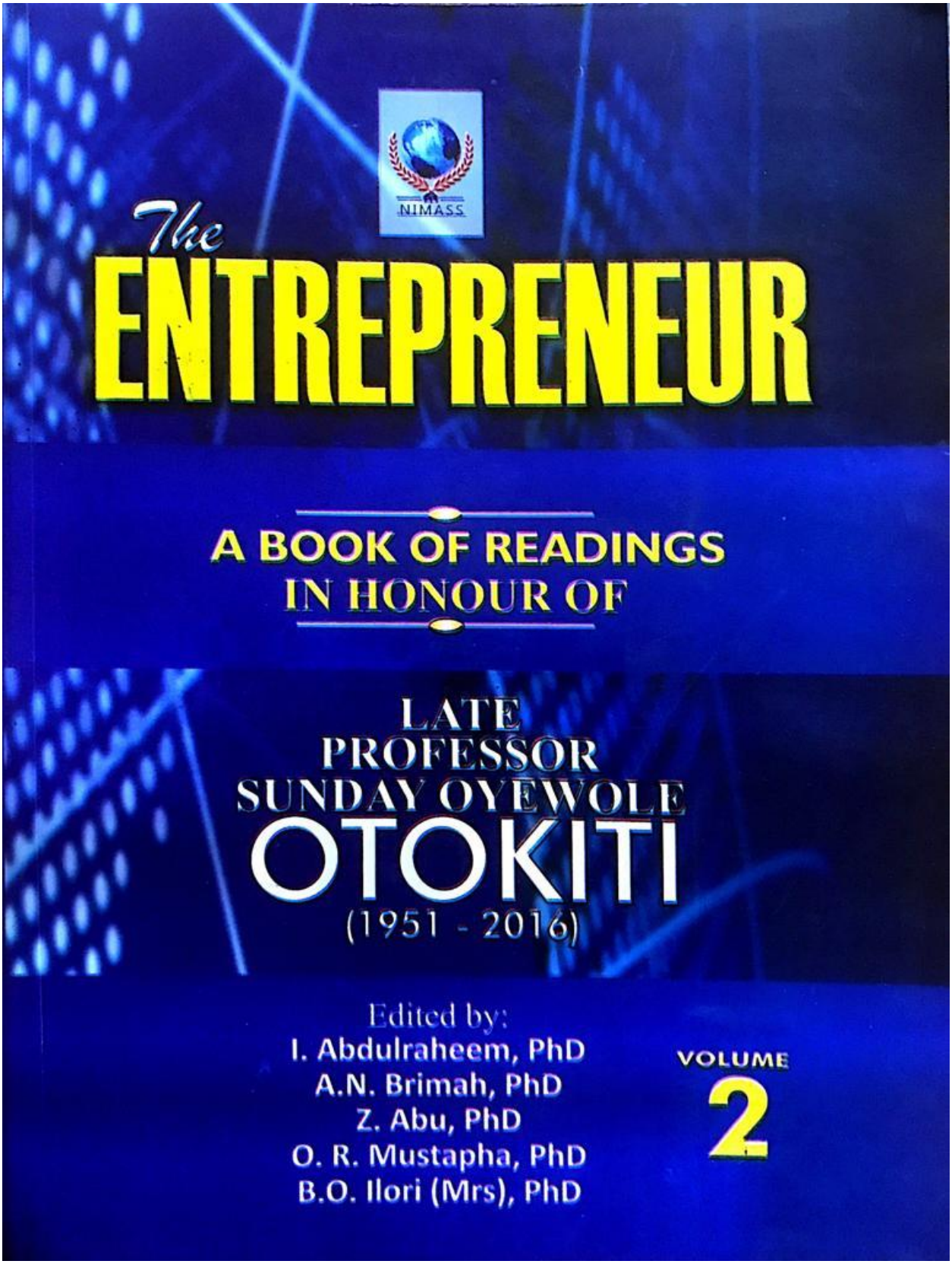

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CHAPTER 5
MARKETING STRATEGY FOR ENTREPRENEURS

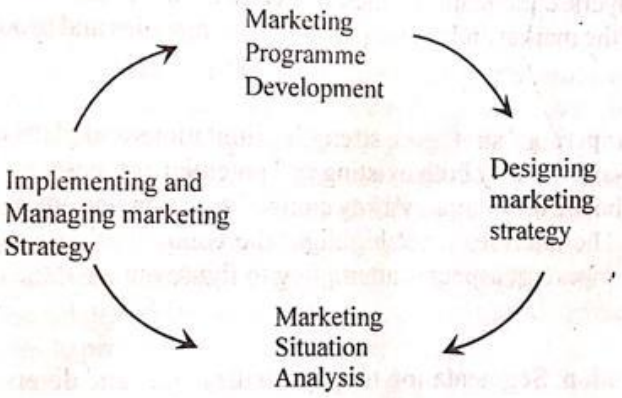
BY R.O. Mustahpa Ph.D

The success or failure of an organisation principally rests on how efficient the management are able to conduct the marketing strategic issues. Upon which the organisation builds its entire offerings. Creating marketing strategy that work is an important part of business success. Particularly in a competitive market environment. Marketing strategy is a marketing plan designed to achieve marketing objectives (Aruleba, 2016).

Marketing Strategy: the traditional and modern entrepreneursemploy a lot of marketing strategies to suite their situations and time.

Craven et al (1997) argues that marketing strategy design and management go through the four-step process shown in Figure 7 below, which is strategic marketing planning process.

Figure 7: Designing and Managing a marketing strategy



Source: Cravens D. W. Lamb Jr. C.W. and Crittenden, V.L. (1999,4)

The process involves analysis, planning, implementation and, finally, management. First, a situation analysis considers market and competitor analysis, market segmentation and continuous learning about markets. Second, designing a marketing strategy requires customer targeting and positioning strategies, marketing relationship strategies and planning for new products. Third, marketing programme development consists of product or service distribution, price, and promotion strategies designed and implemented to meet the needs of targeted consumers. Fourth, strategy implementation and management look at organisational design and marketing strategy implementation and control. Let us briefly examine each of them.

1. Marketing Situation Analysis

Effective marketing management demands the market situation analysis to provide a basis for the design of a new strategy and/or to change an existing strategy. The situation analysis is carried out on a regular basis to guide strategy change.

