

Service Marketing: A practical approach
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Lecture-12
Targeting and Positioning

Hi there. Welcome to this session on services marketing with a practical approach. My name is Dr. Biplab Datta and my contacts are given here, so you can write to me about any feedback and I will try to answer as much as possible.

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So this is lesson number 12 segmenting the market and targeting and positioning. As I have already discussed segmentation, targeting and positioning are 3 arms of marketing strategy. So here we see the basis for segmentation, the segmentation in practice, targeting a profile segment and positioning our service.

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Bases for Segmentation

Having discussed the services marketing opportunities in India, we now turn our attention to segmenting, targeting and positioning our service business in the market.

Behavioural Bases for Segmentation

Need	strong	moderate	light	none		
Occasions	regular	special				
Benefits	quality	service	economy	speed		
User status	nonuser	ex-user	potential user	first-time user	regular user	
Usage rate	light	medium	heavy			
Loyalty status	switcher	shift loyalty from one brand to another	split between 2 or 3 brands	hard core loyal		
Readiness stage	unaware	aware	informed	interested	desirous	intending to buy
Attitude toward the service	enthusiastic	positive	indifferent	negative	hostile	

Now bases for segmentation is about what locus we will take for different ways in which segmentation can be done. So segmentation is basically some kind of grouping where any group will have similar number of people, similar types of people and they would be distinct from another group in the market and so there is closeness within a group, but there is lot of distance between people of 2 different groups.

So we go to behavioural bases for segmentation. The behavioural bases are need, occasions, benefits, user status, usage rate, loyalty status, readiness stage, and attitude toward the service. So underneath there are strong needs, moderate needs, light needs, or no need. Then occasions it could be regular or special occasion. Benefits it could be quality, service, economy and speed. They are some of benefit that people seek from particular service and those benefits are given here.

Then user status, then the user is non user, ex user, potential use, first time user or regular user of the services. Usage rate that is light, medium or heavy. Loyalty status that is user is a switcher, the shifts loyalty from one brand to another, split between 2 or 3 brands that means keeps on changing between 2 or 3 brands and or hard core loyal. Hard core loyal means fully loyal to a particular brand and will not change the brand whatever happens.

Then comes to readiness stage so the people might be unaware or aware, informed, interested, desirous or intending to buy. And the attitude towards the service may be enthusiastic, positive, indifferent, negative or hostile. So these are the behavioural bases for segmentation because all these are part of the behaviour of the customers.

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Demographic Bases for Segmentation

Age	Family size	Income	Gender
Under 6 years	young single;		male
6-11 years	young married no children;		female
12-19 years	young married youngest child under 6;		
20-34 years	young married youngest child 6 or over;		
35-49 years	older married with children;		
50-60 years	older married no children under 18;		
60 + years	older single;		
	other		

Then we come to demographic bases for segmentation. So demographic bases means with age, family size, income, gender etc. So age could be under 6 years, 6 to 11 years, 12 to 19 years, etc. The family size would be young single, young married with no children, youngest children under 6, young married youngest 6 or over. Older married with children, older married with no children under 18, older single or other.

Then there could be lot of income distribution like income from 10,000 to 20000 rupees a month, 50000 to 100000 to 300000, 300000 to 500000 like that there could be income groups based on income. Then there are groups main based on gender like male, female and others.

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The new SEC system, 2011

Sl. No.	Items owned/have access at home	Tick
1	Electricity connection	✓
2	Ceiling fan	✓
3	LPG stove	✓
4	Two wheeler	✓
5	Colour TV	✓
6	Refrigerator	✓
7	Washing machine	
8	Personal computer/Laptop	
9	Car/Jeep/Van	✓
10	Air conditioner	
11	Agricultural land	✓
	Total nos.	8

Market Research Society of India, 2011

So we come to the new socioeconomic classification system. SO here we see that this system is done in 2 parts.

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Psychographic Bases for Segmentation

Lifestyle	culture-oriented	Sports-oriented	outdoor-oriented				
Personality	compulsive	gregarious	authoritarian	ambitious			
Media habits	which newspapers	which magazines	which television	which radio	which online	which events	which billboards

The new SEC system, 2011

No. of Durables (TRANSFER FROM Q1)	Chief Earner Education (Q2)						
	Literate but no formal schooling/ School Upto 4 years	School- 5 to 8 years	SSC/ HSC	Some College (incl. a Diploma) but not Grad.	Graduate/ Post Graduate: General	Graduate/ Post Graduate: Professional	
	1	2	3	4	5	6	7
None	E0	E2	E2	E2	E2	E1	D2
1	E2	E1	E1	E1	D2	D2	D2
2	F1	F1	D0	D0	D1	D1	D1
3	D2	D2	D1	D1	C2	C2	C2
4	D1	C2	C2	C1	C1	R2	R2
5	C2	C1	C1	D2	D1	D1	D1
6	C1	B2	B2	B1	A3	A3	A3
	C1	B1	B1	A3	A3	A2	A2
	B1	A3	A3	A3	A2	A2	A2
	R1	A3	A3	A2	A2	A1	A1

