



MASTER IN ENTREPRENEURSHIP  
INNOVATION MANAGEMENT  
IN COLLABORATION WITH MIT SLOAN

IN COLLABORATION WITH

**MIT** MANAGEMENT  
SLOAN SCHOOL



UNIVERSITÀ DEGLI STUDI DI NAPOLI  
**PARTHENOPE**

# MEIM\_2021-22

## INTRO MARKETING MANAGEMENT.

### >>> FOCUS ON TARGETING & POSITIONING

*Lesson 2*

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MARCELLO RISITANO

*Professor of Marketing Management*

*University of Naples «Parthenope»*



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## INTRO MARKETING MANAGEMENT.

### >>> FOCUS ON TARGETING & POSITIONING

*Lesson 2.1 – Marketing Management*

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# MARKETING MANAGEMENT

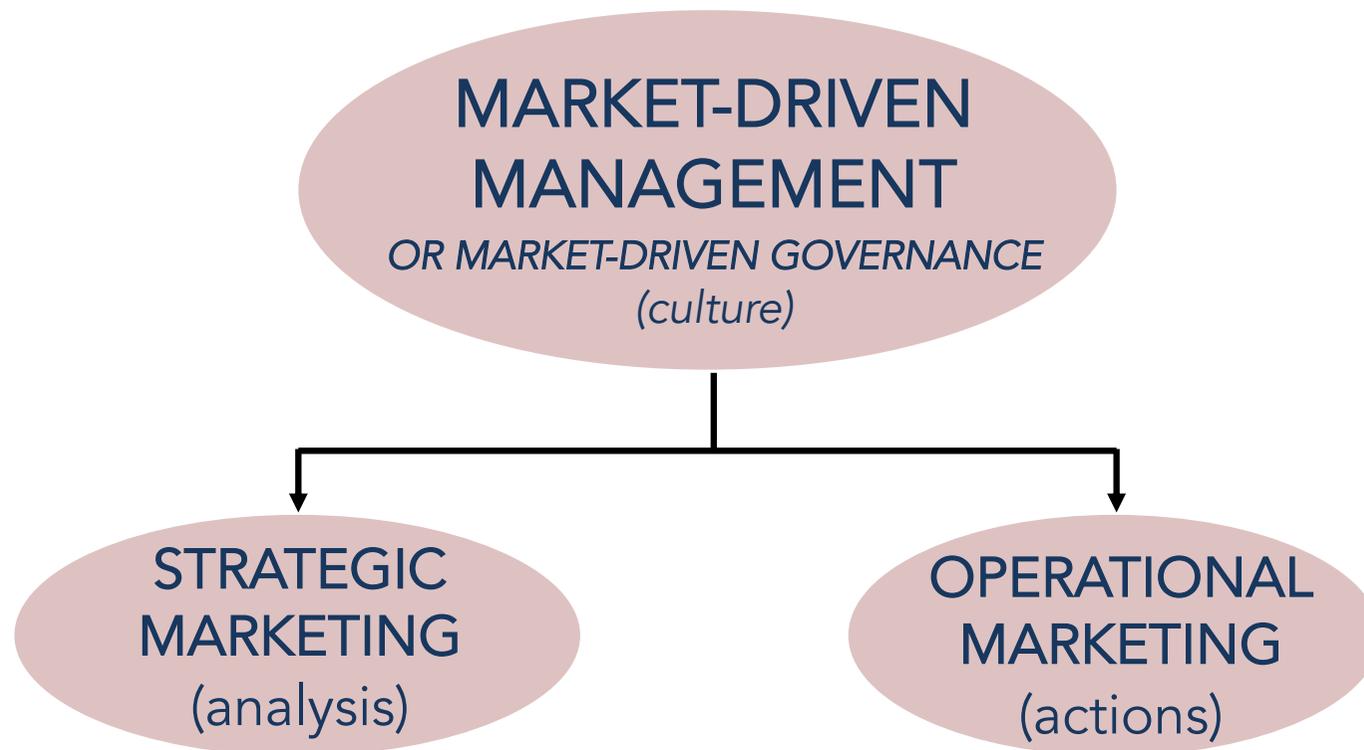
## *Definition*

**Marketing management is based on the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large\*.**

*\* Definition of American Marketing Association (2017)*

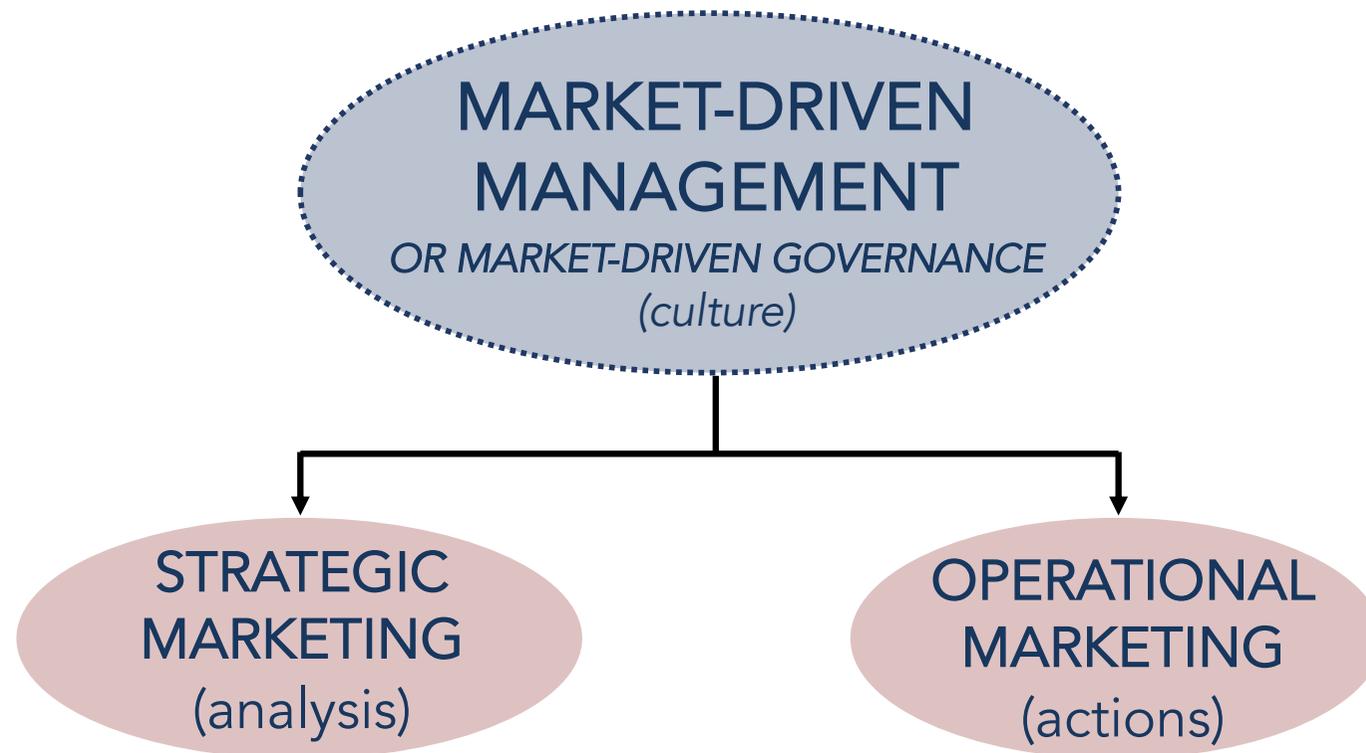
# THE MARKETING MANAGEMENT

*Market-driven management vs Strategic marketing vs Operational marketing*



# THE MARKETING MANAGEMENT

*Market-driven management vs Strategic marketing vs Operational marketing*



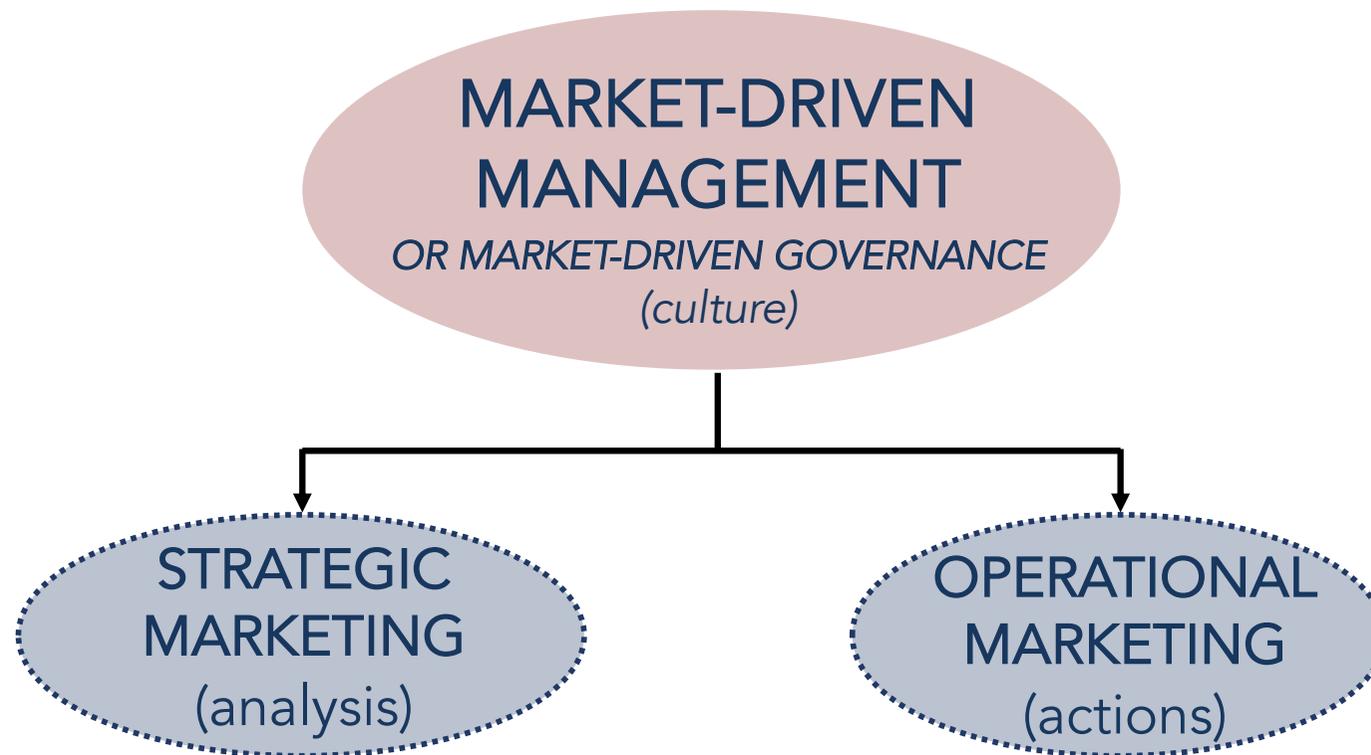
# THE MARKETING MANAGEMENT

## *Market-driven management*



# THE MARKETING MANAGEMENT

*Market-driven management vs Strategic marketing vs Operational marketing*



# THE MARKETING MANAGEMENT

## *Strategic marketing vs Operational marketing*



# THE MARKETING MANAGEMENT

*Strategic marketing vs Operational marketing\_The focus of the day n.2*



# THE MARKETING MANAGEMENT

## *Key questions & managerial tools*

- What is our business sector?  
*(define the boundaries of the competitive environment)*
- What is the diversity of needs in the reference market?  
*(macro and micro segmentation analysis)*
- How attractive are the segments that make up the reference market?  
*(attractiveness analysis)*
- What is the nature of our competitive advantage?  
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- What are the priority segments?  
*(target market coverage)*
- Which communication should be adopted in the target segment(s)?  
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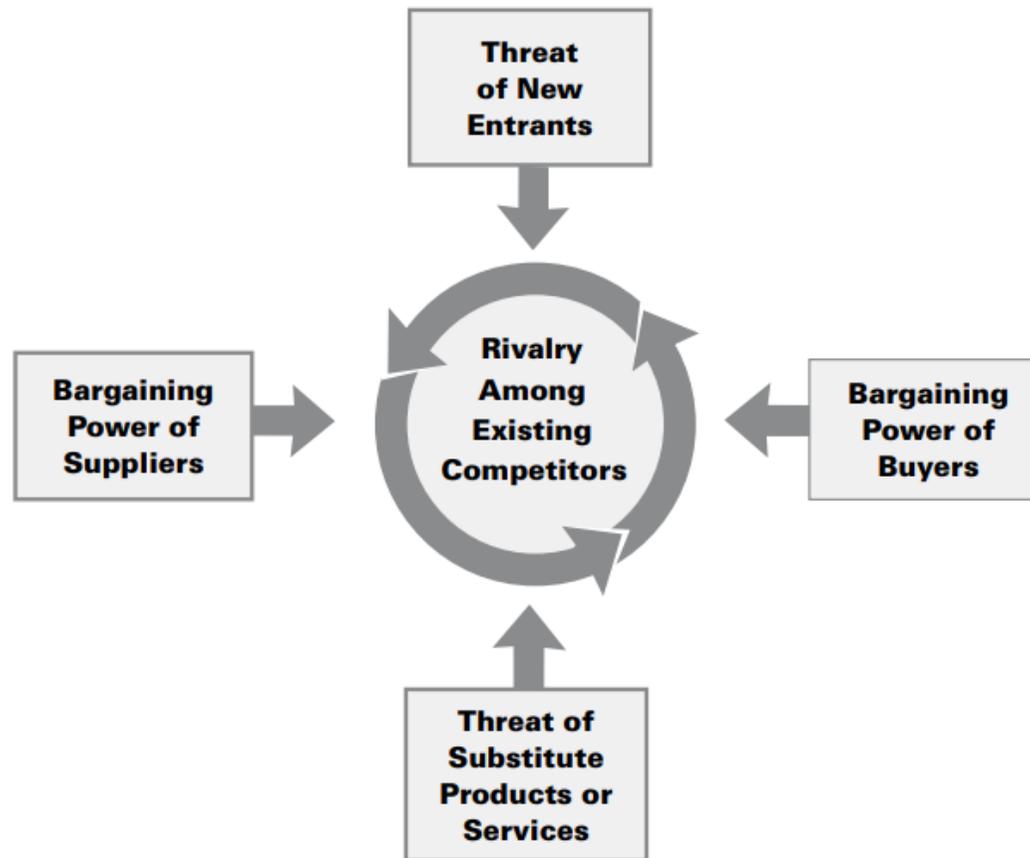
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# THE MARKETING MANAGEMENT

