

Watch segmentation essay

[Business](#), [Industries](#)



I. Watches In this first case we deal with a relatively simple mode of segmentation analysis. The most productive way of analyzing the market for watches turns out to be segmentation by value. This approach discloses three distinct segments, each representing a different value attributed to watches by each of three different groups of consumers: 1. People who want to pay the lowest possible price for any watch that works reasonably well.

If the watch fails after six months or a year, they will throw it out and replace it. 2. People who value watches for their long life, good workmanship, good material, and good styling. They are willing to pay for these product qualities.

3. People who look not only for useful product features but also for meaningful emotional qualities. The most important consideration in this segment is that the watch should suitably symbolize an important occasion. Consequently, fine styling, a well-known brand name, the recommendation of the jeweler, and a gold or diamond case are highly valued. New Criteria for Market Segmentation⁴. In 1962, my research shows, the watch market divided quantitatively as follows: ?? Approximately 23 % of the buyers bought for lowest price (value segment #1). ?? Another 46% bought for durability and general product quality (value segment #2). ?? And 31% bought watches as symbols of some important occasion (value segment #3).

Defining and quantifying such segments is helpful in marketing planning—especially if a watch company's product happens to appeal mostly to one segment or if the line straddles the three segments, failing to appeal effectively to any. Without such an understanding, the demographic

characteristics of the market are most confusing. It turns out, for example, that the most expensive watches are being bought by people with both the highest and the lowest incomes. On the other hand, some upper income consumers are no longer buying costly watches, but are buying cheap, well-styled watches to throw away when they require servicing. Other upper income consumers, however, continue to buy fine, expensive watches for suitable occasions. Timex's Timely Tactics. The planning implications in value segmentation are very broad for the industry.

For one thing, many of the better watch companies in the years between 1957 and 1962 were inadvertently focusing exclusively on the third segment described—the 31% of the market that bought a watch only as a gift on important occasions—thus leaving the bulk of the market open to attack and exploitation. The U. S. Time Company took advantage of this opening and established a very strong position among the more than two-thirds of America's watch buyers in the first two segments. Its new low-price watch, the Timex, had obvious appeal for the first segment, and it catered to the second segment as well. At that time, higher-price watches were making the disastrous mistake in their advertising of equating product quality with waterproof and shock-resistant features.

The New Criteria for Market Segmentation 5 Timex also offered these low-cost features, at lower prices, thus striking at a vulnerable area which the competition itself created. When Timex pressed its attack, it was able within a few years to claim that “ Timex sells more watches than any other watch company in the world. ” Even the timing of Timex's watch advertising was

involved. Much of the third segment was buying watches only during the Christmas season, and so most of Timex's competitors concentrated their advertising in November and December. But since buying by the other two segments went on all the time, Timex advertised all year-round, getting exclusive attention ten months of the year.

Thus, nondemographic segmentation in the watch industry has directly affected almost every phase of marketing, including the composition of the product line. Major watch companies know that they must plan product line, pricing, advertising, and distribution within the framework of the three basic value segments of this market.