

# Introduction to Marketing 1100 and Chapter 8: Segmenting and Targeting

## Week 4

# Lecture Presentation Slides

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*Lecture Slides* available on Moodle on the  
Friday BEFORE the lecture occurs

## Learning outcomes:

- Describe the characteristics of markets and market segments
- Explain the importance of market segmentation
- Discuss the criteria for successful market segmentation
- Describe the bases commonly used to segment consumer and business markets
- List the steps involved in segmenting markets
- Discuss alternative strategies for selecting target markets
- Explain how and why firms implement positioning strategies and how product differentiation plays a role.
- Understand how a perceptual map is created.

- 1) people or organizations with
- 2) needs or wants, and with
- 3) the ability and
- 4) the willingness to buy.

**A group of people that lacks any one of these characteristics is NOT a market.**

# Market Segmentation



Market	People or organizations with needs or wants and the ability and willingness to buy.
Market Segment	A subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs.
Market Segmentation	The process of dividing a market into meaningful, relatively similar, identifiable segments or groups.

# Three Reasons for Segmentation

1. Enables marketers to identify groups of customers with similar needs
2. Provides marketers with information to help them design marketing mixes
3. Consistent with the marketing concept of satisfying customer wants and needs while meeting organization's objectives

# Four Criteria for Segmentation

## Substantiality

- Is it large enough?

## Identifiability and measurability

- Can you measure or identify this market?

## Accessibility

- Can you get to this market?

## Responsiveness

- Will they respond to your product or marketing mix?

# Bases for Segmentation

**Geography**

**Demographics**

**Psychographics**

**Benefits Sought**

**Usage Rate**



- ◆ Region of the country or world
- ◆ Market size
- ◆ Market density
- ◆ Climate

# Market segmentation/ Region examples

## Examples of regional segmentation

- In Asia 'Diet Coke' is 'Coke light'
- Pepsi max in Australia is Pepsi One in USA
- KFC customised for Japanese market- positioned as a trendy and high class store- not as a fast food outlet. Chips were substituted for mashed potato and a menu of fried fish and smoked chicken were added
- McDonalds don't sell thick shakes in Singapore and Hong Kong; Singapore and HK have spicy McLamb burgers; burgers come with chilli sauce not tomato sauce.
- Krispy Kreme – Green Tea donut in Malaysia



# Demographic Segmentation

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Age

Gender

Income

Ethnic

Family life cycle



## General Segments

Baby boomers

Tweens

Generation X

Yummy Mummies

Generation Y

Generation W

McDonalds targets children with McHappy meals, adults with McCafe and Salads Plus Menu

McDonalds use different media vehicles to target senior citizens, kids, adults

National Australia Bank is targeting women for credit cards by promoting in Cosmopolitan

Toyota website in the USA has a section for women

Health Clubs for WOMEN only e.g. Curves

Ready to drink alcohol 'Smirnoff Ice' targeted at women, VB is targeted at men

S'OK Potato Chips are targeting health conscious women

Best for Less/Crazy Clarks- targeting low income consumers

# Softdrink People

BRAND	TARGET DEMOGRAPHIC/ GEOGRAPHIC	CHARACTERISTICS PSYCHOGRAPHIC/ BEHAVIOURAL
PEPSI	16 – 24 years Bullseye: 19 year old males Generation Y Australia-wide	Outgoing peer influenced. Leader, recognised for attitude, individuality. Seen as anti-social due to spirited attitude.
DIET PEPSI	Female 25 – 39 years Bullseye: female 29 years Generation X Metro Australia	Actively pursues a healthy lifestyle, focus on eating and drinking well. Wants excitement, and fun lifestyle.
PEPSI MAX	Male 18 – 29 years Bullseye: Male 29 years Generation X and Y Metro Australia	Active male motivated by adrenalin rush, pushing boundaries. Extreme lifestyle fits with close group of friends.
MOUNTAIN DEW	Male and Female 13 – 18 years Generation Y and W Metro Australia	Active group, lifestyle important, outdoors.

# Age/Gender segmentation

Kids



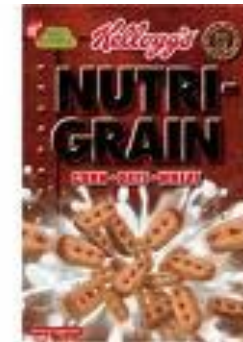
Adults



Women



Men



# Bases for Psychographic Segmentation

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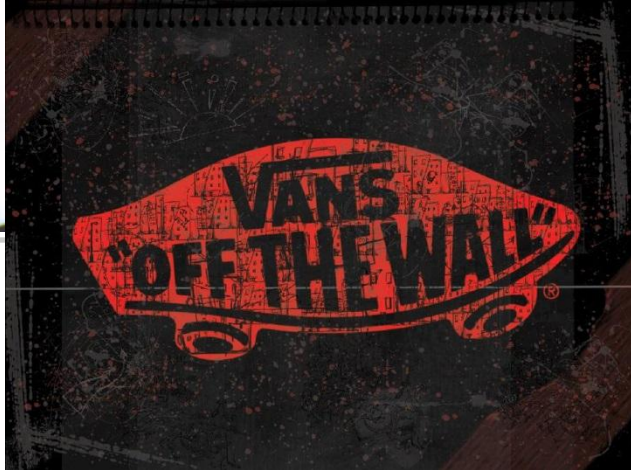
**Personality**

