

Identifying Market Segments and Targets

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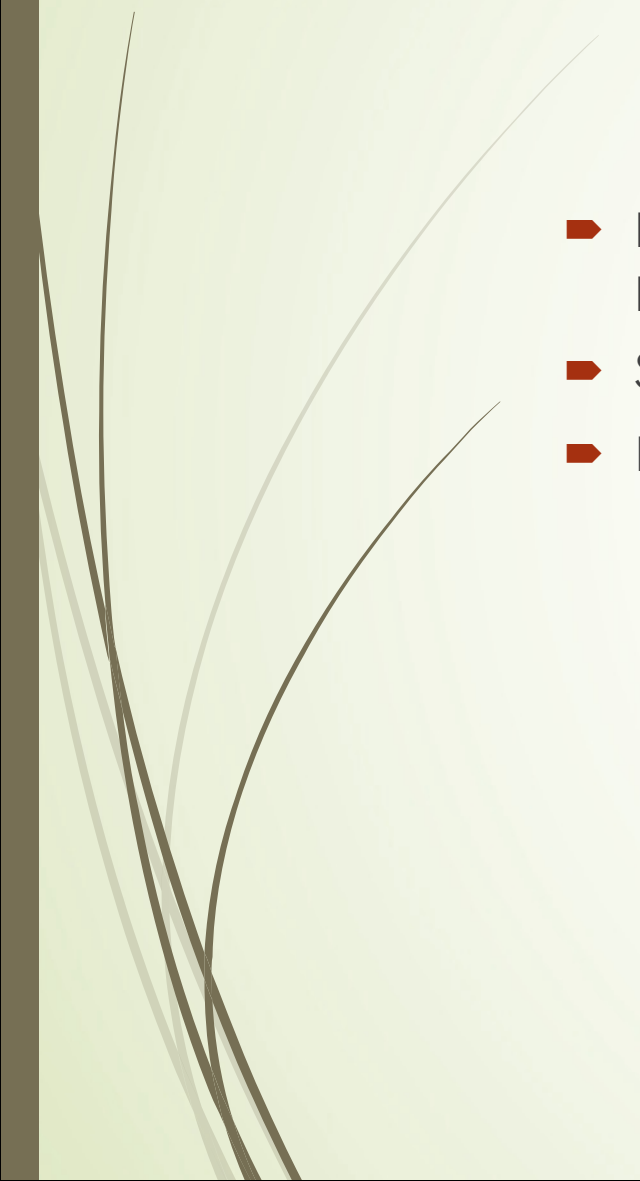


Chapter Questions

- ▶ What are the different levels of market segmentation?
- ▶ How can a company divide a market into segments?
- ▶ How should a company choose the most attractive target markets?
- ▶ What are the requirements for effective segmentation?



Effective Targeting Requires...

- ▶ Identify and profile distinct groups of buyers who differ in their needs and preferences
 - ▶ Select one or more market segments to enter
 - ▶ Establish and communicate the distinctive benefits of the market offering
- 

Ford's Model T Followed a Mass Market Approach





Four levels of Micromarketing



Segments



Niches



Local areas



Individuals



What is a Market Segment?

A **market segment** consists of a group of customers who share a similar set of needs and wants.



Gather.com: A Niche Social Networking Site

The screenshot shows the Gather.com website in a Mozilla Firefox browser window. The browser's address bar displays the URL <http://www.gather.com/>. The website's header includes a search bar with the text "enter search terms here" and a "Join Today - It's FREE!" button. The main content area features the Gather logo, a navigation menu with options like "My Gather", "Articles", "Images", "Video", "Comments", "People", "Groups", "Invite", "Publish", and "Mail", and a featured article titled "A Featured Conversation on Politics" by George McNaughton. The article includes a photo of the Great Seal of the United States and a quote from Jerry Kays. A sidebar on the left lists various categories such as "essentials", "BOOKS", "A&E", "FAMILY", "FOOD", "HEALTH", "MONEY", "MOVIES", "MUSIC", "NEWS", "POLITICS", and "TRAVEL". A sign-in form is visible on the right side of the page, and a "FIRST TRACKS" advertisement is at the bottom right. The Windows taskbar at the bottom shows the start button and several open applications, including Microsoft PowerPoint, Adobe Acrobat, and Netscape.



Flexible Marketing Offerings



Naked solution:

Product and service elements that all segment members value



Discretionary options:

Some segment members value options but not all



Preference Segments

- ▶ **Homogeneous preferences** exist when consumers want the same things
- ▶ **Diffused preferences** exist when consumers want very different things
- ▶ **Clustered preferences** reveal natural segments from groups with shared preferences

Niche Marketers

At Enterprise,
You Always Know
Where You Stand.



There's a place where the number one priority is you. That's why no matter what the season, no matter what the reason, you can always count on Enterprise.

Pick Enterprise. We'll pick you up!
1 800 rent-a-car



THE PERFECT RENTAL PACKAGE – RIGHT IN YOUR NEIGHBORHOOD.

