



Segmentation Targeting Positioning

Introduction to STP



WHAT WILL WE DO TODAY?



What are the different levels of market segmentation?

How can a company divide a market into segments?

What are the requirements for effective segmentation?

What is targeting?

What is positioning?

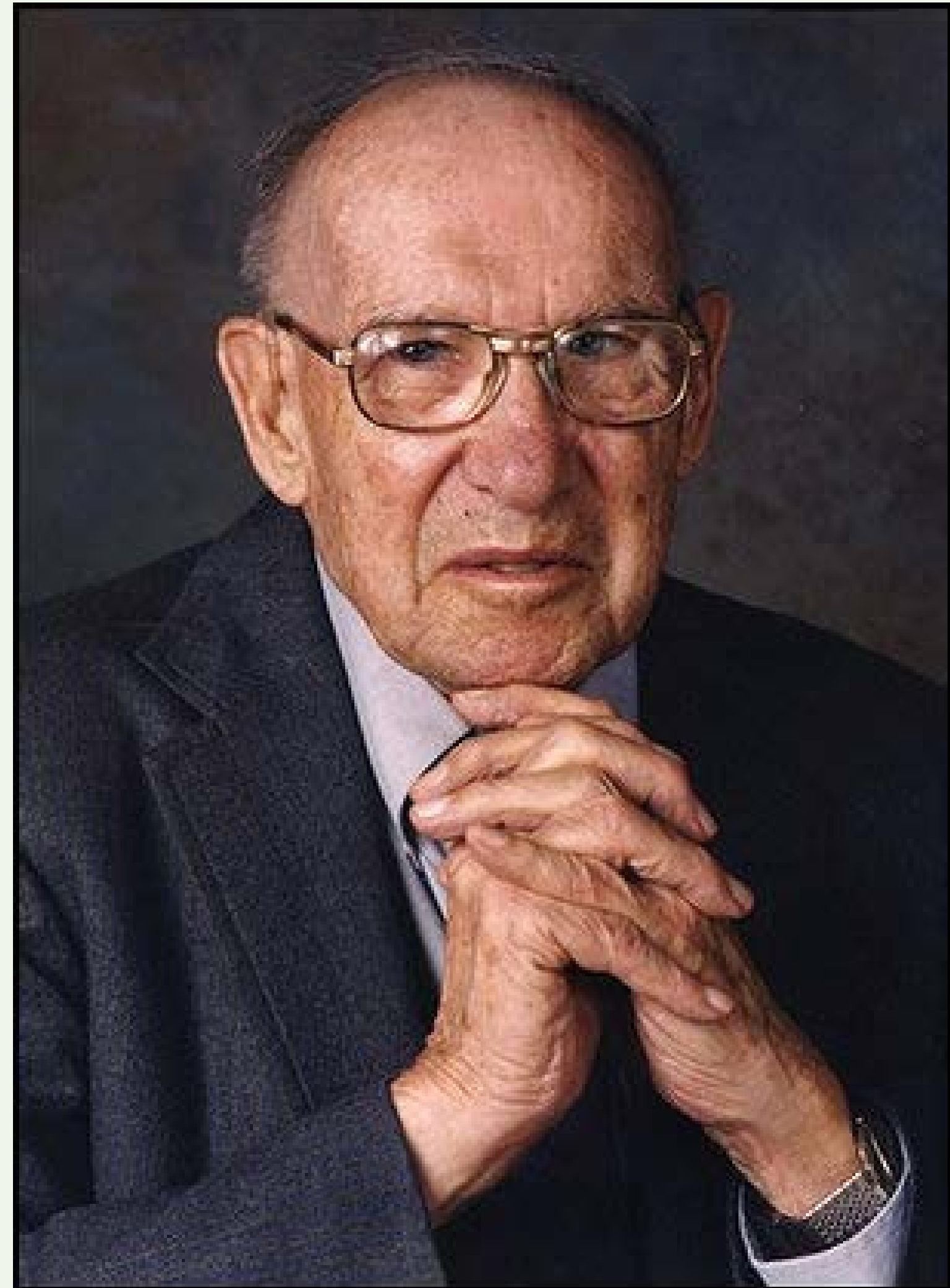


PURPOSE OF A BUSINESS



“The purpose of business is to create a customer.”

Peter Drucker



PURPOSE OF A BUSINESS



“The purpose of a business is to create and keep a customer.”

