

## Week 3 Lecture



# 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.



# Learning Objective 1

# Market segmentation

## 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.

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# Identify different market segments

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

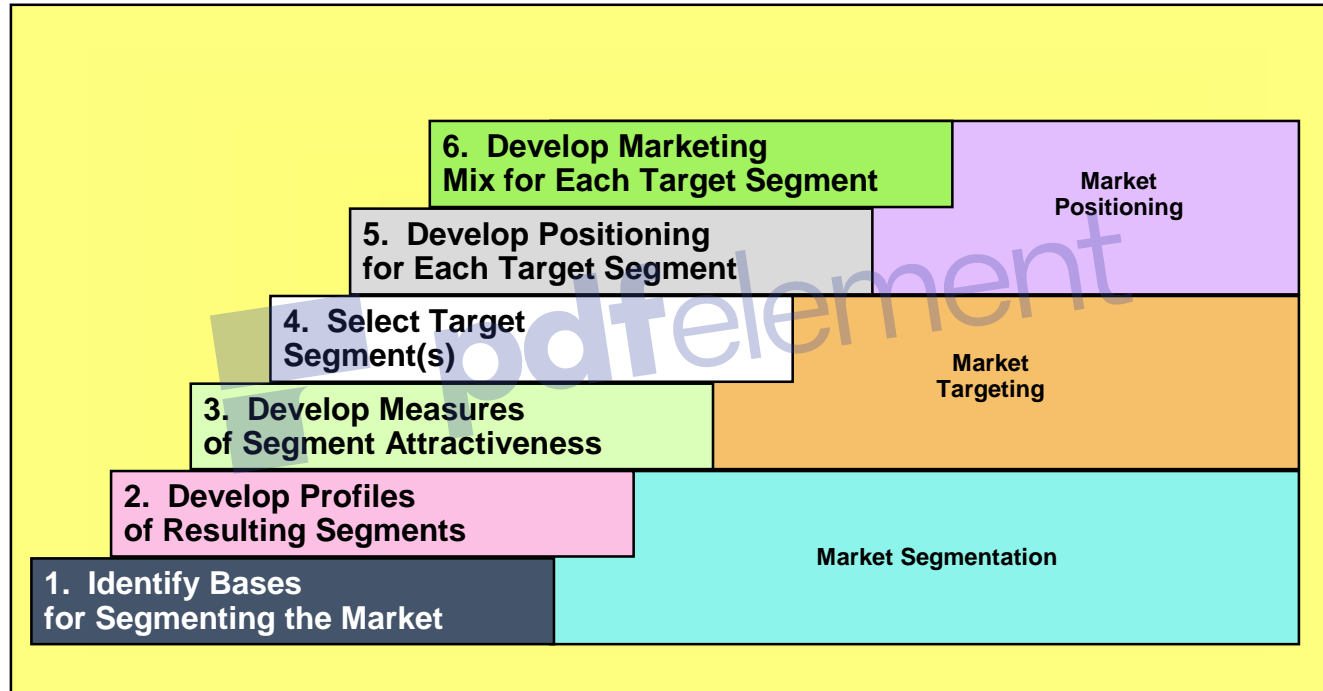
- Business persons needing varying flights, may opt to fly first or business class instead of economy class.

