

ELEVENTH EDITION

MARKETING

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CHAPTER

9

MARKET
SEGMENTATION,
TARGETING, AND
POSITIONING

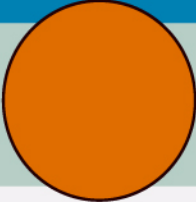


WHY SEGMENT MARKETS?

WHAT MARKET SEGMENTATION MEANS

- **Market Segmentation**
- **Market Segments**
- **Product Differentiation**
- **Segmentation: Linking Needs to Actions**
- **The Zappos Segmentation Strategy**



FIGURE 9-2 A market-product grid shows the kind of sleeper that is targeted for each of the bed pillows with a different firmness

MARKET SEGMENTS	BED PILLOW PRODUCTS		
	Firm Pillows	Medium Pillows	Soft Pillows
Side sleepers	 =73%		
Back sleepers		 =22%	
Stomach sleepers			 =5%

WHY SEGMENT MARKETS?

WHEN AND HOW TO SEGMENT MARKETS

➤ Segments of One: Mass Customization

- Mass Customization
- Build-to-Order (BTO)



STEPS IN SEGMENTING AND TARGETING MARKETS

STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS

➤ Ways to Segment Consumer Markets










- **Geographic Segmentation**
- **Demographic Segmentation**



FIGURE 9-8 Wendy's new products and innovations target specific market segments based on a customer's gender, needs, or university affiliation

Wendy's Ad



MARKET SEGMENT		PRODUCT OR INNOVATION								
GENERAL	GROUP WITH NEED	HOT 'N JUICY HAMBURGERS	DRIVE-THRU	99¢ SUPER VALUE MEALS	SALAD SENSATIONS	E-PAY	LOW TRANS FAT CHICKEN SANDWICHES	BREAKFAST SANDWICHES	NATURAL CUT FRIES W/ SEA SALT	DAVE'S HOT 'N JUICY HAMBURGERS
										
		(1969)	(1970)	(1989)	(2002)	(2003)	(2006)	(2007)	(2010)	(2011)
GENDER	Male	P	P	P	S	P	S	P	P	P
	Female				P	P	P			
NEEDS	Price/Value			P	S					
	Health Conscious				P		P			
	Convenience	S	P		S	P		P		S
	Meat Lovers	P		S			S	S	S	P
UNIVERSITY AFFILIATION	Affiliated (Students, Faculty, Staff)	P	S	P	P	P	P	S		P
	Non Affiliated (Residents, Workers)	S	P	S	S	S	S	P		S

Key: P = Primary market

S = Secondary market

STEPS IN SEGMENTING AND TARGETING MARKETS

STEP 2: GROUP PRODUCTS INTO CATEGORIES

➤ Individual Wendy's Products



➤ Groupings of Wendy's Products: Meals

- Breakfast



- Dinner



- Lunch



- After Dinner Snack



- Between Meal Snack



STEPS IN SEGMENTING AND TARGETING MARKETS

STEP 4: SELECT TARGET MARKETS






➤ Criteria to Use in Selecting Target Markets

- **Market Size**
- **Expected Growth**
- **Competitive Position**
- **Cost of Reaching the Segment**
- **Compatibility with Organizational Objectives and Resources**



MARKETING MATTERS

Apple's Segmentation Strategy— Camp Runamok No Longer

MARKETS		COMPUTER PRODUCTS				
SECTOR	SEGMENT	Mac Pro	MacBook Pro	iMac	MacBook Air	Mac Mini
						
CONSUMER	Individuals	✓	✓	✓	✓	✓
	Small/ home office		✓	✓	✓	
	Students			✓	✓	✓
	Teachers		✓	✓		
PROFESSIONAL	Medium/ large business	✓	✓	✓	✓	
	Creative	✓	✓	✓		
	College faculty		✓	✓	✓	
	College staff			✓		✓



- **Product Positioning**
- **Product Repositioning**
- **Two Approaches to Product Positioning**
 - **Head-to-Head Positioning**
 - **Differentiation Positioning**
- **Writing a Positioning Statement**

FIGURE 9-A A perceptual map of the location of beverages in the minds of American adults