Theodore Levitt

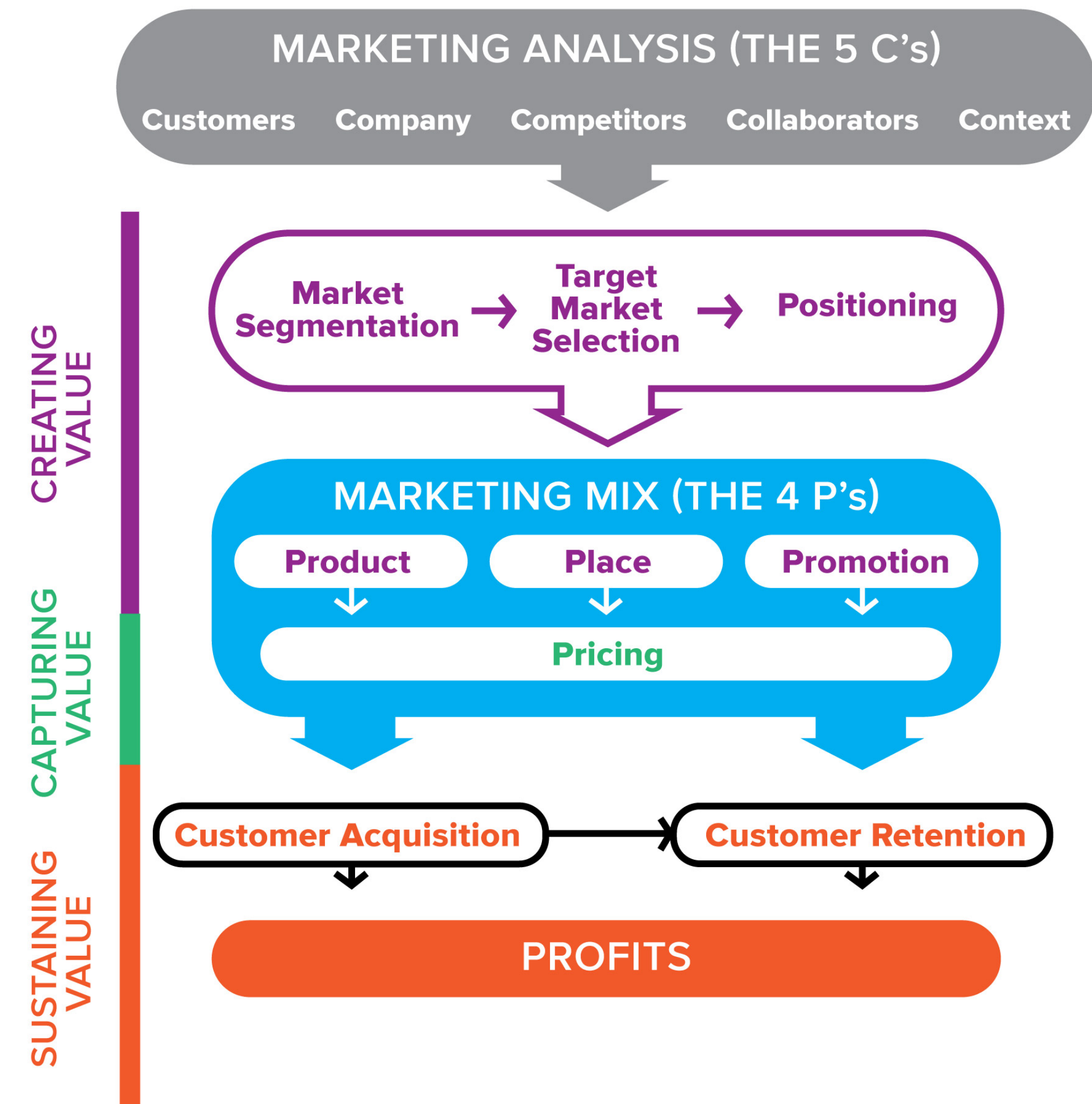
Levitt believed that achieving those goals required
“differentiating what you do and how you operate.”



THE MARKETING STRATEGY PROCESS



Where does
segmentation fit in?



STP



Segment market:

Divide larger market into groups of people with similar demands and respond similarly to marketing stimuli

Target segment:

Evaluate segments and select one or more segments to enter

Positioning:

Create clear, distinctive, and desirable place relative to competing products in minds of target customers



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STP



Television channel targeted to men
ages 18-42



"GET MORE ACTION!"



