CHAPTER 7
SEGMENTATION, TARGETING, AND POSITIONING

MARKET SEGMENTATION

Represents an effort to identify and categorize groups of customers and countries according to common characteristics.

TARGETING

The process of evaluating segments and focusing marketing efforts on a country, region, or group of people that has significant potential to respond.

Focus on the segments that can be reached most effectively, efficiently, and profitably.

POSITIONING

Positioning is required to differentiate the product or brand in the minds of the target market.

GLOBAL MARKET SEGMENTATION

Defined as the process of identifying specific segments—whether they be country groups or individual consumer groups—of potential customers with homogeneous attributes who are likely to exhibit similar responses to a company’s marketing mix.

CONTRASTING VIEWS OF GLOBAL SEGMENTATION

Conventional wisdom:
- Assumes heterogeneity among countries
- Assumes homogeneity within a country
- Focuses on macro-level cultural differences
- Relies on clustering of national markets
- Less emphasis on within-country segments

Unconventional wisdom:
- Assumes emergence of segments that transcend national boundaries
- Recognizes existence of within-country differences
- Emphasizes micro-level differences
- Segments micro markets within and among countries

Enjoy life’s opportunities
GLOBAL MARKET SEGMENTATION
- Demographics
  - Income
  - Population
  - Age distribution
  - Gender
  - Education
  - Occupation
- Psychographics
- Behavioral characteristics
- Benefits sought

What are the trends?

SEGMENTING BY INCOME & POPULATION
- Income is a valuable segmentation variable
  - 75% of world GNP is generated in the triad but only 13% of the world's population is in the triad
- Do not read into the numbers
  - Some services are free in developing nations so there is more purchasing power
  - Feeds into Purchasing Power Parity
- For lower prices items
  - Population is a more important variable

AGE SEGMENTATION
- Global teens—
  - young people between the ages of 12 and 19
  - A group of teenagers randomly chosen from different parts of the world will share many of the same tastes
- Global elite—
  - affluent consumers
  - well traveled
  - money to spend on prestigious products with an image of exclusivity
- Seniors
  - Pensioners or Retirees
  - Treatment and needs vary in region

GENDER SEGMENTATION
- In focusing on the needs and wants of one gender, do not miss opportunities to serve the other
- Companies may offer product lines for both genders
  - Nike, Levi Strauss

PSYCHOGRAPHIC SEGMENTATION
- Grouping people according to attitudes, values, and lifestyles
- SRI International and VALS 2

CLASS SEGMENTATION
- Innovator/Experiencer
- Striver/Experiencer
- Maker/Experiencer
- Experience/Striver
- Experience/Maker
- Striver/Thinker
- Experience/Innovator
- Striver/Believer
- Experience/Achiever
- Experience
**EXPERIENCERS**

Experiencers are motivated by self-expression. As young, enthusiastic, and impulsive consumers, Experiencers quickly become enthusiastic about new possibilities but are equally quick to cool. They seek variety and excitement, savoring the new, the offbeat, and the risky. Their energy finds an outlet in exercise, sports, outdoor recreation, and social activities.

Experiencers are avid consumers and spend a comparatively high proportion of their income on fashion, entertainment, and socializing. Their purchases reflect the emphasis they place on looking good and having “cool” stuff.

**STRIVERS**

Strivers are trendy and fun loving. Because they are motivated by achievement, Strivers are concerned about the opinions and approval of others. Money defines success for Strivers, who don’t have enough of it to meet their desires. They favor stylish products that emulate the purchases of people with greater material wealth. Many see themselves as having a job rather than a career, and a lack of skills and focus often prevents them from moving ahead.

Strivers are active consumers because shopping is both a social activity and an opportunity to demonstrate to peers their ability to buy. As consumers, they are as impulsive as their financial circumstance will allow.

**PorSCHe EXampLe**

Customer Base

- Top Guns (27%)—ambition, power, control
- Elitists (24%)—old money, car is just a car
- Proud Patrons (23%)—car is reward for hard work
- Bon Vivants (17%)—car is for excitement, adventure
- Fantasists (9%)—car is form of escape

**PsychoGraphic SEgmentation**

The Euroconsumer

- Successful
- Affluent
- Idealist
- Materialist
- Comfortable
- Belongers
- Disaffected
- Survivors

5 to 20% of the population
- persons with professional and technical success
- maintain commitment to abstract or socially responsible ideals

25 to 50% of a country’s population
- status-conscious “up-and-comers,” business professionals, conspicuous consumers, commodities success

