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WYDZIAŁ EKONOMICZNY

# Marketing

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# What is the market segmentation?



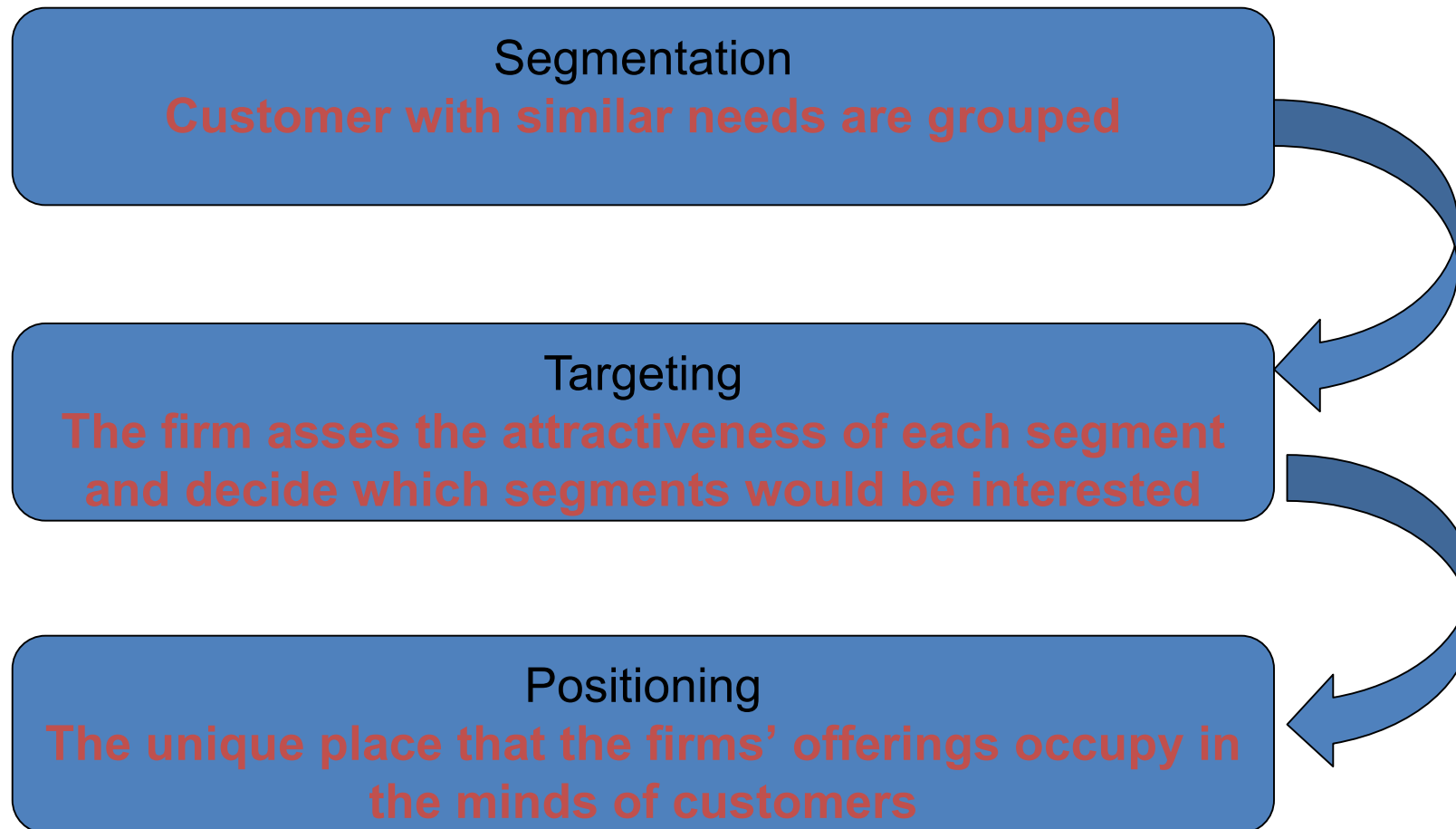


# Definition of market segmentation

1. Dividing market into smaller segments with distinct needs, characteristics or behaviour that might require separate marketing strategies or mixes [G. Armstrong, Ph. Kotler]
2. A market segment is composed of the groups of buyers who share common characteristics, needs, purchasing behaviours and/or consumption patterns. Consumers in the same segments should have as similar needs as possible, but between segments needs to be as different as possible [J. Wirtz, C. Lovelock].
3. Segmentation is one of the most important concepts in marketing. Firms should **segment customer on needs first** before using other common bases to further identify and profile the segments.



