

Marketing

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Course & Class Inform

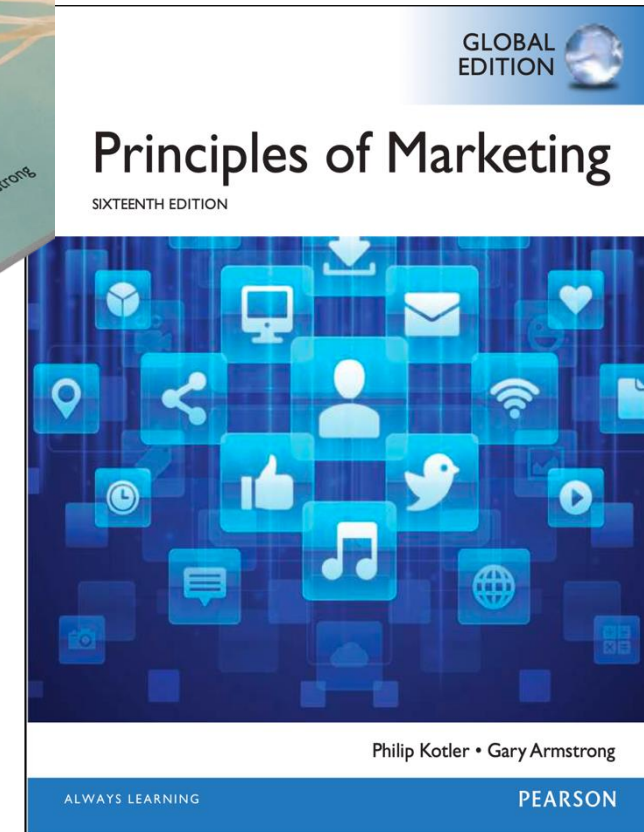
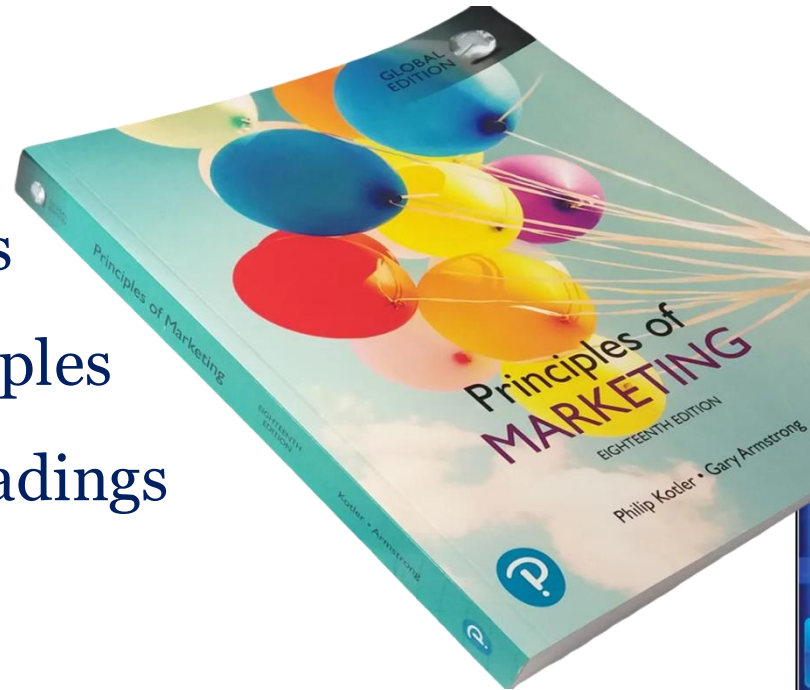
- **Course:** Marketing
- **Program:** Bachelors in Business Administration and Management
- **Credits:** 6 ECTS
- **Mode:** Onsite / Blended
- **Class 5 — Strategic Segmentation, Targeting & Positioning: Designing Market Focus**
- **Instructor:** Dr. Leul Girma

Main Teaching & Learning Materials

- Core textbook
- Instructor lecture slides and notes
- Case studies and real-world examples
- Academic articles and selected readings

Digital resources:

- Company websites and annual reports
- Online marketing platforms and tools
(e.g., Google Analytics demos, social media dashboards)



Objective and Learning Outcomes

Objective:

To equip students with the knowledge, analytical skills, and practical tools required to design, justify, and implement effective segmentation, targeting, and positioning strategies in real market situations.