Enterprise Rent-A-Car targets the insurance-replacement market

Baskin Robbins Focuses on Local Marketing

The screenshot shows the Baskin Robbins website in a Mozilla Firefox browser window. The page features a navigation menu with categories: ice cream, sundaes, beverages, cakes, grab-n-go, gift certificates, and birthday club. The main banner is titled "DELIGHTFUL DECADENCE for the chocoholic. Love chocolate? Click here for more!". It displays two products: a "CHOCOLATE CHIP TRUFFLE Shake" and a "CHOCOLATE COVERED STRAWBERRY Sundae". Below the banner are two promotional boxes: "Try a Premium Sundae Today!" and "Give a Gift of Joy. Give gift certificates! Now available online. Order Now." The browser's address bar shows "http://www.baskinrobbins.com/" and the taskbar at the bottom includes icons for Microsoft PowerP..., Adobe Acrobat, NETGEAR WG511..., Gmail - Inbox (9) ..., and Baskin-Robbins Yo... with a system clock showing 2:26 PM.



The Long Tail

- ▶ Chris Anderson explains the long tail equation:
 - ▶ The lower the cost of distribution, the more you can economically offer without having to predict demand;
 - ▶ The more you can offer, the greater the chance that you will be able to tap latent demand for minority tastes; and
 - ▶ Aggregate enough minority taste, and you may find a new market.

What is Customerization?

Customerization combines operationally driven mass customization with customized marketing in a way that empowers consumers to design the product and service offering of their choice.

Segmenting Consumer Markets



Geographic


Demographic

Psychographic

Behavioral



Claritas' Prizm

- Education and affluence
 - Family life cycle
 - Urbanization
 - Race and ethnicity
 - Mobility
- 

Demographic Segmentation

Age and Life Cycle

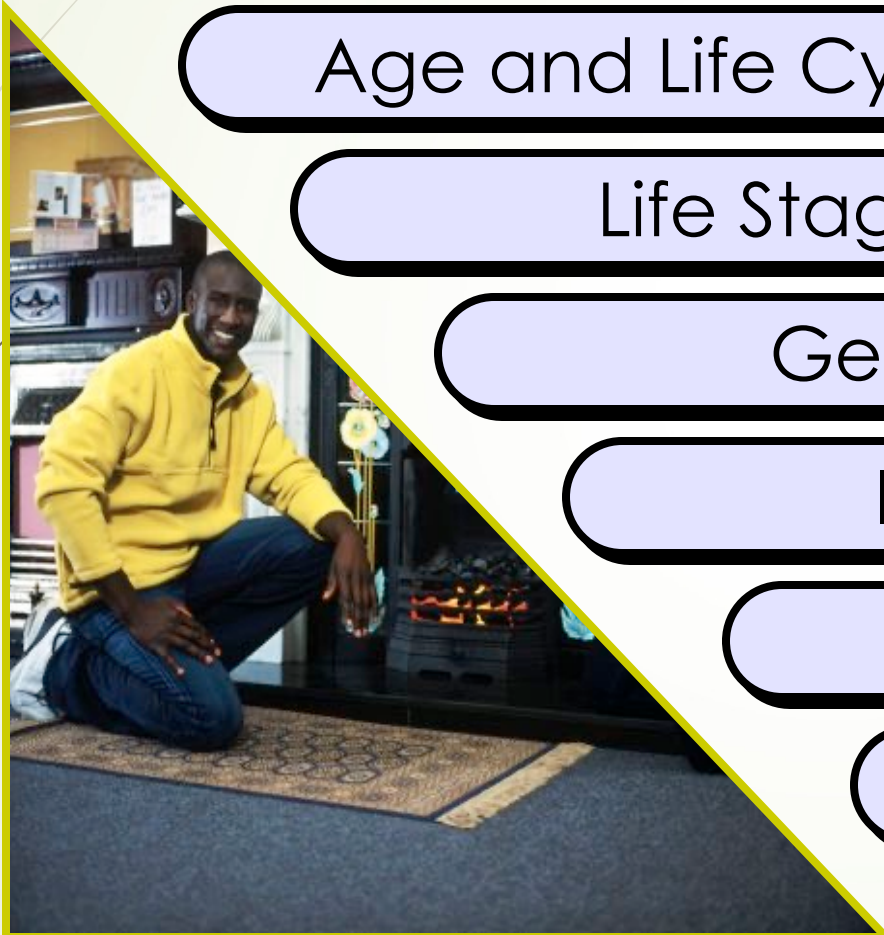
Life Stage

Gender

Income

Generation

Social Class



Toyota Scion Targets Gen Y Consumers



YOUR PRIVACY RIGHTS | LEGAL

FIND A DEALER > BUILD YOUR SCION > SCION CHAT > MEMBERS ONLY >

CARS OWNERS CULTURE

XB TC XD PREOWNED CONCEPT CARS FINANCING

SCION MUSIC PLAYER: TOUCH TO BEGIN

OPEN


Join the Evolution.


Vehicle may be shown with optional equipment. Colorized vehicles shown are for show only and not street legal and shown with non-genuine Scion parts (which void the warranty and may adversely impact performance and safety).

