

## Chapter 7

# CUSTOMER-DRIVEN MARKETING STRATEGY: CREATING VALUE FOR TARGET CUSTOMERS

---

*Md. Afnan Hossain*

Lecturer, School of Business & Economics

# Chapter Outline

- Customer-Driven Marketing Strategy
- Market Segmentation
- Market Targeting
- Differentiation and Positioning

# Designing a Customer-Driven Marketing Strategy

In concept, marketing boils down to two questions: (1) Which customers will we serve? and (2) How will we serve them?



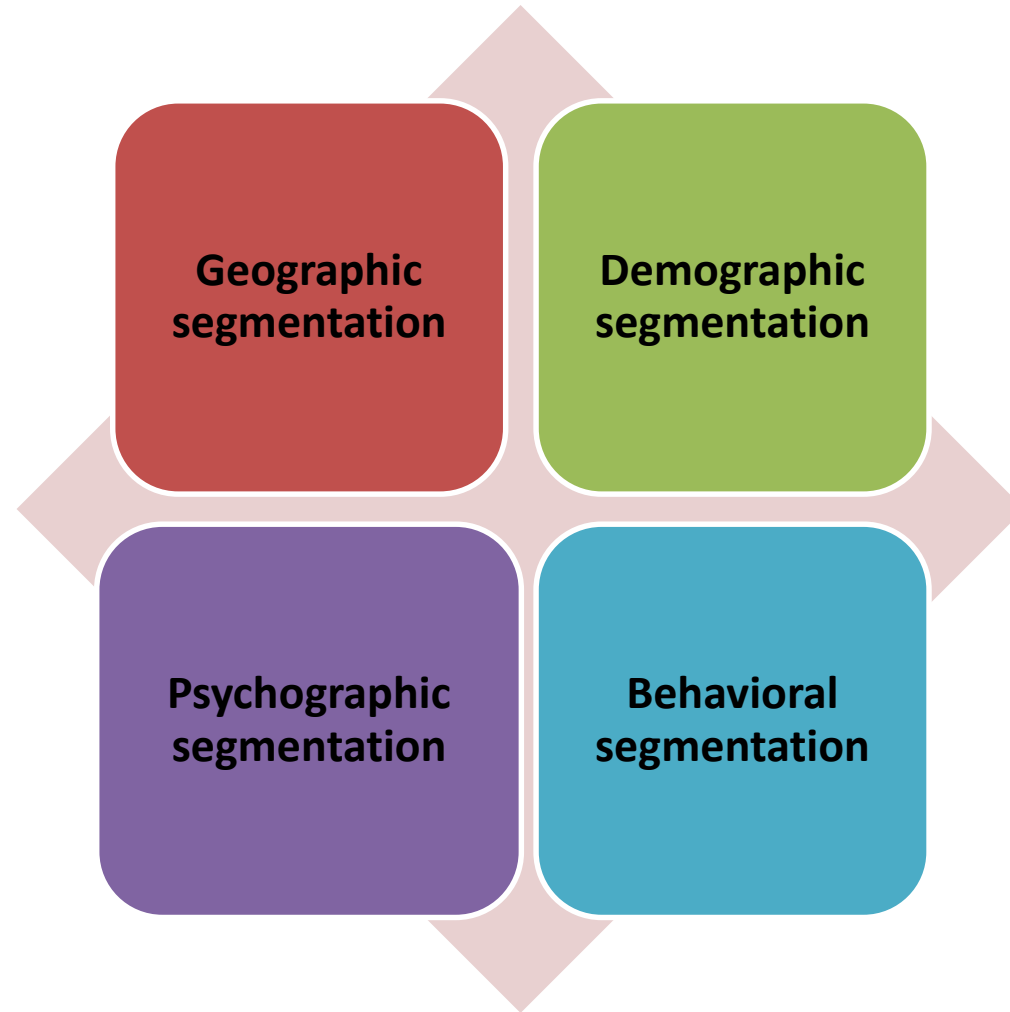
