Chapter 6
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TARGET MARKETS: SEGMENTATION, EVALUATION, AND POSITIONING

CONSUMER MARKET
- End user of the finished product or service
- Individuals or groups

BUSINESS MARKET
- Raw materials for production
- Equipment or tools for the production process
- Items for support processes of the business
- Alternative names
  - B2B
  - Industrial
  - Organizational
- Producer, reseller, government, NGO, institutional

TYPES OF MARKETS

DETERMINING THE TARGET MARKET

Selection Process

Identity marketing strategy
Determine segmentation variables
Define markets for each segment
Evaluate segments for viability
Select appropriate markets for the product
IDENTIFYING THE STRATEGY

- Undifferentiated
  - Homogeneous market
  - Product is available to most everyone
  - No reason to have more than one strategy

- Concentrated
  - More focused on a market
  - Different needs or tastes

- Differentiated
  - Two or more distinct segments
  - Costs higher than other two strategies
  - Marketing mix developed for each segment

DETERMINING SEGMENTATION CRITERIA

- Demographic
- Geographic
- Psychographic
- Behavioral

VALS

- Resources
  - Energy, self-confidence, intellectualism, novelty seeking, innovativeness, impulsiveness, leadership, and vanity play a critical role. Age, income and education are also resources.

- Primary Motivation: Ideas, Achievement, and Self-Expression
  - Consumers motivated by ideas are guided by knowledge and principles.
  - Consumers motivated by achievement look for products and services that demonstrate success.
  - Consumers motivated by self-expression desire social or physical activity, variety, and risk.
BUSINESS MARKET SEGMENTATION

PROFILE MARKET SEGMENTS

- Similarities of customer wants and needs with in a segment
- How does the company’s strengths provide value to the segments?
- Which segments are most attractive to service?
- Which segments are not profitable or feasible to the company?

EVALUATE FOR MOST PROMISING SEGMENTS
SELECT MARKETS WITH MOST POTENTIAL

- Choose segments where company’s competitive advantage makes sense
- Look at future potential not just today’s situation
- Is the market long-lasting or short-lived?

POSITIONING AND REPOSITIONING

- Attributes/features
- Competition
- Price
- Quality
- Benefits

POSITION THESE ITEMS
PERCEPTUAL MAPPING-BEVERAGES

Inexpensive

Low quality

Expensive

Expensive Inexpensive Inexpensive

High quality

Low quality

High quality

Low quality

Low quality

FORECASTING
One thing to remember: forecasting is ALWAYS inaccurate. The best you can hope for is to be close most of the time.

TYPES OF FORECASTING METHODS

Executive Judgment

Surveys

Time series analysis

Regression analysis

Market tests
MULTIPLE FORECASTING METHODS

- Short-range vs. long-range
- Diverse products
- Verification