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# Learning Objective 2

# Steps in Segmentation, Targeting, and Positioning



# 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**

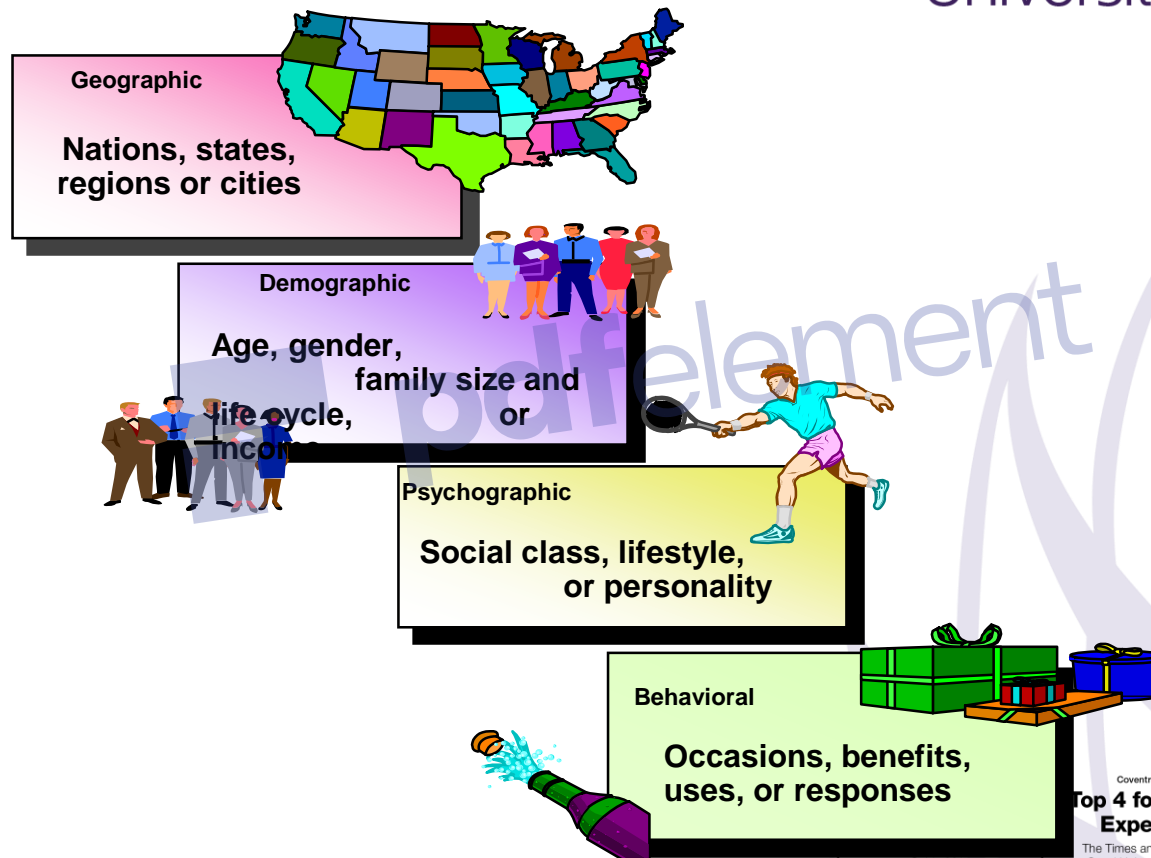
*Different products to subgroups within segments  
( more segmentation)*

