

UNIT III-SEGMENTATION, TARGETING AND POSITIONING

Unit Code 3	Unit Title: SEGMENTATION, TARGETING & POSTIONING			
Location	Classroom			
Duration				
	Session I: SEGMENTATION, MEANING & IMPORTANCE			
	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training Method
	Define the meaning of segmentation	Prescribe the meaning of Segmentation	Elucidate the implication of the word segmentation	Interactive lecture discuss the concept & meaning of segmentation Interactive lecture: explain the importance of segmentation
	Importance of Segmentation	Describe the importance of segmentation	Describe the features of importance	Interactive lecture explain the importance of segmentation

Learning Objectives

After reading the unit, the student will be able to

- Understand the meaning and importance of Segmentation;
- Identify bases of Segmentation;
- Define types of Segmentation;
- Understand the meaning of Targeting;
- Identify types of targeting;
- Define Selection Criteria for targeting;
- Targeting Failure of Target Markets;
- Understand the meaning of Positioning: The Battle for the Mind;
- Define Positioning Process;
- Identifying Bases of Positioning

All customers in a broadly defined market don't have the same needs. But successful marketers decide about the products to offer and the markets to be serviced. One size doesn't fit everyone very well. "One cannot be everything to everyone, but can be everything to a

selected few” and that no two individuals can be the same. These are the foundations for segmentation. For this purpose market segmentation is core to marketing. Various firms have achieved leadership positions through effective segmentation and targeting. “Once you discover the most useful ways of segmenting a market, you have produced the beginnings of sound marketing strategy”. To create differentiation, marketers use segmentation, targeting, and positioning, or STP. Consumers buy benefits, and products that BEST address their SPECIFIC need. Segmentation Analysis can help determine where customer needs products to address consumer needs. Segmenting the market, Targeting the user, and Positioning the products are three pillars of modern marketing strategy.

W. Smith (1956) is considered to be father of market segmentation, who provided market segmentation as an alternative to differentiation. Yet it was Wind, whose review of the status of marketing segmentation that made segmentation at the heart of marketing.

Meaning of Segmentation

Segmentation process consists of three stages: Segmenting, targeting, and positioning.^[4] The three are popularly known as STP in marketing. .

Market segmentation is the process of dividing a heterogeneous market (aggregated) into homogeneous sub unit (segregated). Market segmentation is the identification of portions of the market that are different from one another or share a similar set of needs. Thus, market segmentation is the process of grouping similar consumers or business customers together in a market segment, in which the consumers or business customers exhibit similar requirements and buying characteristics. According to Professor Nirmalya Kumar, “Customers within any market have similar needs and expectations. To uncover the various segments into which customers fall, the segmentation process identifies variables that will maximise the differences between segments while simultaneously minimising the differences within each segment.”

Importance of Segmentation

No market is totally homogeneous and to create meaningful segments, marketers must understand different purchase combinations that satisfy the need.

In the 1980s, we looked for the customer in each individual, today we look for individual in each customer. An organisation benefits from the process of segmentation in number of ways. Even buyer needs segmentation for generating new product ideas and providing some insights for advertising.

Mercedes produces worldwide the same cars, but it advertises the cars as “quality” cars in Germany, but as “prestige” cars in India.

1. **Improved Customer Relations:** Segmentation will enable the buyer to find the products most fitting to their physical or/and psychological needs. Customers finding products more tailored to their needs, would be more loyal to the firm (s). Since segmentation helps to meet the customer needs, expectations, aspirations and share of wallet, market segmentation is customer-oriented.
2. **Perfect-like Marketing Mix:** Since market segmentation assists in defining shopping habits (when, how much and how many times), price sensitivity and the benefits required. This helps in making marketing mix more accurate.
3. **Better Resource Allocation:** Since Segmentation’s objective is to serve customers better and earn more profits, the firm would like to allocate resources more efficiently. Segmentation reveals who not to target and which customer groups will be best recipients of resources. Thus, market segmentation will lead to better marketing.
4. **Competitor Analysis:** To compete better in the market one must have complete knowledge of the competitors, the segments being served by them, and their working practices. It enables to know the segment which our organisation can serve better. If this kind of information is overlooked we may find ourselves in head-on collision with large competitors. Especially, the medium-sized firms can grow rapidly through strong positions in specialised market segments. By insightful segmenting and targeting, companies set the stage both for serving customers well and minimising the impact of competition. Thus, segmentation is a source of competitive advantage and enhances awareness of external market trends and competition.
5. **Taking care of Dynamic Environment:** Customer segments, which are likely to frequent changes due to changing environment, can be taken care of in strategic marketing planning. In fact, large companies with resources at command are leaving mass marketing.

6. **Focus Marketing Communication:** Segmentation establishes commitment and single-mindedness with the organisation: one vision, one voice, harmonised messages. Segmentation allows an organisation to identify media channels competent to reach the target group. Young women interested in fashion are more likely to read 'Famina'. Thus marketer can select this medium instead of going in for mass media.
7. **Measurement:** To measure the market share, growth, specification of target customers, recognition of relevant competitors, to formulate marketing objectives and strategies, segmentation is essential.

Knowledge Assessment- I

Fill in the blanks with appropriate words:

1. Market segmentation is the process of dividing a market -----
2. Prospects names can be got from salespersons of non-competing products.(aggregated) into ----- sub unit (segregated).
3. Customers within any market (*segment*) -----have.
4. Segmenting the Market, Targeting the User, and Positioning the Products are -----
-----of modern marketing strategy.
5. No market is totally----- and to create meaningful segments, marketers must understand different purchase combinations that satisfy the need.
6. Mercedes produces worldwide the same cars, but it advertises the cars as "quality" cars in Germany, but as a -----cars in India.
7. Segmentation will enable the buyer to find the products most fitting to their physical or/and psychological -----.
8. Segmentation helps in making marketing ----- more accurate.
9. Segmentation's objective is to serve customers better and ----- more profits.

{Answers: 1.Heterogeneous, 2. Homogeneous 3. Similar Needs 4. Three Pillars, 5.Homogeneous 6. "Prestige" 7. Needs 8. Mix 9. Earn

Unit Code 3	UNIT TITLE: SEGMENTATION, TARGETING & POSITIONING			
Location	Classroom			
Duration				
Session II	SEGMENTATION: BASES, TYPES OF SEGMENTATION,			
	Bases of Segmentation	Identify different bases of segmentation	Understand different bases of segmentation	Interactive lectures discuss the different basis of segmentation.

Bases of Market segmentation

It is a mirror through which the population of customers in an industry are divided. Thus it is an art. The variables on which segmentation can be done are numerous. To define customers who they are, they are segmented on the basis of demography; to define where they are, they are segmented on the basis of geography; and how they behave, they are segmented on the basis of behaviour; and to segment differently we have to go in for innovative segmentation.

