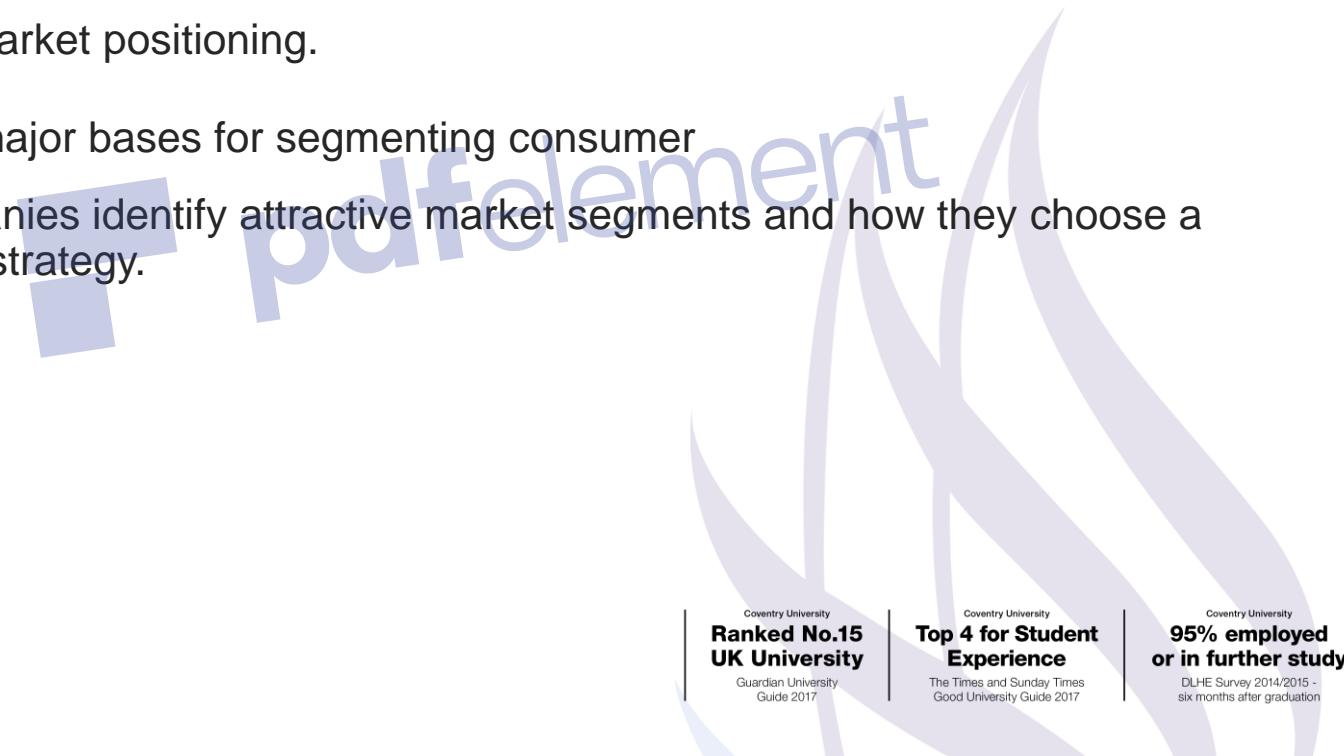


Segmentation, Targeting and Positioning (STP)

Marketing in a Global Age M003

Today's Learning Objectives

- Be able to define the three steps of target marketing: market segmentation, target marketing, and market positioning.
- Understand the major bases for segmenting consumer
- Know how companies identify attractive market segments and how they choose a target marketing strategy.



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Learning Objective 1

Definition:

- This is the process of **dividing the total market** for a good or service into several smaller, internally similar (or homogeneous) groups.
- All members in a group have **similar factors** that influence their demand for the particular product.

Market segmentation process

The process involves:

- Identifying the **needs** and **wants** of customers.
- Identifying the **different characteristics** between market segments.
- **Estimating** the market potential.

Identify the needs and wants of customers

The objective is to identify needs not currently satisfied. For example:

- Airlines might consider offering business travel although research shows that preferred departure and arrival times vary from those being offered.



