

INTRODUCTION TO MARKETING

WEEK 5

Agenda

1. Project submission
2. What did we cover last time B2C
3. Continue chapter 6 B2B
4. Case study: Oracle
5. Chapter 7: Segmentation, Targeting and Positioning
6. Case Study p.205 Word of Mouth Marketing
7. Quiz 2 (@7:55pm)

Leaving B2C aside lets focus on B2B

REST OF CHAPTER (6)

Business Markets and Business Buyer behavior

Business-to-Business (B2B):

- Buying behaviour of firms that buy products to produce other products or to resell to others
- B2B market is huge and involves far more dollars and items than consumer markets



Business Markets

Market Structure and Demand:

- Fewer but larger buyers
- Demand is **derived** from consumers

Nature of the Buying Unit:

- More decision participants
- Professional buying effort

Types of Decisions

- More complex & formal decisions



Business Buyer Behaviour

FIGURE 6.6 Business Buyer Behaviour Model



Major Types of Buying Situations

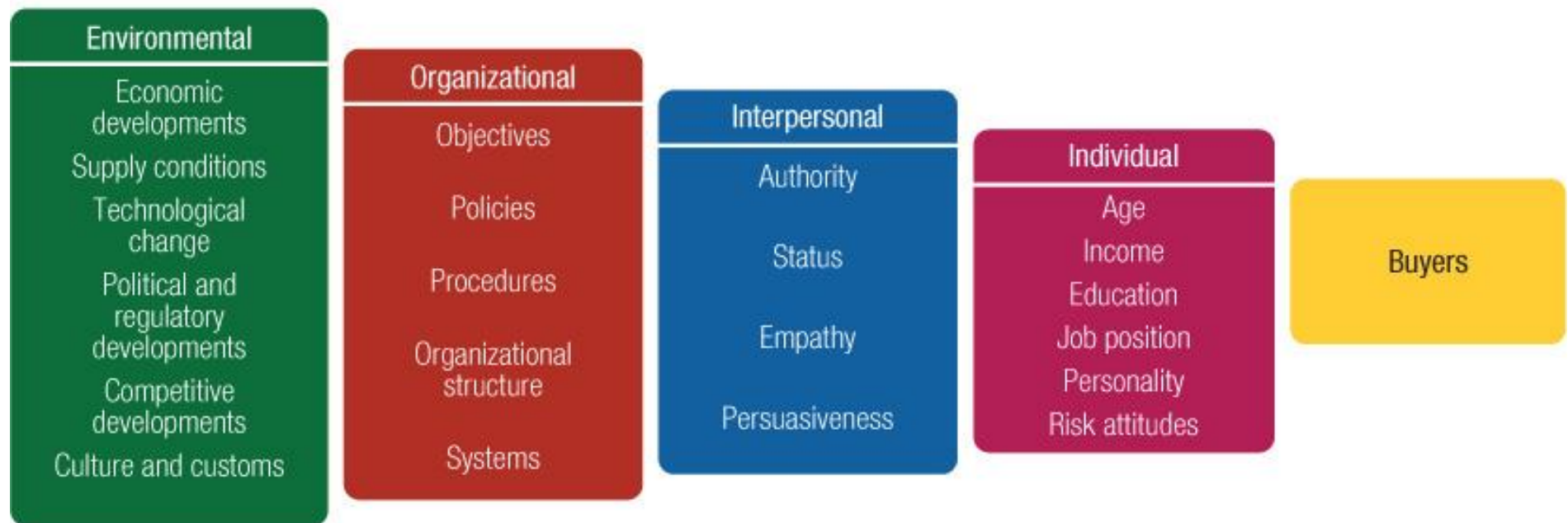
Buying decisions	Def	In	Out
Straight rebuy	Buyer routinely reorders something without any modifications	Try to maintain a product and service quality	Find new ways to add value or exploit dissatisfaction
Modified rebuy	Buyer modifies product specifications, prices, terms, or suppliers	Feel nervous and pressured to put best foot down to protect an account	Opportunity to make a better offer and gain new business
New task	Buyer purchases a product or service for the first time		