### **Micromarketing**

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

# Step 1. Market Segmentation

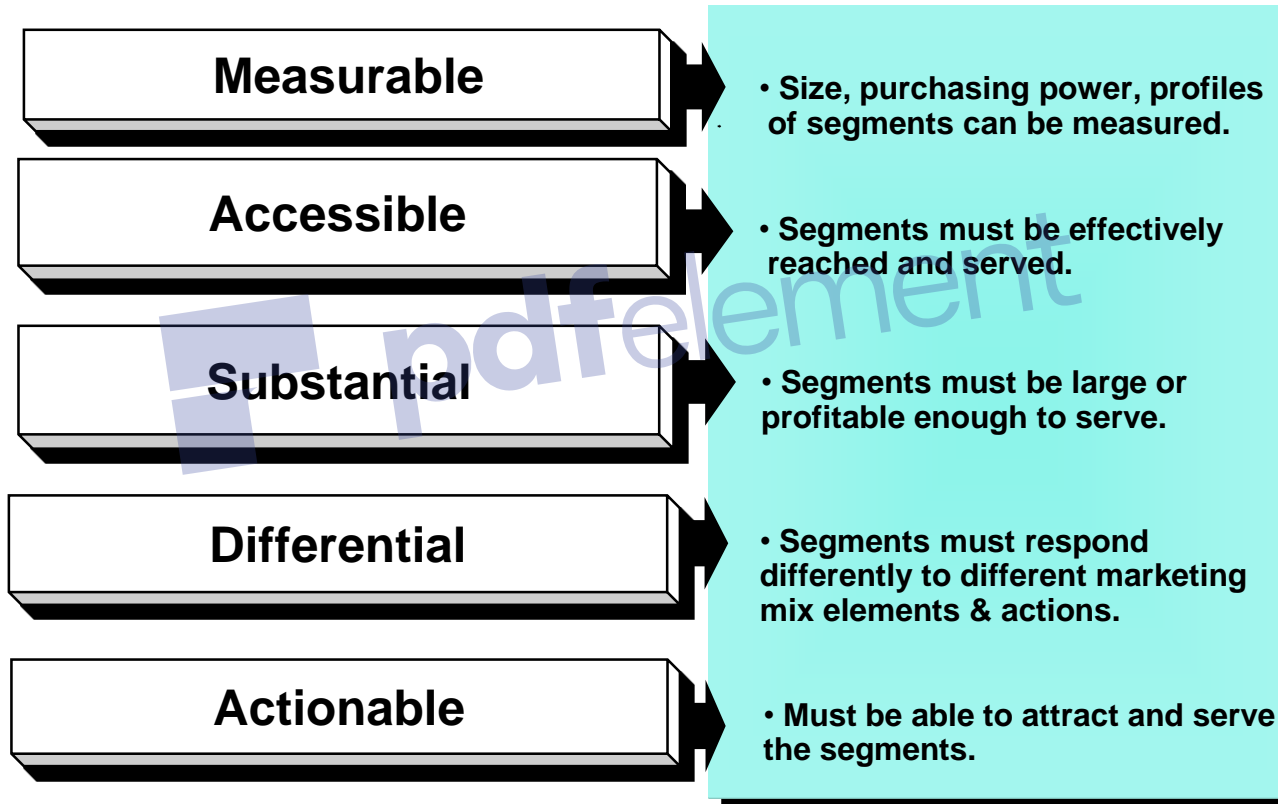
## Bases for Segmenting Consumer Markets





# Learning Objective 3

# Step 1. Market Segmentation Requirements for Effective Segmentation



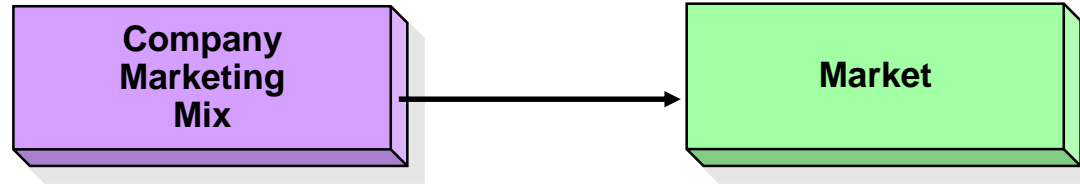
# Step 2. Market Targeting

## Evaluating Market Segments

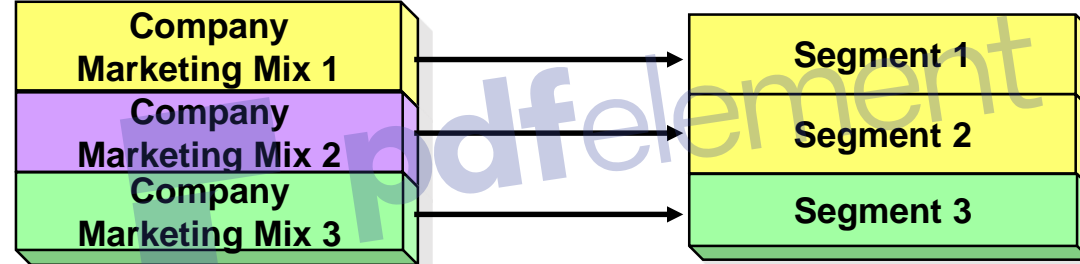
- Segment Size and Growth
  -
- Segment Structural Attractiveness
  -
- Company Objectives and Resources
  - Company skills & resources relative to the segment(s).
  - Look for Competitive Advantages.

