Market Segmentation

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations.

Market segmentation also reduces the risk of an unsuccessful or ineffective marketing campaign. When marketers divide a market based on key characteristics and personalize their strategies based on that information, there is a much higher chance of success than if they were to create a generic campaign and try to implement it across all segments.

Marketers can also us segmentation to prioritize their target audiences. If segmentation shows that some consumers would be more likely to buy a product than others, marketers can better allocate their attention and resources.

According to Philip Kotler: "The process of classifying customers into groups exhibiting different needs, characteristics, or behavior is called market segmentation. Every market is made up of market segments."

Factors Influencing Segmentation

Some of the markets are large in size and their extensions in wide while other markets are very limited or narrow in size and extent. Consumer behaviour may also be a base for segmenting a market.

1. Nature of demand:

A commodity having wide demand the extent and size of the market will be large and contrary to it the size and extent of the market will be Limited.

For example, Silver, Gold, sugar, and food-grains have a wide market while the demand for bangles, Gandhian cap, and Nehru jacket are limited to India only.

2. Durability:

Perishable goods like vegetables, eggs, milk, bread, and butter have a limited market while durable goods namely T.V., radio, vehicles, gold, silver have a wide market.

3. Banking and Financial System:

In a country where there is well developed organized money credit, banking and financial system are in existence the market is widened because payments are quickly finalized.

On the other hand, if the banking and financial system is not well developed and organized the markets Limited.

4. Portability:

The goods having heavyweight and prices are low the market is limited while those goods which are easily portable and prices are high have the large **size and extent of the market**.

Thus, Bricks, cement other building materials have a **small size and extend market** while silver and gold have a large size and extend the market.

5. Piece of and Security of Life and Property:

If there is peace in the country and life and property are protected by the government the business activities will increase in the market is widened. If there is no internal peace and security in the market is limited.

6. Cognoscibility:

A commodity is easily known on the basis of its quality by the consumers it will be demanded more and the size of the market is widened while in the absence of recognizability of a product buyers will not demand more and market will be Limited. Engine mark mustard oil, postman, etc.

7. Sampling and Grading of Goods:

Those goods which are bought and sold on the basis of the samples and grading the market will be wide while the goods not sold on the basis of samples and grading have a limited market.

Woollen clothes, food-grains, raw cotton etc. have a Wide market.

8. Adequate Supply:

The goods and services having a flexible supply market will be widened and the goods having inadequate supply will have a limited market.

9. Efficient and Honest Businessman and Traders:

The presence of efficient and honest Business and trading community encourage the business and trade to flourish and the market is widened.

Thus, While inefficient and dishonest Businessman and traders will adversely affect the business activities and the market is limited.

10. Substitutes:

A commodity having substitutes in the market will have a limited market while no substitute commodity will be widely used and the size and extent of the market are widened.

11. Government Policy:

Domestic and foreign trade is affected by government policy relating to exports and imports, license, protection, taxes, etc. If these policies are restricting the trade then the market will be Limited and when there are liberal policies the market is widened.

12. Availability of Means of Communication and Transport:

In a country where there are cheap, quick, and adequate means of communication and transport available the goods are transferred from one part of the country to another and the market is widened. Contrary to it the market is limited because goods cannot be transferred from one place to another.

13. Division of Labour and Specialization:

The size and extent of the market are affected by the division of labour and specialization.

When the division of labour and specialization have used the production of goods is carried on the low cost of production and the cheapest will have large size market.

Thus, Contrary to it the market for dearer goods will be small.

14. Multi Uses:

A commodity is used for various purposes the market of such commodity will be large and the commodity used for single use only will have a limited market.

15. Market Dynamics:

Does market lend itself to a highly concentrated market or a more fragmented market?

How does this affect the expected market share a company could be expected to win in the short and long run.

Thus, All these factors play an important role in the market size and are factors to be aware of when thinking about **sizing a market**, As they can help guide you on the best approach to take for a given market.

Market Aggregation

The term 'market aggregation' is used to refer to that marketing process in which a particular product or service is marketed to a large set of audiences or consumers, having the similar kind of needs and demands thus, giving a heavy brand exposure. Market aggregation is also known as 'mass marketing' or 'undifferentiated marketing.

Definition

Market aggregation is a marketing strategy in which marketing is done to a mass number of people belonging to the same segment of demographics having similar kinds of needs and wants.

In this type of marketing, certain standardized products or services are marketed to a large number of consumers that out there want to purchase that product or service so that they can satisfy their needs. Hence it is also given the name 'mass marketing'.

Thus for example, if there are products like sugar, then almost every consumer will need it, and they will buy it irrespective of which company it belongs to if and only if marketing is done in the right manner. Thus these types of products are generally sold by adopting the strategy of market aggregation.

