

## Chapter 4

# Focusing Marketing Strategy with Segmentation and Positioning



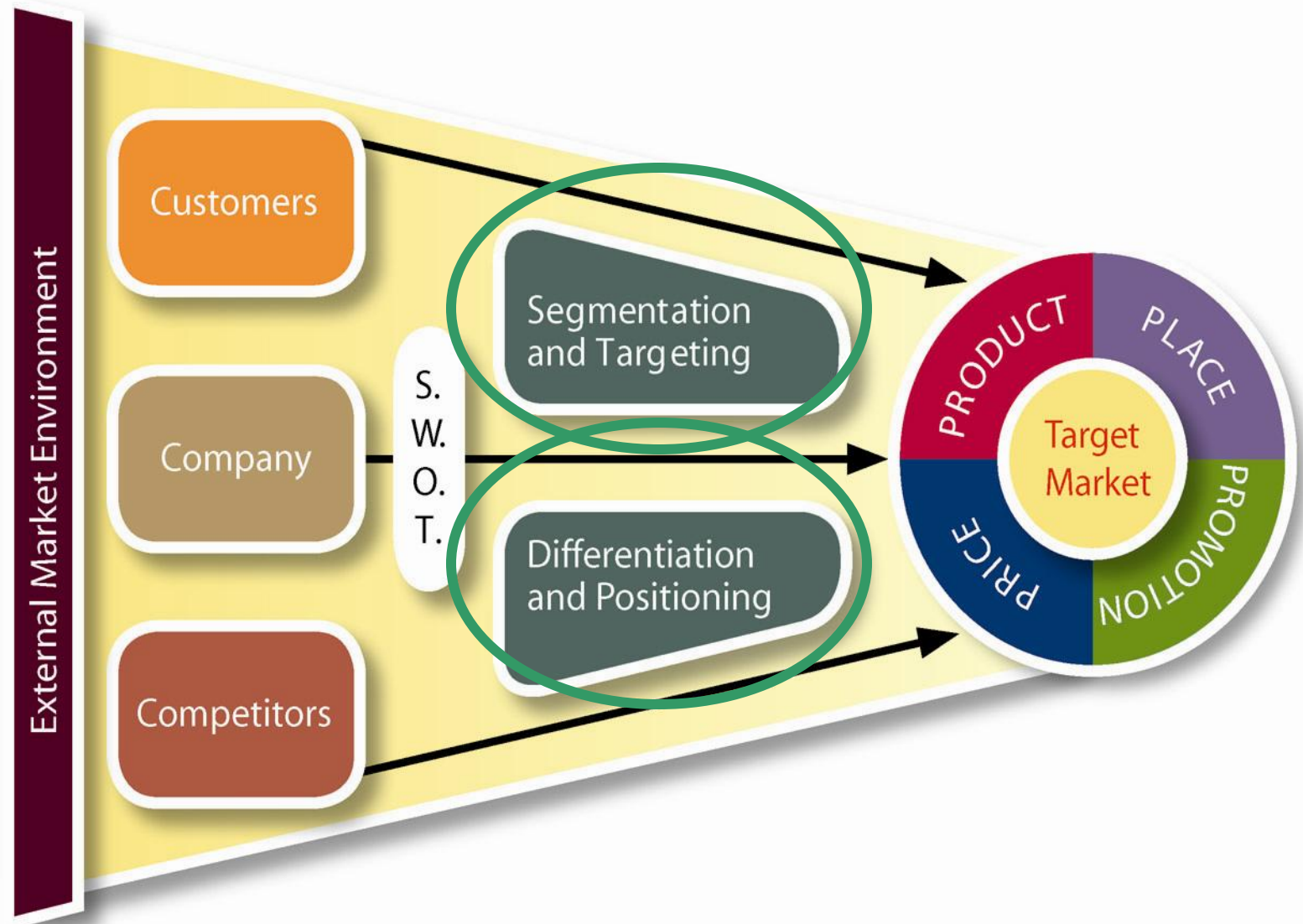
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# At the end of this presentation, you should be able to:

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 what positioning is and why it is useful.

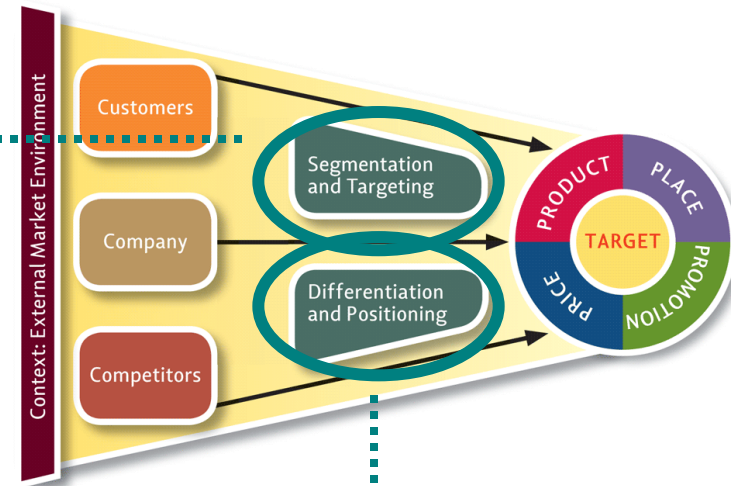
# Focusing Marketing Strategy with Segmentation and Positioning (Exhibit 4-1)



# Focusing Marketing Strategy with Segmentation and Positioning (Exhibit 4-1)

## Segmentation

- Defining markets
- Dimensions to use
- Identifying segments
- Identifying segments to target
- Segmentation approaches



## Positioning

- Understanding customer's view
- Positioning techniques
- Evaluating segment preferences
- Differentiating the marketing mix
- Relationship between positioning & targeting

