

CHAPTER THREE

Focusing Marketing Strategy with Segmentation and Positioning

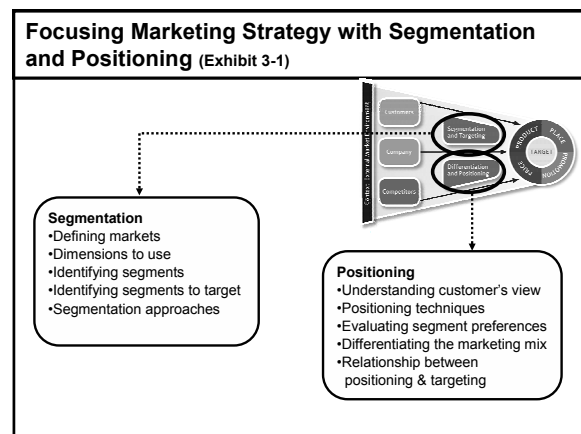
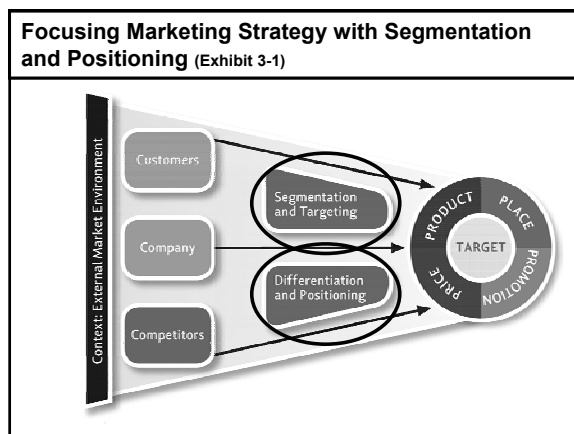


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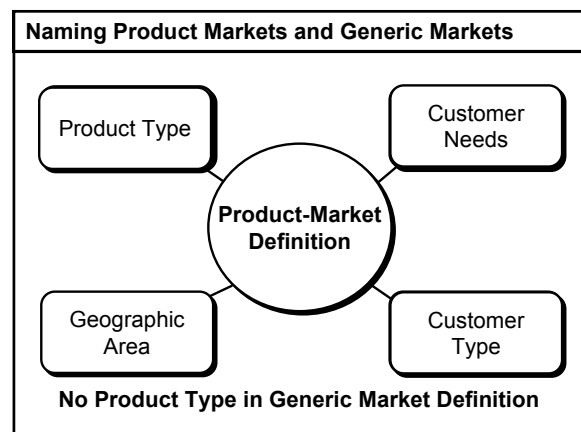
When we finish this lecture you should

1. Know about defining generic markets and product-markets.
2. Know what market segmentation is and how to segment product-markets into submarkets.
3. Know three approaches to market-oriented strategy planning.
4. Know dimensions that may be useful for segmenting markets.
5. Know a seven-step approach to market segmentation that you can do yourself.
6. Know what positioning is and why it is useful.



Taking Advantage of Opportunities





Interactive Exercise: Product-Market Definition

What is the product-market definition for each product advertised here?



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What Is the Product-Market?



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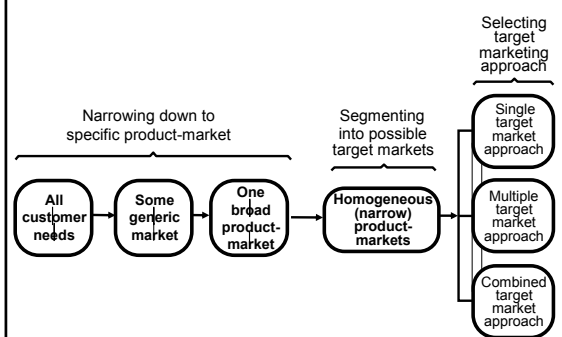
Segmentation is a Two-Step Process

1. Naming broad product-markets

and

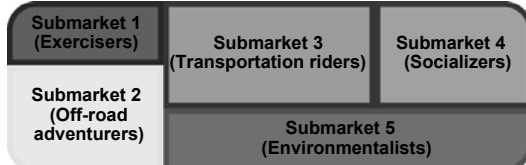
2. Segmenting markets and selecting targets

