

Introduction to Marketing Essentials
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Lecture – 17
Market Segmentation, Targeting, and Positioning – II

Welcome to Introduction to Marketing Essentials. We are talking about the last topic in part 3 that is; Market Segmentation, Targeting and Positioning. We started discussing market segmentation, targeting and positioning in module 16. And in this module also and also the next module we will continue to discuss about market segmentation targeting and positioning. So, now, let us start with module 17.

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MODULE OVERVIEW

- Continuing with step number one (Group Potential Buyers into Segments) of segmentation in detail.
- Recognize the bases used to segment consumer and organizational (business) markets.

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And we will continue with step number one that is, group potential buyers into segment of segmentation in detail. We will also try to recognize the bases used to segment consumers and organization that is business markets.

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INTRODUCTION

- Let us recall from the previous module why business firms or not-for-profit organizations segment its market.
- A business firm segments its markets so it can respond more effectively to the wants of groups of potential buyers and thus increase its sales and profits.
- Not-for-profit organizations also segment the clients they serve to satisfy client needs more effectively while achieving the organization's goals.

Profit / not for profit
effectively satisfy their customers needs → achievement of org goals

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Now, to start let us recall from the previous module why business firms or not- for- profit organizations segment their markets.

A business firm segment its market so it can respond more effectively to the wants of the group of potential buyers and thus increase its sales and profits. So, the basic idea is to effectively respond to the wants of the group of potential buyers and if they are effective in responding to those wants, then that will increase their sales and profits.

Not-for-profit organizations they also segment their clients; they serve to satisfy client needs more effectively while achieving the organization's goals. So, the basic idea for profit or for not for profit is to effectively satisfy their customers' needs and thereby and that will lead to achievement of organization's goals. So, the goals can be for profit, for making money or they can be other also.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Ways to Segment Consumer Markets

- Four general bases of segmentation can be used to segment consumer markets.
- These four segmentation bases are:
 - 1 – Geographic segmentation
 - 2 – Demographic segmentation
 - 3 – Psychographic segmentation
 - Behavioral segmentation

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So, now let us look at steps in segmenting and targeting markets. And the first step is to group potential buyers into segments. So, what are the ways to segment consumer markets? Four general bases of segmentation can be used to segment consumer markets and these four bases are: the first is on the bases of geography which is called as Geographic segmentation.

The second bases of segmentation are demographic segmentation. The third way to segment the market is by way of psychographics, so that is called as psychographic segmentation. And the last one is the behavioral segmentation.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Ways to Segment Consumer Markets

- **Geographic segmentation**, is based on where prospective customers live or work (region, city size).
- **Demographic segmentation**, is based on some objective physical (gender, race), measurable (age, income), or other classification attribute (birth era, occupation) of prospective customers.
- **Psychographic segmentation**, is based on some subjective mental or emotional attributes (personality), aspirations (lifestyle), or needs of prospective customers.

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Let us start with the first way that is geographic segmentation. Geographic segmentation is based on where the prospective customers live or where they work, in which region, in which city, what is the city size? So, that is the first way of segmenting consumer markets.

The second way to segments consumer market is by way of demographics, that is called as demographic segmentation. It is based on some objective physical attribute. For example, gender or race, measurable like age and income and other classification attributes like birth era, occupation of prospective buyers.

The third type of segmentation is psychographic segmentation. The third way of segmenting consumer market is on the bases of psychographics. It is based on some subjective mental or emotional attribute. So, you see that in geography and in demography, we are talking about some physical attributes while in psychographic we are talking about some mental or emotional attributes; for example, personality. Another is aspirations for example, lifestyle or the needs of prospective customers.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Ways to Segment Consumer Markets

- **Behavioral segmentation**, is based on some observable actions or attitudes by prospective customers—such as where they buy, what benefits they seek, how frequently they buy, and why they buy.
- We will go in detail to understand this behavioral segmentation.
- Behavioral segmentation is primarily based on **Usage Rate**.
- **Usage rate** is the quantity consumed or patronage—store visits—during a specific period.

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The fourth type of segmentation is called as behavioral segmentation. It is based on some observable actions or attitudes by prospective customers; such as where they buy, what benefits they seek, how frequently they buy and why they buy?

Now, we will go in detail to understand this behavioral segmentation. So, this behavioral segmentation is primarily based on usage rate. Now, usage rate is the quantity consumed or patronage store visits during a specified period.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Ways to Segment Consumer Markets

- It varies significantly among different customer groups.
- Airlines have developed frequent-flier programs to encourage passengers to use the same airline repeatedly to create loyal customers.
- This technique, sometimes called **frequency marketing**, focuses on usage rate.

