

R E P O R T

Principles of Marketing



Bangladesh Prospective

Prepared For

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Principles of Marketing

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Dear Sir,

In accordance to your advice I have made my report on “Steps in Market Segmentation, Targeting and Positioning” of Coca-Cola Company.

To serve the purpose, I have followed standard research methodology to extract the findings and also applied sophisticated data analysis techniques to get consistent and sound output. As per the direction of the course instructor, I have tried my best to highlight my finding through applied marketing concepts and models.

I therefore, sincerely hope that, this report will fulfill the requirements suggested by you under the course MKT 101. I shall appreciate if you please spend some of your valuable time by calling on me for a discussion in connection to the interpretation of the report.

Sincerely Yours
S. M. Benzir Ahmed

A C K N O L E D G E M E N T

Firstly, I would like to give thanks to our instructor Mr. Shahriar Akter – who gave me the concept to make a report on “Steps in Market Segmentation, Targeting and Positioning” of Coca-Cola Company. While making the report, I got to know many new terms, related with the subject. He was always helpful towards me to meet my confusion related to this project.

I am also thankful to “Coca-Cola Company” as they have made their web sites with lots of information, which also helped me to make the report.

I am also thankful to “Google.Com” as they have made their powerful search engine enriched with various options and resources.

At the end I want to thank the administration of East-West University who has provided me the facilities of computer laboratory and internet.

CONTENTS

Title.....	Page No.
Executive Summary	05
Levels of Marketing Segmentation	06
Variables to segment a market	07
Market Coverage Strategies	08
Target Market Selection	09
Ways of Position	10
Weapons of Position	11
Bibliography	12

Executive Summary

The objective of the report is to find out the “Steps in Market Segmentation, Targeting and Positioning” of Coca-Cola Company. After researching on this company I have found that, in levels of marketing they follow segment marketing and in segmentation they follow behavioral segmentation. As they have three different types of product they follow differentiated marketing with different marketing mix. In target market selection they are following full market coverage. Coca-Cola Company follows 4 ways of positioning (Price, Product User, Product Class, Competition and Symbol). Their effective ways of positioning help them much to increase their profit.

Segmentation

Segmentation is a division of market with similar needs.

Levels of Marketing Segmentation

There are mainly two levels of marketing segmentation.

1. Mass Marketing
2. Micro Marketing

1. Mass Marketing

In mass marketing level, same product is consumed and bought by all customers.

2. Micro Marketing

Micro Marketing can be divided into four parts.

- a] Segment Marketing
- b] Niche Marketing
- c] Local Marketing
- d] Individual Marketing

a] Segment Marketing

Particular market segment, product and consumer who share a similar set of wants.

b] Niche Marketing

It is a sub segment. Generally, it is ignored by competitors.

c] Local Marketing

Meeting the needs of particular locality is called local marketing. Here marketing mix is designed for particular regions.

d] Individual Marketing

In individual marketing customer concept is applied. It is a kind of personalized marketing.

Recommendation

Coca-Cola Company is performing Segment Marketing. They have 3 varieties.

1. Coca-Cola,
2. Sprite
3. Fanta.

These are consumed by different people of different tastes.

Variables to segment a market

There are four variables to segment a market.

- a] Geographic Segmentation
- b] Demographic Segmentation
- c] Psychographic Segmentation
- d] Behavioral Segmentation

a] Geographic Segmentation

Geographic segmentation is to dividing market into different geographical units such as nations, states, regions, country, city or neighborhoods.

b] Demographic Segmentation

Dividing markets into groups based on demographic variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation and nationality.

c] Psychographic Segmentation

Dividing a market into groups based on social class, lifestyle or personality characteristics.

d] Behavioral Segmentation

Dividing a market into groups based on consumer knowledge, attitude, use or response to a product.

Recommendation:

Coca-cola is performing behavioral segmentation. They have divided their market based on consumer's taste and personality.

Targeting

Targeting means to selecting attractive segments to enter.

Market Coverage Strategies

There are three market coverage strategies.

- a] Undifferentiated Marketing
- b] Differentiated Marketing
- c] Concentrated Marketing

a] Undifferentiated Marketing

Marketing approach ht views the market as one big market with no individual segments and thus requires a single marketing mix.

Advantage

Can get the facilities of Economies of Scale

Disadvantage

No product variety

Vulnerable to competition

b] Differentiated Marketing

A strategy that chooses two or more well-defined market segments and develops distinct marketing mix for each.

Advantage

Greater financial success

Disadvantage

High raw material and promotion cost

Cannibalization: situation that occurs when sales of a new product cut into sales of a firm's existing product.

c] Concentrated Marketing

A strategy used to select one segment of a market for targeting marketing efforts.

Advantage

Concentration of resources

Small segment

Meets EOS [Economies of Scale]

Disadvantage

Adequate profit does not come

Vulnerable to competition

Recommendation:

Coca-Cola is performing Differentiated Marketing. It has chosen two or more well-defined market segments and has developed distinct marketing mix for Coca-Cola, Fanta and Sprite - each.

Target Market Selection

A group of people or organizations for which an organization designs, implements and maintains a marketing mix intended to meet the needs of that group, resulting in mutually satisfying exchanges.

There are five patterns of target market selection.

Here: P = Product, M = Market

Single-Segment Concentration				Selective Specialization				Product Specialization			
	M1	M2	M3		M1	M2	M3		M1	M2	M3
P1				P1	■			P1			
P2	■			P2		■		P2	■	■	■
P3				P3			■	P3			

Market Specialization				Full Market Coverage			
	M1	M2	M3		M1	M2	M3
P1	■			P1	■	■	■
P2	■			P2	■	■	■
P3	■			P3	■	■	■

Recommendation:

Coca-Cola Company is performing Full Market Coverage where they are serving all segments with their products.

Full Market Coverage			
	Teen	Young	Old
Coca-Cola	■	■	■
Sprite	■	■	■
Fanta	■	■	■

Positioning

Positioning means occupying a clear and distinctive place in the mind of target customers.

Ways of Position

There are seven ways of position.

- a] Price/Quality
- b] Product Attributes
- c] Product User
- d] Product Usage
- e] Product Class
- f] Competition
- g] Symbol

Recommendation:

In that part Coca-Cola Company is performing mainly 5 ways among 7.

Price

They always try to provide their product within lower amount, so that the customers can buy the product.

Product User

Though, their product is drunk by all, but they specially do their promotional activities to gain the market share of young generation.

Product Class

For product class they have introduced can and bottle with different quantity.

Competition

Coca-Cola Company is also competing with other competitor companies based on packaging, price and promotions.

Symbol

Symbol is an important factor. Because, from the very beginning they are using the same Symbol and today they have gained a brand facility.

Weapons of Position

There are four weapons of position.

- a) Product [Quality, Design, Features, Packaging]
- b) Price [Cost Based Pricing, Value Based Pricing, Competitor Based Pricing]
- c) Placing [Exclusive Distribution, Selective Distribution, **Intensive Distribution**]
- d) Promotions [Rational Appeal, **Emotional Appeal**, Moral Appeal]

Recommendation:

Coca-Cola Company's Weapons of Positioning are described below.

a) Product

They always try to provide their product with low price with different packaging. For example they have introduced "can" beside bottle.

b) Price

They follow both: Cost Based Pricing and Competitor Based Pricing. They have charged low price to gain the facility of Economy of Scale. If any company charge low price of their product at the same time they also charge their price lower.

c) Placing

As it is a soft drink, Coca-Cola Company follows Intensive Distribution. It is found more or less everywhere in Bangladesh.

d) Promotions

In terms of promotions they use Emotional Appeal.

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