System and solution selling



Major Influences on Business Buyer Behavior

FIGURE 6.7 Major Influences on Business Buyer Behaviour



Stages of the Business Buying Process

FIGURE 6.8 Stages of the Business Buying Process



To recap

B2C:

Factors influencing consumers purchase (internal: personal and psychological) (external, cultural and social)

Steps in purchase decision

What about innovative/new products in the market.

B2B:

Factors influencing business purchase

Types of B2B purchases

Steps in purchase decision

CHAPTER 7

Segmentation, Targeting, and Positioning

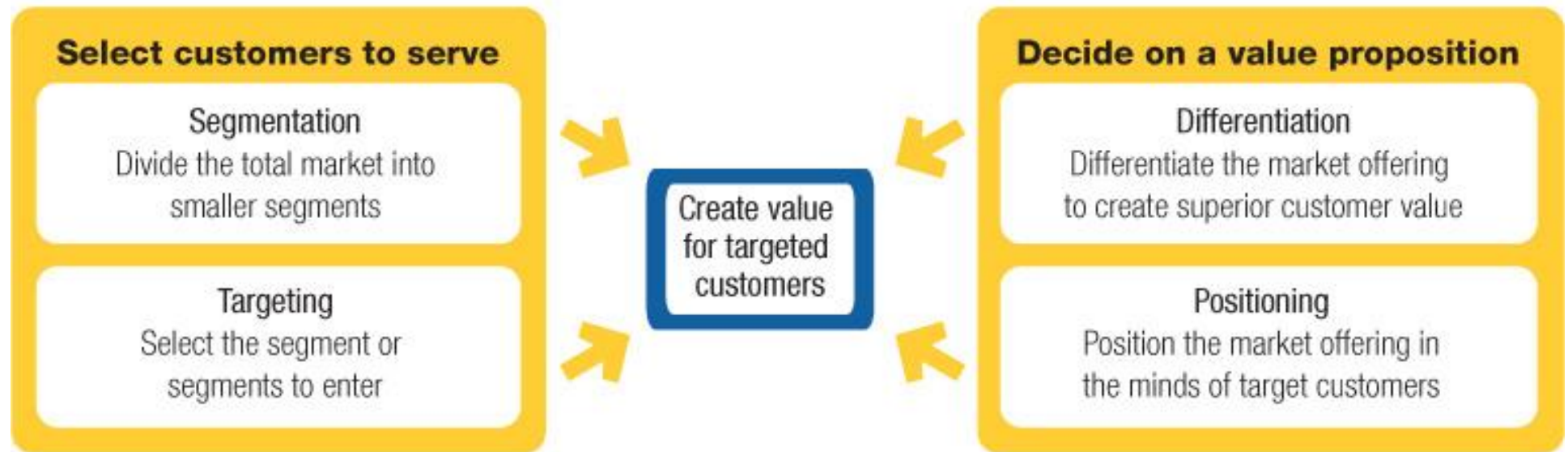


Chapter 7: Learning Objectives

1. Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.
2. List and discuss the major bases for segmenting consumer and business markets.
3. Explain how companies identify attractive market segments and choose a market-targeting strategy.
4. Discuss how companies differentiate and position their products for maximum competitive advantage.

