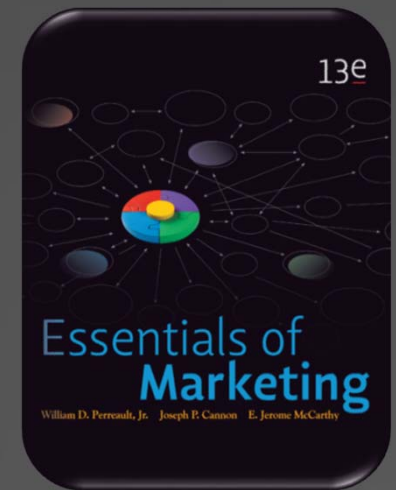


# Essentials of Marketing



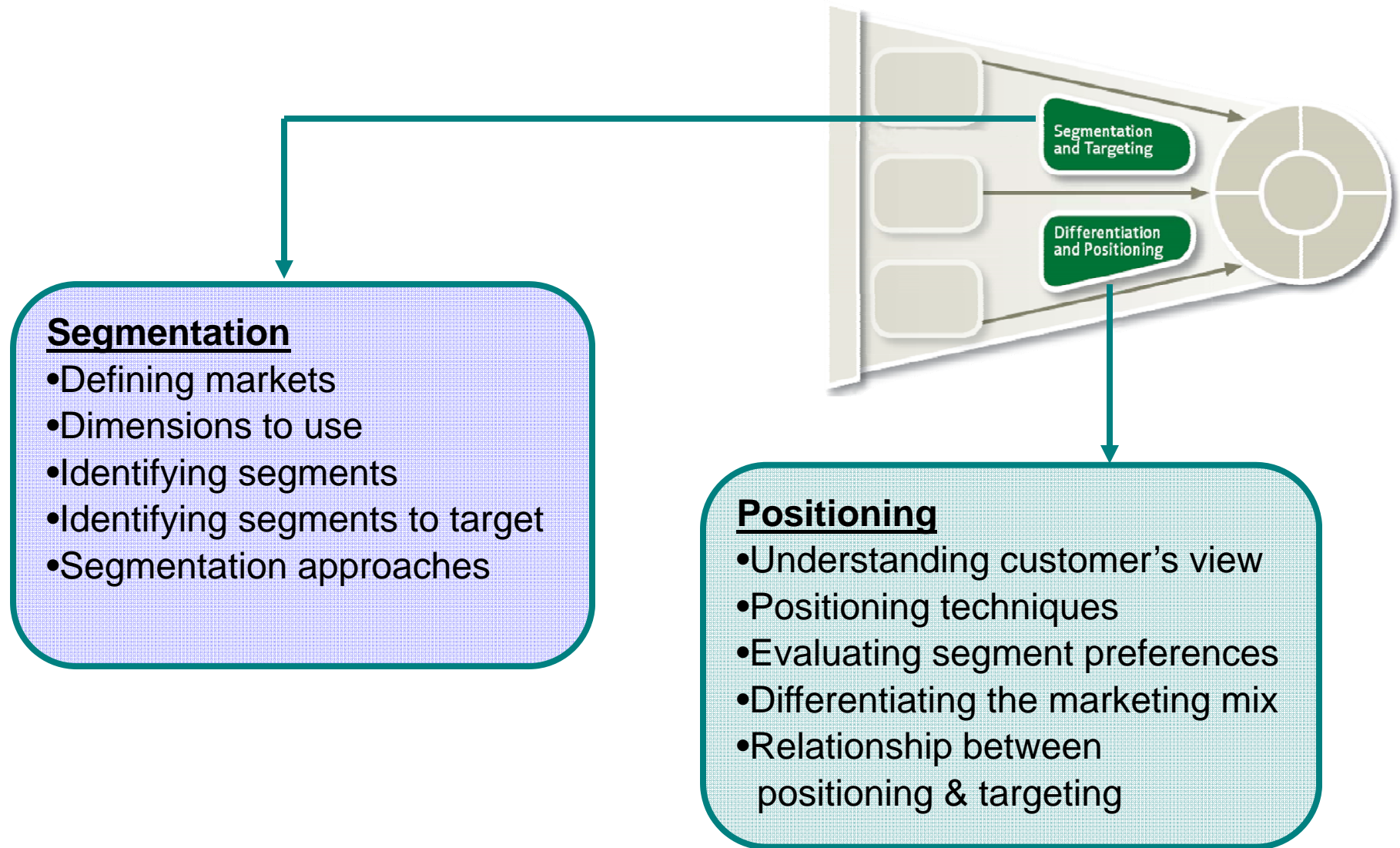
## Chapter 4 Focusing Marketing Strategy with Segmentation and Positioning



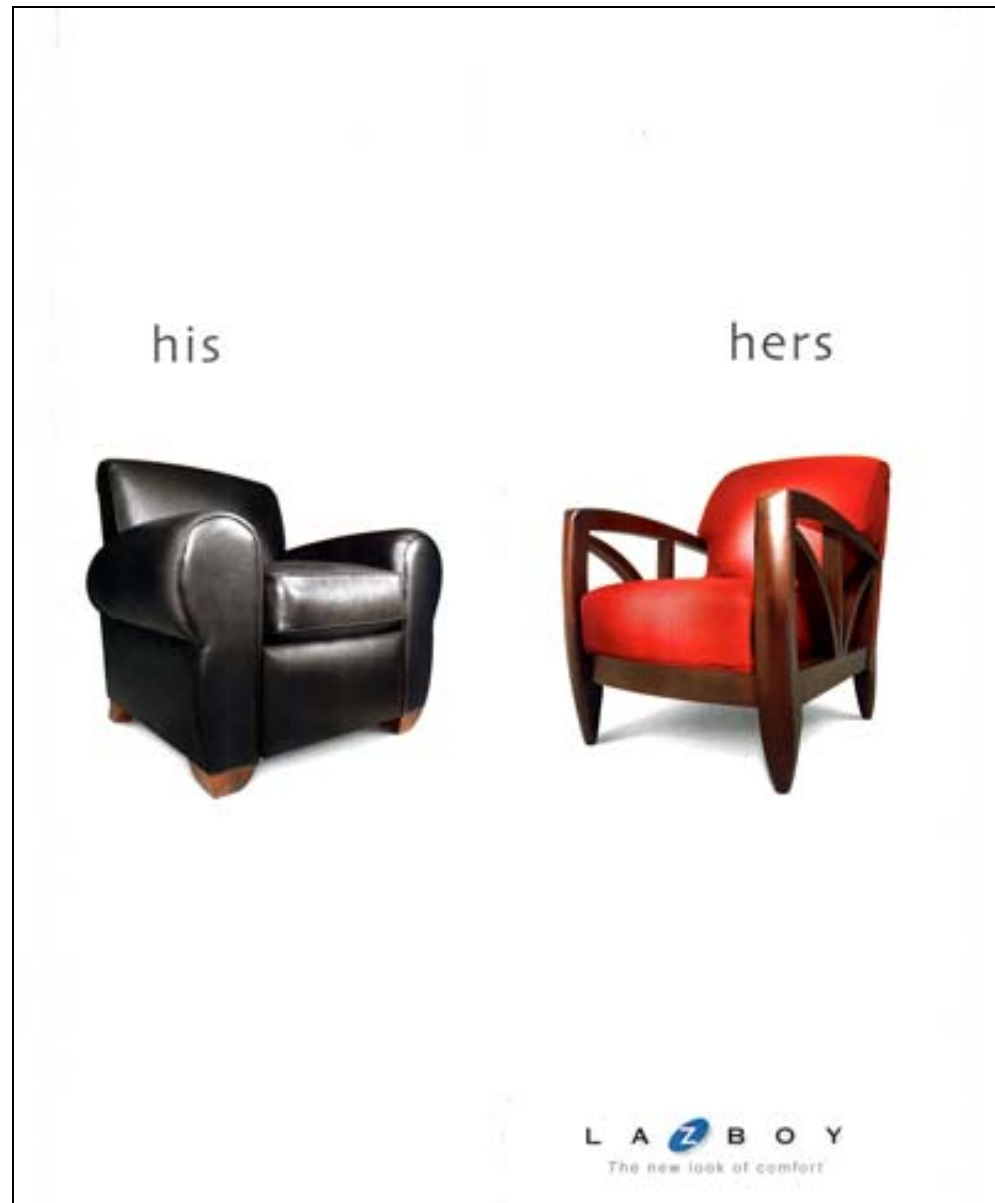
## At the end of this presentation, you should be able to:

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 what positioning is and why it is useful.
6. Understand the important new terms.

