Ch 7

1. **Market segmentation** involves dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviors that might require separate marketing strategies or mixes.
2. **Market targeting** (or **targeting**) consists of evaluating each market segment’s attractiveness and selecting one or more market segments to enter.
3. **Differentiation** involves actually differentiating the firm’s market offering to create superior customer value.
4. **Positioning** consists of arranging for a market offering to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers

The major variables that might be used in segmenting consumer markets:

**1-Geographic segmentation** calls for dividing the market into different geographical units such as nations, regions, states, counties, cities, or even neighborhoods

**2- Demographic segmentation** divides the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality.

\*Age and Life‑Cycle Stage means offering different products or using different marketing approaches for different age and life‑cycle groups

**\*Gender segmentation** has long been used in clothing, cosmetics, toiletries, and magazines.

**\*Income segmentation** has long been used by the marketers of products and services such as automobiles, clothing, cosmetics, financial services, and travel.

**3- Psychographic segmentation** divides buyers into different groups based on social class, lifestyle, or personality characteristics.

1. **Behavioral segmentation** divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product.

**\*Occasion segmentation**means grouping buyers according to occasions when they get the idea to buy, actually make their purchase, or use the purchased item.

\*Benefit segmentationmeans grouping buyers according to the different *benefits* that they seek from the product.

\*User Status means segmenting markets into nonusers, ex-users, potential users, first-time users, and regular users of a product.

\*Usage Rate means grouping markets into light, medium, and heavy product users.

\*Loyalty Status means dividing buyers into groups according to their degree of loyalty.

Segmenting International Markets

* Geographic location*:* Nations close to one another will have many common traits and behaviors.
* Economic factors*:* Countries may be grouped by population income levels, or by their overall level of economic development.
* Political and legal factors*:* Type and stability of government, receptivity to foreign firms, monetary regulations, and the amount of bureaucracy.
* Cultural factors*:* Grouping markets according to common languages, religions, values and attitudes, customs, and behavioral patterns.

Requirements for Effective Segmentation

**Measurable**: The size, purchasing power, and profiles of the segments can be measured.

**Accessible**: The market segments can be effectively reached and served.

**Substantial**: The market segments are large or profitable enough to serve.

**Differentiable**: The segments are respond differently to different marketing mix elements and programs.

**Actionable**: Effective programs can be designed for attracting and serving the segments

Target marketing strategy:

**Undifferentiated marketing** (or **mass-marketing**) strategy, a firm might decide to ignore market segment differences and target the whole market with one offer.

**Differentiated marketing** (or **segmented market­ing**) strategy, a firm decides to target several market segments and designs separate offers for each

**concentrated marketing** (or **niche marketing**) strategy, instead of going after a small share of a large market, the firm goes after a large share of one or a few smaller segments or niches

**Micromarketing** is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations.

**Local marketing** involves tailoring brands and promotions to the needs and wants of local customer groups—cities, neighborhoods, and even specific stores

Individual marketing is the tailoring of products and marketing programs to the needs and preferences of individual customers.

**Competitive advantage** is an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices

Which Differences to Promote

Important*: The difference delivers a highly valued benefit to target buyers.*

Distinctive*: Competitors do not offer the difference, or the company can offer it in a more distinctive way.*

Superior*: The difference is superior to other ways that customers might obtain the same benefit.*

Communicable*: The difference is communicable and visible to buyers.*

Preemptive*: Competitors cannot easily copy the difference.*

Affordable*: Buyers can afford to pay for the difference.*

Profitable*: The company can introduce the difference profitably.*

**Brand’s value proposition**

More for More positioning involves providing the most upscale product or service and charging a higher price to cover the higher costs.

More for the Same positioning involves introducing a brand offering comparable quality but at a lower price.

The Same for Less positioning can be a powerful value proposition—everyone likes a good deal. ( same benefits at less price)

Less for Much Less positioning is offering products that offer less and therefore cost less.

More for Less positioning is the winning value proposition

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