

Marketing Management

MGM612

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جامعة الجميع الذكية

تسعى لتكون الكيان الأول الذي يتبنى مبدأ المجتمع التعليمي
التعاوني ويقدم العلم مقابل العمل لتنمية وبناء المجتمعات.

Market Segmentation and Targeting, and Positioning
for Competitive Advantage



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Learn outcomes

After studying this chapter you should be able to:

- ☐ Define and explain market segmentation, target markets, and product differentiation and positioning.
- ☐ Understand the criteria for Effective Segmentation
- ☐ Know the role of market segmentation in the development of marketing strategies and programs.
- ☐ Understand the Positioning for Competitive Advantage
- ☐ Steps in Segmentation, Targeting, and Positioning

Market Segmentation

- **Market Segmentation:**

- Divides a market into subsets of prospective customers who behave in the same way, have similar wants, or have similar characteristics that relate to purchase.

- **Intermarket Segments:**

- Well-defined, similar clusters of customers across national boundaries.



The Importance of Market Segmentation

- ◆ **Markets have a variety of product needs and preferences.**
- ◆ **Marketers can better define customer needs.**
- ◆ **Decision makers can define objectives and allocate resources more accurately.**

Target Markets

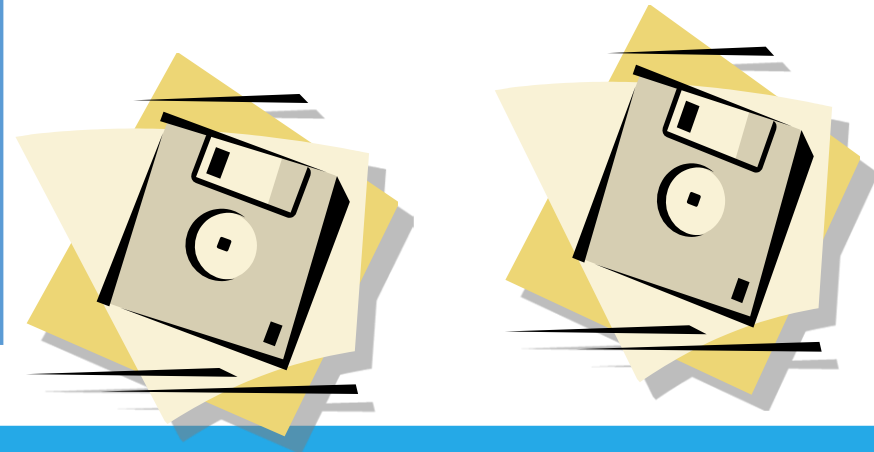
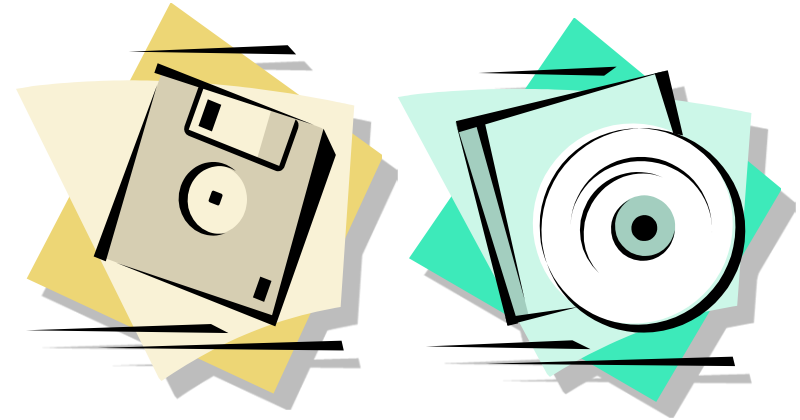
Targeting:

Selecting which segments in a market are appropriate to focus on and designing the means of reaching them.



Product Differentiation

- **Product Differentiation:**
 - Exists when a firm's offerings differ or are perceived to differ from those of competing firms on any attribute, including price.



From Mass Marketing to Mass Customization

- **Mass Customization:**
 - Complex manufactured products made to order.



Criteria for Effective Segmentation

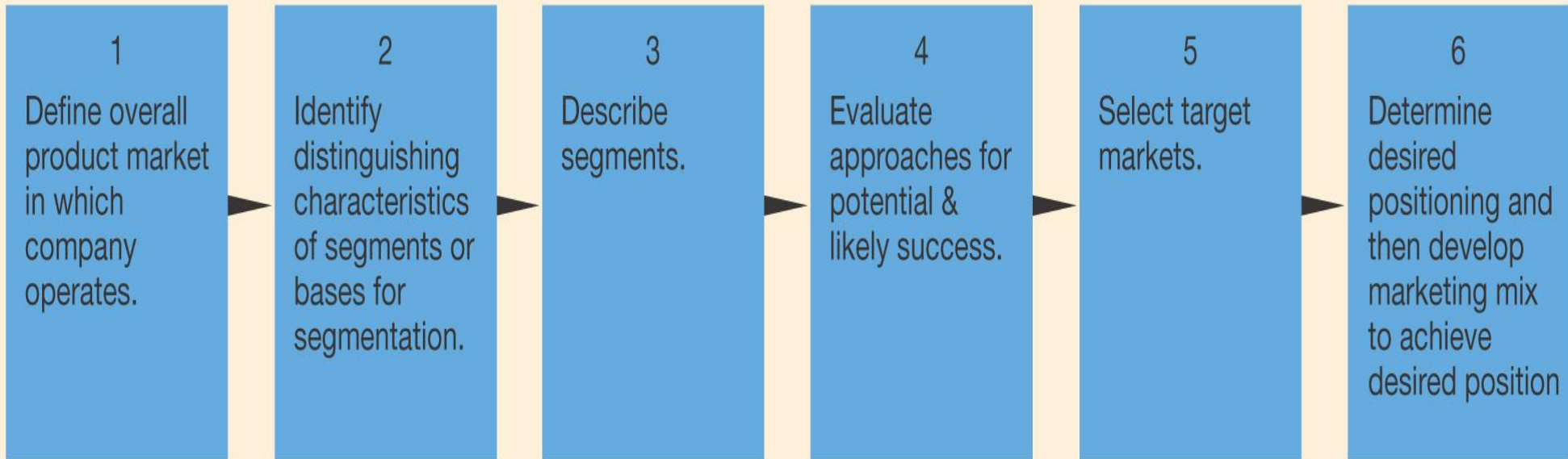
Five Criteria:

1. **Measurability**
2. **Accessibility**
3. **Substantialness**
4. **Durability**
5. **Differential Responsiveness**

Stages in Developing Market Segmentation Strategies

Exhibit 7-2

Developing a market segmentation strategy



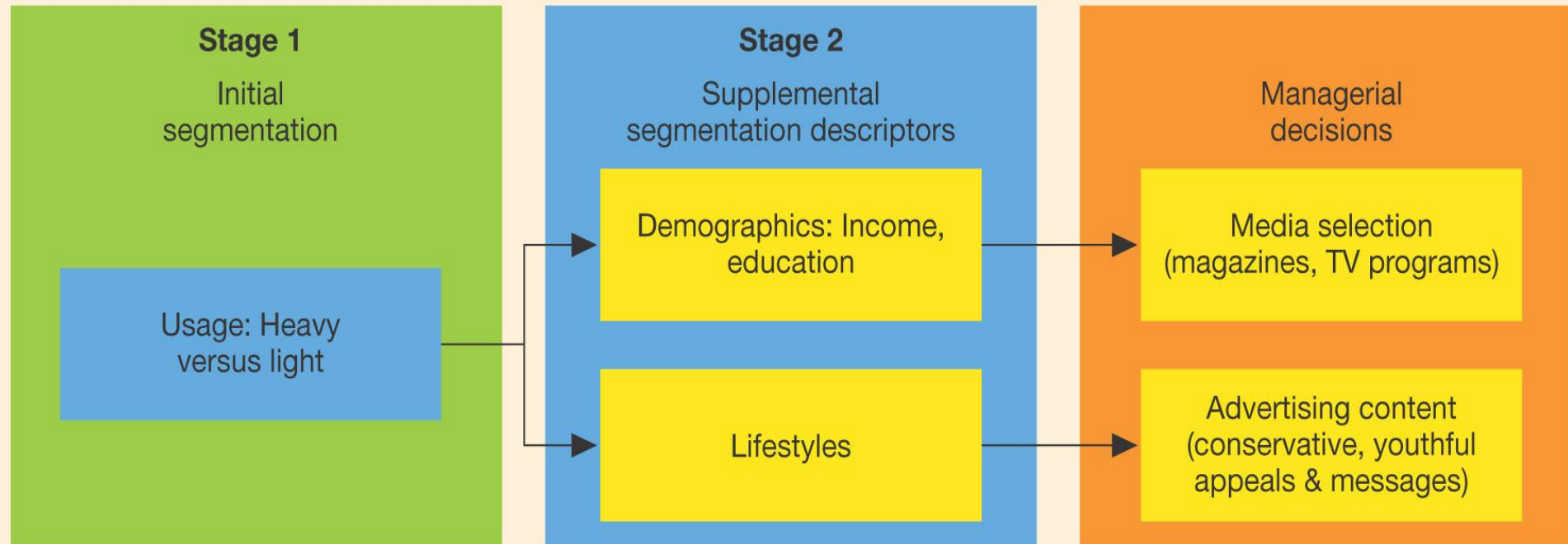
Bases for Segmentation

- **Demographics**
- **Geographic's**
- **Psychographics & Lifestyles**
- **Benefit Segmentation**
- **Economic Segmentation**
- **International Segmentation**

Combining Bases of Market Segmentation

Exhibit 7-5

A two-stage segmentation example



Segmentation Strategies

Undifferentiated Strategy



Differentiated Strategy



Concentrated Strategy

Factors Influencing Segmentation Strategy

- **Size and type of the market**
- **Competitive factors**
- **Product-related factors:**
 1. **Stage in the product life cycle.**
 2. **Degree to which the product may be varied or modified.**
- **Firm's size and financial position**

Estimating Segment Potentials

- 1. Set time period of interest.**
- 2. Define product level.**
- 3. Specify segment characteristics or bases.**
- 4. Identify geographic market boundaries.**

Estimating Segment Potentials

- 5. Make assumptions about the marketing environment.**
- 6. Make assumptions about company's own marketing efforts and programs (controllable factors).**
- 7. Make estimates of market potential, industry sales, and company sales.**

Developing Forecasts

- **Qualitative Procedures:**
 - **Survey of Buyers' Intentions**
 - **Expert Opinion**
 - **Composite of Salesforce Estimates**

- **Quantitative Methods:**
 - **Trend Analysis**
 - **Market Tests**
 - **Statistical Demand Analysis**

Firm and Market Potentials and Forecasts

	Best Possible Results	Expected Results for Given Strategy
Industry Level Firm Level	Market Potential Sales Potential	Market Forecast Sales Forecast