Programming for men

Total Impact Wrestling

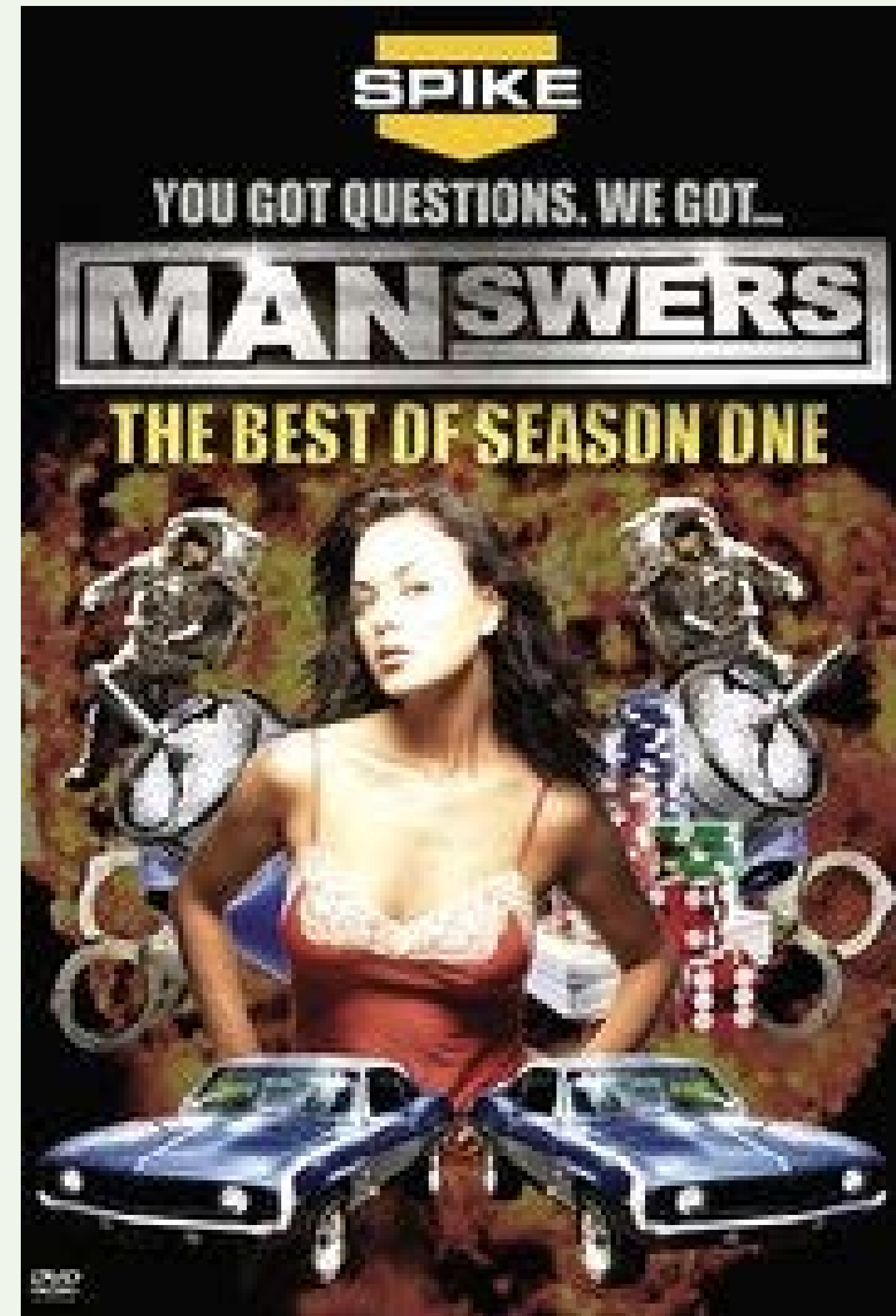


Wrestling 518 (2016)



Programming for men

Manswers



STP



Programming for men

***Ultimate
Fighter***



© 2011 MartialArtsNomad.com Follow



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Segmentation Targeting Positioning

Segmentation



SEGMENTATION

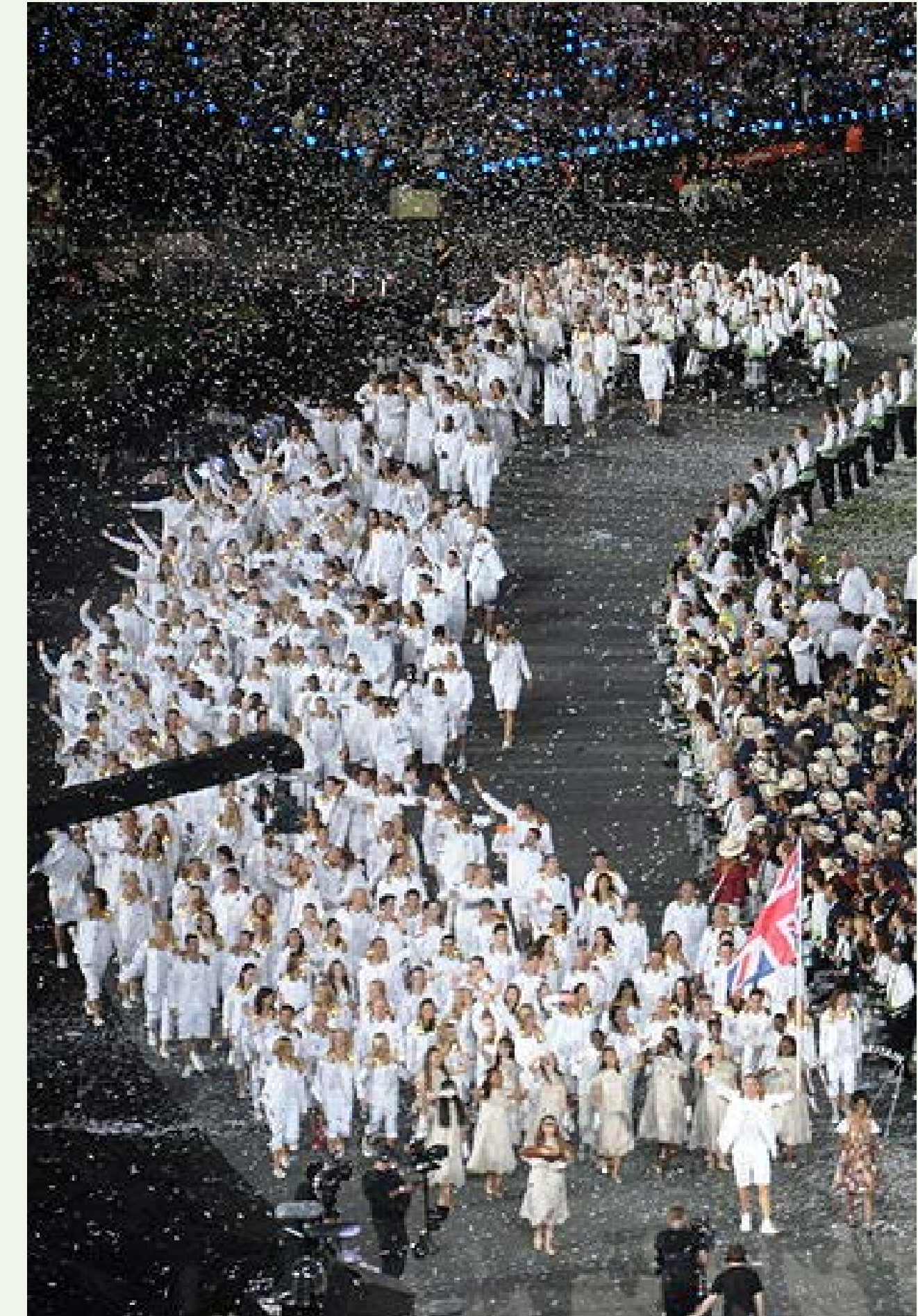


Dividing customers into manageable groups, or customer segments, who have common needs and respond similarly to marketing stimuli

Seek within-group sameness (homogeneity) and between-group difference (heterogeneity)



SEGMENTATION



© 2012 The Department for Culture,
Media and Sport



WHY SEGMENT?



