

MARKETING STRATEGIES

Segmentation, Targeting and Positioning



Global Market Segmentation

Identifying consumers in different countries who share similar needs and desires (not identical) and address them as a group.

e.g: pizza

Conventional

identifying general consumer patterns

vs

Unconventional wisdom

identifying particular consumer patterns

e.g football

Global Segmentation begins by choosing variables which serve to group customers.

Demographics

Psychographics

Behavioral

Benefit

Ethnic

Demographic segmentation

Measurable characteristics of people such as population, income, age distribution, gender, education, occupation

Q 1: Look at these global trends:

- Fewer married couples
- Smaller family size
- Changing roles of women
- Higher incomes and living standards

Now take one of them to explain the possible implications in terms of market opportunities.

Q 2: What was the opportunity seized by big supermarkets like Carrefour or Walmart?

Segmenting Global markets by income and population:

the number of consumers is more important than the income for low per unit cost products



While the income should be more important for luxury items



While providing some measures of market potential, such macro level demographic data should not be used as the only indicator of presence (absence) of a market opportunity especially in emerging markets.
e.g: TV market

Purchasing power parity should be calculated to understand if the difference of income really indicates a low purchasing power.

Q 3: Why customers in China should not be regarded as an homogeneous mass?

A3: Although mandarin is the dominant language, there are 8 major languages and several dialects and other minor languages. behind each language variation there are differences in taste, activities and aspirations.

Age segmentation

To understand better how this demographic is assessed by marketers let's look at some commonly used groups:

Global teens: Young people 12-18 whose share interest for fashion, music, lifestyle and consumption habits.

Global telecommunications revolution was the driving force behind the emergence of this group.

e.g. MTV, internet, satellite western shows.

Global elite: wealthy in search of prestige and exclusivity. Old business men, musicians, elite athletes, movie stars, entrepreneurs, young business innovators

e.g. durables: luxury cars

non durables: Drinks

Financial services

Gender Segmentation

The obvious segmentation is male female, however there are other sexual orientation groups to focus on, and among them subgroups.

e.g. LGBT (lesbian, gay, bisexual, and transgender)



Q4: (opinion question)

What kind of products may be popular among tomboys?

Psychographic Segmentation

Grouping people in terms of their attitudes, values, and lifestyles. Usually measure by using likert scales.

The mind set of consumers is usually more relevant than their age group.

e.g. extreme sports enthusiasts



Q5. What is another example of products in which the mindset is more relevant than the age?

Behaviour Segmentation

Focuses on whether people buy and use a product as well as how often and how much they use it or consume it.

Consumers can be categorized according to:

-Usage rates: heavy, medium, light, non user

-Status: potential, non users, ex users, regulars, first-timers
and users of competitor's products

Q6: Let's choose a product and determine its usage rate
and status

The 80/20 rule (law of disproportionality or Pareto's law)

An 80% of a company revenues must be generated by the 20% of its products or services.

e.g. Mc Donalds

Q6: (opinion question)

Which kind of modern business are successful are generating major revenues with minor investment?

Benefit Segmentation

It focuses on a superior understanding of the problem a product solves, the benefit it offers, or the issue it addresses regardless of geography.

cavities
e.g. tooth paste whitening
sensitive teeth
gum disease

Q7: What is the focus given to pet food that made it more appealing to pet owners?

Ethnic Segmentation

This segmentation approach addresses the specific needs of ethnic groups or appeals to their ethnic identity.

Ethnic identity is stronger in nations where different ethnic groups voluntarily or not do not integrate to the majority population group.

e.g. USA main ethnic groups are:

- African/ black Americans

- Asian Americans (Thai, Vietnamese, Chinese)

- Hispanic Americans (Mexican, Puerto Rican, Cuban)

Q8: What are some of the characteristics of Hispanic American Segment?

Global Market Targeting

Assesing Market Potential and Choosing Target Markets or Segments

Assessing the attractiveness of the identified segments.

3 criteria to assess correctly market opportunities:

- Current size of the segment and anticipated growth potential
- Competition and compatibility with the company's overall objectives
- Feasibility of successfully reaching the designated target market

Pitfalls:

Overstating the size and short term attractiveness of individual country markets

Targeting countries due to shareholders or competition preassures.

Q9: Why BMW did not launched its own minivan?

A framework for selecting target markets

Arnold's framework is a "bottom-up" approach that goes beyond demographic data and begins at the **product-market** level (market defined by a product category).

e.g. Luxury car market, SUV market, Minivan Market

It incorporate 2 core concepts:

-Marketing model drivers

Key elements or factors required for a business to take root and grow in a particular business environment.

It differs depending on whether it is consumer or Industrial oriented.

-Enabling conditions

Structural market characteristics whose presence or absence can determine whether the marketing model can succeed.

e.g. Nestle Chocolats in India

Market entry

After model drivers and enabling conditions have been identified the estimated costs of entry must be weighted on the basis of **short and long term strategies**.

Timing is essential to avoid failure and generate advantage over existing or future competitors.






e.g. Jollibee vs Mc Donalds in Philippines.

Create a product marketing profile which will allow you to identify the model drivers and enabling conditions.

Q10: What are the advantages and disadvantages of first movers in contrast to late movers?

Product Market Decisions

Is the product or service suitable for the country or market segment? Use a market product grid to look at it:

MARKETS		COMPUTER PRODUCTS				
SECTOR	SEGMENT	Mac Pro	MacBook Pro	iMac	MacBook Air	Mac Mini
						
CONSUMER	Individuals		✓	✓	✓	✓
	Small/home office		✓	✓	✓	
	Students			✓	✓	✓
	Teachers		✓	✓		
PROFESSIONAL	Medium/large business	✓	✓	✓	✓	
	Creative	✓	✓	✓		
	College faculty		✓	✓	✓	
	College staff			✓	✓	

The intersections represent the possible market segments in which the product may be marketed

Q11: To face the problem of high temperatures in India what are some entry strategies suitable for Nestle Chocolats?

Target market Strategy Options

After analysing the market and deciding to go ahead companies must develop a targeting strategy.

There are 3 basic categories of TMS:

- Standardized Global Marketing
- Concentrated Global Marketing
- Differentiated Global Marketing

Q12: Give an example of a product for each marketing strategy?

Positioning Strategies

Refers to the differentiation of a brand in customers' mind in relation to competitors (what attributes and benefits does and does not offer).

e.g: Uniliver detergents

Colgate total variants

General positioning strategies:

- Attribute or benefit
- Quality and price
- Use or user
- Competition
- Global, foreign and local culture positioning

Q13: How does people evaluate high tech products?

Q14: How does people relate to high touch products?

Q15: Why is english used for advertising in non english speaking countries?

Q16: Why do these brand symbols contribute to the global image of the products they represent?



Thank You

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