


CHAPTER THREE
Focusing Marketing Strategy with Segmentation and Positioning

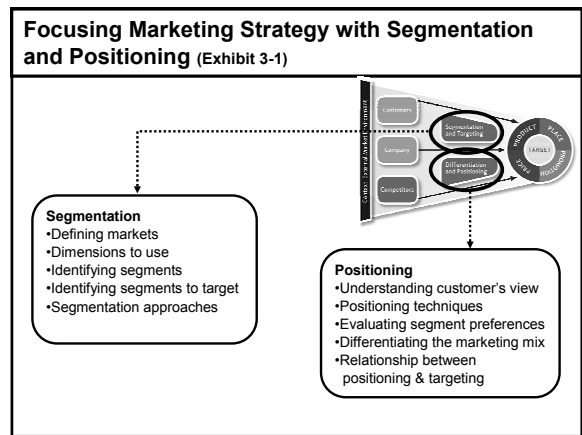
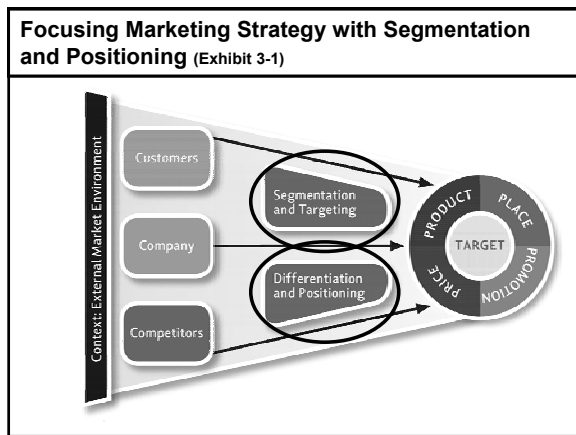


For use only with:
 Perreault/Cannoon/McCarthy
 or Perreault/McCarthy texts.
 © 2008 McGraw-Hill
 Companies, Inc.
 McGraw-Hill/Irwin


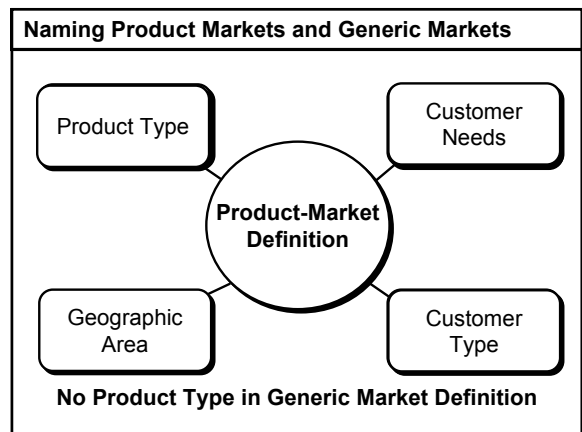
www.mhhe.com/fourps

When we finish this lecture you should

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 a seven-step approach to market segmentation that you can do yourself.
6. Know what positioning is and why it is useful.



