

Principles of Marketing

BUS-2230-VO01

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CUSTOMER-DRIVEN MARKETING STRATEGY



versus





- Quick stop or drive-through
- Blue collar
- Reasonable prices
- Cafeteria style seating
- Fast Food



- Considered a third place
- White collar
- High prices
- Couches and coffee tables
- “Artisanal” food



**ASIDE FROM COFFEE, WHAT DO
STARBUCKS & DUNKIN DONUTS
HAVE IN COMMON?**

**THEY WANT NOTHING TO DO WITH
EACH OTHER'S CUSTOMERS.**

Not all brand “tribes” are so easily differentiated

- Your product can be “everything to everyone”
- It’s critical to identify who your company, product and service can serve.
- So how do we do it?
 - Market Segmentation
 - Market Targeting
 - Differentiation
 - Positioning

Step 1: Market Segmentation


- Defined: Market segmentation divides large, diverse markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs.

Four Main Types Topics within Market Segmentation

- Segmenting Consumer Markets
- Segmenting Business Markets
- Segmenting International Markets
- Requirements for Effective Segmentation

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- **Segmenting Consumer Markets**
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- Requirements for Effective Segmentation

A high-angle, wide shot of a massive crowd of people, likely at a large outdoor event or festival. The crowd is dense and fills the entire frame, with people of various ages and ethnicities visible. Many individuals are wearing hats and casual summer clothing. In the lower-left corner, a person is holding a blue sign with the word "HOPE" in white capital letters. A semi-transparent grey text box is overlaid in the center of the image.

Massive amounts of people we don't know....and marketers are expected to know how to segment them?

How do we segment the masses?

- Geographic Segmentation
- Demographic Segmentation: age*, life-cycle*, gender and income
- Psychographic Segmentation: social class, lifestyle or personality
- Behavioral Segmentation: occasion, benefits sought, user status, usage rate, loyalty status

Multiple Segmentation Bases

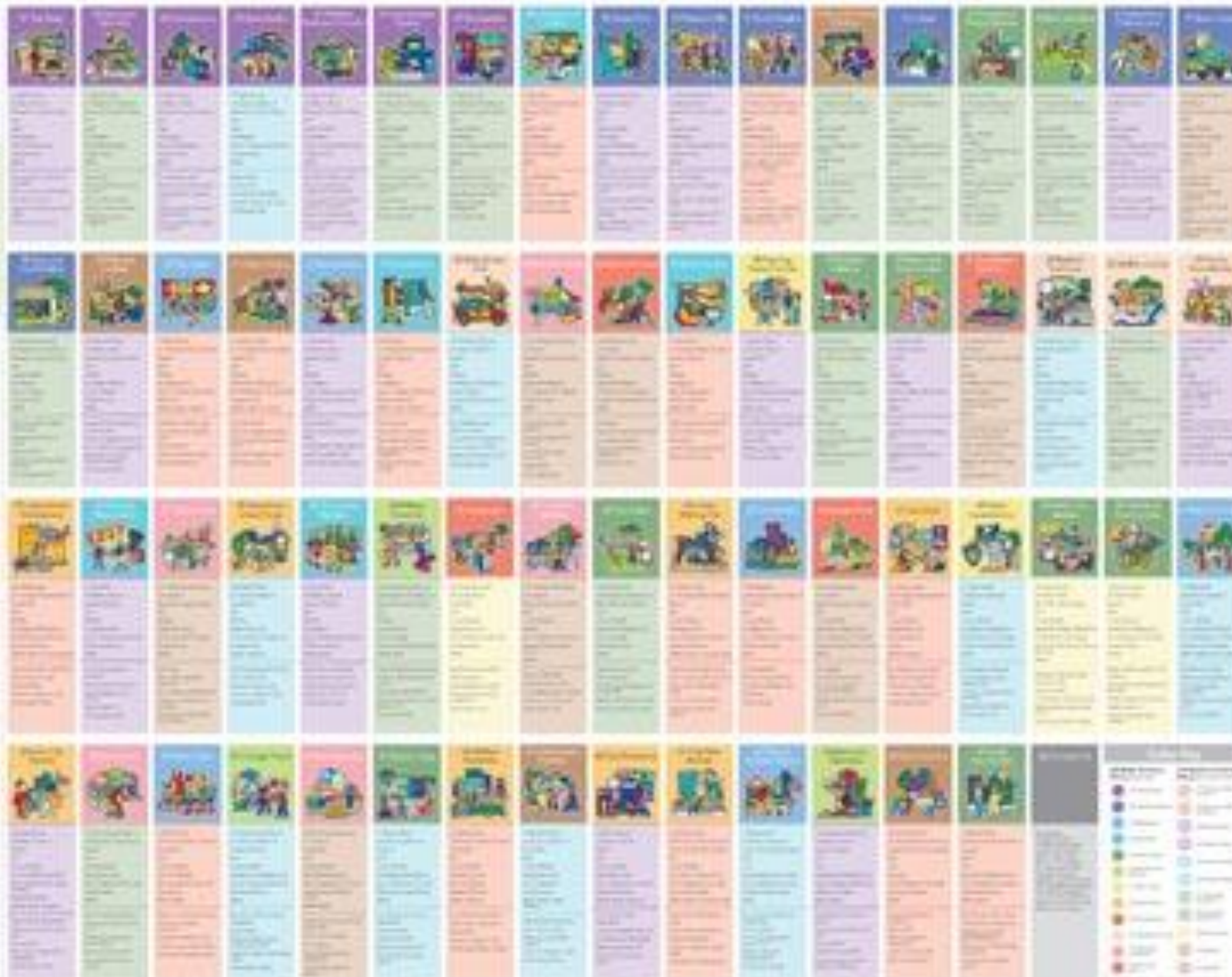
- We rarely use just one or two segmentation variables.
- Many programs/software available for helping target based on multiple segmentation bases

