دانشکده مدیریت و اقتصاد

عنوان درس:

مبانی بازاریابی و فروش

بخش سوم:

استراتژی بازاریابی

مدرس: مهدي قندي آراني
Levels of Strategy

CORPORATE STRATEGY

BUSINESS STRATEGY

FUNCTIONAL STRATEGIES

CORPORATE HEAD OFFICE

Division A
- R & D
- Personnel
- Finance
- Production
- Marketing/Sales

Division B
- R & D
- Personnel
- Finance
- Production
- Marketing/Sales

Levels of Strategy

- **Corporate strategy**... what business(es) should the organization be in? defines the scope of the business in terms of the industries and markets in which it competes.

- **Business strategy**... how should the organization compete? is concerned with how the firm competes within a particular industry or market... to win a business unit must adopt a strategy that establishes a competitive advantage over its rivals.

- **Functional strategy**... how should the organization’s resources be best employed to support business strategy?
Corporate Strategy

- Decide scope/reach of the firm

In **which** businesses or industries do we compete?

- **GENERAL ELECTRIC**
  - Aircraft Engines
  - Light Bulbs
  - Appliances
  - Power Generation
Corporate Growth Strategies

(Four Basic Types of Opportunities)

Products

Present

New

Markets

Present

New

Market Penetration

Product Expansion

Market Expansion

Diversification
Corporate Strategy

- Corporate strategy attempts to define the domain of businesses the firm intends to operate. A firm might adopt any of three forms of corporate strategy:
  - Single business
  - Related diversification
  - Unrelated diversification
مفهوم استراتژی هولدینگ

• Corporate Strategy

• Business Strategy

مهم را در سطح Corporate مهم در سطح Single Company دارد.

دو سوال (تصمیم) مهم در سطح Corporate

• عبارتند از:

۱. منابع شرکت بايد به کدام کسب و کار (حوزه های کسب و کار) تخصیص یابد؟ این سوال معمولا در Portfolio Management حیطه می گذرد.
چگونه بنگاه مادر باید کسب وکارهای (شرکت‌های) تحت پوشش خود را مدیریت کند، تا ارزش جمعی ایجاد شود؟ این سوال معقولاً در حیطه قرار می‌گیرد و می‌تواند به شکل‌های دیگری نیز پرسیده شود. مثلاً:

“چگونه یک بنگاه مادر باید روابط خود با شرکت‌های تحت پوشش و نیز روابط بین آن شرکت‌ها را تنظیم کند که بین آن‌ها سینرژی برقرار شود؟”

یا “چگونه شرکت‌هایی که بالقوه می‌توانند مستقل باشند از قرار گرفتن زیر چتر یک Corporation منتفع می‌شوند؟”
تعیین ترکیب کسب و کارهای شرکت

Corporation Composition or Portfolio Management

• ماتریس “رشد-سهم بازار” (ماتریس BCG)

• ماتریس جذابیت صنعت و قوت سازمان
ماتریس رشد سهم بازار (BCG)

ستاره (Star)

문양 سوال؟ (Question Mark)

گاو شیرده (Cash Cow)

سگ (Dog)

سهم بازار نسبت به سهم بزرگترین رقیب
وضعیت واحد استراتژیک: سپرده استفاده از سود کلان این واحد برای رشد همه واحدهای شرکت و حفظ موقعیت خود واحد

وضعیت واحد استراتژیک: سگ کاهش فعالیت ها یا حذف کامل واحد از مجموعه شرکت

وضعیت واحد استراتژیک: علامت سوال تشیید تلاش های بازاریابی واحد و یا ترک بازار (حذف واحد)

وضعیت واحد استراتژیک: ستاره تلاش های وسیع بازاریابی به منظور حفظ و یا افزایش سهم بازار واحد مذاکر