# Focusing Marketing Strategy with Segmentation and Positioning (Exhibit 4-1)



# Taking Advantage of Opportunities



# Search for Opportunities can Begin by Understanding Markets

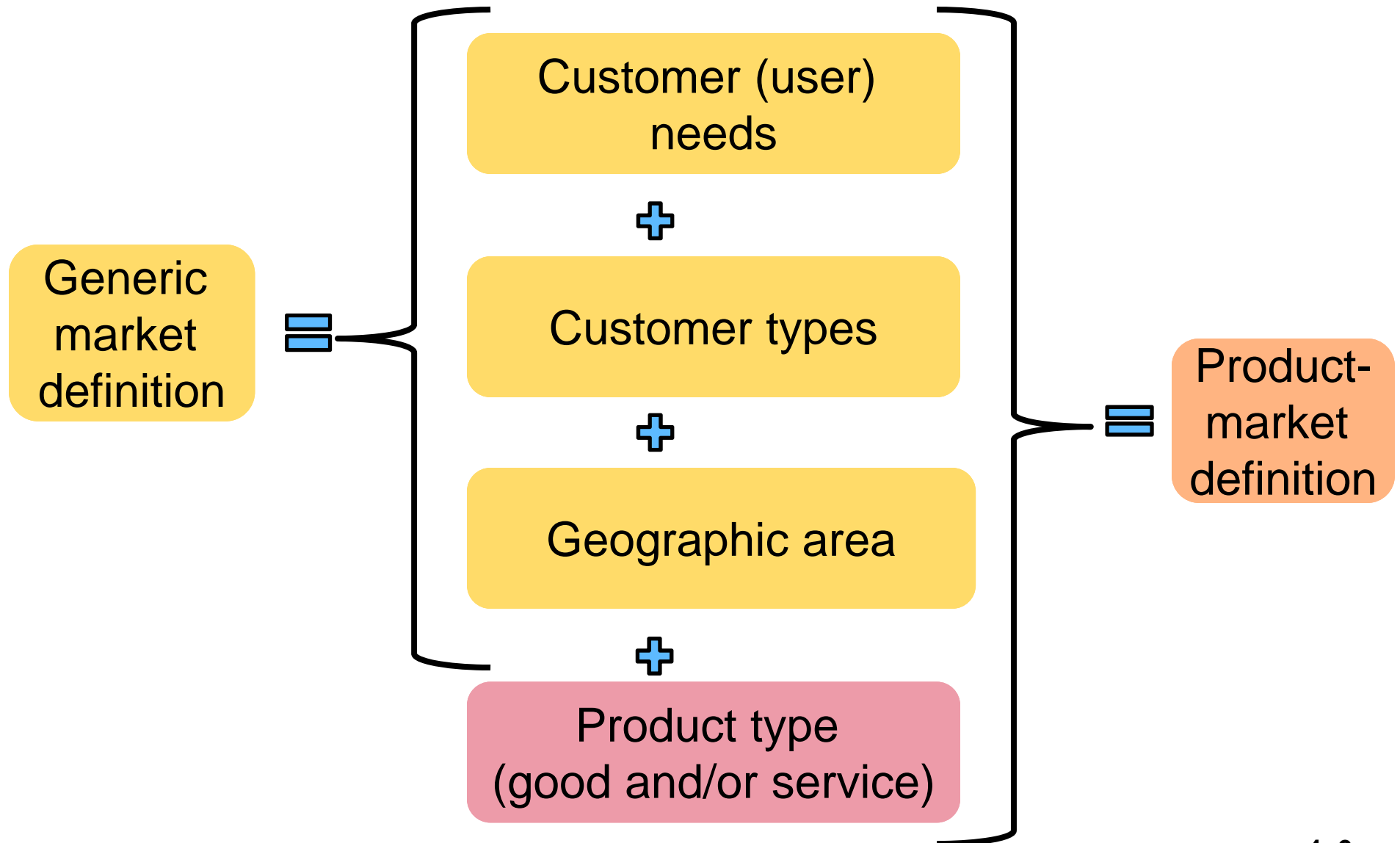
What is a company's market?

