

Market Segmentation, Targeting, Positioning strategy and its impact on Business

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ABSTRACT

Every time, businesses do not satisfy their customers needs. It is difficult for every businessman to satisfy each and every need of individual customer. Every customer doesn't have the same need and preference, so it is nearly impossible for one product to satisfy every customer. That is why companies use target strategy to target the most profitable market areas which is called targeted marketing. This strategy divides the whole market into segments and design the products or services for each segment. A target marketing strategy works to satisfy the customer needs and wants. A target marketing strategy identifies the specification of target markets that companies want to serve. The marketing manager firstly break down the market into different segments and then target the profitable ones. After targeting the segments, companies decide the

Marketing mix, that is designing the product, price , place , and promotional activities. Which suits the particular segment. This study aims to explain the three stages of target marketing that are segmentation, market targeting and market positioning and their impact on sales of business.

Keywords: Strategy, Segmentation, Targeting, Positioning, Marketing.

INTRODUCTION

In this informative and competitive era, it is very hard for any business to survive in the market. Today's customer is the King, he is the ultimate decision maker. Any business can't even image to survive in the market without satisfying its customer base. So every business ultimate goal is to increase satisfaction of its customers. To satisfy the maximum customer base, business need to understand their needs and desires. But another problem is variety of needs. It is the responsibility of every business to identify the most profitable needs of customer, which can be exploited at the fullest. After identifying the profitable customer bases in market. Company divide the same into different similar groups which is called segments. These segments involve the customers with same choice. After dividing the customers into different groups vcompanies next step is to design different products to satisfy their demands. Every segment may desire a little modification in the product. So a different product, marketing and distribution strategy needs to be designed for each

and every segment. The main aim of segmentation and targeting is to position the product in the minds of customers

Target marketing works on recognition of most profitable market segments. Marketing manager develop a product or services of each selected segment. Targeting marketing have different aspects like mass marketing, price differentiation. Now a days marketers move from mass marketing to customised market programmes

MARKET SEGMENT

A market segment is a part of total market in which group of individuals have similar choices, traits and characteristics. In every segment consumer have similar needs, wants and expectations. Every business has to decide which segments should they serve ? For this marketers have to differentiate between segments. When the segments are differentiated. When the segments are identified, the marketers customise the offerings according to each and every segments. Every segment needs a different product strategy, distribution strategy, promotion strategy to fulfill the needs of customers. All the different strategies of marketing, product differentiation, promotion, distribution are tune with marketing programs and activities to compete with the competitors. The criteria for effective segmentation is measurability, substantiality, accessibility, differentiability and actionability.

MARKET SEGMENTATION

Market segmentation is a process of recognition of different markets segments and also dividing the broad customer into sub - groups in which prospects and existing customers. Market segmentation is only process which can apply every type of business . It is consumer oriented process that can be applied on every type of market. While dividing the market , marketers taking care that customers have similar interests , similar lifestyle or similar demographic profiles. So every market segment needs different programmes and also different customers are targeted through different offers , price promotions , distribution and the combination of other types of variables . When marketers once identified and profiled the segment after that they targeted the segment . Different customers group have different expectations. Segmentation of market help the managers to better understand their needs and wants. This helps the managers to tailored marketing activities and also responsible for customer likings. Segmentation can also evaluate the strengths and weaknesses of competitors. The marketing manager through segmentation discover the various markets opportunities. Segmentation is a systematic approach which helps for future planning. Market segmentation having five categories demographics, geographic, psychographic, behavioural and product related factors .

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MARKET TARGETING

When the segmentation is completed, after the company recognise the needs and wants of selected segments. The marketing managers study the different types of variables to identify target marketing groups. The market segment is evaluated and selected by the five different patterns, single segment concentration, selective specialization, product specialization, market specialization, full market coverage. To target each and every market segment different product and services are designed. Different types of marketing strategies are designed for each segment to leave an impact on every segment. The distribution channels are also selected on bases on different markets for example Bata target its middle income but trend loving customer with its brands like north star and bata. But it target the high income and classy customer with its luxurious brand Hush puppies, which is quite expensive and mostly purchases by rich people. So with the help of segmentation and targeting any business can reach maximum customer and position their brand in their minds.

MARKET POSITIONING

Positioning means that when any brand wants to influence customers minds and how their brands different from competitors. For positioning the brands the company differentiated the features of its brands. When the brand is achieved its position, then it is difficult for the company to reposition the brands. There are different types of positioning strategies like, product attributes and benefits, product price, product quality, product use and application, competitors. The effective market positioning strategy can be attained by determining company uniqueness by company to competitors, identifying their current market position, analysing competitors position in the market and finally the positioning strategy is developed. These steps gives a company understanding on the fact that how it can differentiate itself, grab the opportunities and position itself in the market, For example Bata is positioned in customers mind as long lasting and reasonable brand but Hush Puppies is positioned as the luxurious brand with class, style and comfort.

