

TOURISM POLICIES AND FASHION, ART AND FOOD INDUSTRIES

Market Segmentation, Targeting and Positioning

Lecture 8

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Learning Objectives

Understand and targeting market:

- ✓ market segmentation
- ✓ market targeting
- ✓ market positioning

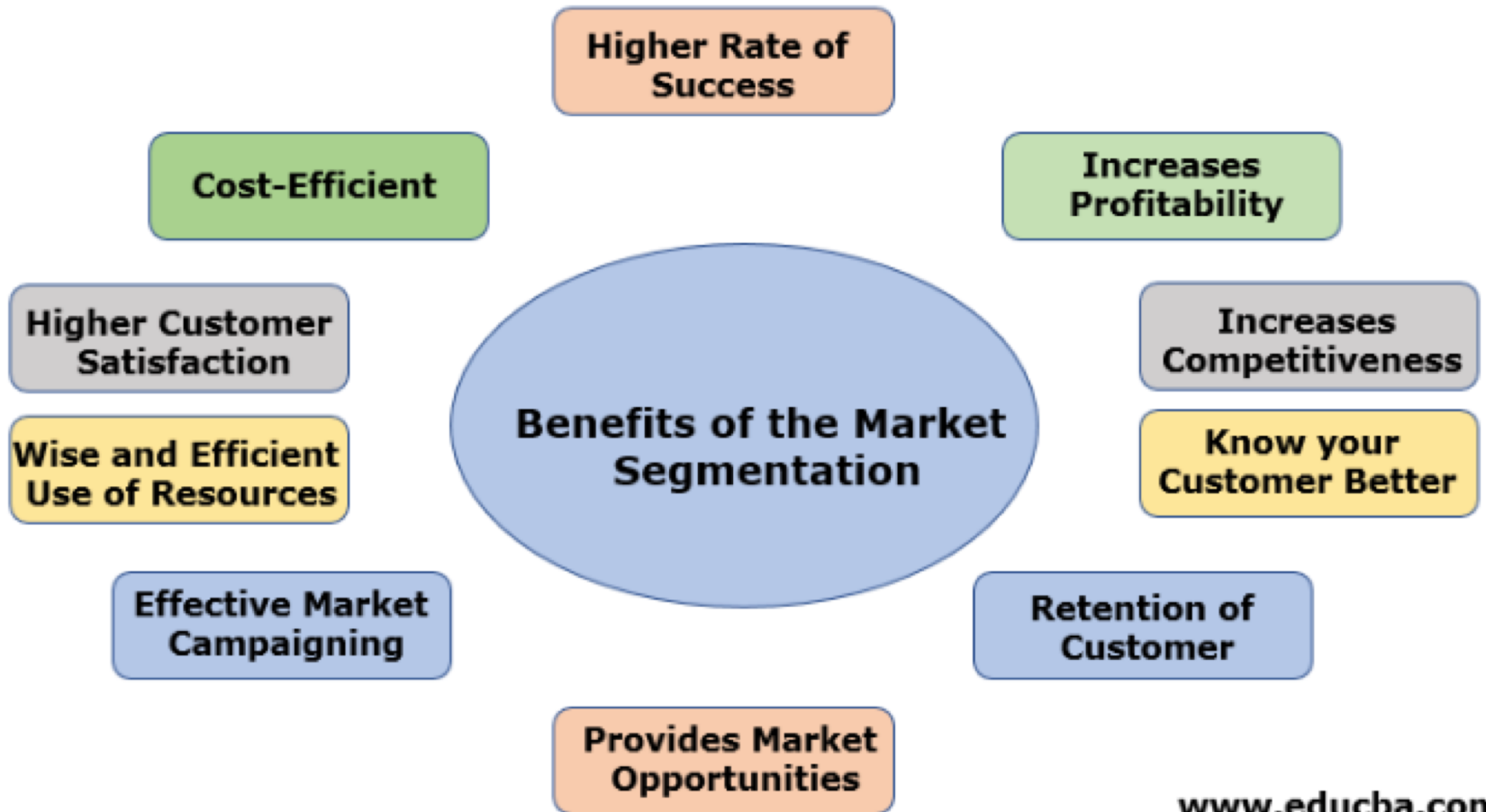
Market segmentation

A **market segment** is a group of individuals, groups or organizations who may share the same interests, traits and characteristics.

Once the customer segments have been identified and profiled, the marketer must decide which segment to target.

In the tourism industry, the business traveler is usually considered as a lucrative segment. However, there are different types of business travelers: *i) hard money travelers; ii) soft money travelers; iii) medium money travelers; iv) interim travelers; v) frequent short travelers.*

The benefits of segmentation



Segmentation variables

- **Demographic segmentation** involves dividing the market into groups that are identifiable in terms of physical and factual data (e.g. age, gender, income).
- **Geographic segmentation** involves selecting potential markets according to where they are located (climate, natural resources, etc.).
- **Psychographic segmentation** could be used to segment markets according to personality traits, values, motives, interests and lifestyles.

Segmentation variables

➤ Behavioral segmentation is defined as the segmentation of the market according to individual purchase behaviors (e.g. internet cookies).

➤ Product-related segmentation involves dividing a consumer population into homogeneous groups based on their relationships to the product .

...product segmentation and market segmentation are similar but different things...

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The requirements for and effective segmentation

The market segments must possess the following characteristics:

- Measurability. It must be possible to measure the size and purchasing power of the segment.
- Substantiality. This is the degree to which segments are profitable enough.
- Accessibility. This refers to the degree to which one may reach and serve segments.
- Actionability. This relates to the degree to which effective programs can be redesigned to attract and serve relevant segments.

Market targeting

An **undifferentiated marketing strategy** ignores any differences in the market. Therefore, this strategy involves approaching the customers with one market offer.

A **differentiated marketing strategy** will usually target a number of segments by developing an individual product or service offering, and creating a marketing plan for each segment.

With a **concentrated market strategy** the companies with limited resources will usually target just one or a few sub-markets.

E-tourism: the role of ICT in the tourism industry

E-tourism refers to a phenomenon in which the adoption of ICT by tourists and businesses transforms the processes and the value chains.

Operational technologies are used by the accommodation sector for reservations, bookings etc.

Consumer behaviour evolves along with the adoption of Internet and the online resources have replaced word-of-mouth.

- **Pros:** Reduced cost, higher competitiveness, working quality, etc.
- **Cons:** Mass tourism, digital divide.

Product positioning

The positioning of a destination is the process of establishing a distinctive place of that destination in the minds of potential visitors (Gartner, 1989).

How to positioning a destination:

- Know your customer share well
- Identify the product features and differentiate them
- Possess relevant skills and resources
- Know your competitors

Contacts and office hours

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