Don't just focus on the product

Generic markets to product-markets

Broaden market definitions to find opportunities

# Relationship Between Generic and Product-Market Definitions (Exhibit 4-2)

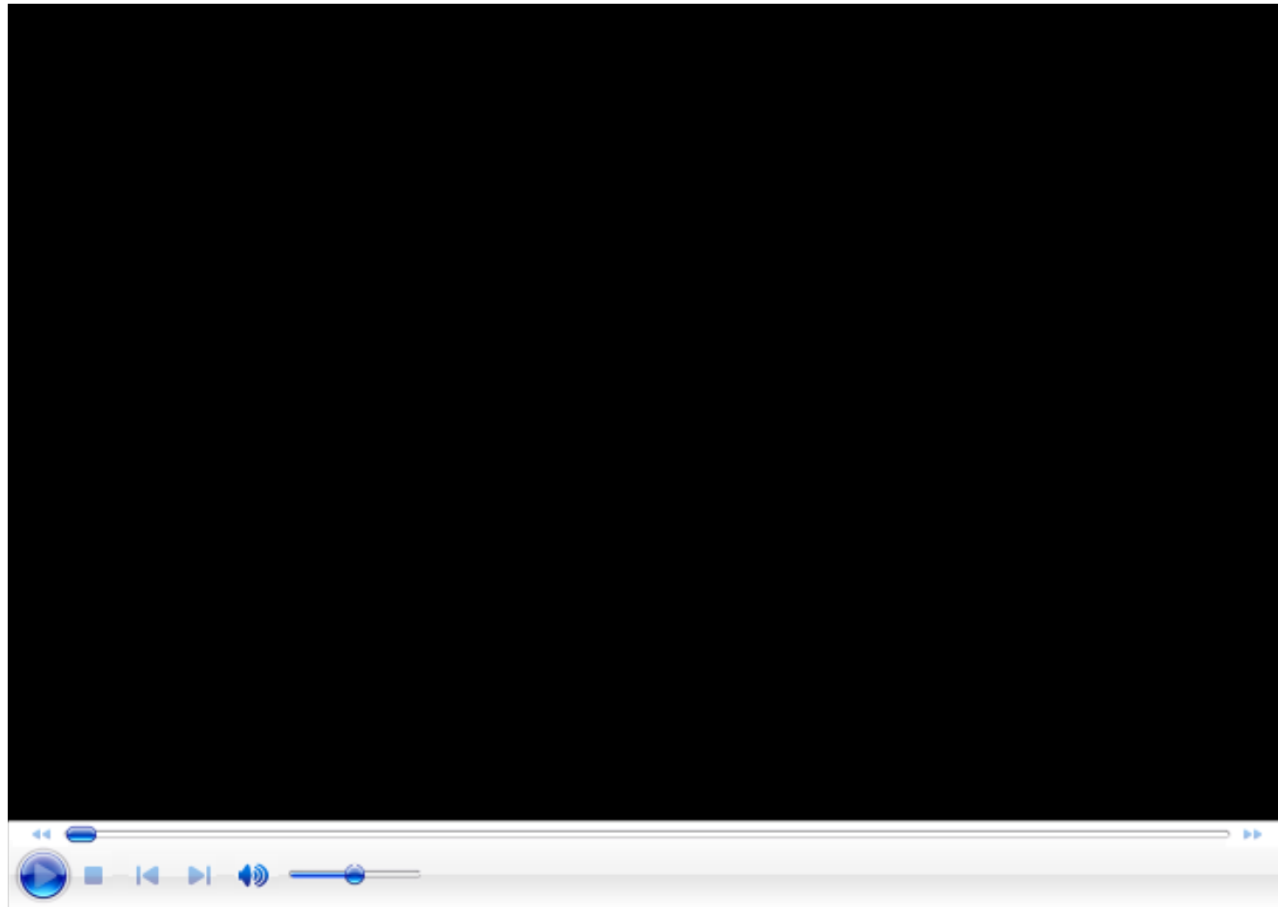


# Interactive Exercise: Product-Market Definition

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



# What is Product-Market?





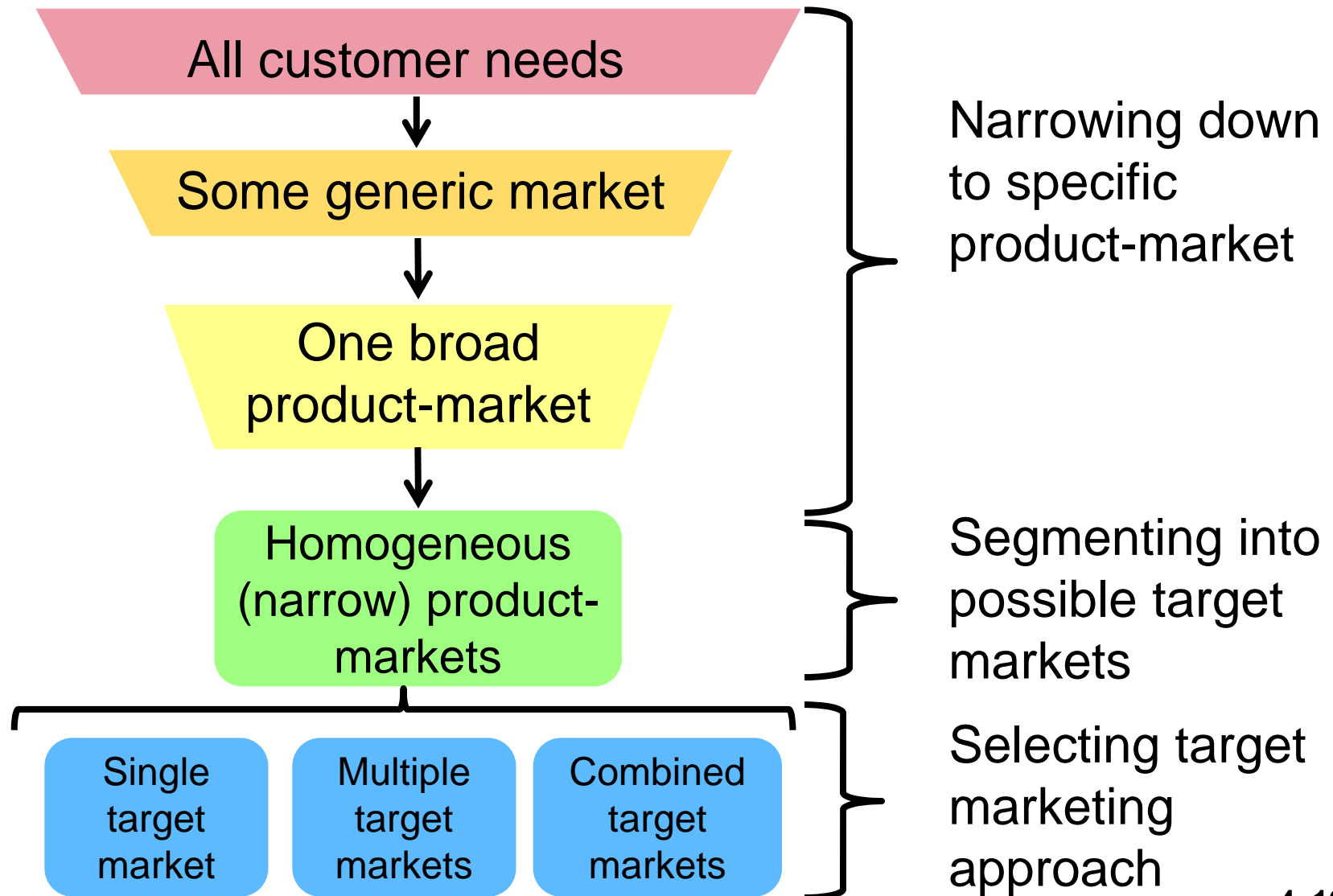
# Segmentation is a Two-Step Process

Naming broad  
product-markets

and

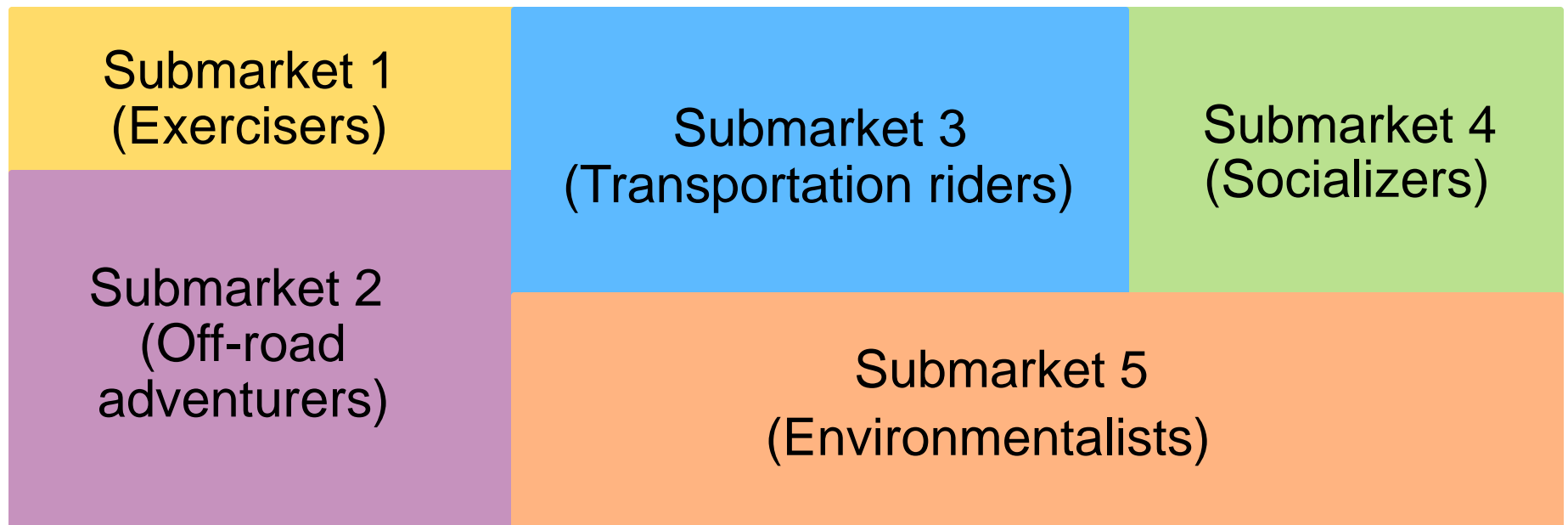
Segmenting  
markets to  
selecting target  
markets and  
develop marketing  
mixes

# Marketers Need Information about Competitors (Exhibit 4-3)



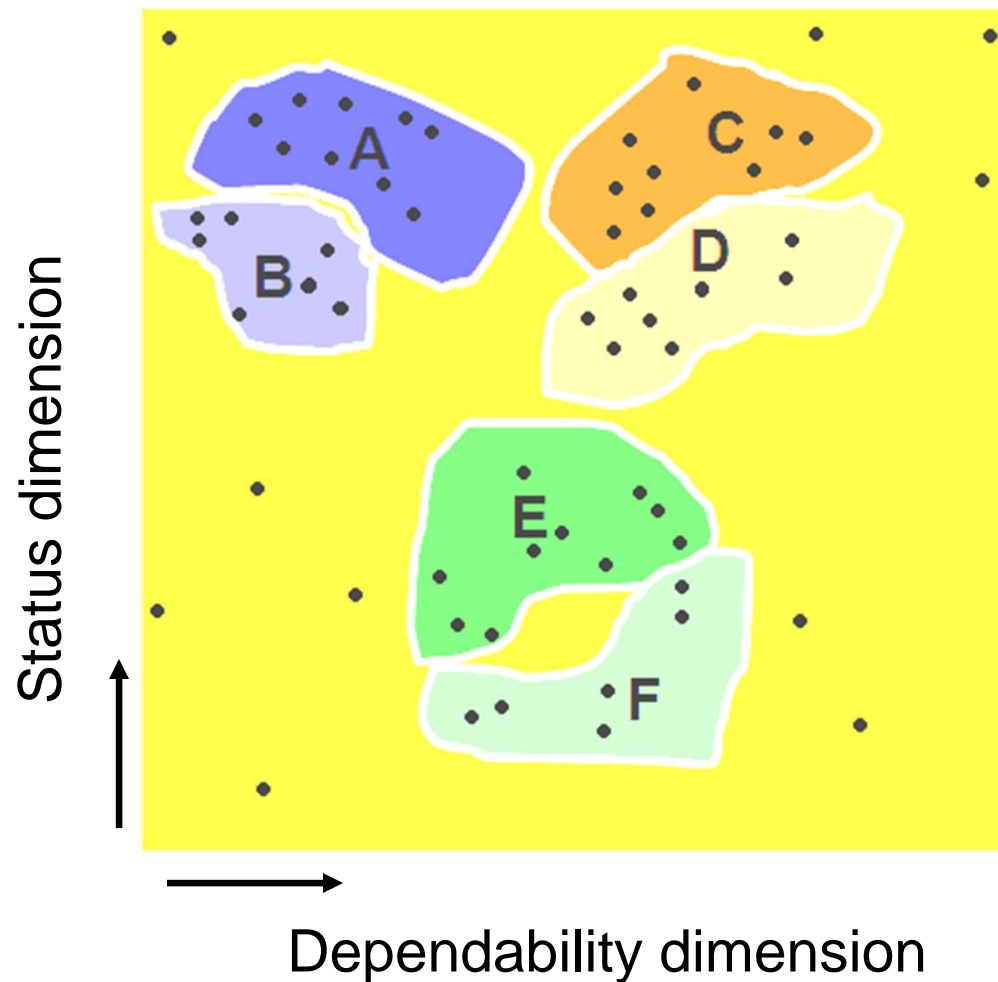
# Market Segmentation Defines Possible Target Markets (Exhibit 4-4)

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



# How Far Should the Aggregating Go? (Exhibit 4-5A and 4-5B)

**B. Product-market showing  
six segments**

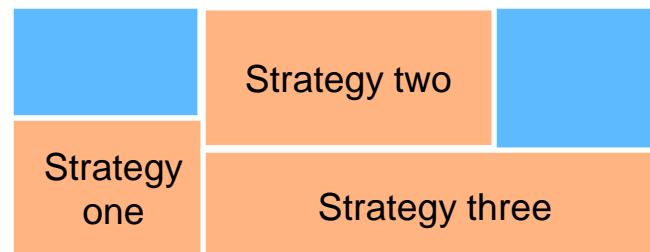
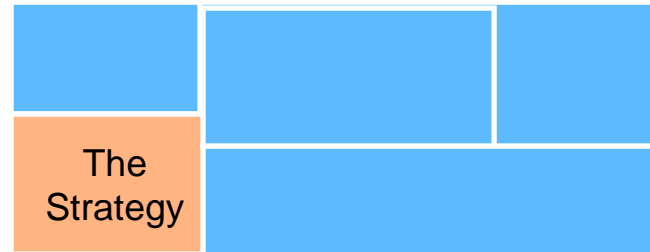


# Segmenters and Combiners Aim at Specific Target Markets (Exhibit 4-6)

A segmenter develops a different marketing mix for each segment.

