Chapter – 5.

IDENTIFYING MARKET SEGMENTS, TARGETING & POSITIONING:

- Organizations operating in broad market cannot serve all customers in that market since customers are numerous/diverse.
- Instead of competing everywhere, organizations need to identify market segments that it can serve most effectively.
- For this, they need to choose/select its markets & serve them well, i.e., instead of scattering the marketing effort (Shot Gun Approach), they can focus on buyers whom they have greatest chance of satisfying (Rifle Approach). This is called target marketing.
- Target marketing consists of:
  - Market Segmentation:
    - Identify/Profile distinct buyer group who may require separate products/marketing mix.
  - Market Targeting:
    - Select one/more segments to enter.
  - Market Positioning:
    - Establishing/Communicating product’s key distinctive benefits to markets

Steps in STP (Segmentation, Targeting, Positioning):

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<td>* Develop Profiles of Resulting Segments</td>
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<td>* Evaluate Attractiveness of each Segment</td>
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<td>* Select the Target Segment</td>
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<td>* Identify possible positioning concept For each Target Segment</td>
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<td>* Select / Develop/ Communicate Chosen Positioning Concept</td>
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Levels of Market Segmentation:

- Segment
  - Effort to increase company’s targeting precision.
- Levels of segmentation could be
  - Mass Marketing.
  - Segment Marketing.
  - Niche Marketing
  - Local/ Local area Marketing.
  - Individual Marketing.
Mass Marketing:
- Seller engages in
  - Mass production.
  - Mass distribution.
  - Mass promotion.

  Of one product for all buyers.
- Benefits could be
  - Creates largest potential market.
  - Leads to lowest cost of production.
  - May lead to
    - Low price, or
    - High margin.
- Mass market gets broken up due to
  - Increased number of players in the market.
  - Increased distribution.
  - Increased advertising/promotion.
- Hence, segments or micro-markets emerges.

Segment Marketing:
- Market segment consists of a large identifiable group within a market.
- Arises due to company’s recognition of
  - Buyer’s having different wants.
  - Varying purchasing power.
  - Different geographical locations.
  - Different buying attitudes & habits.
- At the same time, company is not willing to customize its product to each individual customer.
- Hence, company tries to isolate some broad segments that make up a market.
- Example:
  - Two Wheeler (Hero Honda)
    - Price conscious buyer (CD-Dawn).
    - Fuel economy buyer (Splendor).
    - Power buyer (CBZ).
    - Style/Luxury (Karizma)
- Segmentation is between mass marketing and individual marketing. Hence, not as precise as individual marketing but much more precise than mass marketing.
- Marketing mix elements better tuned to market as compared to mass marketing.
- Competition limited to market segment.

Niche Marketing:
- Segment is a large identifiable group within a market.
- Niche is a more narrowly defined group. Typically niche is a small market whose needs are not served well enough.
- Niche identified by dividing a segment into sub segments or by dividing a group within a distinctive set of traits who seek special combo of benefits.
- Attractive niche identified by
  - Customers in niche have distinct and complete set of needs.
  - Customers willing to pay premium to firm that best satisfies their needs.
  - Nicher has required skills to serve niche in a superior manner.
• Niccher gains certain economics through specialization.
• Niche not likely to attract too much competition.
• Niche has adequate size/profit/growth potential.
- Small niches may become attractive as marketing efficiency increases.
- Examples:
  • Mercedes, Lifebuoy multani mitti, Colgate herbal.

Local Marketing:
- Localizing company’s marketing mix to cater to clear, regional differences in customers demographics/psychographics.
- Manifest through:
  • Fine tuning product assortments area wise.
  • Using promotional campaigns with local flavour.
- Pitfalls could be:
  • Higher manufacturing/marketing cost due to low scale economies.
  • Increased logistical problems.
  • Brand image may get diluted if communication message is different in different areas.
- Above need to be understood and managed.
  • Example: Alpha-TV (Regional programs).