# Segmentation – targeting – positioning



# Positioning a brand

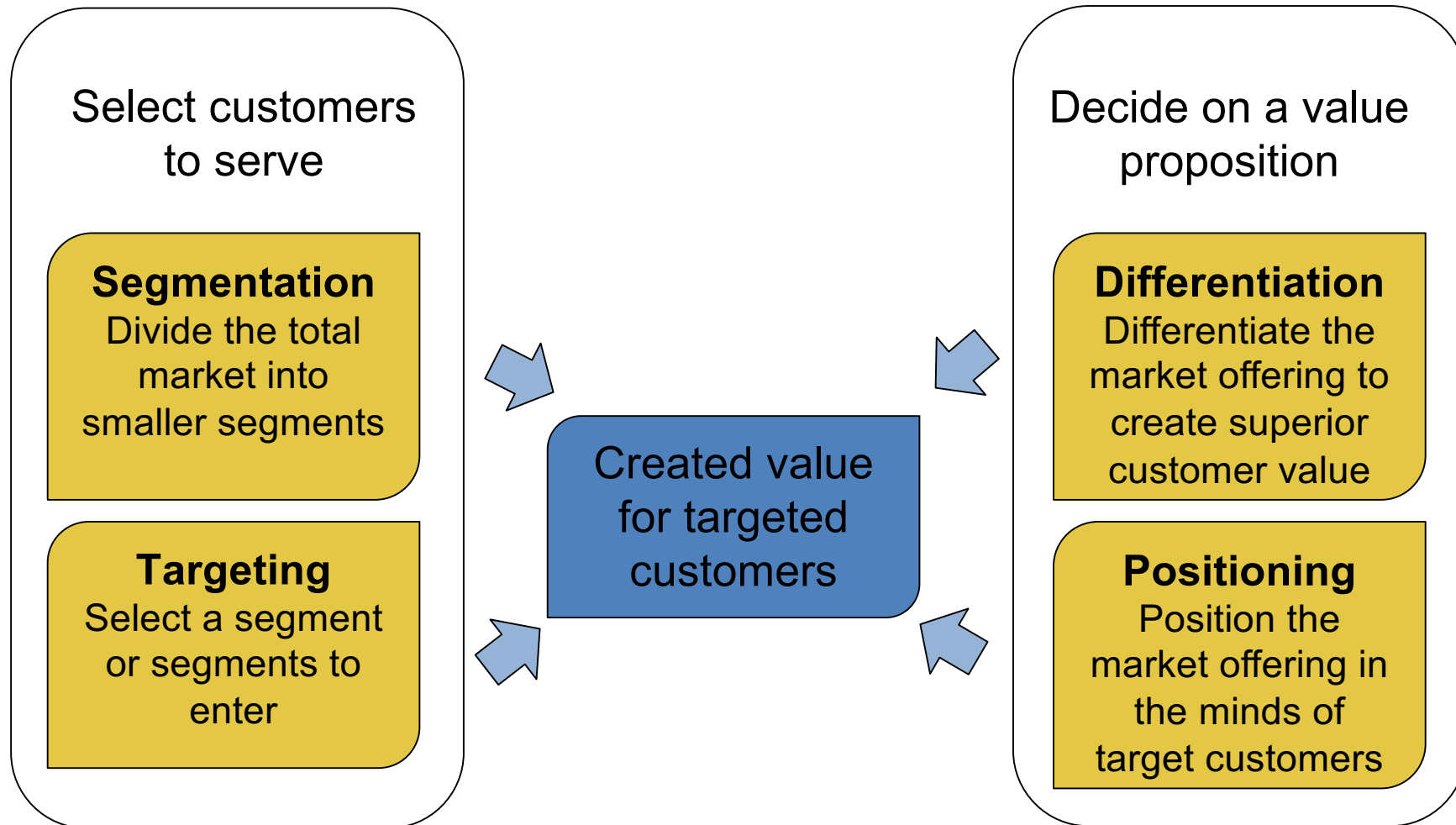
A crucial element of branding strategy is brand positioning, which is aimed at **creating the consumer perception of the brand in comparison to the competing brands, and which refers to the specific benefits offered for consumers by this brand.**





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# Creating value for target customers



# Creating value for target customers

1. [Segmentation] - Dividing market into smaller segments with distinct needs, characteristics or behaviour that might require separate marketing strategies or mixes [G. Armstrong, Ph. Kotler]
2. [Targeting] The process of evaluating each market segment's attractiveness and selecting one or more segment to enter.
3. [Differentiation] Actually differentiating market offering to create superior customer value.
4. [Positioning] Arranging for the market offering to occupy a clear, distinctive, and desirable place relative to competitive product in the minds of target customers.



# Major segmentation variables for consumers market

Geographic	
World region or country	North America, Western Europe, Middle East, Pacific Rim, China, Russia
Country region	In Poland: Eastern Poland, Western Pomerania, Lower Silesia, Upper Silesia
City or metro size	Under 5.000, 5.000-20.000, 20.000-50.000, 50.000-100.000, 100.000-250.000, 250.000-500.000, 500.000-1.000.000, over 1.000.00
Density	Urban, suburban, exurban, rural
Climate	Northern, southern



# Why the best furniture comes in Europe from the Scandinavian countries?

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## Geographic segmentation

Many companies are **localizing their products, advertising, promotion and sales effort to fit the need of individual regions, cities and even neighbourhoods, dividing a market into different geographical units.**





# Different ingredients of the same products in different EU countries?

Slovakia, more salt and less meat were found in some of the tested meat and fish fingers than in those sold in Austria.

