Summary chapter customer-driven marketing strategy

Target marketing is dividing the total market into different segments based on customer characteristics, selecting one or more segments, and developing products to meet those segments' needs Market segmentation is the process that companies SE to divide large heterogeneous markets into small markets that can be reached more efficiently and effectively with products and services that match their unique needs. Segmentation: Identify and describe market segments.

Targeting: Evaluate segments and decide which one to pursue Positioning: Design a product and marketing mix to meet the segment's needs Differentiation: Differentiate the firm's market offering to create superior customer value Positioning: A market offering occupying a clear, distinctive, and desirable place relative to competing products in the minds of target consumers. 1. Geographic segmentation calls for dividing the market into different geographical units such as nations, regions, states, counties, cities, or even neighborhoods. . Demographic segmentation divides the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. Age Family life cycle family needs and expenditures change over time, one way to segment consumers is to consider the stage of the family life cycle they occupy. Furniture Is a product category that vanes with the family life cycle. Gender Starting with diapers, segmenting by sex occurs at a very early age.

Many products appeal to men or women either because of the nature of the product or because the marketer chose to appeal to one sex or the other. In some cases, manufacturers develop parallel products to appeal to each sex.

3. Cryptographic segmentation divides buyers into deferent groups based on social class, lifestyle, or personality traits. 4. Behavioral segmentation divides buyers Into groups based on their knowledge, attitudes, uses, or responses to a product. Occasion segmentation Is grouping buyers according to occasions when they get the idea to buy, actually make their purchase, or use the purchased item.

Benefit segmentation is grouping buyers according to the different benefits that they seek from the product. User Status is segmenting markets into nonusers, ex-users, potential users, first-time users, and regular users of a product. Usage Rate is grouping markets into light, medium, and heavy product loyalty. Segmentation by business : Companies can segment international markets using one or a combination of several variables. Geographic factors: Nations close to one another will have many common raids and behaviors.

Economic factors: Population income levels and overall level of economic development Political and legal factors: Type and stability of government, receptivity to foreign firms, monetary regulations, and the amount of bureaucracy Cultural factors: Common languages, religions, values and attitudes, customs, and behavioral patterns. Evaluate Market Segments Just because a marketer identifies a segment does not necessarily mean that it’s a useful one to target. Measurable: The size, purchasing power, and profiles of the segments can be measured. Substantial:

The market segments are large or profitable enough to serve. Is the market large enough to make a profit? Marketers need to be careful because there is often heavy competition for the larger segments. Accessible: The market segments can be effectively reached and served. Is the segment accessible with media in an efficient manner. For example, brides are an accessible segment because of the many bridal magazines. There are few media vehicles targeted at men getting married, so their accessibility is poor. Actionable: Effective programs can be designed for attracting and serving the segments.

Differentiable: The segments are conceptually distinguishable and respond differently to different marketing mix elements and programs. Evaluating Segments In evaluating different market segments, a firm must look at three factors: Segment size and growth Segment structural attractiveness, and Company objectives and resources. The largest, fastest-growing segments are not always the most attractive ones for every company. The company also needs to examine major structural factors that affect long-run segment attractiveness. A segment is less attractive if it already contains many strong and aggressive monitors.

Micromanaging is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations. It includes local marketing and individual marketing. Local marketing involves tailoring brands and promotions to the needs and wants of local customer groups? cities, neighborhoods, and even specific stores. Individual marketing has also been labeled one-to-one marketing, mass customization, and markets-of-one marketing. Choosing a Targeting Strategy Which strategy is best depends on: Company resources Product variability Product’s life-cycle stage Market variability Competitors’ marketing strategies

POSITIONING A product's position is the way the product is defined by consumers on important attributes. E. G. Tide is positioned as a powerful, all-purpose family detergent; Ivory is positioned as the gentle detergent for fine washables and baby clothes. Positioning Maps show consumer perceptions of their brands versus competing products on important buying dimensions. Perceptual positioning maps show consumer perceptions of their brands versus competing products on important buying dimensions. Choosing a Differentiation and Positioning Strategy The differentiation and positioning task consists of three steps: 1.

Ad man Rouser Reeves believes a company should develop a unique selling proposition (USPS) for each brand and stick to it. Other marketers think that companies should position themselves on more than one differentiator. Which Differences to Promote A difference is worth establishing to the extent that it satisfies the following criteria: Important: The difference delivers a highly valued benefit to target buyers. Distinctive: Competitors do not offer the difference, or the company can offer it in a more distinctive way. Superior: The difference is superior to other ways that customers might obtain the same benefit.

Communicable: The difference is communicable and visible to buyers. Preemptive: Competitors cannot easily copy the difference. Affordable: Buyers can afford to pay for the difference. Profitable: The company can introduce the difference profitably. VALUE POSITIONING More for More positioning involves providing the most upscale product or service and charging a higher price to cover the higher costs. More for the Same positioning involves introducing a brand offering comparable quality but at a lower price. The Same for Less positioning can be a powerful value proposition? everyone likes a good deal.

Less for Much Less positioning is offering products that offer less and therefore cost less. “ Less for much less” positioning involves meeting consumers’ lower performance or quality requirements at a much lower price. More for Less positioning is the winning value proposition. In the long run, companies will find it very difficult to sustain such best-of-both positioning. COMMUNICATING A POSITION Once it has chosen a position, the company must take strong steps to deliver and communicate the desired position to target consumers. All the company’s marketing mix efforts must support the positioning strategy.