- RELEASE SERIES 5.0 > THE #NEW# GOLD STANDARD.
- RIDEMAHERZ > CREATE YOUR RIDE - IN MINIATURE.
- OPTIMIZE SCION > FROM OPTIMIZING TO ACCESSORIZING
- SCION SKINNY > LIKE A 24/7 VIP PASS
- TRD ACCESSORIES > TRACK BRED. RACE PROVEN.
- SCION NAV SYSTEM > AUDIO + VIDEO + GPS IN ONE STYLISH PACKAGE


RSS | Contact | News | Press Releases


Dove Targets Women


share your views in the news inside the campaign dove self-esteem fund  campaignforrealbeauty | *Dove.*



the dove
self-esteem
fund



 **Girls Only Interactive Self Esteem Zone**
Confront and conquer your biggest beauty hang-ups here.
[→ check it out](#)

 **For Moms & Mentors**
Interactive tools, workshops and guides to use at home and in your community.
[→ check it out](#)


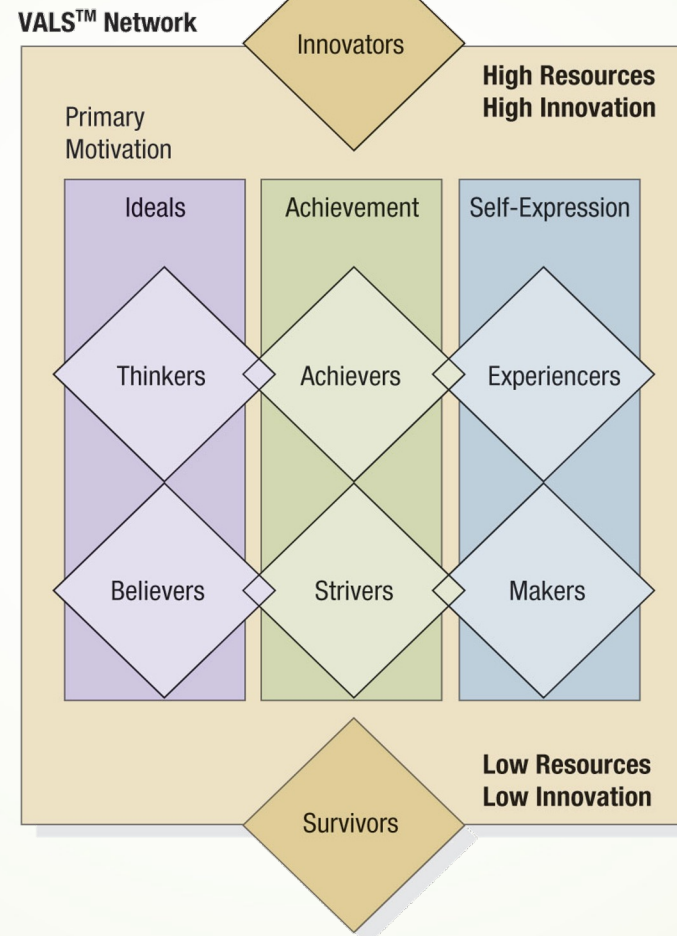
 **About The Fund**
Help us reach the lives of 5 million girls by 2010.
[→ get involved now](#)

Figure 8.1 The VALS Segmentation System





Behavioral Segmentation

Decision Roles

- ▶ Initiator
- ▶ Influencer
- ▶ Decider
- ▶ Buyer
- ▶ User

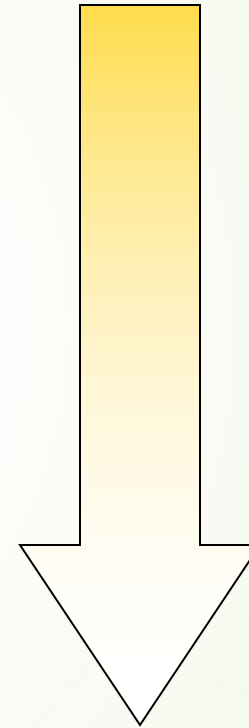
Behavioral Variables

- ▶ Occasions
- ▶ Benefits
- ▶ User Status
- ▶ Usage Rate
- ▶ Buyer-Readiness
- ▶ Loyalty Status
- ▶ Attitude



The Brand Funnel Illustrates Variations in the Buyer-Readiness Stage

- Aware
- Ever tried
- Recent trial
- Occasional user
- Regular user
- Most often used



