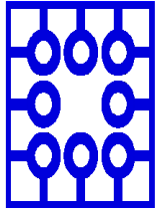


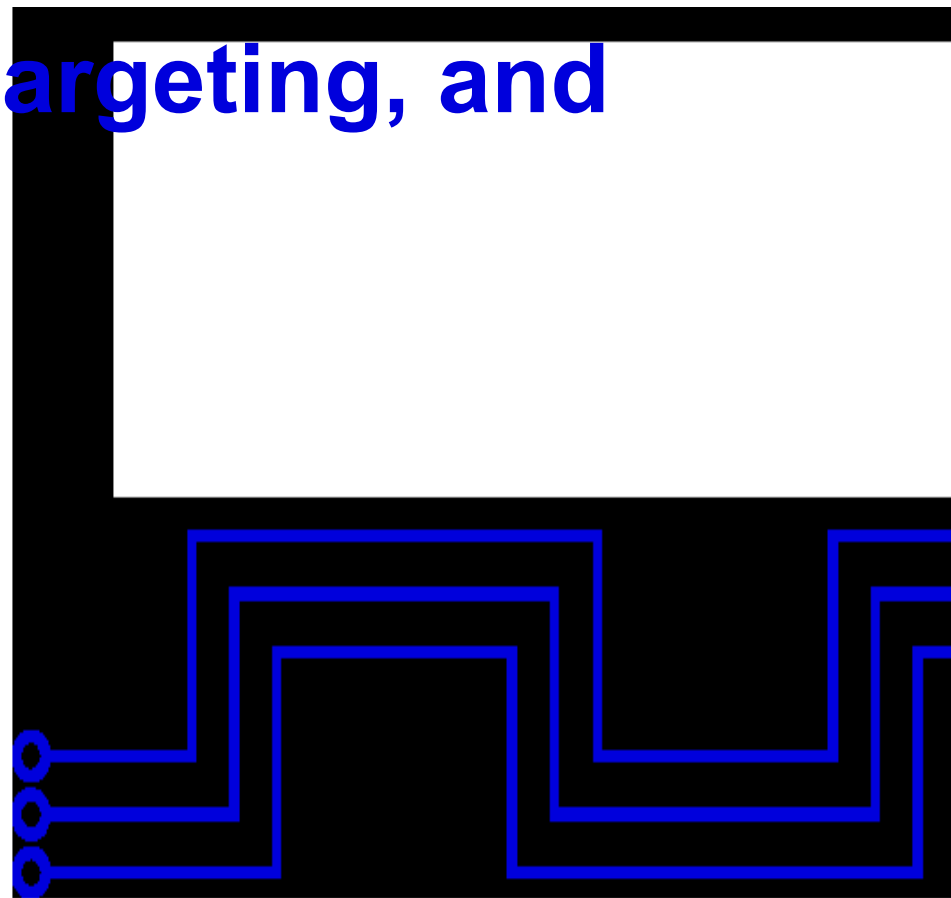
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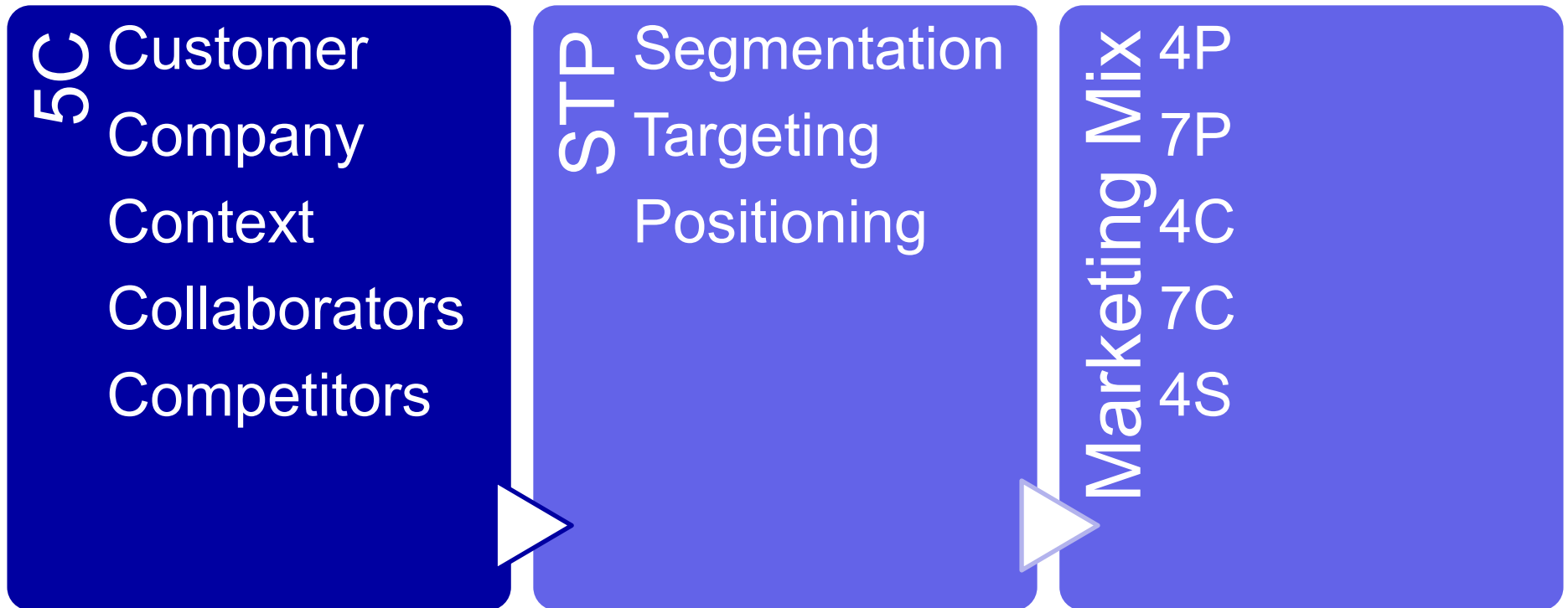
Laboratory
of Service
Systems

