

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



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

Behavioristic Segmentation

Geographic Segmentation

- Nielsen-PRIZM (Claritas)
- Each country and marketing company should have an own system

Demographic Segmentation

Psychographic Segmentation

- Age and Life cycle stage
- Income
- Gender
- Life Stage
- Generation
- Race and Culture

- VALS System (Values and Lifestyles)
- Anticipated Change in Europe (ACE)
- Other Systems

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



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Age: Consumer wants and abilities change with age. Each company segments its products by their own classification. The target market for some products may be the *psychologically* young.

Life stage: defines a person's major concern, such as going through a divorce, going into a second marriage, taking care of an older parent, deciding to cohabit with another person, deciding to buy a new home, and so on.



Pampers divides its market into prenatal, new baby (0–5 months), baby (6–12 months), toddler (13–23 months), and preschooler (24 months+).



With Honda Fit, the firm deliberately targeted Gen Y or Millennial buyers as well as their empty-nest parents.

Source: Kotler-Keller, Marketing Management 15th Edition



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Income segmentation: is a long-standing practice in such categories as automobiles, clothing, cosmetics, financial services, and travel. However, income does not always predict the best customers for a given product. Many marketers are deliberately going after lower-income groups, in some cases discovering fewer competitive pressures or greater consumer loyalty.



Kimberly Clark has segmented their brands according to different segments which can afford expensive paper towel given their high income, and discount-priced brands for those of low income level.

Levi-Strauss introduced premium lines such as Levi's Capital E to upscale retailers such as Bloomingdales and Nordstrom, and the less-expensive Signature by Levi Strauss & Co. line to mass market retailers Walmart and Target.



Source: Kotler-Keller, Marketing Management 15th Edition

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Gender: Men and women have different attitudes and behave differently. "According to some studies, women in the United States and the United Kingdom control or influence over 80 percent of consumer goods and services, make 75 percent of the decisions about buying new homes, and purchase outright 60 percent of new cars". Gender differentiation has long been applied in clothing, hairstyling, cosmetics, and magazines.

Woman

- More community embracing-minded
- Take more data in immediate environment
- Relate to a product personal level



Man

- More self-expressive and goal directed
- Focus on the part of the environment helping to achieve a goal
- Read product information

Source: Kotler-Keller, Marketing Management 15th Edition



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Generation: Each generation or *cohort* is profoundly influenced by the times in which it grows up—the music, movies, politics, and defining events of that period. Members share the same major often advertise to a cohort by using the icons and images prominent in its experiences.

They also try to develop products and services that uniquely meet the particular interests or needs of a generational target. Here are some general observations about the four main generation cohorts of consumers, from youngest to oldest.

Generational Cohort	Birth Range	Approximate Size	Defining Features
Millennials (Gen Y)	1979–1994	78 million	Raised with relative affluence, technologically plugged in and concerned with the environment and social issues, they also have a strong sense of independence and a perceived immunity from marketing.
Gen X	1964–1978	50 million	Sometimes seen as falling between the generational cracks, they bridge the technological savvy of Gen Y with the adult realities of the baby boomers.
Baby Boomers	1946–1964	76 million	Still largely in the prime of their consumption cycle, they embrace products and lifestyles that allow them to turn back the hands of time.
Silent Generation	1925–1945	42 million	Defying their advancing age, they maintain active lives and products and marketing that help them to achieve that.

Sources: Kenneth Gronbach, "The 6 Markets You Need to Know Now," *Advertising Age*, June 2, 2008, p. 21; Geoffrey E. Meredith and Charles D. Schewe, *Managing by Defining Moments: America's Generational Cohorts, Their Workplace Values, and Why Managers Should Care* (New York: Hungry Minds, 2002).

Source: Kotler-Keller, *Marketing Management 15th Edition*

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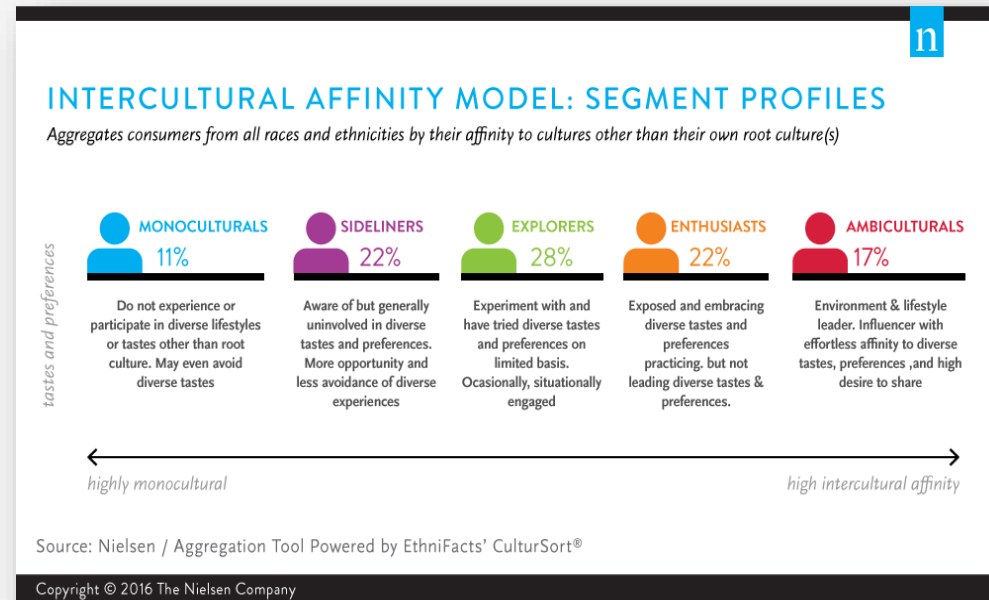
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Race and Culture: “Multicultural marketing can result in different marketing messages, media, channels, and so on. Specialized media exists to reach virtually any cultural segment or minority group, though some companies have struggled to provide financial and management support for fully realized programs”.



Source: Kotler-Keller, Marketing Management 15th Edition