# Market Segmentation

# Market Segmentation

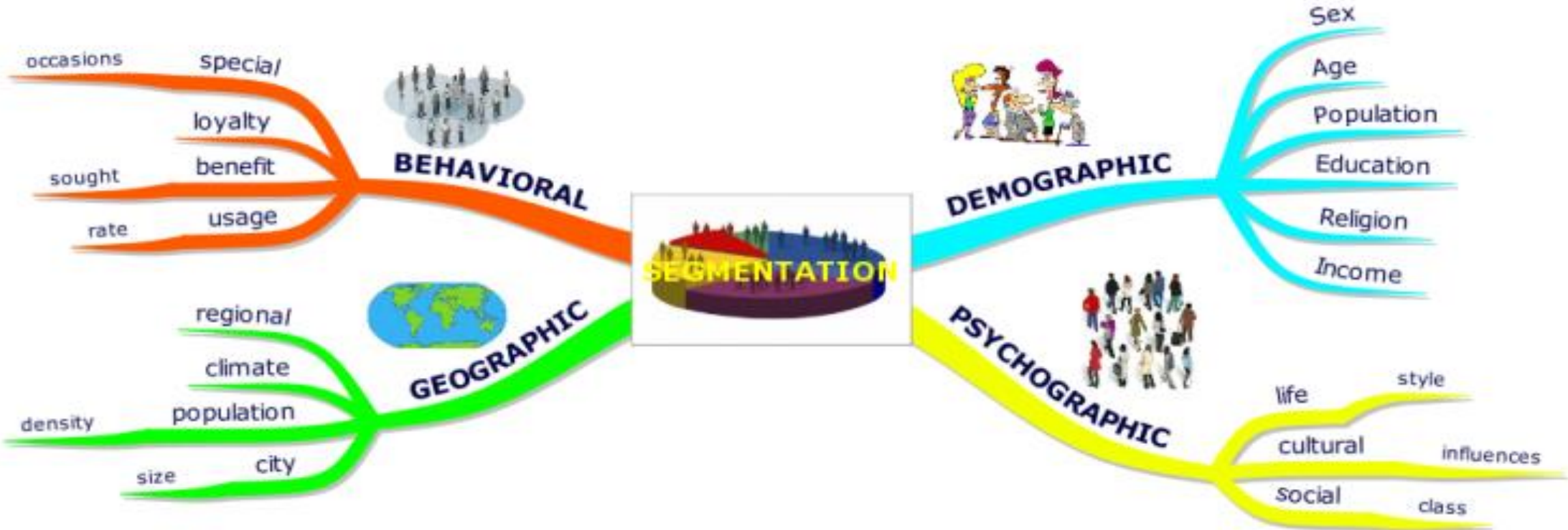
Dividing a market into smaller segments with distinct needs, characteristics, or behavior that might require separate marketing strategies or mixes.



# Segmenting Consumer Markets



# Segmenting Consumer Markets



# Segmenting Consumer Markets

## Demographic

- Age
- Sex
- Race
- Ethnicity
- Religion
- Income

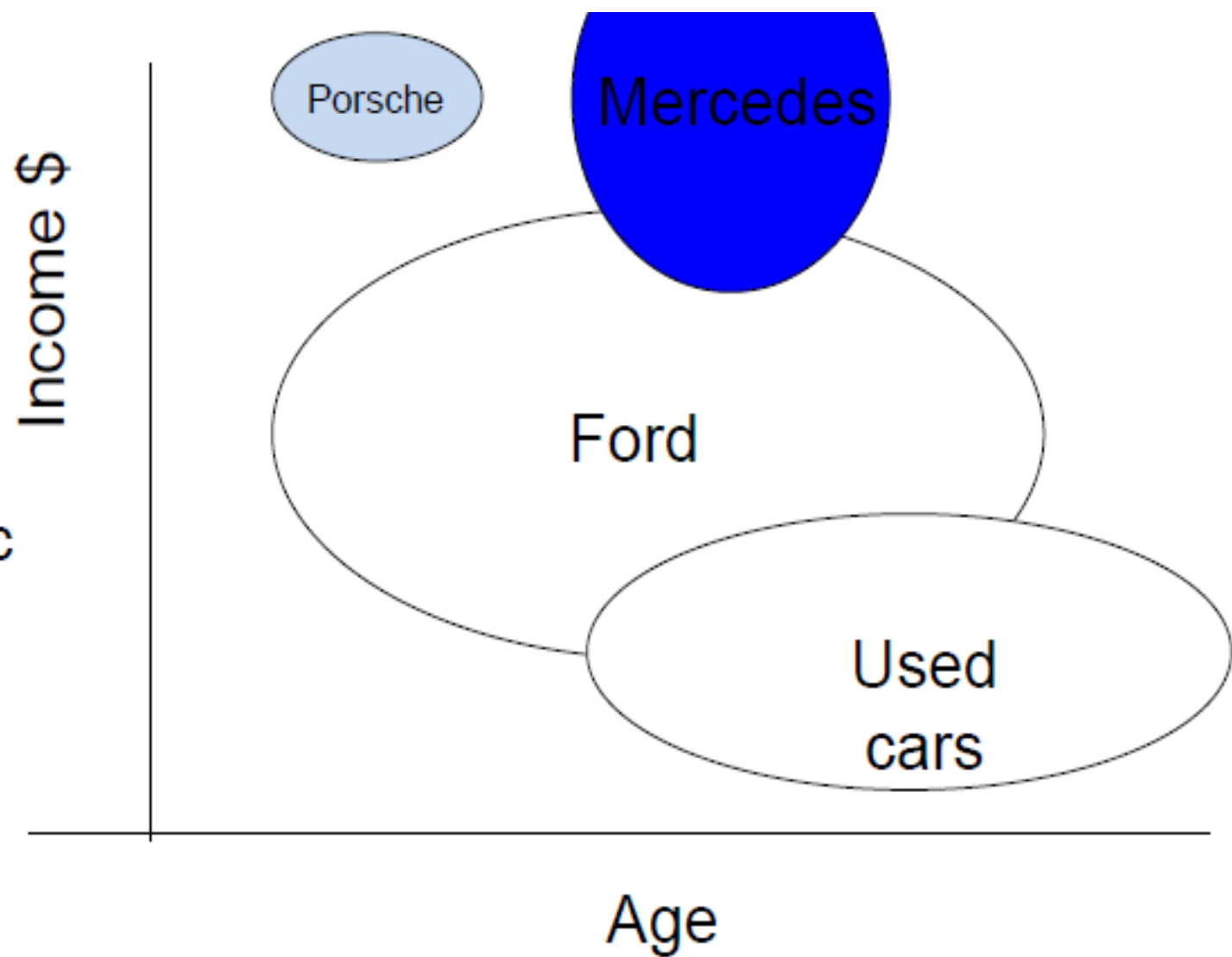
**Women make 90% of home improvement decisions.**