Benefits of market aggregation

There are a lot of benefits of market aggregation. So of those benefits are as follows-

1. It reduces the production cost and the marketing cost which leads to the reduction in the costs to customers.
2. It is an excellent way for companies to enhance product differentiation. This is because with the help of the product differentiation they are able to make their product stand out in the market. They can differentiate their product from the other similar products that are there in the market which are produced by their rival companies.
3. Also due to the products differentiation, it helps the companies in realizing one brand to be superiors over the other. This helps the companies to maintain a good relationship with their consumers and also to maintain a loyal consumer base.
4. Another advantage of the market aggregation is that since in this a more extensive section of people are targeted the companies get the opportunity to promote their products and brands in a broader market and hence giving them a lot of opportunities.

Disadvantages of market aggregation

Even though market aggregation provides with s many benefits to the companies, there still are some of the disadvantages which can't be ignored. Some of these disadvantages are as follows-

1. First of all the strategy of the market aggregation lacks product diversity. This means that while promoting a particular type of a product or a service to a certain group of people, no other products or services are promoted. This means that the only focus is on one particular product there is no diversification in the marketing.
2. And the other disadvantage is that the strategy of the marketing aggregation comes with the inability of the markets to be able to identify the actual needs of some specific group of customers.
3. Also one of the significant disadvantages of the market aggregation is that when the products are marketed to the ass number of people belonging to one particular group having similar needs and wants, this then gives the other rivals in the market an opportunity to market their products to the one individual segments.
4. Also in the mass aggregation, the companies can only satisfy the needs and want of one particular group of people. And they can't go on meeting the needs of the of every single individual out there.

Basis for Segmentation

The four bases for segmenting consumer market are as follows: A. Demographic Segmentation B. Geographic Segmentation C. Psychographic Segmentation D. Behavioural Segmentation.

A. Demographic Segmentation:

Demographic segmentation divides the markets into groups based on variables such as age, gender, family size, income, occupation, education, religion, race and nationality. Demographic factors are the most popular bases for segmenting the consumer group.

1. Age:

It is one of the most common demographic variables used to segment markets. Some companies offer different products, or use different marketing approaches for different age groups. For example, McDonald's targets children, teens, adults and seniors with different ads and media. Markets that are commonly segmented by age includes clothing, toys, music, automobiles, soaps, shampoos and foods.

2. Gender:

Gender segmentation is used in clothing, cosmetics and magazines.

3. Income:

Markets are also segmented on the basis of income. Income is used to divide the markets because it influences the people's product purchase. It affects a consumer's buying power and style of living.

4. Family cycle:

Product needs vary according to age, number of persons in the household, marital status, and number and age of children. These variables can be combined into a single variable called family life cycle. Housing, home appliances, furniture, food and automobile are few of the numerous product markets segmented by the family cycle stages. Social class can be divided into upper class, middle class and lower class. Many companies deal in clothing, home furnishing, leisure activities, design products and services for specific social classes.

B. Geographic Segmentation:

Geographic segmentation refers to dividing a market into different geographical units such as nations, states, regions, cities, or neighborhoods. For example, national newspapers are published and distributed to different cities in different languages to cater to the needs of the consumers.

C. Psychographic Segmentation:

Psychographic segmentation pertains to lifestyle and personality traits. In the case of certain products, buying behaviour predominantly depends on lifestyle and personality characteristics.

1. Personality characteristics:

It refers to a person's individual character traits, attitudes and habits. This type of segmentation is used when a product is similar to many competing products, and consumer needs for products are not affected by other segmentation variables.

2. Lifestyle:

It is the manner in which people live and spend their time and money. Lifestyle analysis provides marketers with a broad view of consumers because it segments the markets into groups on the basis of activities, interests, beliefs and opinions. Companies making cosmetics, alcoholic beverages and furniture's segment market according to the lifestyle.

D. Behavioural Segmentation:

In behavioural segmentation, buyers are divided into groups on the basis of their knowledge of, attitude towards, use of, or response to a product.

1. Occasion:

Buyers can be distinguished according to the occasions when they purchase a product, use a product, or develop a need to use a product. It helps the firm expand the product usage. For example, Cadbury's advertising to promote the product during wedding season is an example of occasion segmentation.

2. User status:

Sometimes the markets are segmented on the basis of user status, that is, on the basis of non-user, ex-user, potential user, first-time user and regular user of the product. Large companies usually target potential users, whereas smaller firms focus on current users.

3. Usage rate:

Markets can be distinguished on the basis of usage rate, that is, on the basis of light, medium and heavy users. Heavy users are often a small percentage of the market, but account for a high percentage of the total consumption. Marketers usually prefer to attract a heavy user rather than several light users, and vary their promotional efforts accordingly.

4. Loyalty status:

Buyers can be divided on the basis of their loyalty status—hardcore loyal (consumer who buy one brand all the time), split loyal (consumers who are loyal to two or three brands), shifting loyal (consumers who shift from one brand to another), and switchers (consumers who show no loyalty to any brand).

5. Buyer readiness stage:

The six psychological stages through which a person passes when deciding to purchase a product. The six stages are awareness of the product, knowledge of what it does, interest in the product, preference over competing products, conviction of the product's suitability, and purchase.

