


## Global Marketing

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### Segmentation, Targeting, and Positioning Chapter 7

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## Targeting

- The process of evaluating segments and focusing marketing efforts on a country, region, or group of people that has significant potential to respond
- Focus on the segments that can be reached most effectively, efficiently, and profitably

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## Learning Objectives



- Identify like groups of potential customers
- Choose the groups to target
- Use product-market grid
- Segment markets
- Position the brand in the mind of the customer

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## Positioning

- Positioning is required to differentiate the product or brand in the minds of the target market.



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## Market Segmentation


- Represents an effort to identify and categorize groups of customers and countries according to common characteristics



**Americans spent almost \$55 billion on 83.3 million dogs in 2013.**

**Who owns whom?**


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## Global Market Segmentation

- Defined as the process of identifying specific segments—whether they be country groups or individual consumer groups—of potential customers with homogeneous attributes who are likely to exhibit similar responses to a company’s marketing mix.


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## Contrasting Views of Global Segmentation

<ul style="list-style-type: none"> <li>• <b>Conventional Wisdom</b> <ul style="list-style-type: none"> <li>– Assumes heterogeneity between countries</li> <li>– Assumes homogeneity within a country</li> <li>– Focuses on macro level of cultural differences</li> <li>– Relies on clustering of national markets</li> <li>– Less emphasis on within-country segments</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Unconventional Wisdom</b> <ul style="list-style-type: none"> <li>– Assumes emergence of segments that transcend national boundaries</li> <li>– Recognizes existence of within-country differences</li> <li>– Emphasizes micro-level differences</li> <li>– Segments micro markets within and between countries</li> </ul> </li> </ul>
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## Demographic Facts and Trends

- In India, the number of people under the age of 14 is greater than the entire US population
- In the EU, the number of consumers aged 16 and under is rapidly approaching the number of consumers aged 60-plus
- By 2030, 20% of Americans will be over 65
- African-, Asian-, and Hispanic-Americans have a \$2.5 trillion buying power

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## Global Market Segmentation



- Demographics
- Psychographics
- Behavioral characteristics
- Benefits sought

Skiing became a sport in Norway where it was invented 4,000 years ago.


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## Demographic Facts and Trends


- A widening age gap exists between the older populations in the West and the large working-age populations in developing countries
- In the European Union, the number of consumers aged 16 and under is rapidly approaching the number of consumers aged 60-plus
- Asia is home to 500 million consumers aged 16 and under
- Half of Japan's population will be age 50 or older by 2025

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## Demographic Segmentation

- Income
- Population
- Age distribution
- Gender
- Education
- Occupation



What are the trends?

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## Segmenting by Income and Population

- Income is a valuable segmentation variable
  - 2/3s of world's GNP is generated in the Triad but only 12% of the world's population is in the Triad
- Do not read into the numbers
  - Some services are free in developing nations so there is more purchasing power
- For products with low enough price, population is a more important variable

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### Per Capita Income

	2011 GNI per Capita	2011 Income Adjusted for Purchasing Power
1. Norway	\$88,870	\$61,450
2. Luxembourg	\$77,390	\$64,110
3. Switzerland	\$76,350	\$52,530
4. Denmark	\$60,160	\$41,920
5. Sweden	\$53,170	\$42,210
6. Netherlands	\$49,660	\$43,150
6. United States	\$48,620	\$48,820
7. Germany	\$44,230	\$40,190
8. France	\$42,410	\$35,910
9. Ireland	\$39,150	\$33,520
10. United Kingdom	\$37,780	\$35,950

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### Gender Segmentation

- In focusing on the needs and wants of one gender, do not miss opportunities to serve the other
- Companies may offer product lines for both genders
  - Nike, Levi Strauss



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### 10 Most Populous Countries

