

#9_Identifying Market Segments and Targets

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BASES FOR SEGMENTING CONSUMER MARKETS

Market segment

A group of customers who share a similar set of needs and wants

Geographic segmentation

Demographic
segmentation

Psychographic
segmentation

Behavioral segmentation

BASES FOR SEGMENTING CONSUMER MARKETS

Geographic segmentation

- ♣ Geographical units (nations, states, regions, counties, cities, or neighborhoods)
- ♣ Nielsen Claritas' PRIZM (education and affluence; family life cycle; urbanization; race and ethnicity; mobility)

TABLE 9.2

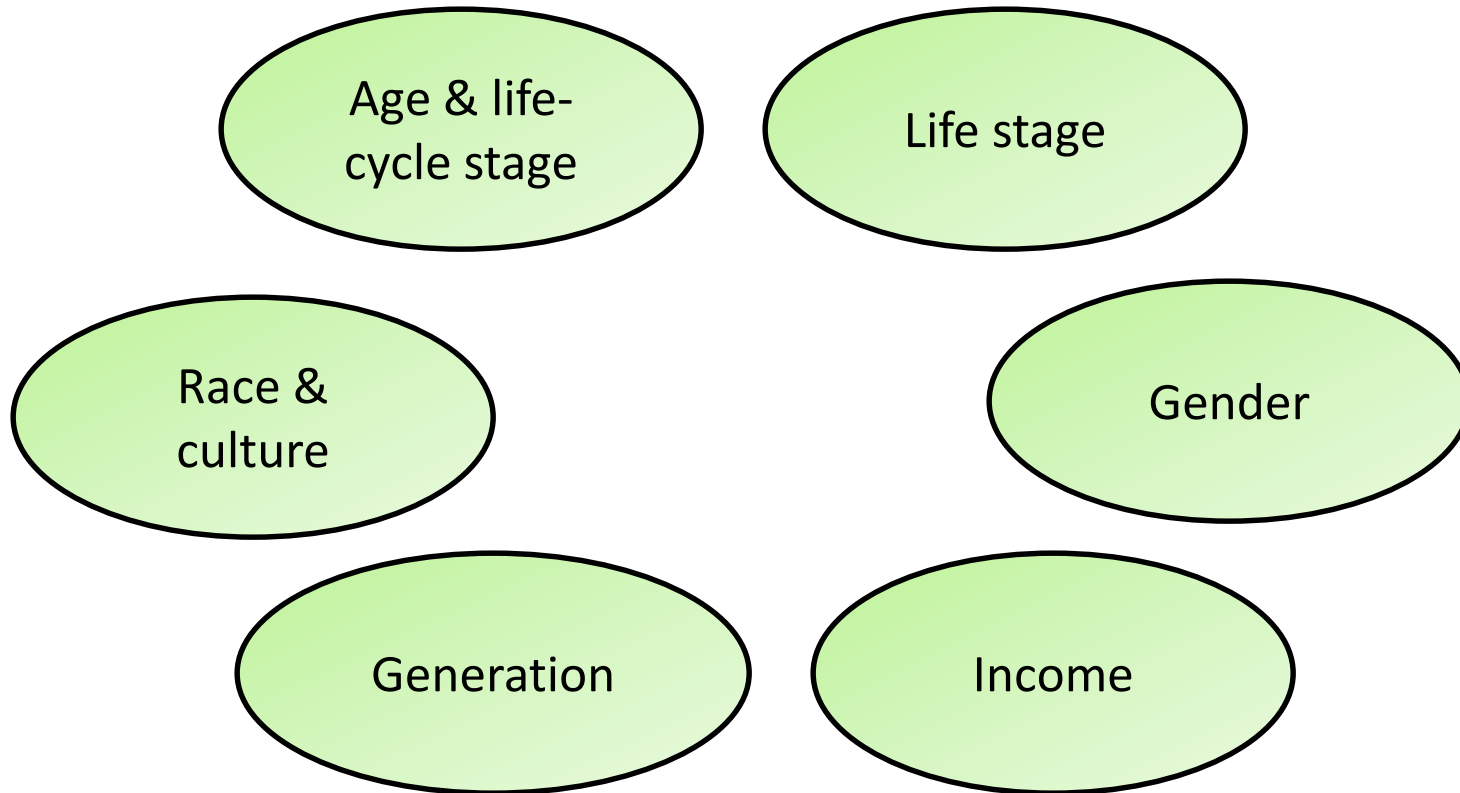
Examples of PRIZM Clusters

- **Young Digerati.** Young Digerati are the nation's tech-savvy singles and couples living in fashionable neighborhoods on the urban fringe. Affluent, highly educated, and ethnically mixed, they live in areas typically filled with trendy apartments and condos, fitness clubs and clothing boutiques, casual restaurants, and all types of bars—from juice to coffee to microbrew.
- **Beltway Boomers.** One segment of the huge baby boomer cohort—college-educated, upper-middle-class, and home-owning—is Beltway Boomers. Like many of their peers who married late, these boomers are still raising children in comfortable suburban subdivisions and pursuing kid-centered lifestyles.
- **The Cosmopolitans.** Educated, midscale, and multiethnic, the Cosmopolitans are urbane couples in America's fast-growing cities. Concentrated in a handful of metros—such as Las Vegas, Miami, and Albuquerque—these households feature older homeowners, empty nesters, and college graduates. A vibrant social scene surrounds their older homes and apartments, and residents love the nightlife and enjoy leisure-intensive lifestyles.



BASES FOR SEGMENTING CONSUMER MARKETS

Demographic segmentation



BASES FOR SEGMENTING CONSUMER MARKETS