## 1. *The Five Forces Model*



# THE MARKETING MANAGEMENT

## 1.1 Consumer behaviour > The 6W Model

What???	→	<i>Purchase items</i>
Who???	→	<i>Subjects and roles</i>
When???	→	<i>Phases and occasions</i>
How???	→	<i>Operations and Involvement</i>
Where???	→	<i>«Place» and availability</i>
Why???	→	<i>Motivations to purchase</i>

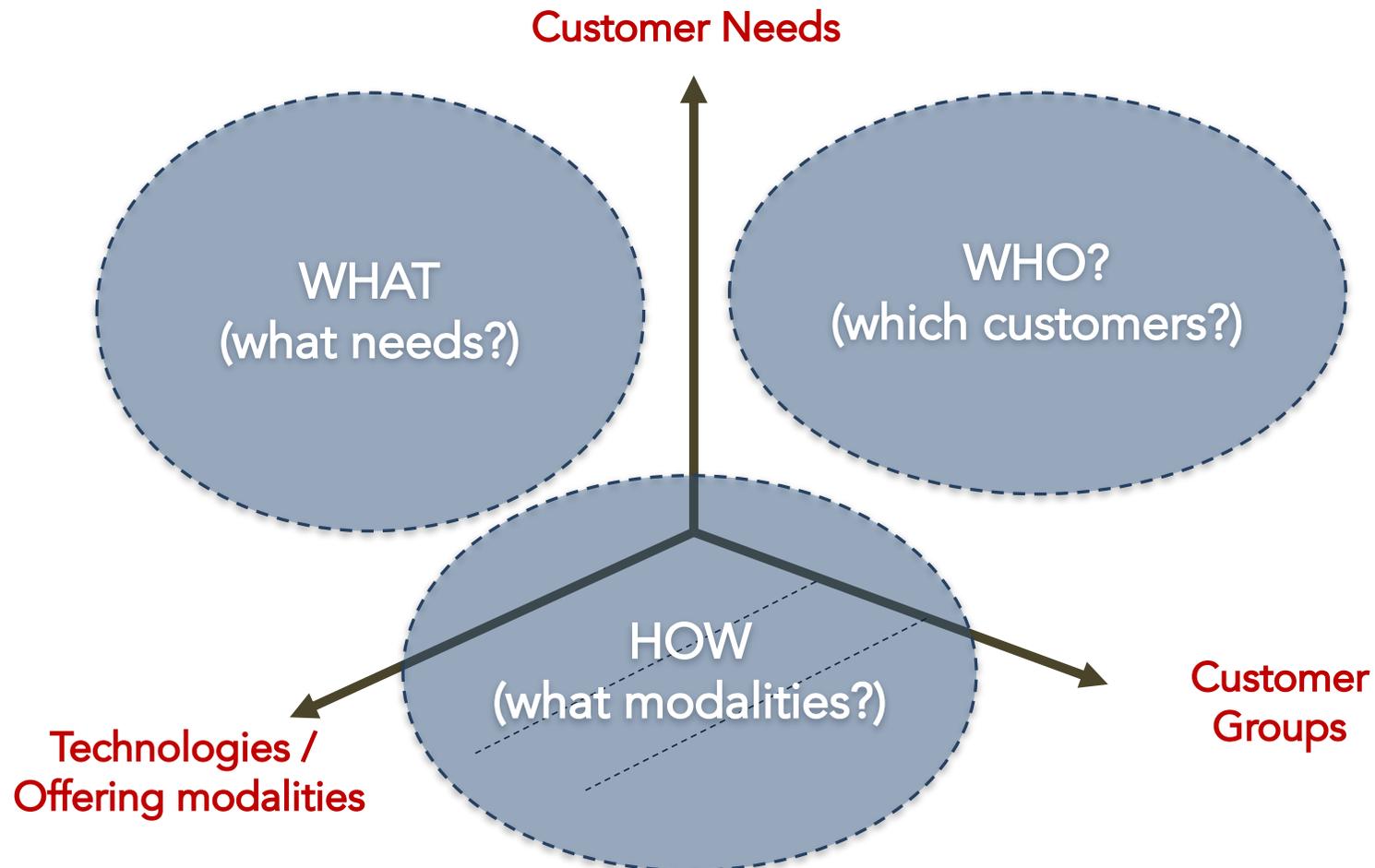
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# THE MARKETING MANAGEMENT

## 2. Defining the business (Abell's Model)



# THE MARKETING MANAGEMENT

## 2.1 *Micro-segmentation variables*

- Socio-demographic or descriptive segmentation;
- Segmentation based on benefits offered (*benefit segmentation*);
- Behavioral segmentation;
- Psychographic and lifestyles segmentation (*life style segmentation*).

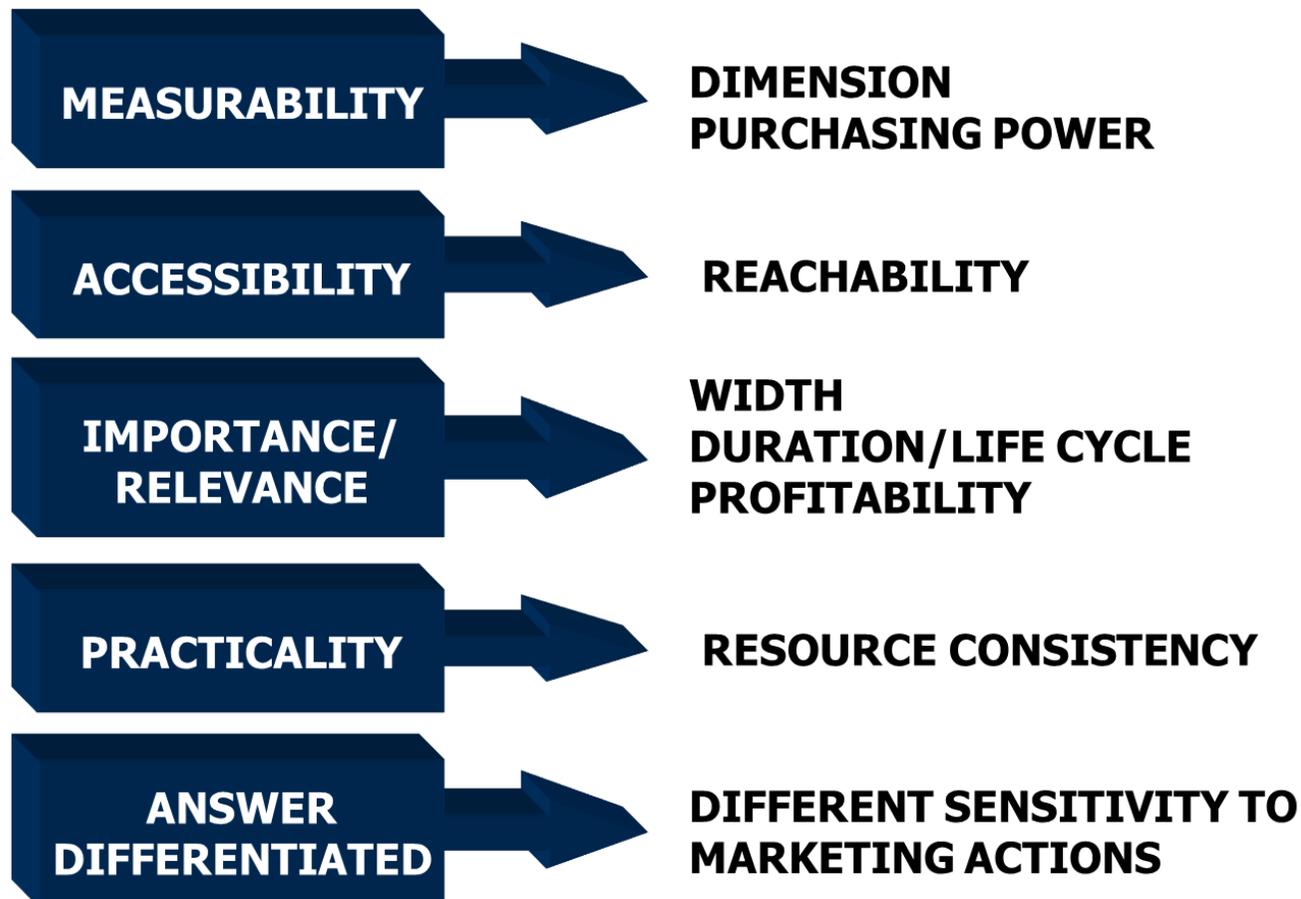
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# THE MARKETING MANAGEMENT

## 3. Criteria for assessing the market attractiveness



# THE MARKETING MANAGEMENT

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# THE MARKETING MANAGEMENT

## 4. The nature of competitive advantage

### COMPETITIVE ADVANTAGE

		<i>Differentiation</i>	<i>Costs-based</i>	<i>Differentiation and Costs based</i>
<b>MARKET</b>	<i>Wide</i>	Differentiation	Domain of cost	Differentiation and Cost Domain
	<i>Restricted</i>	Concentration with differentiation	Concentration with domain of cost	Market concentration with cost domination and differentiation

# THE MARKETING MANAGEMENT

## 4. The nature of competitive advantage

### COMPETITIVE ADVANTAGE



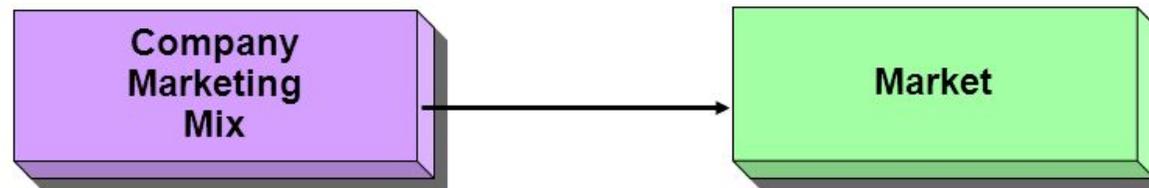
# THE MARKETING MANAGEMENT

## *Key questions & managerial tools*

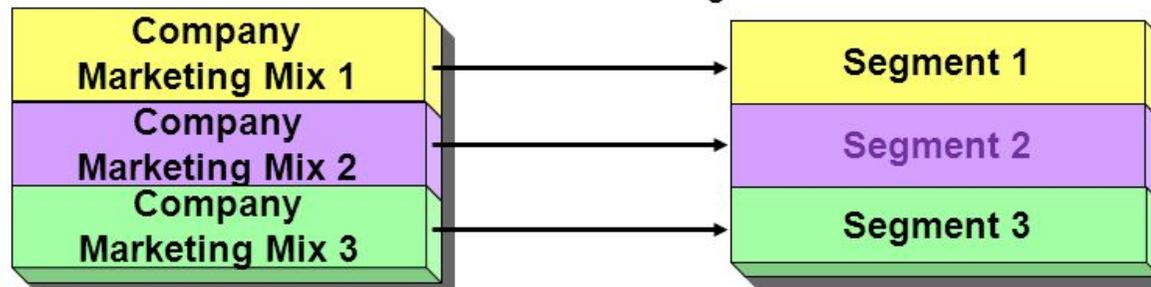
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# THE MARKETING MANAGEMENT