Loyalty Status

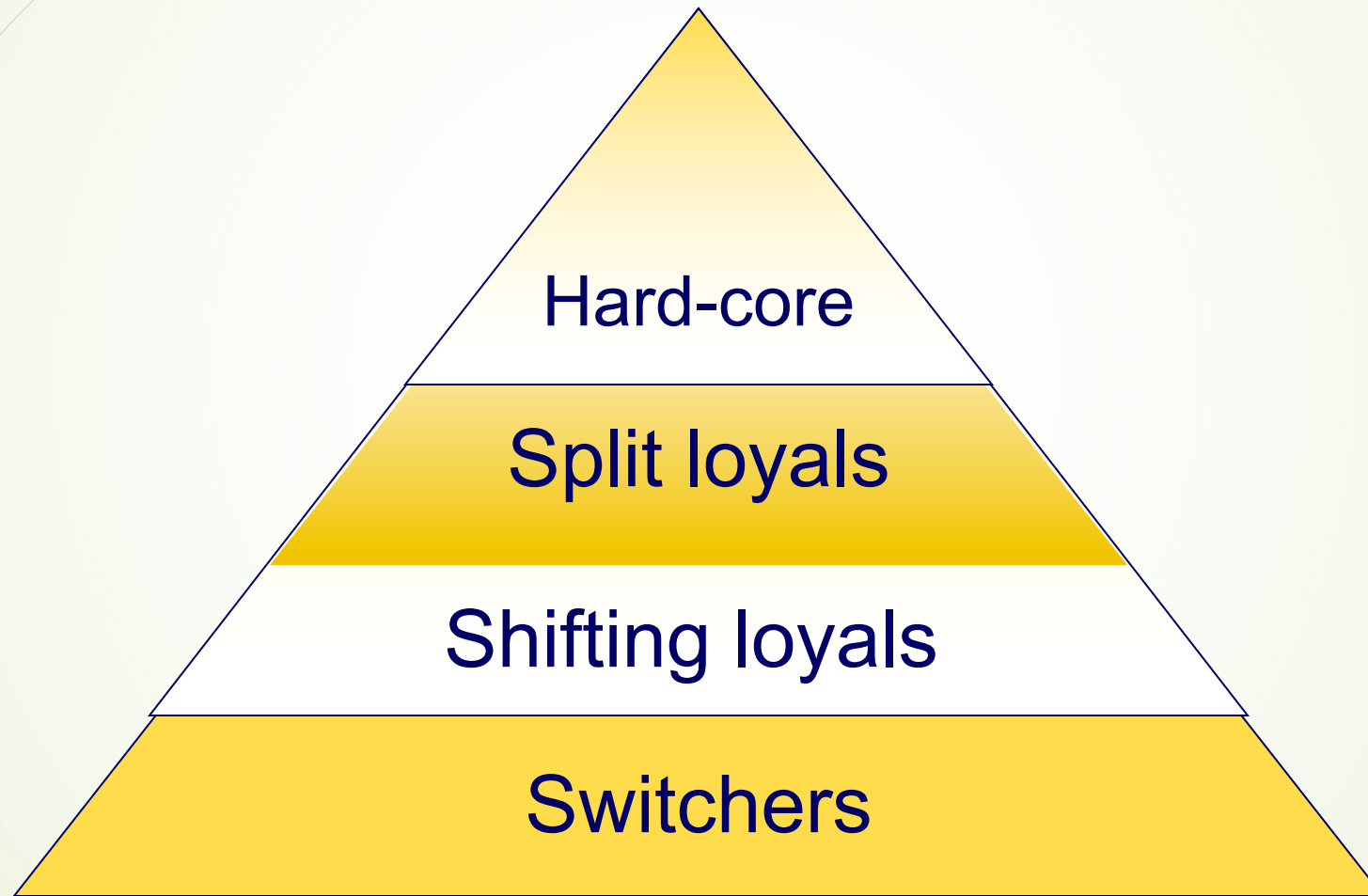
