8 Identifying Market Segments and Targets

Marketing Management:

An Asian Perspective
(5th edition)

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Identifying Market Segments and Targets

8

A company cannot connect with all customers in large, broad, or diverse markets. Consumers vary on many dimensions and often can be grouped according to one or more characteristics. A company needs to identify which market segments it can serve effectively. This decision requires a keen understanding of consumer behavior and careful strategic thinking. To develop the best marketing plans, managers need to understand what makes each segment unique and different.
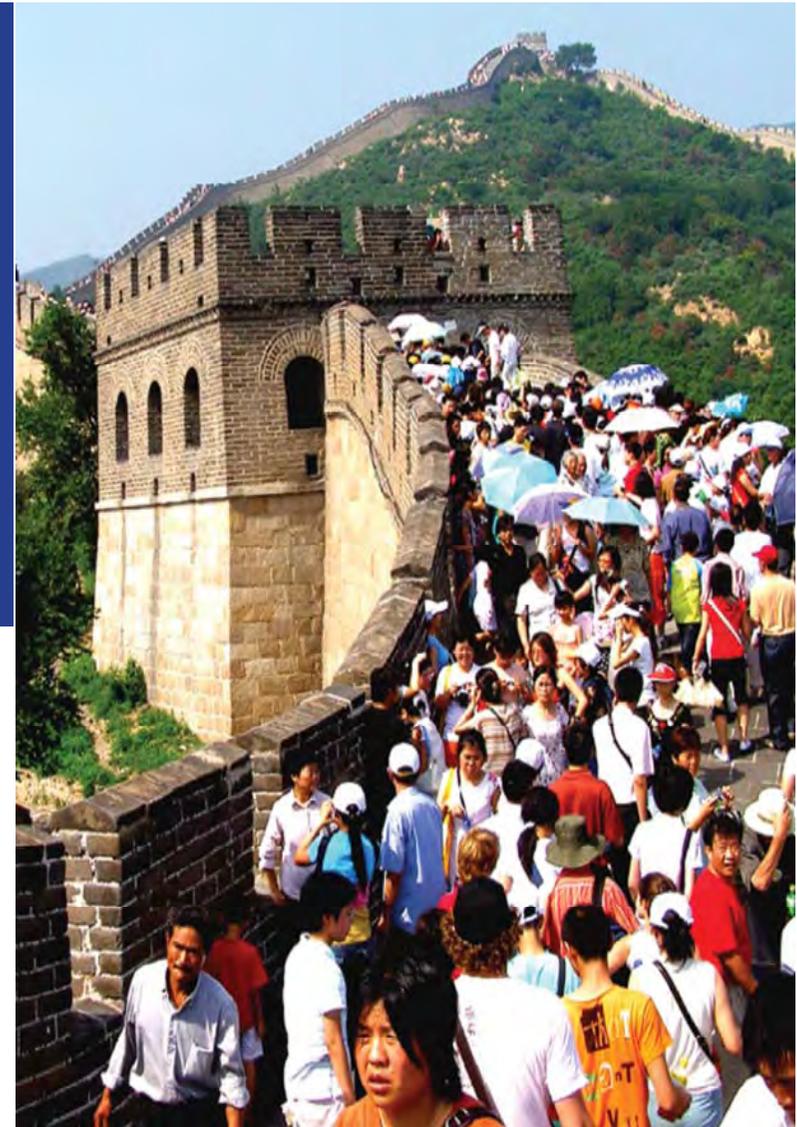
Learning Objectives:

- Know what are the different levels of market segmentation

- Know how a company can divide a market into segments

- Know how a company should choose the most attractive target markets

- Know what are the requirements for effective segmentation

Market Segments & Targets

China –
Attractive target market

WHY?

Its huge population

Or is size not necessarily the key factor?

The logic of Market Segmentation

- Companies cannot connect with all customers in large, broad, or diverse markets.

- But they can divide such markets into groups of consumers or segments with distinct needs and wants.

- A company then needs to identify which market segments it can serve effectively. This decision requires a keen understanding of consumer behavior and careful strategic thinking.

- To develop the best marketing plans, managers need to understand what makes each segment unique and different.

Target Marketing:

- To compete more effectively, many companies are now embracing target marketing. Effective target marketing requires that marketers:

  1. **Identify and profile distinct groups of buyers who differ in their needs and preferences.**

  2. **Select one or more market segments to enter.**

  3. **For each target market, establish and communicate the distinctive benefit(s) of the company's market offering.**

Mass Marketing

- The starting point for discussing segmentation is mass marketing.

- In mass marketing, the seller engages in the mass production, mass distribution, and mass promotion of one product for all buyers.

- The argument for mass marketing is that it creates the largest potential market, which leads, to the lowest costs that in turn can lead to lower prices or higher margins.

Segment Marketing

- A market segment consists of a group of customers who share a similar set of needs and wants.

- The marketer does not create the segments.

- **The marketer's task is to identify the segments and decide which one(s) to target.**

Segment Marketing

- Segment ≠ industry sector

- Segment marketing – better satisfy target market & reflect competitor's marketing

- One way - identify *preference segments*

Segment Marketing

- A flexible market offering consists of two parts:
  - A **naked solution** containing the product and service elements that all segment member's value
  - Discretionary options that some segment member's value

Market Segments

- Market segments can be defined in many different ways:

- One way to carve up a market is to identify preference segments

  - **Homogeneous preferences**

  - **Diffused preferences**

  - **Clustered preferences**

Figure 8.1 Basic Market Preference Patterns

(a) Homogeneous Preferences

(b) Diffused Preferences

(c) Clustered Preferences
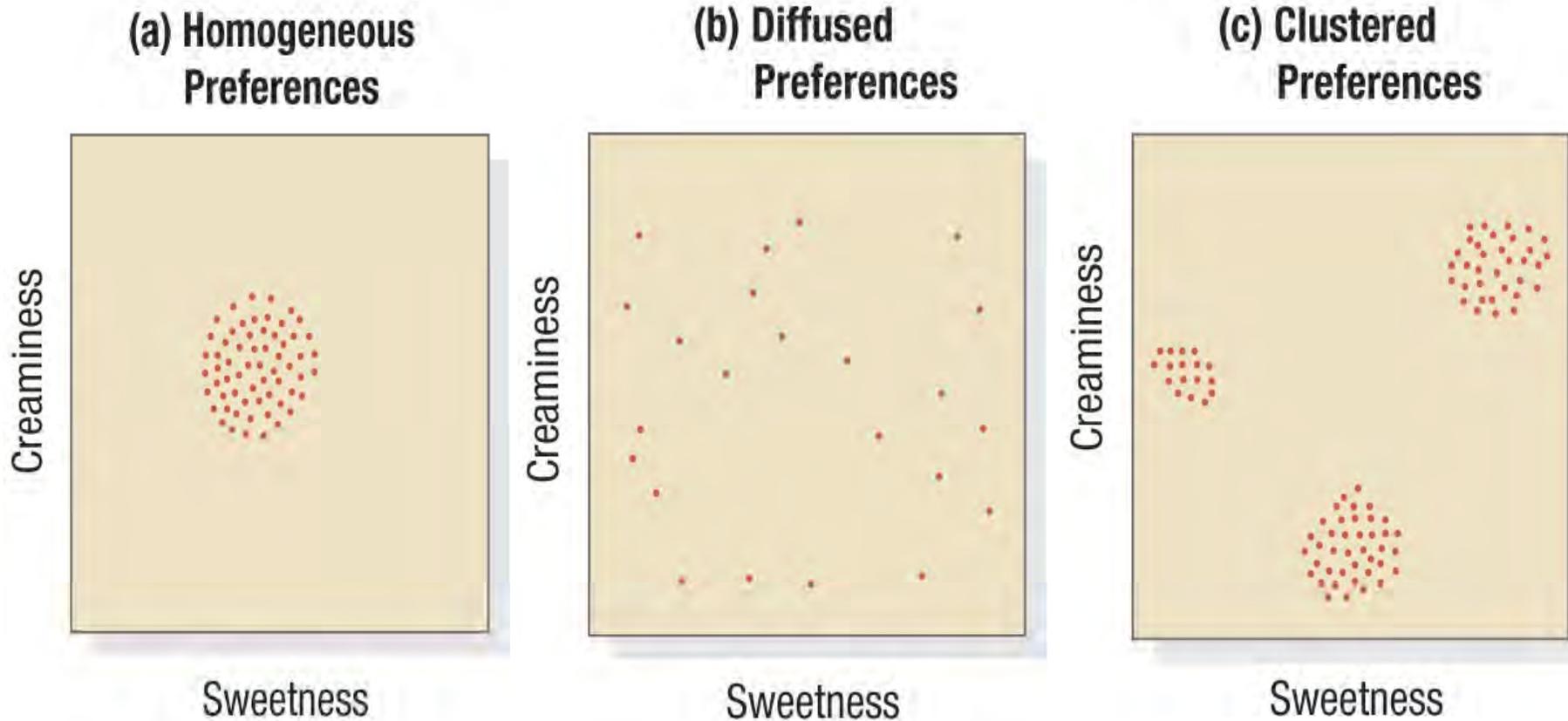
Niche Marketing

- A niche is a more narrowly defined customer group seeking a **distinctive mix of benefits**.

- Marketers usually identify niches by dividing a segment into sub-segments.

  A. Niche marketers presumably understand their customers' needs so well that the customers willingly pay a premium.

  B. Globalization has facilitated niche marketing.

  C. The low cost of setting up shop on the Internet has led to many small business start-ups aimed at niches

Niche Marketing

- An attractive niche:
  - *Distinct set of needs*
  - *Pay premium for it*
  - *Do not attract competitors*
  - *Economies through specialization*
  - *Size, profit & growth potential*

Local Marketing

- Target marketing is leading to marketing programs **tailored** to the needs and wants of local customer groups.

- Local marketing reflects a growing trend called grassroots marketing.

  ○ Getting as close to customers possible - *experiential marketing* – connect to unique experiences

Nokia in India

Breakthrough Marketing: HSBC

- Highlights how HSBC wants to be known as the "world's local bank", and how it pulls its worldwide businesses together under a single global brand.

Individual Marketing

- The ultimate level of segmentation leads to "segments of one", "customized marketing", or "one-to-one marketing"

- Today customers are taking more individual initiative in determining what and how to buy.

Customization vs. Customerization

- Customization **=** one-to-one marketing

- **Customerization** – operationally driven mass customization & marketing

- Empowers consumers design product of choice

  - *Eg: Online firms provide Choiceboard: customer design own products*

Examples of Customization

Paris Miki

The Japanese company Paris Miki, one of the largest eyeglass retailers in the world, uses a design tool that takes a digital picture of the customer's face. The customer describes the style he or she wants—sports, elegant, traditional—and the system displays alternatives on the computerized photograph. After selecting the frame, the customer also chooses nosepieces, hinges, and arms. The glasses are ready within an hour.

De Beers

With De Beers' Design Your Own Ring program, customers can design their own diamond rings by choosing from any of 189 unique combinations of center stone and side stone shapes and weights and band metal, as well as connect with a local jeweler who can help them buy it.

Bases for Segmenting Consumer Markets

- Two broad groups of variables are used to segment consumer markets.
  - **Descriptive characteristics**: geographic, demographics, and psycho-graphic.
  - **Behavioral considerations**: such as consumer responses to benefits, use occasions, or brands

Table 8.1 Major Segment Variables for Consumer Markets

Geographic	
Region	Municipalities, Provinces, Special Administrative Regions, etc. (China)
City or metro size	Under 5,000; 5,000–19,000; 20,000–49,000; 50,000–99,000; 100,000–249,000; 250,000–499,000; 500,000–999,000; 1,000,000–3,999,000; 4,000,000 or over
Density	Urban, suburban, rural
Climate	Tropical; subtropical; temperate
Demographic	
Age	Under 6, 6–11, 12–19, 20–34, 35–49, 50–64, 65+
Family size	1-2, 3-4, 5+
Family life cycle	Nuclear; small extended; large extended
Gender	Male, female
Annual Income	Under $5,000, $5000-9,000; $10,000–$14,000; $15,000–$19,000; $20,000–$29,000; $30,000–$49,000; $50,000–$99,000; $100,000 and over
Occupation	Professionals, managers, executives, and businesspeople (PMEBs); craftspeople; forepersons; operatives; farmers; retired; students; homemakers; unemployed
Education	None; elementary education; secondary education; diploma level; undergraduate; postgraduate
Religion	Buddhist; Catholic; Hindu; Muslim; Protestant; Taoist; other; none
Race	Mongolian, Manchu, Tartar, Zhuang, Hui, Tibetan, Miao, Yi, etc. (China)
Nationality	Chinese; Indian; Indonesian; Japanese; Malaysian; Filipino; Korean; Vietnamese; Singaporean; Thai; other
Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers

(cont'd) ➡

Table 8.1 Major Segment Variables for Consumer Markets

Psychographic	
Lifestyle	Culture-oriented, sports-oriented, outdoor-oriented
Personality	
Behavioral	Compulsive, gregarious, authoritarian, ambitious
Occasions	Regular occasion, special occasion
Benefits	Quality, service, economy, speed
User status	Non-user, ex-user, potential user, first-time user, regular user
Usage rate	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

Geographic Segmentation

- Divide market into geographical units and move from macro to micro levels
  - **nations, cities or neighborhoods**

- Mapping software - densest areas –*customer cloning*

- **Geoclustering** = geographic + demographic

  data   data

- Captures increasing diversity of population

Geographic segmentation: Procter & Gamble

- In China, P&G's customer research managers discovered that while low prices help sales in villages, it is also important to develop products that hew to cultural traditions.

- Thus urban Chinese pay more than $1 for Crest toothpaste with exotic flavors such as Icy Mountain Spring and Morning Lotus Fragrance; while those in the villages prefer 50-cent Crest Salt White since many rural Chinese believe that salt whitens teeth.

Demographic Segmentation

- In demographic segmentation, the market is divided into groups on the basis of variables such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and social class.

- Consumer needs, wants, usage rates, and product and brand preferences are often associated with demographic variables.

- Demographic variables are easy to measure

Age and Life Cycle Stages

- Age:
  - Consumer wants and abilities change with age.

- Life Stage:
  - Persons in the same part of the life cycle may differ in their life stage. Life stage defines a person's major concern. These life stages present opportunities for marketers who can help people cope with their major concerns.

Is age an accurate means of segmentation?

- The target may be "psychologically young"

  – **Example, Honda at targeted 21-year-olds with Element - "dorm room on wheels"**

  – **But the average age of buyers turned out to be 42!**

To market the new FIT model, Honda used what it had learned from the launch of the Element—that baby boomers hanging on to their youthful image were just as interested in the stylish new cars as the original target audience, 21-year-old drivers.

Gender

- Men and women tend to have different attitudinal and behavioral orientations, based partly on genetic makeup and partly on socialization.

- Some traditionally more male-orientated markets, are beginning to recognize gender segmentation, changing how they design and sell their products.

Unilever and Dove Campaign for Real Beauty

Dove—Dove's Campaign for Real Beauty features women of all shapes, sizes, and colors posing proudly in their underwear. The company claims that the ad series, developed by Ogilvy & Mather, was not just a vehicle to sell more soap but "aims to change the status quo and offer in its place a broader, healthier, more democratic view of beauty." Across Asia, it found that less than 3 percent of women think they are beautiful. They would rather describe themselves as "simple or natural" or "average or normal." While Asian women felt that humor and happiness, dignity and confidence, kindness, intelligence, and wisdom are more important than sex appeal or youth in terms of feeling beautiful, they were still beholden to youth when it comes to looking beautiful. Sparked by the results of the study, Dove decided to provoke discussion and initiate debate on what really is beautiful. It is debunking beauty stereotypes and widening the definition of beauty.[25]

campaignforrealbeauty | Dove

What really stands between you and beauty?

Actually, nothing more than the courage to believe that you possess it

Here you'll read about extraordinary women who were able to take a good

look at themselves, and affirm, "Yes, I'm beautiful."
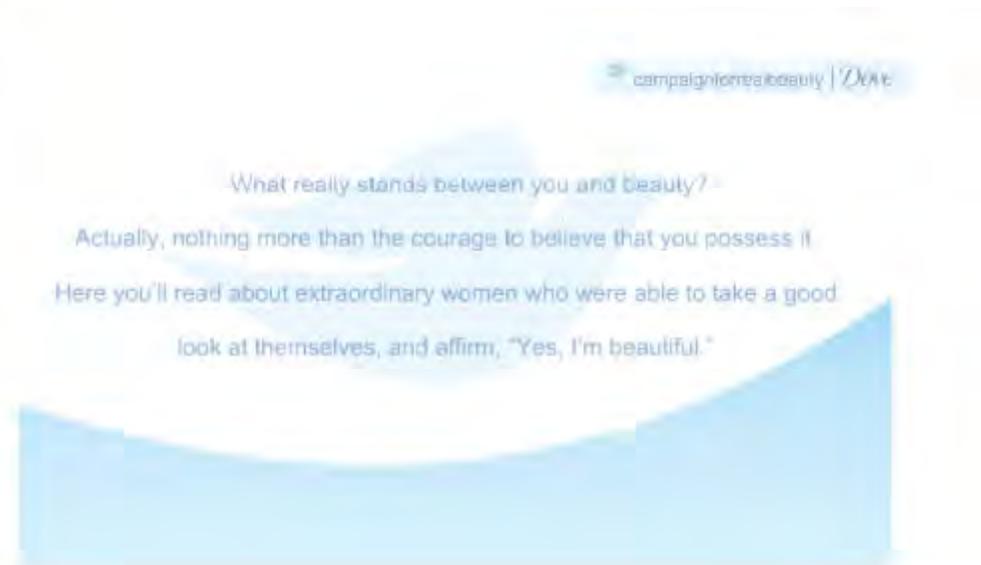
Income Segmentation

- Income segmentation is a long-standing practice in product and service categories.

- However, income does not always predict the best customers for a given product.

Income segmentation: Banyan Tree

Banyan Tree is a niche international chain of high-end resorts and hotels catering to the affluent.

