


**Consumer Behaviour**  
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**Lecture - 6**  
**Market Segmentation and Positioning (Contd.)**

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| <b>MODULE 3:</b>                           |  |
| <b>MARKET SEGMENTATION AND POSITIONING</b> |  |
| <b>(2 hours)</b>                           |  |
| <b>3.1</b>                                 | <b>Aggregate Marketing and Market Segmentation</b> |
| <b>3.2</b>                                 | <b>Target Marketing</b>                            |
| <b>3.3</b>                                 | <b>Market Segmentation</b>                         |
| <b>3.4</b>                                 | <b>Alternatives available for Segmentation</b>     |
| <b>3.5</b>                                 | <b>Basis for Segmentation</b>                      |
| <b>3.6</b>                                 | <b>Targeting</b>                                   |
| <b>3.7</b>                                 | <b>Positioning</b>                                 |

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Let us now continue with our module 3 on consumer behavior, we were discussing module three which was market segmentation and positioning. We will now continue with the second hour of this module; this module comprised the following topics. Aggregate marketing and market segmentation, target marketing, market segmentation, alternatives available for segmentation basis for segmentation, targeting and positioning. In the first session of this module, we have already covered aggregate marketing and market segmentation. We have also discussed target marketing, market segmentation, the various alternatives available for segmentation, the various basis for segmentation of both B2B and B2C scenario. Now we have to continue with targeting and positioning.

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So, in the second hour of module three, we shall be covering targeting and positioning. Now, let us first start with targeting.

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After identifying the segments, the marketer has to decide upon the segment or the segments which he will be cater into, and accordingly he would have to direct his marketing mix. So, he has to be very careful in selecting the various segment a particular segment or few of the segments which he will be catering to. Now, when we talk of the target segment; the target segment is the group of customers that the marketer decides to

serve. So, here we have a group of customers or groups of customers that the marketer decides to serve. Now, this particular group of customers or the groups of customers have certain similar needs, wants, preferences they come with a similar background. And keeping in mind that the cause the people in the particular segment are homogeneous to each other, the marketer assumes that they would behave similarly in the market place and so he comes up with the product or service offering and with a blend with a marketing mix blend of marketing mix, and he targets the segment with his four piece or with his marketing program.

Now, in order to choose a particular segment or few of the segments, the marketer has to decide on this viability of the segment. While he is doing that he also is to look into the very fact that he must be able to cater into the segments the needs of the segments effectively and efficiently. In order to be doing so he has to you know go through the process of market targeting or targeting the appropriate segment with an appropriate marketing mix. So, a marketer would choose a particular segment; that is number one viable and that number two something which he can cater to effectively and efficiently. So, the two issues which again focused; one is with respect to the viability of the segment and two is with respect to evaluating and selecting the target market.


So, when we speak about targeting, as one of the composites or one of the constituents of STP, the marketer has to very carefully analyze two issues; one is how which of the segments is most viable, number two is to evaluate and select the that particular segmentation; that particular segment which he thinks will be the most viable. So, the two issues which are to be discussed with respect to the viability of the segment and here we will be speaking about the various criteria which make a particular segment viable, and the second thing which we need to speak of is evaluating and selecting a particular target market.

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**a) Viability of the Segment:**

The viability of a segment is based on the following criteria:

- 1. Measurable:**
  - The segment should be measurable in term of the total size, purchasing power and, demographic, geographic and psychographic characteristics.
- 2. Substantial:**
  - The segment should be of sufficient size so as to generate profits; it should also have a potential for growth.
- 3. Accessible:**
  - It should be reachable and easy to enter or penetrate.
  - The marketers must be able to deliver the product or service offering and must be able to operate therein.



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Now, let us speak about the first issue of the viability of the segment, in order to be segment, in order to be viable, a particular segment has to be strong on 5 criteria. It should be measurable, it should be substantial, it should be actionable, it should be differentiable, and it should be accessible. So, any or more of this segments which fall high or score high or any or old of this criteria would be regarded as viable segments. Now, let us explain one by one, what do we mean by measurability or substantiability or distinctiveness or actionability or accessibility of the segment. So, let us first start with the measurability of a segment when we talk about a segment being measurable, it means that it should be measurable in terms of total size, it should be measurable in terms of total potential, demand, sales potential, market growth rate, purchasing power, and demographic, geographic and psychographic characteristics.

So, it must be very clearly measurable, one in terms of its current size and demand and sales potent, also in terms of you know the potential or the future in terms of sales potential or increasing demand or decreasing demand or growth of the market. As well as he should be able to measure the demographic, geographic and psychographic characteristics of the segment. Why is it important for him to be able to understand the demographic, geographic and psychographic characteristics. Because it is when we study these characteristics and when we use it against a backdrop of the total market size and the total market potential we will get to have an idea about the forecast or the market

forecast. So, current demand, current market growth, current market size is one issue; the other issues also to be able to forecast the future.

So, in order to be able to forecast the future, it is very essential that you measure you are able to measure the demography, geographic and psychographic characteristics of the segment. And against the back drop of the current growth, the current size of the market, the current demand, and the current potential you basically speak of assessing the future in terms of future market growth rate, future market demand, and future sale potential.

The second criteria for assessing the viability of the segment, is that it should be substantial. Any or all of the segment or segments that marketer chooses to serve should be of sufficient size. So, as to be able to generate profits, so as to be able to generate sales, so as to be able to generate revenue for the company. It should also have a potential for growth, because we are not just going to be concerned with the current demand or the current profit or the current sales and the current revenue, but we also want to assess the future we also want to see what is going to happen in the future.

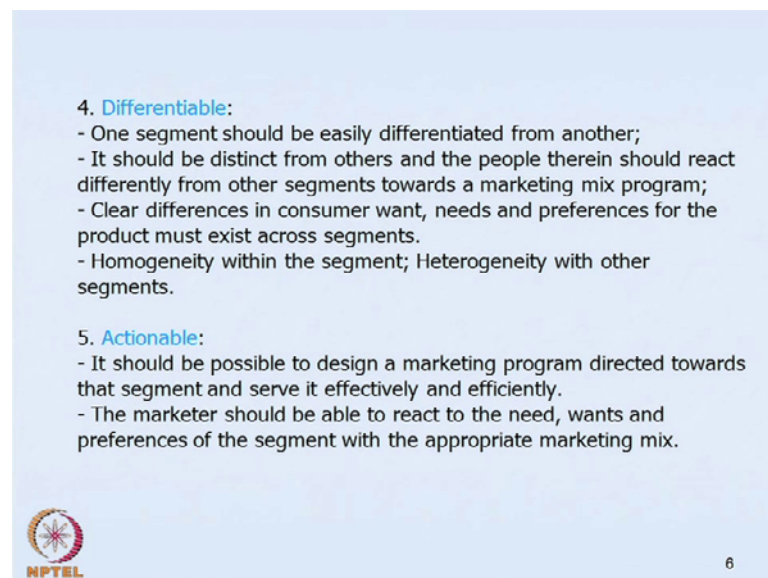
So, it is very important that we also discussed, and we have an idea about the potential growth. The third criteria, which we use to assess the viability of a segment is in terms of accessibility. Particular segment must be accessible, it should be easy easily reachable by the marketer, it should be something which is easy for him to penetrate. Now, here when we talk about reach ability and is you know we are speaking basically about you, know issues with respect to location, you know geographical distance or we could also you know see this the this issue study this issues against larger back drop.