**Motives**

**Lifestyles**

**Geodemographics**





Go  
Green

A men



**The process of grouping customers into market segments according to the benefits they seek from the product.**



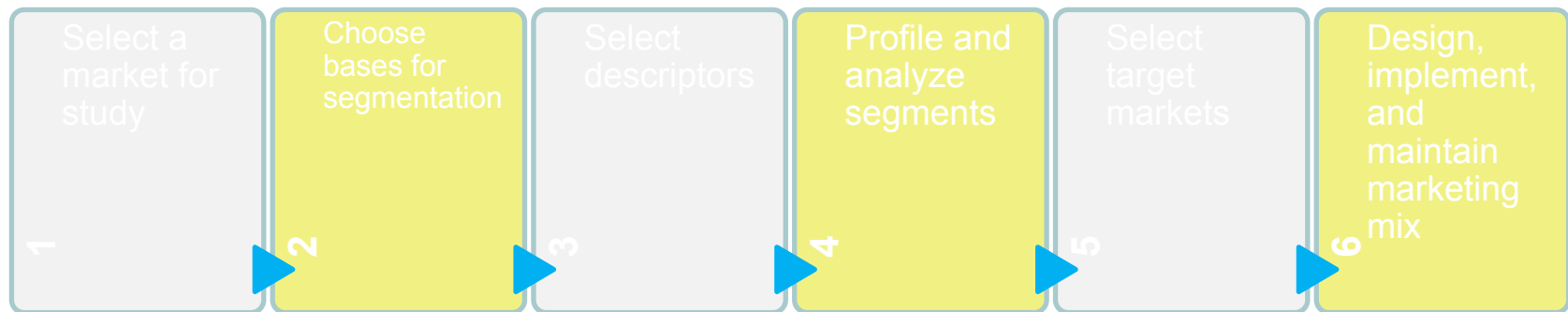
## Usage-Rate Segmentation

Dividing a market by the amount of product bought or consumed.

## 80/20 Principle

A principle holding that 20 percent of all customers generate 80 percent of the demand.

# Steps in Segmenting Markets



**Note that steps 5 and 6 are actually marketing activities that follow market segmentation (steps 1 through 4).**

# Strategies for Selecting Target Markets



**Undifferentiated Strategy**



**Concentrated Strategy**



**Multisegment Strategy**

# Undifferentiated Targeting Strategy

Adopts a mass-market philosophy, viewing the market as

One big market with no individual segments.

The firm uses one marketing mix for the entire market

Assumes that individual customers have similar needs that can be met with a common marketing mix

Good for products with no competition



# Concentrated Targeting

Selects a market niche

- Concentrating on a narrowly defined market

May be too defined and will shrink or be too small when environment changes





# Multisegment Targeting

Chooses one or more well defined market segments to serve

Greater sales volume, higher profits, larger market share and economies of scale in manufacturing and marketing

Side effects: Cannibalization

- Prada and Miu Miu





Grande model



Levin Hatch model



Standard Cab Chassis  
with optional tray



GLX model



Ultima model



Grande model



Deluxe model



Prius i-Tech model



iQ model

developing a specific marketing mix to influence potential customers' overall perception or a brand, product line, or organization in general.