Banyan Tree—Singapore's Banyan Tree, famous for its upmarket pampering with a distinctive Asian touch, won a deal to run a seven-to-eight star multi-million dollar spa resort in Bahrain, where money is no object to guests. Set in a lush oasis, next to Bahrain's Formula One motor-racing circuit and a wildlife reserve, the spa resort has been billed as the ultimate in exclusivity and luxury. Catering to the "blank check" segment, the spa resort will have 78 villas designed to look like Bedouin tents. To deliver the ultimate level of privacy, guests, if they wish, can be kept away from view of other guests.[27]

Income Segmentation

- Increasingly, companies are finding that their markets are **"hourglass-shaped"** as some middle-market consumers migrate toward both discount *and* premium products.

- Companies that miss out on this new market risk being "trapped in the middle" and seeing their market share steadily decline.

  - Example: General Motors found themselves caught in middle of German imports in luxury market and high-value Japanese a and Korean models in economy class

Generation Segmentation:

- Each generation is profoundly influenced by the times in which it grows up.
- Demographers call these groups cohorts.
  - They share similar outlooks and values.
  - Marketers often advertise to a cohort group by using icons and images prominent in their experiences.

Generation Segmentation:

- Generational cohorts also *influence each other.*

- Marketers often advertise to a cohort by using the icons and images prominent in its experiences.

Generation segmentation in Asia (GENIE study)

- Ogilvy & Mather conducted a survey of 7,000 educated young consumers in seven Asian countries (Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan, and Thailand). The agency identified an Asian version of Generation X and labeled it GENIE or the **GEN**eration who **I**ndependently **E**ngage.

- GENIEs have little respect for social structures. However, they are neither rebels against society nor consumed by materialism.

- While they enjoy the good life, they still value family ties and hard work. GENIEs also want to be part of society with some freedom of expression

Marketing Insight: The New Consumer

- A new pattern in consumer behavior has emerged in recent years: "New Luxury" and in order to trade up on to these brands that offer emotional benefits, consumers often "trade down" by shopping at discounters

- **Accessible superpremium products** such as Victoria's Secret underwear and Kettle gourmet potato chips carry a significant premium over middle-market brands, yet consumers can readily trade up to them because they are relatively low-ticket items in affordable categories.

- **Old Luxury brand extensions** extend historically high-priced brands down-market while retaining their cachet, such as the Mercedes-Benz C-class and the American Express Blue card.
- **Masstige goods** such as Kiehl's skin care, are priced between average middle-market brands and superpremium Old Luxury brands. They are "always based on emotions, and consumers have a much stronger emotional engagement with them than with other goods."

Marketing Insight: Marketing to Generation Y

- The influences that shaped Gen Y are important to marketers because this cohort will shape consumer and business markets for years to come.

- Members of this cohort are often turned off by overt branding practices and a "hard" sell" marketers must use different and often unconventional approaches to reach them.

Marketing to Generation Y

Different approaches to reach Generation Y

- Online buzz

- Student ambassadors

- Unconventional sports

- Cool events

- Computer games

- Videos

- Street teams

Lifestage Analytic Matrix

- Uses data on cohorts, life stages, physiographics, emotional effects & socio-economics

- Objective is to analyze the segment/individual

- Same cohort may differ in *life stages*

- More efficient for targeting & messages

Social Class

- Strong influence on preference by consumers in products such as cars, clothing, luxury brands, leisure activities & choice of preferred retailers

- Marketers design products for specific social classes

- Tastes of social class change with years

Psychographic Segmentation

- Psychographics is the science of using psychology and demographics to better understand consumers.

- In psychographic segmentation, buyers are divided into different groups on the basis of lifestyle or personality or values.

- One of the most popular commercially available classification systems is SRI Consulting Business Intelligence's VALS framework.

Psychographic Segmentation: VALS (Figure 8.2)
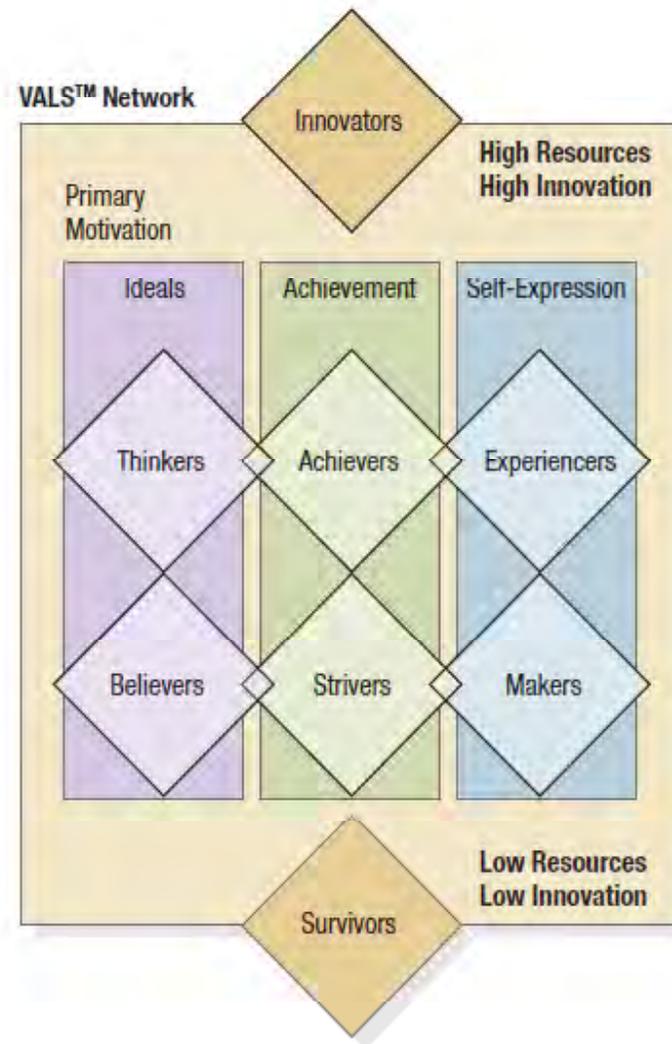
Psychographic Segmentation: VALS

Innovators Successful, "take charge" Upscale, niche-oriented **Thinkers** Mature, reflective Durability, functionality **Achievers** Successful career Established & prestige **Experiencers** Enthusiastic, variety Fashion, entertainment	**Believers** Conservative Familiar & established **Strivers** Trendy Stylish products **Makers** Practical, traditional Basic, practical **Strugglers** Resigned, passive Loyal to favorite brands

