

Our Strategy Race:

Leg 2 - From Lisbon to Cape Town. Segmentation

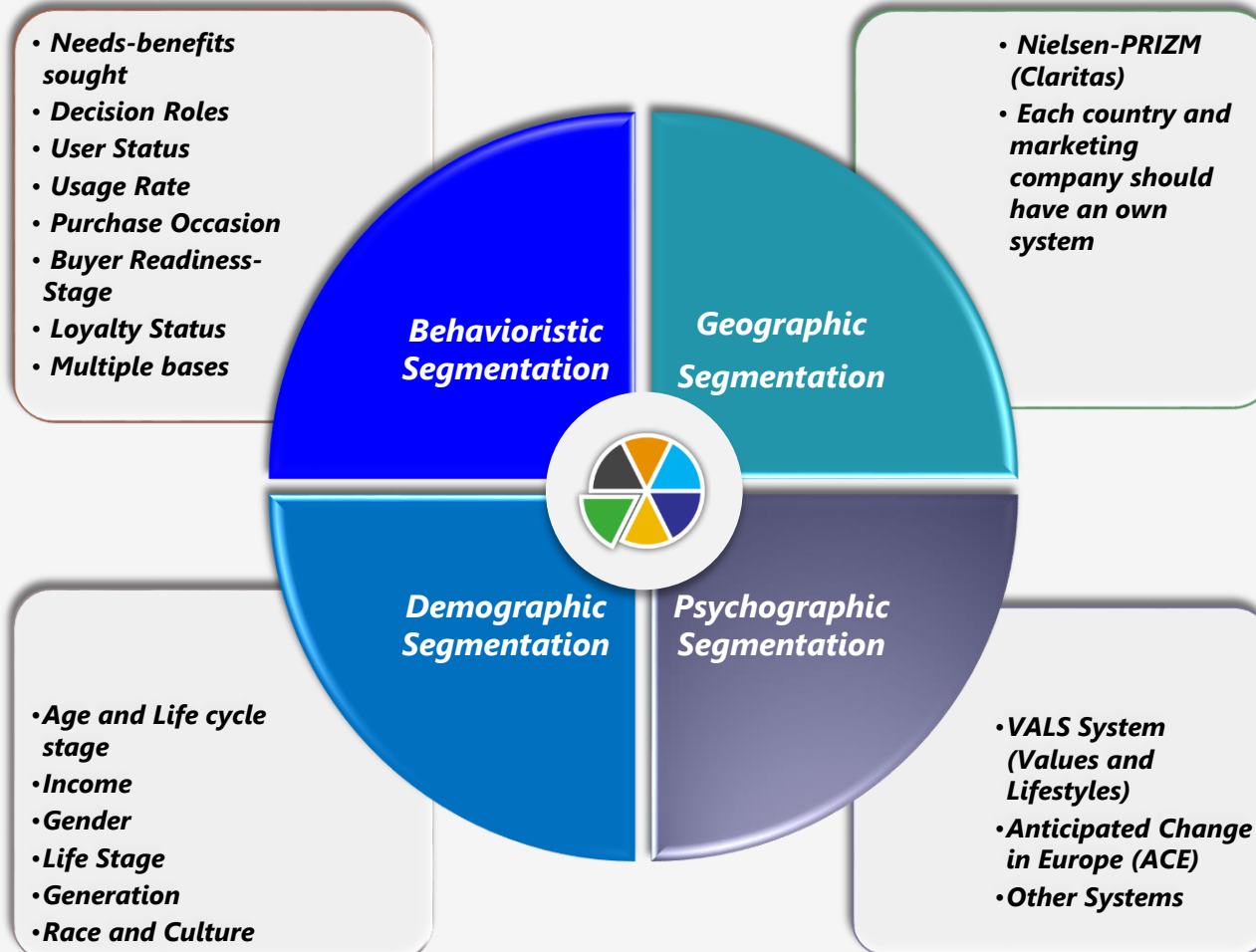


→ Leg 2. From Lisbon to Cape Town. Segmentation Road Map

THEME 1. Segmentation Consumer Markets

Bases for Consumer Market Segmentation.

5.
Why to segment markets?
Bases for Consumer Segmentation: geographic, demographic, psychographic and behavioral



Source: Kotler-Keller, Marketing Management 15th Edition, Arens W. Contemporary Advertising.