# Step 2. Market Targeting

## Market Coverage Strategies



A. Undifferentiated Marketing

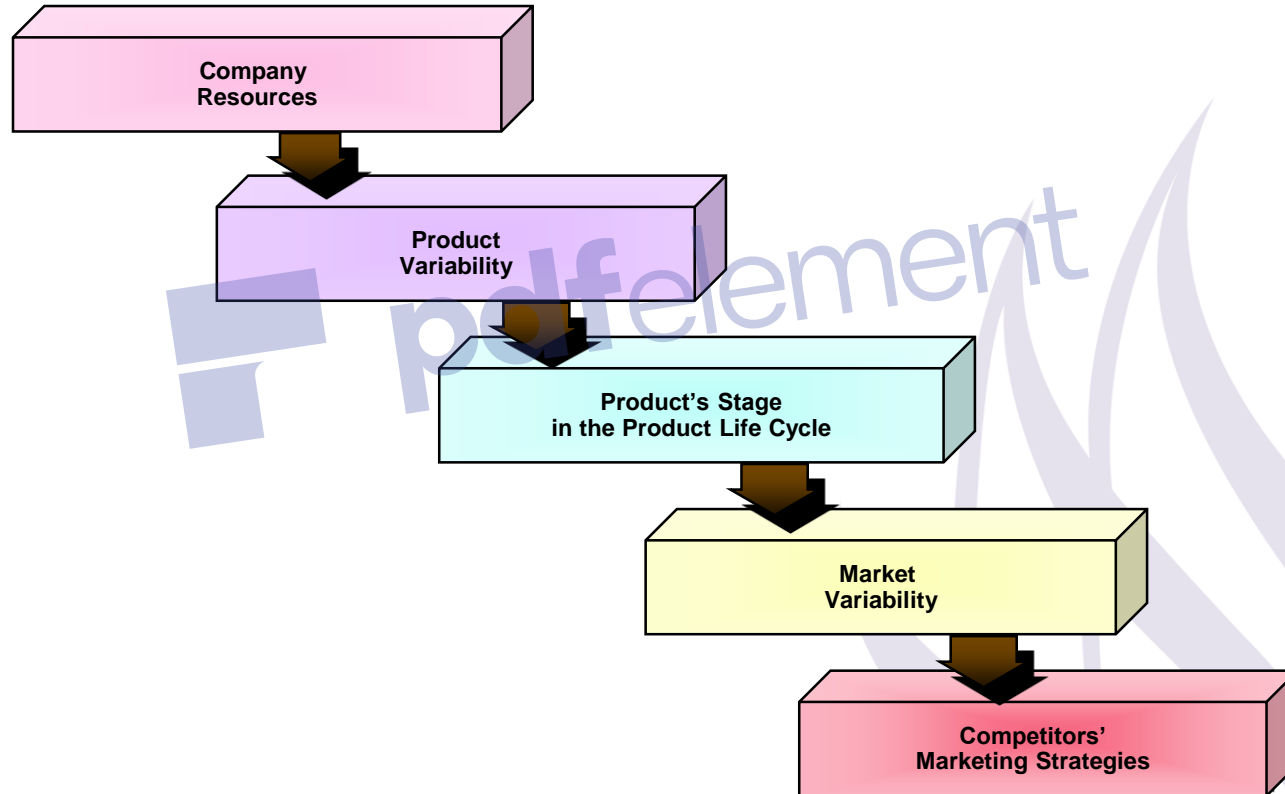


B. Differentiated Marketing



C. Concentrated Marketing

## Step 2. Market Targeting Choosing a Market-Coverage Strategy



## Step 3. Positioning for Competitive Advantage



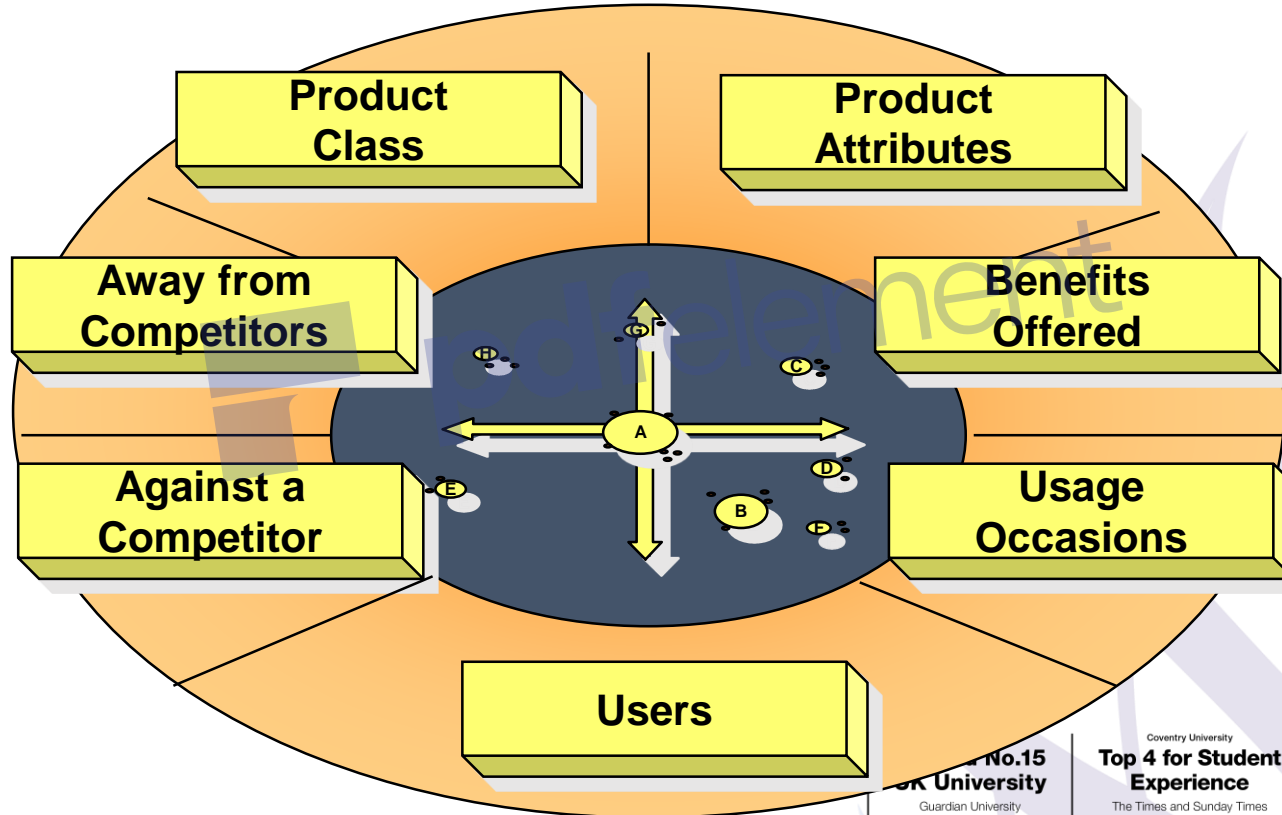
- **Product's Position** - the place the product occupies in consumers' minds relative to competing products; i.e. Volvo positions on "safety".
- Marketers must:
  - *Plan* positions to give products the greatest advantage
  - Develop marketing mixes to create planned positions