Market Segmentation, Targeting, and Positioning

© Leonard Wallezký



Marketing framework



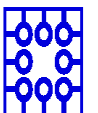
How do we evaluate?

Analysis is
not static

How do we
know we are
right?

How to set
key factors?

What factors
can help
us?



Marketing Metrics

Profitability

Sales

Share

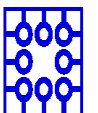
Average prices

Levels of awareness

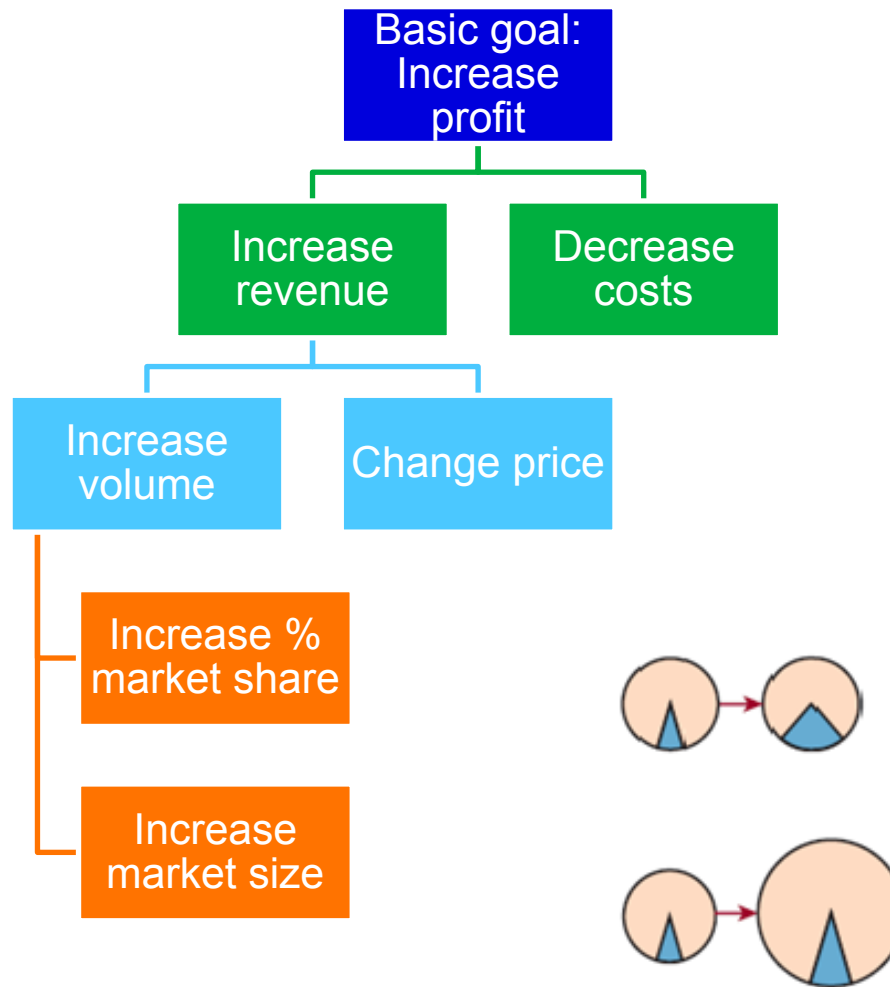
Penetration in trial

Customer satisfaction

Employee satisfaction, etc.