Types of Segmentation:

1. **Geographic/ Demographics Segmentation.** Geography and Demographics, if clubbed it is known as geo demographics. It consists of defining customers according to:
 - (a) Their **country of birth** and their **location**, dividing a country into regions, states. Location does not mean that all consumers in a location will behave the same way, but the approach helps identify certain general patterns.
 - (b) Important variables according to Geography may be **global, global regional, national, National regional, city/state,ⁱ neighbourhood/ local, topography, and climate.**
 - (c) In case of large companies these regions may be further subdivided into sizes –**small, medium, and large.**

- (d) In case of international marketing or global business **different countries might be taken up as different market segments.**
- e) Another basis may be **geographical density – urban, suburban, and rural.** It may be a good basis as the low-density markets require different price, promotion and distribution strategies. India's urban population may be further divided on the basis of cities - Tier I (8 cities: 8% India's population), Tier II (26 cities: 4% of India's population), Tier III (33 cities: 7% population), and Tier IV (5094 cities: 11% population). The rest 70% is the rural population residing in India's 6,38,000 villages across India.
- f) Next basis may be **climate – warm, cold, and rainy.**
- g) The next base may be locality.

In case of Indian Railways, they have Northern Railway, Southern Railway, Eastern Railway, Western Railway, North-Eastern Railway, and Central Railway and so on and so forth. **Customers in different regions** may have **different cultures** and may require marketing differently. India is a country of diversities. In terms of types of commerce (Tourist, local worker, residents, businesses), retail establishments (downtown shopping districts, shopping malls), competition (underdeveloped, saturated), legislation (stringent, lax), and cost of living /operation (low/moderate/high) are the other bases of geographical demographics).

Demographic segmentation is good to guide the media plan and help the creative agencies to understand how to bring the segment to life.

2. Personal Demographics segmentation. Populations are often broken down into categories on the basis of age, gender, ethnic origin, education, income, occupation, Religion, Family size, Stage of family life cycle, social status/class, etc. In Demographic segmentation, market is divided into segments on the basis of readily observable personal characteristics such as age, gender, ethnicity, etc. It offers a wide variety of bases for segmentation.

Age: Today virtually every age band from life to death is the focus of a marketing campaign. The requirements are different in different age groups. In case of readymade

garments, it may be for new borne babies, children, teens, youth, middle age people, old people. All of them have different needs. Young people like to make use of credit cards. Older people use cash. Children consume more of carbonated drinks. That is why – Youngistan and ‘YehDil Mange More’. People at 50 and above are referred to ‘grey’ market or ‘third age’ group. The ‘grey’ market is itself categorised further according to lifestyle and other criteria. This market offers opportunities to personal care (hair dying, anti-ageing creams), pharmacy, telemarketing, nursing industries. Indian Clothing League Private Ltd. , manufacturing clothes for pre-teen children aged 6 to 18, is now targeting to tap infants from 0-2 under brand name ‘Baby League’ to fuel its growth strategy.

Segmentation by age can be done like- School age children and College going children, Preteens and Teens, Generation X, Generation Y, Baby boomers, and seniors.

Generation Y or the millennial generation, generally defined as people born after 1980, has an approach towards life that is distinct - much different from what we have witnessed till now. They are also a generation that is not afraid to embraces change, and that puts them at an advantage, given the dynamic environment we are working in. This is also a generation that has grown up with information at its fingertips, and isn't afraid to use - or share - it, to influence and be influenced on where to direct their spending. According to a recent report by IBM, the millennial workforce is slated to represent 50 per cent of the global workforce by 2015, and about 76 per cent by 2020. It is, therefore, imperative to understand this generation's approach as they redefine businesses and organisational structures. As individuals, millennials are increasingly relying on technology to engage and serve them better as they look for solutions that help and broadcast who they are.

In 2013, Star India is planning to launch a new English general entertainment channel, Star World Premiere, to cater to the 20-35-year-olds.

Gender: In case of clothes, it may be male and female, In case of fashionable clothes the two segments vary a lot. Women prefer scooties, and boys use motorcycles. By 2015, India will have 80 million working women in the age group of 18-44 year age band. The roles are changing because of womenfolk joining working groups. Now males do many jobs earlier performed by women folk, thus blurring the lines.

There are products where targeting may be at women, but we Indian males, being not individualists, use soaps, shampoos, talcs, skin creams and moisturisers targeted largely at women. Thus, Indian males act as surrogate users. At the same time, a section of women are using male deodorants. Hindustan Unilever Limited has Axe for male and Lux deodorants for women.

Family Structure: The family life cycle concept charts the progress of family development from birth to death. People at different stages of different life cycle have needs different from each other. A family may be in bachelor stage (young and single people), newly married couple - marriage alters the needs. Married couples need white goods and durable goods to begin with, Full Nest I (young married couple with dependent children - once a child is born, they would require baby food, baby clothes, toys, etc.), Full Nest II (older married couples with dependent children), Empty Nest (older married couples with no children living with them) and solitary survivor (older single People). Wells and Gubar (1996) have put forward an internationally recognised classification.

Race: The ethnic background is a good base for segmentation. Hindus celebrate Diwali, and Chinese celebrate their New Year differently and the two are good segments.

Politics: Different political party members have their liking for different members and commodities. For example Congress party members in India prefer white caps, Samajwadi Party goes for red cap, BSP members want a blue cap, whereas BJP members wear a saffron colour cap.

Family Size – Two segments may be small family and the large family segments. Smaller the family small size packs would be preferred, and larger the family larger packs would be needed.

The Psychological Life cycle: Here the chronological age may not necessarily be the factor of greatest importance in determining consumption patterns. Rather it is the transformation of attitudes and expectations that becomes a more important factor. The emergence of 'kid adults', and old youngsters represent the **psychological lives**.

Segacity: It is a refinement of the family life cycle grouping system, showing different behavioural patterns and aspirations to people as they proceed through life. These stages may

be Dependent, Pre-family, Family, and Late. The family and late may be further classified into Better off and worse off and these two bases may be further classified on the basis of occupation as White Collar and Blue Collar.

Type of neighbourhood and dwelling: Geo demography may also be used for segmentation by focusing on local neighbourhood geography. The proposition is that the neighbourhood area in which a consumer lives will be reflected in one's professional status, income, life-stage and behaviour. People living in different localities or different types of dwellings have different needs, but in one kind of dwelling situated in one locality they have similarity of needs. This basis of segmentation uses the house or locality as the basis of segmentation, rather than the individuals. It is popularly known as ACORN (A Classification of Residential Neighbourhood).

According to Indicus Analytics, top three neighbourhoods in Delhi include Greater Kailash I, Greater Kailash II, and PreetVihar; in Mumbai – Ward D-Grant Road-Walkeshwar, Ward-H-West Bandra Jetty; and in U.P. – Sector 19, 27 of Noida.

3. Socioeconomic: The populations are broken down according to income, employment, education, social class, home/car ownership, etc.

Income: Segmenting by income is very popular, especially for cars, luggage, vacations and fashion goods. There may be people belonging to lower class, middle class and high **net worth individuals**.

Volvo in India targets on the 5% high net worth individuals. The housing boards offer low-income houses, middle income houses and high income houses. The base for segmentation is income. It may be skill as well, like skilled workers, semi-skilled workers, unskilled workers, and subsistence workers (those living on state pension, casual or lowest grade workers), rich and poor.