Demographic segmentation: Age and life-cycle stage

Our wants and abilities change with age



Demographic segmentation: Life stage

A person's major concern

My Wedding Budget						
1	A	B	C	D	E	F
2	http://www.vortec42.com/ExcelTemplates/wedding-budget.html					
3						
4		Estimated	Actual			
5	Total Expense	\$ -	\$ -			
6						
7		Estimated	Actual		Estimated	Actual
8	Apparel	300.00		Ceremony	150.00	
9	Gown			Clergy		
10	Bridal Shoes			Location fee		
11	Bridal sash			Alter decorations		
12	Lingerie			Chair/pew rental		
13	Hosiery			Pew/chair decorations		
14	Jewelry			Guest book/pin		
15	Bridal Headpiece/Veil			Ring bearer pillow		
16	Bridal gloves			Flower girl basket		
17	Bridesmaid dresses			Unity candle		
18	Bridesmaid accessories			Aisle runner		
19	Bridesmaid shoes			Ushers		
20	Groom's tux			Gratuity		
21	Groomsmen tuxes			Transportation		
22	Garters			Childcare		
23	Gown preservation			Total Ceremony		
24	Alterations					
25	Going-away outfit				Estimated	Actual
26	Honeymoon clothes			Rehearsal dinner	400.00	
27	Children's apparel			Caterer		
28	Total Apparel			Bartender		
29				Liquor		
30		Estimated	Actual	Tables/chairs		
31	Flowers	200.00		Decorations		
32	Brides bouquet			Security		
33	Bridesmaids bouquets			Music		
34	Courages			Sound system		
35	Bouquiers			Guest parking		
36	Reception centerpieces			Dishes		
37	Alterpiece			Centerpieces		
38	Pew/chair bows			Linens		
39	Throw away bouquet			Food		



BASES FOR SEGMENTING CONSUMER MARKETS

Demographic segmentation: Gender

Men and women have different attitudes and behave differently



Demographic segmentation: Income

Long-standing practice



What Women Want

What types of brands do they interact digitally with?





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BASES FOR SEGMENTING CONSUMER MARKETS

Demographic segmentation: generation

Generation Z



Baby Boomers



Generation Y (Millennials)