Targeting Market Segments

- ***To select target segments, the firm must consider:***
 - ***The segment's potential sales volume and profits.***
 - ***Competition currently selling to the segments.***
 - ***The firm's abilities and objectives.***



Positioning

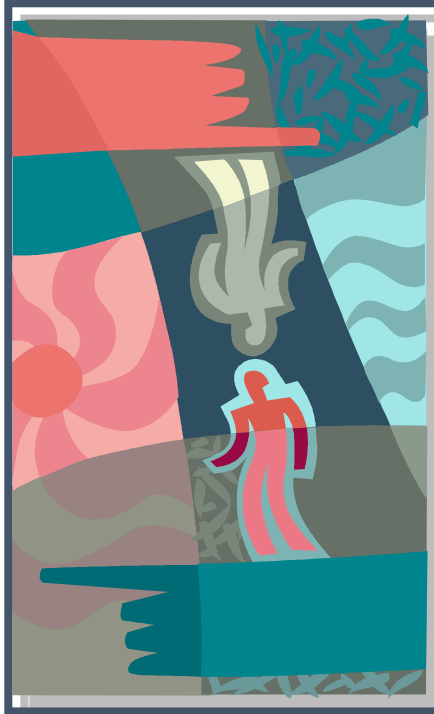
Positioning:

Designing a marketing program, including the product mix, that is consistent with how the company wants its products or services to be perceived.

Repositioning:

When a firm wants to shift consumer opinions about an existing brand.

Micromarketing



Micromarketing:

***Combines census and
Demographic data to identify
clusters of households
that share similar
consumption patterns.***

Micromarketing

- **Enhances the effectiveness of marketing efforts by:**
 - **Identifying potential markets for direct selling through mail and telemarketing campaigns.**
 - **Profiling customers by matching them to demographic and lifestyle clusters.**
 - **Learning which areas offer the greatest potential in site selection for new stores or offices.**
 - **Tailoring advertising themes and planning media.**

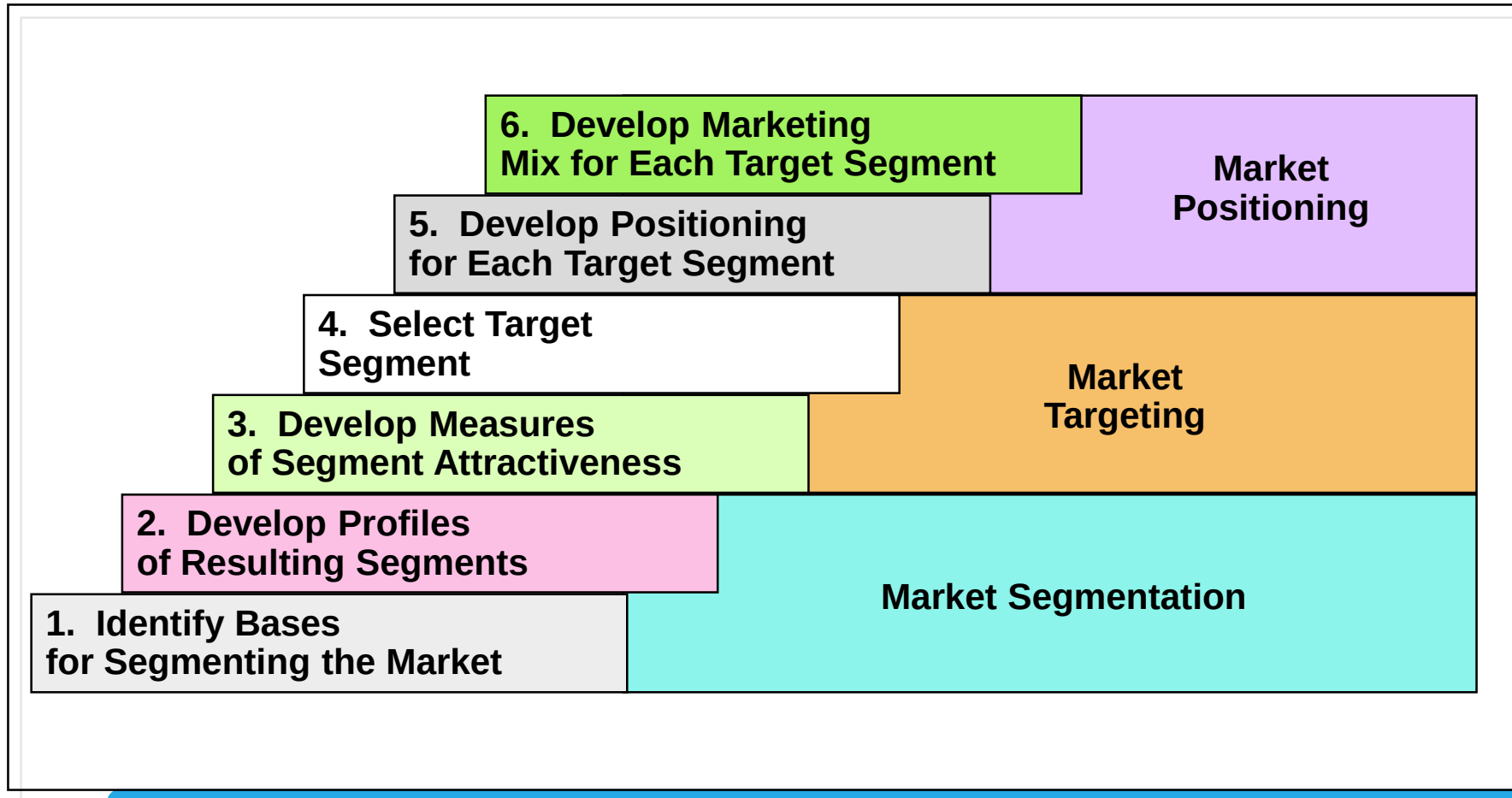
Market Segmentation and Ethics



- Advertising to Children
- Harmful Products
- Privacy Issues
- Product Proliferation