A German statistician, Ernst Engel, has made the following observations about what happens when household income increases:

1. Smaller percentage of expenditure goes for food.
2. The percentage spent on housing, household operations, and clothing remains constant.

3. The percentage spent on other items (recreation, vacation, education) increases.

Education: College-going students have different demands than the people who after good higher education join the companies as executives, and those who are illiterates.

Occupation: The requirements for executives and a school teacher would altogether be different. The executive class would require Armani suit, whereas the other one would require a suit of any brand which is cheaper.

Social Class: Social class indicates one's social position, and is objectified through income, occupation, and location of residence. A policeman might be earning more than a college professor, off course through accepting under the table challans, but he belongs to a social class lower than that of a professor. The social class of professor will demand purchases of items and place of purchases different from that of a policeman.

4. Behavioural Segmentation. David Kurtz likes to call it as Product-related segmentation. Emphasis is placed on differences in peoples' values and not on differences in socio-demographic profiles. It takes into consideration the purchasing behaviour as the starting point, how frequently they buy, how loyal they are, what benefits they seek, when they buy, etc. These are:

Usage status: The segmentation may be done on the basis of 'light', 'medium', and 'heavy' users of a product. The other way can be non-users, first-time users and regular users. Airlines 'frequent flyer' schemes are based on this philosophy.

Brand Loyalty Levels: The segments may be made on the basis of 'Hard Core Loyals' (same brand every time), 'Soft Core Loyals' (loyalty divided between two or more brands), 'Shifting Loyals' (Brand switchers), and 'Switchers (no particular preference).

Benefit sought: The kind of benefit one wants to seek. Benefit segmentation depends on benefit sought is identifiable, using these benefits, marketers must be able to divide the customers into recognisable segments, and one or more of the resulting segments must be accessible to the firm. For Example in case of baking soda one may be using for bakery products, where the other one may be using as deodorant in the fridge. In case of baby wool, it may be used for baby care, child care and cosmetic use. These are the benefits received

from using. The other benefit seekers purpose might only be possessing the goods. In case of gold, silver, and precious stones this segment is as important as the actual users or wearers e.

Occasions for Purchase: Some of the products are purchased only on certain occasions. These occasions may be used as the basis for segmentation. Gifts are normally exchanged on Diwali, - but colours are purchased only on Holi. Demand for dates increase during the month of Ramadan. On the occasion of wedding lot of things are purchased including Lehenga and Choli. The segmentation may be done not only on the basis of culture, but also the subculture (religion, race, Nationality). Occasion can thus be an event. An event may be routine or emergency. Muslims do not eat pork and drink alcohol on Friday, but European Catholics do eat fish on Friday. Valentine's Day, Mother's Day, and Father's Day are the critical events used by Greeting Card companies and the chocolate companies.

Frequency of purchasing: People may buy for the whole year, or for one quarter or one month or one week. In India there are some households who buy rice at the time of harvesting for the whole year. They buy in 35 or 50 kg. Bags, Those who buy only for a month buy 5kg. Bags. Thus, frequency of purchasing is a good basis for segmentation.

Willingness to buy: A few people might not know the product, a few know it but never used, and some people know it and have used it. Each one of these segments requires a different marketing strategy.

Season: In India, we have three seasons- summer, rainy, and winter seasons. For each season we have different requirements. Air conditioner is purchased only for summers. But gone are the days when players in the air conditioner (AC) segment would market their products only during summers. Now, with erratic weather conditions, AC sales take place throughout the year.

Tribal: It is segmentation based upon social groups or cultures with which customers identify. The BBC started a programme for tribes in society 9 such as young, independent women) or the Indian TV channels starting 'SasBahu serials keeping in view the social structure.

Behavioural segmentation is straightforward, easy for everyone in the organisation to understand, and easy to find in the database. In case of watch markets, different segments may comprise economy segment, prestige and quality segment, fashion segment, and symbolic segment (gold or diamond case). However, its limitations are that the heaviest users are often the most price - conscious and very little information is provided about the unique problems of each segment that a marketer might solve.

Telecom Segmentation

Eight Segment Profiles

1. Talk & Texters – I just have a mobile phone because it is practical.

The Conservative Customer

Interested in basic functions

2. Talkative Trendies – ‘Talk around the clock.’

The modern, fun – fashion-oriented socialiser

Interested in all applications and services

3. Aspiring to be accepted – ‘Would like to have it but is not really up to it.’

Wants to be part of the in-crowd, but would never be. Seek to have trendy handset so that adopted by peer sets they wish to join.

Show special affinity towards photo, video and MP3 applications.

4. Laggards – ‘Torn between conservative values and the modern world.’

Traditional views with low communication needs and basic technical usage.

Late in the market.

Holds specific aversions to mobile phone but also views them as a practical-only device (e.g., for emergency calls only)

5. Gaming Youths – ‘Game oriented mobile world addict.’

Young and very technology-oriented people, belonging to mobile generation, who needs a mobile phone in order to maintain a fast-living fun life.

Games! And Music!

Search the images and brands that help them keep track of the modern world.

6. Sophisticated careerists – ‘Be successful with mobile technology.’

Career-oriented individualists with lots of contacts. Highly immersed in technology and very mobile.

Demanding on value for money. Customer care and respect are very important to these

customers.

Need a mobile phone to organise their life and business, but not emotionally attached.

7. Organisation Paid – ‘No choice – the corporation decides.’

Demanding on value for money and customer care.

Network coverage, reliability, and volume discounts are the focus.

Users have little influence in selection, so not particularly fashion or technology-led.

8. International Business Users – ‘Frequent connected business travellers.’

Easy quad-band roaming and smooth data transfer.

Some similarities with sophisticated careerists but with much greater emphasis on functionality and flexibility of at-destination services.

Influenced by corporate choice of network and tariff plans.

First five are consumer segments. The last two are business user segments. The sophisticated careerists are mainly business users who self-select mobile network, handset and tariff option and behave as consumers.

Source: Dibb, Sally, and Lyndon Simkin (2010), “Target Segment Strategy,” in Michael J. Baker and Michael Saren (ed), Marketing Theory – A Student Text, Los Angeles: SAGE.

5. Psychographic Segmentation: Psychographic segmentation examines mental characteristics and predispositions connected with purchasing habits. It is related with similarity of values and lifestyles. It is concerned with the interests, activities and opinions of consumers, and is often related to life styles. Consumers buy things because of the personality, lifestyle and the consumer values they hold. People who think about the world in a similar way will respond similarly to the marketing mix

Personality Characteristics: Advertising agency, Young & Rubicam has classified customers into Mainstreamers (not to stand out of crowd), Reformers (creative and caring, many doing charities, and buying private labels), Aspirers (young, ambitious, and keen to get on, and buy latest designs and models), and success achievers (achieved in life, feel no need for status symbols or bother for what people will say). Companies marketing cigarettes, liquor, cosmetics and high priced watches create a personality for the brand to match it with the personality of the customer.