Czech Nesquik cereals contained fewer vitamins and cocoa than German ones. Differences were also found between Nutella, Jacobs coffee and Nestea. Luncheon meat sold in both countries under the same name of the company Tulip turned out to be a completely different product (the Czech one contained poultry meat, and the German one - pork).



# Major segmentation variables for consumers market

Demographic	
Age	Under 6, 6-11, 12-18, 2-34, 35-49, 50-64, 65+
Gender	Male, female
Family size	1-2, 3-4, 5+
Family live cycle	Young, single, married, no-children, married with children, single parents, unmarried couple, older married no children under 18, older single, other
Income	In Poland – under 85.528 PLN, over 85.528
Occupation	Students, unemployment, employment, farmers, craftsperson, homemakers, retired
Education	Primary school or less, secondary school, graduate, a bachelor's degree, master degree
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	Black, White, Asian, Hispanic
Generation	Baby Boomers, X Gen, Y Gen
Nationality	British, French, German



# Demographic customer segmentation – age (adults and children)





# Demographic customer segmentation - gender

## COCA-COLA LIGHT



Napoje typu light są rosnącym segmentem światowego rynku napojów gazowanych, a Coca-Cola light ma wśród nich znaczącą pozycję.

Coca-Colę light to idealna propozycja dla wszystkich pań, które chcą się cieszyć niepowtarzalnym smakiem Coca-Coli, bez konieczności wyboru między smakiem a kaloriami. Półlitrowa butelka Coca-Cola light zawiera bowiem zaledwie jedną kalorię (0,2 Kal w 100ml napoju), dając orzeźwienie, świeżość i subtelne pobudzenie bez wyrzeczeń.

## COCA-COLA ZERO - Doskonały smak, zero cukru!



Coca-Cola Zero to oferta dla młodych mężczyzn, którzy nie chcą zrezygnować z pełnego smaku Coca-Coli poszukując alternatywy w postaci napoju bez cukru. Coca-Cola Zero to również propozycja określonego stylu życia.

Coca-Cola Zero przeznaczona jest dla niekonwencjonalnych, bezkompromisowych i ciekawych świata mężczyzn. To marka, która odpowiada potrzebom współczesnego mężczyzny, który nie boi się spróbować prawdziwego smaku wolności. Obecnie coraz popularniejsze staje się niebanalne i kreatywne podejście do własnej diety - Coca-Cola Zero doskonale odpowiada na ten trend, dlatego też cieszy się dużą popularnością w Europie.



## Demographic segmentation

Demographic factors are the **most popular bases for segmentation consumer groups**. Consumer needs, wants and usage rates often vary closely with demographic variables. Demographic variables **are easier to measure** than most other types of variables.



## Muslim bank

Islamic banking, also known as non-interest banking, is a banking system that is based on the principles of Islamic or Sharia law and guided by Islamic economics. Two fundamental principles of Islamic banking are the sharing of profit and loss, and the prohibition of the collection and payment of interest by lenders and investors.

To earn money without the use of charging interest, Islamic banks use equity participation systems. Equity participation means if a bank loans money to a business, the business will pay back the loan without interest, but instead gives the bank a share in its profits. If the business defaults or does not earn a profit, then the bank also does not benefit.



بنك دبي الإسلامي  
Dubai Islamic Bank



## Global marketing

Marketing is shifting to become integrated globally, as opposed to seeking cross-country differences, and the goal is now **to discover transnational similarities**. Such approach allows for greater ability to apply results as target markets should be sought not within countries, but on a global basis [R. Adams]



# Do you now any global needs and offers?





# Major segmentation variables for consumers market

## Psychographic

Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers
Lifestyle	Achievers, strivers, survivors
Personality	Compulsive, outgoing, authoritarian, ambitious



# Psychographic segmentation

Psychographic segmentation has become more popular as it reflects people lifestyle, attitude and aspiration. PS can be very **useful in strengthening brand identity and creating an emotional connection with the brand.**



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# Major segmentation variables for consumers market

Behavioural	
Occasion	Regular occasion, special occasion, holiday, seasonal
Benefit	Quality, service, economy, convenience, speed
User status	Nonuser, ex-user, potential user, first time user, regular user
User rates	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness stage	Unaware, aware, informed, interested, desirous, intending to buy
Attitude towards product	Enthusiastic, positive, indifferent, negative, hostile



# Behavioural segmentation

Many marketers believe that **behavioural variables are the best starting points for building market segments**. BS divides buyers into segments based on their knowledge, attitudes, uses or responses to a product.



# Do you know offers for loyalty consumer?



# Global marketing

Key debates in the marketing literature highlighted a concern that consumer lifestyles were becoming increasingly fragmented and market segmentation was suggested to have become less effective and efficient as a result [L. Quinn]



# Requirements for effective segmentation

1. **Measurable:** The size, purchasing power and profiles of the segments can be measured.
2. **Accessible:** The market segment can be effectively reached and served.
3. **Substantial:** The market segments are large and profitable to serve.
4. **Differentiable:** The market segments are conceptually distinguishable and respond differently to different marketing mix elements and programs.
5. **Actionable:** Effective programs can be designed for attracting and serving the segments.