Individual Marketing:
- Segment of one/segment marketing, one to one marketing.
- Also called mass customization.
- Very common for B2B marketing.
- Company tries to prepare on a mass basis individually designed products/communications to meet each customer’s requirements.
  • Example: greeting cards, vacations.

Patterns of Market Segment:
- One way of looking at segments could be in terms of preference patterns.
- Patterns could be
  • Homogenous.
  • Diffused.
  • Clustered.
  • Example : Ice-cream.
    • Sweetness.
    • Creaminess.

Homogeneous:

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SWEETNESS

All customers have roughly similar/same preference.
Diffused:

Customers preference is scattered since customers vary in terms of their performance.

Clustered:

- Distinct preference clusters shown.
- Called natural segments.

Patterns of segmentations give clues to company’s on the kind of offering/product they need to produce to customer.

**Market Segmentation Procedure:**
- Steps involved are:
  - Survey/Research market.
  - Analysis of data.
  - Profiling customers into segments.

**Survey/Research:**
- Market research conducted in two stages
  - Exploratory.
  - Focus group.
- To gain insight into
  - Customer motivation.
  - Attitudes.
  - Behaviour.
- Using above findings, formal questions designed to collect data on
  - Attributes & their importance ratings.
  - Brand awareness/ratings.
  - Product usage pattern.
  - Attitude towards product category.
Identifying Market Segments, Targeting & Positioning

- Demographics/Geographic/Psychographics/Media graphics of respondents.

**Analysis:**
- Data collected in market research is analysed using analysis techniques.
- Techniques could be
  - Factor Analysis
    - Combine highly correlated variables into factors.
  - Cluster Analysis
    - Create specific number of maximally different segments.

**Profiling:**
- Each cluster is profiled in terms of its distinguishing
  - Attitudes.
  - Behaviour.
  - Demographics.
  - Psychology.
  - Media graphics.
- Each segment is given a name/label based on dominant distinguishing characteristics.
- Market segmentation needs to be redone periodically to cater to as in customer behaviour and hence in segmentation.
- Hierarchy of attributes that customer use in choosing a brand must be understood.
  - This portion is called market partitioning.
- Hierarchy of attributes plays major role in segment creation.

**Bases for Segmenting Consumer Markets (Segmentation Variables).**
- Consumer markets are segmented based on
  - Consumer Characteristics
    - Geographic.
    - Demographic.
    - Psychographic
  - Consumer Response
    - Behavioral.
- Segmentation variables may be used singly/combination.

**Geographic Segmentation:**
- Market divided into different geographical units.
- Units could be
  - National (All India).
  - Zonal (West Zone).
  - Regional or State (Maharashtra).
  - Area/District (Pune/Ahmednagar).
  - Urban/Rural or upcountry (Metro/Non metro).
- Company may decide to operate nationally or in a particular geographic territory.
- Even when a company is national, marketing mix may be regional, i.e., marketing mix may vary regionally to cater to local customer requirement.
**Demographic Segmentation: (Physical Attribute of customers)**
- Most commonly used base for segment market.
- Reasons:
  - Demographic variable are easier to measure.
  - Customer wants/preference/usage rates are often highly associated with demographic variable.
- Demographic variables could be
  - Age/Life cycle stage/Family size.
  - Gender.
  - Income.
  - Social class.
  - Education/Occupation.
  - Religion.

**Psychographic Variables: (Though Process Attributes)**
- Buyers categorized into groups based on
  - Lifestyle.
  - Personality.
- Customer within same demographic group may display different psychographic profiles.
- Life style is measured through AIO & VALSI-2 framework.

**Behavioral Segmentation:**
- Buyers divided into groups based on their
  - Knowledge of the product.
  - Attitude towards product.
  - Use of the product.
  - Response to a product.
- Behavioral variables could be
  - Occasions.
  - Benefits.
  - User status.
  - Usage rate.
  - Loyalty rate.
  - Buyer – Readiness stage.
  - Attitudes.