Analyzing markets and competitions markets must be defined to ensure that the consumer and competition can be analyzed. For market to exist their must be people with needs and wants and one or more products that can satisfy these wants. In addition, the buyers must be willing and able to purchase a product that satisfies their needs and wants.

A product market consists of specific product that can satisfy a set of needs and wants for the people (organisation) willing and able to purchase the product. The term product refers to either a physical good or an intangible service. Analyzing product markets and forecasting how they will change in the future will supply important information for business and marketing planning. Considerations on entering new product markets are critical strategic marketing decisions; it involves identifying and describing the buyers, understanding their preferences for product, estimating the size and rate of growth of the market and finding out which companies and products are competing in the market.

Evaluation of competitors' strategies, strengths, limitations and plans are also key aspects of situation analysis. Identify both existing and potential competitors. Note the few firms in the industry who are the company's key competitors. Analysis involves evaluating each key competitor. The analyses must highlight the competitor's important strengths and weaknesses. An important aspect is attempting to figure out what the competitor is likely to do in the future.

Market Segmentation: Segmentation focuses on the nature and diversity of buyers' needs and wants in the market. It provides an opportunity for the firm to focus its business competencies on the requirements of one or more specific groups of buyers. Each segment includes buyers with similar needs and wants for the product category of interest to management. Segments are described by using various characteristics of people, the reasons that they buy or use certain products and their preferences for certain brand of products. Segments for business product markets are formed based on the type of industry, the uses for the product, the frequency of product purchase, and several other factors.