# Customer segmentation

- Segmentation is only a research hypothesis, which verifies the market.
- Segmentation is a continuous process, the market is changing just like market segments.
- The target segment does not mean that the product will be bought only by the buyer defined as the target recipient, but always the condition of success is that he/she is the primary customer.



## Evaluating market segment

1. The size and growth of the segment
2. The attractiveness of the segment
  - strong competitors operating in a given segment
  - the threat of entering the new competitors segment
  - threat of substitute products
  - high / low bargaining power of clients
  - high / low bargaining power suppliers
3. Objectives and resources of the company



# Please evaluate market segment



 | Instagram

 Szukaj

Pobierz aplikację

Zaloguj się

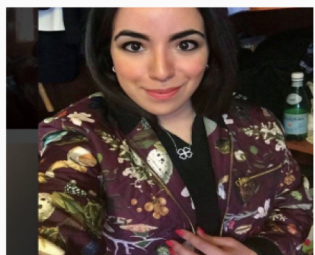


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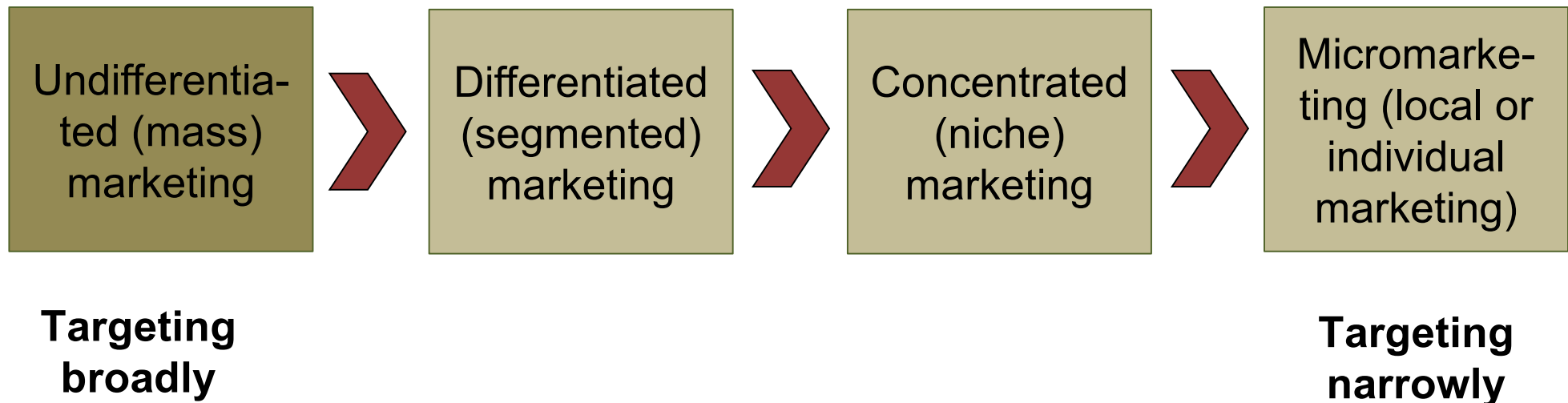
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# Selecting target market segment

Target market consist of **a set of buyers who share a common needs or characteristics that company decide to serve**. Targeting may be carried out at several different levels.



## Undifferentiated marketing

The firm decides to **ignore market segment differences** and target the whole market with one offer. Product and marketing program appeal to the largest number of buyers.



## Differentiated marketing

The firm decides to **target several market segment and design separate offers for each**. By offering diverse products and marketing to segments company may achieves **higher sales and the stronger position** within each market segment.



## Concentrated marketing

1. Instead of going after the small share of a large market, firm **goes after a large share one or a few smaller segment or niches**. Through concentrating marketing firms achieve strong market position because of greater knowledge of customer needs.
2. Segments are fairly large and attract several competitors, niches are smaller and may attract only one or a few competitors. Serving **niches may be unimported to or overlooked by larger competitors**.