**Occasions:**
- Buyers identified or segmented according to occasion that they
  - Develop a need.
  - Purchase a product.
  - Use a product.
    - Example: Inter city bus travel.
      - Occasion could be
        - Business.
        - Vacations (Tours). 
        - Family reasons.
- Occasions may also reflect life style cycle stage.
- Identification of additional usage occasion may increase product usage
  - Example: Milk product.
Benefits:
- Buyers are classified according to benefits they seek from product.
  - Example:
    - Toothpaste.
      - Economy (Babool).
      - Medicinal (Meswak, Vicco).
      - Taste (Colgate, Pepsodent).
      - Cosmetic (Close up, Aquafresh).
    - Travel.
      - Business.
      - Spend time with family/relaxation.
      - Education.
      - Adventure.

User Status:
- Markets are segmented into groups based on user status such as
  - Non – Users.
  - Potential Users.
  - First time Users.
  - Regular Users.
  - Ex – Users.
    - Example : Blood bank for safe blood.

Usage Rate:
- Markets are segmented into groups based on usage rate as
  - Light product users.
  - Medium product users.
  - Heavy product users.
- Marketers prefer to attract heavy users. Hence, communication strategy may be aimed at them.

Loyalty Status:
- Market may be segmented by customer loyalty patterns.
  - Loyalty could be for
    - Product/Brand. (People buying same soap/tooth paste)
    - Store/Shop. (People buying from Pyramid/Shopper’s stop)
    - Manufacturer. (People buying cars made by Maruti)
  - Based on level of brand loyalty, customer could be
    - Hard core loyals.
      - Undivided loyalty.
    - Split loyals.
      - Loyal to 2-3 brands.
    - Shifting loyals.
      - Consumer who shift from one brand to another after showing some loyalty.
    - Switchers.
      - Consumers who show No loyalty.
      - They are
        - Deal prone.
        - Variety prone.
- Brand loyal market is a market with high percentage of hard core loyals.
  - Example: Tooth Paste / Cigarettes.
- Hard core loyals help a company to identify its strengths & identifying its target market with clarity.
- Split loyals help a company to pin point its competitor. Hence, marketing strategy can be clearly understood.
- Switchers enable a company to learn its weakness. Hence, company can correct them.

**Buyer – Readiness Stage:**
- Market consists of people in different stages of readiness to buy a product.
  - Customers may be
    - Unaware of product.
    - Aware.
    - Informed.
    - Interested.
    - Desires for product.
    - Intend to buy product.
- Percentage and numbers in each groups influences marketing programs.

**Attitudes:**
- Customer in terms of their behavior may have different attitudes.
  - Enthusiastic.
  - Positive.
  - Indifferent.
  - Negative.
  - Hostile.

**Multi – Attribute Segmentation (Geoclustering):**
- Refers to segment creation on multiple attributes/bases.
  - Typically, geoclusters would include
    - Geographical segmentation.
    - Socio-economic segmentation.
    - Life style segmentation.

**Multiple Segmentation:**
- Company may start with one segment, and then move on to include other segment. This is known as multiple segmentation.
  - New segment could be created using same/different segmentation base.

**Requirements for Effective Segmentation:**
- There are many ways to segment a market. All may not be relevant/effective.
  - For usefulness/effectiveness, market segments must be
    - **Measurable:**
      - Size / Purchasing power / Characteristic of segment should be measurable.
    - **Substantial:**
      - Segment should be large enough to generate profits. Then it is worthwhile servicing.
- Accessible: 
  - Segments should be reachable at reasonable cost.
- Differential: 
  - Segments should be conceptually distinguishable.
  - Segment should respond different to different market mix elements/programs.
- Actionable: 
  - Effective program can be formulated to attract/serve segments.
MARKET TARGETING:
- Once market segment & their opportunities are identified, company should do market targeting.
- Market targeting is made up of
  - Evaluation of market segment.
  - Selection of market segment/segments to be in.

Evaluating Market Segments:
- Market segment evaluated based on
  - Segment attractiveness, which is based on
    - Size of segment.
    - Growth.
    - Profitability.
    - Scale economies.
    - Low risk.
    - Attractiveness points (9) as in GE Model.
  - Company’s objective & resources.