# Taking Advantage of Opportunities

his



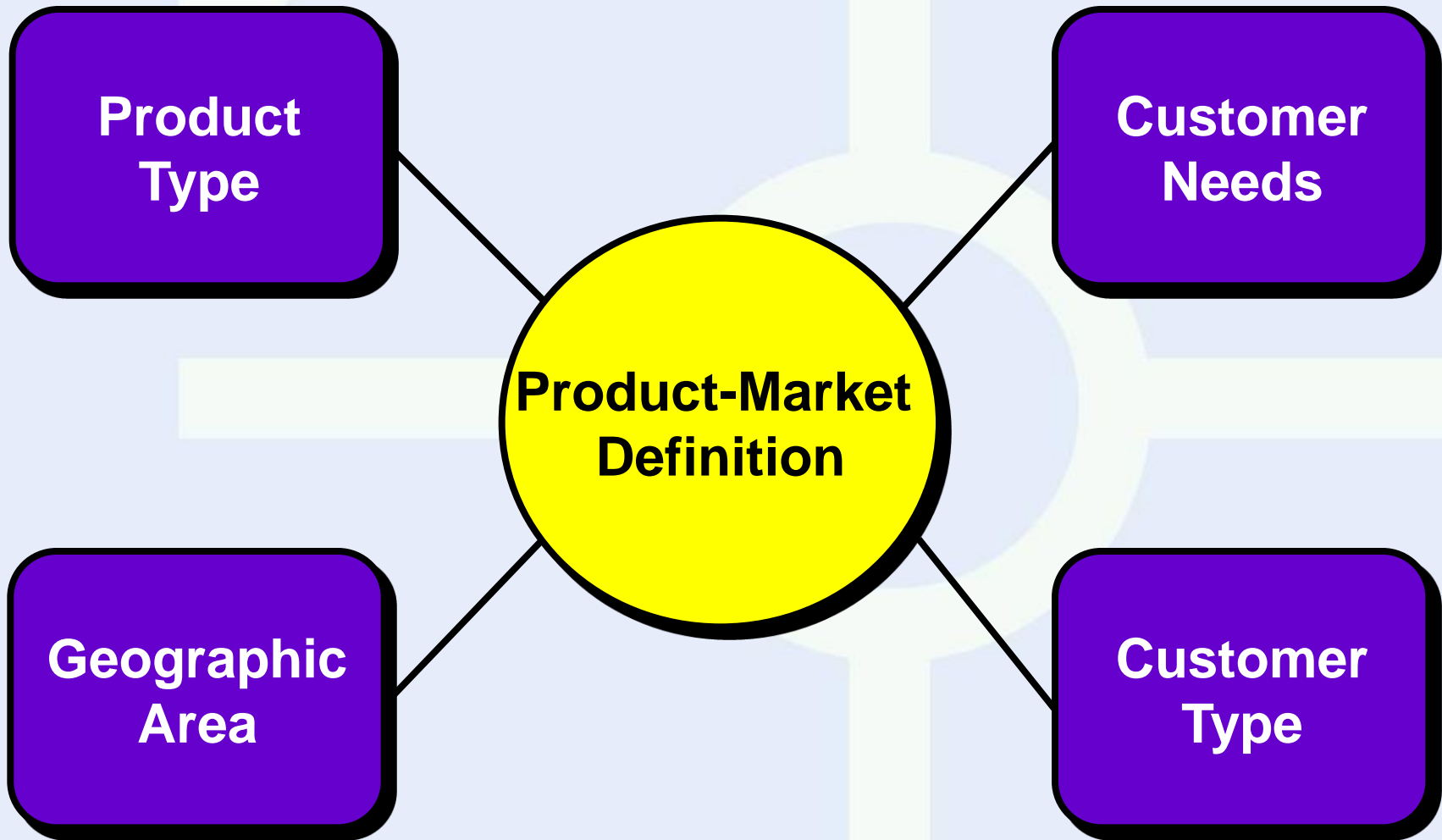
hers



L A Z B O Y

The new look of comfort

# Naming Product Markets and Generic Markets



**No Product Type in Generic Market Definition**



# What Is the Product-Market?





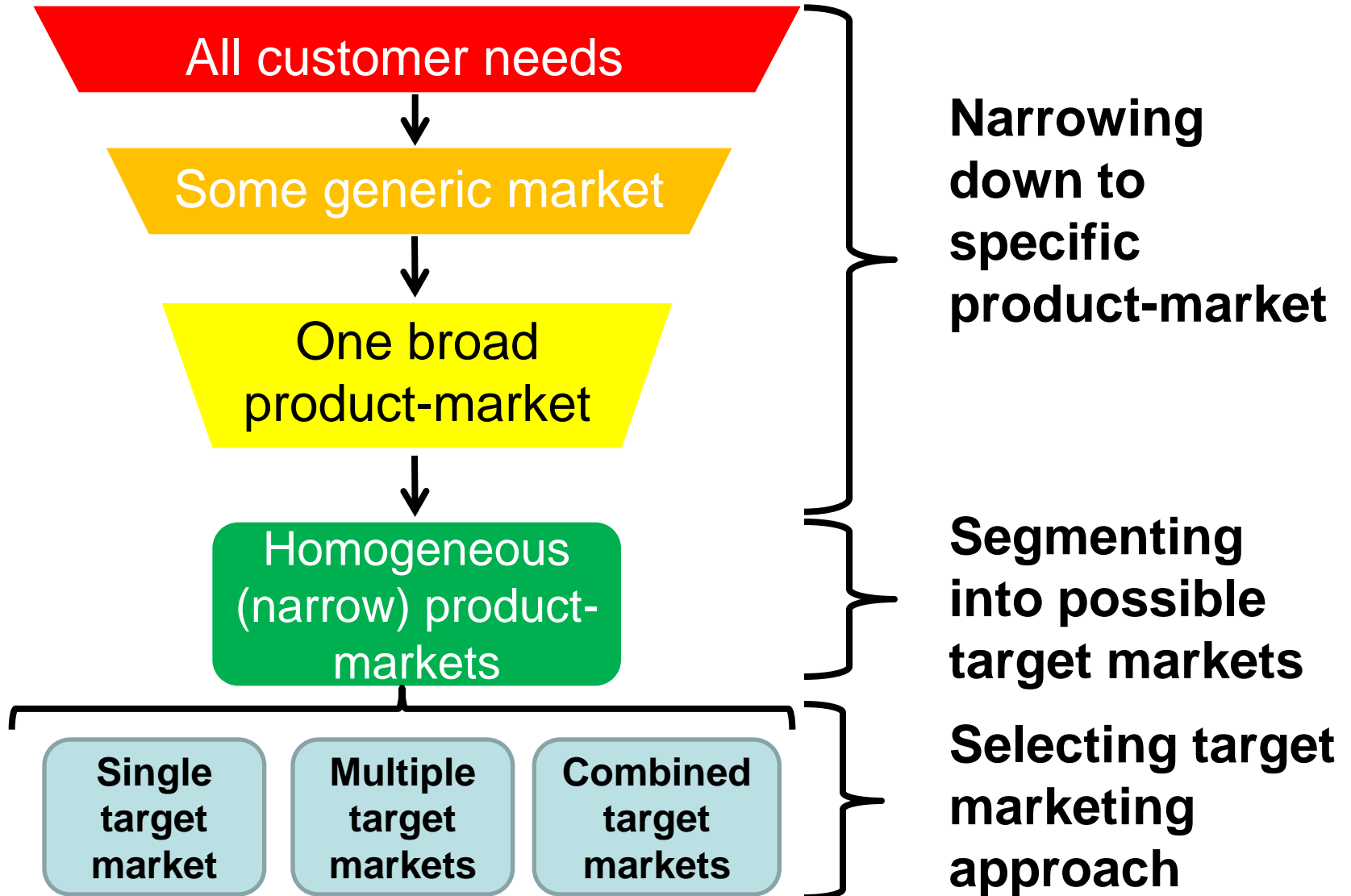