In terms of the legal requirements or the various you know trade in a rules with respect to trade entry and exit or with respect to you know the regulations regulate in norms. So, this segment should be such that it should be easily be able to enter by the marketer, there should not be any form of the restrictions either that the government or with the law which or by the society which prevents him to enter that particular segment. We also speak about the accessibility in terms of you, I mean marketer being able to penetrate when we see that a particular segment is already you know has number of players each of which is strong, each of which is has it is own market share, each of which is has it is own set of you know loyal customers, there it may not been very viable for another

player or another marketer to enter the segment, because he will have to break into the segment which may not always be very easy.

So, the marketer has to assess the viability of a segment from the point of view of both you know accessibility in terms of reach, in terms distance geographical distance as well as you know trade exit and entry and exit rules and regulations, as well as if have to understand it in terms of market dynamics whether you know it would be easy to enter the segment or diff or easy to penetrate or it is going to be difficult for him to enter. In any case the marketer must be able to deliver the product or service offering into the particular segment and must be able to operate successfully there in. So, it is very important that assess ability is used as a criteria for assessing the viability of a segment.

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4. **Differentiable:**

- One segment should be easily differentiated from another;
- It should be distinct from others and the people therein should react differently from other segments towards a marketing mix program;
- Clear differences in consumer want, needs and preferences for the product must exist across segments.
- Homogeneity within the segment; Heterogeneity with other segments.

5. **Actionable:**

- It should be possible to design a marketing program directed towards that segment and serve it effectively and efficiently.
- The marketer should be able to react to the need, wants and preferences of the segment with the appropriate marketing mix.

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The next criteria, which we used to assess the viability of a segment is differentiability or distinctiveness. One segment should be easily differentiable from the other, should be very distinct from the others, and people who where therein should react differently from other segments towards the marketing program or towards the marketing mix program.

So, there must be very clear differences in terms of consumer wants, needs, preferences for a product or service offering must exist across the segments, clear it differences must exist in terms of consumer need and want and preferences. And while the segment has to qualify homogeneity within the segment should be heterogeneous with other segments.

So, when you are talking about segments and we talking about targeting the segment, be sure that you know you will we know when you are selecting segments they have to be easily differentiable from one another, this is because with particular product or service offering and particular mix marketing mix or a marketing program you are you know going to have a difficulty having the same product of service offering, and the same marketing program if your two segments are overlapping or if they are similar.

So, do we able to cater to them efficiently and effectively, it is very essential that you have to that you have to define them in terms of differentiation or distinctiveness, and deal with them deal with them in different manner provide them a mark product or service offering with two different marketing programs or two different marketing mixes.

So, here in lies the importance of distinctiveness or differentiation as criteria for assessing, segment viability. The next criteria which we consider to assess the viability of a segment is in terms of action ability. So, you know it when we are assessing the viability we should be very careful to understand that it must be possible for a marketer to design a marketing program directed towards the segment, and serve it effectively and efficiently. So, he must be able to react to the need to the wants of the people to the preferences of the people with a appropriate marketing mix. Now, he has to do this keeping in mind profit, keeping in mind revenue. So, this action ability means serve the segment, but be sure should that you do it in a profitable manner, be sure that you get you returns as quickly as possible. You may speak of a segment which is (( )), it may be action able, but you may take a lot of time before you actually able to get back your returns if you price your products moderately.

So, you will have to be very carefully, careful that because you are serving a very small segment you have to price yourself premium, so that you will get your returns as quickly as possible. And you start getting your earning your profits as quickly as possible. So, whatever you must and then these particular needs should be ready to pay that amount of money. So but action ability we mean that we should be able to put the all the four p's into action very smoothly and very clearly, very easily not at the expense of companies profit, but at but for the companies scale.

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**b) Evaluation and Selection of Market Segments:**


While evaluation and selection of the Market Segments, two questions need to be addressed:

i) What is the **overall attractiveness** of the segment?

- Segment size, sales, growth rate and overall profitability
- Structural Attractiveness in terms of existing competition, entry/exit barriers for competition, availability of substitute products, and the backward power balance equilibrium between supplier and the buyer (i.e. marketer)

ii) What are the **company's objectives and constraints** (physical, financial and time)?

- Core competencies and competitive advantage to grow in that segment: company's hold over resources, skills and competencies and overall strengths.
- Physical, financial and time constraints?



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So, these are the various criteria which we use to assess the viability of a segment. Now, after this we move to the second issue which is with respect to evaluating and selecting target segments. So, how are we going to evaluate the you know the segments which will just that means we use some of these criteria to evaluate segments, but the second thing is which we have to do is we have to also select the segments.

So, while evaluating and selecting market segments, we need to address two is questions; one is what is the overall attractiveness of the segment, two what are the companies objectives and constraints. So, while you selecting target segment, you have to keep in mind what is the overall attractiveness of the segment and what are the companies objectives and constraints. These two questions will actually you know help you, and come with an answer basically help you with an answer to what is the segment which I should actually target.

So, to select the particular you have to keep overall attractiveness of the segment in mind as well as companies, objectives and constraints in mind. Now, what is overall attractiveness of the segment when we talk of overall attractiveness of the segment, we are talking about the size of the segment, the sales in the segment, the growth rate, the profits, the revenue, and and of course the overall productive or sorry overall profitability of the segments.



So, we are talking about the attractiveness of a segment from the point of view of sales revenue and profit. This is another attractiveness which we study in terms of structural attractiveness. So, structural attractiveness we would speak, in terms of competition, you know in terms of entry exit barriers, availability of substitute products and the backward power balance equilibrium between the supplier and the buyer that is B2B in our case the marketer.

So or attractiveness can also be studied in terms of the structural attractiveness which we define in terms of what is the competition in the market, how intense is the competition, what are the entry and exit barriers with respect to competition also what are what are what is the needs of substitute products, what is the backward power balance equilibrium or equation with vendors or with the suppliers you know between the market between our marketer and his vendor and supplier. So, essentially we are talking about the b to b you know dynamics, that is the equilibrium or the power dynamics between a marketer and his vendor.

