



Market Segmentation, Market Targeting and Market Positioning

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Market Segmentation, Market Targeting and Market Positioning

- Basic concepts
- Market segmentation
- Market targeting
- Market positioning

Basic Concepts: Definitions

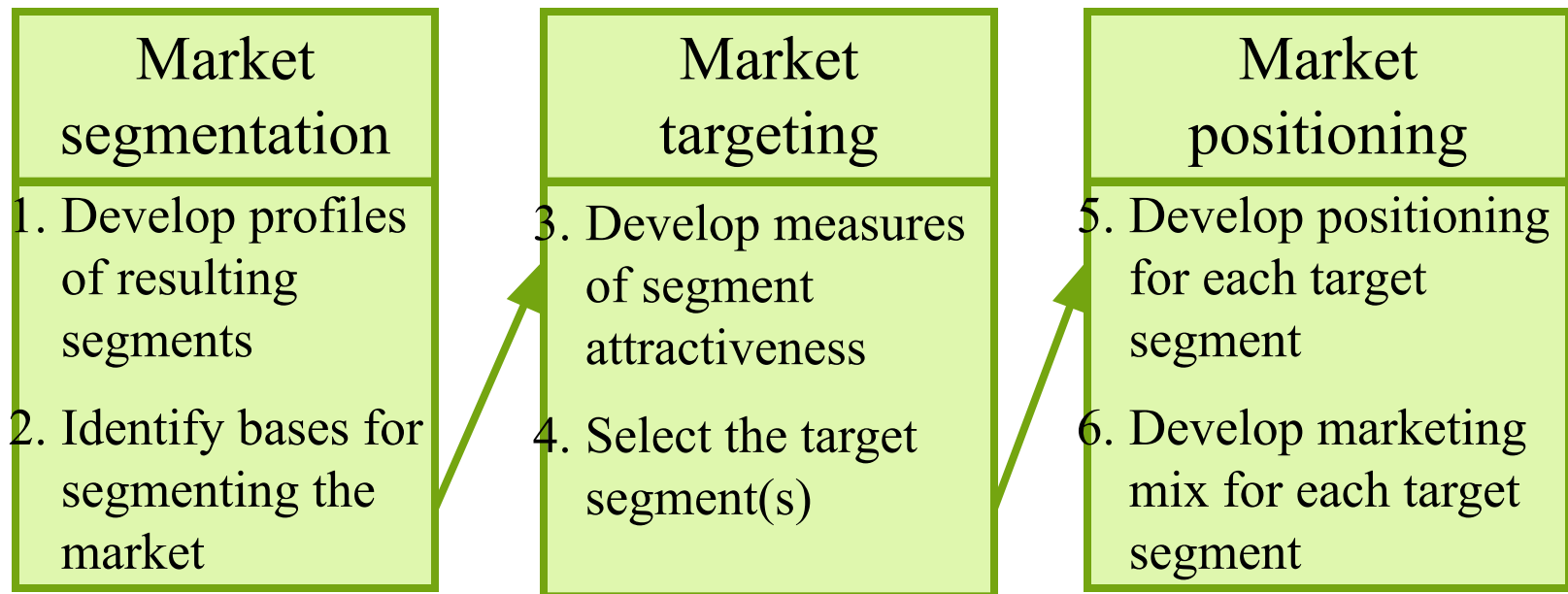
- **Market segmentation** – dividing a market into distinct groups of buyers with different needs, characteristics or behaviour, who might require separate products or marketing mixes;
- **Market targeting** – the process of evaluating each market segments attractiveness and selecting one or more segments to enter;
- **Market positioning** – arranging for a product to occupy a clear, distinctive and desirable place relative to competing products in the minds of target consumers;

Market Segmentation:

Levels of Market Segmentation

- Mass marketing – using almost the same marketing mix for all consumers;
- Segment marketing – adapting a company's marketing mix so it more easily matches the needs of one or more segments;
- Niche marketing – adapting a company's marketing mix so it more easily matches the needs of one or more subsegments where there is usually little competition;
- Micromarketing – the company tailors its marketing programmes to the needs and wants of narrowly defined geographic, demographic, psychographic or behavioural segments. It includes local and individual marketing;