# 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?

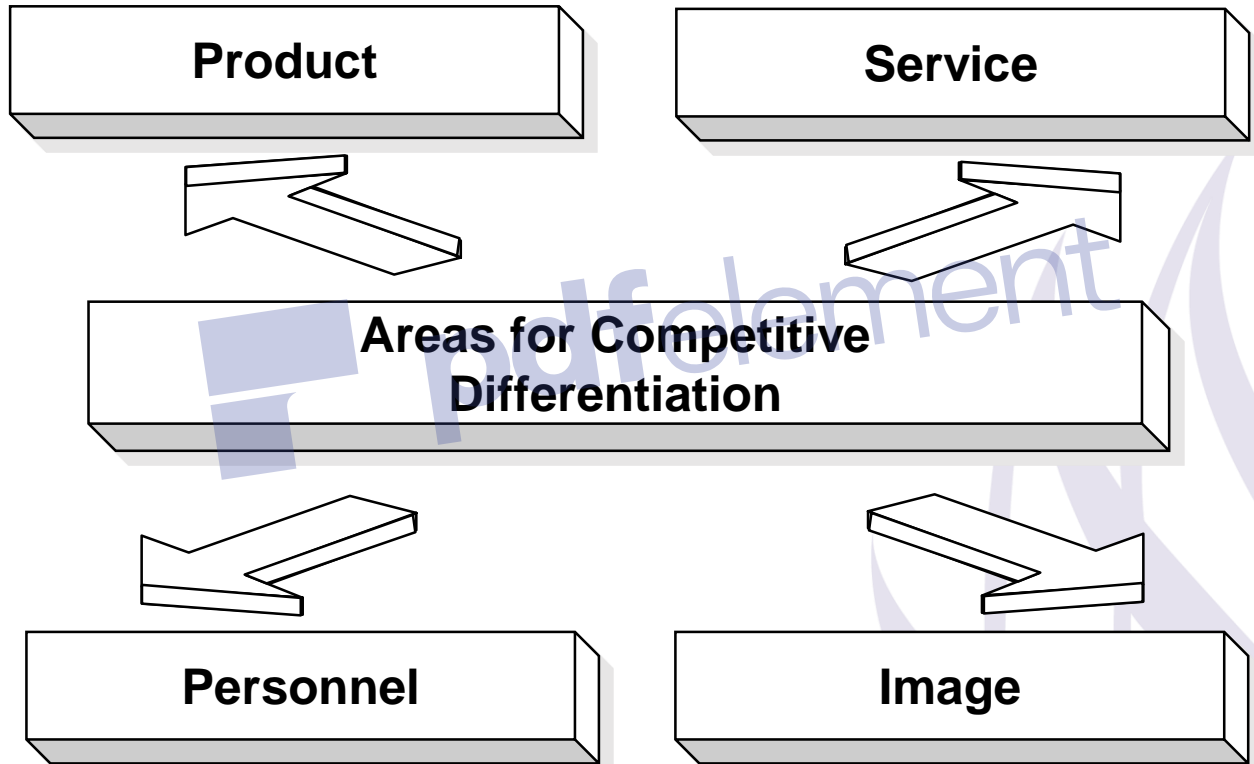
# Step 3. Positioning for Competitive Advantage: Strategies