Taking Advantage of Opportunities

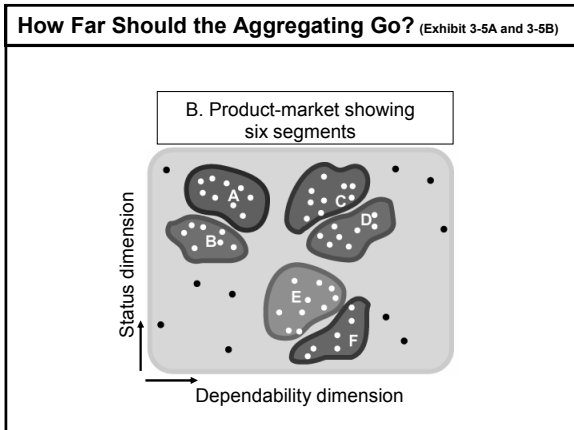
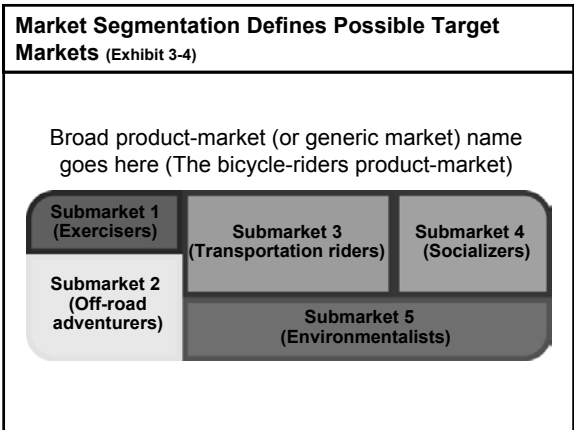
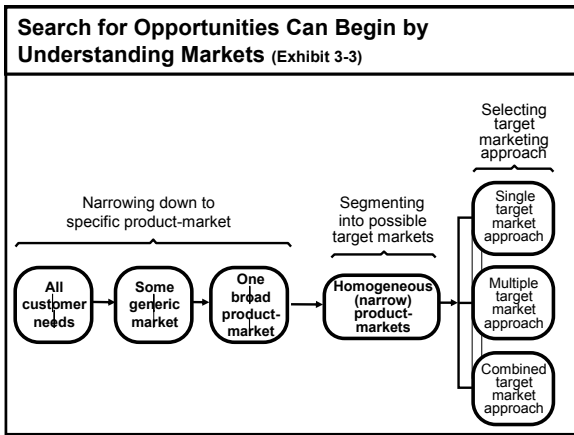
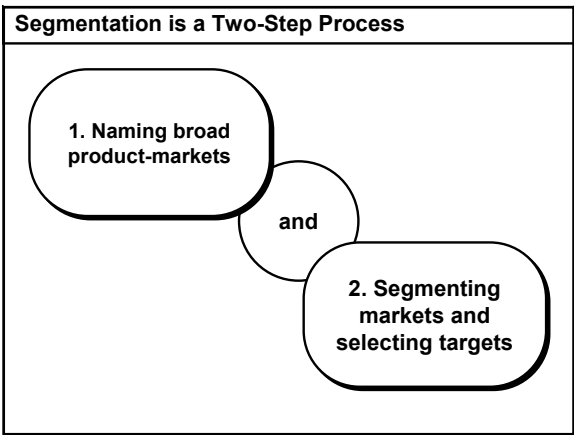
Interactive Exercise: Product-Market Definition

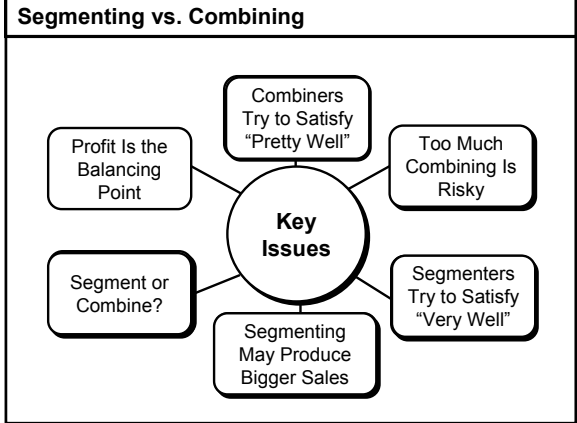
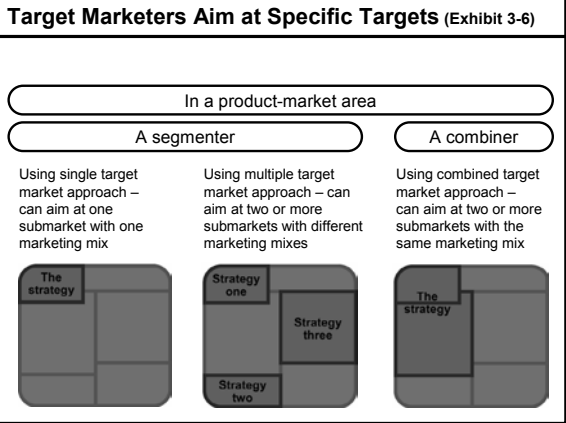
What is the product-market definition for each product advertised here?

© 2008 McGraw-Hill Companies, Inc. McGraw-Hill/Win

What is the Product-Market?