2. Designing Marketing Strategy

Identification of market opportunities, defining market segments, evaluation of competitors and assessing the organisations strengths and weaknesses are the results of situation analysis. This information is very important in designing marketing strategy, which includes market targeting and positioning analysis, building marketing

relationships, and developing and introducing new products.

Market Targeting and Positioning Strategy

Market targeting determines the people (organisation) that management decides to pursue with the marketing programme. The target(s) typically consists of one or more market segments. The targeting decision set the stage for setting objectives and for developing the positioning strategy. Alternatives range from targeting most of the segments to targeting one or a few segments in a product market. The factors that can influence targeting are market's maturity, diversity of buyers' needs and preferences, the firm's size in relation to competition, corporate resources and priorities, sales potential, and financial projection.

Positioning tries to position the product in the eyes and minds of the buyers and distinguish the company, product or brand from the competition. Positioning strategy captures the combination of product, channel of distribution, price, and promotional strategies, the organisation uses to position itself against its key competitors in meeting the needs and wants of the market target. This strategy is often called marketing mix or marketing programme.

Marketing Relationship strategies Marketing relationship strategies are concerned with creating high levels of customer satisfaction through collaborative efforts of the parties involved. The parties in marketing relationship may include: end use customers, marketing channel members, suppliers/competitor's alliances and internal team. The objective being that the firm may enhance its ability to satisfy alliances and cope with a rapidly changing business environment through partnering Building long-term relationships with customers provide companies a way to gain competitive advantage. Equally, establishing relationships with suppliers, channel of distribution members and also competitors helps to provide surprise customer value.

New Product Strategies New products are required to replace old products due to fall in sales and profits. Strategies for developing and positioning new market entries involve all functions of the business. Well-coordinated new product planning is important in satisfying customer requirements and produce high quality product at competitive prices. New product decisions cover finding and searching new product ideas, selecting the most promising for development, designing marketing or commercialization programme, market testing the products and introducing them to the market. Both goods and services are included in new product planning.

3 **Marketing Programme Development:**

Naturally market targeting and positioning provides the stage or guidance for the choice of strategies for the marketing mix component of new and existing products. Product, distribution, price, and promotional strategy are selected for each market target. The

marketing mix decision can help in implementing the positioning strategy. The objective being to achieve favourable positioning while allocating financial, human and production resources to the markets, customers and products as effectively and efficiently as possible (Webster, Jr, 1992).

Product/Service Strategy: To guide product strategy decisions, marketing management requires some important information on current and anticipated performance of the products (service), these include:

(1) Customer's evaluation of company's products: their strengths and weaknesses vis-a-vis competition (product positioning by market segment information).

(2) Objective information on actual and anticipated product performance on relevant criteria e.g. sales, profit and market share.

It should be noted that product strategy include (I) developing plans for new products (ii) managing existing products, and (iii) deciding what actions to be taken on problem products (e.g. improve product performance, lower cost, reposition) (Wind and Clay comp, 1976).

Distribution Strategy: Market target buyers or consumers may by contacted on direct basis with the use of the firms sales force or through a distribution channel of marketing intermediates-wholesale, retails, linking producers with end users, household and business markets. Relevant decisions include: (i) type of channel, organisation to use; and (ii) the intensity of distribution appropriate for the product or service.

Price Strategy: Price strategy involve choosing the role of price in the positioning strategy, this includes the desired positioning of product or brand as well as the margins necessary to satisfy and motivate distribution channel participants; price plays an important role in positioning a product or service. Customer's reactions to alternative prices, the cost of the product, prices of competition and other legal and ethical factors influence management flexibility in setting prices.

Promotion Strategy The following activities: advertising, sales promotion, sales force, direct marketing and public relation help the organisation to communicate with its customers, cooperating organisations, public and other target audiences. These activities constitute promotion strategy, which performs essential role in positioning products in the eyes and minds of consumers or buyers. In short promotion informs, reminds, and persuades buyers and others who influence the purchasing process.