Positioning for Competitive Advantage

Steps in Segmentation, Targeting, and Positioning



Step 1. Market Segmentation

Levels of Market Segmentation

Mass Marketing

*Same product to all consumers
(no segmentation)*

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 or locations
(complete segmentation)*

Step 1. Market Segmentation Bases for Segmenting Consumer Markets

Geographic

Nations, states,
regions or cities



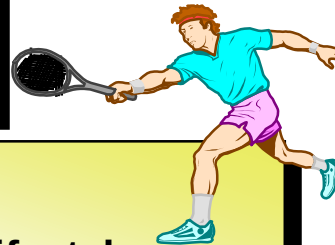
Demographic

Age, gender, family size
and life cycle, or income



Psychographic

Social class, lifestyle,
or personality

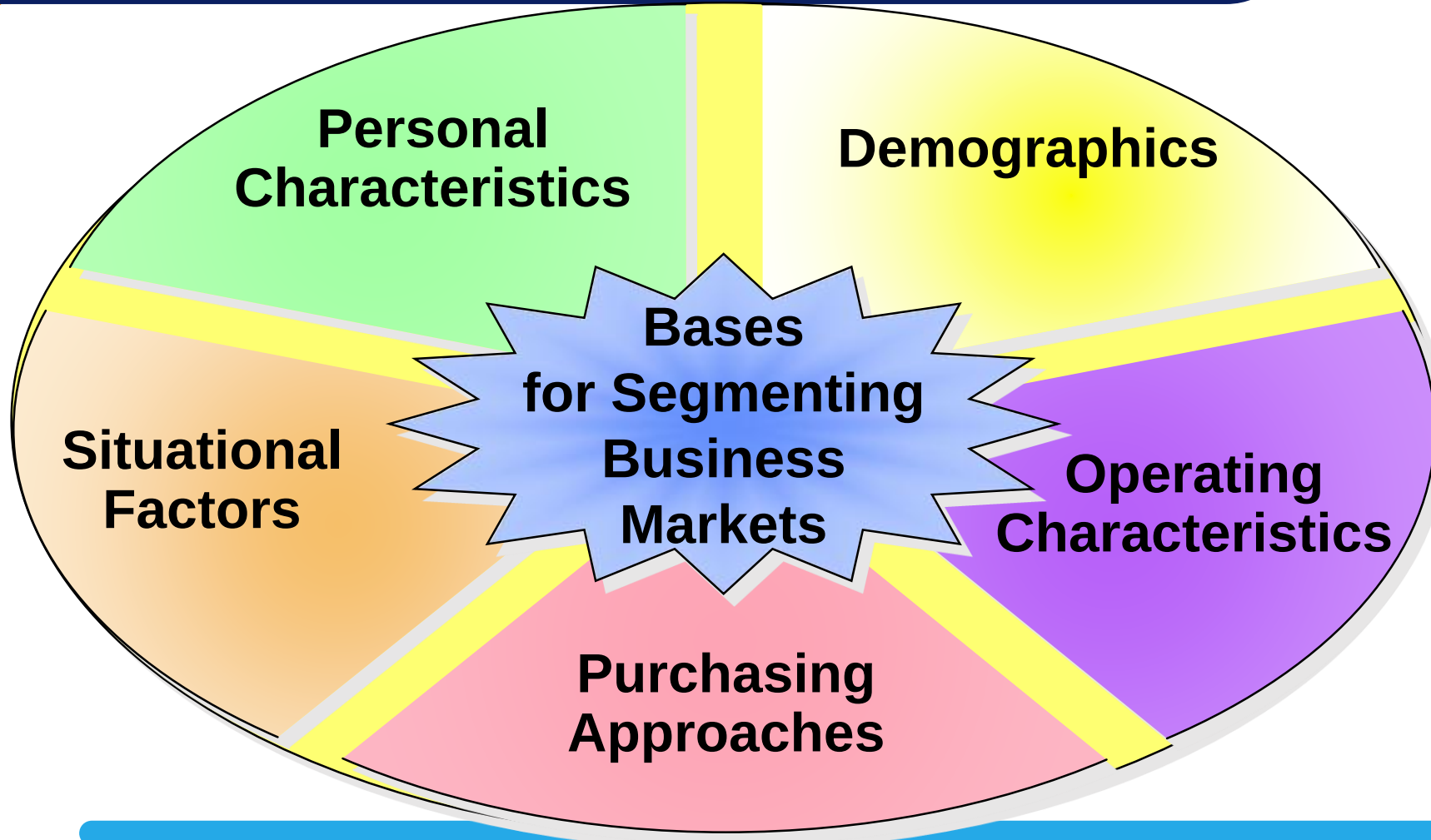


Behavioral

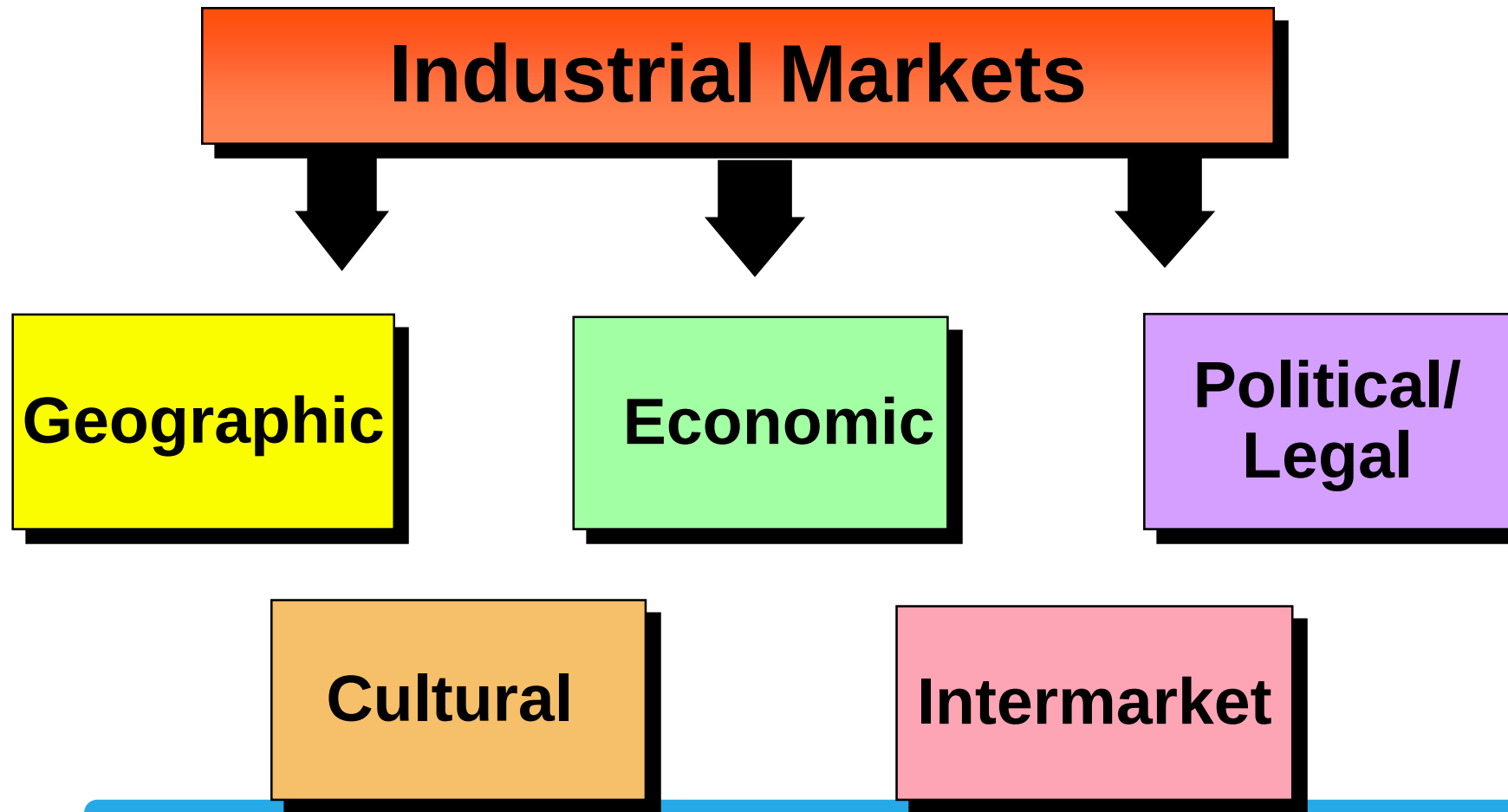
Occasions, benefits,
uses, or responses



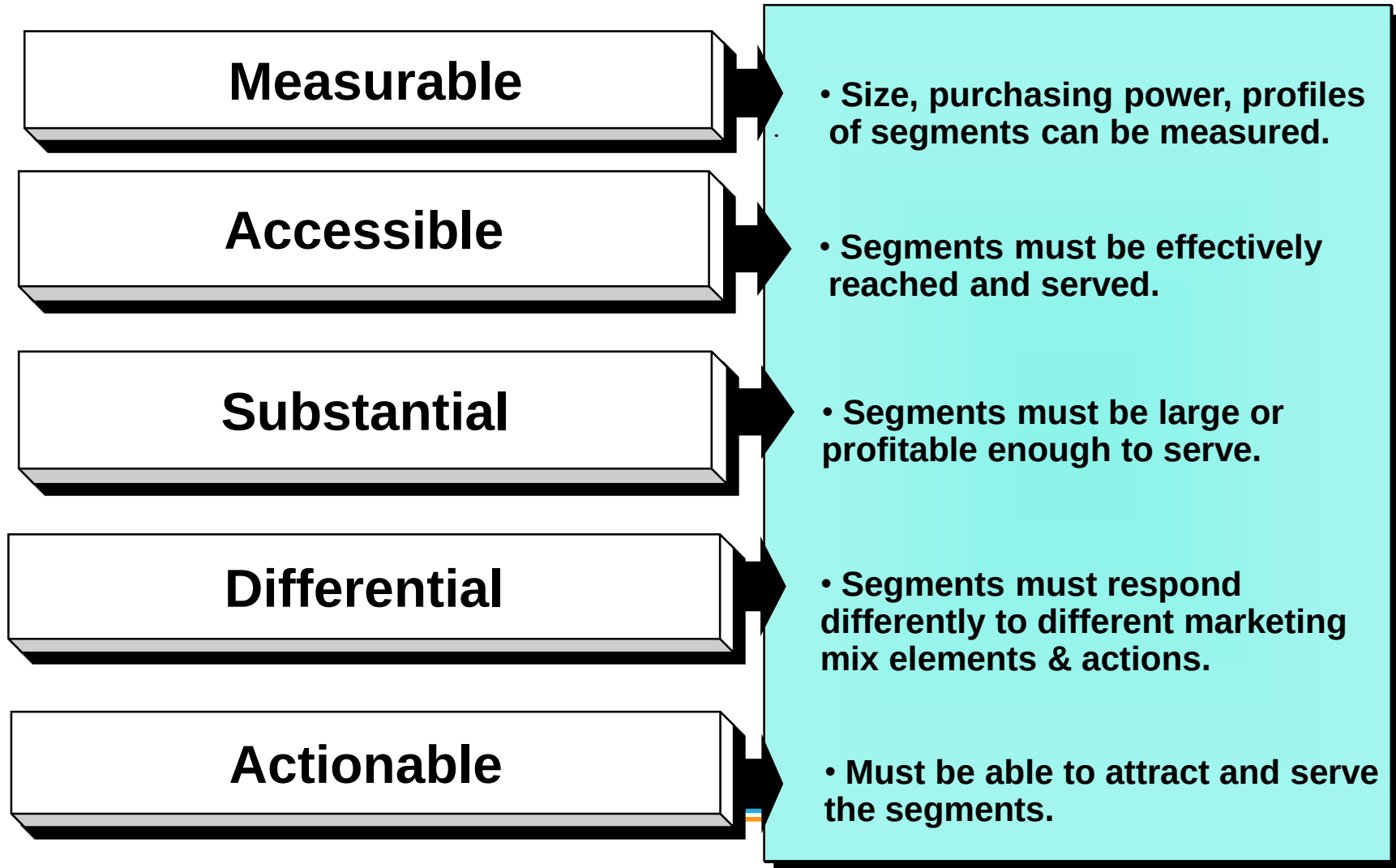
Step 1. Market Segmentation Bases for Segmenting Business Markets