Global Income and Population	2011 Population (millions)	Percent of World Population	2011 GDP (billions)	2011 per Capita GNI	Percent of World GDP
WORLD TOTAL	6,974	100.00%	\$70,000	\$9,514	100.0%
1. China	1,334	19%	7,318	4,940	10.0%
2. India	1,241	18%	1,873	1,420	2.0%
3. United States	312	4%	14,990	48,620	21.0%
4. Indonesia	242	3.4%	846	2,940	1.0%
5. Brazil	197	2.8%	2,477	10,720	3.0%
6. Pakistan	177	2.5%	210	1,120	.3%
7. Nigeria	162	2.3%	244	1,280	.3%
8. Bangladesh	150	2.1%	112	780	.2%
9. Russian Federation	143	2%	1,858	10,650	2.6%
10. Japan	128	1.8%	5,867	44,900	8.4%

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### Psychographic Segmentation

- Grouping people according to attitudes, values, and lifestyles
  - SRI International and VALS 2
- Porsche example
  - Top Guns (27%): Ambition, power, control
  - Elitists (24%): Old money, car is just a car
  - Proud Patrons (23%): Car is reward for hard work
  - Bon Vivants (17%): Car is for excitement, adventure
  - Fantasists (9%): Car is form of escape

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### Age Segmentation

- Global Teens-12 and 19 yr. olds  
“A group of teenagers randomly chosen from different parts of the world will share many of the same tastes.”
- Global Elite—affluent consumers who are well traveled and have the money to spend on prestigious products with an image of exclusivity



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### Psychographic Segmentation

- The Euroconsumer:
  - **Successful Idealists**—5% to 20% of the population; consists of persons who have achieved professional and material success while maintaining commitment to abstract or socially responsible ideals
  - **Affluent Materialists**—Status-conscious ‘up-and-comers’ – many of whom are business professionals – use conspicuous consumption to communicate their success to others

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## Psychographic Segmentation

- The Euroconsumer:
  - **Comfortable Belongers**
    - 25% to 50% of a country's population
    - conservative
    - most comfortable with the familiar
    - content with the comfort of home, family, friends, and community
  - **Disaffected Survivors**
    - lack power and affluence
    - harbor little hope for upward mobility
    - tend to be either resentful or resigned
    - concentrated in high-crime urban inner city
    - attitudes tend to affect the rest of society

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## Benefit Segmentation

- Benefit segmentation focuses on the value equation
  - Value=Benefits/Price
- Based on understanding the problem a product solves, the benefit it offers, or the issue it addresses

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## Psychographic Segmentation: Sony's U.S. Consumer Segments

Segment	Description
Affluent	High-income consumers
CE Alphas	Early adopters of high-tech consumer electronics products, irrespective of age
Zoomers	55 years old or older
SoHo	Small office/home office
Families	35 to 54 years old
Young professionals/D.I.N.K.S.	Dual income, no kids, 25 to 34 years old
Gen Y	Younger than 25 years old (includes tweens, teens, college students)

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## Ethnic Segmentation

- The population of many countries includes ethnic groups of significant size
  - Hispanic Americans
    - 50 million Hispanic Americans (14% of total pop.) with \$978 billion annual buying power
    - “\$1 trillion Latina” 24 million Hispanic women: 42% single, 35% HOH, 54% working
- Three main groups in the U.S. include African-Americans, Asian-Americans, and Hispanic Americans



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## Behavior Segmentation

- Focus on whether people purchase a product or not, how much, and how often they use it
- User status
- **80/2 Rule or Law of Disproportionality or Pareto's Law**—80% of a company's revenues are accounted for by 20% of the customers

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## Assessing Market Potential

- Be mindful of the pitfalls
  - Tendency to overstate the size and short-term attractiveness of individual country markets
  - The company does not want to ‘miss out’ on a strategic opportunity
  - Management's network of contacts will emerge as a primary criterion for targeting


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### Assessing Market Potential

- Three basic criteria:
  - Current size of the segment and anticipated growth potential
  - Potential competition
  - Compatibility with company's overall objectives and the feasibility of successfully reaching the target audience


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### Feasibility and Compatibility

- Will adaptation be required? If so, is this economically justifiable in terms of expected sales?
- Will import restrictions, high tariffs, or a strong home country currency drive up the price of the product in the target market currency and effectively dampen demand?