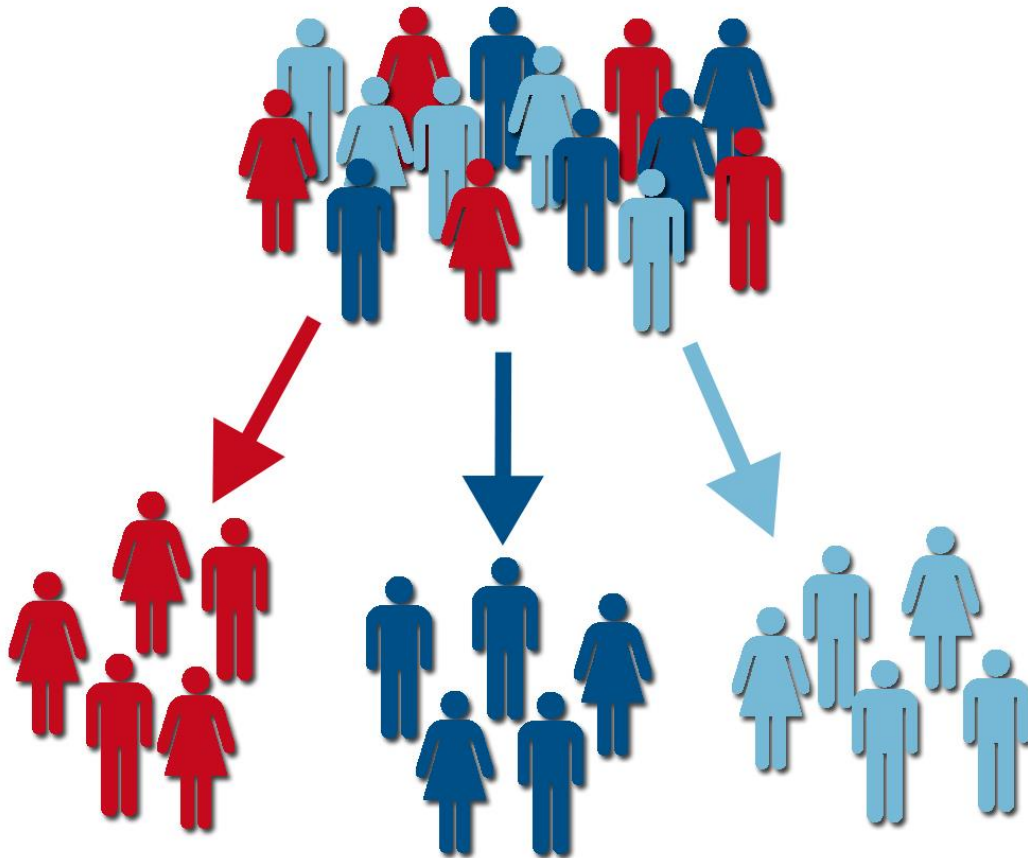
Designing a Customer-Driven Marketing Strategy