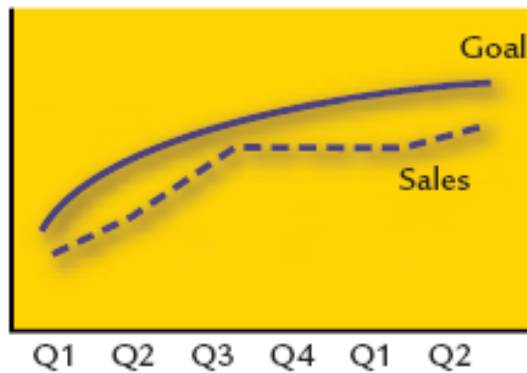


Example: How to increase profitability

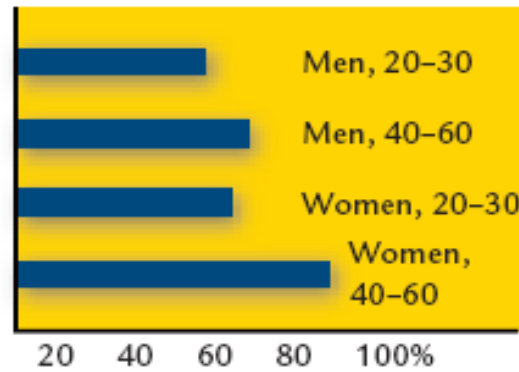


Example: Metrics

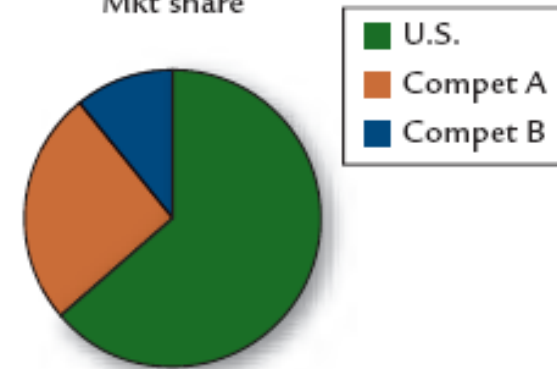
Avg revenue per customer



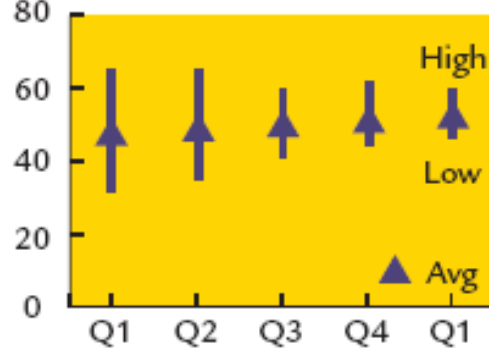
Loyalty per customer segment



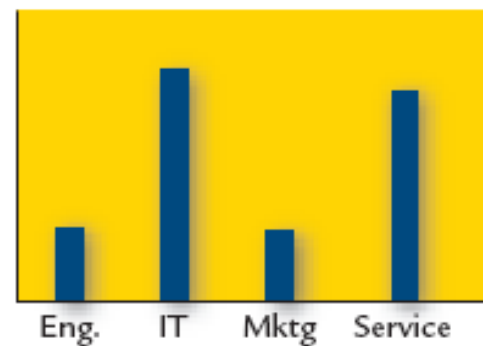
Mkt share



Customer satisfaction CIs



Employee turnover per dept.



The STP Process

Segmentation is the process of classifying customers into groups which share some common characteristic

Targeting involves the process of evaluating each segments attractiveness and selecting one or more segments to enter

Positioning is arranging for a product to occupy a clear, distinctive and desirable place relative to competing products in the mind of the consumer

Target Market

A market is a set of all actual and potential buyers

A target market is a group of people toward whom a firm markets its goods, services, or ideas with a strategy designed to satisfy their specific needs and preferences.