Identify different market segments

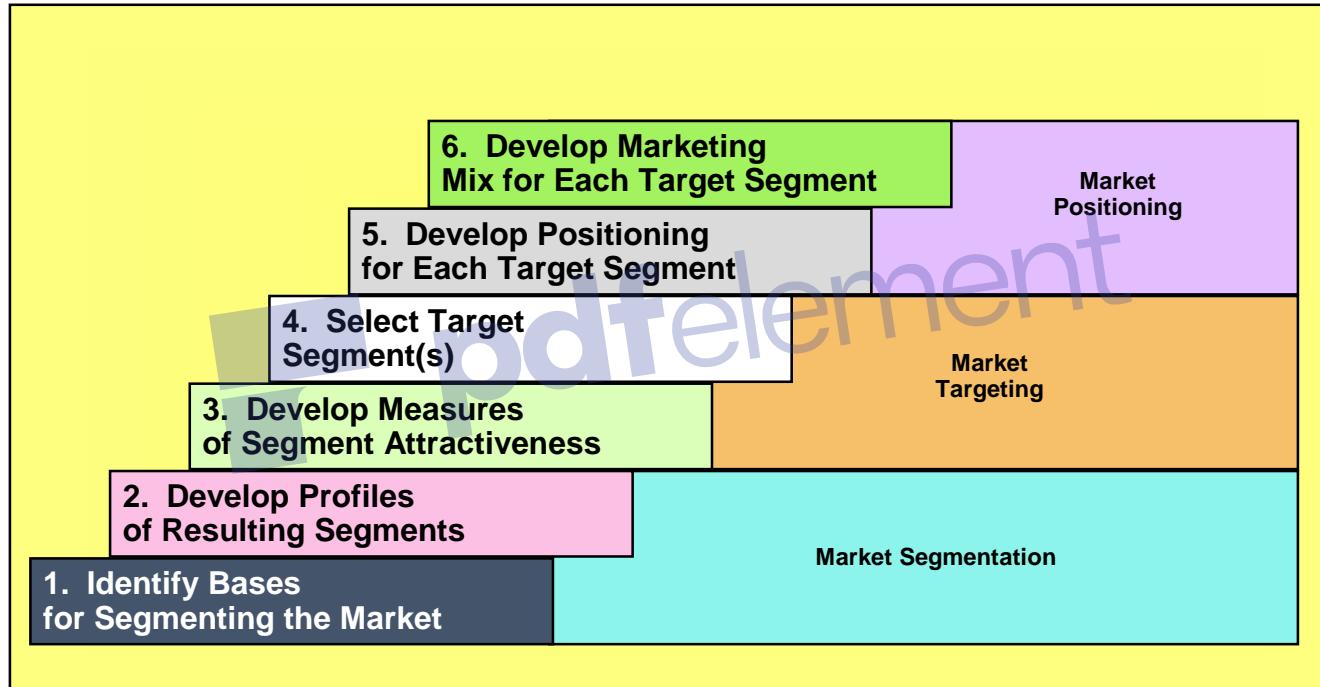
Identify characteristics that distinguish particular segments from others. For example:

- Business persons needing varying flights, may opt to fly first or business class instead of economy class.