**Behavior SEgmentation**

- Focus on whether people purchase a product, as well as how much and how often they use it
- User status
- Law of disproportionality
  - Pareto’s Law—80% of a company’s revenues are accounted for by 20% of the customers

**Benefit SEgmentation**

- Benefit segmentation focuses on the value equation
  - Value = Benefits / Price
- Based on understanding the problem a product solves, the benefit it offers, or the issue it addresses
ETHNIC SEGMENTATION
- The population of many countries includes ethnic groups of significant size.
  - South Africa: MANY tribes
- Three main ethnic groups in U.S.
  - African-Americans,
  - Asian-Americans, and
  - Hispanic Americans
  - 40 plus million Hispanic Americans (34% of total population) with $560 billion annual buying power
  - CA Mexicans have after-tax income of $100 billion
  - Hispanic teens will rise from 12 to 18 percent of the U.S. teen population in the next decade.
- What other ethnic groups have minority status?
- What about European descent Americans-Native Americans?

ASSESSING MARKET POTENTIAL
Pitfalls
- Overstating the size and short-term attractiveness
- Fear of missing out on a strategic opportunity
- Management’s network of contacts is primary criterion for decision

ASSESSING MARKET POTENTIAL
Three basic criteria
- Current size
  - of market segment
  - growth potential
- Competition
  - How much
  - Strength
  - Vulnerability
- Compatibility
  - company’s overall objectives
  - feasibility of success with the target audience

FRAMEWORK FOR SELECTING TARGET MARKETS
- Begin with demographic information
- Product-market must be considered
  - Market defined by product category
- Consider marketing model drivers
  - Factors required for a business to take root and grow
- Are there any enabling conditions present?
  - Conditions whose presence or absence will determine success of the marketing model

INTRODUCTION TO DEEP METAPHORS
- Balance
  - Justice, Equilibrium, and the Interplay of Elements
- Transformation
  - Changes in Substance and Circumstances
- Journey
  - Meeting of Past, Present, and Future
- Container
  - Inclusion, Exclusion, and other Boundaries
- Connection
  - Need to relate to Oneself and Others
- Resource
  - Acquisitions and the consequences
- Control
  - Sense of Mastery, Vulnerability, and Well-Being

METAPHORIA
Uncovering the mind of the Consumer
Gerald Zaltman and Lindsay Zaltman
Metaphoria

"Coming Full Circle" - new mother

Metaphors
- Strand of pearls
- Circle of life
- Pinkish red flower
- New baby girl
- Vase
- Shape of her life
- Faded flowers
- All the phases already gone through
- Female elephant at edge of circle
- People who share a great deal of time with the daughter
- Diamond - hovering above
- Daughter’s birthstone
- Purity, brilliance and clarity
- Life, happiness, and learning
- Clock and juggler
- Not enough time for daughter and self
- Juggling life balance
- Bathtub
- Escape for the mother
- Toys on the left
- Future learning and growth

Your Metaphoria Assignment

Choose one of the metaphors for defining your situation

Create a collage

- Balance
- Transformation
- Journey
- Container
- Connection
- Resource
- Control

Nine Questions for Creating a Product-Market Profile

- Who buys our product?
- Who does NOT buy it?
- What need or function does it serve?
- Is there a market need that is not being met by current product/brand offerings?
- What problem does our product solve?
- What are customers buying to satisfy the need for which our product is targeted?
- What price are customers paying?
- When is the product purchased (& how often)?
- Where is it purchased?

Target Market Strategies

<table>
<thead>
<tr>
<th>Standardized (Mass)</th>
<th>Concentrated (Niche)</th>
<th>Differentiated (Multi-Segment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intensive Distribution</td>
<td>Undifferentiated Target Marketing</td>
<td>Minimal Product Adaptation</td>
</tr>
<tr>
<td>Minimal Product Adaptation</td>
<td>Standardized Marketing Mix</td>
<td>Two or more distinct markets</td>
</tr>
</tbody>
</table>

Positioning Strategies

Global Consumer Culture Positioning
- Identifies the brand as a symbol of a particular global culture or segment
- High-touch and high-tech products

Foreign Consumer Culture Positioning
- Associates the brand’s users, use occasions, or product origins with a foreign country or culture

Local Consumer Culture Positioning
- Identifies with local cultural meanings
- Consumed by local people
- Locally produced for local people
- Used frequently for food, personal, and household nondurables
- Ex: Budweiser is identified with small-town America

Positioning

Locating a brand in consumers’ minds over and against competitors in terms of attributes and benefits that the brand does and does not offer

- Volvo - safety
- L’Oreal - because I’m worth it
- Bayer Aspirin - recommended by Doctors
- The Body Shop - natural ingredients, no animal testing