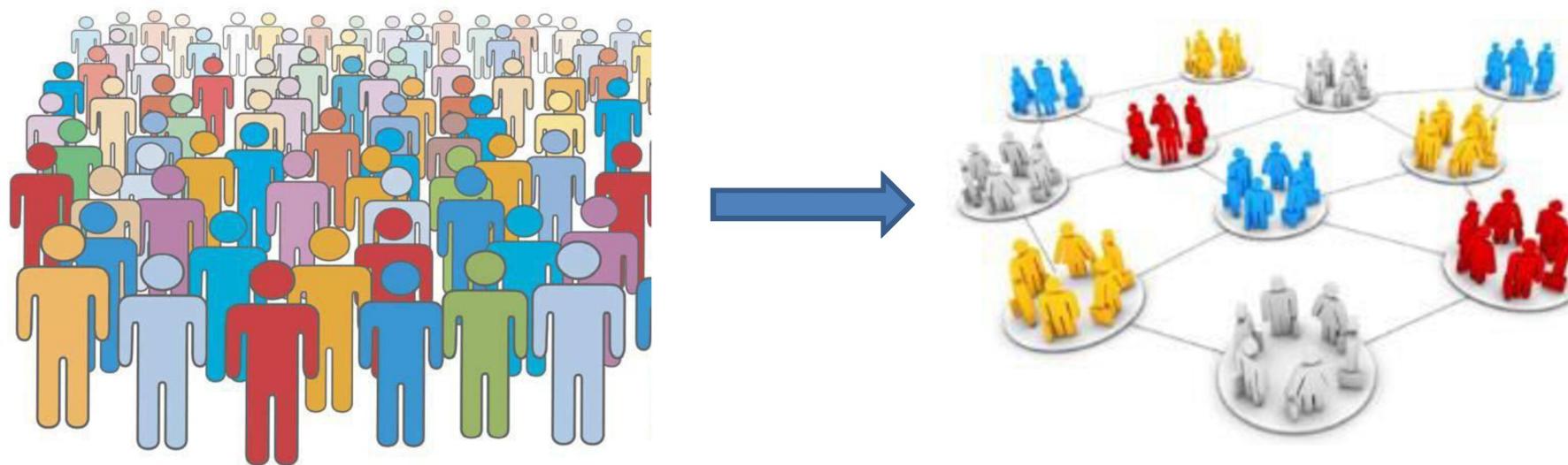


STPD

**Segmentation, Targeting, Positioning &
Differentiation**

Market Segmentation



Dividing heterogeneous market into small homogeneous groups

Market Segmentation

Market Segmentation

- Dividing heterogeneous market into small homogeneous groups
- Will tend to provide **depth** of position in the specific segments as 'slice of the cake' i.e. **effectively defined & penetrated market**

Need for Market Segmentation

- Identifying the **opportunities** for new product development
- Improve the strategic allocation of marketing **resources**
- Designing of **marketing programs**

Major Segmentation Strategies

- Behavioral segmentation
- Demographic segmentation
- Geographic segmentation
- Psychographic segmentation

Behavioral Segmentation

It is based on:

- Various **Behavioral Aspects**:
 - **Buyer's Purchase decision roles**
 - Initiator/ Influencer/ Decider/ Buyer/ User
 - **User Status**
 - 1st time user/ Regular user/ Ex User/ Potential User
 - **Usage rate**
 - Light/ Medium/ Heavy Usage

Demographic Segmentation

It refers to a wide study of the potential customers on the basis of variables like:

- **Age** (Johnson's Baby / HUL)
- **Gender** (TVS Scooty/ Jupiter)
- **Education** level (Books, Softwares)
- **Income** level (Maruti Alto/ Ciaz)
- **Occupation** (Ready to cook food for Working Women)
- **Language** (Advertisements)
- **Culture** and Religion (Festive Offers)
- **Social Status** (Reference Groups, Opinion Leaders)

Geographical Segmentation

- **National Markets**
 - Zone/ State/ District
 - Metro City/ Town/ Rural Area
- **Global Markets**
 - Continent/ Region/ Country
- **Other Factors**
 - Climatic conditions