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It varies significantly among different customer groups. Airlines have developed frequent-flier program to encourage passengers to use the same airline repeatedly so as to create loyal customers. This technique is sometime called as frequency marketing. It focuses on usage rate. So, this is one way by one behavioral segmentation that we keep. We want customers to keep on coming back and airlines use frequent-flier programs to encourage, so that customers keep on coming back.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Ways to Segment Consumer Markets

- **One key conclusion emerges about usage:** In market segmentation studies, some measurement of usage by, or sales obtained from, various segments is central to the analysis.
- Nielsen continuously surveys over 25,000 adults each year to obtain quarterly, projectable usage rate data from the Indian national population for more than 500 consumer product categories and 8,000 plus brands.

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So, one key conclusion that emerges about usage. So, in market segmentation studies, some measurement of usage by, or sales obtained from, various segment is central to the analysis. Nielsen continuously surveys over 25,000 adults each year to obtain quarterly, projectable usage rate data from the Indian national population for more than 500 consumer product categories and 8,000 plus brands.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Ways to Segment Consumer Markets

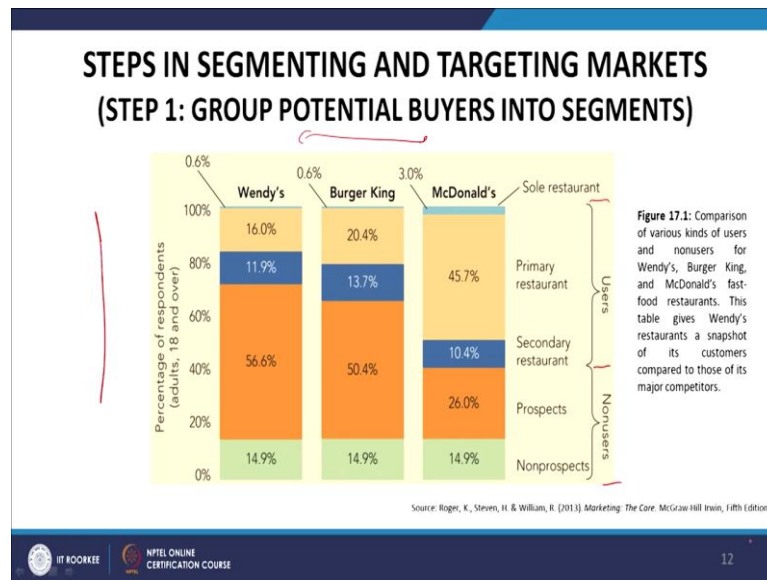
- Its purpose is to discover how the products and services they buy and the media they use relate to their behavioral, psychographic, and demographic characteristics.
- Usage rate is sometimes referred to in terms of the **80/20** rule, a concept that suggests 80 percent of a firm's sales are obtained from 20 percent of its customers.
- The percentages in the 80/20 rule are not exactly 80 percent and 20 percent but they suggest that a small fraction of customers provides most of a firm's sales. (profits)

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Now, ways to segment consumer markets. Its purpose is to discover how the product and services they buy and media, they use relates to their behavioral, psychographics, and demographic characteristics. Usage rate is sometimes referred to in terms of 80 by 20 rule. A concept that suggest 80 percent of the firm's sales are obtained from 20 percent of its customers.

The percentages in the 80 by 20 rule are not exactly 80 percent and exactly 20 percent, but they suggest that a small fraction of customers provide most of the firm's sales and also the profits.

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So, now let us look at this graph. This is figure 17.1 and it shows comparison of various kind of users and nonusers for Wendy's, Burger King, and McDonald's fast-food restaurants. This table gives Wendy's restaurant a snapshot of its customers compared to those of its major competitors. Now, you see on the left on. On this Y axis, we have a percentage of respondents and they are adults 18 years or more.

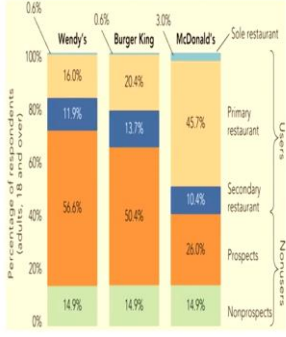
And then on this axis, we have these three types of fast-food restaurants Wendy's, Burger King and McDonald's. Now, here it shows that these many are the users and these many are the nonusers. So, you see that in Wendy's they are the largest, followed by the Burger King and then the McDonald's. And we are talking of primary and secondary restaurants and prospects and non prospects. So, it shows that how Wendy's stand vis a vis the competitors.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Patronage of Fast-Food Restaurants

- As part of its survey, Nielson asked adults which fast-food restaurant(s) they patronized:
 - The sole or only restaurant,
 - The primary one, or
 - One of several secondary ones.