وسه نسبی بازار

پایین

بالا

نرخ رشد صنعت

پایین

بالا

BCG ماتریس
ماتریس جذابیت صنعت و قوت سازمان

<table>
<thead>
<tr>
<th></th>
<th>زیاد</th>
<th>متوسط</th>
<th>کم</th>
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<td>متوسط</td>
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<th>نگهداشت به صورت انتخاب</th>
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<td>فروش</td>
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</table>
عناصر تعیین کننده جذابیت صنعت و قوت سازمان

<table>
<thead>
<tr>
<th>عناصر داخلی برای تعیین قوت سازمان</th>
<th>عناصر محیطی برای تعیین جذابیت صنعت</th>
</tr>
</thead>
<tbody>
<tr>
<td>• توزیع و فروش</td>
<td>• اندازه بازار</td>
</tr>
<tr>
<td>• منابع مالی</td>
<td>• سهم بازار</td>
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<td>• کیفیت</td>
<td>• نرخ رشد بازار</td>
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<tr>
<td>• R&amp;D</td>
<td>• ساختار رقابتی</td>
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<tr>
<td>• وسعت و تنوع خط تولید</td>
<td>• موانع ورود</td>
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<td>• نیروی انسانی</td>
<td>• سودآوری صنعت</td>
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<tr>
<td>• پزشکی</td>
<td>• مقررات</td>
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<td>• پزشکی</td>
<td>• عوامل سیاسی</td>
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<td>• پزشکی</td>
<td>• عوامل اجتماعی</td>
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<td>• پزشکی</td>
<td>• عوامل حقوقی</td>
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<tr>
<td>• پزشکی</td>
<td>• تکنولوژی</td>
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</tbody>
</table>
Synergy

- Synergy answers the question “How can different elements of our business benefit each other?” The goal of synergy is to create a situation where the whole is greater than the sum of the parts.
Managing Linkages between Businesses

KEY ISSUE—How does the corporate center add value to the business?

PORTER’S ANALYSIS OF BUSINESS LINKAGES AND CORPORATE STRATEGY TYPES

• Portfolio management—Parent creates value by operating an internal capital market
  • Using superior information and analysis to acquire attractive companies at favorable prices
• Restructuring—Parent create value by acquiring and restructuring Inefficiently-managed businesses
  • Intervening to cut costs and divest under performing assets
• Transferring skills—Parent creates value by transferring capabilities between businesses
  • Transferring innovations
• Sharing activities—Parent creates value by sharing resources between businesses
  • Sharing operational resources and functions (e.g. sales and distribution, manufacturing facilities)
Strategic Planning
Strategic Control
Financial Control

Parenting Style
تصمیم گیری در مورد شیوه‌های ارتباطی شرکت مادر با شرکتهاي زیرمجموعه

Strategic Business Units (SBU)

Three Characteristics of an SBU:

- A single business or collection of related businesses
- Unique competitors
- Leader responsible for planning and profitability
Business Unit Strategic Planning

Figure 2.3

[Diagram showing the process of business unit strategic planning, including business mission, external environment analysis (opportunities & threats), internal environment analysis (strengths & weaknesses), goal formulation, strategy formulation, program formulation, implementation, and feedback and control.]
## Strategic Business Units

<table>
<thead>
<tr>
<th>Company</th>
<th>Product Definition</th>
<th>Market Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Pacific</td>
<td>We run a railroad.</td>
<td>We are a people-and-goods mover.</td>
</tr>
<tr>
<td>Xerox</td>
<td>We make copying equipment.</td>
<td>We help improve office productivity.</td>
</tr>
<tr>
<td>Hess Corporation</td>
<td>We sell gasoline.</td>
<td>We supply energy.</td>
</tr>
<tr>
<td>Paramount Pictures</td>
<td>We make movies.</td>
<td>We market entertainment.</td>
</tr>
<tr>
<td>Encyclopaedia Britannica</td>
<td>We sell encyclopedias</td>
<td>We distribute information.</td>
</tr>
</tbody>
</table>
Business Strategy

• Whereas corporate strategy deals with the overall organization, business strategy focuses on specific businesses, subsidiaries, or operating units within the firm.

