

PRACTICE SHEET

MARKET SEGMENTATION, TARGETING AND POSITIONING (MBA II Semester, Jiwaji University)

Q 1 Define Market Segmentation

Market segmentation is the process of identifying distinct groups and sub group of customers in the market, who have distinct needs, characteristics, preferences and/or behavior, and require separate product and service offerings and corresponding marketing mix.

“Market segmentation can be defined as the process of dividing a market into distinct subsets of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix”.

- Schiffman and Kanuk

Q 2 Differentiate between the following:

a) Mass marketing and Segmentation

b) Concentrated Marketing (Niche) and Individual marketing

a) Mass marketing and Market Segmentation

Mass Marketing	Market Segmentation
Assumption: - Customers have similar needs and wants and can be satisfied with a standardized product/service offering.	There exist diverse customer groups homogenous on certain bases within, but heterogeneous among each other. - Customers are unique; They have different needs, wants and preferences.
Standardized product is produced and distributed with a single marketing program or the same marketing mix.	Instead of a single standardized product offering, the product and service offerings are designed according to the needs and wants of the segment so as to satisfy them better.
Mass production and distribution: Lower costs; Results in lower prices and higher margins.	Leads to higher customer satisfaction
Also called mass marketing, aggregate marketing and undifferentiated marketing.	It has various forms: Single Segment, Differentiated segment, Concentrated segment or Niche, Micro-marketing: local, individual.

b) Concentrated Marketing (Niche) and Individual marketing

Concentrated Marketing (Niche)	Individual marketing
The marketer caters to just one segment although the product could appeal to others.	The marketers caters to the <i>customer individual</i> and personalize the marketing mix.
The process includes targeting a small segment with a specialized mix meant only for that segment.	The segment comprises one individual; So it is individual to individual marketing.
Also called focused or niche marketing.	Also called <i>customization</i> .
Example: Sports channels on TV; Religious	Example: Holiday packages

channels on TV.	
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Q 3 What are the various levels at which segmentation can take place.

Ans It takes place at the following levels:

a) Single Segmentation:

- *One segment only.*
- The marketer caters to the *entire market with a single offering and the same marketing mix.*
- Similar to mass marketing

Example: Salt, sugar and staples.

b) Differentiated segment marketing:

- Selection of *two or more segments*
- Approach these segments with *differentiated offerings and corresponding marketing mixes and programs.*

Example: Shampoos and toiletries.

c) Concentrated marketing:

- The marketer *caters to just one segment although the product could appeal to others.*
- This is generally a sub-group within the whole segment.
- The process includes targeting a small segment with a specialized mix meant only for that segment.
- Also called *focused or niche* marketing

Example: Sports channels on TV; Religious channels on TV.

d) Micro-marketing:

i) Local marketing:

- The marketer caters to local customer groups

Example: movies dubbed in vernaculars.

ii) Individual marketing

- The marketers caters to the *customer individual* and personalize the marketing mix.
- The segment comprises one individual; So it is individual to individual marketing.
- Also called *customization.*

Example: Holiday packages

Q 4 What are the bases of Segmenting Consumer Markets?

Ans The bases for segmentation of consumer markets may be divided into two broad categories of variables:

i) Demographic variables: these comprise:

- **Demographics:** age, gender, income, education, occupation, family size, family life cycle, generation, social class, religion, nationality, culture, sub-culture

- **Geography:** Location / country, region, state, city/metro density of population, climate, terrain.
- **Psychographics:** needs and motivation, perception, personality, attitude, involvement, lifestyle(Activities, Interests, Opinions).

ii) Behavioral variables:

consumer awareness, benefits sought/uses/ needs/ motivation, buying occasions/ purchase situations, buying/usage frequency, buying readiness stage, loyalty status, usage rate, shopping orientation

SELF EVALUATION TEST:

Section A (True/false):

1. Segments are created by marketers.
2. Concentrated marketing is also called Niche marketing.

Section B (Multiple choice questions):

1. Which of the following is not a true statement?
 - a) Market aggregation gives way to Target marketing, finally giving way to Customization.
 - b) Segments pre-exist a marketer; they already exist
 - c) Niches are narrow in scope
 - d) All are true.

2. Which of the following is not a behavioral variable?
 - a) consumer awareness
 - b) benefits sought
 - c) buying occasions/purchase situations
 - d) AIO

Section C (Fill up the blanks):

1. Target marketing comprises three constituents: Segmenting, _____ and Positioning.
2. When the marketer caters to the entire market with a single offering and the same marketing mix, it is known as _____ segmentation.
3. The bases for segmentation of consumer markets may be divided into two broad categories of variables. These are _____ and _____

Section D (Short answers):

1. Mention the levels/types at which segmentation can take place.
2. Mention any five demographic bases on which segmentation can take place.
3. Mention any five behavioral bases on which segmentation can take place.
4. Name any two kinds of hybrid segmentation.