## 5. Market coverage



A. Undifferentiated Marketing



B. Differentiated Marketing



C. Concentrated Marketing

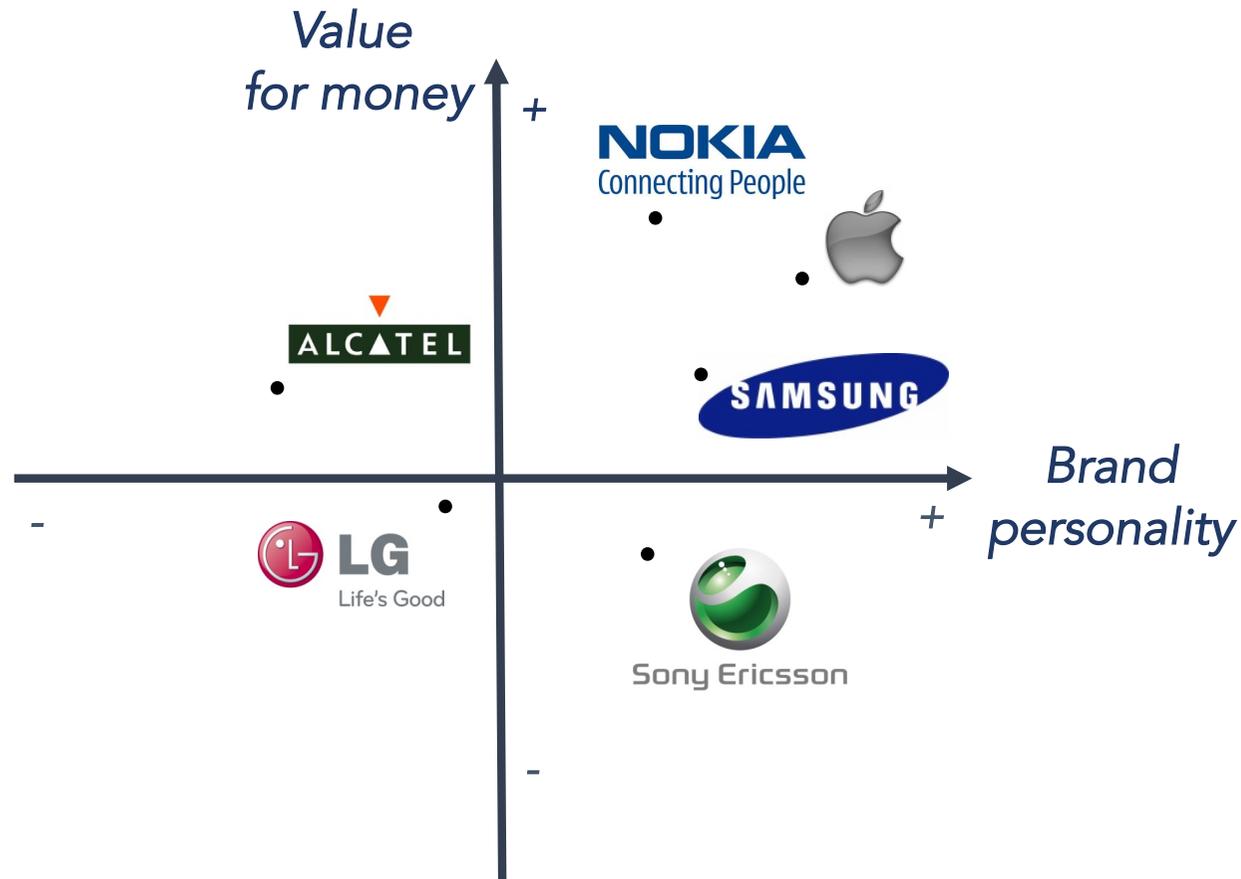
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# THE MARKETING MANAGEMENT

## 6. Competitive positioning > Perceptive map



# THE MARKETING MANAGEMENT

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*(marketing plan)*

# THE MARKETING MANAGEMENT

## *7. The 4P in marketing planning*

### 1P > PRODUCT

*A multi-attribute solution to customer problems, product lines and product portfolios*

### 2P > PRICING

*The monetary costs of purchase and not monetary, competition and characteristics demand*

### 3P > PLACEMENT

*Convenient access to the proposed solution: channel length and coverage*

### 4P > PROMOTION

*Signals sent to customers through the media about proposed solutions*



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**Grazie per averci seguito!!!**  
**Thanks for your attention!!!**

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## INTRO MARKETING MANAGEMENT.

### >>> FOCUS ON SEGMENTATION, TARGETING & POSITIONING

*Lesson 2.2 – Market segmentation*

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# MARKET SEGMENTATION, TARGETING AND POSITIONING

## *Target marketing*

**TO COMPETE MORE EFFECTIVELY, MANY COMPANIES ARE  
NOW EMBRACING TARGET MARKETING**

1. Identify and profile distinct groups of buyers who differ in their needs and wants (***market segmentation***).
2. Select one or more market segments to enter (***market targeting***).
3. For each target segment, establish, communicate, and deliver the right benefit(s) for the company's market offering (***market positioning***)

# MARKET SEGMENTATION

## Introduction

- It allows the **target market** to be divided into more homogeneous **micro-markets**.
- Allows you to **adapt your company's offering systems** to the **needs/expectations** of each target customer segment.
- Allows the implementation of marketing strategies from the perspective of the **variety/variability of market needs** (customer-driven management).
- Management process **to identify one or more priority target segments** on which to focus marketing efforts **to achieve a sustainable competitive position**.

# MARKET SEGMENTATION

## Macro-segmentation and Micro-segmentation

### MACRO-SEGMENTATION

Decomposition of the target market into product-markets (or business units) with three critical factors: needs-customers-technologies.

### MICRO-SEGMENTATION

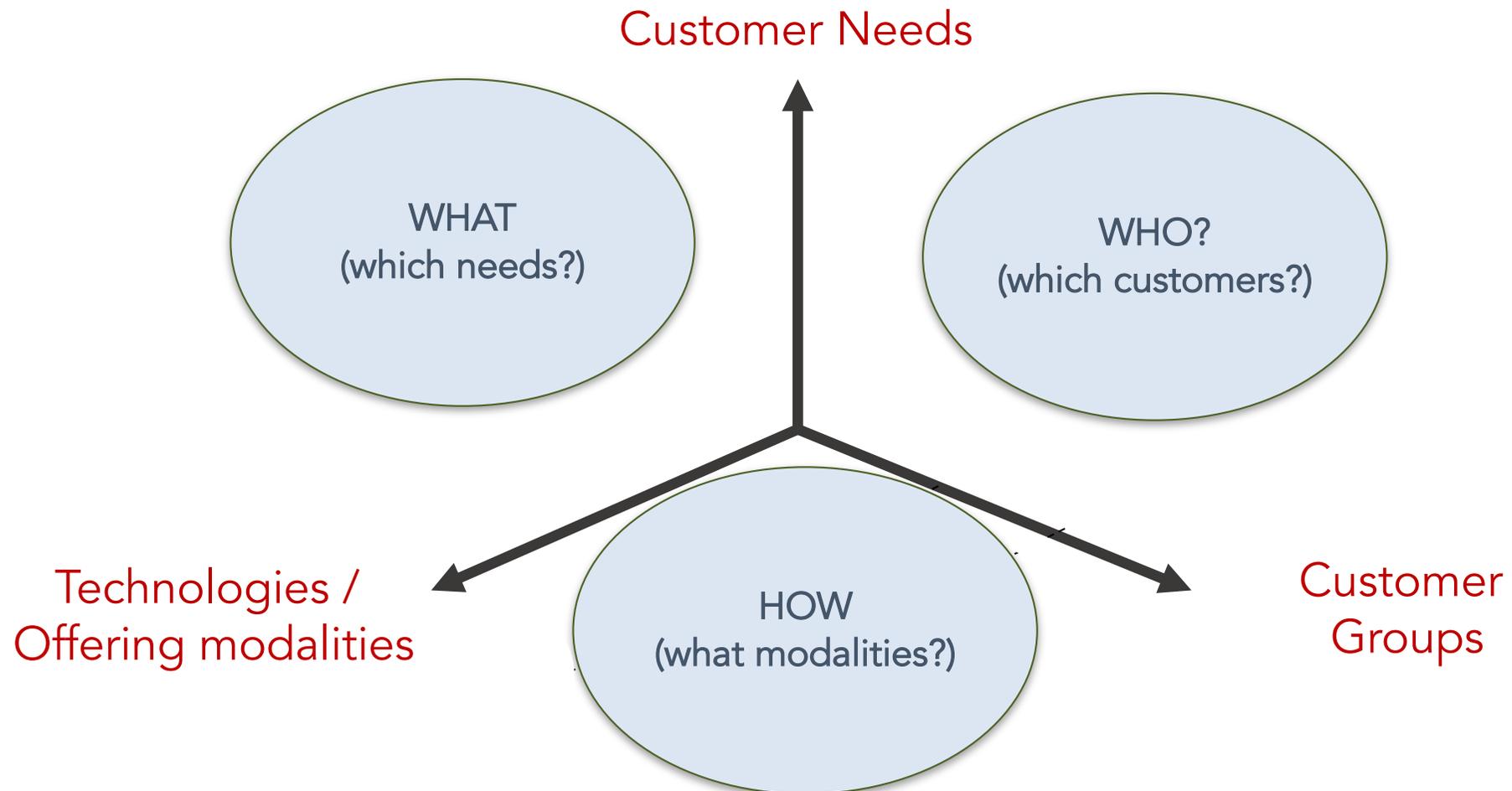
Product-market decomposition and analysis of the diversity of needs within the identified product-markets.

# MARKET SEGMENTATION AND DIFFERENTIATION

- **Differentiation is based on diversity of the supply-side (e.g. offering system),** at two levels:
  - ✓ *Between competitors for the same type of product;*
  - ✓ *Among products that the same manufacturer/company offers to different segments.*
- **Segmentation is based on the diversity of the demand-side (e.g. customer needs)** of the potential consumers that make up the market or segment.

