

CASE NINE

St James Power Station: Segmenting the Party Goers

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Case Objectives

- To understand the concept of market segmentation.
- To understand the concepts of product differentiation and positioning.

Case Synopsis

- St James is one of the newest party destinations and three large clubs in Singapore. Started its operation in 2006, this entertainment spot housed nine different entertainment outlets and three restaurants. It attracted many party goers and is used to hold events such as the Singapore Star Awards 2006.
- The nine concepts of St James outlets are Power House, Dragonfly, Mono, Movida, Bellini Room, Tiger Live & Boiler Room, Peppermint Park, Gallery Bar and The Lobby Bar. Each concept is decorated and carries its own unique entertainment offers to cater to the needs and preferences of different party-goers. Its three restaurants also offer different dining concepts such as Japanese, Chinese and Indian dining style.
- St James' two main competitors are Ministry of Music (MOS) and Zouk. Similar to St James, they both offer different entertainment concepts and music genre to satisfy the different needs and preferences of party-goers. They too have their own Bar or Bistro for light meals or just chilling out with friends.

Case Questions and Answers

Question 1

How would you segment the night entertainment market? What are the different customer segments for this market? What do these different groups of customers look for?

- Segmentation is the process of combining prospective customers (buyers) into groups that have common needs and will respond similarly to a marketing action. Target market of a company can be segmented based on two general categories such as the customer characteristics and buying situations.

- For the night entertainment market, we can focus on the demographic and psychographic customer characteristics. For St James, it focuses on a few customer groups based on their age. For instance, its Power House targets younger party goers – the 18 year-old males and females, and its Dragonfly and a few others focus on a slightly older crowd of 23 years old and above.
- For psychographic segmentation, St James focuses on the different customers' music preferences and the lifestyle– its Power house is designed for the young and hip, and The Lobby Bar for soccer fans.
- Another segmentation variable that can be used is the usage or patronage rate of customers. Usage rate is the quantity consumed or patronage – store visits- during a specific period. To encourage higher patronage, Zouk introduced the crew night on every Thursday where pilots and air stewards and stewardess are given free entry to the club.
- Different customers have different needs and therefore segmentation is useful for marketers to provide the right and preferred service and products to satisfy these needs. For example, the very young people targeted by Power House need an entertainment place where they can let their hair down and join the dance floor freely with anyone they want. Generally, they need a place where they can have fun with their friends and is seen as a “cool” place to go.
- Psychographic segmentation can be based on lifestyle. People with similar lifestyle will have common needs, stay near one another, have similar interest and buy similar products and services. Like mentioned above, the Lobby Bar in St James is targeted at soccer fans. This group of customers has a similar need – a comfortable place for them to enjoy their soccer match and beer together.
- Lastly is the patronage rate. The pilots, air stewards and stewardess are looking for an entertainment spot while they are away from or after their busy schedule to just unwind. Zouk taps on this need and enhances its customer's patronage by offering a crew night – free entry for all pilots and cabin crew staff.

Question 2

What market segments do you think are targeted by St James Power Station, Zouk and Ministry of Sound? Why do you think these establishments target those segments?

- In general, all these three establishments are targeting at party goers however further segmentation is done based on age, music preference and lifestyle also the needs of these groups of customers.

- Based on demographic variable - age, they focus on the young and grown up party goers. Customers of age 18 to mid 20s can be considered as the young party goers, while those about 26 years old above are considered the matured or grown up crowds. Age can also be a determinant of their disposable income level.
- Based on psychographic variable – interest, for instance St James provides a nice spot with television screening sports programs for the soccer fans to enjoy the soccer match with their family, friends or even other fans.
- Based on psychographic variable – lifestyle and music preference, they target on those working professionals who need to unwind after their busy days. All three establishments offer different entertainment outlets for this broad group of customers. Choices vary from different music genre like the R&B, disco or soulful sections.
- Based on buying situation – patronage. For instance, Zouk targets the crew groups by introducing a free entry to the club every Thursday night for pilots, air stewards and stewardess.
- Based on buying situation – benefits sought. They also focus on the benefits that customers are looking for. Each of these establishments offers one entertainment outlet or spot where customers can organize they can mingle around or organize corporate events. For instance, St James' Mono has a common area that can hold up to 50 people suitable for corporate events. On the other hand, Zouk's Wine Bar designed with the contemporary and relaxing setting is a place for professionals to mingle and chat with one another.
- In summary, these three establishments focused on:
 - Young party goers (Eg. Tertiary students, National Service men)
 - Working professionals (Eg. Cabin crew and executives)
- Possible reasons to target on these groups:
 - Tertiary students and National Service men generally earn or receive higher income or allowances among the other youth groups. They too have more time to spend for entertainment. Hence, those party goers are in search for nice spots to hang out with their friends for networking and entertainment purposes.
 - The working professionals as compared to the above group have higher disposable income but less time to spare. Nevertheless, places like St James, Zouk and MOS are still their favorite spots to unwind and chill out with their friends and colleagues. In addition, for some these places could be a good networking spot too.

Question 3

How do St James Power Station, Zouk and Ministry of Sound differentiate themselves from their key competitors? How do they position themselves in the market?