- In addition, other considerations could be
  o How easy would it be to persuade current market segment to shift/switch their purchase to our product. For this, avoid brand loyals & Deal prone shoppers. Instead, target dissatisfied customers & those who are not yet brand loyal.
  o How much is their business worth? Company should try to focus on customers who spend more/ be loyal.

- Company’s objective/resources permit investing in segments
  - If segment does not fit into company’s long term objective, then it is dismissed.
  - If company lacks competencies/resources, then company should try to acquire them.
  - If this is not possible, then again, segment is ignored.

- Even if segment fits into company's objective and company has resources/competencies for segment, company needs to develop products/offerings with some superior advantage/CDV.
- Company would enter only those segments in which it can offer superior value.

Selecting Market Segment:
- After evaluating different segments, company must decide which/how many segment to service/target.
- Company may consider any of the five patterns of target market selection.
  - Single segment concentration.
  - Selective specialization.
  - Product specialization.
  - Market specialization.
  - Full market specialization.
**Single Segment Concentration:**
- Company selects single segment, i.e., single product category to single market group.
- Through focus/concentration marketing company gets strong knowledge of segment’s needs.
- Hence, can achieve strong market position in that segment.
- Company may have operating scale economies through specializing in its production/distribution/promotion.
- If it becomes market leader, company may earn more returns on investment.
- Risk:
  - Risk is higher than normal.
  - Increased risk is due to
    - Competitor invading segment.
    - Market may collapse / become unprofitable to service.

**Selective Specialization:**
- Company selects a certain number of segments, each of which are attractive and in line with the company’s objective/resources.
- May or may not be synergy among segments, but each segment has profit potential.
- Multi-segment coverage helps to spread risk even if one segment becomes unattractive, company can continue to earn in other segments.

**Product Specialization:**
- Company concentrates on making single product category that it sells to several segments.

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- Example: Company manufacturing microscopes.
  - Markets could be universities, government laboratories, companies doing research. Types of microscopes may be different in different markets. Company may not make any other scientific instruments.

**Market Specialization:**
- Company concentrates on serving many needs of a particular customer groups.

  
  
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  Example:- Johnsons & Johnsons (Babies product)
  Park Avenue, B2B Marketing.

- Firm specializes in serving specific customer group and hence becomes a channel for all new products for customer groups.
- Risk is that the customer group may cut its budget due to various resources (like recession in its own business).

**Full Market Coverage:**
- Firm tries to serve all customer groups with all products that they need.

  
  
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  Example:- Food Products.

- Normally, undertaken by large firms.
- Whole market could be covered through
  - Undifferentiated marketing.
  - Differentiated marketing.

**Undifferentiated Marketing:**
- Firms ignore market segment differences and goes after whole market with one product offer.
- Focus is on core buyer need rather than difference among buyers.
- Relies on mass distribution/advertising.
- Company tries to endow product with superior image in people’s mind.
- As a result of scale economies, prices may be low. This helps to win price – sensitive customers.
- Not easy strategy to sustain as competition increases.
- If competition increases, there is increased intensity in largest segment & neglect of small segment.
  - Example: Washing Powder Nirma, Tata Salt, Maruti 800, Medimix.

Differentiated Marketing:
- Firm operates in different segments & designs different product for each segment.
- More commonly followed in competitive markets.
- Creates higher sales than undifferentiated.
- However, costs also go up due to increase in
  - Product modification cost.
  - Manufacturing cost (scale economies).
  - Administration cost.
  - Inventory cost.
  - Promotion cost.
- Hence, probability needs to be monitored carefully.
- Companies should be cautious before over segmenting market. At times, segments may need to be merged to broaden customer base. This is called counter segmentation.
  - Example: Aquafresh (3 in 1).
    - Fresh breath.
    - White teeth.
    - Cavity protection.