VALS segmentation study in Japan

- Psychographic segmentation often customized by culture

  - **Japanese VALS 2 key dimensions**:
    1) Life orientation
    2) Attitudes to social change

VALS Japan Study:

Japanese society - 10 segments:

- Integrators
- Self Innovators
- Self Adopters
- Ryoshiki Innovators
- Ryoshiki Adapters

- Tradition Innovators
- Tradition Adapters
- High Pragmatics
- Low Pragmatics
- Sustainers

Behavioral Segmentation

- Many marketers believe behavioral variables are the best starting points for constructing market segments. Variables include:

  - **Occasions**
  - **Benefits**
  - **User Status**
  - **Usage Rate**
  - **Buyer-Readiness**
  - **Loyalty Status**
  - **Attitude**

Behavioral Segmentation

- Divide buyers into groups – based on knowledge, attitude, use, response to product

DECISION ROLES

- Easy to identify buyer for many products
- But buying roles change
- 5 roles: *Initiator*, *Influencer*, *Decider*, *Buyer & User*

Behavioral Segmentation

- **Occasions**: time of day, week, month, year or any defined aspects of life

- Buyers -occasions – creates the need/buy product

  Coca-Cola—Coke's consumer research in Japan discovered that half of young, working males skip breakfast, suggesting a new segment for beverages. Coke recognized that these young Japanese men cannot get through the morning without drinking something and introduced Pocket Dr., a drink which includes vitamins and minerals. Coke is also exploring other nutritional drinks that can serve as an instant breakfast on the run.[38]

- Extend activities linked to holidays to other times of year

Behavioral Segmentation

■ **Benefits:**

○ Buyers grouped – benefits they seek

Example:
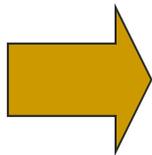
Mobil identified five different benefit segments and their sizes:

1. *Road Warriors* — Premium products and quality service (16 percent).

2. *Generation F* — Fast fuel, fast service, and fast food (27 percent).

3. *True Blues* — Branded products and reliable service (16 percent).

4. *Home Bodies* — Convenience (21 percent).

5. *Price Shoppers* — Low price (20 percent).

Different insurance plans offer different coverage benefits. This ad by ICICI Prudential
provides insurance benefits for the family.

Behavioral Segmentation

■ **User Status:**

  ○ non-, ex-, potential, 1st time, regular & will-be (life stage/event) users

■ Market leaders - attract potential users

■ Small firms - attract users from leader

Behavioral Segmentation

- **Usage Rate:**
  - light, medium & heavy users

- Heavy users
  - Small **%** of market but high **%** total consumption
  - Loyal to only one brand or lowest price

Behavioral Segmentation

- **Buyer-Readiness stage**: unaware, aware, informed, interested, desire, and intend to buy.
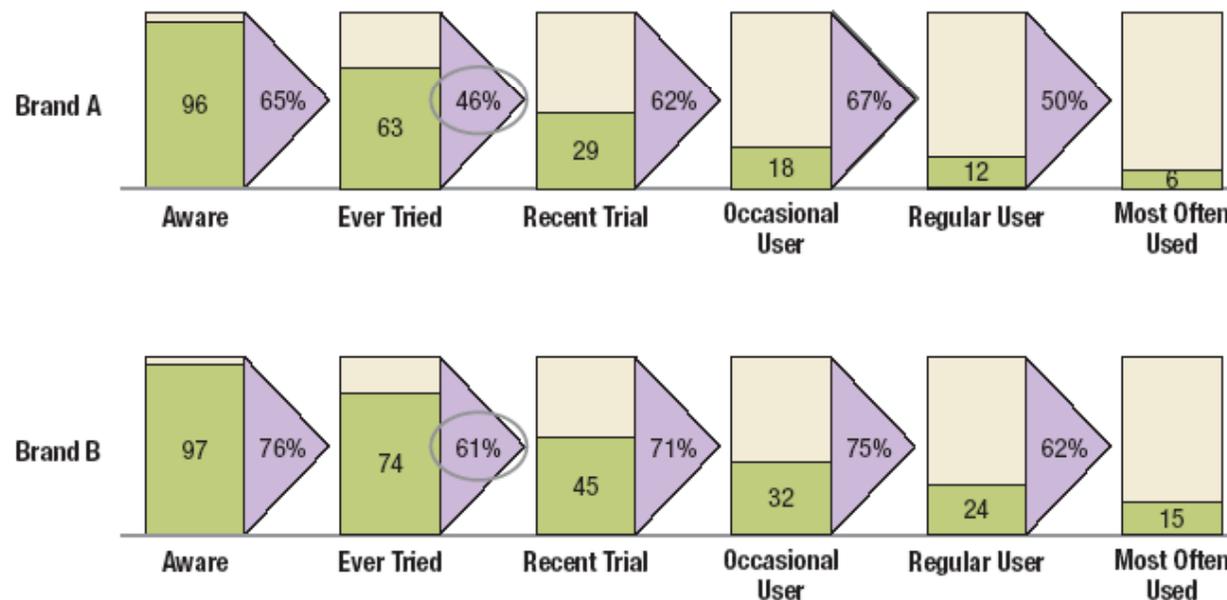

Figure 8.3 Brand Funnel

Behavioral Segmentation

- **Brand loyalty status:**
- **Hard-core loyals**
  - 1 brand all the time
- **Split loyals**
  - loyal to 2/3 brands
- **Shifting loyals**
  - 1 brand to another
- **Switchers**
  - No loyalty to any brand

What firms learn:
- Product strengths
- Competitive brand
- Marketing weakness

Cautionary note about 'brand loyalty'