Why should companies segment the market?

Necessary for designing a successful marketing strategy

Identifies groups of consumers to whom a company could effectively "target" marketing efforts

Costs



SEGMENTATION PROCESS



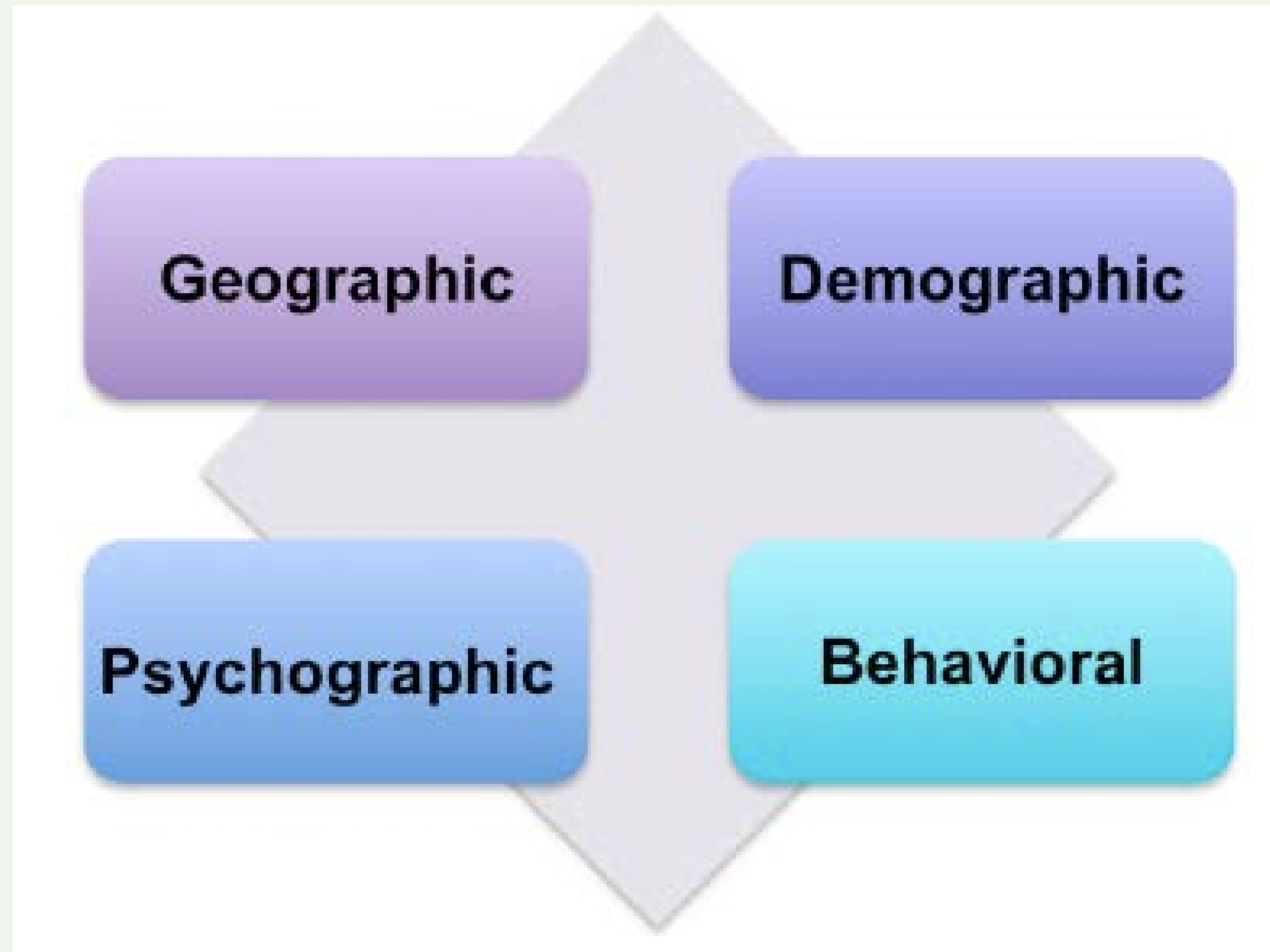
Understand the benefits that customers seek (i.e., needs)

Segment the market and develop prototypical customer profiles based on the customer benefits

Find the observable variables (e.g., demographic, geographic, or behavioral characteristics) most likely to discriminate among the benefit segments



