

PRINCIPLES OF Marketing

Chapter Seven

Customer-Driven Marketing Strategy:

Creating Value for Target Customers



Customer-Driven Marketing Strategy: Creating Value for Target Customers

Topic Outline

- Market Segmentation
- Market Targeting
- Differentiation and Positioning

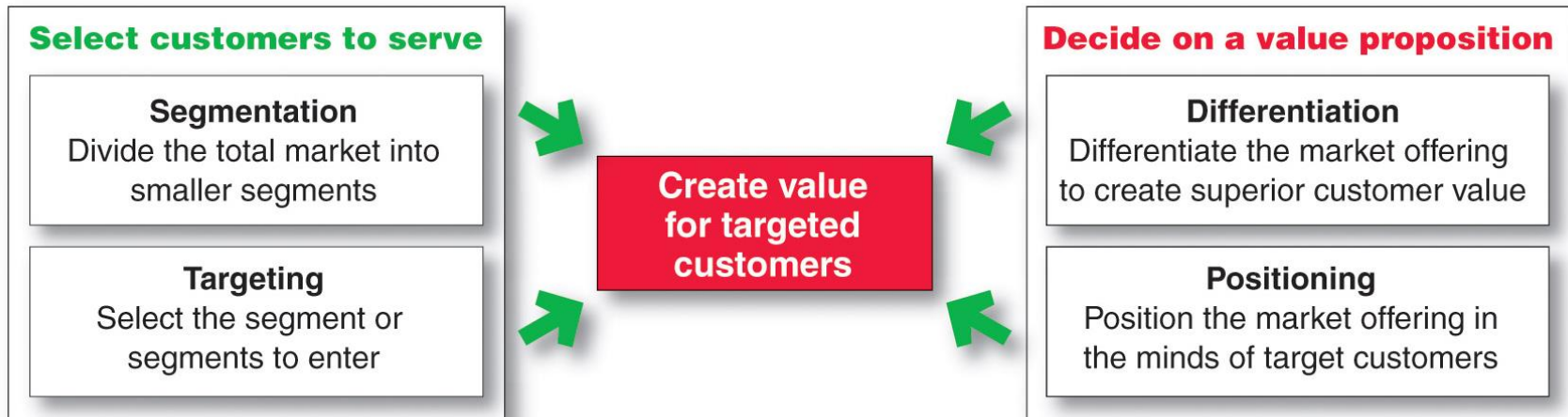


Market Segmentation

Market segmentation is the process that companies use 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



