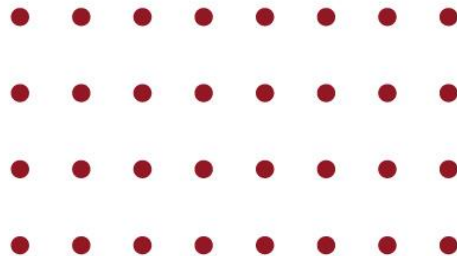


Consumer Experience
in the Digital
Environment

Consumer Segmentation & Persona Creation Unit 6





Contents

- Market segmentation concept
- Criteria for effective segmentation
- Segmentation strategies
- Bases for segmentation
- Targeting concept

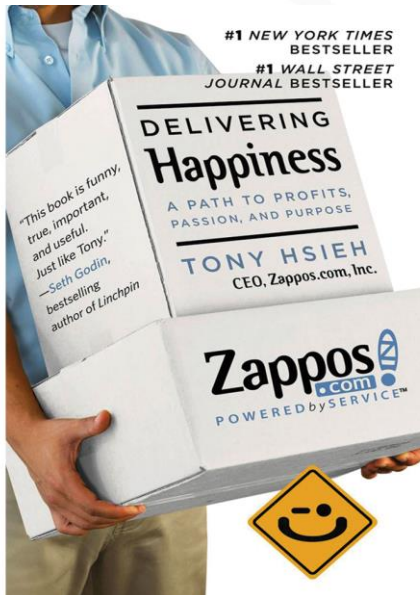
Segmentation Rules in the Kingdom of Happiness!

Segmentation is a key to success:

- Focus on tech users who will shop and buy online

Obsession with customer service:

- Delivering WOW customer service
- Create fun and a little weirdness
- Build open and honest relationships



The Zappos.com Segmentation Strategy

The Zappos.com target customer segment consists of people who want:

- A wide selection of shoes
- To shop online in the convenience of their own homes
- To receive the guarantee of quick delivery and free returns

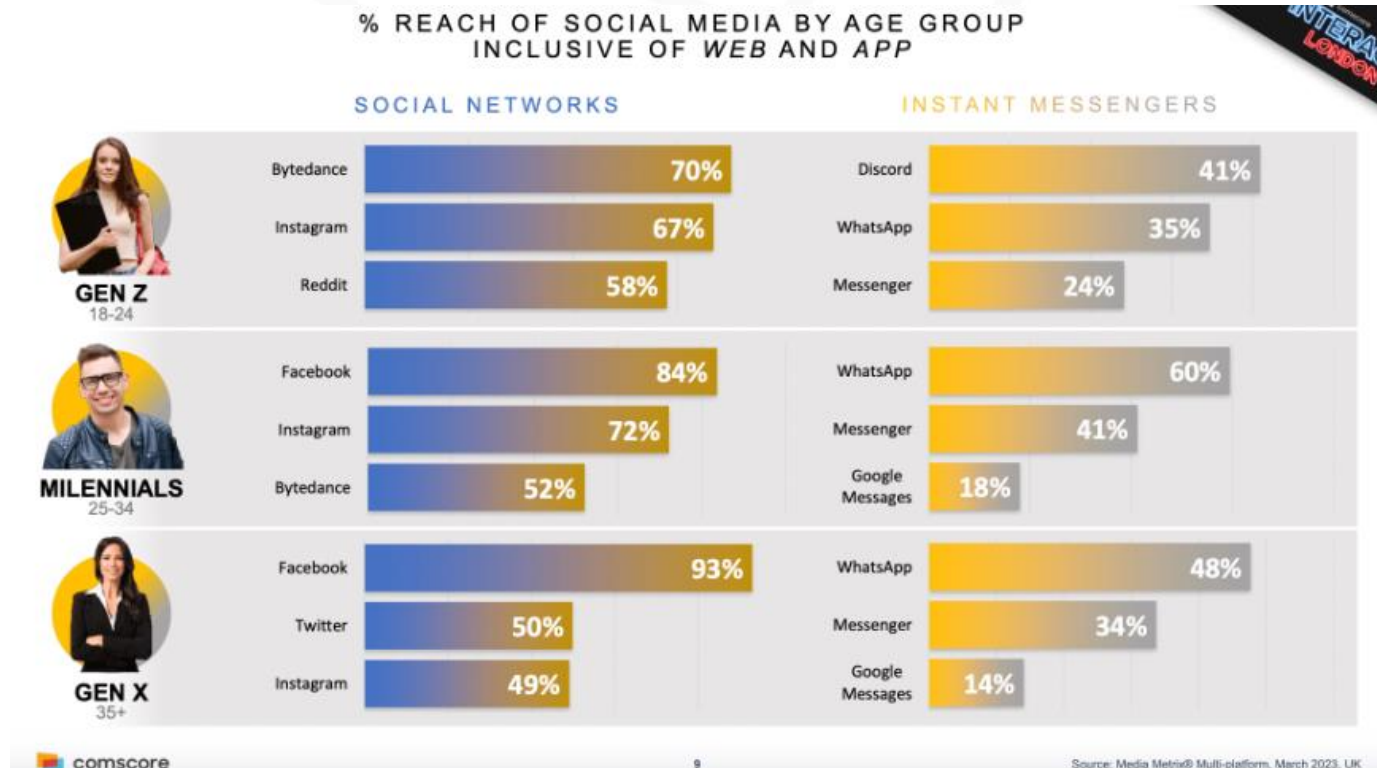
Zappos' marketing actions include:

- Offering a huge inventory of shoes and other products
- Using an online selling strategy
- Providing overnight delivery

These actions allow Zappos.com to:

- Create a positive customer experience
- Generate repeat purchases
 - With millions of customers and 5,000 calls daily, Zappos.com believes that their large number of repeat customers is due to...
 - The speed with which an online customer receives the purchase

Understanding Audience Demographics & Psychographics



Age & Gender Differences Across Platforms:

- 18-24: Bytedance, Discord & Instagram
- 25-34 and 35+: Facebook & WhatsApp

Source: Comscore

Segmenting the Mobile Phone Market

Millions of people own mobile phones and tablets for gathering product information, finding outlets for purchasing products, and making transactions.

- **Mobirati (19%):** Younger individuals who grew up with cell phones, considering it central to their lives. They are interested in services that facilitate in-store purchases via phone, are open to ads if they provide value, and use phone information to decide social activities like dining out.
- **Mobile Professionals (17%):** Both younger and older individuals who use phones for business and personal purposes, viewing them as critical information tools. They desire features beyond basic calling and utilize their phones for various informational needs.
- **Social Connectors (22%):** Younger individuals for whom communication is paramount, utilizing mobile devices for social connection. They value text messages as much as in-person conversations and see their phones as connectors to their social world.
- **Pragmatic Adopters (22%):** Older individuals who adopted cell phones later in life and are learning to use them beyond basic calling. Despite being more functional users, they remain important due to their higher incomes.
- **Basic Planners (20%):** Older individuals who are not tech-savvy and primarily use cell phones for basic calling, often in emergencies. These segments and their characteristics are crucial to marketers concerning information search and product purchasing. Mobirati and Mobile Professionals are key users of search and buying features on cell phones, and they are receptive to mobile advertisements. Pragmatic adopters are worth pursuing due to their willingness to learn new features and higher incomes.

Market Segmentation Concept

- Market segmentation is a process of dividing a market into groups of similar consumers and selecting the most appropriate group(s) for the firm to serve.
- Group/segment that a company selects to market to is called a **target market**.

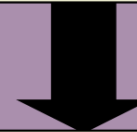


Market Segmentation, Target, Positioning



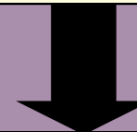
Market Segmentation

Dividing a market into meaningful smaller markets or submarkets based on common characteristics.