Tapestry Segmentation

The fabric of America's neighborhoods

What is Tapestry Segmentation?
Tapestry Segmentation is a market research tool that divides the U.S. population into segments based on their life stage, income, and education. These segments are then mapped to specific geographic areas, providing a detailed view of the demographic composition of neighborhoods across the country.

Why is Tapestry Segmentation important?
Understanding the demographic makeup of a neighborhood is crucial for businesses, marketers, and policymakers. Tapestry Segmentation provides a clear, visual representation of this data, allowing for more targeted marketing strategies, better resource allocation, and a deeper understanding of the needs and preferences of different community groups.



Feeder Pool

Newly-engaged, affluent-track women and men who prefer tableware with clean, simple lines but haven't had the life experience to make timeless designs and glassware durability their top selection criteria.

- HHI > \$100K
- Age 25-35

Prime Prospect

Affluent women who entertain and purchase gifts for others frequently and prefer handcrafted luxury tableware with simple, clean lines and long-lasting value.

- HHI > \$200K

Key sub-segments

Brides – setting up households, expanding collections

Foodies – 'heavy users' of tableware, also predisposed to choosing tableware as gifts for others

Travelers – high appreciation for handcrafting traditions and objects with a strong geographic identity

Design enthusiasts – high appreciation for companies with strong design vision, clarity and consistency

Eco buyers – reward companies that make a concerted effort to preserve the environment and that are rooted in nature and craftsmanship