Additional Consideration in Evaluating / Selecting Segmentation.
- Ethics.
- Segments Interrelationships / Super Segments.
- Invasion Plan : Segment by Segment.
- Inter Segment co – operations.

Ethics:
- Targeting segments needs to be done in a manner that
  - Company interests are served.
  - Interests of those targeted are also served.
- Important issues are
  - How are segments targeted?
  - For what purpose are they targeted?

Segments Interrelationships / Super Segments:
- While serving multiple segments, company should pay close attention to segment interrelationships that enable
  - Cost to be reduced.
  - Preference to be increased.
  - Technology to be shared.
- This is a search for economies for scopes which may be as important as economies of scale.
  - Example:
    - Additional products for sales force.
    - Sharing store area.
Economies of Scopes:

Hindustan Lever Limited : Soap, Detergent, Tooth paste,
Colgate Palmolive : Tooth paste.

- HLL will be pushing all products, whereas C/P can only push toothpaste.
- Hence, HLL gets lower cost for toothpaste distribution not because of supplying more
  toothpaste, but because of supplying other products as well. This concept of supplying
  more products is known as economies of scope.

Super Segment:
- It is a set of segments sharing some exploitable similarity.
  - Firm should try to identify super segments to increase attractiveness of
    product to larger customer base.
  - Also builds competitive advantage.

Invasion Plan : Segment by Segment:
- Practically, it may be advisable for a new entrant to target its market segment by
  segment.
- Future segment could be kept secret until appropriate time.
  - Example : M800, Esteem, Zen, Baleno.
  - Example: Santro, Accent.
- This requires creations of a long time plan.
- Company’s invasion plans may get thwarted when it confronts blocked markets.
- Market may be blocked due to
  - Government regulations / Politics.
  - Public Opinion.
- In such cases, company has to resort to mega marketing.

Mega Marketing:
- Strategic co-operation of economic / psychological / political and Public relation
  skills to gain the co-operation of a number of parties in order to enter / operate in a
  given market (6 P’s).
  - Example: Pepsi in India.

- 6 P’s :
  - Public Opinion.
  - Politics.
  - Product.
  - Price.
- Place.
- Promotion.
- In addition to product positioning, mega marketing calls for civic positioning.

**Inter Segment Co-Operation:**
- To manage segments well, companies may appoint product / segment / brand managers, with adequate authority & responsibility to build segment business.
- Segment managers need to co-operate with each other to share experience & build each other up.

**POSITIONING:**
- Positioning is the art of designing company’s offering & image so that they occupy a meaningful / distinct competitive position in the target customer’s mind.
- Once an organization has
  - Identified segments and profiled them (Segmentation),
  - Decided which segment to be in (Targeting),

The next logical step is positioning its product.
- Steps involved in Positioning are
  - Differentiating product / offerings from competitor.
  - Developing / communicating positioning strategy.

**Competitive Differentiation:**
Q : In an intensely competitive market, how can a small company compete against market leaders?
A : By differentiating its product/services and avoiding direct competition.
   Example: Paras Pharmaceuticals (Krack Cream, Livon).
   Maggi Hot & Sweet tomato ketchup.

**Differentiation:**
- Differentiation is the act of designing a set of meaningful differences to distinguish the company’s offerings from competitor’s offerings.
- A company should try to identify specific ways to differentiate its product to obtain competitive advantage.
- Opportunities for differentiation vary with industry type.

**Differentiation Attributes:**
Q : How can a company differentiate its market offerings from competitor?
A : Differentiation can happen along five dimensions
  - Product.
  - Services.
  - Personnel.
  - Channel.
  - Image.
**Product Differentiation:**
- Product differentiators are
  - Feature.
  - Performance.
  - Conformance quality.
  - Durability.
  - Reliability.
  - Repairability.
  - Style.
  - Design.