Restaurant	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects	Nonprospects
Wendy's	0.6%	16.0%	11.9%	56.6%	14.9%
Burger King	0.6%	20.4%	13.7%	50.4%	14.9%
McDonald's	3.0%	45.7%	10.4%	28.0%	14.9%

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw Hill Irwin, Fifth Edition.

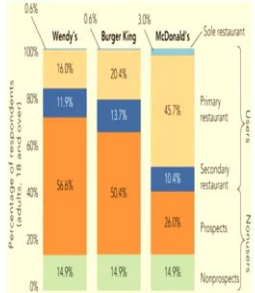
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So, patronage of fast-food restaurant as part of its survey. Nielson asked adults, which fast food restaurant they patronized? So, the sole or only restaurant, the primary one or one of the several secondary ones? So, these were the three types of questions that were asked by Nielsen.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- As a Wendy's restaurant owner, the information depicted in Figure 17.1 should give you some ideas in developing a marketing program for your local market.
- For example, the Wendy's bar graph in Figure 17.1 shows that your sole (0.6 percent) and primary (16.0 percent) user segments are somewhat behind Burger King and far behind McDonald's.



Restaurant	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects	Nonprospects
Wendy's	0.6%	16.0%	11.9%	56.6%	14.9%
Burger King	0.6%	20.4%	13.7%	50.4%	14.9%
McDonald's	3.0%	45.7%	10.4%	28.0%	14.9%

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw Hill Irwin, Fifth Edition.

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As a Wendy's restaurant owner, the information that is given in figure 17.1 should give you some idea in developing a marketing program for your local market.

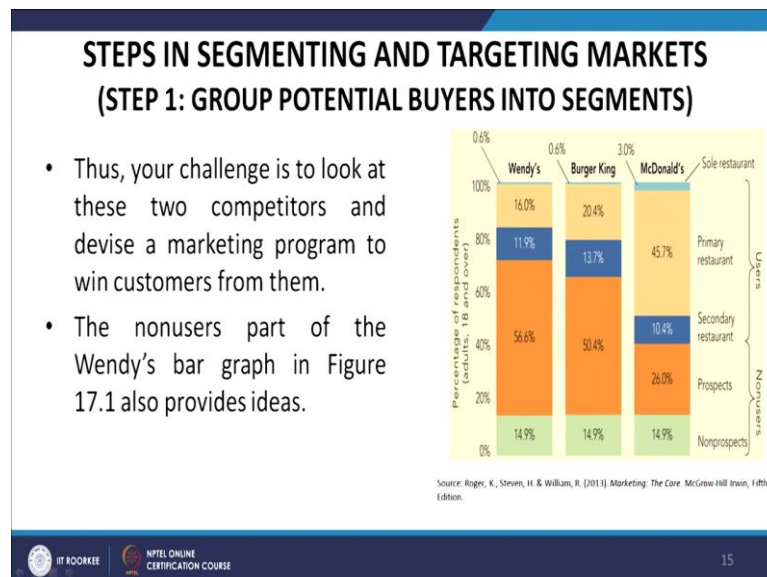
So, there are non prospects, there are prospects, then secondary restaurant and the primary restaurant the sole restaurant. So, you see that in McDonald's that is the biggest advantage to McDonald's that, 3 percent of people say that they look at McDonald's as the only sole restaurant while 45 more than 45 percent consider it to be primary.

While, at the same time 20.4 percent thinks it to be as a primary restaurant and only 16 percent think of Wendy's as the primary restaurant. And then comes the secondary restaurant that is this blue line. So, again for Wendy's it is only 11.9, but you see that there are the silver lining the good thing about Wendy's is that 56.6 percent of the people, they can be the prospects.

So, in that way they have an advantage over the competitor. So, for example, the Wendy's bar graph in figure this 17.1 shows that your sole 0.6 percent and primary 16 percent users' segment are somewhat behind Burger King and far behind McDonald's.

Thus, now what your challenge is? Your challenge is to look at these two competitors and devise a marketing program to win customers from them. So, company can also convert these prospects to prospects.

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But in the short term immediately they are they can devise marketing programs. So, that the customers of McDonald and burger king can shift. The nonuser part of the Wendy's bar graph in figure 17.1 also provides some idea about what to do next.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- It shows that 14.9 percent of adult don't go to fast-food restaurants in a typical month and are really non prospects—unlikely to ever patronize any fast-food restaurant.
- However, 56.6 percent of nonusers are prospects who may be worth a targeted marketing program.

Brand	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects	Nonprospects
Wendy's	0.6%	16.0%	11.9%	56.6%	14.9%
Burger King	0.6%	20.4%	13.7%	50.4%	14.9%
McDonald's	3.0%	45.7%	10.4%	26.0%	14.9%

Source: Roger, K., Steven, H. & William, R. (2013) Marketing: The Core, McGraw-Hill Irwin, Fifth Edition.