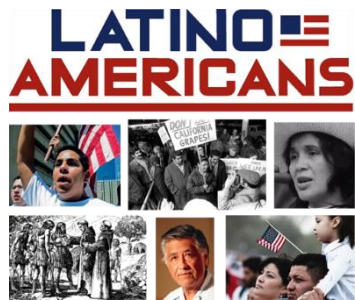
Generation X



BASES FOR SEGMENTING CONSUMER MARKETS

Demographic segmentation: race and culture

Hispanic-Americans

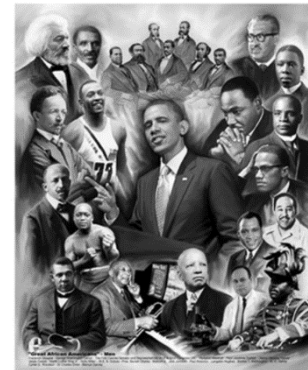


Asian-Americans

THE RISE OF
Asian Americans



African-Americans



LGBT

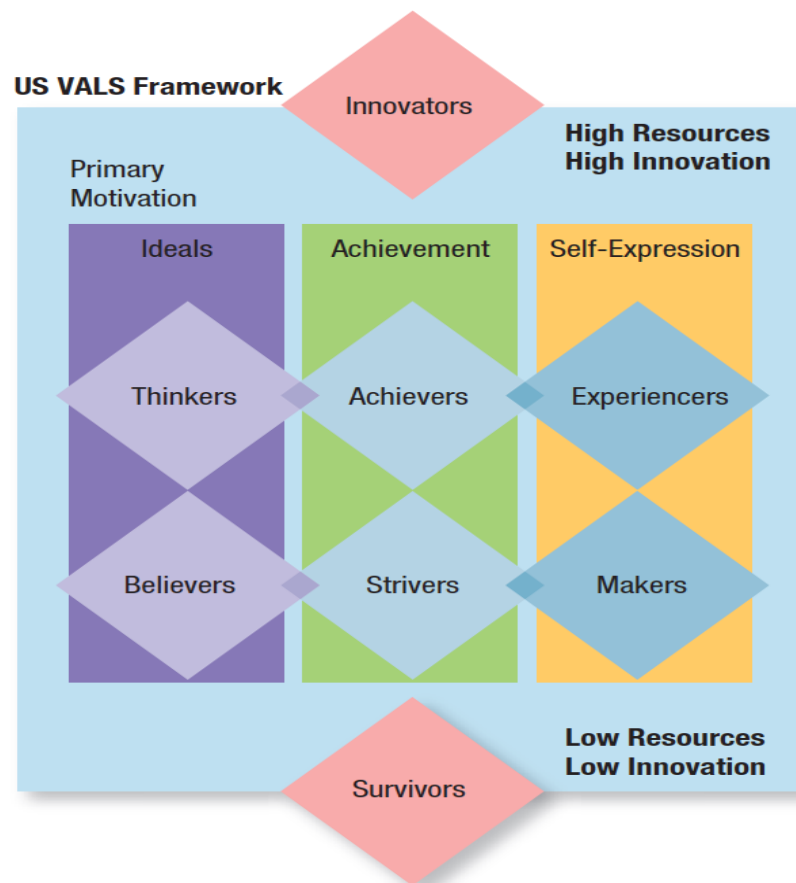


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BASES FOR SEGMENTING CONSUMER MARKETS

Psychographic segmentation



Behavioral segmentation

Marketers divide buyers into groups on the basis of their knowledge of, attitude toward, use of, or response to a product