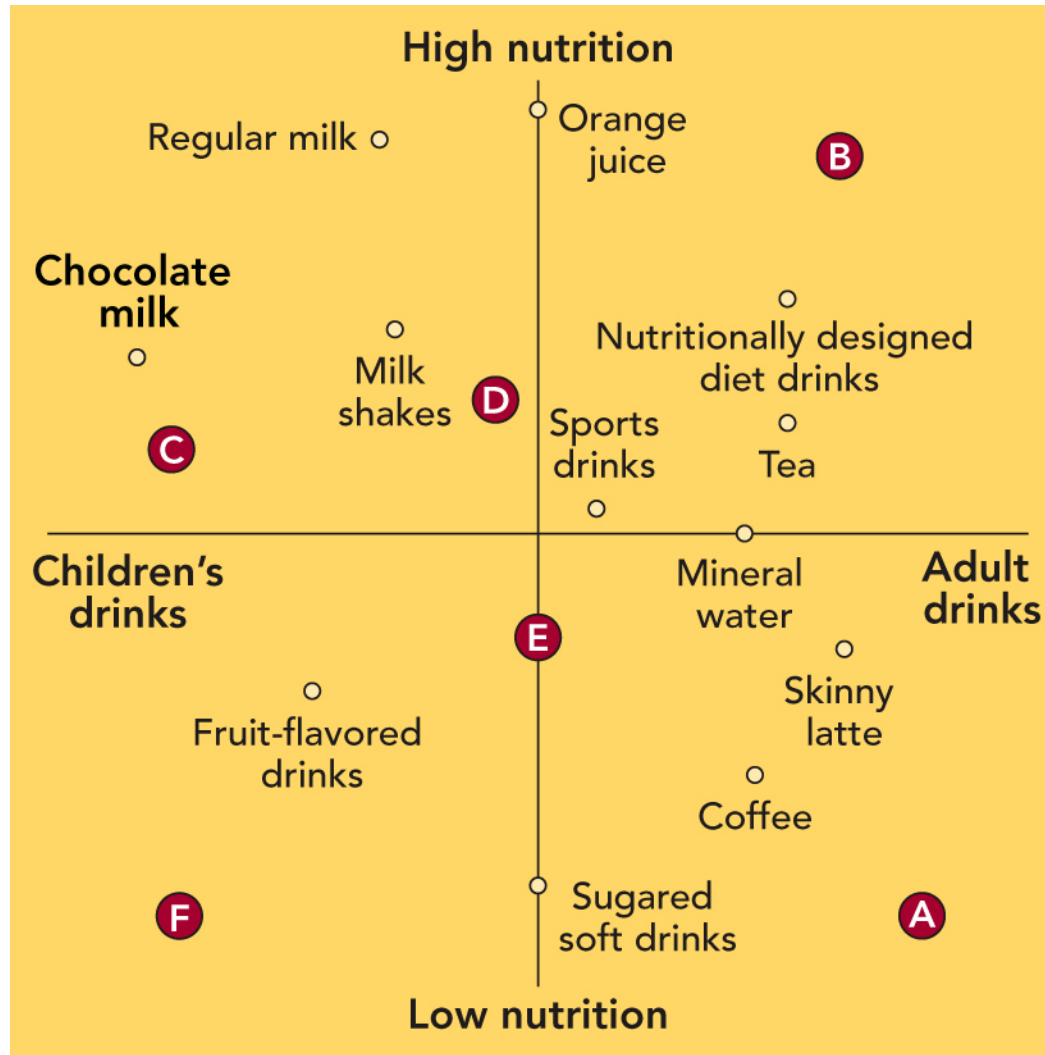
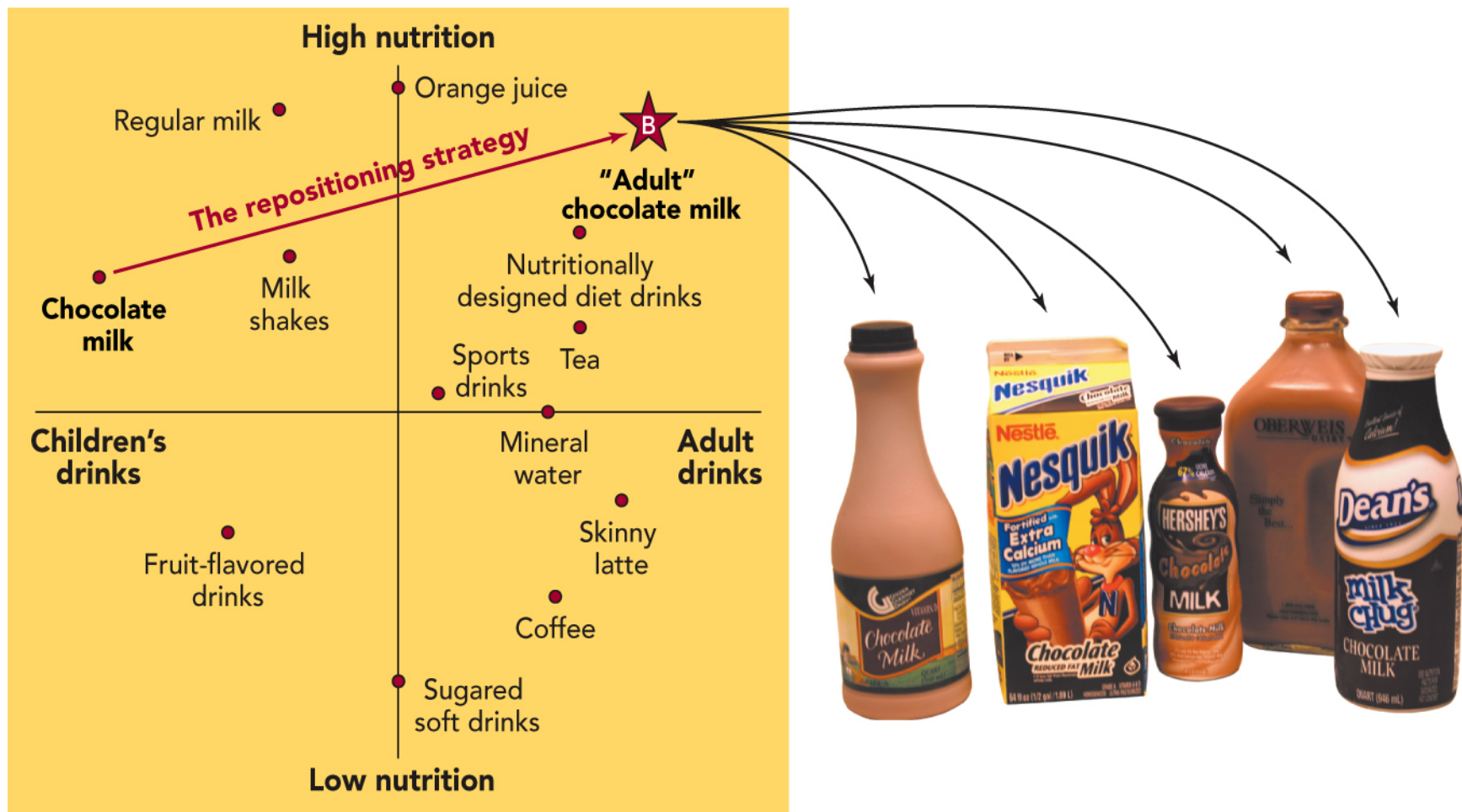