Learning Objective 2

Steps in Segmentation, Targeting, and Positioning



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Step 1. Market Segmentation

Levels of Market Segmentation

Mass Marketing

*Same product to all consumers
(no segmentation)*

Segment Marketing

*Different products to one or more segments
(some segmentation)*

Niche Marketing

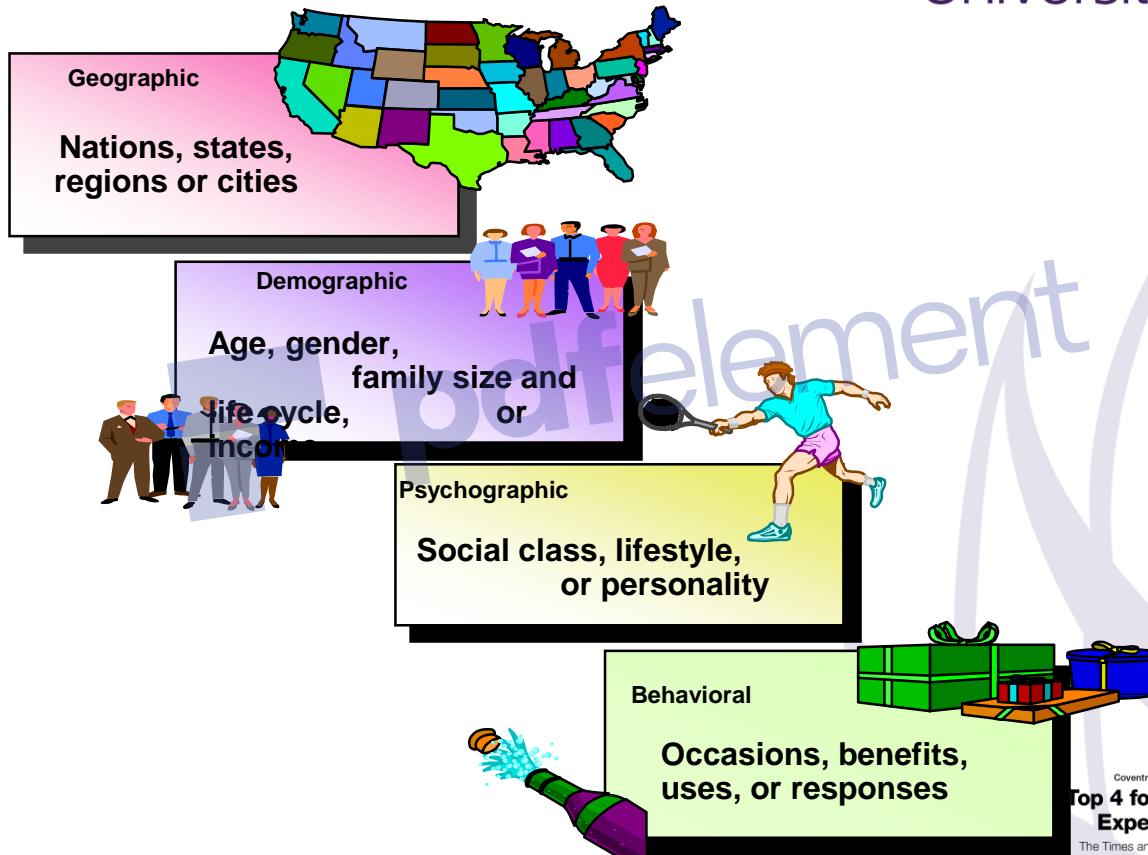
*Different products to subgroups within segments
(more segmentation)*

Micromarketing

*Products to suit the tastes of individuals or locations
(complete segmentation)*