# Concentrated marketing - Livechat

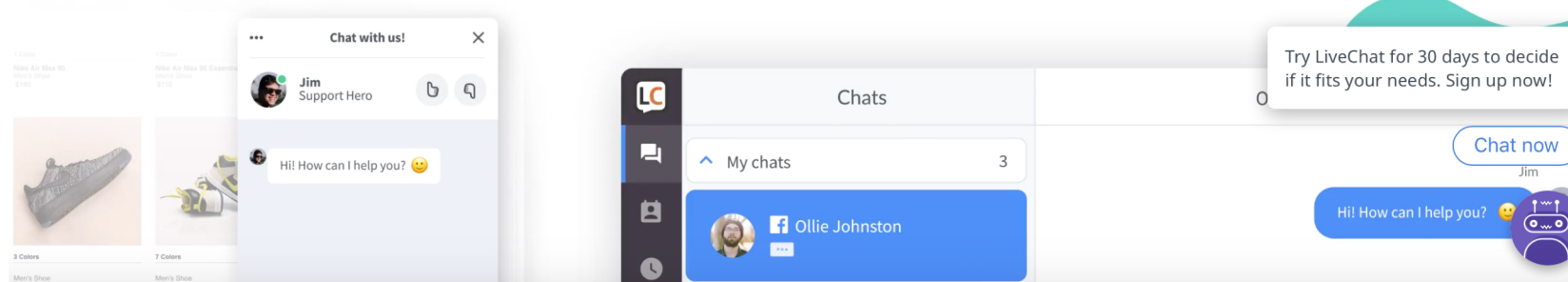
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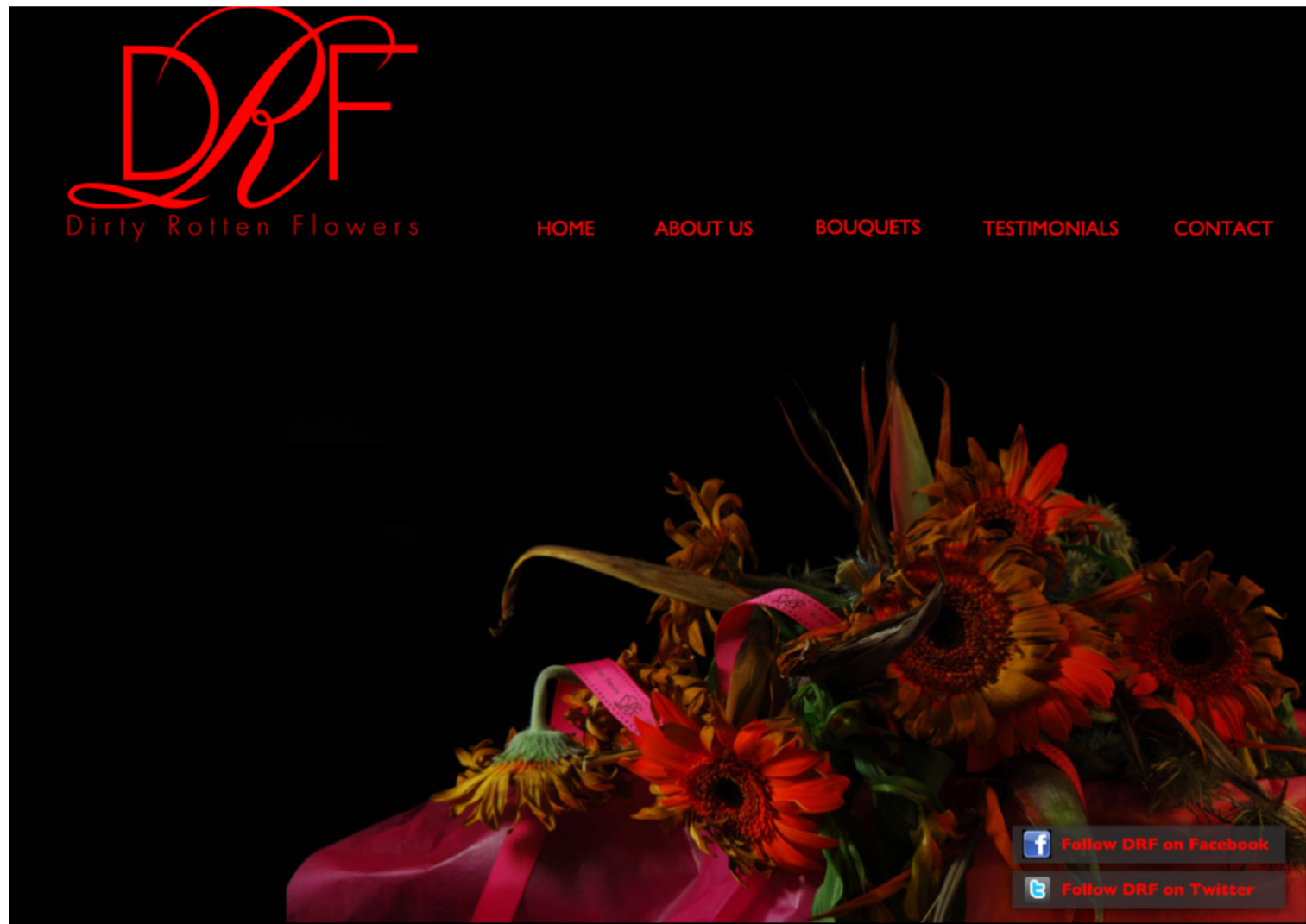
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# Concentrated marketing – Dirty Rotten Flowers.



## Concentrated marketing

3. Many companies start from serving niche and then grow to a broader competitors. Some niche products create sales grow, and have become large segments from earlier niches.



Do you know any niches which became a huge segments?