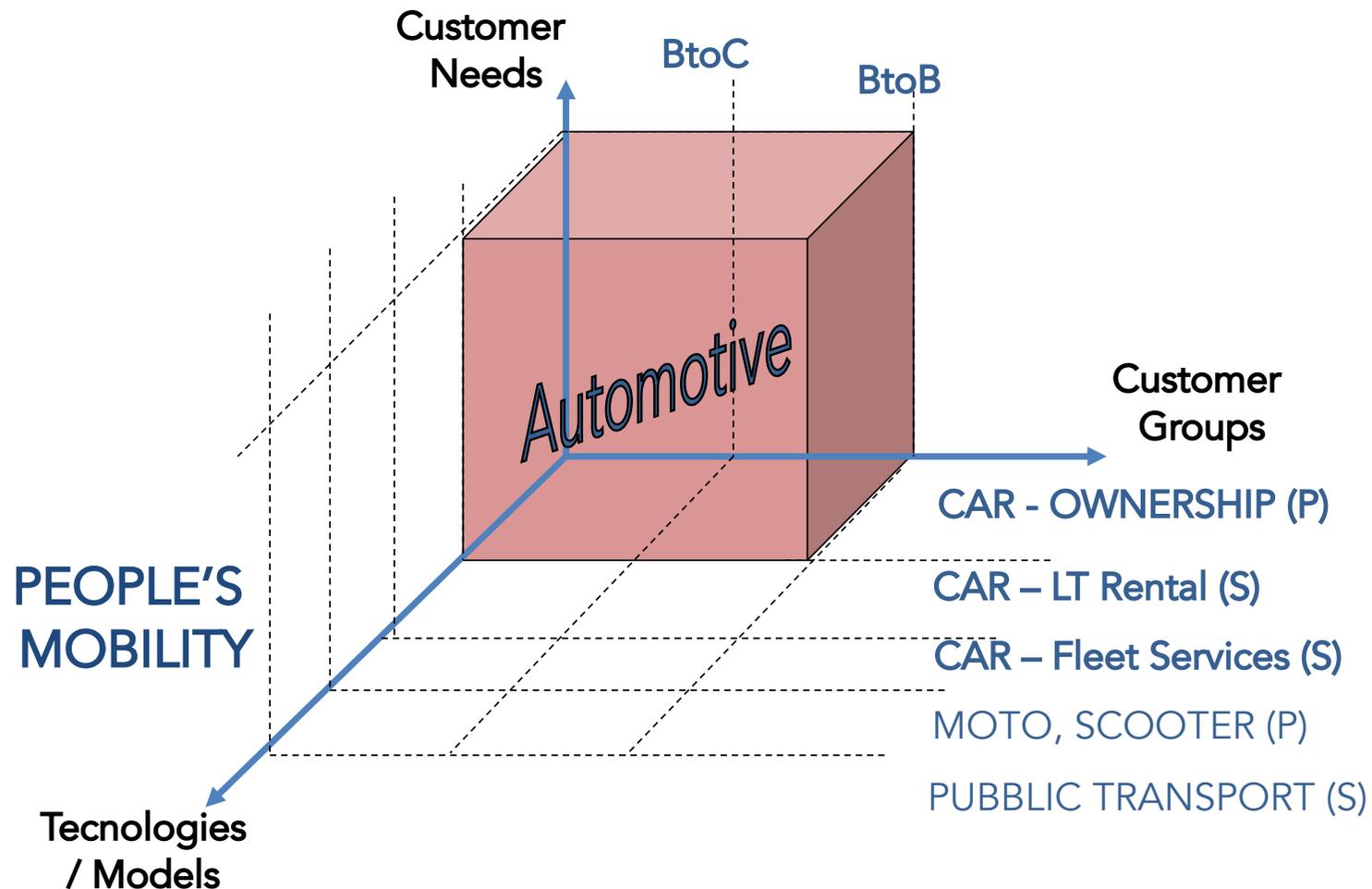
# MACRO-SEGMENTATION

Defining the business > Abell's Model



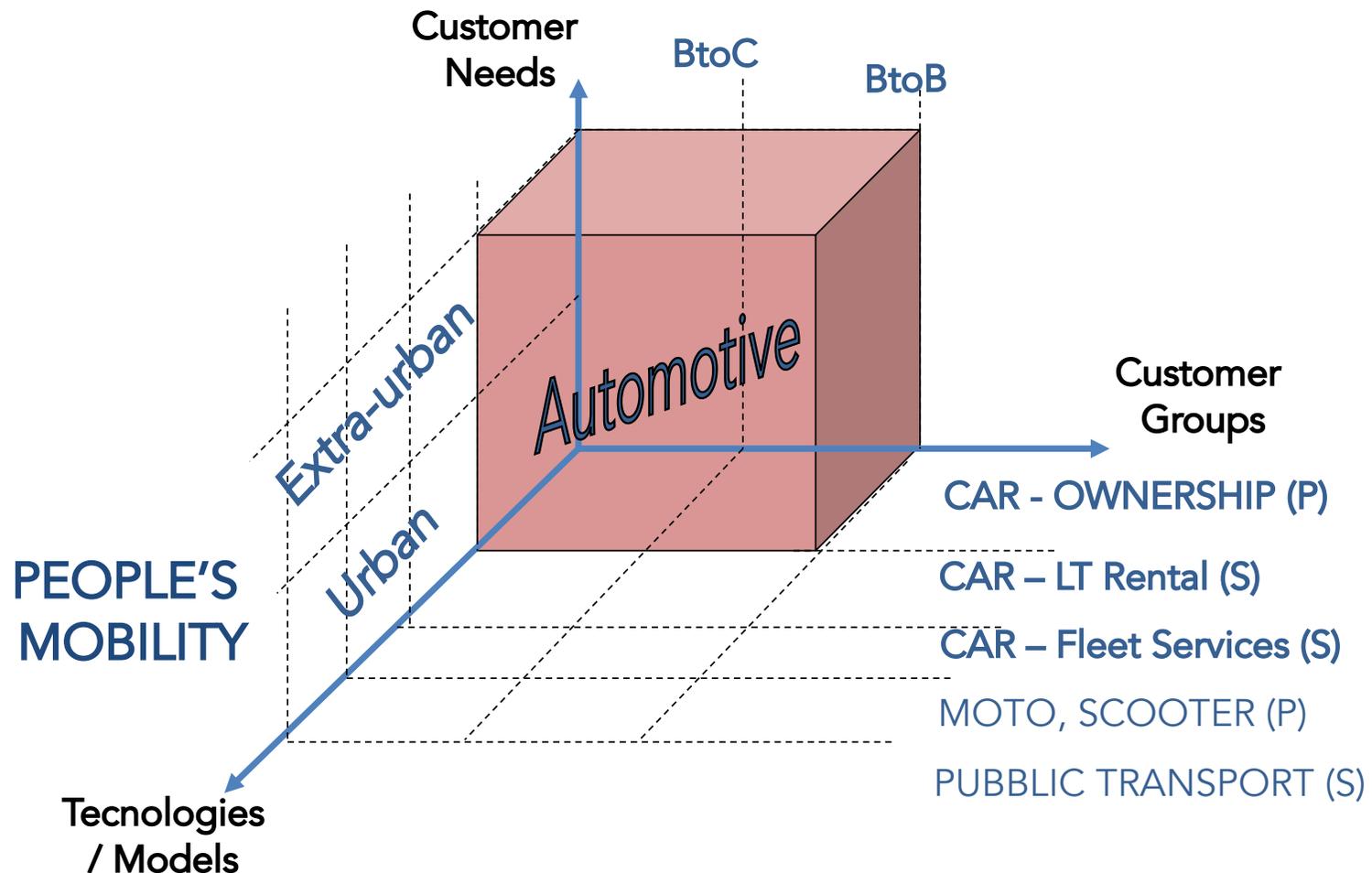
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Defining the business > Abell's Model > The case of automotive market



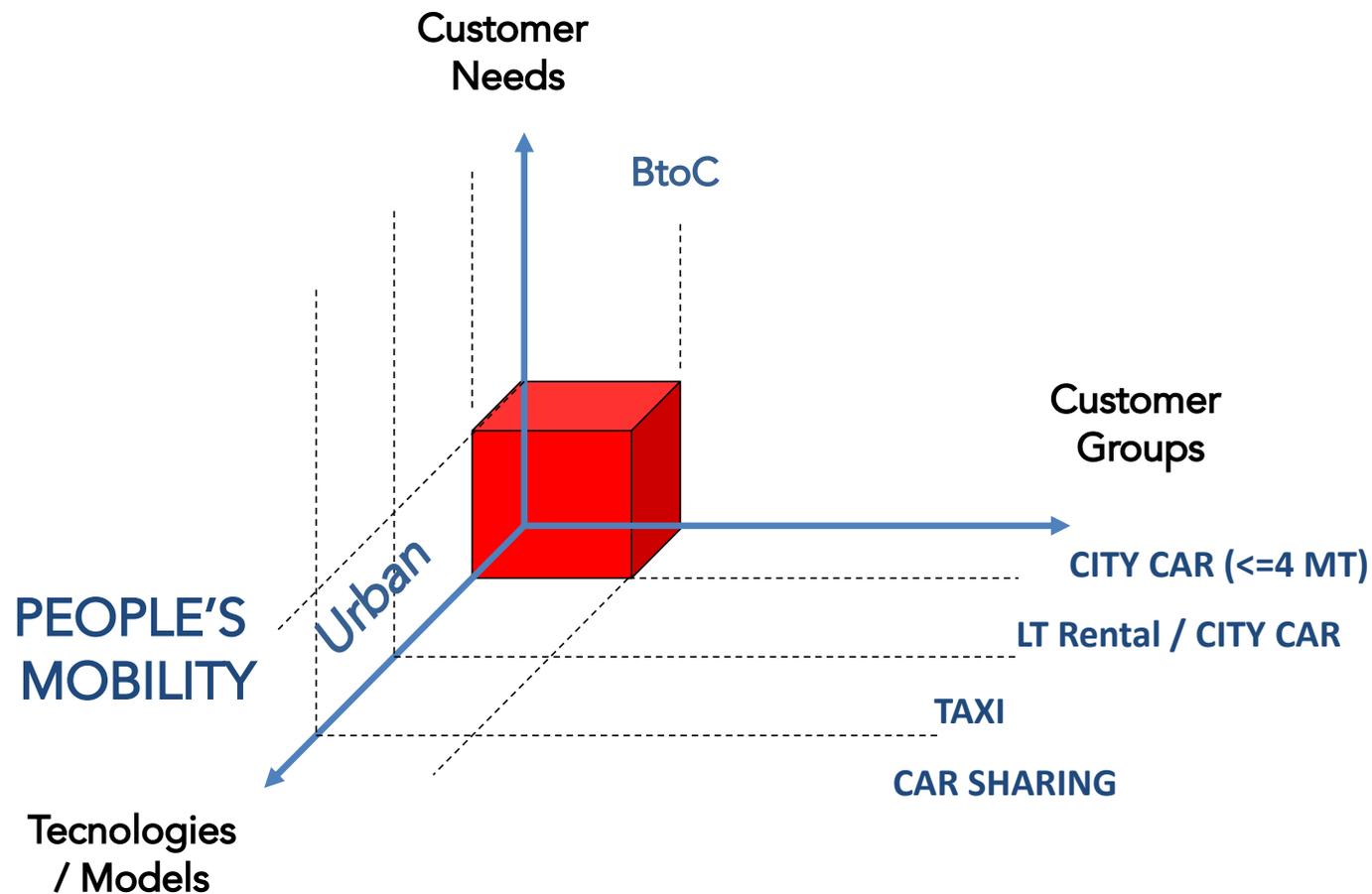
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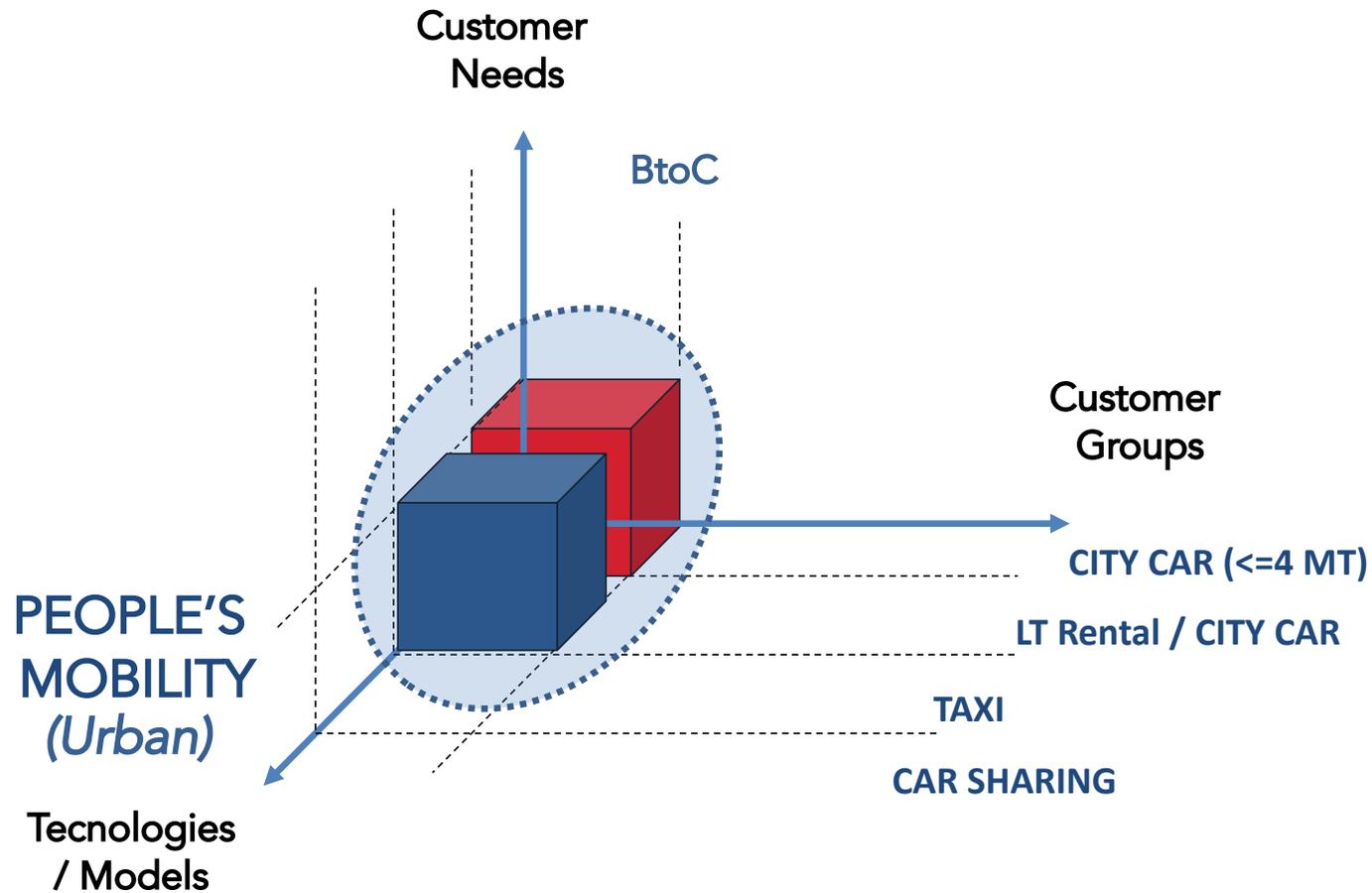
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Defining the business > Abell's Model > The case of automotive market (SBA)



# MACRO-SEGMENTATION

Defining the business > Abell's Model > The case of automotive market (SBA)





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## INTRO MARKETING MANAGEMENT.

### >>> FOCUS ON SEGMENTATION, TARGETING & POSITIONING

*Lesson 2.2.1 – Market segmentation > Micro-segmentation*

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# MARKET MICRO-SEGMENTATION

## *Methodologies*

**SOCIO-DEMOGRAPHIC OR DESCRIPTIVE SEGMENTATION.**  
(age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality)

**SEGMENTATION BASED ON THE EXPECTED BENEFITS.**  
(market clustering that is done based on the perceived value or benefits to the end customer)

**BEHAVIORAL SEGMENTATION.**  
(knowledge of, attitude toward, use of / no user, or response to a product)

**SOCIO-CULTURAL SEGMENTATION OR LIFESTYLE SEGMENTATION.**  
(psychological/personality traits, lifestyle, or values)

# MARKET MICRO-SEGMENTATION

## 1. *Socio-demographic segmentation*

- **PRESUMPTION**

It is from the diversity of socio-demographic profiles that springs the diversity of benefits consumers seek in the product.