- **Brand-loyal purchase patterns may reflect:**

1) **Habit**

2) **Indifference**

3) **High switching cost**

4) **Non-availability of other brands**

Behavioral Segmentation

- **Attitudes:**
  - The five attitudes about products are: enthusiastic, positive, indifferent, negative, and hostile
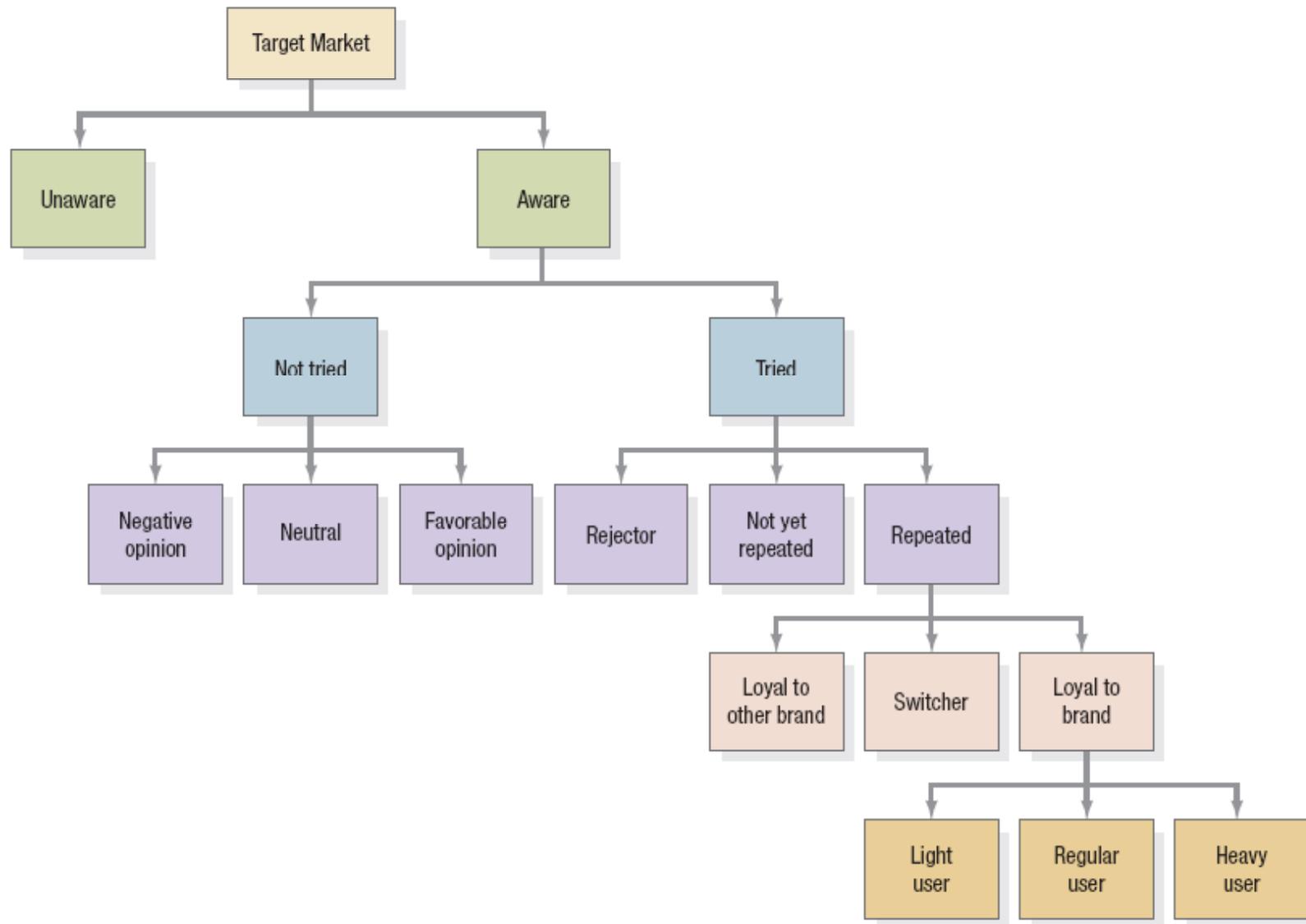
Figure 8.4 Behavioral Segmentation Breakdown

The Conversion Model

- The **Conversion Model** has been developed to measure the strength of the psychological commitment between brands, consumers, and their openness to change.

- The model segments users of a brand into four groups based on strength of commitment from high to low:
  - **Convertible**
  - **Shallow**
  - **Average**
  - **Entrenched**

The Conversion Model

- The model also classifies non-users of a brand into four groups based on their "balance of disposition" and openness to trying the brand, from low to high:
  - **Strongly unavailable**
  - **Weakly unavailable**
  - **Ambivalent**
  - **Available**

Segmenting Business Markets

- Business markets can be segmented with some of the variables used in consumer market segmentation but business marketers also use other variables.

- Within a given target market industry and customer size, a company can segment further by purchase criteria.

- Business marketers generally identify segments through a sequential process.

Table 8.2 Major Segmentation Variables for Business Markets

Demographic Characteristics

1. *Industry:* Which industries should we serve?

2. *Company size:* What size companies should we serve?

3. *Location:* What geographical areas should we serve?

Operating Variables

4. *Technology:* What customer technologies should we focus on?

5. *User or non-user status:* Should we serve heavy users, medium users, light users, or non-users?

6. *Customer capabilities:* Should we serve customers needing many or few services?

Purchasing Approaches

7. *Purchasing-function organization:* Should we serve companies with highly centralized or decentralized purchasing organizations?

8. *Power structure:* Should we serve companies that are engineering dominated, financially dominated, and so on?

9. *Nature of existing relationships:* Should we serve companies with which we have strong relationships or simply go after the most desirable companies?

10. *General purchase policies:* Should we serve companies that prefer leasing? Service contracts? Systems purchases? Sealed bidding?

11. *Purchasing criteria:* Should we serve companies that are seeking quality? Service? Price?
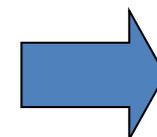
Situational Factors

12. *Urgency:* Should we serve companies that need quick and sudden delivery or service?

13. *Specific application:* Should we focus on certain applications of our product rather than all applications?

14. *Size of order:* Should we focus on large or small orders?

Personal Characteristics

15. *Buyer-seller similarity:* Should we serve companies whose people and values are similar to ours?

16. *Attitudes toward risk:* Should we serve risk-taking or risk-avoiding customers?

17. *Loyalty:* Should we serve companies that show high loyalty to their suppliers?

Source: Adapted from Thomas V. Bonoma and Benson P. Shapiro. *Segmenting the Industrial Market,* (Lexington, MA: Lexington Books, 1983).

Business Market Segmentation

- A rubber-tire company should first decide which industries it wants to serve.
- It can sell tires to manufacturers of automobiles, trucks, farm tractors, forklift trucks, or aircraft.
- Within a chosen target industry, a company can further segment by company size.
- The company might set up separate operations for selling to large and small customers.