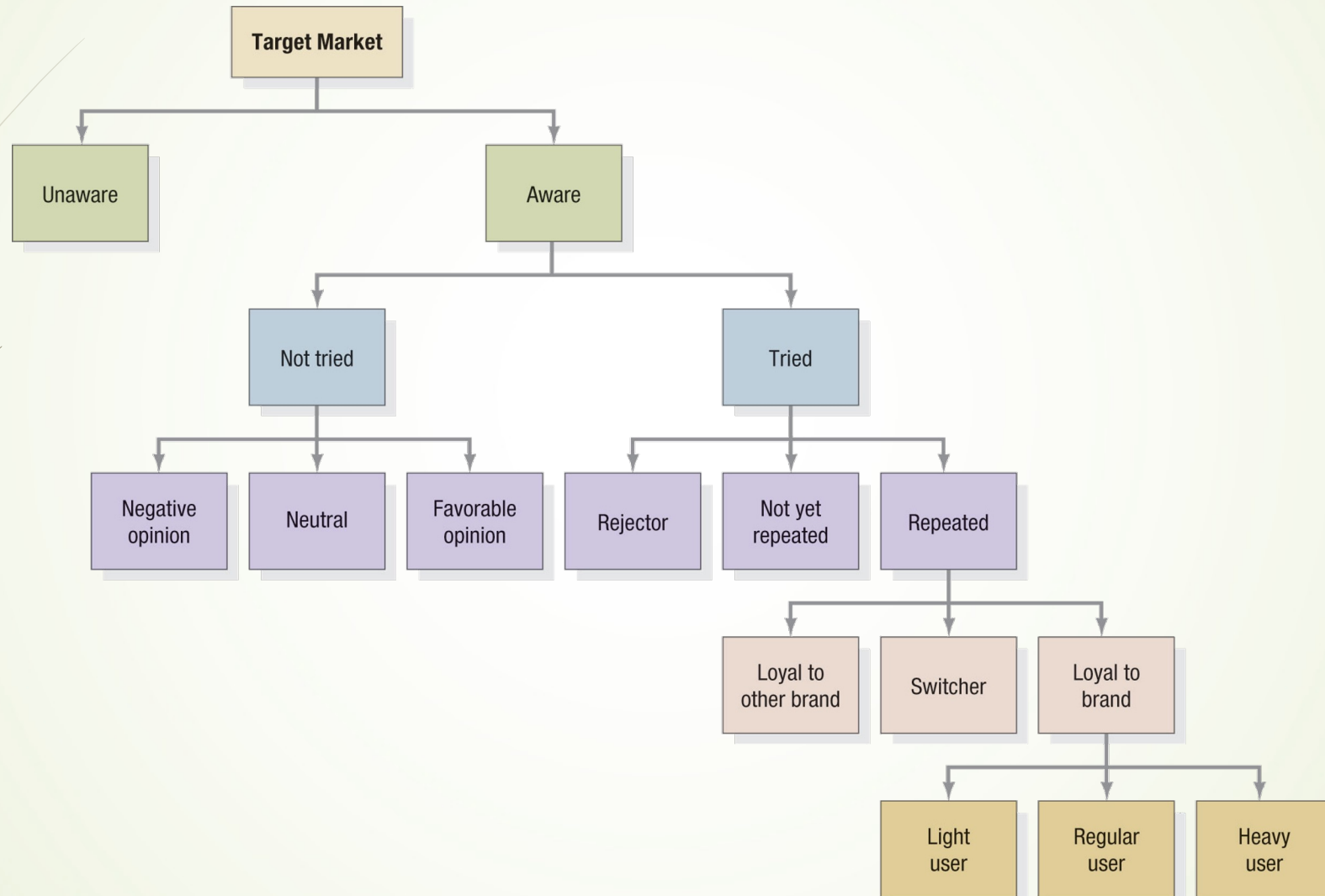
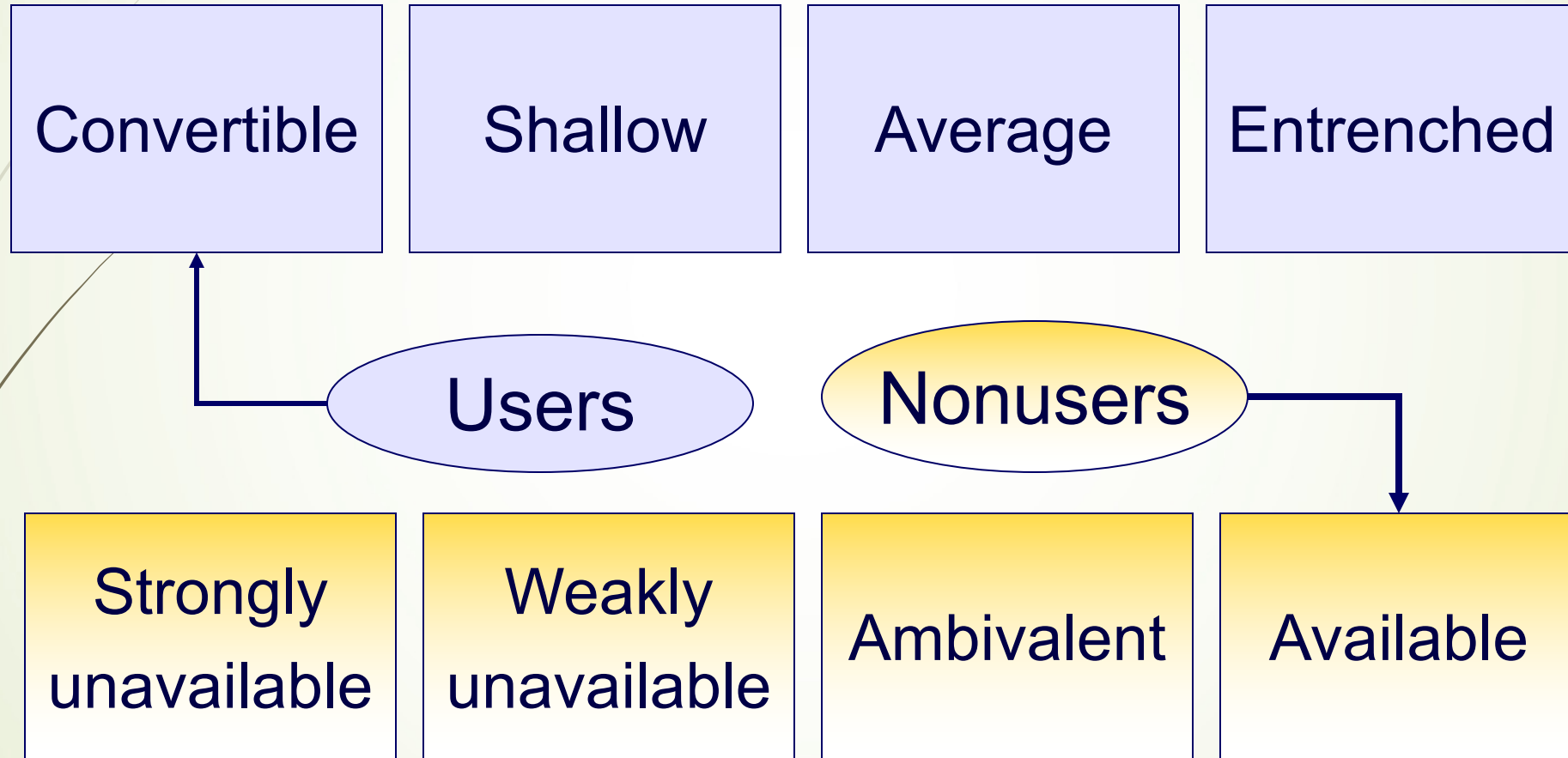