Briggs and Myres have developed four personality dimensions:

- Extrovert/introvert

- Sensitive/intuitive
- Thinking/feeling
- Judging/perceptive

There are two problems associated with personality characteristics. One, It is not possible to measure such traits in general population. And two, there is no medium to access people with a personality trait. But companies do target people through their ads. L’Oreal ad says “Because I’m worth it” and Hallmark Greeting Card ad says, “When you care enough to send the very best.”

Lifestyle: Lifestyle and consumption are closely related, and therefore, marketers adopt it for segmentation. Lifestyle means approach to life. AIO (Activities, interests, and opinions) reflect lifestyles of people. People are grouped on the basis of how they spend their time, the importance of things in their surrounding, beliefs about themselves and broad issues and some demographic characteristics, such as income and education. The most popular consumer lifestyle framework is a survey from SRI Consulting Business Intelligence. It classifies customers into eight groups – Innovators, Thinkers, Achievers, Experiencers, Believers, Strivers, Makers, and Survivors. A detailed profile of customers is necessary for developing effective advertising campaigns.

Values: Values reflect the realities of life. Researchers at Survey Research Centre at University of Michigan have identified nine basic values: Self Respect, security, Excitement, Fun and enjoyment in life, having warm relationships, Self-fulfilment, Sense of belonging, Sense of accomplishment, Motives/hobbies, Knowledge and being well respected.

PSYCHOGRAPHIC VARIABLES: Personality – Cigarettes, Lifestyles – Clothes, Values – Food

Types of Segmentation

Segmentation variables can be priori and post-hoc. Priori variables can be called identifier variables (who they are), whereas post-hoc variables may be called response variables (what they are). Segmentation based upon age, sex, education, etc are identifiers. The response

variables segment market on the basis of how customers behave. For example, segmenting airline passenger on the basis of price versus punctuality is a case of response variable.

Table3.1: Toothpaste Market Segmentation

Segment name	The Sensory segment	The Sociables	The worriers	The independent segment
Principle benefits sought	Flavour, product appearance	Bright teeth	Decay prevention	Price
Demographic strengths	Children	Teens, young people	Large families	Men
Special behavioural characteristics	Users of spearmint-flavoured toothpaste	Smokers	Heavy users	Heavy users
Brands disproportionately favoured	Colgate, Aim	Rembrandt, Close-up, Ultra brite	Crest, Mentadent	Brands on Sale
Personality Characteristics	High self-involvement	High sociability	High hypochondriasis	High autonomy
Lifestyle characteristics	Hedonistic	Active	Conservative	Value-oriented

Source: Russel I. Haley, “Benefit Segmentation: A Decision-Oriented Research Tool: Marketing Insight is Limited Only by the Imagination,” Marketing Management 4 (Summer 1995); 59. Psychographic segmentation can be used along with segmentation by demographic or geographic variables.

Knowledge Assessment- II

Fill in the blanks with appropriate words

1. -----, if clubbed it is known as geo demographics.
 2. ----- - warm, cold, and rainy, affects geographic environment.
 3. In case of international marketing or global business -----
 4. Age, gender, race, politics and Family structure affect -----
 5. -----affect Socio-economic segmentation.
 6. Usage status, brand loyalty levels, benefits sought, frequency of purchasing, willingness to buy, and season influence-----.
 7. -----is influenced by personality characters, lifestyles and values.
- { Answers: 1. Geography and Demographics, 2. Climate, 3. different countries might be taken up as different market segments, 4. Personal Demographics segmentation, 5. Income, employment, education, social class, home/car ownership, etc. 6. behavioural segmentation, 7. Psychographic Segmentation }

Unit Code 3	UNIT TITLE: SEGMENTATION, TARGETING & POSITIONING			
Location	Classroom			
Duration				
Session III	MEANING OF TARGETING AND TYPES OF TARGETING			
	Meaning and Types of Targeting	Comprehend the concept of targeting and its types	Identify the types of targeting	Interactive lectures: Explain the meaning and types of targeting
	Selection Criteria for Targeting	Identify the selection criteria for targeting	Understand the selection criteria for targeting	Interactive lectures: Explain the selection criteria for targeting
	Positioning: The battle for mind	Define Positioning	Identifying features of positioning	Interactive lecture: explain the meaning of positioning
	Positioning Process	Describing the positioning Process	Elucidate the positioning process	Interactive lecture: explain the positioning process
	Bases for Positioning	Identify bases for Positioning	Describe the bases for positioning	Interactive lecture: explain the bases for positioning

Meaning of Targeting

Gone are the days of 1960s when mass marketing provided scale economies for many markets. The ultimate segmentation is mass customisation, as Dell Computers is doing. Today, no organisation has the resources or capabilities to adequately address all segments in the market with segment specific sales and marketing mix. Unless the right segments are targeted an organisation will not enjoy the benefits of adopting market segmentation concept and the costs incurred in identifying segments will not be repaid. In case of ITC foods, initially it adopted mass targeting, now it is in a position to target any segment it likes.

The targeting stage of segmentation is concerned with making choices about the segments to serve. We can't be everything to every segment. The targeting process is concerned with balancing the attractiveness of segment opportunities against the available resources and the capabilities. The segments chosen through targeting are referred to as target markets or target segments. The search for the best prospects among all consumers is called target marketing.

Types of Targeting

An organisation has the following options to reach target markets:

Mass Marketing Strategy: When differences in customer needs are small or demographics are not distinctive, a business may decide to use a mass market strategy or 'undifferentiated marketing'. A firm may produce only one product or product line and promote it to all customers with a single marketing mix. The firm ignores any segment differences and design a single product-and-marketing programme that will appeal to the largest number of consumers. It means to offer a single product/service/idea across different market segments. It is also known as undifferentiated marketing. Coca Cola, Caterpillar, Sony, Marlboro, Philips, Toyota, McDonald's, Volvo and Kodak use global marketing strategy. However, these companies do modify their products and communication. The primary purpose of this strategy is to capture sufficient volume to gain economies of scale and a cost advantage.

LG Electronics India, the country's largest consumer durables maker is shifting its focus back to mass products

If separate products and programmes are designed for different segments it is called 'differentiated marketing'.

Large Segment Strategy: When a market is segmented and marketing resources are limited, the marketer may decide to pursue a large segment strategy. A mass market may be segmented say into three core segments. One of the segments, which is large enough and representing 50% or more of the market would be the centre of focus. We may also call it as the Single-segment marketing. It means to concentrate organisation's marketing efforts on a single segment. Unfortunately there are large risks associated with this strategy. Should the chosen segment cease to be viable the firm would also cease to operate. Putting all the eggs into one basket can be hazardous. For example one-hour photo has lost to digital photo camera, fax servicing has lost to e-mail, pager has lost to mobile phones, and STD booths have lost due to cheaper telecom services. Single market segment strategy can also be called as '*concentrated targeting*' strategy or '*niche*' strategy.

Adjacent Segment Strategy: When a single segment focus has reached the point of full market penetration and after a single-market segment successful, the marketer opts for adjacent marketing strategy, a closely related segment is tackled next. Suzuki entered the Indian market with the Maruti 800 at the low-price end of the market (presently Alto serves this segment). As Maruti penetrated this segment, it moved to an adjacent segment in terms of price and quality by adding Maruti Zen. Next was entry into a large car segment with Maruti Esteem. Over the last 25 years, Suzuki effectively used an adjacent segment strategy and is a market leader in each segment.

