This material is to supplement the two articles on segmentation and positioning and meant to provide a broader picture of each of the topics and the relationships among them.

SEGMENTATION, TARGETING AND POSITIONING

I. SEGMENTATION

Fragmentation of mass markets: Coke to many Cokes - Classic Coke, Diet Coke, Caffeine-Free, New Coke, Cherry Coke, Sprite for non-cola drinkers

What is segmentation?
Identifying groups of people with common needs
Find ways to segment a market
Gather information on desired segments

Targeting:
Evaluating the various segments and selecting the one that promises the best return on the firm's marketing investment
Select the most attractive market segment
Choose a strategy to reach that segment

Positioning:
Finding a way to fix your product in the minds of potential buyers in the target market.
Determine the most appropriate strategy
Assemble a marketing mix based on this strategy

The combination of segmentation, targeting and positioning reflects the need of firms to design their product mix to satisfy specific groups of consumer needs. To match specific consumer needs and preferences with specific products more directly i.e. to develop a marketing mix for that segment.

A market segment - homogeneous consumers with common needs that can be met by a marketer.
DEMOGRAPHIC SEGMENTATION

Key variables include age, gender, ethnicity, education and income

Age and Life-stage segmentation:
Examples: "Mature" market, "Baby Boomers", Health care products, clothing,

Life-stage:
singles (at-home, starting-out, mature, left-alone, widowed), couples (young, empty-nesters) and parents (young, mature, and single)
"Boomerang" parents -- adult children returning to live with parents temporarily

Focus: "water-shed" events - hi school/college graduation, getting first job, job switching, getting married, having a baby, going thru divorce, death in the family, "mid-life crisis", menopause, retirement

Gender Segmentation:
gender specific products - Luvs for boys and girls
Breakdown of gender differences - gender neutral products - many household consumer products - detergents, office furniture, etc.

Ethnicity and Religion:
Ethnic groups - one fourth of population
Kosher/Halal foods - for Jewish/Muslim consumers
Hispanic and Asian markets require separate vehicles and specifically developed and targeted messages

Income and Educational Segmentation:
Money influences tastes and preferences; and is closely linked to educational level
Better educated segment: books, magazines, newspapers, public TV and radio, upscale publications- Fortune, The New Yorker, Smithsonian

Household size segmentation:
Household size influences needs - singles & couples without kids prefer smaller serving sizes of products
Supermarkets - "family packs" at discounts - needs of larger families.
Geographic segmentation:
National differences - language, money, laws, regulations, competition, consumer preferences
State-to-state: state and local laws - recycling laws in Colorado, Maine;
City-to-city differences: New York vs LA - transportation
Climate: temperate vs tropical vs equatorial climes
Population density: urban Vs rural strain on public services;
shopping patterns and habits are different

THE NINE-NATIONS OF NORTH AMERICA - Joel Garreau
New England, Deep South, Islands, Foundry, Breadbasket, Empty Quarter, Mex-America, Ectopia, Quebec
Each region has unique characteristics that distinguishes it from the others and the labels more descriptive than the older normaclature of Northeast, Southeast, Southwest, Midwest, etc.

GEODEMOGRAPHICS: combining geographic and demographic info - segment by neighborhoods, lifestyle, individual stores; GEOCODES - categorize customers by zip code to find the best customers and identifying growing segments
Result: Prospective customers finely targeted by mail or TV commercials

PSYCHOGRAPHIC SEGMENTATION

Social class segmentation:
Results in differences in perceptions, attitudes and values
Social class useful when other factors such as the nature of the product itself, its usage pattern and its competitive environment figure prominently in the overall marketing strategy

Lifestyle segmentation:
Combination of income, education, social class, personal preferences, beliefs, values, etc.
Yuppies - BMWs, cellular phones, Cuisinarts, Rolex
Yuppie Puppies - babies of Yuppies - rich lifestyle

Chuppies -- Chinese yuppies of Hong Kong, Taiwan, China, Singapore and South East Asia

**BOBOS: the latest in 2000s**

Traditional homemakers, working wife, empty-nesters

Re-singed - divorcees, widows
   - especially men: upgrade image, replace household items, new wardrobe, health clubs, find new apartments

**Personality segmentation:**
   thrill seeker, conservative, traditional, innovator, belonger, organizer

**BEHAVIOR SEGMENTATION**

Usage rates - heavy usage, light, non-user
User status - potential user, regular user, ex-user
Brand-loyalists - most important segment

**Benefit segmentation:**
   appeal to personal interests : tooth paste

**Industrial segmentation:**
   Usage - end use of product, buyer, loyalty
   Benefits - why is it being used
   Demographics - firm size, sales level, type of firm
   Geographic - region located or served
   Psychographics - corporate image, decision making

**II. TARGETING**

Focus on most likely customers - for best returns

Criteria for Targeting:
   Current and expected market size
   Potential competition
Compatibility and affordability

Selecting a Target Market Strategy:
Undifferentiated marketing
Concentrated marketing
Differentiated marketing - targeting multiple market segments with multiple marketing mixes - P&G
III. POSITIONING

How consumers see the product - vis-a-vis the competitors
    Cheaper, higher quality, best style, first, more durable, etc.
Positioning - with new product/brand
Re-positioning - changing perceptions of the product

Selecting a positioning strategy:
    - by the attribute or benefit - Courtyard by Marriott
    - by quality/price - high fashion/quality image - Sax 5th Ave
    - by use - A! Steak sauce/orange juice/Arm and Hammer
    - by user - Harley: aging yuppies
    - by product category - Old's ad, “This is not your father’s kind of Oldsmobile” flopped - message not consistent
    - by competitors - Avis

Roles of positioning:
    Product definition - describes products
    Recall and evaluation - evoked set - how products are evaluated
    Communication - ads - perception: Columbian coffee - richest

Mapping perceptions
    Perceptual maps - where consumers locate various brands
    Characteristics - ambiance, price, quality, service