Step 1. Market Segmentation

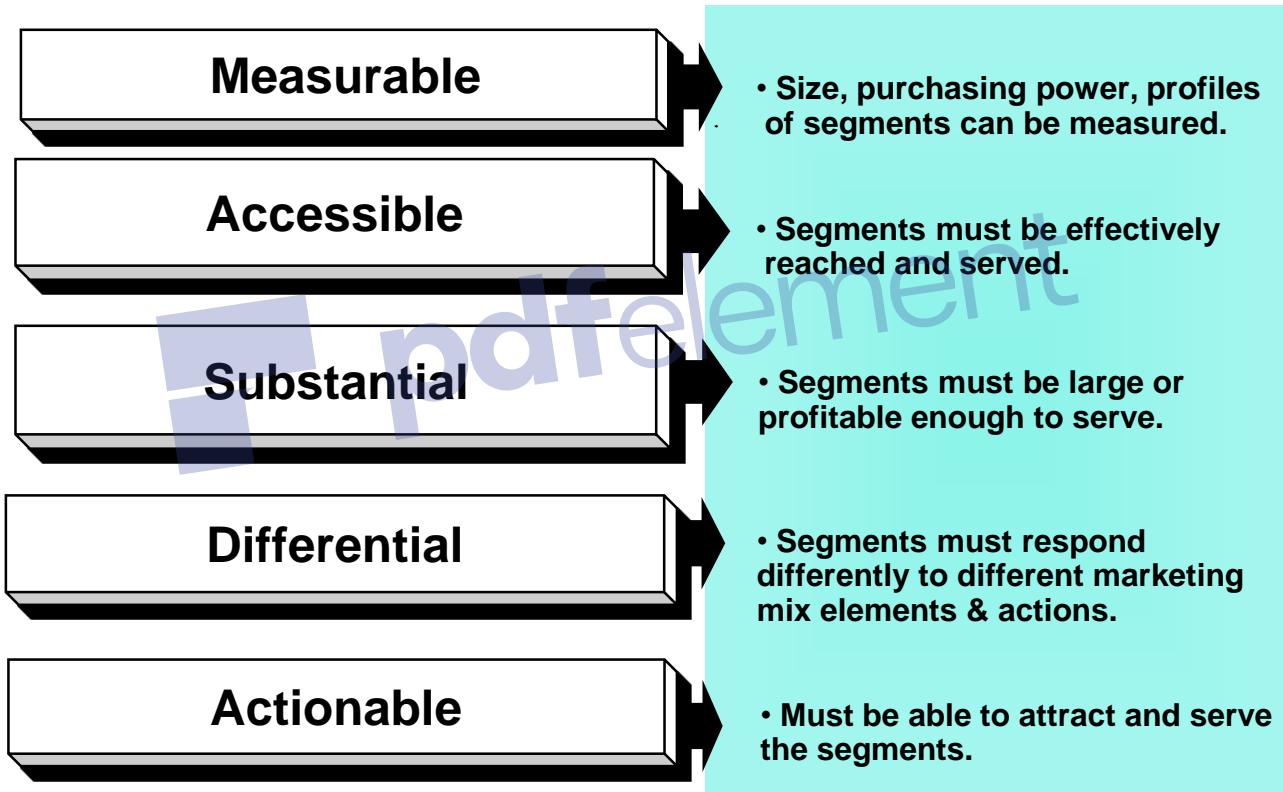
Bases for Segmenting Consumer Markets



Learning Objective 3

Step 1. Market Segmentation

Requirements for Effective Segmentation



Step 2. Market Targeting

Evaluating Market Segments

- **Segment Size and Growth**



- **Segment Structural Attractiveness**



- **Company Objectives and Resources**

- Company skills & resources relative to the segment(s).
- Look for Competitive Advantages.

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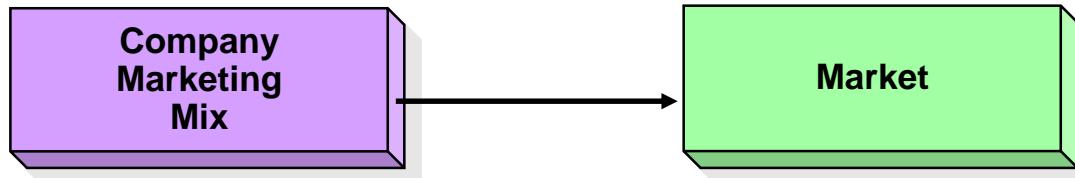
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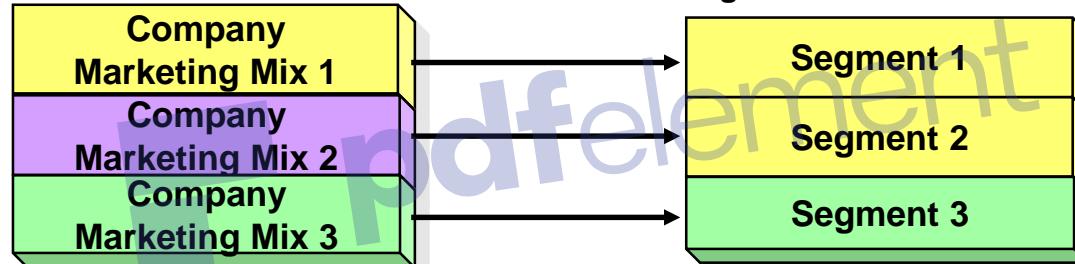
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Step 2. Market Targeting