FIGURE 7.1 Designing a Customer-Driven Marketing Strategy



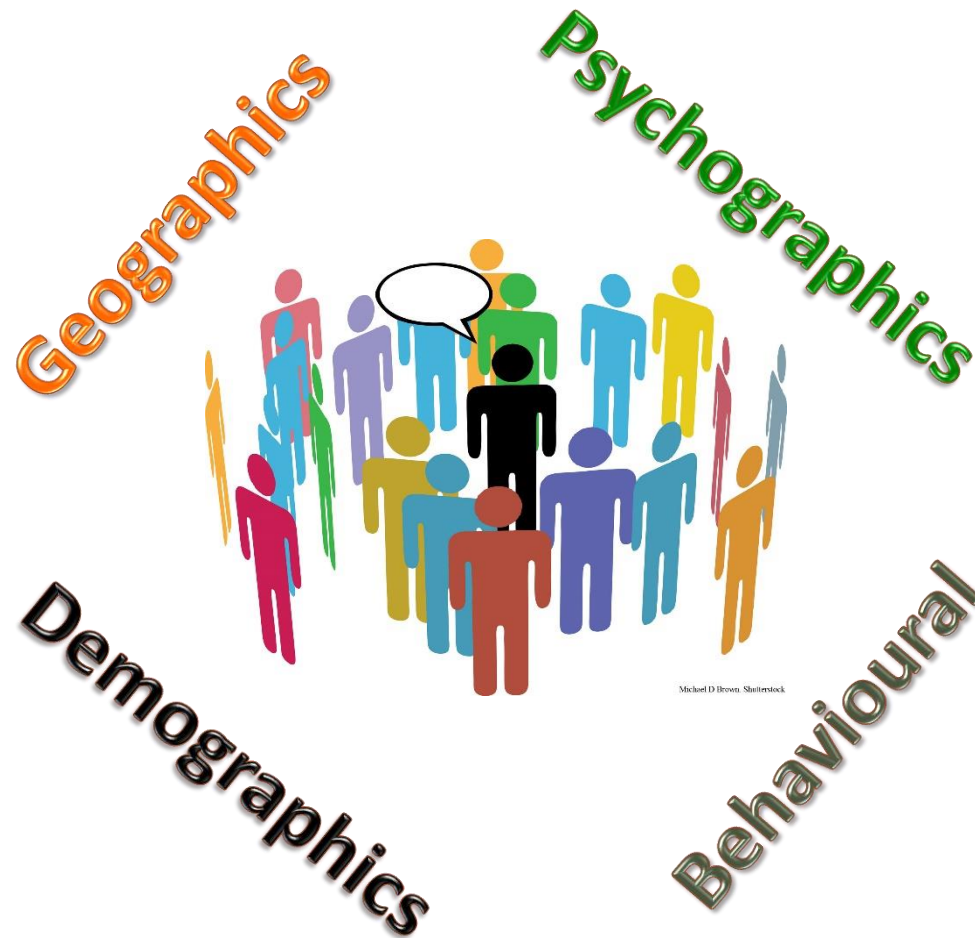
Step (1): Segmentation

Market Segmentation



Grouping buyers based on **needs**, **traits**, or **behaviors** that might require separate marketing strategies or mixes

Bases for Segmentation



Geographic Segmentation

Global regions

Countries

Region of
country

Provinces

Cities

Neighbourhoods

Geographic Segmentation

World region	North America, South America, Western Europe, Eastern Europe, the British Isles, the Middle East, the Pacific Rim, Asia, Southeast Asia, Africa, Australia
Country	Canada, the United States, Brazil, England, China, and so on
Region of the country	The Maritimes, the Prairie provinces, Southern Ontario, Victoria and the Gulf Islands, Quebec
Population size	Under 5000; 5000–250 000; 250 000–500 000; 500 000–1 000 000; over 1 000 000, and so on
Type of region	Urban, suburban, rural, mountainous, far north, ocean/beaches, and so on



Lamb burger:
India

Macarabia:
Middle East

Teriyaki
burger: Japan

Chilli sauce:
Mexico



Courtesy Yukon Brewing



Exhibit 7.1 Geographic segmentation: Yukon Brewing produces colourfully named products like Yukon Gold and Yukon Red, made especially for Yukoners who prefer to drink their beer from a can.

Demographic Segmentation

Gender, Age and Life-Cycle

Household Income

Ethnic or Cultural Group

Tastes
evolve
with age

Unserviced
segments might
be opportunities



Race,
religion,
language



17.88

15.96



Demographic Segmentation

Age	Under 6, 6–12, 13–19, 20–34, 35–49, 50–64, 65+; or children, teens, young adults, middle-aged, seniors
Gender	Male, female
Family size	2, 3, 4, 5, more than 5
Life cycle	Young couple, young couple with children, single-parent family, older couple with grown children, divorced, and so on
Household income (HHI)	Under \$20 000; \$20 000–\$50 000; \$50 000–\$100 000; over \$100 000, and so on
Occupation	Professional, union worker, academic, small business owner, sales, farming/fishing, student, retired, homemaker, unemployed
Education	High school, college or trade school, university undergraduate, post-graduate
Ethnic or cultural group	African, Canadian, American, Chinese, Japanese, Korean, Caribbean/West Indies, East Indian, Filipino, Greek, Italian, German, Portuguese, Muslim, Jewish, Inuit, Métis, North American Indian
Generation	Baby boomer, Generation X, Millennial