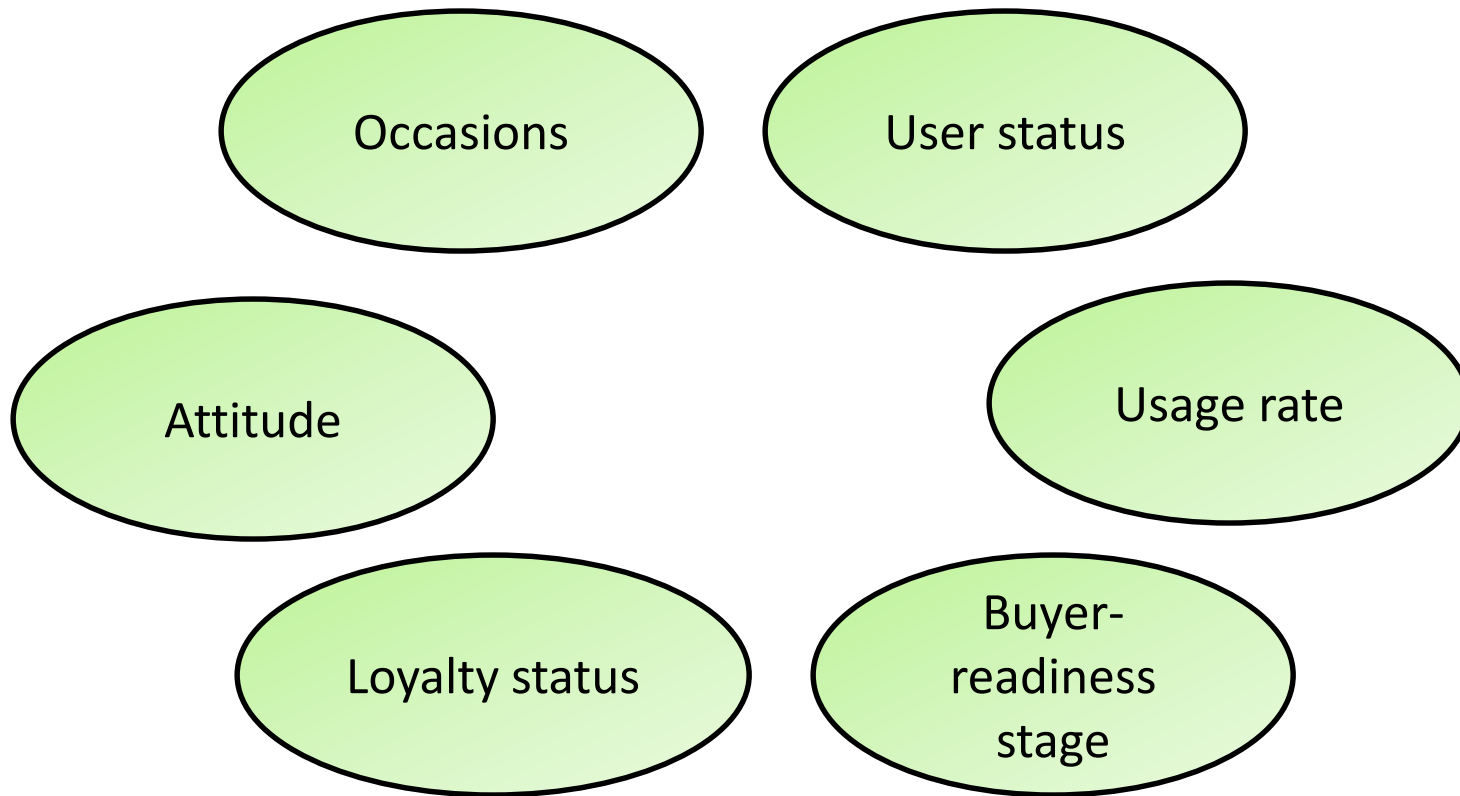
Needs and benefits

- ♣ Enthusiast
- ♣ Image seeker
- ♣ Savvy shoppers
- ♣ Traditionalist
- ♣ Satisfied Sippers