Business Market Segmentation

- Within a given target industry and customer size, a company can segment further by **purchase criteria**.

- For example,

  - government laboratories need low prices and service contracts for scientific equipment;

  - university laboratories need equipment that requires little service; and

  - industrial laboratories need equipment that is highly reliable and accurate

Market Targeting

- Once a firm has identified its market-segment opportunities, it must decide how many and which ones to target.

- This has lead some researchers to advocate a needs-based market segmentation approach.

Table 8.3 Steps in the Segmentation Process

		Description
1.	Needs-Based Segmentation	Group customers into segments based on similar needs and benefits sought by customer 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 storyboards" 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.

Source: Adapted from Robert J. Best 2000. *Market-Based Management,* (Upper Saddle River NJ: Prentice Hall, 2000).

Effective Segmentation Criteria

- To be useful, market segments must rate favorable on five key criteria:
    - **Measurable**
    - **Substantial**
    - **Accessible**
    - **Differentiable**
    - **Actionable**

Effective Segmentation Criteria:

- ***Measurable*** — The size, purchasing power, and characteristics of the segments can be measured.

- ***Substantial*** — The segments are large and profitable enough to serve. A segment should be the largest possible homogeneous group worth going after with a tailored marketing program.

- ***Accessible*** — The segments can be effectively reached and served.

Effective Segmentation Criteria:

- **_Differentiable_** — The segments are conceptually distinguishable and respond differently to different marketing-mix elements and programs.

- **_Actionable_** — Effective programs can be formulated for attracting and serving the segments.

Evaluating and Selecting the Market Segments

- In evaluating different market segments, the firm must look at two factors:

  ○ **The segment's overall attractiveness and**

  ○ **the company's objectives and resources.**

Figure 8.5: Five Patterns of Target Market Selection

Single-segment Concentration
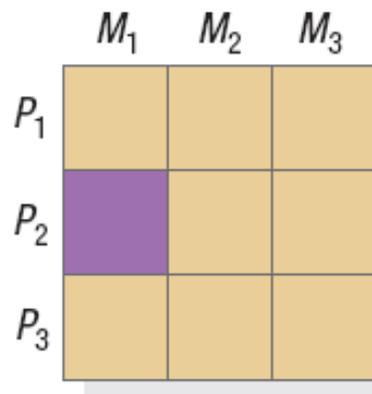
Selective Specialization
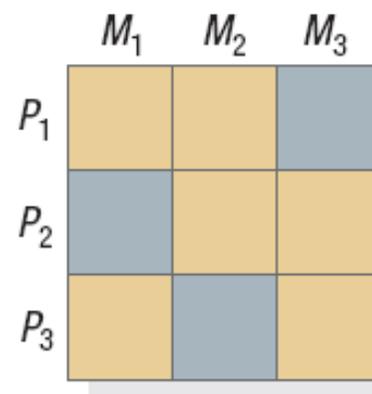
Product Specialization
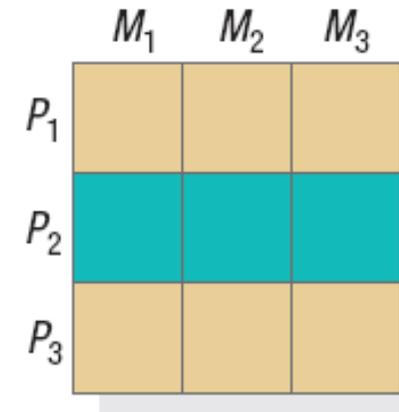
Market Specialization
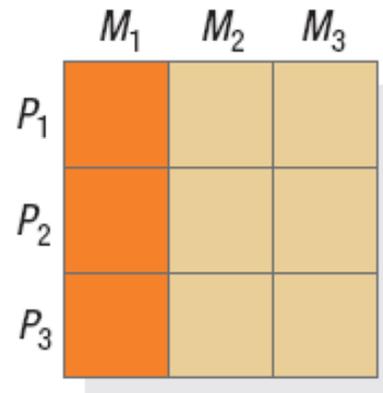
Full Market Coverage
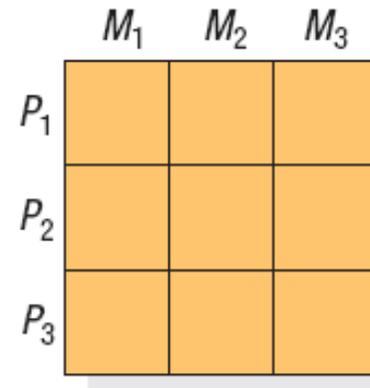
P = Product M = Market

Single Segment Concentration

Single-segment Concentration

- Through concentrated marketing, the firm gains a strong knowledge of the segment's needs and achieves a strong market presence.

- However, there are risks, a market segment can turn sour, or a competitor may invade the segment.

- For these reasons, many companies prefer to operate in more than one segment.

- Companies can try to operate in super-segments rather than in isolated segments.

Selective Specialization

- The firm selects a number of segments, each objectively attractive and appropriate.

- This multi-segment strategy has the advantage of diversifying the firm's risk

Selective Specialization

	M_1	M_2	M_3
P_1			
P_2			
P_3			

Product and Market Specialization

Product Specialization

Product Specialization

	M_1	M_2	M_3
P_1			
P_2			
P_3			

- Makes & sells - different market segments

- Risk: Product replaced by new technology

- **Market** Specialization

  ○ Serve many needs of a group

  ○ Strong reputation - channel for other products

  ○ Downside risks

    1) Group suffer budget cuts or
    2) Shrink in size

Market Specialization

	M_1	M_2	M_3
P_1			
P_2			
P_3			

Full Market Coverage

- The firm attempts to serve all customer groups with all the products they might need.

- In **undifferentiated marketing**, the firm ignores segment differences and goes after the whole market with one offer.

- In **differentiated marketing**, the firm operates in several market segments and designs different products for each segment

DIFFERENTIATED MARKETING COSTS

Differentiated marketing sales **>** Undifferentiated marketing sales

- But, these costs are higher:
  1. Product modification costs
  2. Manufacturing costs
  3. Administrative costs
  4. Promotion costs

Additional Considerations:

- Two other considerations must be taken into account in evaluating and selecting segments:
  - **segment-by-segment invasion plans,**
  - **ethical choice of market targets.**

Segment-By-Segment Invasion Plans

- A company would be wise to enter **one segment at a time.**

- Competitors cannot know next segment

- A company's invasion plans can be thwarted when it confronts blocked markets.