- **SEGMENTATION VARIABLES**

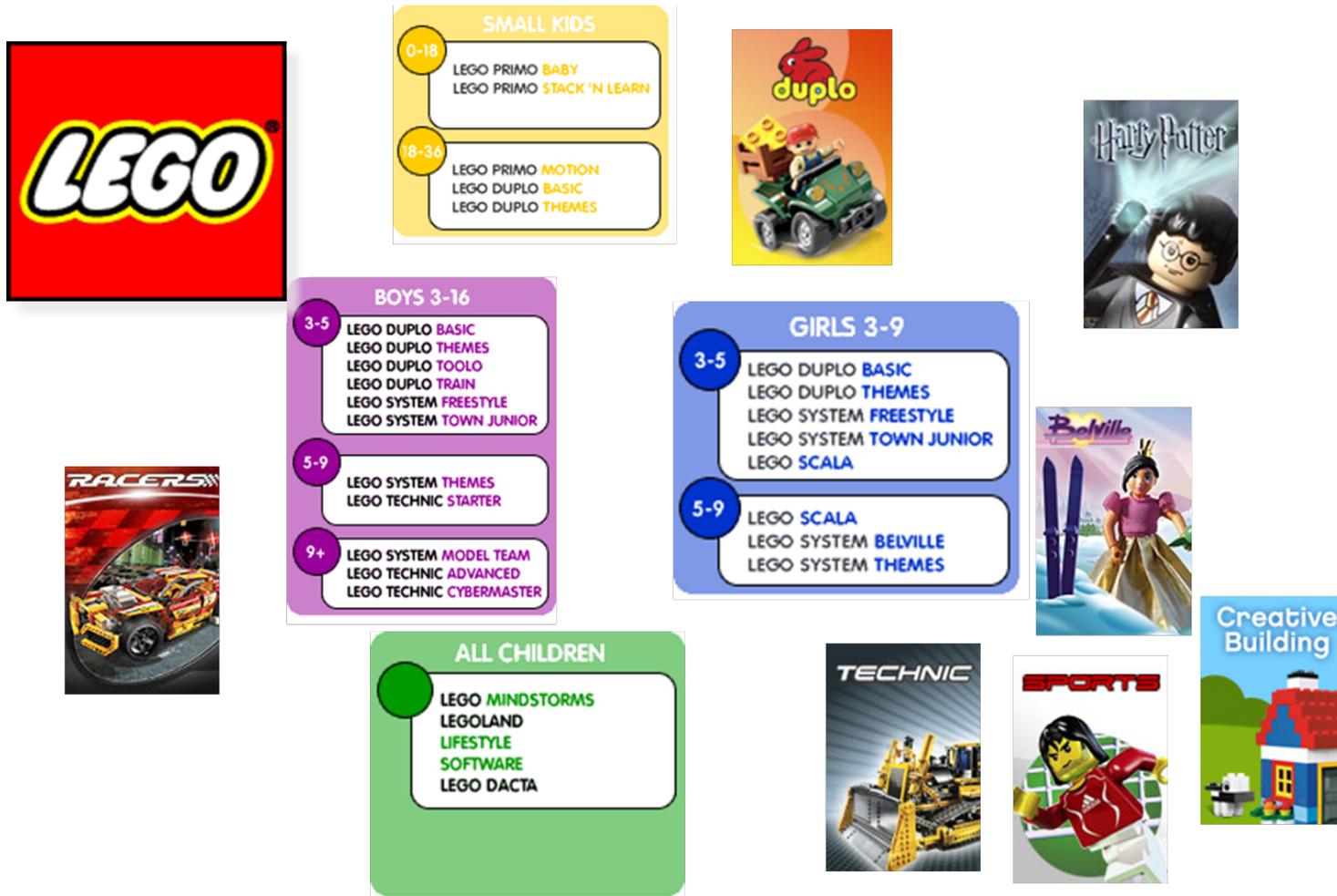
The most commonly used variables are geographic location, gender, age, income and socio-professional classes.

- **ADVANTAGES OF THE METHOD**

Most widely used practice due to ease of measurement and direct access to information.

# MARKET MICRO-SEGMENTATION

## 1. Socio-demographic segmentation - Example



# EXAMPLES OF NEW SOCIO-DEMOGRAPHIC SEGMENTS

- **SOCIO-DEMOGRAPHIC CHANGES**
  - reduction in birth rate;
  - increase in life expectancy;
  - increase in the number of working women;
  - advancing age of marriage;
  - increase in the number of divorces;
  - increase in the number of single-parent households.
- **NEW SOCIO-DEMOGRAPHIC SEGMENTS**
  - The senior segment;
  - The segment of single-parent households;

# MARKET MICRO-SEGMENTATION

## *2. Segmentation based on expected benefits*

- **PRESUMPTION**

The value or advantage expected in a product is the explanatory factor to be identified. *Two customer groups with identical socio-demographic profiles may have even very different value systems.*

- **SEGMENTATION VARIABLES**

The model is the "basket of attributes" model.

- **ADVANTAGES OF THE METHOD**

*This type of segmentation focuses on the differences between buyers' value systems.*

# MARKET MICRO-SEGMENTATION

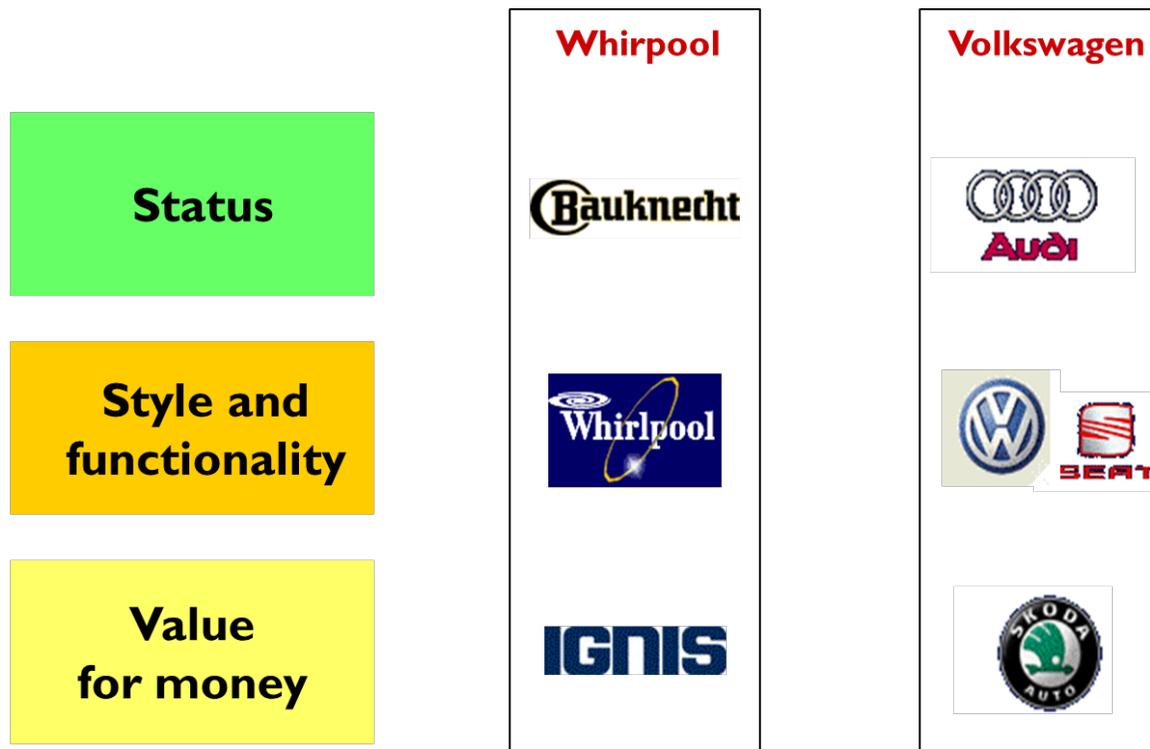
## 2. Segmentation based on expected benefits

The screenshot shows the L'Oréal Paris website navigation menu. The 'HAIR CARE' menu item is highlighted with a red dashed box. Below the navigation bar, there are two buttons: 'PRODUCTS' (highlighted) and 'TIPS & TRENDS'. The main content area is divided into several columns:

- Hair Care**
  - Shampoo
  - Conditioner
  - Rinse Out Treatments
  - Leave In Treatments
  - In-Between Washes
  - ALL HAIR CARE PRODUCTS**
- Hair Concerns** (highlighted with a red dashed box)
  - Coloured Hair
  - Long Hair
  - Dry Hair
  - Fragile Hair
  - Fine Hair
  - Damaged Hair
  - Kids Hair
  - Mens Hair
- Hair Style**
  - Hair Spray
  - Mens Styling
- Style Concerns**
  - Flexible Hold
  - Normal Hold
  - Strong Hold
  - Flat Hair
  - Frizzy Hair
  - Unfragranced
- Services**
  - Hair Care
  - Diagnostic
  - Discover More**
    - Because Our Planet Is Worth It
  - Our Hair Brands**
    - Elvive
    - L'Oréal Kids
    - Botanicals Fresh
    - Care
    - Elnett
    - Stylista
    - Men Expert

# MARKET MICRO-SEGMENTATION

## 2. Segmentation based on expected benefits\_example



# MARKET MICRO-SEGMENTATION

## 2. Segmentation based on expected benefits\_example



# MARKET MICRO-SEGMENTATION

## 3. *Socio-cultural or Lifestyle segmentation*

- **PRESUMPTION**

Individuals who are very different in socioeconomic terms may have very similar behaviors and, conversely, similar individuals may have very different behaviors.

- **SEGMENTATION VARIABLES**

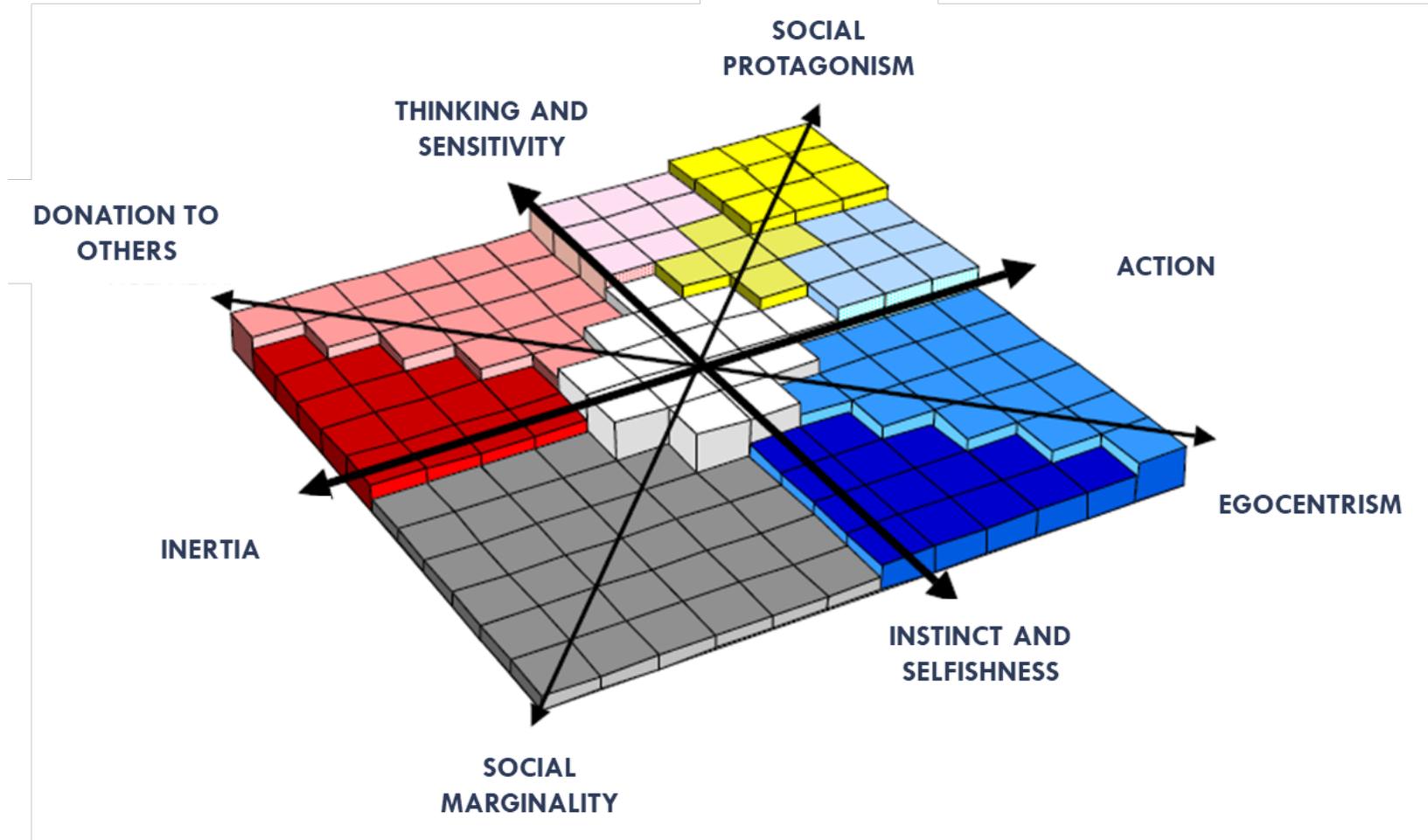
Information about values, activities, interests and opinions.