4 Implementing and Managing Marketing Strategy

Cravens, Lamb, Jr., and Cristendem (1999) note that implementation, as shown in Figure 7 above, is the final stage in marketing strategy development. Selecting the customers to

target and the positioning strategy for each target attains this stage. It involves marketing organisation implementation and control of strategy.

The Marketing Organisation To best advice a firm's marketing strategy, a good organisation design should match people and work responsibilities appropriately. Decision on how to allocate people into organisational units and assigning responsibility to various mix components that make up marketing strategy are important influences on marketing performance. Organisation structures and processes must be matched to the business and marketing strategies that are developed and implemented. The restructuring of organisation due to commercialization, privatization and the re-capitalization in the banking sector in Nigeria, is leading to many changes in structure and marketing units.

Implementing and Assessing Marketing Strategy

Marketing strategy implementation and assessment consist of (i) preparing the marketing plan and budget (2) Implementing the plan and (3) Managing and assessing the strategy on an ongoing basis. Typical marketing relates to targeting, positioning and marketing mix programmes. The plan will indicate activities during the plan period, stating who is responsible, cost involved and expected result sales forecast.

Marketing strategy is an ongoing process of making decisions, implementing them and gauging or assessing their effectiveness overtime. Based on its time requirements, evaluation is by far more demanding than planning. Evaluation and control are concerned with tracking performance and sometimes, altering plans to keep performance on track. In addition, evaluation includes looking for new opportunities and potential threats in the future. It is in essence the connecting link in the strategic marketing planning process in Figure 7 above.

5 Preparing the Marketing Plan

The marketing plan specifies the marketing strategy by spelling it out. Plans vary in terms of scope and detail. However, all plans should be based on the analyses of product market and segment, industry and competition structure, and the organisations competitive advantage. An outline forming a typical marketing plan is given below.

Outline for Preparation of an Annual Marketing Plan Strategic Situation Summary

A summary of the strategic situation for the planning unit, business unit, market segment, product, other important characteristics and growth projection, etc.

Objectives for the Market Target: Set objectives for the market target (such as market position, sales and profit). Also state percentage level of objectives for each objective will be measured .

Market Target Dimension: Define and describe each market target, including customers'

profile, customers preferences and buying habit, size and growth estimates, distribution channels, analysis of key competitors and guidelines for positioning strategy.
Marketing Programme Positioning Strategy: State how management wants the firm to be positioned relative to competition in the eyes and mind of the buyer.

A. **Product Strategy:** Set strategy for few products, product improvement and product deletion
B **Distribution Strategy:** Include the strategy to be used for each distribution channel, including role of middlemen assistance and support provided and specified. C Price Strategy: Specify the role of price in the marketing strategy and the planned actions regarding price.
D **Promotion Strategy:** Indicate the planned strategy and actions for advertising publicity, personal selling and sales promotions.
E **Marketing Research:** Identify information needs and planned project, objectives, estimated costs and timetable.
F **Coordination with other Business Functions** specify the responsibilities and activities of other departments that have an important influence upon the planned marketing strategy.

Forecasting and Budgets: Forecast sales and profit for the marketing plan and set the budget for accomplishing the forecast.
Contingency Plans: Indicate planned actions if events differ from those assumed in the plan.

Market Orientation and Organisation learning: The individual entrepreneur going very close to their customers utilizes effective market orientation strategy (Ogundele 2010)Cravens Lamb, Jr., and Crittenden (1999) note that strategic marketing management calls for market orientation amongst organisation members. This is because market orientation shows the central importance of the customer as the focal point of business operations. An organisation is said to be market-oriented when its culture is systematically and entirely committed to the continuous creation of superior customer value. Let us distinguish between two closely related concepts of **market orientation and marketing orientation.**

Market orientation refers to a situation whereby everyone in the organisation is being committed to the customer, and adapting in a timely way to meeting the changing needs of the customer (Bonoma, 1990) and Mckenna, 1991).