• Two main School of thought in Business Strategy:
  1. Industry Structure View (Porter)
  2. Resource Based View (RBV)
Porter’s Generic Competitive Strategies

- Cost Leadership
- Differentiation
- Cost Focus
- Focused Differentiation
# The Value Chain

<table>
<thead>
<tr>
<th>Primary Activities</th>
<th>Support Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inbound Logistics</td>
<td>Procurement</td>
</tr>
<tr>
<td>Operations</td>
<td>Human Resource management</td>
</tr>
<tr>
<td>Outbound Logistics</td>
<td>Technological Development</td>
</tr>
<tr>
<td>Marketing</td>
<td>Infrastructure</td>
</tr>
<tr>
<td>Service</td>
<td>Margin</td>
</tr>
</tbody>
</table>
To have the potential of sustained competitive advantage, a firm resource must have four attributes:

- **Valuable**: Resources are valuable when they enable a firm to conceive of or implement strategies that improve its efficiency and effectiveness.

- **Rare**: If a particular valuable firm resource is possessed by large numbers of firms, then each of these firms have the capability of exploiting that resource in the same way and that gives no firm a competitive advantage.

- **Imperfectly Imitable**: Valuable and rare resources can only be a source of competitive advantage when firms that do not possess these resources cannot conceive or implement them.

- **Substitutability**: For a firm resource to be a source of sustained competitive advantage it is necessary that there are no strategically equivalent valuable resources that are themselves either not rare or imitable.
Differing Perspectives of the Competitive Advantage

Porter Model
- External Environment
- Industry Attractiveness
- Strategy Formulation
- Assets/Skills Assessment
- Implementation

RBV Model
- Resources
- Capability
- Sustainable CA
- Strategy Formulation
- Implementation
Marketing Strategy
Segmentation, Targeting and Positioning (STP)
Steps in Segmentation, Targeting, and Positioning (STP)

1. Identify Bases for Segmenting the Market
2. Develop Profiles of Resulting Segments
3. Develop Measures of Segment Attractiveness
4. Select Target Segment(s)
5. Develop Positioning for Each Target Segment
6. Develop Marketing Mix for Each Target Segment
How STP Adds Value to a Firm

**Segmentation**
Identify segments

**Targeting**
Select segments

**Positioning**
Create competitive advantage

- Marketing resources are focused to better meet customers' needs and deliver more value to them
- Customers develop preference for brands that better meet their needs and deliver more value
- Customers become brand/supplier loyal, repeat purchase, communicate favorable experiences
- Brand/supplier loyalty leads to increased market share, higher prices, and creates a barrier to competition
- Fewer marketing resources needed over time to maintain share due to brand or supplier loyalty
- Profitability (value to the firm) increases
Segmentation
Segmentation

- **Market**: people or institutions with sufficient purchasing power, authority, and willingness to buy
  - Requirements of a Market: Need, Ability, Willingness and Authority

- Market Segmentation: division of the total market into smaller, relatively homogeneous groups. Segment is a subgroup sharing a characteristic
Bases for Segmenting Consumers

- Geographic
- Demographic
- Psychographic
- Behavioral
<table>
<thead>
<tr>
<th>Geographic</th>
<th>Demographic</th>
<th>Psychographic</th>
<th>Behavioral</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Region or Country</td>
<td>Age, Gender, family size, Family Life-cycle, Income, Occupation, Education, Religion, Race, Generation, Nationality</td>
<td>Social class, Lifestyle, Personality</td>
<td>Occasions, Benefits, User status, Usage rate, Loyalty status, Readiness stage, Attitude toward product</td>
</tr>
<tr>
<td>Country Region</td>
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<tr>
<td>City or Metro Size</td>
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<tr>
<td>Density</td>
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<tr>
<td>Climate</td>
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Geographic Segmentation

- Geographic segmentation divides the market into different geographical units such as nations, regions, states, counties, or cities