Psychographic Segmentation

Social class

Lifestyle

Personality
characteristics

Psychographic Segmentation

Social class

Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers

Lifestyle

Athletic/outdoors type, active suburban family, student, single urban professional, and so on

Personality

Highly organized and detail oriented; outgoing and adventurous; creative or artistic; quiet and solitary; ambitious, and so on

SUBWAY 🍌 Veggie Delite
Veggie Patty Subway Sandwich



Don't leave
your
adventures
HANGING.

A pair of brown Timberland boots hanging from a rope. The boots are made of a textured material, possibly suede or nubuck, and have a thick, treaded sole. The laces are dark and appear to be made of a durable material. The background is a blurred outdoor setting, suggesting an adventure or hiking theme.

Timberland 

Behavioural Segmentation

1. Occasion-based purchases
2. Benefits sought
3. User status
4. Usage rate
5. Loyalty status



St. Petersburg Times/ZUMAPRESS/Newscom

Exhibit 7.6 Occasion segmentation: Targeting consumers with products based on an occasion, like Halloween.

Behavioural Segmentation

Occasions	Regular occasion, special occasion, holiday, seasonal
Benefits	Quality, service, economy, convenience, speed
User status	Non-user, 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 toward product	Enthusiastic, positive, indifferent, negative, hostile



Walmart Save money. Live better.

Prepare with our **everyday low prices.**

Save up to \$35
When you open a Walmart Credit Card account.
See card & for more details.

SATURDAY, AUGUST 5

THE REWARDS YOU WANT

20x
faster

20x
THE OPTIMUM POINTS®
WHEN YOU SPEND \$50 OR MORE ON ALMOST ANYTHING IN THE STORE.*



FREE
feels good

GET

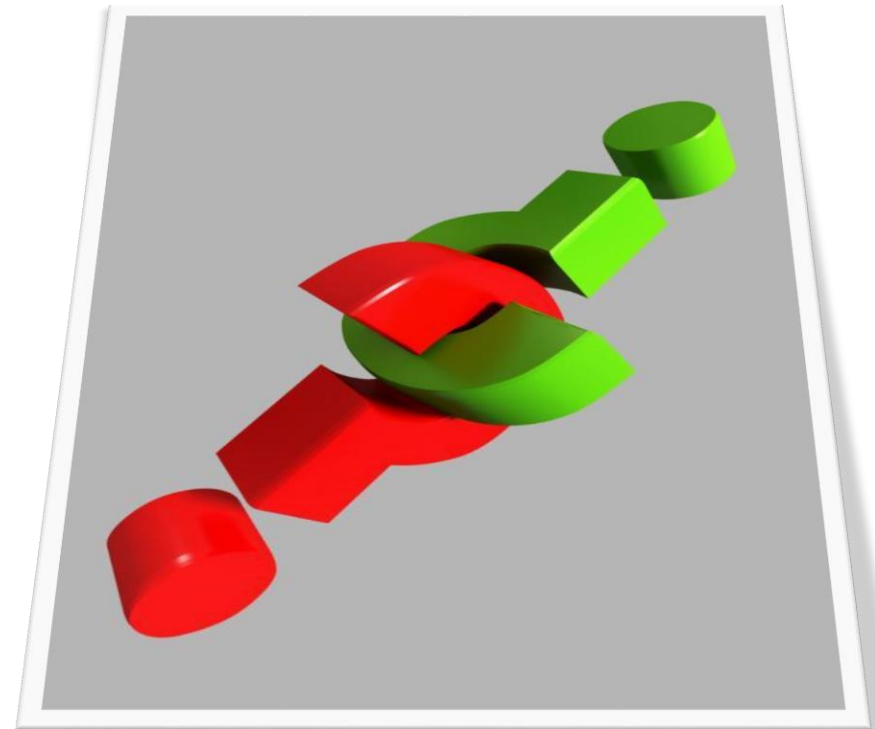
When you open a new all-inclusive banking account

Act fast. Offer ends July 31st, 2014.