Figure 8.3 Behavioral Segmentation Breakdown



The Conversion Model



Segmenting for Business Markets

Demographic

Operating Variable

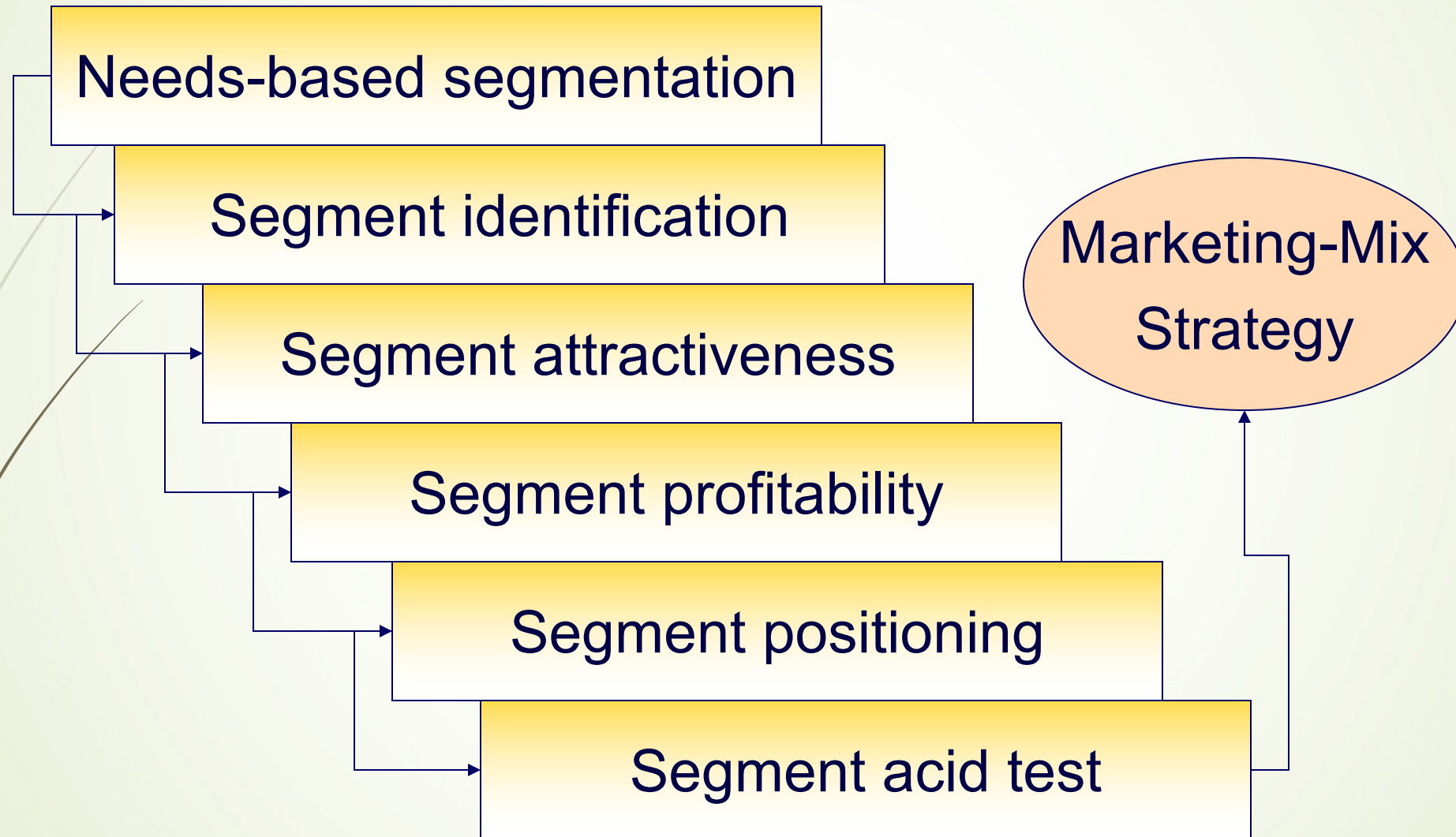
Purchasing
Approaches

Situational Factors

Personal
Characteristics



Steps in Segmentation Process



Effective Segmentation Criteria

Measurable

Substantial

Accessible

Differentiable

Actionable

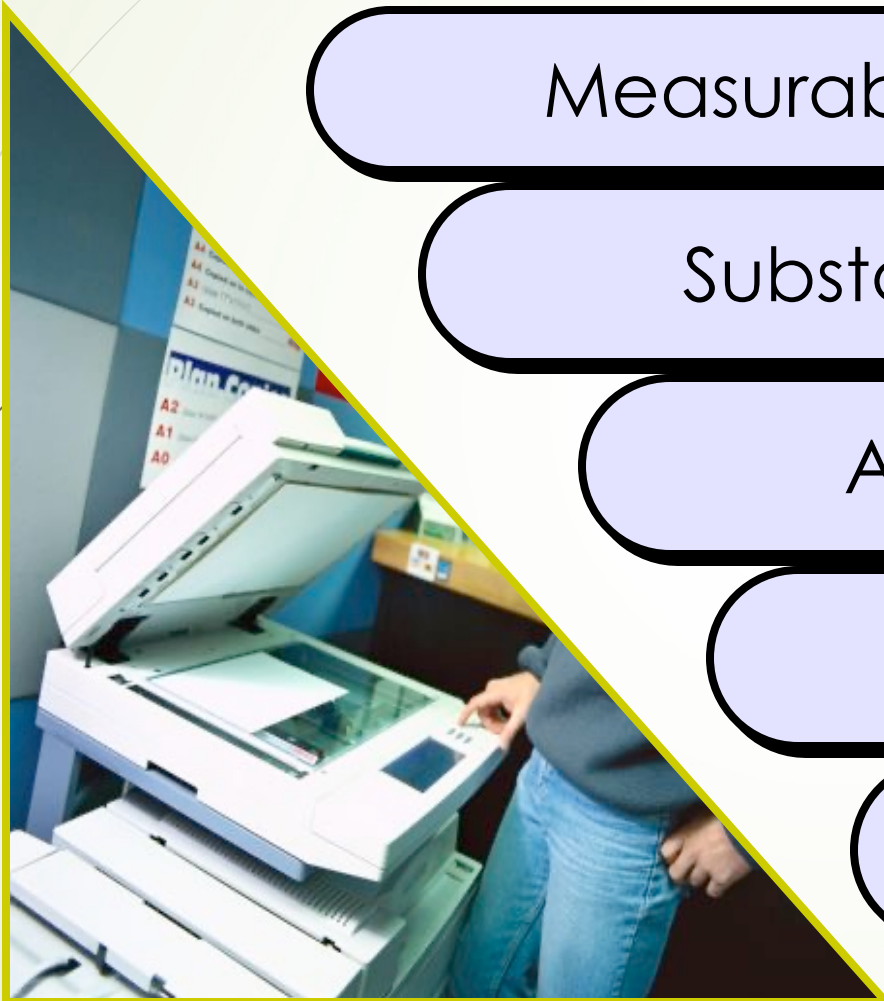
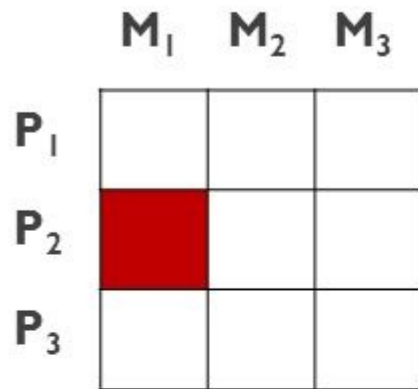