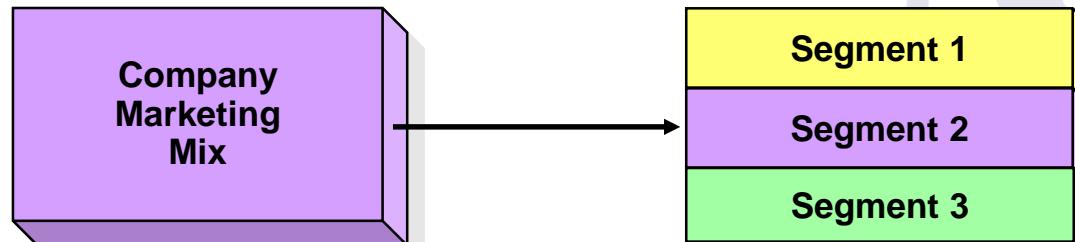
Market Coverage Strategies



A. Undifferentiated Marketing



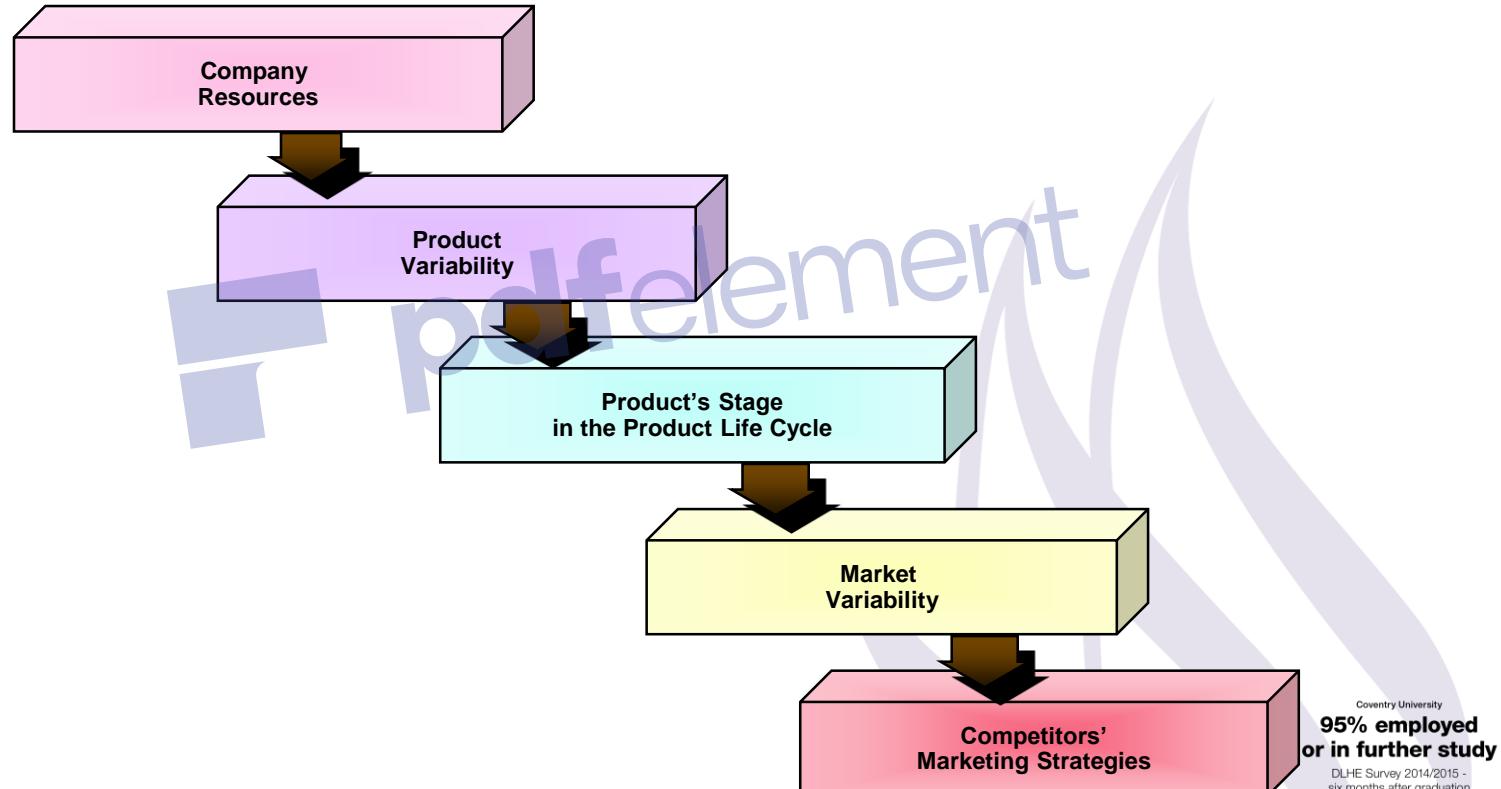
B. Differentiated Marketing



C. Concentrated Marketing

Step 2. Market Targeting

Choosing a Market-Coverage Strategy



Step 3. Positioning for Competitive Advantage

- **Product's Position** - the place the product occupies in consumers' minds relative to competing products; i.e. Volvo positions on “safety”.
- Marketers must:
 - *Plan* positions to give products the greatest advantage
 - Develop marketing mixes to create planned positions

Selecting a position

Factors to consider:

- **Competition** — look for a gap or niche.
- **Customers** — seek product attributes.
- **Company image** — what is the current image?
- **Target market** — have the needs of the target market changed? Do we need repositioning?
- **The marketing mix** — does it support the selected position?