Multi-Segment Strategy: Market segmentation opens the door to multiple market-based strategies and greater marketing efficiency. For example in case of a power supplier, the segments may include domestic users, government users, commercial establishments, factories, occasional users, etc. The power supplier would serve all the segments at the same time. This strategy is known as multi-segmentation strategy. All of them would require separate marketing mixes. Nike produces shoes for golfers, tennis players, basketball players, for cricketers, and thus serves many segments relating to sports shoes. Chicago-based Hyatt Hotels and Resorts has targeted the gay, lesbian, bisexual and transgender market to make its image more attractive to this market. This strategy is also called as '*differentiated marketing strategy*'.

Small Segment Strategy: Although a market may provide three segment opportunities, a business with limited resources and capabilities may decide to compete only in the smallest segment. Such a small segment is normally ignored by large competitors, using mass market or large segment strategies. Even businesses with multi-segment strategy may feel ineffective to focus on such a small segment. In the case of Mercedes, for a very long time it used a small segment strategy to focus on luxury car market. However, due to competitive pressures and attractiveness of adjacent segments, it is following a *dual-segment strategy*.

Niche Segment Strategy: The word niche itself implies that one is targeting a limited number of consumers or a particular set of customers. Separating a market into 100% homogeneous segments is really difficult. Many differences will always remain due to demographics or usage behaviour. Thus, there is always a possibility to carve a niche within a segment to customise marketing efforts according to group of target customers. Niche segment consists of sufficient number of customers seeking somewhat specialised benefits from a good or service. This strategy would avoid direct competition with larger firms who are pursuing bigger segments. This strategy is also known as 'Concentrated marketing'. OM Pizzas are the Starbucks of the Pizza world!! Therefore, plenty of room for them is to play in the big gap between the fine dine pizzerias (which charge more than Rs. 700 per person) and the mass market Dominos and Pizza Hut (which charge around Rs.200-300 per person)." With Chillis Texas Grill & Bar, the company would hit the perfect spot in casual dining and a fun bar, with an international ambience.

After cornering 45% of the country's 25-lakh-unit passenger vehicle market, Maruti Suzuki is now targeting niche segments by adding a third-seating row to WagonR by making it seven-seater and adding a diesel engine. WagonR is the third most-popular car brand in the country after Maruti's own Alto and Dzire models.

The fast-moving consumer goods Emami has made a habit out of developing niche segments into money-spinning brands. It carved out a virgin segment for its Fair and Handsome. The early-mover advantage played out well for the firm, despite HUL launching its own variant followed by international rivals Nivea and Lóreal. Navratna Cool Talc was yet another innovation and is doing well in the hinterland.

A variety of online food delivery start-ups in Bangalore have come up catering to niche markets. iTiffin.in takes bulk orders, either for a week or a month; ichef.in focuses on quality of product; SpiceBox.in clinches corporate deals; Travelkhana and Foodpanda adhere to timeliness; and FlyByKnight sells essential items right from a sandwich to a burger to even cigarettes;

Sub-Segment Strategy: If there are meaningful differences in customer needs within segments which are presently not being met by current market segmentation, then there is need for possible sub-segmentation. For example, a ready food kitchen may go in for segmentation within such segment. It may go for office delivery, food for standing on the ground floor, and customers sitting with air-conditioned atmosphere on the first floor. Food remains the same, but prices differ. We may call it as 'Micromarketing'.

Selection Criteria for Targeting /Need of Targeting

There is need for targeting. There has to be match between costing and revenues. Factors affecting needs of targeting are too many. (9)

1. Existing market share and market homogeneity
2. Existing product expertise
3. Likelihood of production and marketing scale economies
4. Nature of competitive environment
5. The forces of marketing environment and marketing trends
6. Capability and ease of matching customer needs
7. Segment attractiveness in terms of size, structure, and growth
8. Available corporate resources
9. Anticipated profitability and market share

Some other factors which influence the choice of targeting Strategy are stage of product-market maturity, extent of buyer differentiation, market position (market share), Structure and intensity of competition, and adequate resources. However, Barnes et al [10] suggest making use of Porter's Five-Forces Model to determine attractiveness of a market segment.

Failure of Target Market

If targeted segment does not meet the needs of the marketer then he must raise the following questions:[11]

1. Have our targets changed in the last few years? Are we seeking the same targets we always went after?
2. For each of our core businesses or brands, how do we describe – in detail – the market target?
3. Have we segmented each market in which we operate to identify and describe the most profitable market targets to pursue?
4. What was our rationale for selecting these targets? What process did we use to find them?
5. Can we prove our targets are profitable? Can we show that they have made money for us in the past, or will make money in the future?
6. Would another target or targets be more profitable?
7. Do all functional areas of the marketing organisation have information about the target relevant to their activities?

Knowledge Assessment- III

Fill in the blanks with appropriate words:

1. Segmentation can be ----- and Post-hoc.
2. Today, no organisation has the resources or capabilities to adequately address all -----
----in the market with segment specific sales and marketing mix.
3. Unless the right segments are -----an organisation will not enjoy the benefits of adopting market segmentation concept and the costs incurred in identifying segments will not be repaid.
4. If separate products and programmes are designed for different segments it is called -----.
5. When a market is segmented and marketing resources are limited, the marketer may decide to pursue a -----segment strategy.

6. When a single segment focus has reached the point of full market penetration and after a single-market segment successful, the marketer opts for ----- marketing strategy.
7. A power supplier, the segments may include domestic users, government users, commercial establishments, factories, occasional users, etc. The power supplier would serve all the segments at the same time. This strategy is known as -----strategy.
8. In the case of Mercedes, for a very long time it used a -----segment strategy to focus on luxury car market.
9. Niche strategy would avoid direct competition with -----who are pursuing bigger segments.

{Answers: 1. Priori, 2. Segments, 3. Targeted, 4. differentiated marketing, 5. Large, 6. Adhacent, 7. multi-segmentation, 8. Small, 9. larger firms. }

Unit Code	UNIT III: Segmentation, Targeting & Positioning			
Location	Classroom			
Duration				
	Session IV : Positioning :The Battle for the Mind			
	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training Method
	1. Define the meaning of Positioning	1. Describe the meaning of Positioning	1. Elucidate the meaning of the word Positioning	1. Interactive Lecture: Discuss the concept of meaning of Positioning
	2. Identify the Positioning Process	2. Describe the Positioning Process	2. Describe the Positioning Process	2. Interactive Lecture: Discuss the Positioning Process
	3. Describe the bases of Positioning	3. Identify the bases of Positioning	3. Describe the bases of Positioning	3. Interactive Lecture: Explain the bases of

				Positioning
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Positioning: the Battle for the Mind/ Need for positioning

After identifying segments and selecting which one (s) to address, the consumers and the business customers within the targeted segments must be offered relevant propositions that have direct relevance to their characteristics, needs, and buying behaviour. The concept of positioning was articulated by Al Ries and Jack Trout as early as 1972.[12] Positioning is about identity – what you are in the marketplace vis-a-vis your competitors. The positioning concept is the same as it was 40 years back but the world is different. Positioning is concerned about creating a perception in a consumer’s mind about the nature of company and its products relative to competitors. It refers to developing a Unique Selling Proposition (USP) or identification of particular appeal that the firm can present to the customers in each target segment. It is now that marketing mix is designed to implement target market strategy and marketing communications convey the intended positioning.