# Segmentation is a Two-Step Process

**1. Naming broad product-markets**

**and**

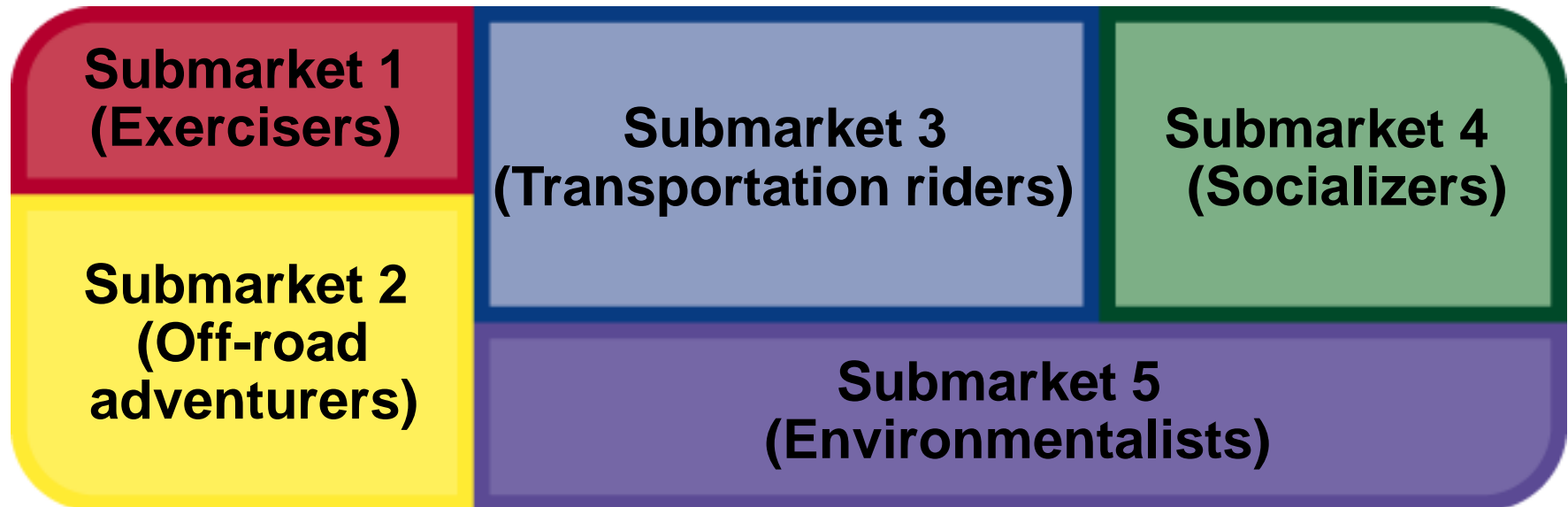
**2. Segmenting markets and selecting targets**

# The Process of Narrowing Down to Target Markets (Exhibit 4-3)



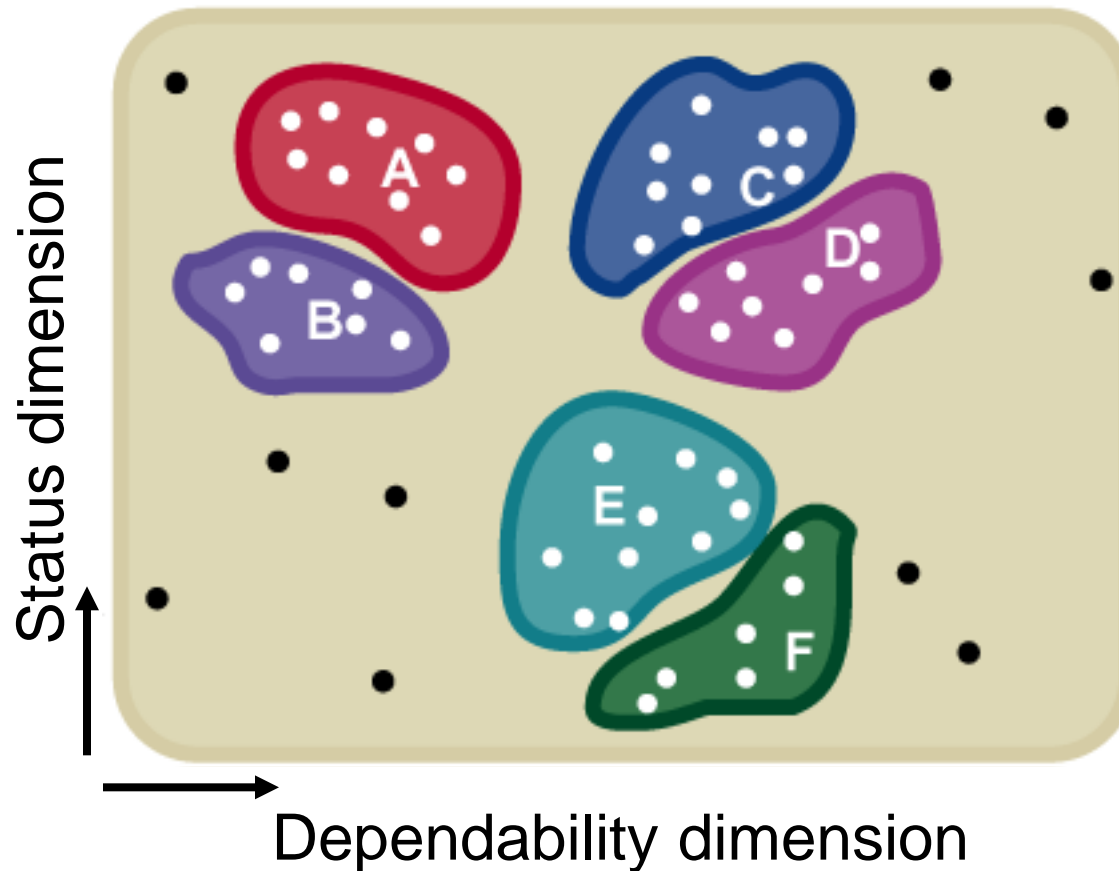
# Market Segmentation Defines Possible Target Markets (Exhibit 4-4)