**Women influence 80% of all household consumer purchases.**





- The axis?
  - age
  - Income
  - Address
  - Socio economic



# Geographic Segmentation

- **Geographic segmentation** divides the market into different geographical units such as nations, regions, states, counties, or cities (Magic vs Colgate; rural vs urban).
- A company may decide to operate in one or a few geographical areas, or even operate in all areas but pay attention to geographic differences in **needs and wants**.
- World region/country; Country region; City or metro size; Density (urban, rural, suburban); Climate (northern, southern).



**In the future, investors  
will need to be explorers.**

**HSBC** 

# Psychographic Segmentation

- **Psychographic segmentation** divides buyers into different groups based on social class, lifestyle, or personality traits.
- Personality refers to the unique psychological characteristics.
- Lifestyle is a person's pattern of living and how they interact in the world.



The Benjamin Hotel in New York City provides dog beds in a variety of styles and doggie bathrobes, as well as canine room service and DVDs for dogs.



Refer to the case: **W Hotels**: Not Just a Room- It's a Trendsetter Lifestyle. Page - 219

---

## Behavioral

---

Occasions	Regular occasion; special occasion; holiday; seasonal
Benefits	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 toward product	Enthusiastic, positive, indifferent, negative, hostile

---

---



**Behavioral**



رمضان كريم

RAMADAN  
KAREEM

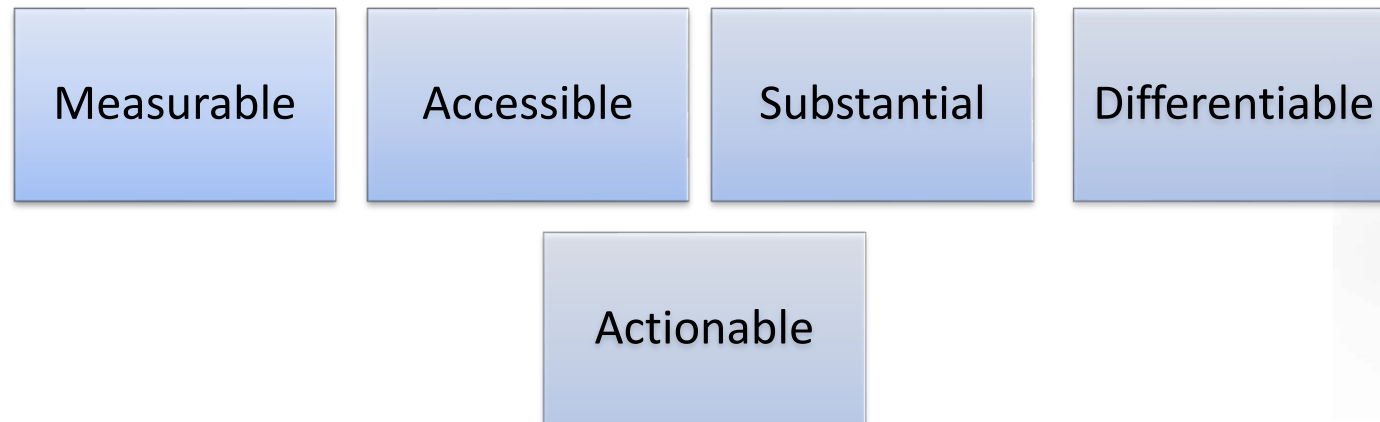






# Criteria for effective Segmentation

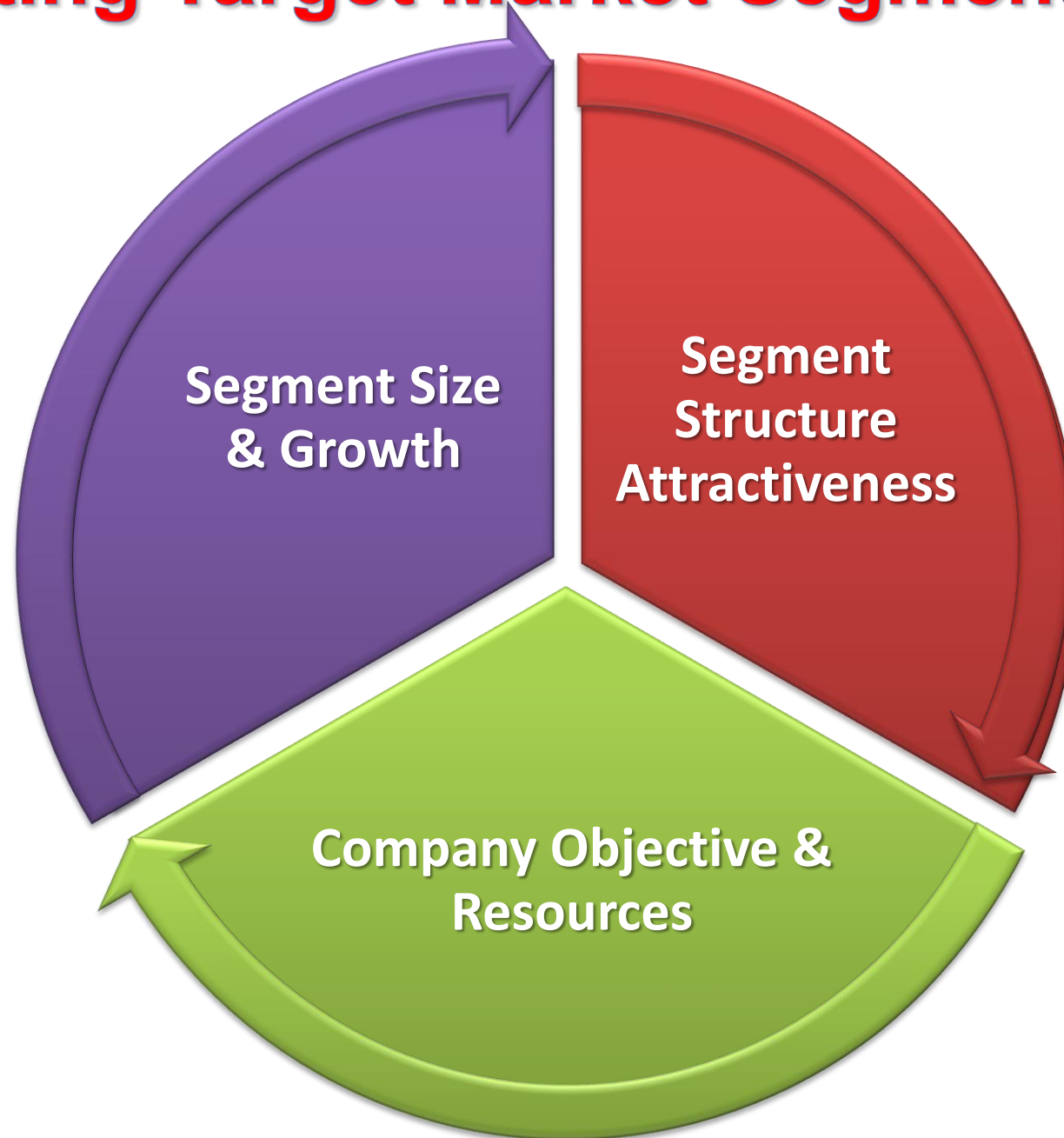
- Four things that are considered before considering a segment a viable target for a company:
  - Individuals or businesses within the segment should be homogeneous.
  - The segment should differ from other segments.
  - The segment should be large enough
  - It should be reachable through some type of media OR channels of distribution.