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Behavioristic Segmentation

- **Needs-benefits sought**
- *Decision Roles*
- *User Status*
- *Usage Rate*
- *Purchase Occasion*
- *Buyer Readiness-Stage*
- *Loyalty Status*
- *Multiple bases*



Needs-based or benefit-based segmentation is a widely used approach because it identifies distinct market segments with clear marketing implications. Example: What type of wine drinker you are? (US Premium Wine Segmentation, By Constellation Brands)

Enthusiasts:
Skewing female
Income \$75K



Traditionalists
Buy traditional wine brands



Satisfied Sippers
Don't know about wine



Savvy Shoppers
Love to shop, happy to use bargain bin



Image Seekers
Wine as a badge identity



Overwhelmed
Find purchasing wine confusing



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Decision Roles: Who is the decision maker when buying? It's easy to identify the buyer for many products. In the majority of countries men normally choose the car tires and women choose their lingerie; but even for these products, buying roles can change.

People play five roles in a buying decision: Initiator, Influencer, Decider, Buyer, and User.

Find Your Tires
PICK YOUR VEHICLE:
- Year
- Model
- Trim
SEARCH
ENTER TIRE SIZE:
- Enter Tire Size
SEARCH

VICTORIA'S SECRET
FREE SHIPPING ON ORDERS OF \$50
BRA'S \$19.99 & UP
BANTIES \$9.99 & UP
THE BRA SALE 25% OFF

THE SEMI-ANNUAL SALE

Who decides when buying tires? Or Lingerie?

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User Status: Each company has to attract potential users, or even possibly nonusers. Also the company wish to keep the regular users.

Non Users



Switch from Hair salon to highlights at home?

Potential Users

Moms-to-be are potential users of Dove Baby products



First-time Users



Blood Donation Campaigns attract first-time donors

Regular users

Kotex pads are used regularly every month



Ex-users



Former Blackberry Users attracted to BB KeyOne and BB Passport Models

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Usage Rate: We measure usage rates to define consumers as light, medium or heavy users of products.

Heavy users are often small in volume but account a high percentage of total consumption. Often 20% of the population consumes 80% of the product.

Heavy



Heavy beer drinkers account more 80% market.

Medium

A Café Barista Regular-medium client one time per week, Guatemala



Light



A family which occasionally eats out at fancy restaurants



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Purchase Occasion: Occasions mark a frequency of the need (time of day, week, month, year), or other well-defined temporal aspects of a consumer's life such as seasons or fads. For example, air travel is triggered by occasions related to business, vacation, or family. Occasion segmentation can help expand product usage.

Frequency

Regular weekend Rafting or occasional buyer for vacations only?



Climate Seasons



Summer: Swimwear, sunshades, Skin protection moisturizers
Winter: coats, boots, sweaters, gloves.

Fads

Fidget Spinners a Fad purchase?



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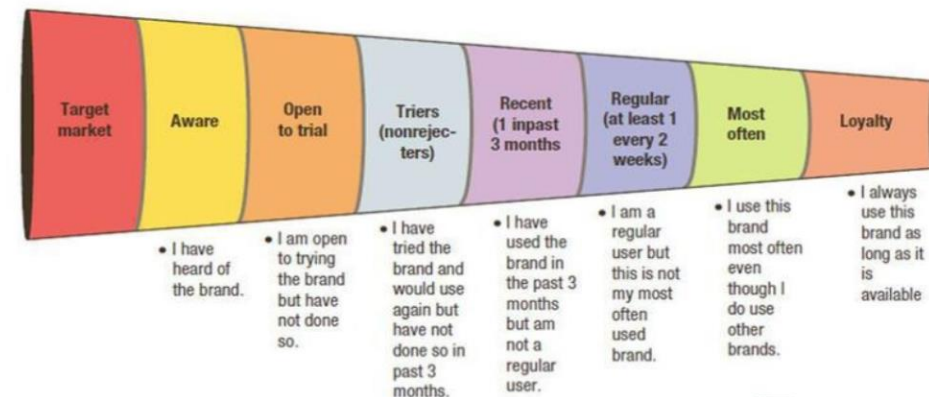
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Buyer Readiness-stage: There are progressive stages when analyzing the buyer readiness process. The tool employed to breakdown these stages is called marketing funnel. Some people are unaware of the product, some are aware, some are informed, some are interested, some desire the product, and some intend to buy.

The Marketing Funnel



MyShared

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Loyalty Status: Marketers usually envision four groups based on brand loyalty status:

1. **Hard-core loyals**—Consumers who buy only one brand all the time
2. **Split loyals**—Consumers who are loyal to two or three brands
3. **Shifting loyals**—Consumers who shift loyalty from one brand to another
4. **Switchers**—Consumers who show no loyalty to any brand



Multiple Bases: Combining different behavioral bases can provide a more comprehensive and cohesive view of a market and its segments.

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