

Campbell's Market Segmentation Strategy

Often, customer characteristics can be used to segment specific markets.

For example, Campbell's found that its canned nacho cheese sauce, which could be heated and poured directly onto nacho chips, was too hot for Americans in the East and not hot enough for those in the West and Southwest. The result: Today, Campbell's plants in Texas and California produce a hotter nacho cheese sauce than that produced in the other plants to serve their regions better. Here, Campbell segmented the market based on *Geographic customer characteristic* and designed product to cater the Market.

Also, Campbell recognized that more than half of all U.S. households are made up of only one or two persons, so Campbell's packages meals with only one or two servings—from Great Starts breakfasts to L'Orient dinners. Here Campbell segmented the market based on *Demographic customer characteristics* for product design.

Companies can learn from Campbell. A marketing manager should develop segments for a market that meet five main criteria: (1) *Potential for increased profit*, (2) *Similarity of needs of potential buyers within a segment*, (3) *Difference of needs of buyers among segments*, (4) *Potential of a marketing action to reach a segment*, and (5) *Simplicity and cost of assigning potential buyers to segments*.

Cite this as:

YouSigma. (2008). "Campbell's Market Segmentation Strategy." From <http://www.yousigma.com>.