So, that will basically all of this will give you an idea about the overall attractiveness of the segment. So, when we speak about overall attractiveness we are talking about the size of the segment, the sales, the profit, the revenues, the growth and the overall profitability, as well as we are speaking about the structural attractiveness in terms of the competition as well as power dynamics with the vendor, so all of this gives us an idea about the overall attractiveness of a segment.

The second thing which we speak of is the companies objectives and constraints; every company has certain objectives, it has got its corporate objectives, it has got its (( )) objectives those get broken down into functional objectives, and of course we have marketers are as concerned with the marketing objectives. But we also operate under certain constraints; these constraints may be physical constraints, may be financial constraints or may be with respect to time.

So, keeping in mind the you know our objectives, and keeping in mind the kind of constraints we face in terms of time, in terms of physics, you know in terms of finance and in terms of physical, you know dimensions we actually have to think about the you know. Say you keeping all these in mind you have to think about the which of these segments we should choose. Yeah we should think about our core competency, we

should think about a competitive advantage to go on a particular segment, every company has its strengths, it have it could have a better hold on its resources, it could have better skills in terms of its man power, it could have better it competencies over all it could be very strong company from within, but then it has a affect its own physical financial and time constraints.

So, you know we have to assess the company's strengths its weaknesses in terms of physical financial, and time constraints, and against this back drop you have to study the companies objectives. That means, will the company be able to achieve its objectives keeping in mind its constraints in that particular segment. So, in a natural what we are trying to see that segment would be profitable available or attractive to enter when the company would be able to achieve its objectives of growth, sales, revenue, profit, amidst constraints of finance or physical constraints or time constraints. So, you have to see which what are come what we to assess what are companies objectives, what are its constraints and keeping these two things in mind, we will be able to assess which of the segments is attractive, and which of these segment or segments should a marketer be able to cater to.

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**PATTERNS OF TARGET MARKET SELECTION:**

There could be 5 **different patterns** of target market selection:

- A) Single-segment concentration
- B) Selective specialization or Multi-segment
- C) Product specialization
- D) Market Specialization
- E) Full market coverage

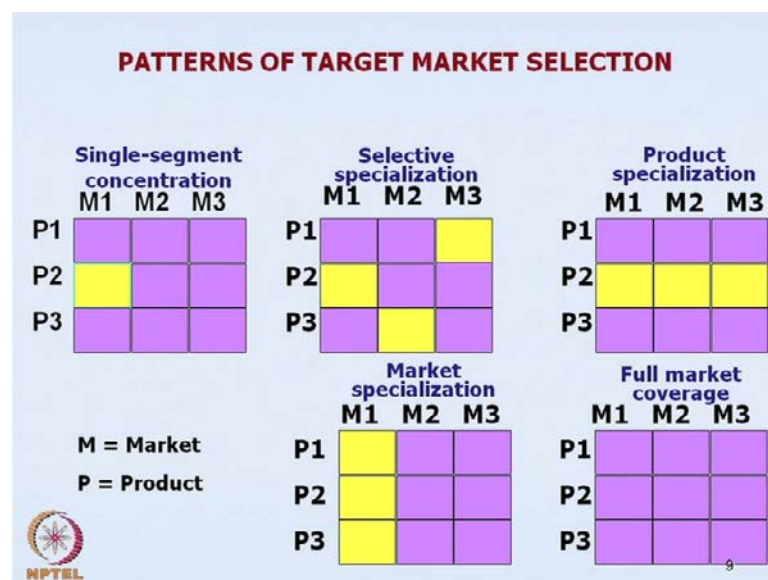
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Now, there could be five different patterns of target market selection, keeping in mind the overall attractiveness of the firm, keeping in mind the I am sorry keeping in mind the overall attractiveness of the segment, keeping in mind the companies strengths, keeping

in mind the companies weaknesses as an keeping in mind the companies objectives. We could actually settle for one segment to cater to or few segments to cater to, we could have a you know a policy of just offering one product or we could offer a few products or we could offer a few products to a few segments.

So, marketer has these different alternatives which we study in terms of the patterns of target market selection. So, there could be five different patterns of target market selection we speak of single segment concentration, we speak of selective specialization or multiple segment, they could be product specialization, market specialization or full market coverage. So, we could we could see this we could we will discuss this subsequently, but and we will do this with the help of an illustration.

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So, if you see here let us take a scenario where we speak about three segments called M 1, M 2, M 3, and three different products called P 1, P 2, and P 3. So, let us take 5 different scenarios which will explain to us and an simplify the 5 different patterns which we have just mentioned. Let us take a company which decides to cater to M 1 or segment M 1 or market one with the product called P 2. Now in this case when the marketer offers just one product to one segment, we call it as single segment concentration.

So, the marketer decides to cater to single segment only also called concentrated marketing, the marketer will understand the needs and wants of this particular segment and will focus on the needs and wants of this particular segment only. So, the focus here

is one segment only we also call it focused or marketing or concentrated marketing. Now, example could be you know we could have an example here of role x watches, the kind of watches the product has offered to a segment which is a premium segment.

And so you have M 1, you have P 2 for M 1 or you have a product of segment one particular segment. Now, what are the advantages of a single segment concentration, it leads to you know lower cost of production, distribution, and promotion, because you are producing in mass scale for that the cost of production are lowered, the cost of distribution and promotion are also lowered. It also leads to greater specialization of product or service offering, there are or there is always a greatest chance and a very strong chance of achieving very strong presence and becoming a market leader for that particular segment, because here you are focused on or you are concentrating only and only on the needs and wants of this particular segment. So, you basically begin to specialize in that product category or that service offering and you immerge as a strong player or a strong leader in that particular segment. Now, there are certain disadvantages of a single segment concentration as well, now what are the disadvantages? One all these eggs are placed in one basket.

So, if the segment weakens the marketer is finished, the risk is totally you know that it is not spread, it is concentrated. So, if the market turns or if the segment turns or you have finished, also a small change in segment needs wants and preferences can create a problem as a marketer you have to react immediately, you have to be very dynamical you have to be very flexible, because you are concentrating only on the needs and wants of a particular segment.

So, the moment this the needs wants preferences of the segment change you will have to immediately bring about a change in your product or service offering. So, also segment preferences change over time and so here the marketer will have to immediately adapt to suit the needs and wants of that particular segment, also another problem which we find with this kind of you know pattern is that the firm gets entranced in serving a particular segment only.

Once entranced there is always there is a great difficulty you know if it wants to diversify or expand into other segments, it has already positioned itself in a manner that it is going to cater to one segment only. So, when it or thinks about you know you know

offering its product or service to other segment, this going to be a problem of acceptance or in case if he is accepted he is brand value mean his brand value may get diluted. So, that is again a problem which is there with single segment concentration.