By the end of this class, YOU will be able to:

- Evaluate market segments strategically
- Select and justify a target market
- Develop a clear positioning statement
- Translate STP into actionable marketing decisions
- Defend their choices using structured reasoning

Part I

Designing Market Focus

What Is Market Force?

Market forces are external pressures: customers, competitors, technological change, regulation, and channel dynamics: that shape **demand and constrain strategic options** within an industry (Kotler & Keller, 2016).

Activation

- Think of one product or service you know well (e.g., coffee shop, online fashion store, delivery service, tutoring).
- Consider what strongly influences success in that space (e.g., price, trust, convenience, location, online ratings)

Output: One product/service selected + key force identified.

Why Does Focus Create Advantage?

Competitive advantage results from deliberate choices that **create distinct value** rather than **attempting to serve all customers equally** (Porter, 1996).

Similarity leads to price pressure. (difference, clarity, choice)

Reflection

- Think of a brand that clearly stands for one thing
- Identify what it deliberately does not offer (e.g., “no premium service,” “no luxury materials,” “no customization”).



Output: One clear focus example + one deliberate exclusion identified.

How Do We Design Market Focus?

Market focus is the deliberate selection of a defined customer group **whose needs a firm seeks to satisfy better than competitors** (Kotler & Armstrong, 2021)

Focus starts with a clear direction (target, value, choice).

Application

- Choose one product or service to work on (e.g., coffee shop, online fashion store, delivery service, tutoring).
- Decide who it is mainly for (e.g., students, families, professionals, health-conscious customers).
- Decide what it should be known for (e.g., low price, speed, quality, sustainability).

Output: “For ____, this product will be known for ____.”

Strategy Requires Trade-Offs

Strategy requires **making trade-offs that reinforce differentiation and prevent a firm from trying to satisfy incompatible customer needs simultaneously** (Porter, 1996)

No trade-offs, no strategy (boundaries, sacrifice, protection).

Decision

- Decide which customers will not be your priority (e.g., price-only buyers, premium seekers, mass market).
- Decide which benefit you will not emphasize (e.g., lowest price, fastest delivery, widest variety).
- Clarify how these exclusions strengthen your focus.

Output: Two clear exclusions + one reason they strengthen your position.

STP: Designing Market Focus

Segmentation, targeting, and positioning form a structured process that transforms **market diversity into clear strategic focus** (Kotler & Armstrong, 2021)

Focus becomes real through sequence (differences, choice, meaning).

Activation

- List possible customer groups that might value your product differently (e.g., budget buyers, quality-oriented customers).
- Identify one key difference between these groups.
- Keep your current focus idea visible for refinement.



Output: Three potential customer groups identified. Segmentation → Targeting → Positioning

Part II

Segmenting

What Makes Customers Different?

Customers **differ in needs, preferences, behaviors, and responses** to marketing actions, which creates the basis for market segmentation (Kotler & Keller, 2016)

Customers do not buy for the same reasons (needs, budget, habits).

Activation

- Identify different reasons customers might choose this product (e.g., low price, high quality, fast access, brand image).
- Think about how customers use the product differently (e.g., daily use, occasional use, emergency use).
- Notice differences in spending level or expectations (e.g., budget vs premium mindset).

Output: Three clear customer differences that could divide the market.

Identifying Meaningful Segments

Market segmentation divides a **broad market into smaller groups** of customers who **share similar needs or behaviors** relevant to marketing decisions (Kotler & Armstrong, 2021)

Differences become useful only when they form clear groups (similar needs, similar response).

Application

- Group customers based on one main difference identified earlier (e.g., price-focused, quality-focused, convenience-focused).
- Describe each group in one short line (who they are and what they value most).
Make sure each group is clearly different from the others.

Output: 2–3 clearly described customer groups.

Evaluating Segment Potential

After identifying segments, firms must **evaluate their size, growth, and profitability** before deciding where to compete (Kotler & Keller, 2016)

Not every segment is worth serving (size, money, access).

Evaluation

- Estimate how large each segment might be (small, medium, large).
- Consider spending ability or willingness to pay (low, moderate, high).
- Assess how easy or difficult it would be to reach this segment.

Output: Quick assessment of each segment's potential.