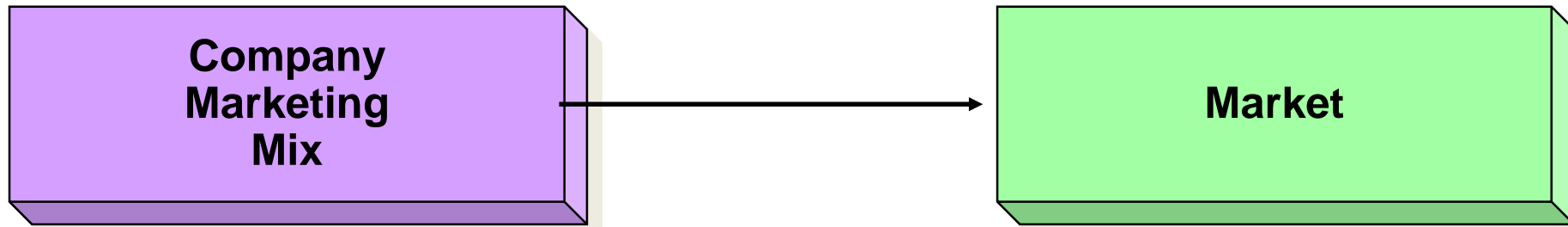
# **Market targeting**

# Selecting Target Market Segments

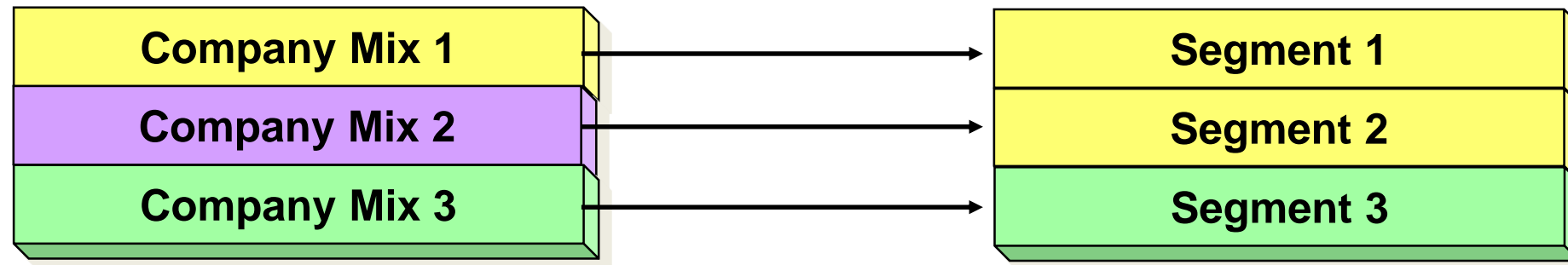
These Three  
Things to  
Consider



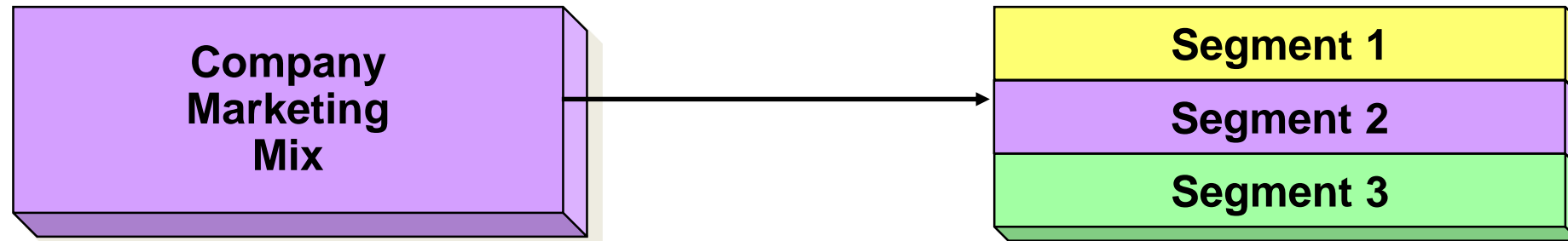
# Market Targeting strategy: selecting segments



A. Undifferentiated Marketing



B. Differentiated Marketing



C. Concentrated Marketing

# Selecting Target Market Segments

Undifferentiated  
(mass) marketing



Differentiated  
(segmented)  
marketing



Concentrated  
(niche)  
marketing



Micromarketing  
(local or individual  
marketing)

**Targeting  
broadly**

**Targeting  
narrowly**

- Focus is on common (not different) needs of consumers.
- Product and marketing program are geared to the largest number of buyers.
- Uses mass advertising and distribution.