Micro-segments

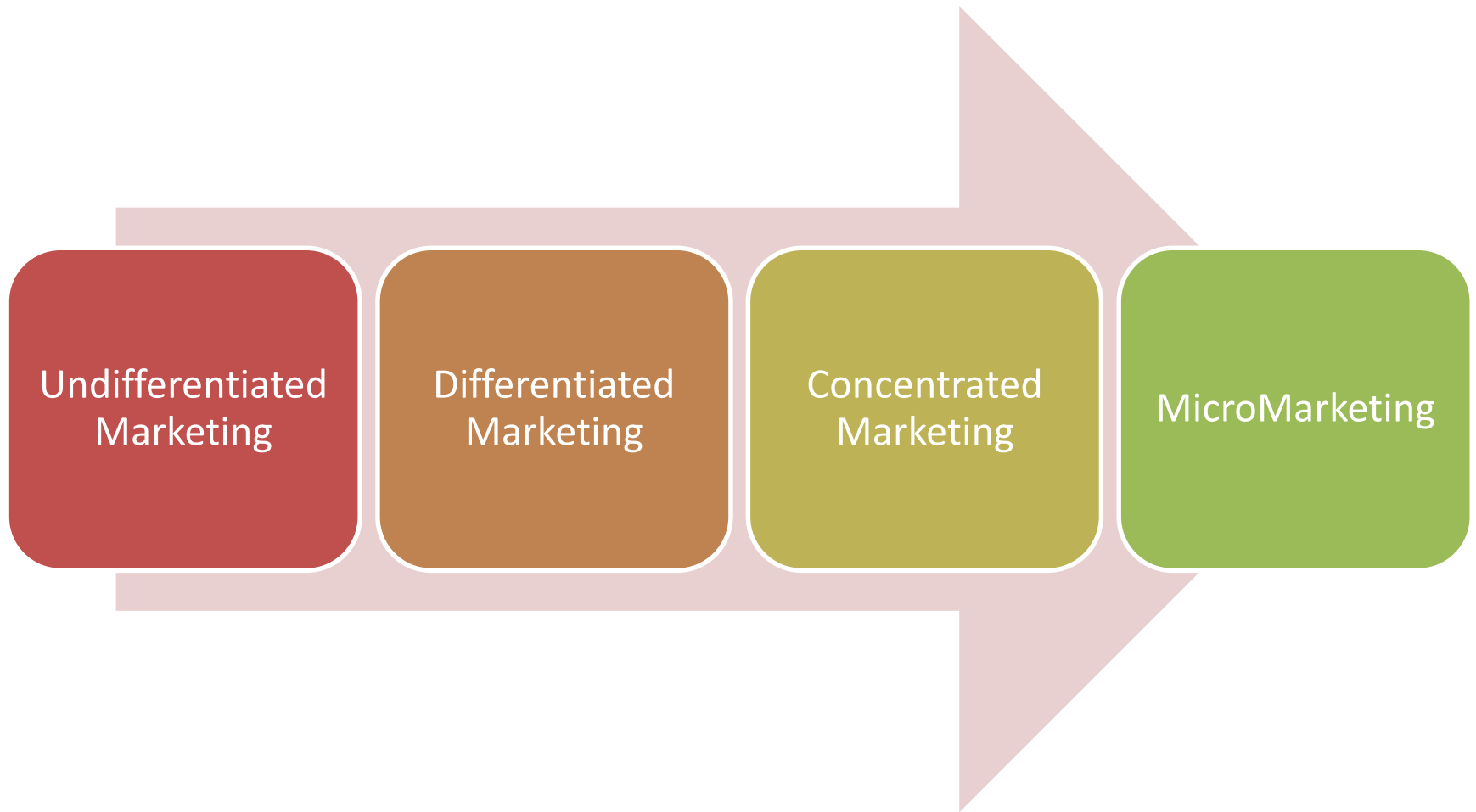
Dartmouth alum and parents of Dartmouth students

Vermont residents and vacationers

Step 2: Market Targeting

- Now that we've segmented all the various *possible* target markets, we must select which markets we can serve best by evaluating and selecting segments to targets.

Market Targeting Spectrum



Undifferentiated Marketing

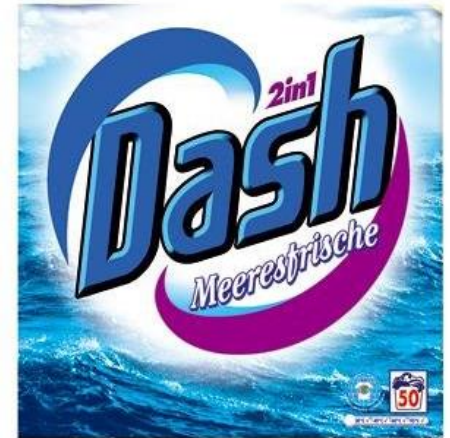
it's  time

HURRY, SHOP NOW

BUY ONE GET ONE*
1/2 OFF EVERYTHING

Buy 1, get 2nd item of equal or lesser value for 1/2 off the Payless ShoeSource® marked price! Entire Stock included.