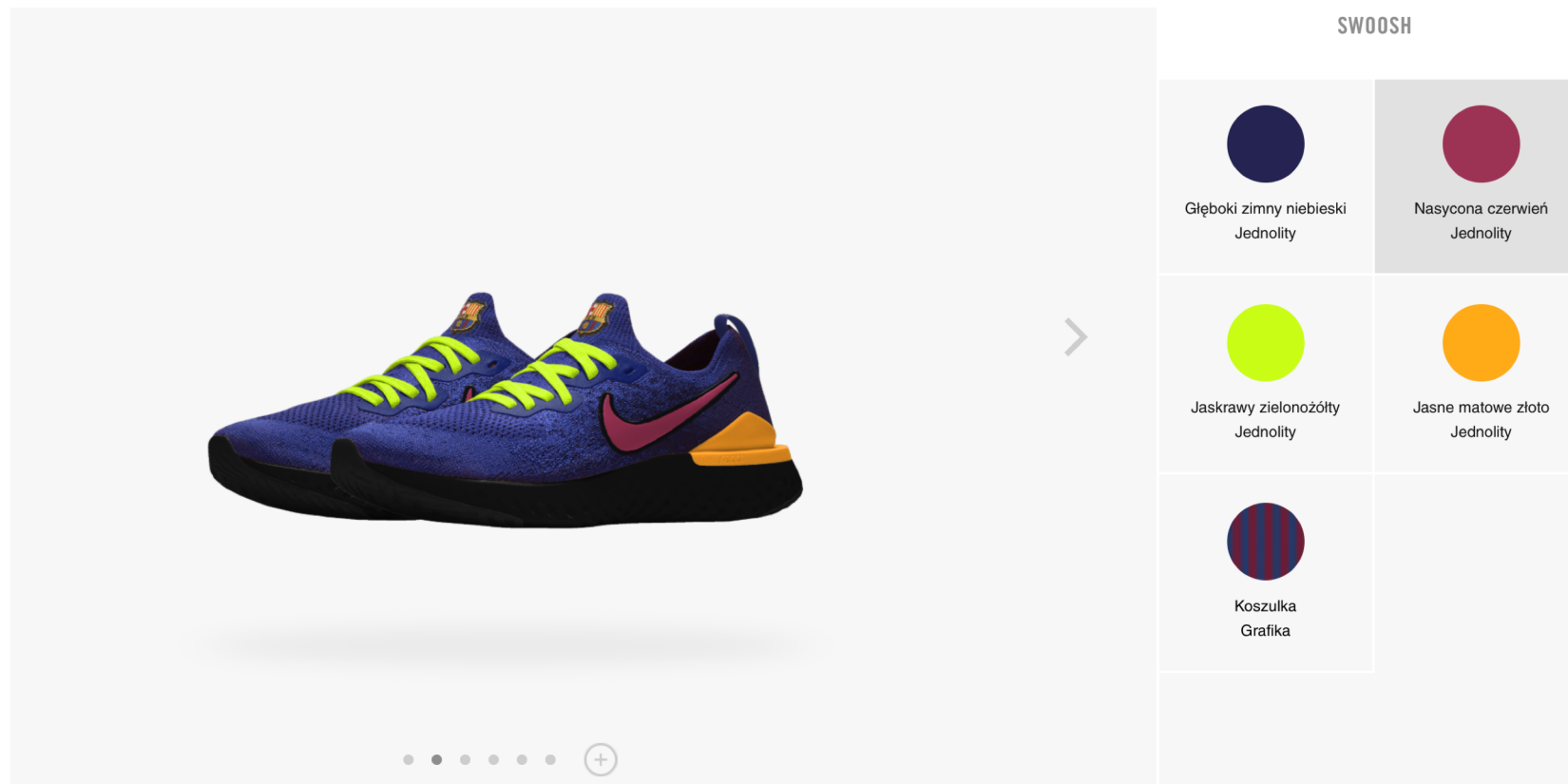
# Micromarketing

Micromarketing sometimes becomes **individual marketing** and means tailoring products and marketing programs to the needs and preferences of individual customers (mass customization).

Mass customization is the process through which firm interact **one-to-one** with masses of customers to design products and services tailor-made to individual needs.



# Micromarketing - design your own shoes – involving customer in product development



# Micromarketing

Micromarketing is also **typical strategy on business to business (B2B) market**. Manufacturers offers can be configured in more than million specification. It is also more and more typical for individual customer because of new technology.