- ♣ Overwhelmed

Decision roles

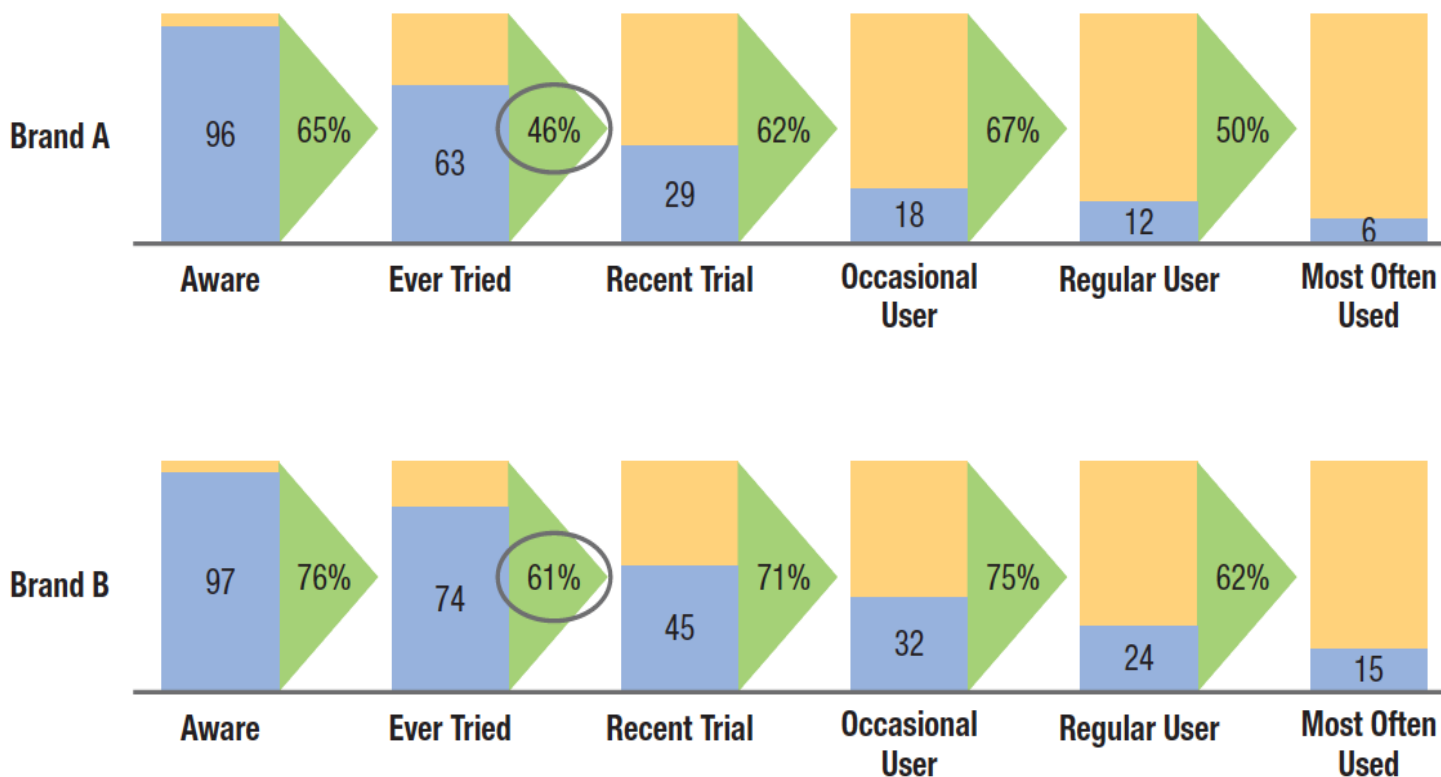
- ♣ Initiator
- ♣ Influencer
- ♣ Decider
- ♣ Buyer
- ♣ User

