Chapter 4

MARKET SEGMENTATION AND POSITIONING

The two fundamental marketing tools are segmentation and positioning. Basically, segmentation is splitting up the market into homogeneous sub assemblies in order to be able to choose an appropriate strategy for each one (targeting). Then, it is a question of making the clearest distinction possible between oneself and competitors in the mind of the customer. This is the object of positioning.

1. SEGMENTING A MARKET

Segmenting a market consists of splitting it up into homogeneous sub assemblies. Homogeneity can be defined mathematically by saying that any two elements from the same segment must be as alike as possible, whereas those from two different segments must be as different as possible. Measuring homogeneity, i.e. the differences or similarities, consists of looking at the behavior of customers relative to the company’s products or services. There are several segmentation methods (by type of customer, type of product, etc.) according to whether the company deals with the general public or professionals. What is important is to know the objectives sought (improving the relevance of the offer, the communication, the approach, etc.).

1.1 The objectives of segmentation

Using successful segmentation means that the company can offer something which will perform well for the customer segment chosen. Conversely, an analysis without segmentation will only give too general product or service proposals that are ineffective. There are therefore several objectives to segmentation (Malaval, 2001).
Improving customer knowledge: Firstly, it is easier to carry out an effective study after segmentation. The relation between studies and segmentation is interactive: studies allow the segmentation to be sharpened, or even to adopt new criteria for the initial split up. Secondly, relevant segmentation allows studies to be developed which correspond better to customer expectations. In addition, by grouping together in a relevant way actual and potential customers with common characteristics, segmentation allows for a better understanding and better prediction of customer reactions to different marketing campaigns.

Making the product offer more relevant: By breaking up the market into homogeneous segments it is possible to set up a range of products which better correspond to the expectations of the customers from each segment. Their motives for satisfaction or dissatisfaction concerning previous products, competitors or otherwise are easier to distinguish. Right from the design of the product, segmentation allows faster development of the different varieties. Each manager can work from a customer-based viewpoint to fine-tune the finished product.

Allows better targeted communication: Segmentation also leads to an improvement in the effectiveness of advertising strategy. The fact of having defined the different customer segments means that the company knows the main motivations of its customers better. Consequently it is easier to choose which argument to put forward for which segment. In addition, it has better knowledge of the sources of information used by its customers whether general public (daily newspapers or magazine, radio, TV, etc.) or professional (professional press, exhibitions, technical documents, etc.). In this way, segmentation allows choice of the most effective supports for the communication objectives.

Allows a more effective sales approach: Defining homogeneous customer segments can lead to better selection of distribution circuits and thus specialization of a part of the sales force. Whether it is a question of selling tickets to the general public or equipment to airline companies, segmentation gives a more effective sales approach.

Contributes to the pricing policy: In markets where price emerges as the determining factor, it can be used as a criteria for segmentation. This could lead the company to propose different offers as a function of the price.

Overall therefore, segmentation turns out to be a highly important tool within the Marketing Plan, with repercussions on all the variables cited. For the Sales Actions Plan, it highlights which priorities to adopt for each segment.

THE SEGMENTATION OF THE SATELLITE MARKET

The space sector is characterized by high technical and industrial complexity which necessitates international cooperation between the various players. Several activity sectors are concerned by satellite solutions but the expectations of the customers vary from one main area to another. Because of this, a precise analysis of the satellite market must be made by launch