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It shows that 14.9 percent of adult do not go to fast food restaurants in a typical month and are really non prospects - unlikely to ever patronize any fast-food restaurant. However, 56.6 percent of nonusers are prospects who may be worth a targeted marketing program.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- These adults use the product category (fast food) but do not yet patronize Wendy's.
- New menu items or promotional strategies may succeed in converting these prospects into users that patronize Wendy's.

Brand	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects	Nonprospects
Wendy's	0.6%	16.0%	11.9%	56.6%	14.9%
Burger King	0.6%	20.4%	13.7%	50.4%	14.9%
McDonald's	3.0%	45.7%	10.4%	26.0%	14.9%

Source: Roger, K., Steven, H. & William, R. (2013) Marketing: The Core, McGraw-Hill Irwin, Fifth Edition.

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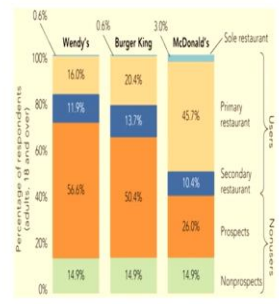
Now, these adults use the product category that is the fast food, but they do not yet patronize Wendy's. New menu items or promotional strategies may succeed in converting these prospects into users that may patronize Wendy's.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

Variables to Use in Forming Segments for Wendy's

- To analyze your Wendy's customers, you need to identify which variables to use to segment them.
- Because the restaurant is located near a large urban university, the most logical starting point for segmentation is really behavioral:
 - Are the prospective customers students or nonstudents?



Brand	Nonprospects	Prospects	Secondary restaurant	Primary restaurant	Sole restaurant
Wendy's	14.9%	56.6%	11.9%	16.0%	0.6%
Burger King	14.9%	50.4%	13.7%	20.4%	0.6%
McDonald's	14.9%	26.0%	10.4%	45.7%	3.0%

Source: Roger, K., Stevens, H. & William, R. (2013) Marketing: The Core. McGraw Hill Irwin, Fifth Edition.

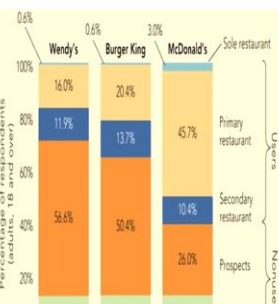
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Now, let us look at the variables to use in forming segments for Wendy's. To analyze your Wendy's customers, you need to identify which variable to use to segment them. Because the restaurant is located near a large urban university, the most logical starting point for segmentation is really behavioral. So, the most important and the foremost segmentation technique can be behavioral. Are the prospective customers a student or non students?

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- To segment the students, you could try a variety of :
 - geographic variables, such as city or zip code
 - demographic variables, such as gender, age, year in school, or college major, or
 - psychographic variables, such as personality or needs.



Brand	Nonprospects	Prospects	Secondary restaurant	Primary restaurant	Sole restaurant
Wendy's	14.9%	56.6%	11.9%	16.0%	0.6%
Burger King	14.9%	50.4%	13.7%	20.4%	0.6%
McDonald's	14.9%	26.0%	10.4%	45.7%	3.0%

Source: Roger, K., Stevens, H. & William, R. (2013) Marketing: The Core. McGraw Hill Irwin, Fifth Edition.

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Now, to segment the students you should try a variety of one geographic variable such as, city or zip code, demographic variables such as, gender age year in school or college major or you can also use psychographic variables such as, personality or needs.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- But none of these variables really meets the five criteria listed previously—particularly, the fifth criterion about leading to a doable marketing action to reach the various segments.

Brand	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects
Wendy's	0.6%	16.0%	11.9%	56.6%
Burger King	0.6%	20.4%	13.7%	50.4%
McDonald's	3.0%	45.7%	10.4%	26.0%
Non-Users	14.9%	14.9%	14.9%	14.9%

Source: Roger, K., Steven, H. & William, R. (2013) Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

But none of these variables really meets the five criteria listed previously- particularly, the fifth criteria about leading to a doable marketing action to reach the various segments.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- The bases of segmentation for the “students” segment really combines two variables:
 - 1 – where students live, and ✓
 - 2 – when they are on campus. ✓✓

Brand	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects
Wendy's	0.6%	16.0%	11.9%	56.6%
Burger King	0.6%	20.4%	13.7%	50.4%
McDonald's	3.0%	45.7%	10.4%	26.0%
Non-Users	14.9%	14.9%	14.9%	14.9%

Source: Roger, K., Steven, H. & William, R. (2013) Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

Now, the bases of segmentation for the student segment really combines two variables. The first is where students live and second, when they are on campus. So, these are the bases of segmentation for student segment really combines two variables. The first is where students live and when they are on campus. So, maybe students are living outside the campus and for what time do they come to the campus.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- This results in four “student” segments:
 - 1 – Students living in dormitories (university residence halls, sororities, fraternities).
 - 2 – Students living near the university in apartments.
 - 3 – Day commuter students living outside the area.
 - 4 – Night commuter students living outside the area.