DIMENSIONS ON WHICH TO SEGMENT CONSUMER MARKETS



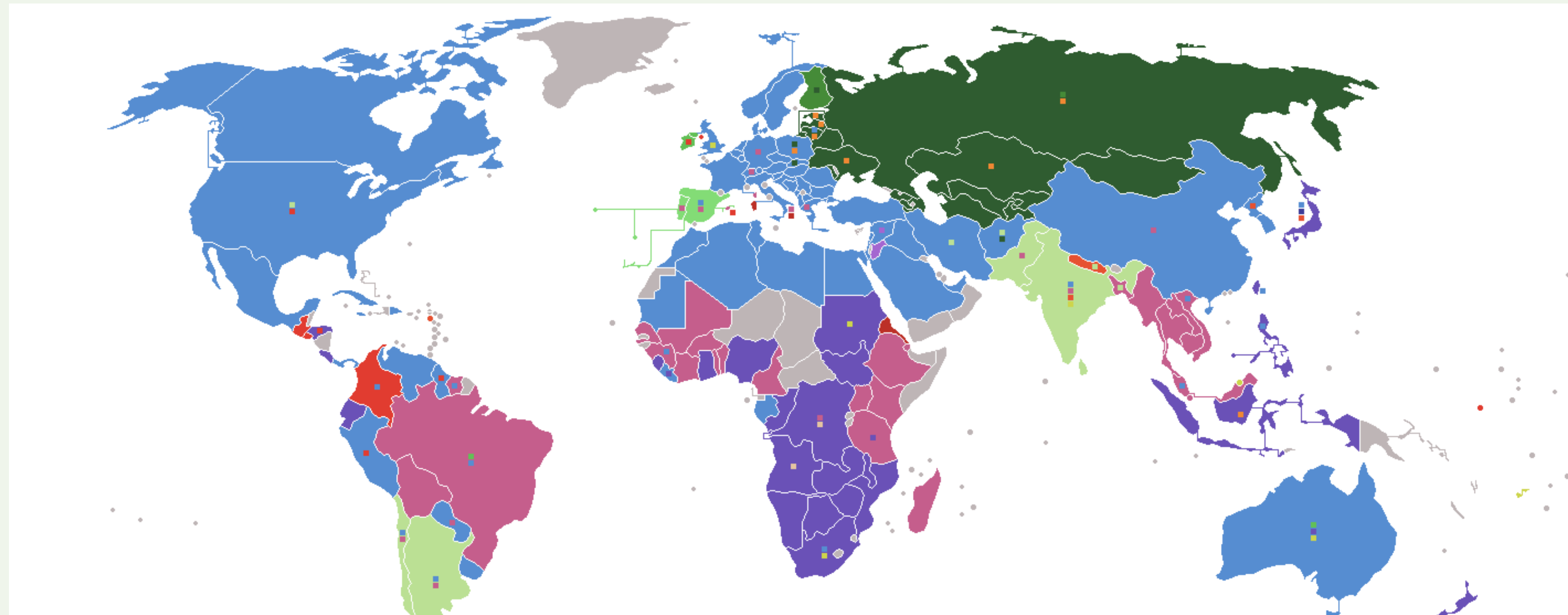
GEOGRAPHIC SEGMENTATION



World region or country

City or metro size

Density or climate



Rail gauge world (2006)



GEOGRAPHIC SEGMENTATION



Rice chicken burger in Taiwan



MOS rice burger (2006)



GEOGRAPHIC SEGMENTATION



McArabia in Morocco



© 2008 Jay Tamboli



DEMOGRAPHIC SEGMENTATION



Age and Life Cycle

Life Stage

Gender

Income

Generation

Social Class



PSYCHOGRAPHIC SEGMENTATION



Divides buyers into different groups based on:

Lifestyle

&

Personality

People within the same demographic group could exhibit very different psychographic profiles



THE VALS SEGMENTATION SYSTEM



Establishes primary and secondary types for consumers based on two dimensions:

Self-orientation

Resources

VALS survey



IN-VIDEO QUESTION



Please complete the VALS survey and determine what your VALS primary and secondary classifications are

Name two products or services that would be best marketed to you

Please explain why you chose these products



BEHAVIORAL SEGMENTATION



Behavioral variables:

Occasions

Usage rate

Loyalty status



Girl-fairy-happy-pink-birthday-812482 (2015)



EFFECTIVE SEGMENTATION CRITERIA



Measurable

Substantial

Accessible

Differentiable

Actionable



REQUIREMENTS FOR EFFECTIVE SEGMENTATION



Measurable:

Size, purchasing power, and profiles of segments can be measured

Forgetful people



365.61 I forgets (2011)



REQUIREMENTS FOR EFFECTIVE SEGMENTATION



Accessible:

Segments can be effectively reached by advertising media as well as distribution channels

The Amish community



Lancaster Amish (2009)



REQUIREMENTS FOR EFFECTIVE SEGMENTATION



Substantial:

Segments are large or
profitable enough to serve

E.g., new shoe developed for
NBA players under 5' 7' tall

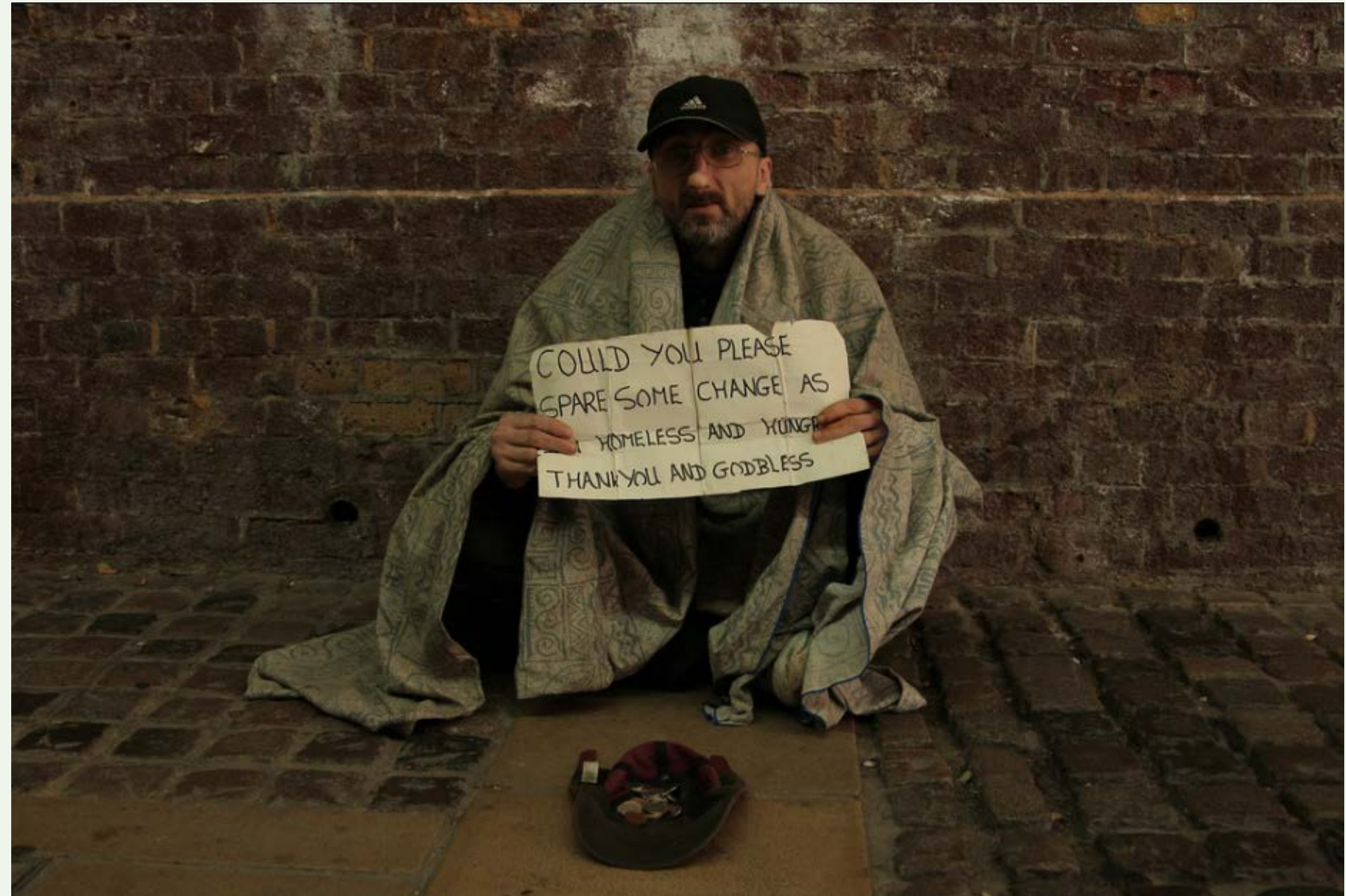


REQUIREMENTS FOR EFFECTIVE SEGMENTATION



Actionable:

Consumers have the necessary disposable income and ability to purchase the good or service



Homeless (2011)



REQUIREMENTS FOR EFFECTIVE SEGMENTATION



Differential:

Segments are more similar in characteristics and behavior (response to marketing stimuli), than they are to consumers in other segments



Soldiers of the Afghan National Army in 2005
(2013)



Malian Soldiers (2008)



REQUIREMENTS FOR EFFECTIVE SEGMENTATION



Note:

Marketer does not truly segment the market in an “active” sense

Differences between consumer groups logically exist before the segmentation analysis is done

