

MB 301
ENTREPRENEURSHIP & PROJECT
MANAGEMENT

LECTURE 9&10
Market Segment & Blue Ocean Strategy

MARKET SEGMENTATION

- Market segmentation is the process of dividing prospective consumers into different groups depending on factors like demographics, behaviour and various characteristics.
- Market segmentation helps companies better understand and market to specific groups of consumers that have similar interests, needs and habits.

MARKET SEGMENT-COMMON FEATURES

- Homogeneity-Customers in a segment are generally fairly similar in terms of their common needs.
- Distinctiveness-The members of each individual segment are distinct from the members of other segments.
- Reaction-Consumers in each segment have similar (or relatively similar) reactions to various marketing, advertising and products directed at their segment

TYPES OF MARKET SEGMENTATION

- **Behavioural**-behavioral market segmentation is focused on how consumers interact with a product, or how much they know about a product. Ex: brand loyalty, price sensitivity, special occasion, etc.
- **Demographic**- segments based on similar age, gender, family size, religion, nationality, income and education level.
- **Psychographic**-segmentation based on consumer's lifestyles, personality, interests, opinions, social class, habits and activities to better ascertain their needs.
- **Geographic**-Geographic market segmenting takes into account what country, region, city or area a potential consumer resides in.

BENEFITS OF MARKET SEGMENTATION

- Market segmentation helps companies zero in their resources on areas where they have a better chance of success. Ex Niche marketing
- A major benefit of market segmentation is its usefulness in helping companies narrow their message to be more unique for specific consumers.

NIKE'S MARKET SEGMENTATION

- Nike is unique in the fact that they have a very general targeted demographic segment –their stated target market is “all athletes”.
- Niche targets age group 15-40
- Nike has recently launched a variety of women's lines to tap into the fast growing women's segment.
- In America Nike uses football and baseball stars for marketing but uses soccer stars in Europe and cricket stars in India to target specific area wise interest.

What is a **red ocean**?

- Strong rivalry in saturated market
- Cutthroat competition or bloody ocean
- Limited growth
- Limited profit

What is a **blue ocean**?

- **New Market space**
- **Demand is created not fought over**
- **Profits are unknown**
- **Great opportunity for growth and profits**
- **New customers through new value**

CASE I

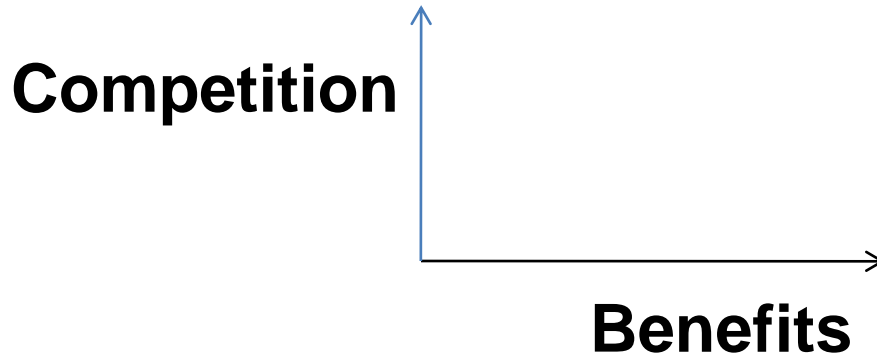
American/Canadian Circus Industry saw a downward trend

- Other forms of recreation like sports, home entertainment systems were on the rise
- Star performers were dictating in the circus company
- Animal Rights activists prevented use of animals in circus

**Canadian Circus Company CIRQUE DU SOLEIL applied
BLUE OCEAN STRATEGY successfully**

Steps:

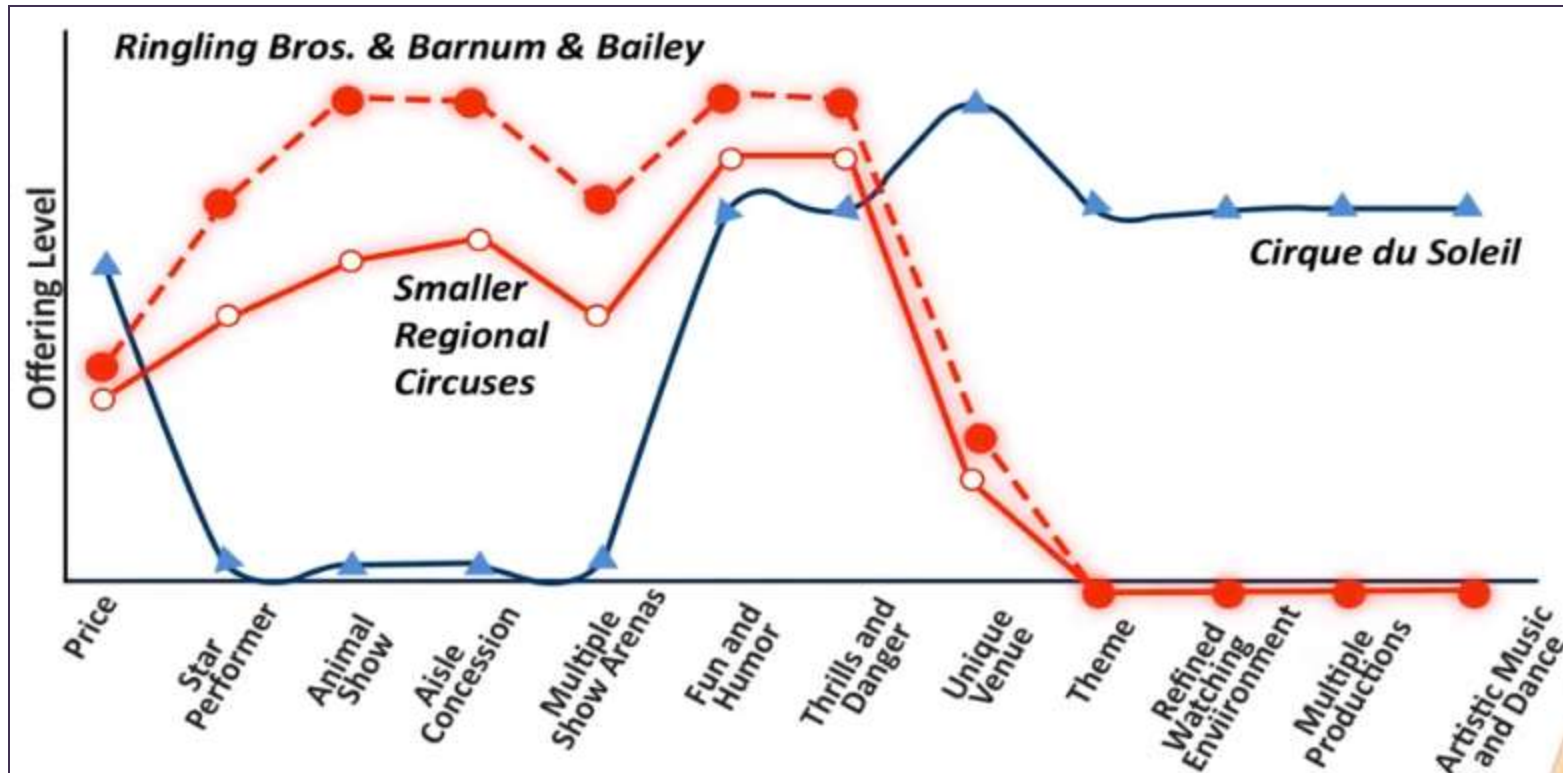
- ❖ **Define Competition**
- ❖ **Identify product benefits**
- ❖ **Plot strategy canvas**



- ❖ **Apply four action framework**

REDUCE ELIMINATE CREATE RAISE

Strategy Canvas for Cirque du Soleil



REDUCE : THRILL, DANGER

ELIMINATE : Animals, Star Performers

CREATE : DRAMATIC themes, own tents

RAISE : music, dance



CASE II

Downfall of the Indian Aviation Industry

- Air Deccan started operation in 2003 and closed down in 2008.
- Kingfisher started in 2005 and shut down in 2012
- Jet Airways started in May 1993 and suspended operation in April 2019

INDIGO started low cost air service in August 2006 and is still going strong
INDIGO applied **BLUE OCEAN STRATEGY**

Reduce : Price

Eliminate : Free food

Create : Extra charges for preferred seats & food

Raise : Punctuality, Service

- TILL WE MEET AGAIN IN THE NEXT CLASS.....