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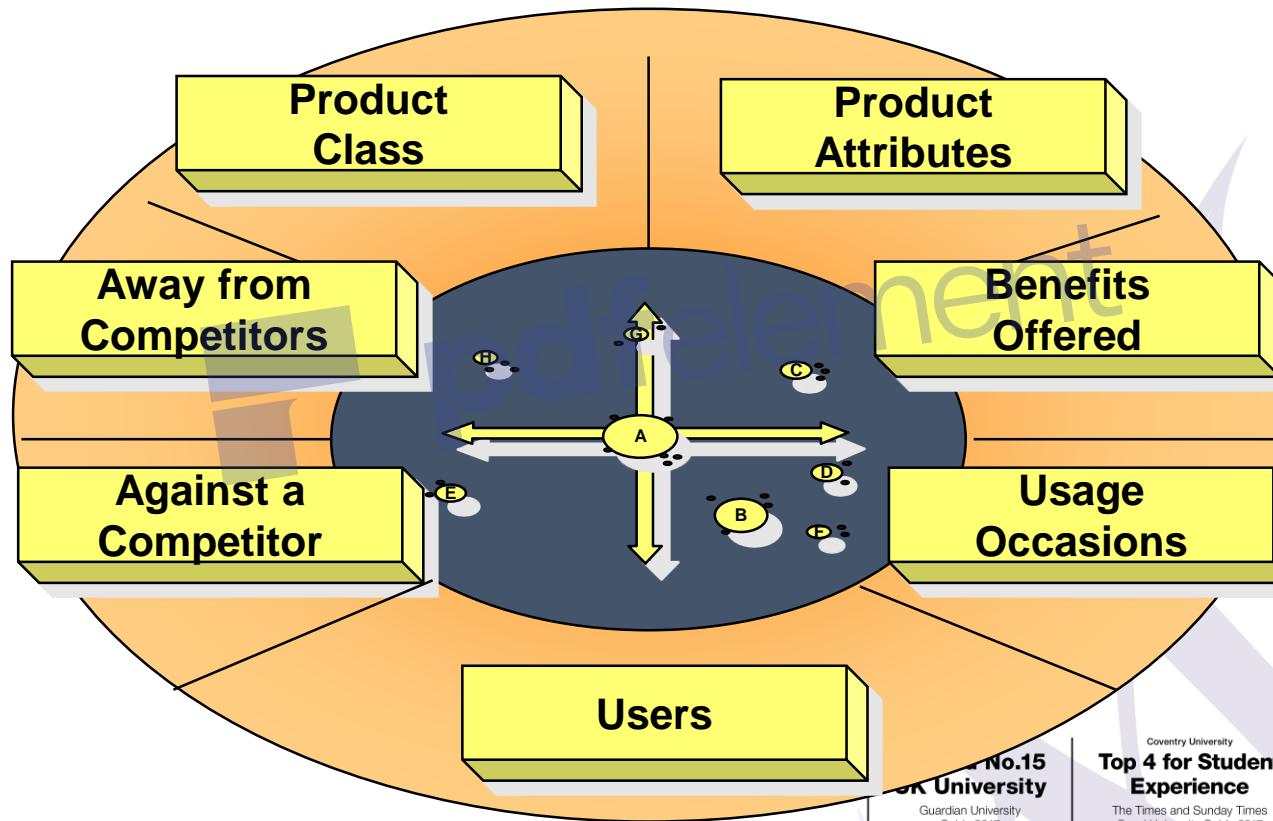
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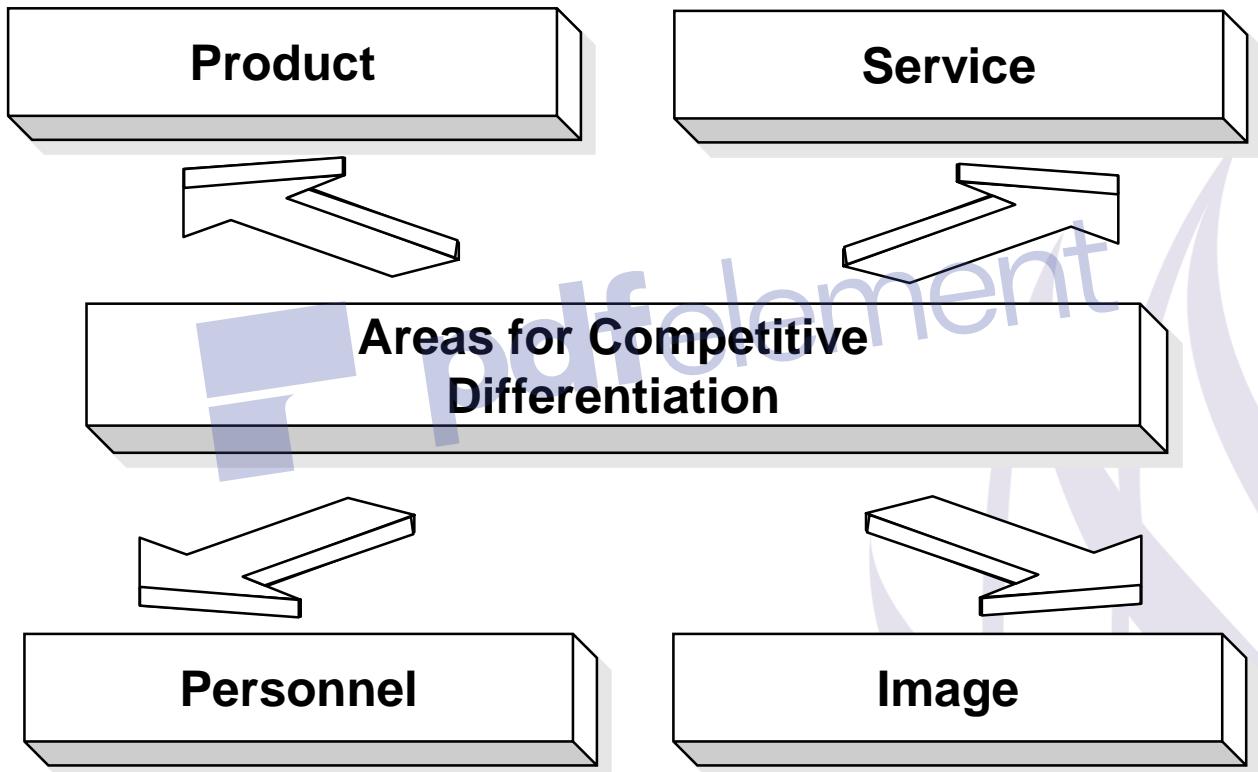
Step 3. Positioning for Competitive Advantage: Strategies