- Firm targets several market segments and designs separate offers for each.
- The goal is to have higher sales and a stronger position with each market segment.
- Increasing Cost

- The focus is acquiring a large share of one or a few segments of niches.
- Generally, there are fewer competitors.
- There is some risk in focusing on only one market.

- **Local Marketing:** Tailoring brands and promotions to the needs and wants of local customer groups—cities, neighborhoods, specific stores.
- **Individual Marketing:** Tailoring products and marketing programs to the needs and preferences of individual customers.



# Undifferentiated (mass) Marketing

**Example:** For many years, Coca Cola offered only one product version for all consumers.



# Differentiated (segmented) Marketing

**Example:** Holiday Inn Crowne Plaza, and Holiday Inn Economy hotels.





# Concentrated (Niche) Marketing

**Example:** Rolls Royce has focused its automobile business exclusively on the high income segment.

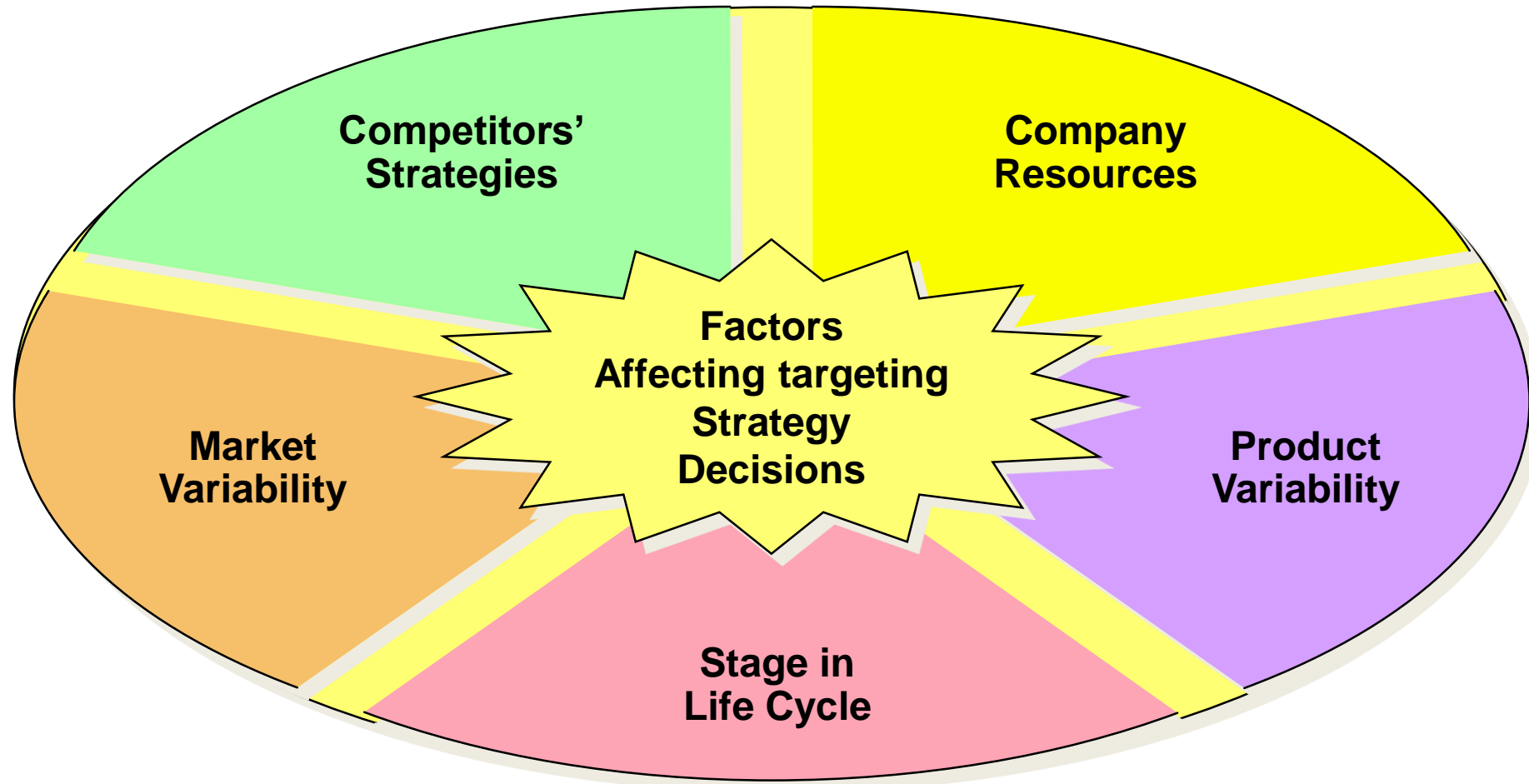


# Micromarketing (Local Marketing)

**Example:** In Manhattan, around Penn Station and the Port Authority, it sells sandwiches and quick lunches to the area's many office workers.



# Criteria to select a targeting strategy



# Criteria to choose a targeting strategy

- **Company resources:** limited resources – concentrated marketing.