- The problem of entering blocked markets calls for a **megamarketing** approach.

A - all computer needs of airlines
B - large computer to all 3 sectors
C - personal computers to truckers
Where should C move next?
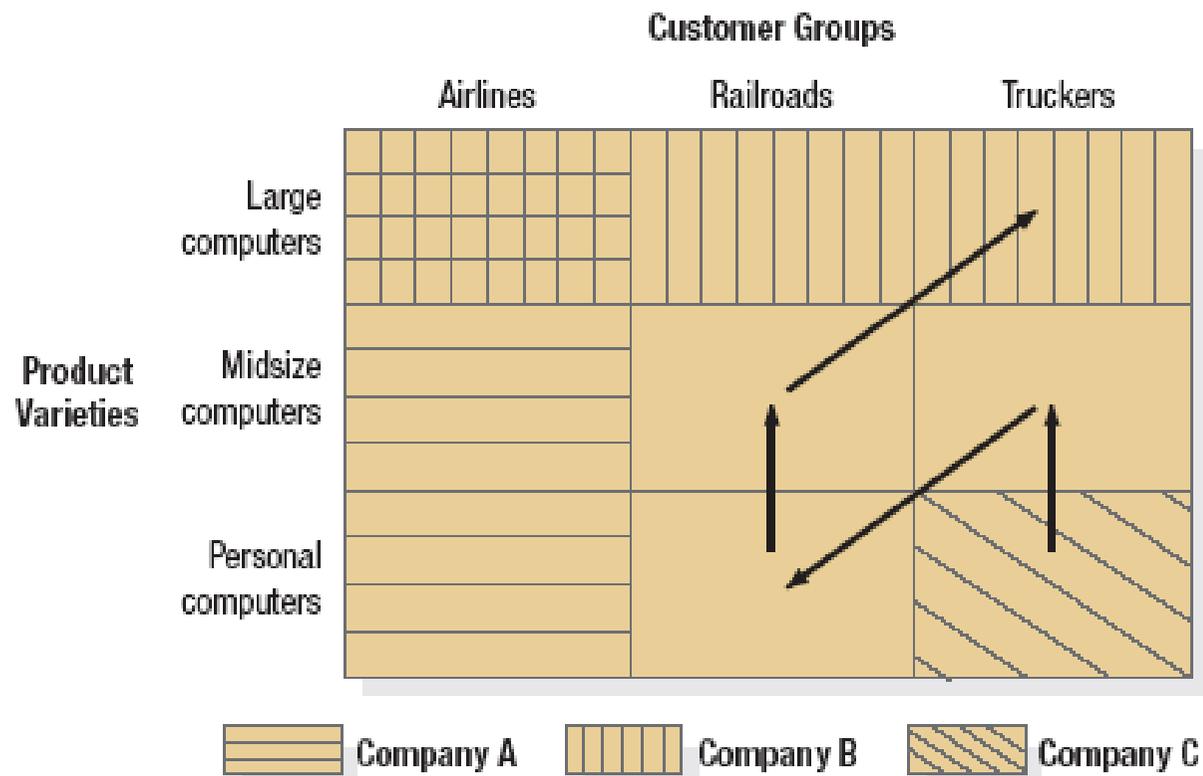
Figure 8.6 Segment-by-Segment Invasion Plan

MEGAMARKETING

- Megamarketing is the strategic coordination of economic, psychological, political, and public-relations skills, to gain the cooperation of a number of parties in order to enter or operate in a given market.

A Pepsi ad from India. To enter the Indian market, Pepsi used megamarketing. With the aid of an Indian business group, it offered a package of benefits that gained its acceptance.

PepsiCo—After Coca-Cola left India, Pepsi worked with an Indian business group to gain government approval for its entry, over the objections of domestic soft drink companies and anti-multinational legislators. Pepsi offered to help India export some agricultural products in a volume that would more than cover the cost of importing soft-drink concentrate. Pepsi also promised to help rural areas in their economic development. It further offered to transfer food-processing, packaging, and water-treatment technology to India. Pepsi's bundle of benefits won the support of various Indian interest groups.

Ethical Choice of Market Segments

- Market targeting generates public controversy.

- The public is concerned when marketers take unfair advantage of vulnerable groups or promote potentially harmful products.

- The issue is not who is targeted but rather, how and for what motive

- Socially responsible marketing – serves not only interests of the company but also those of the targeted

China's pharmaceutical market—In China, practically all drugs are available over the counter, and can be bought without the need for prescriptions or medical advice. The Chinese, long used to the slow effects of traditional herbal medicines, are taking Western antibiotics and painkillers without being aware of their side effects. Differences in race and diet make many of these prescription medicines unsuitable for the Chinese. While authorities have cracked down on misleading advertisements by domestic manufacturers promoting miracle cures, there still exist numerous illegal medicine wholesalers.

Cigarettes—In Indonesia, locally manufactured clove-scented *kretek* cigarettes have, for a long time, been promoted as "good for your cough" or "clears your voice" to the young. However, it was found that *kretek* cigarettes have higher percentage amounts of tar and nicotine compared to other brands such as Japan's Mild Seven and Thailand's Krongthip. Anti-smoking advocates have called for more responsible marketing. Sampoerna, one of the top *kretek* makers, has since published estimates of tar and nicotine levels for its own and competing brands, hoping to attract smokers to its mild brand.

Marketing Debate - Is Mass Marketing Dead?

With marketers increasingly adopting more & more refined market segmentation schemes—fueled by the Internet & other customization efforts—some critics claim that mass marketing is dead. Others counter that there will always be room for large brands that employ marketing programs targeting the mass market.

Take a position: Mass marketing is dead versus Mass marketing is still a viable way to build a profitable brand.

Marketing Discussion
—Descriptive versus Behavioral Market Segmentation Schemes

Think of various product categories. How would you classify yourself in terms of the various segmentation schemes? How would marketing be more or less effective for you depending on the segment involved? How would you contrast demographic versus behavioral segment schemes? Which ones do you think would be most effective for marketers trying to sell to you?