Segmentation of Consumer

Customer segmentation is a way to divide customers into groups based on certain characteristics that those customers share. All customers share the common need of your product or service, but beyond that, there are distinct demographic differences (i.e., age, gender) and they tend to have additional socio-economic, lifestyle, or other behavioral differences that can be useful to the organization.

Types of customer segmentation models

Common customer segmentation models range from simple to very complex and can be used for a variety of business reasons. Common segmentations include:

1. **Demographic**: At a bare minimum, many companies identify gender to create and deliver content based on that customer segment. Similarly, parental status is another important segment and can be derived from purchase details, asking more information from customers, or acquiring the data from a 3rd party.
2. **Recency, frequency, monetary (RFM)**: RFM is a method used often in the direct mail segmentation space where you identify customers based on the recency of their last purchase, the total number of purchases they have made (frequency) and the amount they have spent (monetary). This is often used to identify your High-Value Customers (HVCs).
3. **High-value customer (HVCs)**: Based on an RFM segmentation, any business, regardless of sector or industry, will want to know more about where HVCs come from and what characteristics they share so you can acquire more of them.
4. **Customer status**: At a minimum, most companies will bucket customers into *active* and *lapsed*, which indicates when the last time a customer made a purchase or engaged with you. Typical non-luxury products consider active customers to be those who have purchased within the most recent 12 months. Lapsed customers would those who have not made a purchase in the last 12 months. Customers may be bucketed even further based on the time period in that status, or other characteristics.
5. **Behavioral:** Past observed behaviors can be indicative of future actions, such as purchasing for certain occasions or events, purchasing from certain brands, or significant life events like moving, getting married, or having a baby. It's also important to consider the reasons a customer purchases your product/service and how those reasons could change throughout the year(s) as their needs change.
6. **Psychographic**: Psychographic customer segmentation tends to involve softer measures such as attitudes, beliefs, or even personality traits. For example, survey questions that probe how much someone agrees or disagrees with a statement are typically seeking to classify their attitudes or perspectives towards certain beliefs that are important to your brand.

Benefits of customer segmentation

There are several benefits of implementing customer segmentation including informing marketing strategy, promotional strategy, product development, budget management, and delivering relevant content to your customers or prospective customers. Let's look at each of the benefits in a bit more depth.

1. **Marketing strategy**: Customer segmentation can help inform your overall marketing strategy and messaging. As you learn the attributes of your best customers, how they are alike, and what is important to them, you can leverage that information in messaging, creative development, and channel selection.
2. **Promotion strategy**: An overall promotion strategy (i.e., our customers are deal seekers, therefore we should offer frequent deals) for sending promotions for specific segments can be made better with information from a broad customer segmentation scheme. You may find that certain cohorts of customers don't require discounts when you use certain messaging, thereby saving you from having to offer a discount for those groups at all.
3. **Budget efficiency**: Most companies do not have unlimited marketing budgets, so being precise about how and where you spend is important. You could, as an example, target similar customers to segments of high value or those most likely to convert to get the most return from your marketing investment.
4. **Product development**: The more customers you acquire, the more you learn about what is important to them, what features they want, and which customers are the most valuable. Your company can use these insights to prioritize product features that either appeal to the most customers, those categorized as high-value customers, or other characteristics that makes sense for your industry.
5. **Customers demand relevance**: By performing some level of segmentation, you can ensure that the messages you are delivering via email, on site, through digital ads, or other methods are targeted and relevant to the individual seeing it. It is almost counter-intuitive to the hyper vigilance of data privacy to use so many pieces of data in this way, but with so many marketing messages coming at people today, no one has time for something that isn't relevant to them.

Process/ Steps in Market Segmentation

1. Determine the need of the segment:

What are the needs of the customers and how can you group customers based on their needs? You have to think of this in terms of consumption by customers or what would each of your customer like to have.

For example – In a region, there are many normal restaurants but there is no Italian restaurant or there is no fast food chain. So, you came to know the NEED of consumers in that specific region.

2. **Identifying the segment:**

Once you know the need of the customers, you need to identify that "who" will be the customers to choose your product over other offerings. Quite simply, you have to decide which type of segmentation you are going to use in this case. Is it going to be geographic, demographic, psychographic or what?

3. **Which segment is most attractive?**

Out of the various segments you have identified via demography, geography or psychography, you have to choose which is the most attractive segment for you. This is a tough question to answer because one of them will be left out.

4. **Is the segment giving profit?**

So, now you have different types of segmentation being analyzed for their attractiveness. Which segment do you think will give you the maximum crowd has been decided in the 3rd step. But which of those segments is most profitable is a decision to be taken in the 4th step.

5. **Positioning for the segment**

Once you have identified the most profitable segments via the steps of market segmentation, then you need to position your product in the mind of the consumers. I would not dive deep into positioning here as you can read this quick guide to positioning. The basic concept is that the firm needs to place a value on its products.