- **ADVANTAGES OF THE METHOD**

Provide a more human picture of buyers, including information about values, activities, interests, and opinions.

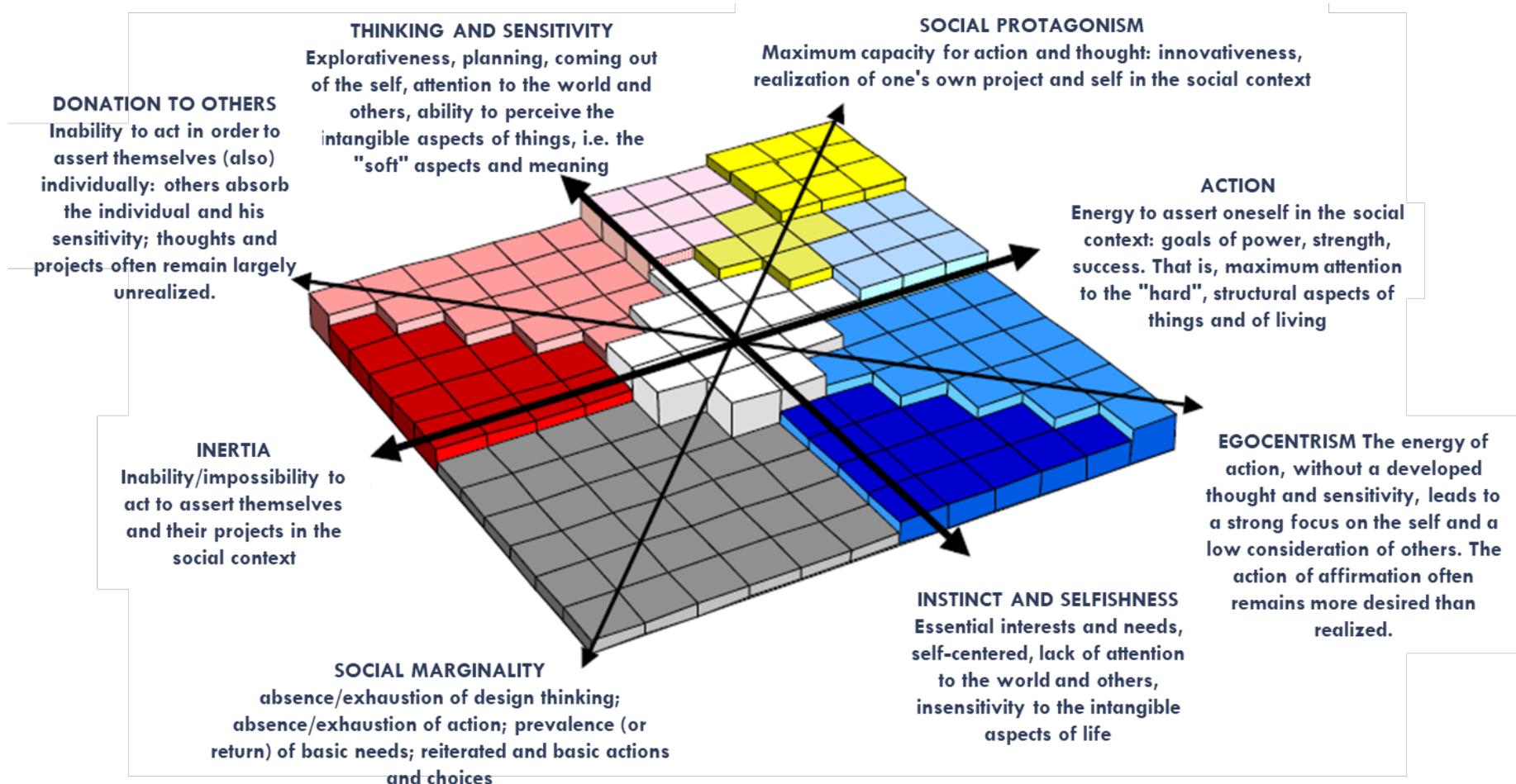
# MARKET SEGMENTATION

## 3. Lifestyles segmentation \_ Modello Sinottica (Italy)



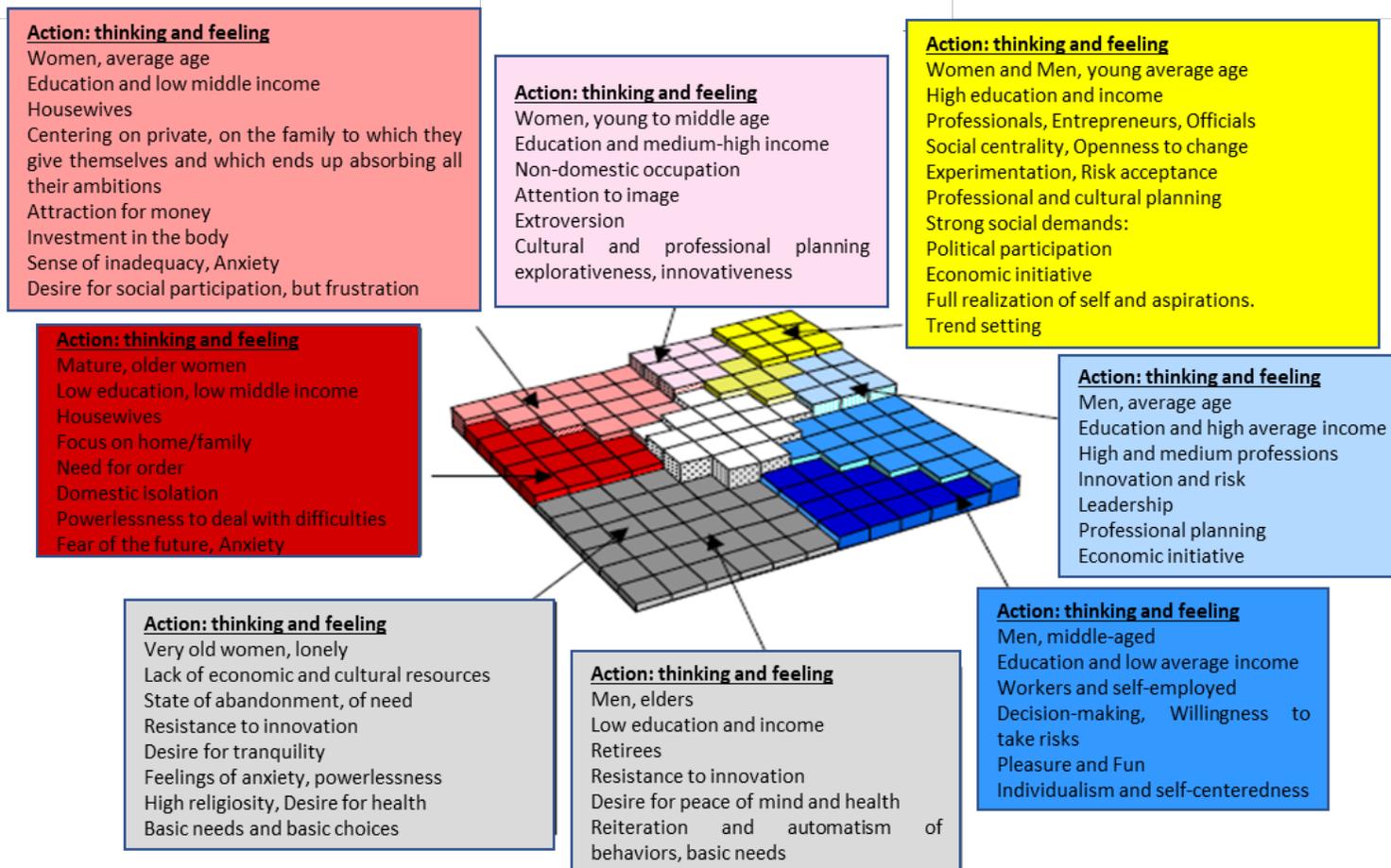
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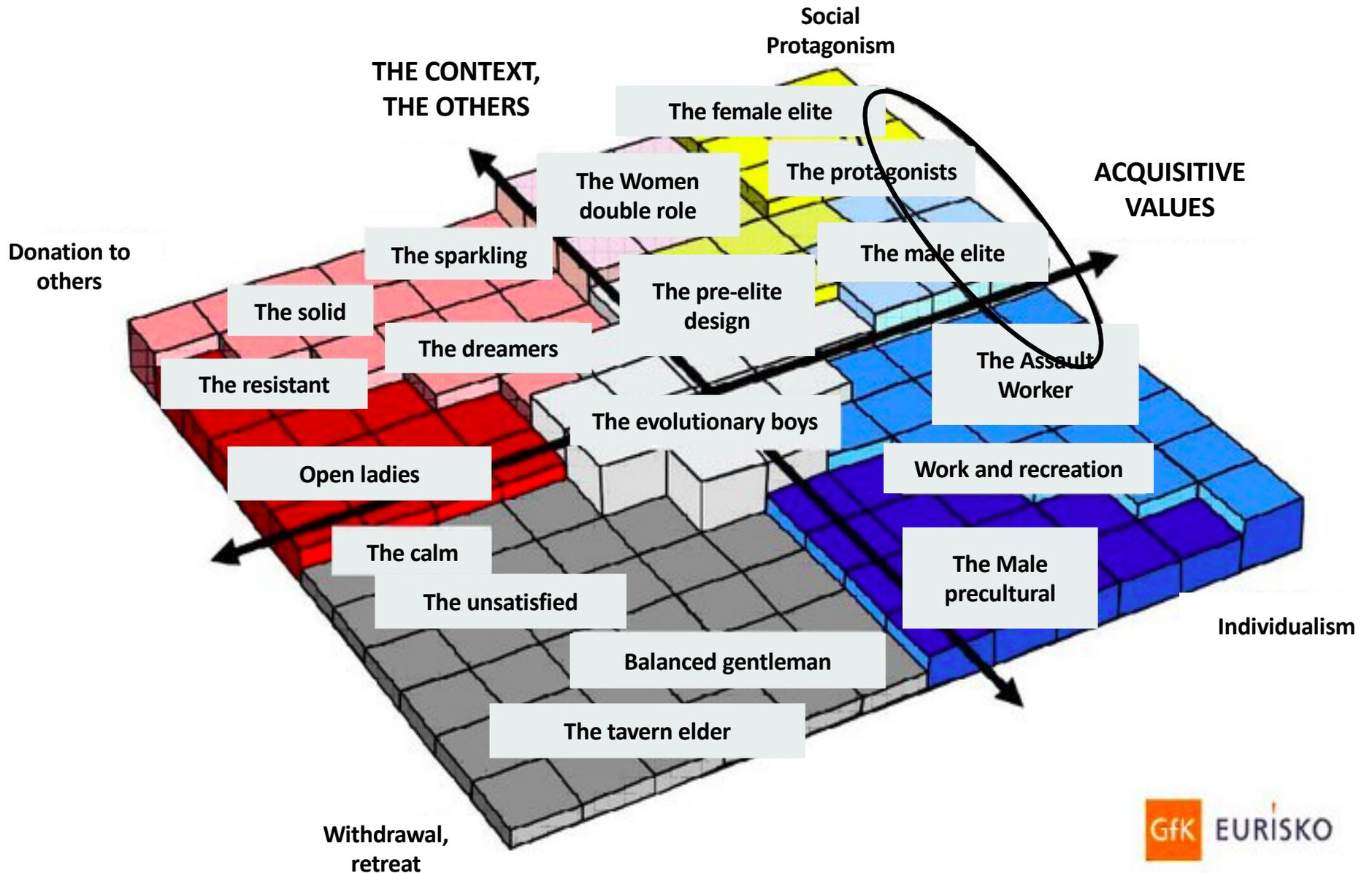
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# MARKET SEGMENTATION