Single target market approach

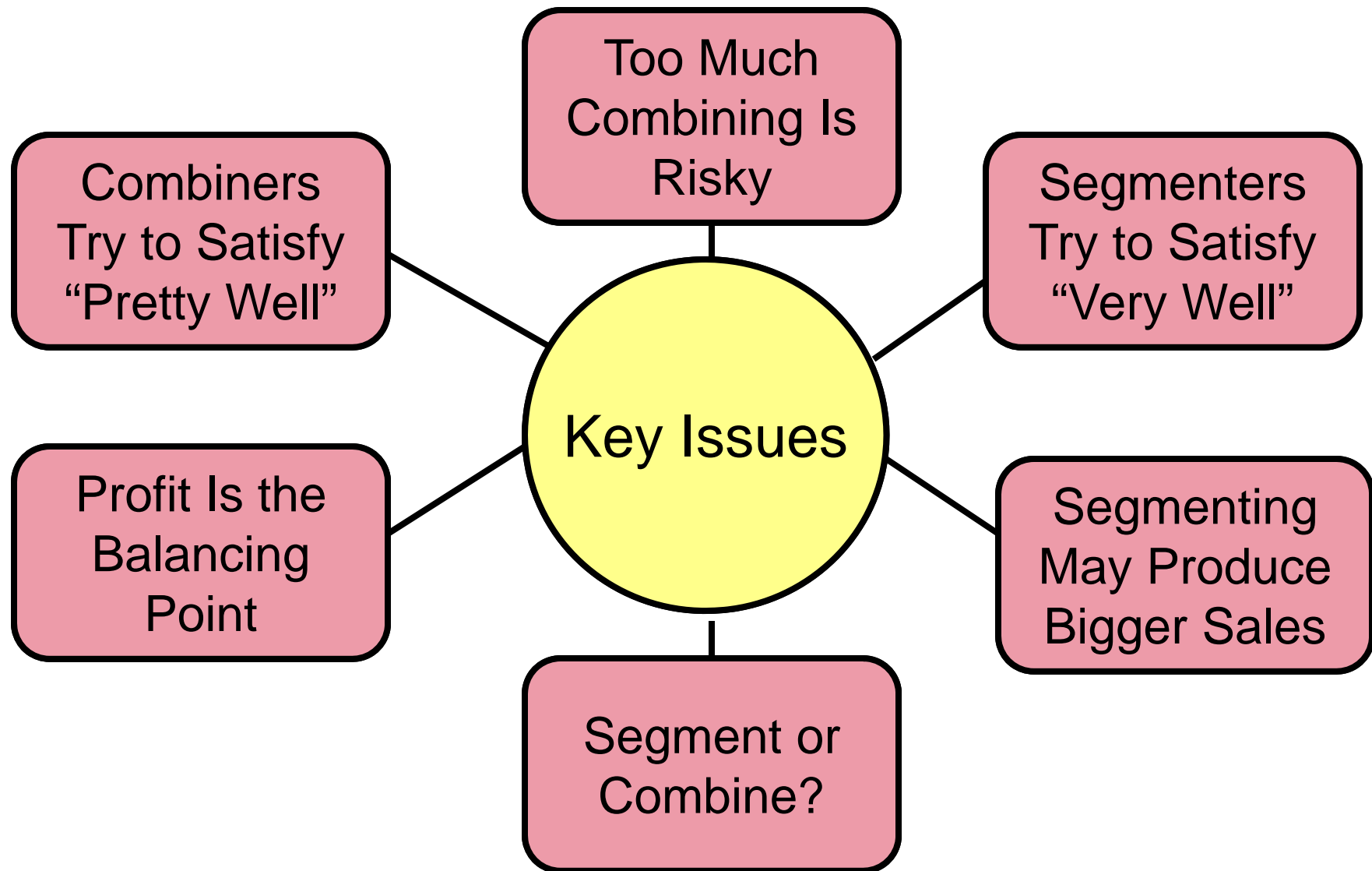
Multiple target market approach



A combiner aims at two or more submarkets with the same marketing mix.



# 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

## Relation of Potential Target Market Dimensions to Marketing Strategy Decision Areas (Exhibit 4-7)

### Potential Target Market Dimensions

Behavioral needs, attitudes, and how present and potential goods and services fit into customers' consumption patterns.

Urgency to get need satisfied and desire and willingness to seek information, compare, and shop.

Geographic location and other demographic characteristics of potential customers.

