2/29/14

BUS 306-01

Written Assignment 2

**Discussion Questions**

1. Market Segmentation is dividing the market into smaller groups. These groups are consumers that have different needs, wants, characteristics, and behaviors. In order to reach these different groups, separate marketing strategies may have to be used. Market Targeting is the evaluation of each of the smaller groups made during the market segmentation. These market segments have different levels of attractiveness that is evaluated in market targeting to decide which one to choose and enter.
2. The four variables that are used in segmenting consumer markets are geographic, demographic, psychographic, and behavioral. The geographic variable consists of world region or country, country region, city or metro size, density, and climate. The demographic variable includes age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. The psychographic variable is the social class, lifestyle, and personality of a person. Lastly, the behavioral variable includes occasions, benefits, user status, user rates, loyalty status, readiness stage, and attitude toward the product. Starbucks focuses on all four of these variables when targeting their consumer markets. First, Starbucks uses the geographic variable to decide on potential locations. Next, the demographic variable is a main variable for Starbucks. While the company focuses on serving and appealing to all nationalities, genders, and races, it focuses on higher income individuals and families. Also, it focuses on business men/women and students, giving them a comfortable work environment. Starbucks is not likely to focus on all religions as many, like the Mormon religion, do not drink caffeine. Next, the psychographic variable is perhaps the most important. Starbucks targets middle and upper class, as well as the working class. Personality traits that Starbucks targets are: unique, outgoing, working, friendly, etc. Lifestyle traits that Starbucks targets are: students, workers, travelers, early-risers, coffee-lovers, etc. Lastly, Starbucks uses the behavioral variable in different ways. Customers enjoy the benefits: service, quality, atmosphere, convenience, speed, economy, etc. Many Starbucks user rates are heavy users with strong to absolute loyalty. Currently, the company is beginning to focus on the user status and how they can not only draw in first-time users, but also appeal to regular users and make their stay longer with each visit. Lastly, many Starbucks customers have an enthusiastic or positive attitude about the products and services received, which is passed on by word-of-mouth marketing.
3. Segmenting International Markets can be done using many variables. First, companies can use geographic location to market to different groups of countries and regions. Next, economic factors such as income level, population, or economic development can be used to segment an international market. Lastly, political, legal, and cultural factors can be used to segment an international market. Using these different factors, companies can utilize intermarket segmentation (or cross-market segmentation) to group the consumers with similar needs, wants, and buying behaviors.
4. Differentiated Marketing is used to set a company’s offerings apart from competitors and increase value. In order to do this, companies can offer variations of a product, market to several segments, and have different channels available to purchase the product. For example, Hallmark offers cards for all occasions, for different religions and races, different age groups, cards with sounds, and offers e-cards to be sent online. This is one example of successful product differentiation.
5. A product’s position is the place it holds in the minds of target consumers in comparison to competing products. Marketers know a product’s position by positioning. According to the book, Positioning is the “arranging for a market offering to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.”

**Marketing Technology**

1. Age would play an important role in segmenting the consumer market for augmented reality products. Depending on the age of a person, they may be more likely to purchase or already own the technology needed to use the product or purchase the product itself. Another important variable is user status. A non-user may not have the knowledge of technology to use the product, and therefore, would not purchase it. Readiness stage is another important variable to decide whether the consumer is in the target segment. Lastly, the attitude towards product is very important. Personally, I feel unexcited and negative towards Google Glass. However, others may feel enthusiastic towards it. Using the attitudes people have can help determine how to segment the consumer market.
2. In a 30 second commercial, I would market Google Glass to potential users that are aware, somewhat informed, and interested in the product. They would also have a positive and possibly enthusiastic attitude toward the product. The commercial would market toward both male and female users that have a high-income. Due to the price point, I would market toward upper middle class and upper class users. The commercial would emphasize the instantaneous factor of Google Glass and the ability to connect with a smart phone for even more options. I would have the location of the commercial be in a busy city on a bright day to show how the product works to benefit someone in a busy environment, but in a positive manner. Lastly, I would pinpoint one specific feature, such as the ability to capture images quickly, to focus the commercial on.