Marketing orientation means that the marketing function is the most important function within the organisation and that all other functional areas are driven by the demands of the marketing department. Market orientation is an organisational, rather than functional responsibility. Today's globally competitive environment demands that companies, in

order to survive, focus on meeting the needs of world customers quickly and efficiently. Market-oriented behavour does not happen overnight. To grow and become more market oriented requires a number of strategies. These are: managers must identify rapidly changing customer needs and wants, they must determine the impact of these changes on customers' satisfaction; increase the rate of product, service innovation, and business strategies and develop strategies for competitive advantage. Let us examine the characteristics and features of market-oriented organisation and look at the importance of becoming a market-oriented organisation. Organisational learning and its close relationship with market orientation will be highlighted.

What is Market Orientation?

Slater and Narver (1994) note that market orientation involves obtaining information about customers, competitors and market; examining the information from a total business perspective determining how to deliver superior customer value and implementing actions to provide value to customers. This calls for SWOT and relevant environmental analyses. Market orientation mixes together a culture of continuously creating superior value for buyers. Market orientation, therefore, requires customer focus, competitor's intelligence, and an inter-functional coordination.

Customer Focus: The marketing concept highlighted the importance of the customer in the 1950s.

There are many similarities between marketing concept and marketing orientation. Marketing concept calls for starting with customer needs and wants, deciding which needs to meet, and involving everyone in the process of satisfying the customers. The crucial distinction is that market orientation extends beyond the philosophy of marketing concept, by offering a process for delivering customer value. The market oriented organisation, as such, understands customer preferences and needs and then combines and directs the skills and resources of the entire organisation to satisfy customer (Kotler, 2004).

Customer focus means customer orientation. Achieving customer orientation requires finding out what values buyers are looking for to help them meet their purchasing objectives finding the attributes and features of the brand that offer the best value, guide their purchase or buying decisions. The buyers experience on using the brand is compared to expectations to determine customer satisfaction.

Competitor Intelligence: An important point is that market orientation involves both competition and customer. The relevant questions are: Which competitors? What technologies? will target customers perceive them as alternative satisfiers. Consequently, superior value delivery requires that seller identify and understand those principal

competitors' short-term strengths and weaknesses and long-term capabilities and strategies (Slater and Narver, 1994).

Complacency leads to disaster in today's turbulent marketplace. It is necessary for market-oriented company management to understand changes taking place, and see competitive threat and develop strategies to counter the threat. Organisations often use information systems technology to improve inventory management, lower costs, and increase customer satisfaction, based on competitor intelligence

Inter functional coordination: Market-oriented organisation are successful in getting all business functions together to provide customer value. They avoid the tendency to box management function, that is, a situation where manufacturing does not talk with marketing, sales does not talk with R and D, R and D does not talk with marketing in the organisation, resulting in functions, emptiness of responsibility and void of interaction. On the contrary, inter functional cooperation and shared decision-making lead to achieving customer value objectives.

Becoming a Market-Oriented Organisation

As shown in Figure 8 above, becoming a market-oriented organisation requires many inter-related activities. These include information acquisition, inter functional assessment, shared diagnosis and coordinated action. Information Acquisition: Shapiro (1988) argues that organisation can be market-oriented only if it completely understands its market and the people who decide whether to buy its products or service. The consumer page of many of our daily newspapers and specialized business publications provide wide ranging information about popular market items, suppliers responsiveness and varying customer preference in various areas.

Inter functional Assessment: Organisation must overcome the hurdles of getting people from different functions to work together to conceive and develop new products. It is essential that new product planning involve all functions because they all contribute to customer satisfaction. The objective should be to develop entrepreneurial team who will overcome problems of conflicting functional objectives and other differences.