**Features:**
- Features are characteristic that supplement the product’s basic function.
- Starting point of feature differentiation is the base functional product or stripped down product.
- Product versions created by adding optional features.
- Each addition/feature may aid in increasing customer base provided addition customer see volume in it.
- Identification/Selection of new features, hence, is important to marketers/company.
- To do this, procedure followed is
  - Do market research on recent buyers.
  - Ask for product improvement.
  - Determine how much customer is willing to pay for additional features (customer value).
  - Find out cost of adding feature (company cost).
  - Determine *Customer Effectiveness Value*.
  - \( \text{(CEV} = \text{CV} - \text{CC}) \).
- Normally, feature addition occurs in a bundle/package.
- Some companies may offer feature customization.
  - Example : Company ‘A’  Company ‘B’
    - Product 1  Product 2
    - CDV 1 (Sells more)  CDV 2 (sells less)

Now, to increase the selling of product 2, company B has to add feature to its existing product. This is known as Customer Effectiveness Value (CEV).

\[
\text{CEV} = \text{Customer Value (CV)} - \text{Company’s Cost (CC)}.
\]

Due to this addition, CDV of product 2 now increases.
\[
\text{CDV} 2' = \text{CDV} 2 + \text{CEV}.
\]

Example : Lifebuoy and Lifebuoy Multani Mitti, Zen Lx, Vx, Dx.
Performance Quality:
- Performance quality refers to the level at which the products primary characteristic operate.
- Levels could be (For Example, HLL Detergents)
  - Low (Wheel).
  - Average (Rin).
  - High (Surf).
  - Superior (Surf Excel).
- Normally, companies offering high/superior quality are able to charge a premium for their products. Hence, are more profitable.
- Also, if quality can be maintained, customer’s loyalty is facilitated.
- Performance quality level & maintenance of quality acts as a difference between them.

Conformance Quality:
- Conformance quality is the degree to which all units produced are identical & meet promised target specification.
  - Example: Yamaha Rx100- pickup is 0-60kmph in 7 seconds consistently.

Durability:
- It is a measure of product’s expected operating life under normal/stressful conditions.
- Buyer’s generally pay more for more durable products, subject to the extra price not being excessive or product not being subjected to technological obsolescence.
  - Example: Godrej steel almira, Asian Paints, Furniture.

Reliability:
- Reliability is a measure of the probability that a product will not malfunction/fail within specified time period.
- Reliability is a measure of the probability that a product will not malfunction/fail within specified time period.
- Helps to build image of high quality company.
- Companies charge a premium on high reliability or have large/stable customer.
  - Example: Zenith and Compaq use the same components to manufacture a PC. But, Compaq claims a failure rate of 3 in million and Zenith a rate of 1%. Compaq charge about 30% to 40% more, still sales more. This is due to reliability.

Repairability:
- Repairability is the case of fixing a product that malfunctions/fails.
- Buyers prefer products that are easy to repair.
  - Example: PC CPU – mini tower preferred over laid down structure.
- Also, standardized part replacement can influence buyer behaviour.
- Today, prevalence of technical support on a toll-free line is growing in importance.

Style:
- Style describes the product looks/feel to buyer.
- Buyers normally are willing to pay a premium for products that are attractively styled.
- Style differentiation may be difficult to copy.
- In some product, style differentiation includes packaging.
Design:
- Design is the totality of features that affect how a product looks/functions in terms of customer requirements.
- Hence, design encompasses other product differentiation parameters.
- From companies’ viewpoint, good design implies manufacturing ease and distribution ease.
- From customers’ viewpoint, good design implies a product is easy to open/install/use/repair/dispose and also looks good.
  - Example: Consumers’ durables, Apparels.

Service Differentiation:
- In addition to differentiate physical product, a firm can also differentiate its services by adding more value, adding services/increased service quality.
- Service differentiators are
  - Ordering ease.
  - Delivery.
  - Installation.
  - Customer Training.
  - Customer Counseling.
  - Maintenance and Repair.
  - Miscellaneous Service.

Ordering Ease:
- Refers to how easy it is for customers to place an order on company.
  - Example: ATM’s.