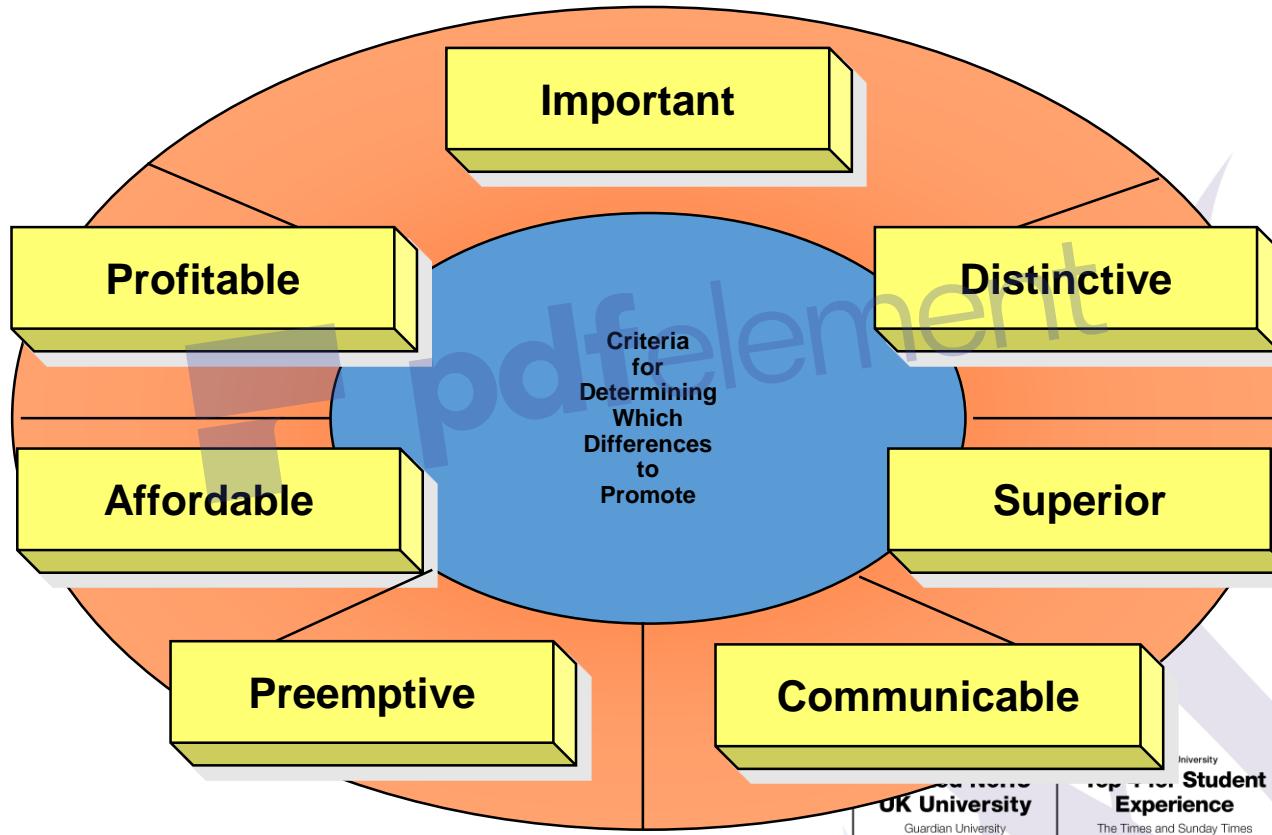
Steps to Choosing and Implementing a Positioning Strategy