Shared Diagnosis and Action: The other cornerstone of the market orientation model or paradigm relates to deciding on what actions to take. It involves shared discussions and analysis of trade-offs. An effective multifunctional team approach to decision-making can facilitate diagnosis and coordinated action. Teams should be empowered to make decisions and made responsible for results Becoming market-oriented is challenging because of the close and shared responsibilities across business function. However evidence suggests that the market-oriented organisation has an important competitive advantage in superior performance

Organisational Learning. Learning about markets requires developing a process throughout the organisation for obtaining, interpreting and acting on information from sensing activities. The learning processes of market-oriented organisation have four steps: open-minded inquiry, synergistic information distribution. mutually informed interpretation and accessible memory usage. These are explained as follows:-

(a) Open Minded Inquiry The open exploration of new view about markets and competition is not a big problem. The danger is in management "mind set" concerning the idea being bound to past views about markets and how they are likely to change in the future. Therefore, the search for information is of little use if management already has a view on which new information will have no influence.

Market-oriented organisation members recognize the importance of market sensing and coordinated interpretation of market intelligence to guide strategies. Continuous learning about markets requires investment in information for decision-making.

Continuous learning allows organisation to obtain more information about their customers, suppliers, and competitors. This capacity provides the potential for growth consequent upon the decision made by open-minded and managers taking into account a more complete representation of competitive environment. It also allows firms to respond much more quickly to competitors' actions and take advantage of situations in the market place.

(b) Synergistic Information Distribution: Traditional information processing in organisations allocates relevant information to each business function. Synergistic distribution of information works to remove functional hurdles and practices. Multifunctional teams help to distribute or encourage transfer of information across functions. Thus, this part of the learning process encourages the widespread distribution of information throughout the organisation. The objective is to enhance or leverage the value of information by transversing business functions to share information on customers, channels of distribution, suppliers and competitors

(c) Mutually Informed Interpretation: To have a mental model of the market guides managers in interpreting information. The objective is to reach a share vision about the market and about the impact that new information has on this vision. The market-oriented culture encourages market sensing. The interpretation is assisted by mental models of managers. Which contains decision rules for deciding how to act on information in the light of anticipated outcomes. The model reflects the executive's vision about likely future directions of change. Learning comes in as members of the organisation evaluate the result of their decisions, based on their vision at the time the decisions were made (Day, 1994).

(d) Accessible Memory Usage: This stage of the learning process emphasizes the importance of gaining access to prior learning. The intent is not to lose valuable information that can continue to be used. Market information can guide new product decisions and show when buyer interest is slowing down. Based on market orientation process, an organisations product team can make a major effort to sense market needs, using information from customers, competitors and distributors. These inputs could guide design, production, and marketing decision (Hii - Franco, 1995).

Growth Strategies

This segment of strategic marketing management focuses on growth strategies from two dimensions. The first is the growth directions that could be explored from an organisations core or initial business. The second is the strategic challenges and opportunities in growth markets, typified by Nigerian marketing environment.

1. Company Growth Strategies

Cravens (1997) states that organisational growth can be achieved by marketing current or new products in existing or new markets. Company's management must be aware of any marketing opportunities, strategic windows, or potential differential advantages. The strategic opportunity matrix shown in Table 3 below is a useful tool to help identify alternative strategic opportunities. The matrix organizes opportunities into four categories, based upon product and market considerations.

Table 3: Strategic Opportunity Matrix

	Present Products	New Products
	Market Penetration	Product development
	Market development	Diversification

Source: Cravens D. W. Lamb D. W. Jr. and Crittenden V.L.fl 999,145)

Market Penetration: An organisation carrying out a market penetration strategy tries to increase market share among existing customers. This could be done by starting a major promotional campaign, with aggressive advertising and naira off coupons to existing customers.

Market Development: Market development involves attracting new customers to existing products. One method is featuring new uses for old products to stimulate additional sales from existing customers, which also brings in new buyers. In Lagos State University the growing emphasis on part-time studies in diploma and degree courses are market development strategies.

Product Development: A product development strategy involves the creation of new products for present markets. In Nigeria the E-banking is a new trend to which many

banks are responding as a form of product development. Managers employing this strategy must rely on knowledge of the target audience.