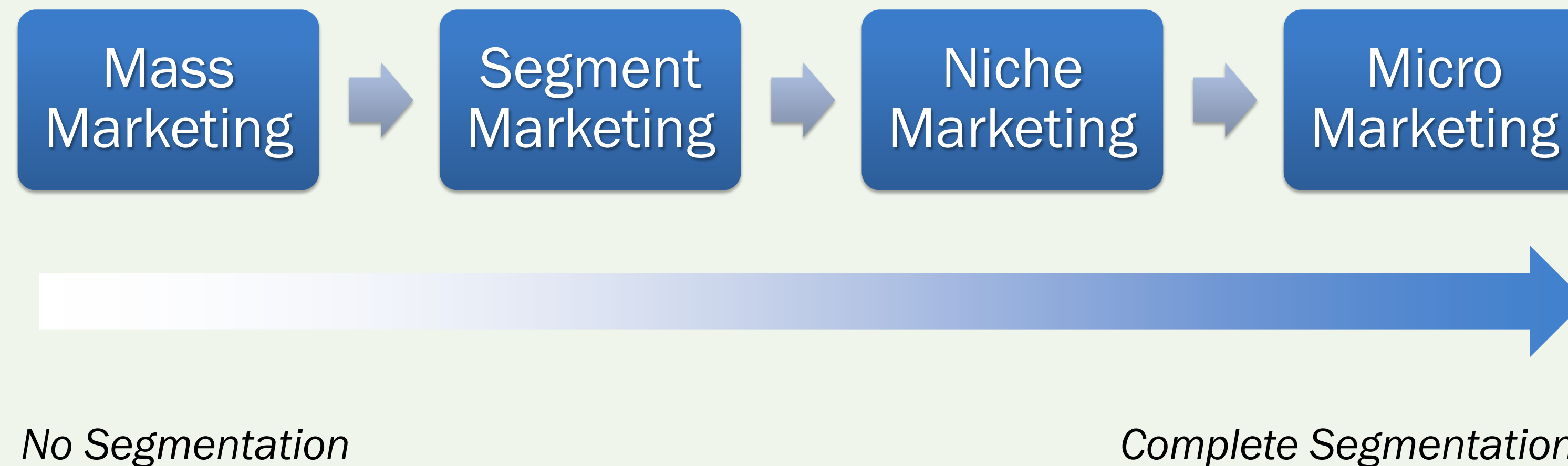


MARKET SEGMENTATION

LEVELS OF MARKET SEGMENTATION



Segmentation can be carried out at several different levels



MARKET SEGMENTATION

LEVELS OF MARKET SEGMENTATION



Mass marketing:

Manufacturing and distributing the same product in about the same way to all customers

Ford Model T



1910 Ford-T (1910)

Coca-Cola



Coca 664 (2010)



MARKET SEGMENTATION

LEVELS OF MARKET SEGMENTATION



Segment marketing:

Isolating broad segments that make up a market and adapting the company's products to match the needs of one or more segments

Gap Kids



© 2012 GJessicaK80

Loft



© 2015 Mike Mozart



MARKET SEGMENTATION

LEVELS OF MARKET SEGMENTATION



Niche marketing:

Focuses on smaller subgroups within larger market segments

More narrowly defined group; identified by defining a group with a distinctive set of traits that may seek a special combination of benefits



NICHE MARKETERS



IMG_3590_big_tall (2007)



MARKET SEGMENTATION

LEVELS OF MARKET SEGMENTATION



Micro Marketing:

Tailoring products and marketing programs to suit the tastes of specific individuals.

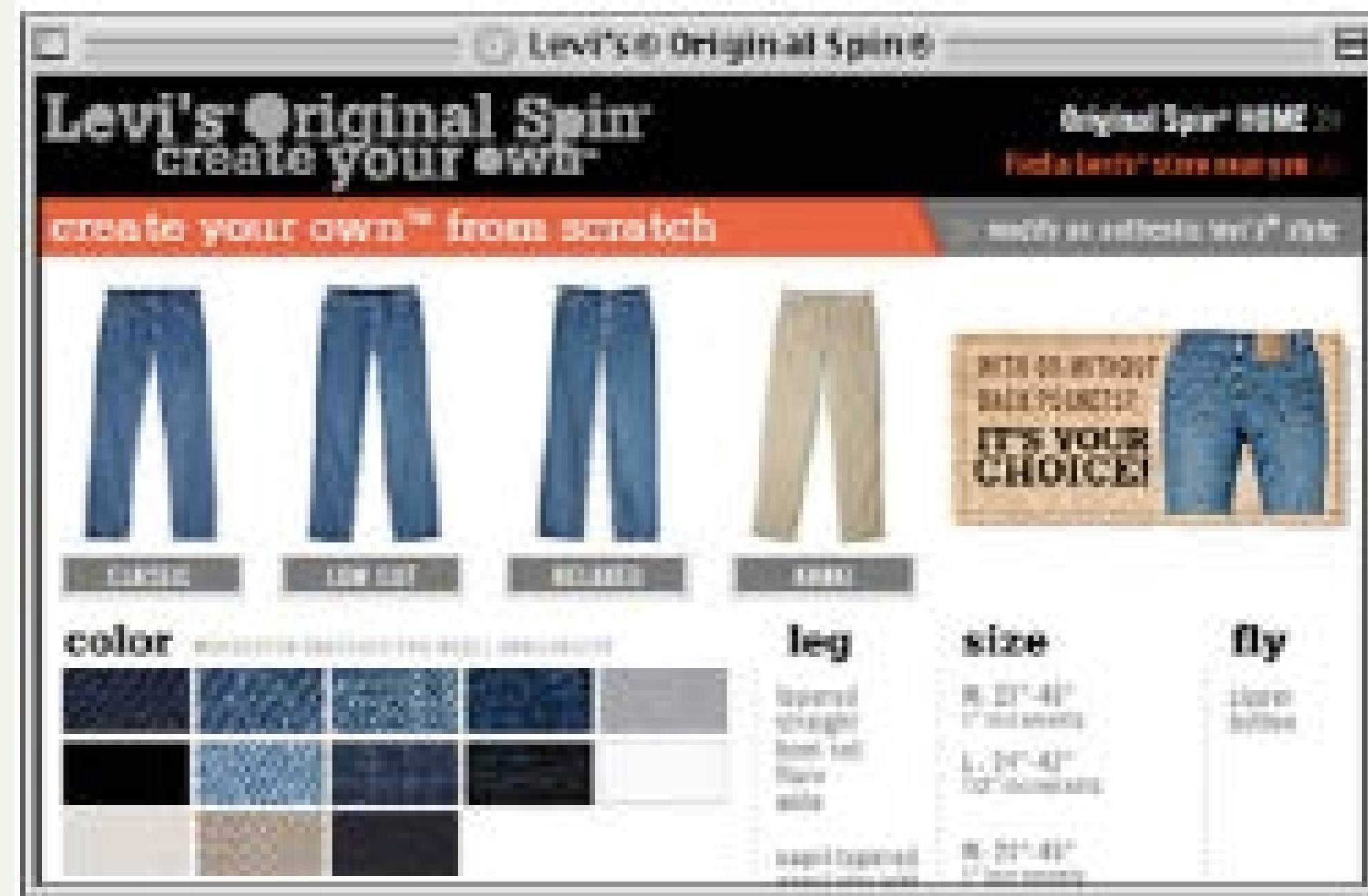
This type of individual marketing is known as customization



EXAMPLES OF MARKET CUSTOMIZATION



Levi's custom jeans



Lee's custom jeans



THEN, EVALUATE MARKET SEGMENTS



Next steps?