- **Product variability:** Uniform products, undifferentiated marketing. Steel; mineral water. Variety products, differentiation or concentration. Automobiles. Cameras.
- **Industry life-cycle stage:** new: one version, undifferentiated or concentrated marketing. Mature stage, Differentiated.
- **Market variability:** same tastes, buy same amounts, react same way to marketing offers, undifferentiated.
- **Competitors' marketing strategies:** competitors use differentiated or concentrated, then undifferentiated is suicidal. Competitors use undifferentiated, then differentiated gain advantage.

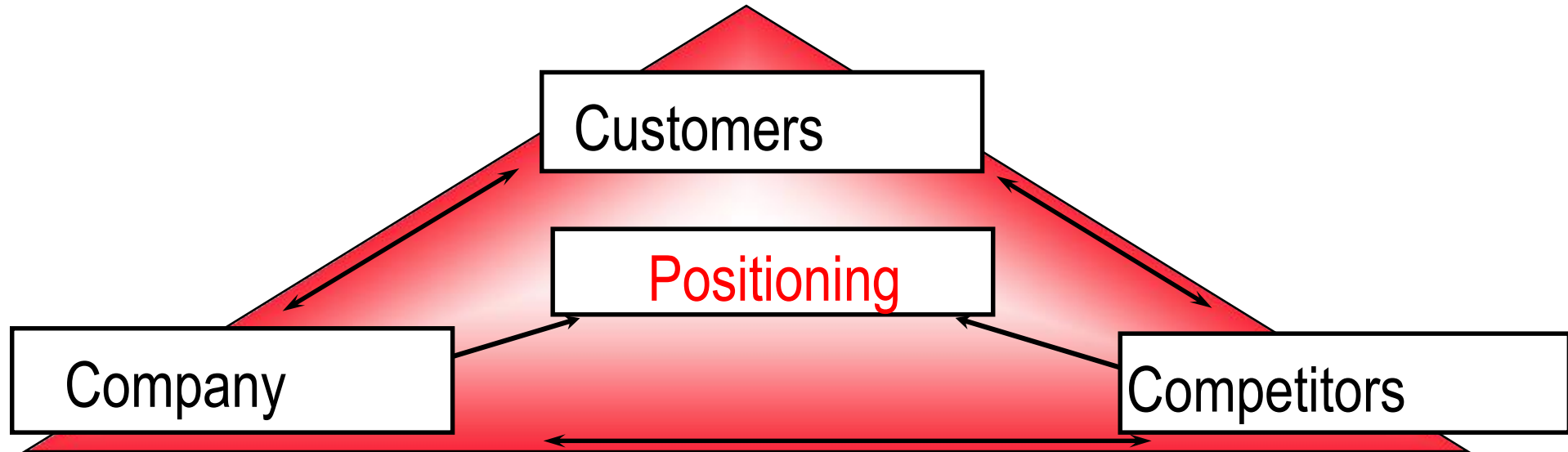
# **Differentiation and Positioning**

# What is Positioning?

- Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.
- **Shoe Industry:** Bata – durable, Hush Puppies – comfort. Nike – Athletic performance.
- **Car industry:** Maruti Suzuki – economy, Cadillac/Mercedes – luxury, Volvo – Safety, Toyota – Fuel efficient.
- **Discussion:** Why is it important that the positioning should be differentiable?



