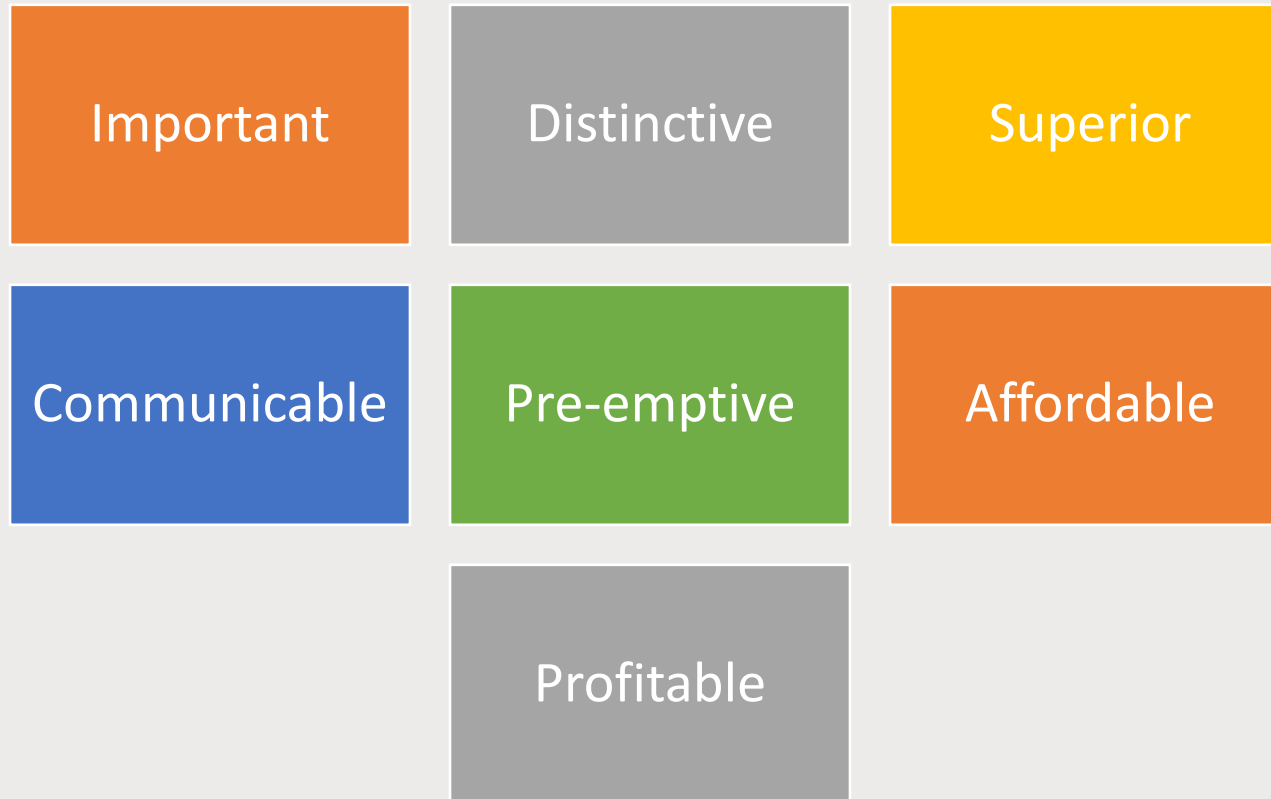
People differentiation

Image differentiation

# Differentiation and positioning (Continued)

## Choosing the right competitive advantages

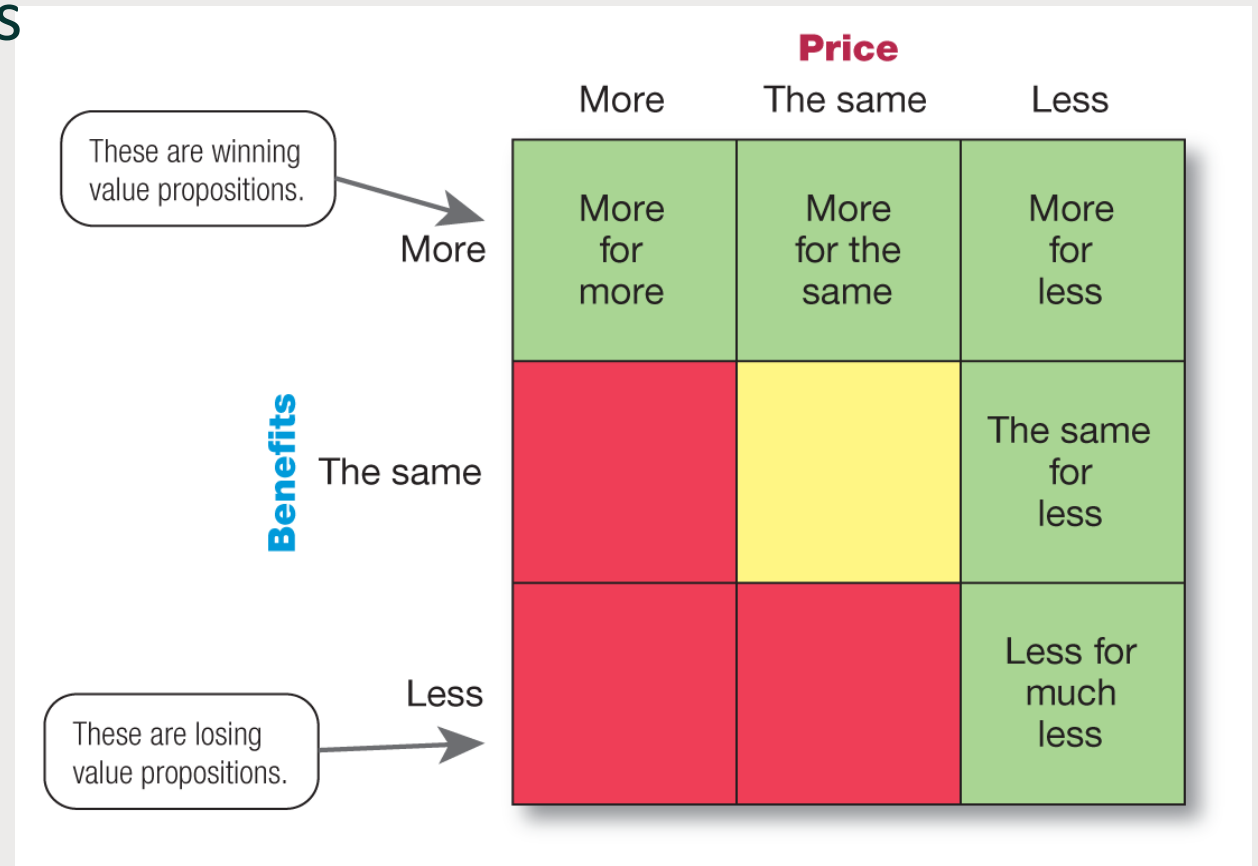
Difference to promote should be:



# Differentiation and positioning (Continued)

## Selecting an overall positioning strategy

**Value proposition** is the full mix of benefits upon which a brand is positioned.



# Differentiation and positioning (Continued)

## **Developing a positioning statement**

- To (target segment and need) our (brand) is (concept) that (point of difference).
- Choosing the positioning is often easier than implementing the position.