The second pattern which we speak of is selective specialization or multi segment, in selective specialization or multi segment if you see here the marketer offers to product 1 to M 3, product 2 to M 1 and product 3 to M 2; in other words for segment M 3 he has product 1, for segment M 2 he has product 3 and for segment M 1 he has product 2. So, for the different kinds of segments he has he kept he is actually targeting 3 segments with three different products. For each of the segments he has got a different productive offer. So, in selective specialization basically the marketer caters to two or a few segments with different marketing mixtures with different products at different prices at sold differently and promoted differently.

So, it offers varied product and services offerings with distinct marketing mixes to the various segments. Examples could be you know say Maruti cars or it could be soaps and detergents from particular gamble or you could also have you know as an example the Tata group of hotels where they have different you know the Tata you know the Taj group these are the (( )). So, here we have different kinds of soaps and detergents from you know you know or you have different cars, be it k ten or be it you know the swift or be it the or you know the different models a swift desire or the s x 4.

So, you have different cars for different segments or you have different soaps for different segments or you have different hotels for different segments. So, what we see here is different product or service offering with a different mix for each of the different segments. Now, we have ad advantages and disadvantages as well; advantages are that when the marketer caters to different segments, he can expand, he can achieve economies of scale and operation and also gain out of existing synergies between production or operations and marketing function.

So, what happens is because he is dealing with you know products different kinds of products, and for different kinds of segments, he is able to cash upon his brand value; he is able to cash upon synergies with respect to production, with respect to operations, with respect to you know marketing function. You know operations and marketing for example, he can you know earn synergies with respect to transportation or distribution

channels, ware housing, so also you know people are the brand gains more importance it gains focus and people acceptance of the people or segments for these brands becomes very easy. Also chances of risk or failing totally are minimized as it diversifies coverage, this the marketer is going to cater to different segments with different products. So, he has market coverage's very broad and very extensive and this minimizes his risk which was present with respect to a single segment concentration. So, these are the advantages with respect to selective specialization.

However, selective specialization also has its disadvantages. A marketer who caters to more than one segment faces the different kind of an environment for each of these segments. He faces different kinds of complexities, different kinds of dynamism in the environment, you know the environment for different kinds of products or different kinds of segments is going to be very different, it is going to be very dynamic, it is going to be very, very complex.

So, the marketer is the marketer has to be very strong in terms of market research. So, he has to be able to identify customer needs, wants, preferences across the segments and has to immediately act upon you know adopting his product or service offerings, as and when the segment wants. So, we should be also be able to manage his positioning strategy for the different products, and or brands in the different market segments. So, there is tremendous amount of work that a marketer will have to do when he goes in for selective specialization. He has to be very proactive in his approach to meet the change in needs and wants not of one segment, but of many segments.

And then he has to bring about changes in this product, and you know marketing needs for not one product, but for a number of products. Also he will have to be very strong, very proactive in knowing what is happening in the market for different kinds of products in market in terms of the competition in terms of the market growth rate in terms of overall attractiveness of the market. So, he has to be very, very careful and the task for him is very complex and cumbersome. The third kind of alternative for a target market selection is in terms of product specialization, and if you see product specialization in spite of you know being able to serve different come up with different products instead of coming up with different products for different segments, in mark product specialization the marketer decides to offer only one product to n number of segments which could be there.

So, he could offer the same product to 2 or 3 or 4 of the segments, he would sell a particular product you know to the different market segments, he would bring about the variation in the product line, and the product remains the same there could only be a variation in the product which he will offer to different segments in the market. So, the marketer basically deals with varying products in the same product line, it adapts the product to sell to different marketing segments; for example Gillette, it offers different kinds of razors for different kinds of market segments, it is also coming up with come up with different kinds of products for different market segments.

So, here what Gillette specializes is a product specialization. Now, what are the advantages of product specialization. The when a marketer caters to different segments with a single product of varying forms of the same product, he can develop specialization in the product and he would also develop a kind of reputation in the product line. So, he begins to gain strong market presence with respect to his product and or product line, but it is also disadvantage with this approach, the if the product dies or if the product matures you know the marketer would (( )) in case the product matures during in the stages of product life cycle or in case the product begins to die the marketer would be left with nothing. So, this is the third pattern which we see in terms of target market selection. Now, let us discuss the next pattern or next type of segmentation which a person could marketer could opt for, this is in terms of market specialization.

So, here the market - marketer basically deals with a particular segment only, and provides different kinds of products to meet the needs or wants of that particular segment. So, this market segment is one, but the products he is going to offer will be many. So, for example, for a particular segment called M 1, the marketer offers products could be P 1 could be P 2 or could be P 3. So, what he specializes in, he specializes in terms of the market segment. So, the marketer deals with just one specific segment and he tries to meet the different needs and wants of that particular customer group through offering different kinds of product and service offerings.

Now example here is for example, the various ordinance factories in India you know they exist to cater to meet the needs of the defense forces only. So, different ordinance factories in the country they make different kinds of products be it arm, be it emanation, be it clothing, be it shoes you know different kinds of products they offer to meet the needs and wants of just one segment which is the defense forces. So, here you see you

know perfect example of market specialization. Now, market specialization also has its advantages and disadvantages as well. In case of the monopolistic situation, the marketer has a lot of potential to grow he would exist to serve the needs and wants of this segment if that all the needs and wants of the segment, and the focus here is on catering to the needs of a particular market segment.

So, the marketer is totally customer centric, he is totally customer focused. So, people begin would depend on him you know they will depend on him on his brand; however, the disadvantage with this approach is that if the segment weakens, the marketer is finished. He is just concentrating too much on just one segment, and if the market demand from this particular segment some forward the marketer is totally finished. Finally, we come to the next which is called full market coverage, in full market coverage particular marketer decides to offer different kinds of products to different kinds of markets, and he offers he basically treats the he covers the whole market or the full market that is why this approach is called the full market coverage. For example, to product one he would offer in all the segments, product two he would offer in all the segments, product three he would offer in all the segments.

So, may you know for market one - segment one he gets all the products P 1, P 2, P 3; and market segment two gets all the products in the form of P 1, P 2, P 3; and market three gets all the products in terms of P 1, P 2, P 3. So, the marketer basically is catering to the whole market or the entire market, and that is why it is called the full market coverage. Now when we talk of full market coverage it could basically assumed two forms - a differentiated form and an un differentiated form. In differentiated form the marketer would operate in the whole market and offer differentiated products for different segments. Now so he will operate in the market, but he will provide some level of differentiation in terms of products for the different kinds of market segments.