Target Marketing

Evaluating the market segments, then making decisions about which among them is most worthy of investment for development.



Positioning

Communicating one or more sources of value to customers in ways that connect needs and wants to what the product has to offer. Positioning strategies are executed through the development of unique combinations of the marketing mix variables.



What is Segmentation?

Segmentation seeks to find one or more factors about members of a heterogeneous market that allow for dividing of market into smaller, more homogeneous sub-groups.

Purpose - to develop *different* marketing strategies to best meet the segments' distinct needs and wants.

- ✓ Not all customers are alike.
- ✓ Sub-groups of customers can be identified on some basis of similarity.
- ✓ Sub-groups will be smaller and more homogeneous than the overall market.
- ✓ Needs and wants of a sub-group are more efficiently and effectively addressed than would be possible within the heterogeneous full market.

Market Segmentation

- Market Segments

Product Differentiation

Segmentation: Linking Needs to Actions

- The Zappos Segmentation Strategy

Market Segmentation Links Market Needs to Company's Marketing Program Through Marketing Mix Actions

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Identify market needs

Benefits in terms of:

- Product features
- Expense
- Quality
- Savings in time and convenience

Link needs to actions

Take steps to segment and target markets

Execute marketing program actions

A marketing mix of:

- Product
- Price
- Promotion
- Place (distribution)

Segmentation Strategy: Criteria

Viable segment must be (1) measurable, (2) meaningful, and (3) marketable.

1. **MEASURABLE.** Firm must be capable of measuring its size and characteristics (*one of the difficulties with segmenting on the basis of social class is that the concept and its divisions are not clearly defined and measured*).

2. **MEANINGFUL.** A meaningful segment is one that is large enough to have sufficient sales and growth potential to offer long-run profits for the firm.

3. **MARKETABLE.** A marketable segment is one that can be reached and served by the firm in an efficient manner.



Segmentation Strategies

1. One Product and Multiple Market Segments (Books, magazines, movies)
2. Multiple Products and Multiple Market Segments (Cars)
3. Segments of One—"Mass Customization" (Tailor Products to Individuals)



Segmentation Strategies



Apple's Ever-Changing Segmentation Strategy

Market-Product Synergies: A Balancing Act

- Marketing Synergies
- Product Synergies



Apple's Segmentation Strategy—Camp Runamok No Longer






Camp Runamok was the nickname given to Apple in its early years because the innovative company had no coherent series of product lines directed at identifiable market segments. Today, Apple has targeted its various lines of Macintosh computers at specific market segments, as shown in the accompanying market-product grid.

The market-product grid shifts as a firm's strategy changes, so the one here is based on Apple's current computer products. The grid suggests the market segmentation strategy Apple is using to compete in the digital age.

[1984 Apple's First Macintosh Commercial](#)

