

Chapter 8 : identifying market segments and targets

[Business](#), [Marketing](#)



1. Identify 2 additional PRIZM geo-clusters that are not mentioned in the chapter and why you think these clusters are significant in today's business environment.

Upper crust consists of wealthy, elderly couples earning over \$200, 000 per year. These educated retired couples enjoy exclusive live styles having their children live separately. They exert high purchasing power and show characteristic consumption needs. Goods and services such as pharmaceuticals, holiday trips, caretaking and spectacles can be sold to these residents. Second City Elite geo-cluster also exerts high purchasing power. They live in small cities with comfortable life styles. There is a market for books, theater and stage drama among these residents.

2. Evaluate the information in Table 8. 4 and identify 3 implications you can draw from the data

According to the figures the largest market consists of Hispanic Americans followed by African Americans. Population growth rate is comparatively less among Asian Americans. Among these three groups Asian Americans draw the highest median income and revenue generated by business. They are comparatively older and richer. Luxuries goods and services can be promoted among them. Moreover, about 6%proportion of the African Americans population are veterans of US armed forces. Therefore goods and services designed to cater the needs of military employees' families can be markets among African Americans.

3. What are the risks and benefits of HSBC'c positioning itself as the "World's Local Bank"?

HSBC ' s strategy is to expand the market by operating in different countries.

This has many advantages. Customers who frequently travel abroad and multinational business specifically chose HSBC bank due to convince of performing transactions from different countries. The strategy enables bank to niche markets around the world and profit from a wider range of investments. However, cultural difference in HSBC staff can create issues. There can also be differences in banking systems, law structures and monetary policies across different countries. These can increase cost and complicate operational systems of the HSBS.

4. Does HSBC's most recent campaign resonate with its target audience?

Why or why not?

HSBC launched " Different Values" campaign. Their focus is to communicate the differences among people in the world. A picture, a symbol or a word may mean different things to people from different backgrounds. HSBC conveys the message to customers that they understand and values these differences. HSBC's target audience is the world. At the same time HSBS position as a " local bank" in other countries. Therefore accepting the differences among locals in different countries is a valuable market strategy.

5. What are the pros and cons to BMW's selective target marketing? What has the firm done well over the years and where could it improve?

BMW specifically manufacture and design cars to suit needs of narrow market segments. BMW market segments are basically defined by customer's income class. Certain BMW car models resemble prestige social strata. Such brand image can benefit from niche markets. Exclusive BMW cars associate with a high market price in the market. However higher

selectivity increase company's vulnerability to changes in the environment. Their markets are narrow. If the customers of these narrow markets got affected by income shocks, company faces a major threat. BMW is also recognized for " performance and luxury". Manufacturing low priced cars can affect this classic BMW brand image.

6. BMW'S sales slipped during the worldwide recession in 2008 and 2009. Is its segmentation strategy too selective? Why or why not?

During economic recessions people tend to save money to buy essential goods and services while dramatically cut down the consumption of luxury goods and services. This behavior affects BMW's revenues. Thus BMW has been focusing on a too vulnerable market segment. BMW is catering to needs of very specific customer groups but it is not the reason why they lost revenue during the recession. BMW also needs to focus on rather stable market segments.