Positioning Process

1. Identify relevant set of competitive products serving a target market

2. Identify the set of determinant attributes that define the “product space” in which positions of current offerings are located.

3. Collect information from a sample of customers and potential customers about perceptions of each product on the determinant attributes

4. Determine product's current location (positioning) in the product space and intensity thereof

5. Determine customers' most preferred combination of determinant attributes.

6. Examine the fit between preferences of market segments and current position of product (market positioning)

Identify positions where additional new products might be placed.

7. Write positioning statement or value proposition statement of value proposition to guide development and implementation of market strategy

Bases of Positioning

Positioning or differentiation can be done through Physical Positioning and Perceptual Positioning. Physical positioning is done on the basis of physical product characteristics. But every customer doesn't understand the features and buys the product on the basis of what it does rather than what it is. Thus all the products are not influenced by factors other than physical properties, including the way products are presented, past experiences with them,

and opinion of others. Endorsement by celebrities makes the differences. This all is known as perceptual positioning. A marketer has to create both physical and perceptual differences.

POSITIONING STATEMENTS

Straight ones:

- Google:** “Google’s mission statement is to organize the world’s information and make it universally accessible and useful.”
- Kraft:** “Helping People around the World Eat and Live Better.”
- McDonald’s:** “Be our customers' favourite place and way to eat.”

Abstract ones:

- Bose:** “Research, Technology, Performance.”
- Volkswagen:** “Drivers Wanted.”

Positioning concerns arranging for a product or brand to occupy a clear, distinctive, and desirable place – relative to competitors’ positioning in the minds of targeted consumers or business customers. Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. Positioning involves establishing and controlling the desired image in the minds of targeted customers. It is necessary to give customers in the target market one or more good reasons to select your company rather than your rival. Thus, positioning comprises of both customer need and competitive considerations. The concept can be applied with same advantage to new products. It is equally applicable to industrial goods and for services like products. Some of the better known companies have positioned their products on the following bases:

1. Attributes – e-bay, “Buy it, Sell it. Love it.”
2. Price/quality – Omega watches, “We measure the 100th second that separates winning from taking part.” Acer’s positioning is of the low cost producer.
3. Competitors – Walmart, “Save money. Live better.”
4. Application – Health insurance companies, “Experience, Wellness. Everywhere.”
5. Product User – Crane’s stationery, “for the writer somewhere in each of us.” Apple concentrated on the high end of the market.
6. Product class – BMW, the “ultimate driving machine.”

7. Dreams – Honda Motorcycle & Scooter India (HMSI), a subsidiary of world’s largest two-wheeler manufacturer, Japan’s Honda Motor Corporation, doesn’t sell speed or style. It dwells on the dreams and aspiration of everyday Indian and says your Honda two-wheeler will help you reach for your dreams. In that sense your two-wheeler is a purveyor of dreams, an enabler of sorts rather than a simple daily-commute tool. “Sachkardengesapne” in short.
8. Completeness – Raymond’s “complete man”.
9. First-mover – Compaq was the first brand to introduce a “portable” PC.
10. Distribution – Dell focussed on selling computers directly to businesses only.
11. Exclusivity - Toshiba focused only on laptop computer.
12. Waku WakuDokiDoki – A Japanese term which means the adrenaline rush and pleasure that stem from anticipation and thrill. Toyota for its Etios, Innova and Fortuner uses Waku Doki.
13. Health: Dhara Oil’s - “Earlier our positioning was playing on purity and taste, but now it is also stressing on health - kiaapkhaiyen, health kichintadharapechhoddijiye (eat and leave your health concerns to us). Their assurance is that Dhara would marginalise the guilt of calorie intake and the customers need not kill taste buds.”
14. ITC Dairy Products and Fruit Juices – They will be positioned on health platform.
15. Vistara Airlines - It will be the first airline to offer premium economy seating and a value-based frequent flyer programme, where bonus points would be given not on miles flown but what you pay. It is the only domestic airline offering premium economy class.
16. Personalisation: Ford India will inaugurate a vehicle personalisation centre at its factory near Chennai to give their automobiles that individuals look for. It is a value-added offering that addresses the quality issues for its customers who earlier had to depend on third party providers for accessories.

Different products create different kinds of positioning. Jeep’s “There’s Only One” position a clear leadership message. Honda’s “The Power of Dreams” conveys the notion of innovation and technical prowess. Renault’s message “CreateurD’ Automobiles” builds on France’s reputation for style. Tata Salt’s message “Deshka Namak” conveys it is made in India by India and for India. BMW’s “The Ultimate Driving Machine” positioning is effectively communicated through advertising and supported by ongoing product development and

customer support. Volvo has for many years positioned on safety features of its cars. Normally marketers want to avoid cannibalising sales of existing brands, unless new brands generate sufficient profits.

Positioning in India - A case of NANO: it is rectified?

In the Auto Expo 2012, Ratan Tata, the head of Tata Group, said we never pushed Nano as a poor man's car, "the cheapest car". We pushed it as an affordable all-weather family car. We have wasted an early opportunity." "The Indian consumer is an aspirational one, and even a two-wheeler owner looking to upgrade will not want a cheap car." "People started looking at Nano not as a low-cost innovation, but as a cheap car. This, among other factors, also hurt the chances." Nano currently falls in the ultra-low cost or the sub-A segment. Competing with bikes for attention may be even tougher job to do, even if it is an affordable upgrade. This would have probably worked in mature markets like Europe and the USA, where bikes are a luxury and an affordable car positioned on the price plank could work well. The concept of commuter bikes, is a very South Asian concept. Price as a strong positioning can't work in price-sensitive India. Experts point out that to make pricing as positioning element, first it has to occupy the high-price position. So playing with price is to play with fire.

Now it is repositioned as a "smart car". From engineering perspective, it is more refined and has a better steering wheel – a power steering. It has a better suspension for better ride quality and there is an anti-roll bar in front. It is coming in new vibrant colours, a modern music system with Bluetooth connectivity, and keyless entry. An additional layer has been added to the entire electrical system to prevent fire. Nano Twist's price takes it into the territory of Maruti Alto.