Market Segmentation



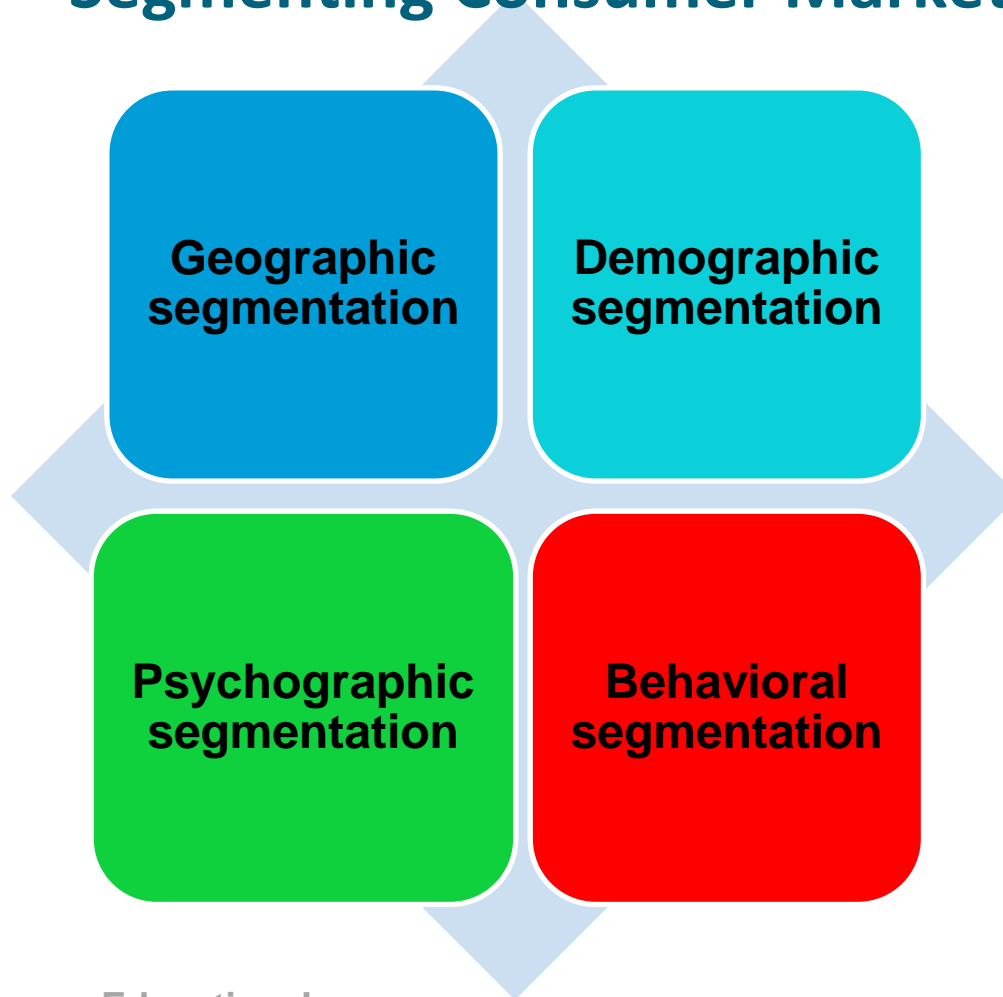
Market Segmentation

- Segmenting consumer markets
- Segmenting business markets
- Segmenting international markets
- Requirements for effective segmentation



Market Segmentation

Segmenting Consumer Markets



Market Segmentation

Segmenting Consumer Markets

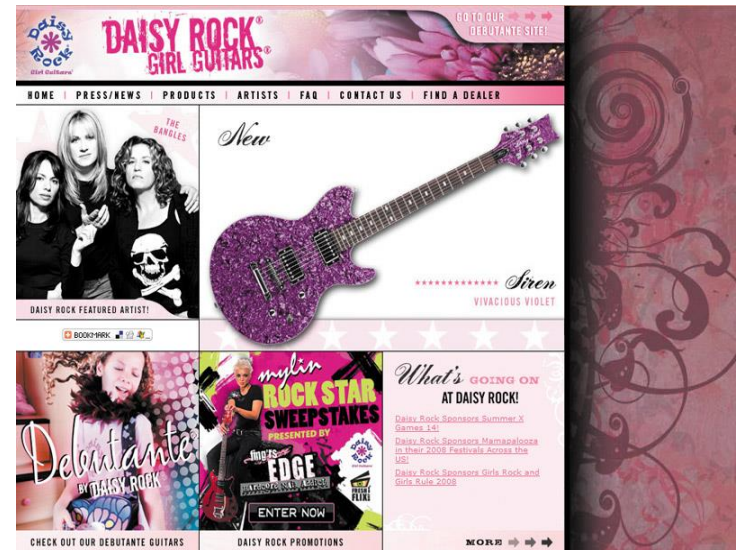
- Geographic segmentation divides the market into different geographical units such as nations, regions, states, counties, or cities



Market Segmentation

Segmenting Consumer Markets

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



Market Segmentation

Age and life-cycle stage segmentation is the process of offering different products or using different marketing approaches for different age and life-cycle groups

Gender segmentation divides the market based on sex (male or female)