TARGETING and POSITIONING

Q 1 On what criteria would you evaluate the Viability of the Segment:

Ans: The viability of a segment is based on the following criteria:

a. Measurable:

-The segment should be measurable in term of the total size, purchasing power and, demographic, geographic and psychographic characteristics.

b. Substantial:

-The segment should be of sufficient size so as to generate profits; it should also have a potential for growth.

c. Accessible:

- It should be reachable and easy to enter or penetrate.
- The marketers must be able to deliver the product or service offering and must be able to operate therein.

d. Differentiable:

- One segment should be easily differentiated from another;
- It should be distinct from others and the people therein should react differently from other segments towards a marketing mix program;
- Clear differences in consumer want, needs and preferences for the product must exist across segments.
- Homogeneity within the segment; Heterogeneity with other segments.

e. Actionable:

- It should be possible to design a marketing program directed towards that segment and serve it effectively and efficiently.
- The marketer should be able to react to the need, wants and preferences of the segment with the appropriate marketing mix.

Q 3 What are the various patterns of target market selection?

Ans: Patterns:

A) Single-segment concentration:

-The marketer decides to cater to a single segment only.
- *Concentrated marketing*; the marketer understands the needs and wants of the segment and focuses on one segment only.

Example: Rolex watches

B) Selective specialization or Multi-segment:

- The marketer caters to a two or a few segments with different marketing mixes.
- It offers varied product and service offerings with distinct marketing mixes to the various segments.

Example: Maruti, Soaps and detergents from Procter and Gamble, Tata Group of Hotels.

C) Product specialization:

-The marketer deal with varying products in the same product line; it adapts the product to sell to several different market segments.

Example: Gillette

D) Market Specialization:

- The marketer deals with one specific market only; he tries to meet many needs of a particular customer group.

Example: The various Ordnance Factories in India exist to cater to meet the various needs of the Defence forces only.

E) Full market coverage:

- Here the marketer caters to the entire market.

-It could take two forms: Differentiated and Undifferentiated.

Differentiated: The marketer would operate in the whole market and offer different products for the various segments; Example: IBM, HP.

Undifferentiated: Mass marketing; The marketer would treat the market as a single segment and offer a single product. He would ignore differences amongst various segments; Example: Salt, Pepsi

Ques 4 What is positioning? How can a marketer position his product or service offering?

Ans: **Positioning** is the act of designing the product and service offering of a company in the minds of the customer's so that:

- (i) the consumer can relate the product and service offering to a need or want;
- (ii) the marketer can create a distinctive image of himself.
- (iii) the consumer can perceive a brand's characteristics relative to those of competitive offerings.

It is process of creating an image of the product and service offering in the minds of consumer.

As a strategy, positioning can be based on:

- i) on perceived benefits, characteristics or image.
- ii) on competition
- iii) on a combination of both (i) and (ii).

The product positioning may be done on various bases:

- i) **Product Attributes:** LG Golden Eye: Auto contrast and Brightness control
- ii) **Benefits, Problem Solutions & Basic Needs:** Pepsodent (decay prevention), Close-U (Fresh breath)

- iii) **Quality:** Sony
- iv) **Product User:** Parker (Amitabh Bachchan), Reid and Taylor (Executive/ Lifestyle)
- v) **Product Usage:** Burnol
- vi) **Specific use:** Greeting cards for every occasion
- vii) **Services:** Maruti Service Station all over India
- viii) **Price:** Subhikha: Isse sasta aur nahi???
- ix) **Distribution:** Dell (direct selling: customization)
- x) **Against Other Products (Competitors):** Savlon vs Dettol; Savlon jalta nahin.

SELF EVALUATION TESTS:

Section A (True/false):

1. When the marketer deals with varying products in the same product line, and adapts the product to sell to several different market segments, it is called market specialization.
2. The marketer caters to a two or a few segments with different marketing mixes. This is called a selective specialization.

Section B (Fill up the blanks):

1. When a marketer deals with one specific market only, and tries to meet many needs of a particular customer group it is called a _____ specialization.
2. The product or service offering should possess certain qualities in order to qualify being a part of the product or service category. These are called _____ points of parity.

Section C (Short answers):

1. Mention the criteria on which the viability of a segment depends?
2. Mention any four qualities that the criteria for positioning should possess?
3. Mention the five patterns of target market selection?
4. In the Indian context, give names of brands/companies positioned on :
 - a) Attributes
 - b) Competition
 - c) User