Examples:
- **World Region or Country**: North America, Western Europe, European Union, Pacific Rim, Mexico, etc.
- **Country Region**: Pacific, Mountain, East Coast, etc.
- **City or Metro Size**: New York, San Francisco
- **Population Density**: rural, suburban, urban
- **Climate**: northern, southern, tropical, semi-tropical
Demographic segmentation
dives the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality.
Age and Life-Cycle Stage
Life Stage
Gender

Women:
- Influence 80% of consumer purchases
- Make 75% of new home decisions
- Purchase 60% of cars
Income
Race and Culture
Psychographic Segmentation

• The use of psychological attributes, lifestyles and attitudes in determining the behavioral profiles of different customers

• Psychographic profiles on a target market segment are obtained by doing a lot of questionnaires and surveys to ask people if they agree/disagree with certain statements made about particular activities, interests or opinions

  • AIO - activities, interests, and opinions

• Personality traits
• Lifestyle
• Values
Behavioral Segmentation

**Behavioral segmentation** divide buyers into groups on the basis of their knowledge of, attitude toward, use of, or response to a product.

**Needs and Benefits**
The process of grouping customers into market segments according to the benefits they seek from the product. Most often the best segmentation bases

**Usage occasions**
We can distinguish buyers according to the occasions when they develop a need, purchase or use a product

**User status**
Nonusers, ex-users, potential users, first-time users, regular users

**Usage rate**
Dividing a market by the amount of product bought or consumed: Light, medium, heavy

**Loyalty status**
Marketers usually envision four groups based on brand loyalty status: *Hard-core loyals*, *Split loyals*, *Shifting loyals*, *Switchers*
Benefit segmentation: example

Two Solution for PC: Need-Based Variables

Means of Variables

-1 0 1

size power office use LAN color storage needs wide connect. periph. budget

Design
Business
## Segmentation Bases: Business Markets

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Company Size: what company sizes should we serve?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Industry: Which industry to serve?</td>
</tr>
<tr>
<td></td>
<td>Location: What geographic areas should we serve?</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Characteristics</th>
<th>Technology: What customer technologies should we focus on?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>User/nonuser status: heavy, medium, or light users or nonusers?</td>
</tr>
<tr>
<td></td>
<td>Customer capabilities: customers needing many or few services?</td>
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</tbody>
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<thead>
<tr>
<th>Purchasing Approaches</th>
<th>Purchasing function organization: highly centralized or decentralized</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Power structure: engineering dominant? Financially dominant?</td>
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<tr>
<td></td>
<td>Nature of existing relationships: Strong relationship or desirable ones?</td>
</tr>
<tr>
<td></td>
<td>General purchase policies: leasing? Service contract? System purchase?</td>
</tr>
<tr>
<td></td>
<td>Sealed Bidding?</td>
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<td>Purchasing criteria: quality? Service? Price?</td>
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<tr>
<th>Situational Factors</th>
<th>Urgency: quick delivery or service?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Specific application: certain application of our product?</td>
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<tr>
<td></td>
<td>Size of order: Large or small orders?</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Personal Characteristics</th>
<th>Buyer-seller similarity: People and values are similar to ours?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Attitudes towards risk: Risk taking or risk-avoiding customers?</td>
</tr>
<tr>
<td></td>
<td>Loyalty: Focus on companies that show high loyalty to their suppliers?</td>
</tr>
</tbody>
</table>
The Best Approach in Market Segmentation

• First, Use the Behavioral bases for market segmentation

• Second, Use the other bases like demographic, geographic and Psychographic for Profiling the segments

• *Bases*—characteristics that tell us why segments differ (eg, needs, preferences, usage rate).

• *Descriptors*—characteristics that help us find and reach segments.
# Variables to Segment and Describe Markets

<table>
<thead>
<tr>
<th>Bases</th>
<th>Consumer</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Descriptors</td>
<td>Age, income, marital status, family type &amp; size, gender, social class, etc.</td>
<td>Industry, size, location, current supplier(s), technology utilization, etc.</td>
</tr>
<tr>
<td>Demographics</td>
<td>Lifestyle, values, &amp; personality characteristics.</td>
<td>Personality characteristics of decision makers.</td>
</tr>
<tr>
<td>Psychographics</td>
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</table>
Requirements for Effective Segmentation

- **Measurable**
  - Size, purchasing power, profiles of segments can be measured.