6. **Expanding the segment**

All segments need to be scalable. So, if you have found a segment, that segment should be such that the business is able to expand with the type of segmentation chosen. If the segment is very niche, then the business will run out of its course in due time. Hence the expansion of the segment is the second last step of market segmentation.

7. **Incorporating the segmentation into your marketing strategy**

Once you have found a segment which is profitable and expandable, you need to incorporate that segment in your marketing strategy. How do you think McDonalds or KFC became such big chains of fast food? They had a very clear process of segmentation because of which it became easier to find regions to target.

With the steps of market segmentation, your segments become clear and then you can adapt other variables of marketing strategy as per the segment being targeted. You can modify the products, keep the optimum price, enhance the distribution and the place and finally promote clearly and crisply to your target audience. Business becomes simpler due to the process of market segmentation.

Target Marketing

Target Marketing involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments consisting of the customers whose needs and desires most closely match your product or service offerings. It can be the key to attracting new business, increasing your sales, and making your business a success. The beauty of target marketing is that by aiming your marketing efforts at specific groups of consumers it makes the promotion, pricing, and distribution of your products and/or services easier and more cost-effective.

It provides a focus to all of your marketing activities.

Market targeting is a process of selecting the target market from the entire market. Target market consists of group/groups of buyers to whom the company wants to satisfy or for whom product is manufactured, price is set, promotion efforts are made, and distribution network is prepared.

Steps/Basis for Identifying Target Customers

1. Start with the problem: A good way to determine who is likely to become your customer is to clarify the problem that your product or service addresses. For example, you run a housecleaning service. The problem that you solve is doing cleaning for people who cannot or do not want to do these jobs themselves. Upper income families, families where both parents work, and older people who no longer have the ability to do their own housekeeping, are all target customers for your services.

2. Define your customer's characteristics: Listing out the characteristics of your typical customer is another good step towards identifying your target market. These characteristics need not be personal ones; they can pertain to lifestyle, income earned, disposable income, geographical location, hobbies, and many other things. For example, for a gardening service, one type of target customer is people who live in neighborhoods with well-manicured lawns, attractive plantings and colorful flowers around their homes.

3. What is your primary market: Many products and services address the needs of a variety of people but they still have a primary audience. These are the people who:

- gain the most benefits
- have the greatest need for these services/products
- have the ability to pay for them
- buy the biggest quantity of them on a regular basis
- are located in a geographic area your business services

Knowing who makes up this primary audience should be your goal when you are trying to identify your target market. For example, for a bakery, the local consumer may be a recurring source of business, but the icing on the cake (forgive the pun) may be local restaurants who buy breads and desserts in quantity.

4. <u>Study your current customers</u>: Assessing your current customers and identifying the common characteristics they share is a great way to learn who else could be a potential customer for you. Ask them what they like about your company, how they use your products, how they heard about you (if they are new) and what they prefer about buying from you.

5. <u>Research Industry publications, statistics and special reports</u>: Industry publications, statistical information and special reports can all provide clues as to the audience you should be targeting and sometimes how the market might be changing. Such reports may describe the typical customer age, sex, preferences for items, and other helpful information.

6. <u>Who does your competitor target</u>: Keeping track of what the competition is doing is a great idea in more ways than one and it can help you identify your target audience too. Keep an eye on your closest competitors' marketing campaigns, sales spiels, brochures, websites and social media outreaches to understand their target customer base. Your research may turn up industry segments or names of specific customers you should be targetting.

7. <u>Who buys and why</u>: Surprisingly, knowing the kind of customer who needs your service may not be enough to win sales. For example, the elderly widow who lives by herself may need to have someone do the cleaning for her, but can't afford the service herself. The real customer in this case would be the widow's 50-year old daughter who chooses and pays for the service.

<u>Target Market Strategies</u>

Company may opt for any one of the following strategies for market targeting based on the situations:

1. <u>Single Segment Concentration</u>: It is the simplest case. The company selects only a single segment as target market and offers a single product. Here, product is one; segment is one. For example, a company may select only higher income segment to serve from various segments based on income, such as poor, middleclass, elite class, etc. All the product items produced by the company are meant for only a single segment.

Single segment offers some merits like:

(1) Company can gain strong knowledge of segment's needs and can achieve a strong market position in the segment.

(2) Company can specialize its production, distribution, and promotion.

(3) Company, by capturing leadership in the segment, can earn higher return on its investment.

It suffers from following demerits like:

(1) Competitor may invade the segment and can shake company's position.

(2) Company has to pay high costs for change in fashion, habit, and attitude. Company may not survive as risk cannot be diversified.

Mostly, company prefers to operate in more segments. Serving more segments minimizes the degree of risk.

2. Selective Specialization: In this option, the company selects a number of segments. A company selects several segments and sells different products to each of the segments. Here, company selects many segments to serve them with many products. All such segments are attractive and appropriate with firm's objectives and resources. For example, a company may concentrate on all the income groups to serve.