## 3. Lifestyles segmentation \_ Modello Sinottica (Italy)





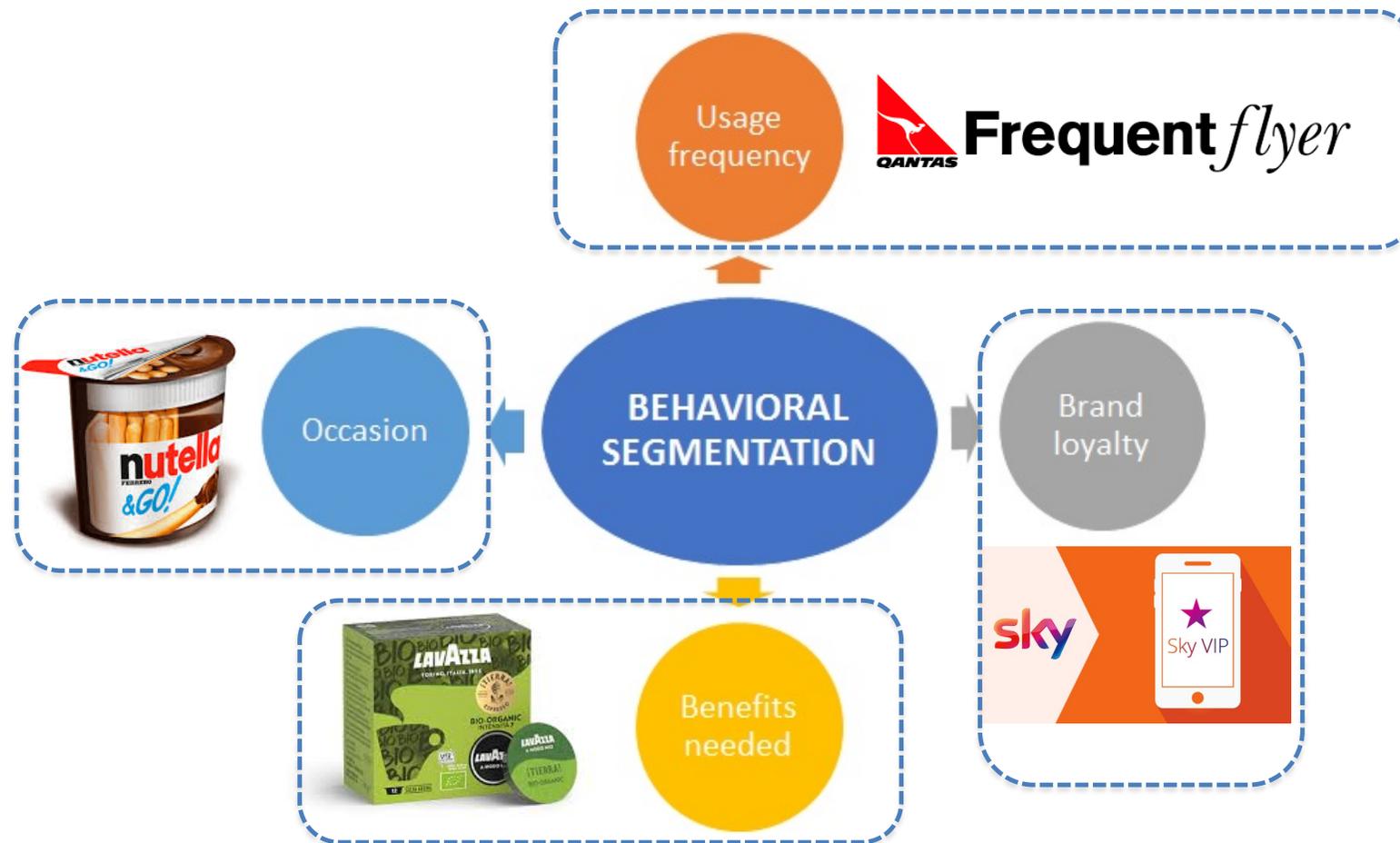
# MARKET MICRO-SEGMENTATION

## *4. Behavioral segmentation*

- It is a **descriptive, ex-post** segmentation method.
- Customers are grouped into segments based on their **current buying behavior** in the market.
- The information used comes from the company's **internal information system**.
- **Customer Relationship Management (CRM)** is an out-growth of behavioral segmentation.

# MARKET MICRO-SEGMENTATION

## 4. Behavioral segmentation\_examples





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## INTRO MARKETING MANAGEMENT.

### >>> FOCUS ON SEGMENTATION, TARGETING & POSITIONING

*Lesson 2.3 – Market targeting*

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# MARKET SEGMENTATION, TARGETING AND POSITIONING

*Target marketing*

**TO COMPETE MORE EFFECTIVELY, MANY COMPANIES ARE  
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# IDENTIFYING MARKET SEGMENTS AND TARGETS

*Segment attractiveness analysis > Targeting*



# IDENTIFYING MARKET SEGMENTS AND TARGETS

## *Segmentation Criteria*

### MARKET SEGMENTS MUST RATE FAVORABLY ON FIVE KEY CRITERIA:

1. **Measurable**: The size, purchasing power, and characteristics of the segments can be measured.
2. **Substantial**: The segments are large and profitable enough to serve. A segment should be the largest possible homogeneous group worth going after with a tailored marketing program.
3. **Accessible**: The segments can be effectively reached and served.
4. **Differentiable**: The segments are conceptually distinguishable and respond differently to different marketing mix elements and programs.
5. **Actionable**: Effective programs can be formulated for attracting and serving the segments

# IDENTIFYING MARKET SEGMENTS AND TARGETS

## *Evaluating and Selecting the Market Segments*

The firm must look at two factors:

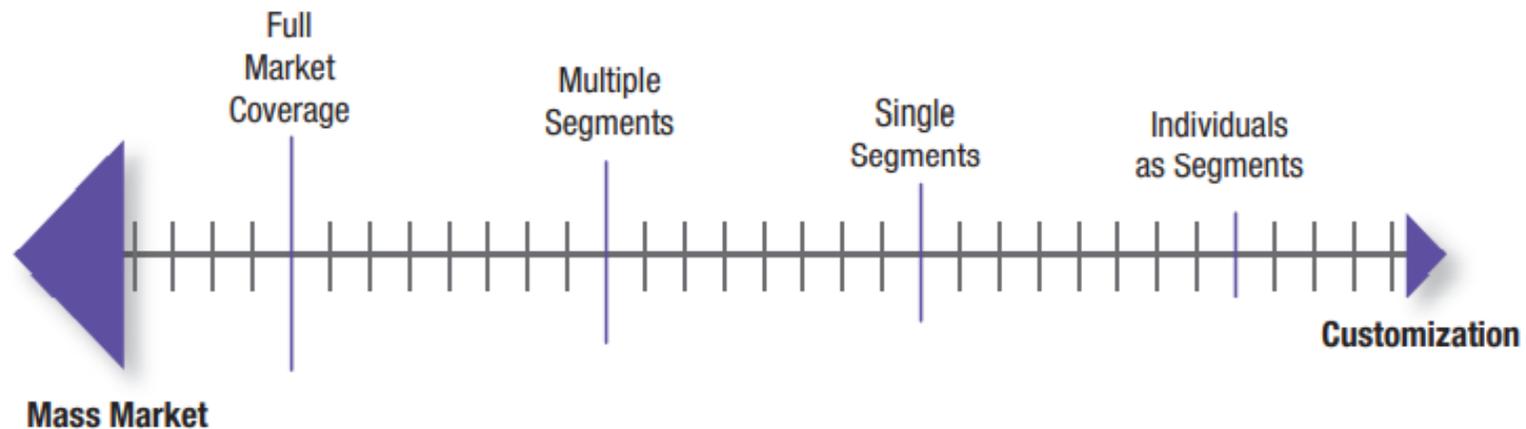
- the segment's overall attractiveness
- the company's objectives and resources

**Marketers have a range or continuum of possible levels of segmentation that can guide their target market decisions:**

- **Full Market Coverage:** With full market coverage, a firm attempts to serve all customer groups with all the products they might need.
- **Multiple Segment:** Specialization With selective specialization, a firm selects a subset of all the possible segments, each objectively attractive and appropriate
- **Single-Segment:** Concentration With single-segment concentration, the firm markets to only one particular segment.
- **Individual Marketing:** The ultimate level of segmentation leads to “segments of one”, “customized marketing,” or “one-to-one marketing.”

# IDENTIFYING MARKET SEGMENTS AND TARGETS

*Possible levels of segmentation*

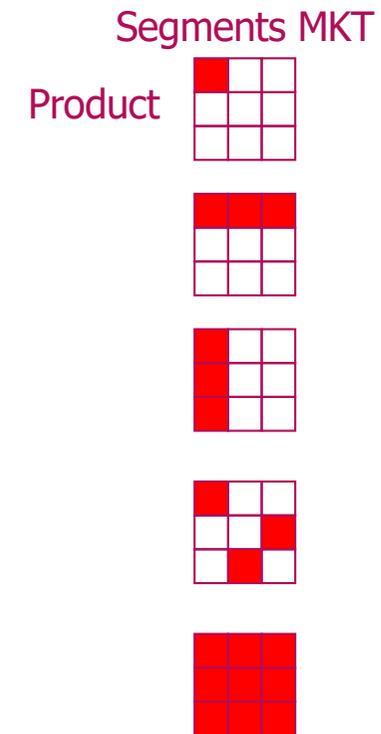


# THE SELECTION OF MARKET SEGMENTS

*Targeting > The case of travel agencies*

THE MARKET COVERAGE STRATEGY IS EQUIVALENT TO CHOOSING AMONG ALL POSSIBLE PRODUCT/MARKET COMBINATIONS:

- *Concentration on one segment*
- *Product specialization*
- *Market specialization*
- *Selective specialization*
- *Total market coverage*