Diversification: This is a strategy for increasing sales by introducing new products into new markets. Diversification strategy can be very entering unfamiliar market. Equally, it can be very profitable when an organisation is entering a market with little or no competition. It is natural as business grows and matures to move beyond the core business. A number of factors may be responsible for such movement or growth strategy. These include available resources, management's preferences, unfolding opportunities and threats, and the need to reduce dependence on the core business. An organisation may rely on its own expertise to grow. At other times it uses the expertise of others. Three important ways of accomplishing growth strategy include leveraging a core competency, engaging in mergers and acquisitions and establishing a joint venture or strategic alliance. Let us focus on explanation of each of them:

(a) **Leveraging a core competency:** This is where a company uses its own expertise in a particular field to grow. For example Honda exploited its core competency in small engine technology and manufacturing and its brand recognition to leverage growth into diverse power equipment markets ranging from, cars, garden tillers, motorcycles, lawnmowers, power generators to out board motors, etc. This seems to be a growth strategy of diversification into unrelated markets.

(b) **Engaging in mergers and acquisitions** This method has been a leading growth strategy of companies in a variety of industries. It is the current growth strategy for banks in Nigeria based on the minimum capital requirement of N25 billion. In the pharmaceutical industry Sterling Products Plc acquired Beecham Nigeria Plc as growth strategy towards the end of last century.

(c) **Establishing a joint venture or Strategic alliance** This is a process by which companies form partnership with other organisations to develop products. In some other dimension alliance is formed to vertically align with specific suppliers or customer groups.

Marketing Strategy in Growth Market

Growth markets are characterized by escalating or fast-growing industry sales, many competitors entering the market, large companies acquiring pioneering firms, and healthy industry profits. The strategic focus will shift from stimulating generic or primary demand to aggressive selective or brand demand stimulation. Large organisations are likely to enter markets at growth stage by utilizing superior skills and resource advantages to overcome some of the timing advantages of market pioneers. Large organisations also have the advantage of evaluating the attractiveness of product market during initial development. The wait-and-see position by large potential competitors encouraged may be due to the uncertainties about the size and scope of the emerging market.

However growth markets present strategic challenges that are stimulating. Marketing managers must consider the following key issues: market segmentation, targeting and positioning.

Market segmentation: Kotler (2004) notes that segments should be defined, described and analyzed in the growth stage. Targeting is improved by identifying customer groups with similar needs. Experience with the product, process and material technologies lead to 'greater efficiency and increased standardization (Lamb K. and Day 1989). During growth, the market environment moves from highly uncertain to moderately uncertain. Analysis of the existing buyers' characteristics and preferences could provide useful guideline for estimating market potential. To develop and maintain competitive advantage, it is important to anticipate the direction of change. Management must also evaluate the potential for segment growth.

Targeting: In growth market, the major influence on targeting decisions are:

1. The capacities and resources of the organisation,
2. The competitive environment,
3. The extent to which the product market can be segmented,
4. The future potential of the market, and
5. The market entry barriers confronting potential competitors. A concentrated or niche targeting strategy may be relevant when buyers needs are differentiated or when product differentiation occurs. A new market entrant may identify segments that provide opportunity for small firms to gain competitive advantage. Market leader(s) may regard small segment unattractive to allocate skills and resources necessary to gain position in them. The buyers' needs and wants must be determined by organisation wishing to appeal to multiple market segments, by using differentiated targeting strategy so as to ascertain how much variations exist. A small number of segments can be identified by one or a few general characteristics (e.g. Size of business). When there are no apparent segments, undifferentiated targeting is guided by a general profile of buyers. This average buyers profile becomes the target.

Positioning Strategy: When product markets shift from emerging to growth, positioning strategies will change. Table 5 below shows some positioning strategies found in emerging, growth and mature product markets. It is to be noted that these strategies are merely illustrative since many factors affect the choice of a strategy.

Table 5: Positioning Strategies in Emerging, Growth and Mature markets.