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**12X26X12X25= 93.600**



# Choosing a targeting strategy

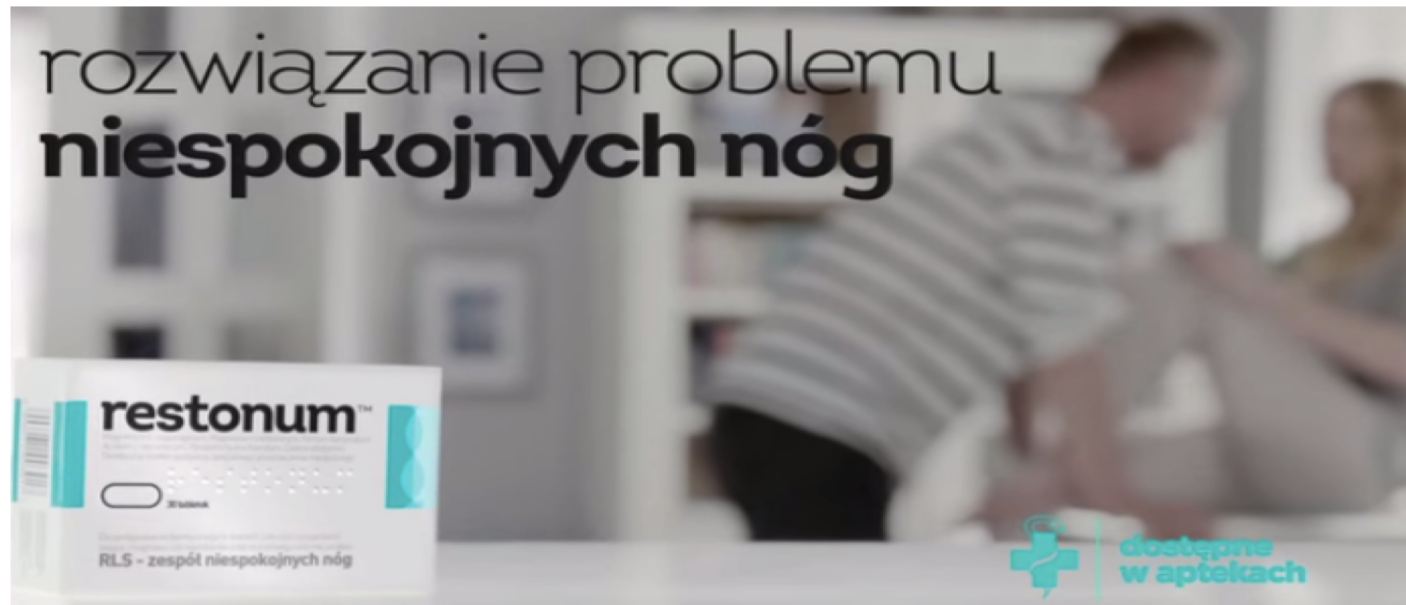
1. **Company resources** - when firm resources are limited, concentrated marketing is the best choice.
2. **Product variability** – products that can vary in design are more suited to differentiation or concentration.
3. **The product life-cycle stage** – when firm launch new product, it may be produced in one version. Best option is undifferentiated marketing or concentrated marketing.
4. **Market variability** - undifferentiated marketing is appropriate when most buyers have the same tastes and react the same way to marketing effort.
5. **Competitors' strategies** – when competitors use differentiated or concentrated strategies, effective undifferentiated marketing a firm is impossible to implement.



## Responsible target marketing

In Poland, more and more people are treated on their own so-called dietary supplements. Their producers annually invest more and more in advertising, trying to reach new customers. The industry is widely criticized for such activities.

“Drugs” will solve every problem? - restless legs during sleep





# Differentiation and positioning

- Company must decide about **value proposition** for target market.
- A product position is the way the product is defined by customers on important attributes – **the place the product occupies in customers' minds relative to competitive product.**
- Positioning is very important because **customers are overloaded with information** about product and services. To simplify buying process **customers organizes product and companies into categories** and position them in their minds.



## Differentiation and positioning

Product's position is the complex set of **perceptions, impressions and feelings that customers have** for the product compared with competing product.

“Products are created in the factory, but brands are created in the mind”



Positioning – What is the difference between the positioning of each brands?