- Step 1. Identifying a set of possible competitive advantages: Competitive Differentiation.
- Step 2. Selecting the right competitive advantage.
- Step 3. Effectively communicating and delivering the chosen position to the market.

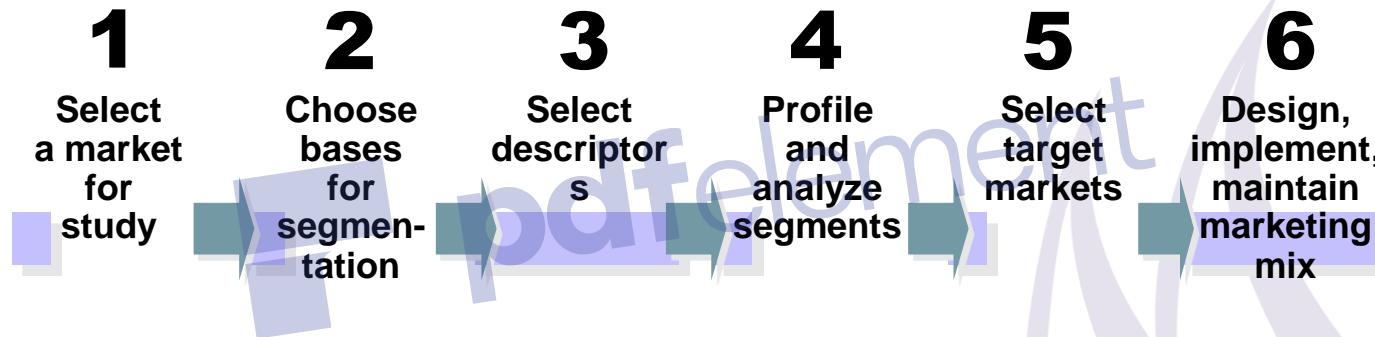
Developing Competitive Differentiation



Selecting the Right Competitive Advantages



Steps in Segmenting Markets



Note that steps 5 and 6 are actually marketing activities that follow market segmentation (steps 1 through 4).



Any Questions ??