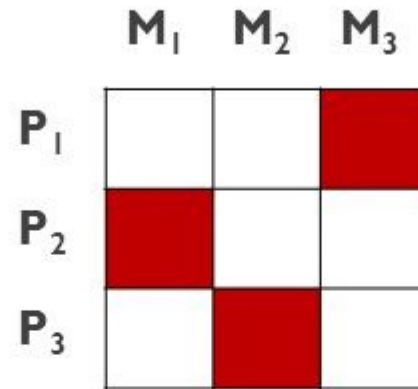


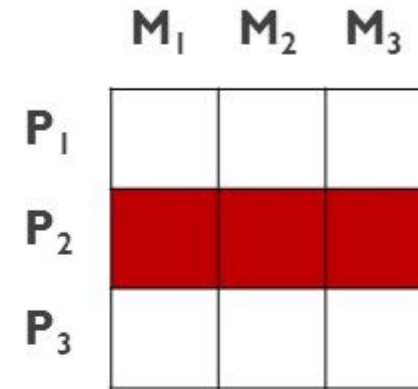
Figure 8.4 Patterns of Target Market Selection



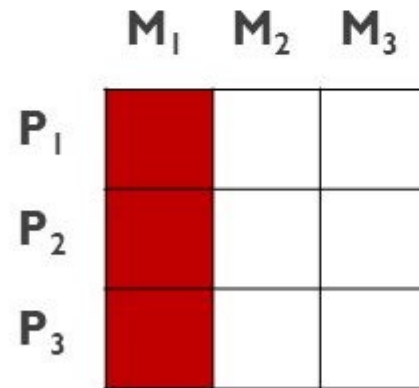
Single-segment concentration



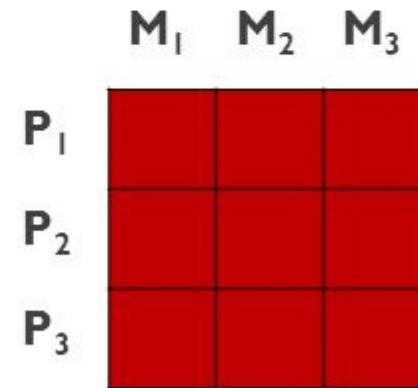
Selective specialization



Product specialization



Market specialization



Full-market Coverage

Crest Whitestrips Follows a Multisegment Strategy



ASK WHITESTRIPS | BUY WHITESTRIPS | SITE MAP | United States | enter search term | SEARCH