Step 1. Market Segmentation Bases for Segmenting International Markets



Step 1. Market Segmentation Requirements for Effective Segmentation



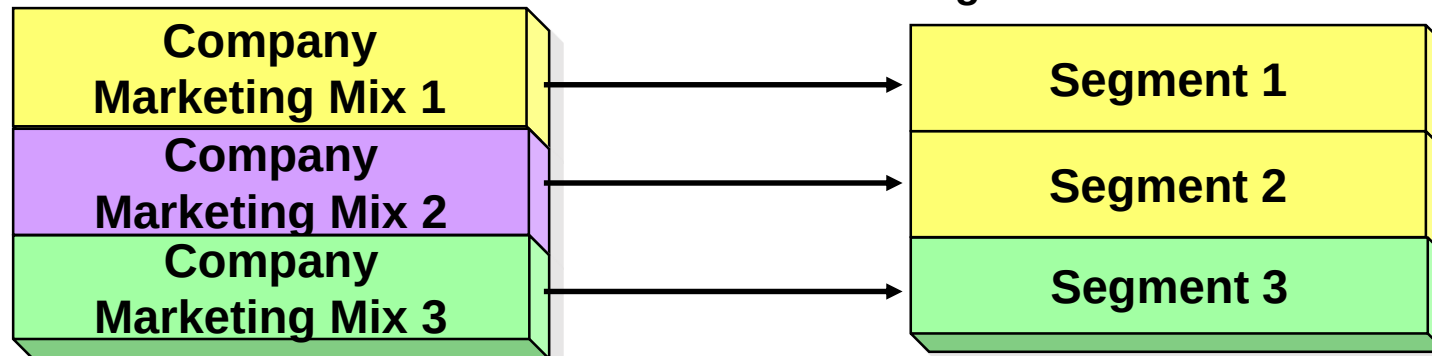
Step 2. Market Targeting Evaluating Market Segments

- **Segment Size and Growth**
 - Analyze sales, growth rates and expected profitability.
- **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.