Market Research Society of India, 2011

That is this part and the next part, so this part has electricity connection, ceiling fan, LPG stove, 2 wheeler, colour TV, refrigerator, washing machine, personal computer or laptop, car, jeep or van, air conditioner and agricultural land. So what we are going to do is we are use these icons to determine our socioeconomic classification of people. So what happens is that the surveyors they would visit, they would visit persons home.

And they good place tick marks based on whatever durables are had been tropate by the person along with whether the person owns any agricultural land or not. So in this case the surveyor found out that the person has 8 durables among 11. Okay. 8 durables the person possesses, so the total number of durables are 8. Then we go to the next table. So here we see that on the x axis at the chief earner education which is the second question.

So here the chief earner education of the chief earner, he might be illiterate, literate but no formal schooling or school up to 4 years, school 5 to 9 years, secondary or higher secondary education. Some college including a diploma but not graduate, graduate, post graduate or general and post graduate, graduate post graduate profession. So these are the 7 types of people who are literate or illiterate.

And then we have the number of durables which we transfer from this table. So in this table the number of durables is 8, so we have number of durables from 1 to 9 plus and we are here 8 according to the person who was in interview in the in our example case. Now what happens is that we find out the socioeconomic classification from A1 till E2 from A1 till E2. So we see that if the number of durables are 9 plus and the person is a graduate, postgraduate professional then he is in the A1 SEC segment.

The A1 SEC segment means that he is in the highest position in the society, as per his educational qualifications and the durables own by him and similarly there is none and the person does not have any durable and say he is illiterate then he become E3. That means this is the segment which he belongs, he does not have any durables and he is illiterate. So from A1 till E3 we have several segments.

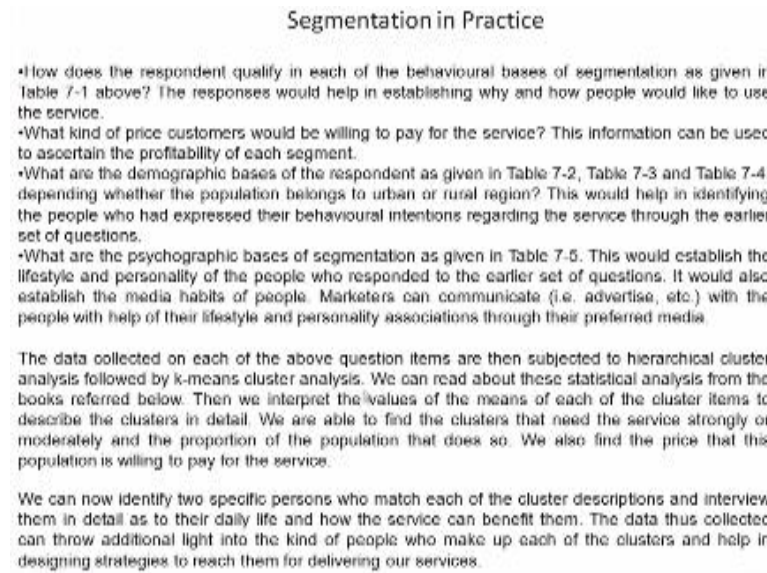
Now the first segment now in our case we have 8 as we saw in the previous light and this part is 6 that is he is in the he is either graduate or general postgraduate. And then we draw the line so yet the intersection says we have A2, so he belongs to the A2 category. On the other hand if the person had 4 durables and he was higher secondary or senior secondary or higher secondary pass then he would be C1 type of SEC.

So based on these SEC category we can categorize the villagers or different oceans of a town or different portions of a city and accordingly we can understand what he or she does not have and what types of products and brands would be sold to the person or sold to those people. Then we come to the psychographic bases for segmentation. So here there are 3 types of psychographic lifestyle, personality and media habits.

The lifestyle is culture oriented, sports oriented, or outdoor oriented. Personality compulsive, gregarious, authoritarian, or ambitious. Media habits which newspapers, which magazines, which television, which radio, which online, which events and which billboards. So what

does the person actually read, what is the type of personality he has and what is the lifestyle. So these lifestyle, personality and media habit are again 3 types of psychographic bases which can be used for segmenting the population or segmenting the markets.

