

Article: A new outlook on market segmentation

The new outlook on market segmentation that is presented by Christensen, Cook and Hall is aptly reflected by the following quote: 'people don't want to buy a drill, they want a hole'. The idea is to develop products that meet a concrete need. Companies often launch multipurpose products that do not catch people's imagination. According to Christensen, Cook and Hall, market analyses should focus on the need instead of on the consumer. More often than not, products are developed that do not target the solving of a concrete problem a customer has. Purpose Brands do target such a need. Many brands started out as purpose brands, but strayed in an attempt to appeal to more and more people.

The problem is that brand owners often lose sight of their brand core amidst all the extensions they launch to meet needs other than the needs the original product was tailored to. This proliferation of extensions will eventually harm the brand's univocal proposition. Consumers buying extensions that deviate from the original product's proposition are often disappointed. They are basically buying products with the wrong expectations, which always leads to disappointment. The authors state that different needs require different purpose brands.

The question that justifiably arises is why not more purpose brands are developed. The reason behind that is that if manufacturers were to launch a purpose brand they are also clearly communicating what the brand can not do. Many manufacturers prefer to communicate that their products can be used for a range of different purposes. The assumption is that more people will then be inclined to purchase the product. This assumption is, according to Christensen, Cook and Hall, the reason behind the many failures, missed opportunities and incurred losses. Their new approach starts with an accurate analysis of customer needs that products will eventually have to meet.

Reference(s)

Christensen, C., Cook, S., Hall, T. (2005), Marketing malpractice: the cause and the cure. Harvard Business Review, vol.83, nr.12, p.74-83. *

* : available in the EURIB library.