**SAMSUNG**

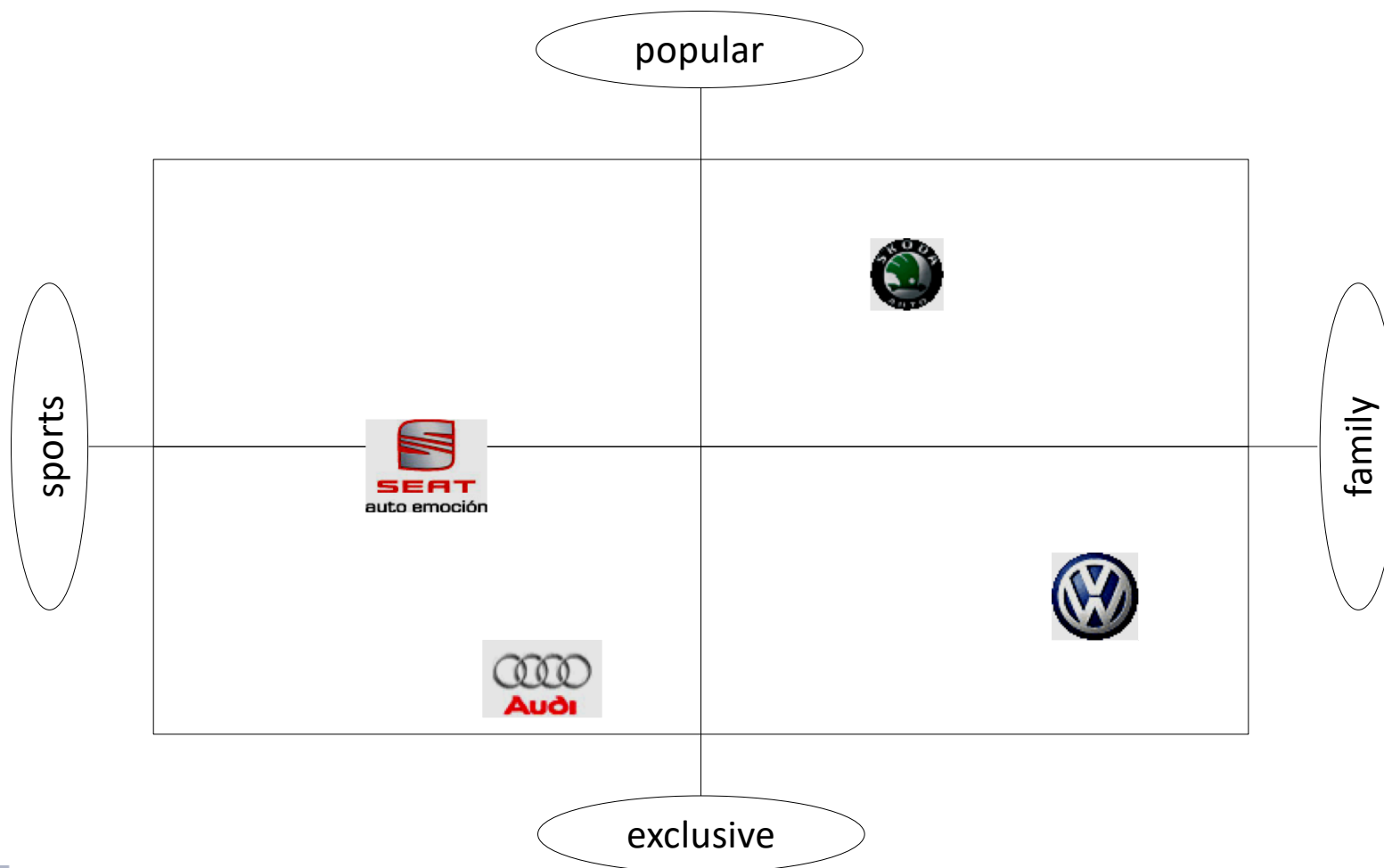


# Positioning maps

- Company must **plan positions** that will give their product the advantage in the selected target market.
- Marketers often **prepare perceptual positioning maps**, which show customer perception of their brands versus competing products on **important buying dimensions** (e.g. high-low price, common-luxury).
- Two or more firms may go after **the same position**. Each must differentiate its offer by building a **unique bundle of benefits** that appeal substantial group within a segment.
- Positioning consists three steps: **identifying a set of differentiating competitive advantages, choosing the right competitive advantage, selecting positioning strategy.**



# Hypothetical perception maps



# Identifying competitive advantages

- Company must understand consumers need better than competitors do and deliver more customer value. **If company promises the best quality, it must differentiate the product so that it delivers the promised quality.**
- To find points of differentiation, marketers **must think through consumer's entire experience with the company product or services.** Company can find ways to differentiate itself at **every customer contact points – products, services, channels, people or image.**
- The product can be differentiated by brand based on **performance, style and design.** The firm may differentiate **the services** that accompany the product – **speedy, convenient.** Channel differentiation gains competitive advantage through **channel design and expertise.** Brand image should convey the product's distinctive benefit and positioning.



# Audi - advantage through technology



# Alior Bank positioning

## Colors:

- Yellow, gold - sun and prosperity,
- Burgundy - confidence, quality, experience.



### NASZA NAZWA I LOGO

**Nasze kolory:**  
symbolizują:

- Żółty/złoty - słońce, dobrobyt
- Burgund - pewność, jakość, doświadczenie

**Nasza nazwa:**

- Kojarzy się z klasyką, tradycją, bogactwem i siłą

**Nasze logo:**

- Stylizowany Anioł
- Symbolizuje ochronę, bezpieczeństwo, siłę i zaufanie
- 2 kwadraty odzwierciedlają doskonałość, solidność oraz partnerskie relacje pomiędzy Klientami i bankiem

The name is associated with the classic, tradition, wealth and power.

- A stylized angel symbolizes protection, security, strength and trust
- Two squares symbolize the partnership relations between the customer and the bank





# Choosing right competitive advantages

- Many marketers think, that company **should promote only one benefit** to the target market. **Buyers tend to remember one attribute** better in overcommunicated society;
- Other marketers think that companies should **position themselves on more than one differentiator**. This may be necessary when one or more firm claiming to be best on the same attribute.
- Today when the mass market is fragmenting into many small segments, companies are trying **to broaden their positioning strategies to appeal to more segments**.



# Which differences to promote

- **Important** – The difference delivered a highly valued benefit to target consumers'
- **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 can not easily copy the difference.
- **Affordable** – buyers can afford to pay for the difference.
- **Profitable** – The company can introduce the difference profitable.



Thank you for your attention

