

Marketing Management

Hussain Al Awami, B.Sc. Pharm., M.Sc., MBA

Identifying market segments and targets

Chapter 8

Introduction

- ▶ Cant serve all
- ▶ Consumers have different needs
- ▶ Identify which segment to work on

Effective Targeting Requires...

- ▶ Identify and profile distinct groups

Market segmentation

- ▶ Select one or more market segments

Market targeting

- ▶ Establish and communicate the distinctive benefits of the market offering

Market positioning

Mass Vs micro marketing

Mass production
Mass distribution
Mass promotion

Advantage

Largest market potential
Lowest cost
Lower prices
Higher margins

Disadvantage

Division of market
Expensive to do
Mass marketing

Four Levels of Micromarketing

Segment marketing

Niches marketing

Local marketing

Individual marketing
Customerization

Segment Marketing

Targeting a group of customers who share a similar set of needs and wants.

Niche marketing

- ▶ Customer group seeking distinctive benefits
- ▶ Segments into subsegments
- ▶ Attractive niche
 - Distinct set of needs
 - Pay premium
 - Few players
 - Specialization

Local marketing

- ▶ Tailored to the needs and wants of local customers
- ▶ Grassroots marketing
- ▶ Getting close and personal to customer

Customerization

Combines operationally driven mass customization with customized marketing in a way that empowers consumers to design the product and service offering of their choice.

Segmenting for Business Markets

- ▶ Demographic
- ▶ Operating Variable
- ▶ Purchasing Approaches
- ▶ Situational Factors
- ▶ Personal Characteristics

Demographic

- ▶ Industry
- ▶ Company size
- ▶ Location

Operating variables

- ▶ Technology
- ▶ User or non-user status
- ▶ Customer capabilities

Purchasing approaches

- ▶ Purchasing function organization
- ▶ Power structure
- ▶ Nature of existing relationship
- ▶ General purchase policies
- ▶ Purchasing criteria

Situational factors

- ▶ Urgency
- ▶ Specific applications
- ▶ Size of orders

Personal characteristics

- ▶ Buyer seller similarities
- ▶ Attitude toward risk
- ▶ Loyalty

Effective Segmentation Criteria

- ▶ Measurable
- ▶ Substantial
- ▶ Accessible
- ▶ Differentiable
- ▶ Actionable