Restaurant	Primary restaurant	Secondary restaurant	Prospects	Nonprospects
Wendy's	16.0%	11.9%	56.8%	14.9%
Burger King	20.4%	13.7%	50.4%	14.9%
McDonald's	45.7%	10.4%	26.0%	14.9%
Sole restaurant	3.0%	0.6%	0.6%	0.6%

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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This result in four student segments. First are students living in dormitories that is the University residence halls, sororities or fraternities. So, one kind of segment is the students who are living in dormitories inside the universities. Dormitories are primarily there in universities, huge rooms with more than two three students living together.

Then there can be another segment that is; the student living near the university in apartments, but they are living outside a university, but that location is near to the university. Then there are the third kind of segment, that is day commuter students living outside the area. So, these students they come to the university when they when they have some need to come to the university otherwise, they live outside.

And then the fourth type are the night commuter students living outside the area. So, there are these night students who come here, but they are living outside the campus.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- The three main segments of “nonstudents” include:
 - 1 – Faculty and staff members who work at the university.
 - 2 – People who live in the area but aren’t connected with the university.
 - 3 – People who work in the area but aren’t connected with the university.

Restaurant	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects
Wendy's	0.6%	16.0%	11.9%	56.6%
Burger King	0.6%	20.4%	13.7%	50.4%
McDonald's	3.0%	45.7%	10.4%	26.0%

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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The three main segments of non students include: faculty and staff members who work at the university. So, that is another interesting finding. Second is people who live in the area, but are not connected in any way with the university. And then third is people who work in the area, but are not connected with the university. And then there are people who live in this area, but they are connected and those people who live in this area, but are not connected to the university.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- People in each of these nonstudent segments aren’t quite as similar as those in the student segments, which makes them harder to reach with a marketing program or action.

Restaurant	Sole restaurant	Primary restaurant	Secondary restaurant	Prospects
Wendy's	0.6%	16.0%	11.9%	56.6%
Burger King	0.6%	20.4%	13.7%	50.4%
McDonald's	3.0%	45.7%	10.4%	26.0%

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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Now, people in each of these non student are not quite as similar as those in the student segments, which makes them harder to reach with a marketing program or action.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 1: GROUP POTENTIAL BUYERS INTO SEGMENTS)

- Think about:
 - Whether the needs of all these segments are different, and
 - How various advertising media can be used to reach these groups effectively.
- We will continue to use the example of Wendy's throughout this module and in upcoming module to explain the relevant concepts.

Restaurant	User	Nonuser
Wendy's	16.0%	14.9%
Burger King	20.4%	14.9%
McDonald's	45.7%	14.9%

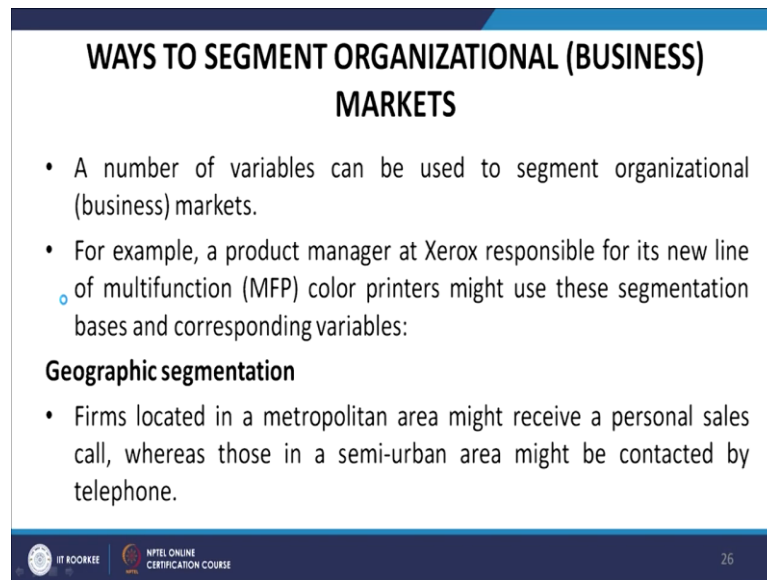
Source: Roger, K., Steven, H. & Wilkam, R. (2013) Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

Now, think about: whether the needs of all these segments are different, and how various advertising media can be used to reach these groups effectively?

So, these are the two things that we need to understand. We need to answer whether the needs of all these segments are different and we have talked about these segments. These are the three segment and then we have also talked about those people who live outside, but they are not a student.