Knowledge Assessment- IV

Fill in the blanks with appropriate words

1. Existing market share and market homogeneity and current product expertise impact upon an organisation's assessment of -----market attractiveness.
2. If targeted segment does not meet the needs of the marketer then he must raise the question – Have our targets changed in the last few years? Are we seeking the -----

- targets we always went after?
3. Positioning is concerned about creating a perception in a consumer's -----about the nature of company and its products relative to competitors.
 4. Identify relevant set of competitive products serving a target market comes at ---- place in positioning process.
 5. Positioning is what you do to the -----of the prospect.
 6. Physical positioning is done on the basis of product characteristics.
 7. Endorsement by celebrities makes the -----and are known as perceptual positioning.
 8. Companies have positioned their products on -----bases
- {Answers: 1. Target 2. Same 3. Mind 4. Top 5. Mind 6. Physical, 7. Differences 8. Different}

QUESTIONS

State, in brief, with reasoning, whether following statements are correct/incorrect:

- (i) One cannot be everything to everyone, but can be everything to a selected few.
- (ii) Targeting is the process of grouping of individuals with similar needs.
- (iii) A Rolls-Royce is not in competition with Maruti Alto.
- (iv) Segmentation is a battle of minds.
- (v) Some needs and wants change with age.
- (vi) Anyone in America is an American only.
- (vii) Religion influences consumption behaviour.
- (viii) Since business market segments do not change, hence there is no need to re-segment frequently
- (ix) A company should not attempt to compete in all segments with the same product.
- (x) Targeting and positioning strategies are interrelated.
- (xi) One product or service may be different even when they appear to be identical.
- (xii) Segmentation is not important for a business.

{Answer – Correct (i), (iii), (v), (vii), (ix), (x), (xi); Incorrect: (ii), (iv), (vi), (xii)}

(iii) Correct, because the two are meant for different segments.

(ix) Incorrect. A company should recognise different segments and should develop appropriate products and services, and position and brand them accordingly.)

(xi) Correct. It is in the way, marketers position the product or service.

(xii) Incorrect. A few companies can be 'all things to all people'. Segmentation is important because it allows the firm to target its effort on the most promising opportunities. }

2. Choose the correct answer from the given alternatives:

(i) Which of the following products do not belong to the same kind of market?

- (A) Haldiram's bhujia and Bikanerwala's bundi
- (B) Hospital bed and tractor
- (C) Mechanised watch and Electronic watch
- (D) A cricket bat and a football

(ii) Consolidation of various segments into one large segment, may be an objective if

- (A) The reduction in costs is greater than the reduction in profits
- (B) It is very costly for a company to launch a new product
- (C) Consumers show reduced price sensitivity
- (D) The demand curves for the segments to be combined are similar

(iii) The basis of geodemographic segmentation is based upon

- (A) City size
- (B) State or Union territory
- (C) Population density
- (D) Classification of residential neighbourhood

(iv) Which of the following statements about using about usage segmentation is incorrect?

- (A) Heavy users normally exhibit more brand loyalty than light users
- (B) Heavy users pay the price equal to light users
- (C) for almost all consumer product categories, the top 50% users account for 80-90% of total sales
- (D) demographic characteristics are generally poor predictors of heavy usage.

(v) Which of the following characteristics do not match with benefit segmentation?

- (A) it is based upon measuring consumer value systems

- (B) it relies on descriptive factors
 - (C) it seeks to identify distinct consumer needs
 - (D) it relies on casual factors
- (vi) Which of the following criticisms of age as a segmentation variable is invalid?
- (A) Age is not a reliable predictor of lifestyle
 - (B) Chronological age need not be synonymous with psychological age
 - (C) the similarities in consumer wants for different age groups are usually greater than the differences
 - (D) Age is not an accurate predictor of a person's spending habits
- (vii) Which one of the following statements does not form part of effective positioning strategy?
- (A) Choosing a price strategy
 - (B) Determining target customers' needs
 - (C) Determining what is value to the target customers
 - (D) Developing products with numerous product differences compared with competing brands
- (viii) Which of the following is not a useful construct for Positioning Strategy?
- (A) Positioning on the basis of product features
 - (B) Positioning on the basis of benefits
 - (C) Positioning for an undifferentiated market
 - (D) Positioning for user category
- (ix) A Company's brand positioning relates to
- (A) the way consumers perceive it in comparison with competitors
 - (B) the market share
 - (C) its product features relative to other brands
- (x) It is inappropriate to reposition a brand –
- (A) if it begins to lose market share
 - (B) on a frequent basis
 - (C) consumers preferences change

(D) the original positioning loses distinctiveness

{Answer: (i) B, (ii) A, (iii) D, (iv) A, (v) B, (vi) C, (vii) D, (viii) C, (ix) A, (x) B.}

3. Water comes in different forms like:

i) Tap water	<u>Primary Needs</u>	<u>Secondary Needs</u>
	Refreshment	Health
	Cleanliness	Low Cost
ii) Bottled Water	Health-giving properties	
	Fear of Tap water	
	Drink/Refreshment	

Select segments for bottled water segment.

{Answer: i) *Social Status, Health Conscious*, ii) *convenience, travellers*},

4. Identify segments to market wine in India on the basis of geography, demographic, usage, Income, product related variables, industry-related variables:

{Answer:

Geography: North, South, Western, and Eastern regions; Rural, Urban, and Suburban

Demographic: Young/Old age groups; Male/female

Usage Occasional users, Usual users – with food, without food, mixing with aerated drinks, Light users, Medium users, heavy users, Connoisseur/Novice

Income: existing wealthy persons/Neorich

Product-related variables: Red/White/Rose; Dry/Medium/Sweet; Low/Average/High Alcohol; French/German/East Europe/India made; Bottle size

Industry-related variables: Managed ‘on trade’ - Pubs, restaurants, hotels, farmhouses, leisure centres; ‘Off Trade’ – Super Markets: Major/Minor}

5. Identify the segmentation variables for the following products:

- (i) Orange flavoured infant toothpaste.
- (ii) Herb-based ‘natural toothpaste.
- (iii) Mint-flavoured dental floss.

- (iv) Listerine mouth wash.
- (v) Car (DU 2012)
- (vi) Mobile phones
- (vii) Air Travel
- (viii) Milk, butter, cheese, and ghee
- (ix) Car loan
- (x) Shoes (DU 2012)
- (xi) New Model of Maruti Suzuki SWIFT
- (xii) iphone 4
- (xiii) Magazine
- (xiv) Scorpio car

{Answer:

- (i) Orange flavoured infant toothpaste: age – toddlers and young children.
- (ii) Herb-based ‘natural toothpaste: Psychographics – environmentally aware, health-conscious consumers.
- (iii) Mint-flavoured dental floss: Age and Psychographics – young adults and health conscious
- (iv) Listerine mouth wash: Age – young adults eating garlic preparations, Old people taking garlic to control cholesterol.
- (v) Income: Upper lower, middle, and High income groups. Use: Entry level, second car, and subsequent cars. Small cars and big cars. Functional utility takers and possession lovers.
- (vi) Occupation: Students, lower class daily employed, hawkers, traders, executives, and CEOs.
Income: Pocket money receivers, low income earners, middle income earners and high income earners.
Use: Only receiving, night talking, long duration talking, use moderately, use moderately but a status symbol, Status symbol and high talkers and receivers.
- (vii) Air Travel: Class- Economy, First and Business. Facilities – No frill and Total benefits. Use: Non-frequent Flyers and Frequent Flyers.
- (viii) Milk: Industry-based market segmentation: Ice cream manufacturers, Restaurants/Food chains, Coffee shop chains, Tea stalls. Butter, Cheese, and Ghee: Bakery and Confectioners, Pizza Retailers, Snack Retailers.