Delivery:
- Refers to how well product/service is delivered to customers.
- Includes:
  - Speed.
  - Accuracy.
  - Care.
- Attending the delivery gave rise to Turbo Marketing.
- Turbo Marketing (Doing things faster):
  - Innovation.
  - Manufacturing.
  - Logistics.
  - Retailing.
  - Example: Domino’s Pizza (30 min delivery).

Installation:
- Refers to work done to make product operational in its planned location.
- Company may create policy to install equipment at customer location to ensure smooth functioning at Nominal Office additional cost.
  - Kelvinator, the coolest one, used to install its refrigerators in such a way that the doors used to close by themselves when left open. This
reduced hot air entering into refrigerator and thereby making it the coolest one.

**Customer Training:**
- Refers to training customer/customer’s employees to use equipment efficiently/effectively.
  - Example: GE Elpro, Siemens (Medical Equipments).

**Customer Consulting:**
- Refers to data/information/advising services that company offers to customers free/at a price to buyer.
  - Example: Software supplier also gives some training about hardware.

**Maintenance & Repair:**
- Describes the company’s service program to help customer keep their purchased product in good working order.
  - Example: Automobiles
    - Free Service (Car/Bikes).
    - Wide Spread Workshops (Maruti).
    - Low Price of Spares (Hero Honda Passport program).

**Miscellaneous Services:**
- Varies from product to product. each service enhances CDV to customer.
- Customer values service more than price paid for it.
  - Example: Mobile service provide allows dialing of limited pre-specified numbers at low/Nominal Office cost, Petro cards for Benefits.

**Personnel Differentiation:**
- Companies can gain strong competitive advantage hiring/targeting better people than competitor.
- Better trained personnel exhibit:
  - Competence:
    - Employee posses required knowledge/skill.
  - Courtesy:
    - Employees are friendly/respectful/considerate.
  - Credibility:
    - Employees are trustworthy.
  - Reliability:
    - Employees perform service consistently/accurately.
  - Responsiveness:
    - Employees respond quickly to customer requests/problems.
  - Communication:
    - Employees make an effort to understand customers and communicate clearly.
- Some organizations rely on personnel to be key element in CDV to customer directly.
  - Example: Restaurants.
Channel Differentiation:
- Companies can achieve differentiation through the way they distribute their products, i.e., through distribution channels.
  - Example: PC – Dell computers.

Image Distribution:
- They are vital differentiators.
- Buyers respond differently to company image/brand image.
  - Example: Cinthol Soap – Has more male customers.

Brand Identity & Image:
- Brand Identity is the ways a company carries to identify itself or position its product.
- Brand Image is the way that customer/public perceives company/product.

Effective Image:
- Conveys singular message that establishes the products character/value proposition.
- Conveys message in a distinctive way so that it is not confused with messages from competitor.
- Delivers emotional power so that it stirs the heart and mind of buyer.
- Strong image consists of one/more symbols that trigger company/brand recognition. This is called a LOGO. Logos triggers instant recognition.
- Logos should be a part of
  - All media.
  - All events.
- Company image is also impacted through atmosphere/ambience.
  - Example: Banks/Hotels.
- The type of events that company associated with/sponsors also contribute to image.
  - Example: Femina Miss India, MRF motocross.
- All above contribute to image in customers mind.

DEVELOPING A POSITIONING STRATEGY:
- Once a product/brand is differentiated from its competitor, company has to select which differentiator it will use to create its position in customers mind.
- For this, differentiator should be worth establishing.
- A differentiator is worth establishing if it fulfils following criteria (Seven Steps Screen).
  - IDSCPAP:
    - **Important:** Difference delivers a highly valued benefit to adequate number of buyers.
    - **Distinctive:** Difference is not offered by competitor or not as distinctive/clearly offered by competition.
    - **Superior:** Difference is superior to other ways of obtaining the same benefit.
    - **Communicable:** Difference is visible & communicable to buyers.
    - **Pre-emptive:** Difference cannot be copied easily by competition.
    - **Affordable:** Buyer can afford to pay for difference.
- **Profitable:** Company should find it profitable to introduce this difference.
- Each firm should promote those few differences that would appeal the most.
- End result of positioning strategy is the successful creation of a market found value proposition: “Simple, clear statement of why target market should buy the product?”
- To implement focused positioning, company must decide:
  - How many differentiators to promote?
  - Which differentiator to promote?
  - Number of benefits to promote.
  - Options could be promoting
    - One Benefit.
    - Two Benefit.
    - Three/More Benefit.