So, the basic issue that you have we have to understand here is, are their needs different and how we can use various advertising media to reach those group effectively? So, we will continue to use the example of Wendy's throughout this module and in upcoming module to explain the relevant concepts.

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WAYS TO SEGMENT ORGANIZATIONAL (BUSINESS) MARKETS

- A number of variables can be used to segment organizational (business) markets.
- For example, a product manager at Xerox responsible for its new line of multifunction (MFP) color printers might use these segmentation bases and corresponding variables:

Geographic segmentation

- Firms located in a metropolitan area might receive a personal sales call, whereas those in a semi-urban area might be contacted by telephone.

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Now, let us look at ways to segment organizational or business markets. A number of variables can be used to segment organizational or business markets, for example, a product manager at Xerox responsible for its new line of multifunctional color printer might use these segmentation bases and corresponding variables.

So, again. The first bases of segmentation is Geographic segmentation. Firms located in a metropolitan area might receive a personal sales call whereas; those in the semi urban area might be contacted by telephone. So, people all the firms or companies located nearby they may have a person may visit them and make a sales call, while those living outside the urban area in semi urban areas, they may get a phone call.

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WAYS TO SEGMENT ORGANIZATIONAL (BUSINESS) MARKETS

Demographic segmentation

- Firms categorized as manufacturers that deal with customers throughout the world might have different document printing needs than retailers or lawyers serving local customers.
- Number of employees: The size of the firm is related to the volume of digital documents produced, so firms with varying numbers of employees might be specific target markets for different Xerox copier systems.

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Then, how can demographic segmentation be used? So, firms categorized as manufacturers that deal with customers throughout the world might have different document printing needs than retailers or lawyers serving local customers. So, now, we can use number of employees as one variable to segment the market demographically.

So, the size of the firm is related to the volume of digital documents produced. So, firms varying number of employees might be specific markets for different Xerox copier systems.

Now, let us look at how this behavioral segmentation unfolds in business markets. Usage rate plays an important role in segmenting business markets also.

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WAYS TO SEGMENT ORGANIZATIONAL (BUSINESS) MARKETS

Behavioral segmentation

- Usage rate play a important role in segmenting business market also.
- Similar to this segmentation variable (usage rate) for consumer markets, features are often of major importance in organizational markets.
- So Xerox can target organizations needing fast printing, copying, and scanning in color—the benefits and features emphasized in the ad for its Xerox Color WorkCentre 7775 MFP (multi-functional printer) system.

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Similar to this segmentation variable that is usage rate. That was also used when we were talking about segmenting the consumer markets. Similarly, in business markets also this usage rates usage rate can also be used. So, features are often of major importance in organizational markets.

Therefore, Xerox can target organizations needing fast printing, copying, and scanning in color - the benefits and features emphasized in the ads for its Xerox Color WorkCenter 7775 multifunctional printer system. So, depending upon the usage rate different features of this product can be promoted can be advertised to different types of consumers.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

(Please recall the example of Wendy's)

- What does your Wendy's restaurant sell?
- Of course you are selling individual products such as Frostys, hamburgers, and fries.
- But for marketing purposes you're really selling combinations of individual products that become a "meal."
- This distinction is critical, so let's discuss both:
 - 1 - Individual Wendy's products, and
 - 2 - Groupings of Wendy's products.

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Now, let us move on to step two that is group product to be sold into categories. Now, again go back. Please recall the example of Wendy's that we were talking about. What does your Wendy's restaurant sell? Of course, you are selling individual products such as Frostys, hamburgers, and fries.

But for marketing process you are really selling combination of individual products that become a meal. So, there is. This meal is a combination of all these. These are not sold independently, but as a combination and it becomes a meal. This distinction is critical so, let us discuss these both; individual Wendy's products and grouping of Wendy's products.

So, now Wendy have two types of products, one is the individual products like Frostys, hamburgers, and fries and then. Second is the collection of those three to make a meal.

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Figure 17.2: Wendy's new products and innovations target specific market segments based on a customer's gender, needs, or university affiliation.

Now, this is figure 17.2, and it shows Wendy's new products and innovations target specific market segments based on a customer's gender, needs, or university affiliation.

So, now here we have these market segments. So, under general, we have gender needs and university affiliation. Then we have grouped group with needs. So, there are in gender they are considered two genders that is male and female. In needs, there are four different options price and value, health conscious, convenience, and meat lovers.

In university affiliation, we have two options that its affiliated students' faculty and staff; those who are affiliated to the university and non-affiliated residents and workers. Now, let us look at these products or innovations. So, in 1969 they had this hot 'n juicy burger. In 1970, they had this drive thru concept. Then in 83, they come they came up with baked potato. In 89, they started offering super value meals. In 2002, they made this fresh made salads.