- **Accessible**
  - Segments must be effectively reached and served.

- **Substantial**
  - Segments must be large or profitable enough to serve.

- **Differential**
  - Segments must respond differently to different marketing mix elements & actions.

- **Actionable**
  - Must be able to attract and serve the segments.
Segmentation Methods

- **A Priori Segmentation:**
  - This segmentation model selects both the basis of segmentation and the set of descriptors to be used, thus the number and type of segments is predetermined.
  - Decide beforehand on the basis (bases) on which to segment and then divide up the market according to levels of that (those) variable(s).
  - Managerial intuition and experience is the main source of insight.

- **Post-hoc Segmentation:**
  - Use statistical techniques to determine any natural groupings within the market and discover the variable(s) associated with those divisions. Typically involves sample surveying of consumers, statistical analysis.
Post-hoc segmentation: Methods Overview

• Cluster analysis to form segments.
  • It is a class of techniques used to classify cases into groups that are relatively homogeneous within themselves and heterogeneous between each other, on the basis of a defined set of variables. These groups are called clusters.
  • Two Type of methods:
    • Hierarchical partitioning
    • Nonhierarchical partitioning
  • Discriminant analysis to describe segments
    • This technique is used to quantify the relationship between segment membership (e.g. the benefits sought) and explanatory variables such as income, age, gender and geographic location
What is Cluster Analysis?

- Finding groups of objects such that the objects in a group will be similar (or related) to one another and different from (or unrelated to) the objects in other groups.

Intra-cluster distances are minimized

Inter-cluster distances are maximized
Cluster analysis: Hierarchical Method

1. Calculates Euclidean distances between all pairs

\[ D_{ij} = \sqrt{\sum_{k=1}^{n} (x_{ki} - x_{kj})^2} \]

2. Finds a pair of similar respondents - most similar on all variables

3. Adds other respondents based on similarity to first pair, and so on, and so on, and so on,

4. Until all respondents are organized into clusters (linkages are set - cannot switch clusters)

5. User must set number of clusters prior to running program
Hierarchical Method Example: iteration 1 - two most similar objects joined.
Hierarchical Method Example: Iteration 2.
Hierarchical Method Example: Iteration 3.
Hierarchical Method Example: Iteration 4.
Hierarchical Method Example: Iteration 5.
Hierarchical Method Example: Iteration 7.
Cluster analysis: Hierarchical Method

Linkage methods

- **Single linkage (minimum distance):** two clusters are joined which have the most similar two cases.

- **Complete linkage (maximum distance):** two clusters are joined for which the maximum distance between a pair of cases in the two clusters is the smallest.

- **Centroid method:** The distance between two clusters is defined as the difference between the centroids (cluster averages).
Hierarchical: Single Link

• cluster similarity = similarity of two most similar members

- Potentially long clusters
+ Fast
Hierarchical: Complete Link

- cluster similarity = similarity of two least similar members
Hierarchical: Distance Between Centroids

cluster similarity = Distance Between Centroids
Cluster analysis:  
Partitioning (Non-hierarchical) Methods

- **K-Means Method:**  
  - Each cluster is associated with a **centroid** (center point)  
  - Each point is assigned to the cluster with the closest centroid  
  - Number of clusters, K, must be specified

- Clustering process:
  - **First Iteration**  
    - the computer places each case into the k-dimensional space  
    - the computer randomly assigns cases to the “k” groups & computes the k-dim centroid of each group  
    - compute the distance from each case to each group centroid  
    - cases are re-assigned to the group to which they are closest  
  - **Subsequent Iterations**  
    - re-compute the centroid for each group  
    - for each case re-compute the distance to each group centroid  
    - cases are re-assigned to the group to which they are closest  
  - **Stop**  
    - when cases don’t change groups or centroids don’t change  
    - failure to converge can happen, but doesn’t often
K-Means Method Example
Cluster analysis: Suggested approach

