

## Cornell Study Highlights Limitations of Marketing Segmentation Strategies

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The marketing strategy of specifically targeting some market segments, while leaving other segments to competitors, is unrealistic, according to a new report from Cornell University.

Although the strategy of positioning a product to appeal to certain segments' distinctive needs and wants is widely advocated by marketing professors, researchers have found little evidence that such a strategy leads to domination of the targeted segment. In the report, 'Brand Segmentation in the Hotel and Cruise Industries: Fact or Fiction?', Cornell marketing professor Michael Lynn tested the effectiveness of these strategies in the hotel industry.

Using consumer panel data from D.K. Shifflet and Associates that described 278,499 trips the panelists made during 2003 and 2004 in the United States, he examined the customer profiles of eight economy hotels, twelve midlevel hotels, and twelve high-end hotels. Finding that competing hotel brands all have very similar customers, he concludes that none of the brands has succeeded in claiming a subset of market segments as their own.

'It is remarkable how similar the customers of different hotel brands are. I cannot reveal the names, but looking at well-known brands, one company's customers are basically the same as those of its direct competitors,' Lynn explained. 'Although many of the hotel brands attracted a slightly larger than average share of their customers from specific segments, such as women, business travelers, or three-person households, the differences in customer profiles were too small to justify a strategy of concentrating on one or two segments to the exclusion of others.'

The full report is available at no charge at the Cornell Center for Hospitality Research website, <http://www.hotelschool.cornell.edu/chr/research/centerreports.html>.

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