For example IBM or HP you know they have they have different kinds of product solutions or different kinds of you know printers, IBM has different kinds of you know product or service solutions; similarly HP has different kinds of printers for they cover the whole market, but they have different kinds of printers which they sell to the market. In undifferentiated form, it is similar to mass marketing where the marketer would treat the market as a single segment, and offer a single product to the whole of the segment, he would just ignore any kind of differences between the different segments that may exist



and he just provides no differentiation at all and provides the single product to the entire segment. So, examples could be in form of basic groceries or staples; however, we have seen of late that this is an idealistic situation, and even in cases of you know basic groceries and staples some level of differentiation is coming out.

Like for example, for salt you have different kinds of salts which are available in the market even for a product like Pepsi, you have a diet Pepsi also. So, you know the different kinds of some level of differentiation is coping up even in this and differentiate forms. So, to speak about un differentiated form in as a full market coverage may be a very idealistic situations. Now, what are the advantages of full market coverage and what are the disadvantages of full market coverage, when we speak about the advantages large scale diversification is possible.

So, you are going full scale, you are going diversifying a cross products, you are diversifying a cross segments and level of risk is highly minimized, here you know gaining in terms of brand measure, gaining in terms of brand value your reputation is very, very strong. So, in this way you are known in the market you know you known as you know as a as a brand viewer aware amongst people you are known you are very popular. Chances of risk and chances of falling out are also minimized extent, because you are diversifying, so you are minimizing the level of risk associated with the market.

However, the disadvantages with this approach is that it is very difficult for a marketer to be basically focused and specialized in a product category, it is very difficult for a marketer to focus with respect to a particular you know category or in the market and to be able to offer different kinds of products or different kinds of markets is a very hum is a very cumbersome task. So, he may not be able to do full justice to with his products to the full of the market. So, these are the problems with respect to the full market coverage now let us move beyond, and speak about positioning.

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### 3.7 Positioning:

- After deciding upon the targets to cater to, the marketer needs to position the product or service offering.

Positioning is the act of designing the product and service offering of a company in the minds of the customer's so that

- (i) the customer can relate the product and service offering to a need or want.
- (ii) the marketer can create a distinctive image of himself.
- (iii) the consumer can perceive a brand's characteristics relative to those of competitive offerings.

*It is process of creating an image of the product and service offering in the minds of the consumer.*



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So, we have discussed market targeting, we have seen how when we target markets we look at the overall attractiveness of the segment, we also look at the company objectives the different kinds of constraints that a company has... We speak about the viability of the segment in terms of measurability, sustainability, action ability, you know distinctiveness and action ability. So, keeping in mind these criteria which define vibrity also keeping in mind the overall market attractiveness in terms of growth, in terms of sales potential and in terms of profitability, also keeping in mind the structural attractiveness, and finally keeping in mind the company objectives and constraints a company basically decides to cater to one segment or two segments.

So, it makes a final choice after having the may the study about the availability of the segment and study the attractiveness of the segment the... And its own objectives and constraints the marketer finally decides on whether to cater to one segment or to cater to two segments, and whether to cater with the segment with a product or with many products and so he has any of these 5 alternatives to choose from which could be single segment concentration, multi segment product specialization, market specialization of full market.

Now, once he has done that, that he is to going for a third constituent in target marketing, which is called positioning. He has to be able to create in the minds of the consumer an image about the product or service offering such that the consumer is able to identify his

need or his want with that product particular product or service offering, and then a consumer is able to understand yes, the product is for me or the product is not for me.

So, the marketer has to be able has to put in a lot of effort to position his product, because we have to understand here that it is not important for a marketer to you know choose a value or create a value or deliver value, but it is also important for him to communicate a value. He has to be able to communicate to the market, what he is what is his product or service about? What is he as a brand? What is his brand? What does his product or service have? Why is it better than the others? What is, so unique about it. And then he has to also make it very clear to the segment that he has this is for you or this is not for you.

So, this is done by him through this particular act called positioning. So, let us talk something about positioning now. So, after deciding upon the various targets that a particular cust marketer is going to deal to different kinds of segments that he is going to cater to the marketer needs to position his product or service offering. We define positioning as an act of designing the product or service offering in the of a company in the minds of the customer so that one, the customer can relate the product or service offering to his need or want, two the marketer can create a distinct image for himself, three the consumer can perceive a brands characteristics relative to those of competitive offerings.

So, one he has to say he has to tell the customer, that you know this is how you can relate your product or service offering to your need or want; two he must be able to say how different I am from the others, three he has to focus on characteristics, he has to focus upon features or benefits or attributes which give him an age over others or which differentiate himself from other competitive offerings.

So, this is what a marketer has to do when he is actually into the act of positioning, it is basically the task of creating an image in the minds of the prod consumer, you know trying to create an image of the product or service offering in the mind of the consumer. So, he what does he has to do? First he has to relate the product or service offering or can say his brand to the need and want of the customer, two he has to create the distinct place or distinct image for himself, three he has to speak about features, he has to speak attributes or he has to speak about benefits which give him a competitive edge over

others. So, this entire process of trying to create an image of the product or service offering in the minds of the target segment or target segments is called positioning.


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***A product or service offering is positioned on the basis of the attributes or features that the product or service offering possesses;***

**Examples:**

- a) Johnson and Johnson: Baby care
- b) Dove: Skin care; Soap with Moisturizer
- b) Amul: the Taste of India; Cooperative Movement
- c) Tata tea: Jaago re: Awareness

The marketer should choose the positioning parameters with care; they should be important (and of "value" to the customers); distinctive, superior, affordable and viable.



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So, let us see how marketers position the product and service offerings. Now, you know product or service offering may be positioned on the basis of the attributes or the features that they possess. For example, Johnson and Johnson positions itself, as a you know company that provides baby care products. And dove positions itself as a skin care soap, you know the soap with a moisturizer or Amul positions itself as the taste of India, and it simplifies or tries to you know you know show how strong the corporative movement has been or how strong you know India is and you know how good the taste of India is. So, that is how Amul positions itself, we have Tata tea which positions itself in terms of or its time to create public awareness you know, could be in terms of social issues or could be in terms of corruption.

So, all of these we say have position itself in some form or the other, either in terms of the segment they relate to or in terms of the benefit that they provide or in terms of some kind of you know identity that they have of their own. So, when we are choosing a particular criteria or to position our self, it is should be mark marketer should choose them with at most care. So, marketer should choose his positioning parameters very carefully, they should be important – important here means they should be valuable to the customer very, very you know it is very essential that we understand that whatever is

important should be important from a customer perspective, it should not be important from a marketer perspective. So, if we say the brand x is important you know for a customer it should really have feature or a attribute which is of relevance, which is of value to the customer which is the value to the customer.

So, you have to basically see that whatever you choose as a parameter is something which is important, it is something which is valuable, it should also be something which is distinctive, it should be something which is buyable, it should be something which is you know feasible which is distinctive which is superior.

