

Note on Activity-Based Costing

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Markets

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Groups of people, individuals or organizations that have a desire or needs for products in a product class, ability, willingness & authority to purchase such products. To truly be a market, the most possess all 4 characteristics.



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 The sales forecast is based on the company's sales potential in the target market. It is a prediction of the sales volume that the company can expect to achieve in a specific period of time. The sales forecast is a key component of the marketing plan and is used to determine the company's marketing objectives and to evaluate the effectiveness of the marketing program.



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B2C: Consumer market - purchases products to consume or benefit from the purchased products and do not buy products to make a profit.
B2B: Business market - purchases a specific kind of product for one of three purposes:
• resale
• direct use in producing other products
• use in general operations

Target Markets: Segmentation & Evaluation

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**Step 1:
Identify the
appropriate Targeting
Strategy**

Target market:

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**consumers for whom a business
creates and maintains a
specifically designed marketing
mix to satisfy the needs of the
members of the group**

Step 2

Segmentation Variables

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Characteristics of individuals, groups or organizations used to divide a market into segments

- Should relate to the customers' needs for, uses of or behavior toward the product
- Must be measurable (age, location, gender)
- Company resources and capabilities affect the number and size of the variables
- The type of product and degree of variation in customer's needs also dictate the number and size of the segments targeted

Demographics

Age

Marketers need to be aware of age distribution, how that distribution is changing, and how it will affect the demand for different types of products.

The proportion of consumers under the age of 55 is expected to continue to decrease over time as Baby Boomers (born between 1946 and 1964) age.

In 1970, the average age of a U.S. citizen was 27.9 . It is currently 37.3.

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A marketer should look for opportunities (customers with unsatisfied wants and needs) that provide a good match for the organization and its resources.

- Financial resources***
- Managerial skills***
- Employee expertise***
- Facilities to compete effectively in the selected segments***

Preferences & usage rate

Uses of Market Segment Profile

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Market segment profiles help marketers understand how a business can use its capabilities to serve potential customer groups.

1. Assesses the degree to which their products fit potential customers' product needs.
2. Help marketers understand how a business can use its capabilities to serve potential customer groups.
3. Determine which segments are most attractive relative to the firm's strengths, weaknesses, objectives & resources
4. Help a firm make marketing decisions relating to a specific market segment.

Well-known example of a nickname is 'baby boomers', which refers to the generation of people born after 1945 up until the early 1960s. Subsequent generations are now referred to as Generation X, Gen Y and now Generation Z.

The purpose of a nickname is to quickly identify and understand the market segment inside the firm when discussing it in reports, presentations and meetings.