How Segmentation, Targeting and positioning help business ?

All the efforts of company can go waste if it doesn't choose the right set of target customers and don't identify the innovative and cost effective strategy to deliver the product. Segmentation, targeting and Positioning strategy ensures that company put efforts in the right direction by

choosing the right customer segment, design right product and marketing programmes. It is a well known fact that STP strategies help companies in many ways. From identifying the right customer to make him purchase your product and establishing a goodwill in the market. STP strategy is the best way to utilise companies scarce resources. STP strategy, if used nicely can bring a lot to the company. Companies make its marketing communication plans, set priorities and deliver the personalised message to the audiences in the most relevant way. This strategy is audience centered approach. The most valuable segment is selected and then positioning and marketing mix strategies are developed for each segment. It sets the links between whole market. It guides the development of innovative marketing mix which ultimately helps to attract customers.

- **Better matching of customer needs**

Every customer has different needs so that companies can make a different product for each segment. When the company design and makes the product for each segment, direct its marketing efforts according to every individual. Different distribution strategy is designed for every segment so that companies can target better and satisfy the customer needs, which ultimately can increase its sales and market share.

- **Better opportunity for growth**

To segment its market, the company needs to identify the right customer and their needs. This process can help companies identify the market segment which is still unserved. It can be a golden opportunity for any business to gain first mover advantage and serve that unserved segment before anyone else. Normally the business who offer new product at first, tends to control the market for long term. For example Uber came first in India before any other cab business and today uber rules the cab business in India. Uber provided differentiated services for every segment. It provides bike cab and pooling facility for people who don't want to spend much. But it also provides the luxurious cabs for rich customers.

- **Gain market share**

when the company adopt the segmentation strategy, then target the market through this company achieve the competitive production and marketing costs. when the company take the competitive advantage, the product of company is preferred choice of customers. So that company gain share in the market and increase its sales. when the company wants to gain share in the market it can take competitive advantage that means company is better than its competitors, whether it is production, sales, distribution and promotion. Iphone keeps its market share high with its position of status symbols in minds of customers.

- **Attract and Retain the potential customer**

At the time of segmentation and targeting the market, the company focuses on that segment where they can see the opportunity that they can attract the customers. Segmentation helps the company to identify the type of product customers want, their likes and dislikes. Perfect STP strategy help company to deliver customer the exact product and services they desire, which ultimately keep customer satisfied and happy and ensures that they will continue to purchase the company's products and services. Maybelline targets the young women and positioned itself in their mind as superior brand with best quality, who do not use harmful chemicals which can hurt their skin. And this image makes young women come again and again to purchase the same products.

- **Effective utilization of company's finite resources**

choosing a wrong target customer base and channelizing all efforts and resources towards wrong segment can cause a huge loss to any business. Segmentation, targeting and positioning ensures that company target the right segment and all its efforts and resources are directed in the right direction. STP strategy helps company to utilise its resources to the fullest and gain market share by satisfying its customers. STP strategy helps business to exploit its resources to the fullest and secure a safe place in the market.

- **Cost reduction**

when companies adopt well planned STP strategy, it can produce the exact product what customer wants, deliver the same exact place where customers want it and in the same manner the customer desire. All this helps company to be precise in every activity and avoid wasting time and efforts of company at the wrong place and customers. STP helps company to be precise in every activity whether it is production, marketing or sales. When production manager the choice and expectation of every segment, he can produce the right quantity of product and order the perfect quantity of raw materials. The marketing manager with the help of segmentation gets to know the perfect and most effective marketing channel for each segment. It ensures effectiveness in every activity and avoid wastage of resources which ultimately cut the cost of business.

- **Competitive advantage** Segmentation ensures company to produce the most appealing products and services for every market segment. It helps company to identify the segment first and exploit the opportunity in every way. It helps company to identify the unserved market segment and get the first mover advantage. With the help of targeting company can target the most potential customers which can be converted into loyal customers in the future. By designing the different marketing strategies for every segment can make any business stand out in market and crab the competition, for example Facebook and

instagram target the youth generation all over the world. Nike targets the sports loving person. After targeting the company position itself in the minds of customers to get superior position in market in comparison to competitors, for example Nike positioned itself as sports brands for active person who wears Nike shoes can feel active and sporty.

- **Better Product development**

Segmentation, targeting and positioning strategy if applied effectively can help company to identify the hidden needs of customers of different segments. Studying the customer needs of different market segment can help company to think out of the box and design new and innovative products. Tata company introduced Nano car for low income customers. By identifying the customers need for high speed data jio was introduced, which ruled the market for almost a years and gained masses of customers at one stroke.

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