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### Current Segment Size and Growth

- Is the market segment currently large enough to present a company with the opportunity to make a profit?
- If the answer is 'no,' does it have significant growth potential to make it attractive in terms of a company's long-term strategy?

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### Feasibility and Compatibility

- Is it advisable to source locally? Would it make sense to source products in the country for export elsewhere in the region?
- Is targeting a particular segment compatible with the company's goals, brand image, or established sources of competitive advantage?

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### Potential Competition

- Is there currently strong competition in the market segment?
- Is the competition vulnerable in terms of price or quality?



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### Framework for Selecting Target Markets

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    graph TD
      A[What are the key drivers of this marketing model?] --> B[Are enabling conditions in place for this marketing model?]
      B --> C[What is the cost of entry? What is the cost of waiting?]
      C --> D[Is the risk/control trade-off appropriate?]
    
```

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### 9 Questions for Creating a Product-Market Profile

- Who buys our product?
- Who does not buy it?
- What need or function does it serve?
- Is there a market need that is not being met by current product/brand offerings?
- What problem does our product solve?
- What are customers buying to satisfy the need for which our product is targeted?
- What price are they paying?
- When is the product purchased?
- Where is it purchased?

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### Target Market Strategy Options

- **Concentrated Global Marketing**
  - Niche marketing
  - Single segment of global market
  - Look for global depth rather than national breadth
  - Ex.: Chanel, Estee Lauder
- **Differentiated Global Marketing**
  - Multi-segment targeting
  - Two or more distinct markets
  - Wider market coverage
  - Ex.: P&G markets Old Spice and Hugo Boss for Men


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### Product-Market Decisions


- Review current and potential products for best match for country markets or segments
- Create a matrix with countries and products to help with analysis

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### Positioning

- Locating a brand in consumers' minds over and against competitors in terms of attributes and benefits that the brand does and does not offer
  - Attribute or Benefit
  - Quality and Price
  - Use or User
  - Competition



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### Target Market Strategy Options

- **Standardized Global Marketing or Undifferentiated target marketing**
  - Mass marketing on a global scale
  - Standardized marketing mix
  - Minimal product adaptation
  - Intensive distribution
  - Lower production costs
  - Lower communication costs

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### Positioning

- **Attribute or Benefit**
  - Economy
  - Reliability
  - Durability
- **Quality and Price**
  - Continuum from high price/quality and high price to good value
- BMW: The Ultimate Driving Machine or Visa: It's Everywhere You Want To Be
- Foreign Consumer Culture Positioning: Focus on import benefits
  - Stella Artois beer: Reassuring Expensive
  - FCCP: Grey Goose (France), Ketel One (the Netherlands)

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## Positioning

<ul style="list-style-type: none"> <li>• <b>Use or User</b> <ul style="list-style-type: none"> <li>– Associates the brand with a user or class of users</li> </ul> </li>   <li>• <b>Max Factor: The makeup that makeup artists use</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Competition</b> <ul style="list-style-type: none"> <li>– Implicit or explicit reference to competition</li> </ul> </li>   <li>• <b>Dove: Campaign for Real Beauty</b> <ul style="list-style-type: none"> <li>– 2% of women worldwide think they are beautiful</li> <li>– New definition of beauty</li> </ul> </li> </ul>
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## Looking Ahead to Chapter 8

- **Importing, Exporting, and Sourcing**

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## Positioning Strategies




- **Global consumer culture positioning**
  - Identifies the brand as a symbol of a particular global culture or segment
  - High-touch and high-tech products
  
- **Foreign consumer culture positioning**
  - Associates the brand's users, use occasions, or product origins with a foreign country or culture

Beer is associated with this German's culture. © 2015 by Pearson Education 7-38

## Positioning Strategies

- **Local consumer culture positioning**
  - Identifies with local cultural meanings
  - Consumed by local people
  - Locally produced for local people
  - Used frequently for food, personal, and household nondurables
  - Ex.: Budweiser is identified with small-town America



Clydesdale = Which Beer? © 2015 by Pearson Education 7-39