Overview:

- Market segmentation
- Consumer Markets
- Organizational Markets
- Evaluation of segments
- Target Market
- Positioning and Repositioning
What is Market segmentation?

„...the identification of individuals or organizations with similar characteristics that have significant implications for the determination of marketing strategies.“¹


What is Market segmentation?

„Market segmentation is the process in marketing of dividing a market into distinct subsets (segments) that behave in the same way or have similar needs. ...to respond with appropriate marketing strategies that satisfy the different preferences of each chosen segment.“²
Benefits from market segmentation

Target market selection

- Chosen segment of market
- Similar characteristics of customer
- Single marketing mix strategy

Opportunities and threats

Market segmentation

Differentiation

Tailored marketing mix

Chosen segment of market
- Grouping of customers
- Tailoring marketing mix package
- Implementation of the marketing concept

(c) Brix, Konior, Richter

Source: Jobber, D. "Principles and practice of marketing"
Benefits from market segmentation

**Differentiation**
- Dividing into sub-segments
- Target more than one segment
- Differentiate its offering

**Opportunities and threats**
- Rarely static markets => new segments emerge
- Chance of being the first
- Threat of faster competitors

The process of market segmentation and target marketing

**The disaggregated market**
- The characteristics of individual customers are understood

**The segmented market**
- Customers are grouped into segments on the basis of having similar characteristics

**The target market**
- Segment 3 is judged to be most attractive and a marketing mix strategy is designed for that target market

Source: Jobber, D. "Principles and practice of marketing"
The process of market segmentation and target marketing - example

The disaggregated market

The segmented market according to type of buyer

- Sport & image
- Convenience & security
- Adventure
The process of market segmentation and target marketing - example

The target market

Sport & image

This segment is judged to be most attractive

Segmenting markets

Market segmentation

Consumer segmentation

Organizational segmentation
Segmenting consumer markets

- Behavioural
  - Benefits sought
  - Purchase occasion
  - Purchase behaviour
  - Usage
  - Perception and beliefs

- Psychographic
  - Profile

Consumer segmentation

Benefits sought

- Functionality
  - Simple
  - Lack of sophisticated features
  - Convenient
  - 1.3 megapixel camera
  - High quality video streaming with sound
  - Active TFT display
  - Bluetooth, USB
  - XHTML browsing and email over TCP/IP
  - MP3 player and FM radio
  - ...

- Pleasure

- Image
  - Display with Sapphire Crystal screen
  - Stainless steel keys with jewelled bearings
  - High price

Source: www.nokia.com; www.vertu.com
Segmenting consumer markets

Consumer segmentation

- Behavioural
  - Lifestyle
  - Personality

- Psychographic

- Profile

Segmenting consumer markets

Consumer segmentation

- Behavioural
  - Pampers

- Psychographic

- Profile

- Demographic
  - Socio-economic
  - Geographic
Segmenting organizational markets

- Organisational segmentation
  - Macrosegmentation
  - Microsegmentation

  - Organizational size
  - Industry
  - Geographic location

Choice Criteria
- Decision-making unit structure
- Decision-making Process
- Buy class
- Purchasing organization
- Organizational innovativeness
Evaluating market segments

Market attractiveness

Market factors
- segment size
- segment growth rate
- segment profitability
- price sensitive
- bargaining power of customers
- bargaining power of suppliers
- barriers to market segment entry
- barriers to market segment exit

Competitive factors
- nature of competition
- new entrants
- competitive differentiation

Political, social and environmental factors
- political issues
- social trends
- environmental issues

Company’s capability to compete

Exploitable marketing assets

Managerial capability and commitment

Capability to compete

Cost advantages

Technological edge

Source: Jobber, D. "Principles and practice of marketing"
Target marketing strategies

Undifferentiated marketing
- Marketing mix ➔ Whole market

Differentiated marketing
- Marketing mix 1 ➔ Segment 1
- Marketing mix 2 ➔ Segment 2
- Marketing mix 3 ➔ Segment 3

Customized marketing
- Marketing mix 1 ➔ Customer 1
- Marketing mix 2 ➔ Customer 2
- Marketing mix 3 ➔ Customer 3

Focused marketing
- Marketing mix

Positioning

Key issues of positioning
- Market segmentation
- Target market
  Where we want to compete?
- Differential advantage
  How we wish to compete?
Successful positioning

- Clarity
- Credibility
- Competitiveness
- Consistency

Perceptual mapping

- Identify a set of competing brands
- Identify important attributes
- Conduct quantitative marketing research
- Plot brands on a two-dimensional maps

Source: Jobber, D. “Principles and practice of marketing”
Repositioning strategies

<table>
<thead>
<tr>
<th>Target market</th>
<th>Product</th>
<th>Same</th>
<th>Different</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same</td>
<td>Image repositioning</td>
<td>Product repositioning</td>
<td></td>
</tr>
<tr>
<td>Different</td>
<td>Intangible repositioning</td>
<td>Tangible repositioning</td>
<td></td>
</tr>
</tbody>
</table>

Source: Jobber, D. "Principles and practice of marketing"

References:

3. Nokia, [http://www.nokia.co.uk/nokia/0,,71691,00.html](http://www.nokia.co.uk/nokia/0,,71691,00.html)
Thank you for your attention!

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