# The 3-C's Model by Kevin Lane Keller



# Case of HSBC

HSBC omers

Hate faceless banks, Want global expertise,  
Hate Globalised offerings

The world's  
Local Bank

HSBC npany

Localised Expertise, Decentralised  
No Fixed Origin,

HSBC mpetitors

National Identities, No Differentiation  
Cold, Uncaring



# Choosing a Positioning Strategy

1. Identifying possible value differences and competitive advantages.
2. Choosing the right competitive advantages.
3. Selecting an overall value positioning strategy.

# Identifying possible value differences and competitive advantages

- Marketer must understand customer needs better than competitors do and deliver more customer value.
- offer consumers greater value, either through lower prices or by providing more benefits that justifies higher prices.
- **In what specific ways company can differentiate its offer?**
- Market offer can be differentiated along the lines of product, services, channels, people, or image.

# Identifying possible value differences and competitive advantages

- **Product differentiation:** can be done via product features (XPEL lavender), performance (Hero Honda performance in terms of mileage), design (shada kalo ; Aarong).
- **Services differentiation:** speedy, convenient, careful delivery. (DBBL: most number of ATM booths, FedEx - overnight delivery, Lexus after sales service).
- **People differentiation:** better trained people. (Disney world).
- **Channel differentiation:** channels' coverage, expertise, and performance. (Fresh direct, Amazon).
- **Image differentiation:** company or brand image Rolex (status via top notch design) Tiffany's.
- **Symbols:** apple for Apple computer, Mofiz of Magic, Blue for GP, Orange for Bangla Link.

# Choosing the right competitive advantages

- How many differences to promote and which ones.
  - How many differences to promote: **only one benefit** (Colgate - protection) (Magic – dur hok mukher durgondho).
  - **more than one benefit: Loreal total repair 5** (anti-hair fall, dullness, dryness, roughness, split ends); **Lever 2000** – (three-in-one bar soap i.e. offering cleansing, moisturizing and deodorizing benefits).

newOrbis 1/11/11

# L' O R É A L PARIS

**5 Problems, 1 Solution.**  
The 1<sup>st</sup> Total Repair for damaged hair.

New  
**TOTAL REPAIR 5**  
WITH CEMENT-CERAMIDE

**5** Repairing all 5 parts  
for top 5 problems with 5 ingredients

- 1 Hair Fall\*\*
- 2 Dullness
- 3 Dryness
- 4 Roughness
- 5 Split-ends

Strengthens  
Nourishes  
Eases  
Smoothens  
Repairs split-ends

Because you're worth it.  
**L' O R É A L PARIS**

\*From L'Oréal Paris  
\*\*As per knowledge  
of the subject.



FOR THE BEST PARTS OF LIFE

**Lever 2000**  
Moisture Response

FOR HEAD-TO-TOE SOFTNESS AND TOUCHABILITY, THERE'S LEVER 2000® MOISTURE RESPONSE™. IT NOT ONLY CLEANS, BUT HAS A TARGETED MOISTURIZER THAT SOFTENS WHERE YOUR 2000 PARTS NEED IT MOST.

PART 1985  
HEAD  
PART 1077  
FEET



**Discussion:** Pros and cons of promoting one benefit and promoting multiple benefits.

# Choosing the right competitive advantages

Differences to promote should be: page 235.

Important

Distinctive

Superior

Communicable

Preemptive

Affordable

Profitable

# Selecting an overall value positioning strategy

- Value proposition is the full mix of benefits upon which a brand is positioned.
- “Why should I buy your brand?” – customer’s question.

		<b>Price</b>		
		More	The same	Less
<b>Benefits</b>	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less



# Five winning value propositions upon which companies can position their products:

- **More for more:** upscale product at higher price. Mercedes-Benz automobiles; Tiffany's ring
- **More for the same:** Lexus vs Mercedes
- **The same for less:** Wal-Mart, Kindle Fire tablet
- **Less for much less:** Costco
- **More for less:** winning value proposition.  
P&G laundry detergent (best cleaning and everyday low price), Home Depot.

# Developing a Positioning Statement

- A statement that summarizes company or brand positioning.
- To (target segment and need) our (brand) is (concept) that (point of difference).

*Evernote* –

*“To busy multitaskers who need help remembering things, Evernote is digital content management application that makes it easy to capture and remember moments and ideas from your everyday life using your computer, phone, tablet and the web”*

# Communication and Delivering the Chosen Position

Choosing the positioning is often easier than implementing the position.



Thank  
You