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**ISSUES:**

**a) Choosing what to position:**

The criteria to promote could relate to products, services, the 4Ps, company image and reputation, and the people.

As a strategy, positioning can be based on:

- i) on perceived benefits, characteristics or image.**
- ii) on competition**
- ii) on a combination of both (i) and (ii).**

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So, let us see and let us discuss with few example, how we can put these parameters into. So, we will discuss this little later, but before that let us see what are the various issues which we have with respect to positioning. The first thing is choosing what to position. So, when you decide to you know position your product or service offering it is important for you to decide, what are you going to position, is it going to be with respect to the product, the service, the brand, the four p's, the company's image or the company's reputation or the people. So, the criteria which we use to position yourself or to promote yourself could relate to the product or service offering the brand the four p's, the company the reputation of the company the image of the company and the people who work there in.

As this strategy positioning can be based on perceived benefits, characteristics or image, it could be based on competition or it could be based on both benefits characteristics or image as well as competition. So, when we talk about positioning we have three alternatives; one position yourself on benefits characteristics and image, two position yourself against the competitor, and three position on yourself on both 1 and 2. So, you position yourself not only on the characteristics or the image or the feature or the attribute or the benefit that you provide, but also position yourself against the competitor. So, you could choose any all all of these options and you could finally decide on whether you want to position yourself or a feature or a attribute or a benefit or a characteristic or you want to position yourself against competition or you want to use both of these.

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The product positioning may be done on **various bases**:

- Product Attributes**: LG Golden Eye: Auto contrast and Brightness control
- Benefits, Problem Solutions & Basic Needs**: Pepsodent (decay prevention), Close-Up (Fresh breath).
- Quality**: Sony
- Product User**: Parker (Amitabh Bachchan), Reid and Taylor (Executive/ Lifestyle), Johnson and Johnson (Babies)
- Product Usage**: Bumol
- **Specific use**: Greeting cards for every occasion
- Services**: Maruti Service Station all over India
- **Price**: Subhikha: Isse sasta aur nahi???
- **Distribution**: Dell (direct selling: customization)
- Against Other Products (Competitors)**: Savlon vs Dettol; Savlon jalta nahin.

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So, let us this see how you know product positioning may be done on various basis, it could be with respect to product attributes. Like for example, LG golden eye, it positions itself in terms of its unique feature called the golden eye. So, LG televisions they have position themselves on this attribute or on this feature called golden eye which is an auto contrast and brightness control mechanism in the television. So, you know when you switch on the TV you do not need to adjust the contrast or the brightness depending upon the light in the room, the reason auto contrast and brightness control mechanism which comes into play and automatically adjusts the color and the brightness in the in the picture quality.

Second is you could position yourselves on benefits or on problem solutions or on basic needs; for example, Pepsodent positions itself as that you know tooth paste that fights tooth decay it is meant for the segment which is the child you know its positions itself which meet the you know problem with respect to the children, and their teeth which is tooth decay. So, it says it is a tooth paste which fights decay 12 hours. So, if you know if you brush twice a day, you can be rest you can be assured that you will your child would not suffer tooth decay.

So, Pepsodent positions itself on problem solution or on a benefits, similarly close up positions itself for fresh breath, meant for a segment which is the youth where needs social needs or needs for affiliation is very high, this particular brand positions itself as a solution to you know problem for bad breath or it you know fresh it leads it actually prevents bad breath it keeps your mouth all the time. So, this is in you could position yourself on benefits or problem solutions. You could also benefit brand brand in terms of quality; for example, sony positions itself in terms of picture quality or sound effects.

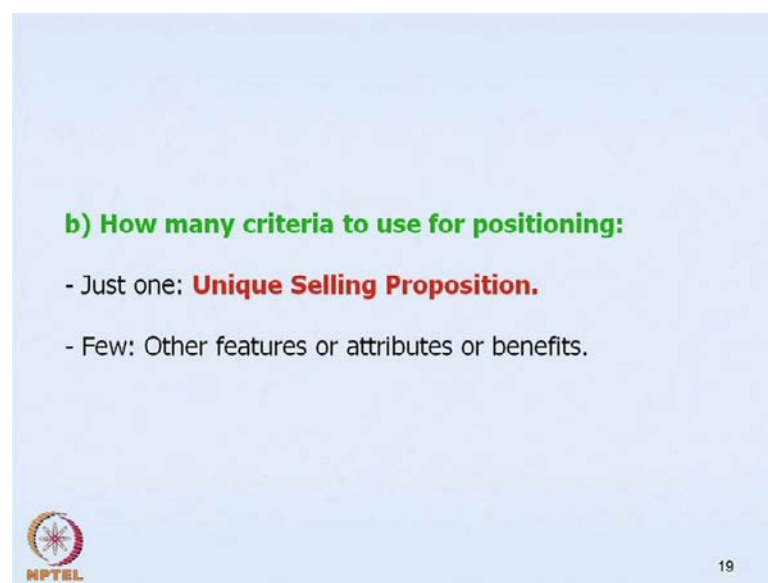
Marketer could also position his products on the pro on the in basis of the user or the segment which is which is supposed to be using that product. For example, parker positions itself as brand which is meant for the you know for the you know in style icons or for you know people with class, and they have Amitabh Bachchan and using their brand. Similarly, Reid and Taylor positions themselves as a brand for executives or for people with rich lifestyles Johnson and Johnson positions itself as a brand for babies.

So, product user could also be used as a you know for parameter for brand positioning, another criteria which you could use for positioning of a brand is with is with product usage a Burnol position itself as a burns cream, it will used as and when people get burnt. So, you know it is perfect example of how you know you can position yourself on product usage, marketers could also position their product on their specific use that a product can be put into.

For example greeting cards for every occasion, Archies, hall marks; they basically position themselves as a card for every occasion. Services can also be used to position a particular brand like Maruti for example, says that it is for service station all over the country. So, whether you are even if you are in place like (( )), where you may not find anything anywhere, but you definitely find a Maruthi service station.


Some brands may also be able to position themselves on price, you have subhikha, it will more mart which says. So, which means that you would not any anything cheaper than this anywhere else, you could also des position yourself on the distribution channel or an dealer network. For example, dell till of late positioned itself on direct selling on high level of customization, of course now it is moved beyond and it is also stocking it is product with dealers and selling wire at the stores, but initially when it was selling direct it was basically positioning itself on the ways of high level of customization, that it provided when you brought straight from the company. You can also position yourself against competitor, this is very commonly used we have seen how surf and Ariel has positioned themselves or against each other or there is Dettol and Savlon which have positioned against each other like Savlon says Savlon [FL].

