

# Identification of the Key Issues for the Target Market

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**Markets**  
Groups of people, individuals or organizations that have:

- desire or needs for products in a product class
- ability, willingness & authority to purchase such products

To truly be a market, they must possess all 4 characteristics.

Business market: professionals who spend on B2B. Consumer market: professionals who spend on B2C. Consumer market: professionals who spend on B2C. Consumer market: professionals who spend on B2C. Consumer market: professionals who spend on B2C.



**Developing Sales Forecast**  
Sales forecast: Amount of a product a company expects to sell during a specific period at a specific level of marketing activity.  
The sales forecast flows from the company's sales potential in their core markets or into actual sales will be at a certain level of company marketing effort.  
The company sales potential assesses what sales are possible at various levels of marketing activities, assuming certain environmental conditions exist.



# Target Market



## *Target Markets: Segmentation & Evaluation*

### Markets

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

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**B2C Consumer market** - purchasers who intend to consume or use a product from to make a profit.

- affect users in production of products
- use in general operations

**B2B Business market** - purchases a specific kind of product for one of three purposes:

- affect users in production of products
- use in general operations

# Target Market Selection Process



### Segmentation Variables

Consumer markets can be grouped into four major categories

Where, who, why and how?

- Demographic**
  - Age** - The number of years since a person's birth. It is a primary variable in segmentation because it is related to income, education, and other variables.
  - Gender** - The sex of a person.
  - Ethnicity** - The cultural background of a person.
  - Income** - The amount of money a person has available to spend on goods and services.
- Geographic**
  - Location** - The physical location of a person.
  - Population** - The number of people in a specific area.
  - Urbanization** - The degree to which a population is concentrated in urban areas.
- Psychographic**
  - Personality** - The characteristics that make a person unique.
  - Values** - The beliefs and attitudes that guide a person's behavior.
  - Lifestyle** - The way a person lives.
- Behavioral**
  - Usage** - The frequency with which a person uses a product.
  - Benefits** - The advantages that a person seeks from a product.
  - Attitudes** - The feelings and opinions that a person has about a product.

**Three basic targeting strategies**

- Undifferentiated marketing** - A single marketing mix for the entire market.
- Differentiated marketing** - Multiple marketing mixes for different segments.
- Concentrated marketing** - A single marketing mix for a few segments.

**Market Segmentation**

Dividing a market into segments based on common characteristics.

**Income**

The amount of money a person has available to spend on goods and services.

**Ethnicity**

The cultural background of a person.

**Gender**

The sex of a person.

**Psychographic**

Variables that describe a person's personality, values, and lifestyle.

Variable	Description
Age	The number of years since a person's birth.
Gender	The sex of a person.
Ethnicity	The cultural background of a person.
Income	The amount of money a person has available to spend on goods and services.
Location	The physical location of a person.
Population	The number of people in a specific area.
Urbanization	The degree to which a population is concentrated in urban areas.
Personality	The characteristics that make a person unique.
Values	The beliefs and attitudes that guide a person's behavior.
Lifestyle	The way a person lives.
Usage	The frequency with which a person uses a product.
Benefits	The advantages that a person seeks from a product.
Attitudes	The feelings and opinions that a person has about a product.

**Geographic**

Variables that describe a person's location and population.

**Behavioral**

Variables that describe a person's usage, benefits, and attitudes.



**Market Segment Profile**

A detailed description of a specific market segment.

**Identifying the right target market is the key to implementing a successful marketing strategy**

A marketer should look for opportunities to enter a market segment that is:

- Large enough to be profitable
- Growing
- Attractive
- Defensible
- Accessible



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

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

## Undifferentiated Target Strategy

When a company designs a single marketing mix and directs it at the entire market for a particular product.

Assumes that all customers in the target market have similar needs and that most customers can be satisfied with a single marketing mix with little or no variation. This situation is termed a **homogeneous market**.

### Market Segmentation

Markets comprised of individuals or organizations that have **DIVERSE** product needs & users is called a **heterogeneous market**.

**Market Segmentation** is the process of dividing a heterogeneous market into groups that consist of people or organizations with similar characteristics & needs.



## Concentrated Targeting Strategy



## Concentrated Marketing

When an organization directs its marketing efforts toward a single market segment using one marketing mix it is employing a **concentrated targeting strategy**.

### Advantages

- Allows a firm to specialize
- Permits a firm with limited resources to compete with larger organizations
- Can focus all energies on satisfying one group's needs

### Disadvantages

- Company's financial health declines when the segments demand declines (put all eggs in one basket)
- When a firm penetrates one segment its popularity may keep it from extending its marketing efforts into other segments

## Differentiated Strategy

An organization directs its marketing efforts at two or more segments by developing a marketing mix for each segment.

Three basic targeting strategies



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