© 2008 McGraw-Hill Companies, Inc. McGraw-Hill/Win

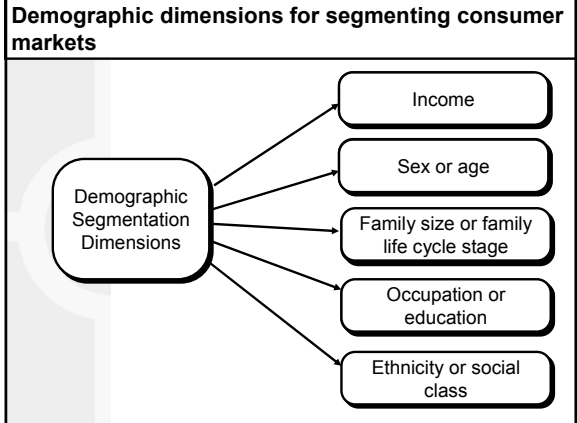
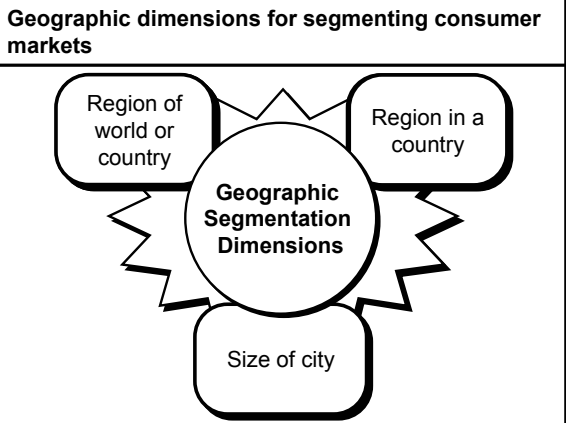
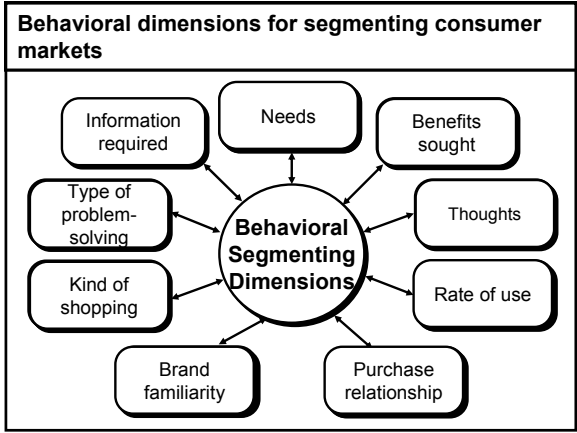


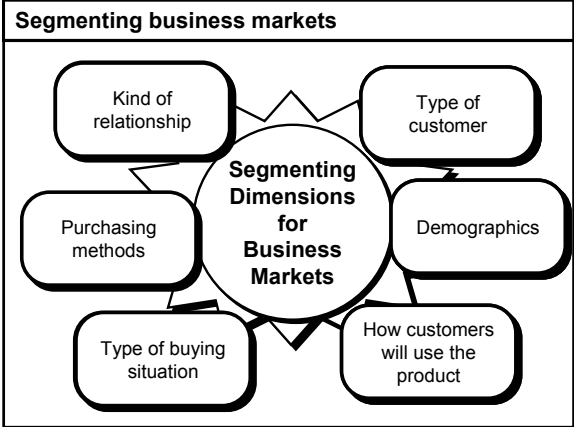


Checking your knowledge

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





Business-to-Business Segmentation

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

Baldor motors first to feature new Excite® polymers grease for superior protection against bearing failure

The job is making power matter

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

What Dimensions Are Used to Segment Markets?