Geographical Segmentation

- **Nielsen Claritas' PRIZM**

- A geo-clustering approach - PRIZM (Potential Rating Index by Zip Markets)
- Classifies more than half a million U.S. residential neighborhoods into 14 distinct groups and 66 distinct lifestyle segments called PRIZM Clusters

Examples of PRIZM Clusters

- ***Young Digerati.*** Young Digerati are the nation's tech-savvy singles and couples living in fashionable neighborhoods on the urban fringe. Affluent, highly educated, and ethnically mixed, they live in areas typically filled with trendy apartments and condos, fitness clubs and clothing boutiques, casual restaurants, and all types of bars—from juice to coffee to microbrew.
- ***Beltway Boomers.*** One segment of the huge baby boomer cohort—college-educated, upper-middle-class, and home-owning—is Beltway Boomers. Like many of their peers who married late, these boomers are still raising children in comfortable suburban subdivisions and pursuing kid-centered lifestyles.
- ***The Cosmopolitans.*** Educated, midscale, and multiethnic, the Cosmopolitans are urbane couples in America's fast-growing cities. Concentrated in a handful of metros—such as Las Vegas, Miami, and Albuquerque—these households feature older homeowners, empty nesters, and college graduates. A vibrant social scene surrounds their older homes and apartments, and residents love the nightlife and enjoy leisure-intensive lifestyles.

Psychographic Segmentation

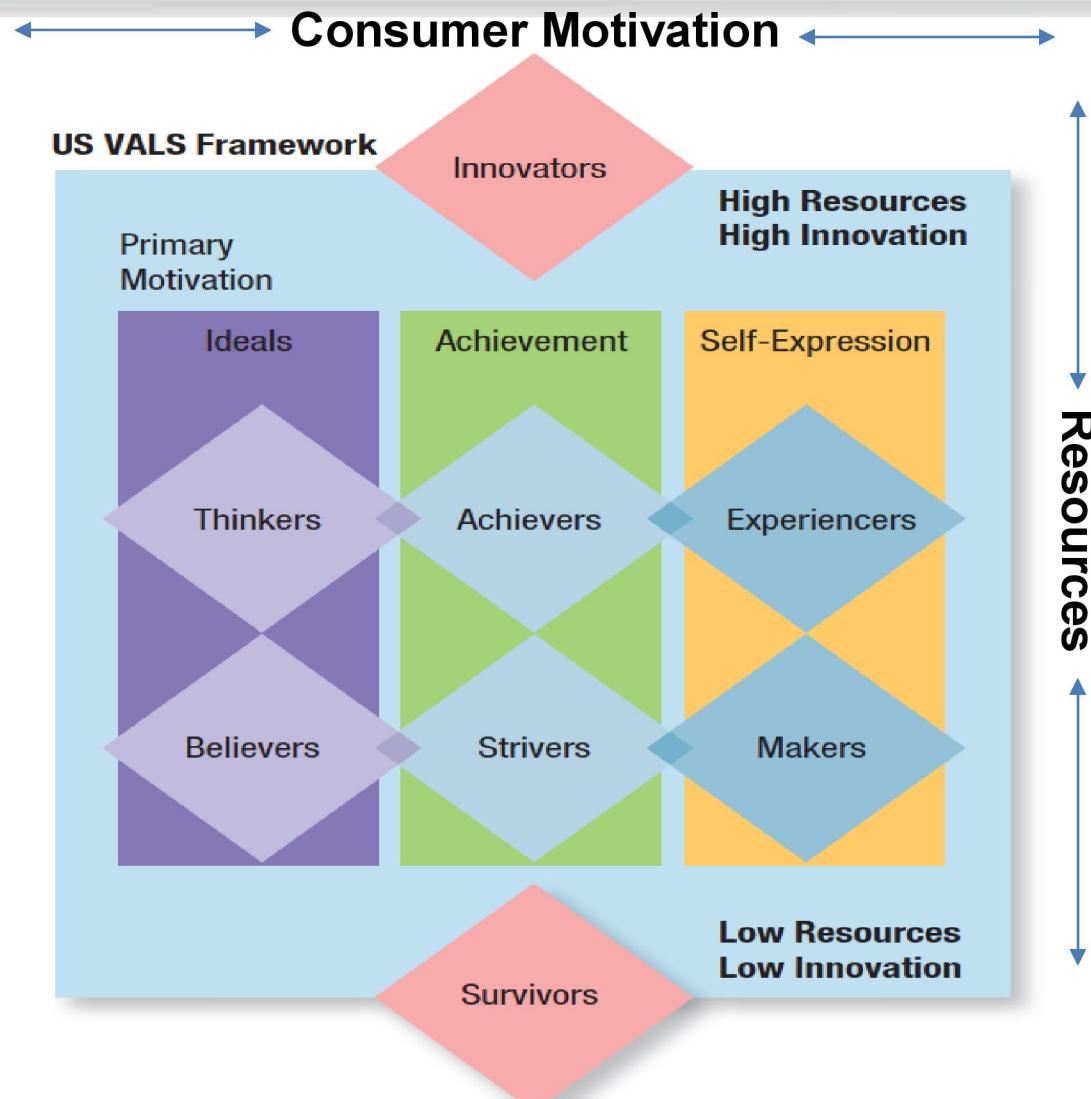
It means segmenting people according to their:

- **Lifestyles**
- **Attitude**
- **Interest**
- **Opinions**
- **Values**

Psychographic Segmentation

VALS Segmentation System

- Ideals – guided by knowledge & principles
- Achievement - look for products and services that demonstrate success to their peers
- Self-expression - desire social or physical activity, variety, and risk
- **Resources** - Personality traits such as energy, self-confidence, intellectualism, novelty seeking, innovativeness, impulsiveness, leadership



Target Market



Target Market

- Target market is decided after evaluating:
 - ✓ **Market attractiveness factors**
 - Consumer Needs & Behavior
 - Market Potential
 - Market Growth Rate
 - ✓ **Competitive position factors**
 - Opportunity for competitive advantage
 - Firm and competitors' capabilities & resources

Target Market

Objective - To spend money to **reach only consumers who want your products**

Product Positioning



It focuses on designing product offerings to emphasize **attributes & benefits** that appeal target consumers & occupy a **distinctive place** in their minds.



Different Positioning Strategies

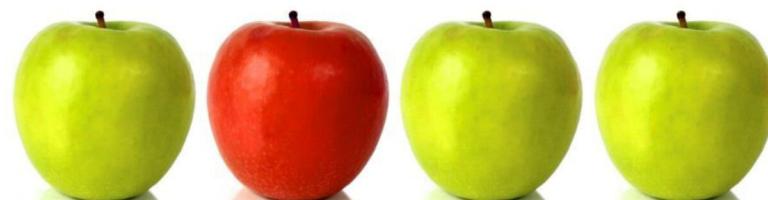
- **Attribute positioning:** The message highlights one or two of the attributes of the product like size, color, functionality, technology etc.
- **Benefit positioning:** The message highlights few benefits to the customer like superior technology, low price, more quantity etc.
- **Use/application positioning:** Claim the product as best for some application.
- **User positioning:** Claim the product as best for a group of users.

Different Positioning Strategies

- **Competitor positioning:** Claim that the product is better than a competitor.
- **Product category positioning:** Claim as the best in a product category.
- **Quality/Price positioning:** Claim best value for price.

Differentiation

- It is concerned with **distinguishing the company's offering** from that of competitors, by adding a set of **meaningful, relevant & valued differences** in the product.



Five Dimensions of Differentiation

1. Product

- Features, Quality, Durability, Reliability, Reparability

2. Services

- Ordering ease, Delivery, Installation, Customer Training

3. Personnel

- Competence, Courtesy, Responsiveness, Credibility

4. Channel

- Coverage, Ease of ordering, Delivery Time

5. Image

- Perceptions of the consumers about the brand

Differentiation is stronger, if it satisfies the following criteria:

- **Distinctive:** Difference offered in a more distinctive way
- **Important:** Difference delivers a highly valued benefit to a sufficient number of buyers
- **Superior:** Difference provide superior benefits
- **Communicable:** Difference is communicable and visible
- **Affordable:** Buyer can afford to pay the higher price
- **Preemptive:** Difference cannot be easily copied by competitors
- **Profitable:** Difference provide sufficient profit Margin