Search for Opportunities Can Begin by Understanding Markets (Exhibit 3-3)

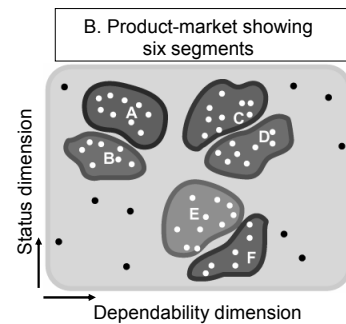


Market Segmentation Defines Possible Target Markets (Exhibit 3-4)

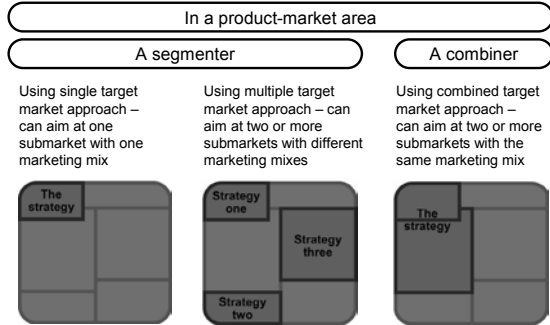
Broad product-market (or generic market) name goes here (The bicycle-riders product-market)



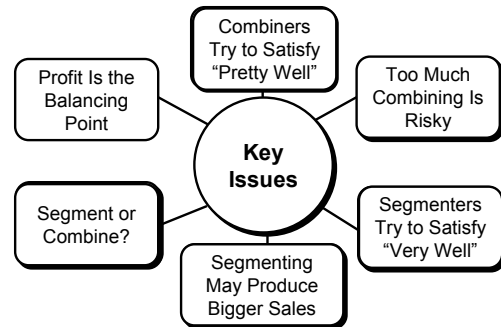
How Far Should the Aggregating Go? (Exhibit 3-5A and 3-5B)



Target Marketers Aim at Specific Targets (Exhibit 3-6)



Segmenting vs. Combining

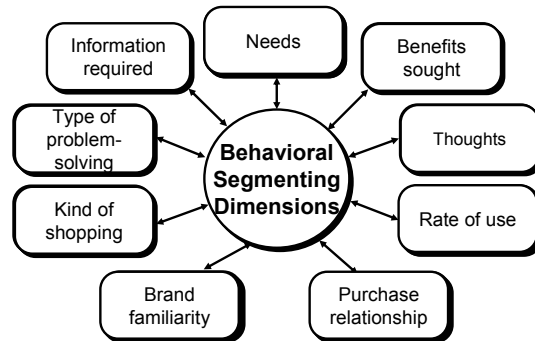


Checking your knowledge

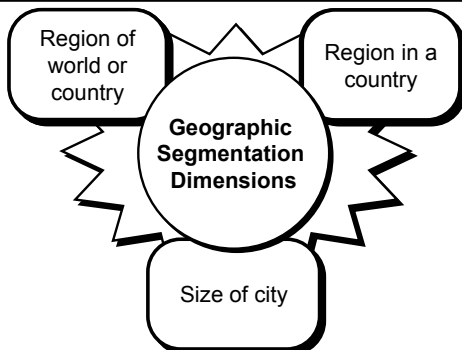
A neighborhood restaurant in a diverse market area sought to appeal to a wide range of consumers by offering a menu with a few choices from each of several different styles of cuisine—American, Italian, Chinese, German, Thai, and Indian. Recently, the restaurant has lost sales to newer restaurants that offer many choices from a single style of cuisine. This example illustrates the danger of adopting a _____ approach.