Any marketing strategy must include a detailed (*specific*) description of this.

Advantages of Segmentation

The process of breaking up a homogeneous market into heterogeneous segments forces the marketer to analyse and consider both the needs of the market and the company's ability to competently serve those needs – thereby making the company better informed about its customers

Competitor offerings and marketing positioning must also be analysed in this context so the company must consider what its competitive advantages and disadvantages are, helping it to clarify its own positioning strategy

Limited resources are used to best advantage, targeted at those segments that offer the best potential

Levels of segmentation

Mass Marketing
Same product to all customers

Segment Marketing
Different products to one or more segments
(some segmentation)

Niche Marketing
Different products to subgroups within segments
(more segmentation)

Micromarketing
Products to suit the tastes of individuals and locations
(complete segmentation)

Local Marketing
Tailoring brands/ promotions to local customer groups

Individual Marketing
Tailoring products/ programs to individual customers

Requirements for Effective Segmentation

Measurable

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

Accessible

- Segments can be effectively reached and served.

Substantial

- Segments are large or profitable enough to serve

Differential

- Segments must respond differently to different marketing mix elements & programs.

Actionable

- Effective programs can be designed to attract and serve the segments.

Bases for customer segmentation

Geographic

- Nation, States
- Regions, Cities

Demographic

- Age, gender
- Family size
- Life cycle, Income

Psychographic

- Social class
- Lifestyle
- Personality

Behavioral

- Occasions
- Benefits sought
- User status
- Loyalty

Bases for Segmenting Business Markets

| Demographics | Operating characteristics | Purchasing approaches | Situational Factors | Personal Characteristics |
|---|---|--|---|--|
| <ul style="list-style-type: none">• General criteria• Broad description of the company• Industry, Company size, Customer location | <ul style="list-style-type: none">• Company Technology• Product Brand and Use Status• Customer capabilities | <ul style="list-style-type: none">• Power structure• Buyer – Seller relationships• Purchasing policies | <ul style="list-style-type: none">• Important factor• Urgency or order fulfillment• Product Application• Size of order | <ul style="list-style-type: none">• Buyer – Seller Similarities and Synergies• Individual Behaviors• Risk Management |

Segmenting International Markets

Geographic

Economics

Political/Legal

Cultural

Intermarket

Evaluating Market Segments (developing selection criteria)

Segment Size and Growth

- Analyse sales, growth rates and expected profitability for various segments.

Segment Structural Attractiveness

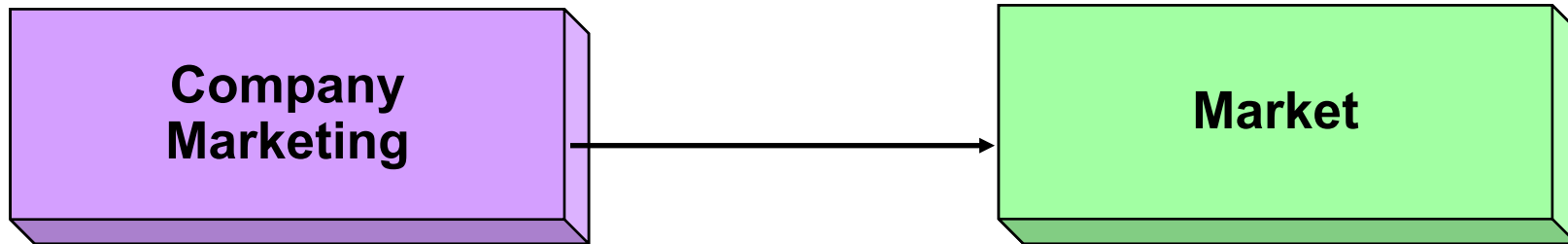
- Consider effects of: Competitors, Availability of Substitute Products and, the Power of Buyers & Suppliers.

