

On Target Markets & Positioning

Primer on Target Markets

- A specific group of consumers at which a company aims its products and services

What is ... Target Market

"A 'Target Market' is the marketplace for a particular product or service comprising of existing customers, prospects and suspects who either use (or enjoy) or will use (or enjoy) a particular product (or service). This marketplace can be a certain area, region, state, country etc."

- “A **target market** is a group of customers that the business has decided to aim its marketing efforts and ultimately its goods towards.”



- The companies while selecting segments for their services they select it on the basis of target customers.

Target Market is essential to





MARKET SEGMENTATION AND SELECTING TARGET MARKETS

Niche marketing

- Narrowly defined group
- Needs are not well serviced
- Seeking a distinctive mix of benefits
- Fairly small market size
- Normally attract one or two players
- Customers willing to pay a premium price.

**.... Identifying & Understanding
Your Target Market(s)**

WHO IS MY CUSTOMER?

Focus - Focus - Focus

Unless you are selling bread -
everyone is **not** your customer!

4 Factors in Determining Your Ideal Target Market

4 Ways to Niche Your Practice

- **Practice Niche:** IP, PI, Family, Estate Planning, Litigation, Business Law, etc
- **Industry Niches:** Construction, Real Estate, Hi-Tech, Manufacturing, Pharma, Health Care
- **Geographical Niches:** State, County, City, Regional (CA, Orange County, LA, SoCal)
- **Specialty-Market Niches:** Privately held companies, Fortune 500, Doctors, Dentists, Spanish-speaking, Community Banks, etc

Unique Competitive Advantage

- Focus on Benefits
- Focus on Value
- Focus on Results
- Focus on Solutions
- Focus on Numbers
- Focus on Creating a "Category of One"
- Focus on Individual Partners
- Focus on Service—Not Your Services
- Focus on Industry Specific Specialty
- Focus on Testimonials & Case Studies
- Focus on Credibility
- Focus on Visibility Events

My Ideal Target Market

Are you B2B or B2C?
For example, if B2B...

- Title or position
- Amount of Annual Revenues
- Number of Employees
- Industry or Profession
- Geographical location
- Biggest Challenges

Position Yourself As A Specialist

- Not in ethical or legal sense
- You cannot use the words "expert" or "specialist" in your marketing unless you are Certified by your State Bar Assoc
- You must position yourself so your Prospects, Clients and Referral Sources see you as the "Go To Person" for your specific practice area
- **KEY:** You Must Market Like a Specialist...but you can Practice Like a Generalist

Identify Who Is NOT Your Perfect Client

- Highly demanding prospects
- Low paying clients
- Clients who cannot afford your retainer
- Clients who call you on weekends
- Clients outside of your target market
- Clients who constantly complain
- Clients who constantly pay late
- Clients who demand free legal advice
- Clients who don't show up for appointments