Crest Whitestrips
CLASSIC

The #1 Dentist Recommended Brand

WHITESTRIPS CHOICES
ABOUT CREST WHITESTRIPS
SUCCESS STORIES
BEST POSSIBLE YOU
PRESS RELEASES
SPECIAL OFFERS
AVAILABLE AT DENTIST
KEEPTHEMGUESSING.COM
SATISFACTION GUARANTEED
BEAUTY CONSULTATION

Crest Whitestrips Premium
2X more whitening per strip
than the leading dissolving strip*
GET THE FACTS



Save \$5 on Crest whitestrips Premium

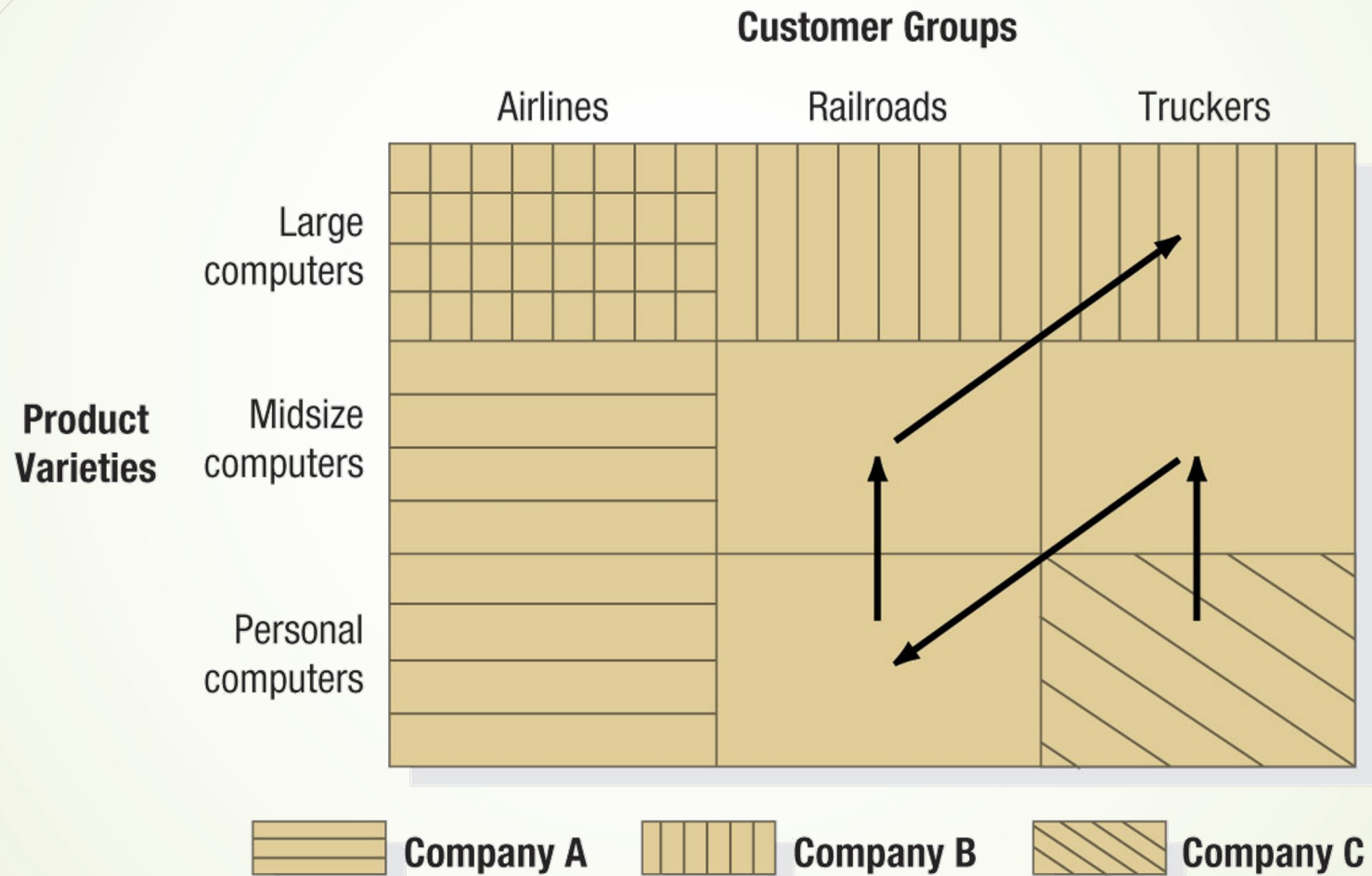
Whitens 2X Better Per Strip than the Leading Dissolving Strip*
GET THE FACTS

*Crest Whitestrips Premium vs. the leading dissolving strip

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PRIVACY
BBB OnLine

Figure 8.5 Segment-by-Segment Invasion Plan



Pepsi used Megamarketing in India





Marketing strategy: Positioning

- Positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer.
 - Simply, it is the image that you create in the minds of your consumer.
- **Steps of the positioning process:**
1. Confirm your understanding of market dynamics
 2. Identify your competitive advantages (price, features, and benefits)
 3. Choose competitive advantages that define your market “niche” (perceptual map)
 4. Define your positioning strategy (vs. competitors)
 5. Communicate and deliver on the positioning strategy (positioning statement, sharing internally and externally)