

DISPATCHES™

Insights On Brand Development From The Marketing Front

Monday, August 11, 2014

THE TEN COMMANDMENTS OF SEGMENTATION

“They were looking for the perfect Pepsi. They should have been looking for the perfect Pepsi’s.”

--Malcolm Gladwell quoting Howard Moskowitz, 2004

Market segmentation continues to be a hot topic, despite its age. While the concept has been around for over fifty years—gaining broad-based popularity in the 1970’s—for many companies and their marketers segmenting the market *to one’s advantage* remains an elusive skill. And make no mistake about it, segmenting the market has only one over-arching objective: to provide a competitive advantage.

This competitive advantage manifests itself in these ways:

1. Enabling a brand to find the “perfect” Target Segments for its products against which to build a winning market share;
2. In turn, better ensuring that always-limited company resources are directed against the right opportunities, the right enemies (as opposed to being lured into expending resources against segments or competitors the brand is **not** likely to win against);
3. Thereby maximizing the company’s odds of the best return on its marketplace investments.

As Malcolm Gladwell so delightfully points out in his 2004 talk about his book Blink (and his friend Howard Moskowitz--popularized on youtube), there is no one-size-fits-all anymore...in any product category or class. There probably never was. But in the days before serious market segmentation thinking began, the limited number of products, channels, and media forms per category made it easier for everyone to assume that one, high-performing version of something was all that *everyone* needed. Of course, we know differently today. The trick, however, is to figure out how to best match up one’s brand and its most likely target segments.

Solving for this “trick” isn’t easy—as many, many books and articles on the subject of segmentation will attest. But if there were **one big thing** that we would recommend to improve the potential competitiveness of a company’s or brand’s market segmentation, it would be this:

approach market segmentation as a disciplined *process* rather than as a one-time, field-some-expensive-market-research-study event. To this end, we have recently pulled together some segmentation principles that, if followed, will enable a more disciplined process. Rather than refer to them as “principles,” though, we have elevated their standing a bit by calling them the *Ten Commandments of Market Segmentation*.

If you think making these principles sound Biblical is overkill, then simply regard them as a handy checklist—for your Company’s or Brand’s market segmentation effort. We leave them in your hands.

Market Segmentation: “THE TEN COMMANDMENTS”

- I. Brands must segment the market to maximize their competitive advantage and ROI for the Company.
- II. Brands must understand Customer Needs—both Rational and Emotional—as the “bedrock” of segmentation.
- III. Brands must go beyond purchasing/using behaviors...to comprehend the Attitudes that drive them.
- IV. Brands must go beyond purchasing/using behaviors...and discover the Dissatisfactions customers have.
- V. Brands must go beyond demographics—to Psychographics.
- VI. Brands must continue to employ sound, clever, even innovative market research to base segmentation upon.
- VII. Brands must use Creativity in “mapping” market segments: no two marketers are likely to see the market the same way.
- VIII. Brands must involve a full-functional “Brand Team” in mapping market segments...for max creativity.

- IX. Brands must segment the market for all key constituencies: Physician, Patient, perhaps even Payer.
- X. Brands must use Sales Force input: they know customers best.

Richard Czerniawski and Mike Maloney

Richard Czerniawski

.....
430 Abbotsford Road
Kenilworth, Illinois 60043
tel 847.256.8820
fax 847.256.8847
.....

Reply to Richard:
rdczerniawski@cs.com or
richardcz@bdn-intl.com

Mike Maloney

.....
1506 West 13th Street, #17
Austin, Texas 78703
tel 512.236.0971
fax 512.236.0972
.....

reply to Mike:
mikewmaloney@gmail.com or
mwm@bdn-intl.com

