Market Segmentation

- It is the process of dividing a heterogeneous market in to homogeneous sub units.

The division is based on the fact that different people have different tastes and preferences.

Applications

- Significance in Daily lives
- Application to decision making
- Consumer behavior & Marketing management
- Market opportunity analysis
- Target market selection
- Marketing mix determination

Market Segmentation

Market Segmentation Level

- Mass Marketing Marketing
- Individual Marketing
- Niche Marketing
- Local Marketing

Guides to Effective Segmentation

- Measurable
- Accessible
- Differentiable
- Substantial
- Actionable

Bases of Segmentation

- Geographic Segmentation
- Demographic Segmentation
- Psychographic Segmentation
- Socio-cultural Segmentation
- Behavioral Segmentation-

  occasion

  loyalty(hard core, split,

  shifting, switcher)

  uses rate

Bases for Industrial Products

- Kinds of Business or Activity
- Usual purchasing Procedure
- Geographical location of user
- The size of user
- Company technology

Limitations of Market Segmentation

- More expensive than using a non-segmented approach.
- Difficult to select the best base for segmenting a market.
- Difficult to know how finely or broadly to segment.
- Tendency to appeal to markets that are not viable.

Targeting

- Segmentation is the process of identifying and establishing alternative market segments.
- At the next step, targeting involves evaluating the segments and selecting how many and which ones to be target.

Targeting

1. Evaluation of Segments
   - Profitability
   - Attractiveness
   - Growth rate
   - Company Objectives
   - Limitations

Targeting

2. Selection of Segments
3. Coverage of segments
4. Choosing a coverage strategy

Positioning

- Positioning is the act of finding a place in the minds of consumers and locating the brand therein.

Identifying the Positioning Concept

A marketer can position his product in various ways to develop or enhance its value to the consumer. He can do it according to:

- Product characteristics/consumer benefits
- Price-quality
- Use/application
- Product user
- Product class
- Competitors

Differentiation

- **Differentiation or product differentiation** is the process by which companies manufacture and design products in a way that makes customers perceive them as different from those manufactured by other companies.

Differentiation variables

- Product differentiation
- Service differentiation
- Personnel differentiation
- Channel differentiation
- Image differentiation

Product differentiation

- Form
- Design
- Features
- Packaging
- Quality
- Durability

Service differentiation

- Ordering ease
- Delivery
- Installation
- Guarantees
- Financial arrangement
- Customer training
- Maintenance and repair
- Disposal

Personnel differentiation

- Competent
- Friendly
- Trustworthy
- Responsiveness
- Good communication skills

Channel differentiation

- Availability of products
- Accessibility
- Delivery
- Coordination with company’s employees in after sale service
- Trained sales personnel

Image differentiation

- Company’s management
- Logos
- Atmosphere
- Events

What is a brand?

A brand is a name, term, sign, symbol, design or a combination of the above to identify the goods or service of a seller and differentiate it from the rest of the competitors

When you cannot do this

The product is a commodity

A brand comprises of

- Tangible attributes
- Intangible attributes

Tangibles

Eg.

- Product
- Packaging
- Labelling
- Attributes
- Functional benefits

Intangibles

Eg.

- Quality
- Emotional benefits
- Values
- Culture
- Image

Brand Identity

It is the marketer’s promise to give a set of features, benefits and services consistently

Brand Building

Involves all the activities that are necessary to **nurture** a brand into a **healthy cash flow** stream **after launch**

What kind of activities?

Eg.

- Product development
- Packaging
- Advertising
- Promotion
- Sales and distribution

Brand Equity

When a commodity becomes a brand, it is said to have equity

What is brand equity?

- The premium it can command in the market
- Difference between the perceived value and the intrinsic value

What happens when equity increases?

Commodity → Brand → Power Brands

Presence

+

Personality

What happens when brands have high equity?

- The company can have more leverage with the trade
- The company can charge a premium on their product
- The company can have more brand extensions
- The company can have some defense against price competition

A brand name should indicate

- Product benefits
- Product quality
- Names easy to remember, recognise, pronounce
- Product category
- Distinctiveness
- Should not indicate poor meanings in other markets or languages

Brand Associations

- ‘owned word’
- Slogans
- Colours
- Symbols and logos

Brand ambassadors

- Giving a face and personality to the brand that is expected to be rubbed off from the brand ambassador