Behavioral segmentation: User and User-related variables



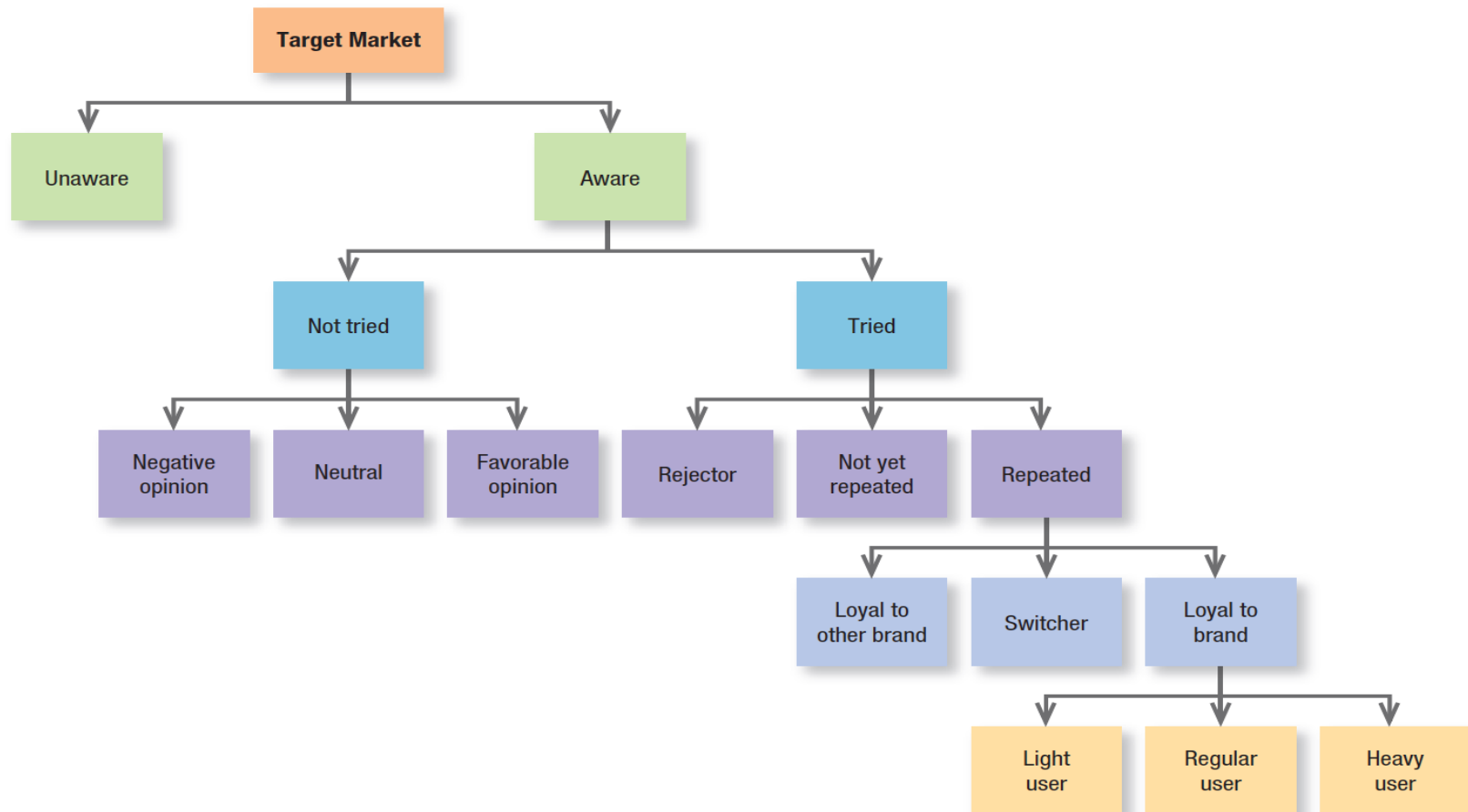
BASES FOR SEGMENTING CONSUMER MARKETS

Marketing Funnell (buyer readiness stage)



BASES FOR SEGMENTING CONSUMER MARKETS

Behavioral Segmentation Breakdown (Multiple bases)



HOW SHOULD BUSINESS MARKETS BE SEGMENTED?