- Differentiation is the process of distinguishing a company product or services from its competitors in customers' minds using different marketing mix activities. Marketing mix refers to price, product, promotion and place.
- St James Power Station Differentiation Points

Marketing Mix	Description	Implication
Product	<ul style="list-style-type: none"> ▪ 9 entertainment outlets and 3 restaurants ▪ The club is open 7 days a week for all outlets 	The club provides a wider range of choices or entertainment outlets for customers to choose in order to suit their different needs and wants. In addition, customers are able to patronize the different outlets any time during the week as they are all open 7 days a week.
Price	<ul style="list-style-type: none"> ▪ Cover charge ranges from \$10-\$20 for men and women depending on entry time ▪ One price for all outlets 	Generally, the cover charge for St James Power Station is the lowest among the other two competitors. Furthermore, unlike Zouk, this cover charge allows customers to enter all the nine outlets available.
Promotion	<ul style="list-style-type: none"> ▪ Membership program ▪ Newsletters ▪ Alliance with UOB Bankⁱ 	<p>Alliance with banks such as UOB Bank and the club membership program allow customers to enjoy certain privileges such as free entry or vouchers on drinks.</p> <p>Customers can also request for newsletters to be sent to their addresses for club updates.</p>
Place	<ul style="list-style-type: none"> ▪ Sentosa Gateway 	The club is strategically located near the largest shopping centre in Singapore – Vivo City and one of the hottest place to visit in Singapore – Sentosa Island.

- Zouk Differentiation Points

Marketing Mix	Description	Implication
Product	<ul style="list-style-type: none"> ▪ 4 different venues featuring different music genre and settings ▪ Each venues opens on selected days ▪ DJs are sent to US or Europe ▪ Zouk sells merchandises with house brand 	<p>The club caters to a wide group of customers with unique music and setting preferences. Unlike St James, Zouk restricts its party goers to enter different venues for each entrance. This means that each cover charge only allows customer to enter one venue, as to avoid over-capacity at certain venue too.</p> <p>The club also sent its DJs overseas to keep abreast with the latest music trends. High profile overseas DJs are sometimes invited to draw more crowds too.</p> <p>In addition to its main product – entertainment, the club also sells merchandises such as CDs and t-shirts labeled with Zouk brand. This is not practiced by its key competitors.</p>
Price	<ul style="list-style-type: none"> ▪ Cover charge ranges from \$28 – 30 for different venuesⁱⁱ 	<p>When compared to St James and Ministry of Sound, Zouk cover charge is higher.</p>
Promotion	<ul style="list-style-type: none"> ▪ Membership program ▪ Alliance with DBS Bankⁱⁱⁱ 	<p>Alliance with banks such as DBS Bank and the club membership program allow customers to enjoy certain privileges such as free entry.</p>
Place	<ul style="list-style-type: none"> ▪ Clarke Quay 	<p>The club is strategically located at Singapore’s entertainment hub where other favorite bars, restaurants and clubs are located.</p>

- Ministry of Sound (MOS) Differentiation Points

Marketing Mix	Description	Implication
Product	<ul style="list-style-type: none"> ▪ Superclub concept with global DJ platform ▪ Genre-specific rooms themed ▪ The ground floor is designed as the club dance floor ▪ 8 different bars and bistro with different dining and entertainment settings 	<p>Unlike its key competitors, MOS offers a clear distinction of music genre. The music rooms are themed with different music genre such as disco, soulful, hip-hop/R&B, etc. They are also uniquely decorated to suit its music genre.</p> <p>The club offers drinking and dining area that is located outside the club, unlike St James. Known as the Cannery, this place offers eight different bars and bistro to satisfy different needs and wants of customers. For instance, those who wish to chill out with friends can opt for Bar Fly.</p> <p>Most importantly, what differentiates MOS from the other competitors is its concept of mirroring popular international spots for all its entertainment outlets, some are even under franchise.</p>
Price	<ul style="list-style-type: none"> ▪ Cover charge with one or two drinks ranges from \$12 - \$25 for men and women depending on entry time 	<p>When compared to Zouk and St James, MOS cover charge is considered as mid-range because it comes with free drinks and still lower than Zouk in overall.</p>
Promotion	<ul style="list-style-type: none"> ▪ Membership program 	<p>Customers can apply for MOS membership program for which they can enjoy special privileges such as the members-only area.^{iv}</p>
Place	<ul style="list-style-type: none"> ▪ MOS is located at Clarke Quay and Café Del Mar is located at Sentosa Island 	<p>All outlets are located where their target markets are. Unlike its key competitors, the company that runs MOS covers both hot party areas.</p>

- Product positioning refers to the place an offering occupies in consumer's minds on important attributes relative to competitive products.
- St James positions itself as a club that is affordable and suitable for all groups of customers as its cover charge is the most affordable one and it has a wide variety of entertainment outlets and restaurants.
- Zouk positions itself as a club for the classy and professionals and also focused clearly on music, entertainment and drinks. It does not offer dining places like its two other competitors.
- Ministry of Sound position itself as the global or international club in Singapore, offering a taste of international entertainment hub for Singapore customers.

ⁱ Source: <http://www.stjamespowerstation.com/index2.htm> Retrieved 13 June 2009.

ⁱⁱ Source: <http://www.zoukclub.com/forum/viewtopic.php?p=2620> Retrieved 13 June 2009.

ⁱⁱⁱ Source: <http://www.zoukclub.com/main.php> Retrieved 13 June 2009.

^{iv} Source: <http://e-clubbing.com/2006/07/ministry-of-sound-singapore-mos-membership-has-its-clubbing-privileges/> Retrieved 13 June 2009.