Company Objectives and Resources

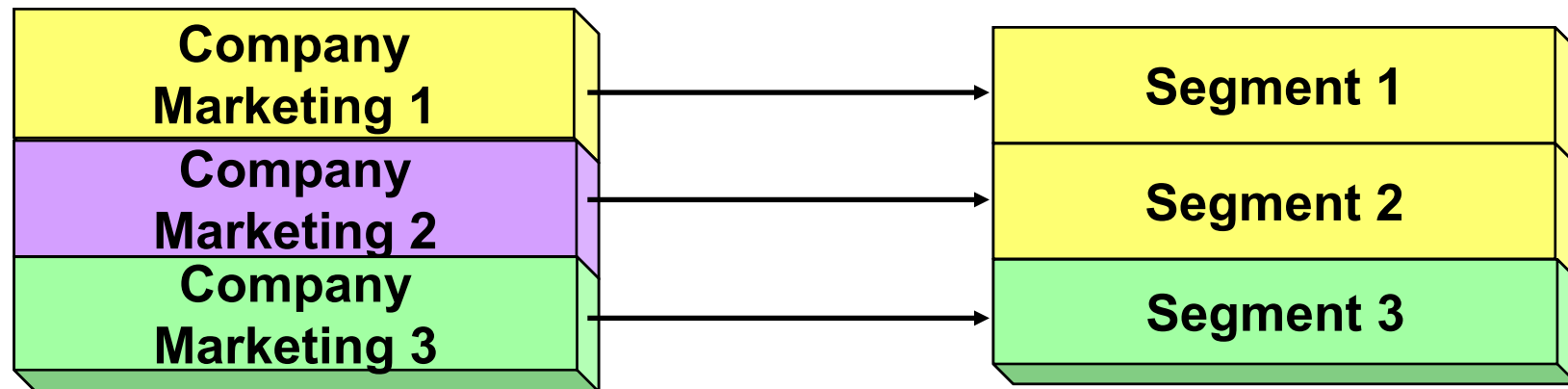
- Company skills & resources relative to the segment(s).
- Look for Competitive Advantages.

