

# What is segmentation targeting and positioning



As we studied the definition of marketing as understanding customer needs and working to satisfy their needs, but different customers have different tastes, needs, and wants. That means they do not want same products and services, hence the need of dividing the market comes into the picture.

Finding potential market which has potential customer and satisfies organisational goal i. e. profit is done in dividing market or in other words Market Segmentation. Products or services offered by organisation should be landed off at right place.

Segmentation emerges as a need for marketing managers when it is needed to make their product at right place. The concept of segmentation was introduced in 1956 by Smith, who defined it as “ viewing a heterogeneous market (one characterised by divergent demand) as several smaller homogeneous markets”

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Obviously managers may wish to understand customer’s requirements in order to target product offerings and/or promotional messages but, as Hackley (2005, p. 15) “ observes, in many organisations segmentation becomes a default activity. It is not possible to target everyone and some criteria have to be applied to divide consumers into manageable categories.”

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For instance, people who buy steel lintels in Japan use them in very similar ways to buyers of steel lintels in Germany. These similarities in the use of products have led many business-to-business marketers down the road of convenience segmentation i. e. a group of customers in France would be treated the same as a group of customers in Spain, except that the first group is spoken to in French and the second in Spanish. In other words, language is the criteria for segmentation and not needs.

[Corporateauthor: by b2b marketing]

Markets can be segmented in different way as there is array of option and no single prescribed way.

There are three broader groups in which market can be segmented:

Behavioural, Psychographic, Profile.

**Behavioural Variables:** This variable is applied when the people in the market seek for products which benefit orientated. This variable include benefit sought, purchase occasion, purchase behaviour, usage, perceptions and beliefs. These included variables are applied for different products of parent companies before segmenting the market.

**Psychographic variables:** This variable suggests grouping customers on their lifestyle and personality. These include lifestyle and personality.

**Profile Variables:** this variable extends the study in depth to reach customers very efficiently. This includes age, gender, lifecycle, social class, income, geographic, and geo-demographic. The main reason being the modes of

reaching customer are defined in this variable i. e. readership or viewership in different location, different age/gender, different income groups etc.

Tyre industry segmentation process is simple and narrow because of less variety of parent products. Michelin had segmented its products on basis of utilization based on automotive industry. Their products and services have been widely segmented according to use and demographic. Their main emphasis is on demographic locations which clearly define that requirements are different for different areas. Michelin has divided its products and services globally as core product, value added services, innovation drive and engineering services. Core products include tires for different segments of use and requirement. Following figure illustrates Michelin product classification:

[SOURCE: BERNSTEIN ANALYSIS, EUROPEAN TIRE MAKERS: SIGNIFICANT RESEARCH CONCLUSIONS ,]

[SOURCE: CORPORATE HOST, JANAURY 2004, MICHELIN PERFORMANCE AND RESPONSIBILITY]

Above diagram illustrates organisation of Michelin product lines into different areas of activity, with its own marketing, production and sales force. Special activities such as Digital Maps are handled by VIAMICHELIN and other accessories products in LIFESTYLE.

Market segmentation of Michelin has done is as shown below:

Targeting is mainly done using three broad strategies:

Mass Marketing is way in which instead of analysing the differences of customers want we analyse similarities whichever may be the market segment. According to history of marketing, in early 19 century Coca Cola had adopted this strategy but as of now it had to change. Another example like distilled water manufacturers did not differentiate the market according to needs which still they follow up in some parts of world (for eg. Asia or Africa). They have a common product for all. This strategy is also called as undifferentiated marketing. [Armstrong]

Selective Marketing, involves aiming selected product for selected segment of market. This strategy of segmentation is followed for every pocket, purpose and personality. This market coverage strategy results in stronger segment position and higher sales, but note that it also results in increased costs of separate marketing, research, forecasting, promotion, planning, and channel management.[Armstrong]

Niche marketing, also called ad concentrated marketing mainly focuses on large share of one or few segments or niche. This strategy mainly helps the organisation to reduce R&D concentration areas and expenses as they are focusing on limited set of customers i. e. one .

[Armstrong] [Jobber 283, 2010]

For example, visualize the mass marketing person as standing smack in the middle of a major league park. On the ground, in front of this person, is a large pile of various denominations of currency. The mass marketing person just set this pile of currency on fire. He wants to attract the attention of the seated spectators using the smoke from the burning currency. He has put <https://assignbuster.com/what-is-segmentation-targeting-and-positioning/>

out the word that smoke from burning currency will clear all eight sinus cavities.

Since the ballpark is so huge, by the time the smoke reaches the park's perimeter, it will be severely diluted by the size of the park and the distance from the fire to the spectators. Although the spectators might know about its benefits, the area is so spread out that they'll hardly smell the smoke. The end result will be minimal unless a tremendous amount of currency is set on fire to produce much more smoke.

On the other hand, I see a niche marketing person as someone who takes the same pile of dollar bills, goes over to a pre-determined section of the bleachers then sets his pile on fire.

He knows, from prior research, that the crowds in that section of the bleachers are interested in clearing their sinuses. Because of the smaller area, they will also be able to strongly smell the burning currency. The niche marketer will have better results using the same amount of money because it's impact is targeted. Whether it's a baseball field, the printed media or the Internet the results will be the same. That is, it's much easier to attract the attention of a smaller crowd that you've identified as being interested in what you have to offer.

(Corporate author: <http://marketing.about.com/cs/advertising/a/nichevsmass.htm>)

Positioning is mainly done to locate the product level in market place. This variable involves creating distinct market value by providing competitive

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advantage. Where is product to be launched, when is to be launched, how to be marketed. This can be done effectively and successfully by implementing strong marketing mix, in which involves providing product and services to customer with differential advantage. Providing additional features, valued images created by advertising, better distribution. [jobber p285, 2010]

Michelin has laid importance to targeting and positioning in valuable way. They have advertised them using their legendary brand ambassador “BIBENDUM” to reach their customers. Their advertisements empower their strengths for customer attraction. They have clearly aimed these advertisements to attract their customer who are more focused towards quality, product life, product performance and positive effects, product durability and reliability in weather conditions. MICHELIN products having tag lines on their advertisements as :

“ LASTS UP TO 25% LONGER”,

“ IT’S TIME TO FIGHT BACK – FUEL EFFICIENT TYRES,”

“ THE RIGHT TYRE CHANGES EVERYTHING”,

Hence, examples of tag lines incorporated by Michelin have added a brand value as well as competitive advantage in existing market.