Step 2. Market Targeting Market Coverage Strategies



A. Undifferentiated Marketing

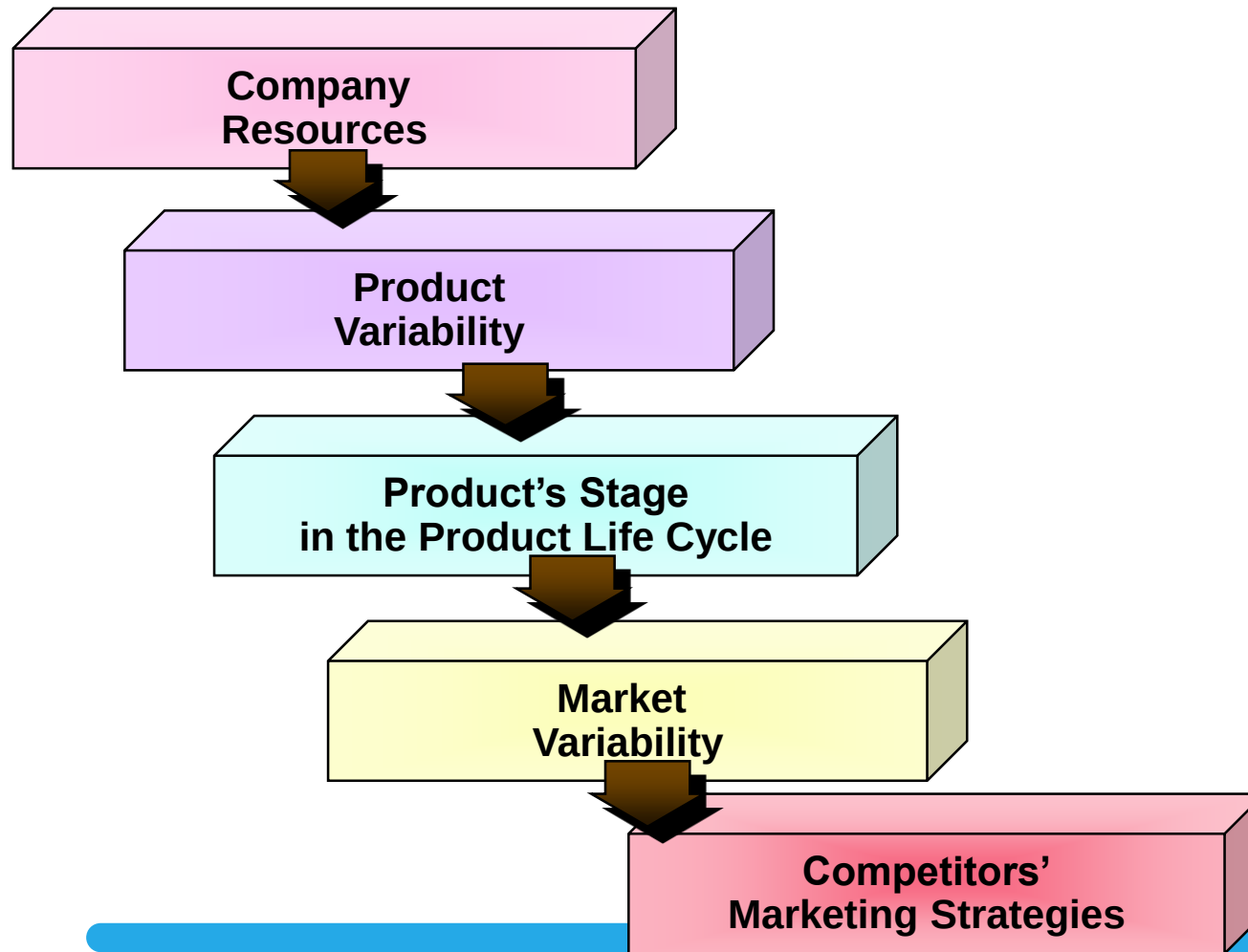


B. Differentiated Marketing



C. Concentrated Marketing

Step 2. Market Targeting Choosing a Market-Coverage Strategy

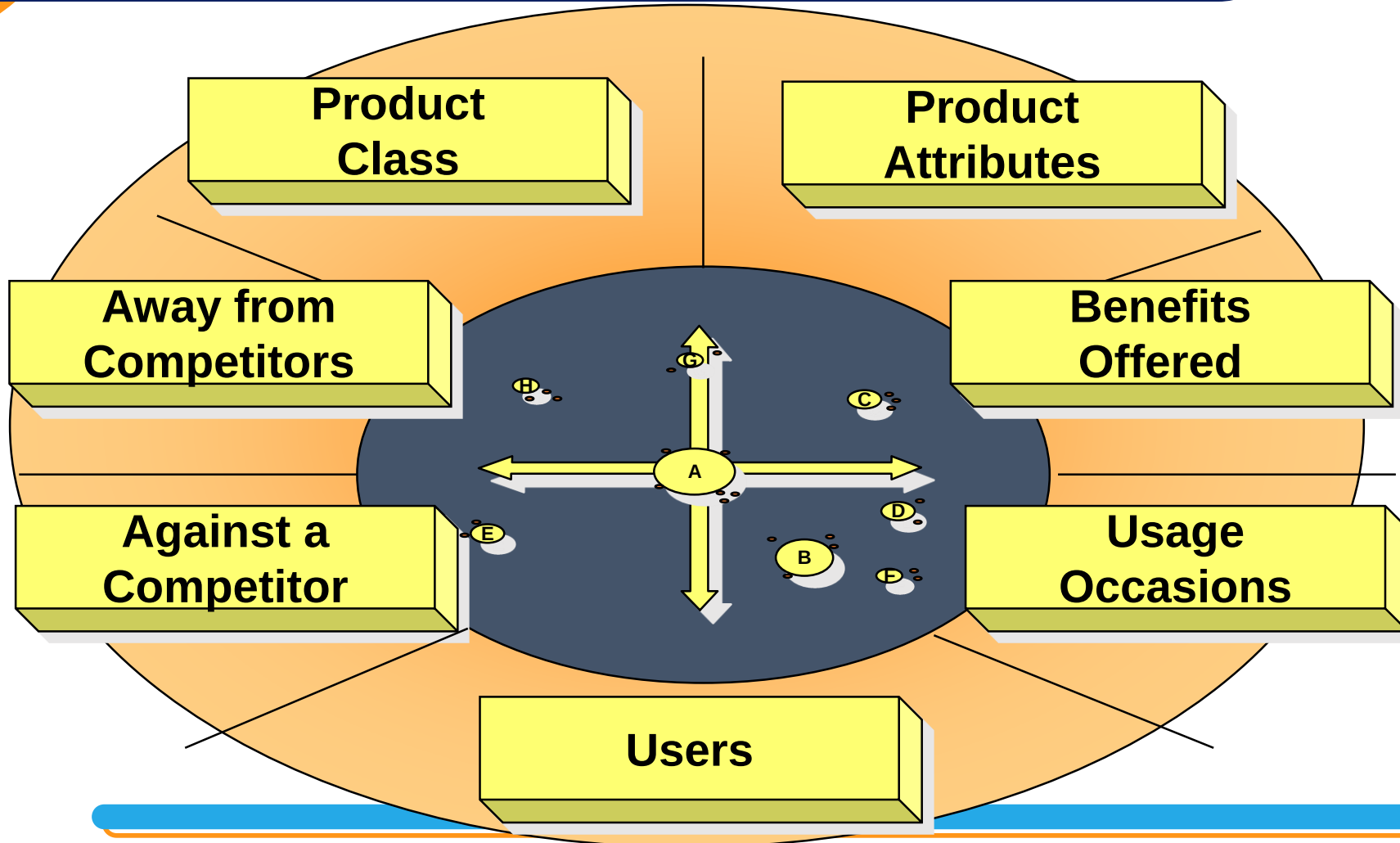


Step 3. Positioning for Competitive Advantage

- **Product's Position** - the place the product occupies in consumers' minds relative to competing products; i.e. Volvo positions on "safety".
- Marketers must:
 - *Plan* positions to give products the greatest advantage