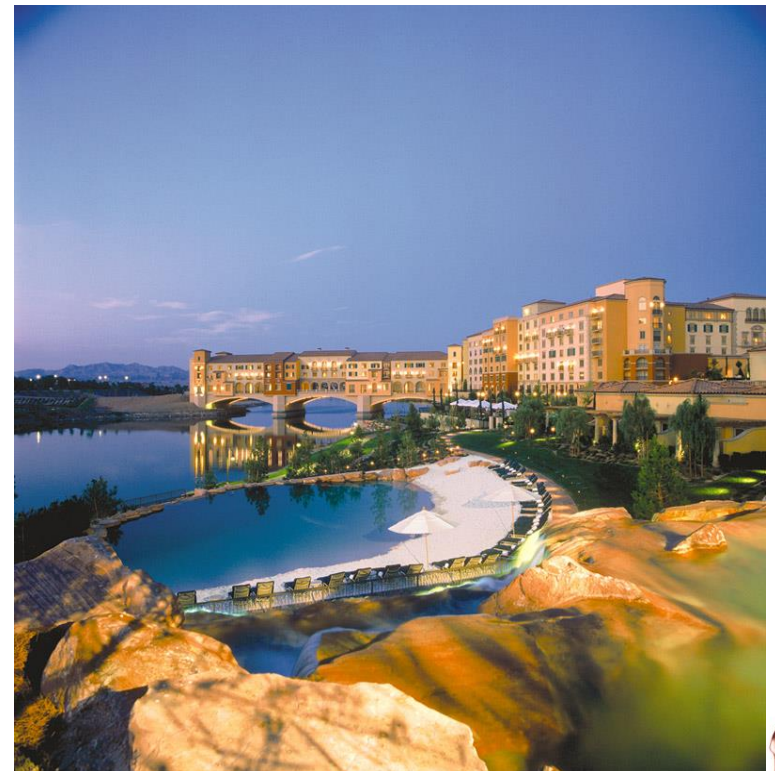


Market Segmentation

Segmenting Consumer Markets

Income segmentation divides the market into affluent or low-income consumers

Psychographic segmentation divides buyers into different groups based on social class, lifestyle, or personality traits



Market Segmentation

Segmenting Consumer Markets

Behavioral segmentation
divides buyers into groups
based on their knowledge,
attitudes, uses, or responses
to a product

- Occasions
- Benefits sought
- User status
- Usage rate
- Loyalty status



Market Segmentation

Using Multiple Segmentation Bases

Multiple segmentation is used to identify smaller, better-defined target groups

Geodemographic segmentation is an example of multivariable segmentation that divides groups into consumer lifestyle patterns



Market Segmentation

Using Multiple Segmentation Bases

PRIZM NE classifies every American household into 66 unique segments organized into 14 different social groups.

- These groups segment people and locations into marketable groups of like-minded consumers that exhibit unique characteristics and buying behavior based on a host of demographic factors



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#18 Kids & Cal-de-Sacs
Upscale, suburban, married couples with children—that's the skitney on Kids & Cal-de-Sacs, an enviable lifestyle of large families in recently built subdivisions. With a high rate of Hispanic and Asian Americans, this segment is a refuge for college-educated, white-collar professionals with administrative jobs and upper-middle-class incomes. Their tastes of education, affluence and children translate into large outlays for child-oriented products and services.

#21 Gray Power
The steady rise of older, healthier Americans over the past decade has produced one important by-product: middle-class, home-owning suburbanites who are aging in place rather than moving to retirement communities. Gray Power reflects this trend, a segment of able, motivated singles and couples who live in quiet comfort.



Market Segmentation

Segmenting International markets

Geographic
location

Economic
factors

Political-
legal factors

Cultural
factors



The advertisement features two American Express cards against a dark blue background with a faint grid pattern. The top card is a gold American Express Business Card with the number 3782 456789 01001 and the name J. H. MILLER. The bottom card is a gold American Express OPEN Small Business Network Card with the number 3782 456789 01001 and the name J. H. MILLER. Text on the right side of the cards reads: "This helps you buy what your small business needs." and "This lets you track, organize, categorize, subdivide, examine, break down, cross-reference, combine and archive online what your small business spends." At the bottom, a paragraph states: "Now you can access the Expense Management Report and many other online tools. But only if you have the American Express® Business Card. The Card with the savings, rewards and services of OPEN: The Small Business Network™ behind it. Apply now and get an instant decision. Visit OPEN.AMERICANEXPRESS.COM."

PRINCIPLES OF
Marketing



Market Segmentation

Segmenting Business Markets

Intermarket segmentation divides consumers into groups with similar needs and buying behaviors even though they are located in different countries