# Jet

# tigerair

# Air Asia



new **DASANI**  
DROPS™  
flavor enhancer

Dropping  
Nationwide  
October 1st



0 calories per 8 fluid ounce serving



natural fruit flavor

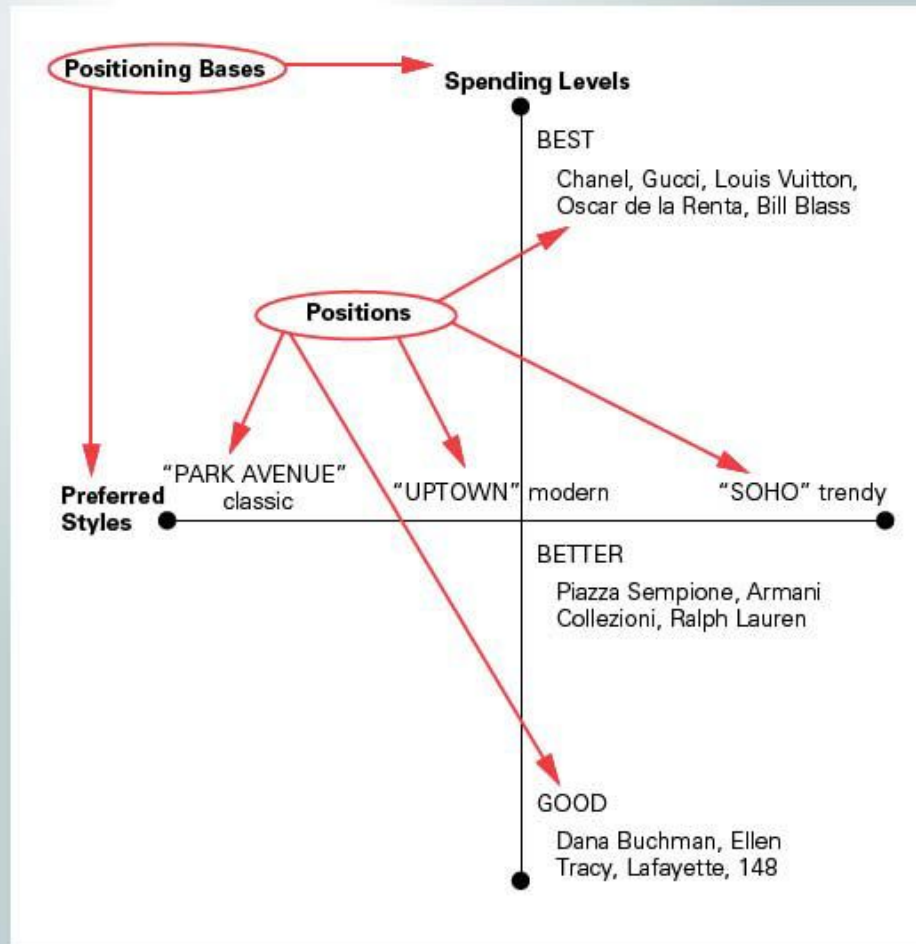


ember

a means of displaying or graphing, in two or more dimensions, the location of products, brands, or groups of products in customers' minds.

# Perceptual Map





**Attribute**

**Price and Quality**

**Use or Application**

**Product User**

**Product Class**

**Competitor**

**Emotion**



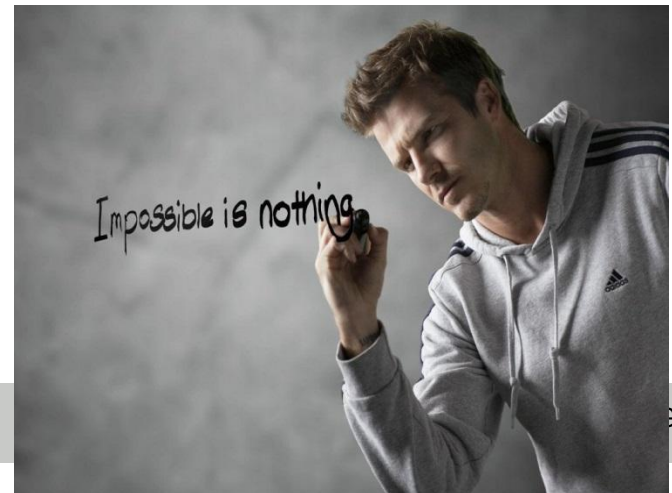
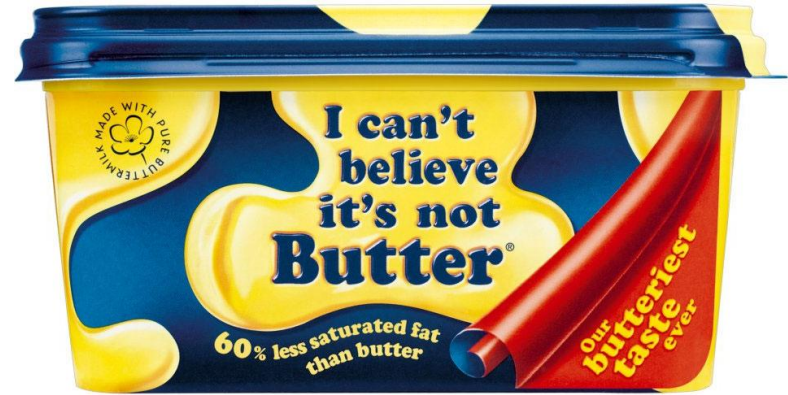


## Australian oil of Eucalyptus

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changing consumers' perceptions of a brand in relation to competing brands.

# dick smith

Talk to the Techxperts

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ELECTRONICS

PERSONALISE  
YOUR EBAY  
FASHION PICKS

ebay | dressipi

eBay are partnering with Dressipi to give you a more tailored shopping experience.

Just tell us your vital statistics.



LOOK FOR THE BUTTON



1. WHAT'S YOUR BODY SHAPE?



SHOULDERS AND HIPS

Which one describes you best?

SHOULDERS ARE WIDER THAN HIPS

SHOULDERS AND HIPS ARE EQUAL

HIPS ARE WIDER THAN SHOULDERS

BUST AND WAIST

HEIGHT AND WEIGHT



## Learning outcomes:

- What are the characteristics of markets and market segments?
- Why is market segmentation important?
- Discuss the criteria for successful market segmentation
- What are the bases commonly used to segment consumer and business markets?
- What are the steps involved in segmenting markets?
- What are the alternative strategies for selecting target markets
- Explain how and why firms implement positioning strategies and how product differentiation plays a role.
- Draw a perceptual map is created for Kellogg's breakfast cereal.