Chapter 8

**a market is:**

**(1) People or organizations**

**(2) Needs or wants**

**(3) The ability**

**(4) The willingness to buy.**

**- A group of people that lacks any one of these characteristics is NOT a market.**

**Market:** People or organizations with needs or wants and the ability and willingness to buy.

**Market Segment:** A subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs.

**Market Segmentation:** The process of dividing a market into meaningful, relatively similar, identifiable segments or groups.

**Markets are segmented for three reasons:**

1. Segmentation enables the identification of groups of customers with similar needs, and the analysis of the buying behavior of these groups.
2. Segmentation provides information for the specific matching of the design of marketing mixes with the characteristics of the segment.
3. Segmentation helps marketers satisfy customers wants and needs while meeting the organization’s objectives.

**Bases for Segmenting** **Consumer Markets:**

Geography, Demographics, Psychographics, Benefits Sought, Usage Rate.

1. **Geographic segmentation of markets is based on the:**

* **Region of the country or world**
* **Market size**
* **Market density**
* **Climate**

1. **Demographic segmentation of markets is based on the:**

* **Age**
* **Gender**
* **Income**
* **Ethnic background**
* **Family life cycle.**

**-Demographic information:** is widely available and often related to consumer behavior and buying.

**-What is Family Life Cycle (FLC**)? It is a series of stages determined by a combination of age, marital status, and the presence of absence of children.

**3- Psychographic Segmentation:** Is Market segmentation on the basis of Personality, Motives, Lifestyles, and Geodemographics.

1. **Benefit Segmentation:** The process of grouping customers into market segments according to the benefits they seek from the product**.**
2. **Usage-Rate Segmentation:** Dividing a market by the amount of product bought or consumed**.**

**The business market consists of four segments:**

1. **Producers 2- Resellers 3- Government 4- Institutions**

**Important segmentation variables:**

* **Geographic location**
* **Type of company**
* **Company size**

**Steps in Segmenting a Market:**

* **Target Market:** is a group of people or organizations for which an organization designs, implements, and maintains a marketing mix intended to meet the needs of that group, resulting in mutually satisfying exchanges**.**

**\*The three general strategies for selecting target markets:\***

**1-Undifferentiated Targeting Strategy:** A marketing approach that views the market as one big market with no individual segments and thus uses a single marketing mix.

**2-Concentrated Targeting Strategy:** A strategy used to select one segment of a market for targeting marketing efforts.

**3-Multisegment Targeting Strategy:** A strategy that chooses two or more well-defined market segments and develops a distinct marketing mix for each.

**There are four trends lead to the continuing growth of CRM:**

* *Personalization*
* *Time Savings*
* *Loyalty*
* *Technology*

**-Positioning:** The process that develops a specific marketing mix to influence potential customers’ overall perception or a brand, product line, or organization in general

**-Product Differentiation:** A positioning strategy that some firms use to distinguish their products from those of competitors**.**

**-Repositioning:** is crucial in order to sustain growth in slow markets or to correct positioning mistakes