### Effects on Strategy Decision Areas

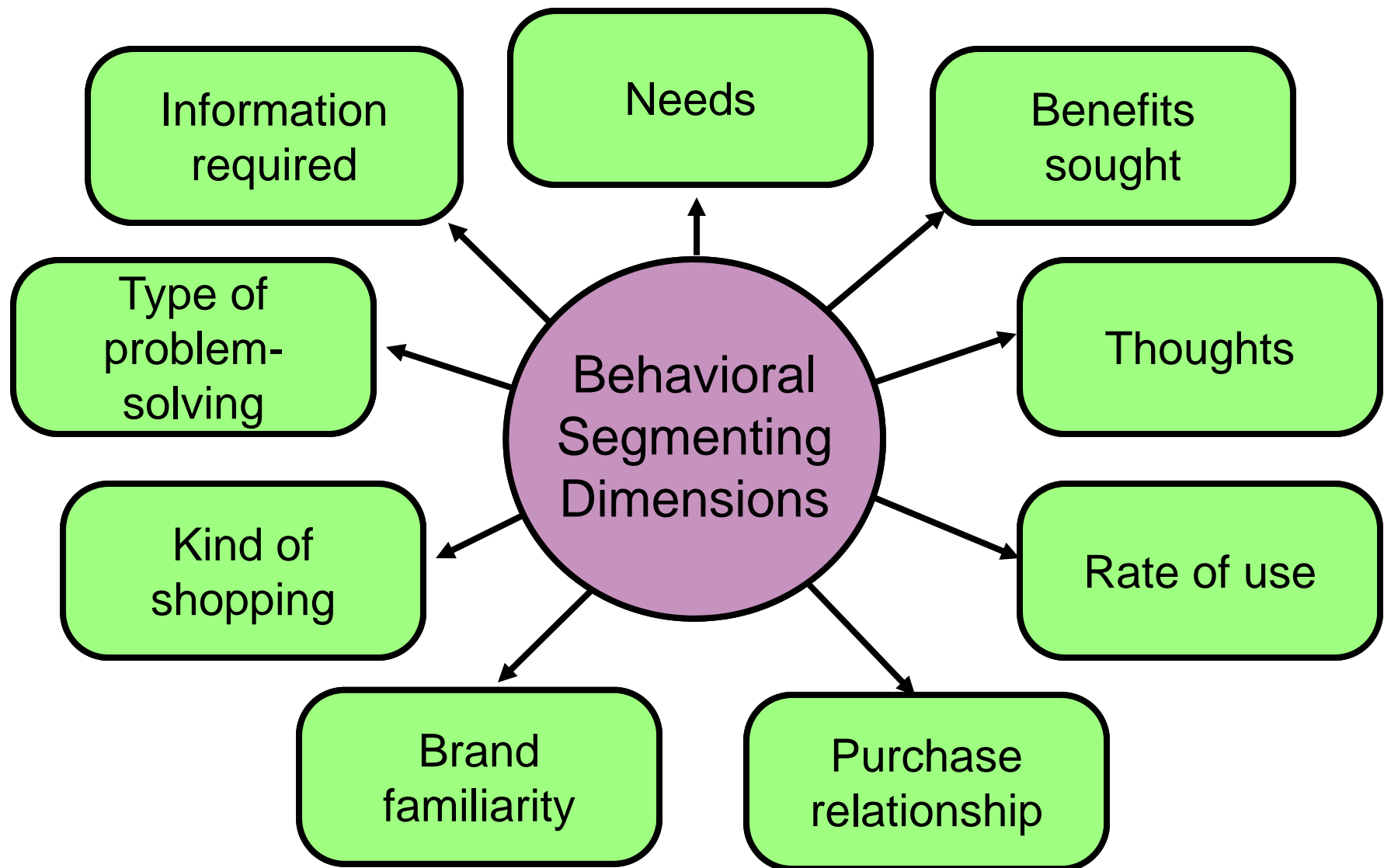
Affects Product and Promotion

Affects Place and Price

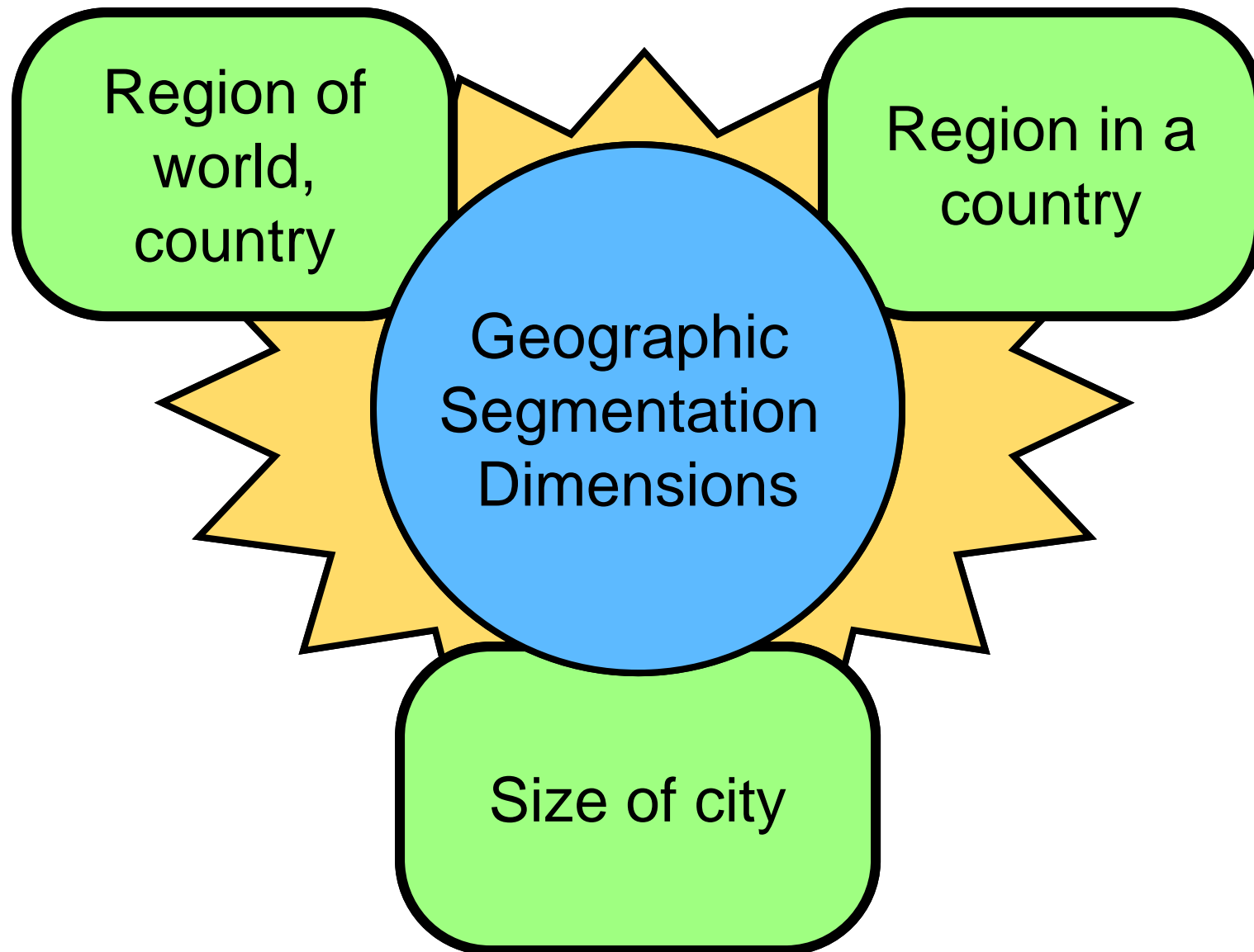
Affects size of Target Markets, Place, and Promotion



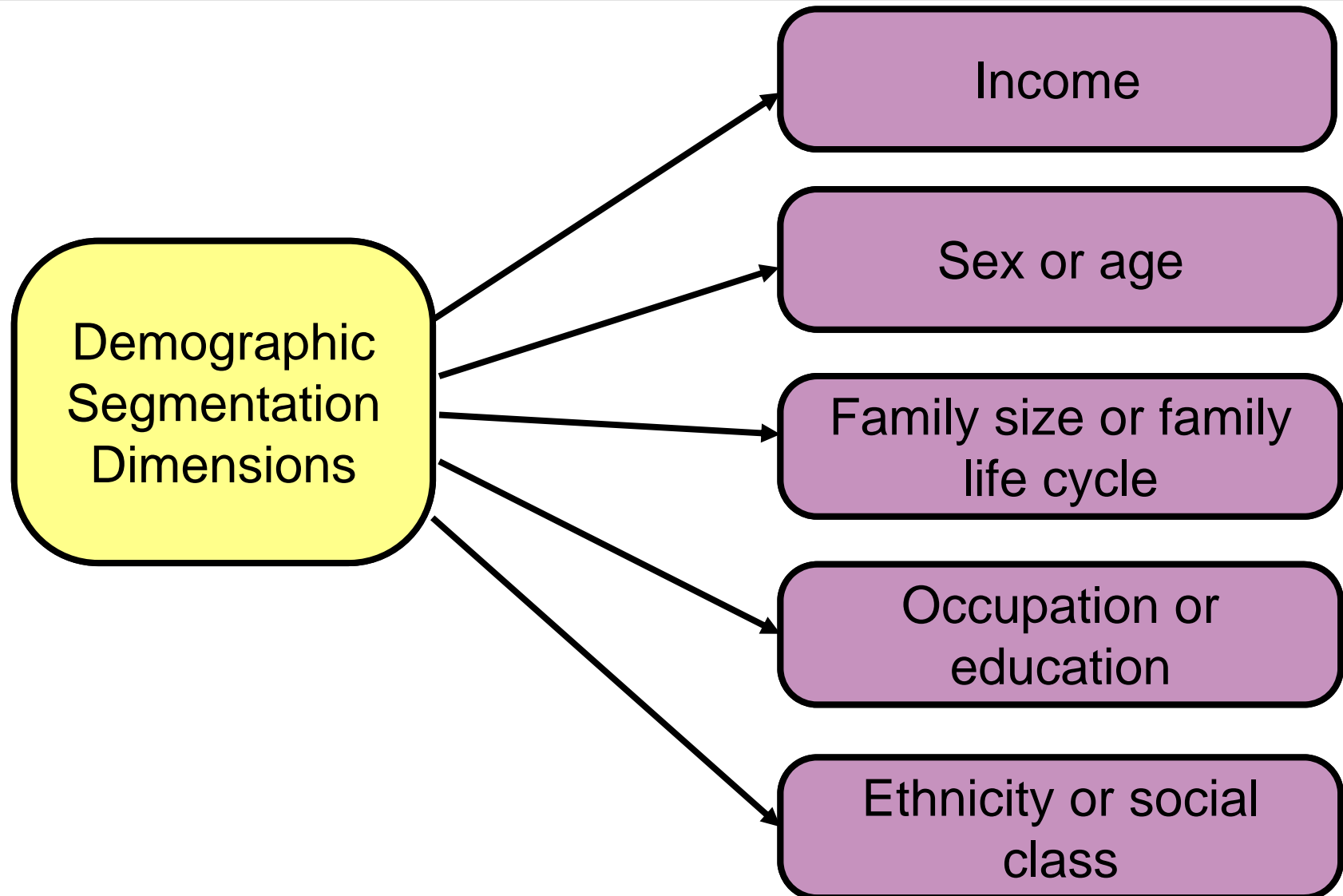
# Behavioral Dimensions for Segmenting Consumer Markets