1. First perform a hierarchical method to define the number of clusters
2. Then use the $k$-means procedure to actually form the clusters
## Developing Segment Profiles

- **Cross Tab:** Identifying Segment profiles by trial and error

<table>
<thead>
<tr>
<th>Descriptor variables</th>
<th>Segment 1</th>
<th>Segment 2</th>
<th>Segment 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>20</td>
<td>95</td>
<td>50</td>
</tr>
<tr>
<td>Female</td>
<td>80</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td><strong>Income Level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>35</td>
<td>15</td>
<td>80</td>
</tr>
<tr>
<td>Medium</td>
<td>35</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>High</td>
<td>30</td>
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<tr>
<td><strong>Education Level</strong></td>
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<tr>
<td>Low</td>
<td>45</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>High</td>
<td>55</td>
<td>50</td>
<td>45</td>
</tr>
</tbody>
</table>

- **Discriminant Analysis:** A statistical techniques based on Multivariate Data Analysis. Use discriminant analysis to identify underlying dimensions (axes) that maximally differentiate between the selected clusters.
In-class Activity

- Choose a Product category / company
  - Segment the market based on behavioral bases
  - Profile the segment based on other bases
Targeting
Targeting

Evaluating Market Segments

- Segment size and growth
  - Smaller versus larger segments; Growth potential
- Segment structural attractiveness
  - Competition; Substitute products; Power of buyers; Power of suppliers
- Company objectives and resources
  - Competitive advantage; Availability of resources; Consistent with company objectives
Porter’s 5 Forces

Rivalry Among Established Firms
- competitive structure
- demand conditions
- exit barriers

Threat of Substitute Products
- existence of different products that serve consumers’ needs in a similar way

Risk of Entry (Barriers to Entry)
- brand loyalty
- absolute cost advantages
- econ of scale, cap req’t
- government regulations
- distribution access

Bargaining Power of Suppliers
High if:
- product has few substitutes and is important, few suppliers
- supplier has many other outlets for product
- high switching costs
- threat of vertical integration forward

Bargaining Power of Buyers
High if:
- few large buyers
- product unimportant to output
- buyers purchase in large quantities and purchase large percentage of industry output
- low switching costs, little differentiation
- threat of vertical integration backward
Targeting Segments - Overview
Targeting

Selecting Target Market Segments

- Undifferentiated marketing:
  - Company marketing mix 1
  - Company marketing mix 2
  - Company marketing mix 3
  - Segment 1
  - Segment 2
  - Segment 3

- Differentiated marketing:
  - Company marketing mix
    - Segment 1
    - Segment 2
    - Segment 3

- Concentrated marketing:
  - Company marketing mix
    - Segment 1
    - Segment 2
    - Segment 3

- A niche market
Market Preference Patterns

(a) Homogeneous Preferences
(b) Diffused Preferences
(c) Clustered Preferences
Choosing a Target Market

Depends on:

- Company resources
- Product variability
- Product life-cycle stage
- Market variability
- Competitor’s marketing strategies
Market Targeting

Socially Responsible Target Marketing

- Benefits customers with specific needs
- Concern for vulnerable segments
  - Children
    - Alcohol
    - Cigarettes
    - Internet abuses
The place a product occupies in consumers’ minds relative to competing products.