Market targeting

TABLE 9.6

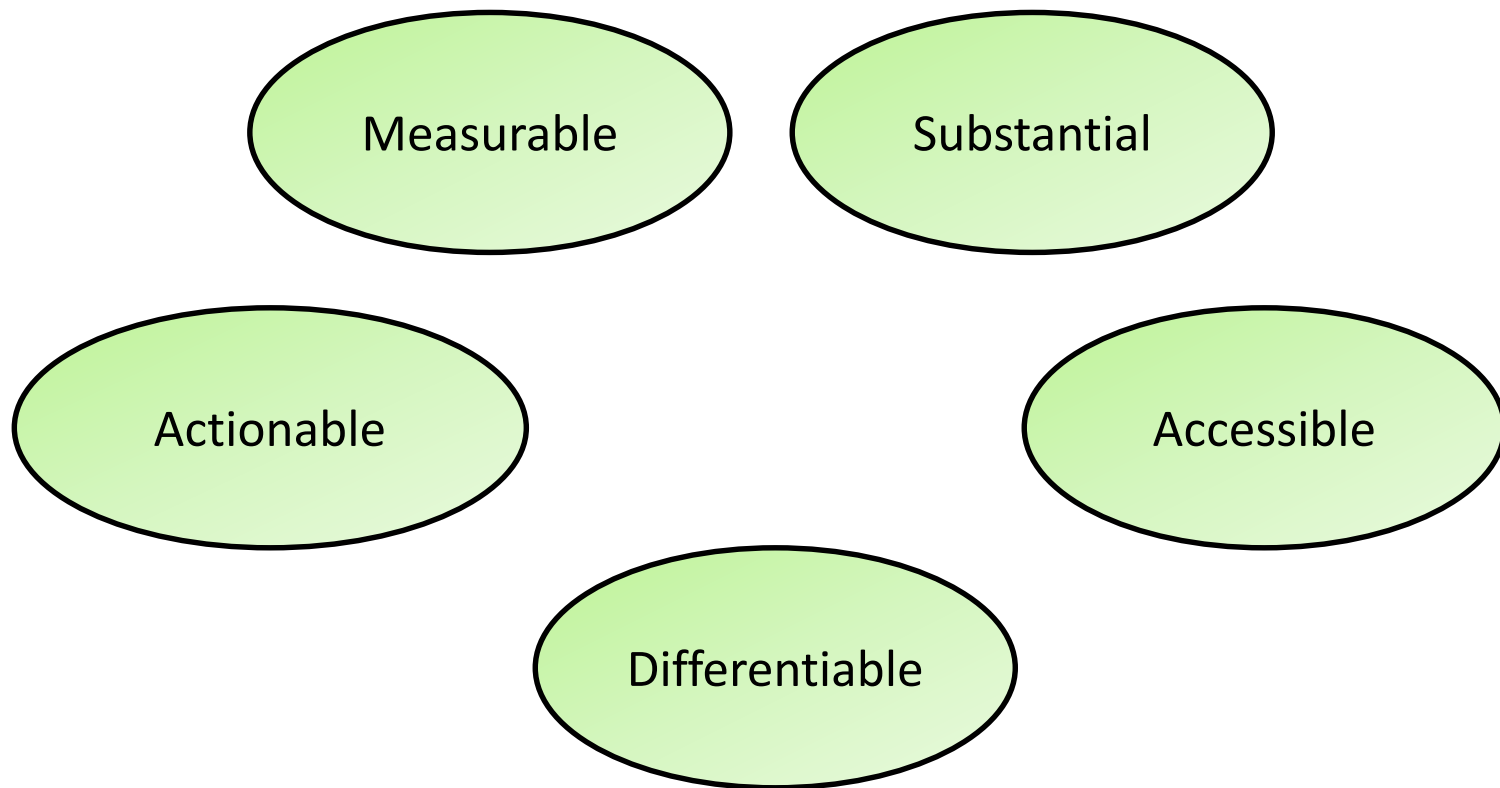
Steps in the Segmentation Process

	Description
1. Needs-Based Segmentation	Group customers into segments based on similar needs and benefits sought by customers in solving a particular consumption problem.
2. Segment Identification	For each needs-based segment, determine which demographics, lifestyles, and usage behaviors make the segment distinct and identifiable (actionable).
3. Segment Attractiveness	Using predetermined segment attractiveness criteria (such as market growth, competitive intensity, and market access), determine the overall attractiveness of each segment.
4. Segment Profitability	Determine segment profitability.
5. Segment Positioning	For each segment, create a “value proposition” and product-price positioning strategy based on that segment’s unique customer needs and characteristics.
6. Segment “Acid Test”	Create “segment storyboard” to test the attractiveness of each segment’s positioning strategy.
7. Marketing-Mix Strategy	Expand segment positioning strategy to include all aspects of the marketing mix: product, price, promotion, and place.

PRIZM
CLUSTERS

HOW SHOULD BUSINESS MARKETS BE SEGMENTED?