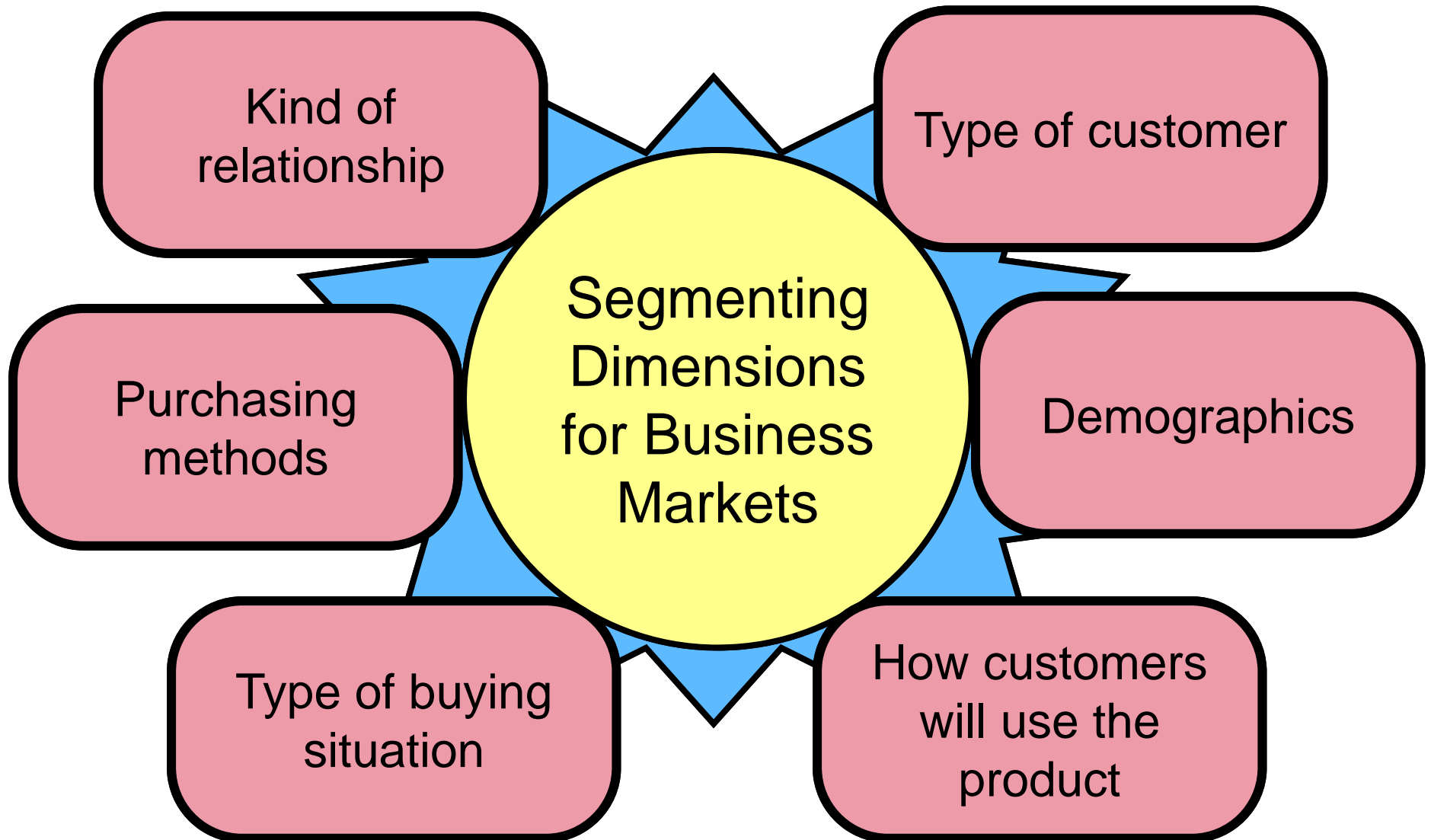
# Geographic Dimensions for Segmenting Consumer Markets



# Demographic Dimensions for Segmenting Consumer Markets

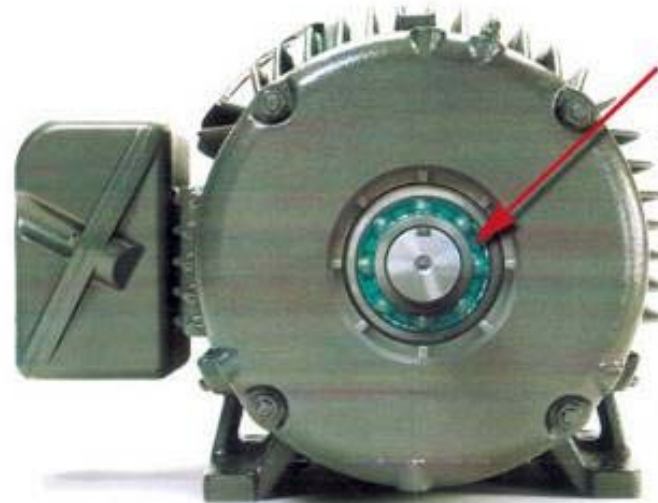


# Segmenting Business Markets



# Business-to-Business Segmentation

## Baldor tackles the #1 mechanical reason for motor failure head on



New Exxon POLYREX® EM grease protects motor bearings better, providing improved lubrication life, greater shear stability, and superior resistance to washout, rust and corrosion.



### Baldor motors first to feature new Exxon® polyurea grease for superior protection against bearing failure

It's a fact: bearing failure is the #1 mechanical reason for motor failure. So the better the grease protecting those bearings, the better the motor performs...the longer the bearings last...and the less downtime you have to endure.

Today, that better grease is Exxon's new POLYREX® EM polyurea grease – now standard on all Baldor motors. POLYREX EM is specially formulated for industrial electric motors. It gives you a lubrication life more than four times greater than other polyurea greases in tests up to 350° F; it exhibits greater durability when subjected to mechanical shearing forces; and a specially-formulated

additive in the grease resists washout, rust and corrosion, even when exposed to salt water conditions.

Bearing protection in Baldor motors doesn't stop with the new POLYREX EM grease.

Precision machining of shafts and end-plates, dynamic balancing and Baldor's exclusive Lube-Lok™ seal add up to a superior bearing protection system. For more information, contact your Baldor distributor or local Baldor District Office. Or call our Literature Hotline at 1-800-828-4920. You may also contact us via our Web site at [www.baldor.com](http://www.baldor.com).



**BALDOR**  
MOTORS AND DRIVES

Our job is making yours easier.

POLYREX® EM is a registered trademark of ExxonMobil Corporation.  
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201 PROG. 5000

## 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

# Qualifying and Determining Dimensions

## Qualifying Dimensions

- Relevant to including a customer type in a product-market
- Help identify “core benefits”

and

## Determining Dimensions

- Affect the customer’s purchase of a product or brand
- Can be further segmented

# Finding the Relevant Segmenting Dimensions (Exhibit 4-10)

Segmenting dimensions become more specific to reasons why the target segment chooses to buy a particular brand of the product

All potential  
dimensions

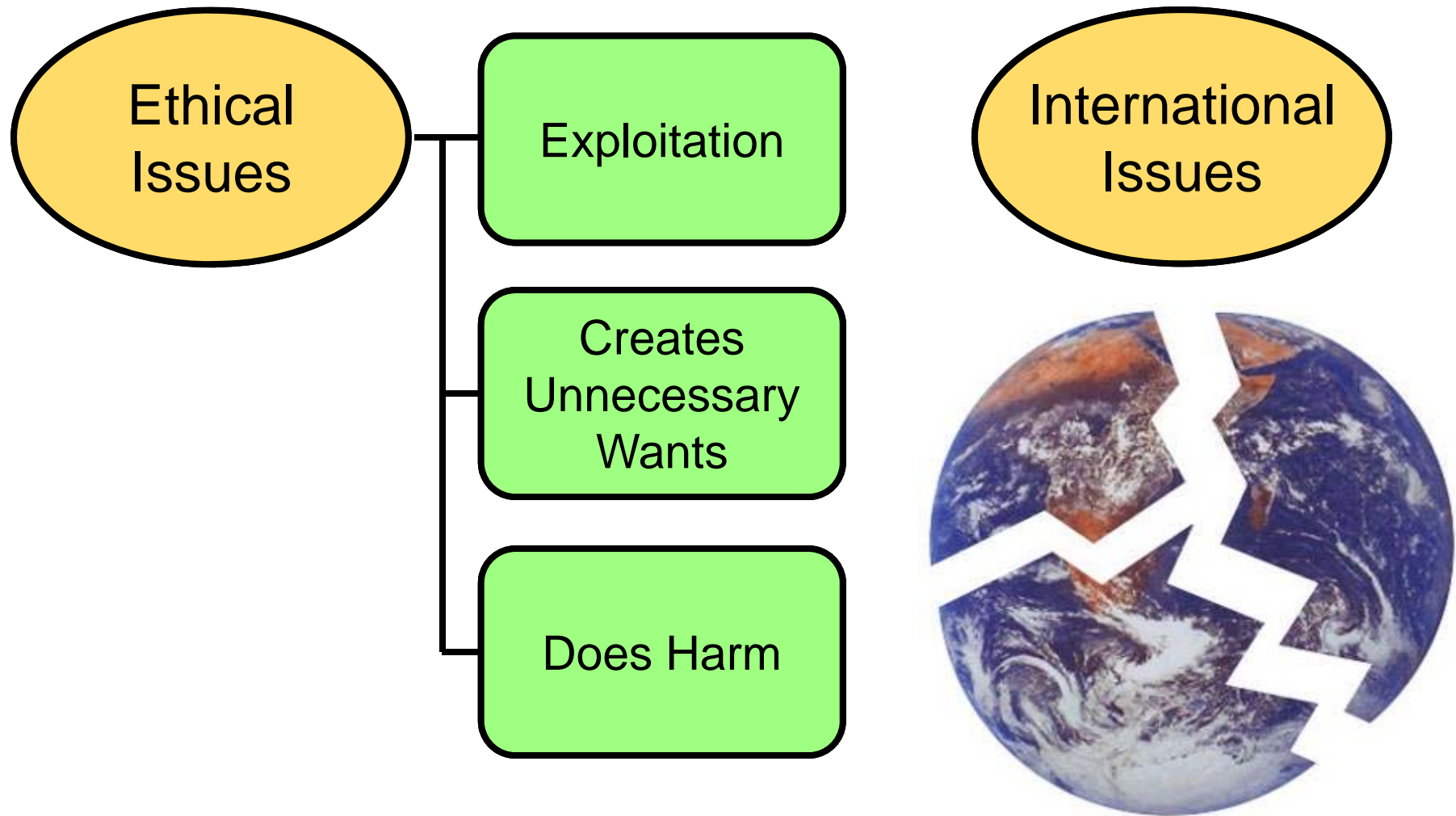
Qualifying  
dimensions

Determining  
dimensions  
(product type)

