1. Extensive market segmentation is a relatively recent phenomenon. Until about the middle of this century many firms offered a single basic product aimed at the entire mass market (such as Coca-Cola or Levi jeans). But in recent years many firms—including industrial goods manufacturers and services producers as well as consumer products companies—have begun segmenting their markets and developing different products and marketing programs targeted at different segments. Which environmental changes have helped spark this increased interest in market segmentation? Which advantages or benefits can a firm gain from properly segmenting its market?

2. Is market segmentation always a good idea? Under which conditions, if any, might segmentation be unnecessary or unwise?

3. Exactly what is the relationship between segmentation, target marketing, and positioning? What damage will be done to a company's target market and positioning efforts if markets are incorrectly segmented?

4. The trend is for companies to engage in microsegmentation whenever possible and then to use direct marketing to develop and retain customers. How can such segmentation be carried out by consumer goods companies? By industrial companies?

5. Can market segmentation be taken too far? What are the potential disadvantages of oversegmenting a market? What strategy might a firm pursue when it believes that the market has been broken into too many small segments?

6. Which variables or descriptors might be most appropriate for segmenting the market for the following consumer products and services? Explain your reasoning.

a. Lawn mowers.

b. Frozen entrees or dinners.

c. Breakfast cereals.

d. Financial services.

7. Which variables or descriptors might be most appropriate for segmenting the markets for the following industrial goods and services? Explain your reasoning.

a. Photocopiers.

b. Floor sweepers.

c. Truck leasing.

8. A camera manufacturer has hired you as a consultant to identify major *benefit segments* in the camera market. Which major benefit segments do you think might exist in this market, without actually conducting consumer research? What other information would you want to collect about the potential customers in each segment to provide a useful basis for designing camera models and marketing programs that appeal to each segment?

9. How would you know whether the segmentation variables you identified in the above question actually define effective and useful customer segments? What criteria would you use to evaluate the effectiveness of your segmentation scheme?

10. You are the marketing manager for a medium-sized U.S. packaged-food company that has decided to market its product in Europe. What segmentation scheme would

you use and what limitations would it have in helping you identify your target markets?

11. What is the difference between a *growth-market* targeting strategy and a *niche* targeting strategy? What capabilities or strengths should a business have to implement to conduct a growth-market targeting strategy effectively?

12. In developing a targeting matrix, what dangers are incurred? How can these dangers be minimized?