Broad product-market (or generic market) name goes here (The bicycle-riders product-market)



# How Far Should the Aggregating Go? (Exhibit 4-5A and 4-5B)

B. Product-market showing six segments

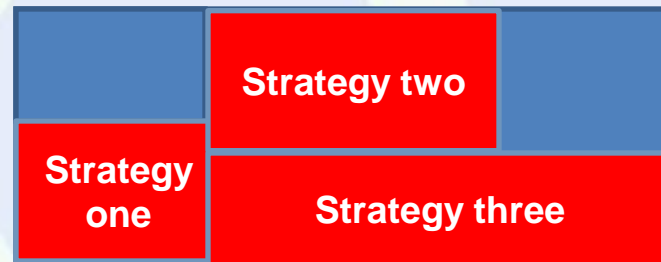
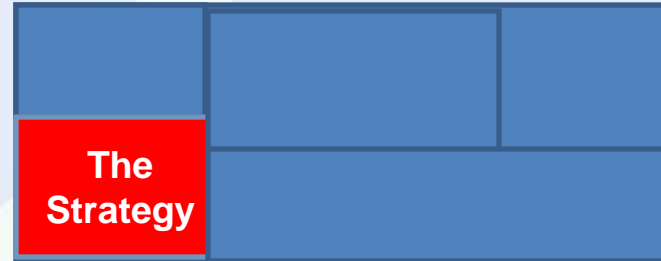


# Segmenters and Combiners Aim at Specific Target Markets (Exhibit 4-6)

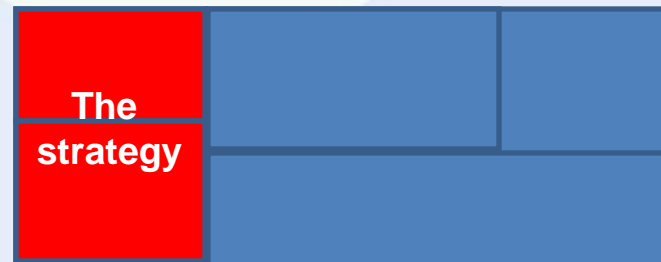
A segmenter develops a different marketing mix for each segment.

Single target market approach

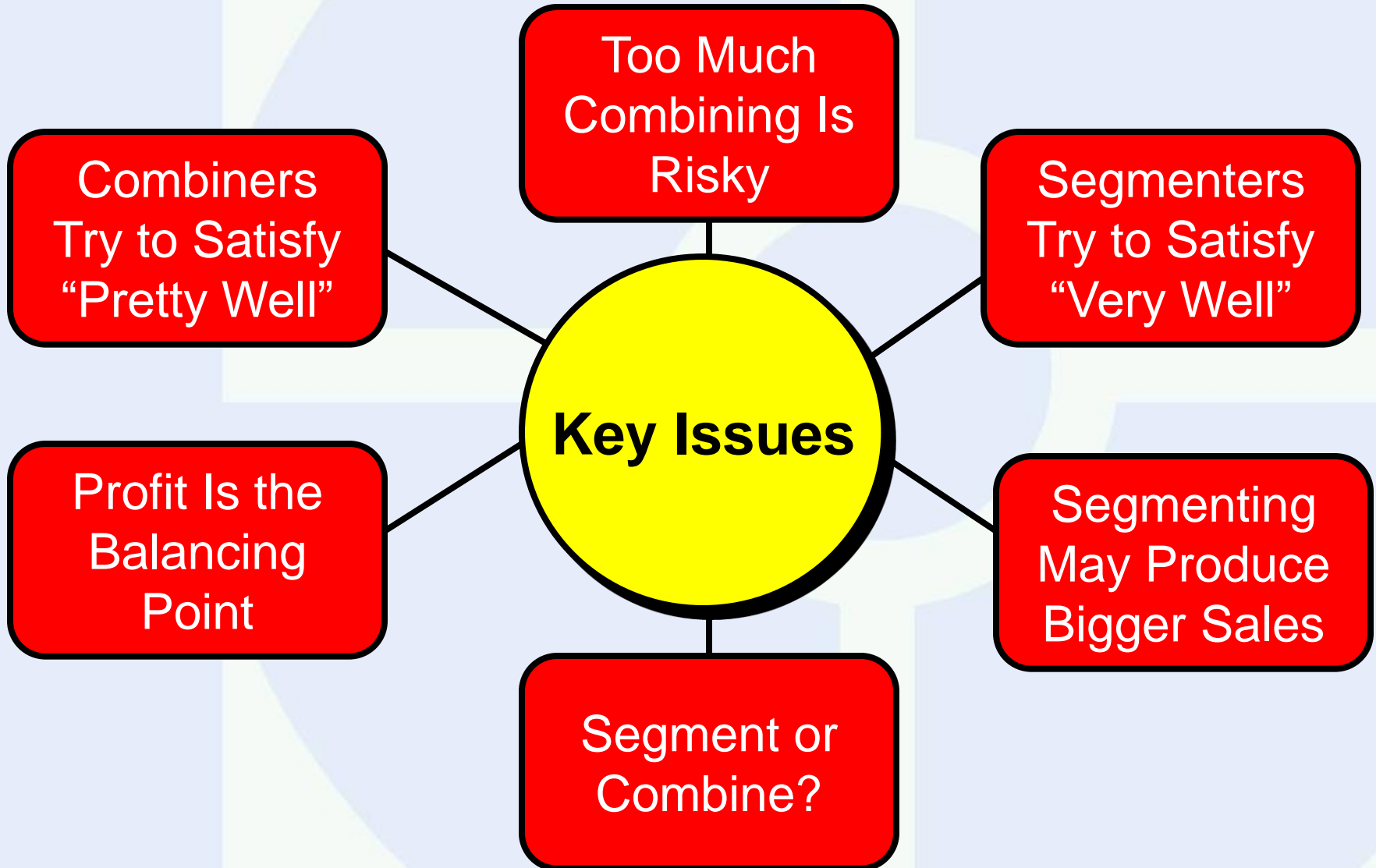
Multiple target market approach



A combiner aims at two or more submarkets with the same marketing mix.



