SEGMENTATION – TARGETING – POSITIONING

Fragmentation of mass markets → segments

Consumers: variety of needs & preferences

Marketers: offer variety of choices via multitude of marketing offerings

Marketing segmentation: Needs → Action
Linking market needs to an org’s marketing program

Market needs → Segmentation/Targeting → MM

A market segment:
Group of consumers with homogenous profile & common needs → will similarly respond to a marketing program
Using **market-product grids**: see how Reebok use different Reebok shoes to reach segments of customers with different needs

Single product → multiple market segments
e.g. TIME magazine → multiple geographical mkts

multiple products → multiple segments
firm offers variations of the basic product to high-end and low-end users
e.g. GAP → with Old Navy, Banana Republic

segments of one → mass customization built to order
How to segment and target markets:

1. Group potential buyers into segments

2. Group products into categories

3. Develop a Market-Product Grid and estimate size of the market

4. Select target markets

5. Take marketing actions to reach target markets
Criteria used in defining segments:

1. profitability

2. similarity of needs of potential buyers within a segment

3. differences of needs and buyers across segments

4. potential of a marketing action to reach a segment

5. simplicity and cost of assigning potential to segments
BASES OF SEGMENTATION

1. geography – regional differences
   Burger King: spicy offerings in the SW

2. demographics – household size

3. psychographics – lifestyle

4. benefits sought – product features

5. usage pattern/patronage – usage rate
   80-20 rule
Criteria for selecting target segments

1. market size – substantiability
2. expected growth – future potential
3. competitive position – attractiveness $f(# C)$
4. cost of reaching the segment – accessibility
5. compatibility with the organization’s objectives & resources
POSITIONING ISSUES

Product positioning:
The place an offering occupies in the minds of consumers relative to competitive products

Product repositioning:
Changing the place an offering occupies in the minds of consumers relative to competitive offerings

HOW IT WORKS

1. head-to-head – competing directly with other market offerings along similar attributes in the same target segment

2. differentiation positioning – less competitive, smaller market niche in which to locate a brand

PERCEPTUAL MAPS

1. identify important attributes for a product class
2. judge existing brands re these impf attributes
3. ratings of an ‘ideal’ brands attributes