

Marketing Modules Series

Module 2: Customer Analysis

Teaching Slides



<http://marketmaps.wordpress.com/2012/07/11/how-changing-demographics-will-affect-americas-grocery-stores/>

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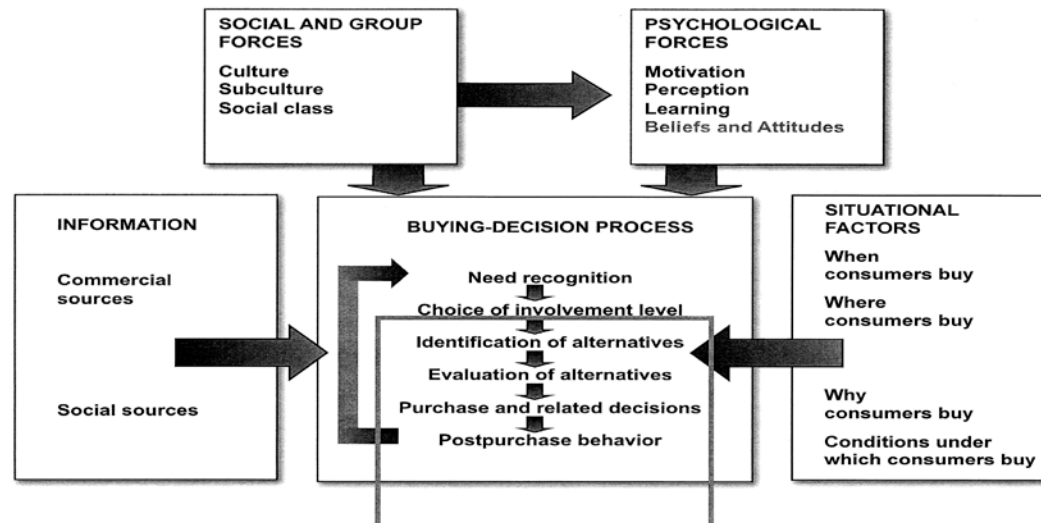
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Complete Marketing Modules Series available at: <http://hortmgt.gomez.dyson.cornell.edu/Marketing-Modules.html>

Understanding Consumer's Behavior

Buying behavior is determined by consumers' own characteristics as well as by external factors

A Model of Consumer Behavior



Source: Gomez, Miguel. Customer Analysis Lecture– NCC-553, Fall 2005:
adapted from Philip Kotler, Marketing Management (2003), Instructor Course Organizer CD-ROM

Understanding Consumer's Behavior

- Cultural Traits
 - Culture, subculture and social class
- Social traits
 - Reference groups, family and social roles, and status
- Personal Traits
 - Age, lifecycle stage, occupation, financial situation, lifestyle, personality and self-concept
- Psychological Traits
 - Motivation, perception, learning, beliefs and attitudes

Understanding How Consumers Make Buying Decisions

The Decision Making Unit (DMU)

Who is involved in the purchasing process and what is their role?

- Initiator(s)
- Decider(s)
- Influencer(s)
- Purchaser(s)
- User(s)

More than one member of the DMU can play each role and each member can play more than one role!

The Decision Making Unit (DMU)

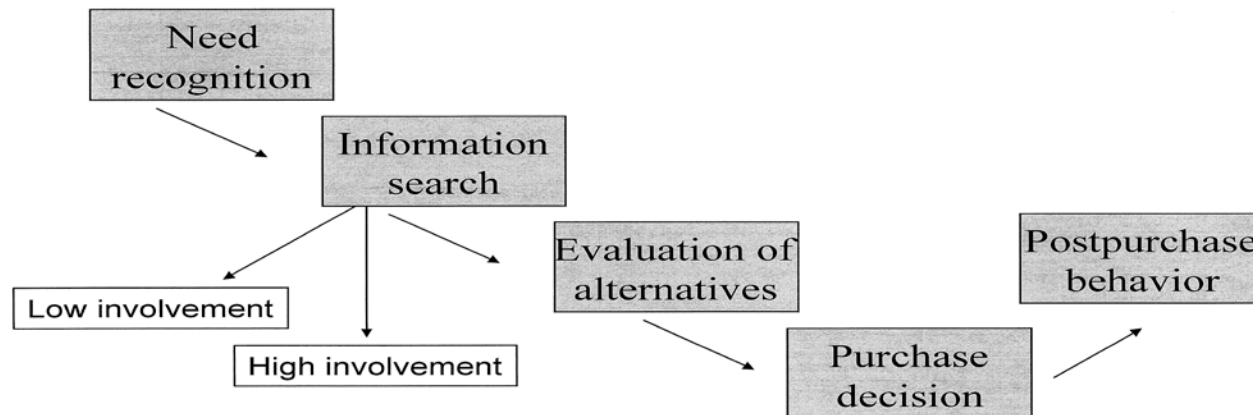
Example:

Roles played by DMU members in the purchase of a home computer:

The oldest child is the ***initiator*** of a computer purchase. A friend of the family provides input on the best options and becomes the ***decider***. The parents and siblings provide their input in terms of features, price range, etc., and act as ***influencers***. The father is the ***purchaser*** and, ultimately, all members of the family are ***users***

Understanding How Consumers Make Buying Decisions

Consumer Buying Decision Process



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Selecting a Target Market

Rarely a single firm can satisfy everyone in a given market. Identifying those segments that can be served in a profitable way is the key to success!

Markets can be targeted at four levels:

- Segments: large identifiable groups within the larger market
- Niches: a more narrowly defined group
- Local areas: specific trading areas or neighborhoods
- Individuals

Selecting a Target Market

In the Selection of its Target Markets a firm:

- Explores potential customers (segments) to attempt to serve
- Identifies the resources needed to do it successfully
- Evaluates the fit between the potential target market and the firm's objectives
- Assesses the firm's competitive position (strengths and weaknesses) with respect to the competition
- Estimates the likely financial returns that might accrue from the potential target market(s).

The Market Segmentation Process

4 Steps:

1. Identify the bases for segmenting the market
2. Identify segments and develop profiles for each
3. Assess and select the segment(s) to target
4. Develop marketing strategies for each selected segment

Step 1. Bases for Segmenting the Market

- ***Demographic:***
Age, gender, education, marital status, household characteristics, family lifecycle, ethnic background, occupation, income level, religion, social class, etc.
- ***Psychographic:***
Attitudes, values and interests which define consumers' lifestyle
- ***Geographic:***
Any number of spatial alignments (e.g. regions, states, counties, cities, and towns or individual neighborhoods)
- ***Behavioral:***
Occasions, benefits, user status, usage rate, loyalty status, readiness stage and attitude

Step 2. Segment Identification and Profile Development: *U.S. Market Segments According to Generation: Size, Traits and Characteristics, 2010*

Generation	Traits	Characteristics
<i>Traditionalists</i> 40 M Born before 1946	Patriotic, loyal, faith in institutions	Brand loyal, expect value for money
<i>Baby Boomers</i> 81 M Born 1946-1964	Idealistic, competitive, question authority	Value status, willing to try new brands, limited time
<i>Generation X</i> 61 M Born 1965-1981	Eclectic, self-reliant, skeptical, highly adaptive to change and technology	Value individuality: need respect and safety and value those who can provide it
<i>Millenials</i> 85.4 M Born 1982 - 2000	Globally concerned, cyber-literate, media savvy, environmentally conscious	Savvy consumers, value opinions of peers, loyal to their brands

Step 3. Market Segments' Evaluation

Segments' Attractiveness & Firm's Objectives and Resources

- **Segments' size and growth potential:**
Estimated size, current market penetration and growth potential
- **Structural characteristics:**
Competition, segment's saturation, opportunities for protection, and environmental risks
- **Product-Market Fit:**
Fit with firm's objectives and resources, likely interactions with other segments (i.e. synergy, cost interactions, image transfers, cannibalization, etc.), and profitability potential (i.e. entry costs, margin levels and return on investment)

Step 4. Market Segment(s) Selection & Marketing Strategies Development

Typically, firms select segments with the following characteristics:

- The segment is large, growing, makes frequent purchases, and is not price sensitive (i.e. is willing to pay high prices)
- The firm has the resources and capabilities to compete for a share of the market and can serve the target customers better than the competition in a profitable way

Market Segments Targeting Options

1. Single-segment concentration: target one segment
2. Selective specialization: target different segments with a variety of products
3. Product specialization: target several segments with one product
4. Market specialization: target one segment with several products
5. Full market coverage: target the whole market with as many products as possible

Marketing Strategies Development

Strategies to Target Different Generational Segments

Traditionalists Respect history Focus on “value” Refer to opinion leaders	Baby Boomers Offer choices Focus on “needs” Refer to status brands
Generation Xers Respect skepticism, be candid Stay loose, show humor Provide information: let them decide	Millennials Respect they are growing up Show how it is “new” and “different” Help them express themselves