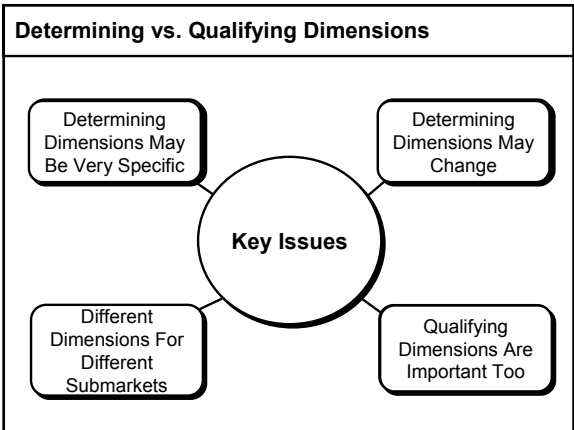
Qualifying Dimensions

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

OR

Determining Dimensions

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



Broader Issues in Selecting Segmenting Dimensions

Ethical Issues

- Exploitation
- Creates Unnecessary Wants
- Does Harm

What Are the Relevant Segmenting Dimensions?



See What You'd Look Like Without That Gray. And Then Shampoo It All Out Again...For Free.

No risk. The guarantee. The commitment. Introducing New TRY-OUT from Go For Men! Just comb in the New Men's Daily Shampoo and use shampoo. You'll see exactly how you would look without gray. And you can keep the same color back later because it's made to wash right out for that reason.



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 complimentary breakfast. For him, the availability of the complimentary breakfast was a _____ segmenting dimension.

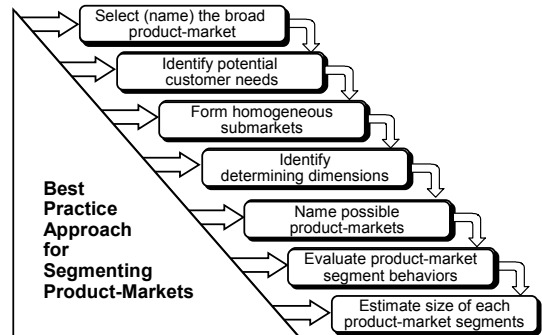
- A. qualifying
- B. determining
- C. differentiated
- D. geographic
- E. demographic

Segmentation and Advertising

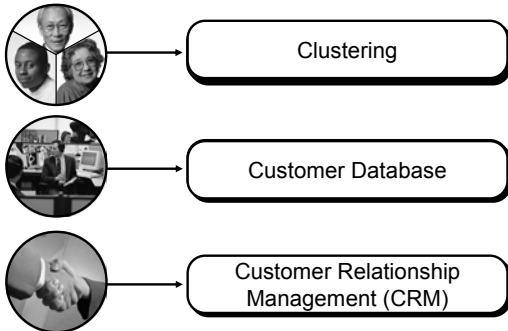


© 2008 McGraw-Hill Companies, Inc. McGraw-Hill/Brain

Segmenting Product Markets (Exhibit 3-11)



More Sophisticated Techniques May Help in Segmenting

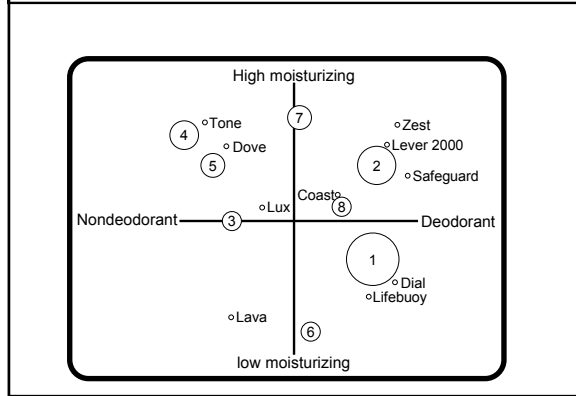


Cluster Analysis



Positioning

An Example of Positioning (Exhibit 3-13)



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?

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

You now

- Know about defining generic markets and product-markets.
- Know what market segmentation is and how to segment product-markets into submarkets.
- Know three approaches to market-oriented strategy planning.
- Know dimensions that may be useful for segmenting markets.
- Know a seven-step approach to market segmentation that you can do yourself.
- Know what positioning is and why it is useful.

Key Terms

- Market
- Generic market
- Product market
- Market segmentation
- Segmenting
- Market segment
- Single target market approach
- Multiple target market approach
- Combined target market approach
- Combiners
- Segmenters
- Qualifying dimensions
- Determining dimensions
- Clustering techniques
- Customer relationship management (CRM)
- Positioning