Target (2014)



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Segmentation Targeting Positioning

Targeting



TARGETING



This is the process of selecting the segment to serve

The firm's goals and strengths must fit with the needs of the segment



EVALUATING TARGET MARKETS



Involves collecting and comparing data on the company and its competitors to evaluate which is more likely to succeed



EVALUATING TARGET MARKETS



Evaluation criteria:

Ability to conceive and design

Ability to produce (quantity and quality)

Ability to market

Ability to finance

Ability to manage/execute



EVALUATING TARGET MARKETS



Complete “differential advantage analysis” **for each segment**

Identify segment in which your firm is the strongest player

	Firm 1	Firm 2	Firm 3	Your Firm
DESIGN				
PRODUCTION				
MARKETING				
MANAGING				





Segmentation Targeting Positioning

Positioning



POSITIONING



Act of designing the company's offering and image to occupy a distinctive place in the mind of the target market



POSITIONING



There are many examples of firms positioning products and services to target a particular segment of customers



© 2009 Mariordo Mario Roberto Duran Ortiz



POSITIONING FOR COMPETITIVE ADVANTAGE



Product's position – the way the product is defined by consumers on important attributes

Product is compared with competing products

Simplifies the buying process by helping consumers organize products into categories

Marketers must:

Plan positions to give their products the greatest advantage in selected target markets

Design marketing mixes to create these planned positions



IDENTIFYING POSSIBLE COMPETITIVE ADVANTAGES



Key to winning and keeping customers is to understand their needs and buying processes better than competitors do and deliver more value

Competitive advantage – extent that a company can position itself as providing superior value to selected target markets



POSITIONING – VOLVO



Volvo has done a great job of positioning its brand

Let's view a Volvo commercial –
Emphasize the brand's existing positioning, while trying to add new elements to the brand's image



(Forster, 2013)



POSITIONING – VOLVO



The inside of a Volvo is good enough to be an outside.

The finish on the inside of a car is located only fractions of an inch from the finish on the outside.

Though in quality, they're usually miles apart.

You don't have to cut a car open to discover it either. Just go to any showroom and turn a car inside out.

Peek under rugs. Peel back the mats in the trunk. Take a close look at the underside of the hood.

In most of the out-of-the-way places where you'd normally never think to look, you'll find barely finished metal. At such times it's wise to remember that rust usually starts on the inside of a car and works its way out.

And that cars with little protection on the inside are more likely to rust than cars with a lot.

Look into a Volvo.

There's more paint on the inside of a Volvo than there is on the outside of some cars.

Five coats of protection, in all.

First, the body is dunked in an acid bath. This etches the surface so the first coat of rustproofing primer will have something to hang on to.

Then comes another coat of primer. And after that, a sealer. And finally, 2 color coats of baked enamel. (The outside gets an additional coat of baked enamel—in deference to people's desire for gloss.)

Now, having all this paint on the inside isn't much good if it doesn't get to all of the inside.

If you look at the picture above, you'll see a lot of holes. These holes let the various coats flow into every dark, hidden corner of every Volvo.

Parts particularly vulnerable to rust, like the rocker panels, are made out of hot-dipped galvanized steel in the first place. They're also hollow. So after you drive through a puddle, forced air dries them out again.

And as if all that weren't enough, before a Volvo body is sealed and undercoated at the factory, a mist of special anti-rust oil is sprayed into all closed body sections.

About our outside.

It's simple and unpretentious.

But it's on a car that's built so well it lasts an average of 11 years in Sweden, where winters last six months of the year, and the salt air is merciless on badly finished cars.

We don't back up this claim with a guarantee that Volvos will last 11 years here. But we will leave you with a thought that's every bit as reassuring.

Every outside we sell is backed by our inside.



THE POSITIONING STATEMENT



A good positioning statement must include the following elements:

“Among [target market], [brand name] is the brand of [competitive frame], that [point of difference/single most important claim] because [reason to believe].”



THE POSITIONING STATEMENT



A good positioning statement answers three questions:

- 1. Who** are the customers?
- 2. What** is the set of needs that the product fulfills?
- 3. Why** is the product the best option to satisfy those needs?



WRITING A POSITIONING STATEMENT



Nintendo®

Among kids and tweens 8-14 years old, Nintendo Gameboy is the most convenient gaming device (entertainment experience) because of its size, portability, and extended battery life



WRITING A POSITIONING STATEMENT



To young, active soft-drink consumers who have little time for sleep, Mountain Dew is the soft drink that gives you more energy than any other brand because it has the highest level of caffeine



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IN-VIDEO QUESTION



Please write a positioning statement for your country of birth. This statement will be targeted to tourists and you will describe what benefits your country can provide to visitors



WHAT DID WE DO TODAY?



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