Discussion Question

Do you choose one or a mix of segmentation strategies? Why?



Requirements for Effective Segmentation

1. To be effective, market segments must be:
 1. Measurable: size, purchasing power
 2. Accessible: reached and served
 3. Substantial: large or profitable enough
 4. Differentiable: are different
 5. Actionable: Effective programs can be designed for them

Step (2): Targeting

Market Targeting



Evaluating
segments

Selecting
segments

Step (1) Evaluating Market Segments

Porter five forces model



Step (2) Selecting Target Market Segments

Targeting broadly



Undifferentiated
Marketing
(Mass marketing)



Differentiated
(Segmented) Marketing



Concentrated Marketing
(Niche marketing)

Targeting narrowly



Micromarketing

Selecting Target Market Segments

Target Strategy	Definition
Undifferentiated Marketing (Mass marketing)	Firm ignores market segment differences
Differentiated (Segmented) Marketing	Firm targets several market segments and designs separate offers for each
Concentrated Marketing (Niche marketing)	Firm goes after a large share of one or a few segments or niches
Micromarketing	Firm tailors products and marketing programs to the needs of specific segments (includes local and individual marketing)

Local and Individual Marketing



© Web Pix/Alamy

Exhibit 7.11 Location-based marketing: Groupon provides local marketers with a way to advertise deals to consumers in their city.



- Wall
- Info
- Friend activity
- House Rules
- Share a Virtual Coke**

Coca-Cola Australia ▸ **Share a Virtual Coke** Like

Food/Beverages

[Home](#) [Share a virtual can](#) [150 Names & Songs](#) [Create a custom can](#)

Create a **Coke** can especially for a friend

Share a **Coke** with your **Mate**

Step 1
Select a Friend

Choosing a Targeting Strategy

Factors in choosing a targeting strategy:

- Company resources
- Product variability
- Product's life-cycle stage
- Market variability
- Competitors' marketing strategies

Socially Responsible Marketing

Caution to be taken in target marketing:

- **Social responsibility** trumps profitability if efforts are seen as exploitative or irresponsible



Jarrod Weaton/Weaton Digital, Inc.