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**b) How many criteria to use for positioning:**

- Just one: **Unique Selling Proposition.**
- Few: Other features or attributes or benefits.

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Now, the next in which we have to see is how many criteria do we use for positioning, do we just use one criteria which would be unique selling proposition or we use other few criteria in terms of features attributes and benefits.




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**c) What qualities should the criteria for positioning possess?**

It should be:

- a) **Important:** "value" in the eyes of the segment;  
eg. Sony color TVs: known for picture quality and sound effect.
- b) **Distinctive:** "unique."  
eg., Savlon antiseptic does not sting or burn when applied.
- c) **Superior:** "better" than other available brands;  
eg., Cooling time for Refrigerators; Helps make Ice quicker: Videocon, LG
- d) **Communicable:** the criteria should be easily communicable to the segment in a layman's language (less of technical descriptions and jargons).




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Now one another thing which we have to understand here is what are the various qualities which you know what are the qualities which a criteria for positioning should possess. So, any criteria which you used for positioning should be important, important in terms of it should be value in the eyes of the customers. So, whatever you choose as means for positioning should be something which is important to the customer should be value to the customer. So, second it should be distinct, it should be unique, you know so it should not be something which everybody gives you, you know. Even if it is something which every marketer provides you should try and show how different you are how better you are than the others.

So, here it is Savlon antiseptic which says that it is better than Dettol, because it does not sting on the wound or it does not burn on the wound. Another quality that criteria must possesses, that it should be superior, it should be better than the others you know. So, for example, you have many refrigerators, we talk of cooling time that take lesser time in cooling or making ice and Videocon says that it makes you know it helps make ice faster. So, it shows how superior you are from the others. The criteria should also be communicable, you should be able to easily communicated to the public or to the market segment, you know you should be able to speak of less of the technical (( )), but more of the benefits that this particular criteria provides to the segment or to the market segments.

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e) **Preemptive**: The criteria should be such that it is not easy to copy or imitate easily.  
eg. Auto contrast and colour adjustment by LG Golden Eye.

f) **Affordable**: The criteria should be valuable but should not be so high priced that it is out of reach for the segment; The customer must be able and willing to pay for the feature.

g) **Profitable**: The delivery of such value should not be at the cost of earning losses for the company. It should be valuable both from a customers' perspective as well as from the company's perspective.

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The quality criteria should also be something which should be preempted, it is not be something very easy to copy, it should not be something which very which can be easily imitated. It should be affordable whatever whatever feature, you are (( )) going to provide whatever feature you are using as as a means to you know position yourself should be such should be, you should be able to put it into you know form. And it should be something which should not be affordable, it should not be at your cost of production or at should not be at your expense of your profit. The segment must be willing to pay for that feature you should be able to understand that do not use a particular feature to position yourself, you know feature that is very hard to put into practice, and very and would be infuse not and would not be feasible in terms of cost or in terms of you know the price.

So, you have to feature particular offering you communicate that particular feature which you thing you would be able to put into practice, you would be able give into form at price which the segment willing to afford. And finally, the segment the criteria should bring profits to the company, and it should be sustainable in the long run.

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**POSITIONING STRATEGIES:**

Two kinds of positioning strategies:

- i) Points of parity (POP)
  - Category point-of-parity associations
  - Competitive point-of-parity associations
- ii) Points of difference (POD)



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Now, when we talk about positioning strategy; there two kinds of positioning strategies - the point of parity, and the point of difference.

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i) Points of parity (POP):

- **The product or service offering is similar to that of the competitor.**
- **The brand association is not unique in nature; it is shared by other competitive brands;**

**Example:**  
**Complan, Milo and Bournvita: Positioned as: All help children to grow.**

- **two basic forms:**

- a) Category point-of-parity
- b) Competitive point-of-parity

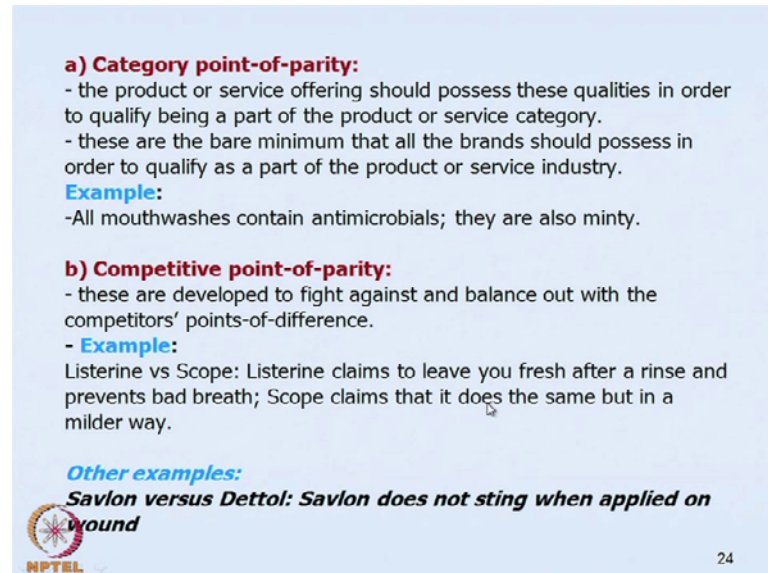


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When we talk about point of parity, it is a product or service offering here is similar to that of the competitor. So, the brand association which we are using to you know to position your sell is not unique, it is shared by other competitive brand. For example, complain, Milo, Bournvita; they are all positioned as they help children to grow, but

within this association point of parity we have two basic forms competitive parity, and category point of parity.

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**a) Category point-of-parity:**

- the product or service offering should possess these qualities in order to qualify being a part of the product or service category.
- these are the bare minimum that all the brands should possess in order to qualify as a part of the product or service industry.

**Example:**

- All mouthwashes contain antimicrobials; they are also minty.

**b) Competitive point-of-parity:**


- these are developed to fight against and balance out with the competitors' points-of-difference.

**Example:**

Listerine vs Scope: Listerine claims to leave you fresh after a rinse and prevents bad breath; Scope claims that it does the same but in a milder way.