In 2007, they came up with a baconator. Then they have this chili cheese fries in 2012. My Wendy's mobile app in 2015 and Southwest chicken sandwich in 2018. Now, all these you see that this P or this yellow this brown light brown is a primary market, while this blue is the secondary market. So, now, you see for males, every option is the primary market while only this fresh made salads is a secondary market. For females, the primary market includes the baked potatoes, freshly made salads and then chili cheese fries and

Wendy's app and chicken sandwich. So, you see that in this case there are no secondary markets.

Now, let us look at these types of needs. So, when we are talking of price and value. Super value meals and salads, they super value meals are the primary and salads are the secondary. While for health-conscious baked potato are secondary, while freshly made salads are the primary and also the chicken sandwich, they are the primary.

And for meat lovers this Hot n' Juicy Hamburger is primary, while Super Value Meals and Baconators they are the secondary markets. Now, let us look at university affiliation. Now, you see that with these affiliations how their product offerings they are changing. So, hot n juicy burger, baked potatoes, super value meals, freshly made salads, chili cheese fries, Wendy's app and chicken burger they constitute the primary market.

While drives thru and baconators, they constitute the secondary market. While for non residents, primary are only these two drives thru and baconators and the rest are all the secondary markets.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

Individual Wendy's Products

- When Dave Thomas founded Wendy's in 1969, he offered only four basic items:
 - "Hot 'n juicy" hamburgers,
 - Frosty Dairy Desserts (Frostys),
 - French fries, and
 - soft drinks.

MARKET SEGMENT	PRODUCT OF INNOVATION										
	GENERIC	HOT 'N JUICY HAMBURGER	FROSTY	FRENCH FRIES	SOFT DRINKS	SUPER VALUE MEALS	SALADS	BACONATORS	CHILI CHEESE FRIES	APP	CHICKEN SANDWICH
GENERIC											
CHAIN											
FRESH											
HEALTH CONSCIOUS											
UNIVERSITY AFFILIATION											

Source: Roger, K., Steven, H. & William, R. (2013). Marketing: The Core. McGraw Hill Irwin, Fifth Edition.

Now, let us look at individual Wendy's products. When Dave Thomas founded Wendy's in 1969, he offered only four basic items. So, that and those items were Hot n juicy hamburger, Frosty Dairy Dessert, French fries, and soft drinks.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- Since then, Wendy's has introduced many new products and innovations to compete for customers' fast-food share of money.
- Some of these are shown in Figure 17.2.

Source: Roger, K., Stevens, H. & William, R. (2013) Marketing: The Core. McGraw-Hill Irwin, Fifth Edition

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And since then, Wendy's has introduced many new products and innovations to compete for customers fast food share of money. And some of these are shown in this figure 17.2. So, these are all the different kind of innovations that they have come up with over a period of time.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- New products include salads, low trans fat chicken sandwiches, and natural-cut fries with sea salt.
- But there are also non-product innovations to increase consumer convenience like drive-thru services and E-Pay (electronic payment) to enable credit card purchases.

Source: Roger, K., Stevens, H. & William, R. (2013) Marketing: The Core. McGraw-Hill Irwin, Fifth Edition

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So, new products now include salads and low trans fat chicken sandwiches and natural cut fries with sea salt. So, that is one type of innovation, but there are also non product innovations. So, it is not only about product innovations, but there are also non product

innovations to increase consumer convenience like drive- thru services. So, that is a service that is associated with Wendy’s restaurant. It has got nothing to do with the product. And E-Pay that is electronic payments to enable credit card purchases.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- Figure 17.2 also shows that each product or innovation is not targeted equally to all market segments based on gender, needs, or university affiliation.

Source: Roger, K., Steven, H & William, R. (2013) Marketing: The Core. McGraw Hill Irwin, Fifth Edition.

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Now, this figure 17.2. It also shows that each product or innovation is not targeted equally to all market segment based on gender, needs or university affiliations.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- The cells in Figure 17.2 labeled “P” represent Wendy’s primary target market segments when it introduced each product or innovation.
- The boxes labeled “S” represent the secondary target market segments that also bought these products or used these innovations.

Source: Roger, K., Steven, H & William, R. (2013) Marketing: The Core. McGraw Hill Irwin, Fifth Edition.

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The cells in figure 17.2 labeled P represents Wendy’s primary target market segments when it introduced each product or innovation. So, the primary target market for each target market they introduced different items.

And the boxes labeled as S represent the secondary target market segments that also bought these products or use these innovations. And also keep in mind that over a period of time, these products for one segment they can also be used for introduced for other segments.

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STEPS IN SEGMENTING AND TARGETING MARKETS (STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- In some cases, Wendy’s discovered that large numbers of people in a segment not originally targeted for a particular product or innovation bought or used it anyway.