# THE SELECTION OF MARKET SEGMENTS

*The case of travel agencies*



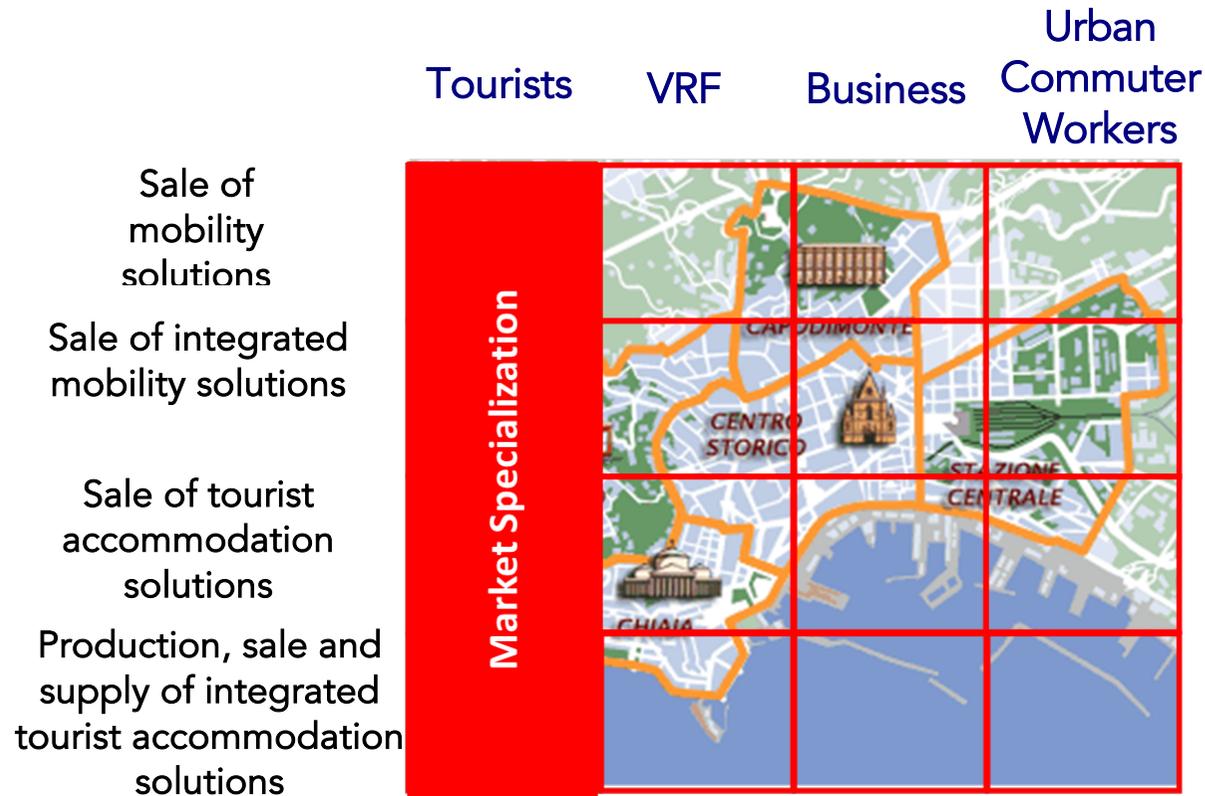
# THE SELECTION OF MARKET SEGMENTS

*The case of travel agencies*



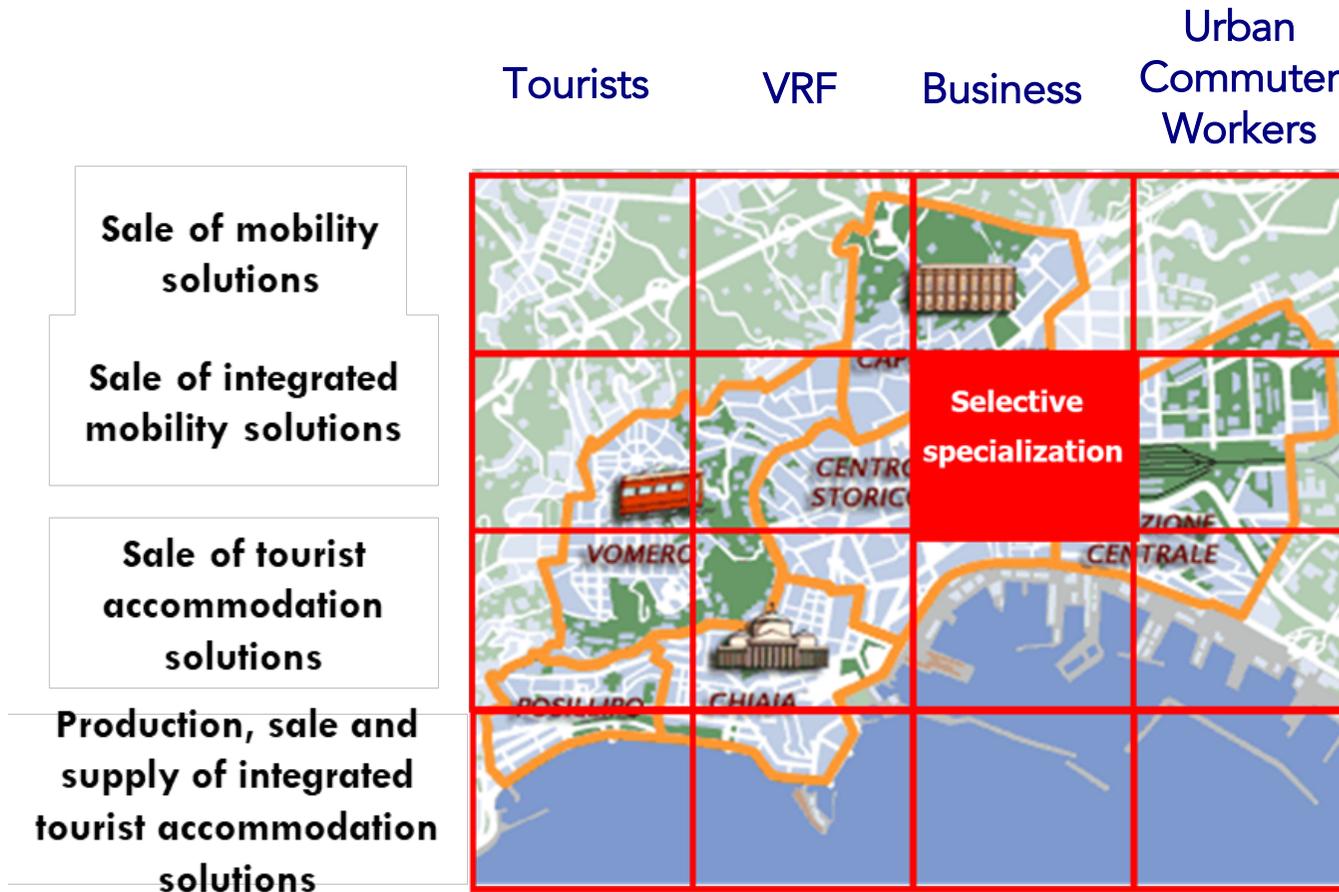
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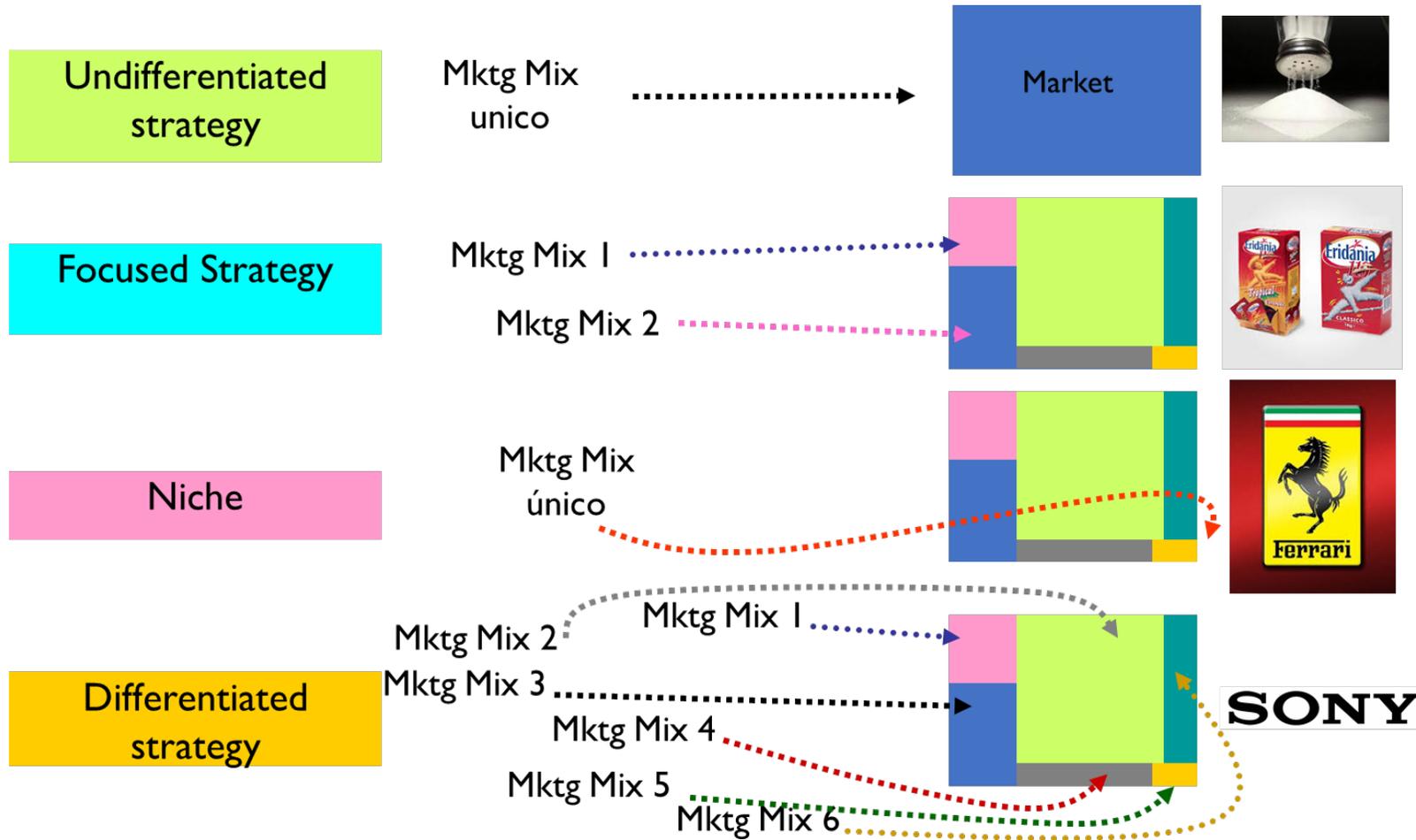
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# MARKET SEGMENT SELECTION

## Targeting – Other examples





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MEIM\_2021-22

**Grazie per averci seguito!!!**  
**Thanks for your attention!!!**

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## INTRO MARKETING MANAGEMENT.

### >>> FOCUS ON SEGMENTATION, TARGETING & POSITIONING

*Lesson 2.4 – Competitive Positioning*

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# MARKET SEGMENTATION, TARGETING AND POSITIONING

*Competitive positioning*

**TO COMPETE MORE EFFECTIVELY, MANY COMPANIES ARE  
NOW EMBRACING TARGET MARKETING**

1. Identify and profile distinct groups of buyers who differ in their needs and wants (*market segmentation*).
2. Select one or more market segments to enter (*market targeting*).
3. For each target segment, establish, communicate, and deliver the right benefit(s) for the company's market offering (***market positioning***)

# COMPETITIVE POSITIONING

## *Understanding Positioning and Value Propositions*

POSITIONING IS THE ACT OF DESIGNING A COMPANY'S OFFERING AND IMAGE TO OCCUPY A DISTINCTIVE PLACE IN THE MINDS OF THE TARGET MARKET

- ✓ The goal is to **locate the brand in the minds of consumers** to maximize the potential benefit to the firm.
- ✓ A **good brand positioning helps guide marketing strategy by clarifying the brand's essence**, identifying the goals it helps the consumer achieve, and showing how it does so in a unique way
- ✓ One result of positioning is the successful creation of a **customer-focused value proposition**, a cogent reason why the target market should buy a product or service

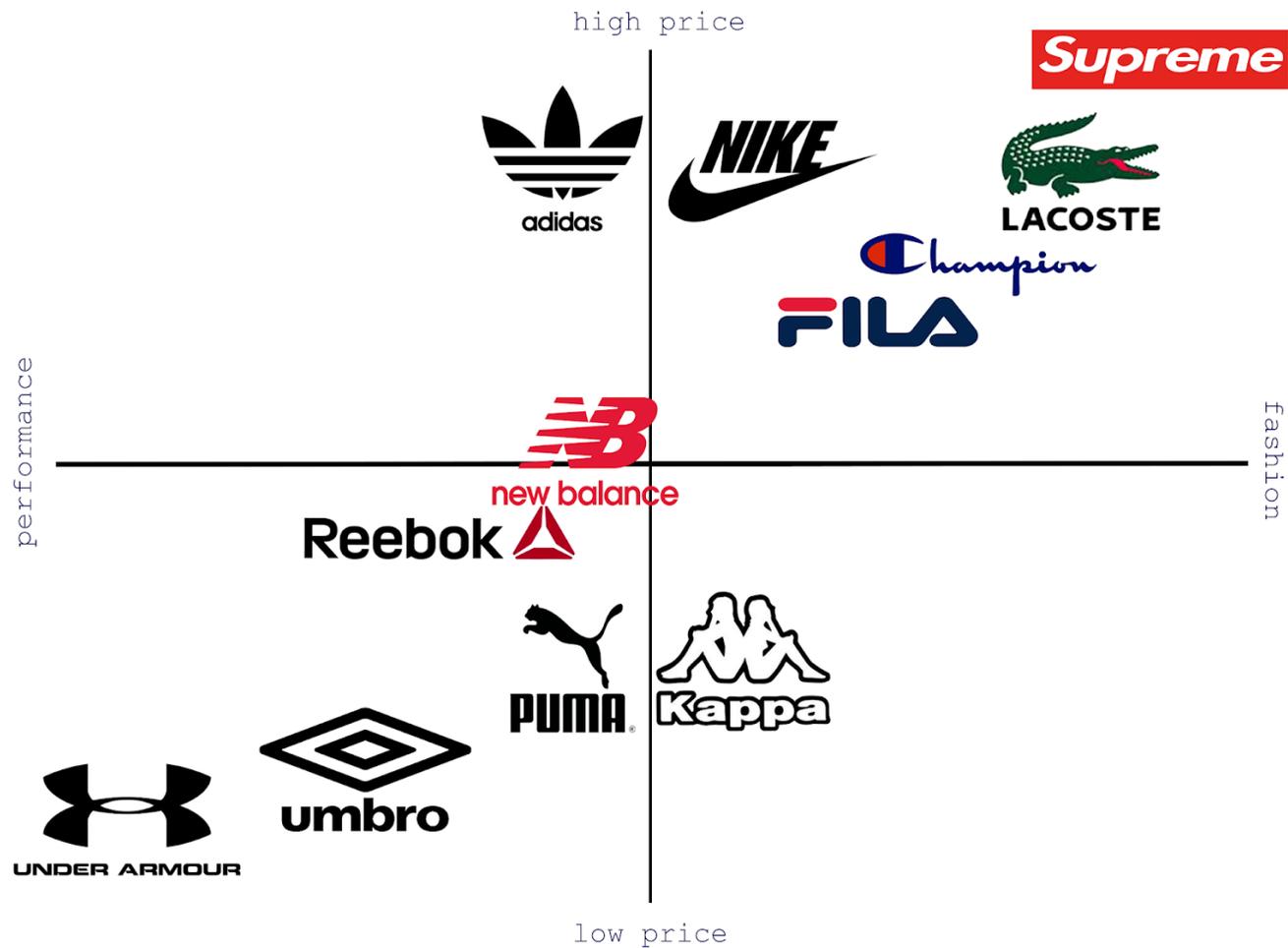
# COMPETITIVE POSITIONING

## *Examples of Value Propositions*

<b>Company and Product</b>	<b>Target Customers</b>	<b>Value Proposition</b>
Hertz (car rental)	Busy professionals	Fast, convenient way to rent the right type of a car at an airport
Volvo (station wagon)	Safety-conscious upscale families	The safest, most durable wagon in which your family can ride
Domino's (pizza)	Convenience-minded pizza lovers	A delicious hot pizza, delivered promptly to your door

# COMPETITIVE & BRAND POSITIONING

*Perceptual Maps > Example*



# CASE STUDY

*Starbucks: marketing management in Italy (Milan)*



## KEY QUESTIONS:

- 1. Analyzing the competitive context**, identifying the main competitors and key players (i.e. Five Forces Model);
- 2. Defining the Starbuck's Value proposition** (identify key benefits and costs) and comparing SBCK's VP with one or more Competitor's VP (e.g. to build a comparative table)
- 3. Market segmentation (macro and micro)**, using Abell's Model, identifying the most important micro-variables and selecting one or more targets.
- 4. Positioning > Setting the key attributes of Starbuck's offering** (using the Italian customer perspective) and building one or more **perceptual maps**



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