3. Product Specialization: In this alternative, a company makes a specific product, which can be sold to several segments. Here, product is one, but segments are many. Company offers different models and varieties to meet needs of different segments. The major benefit is that the company can build a strong reputation in the specific product area. But, the risk is that product may be replaced by an entirely new technology. Many ready-made garment companies prefer this strategy.

4. Market Specialization: This strategy consists of serving many needs of a particular segment. Here, products are many but the segment is one. The firm can gain a strong reputation by specializing in serving the specific segment. Company provides all new products that the group can feasibly use. But, reduced size of market, reduced purchase capacity of the segment, or the entry of competitors with superior products range may affect the company's position.

5. Full Market Coverage: In this strategy, a company attempts to serve all the customer groups with all the products they need. Here, all the needs of all the segments are served. Only very large firm with overall capacity can undertake a full market coverage strategy.

What is Positioning

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind. The end result of positioning is the successful creation of a market- focused value proposition, a cogent reason why the target market should buy the product.

Each company must decide how many differences to promote to its target customer. The position of a product is the sum of those attributes normally ascribed to it by the consumers-its standing, its quality, the type of people who use it, its strengths, its weaknesses, any other unusual or memorable characteristics it may possess, its price and the value it represents.

Positioning of a product or service is nothing but creating an image in the consumers' mind. Consumers generally tend to use images while making a purchase; they buy brand images rather than actual products.

Positioning strategies

Positioning strategies can be conceived and developed in a variety of ways. It can be derived from the object attributes, competition, application, the types of consumers involved, or the characteristics of the product class. There are seven approaches to positioning strategies:

1. Positioning by product attributes or customer benefit: This approach to positioning is probably the most common and involves setting the brand apart from competitors based on specific brand attributes or the benefits offered. Many products, such as autos, cameras and other durable product brands offer excellent examples.

2. Positioning by price-quality: This approach justifies various price-quality categories of the products. Manufacturers deliberately attempt to offer more in terms of service, features or performance in case to certain products known as premium products and in return, they charge higher price, to cover higher costs and partly to communicate the fact that they are of higher quality.

3. Positioning by product-user: This deals with positioning a product keeping in mind a specific user or class of users. For example, cosmetic brands like Lakme position themselves targeting fashion-conscious women.

4. Positioning by use of application: The idea behind this approach for positioning is to find an occasion or time of use. For instance, Vicks Vaporub is to be used for a child's cold at night. lodex is for sprain and muscle pains, Burnol ointment is for bums and Dettol antiseptic is for nicks and cuts. These brands have used this positioning for decades now without any serious challenge from competitors.

5. Positioning by corporate category: This positioning is used so that the brand is perceived as belonging to another product category. This is often a strong positioning strategy when the existing product category is crowded. The consumers then perceive the brand in different context. For example, a milk powder, with suitable additions and appropriate packaging, can be positioned as an 'energy drink' for sports people or a health-drink for players or a drink for growing school going children etc.

6. Positioning by corporate identity: Companies that become tried and trusted household names, use their names to imply the competitive superiority of their new brands such as Tata, Sony etc. Corporate credentials are added as a by-line. This offers a strong positioning and is used in line extensions or brand extensions.

7. Positioning by competitor: Positioning by competitor may be used because the competitor enjoys a well-established image in the market. The marketer wants the consumers to believe that the brand is superior, or at least as good as the brand offered by the competitor. It is like telling the people that you live next to some famous movie personality in Delhi rather than getting involved in explaining the locality and streets.

Product Differentiation Strategy

Product differentiation is a marketing strategy that strives to distinguish a company's products or services from the competition. Successful product differentiation involves identifying and communicating the unique qualities of a company's offerings while highlighting the distinct differences between those offerings and others on the market. Product differentiation goes hand-in-hand with developing a strong value proposition to make a product or service attractive to a target market or audience. If successful, product differentiation can create a competitive advantage for the product's seller and ultimately build brand awareness. Examples of differentiated products might include the fastest high-speed internet service or the most gas-efficient electric vehicle on the market today. Some of the strategies are:

1. Innovation / Invention

The best way to implement differentiation strategy is to invent or innovate. By innovating or inventing, you become the market leader because your product is the first entrant in the market. Inventions are of course difficult and require regular R&D expenditure. But innovations are more practical and are a Differentiation strategy used by technological companies like Apple and Google.

2. Product-level differentiation

Observed in many industries, Differentiation strategy can be executed at product level too. Taking an example of the tourism industry, tour packages of all companies are different and the tour package might have its own differentiating factors. Some might be giving international tours whereas others will be giving national and regional tours only. Thus, by incorporating product differentiation strategy at product level, the brands can differentiate themselves from competitors in the eyes of the customer.

3. Price differentiation

The most used form of differentiation strategy is price differentiation. In the above example of tour packages, some brands might give the luxury package whereas other brands might give a cheap and affordable pricing. Mobile handset companies like Samsung and apple target the cream segment whereas companies like Micromax and Xolo target the price sensitive segment. Price segmentation is the biggest Differentiation weapon in the hands of marketers.

