Chapter Questions

- How can a company identify the segments that make up a market?
- What criteria can a company use in selecting attractive segments to enter through target marketing?

Effective Targeting Requires...

- Identify and profile distinct groups of buyers who differ in their needs and preferences
- Select one or more market segments to enter
- Establish and communicate the distinctive benefits of the market offering

Levels of Market Segmentation

- Segment marketing
- Niche marketing
- Local marketing
- Customerization

Customerization

**Customerization** combines operationally driven mass customization with customized marketing in a way that empowers consumers to design the product and service offering of their choice

Basic Market-Preference Patterns

- Homogenous preferences
- Diffused preferences
- Clustered preferences
Segmenting Consumer Markets

- Geographic
- Demographic
- Psychographic
- Behavioral

Bases for Segmentation

- Geographic
- Demographic
- Psychographic
- Behavioral

- Nation or country
- State or region
- City or metro size
- Density
- Climate

- Age, race, gender
- Income, education
- Family size
- Family life cycle
- Occupation
- Religion, nationality
- Generation
- Social class

Bases for Segmentation

- Lifestyle
  - Activities
  - Interests
  - Opinions
  - Personality
  - Core values

- Occasions
- Benefits
- User status
- Usage rate
- Loyalty status
- Buyer-readiness
- Attitude

Figure 7.2 Profiling American Generations

- GI Generation
  - 1901-1924
- Silent Generation
  - 1925-1945
- Baby Boomers
  - 1946-1964
- Generation X
  - 1965-1977
- Generation Y
  - 1978-1994
- Millennials
  - 1995-2002
Behavioral Segmentation: Decision Roles
• Initiator
• Influencer
• Decider
• Buyer
• User

Behavioral Segmentation Variables
• Occasions
• Attitude
• Loyalty
• Buyer-readiness
• Benefits
• User status
• Usage rate

Loyalty Status
• Hard-core
• Split loyals
• Shifting loyals
• Switchers

Major Segmentation Variables for Business Markets
• Demographic
• Operating variable
• Purchasing approaches
• Situational factors
• Personal characteristics

Sequential Segmentation and Stage of Purchase Process
• First-time prospects
• Novices
• Sophisticates

Effective Segmentation Criteria
• Measurable
• Substantial
• Differentiable
• Accessible
• Actionable
**Steps in the Segmentation Process**
- Segmentation identification
- Segmentation attractiveness
- Segment profitability
- Segment positioning
- Segment acid test
- Marketing mix strategy

**Patterns of Target Market Selection**
- Single-segment concentration
- Selective specialization
- Product specialization
- Market specialization
- Full market coverage

**Additional Considerations**
- Segment-by-segment invasions
- Updating segmentation schemes
- Ethical choices of target markets