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Segmentation in Practice

- How does the respondent qualify in each of the behavioural bases of segmentation as given in Table 7-1 above? The responses would help in establishing why and how people would like to use the service.
- What kind of price customers would be willing to pay for the service? This information can be used to ascertain the profitability of each segment.
- What are the demographic bases of the respondent as given in Table 7-2, Table 7-3 and Table 7-4, depending whether the population belongs to urban or rural region? This would help in identifying the people who had expressed their behavioural intentions regarding the service through the earlier set of questions.
- What are the psychographic bases of segmentation as given in Table 7-5. This would establish the lifestyle and personality of the people who responded to the earlier set of questions. It would also establish the media habits of people. Marketers can communicate (i.e. advertise, etc.) with the people with help of their lifestyle and personality associations through their preferred media.

The data collected on each of the above question items are then subjected to hierarchical cluster analysis followed by k-means cluster analysis. We can read about these statistical analysis from the books referred below. Then we interpret the values of the means of each of the cluster items to describe the clusters in detail. We are able to find the clusters that need the service strongly or moderately and the proportion of the population that does so. We also find the price that this population is willing to pay for the service.

We can now identify two specific persons who match each of the cluster descriptions and interview them in detail as to their daily life and how the service can benefit them. The data thus collected can throw additional light into the kind of people who make up each of the clusters and help in designing strategies to reach them for delivering our services.

So segmentation in practice, how do you do segmentation in practice. So how does the responded qualify in each of the behavioural bases of segmentation as given in table 7-1 above. The responses would help in establishing why and how people would like to use the service. What kind of price customers would be willing to pay for the service. This information can be used to ascertain the profitability of each segment.

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This would establish the lifestyle and personality of the people who responded to the earlier set of questions. It would also establish the media habits of people. Marketers can communicate that is advertise etc, with the people with help of their lifestyle and personality associates through their preferred media. The data collected on each of the above question items are then subjected to hierarchical cluster analysis followed by k-means cluster analysis.

We can read about these statistical analysis form the books referred below. Then we can interpret the value of the means of each of the cluster items to describe the cluster in detail. That is the final cluster centers. We are able to find the cluster that need the service strongly or moderately and the proportion of the population that does so. So we also find the price that this population is willing to pay for the service.

We can now identify 2 specific persons who match each of the cluster description and interview them in detail as to their daily life and how the service can benefit them. The data thus collected can throw additional light into the kind of people who make up each of the clusters and help in designing strategies to reach them for delivering our services.

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Targeting a Profitable Segment

- Measurable:** the size, purchasing power and other characteristics of segments must be measurable
- Substantial:** The segment must be large and profitable enough to be served
- Accessible:** The customers in the segment can be effectively reached for communication and delivery of service
- Differentiable:** The segments are conceptually distinguishable and respond differently to different marketing-mix elements and programmes.
- Actionable:** Effective programmes can be formulated for attracting and serving the segments

Now we come to targeting a profitable segment. So how once we have divided the whole market into different segments then we have to see which segment you should target for selling your product or service. So it has got 5 factors. First is measurable, that means the size, purchasing power and other characteristics of segments must be measurable. Substantial: The segment must be large and profitable enough to be served.

Accessible: The customers in the segment can be effectively reached for communication and delivery of service. Differentiable: The segments are conceptually distinguishable and respond differently to different marketing mix elements and programmes. Actionable: Effective programmes can be formulated for attracting and serving the segments. So these 5 factors like measurable, substantial, accessible, differentiable and actionable. These 5 factors would be useful in understanding how to target a profitable segment.

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Positioning our Service

Our positioning statement would read like the following:

For the target segment, our brand is the brand of frame of reference that has a point of difference because it has a reason to believe. Suppose we are operating an auto-rickshaw service. Having prepared the perceptual map we may like to provide on-demand service as our point of difference that is supported by reliable fleet management infrastructure. Then, our positioning statements would read as:

For travellers on the move, OnRun is an auto-rickshaw service that picks up the traveller whenever and wherever s/he wants because the service is backed by a reliable fleet management infrastructure.



Then we come to positioning our service. Our positioning statement would read like the following: For the target segment our brand is the brand of frame of reference that is along with the name of brands which competitors provide, that has point of difference because it has a reason to believe. So that brand is different from competitive brands and also it gives a reason to believe in that. So suppose we are operating an auto rickshaw service.

Having prepared the perceptual map we may like to provide on demand service as our point of difference that is supported by reliable fleet management infrastructure. Then, our positioning statements would read as for travellers on the move. OnRun is an auto rickshaw service that picks up the traveller whenever and wherever she wants because the service is backed by a reliable fleet management infrastructure.

So this how we ride a position in statement, the positioning statement is used by every employee of the organisation to understand what service and how it has to be deliver to people. So in the next lesson we will look at services marketing research, the research questions and tools for marketing. Thank you very much for viewing this video. I hope it helps.