**Other examples:**

*Savlon versus Dettol: Savlon does not sting when applied on ground*



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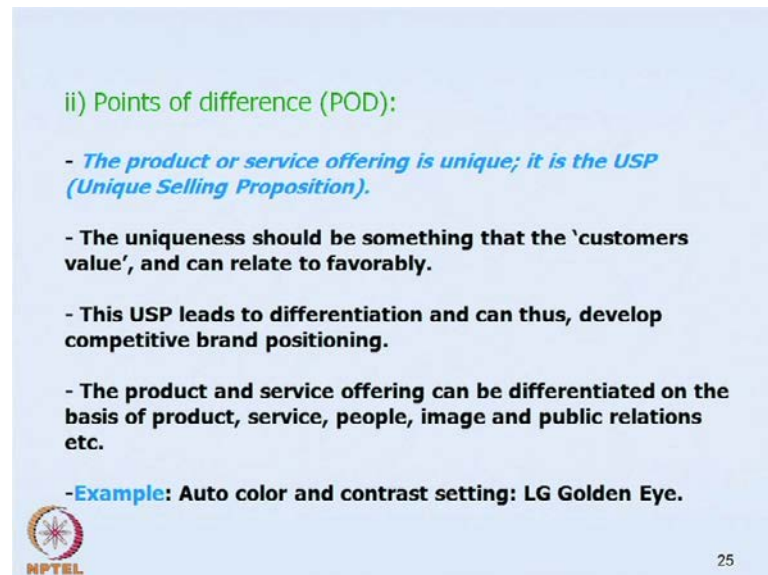
In category point of parity, the product or service offering should be such, that it possess certain qualities or characteristics that are bear essential to qualify being a part of the product or service category. So, in order to be a part of the product or service category you must possess these qualities, example is all mouthwashes contain Microbials – antimicrobials, they also minty.

So, the competitive parit point to you know in until unless the mi most wash mouth wash contains the antimicrobial, and until unless it is minty it would not qualify to be a part of the product category. So, this is what shows the category point of parity; there is also something called the competitive point of parity which means that they are developed to fight or balance out with the competitors point of difference. For example, Listerine claims that it leave you fresh after rinse, and prevents bad breathe; scope come claims that it does not it does the same, it also helps you know keeps fresh in your mouth, but it does in a milder way.

So, you know as mouthwashes Listerine and scope, they position themselves against each other. Scope tries to negate, but Listerine is doing by saying that we do it better, we do it in a milder (( )). Similarly, you have examples in the form of Savlon and Dettol, as


Savlon says that it tries to balance out with the pac competitors point of difference by saying that it does not sting when applied on the wound.

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ii) Points of difference (POD):

- *The product or service offering is unique; it is the USP (Unique Selling Proposition).*
- The uniqueness should be something that the 'customers value', and can relate to favorably.
- This USP leads to differentiation and can thus, develop competitive brand positioning.
- The product and service offering can be differentiated on the basis of product, service, people, image and public relations etc.
- **Example:** Auto color and contrast setting: LG Golden Eye.

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Then you have point of difference, so you can product or service offering in case of point of difference as unique it is a USP or unique selling proposition. So, this USP needs to differentiation and the product or service offering can be differentiated on the basis of product or service offering it could be differentiated on the basis of people image and public relations. For example, we just spoke about the auto color and contrast setting by LG golden eye.

So, when you want to position yourself, you could position yourself either in the form of point of parity or you could position yourself on point of difference or point of disparity. With this we come to a conclusion with the third module on market segmentation position targeting and positioning, but before we conclude let us have a quick look at the questions.

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**FAQs (Frequently asked Questions):**

Ques 1 On what criteria would you evaluate the Viability of the Segment?

Ques 2 Differentiate between the following:  
a) Product specialization and Market specialization  
b) Points of parity and Point of Difference Association?

Ques 3 What are the various patterns of target market selection?

Ques 4 What is positioning? How can a marketer position his product or service offering?



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On question one; on what criteria would you evaluate the viability of the segment. So, you have here the different criteria which we have discussed in terms you know (( )), measurability, substantial ability differentiability and action ability. Question two differentiate between product specialization and market specialization, and product points of parity and point of difference association. So, we have just discussed product specialization where we specialize in the product category, and provided to different segments; in case of market specialization, you cater through a particular segment and provide different product to that particular segment.

So, this the difference product and market specialization, point of parity and point of disparity; in point of parity you use feature which is similar to others, but you may be better in case of point of disparity or point of difference, you use a particular feature (( )) positioning you choose the feature where you are unique where you are different, you have something which others do not have. The third question what are the various patterns of target market selection, we just spoke about the single segment, the multi segment, product specialization, market specialization, and full coverage. Question four, what is positioning? How can a marketer position his product or service offering.

So, it is positioning is the act of creating an image in the minds of the consumer about the product or service offering, and he can do it by focusing on feature attribute or the benefit or against competition or an combination of both.




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**Self Evaluation Tests/Quizzes:**

**Section A     True/false:**

1. When the marketer deals with varying products in the same product line, and adapts the product to sell to several different market segments, it is called market specialization.
2. The marketer caters to a two or a few segments with different marketing mixes. This is called a selective specialization.




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Let us have a quiz section a true false when the marketer deals with varying products in the same product line, and adapts the product to sell to several different market segments, it is called market segmentation well, this is this the statement is false statement. Second question the marketer caters to two or a few segments with different marketing mixes this is called a selective specialization, this is the true statement.

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**Section B     Fill up the blanks:**

1. When a marketer deals with one specific market only, and tries to meet many needs of a particular customer group it is called a \_\_\_\_\_ specialization.
2. The product or service offering should possess certain qualities in order to qualify being a part of the product or service category. These are called \_\_\_\_\_ points of parity.




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Question number 2 fill in the blanks, when a marketer deals with one specific market only and tries to meet many needs of a particular customer group it is called dash

specialization, it is called market specialization. The next question next fill in the blank, the product or service offering should possess certain qualities in order to qualify being a part of the product or service category; these are called dash points of parity; these are called category points of parity.

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**Section C      Short answers:**

1. Mention the criteria on which the viability of a segment depends?
2. Mention any four qualities that the criteria for positioning should possess?
3. Mention the five patterns of target market selection?
4. In the Indian context, give names of brands/companies positioned on :
  - a) Attributes
  - b) Competition
  - c) User

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Now, coming to short questions; mention the criteria on which the viability of a segment depends, mention any four qualities that the criteria for positioning should possess, mention the 5 patterns of target market selection and in the Indian context give names of brands or companies positioned on attributes, competition, and user.



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**KEY**

**Section A**      **True/false:**  
1. False                      2. True

**Section B**      **Fill up the blanks:**  
1. Market                      2. Category

**Section D**      **Short answers:**  
1. Measurable, Substantial, Accessible, Differentiable, Actionable  
2. Important, Distinctive, Superior, Communicable, Preemptive, Affordable, Profitable  
3. Single-segment concentration, Selective specialization or Multi-segment, Product specialization, Market Specialization, Full market coverage  
4. a) Attributes: LG Golden eye: Auto adjustment to contrast, colour and brightness  
b) Competition: Surf versus Ariel; Savlon vs. Dettol  
c) User: Baby care: Johnson and Johnson



NPTEL

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So, here are the answers with respect to this particular section. So, this with this we come to an end of the session, and we come to an end of an module three. Now, we shall be continuing with module four in the next sessions.

Thank you.