Basic Concepts: Relationships



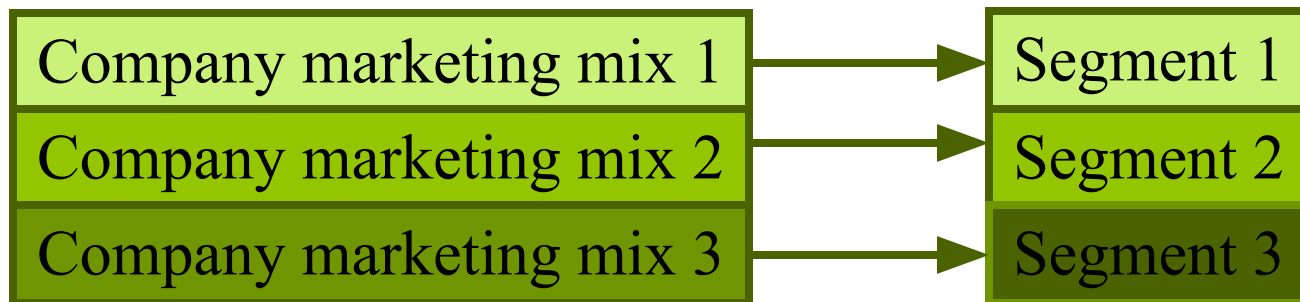
Segment Strategy

- Undifferentiated marketing – a market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer.



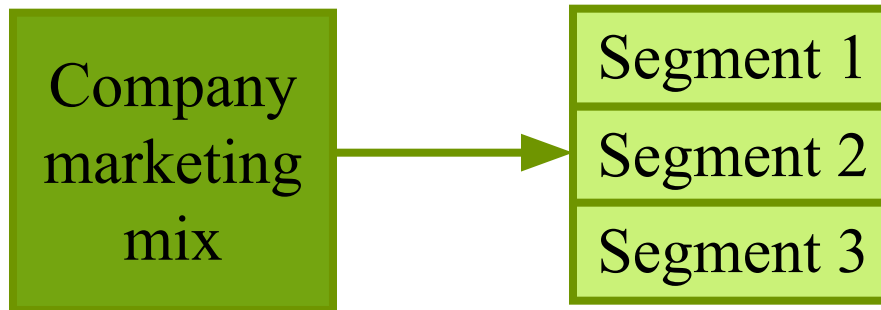
Segment Strategy

- Differentiated marketing – a market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each.



Segment Strategy

- Concentrated marketing – a market-coverage strategy in which a firm goes after a large share of one or a few segments.



Market Segmentation:

Requirements for Effective Segmentation

The segments must be:

- Measurable
- Accessible
- Substantial, cost-effective
- Unique in its response
- Appropriate
- Stable

Market Segmentation: Segmenting Consumer Markets

- Geographic and geodemographic segmentation – region, city size, density, climate;
- Demographic segmentation – gender, age and family life cycle, family size, income and occupation, education, religion, race, nationality
- Behavioural segmentation – purchase occasion, benefits sought, user status, usage rate, loyalty status, readiness state, attitude towards the product
- Psychographic segmentation – social class, lifestyle, personality

Market Targeting: Factors for Evaluating Market Segments

- The size and growth potential of each segment;
- The structural attractiveness – Porter's Five Competitive Forces: competitive rivalry, threat of new entrants, threat of substitute products, bargaining power of suppliers and bargaining power of buyers;
- The organization's objectives and resources / is the segment growing or declining, is the segment changing?

Deciding on the breath of market coverage

- Single segment concentration;
- Several segments;
- Product specialization;
- Market specialization;
- Full market coverage;

Market positioning

A product's position is the complex set of perceptions, impressions, and feelings that consumers have for the product compared with competing products.

Differentiation and Positioning

The differentiation and positioning task consists of three steps:

- identifying a set of possible customer value differences that provide competitive advantages upon which to build a position,
- choosing the right competitive advantages
- selecting an overall positioning strategy.

Market Positioning: Objective and Subjective Positioning

- Objective positioning – refers to the tangible, real or physical attributes that a hotel or restaurant offers customers;
- Subjective positioning – focuses on the intangible aspects of the offer or experience. What matters in the customer's perception of the service;

Market Positioning: 4 main ways to Differentiate

- (Physical) product differentiation
- Services differentiation
- Personnel differentiation
- Image differentiation
- Location differentiation

Market Positioning: Positioning Strategies

- Product attributes – technical products;
- Benefits offered ;
- Usage occasions - Orange juice;
- Different users – Red Bull;
- Activities (sporting events);
- Personalities – famous stars;
- Origin;
- Other brands – co-branding;
- Competitors – against competitors or away from competitors;
- Product class positioning;

How many differences to promote?