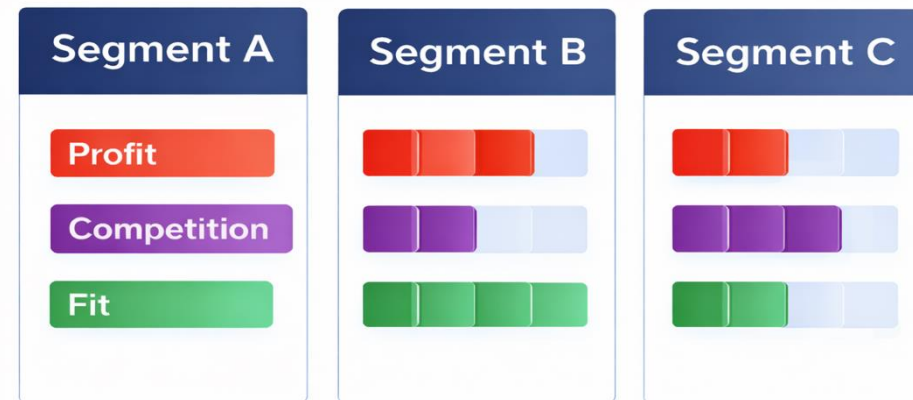
Ranking Segment Attractiveness

Segment **attractiveness** depends on **profit potential**, **competitive intensity**, and **fit with the firm's capabilities** (Kotler & Armstrong, 2021)

The best segment is not always the largest (profit, competition, fit).

Decision

- Compare your segments based on potential profit.
- Consider how strong competition is in each segment.
- Identify which segment best matches your strengths.



- **Output:** One segment selected as the strongest candidate target

Part III

Targeting

Choosing Where to Compete

- Targeting involves selecting **one or more** segments to serve based on **attractiveness and strategic fit** (Kotler & Keller, 2016)

Selection turns analysis into commitment (choice, focus, direction).

Decision

- Choose the one segment you will prioritize first.
- State why this segment is more attractive than the others.
- Clarify what you gain by focusing on this segment.

Output: Primary target segment clearly selected and justified



Targeting Approaches

Firms can **adopt different targeting strategies** such as serving the **whole** market, **multiple segments**, or concentrating on a **single** segment depending on **resources and objectives** (Kotler & Armstrong, 2021)

Different levels of focus create different levels of complexity (broad, selective).

Decision

- Decide whether to focus on one segment or more than one.
- Consider whether your resources allow serving multiple groups effectively.
- Identify the risk of spreading attention too widely.

Output: Chosen targeting approach (single or multiple segments) with reason.

Trade-Offs in Target Selection

Choosing a target segment requires **balancing opportunity with operational limits** and **competitive realities** (Porter, 1985)

Choosing one means giving up another (priority, limitation, consequence).

Decision

- Identify one attractive segment you are not selecting.
- Explain what you lose by not targeting it.
- Explain what you gain by staying focused.

Output: Clear justification for target choice based on trade-offs.

Part IV

Positioning

Positioning as Commitment

Positioning is designing the company's **offering and image so that it occupies a distinct place in the mind of the target customer** relative to competitors (Kotler & Keller, 2016)

Positioning is a long-term promise (perception, consistency, meaning).

Activation

- Define how you want your target customers to see your product. (e.g., most affordable, most reliable, most innovative, most convenient).
- Identify the main competitor you want to stand apart from.
- Clarify one clear difference customers should remember.

Output: One clear intended position relative to a key competitor.

Crafting the Value Proposition

A value proposition explains the **specific value a product delivers** to a defined target segment and **why it should be chosen over alternatives** (Kotler & Keller, 2016)

Value must be clear and relevant (benefit, reason, clarity).

Application

- State the main benefit your target customer will receive. (e.g., saves time, reduces cost, improves health, increases status).
- Add one clear reason why this benefit is believable. (e.g., technology used, location, expertise, unique process).
- Keep the message focused on one core promise.

Output: A clear value proposition in one short statement

Writing the Positioning Statement

A positioning statement **clearly** defines the **target customer**, the **category**, the **main benefit**, and the **key reason** to believe, guiding consistent marketing decisions (Kotler & Armstrong, 2021)

Clarity drives consistency (target, category, benefit, proof).

Application

1. Identify your target customer clearly (e.g., urban professionals, university students, budget-conscious families).
2. State the category you compete in (e.g., fitness center, delivery service, learning platform).
3. Combine target, benefit, and proof into one clear sentence.

Output: A complete positioning statement written in one sentence.

Example: Positioning Statement

For university students who want affordable and convenient fitness, our gym offers flexible memberships and extended hours so they can work out anytime without long-term contracts.