4. Branding

Your promotion mix and the marketing communications of the company play a crucial role in the differentiation strategy of your product. Companies like Pepsi and Coke rely heavily on their branding efforts to convert the customer to their products. Thus, youngsters will like pepsi, young adults will like Thums up, families will like Fanta, and Coke can be an all time favorite for everyone.

5. Packaging

If you go to any publications and ask them what are the critical factors in selling a book, the publication agency will say that, after the story of the book, the top cover of the book plays a critical role in the success of the book. In fact, many a times, customers might buy a book based on the top cover. Thus, packaging is important.

6. Service pre sale and post sale

Word of mouth marketing is another product differentiator and all brands targeting a niche audience know the importance of word of mouth marketing. And how does word of mouth marketing happen? Through very good pre and post sales service. Ever heard a friend say that not only does the restaurant serve good food, but the service and the ambiance are awesome as well? Thats the service i am talking of. If your service is beyond customers expectation, than that can be a big boost to your differentiation strategy.

7. Point of customer interaction

There are Sec A, B and C segment customers. You have to ensure that you take care of all kinds of customers when they interact with your company. For this, you have to take care of point of interactions and ensure that the customer has a good experience whenever he interacts with the company. In fact, banks and retail showrooms regularly have audits to ensure that the front end staff is polite and helpful to customers because this can be a major point for differentiation. A service company, which does not have good interactions with the customer will always suffer in its profits and operations.

8. User convenience

The banking industry shows us an example of how User convenience can help you in your differentiation strategy. The banks differentiate themselves with the type of net banking services they offer as well as the number of ATM’s that they have in your vicinity. This is an excellent example of differentiation through user convenience. If you are taking care of user convenience, the customer will always come back to you. This is the reason why, even though there are so many big retail outlets in the market, the smaller shops still run well. This is because they give personalized service to a handful of customers and the customers find it convenience to shop at the local retail store.

9. Offer variety of products

Another way to implement differentiation strategy is to attack the psychology of the customers. Many a customer will tell you that they picked a brand just because the brand had more variety in the number of products it offered. A customer, during prospecting, likes to have more variety so that he finds the right product and can pick that product for himself. Thus, the more variety of products you offer, the more chances you have of getting a higher positioning in the mind of the customer and therefore, differentiating yourself from competition.

Task Involve in Positioning

(1) <u>Identifying the Competitors</u>

A first step is to identify the competition. This step is not as simple as it seems to be. For example, 'Pepsi ' might define its competitors as follows:

(1) Other cola drinks

(2) Non-diet soft drinks

(3) All soft drinks

(4) Non-alcoholic beverages,

(5) All beverages except water

(2) <u>Determining how the Competitors are Perceived and Evaluated</u>

The second step is related to determining the product positioning which is basically done so as to see, *when* the competitors products are purchased by the customers. It is to see comparative view. An appropriate set of product attributes should be chosen.

(3) <u>Determining the competitor's positions</u>

Our next focus should be to determine how different brands (including our own brand) are positioned with respect to the relevant attributes selected under the previous step. At this point we should be clear about what is the image that the customer has about the various product brands? You have to see how are they positioned in respect to each other? Which competitors are perceived as similar and which as different?

(4) <u>Analyzing the Customer</u>

Now you need to analysis the customers habits and behaviour in a particular market segment. The following questions need attention while understanding the customer and the market – (i) how is market segmented? (ii) What role does the product class pay in the customers life style? What really motivates the customers? And what habits and behavior patterns are relevant?

(5) <u>Making the positioning Decision</u>

The above four steps provide you a useful backgrounds and are necessary to be conducted before taking any decision about positioning. The managers can carry these steps or exercises. After these four exercises, the following guidelines can be offered to reach a positioning decision: –

(i) An economic analysis should guide the decision.

(ii) Positioning usually implies a segmentation commitment.

(iii) If the advertising is working, the advertiser should stick to it.

(iv) Do not try to be something, your are not.

(v) In making a decision on position strategy, symbols or set of symbols must be considered.

(6) <u>Monitoring the position</u>

An image objective, like an advertising objective should be measurable. It is necessary to monitor the position overtime, for that you have variety of techniques that can be employed it can be on the basis of some test and interviews which will help to monitor any kind of change in the image.

Thus, the first four steps in the positioning process provides a useful background. The fifth one only is taken to make the position decision. The final step is to evaluate and measure and follow up.

Brand

Almost every concern wants to name its products. These names given are brand names. Branding plays more role than a mere name. It is because; brands name is quite different from ordinary name.

A brand is a symbol, a mark, a name that acts as a means of communication which brings about an identity of a given product. Brand is product image, brand is quality of product; brand is value; it is personality.

"A brand is a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers" (American Marketing Association).

Types of Brand

A design, name, symbol or any other feature that distinguishes the product of an organization from its competitors is called a brand. Brands are associated with marketing and Advertising in business. On the other hand, a set of marketing and communication tools the distinguished company or a product from its competition and also creates a long-lasting impression in the minds of the customer is called branding.