Market Targeting Market Coverage Strategies

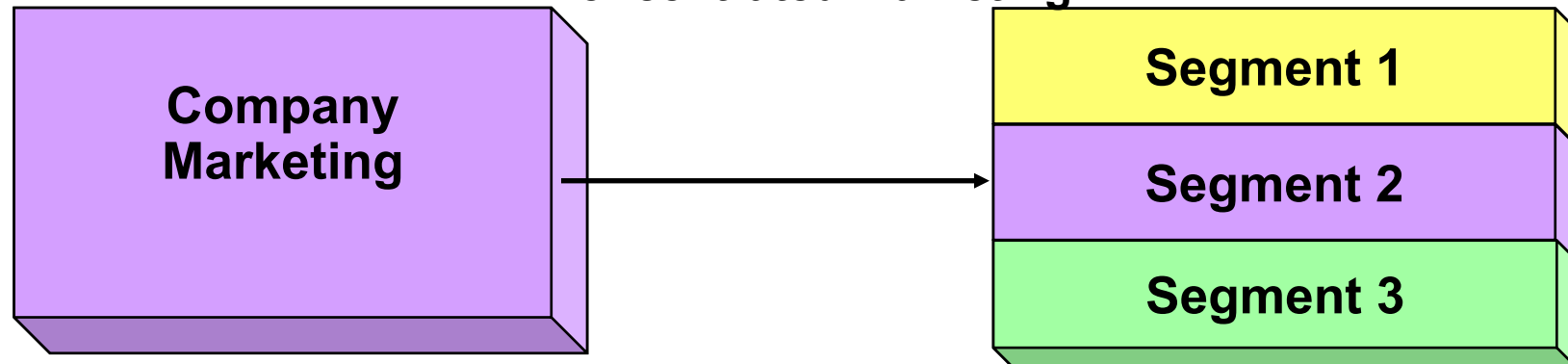
A. Undifferentiated Marketing



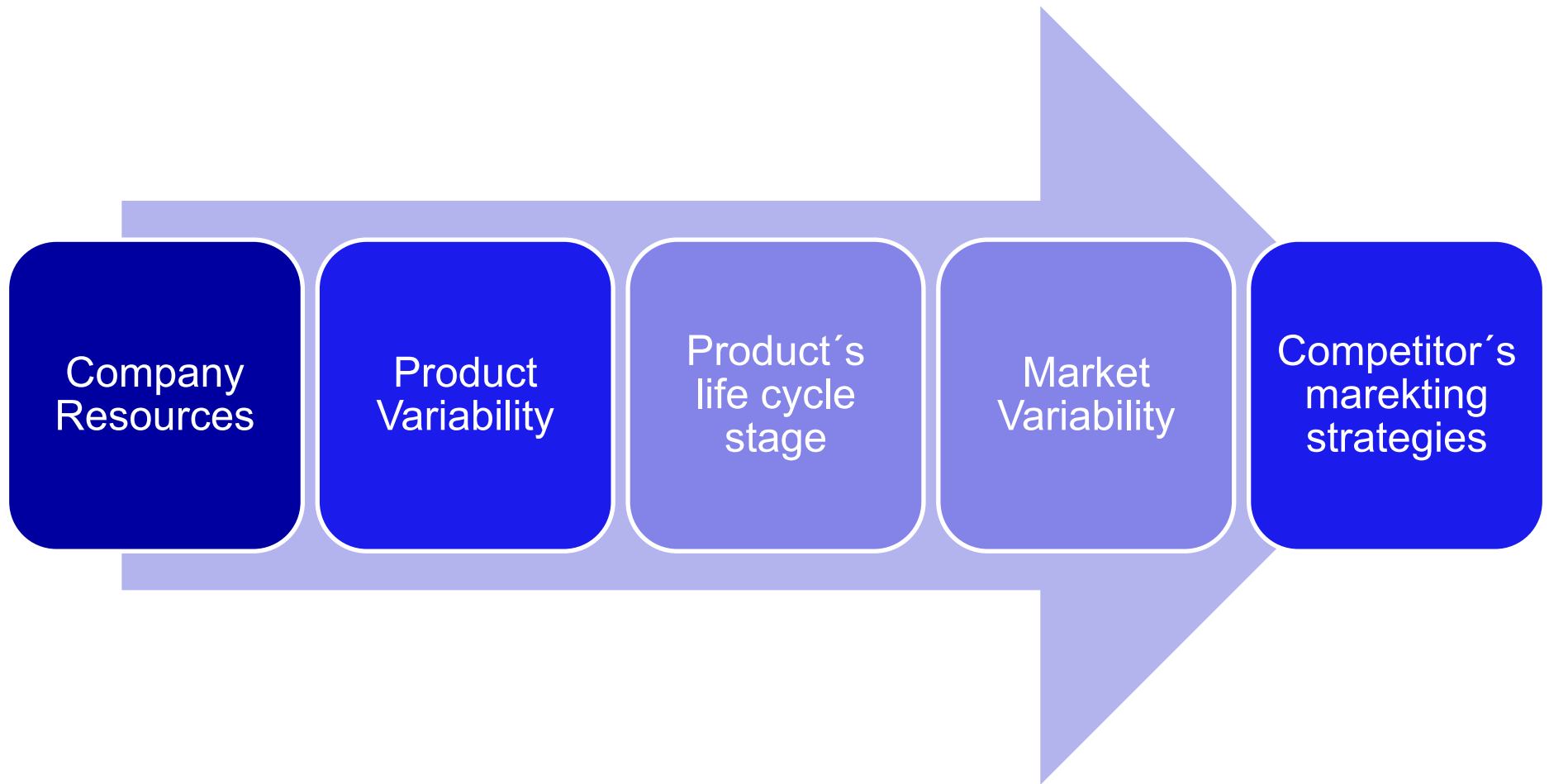
B. Differentiated Marketing



C. Concentrated Marketing



Market Targeting



Positioning for Competitive Advantage

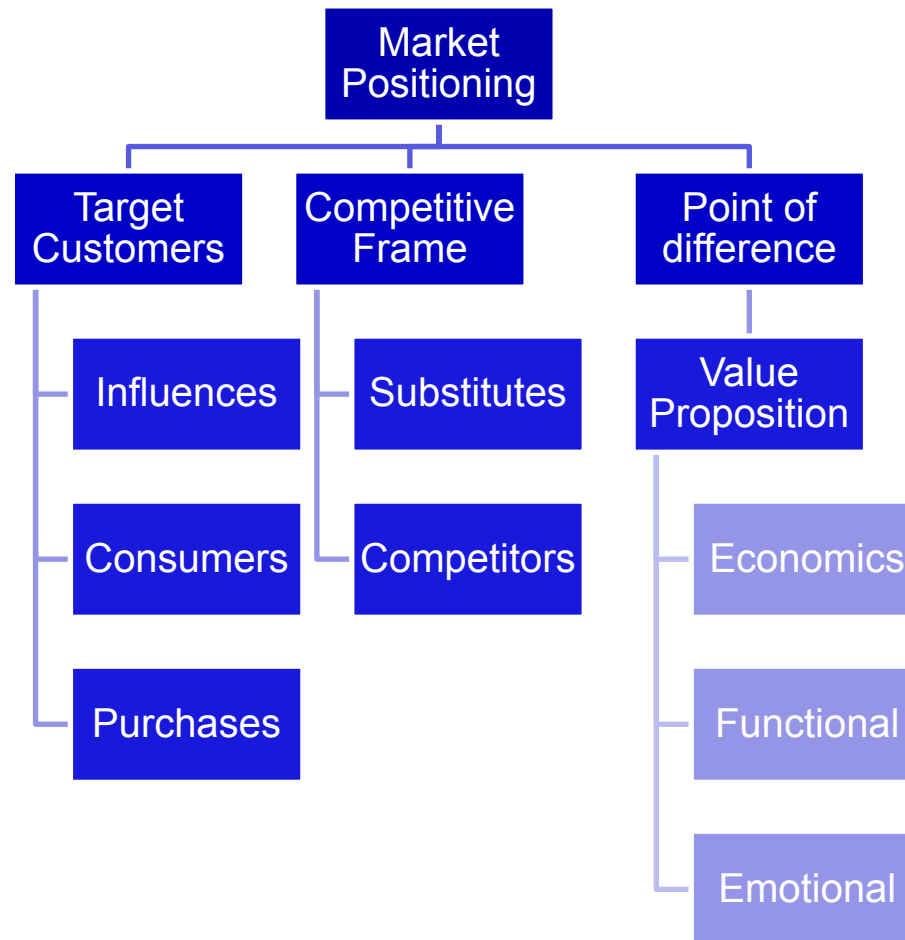
Product's Position