- Unique selling proposition(USP)
- Positioning on more than one differentiator

A difference is worth establishing to the extent that it satisfies the following criteria:

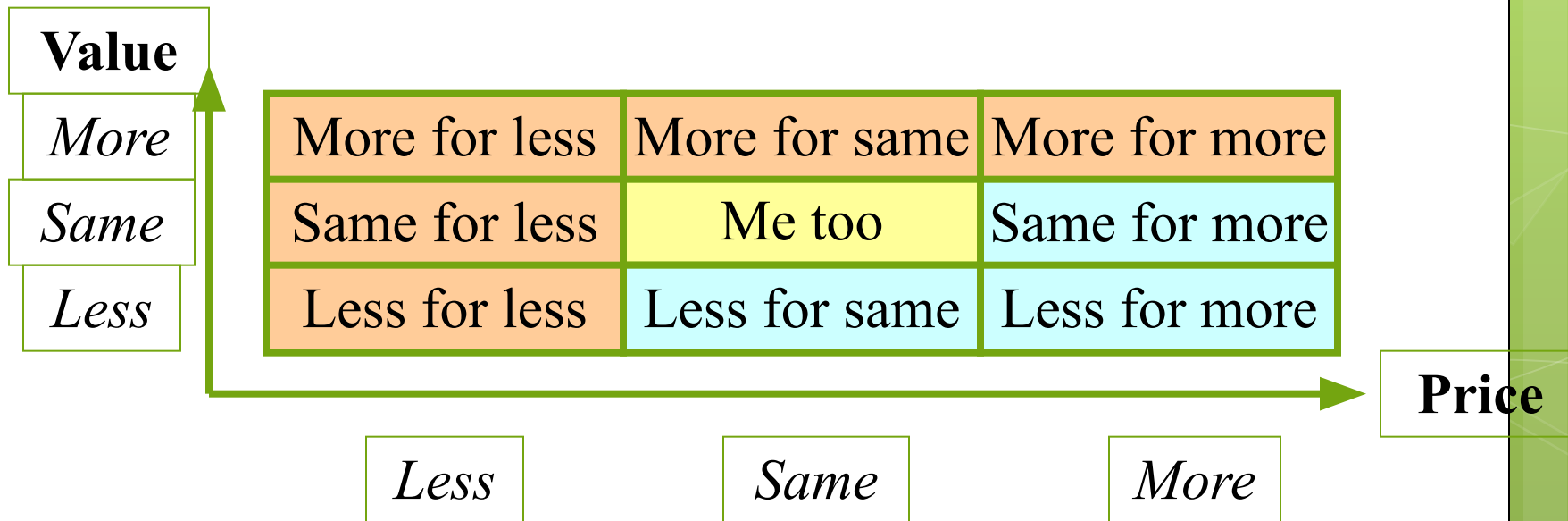
- Important: The difference delivers a highly valued benefit to target buyers.
- Distinctive: Competitors do not offer the difference, or the company can offer it in a more distinctive way.
- Superior: The difference is superior to other ways that customers might obtain the same benefit.

A difference is worth establishing to the extent that it satisfies the following criteria:

- Communicable: The difference is communicable and visible to buyers.
- Preemptive: Competitors cannot easily copy the difference.
- Affordable: Buyers can afford to pay for the difference.
- Profitable: The company can introduce the difference profitably.

Market Positioning: Value Positioning

- Value positioning – a range of positioning alternatives based on the value an offering delivers and its price



MORE FOR MORE

- “More-for-more” positioning involves providing the most upscale product or service and charging a higher price to cover the higher costs;
- gives prestige to the buyer, It symbolizes status and a loftier lifestyle;

MORE FOR THE SAME

- Companies can attack a competitor's more-for-more positioning by introducing a brand offering comparable quality but at a lower price.

THE SAME FOR LESS

- Companies offer equivalent quality products at a lower price.
- Companies develop imitative but lower-priced brands