- (xiii) Age: children, teenagers, adults, senior citizens
Sex: Men's, Women's
Lifestyle: Modern, traditional, humorous/satirical, careerists, reformers
Hobbies/Interests: Sports, cars, computers etc
- (xiv) Geographic: City size, Urban and suburban
Psychographic: Life style, Status seeker, personality, aggressive and Extrovert
Behavioural: Benefits- Quality and prestige }

6. Suggest Positioning for the following products:
- (i) Aakash Tablet PC in Price range within Rs. 3,0
 - (ii) LED TVs
7. Godrej Group in its television commercials that once featured young couples with children, now have young couples minus the children. What kind of repositioning company wants to take?
- {Answer: To send a message that it's an 'even younger' audience being targeted with its products.}*
8. Distinguish between/among the following
- (i) Segmentation, Targeting, and Positioning
 - (ii) Mass segmentation and niche segmentation
 - (iii) Demographic segmentation and Psychographic segmentation
9. Write short notes on the following
- (i) Behavioural Segmentation
 - (ii) Bases of Positioning
10. What is meant by Segmentation and why is it undertaken by marketers?
11. What are the bases of market segmentation? Explain with the help of suitable examples.
12. What is meant by Target market selection?
13. What is positioning? How it is done? What are the bases of product positioning?
14. Explain the three steps in target market selection – market segmentation, market targeting and product positioning with suitable examples.

15. If you happen to be marketing manager in Gujarat Milk Federation, a producer of number of milk products, where will you put your products in the following Consumer Segments comprising Kids, Women, Youth, Calorie Conscious, Health Conscious?

{Answer:

Kids: AmulKool, Chocolate Milk; NutramulEnergy Drink, AmulKool Milk.

Women: AmulCalci f.

Youth: Utterly Delicious Pizza, Amul Pizza Cheese, Amul Cheese Spread.

Calorie Conscious: Amul lite, Sugar skimmed Milk powder, Amul Lite Slim & Trim Milk.

Health Conscious: Nutramul, Amul Shakti Health Food Drink. }

16. What is the customer segment Big Bazaar targets at?

{Answer: Higher & upper middle class segments; young working population; and Working women and home makers. }

17. When Kurkure was launched in 1999, the tagline was -“Kya Kare in contol nahin hota”; in 2003 the tagline was – “Masti bole to kurkure”; in 2008 it was - “Tedha Hai Par Mera Hai”; and in 2012 it is – “Seedhatohsadhahota , isliyeKurkure kehta hai try tedhayaar”.

What positioning do taglines indicate?

{Answer: 1999: Irresistible taste; 2003 : fun positioning and tried to include the entire family in the conversation; 2008: young confident Indian consumers are no longer striving to be perfect in everything but are comfortable about their imperfections and quirks; and 2012: taking the idea a step further to resonate with a large consumer base. }

18. Select two segments to which Olive Oil can be sold.

{Answer: Premium Consumers who are health conscious and the new parents who rub olive oil on their new born babies. }

19. Make a segmentation of the Exercise Industry, Chewing Gum Industry

{Answer: To lose weight; To maintain a healthy body; To build muscle mass; To prevent counter a medical problem; For enjoyment; and To meet people.

Chewing Gum Industry: Those who want to quit smoking, People who get calmed; People to who like its taste}

20. (i) Identify any market segment among grandparents.
(ii) What types of products are best suited to grandparents seeking to buy gifts for their grand children?
(iii) What types of brands are well known to grandparents? Do you believe that they are more or less likely to be loyal to those bands?

21. What factors govern the attractiveness of a segment?

{Answer: Segment size, current and potential competition, segment growth, capabilities of the business, profitability of the segment}

22. How can we keep tabs on our competitors?

{Answer: We just have to concentrate on our closest competitors and try to ensure that we maintain some differential advantage over them.}

23. ACTIVITY QUESTION

Go to your colony market and find how many atta brands are available? Which brand is targeting which segment of market and why?

24. Differentiate between segmentation in rudimentary and smart segmentation.

25. How to segment Exercise Industry?

23. Determine market segmentation for synthetic detergents from the product and customer point of view.

24. Make a segmentation of Indian Restaurant business from the perspective of format.

25. Prepare a benefit segmentation for a Railroad company.

26. Asian Paints positioned in 1991 as 'MeraWala'. In 1992, it was 'KhushionKeRang' and 'Jo Shade Apcolite Mein Nahin, WohShayadKahinNahin'. Asian Paints used a comic route, skewing away from the previous capaign's emotional stance and brought to life a Mr Sunil Baby campaign, whose home's

exterior wall pain lasted longer than his lifetime. In 2012, it showed two brothers trying to teach each other the right tricks of painting a house. In 2013, the campaign begins with 'HarGharKuchhKehtaHai'. What do the changing colours say about the positioning.

27. Segment the market for SIM (the acronym for Subscriber Identification Module).
{**Answer:** Sim can have segments like Standard, Micro and Nano. Preloaded and Post-loaded. 16 KB, 32 KB, and 64 KB. Applets pre-installed and delivered over the air}.
28. According to a recent report by Technopak Advisors, a strategic advisory firm, the Indian quick-service restaurant (QSR) market, as this fast food category is known, is valued at \$1.1 billion (R6,890 crore) and is expected to grow by 21% annually to touch \$4.2 billion (Rs. 25,843 crore) in 2020. Why Quick restaurant business is an established category in India?
29. Nissan Motors India is launching its Datsun brand to take on Maruti Suzuki's Alto and Hyundai's Eon and begun a road show in 100 places spread over 10 weeks that aims to reach out to a million people.
Will you call its strategy as Mass Marketing or Niche marketing?
30. Name the three segments on the basis of compactness. Also mention the top three models per segment.
31. If you happen to be a marketing manager of a newly registered pharma company, suggest the market segment for whom to produce.
32. What is the normal segmentation used in auto category? What will be future basis of segmentation?
33. Make segments for eating outside:
34. Online baby care market comprises of which segments?
35. What is the biggest problem of Frozen Food Segment?

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Knowledge Assessment- IV

Fill in the blanks with appropriate words

9. Existing market share and market homogeneity and current product expertise impact upon an organisation’s assessment of -----market attractiveness.
10. If targeted segment does not meet the needs of the marketer then he must raise the question – Have our targets changed in the last few years? Are we seeking the ----- targets we always went after?
11. Positioning is concerned about creating a perception in a consumer’s -----about the

nature of company and its products relative to competitors.

12. Identify relevant set of competitive products serving a target market comes at ---- place in positioning process.
13. Positioning is what you do to the -----of the prospect.
14. Physical positioning is done on the basis of product characteristics.
15. Endorsement by celebrities makes the -----and are known as perceptual positioning.
16. Companies have positioned their products on -----bases

{Answers: 1. Target 2. Same 3. Mind 4. Top 5. Mind 6. Physical, 7. Differences 8. Different}