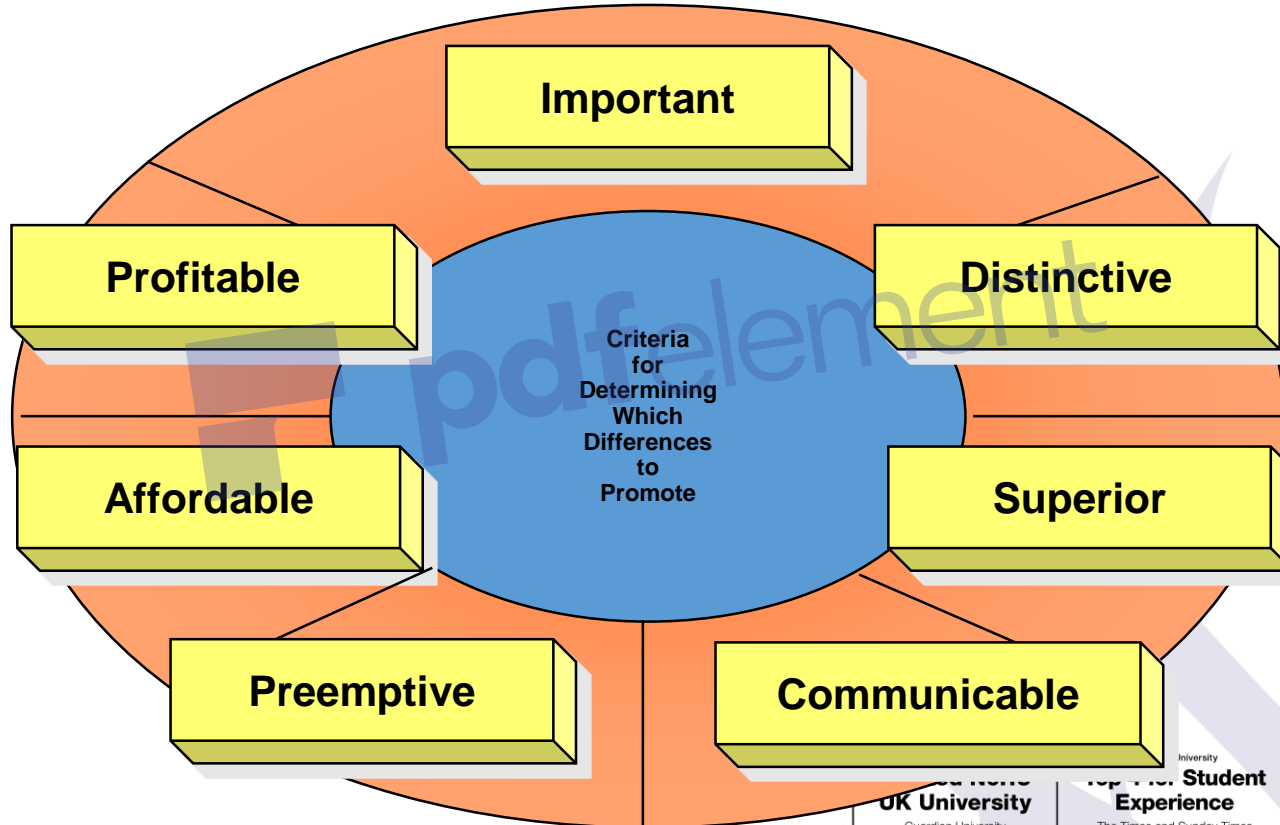
# Steps to Choosing and Implementing a Positioning Strategy

- 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.

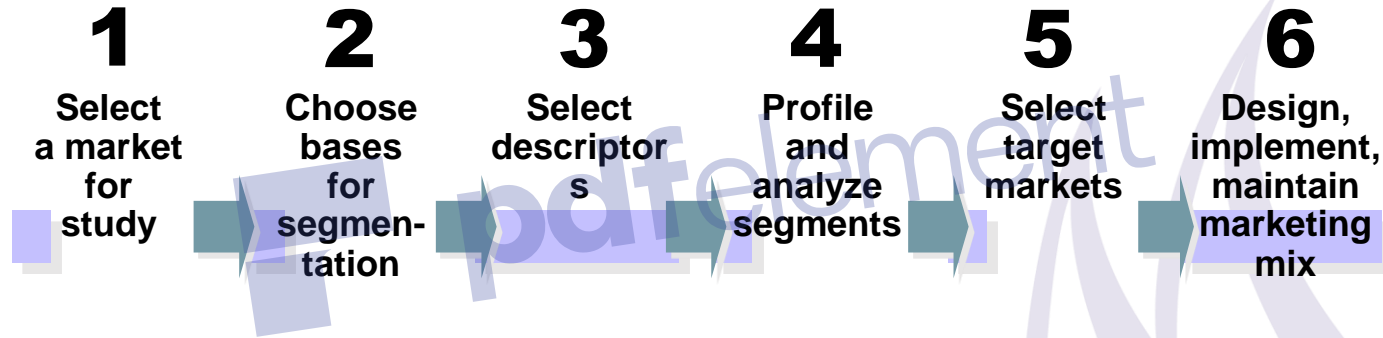
# Developing Competitive Differentiation



# 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 ??**