

Market Segmentation & Positioning

Where does your product fit?

Carol McGowan

PMM Professional Merchandising & Marketing

Email: carol@pmms.ie



With any important task the easiest way to approach it is to break it down into smaller sections. In marketing the process of breaking down the overall market you wish to tap into is of critical importance and is referred to as market segmentation. Market segmentation is the next step after market research to help you design an effective marketing campaign and it will also help you to determine where you are going to position your product or service in the overall market.

MARKET NEEDS & PROFILE:

The old wives' tale tells us that 'there's more than one way to skin a cat' and the same can be said for market segmentation. There are a number of methods and each one has its merits depending on the product or service you are planning to bring to market. The two main factors to be considered when segmenting the market are the needs of the market and the profile of the market.

Initial market research should tell you what the needs of the market are, if any – and this is the first indication as to whether your product

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or service will be required by the market. For example market research will tell you whether people believe that there is a gap in the market for a particular product, or if they would be willing to part with money for a particular service. Having established that there is a need in the market you then need to look at the profile of the market to ensure that you position your product or service correctly.

MARKET SEGMENTATION:

Customer segmentation at the profiling

stage can be based on a number of factors outlined below:

Geographic:

Region of the country or possibly world
Urban or rural area

Demographic:

Age, gender, family size
Income, occupation, education
Religion, race, nationality

Psychographic

Social class
Lifestyle types
Personality types

Behavioural

Product usage e.g. light, medium, heavy users
Brand loyalty e.g. none, medium, high
Type of user e.g. regular, special occasions, rarely

Needless to say geographic and demographic are the easiest forms of profiling to undertake as the information that you require is readily available. Psychographic and behavioural

profiling is more complicated and is a lot more subjective than the previous two methods.

The type of profiling that is most suitable to your business will depend on the type of product or service you are bringing to market. For example geographic profile would be the most important factor when trying to sell a product that is specifically for rural areas such as farm machinery. Having established that market you wish to target will be based in rural areas you can then tailor your marketing to reflect this. For example you may consider advertising in areas where the potential market are likely to gather such as at animal or produce markets, or you may chose to advertise in specialist farming magazines or supplements. Equally there would be little point advertising your products on billboards in the high street. While this seems like the most obvious thing in the world when stated, it is amazing the number of businesses who are spending money on marketing their products in the wrong places. Remember that unless your advertisement and other marketing strategies reach your target market they are not worth having.

POSITION IN THE MARKET:

Another important consideration in addition to

your marketing strategy is of course where you are planning to position yourself in the market. Bear in mind that there are many opportunities within markets to serve people with different levels of income and different areas of interest – the important thing is to choose your position within the market and then produce a service or product that meets the requirements of the market. For example car manufacturers of luxury autos will position themselves at the high end of the market and will provide a product and service and of course a price that is reflective of this position in the market. Over time the public come to associate particular products are services with a set of characteristics so remember that if you are going to charge prices that are high your customers will expect quality and luxury in return.

Don't forget that there are also many potential customers who do not want to spend vast amounts of money and want products that are functional but without frills. The original master of exploiting this in the Irish retail market was Quinnsworth who introduced their 'yellow pack' products. These products were purely functional and little money was spent on packaging - but they were very reasonably priced and served many of us well when money

was tight! If you position yourself at the lower end of the market your focus will most likely then be on increasing the volume of sales that you achieve to reap the benefits from economies of scale.

Remember, even when you have segmented the market that you wish to target you then need to profile the segment of the market you are going to enter and use this information to develop a marketing and sales strategy that will benefit both you and your customers. Multinational companies are particularly good at this and you will notice that children's toys and sweets will be advertised early on Saturday morning when programming is specifically aimed at young children, while car companies will purchase slots during the Late Late Show. It cannot be stressed enough how important it is to understand as much about your market as possible before embarking on a marketing campaign to ensure that you achieve maximum results for your business.



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