**One Benefit / One Differentiator (Single Benefit Positioning):**
- Advocated if benefit/difference is strong and clear.
- Known as “Unique Selling Proposition (USP)”.
- Most preferred option if it fulfils criteria of (IDSCPAP).
- Typically, a product/brand may chose its USP, promote it & deliver on it for strong recall value.
- USP could be
  - Best Quality.
  - Best Service.
  - Lowest Price.
  - Best value for money.
  - Safest/Fastest/Economical.
  - Most Customized.
  - Most Convenient.
  - Most Advanced Technology

**Double Benefit Position:**
- May be required if two/more firms claim to be best on same attribute.
- Idea is to find a sub-segment / Niche within the target segment.
- Both benefits need to be checked for compatibility to gain customer confidence.
  - Example: Motorcycles.

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Situation A: Company is able to sell its product on one differentiator.
Situation B: When competitors sees this, he too launches some product to attack the differentiator. Then company decides to increase the benefits. It adds some feature to the existing product and re-launches it.
Situation C: The Company differentiates on more parameters and then chooses the best possible output.

**Triple Benefit Positioning:**
- Occurs rarely.
- Attempted when market gets fragmented & company would like to counter segment.
- As companies increase number of claim of benefits for their brands, they risk
  - Customer Disbelief.
  - Loss of Clear Positioning.
- Company should avoid four positioning errors.
  - **Under Positioning:**
    - Brand seen as just another entry in market place.
    - Buyers don’t see anything special in it.
    - Example: Babool Tooth Paste.
  - **Over Positioning:**
    - Buyer develop too narrow an image of a brand hence segment size decreases.
    - Example: Bajaj Eliminator.
  - **Doubtful Positioning:**
    - Buyers find it difficult to believe brand claims due to product feature/price.
    - Example: Bajaj caliber.
  - **Confused Positioning:**
    - Buyers have confused image of brand due to:
      - Company making too many claims.
      - Changing brand positioning too frequently.

**Which Differentiator to Promote?**
- Different positioning strategies could be:
  - **Attribute Positioning:** Positioning based on attribute.
    - Example: LG Television with Golden eye.
  - **Benefit Positioning:** Positioning indicates brand is the leader in the key benefit area.
    - Example: Fair & Lovely.
  - **Use / Application Positioning:** Involves Positioning products as best for some use.
    - Example: Moov
  - **User Positioning:** Involves Positioning as best for some user group.
    - Example: Sugar free, Johnsons & Johnsons baby shampoo.
Chapter-5
Identifying Market Segments, Targeting & Positioning

- **Competition Positioning:** Product positions itself as better in some way than implied or named competitor.
  - Example: Coke & Pepsi.

- **Product Category Positioning:** Product positioned as leader in certain product category.
  - Example: Amul – The taste of India, Hero Honda – desh ki dhadkan.

- **Quality/Price Positioning:** Product positioned as offering best value for money.
  - Example: Bajaj Boxer.

- Objective is to be number one on some discussion which is important to customer.
- To decide specific positioning platform:
  - Develop all possible positioning platforms for product.
  - Evaluate product vis-à-vis competitor on each platform.
  - Research importance of each platform (Relative Importance).
  - Determine own strengths on important platform.
  - Identify competitor’s ability to improve on those platforms.
  - Select difference where competitor advantage can be sustained.

Communicating Positioning Strategy:
- Once positioning strategy is developed, it needs to be communicated effectively.
- Positioning conveyed through:
  - Product features / characteristics (Including Packaging).
  - Pricing Strategy.
  - Promotion Strategy.
  - Development / Promotion of company’s image.