# Segmenting vs. Combining

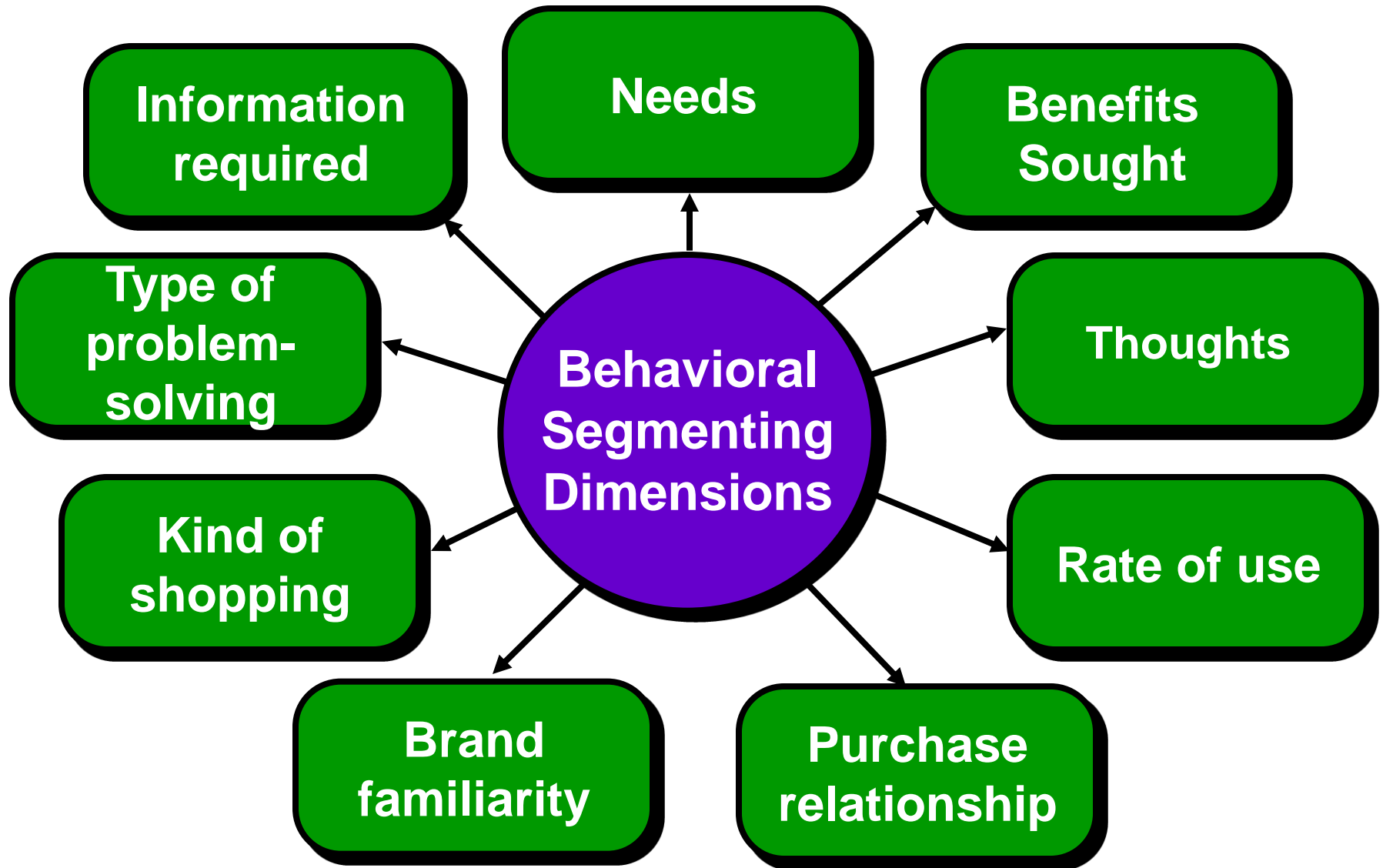


## Checking Your Knowledge

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.

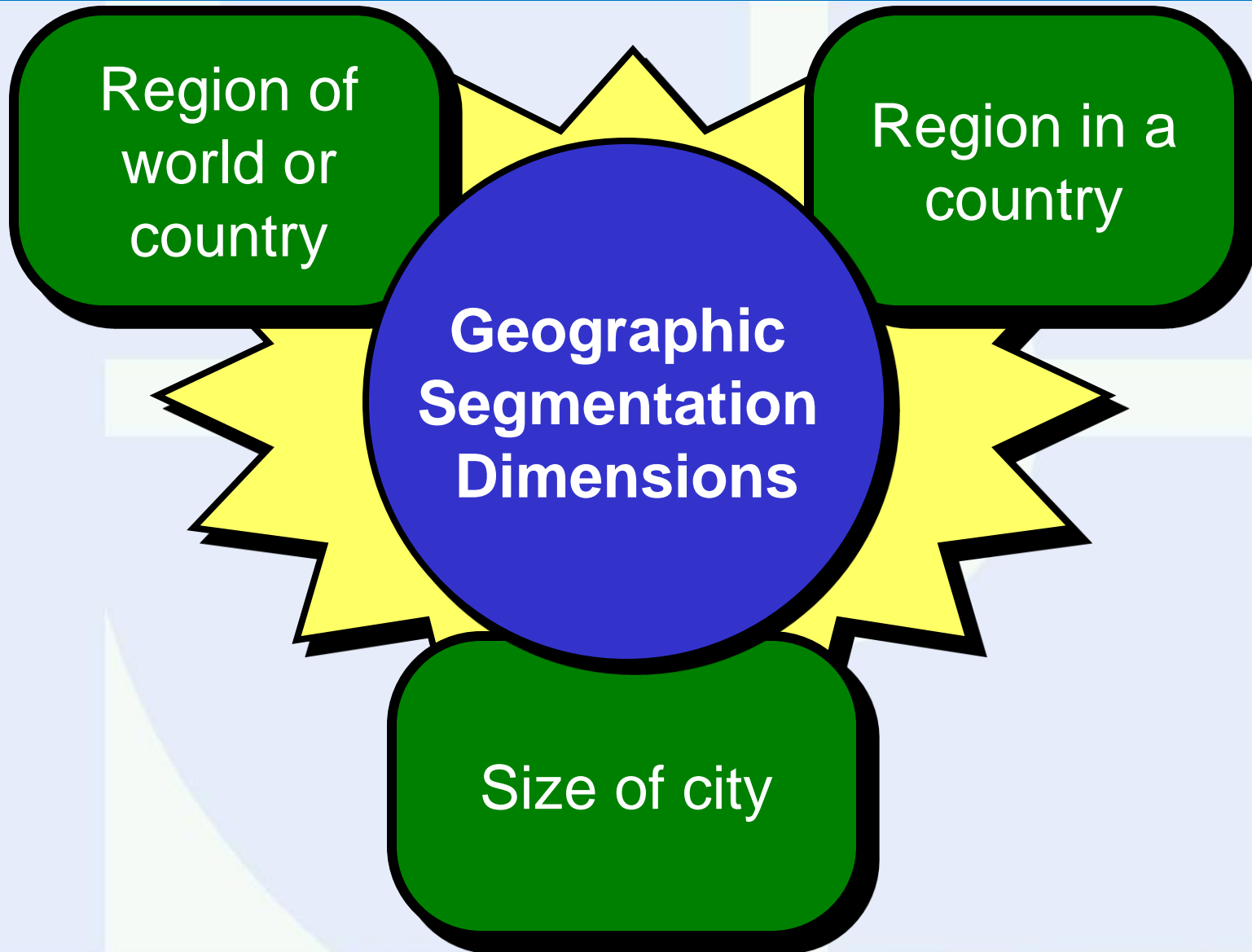
- A. single target market
- B. multiple target market
- C. combined target market
- D. structured target market
- E. mixed-mode market