- the way the product is *defined by consumers* on important attributes - the place the product occupies in consumers' minds relative to competing products.

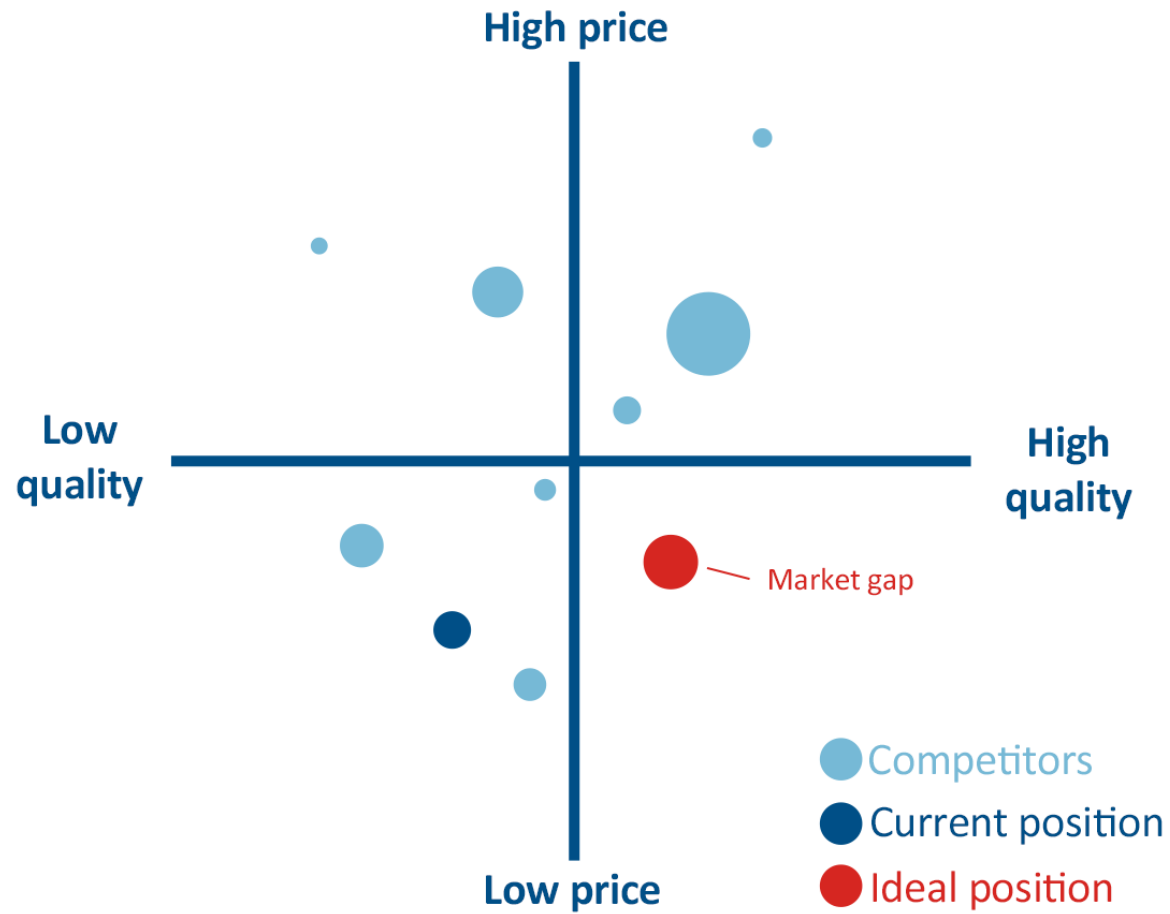
Marketers must

- *Plan* positions to give their products the greatest advantage in selected target markets,
- *Design* marketing mixes to create these planned positions.