LESS FOR MUCH LESS

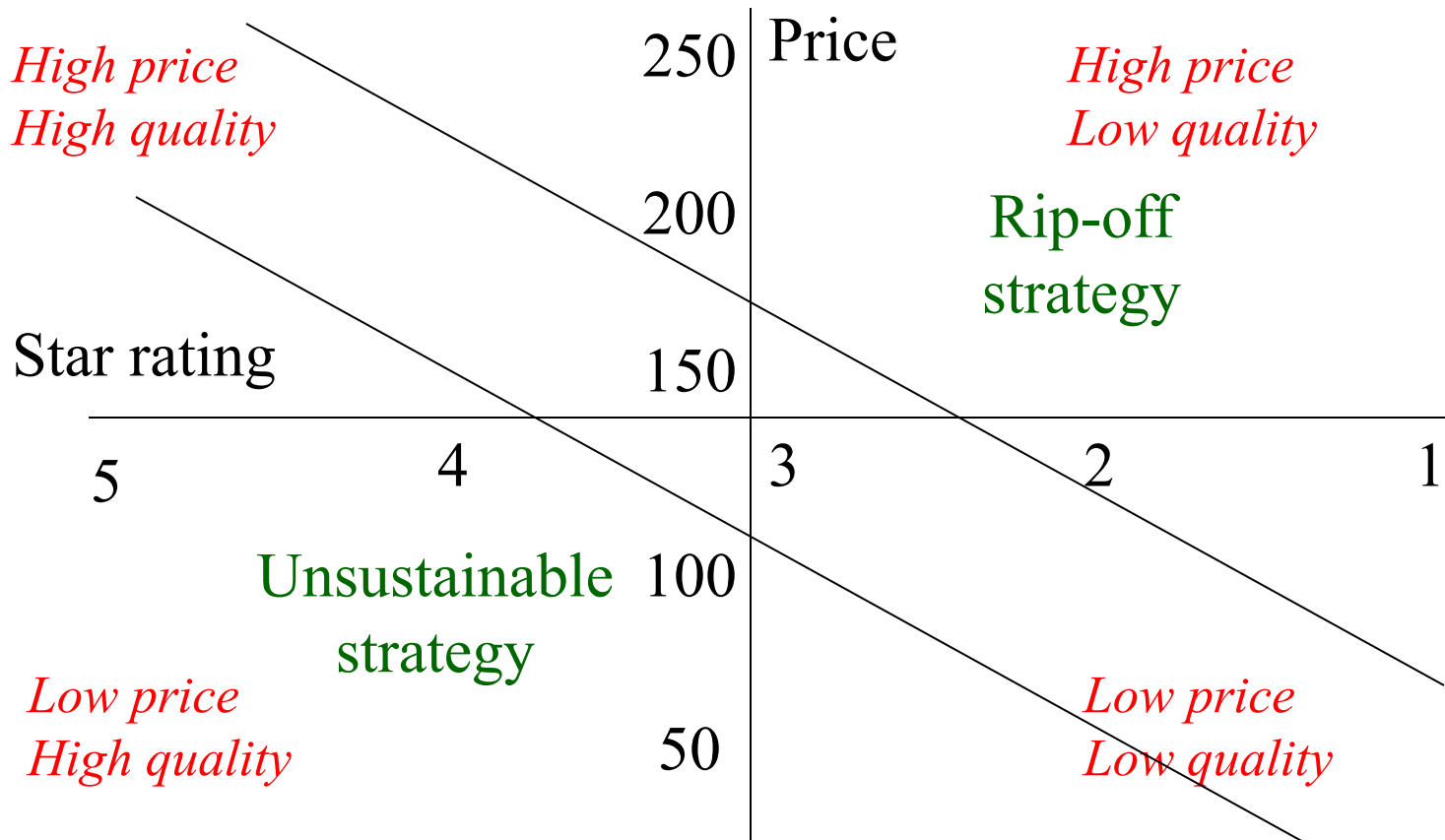
- Few people need, want, or can afford “the very best” in everything they buy. A market almost always exists for products that offer less and therefore cost less.

MORE FOR LESS

The winning value proposition would be to offer “more for less.”

- In the short run, some companies can actually achieve such positions
- In the long run, companies will find it very difficult to sustain such best-of-both positioning. Offering more usually costs more.

Market Positioning: Positioning Maps



Lovelock (2002)

Developing a Positioning Statement

- The statement should follow the form: To (target segment and need) our (brand) is (concept) that (point of difference). For example: “To busy, mobile professionals who need to always be in the loop, BlackBerry is a wireless connectivity solution that allows you to stay connected to data, people, and resources while on the go, easily and reliably—more so than competing technologies.”

Market Positioning:

The potential pitfalls of weak positioning

- **Confused positioning** - where buyers are unsure of what the organization stands for
- **Over-positioning**, where consumers perceive the organization's products as being expensive and fail to recognize the full breadth and value of the range (this can be summed up in terms of over-promise and under-delivery)
- **Under-positioning**, where the message is simply too vague and consumers have little real idea of what the organization stands for or how it differs from the competition.

Repositioning strategies

- **Gradual repositioning** , which involves a planned and continuous adaptation to the changing market environment.
- **Radical repositioning**, where an increasing gap between what the brand offers and what the market wants leads the management team to think about a major strategic change.
- **Innovative repositioning**, where the planner finds a new strategic position that offers market opportunities that have not so far been identified by competitors.