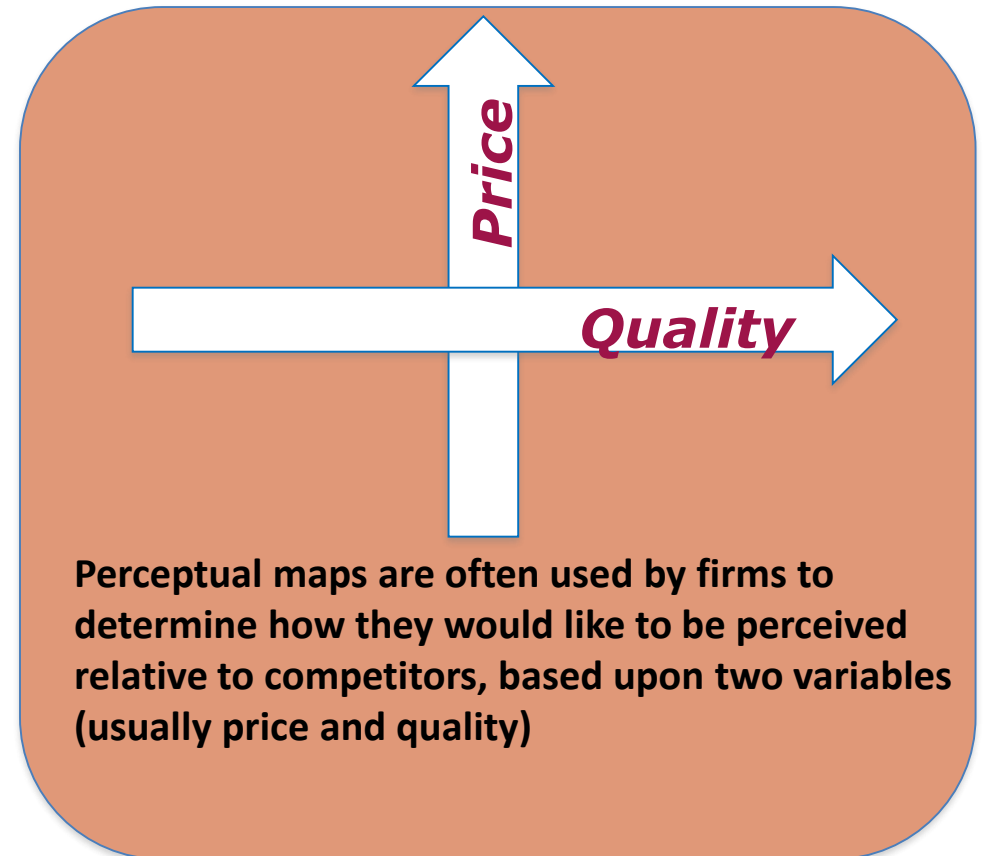
Exhibit 7.13 Socially responsible marketing: Critics worry that marketers of everything from lingerie and cosmetics to Barbie dolls are targeting young girls with provocative products.