There is a lot of different type of Brands depending on their nature. Let us look into the one by one.

(1) Service brand

This involves adding a value of service to the brand. It is considered more difficult to develop a service brand other in a product brand because the offerings of service brands are intangible. Once developed it is very useful to avoid competition since it is very hard to develop and prove the brand in terms of pricing.

A lot of new online brands have been developed like subscription brands wherein people pay money for access of services or products and these are rapidly challenging the salty and the expectations of technology for both service and product brands. For example, the integral and perceived value of products that come with apps. Southwest Airlines is an example of Service Brand.

(2) Personal brand

Personal brands are also known as an individual brand and they are defined as the brand which a person has built around himself to promote his or her career opportunities. This is associated with how people market themselves and put out or project themselves in and via media. Personal brand lacks a business model which is necessary to commercialize the strategy.

Example: Celebrities or Sports person are the best example of Personal Brands.

(3) Product brand

The perceptions associated with the commodity or good so that it exceeds the functional capability is called a product brand. Product brands are very common in FMCG industries. Tide detergent is an example of Product Brand.

(4) Activist brand

This brand is synonymous with the cause of purpose where the alignment defines its uniqueness and the minds of the customers. Examples include body shop it's his define by its animal cruelty take.

(5) NGO or Non-governmental organization

A brand which is dedicated for more than fundraising but rather to drive social missions and which is more into non-profit business is called an NGO. Greenpeace is the classic example of an NGO which works only for promoting the environmental problems.

(6) Public brand

A brand which is owned and managed by the government has called public brand. At times even, the government is seen as a public brand in the eyes of normal people.

(7) Luxury brand

As the name suggests this is the kind of brand which offers high quality at a higher price. Luxury brands form a niche market for selected customers. It does not engage in reducing the price but rather it is more dedicated to providing premium service to bring our customers. Rolex watches are the perfect example of a luxury brand.

(8) Value brand

Unlike luxury brand value brand operates on price and offers basic services for a lower price. The target audience of value brands are the middle and is over the market which forms a volume of the entire market. Since the work on higher volumes, it is necessary that the price their product is lower. Titan is an example of a value brand. Although companies are not started to make two brands to tap every customer and gain more of market share.

(9) Innovative brand

These focus only on constantly improving the product by advanced breakthroughs in technology. Innovation as the primary aim and hence these are unique to the market and it sometimes maybe even the first in the market. Apple is known for its innovation in the market and Apple products are considered as innovative products.

(10) Organization Brand

The company and entity's which deliver products and services are called organization brands. They are closely linked with a personal brand of an individual. For example, a particular celebrity association with a particular brand every time and watching that celebrity reminds you of that brand.

(11) Group brands

When a small group of branded entities has interconnected brand equity and individual brand as well, it is known as Group Branding. In this, the group, as well as its members, have a brand identity. For example, the Beatles presented up brand in its entirety as well as for all of its members.

(12) Geographic brand

It is the idea of many countries to brand the best places they have to the world. These Geographic brands can be countries or States or cities or even buildings or streets. The government of the respective place works extensively to develop these brands and they often attract commerce and economic investments along with tourism and new residents. A perfect example of the geographic brand would be 221B Baker Street in London which is the brand in itself associated with the famous character of Sherlock Holmes.

(13) E-Brands

These exist in the virtual world and have a presence over the web. They provide products or services depending on their categories and also the presence maybe intangible the products are very tangible. An example of a brand would be the famous amazon.com.

(14) Celebrity brand

Celebrities have been using their famous high profile to promote a product or a range of products which gets all their followers to shift to the particular brand. The endorsements are done by celebrities themselves and at times they may be pleased even in their respective movies. For example, an association of Angelina Jolie and Brad Pitt with UNICEF. While this is an example of a celebrity brand this also forms an example of NGO.

(15) Generic brand

A Generic brand is the one that has been used so extensively that it now it is being passed as a common language or as a verb to define the entire category. Example xerox which was initially a machine is not a term used for photocopying. The replacement of a common name by the generic brand itself says about its success in the market. There are very few Generic Types of Brands in the market. Xerox, Jet Ski, Xerox being some of the examples.

(16) Employer brand

The success of a company does not depend only on the best staff but also on the ability to retain that staff. Employers need to provide all the functions to the cause of white stuff in order for them to be retained in the organization. A better staff not only adds value but they also grow the organization along with themselves. Google is one of the highest rated employees and employees are found to love their jobs.

(17) Disruptive brand

This is the brand which challenges the current and age-old ways of executing things in the market and introduces and supports innovative concepts that substantially challenge and change the market. An innovative brand may or may not be a disruptive brand but more often than not a disruptive brand is an innovative brand.