 - Develop marketing mixes to create planned positions



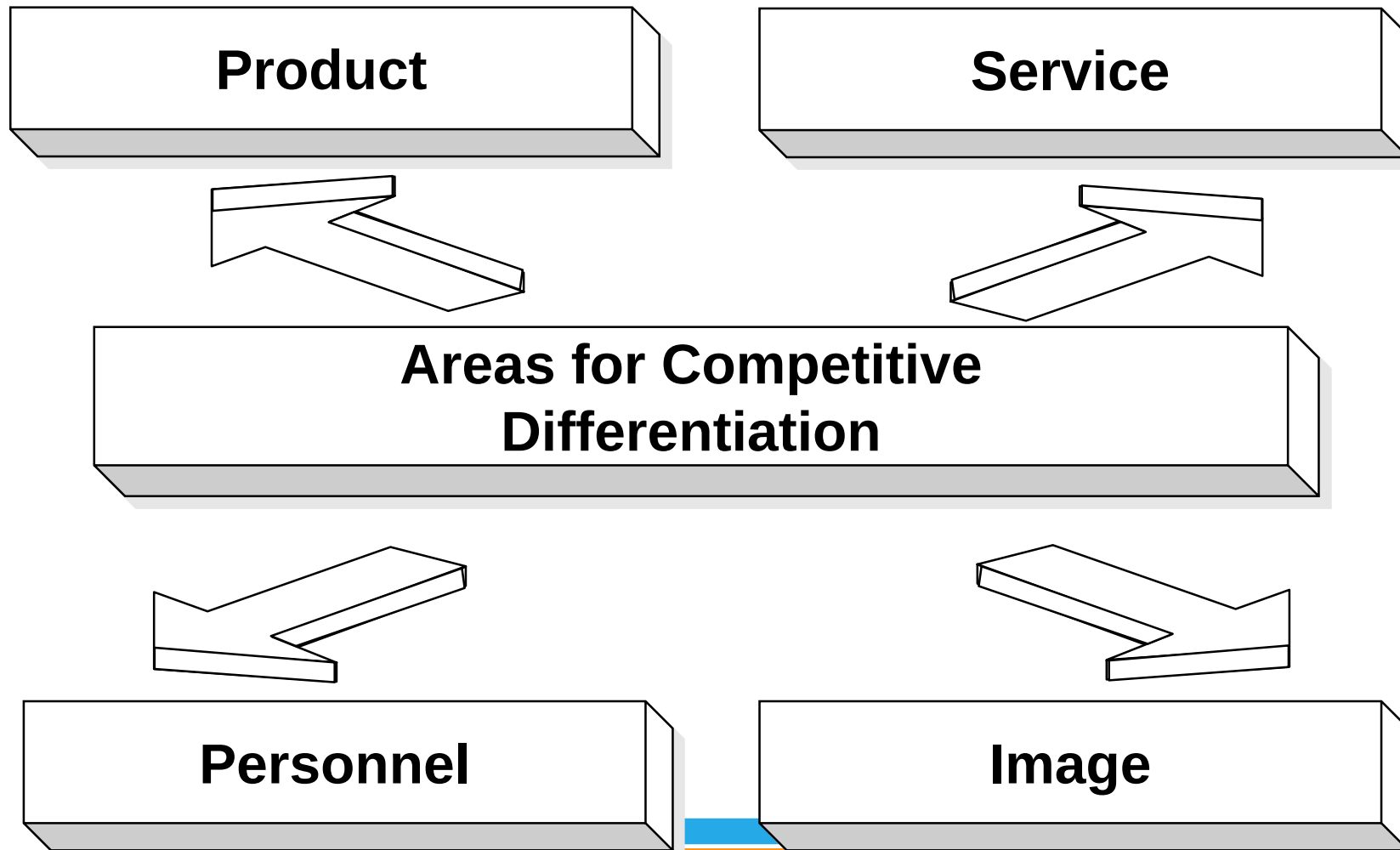
Step 3. Positioning for Competitive Advantage: Strategies



Steps to Choosing and Implementing a Positioning Strategy

- **Step 1.** Identifying a set of possible competitive advantages: Competitive Differentiation.
- **Step 2.** Selecting the right competitive advantage.
- **Step 3.** Effectively communicating and delivering the chosen position to the market.

Developing Competitive Differentiation



Selecting the Right Competitive Advantages