Source: Ragur, K., Steven, H. & William, R. [2013]. Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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So, in some cases, Wendy’s discovered that large number of people in the segment not originally targeted for a particular product or innovation brought or used it anyways. So, although they did not of. They did not target those customers with those products, but then those customers were also buying them.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

Groupings of Wendy's Products: Meals

- Finding a means of grouping the products a firm sells into meaningful categories is as important as grouping customers into segments.
- If the firm has only one product or service, this isn't a problem.
- But when it has many, these must be grouped in some way so buyers can relate to them.
- This is why department stores and supermarkets are organized into product groups, with the departments or aisles containing related merchandise.

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Now, let us look at the groupings of Wendy's products, that is the meals. Finding a means of grouping the products a firm sells into meaningful categories is as important as grouping customers into segments. So, on the one hand we are grouping customers into segments and then we are also grouping products into various categories. And then we will decide which category is for which segment.

Now, if the firm has only one product or service this is not a problem, but when it has many these must be grouped in some ways. So, buyers can relate to them. This is why department stores and supermarkets are organized in product groups, with the departments or aisles containing a related merchandise.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- Likewise, manufacturers organize products into groupings in the catalogs they send to customers.
- What are the product groupings for your Wendy's restaurant?
- It could be the item purchased, such as hamburgers, salads, a Frosty, and French fries.
- This is where judgment—the qualitative aspect of marketing—comes in.
- Customers really buy an eating experience—a meal occasion that satisfies a need at a particular time of day.

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Likewise, manufacturers organize products into groupings in the catalog they send to customers. What are the product groupings for your Wendy's restaurant? It could be the items purchased, such as hamburger, salads, or Frosty, and French fries. This is where judgment - the qualitative aspect of marketing - comes in. Customers really buy an eating experience - a meal occasion that satisfy a need or a particular time of day.

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STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- So the product groupings that make the most marketing sense are the five “meals” based on the time of day consumers buy them:
 - Breakfast
 - Lunch
 - Between-meal snack
 - Dinner
 - After-dinner snack

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So, the product groupings that make the most marketing sense are the five “meals” based on the time of the day consumers buy them. So, they can buy these products at the

Breakfast time, the lunchtime, between the meal's snacks, dinner and after-dinner snack. So, these are the five meals and those are the number of products. Now, what combination of all those products be offered for breakfast similarly, what should be offered for lunch and dinner and in between meals and after dinner a snack?

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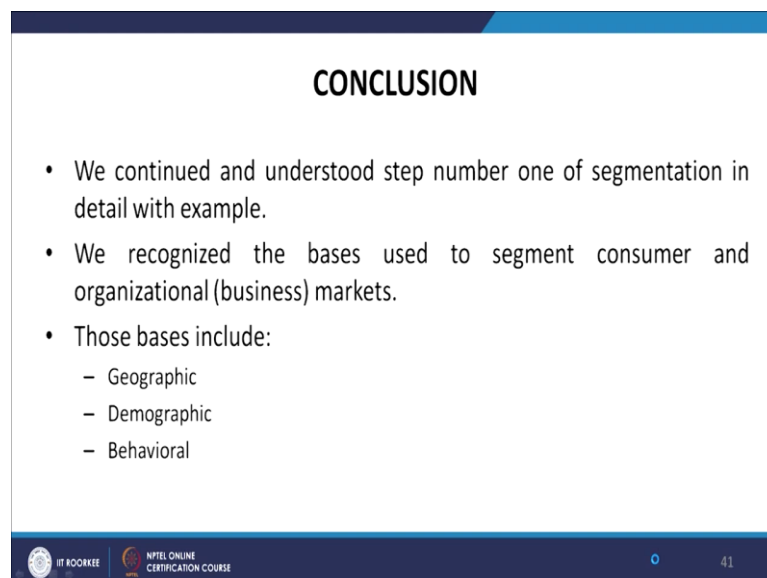
STEPS IN SEGMENTING AND TARGETING MARKETS
(STEP 2: GROUP PRODUCTS TO BE SOLD INTO CATEGORIES)

- These groupings are more closely related to the way purchases are actually made and permit you to market the entire meal, not just your individual items such as french fries or hamburgers.

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So, these groupings are more closely related to the way purchases are actually made and permit you to market the entire meal, not just your individual items such as French fries or hamburgers.

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CONCLUSION

- We continued and understood step number one of segmentation in detail with example.
- We recognized the bases used to segment consumer and organizational (business) markets.
- Those bases include:
 - Geographic
 - Demographic
 - Behavioral

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To conclude, we continued and understood step number one of segmentation in detail with examples. Then we recognize the bases used to segment consumers and organizational or business markets. Now, these bases are your Geographic and Demographics and Behavioral.

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These are the three books from which the material for this module was taken.

Thank you.