# Behavioral dimensions for segmenting consumer markets

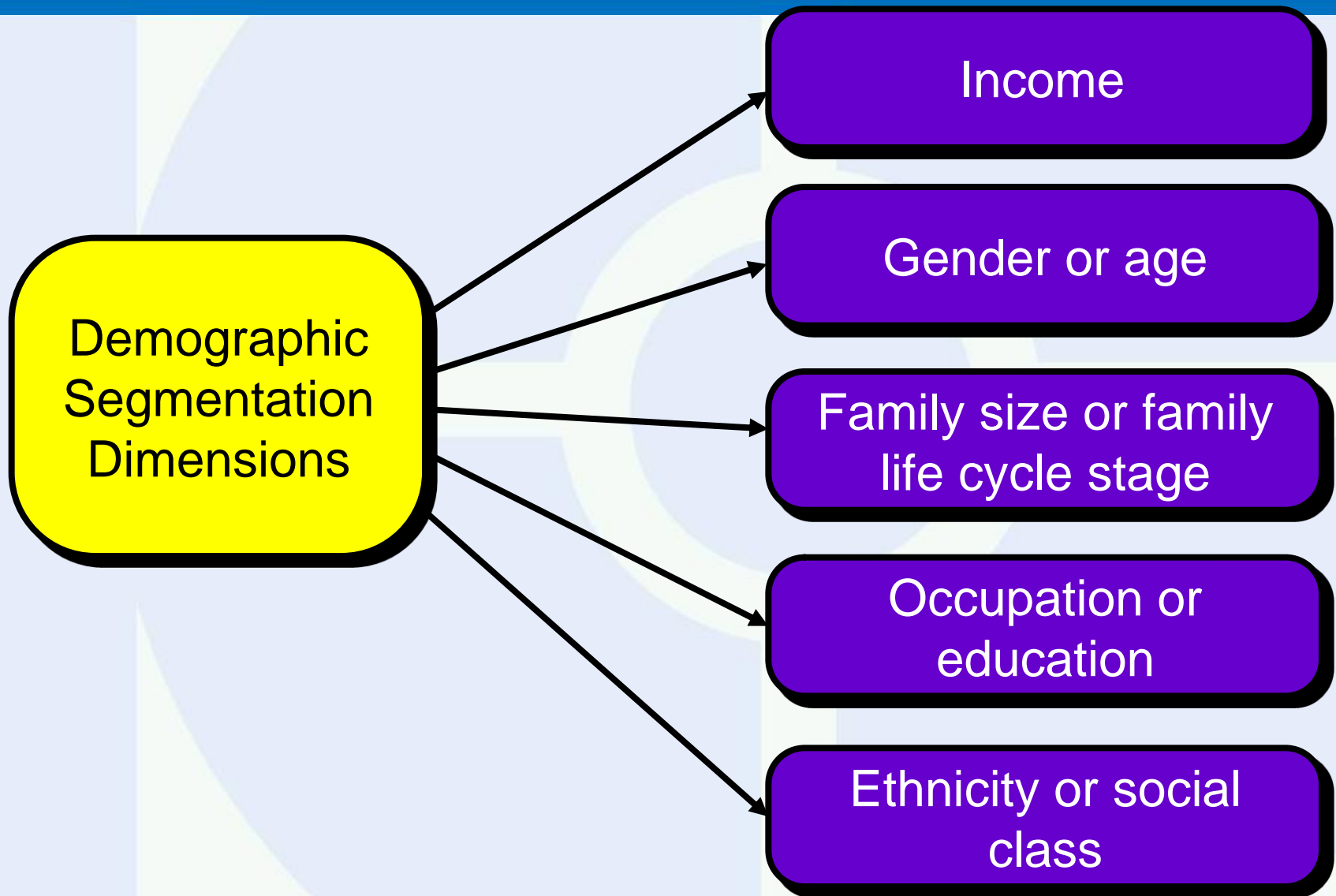




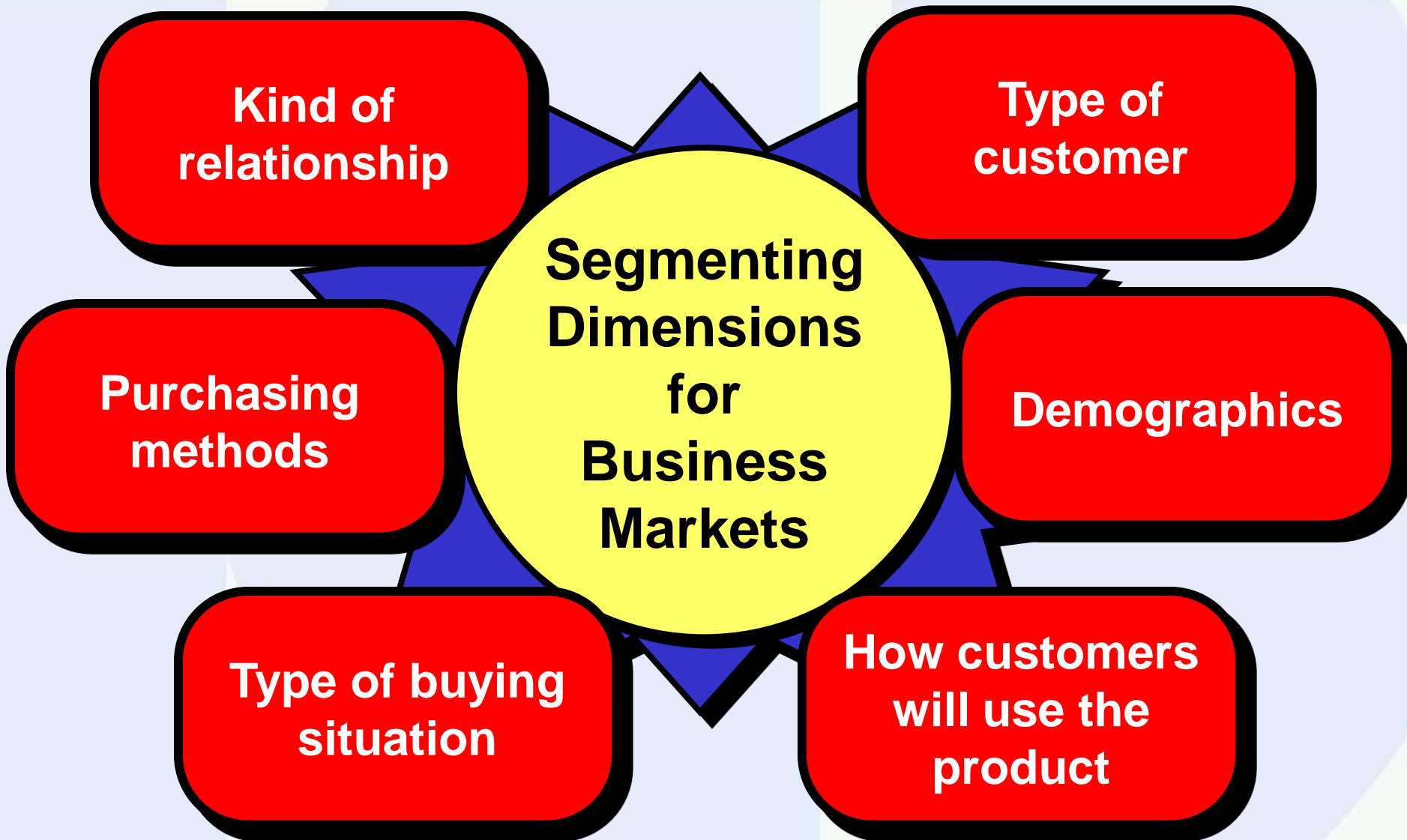
# Geographic dimensions for segmenting consumer markets



# Demographic dimensions for segmenting consumer markets

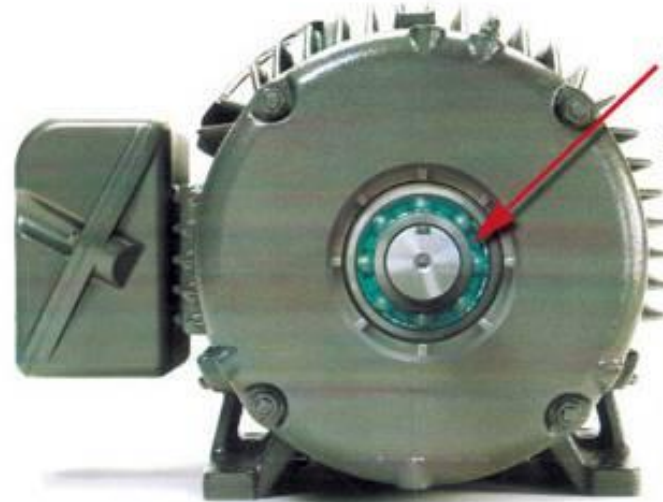


# Segmenting business markets



# Business-to-Business Segmentation

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



New Exxon POLYREX® EM grease protects motor bearings better, providing improved lubrication life, greater shear stability, and superior resistance to washout, rust and corrosion.



### Baldor motors first to feature new Exxon® polyurea grease for superior protection against bearing failure

It's a fact: bearing failure is the #1 mechanical reason for motor failure. So the better the grease protecting those bearings, the better the motor performs...the longer the bearings last...and the less downtime you have to endure.

Today, that better grease is Exxon's new POLYREX® EM polyurea grease - now standard on all Baldor motors. POLYREX EM is specially formulated for industrial electric motors. It gives you a lubrication life more than four times greater than other polyurea greases in tests up to 350° F; it exhibits greater durability when subjected to mechanical shearing forces; and a specially-formulated

additive in the grease resists washout, rust and corrosion, even when exposed to salt water conditions.

Bearing protection in Baldor motors doesn't stop with the new POLYREX EM grease. Precision machining of shafts and end-plates, dynamic balancing and Baldor's exclusive Lube-Lok™ seal add up to a superior bearing protection system. For more information, contact your Baldor distributor or local Baldor District Office. Or call our Literature Hotline at 1-800-828-4920. You may also contact us via our Web site at [www.baldor.com](http://www.baldor.com).



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MOTORS AND DRIVES

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## 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