“Positioning starts with a product. A Piece of merchandise, a service, a company, an institution, or even a person... But positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect.” Al Ries and Jack Trout (1981)
Differentiation and Positioning

Identifying Possible Value Differences and Competitive Advantages

**Competitive advantage** is an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices.
Positioning Strategy

- Points of Parity
- Points of Difference => Differentiation
- Competitive advantages

*Positioning results from differentiation and competitive advantages.*

*Positioning may change over time.*
Positioning Strategies (Aaker’s framework)

<table>
<thead>
<tr>
<th>Positioning Strategies</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer benefits</td>
<td>Associate a brand or product with customer benefits</td>
<td>Volvo (safety) BMW (Performance)</td>
</tr>
<tr>
<td>Price /quality</td>
<td>A product is highlighted in terms of service features or performance. Manufacturer charges high price. Other brands emphasize price and value</td>
<td>Nordstorm (Premium price/High quality) Walmart (value for money) Family dollar (low price/low quality)</td>
</tr>
<tr>
<td>Use or Application</td>
<td>Associating a product or service with a use or application (usually for expanding the market)</td>
<td>Natural cheeses for Iranian foods (Kalleh) Baking soda as odor destroying agent in refrigerators</td>
</tr>
</tbody>
</table>
## Positioning strategies
(Aaker’s framework)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Product user</td>
<td>Associating a product or service with a user or class of users.</td>
<td>Cine stars or sports heroes using the product Nike (Federer)</td>
</tr>
<tr>
<td>Product class</td>
<td>Comparing a (new) product category with an established one. Used especially in new product introduction to shape preference for the new product</td>
<td>Kalleh’s Fruit yogurt: traditional yogurt, ice-cream or dessert? Advertising and communication cues specify the main frame of references</td>
</tr>
<tr>
<td>Competitors</td>
<td>Associating with a strong competitor’s</td>
<td>Avis: we’re number two, so we try harder (car rental)</td>
</tr>
</tbody>
</table>

**Recommended reading:**

*Aaker-Positioning your product-Business Horizons*
The Nature of Differentiation

DEFINITION: Providing something unique that is valuable to the buyer beyond simply offering a low price. (M. Porter)
THE KEY IS CREATING VALUE FOR THE CUSTOMER

Sources of Differentiation (Kotler’s Framework)

• Product differentiation:
  • Tangible product characteristics: Observable product characteristics like size, color, taste, materials, performance, packaging, Features, Durability, Reliability, Reparability, etc
  • Intangible product characteristics: Unobservable and subjective: characteristics relating to image, status, exclusivity, identity

• Service differentiation: Ordering ease, Delivery, Installation, Customer training, Customer consulting, Maintenance and repair, Returns, etc

• Channels: exclusive channels of distribution, easy access, etc

• People: friendly, knowledgeable, etc
Selecting the Right Competitive Advantages

Criteria for Determining Which Differences to Promote

- Important
- Profitable
- Affordable
- Preemptive
- Distinctive
- Superior
- Communicable
Perceptual Mapping

A means of displaying or graphing, in two or more dimensions, the location of products, brands, or groups of products in customers’ minds.
Perceptual Mapping Process

- Identify set of competing brands.
- Identify important attributes that consumers use when choosing between brands using qualitative research (e.g. group discussions).
- Conduct quantitative marketing research where customers score each brand on all the key attributes.
- Plot brands on a two-dimensional map using the attributes.
Each car occupies a position in consumers’ minds. Cars can be positioned according to attribute (sporty, conservative, etc.), to price/quality (affordable, classy, etc.) or other bases. Cadillac has repositioned itself as a car for younger drivers with edgier ads.
Hypothetical Competitive Positioning Map for Selected Retailers

- Saks Fifth Avenue
- Nordstrom
- Neiman Marcus
- Dillard’s
- Sears
- J.C. Penney
- Target
- Wal-Mart
- Kmart
- Dollar General
- Family Dollar
- Perceived Quality
Perceptual Maps: Strategic analysis

• Ask:
  • What position do you currently own?
  • What position do you want to own?
  • Whom should you defeat to own that position?
  • Do you have the resources to do it?
  • Can you persist until you get there?
  • Are your tactics supporting the positioning objective you set?
Differentiation and Positioning

Selecting an Overall Positioning Strategy

Value proposition is the full mix of benefits upon which a brand is positioned.
با تشکر از توجه شما