Differentiated Marketing



Concentrated or Niche Marketing



SIMON PEARCE



MicroMarketing

- Local Marketing: tailored marketing for the needs and wants of a local area
- Individual Marketing: tailoring the products and marketing programs to the needs and preferences of individual customers

MicroMarketing: Local Marketing

EXAMPLES?

MicroMarketing: Individual Marketing

Blu-Bin

Vermont's 3D Printing Shop
20 Church St., Burlington, VT

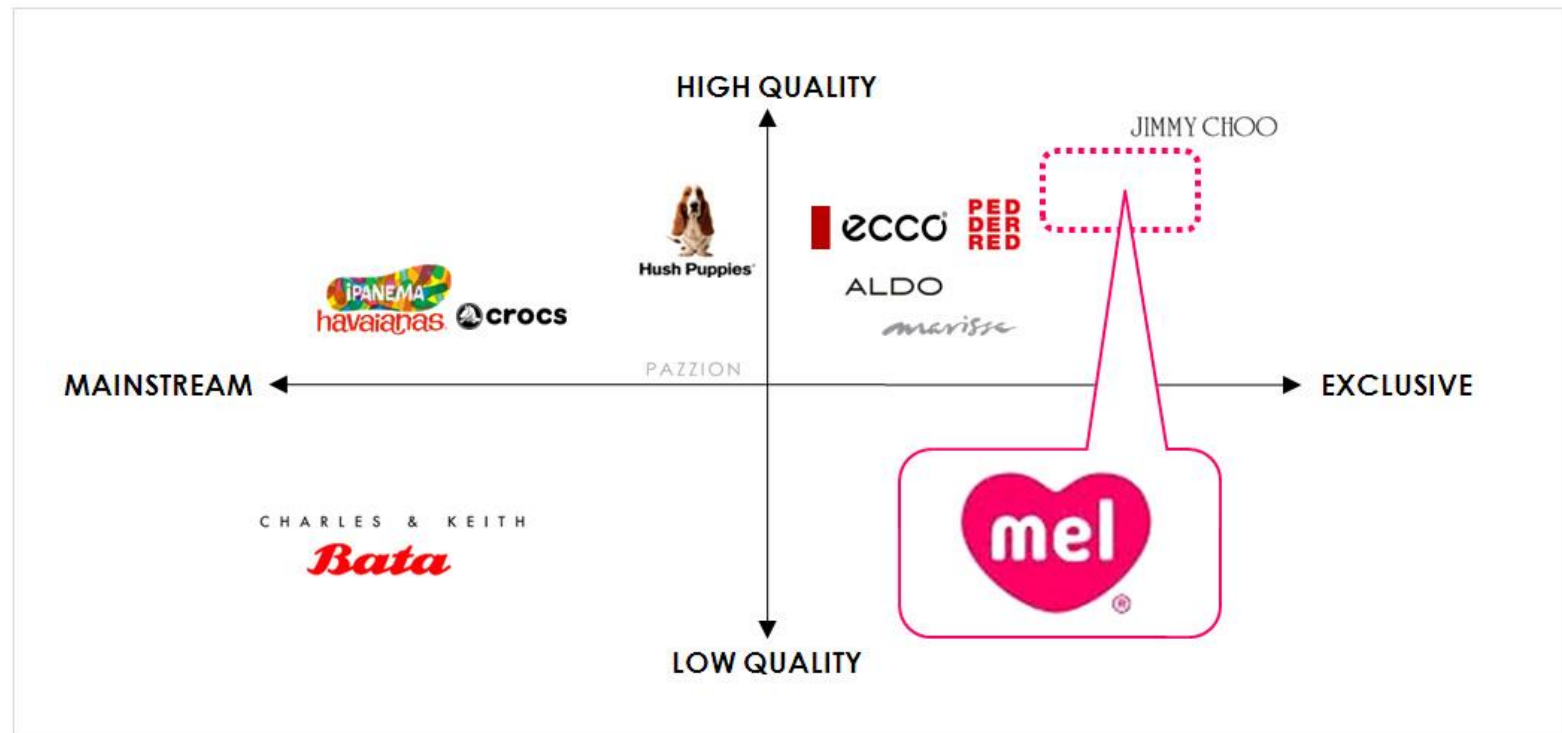
Step 3 & 4 Differentiation & Positioning