Mapping the Competitive Landscape

Perceptual mapping is a visual tool used to **show how customers perceive competing brands on key attributes** within a market (Kotler & Keller, 2016)

Positioning is relative, not isolated (comparison, perception, space)

Application

- Choose two important attributes customers use to compare options. (e.g., price and quality, speed and reliability, simplicity and features).
- Place major competitors on these two dimensions.
- Identify where your intended position fits on the map.

Output: A simple perceptual map showing competitors and your intended position

Example Mapping the Competitive Landscape

Brand	Price Level	Quality Level	Position on Map Description
Local Street Café	Low	Basic	Low price / Basic quality
Starbucks	High	Premium	High price / Premium quality
McCafé	Medium	Medium	Mid price / Mid quality
Specialty Roastery	High	Very Premium	High price / Very high quality
Your Concept	Medium	High	Moderate price / High quality

Identifying Real Opportunities

A positioning **opportunity** exists when a segment **values a benefit that is not strongly or clearly delivered by existing competitors** (Porter, 1985)

Not every gap is an opportunity (demand, ability, defense).

Decision

- Identify one open space or weak area on your perceptual map.
- Confirm that customers truly care about that benefit.
- Consider whether you can deliver it better than competitors.

Output: One clear opportunity selected and validated.

Part V

Making Focus Real Via 4Ps

Product Must Express the Positioning

Product decisions: **features, design, quality level**, and **service elements** : must support and deliver the chosen positioning to the target segment (Kotler & Armstrong, 2021)

The product proves the promise (features, design, experience).

Alignment

- Identify the key features that directly support your main benefit. (e.g., durable materials, fast interface, healthy ingredients, extended warranty).
- Remove or avoid features that weaken your focus.
- Ensure the overall experience reflects your intended position.

Output: A short list of product features aligned with your positioning

Price as a Strategic Signal

Price influences **customer perception** of **value** and **communicates** the intended market position of a product (Kotler & Keller, 2016)

Price sends a message (premium, fair, affordable).

Alignment

- Decide whether your price should signal premium, standard, or budget positioning.
- Check if the price level matches the expectations of your target segment.
- Consider how competitors' prices affect your pricing decision.

Output: A pricing direction that supports your positioning.

Place Must Match the Target

Distribution decisions determine **how and where the product is made available** to the target market and **must align with customer expectations and positioning** (Kotler & Armstrong, 2021)

Access shapes experience (location, channel, convenience).

Alignment

- Select the main channel where your target prefers to buy. (e.g., online store, retail outlet, direct sales, delivery platform).
- Ensure the level of availability matches your positioning. (e.g., exclusive, selective, widely available).
- Check whether the buying experience supports your intended image.

Output: A clear distribution choice aligned with your target and positioning.

Promotion Must Communicate the Focus

Promotion **communicates the positioning** to the target market through **message, tone, and media choice** (Kotler & Keller, 2016)

Communication shapes perception (message, tone, consistency).

Alignment

- Define the main message you want your target to remember. (e.g., fastest service, healthiest option, most affordable choice).
- Choose a tone that fits your target segment. (e.g., professional, friendly, bold, simple).
- Select the most effective communication channels to reach them. (e.g., social media, campus events, online ads, partnerships).

Output: One clear message + tone + primary communication channel.

Marketing Mix Consistency

The marketing mix **must work as an integrated system** in which product, price, place, and promotion **consistently reinforce the chosen positioning** (Kotler & Armstrong, 2021)

Consistency builds credibility (coherence, reinforcement, clarity).

Alignment

- Check whether product, price, place, and promotion send the same message.
- Identify one element that does not fully support the positioning.
- Adjust that element to strengthen overall consistency.

Output: One clear adjustment to improve marketing mix alignment

Midterm Assignment

Strategic STP & Marketing Mix Design

Assignment Task

Select a real product or service (existing or new) and develop a complete market focus strategy using the framework discussed in class.

- Your analysis must include:

1. Market Context

- Identify one key market force influencing the product.

2. Segmentation

- Identify and describe 2–3 meaningful customer segments.

3. Targeting

- Select one primary target segment.
- Justify why this segment is most attractive

Task Cont'

4. Positioning

- Define the intended position relative to competitors.
- Develop a clear value proposition.
- Write a complete positioning statement.

5. Marketing Mix Alignment

Explain how the chosen positioning is expressed through:

- Product
- Price
- Place
- Promotion

Each element must clearly support the positioning.

Choose one format:

3–5-page written report or 12-15 structured slides

Thank you



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