SEGMENTATION
AND
POSITIONING

SEGMENTATION

Market segmentation is the division of a market into distinct subsets of consumers.

Segments

- Members of a given segment are similar within and dissimilar across segments

- Different segments have different needs

- Different bases are used to segment the market

Bases for Segmentation

Demographics

    - age, education, gender

Psychographics

    - Based on personality characteristics

      - High autonomy, individualistic

Behavioral

    - light, heavy, medium or non users

    - frequent, infrequent shoppers

Bases ….

Benefit Segmentation

    - Economy, Decay prevention

Geographic

    - Climate, region

TARGETING

- Evaluate the attractiveness of each segment

- Select the segments that are likely to be more sensitive to the company's products

- multiple segments for multiple products

POSITIONING

• **Creating a perception of the product that is appealing to the relevant segment by using the marketing mix**

•**Identify the possible positioning concepts**

• **Two stage process**

    • Associate a brand with a product category

    • Differentiate it from other members of the category

REPOSITIONING

- Changing the perceptions of the product

- Moving to another product category

- Strategies

    - Change Physical Characteristics

    - Highlight common attributes with the new category (members)

        - Seven - Up

CANNIBALIZATION

- Positioning or Repositioning may lead to a switch from one brand to a different brand of the same company

- Cannibalization is favorable if

  - The overall company market share goes up

  - The switching is from a low margin to a high margin product

GROWTH STRATEGIES

- Primary Demand Stimulation

  - Promoting the category

  - Category is growing

  - Company is market leader

Secondary Demand Stimulation

- **Promote a specific brand**

- **Highlight attributes**

- **Differentiate from competition**

  - **Category is saturated**

  - **Company is market follower**

    - **Coke vs. Pepsi**

DESCRIPTORS

Requirements for Effective Segmentation

- **Measurability**

- **Accessibility**

- **Sustainability**

- **Actionability**

Perceptual Maps

A Graphical representation of how consumers perceive brands

Brands are graphically represented based on important attributes for consumers

Consumer Surveys
>   focus group to identify attributes
>   Surveys to obtain ratings
>   Identify underlying factors

Perceptual Maps

Estimate Market share based on product location

Evaluate changes when brands enter the market

Evaluate changes as brands are repositioned

Perceptual Maps

Multi-Dimensional Scaling

Semantic Scale Method

Ideal Point

> **The most preferred combination of attributes**

> **The distance from the ideal point determines the market share**