FIGURE 9-11 The strategy American dairies are using to reposition chocolate milk to reach adults



VIDEO CASE 9

PRINCE SPORTS, INC.: TENNIS RACQUETS FOR EVERY SEGMENT



FIGURE 1 Prince Sports targets racquets at specific market segments

MARKET SEGMENTS			PRODUCT FEATURES IN RACQUET			
MAIN SEGMENTS	SUB SEGMENTS	SEGMENT CHARACTERISTICS (Skill Level, Age)	Brand Name	Length (inches)	Unstrung Weight (ounces)	Head Size (square inches)
PERFORMANCE	Precision	For touring professional players wanting great feel, control, and spin	EXO ³ Ignite 95	27.0	11.8	95
	Thunder	For competitive players wanting a bigger sweet spot and added power	EXO ³ Red 95	27.25	9.9	105
RECREATIONAL	Small Head Size	Players looking for a forgiving racquet with added control	AirO Lightning MP	27.0	9.9	100
	Larger Head Size	Players looking for a larger sweet spot and added power	AirO Maria Lite OS	27.0	9.7	110
JUNIOR	More Experienced Young Player	Ages 8 to 15; somewhat shorter and lighter racquets than those for high school and adult players	AirO Team Maria 23	23.0	8.1	100
	Beginner	Ages 5 to 11; much shorter and lighter racquets; tennis balls with 50% to 75% less speed for young beginners	AirO Team Maria 19	19.0	7.1	82

VIDEO CASE 9

PRINCE SPORTS

1. In the 21st century, what trends in the environmental forces (social, economic, technological, competitive, and regulatory) (a) work for and (b) work against success for Prince Sports in the tennis industry?

VIDEO CASE 9

PRINCE SPORTS

2. Because sales of Prince Sports in tennis-related products depends heavily on growth of the tennis industry, what marketing activities might it use in the U.S. to promote tennis playing?

VIDEO CASE 9

PRINCE SPORTS

3. What promotional activities might Prince use to reach
(a) recreational players and
(b) junior players?

VIDEO CASE 9

PRINCE SPORTS

4. What might Prince do to help it gain distribution and sales in (a) mass merchandisers like Target and Walmart and (b) specialty tennis shops?

VIDEO CASE 9

PRINCE SPORTS

5. In reaching global markets outside the U.S., (a) what are some criteria that Prince should use to select countries in which to market aggressively, (b) what three or four countries meet these criteria best, and (c) what are some marketing actions Prince might use to reach these markets?

Market Segmentation

Market segmentation involves aggregating prospective buyers into groups that (1) have common needs and (2) will respond similarly to a marketing action.



Market Segments

Market segments are the relatively homogeneous groups of prospective buyers that result from the market segmentation process.



Product Differentiation

Product differentiation is a marketing strategy that involves a firm using different marketing mix activities to help consumers perceive the product as being different and better than competing products.



Market-Product Grid

A market-product grid is a framework to relate the market segments of potential buyers to products offered or potential marketing actions by an organization.



Usage Rate

Usage rate is the quantity consumed or patronage (store visits) during a specific period. Also called *frequency marketing*.



80/20 Rule

The **80/20 rule** is a concept that suggests 80 percent of a firm's sales are obtained from 20 percent of its customers.



Product Positioning

Product positioning is the place an offering occupies in a consumer's mind on important attributes relative to competitive products.



Product Repositioning

Product repositioning involves changing the place an offering occupies in a consumer's mind relative to competitive products.



Perceptual Map

A **perceptual map** is a means of displaying or graphing in two dimensions the location of products or brands in the minds of consumers to enable a manager to see how consumers perceive competing products or brands, as well as the firm's own product or brand.