Effective segmentation criteria

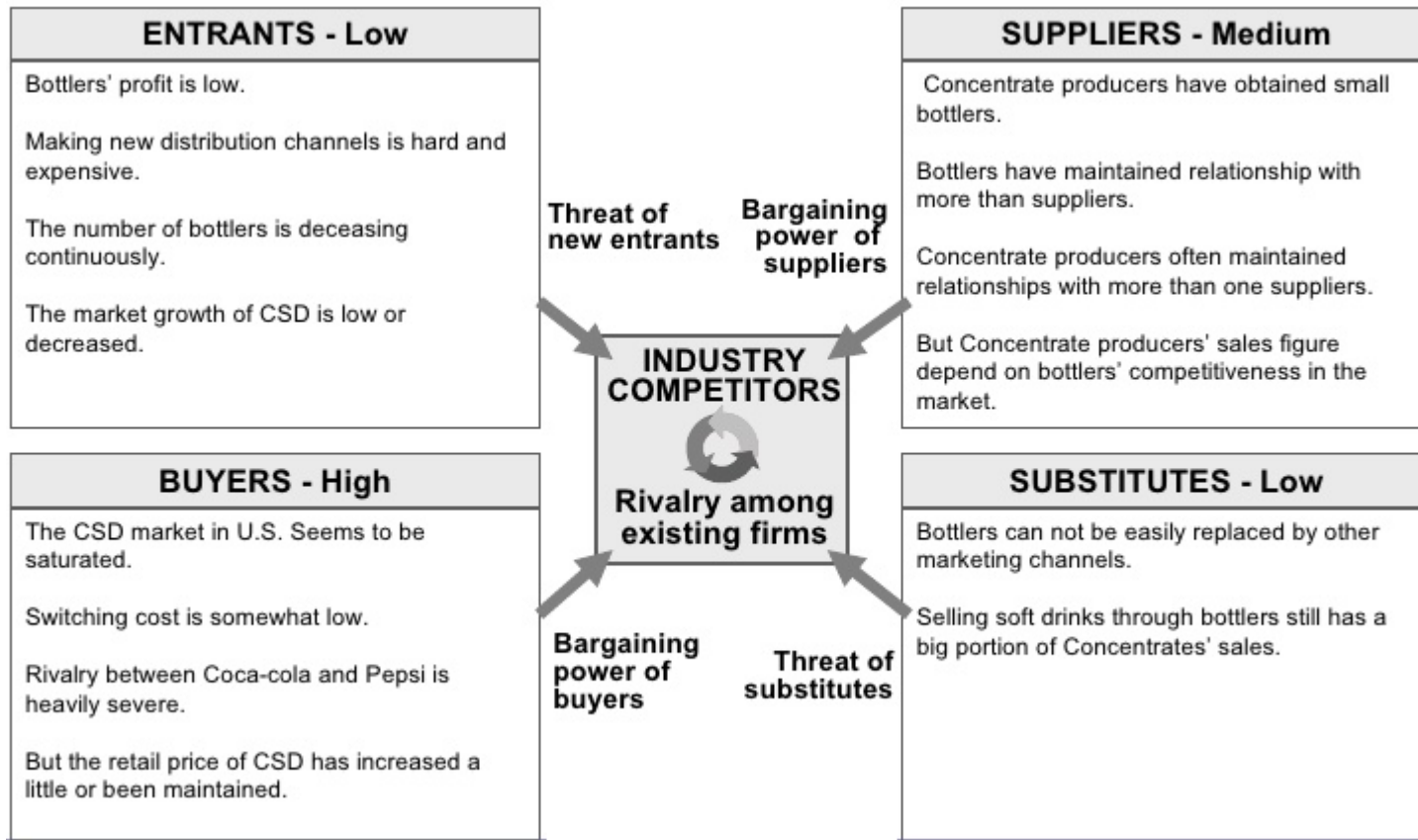




HOW SHOULD BUSINESS MARKETS BE SEGMENTED?



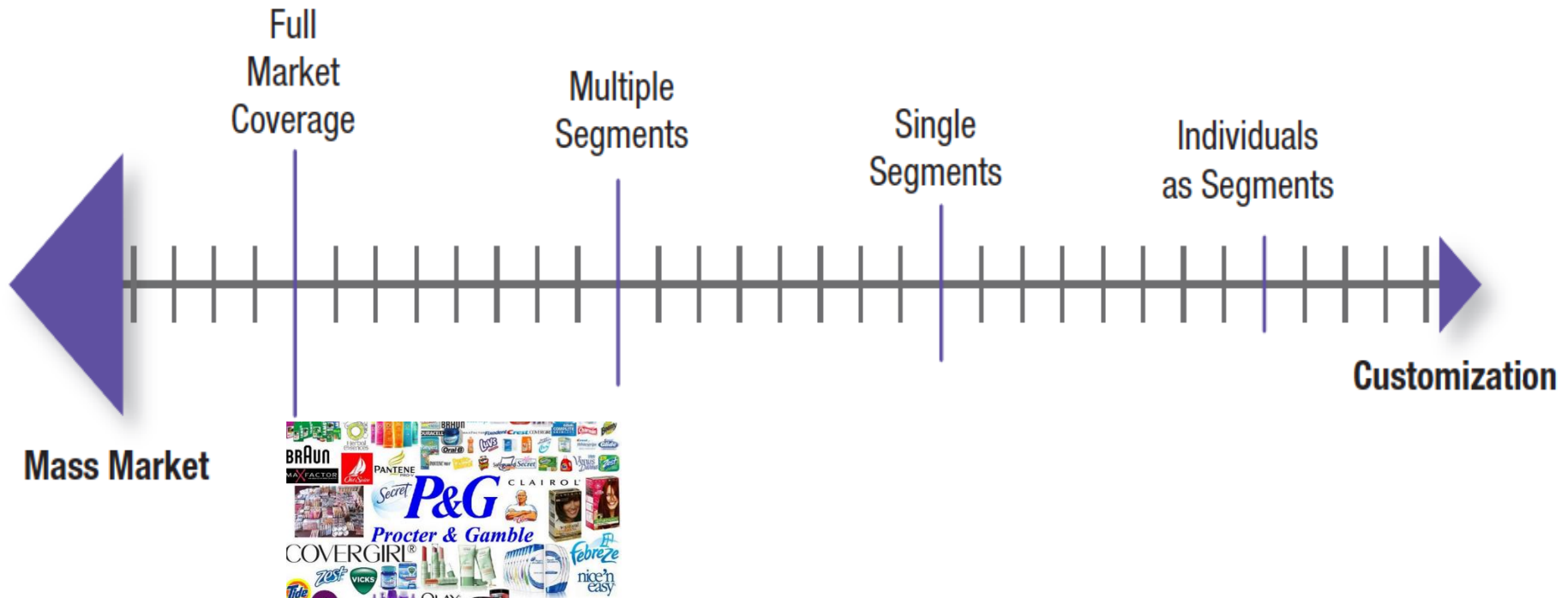
Porter's five forces



HOW SHOULD BUSINESS MARKETS BE SEGMENTED?

Evaluating & Selecting the Market Segments

Levels of segmentation



HOW SHOULD BUSINESS MARKETS BE SEGMENTED?

Legal and ethical issues

Marketers must avoid consumer backlash

- ♣ Labeling consumers



- ♣ Vulnerable groups



- ♣ Disadvantaged groups

- ♣ Potentially harmful products



Thank you for your kind attention!



(Have A Nice Day!)

(Have A Nice Day!)