Step (3&4): Differentiation and Positioning

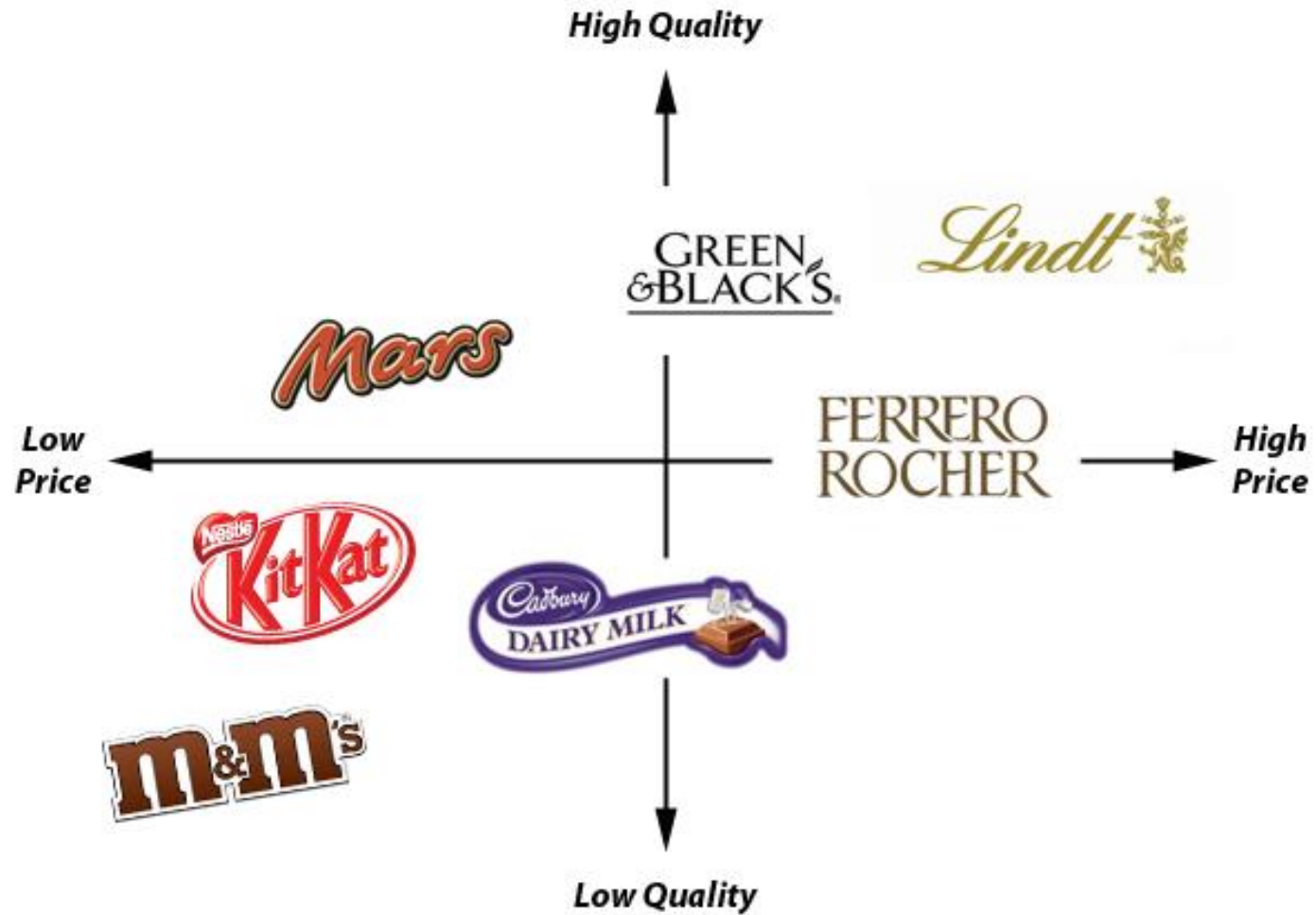
Differentiation and Positioning

Product Position:

- Consumer perception of products
- Place the product occupies in minds of consumers relative to competitors



Positioning Map



Differentiation and Positioning

A differentiation and positioning strategy involves:

- Identifying competitive advantages
- Selecting competitive advantage(s) on which to create position
- Developing a positioning strategy

Differentiation and Positioning

Identifying **competitive advantages**:

- Understand customer needs better than competitors, then deliver more value
- Points of differentiation can occur anywhere in the entire customer experience

Differentiation and Positioning

Ways to Differentiate

Product	Features, performance, style, design
Services	Expedient, convenient, cautious
Channels	Coverage, expertise, performance
People	Training, culture, morale
Image	Distinctive intangible benefits

Differentiation and Positioning

Choosing a competitive advantage upon which to base positioning

- One *unique selling proposition (USP)*
- Multiple differences

Differentiation and Positioning

Differences to promote:

- ✓ Important
- ✓ Distinctive
- ✓ Superior
- ✓ Communicable
- ✓ Preemptive
- ✓ Affordable
- ✓ Profitable



Exhibit 7.15 Positioning by points of difference: Delissio positions its frozen pizza brand by suggesting that it belongs in a different category altogether—home-delivered pizza.

Differentiation and Positioning

FIGURE 7.4 Possible Value Propositions

		Price		
		More	The same	Less
Benefits	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less

Differentiation and Positioning

Positioning statement:

- Format:

“To (target segment and need) (our brand) is (a concept) that (point of difference).”

- Example:

“To busy, mobile professionals who need to always be in the loop, BlackBerry is a wireless connectivity solution that gives you an easier, more reliable way to stay connected to data, people, and resources while on the go.”



Get together with your team...

**Write the positioning statement of
your 'NEW' Product**

Reviewing the Concepts

1. Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.
2. List and discuss the major bases for segmenting consumer and business markets.
3. Explain how companies identify attractive market segments and choose a market-targeting strategy.
4. Discuss how companies differentiate and position their products for maximum competitive advantage.

What to do for next class

1. Study chapters 6&7
2. Start preparing for your midterm exam
3. Apply what you have learnt so far on your project once you get the confirmation
4. Get a 'Product/Description of a product' that you regularly use with you to class 😊

Thank you