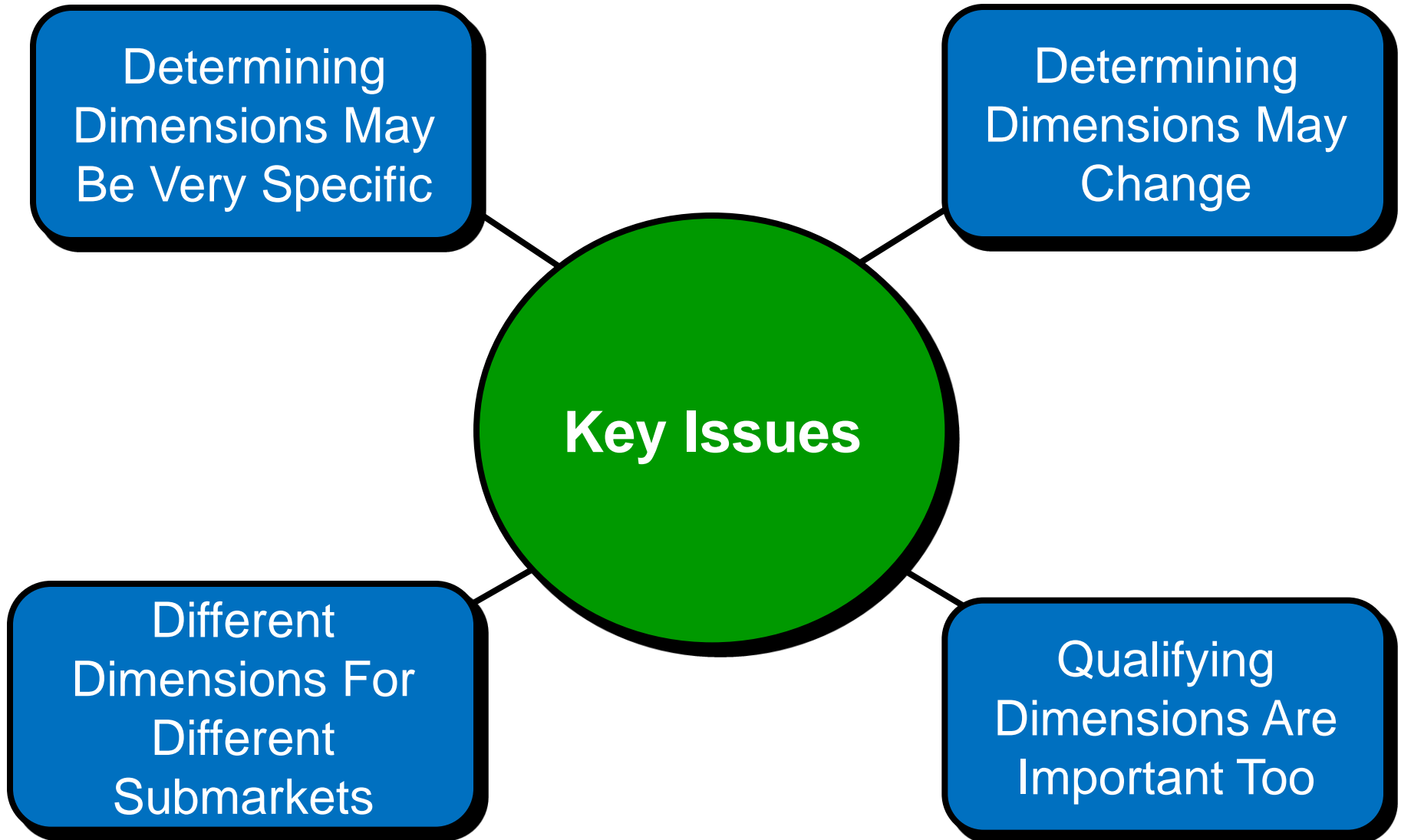
- Relevant to including a customer type in a product-market
- Help identify “core benefits”

OR

## Determining Dimensions

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

# Determining vs. Qualifying Dimensions



# Ethical Issues in Segmenting Markets

**Ethical  
Issues**

Exploitation

Creates  
Unnecessary  
Wants

Does Harm

**International  
Issues**







## 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 complementary breakfast. For him, the availability of the complementary breakfast was a \_\_\_\_\_ segmenting dimension.

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

# Psychographic Segmentation



# More Sophisticated Techniques May Help in Segmenting



Clustering



Customer Database



Customer Relationship  
Management (CRM)



# Positioning

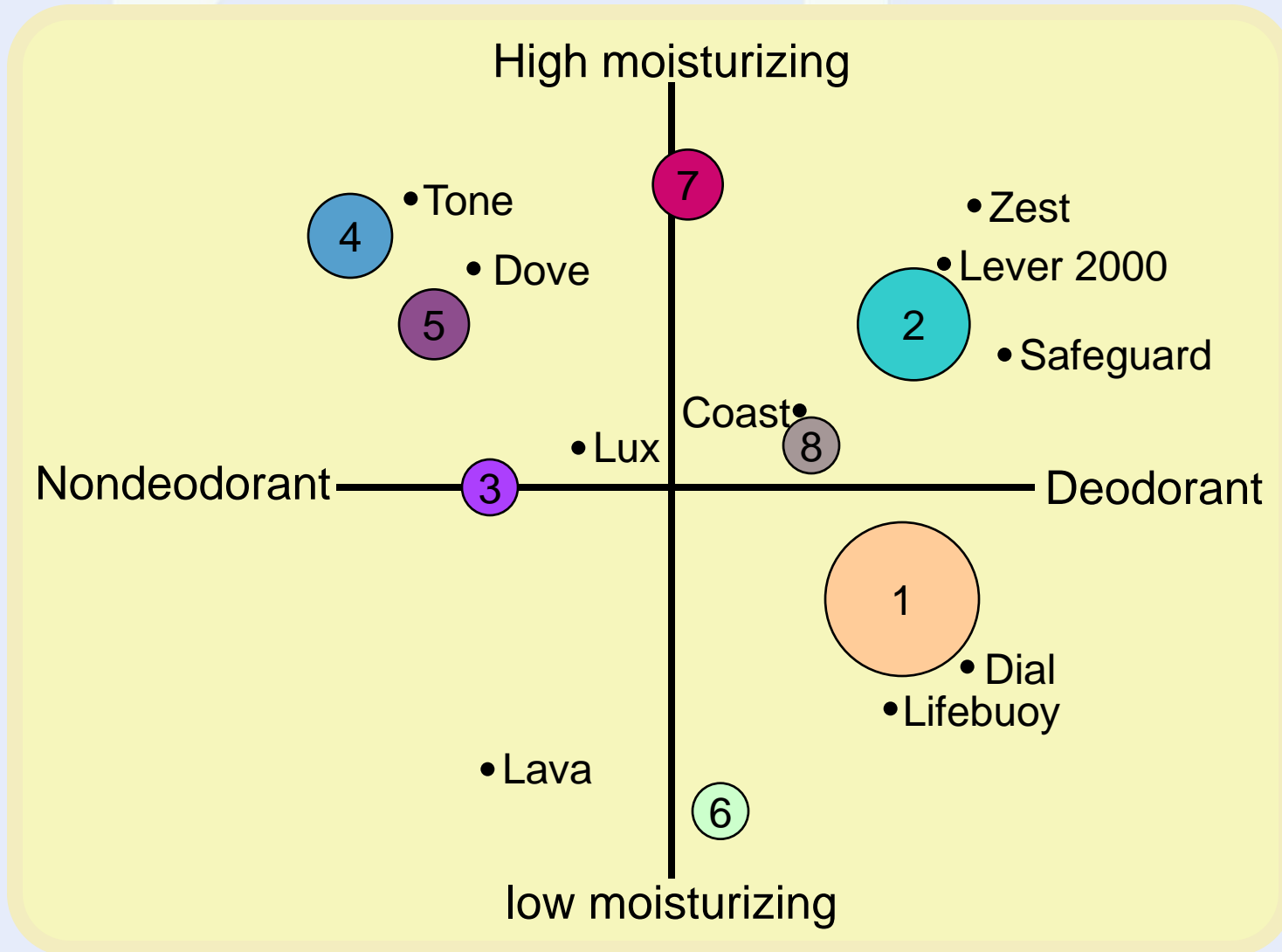
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Sticks like quattro®



# “Product Space” Representation of Positioning (Exhibit 4-11)



# 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?

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

## You should now be able to:

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# 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