Positioning Strategy	Emerging	Growth Markets	Mature Markets
Product strategy	Limited number of models; frequent product modification	Expanded number of mode is: frequent product modification	Larger number of models
Distribution strategy	Distribution usually limited depending on product; intensive efforts and high margins often needed to attract distributions	Expanded number of distributions: margin declining intensive efforts to retain distributions and shelf space	Extensive number of dealers: margin decline intensive efforts to retain distributions and shelf space
Promotion strategy	Develop product awareness: stimulate primary demand: use extensive personal, selling to distributors: use sampling and coupons to customers	Stimulate selective dem and advertise brand aggressively to retain re ta ilers a nd custom ers	Stimulate selective demand: advertise brand aggressively; promote heavily to retain dealers and customers
Pricing Strategy	Price are usually high to recover development costs	Prices begin to fall towards the end of growth stage as a result of competitive pressure	Prices continue to fall

Source: Cravens, D. W., Lamb, C. N. Jr. and Crittenden V. L. (1999,148)

It should be pointed out that as product or service markets shift from emerging to growth, the strategic focus shifts from stimulating generic or primary demand to aggressive, selective or brand stimulation. The expanded number of models and competitors contribute to the shift. A further contributor to this shift in strategies is that most potential customers and distributors are aware of the generic product features, advantages and benefits. Promotion emphasis changes from education, product awareness and primary demand stimulation to developing brand loyalty.

Distribution is a major key to success in growth market. Manufacturers compete to sign up dealers and distributors and start to build long-term relationships. To establish a strong market position adequate distribution is important. Towards the end of the growth stage, profit begins to fall from the peak level. Price reductions come from increasing economies of scale and rising competition. Most firms by this time have also recovered their development cost, their priority being increasing or retaining market share and enhancing profits.

Market Target Strategies

Decision on market target(s) is an important business decision. The alternatives are; should an organisation attempt to serve all customers who are willing to patronize its products, or one or more subgroups (segments) of customers. The starting point understands the product market as precondition for selecting the market target strategy. Four stages are involved in the targeting process. These are:

(1) Deciding how to form segments,

(2) Describing the people or organisations in each segment,
(3) Evaluating market target alternatives, and
(4) Selecting a market target strategy.

The possibilities for targeting range from attempting to appeal to most buyers in the market to concentrating on one or a few segments within the market (Cravens, Lamb, Jr. and Crittenden 1999)

Finding and Describing Segments

Through better use of a firm's capabilities and resources, segmentation may allow a company to gain advantage, including higher profitability. By selecting segments of the product market (each containing people or organisations that display some level of similarity in their needs and wants) management can gain greater customer responsiveness from effort expended than by directing the same marketing effort to the whole market.

The starting point is to identify possible segments and then for each segment of interest determine which marketing programme positioning strategy will obtain the most favourable market response, in terms of profit, net marketing costs, etc. There are many ways to divide a product market and also several ways of combining marketing programmes that could be used for each market segment, working out the very (optimal) market target and marketing programme strategy might not be feasible. Therefore, the objective should be to improve the sales response and cost results through effective targeting and positioning strategies.

Criteria for Segmentation

Five criteria are used as bases for segmentation, these are:

(1) Determine the segment responsiveness to company's effort. If there is no variation inresponsiveness between segments to any given marketing programme, theprogramme should be the same. If segments actually exist, their responses will bedifferent and a different marketing programme strategy will work best for each group.
(2) It must be feasible to identify two or more customer groups.
(3) A firm must be able to aim appropriate marketing programme strategy at each target segment. It must be accessible through marketing activities, e.g., advertising.
(4) In terms of revenue generated and cost incurred, segmentation must be doing well.
(5) The segment must exhibit enough stability over time, so that the firm's efforts via segmentation will have enough time to reach desired levels of performance.

If the five criteria are not met, a segmentation strategy may be questionable. The advantage of meeting the requirements for segmentation is that it ensures that strategy will lead to improved performance.

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