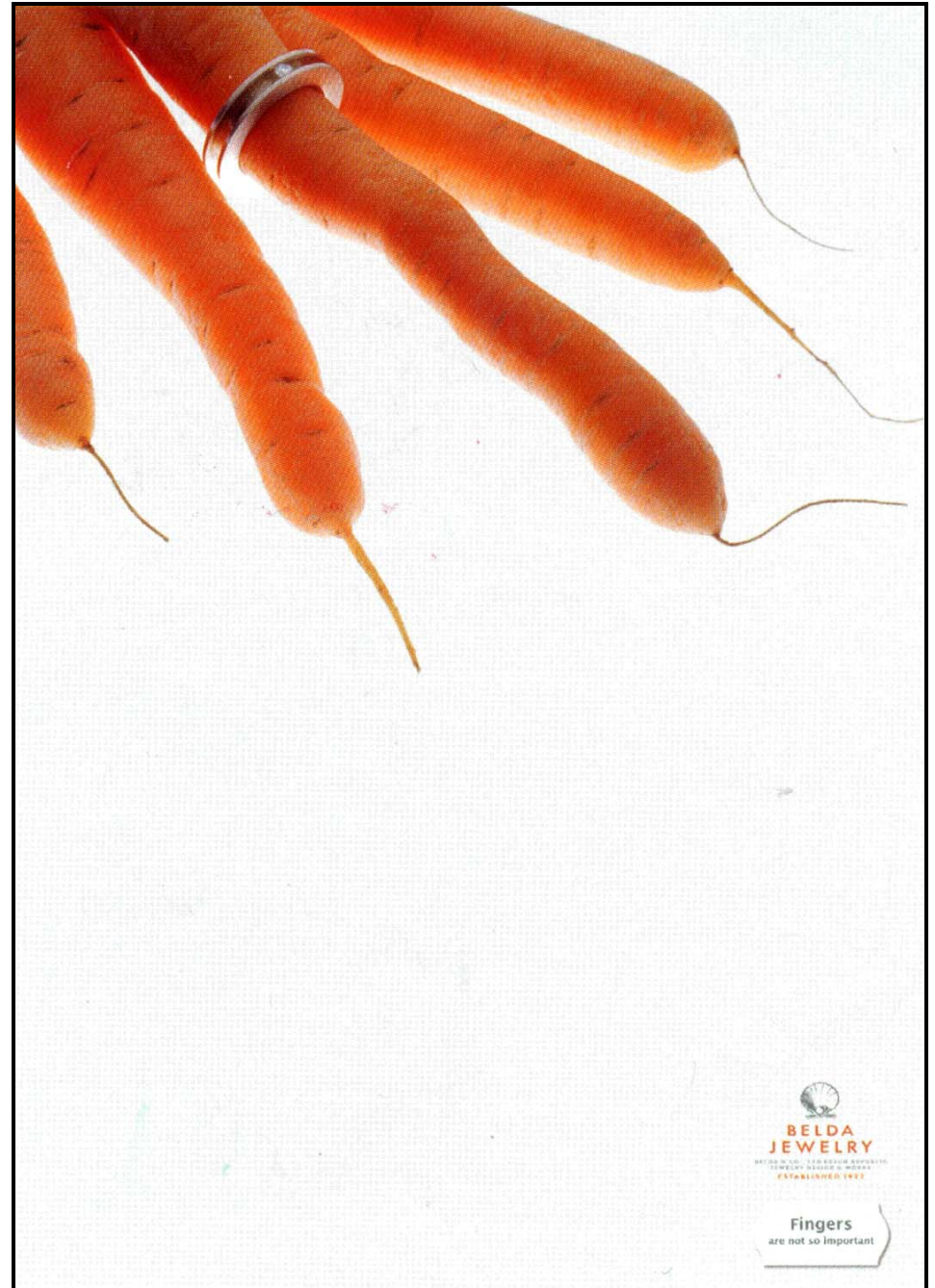
Determining  
dimensions  
(brand specific)



# Ethical Issues in Selecting segmenting dimensions



# What Are the Relevant Segmenting Dimensions?



## 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

# More Sophisticated Techniques may Help in Segmenting



Clustering



Customer Relationship  
Management (CRM)

# Cluster Analysis

## Sampling Waste Illustrated.

### Zip Codes



\*Two zips in Dallas—one meets the profile, the other doesn't.  
42% waste and many target homes missed.

### Pinpointing™



Same two zips, broken down to qualifying block groups.  
Minimal waste and few target homes missed.

**M**ost sampling programs target a demographic market by picking out zip codes that zip codes never match up neatly with demographic criteria. They represent geography, not people, they're too big (5,000 to 12,000 households), and they aren't homogeneous.

Pinpointing, on the other hand, targets samples with census-based 200- to 500-household block groups, updated weekly to reflect shifts in demographic makeup.

Zip codes are wasteful. Compared with the homogeneous block groups that Pinpointing uses, zip codes will send 42% of product samples directed at a typical brand profile (50,000+, 18-49, 3+ family size) to the wrong homes. Barely more than half the samples will go where they should.

Pinpointing's block groups cover the top 100 markets, 55 million households, reaching them a doorknob at a time. Pinpointing can also find you Hispanic households, high-consumption households, households with lots of kids or households in a given retailer's trading area.

All this begins to explain why we've put hundreds of millions of samples on the right doorknobs for over 24 years. For a landmark study on block groups vs. zip and for information about what Pinpointing can do for you, call 1-800-765-0015. Or check us out at [www.impactmediasampling.com](http://www.impactmediasampling.com).

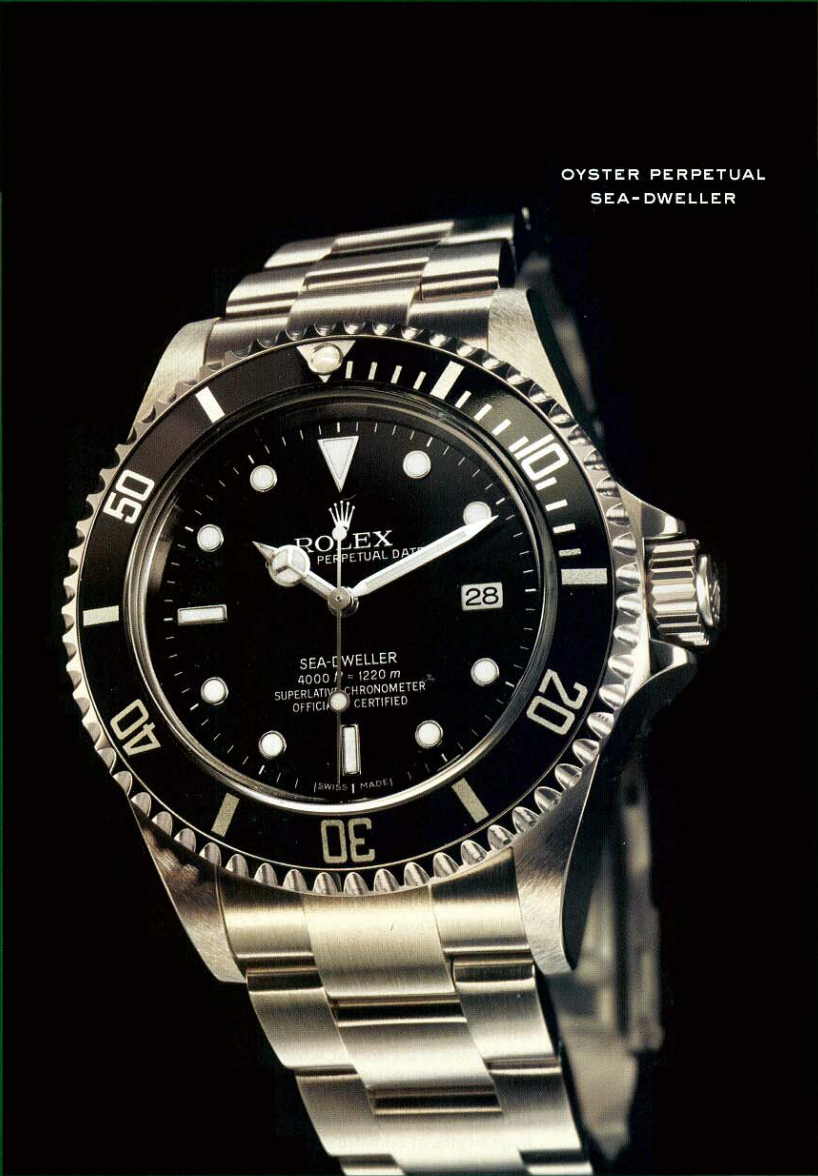
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# Positioning