- Differentiation: Determining what's unique about the brand and the products and/or services we offer.
- Positioning: Determining what's unique and different about the brand and the products and or services leads to the development of the brands positioning within the marketplace. Where do we exist, compared to our competitors

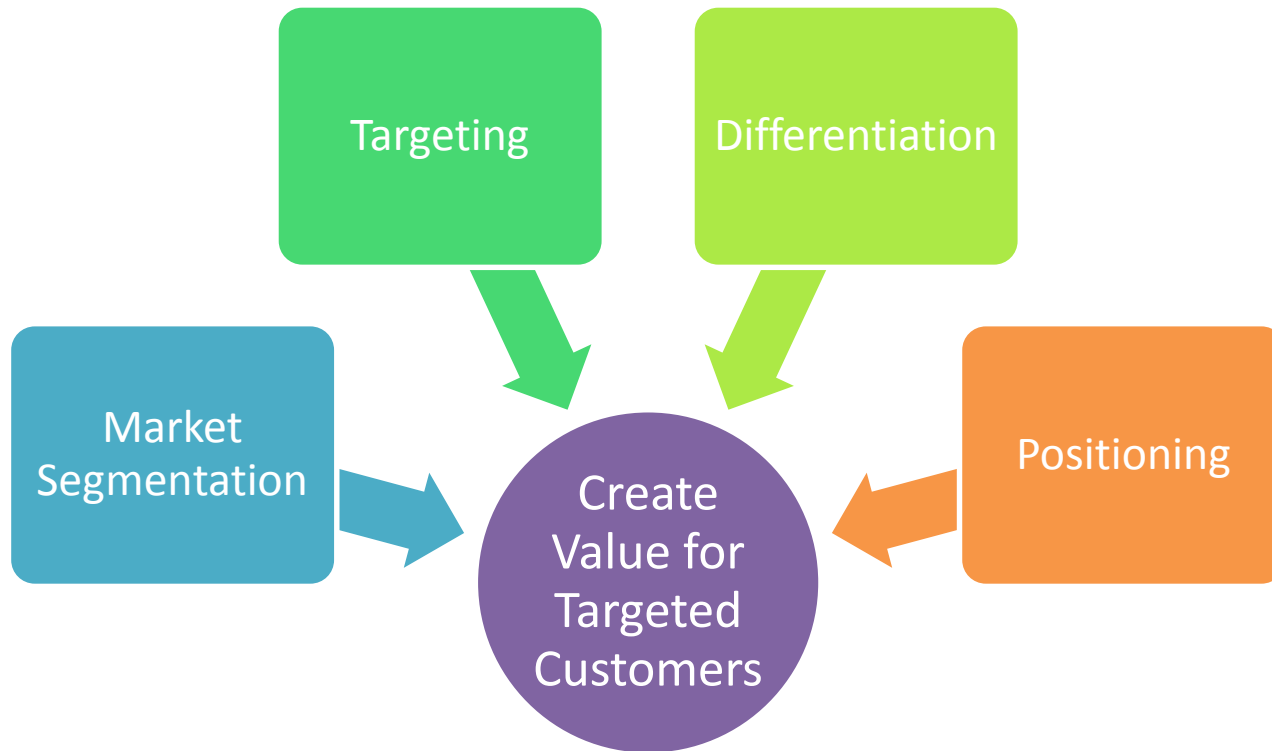
Differentiation + Positioning = Competitive Advantage

Positioning Maps

POSITIONING



Designing a Customer-Driven Marketing Strategy



Next week

- Read Chapter 9
- Answer Critical Thinking questions on Moodle
- Bring Marketing Plan Material/WIP

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