Market Positioning Strategy



Market Positioning Strategy



Marketing Positioning - Strategies

Product Class

Product Attributes

Benefits Offered

Usage Occasions

User Class

Against Competitor

Away from Competitors

Steps to Choosing and Implementing a Positioning Strategy

Identifying Possible Competitive Advantages: Competitive Differentiation.



Selecting the Right Competitive Advantage: Unique Selling Proposition (USP).

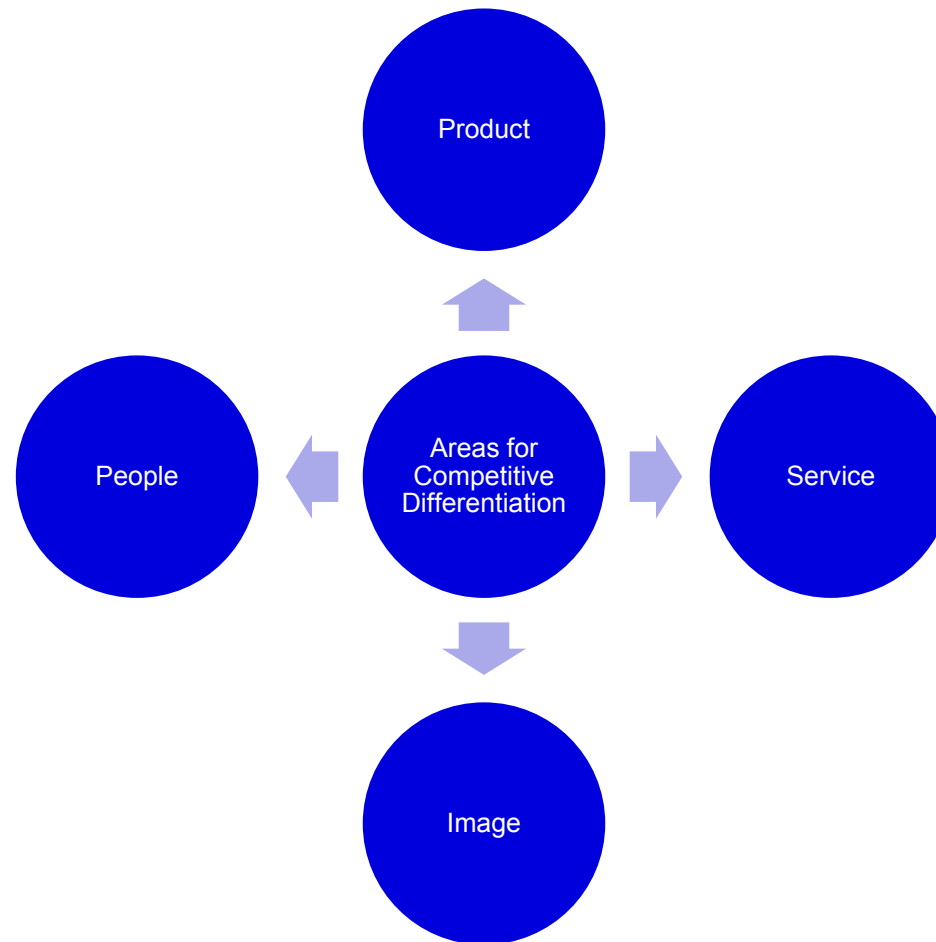


Communicating and Delivering the Chosen Position.



Support the positioning strategy with a unique marketing

Developing Competitive Differentiation



Steps in Market Segmentation, Targeting and Positioning

Market Segmentation

Identify the bases for segmentation

Develop Profiles of Resulting Segments



Market Targeting

Develop Selection Criteria

Select Target Segments



Market Positioning

Develop Positioning for Each Target Segment

Develop Marketing Mix for Each Target Segment

Summary

Segmentation

- Types of segmentation
- Why to do

Targeting

- How to evaluate segments
- How to choose the right segment

Positioning

- How to develop strategy