ROLEX  
OYSTER PERPETUAL  
SEA-DWELLER

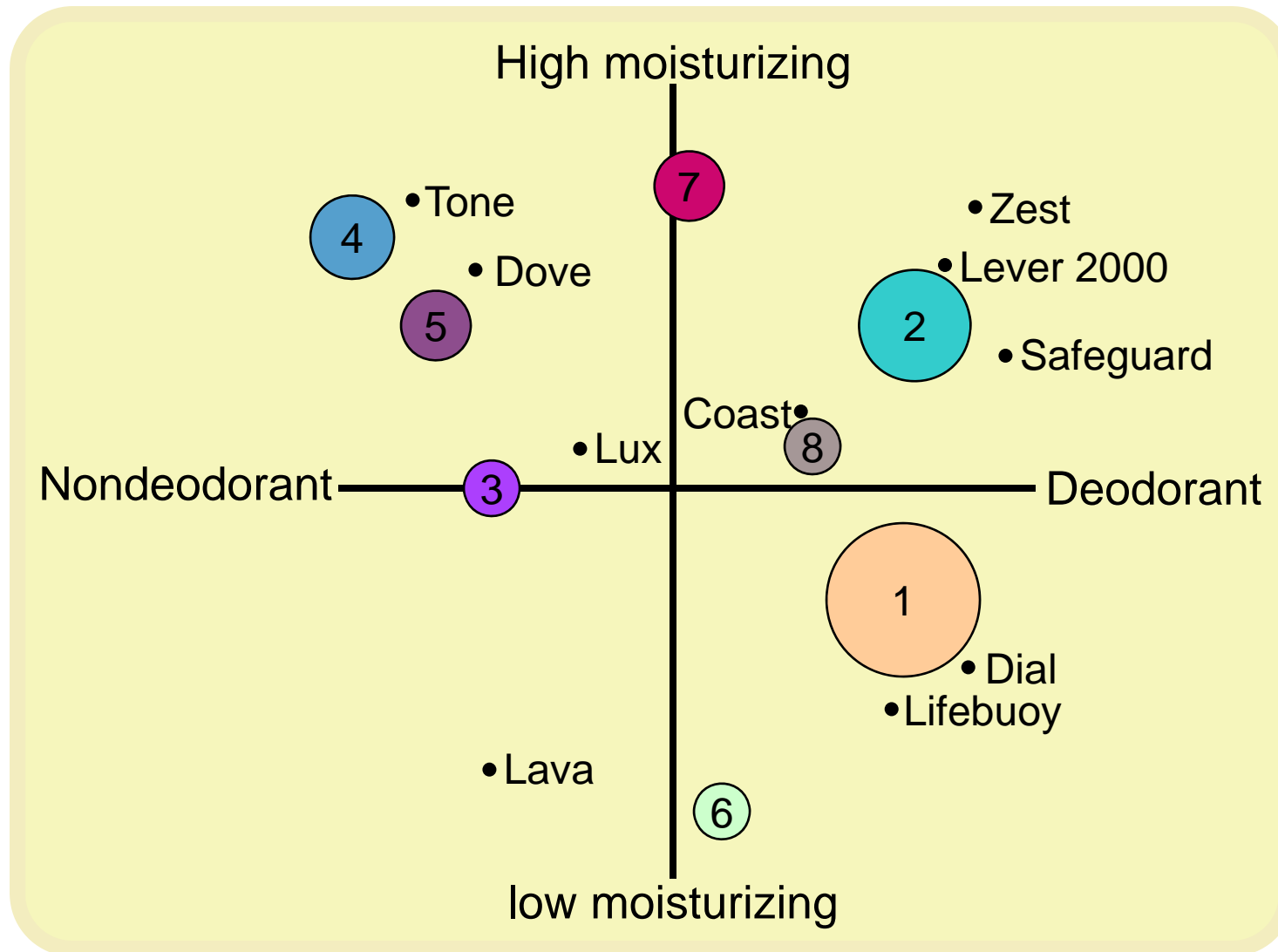
SEA-DWELLER  
4000 ft = 1220 m  
SUPERLATIVE CHRONOMETER  
OFFICIALLY CERTIFIED  
[SWISS MADE]

WWW.ROLEX.COM ROLEX

NEW YORK For an Official Rolex Jeweler call 1-800-367-6539. Rolex, Oyster Perpetual and Sea-Dweller are trademarks.

The advertisement features a close-up of a Rolex Oyster Perpetual Sea-Dweller watch. The watch has a black dial with white hour markers, a date window at 3 o'clock showing '28', and a black rotating bezel with white markings for 10, 20, 30, 40, and 50 minutes. The watch is made of metal with a matching metal bracelet. The background is a solid dark green.

# “Product Space” Representation of Positioning (Exhibit 4-11)



# Positioning Statement Provides Direction for Marketing Strategy

For (our target market), (our brand) of all (product type) delivers (key benefits or point of differentiation) because (our brand) is (reasons to believe).



## Positioning Statement Provides Direction for Marketing Strategy

For the Do-It-Yourselfer who takes pride in achieving a professional result,

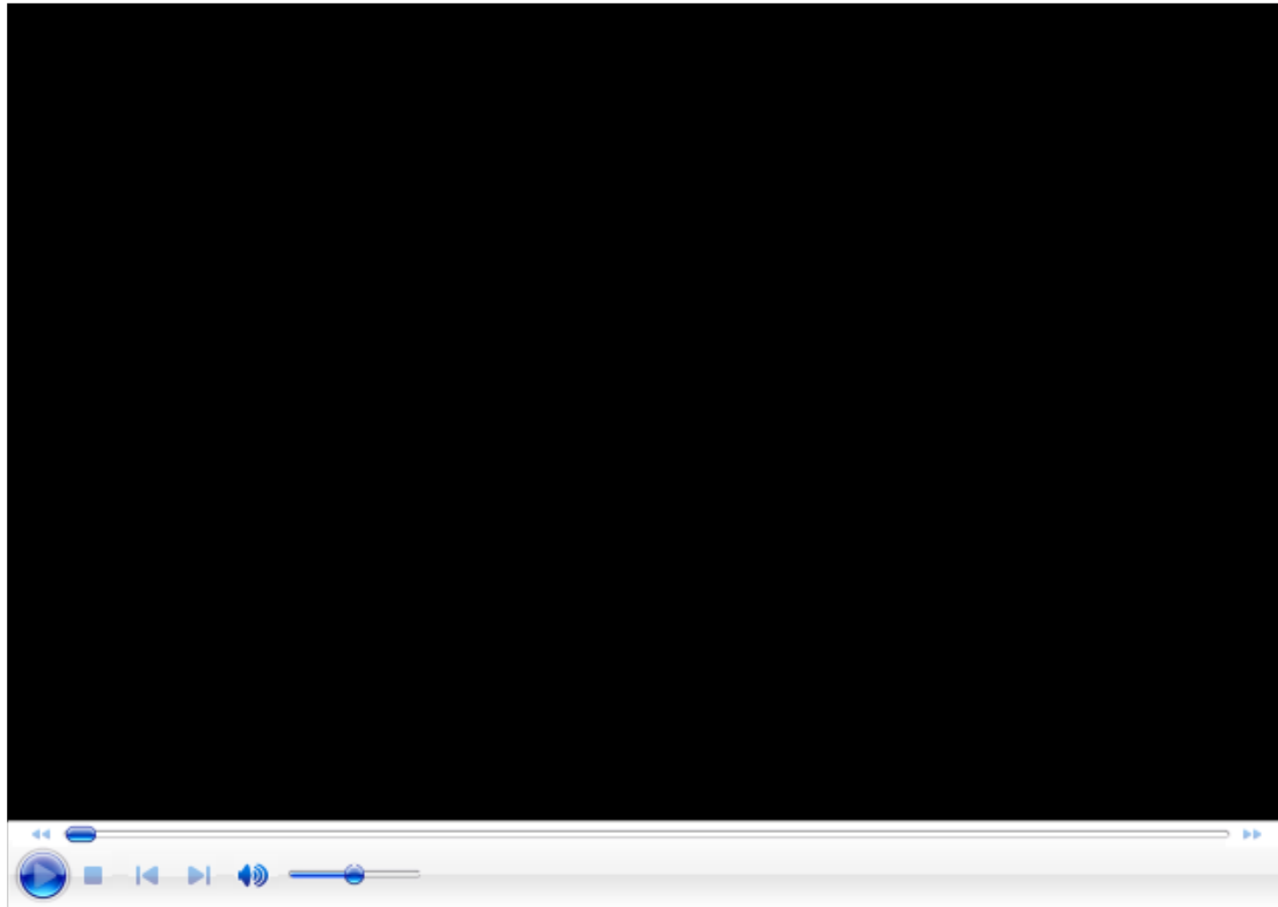
DeWalt power tools, of all power tools,

are superior in helping you create a high quality finish  
because

they are engineered for and chosen by tradesmen, who  
depend on their tools to make a living.



# Positioning and Advertising



## 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?

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

## At the end of this presentation, you should be able to:

1. Know about defining generic markets and product-markets.
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# Key Terms

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>▪ Market</li><li>▪ Generic market</li><li>▪ Product-market</li><li>▪ Market segmentation</li><li>▪ Segmenting</li><li>▪ Market segment</li><li>▪ Single target market approach</li><li>▪ Multiple target market approach</li><li>▪ Combined target market approach</li></ul> | <ul style="list-style-type: none"><li>▪ Combiners</li><li>▪ Segmenters</li><li>▪ Qualifying dimensions</li><li>▪ Determining dimensions</li><li>▪ Clustering techniques</li><li>▪ Customer relationship management (CRM)</li><li>▪ Positioning</li></ul> |
|--|--|