- A. single target market
- B. multiple target market
- C. combined target market
- D. structured target market
- E. mixed-mode market

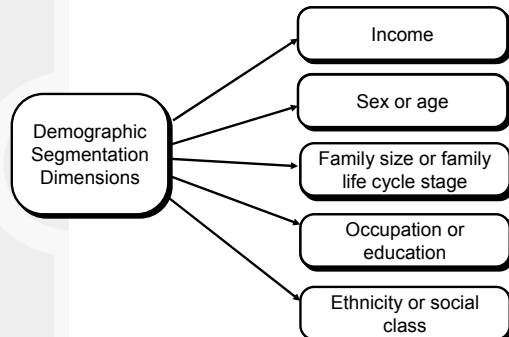
Behavioral dimensions for segmenting consumer markets

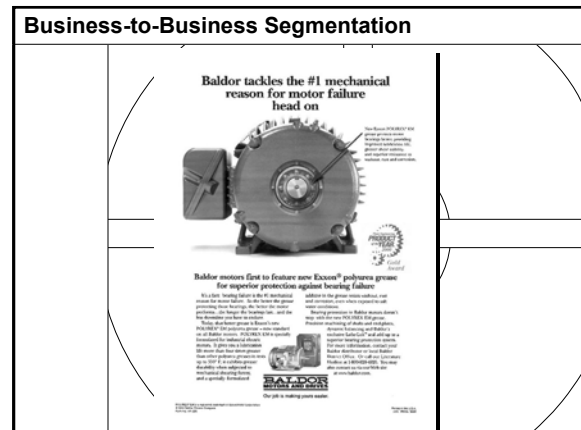
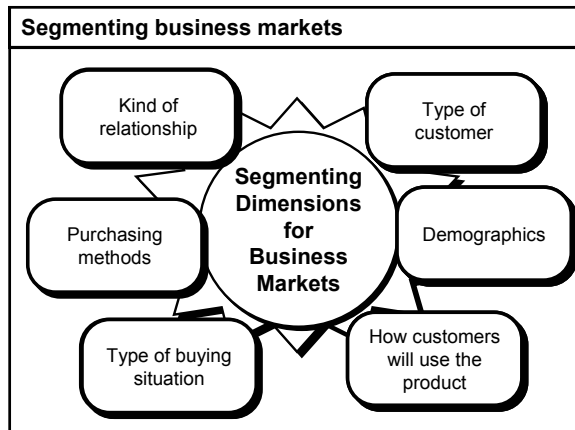


Geographic dimensions for segmenting consumer markets



Demographic dimensions for segmenting consumer markets

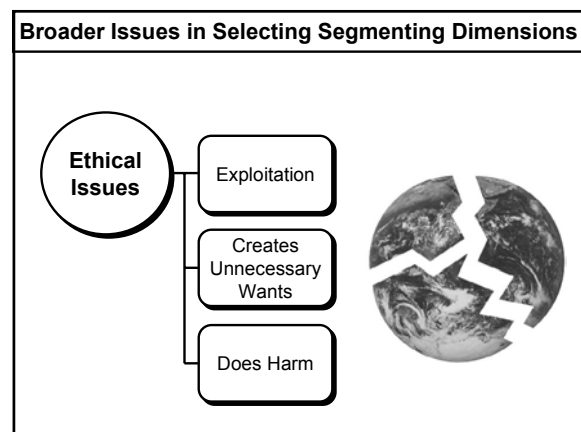
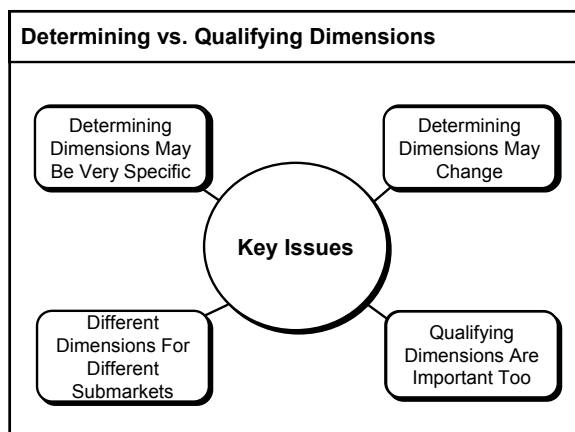
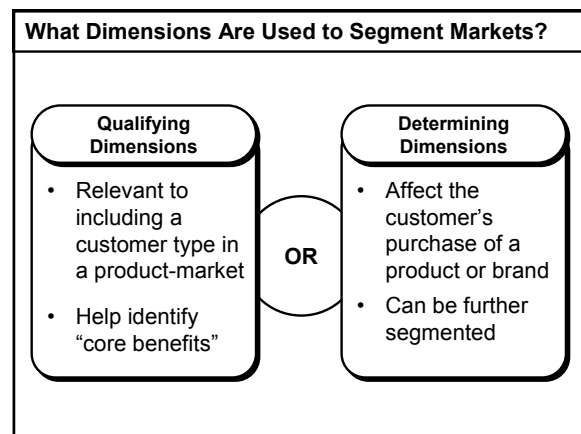