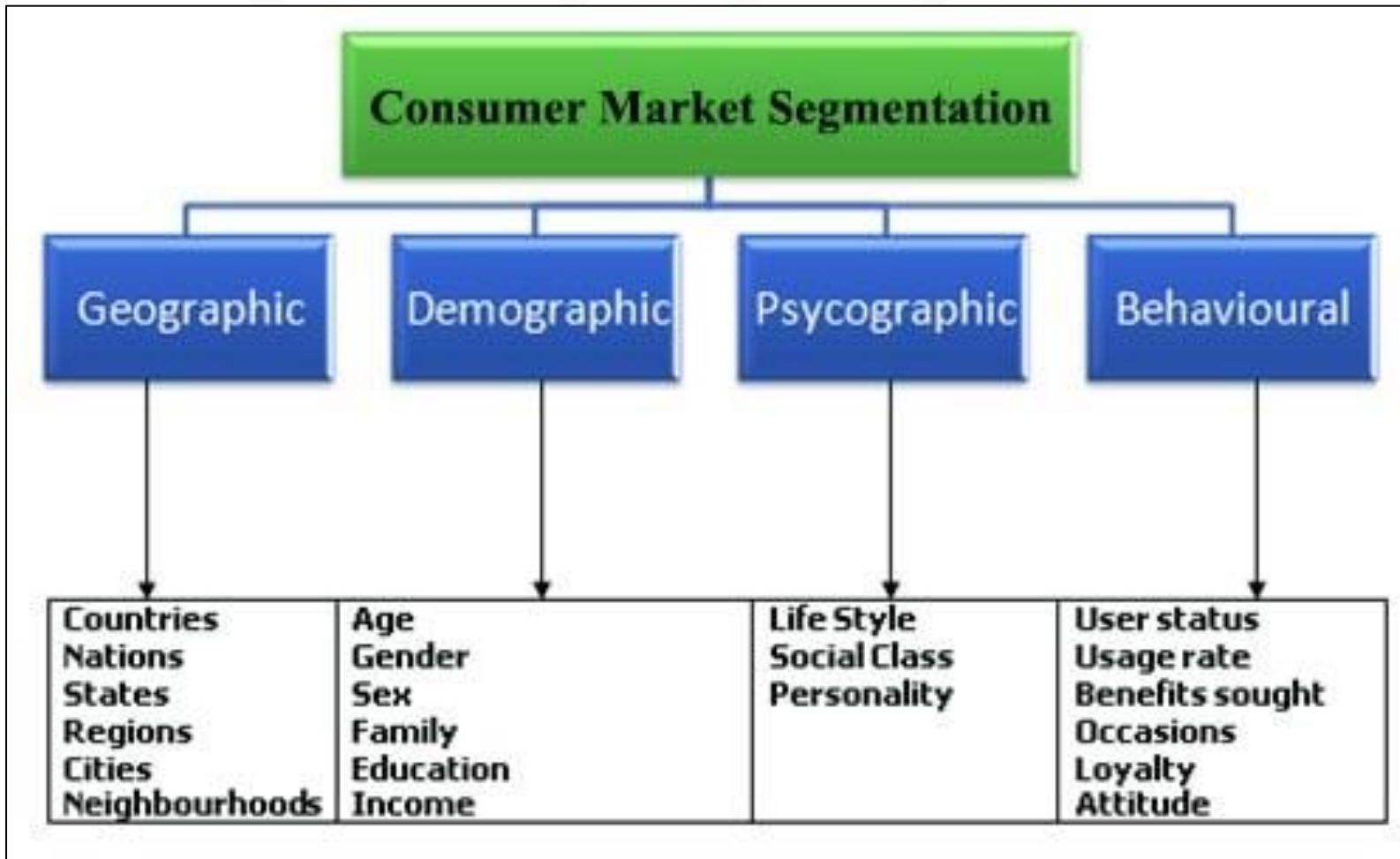
Apple's Segmentation Strategy

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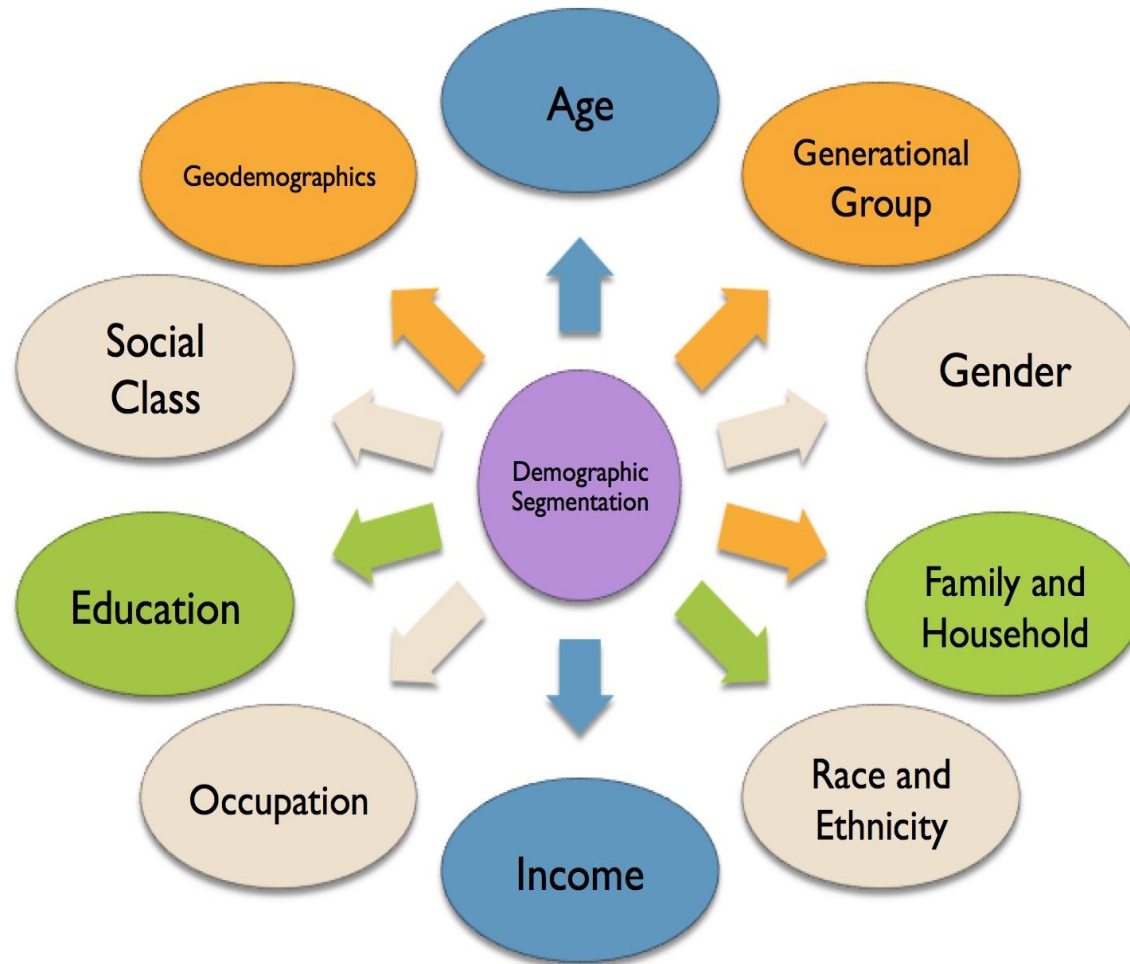
MARKETS		COMPUTER PRODUCTS				
SECTOR	SEGMENT	Mac Pro	MacBook Pro	iMac	MacBook Air	Mac Mini
						
CONSUMER	Individuals			✓	✓	✓
	Small/ home office		✓	✓	✓	
	Students			✓	✓	✓
	Teachers		✓	✓		
PROFESSIONAL	Medium/ large business	✓	✓	✓	✓	✓
	Creative	✓	✓	✓		
	College faculty		✓	✓	✓	
	College staff			✓	✓	

Apple Inc.

Bases for Segmentation



Demographic Segmentation



Demographic Segmentation: Family and Household

Family and household segmentation is more complex: singles, unmarried cohabitating couples, gay and lesbian couples, parents with 30-something offspring who boomeranged back home, very large extended families living in one household, etc.

Many of these changes in the concept of family have evolved based on

CHANGING ECONOMIC REALITIES

- ✓ SOCIAL NORMS
- ✓ AND CULTURAL/SUBCULTURAL MORES



Several ethnic groups comprise a major growth market segment for Cover Girl and other make-up manufacturers as they work hard to satisfy the beauty care needs of these consumers. *Source: Procter & Gamble*

Psychographic Segmentation



- Personality, lifestyle, and values
- AIO: Attitudes, interests, and opinions

Individuals who engage in para-skiing/other extreme sports are a lucrative psychographic market segment for many products targeted to their sport.

Source: GoPro, Inc.

Questions?

Thank You