(18) Event Brands

These are associated with conducting events on which they attract customer loyalty. The name of the brand itself attracts a huge amount of population making the event to be successful. The sponsorship for the events is arranged by sponsorships and advertisements from large companies. That is why more often than not these are associated with the brand of an organization. Example NASCAR, Olympics, Superbowl or Ted Talks.

(19) Investor brand

These are applied to the brands which are listed publicly and to the functions of investor relation. The main objective of investor brand is to get investments from the public and gain increasing high reputation via CSR. This attracts more investors and increases the share price.

(20) Global brand

As the name suggests this brand is based all over the world and is well known and renowned. A global brand who gets a global image for the organization and in the minds of the customer. It is very essential that they have homogenous offerings all over the world. Examples include every multinational brand like Google, Microsoft, Apple, McDonald’s, Starbucks etc.

Branding

Branding is the process of giving a meaning to specific organization, company, products or services by creating and shaping a brand in consumers' minds. It is a strategy designed by organizations to help people to quickly identify and experience their brand, and give them a reason to choose their products over the competition's, by clarifying what this particular brand is and is not.

"Branding is endowing products and services with the power of a brand" (Kotler & Keller, 2015*)*

Role of Branding:

Following points pin down its precise role:

1. Brand is a Massive Asset: - Brand is considered as a major intangible asset because all the physical assets such as plant, equipment, inventory, building, stocks and bounds can be duplicated or copied very easily, however, it is almost impossible to duplicate brand name.

2. Brand is a Promotional Tool: Sales promotion is founded on the idea of product identification or product differentiation. This difference is done by a brand. Major weapon of product popularization is advertising. And it is futile to advertise a product without a brand name.

3. Brand is a Weapon to Protect Market: Once a consumer has tried and liked a product the brand enables him to identify so well that he is tempted to levy it again.

4. Brand is Antidote for Middlemen's' Survival: If a product wins consumer reputation, the manufacturers gain control over product distribution. The class of middlemen always tends to go in for a successful brand. That is, without brand identification, these middlemen find it difficult as to what to buy and sell.

5. Brand is a Means of Identification for Customers: Brand is the easiest way of identifying product or service that a customer likes. For him, brand is value, quality, personality, prestige and image.

Brand Equity:

Brand equity is a marketing term that describes a brand's value. That value is determined by consumer perception of and experiences with the brand. If people think highly of a brand, it has positive brand equity. When a brand consistently under-delivers and disappoints to the point where people recommend that others avoid it, it has negative brand equity.

The **Brand Equity** refers to the additional value that a consumer attaches with the brand that is unique from all the other brands available in the market. In other words, Brand Equity means the awareness, perception, loyalty of a customer towards the brand.

Advantages of Strong Brand Equity

1. Increased margins: Positive brand equity allows you to charge more for your product or service, because people will be willing to pay a premium for your name. When customers are willing to pay extra for a name they trust and/or value, that boosts your profit margins.

2. Customer loyalty: Customers are willing to stick with a company they value and trust. Over years and years, they'll come back again and again.

3. Expansion opportunities: You can leverage the value of your brand to grow your business, by adding new products to your line, and/or expanding into new markets and geographies.

4. Negotiating power: Positive brand equity can give you considerable bargaining power in negotiations with vendors, manufacturers and distributors—power that can lower your cost of goods sold.

5. Competitive advantage: When customers pay a premium price for your products…and try your new product, sight unseen…and flock to your new location…that can mean very good things for your business and not-so-good things for your competition.

Brand Positioning-

Brand positioning refers to "target consumer's" reason to buy your brand in preference to others. It is ensures that all brand activity has a common aim; is guided, directed and delivered by the brand's benefits/reasons to buy; and it focuses at all points of contact with the consumer.

Philip Kotler- Brand positioning is an act of designing the company's offering and image to occupy a distinct place in the mind of the target market.

Examples of Brand Positioning- Colgate is positioned as protective, Patanjali can be trusted as it is fully organic, Woodland is tough and perfect for outdoors, Coca-Cola brings happiness.

Characteristics of a Good Brand Positioning Strategy

1. Relevant: The positioning strategy you decide should be relevant according to the customer. If he finds the positioning irrelevant while making the purchase decision, you're at loss.

2. Clear: Your message should be clear and easy to communicate. E.g. Rich taste and aroma you won't forget for a coffee product gives out a clear image and can position your coffee brand differently from competitors.

3. Unique: A strong brand positioning means you have a unique credible and sustainable position in the customers' mind. It should be unique or it's of no use.

4. Desirable: The unique feature should be desirable and should be able to become a factor which the customer evaluates before buying a product.

5. Deliverable: The promise should have the ability to be delivered. False promises lead to negative brand equity

6. Points of difference: The customer should be able to tell the difference between you and your competitor's brand.

7. Recognizable Feature: The unique feature should be recognizable by the customer. This includes keeping your positioning simple, and in a language which is understood by the customer.

8. Validated by the Customer: Your positioning strategy isn't successful until the time it is validated by the customer. He is the one to decide whether you stand out or not. Hence, try to be in his shoes while deciding your strategy.