Checking your knowledge

The pastor of a new church decides to start prospecting for new members. He focuses first on people who live within a mile radius of the church, and contacts them via mail and by visiting them door-to-door. He then moves on to people who live from one to two miles away from the church, then two to three miles away, and so on, up to a limit of ten miles away. The pastor appears to be focusing on a _____ segmenting dimension.

- A. behavioral
- B. demographic
- C. benefit
- D. geographic
- E. relationship



What Are the Relevant Segmenting Dimensions?



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Checking your knowledge

A father taking his family of four on vacation was trying to make hotel reservations for a trip to Disney World. He first eliminated all hotels that were in excess of two miles from the main gate to Disney World. Then he focused exclusively on hotels offering suites so that his family would have more space. He eventually selected the Excelsior Hotel because he knew the hotel offered suites and a complementary breakfast. For him, the availability of the complementary breakfast was a _____ segmenting dimension.

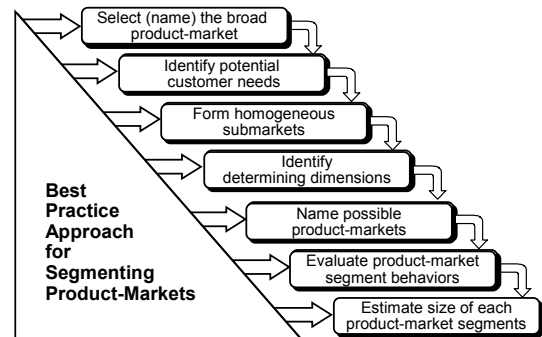
- A. qualifying
- B. determining
- C. differentiated
- D. geographic
- E. demographic

Segmentation and Advertising



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Segmenting Product Markets (Exhibit 3-11)



More Sophisticated Techniques May Help in Segmenting



Clustering



Customer Database



Customer Relationship Management (CRM)

Cluster Analysis



Positioning

FURNITURE for Your GARAGE

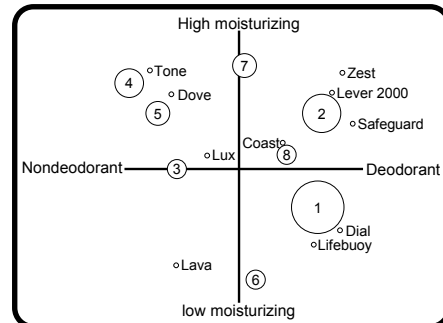
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An Example of Positioning (Exhibit 3-13)



Positioning and Advertising

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Checking your knowledge

The "product space" graph (perceptual map) resulting from a positioning study for shampoo shows a substantial target market that is currently served by only one product—"Exotic Balsam." Which of the following is a reasonable course of action for a competing manufacturer?

- Develop a new product to compete with Exotic Balsam.
- Look for an area on the map where there is a smaller target market that is not served by any current products.
- Attempt to reposition a current product as an alternative to Exotic Balsam.
- Do a broader analysis that includes an examination of customer needs and attitudes.
- Any of the above might be reasonable, depending on the circumstances.

You now

- Know about defining generic markets and product-markets.
- Know what market segmentation is and how to segment product-markets into submarkets.
- Know three approaches to market-oriented strategy planning.
- Know dimensions that may be useful for segmenting markets.
- Know a seven-step approach to market segmentation that you can do yourself.
- Know what positioning is and why it is useful.

Key Terms

- Market
- Generic market
- Product market
- Market segmentation
- Segmenting
- Market segment
- Single target market approach
- Multiple target market approach
- Combined target market approach
- Combiners
- Segmenters
- Qualifying dimensions
- Determining dimensions
- Clustering techniques
- Customer relationship management (CRM)
- Positioning