Narrowing down to target markets

Narrowing down to specific product-market

Segmenting into possible target markets

Selecting target marketing approach

All Customer needs

Some generic market

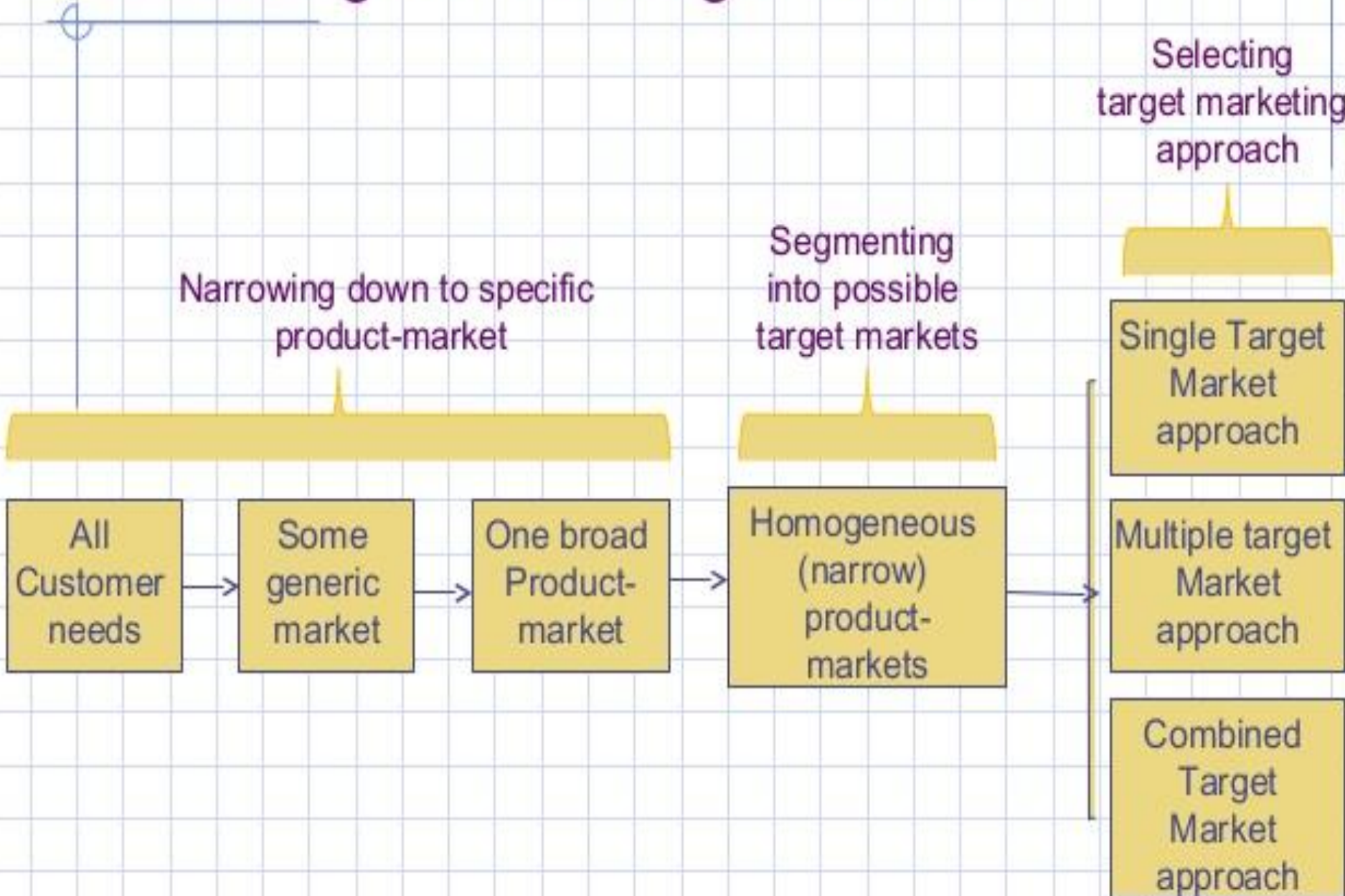
One broad Product-market

Homogeneous (narrow) product-markets

Single Target Market approach

Multiple target Market approach

Combined Target Market approach



5 Keys to Understanding Your Target Market

1. Demographics 101



Age
Gender
Occupation
Education
Income
Etc...



*Do You
Know
Who Your
Customer
Is?*

Social media
Focus Groups
Forums
Blogs
Surveys

5. Watch & Listen



4. Be Sociable



Be a real person



Engage in conversation



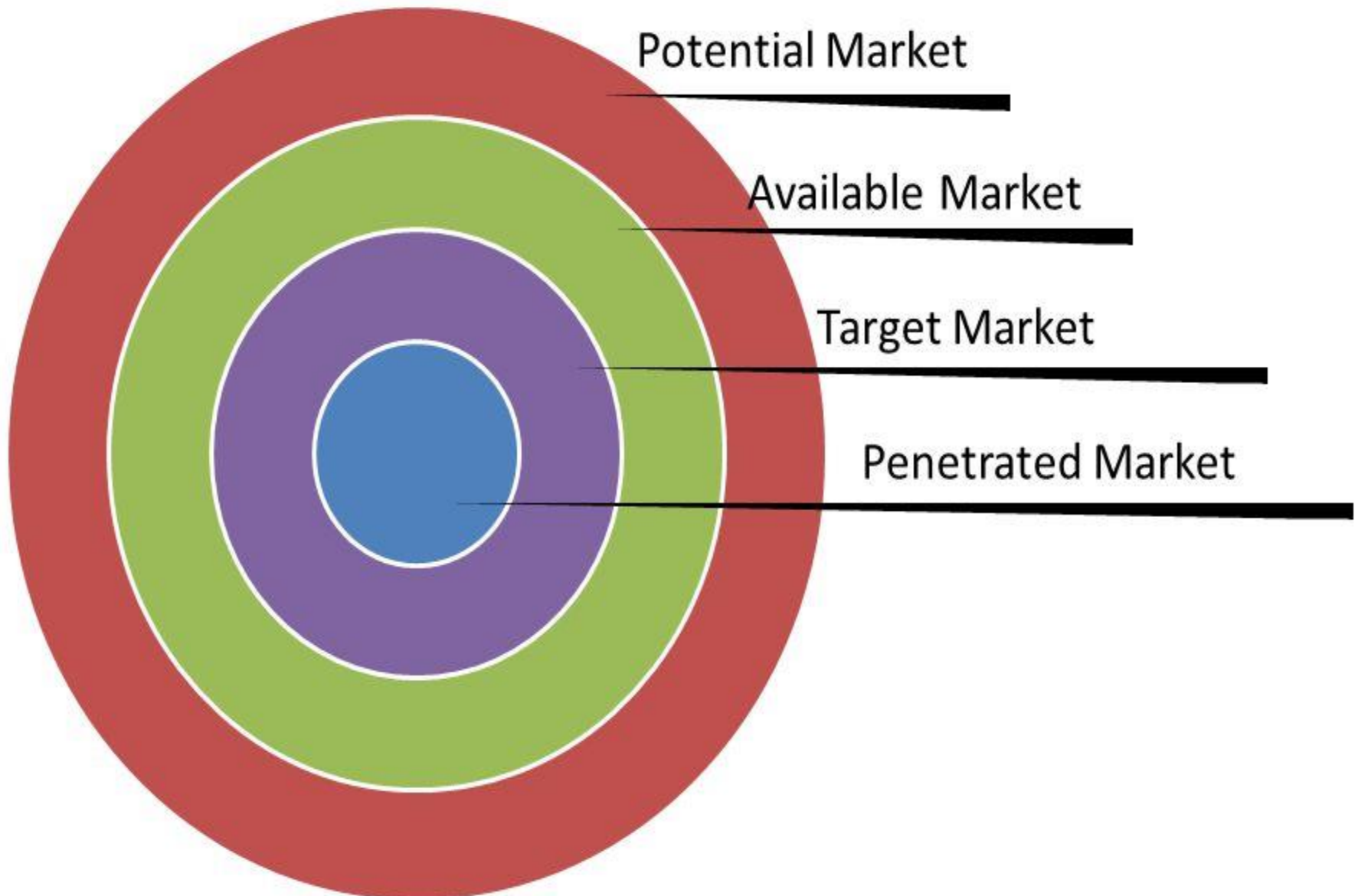
Ask questions and give answers



- Draw a physical
- Include all the of your ideal cu
- Post it where yo

**.....also by Categorizing
the Target Markets
Types**

Market Types



Total Population

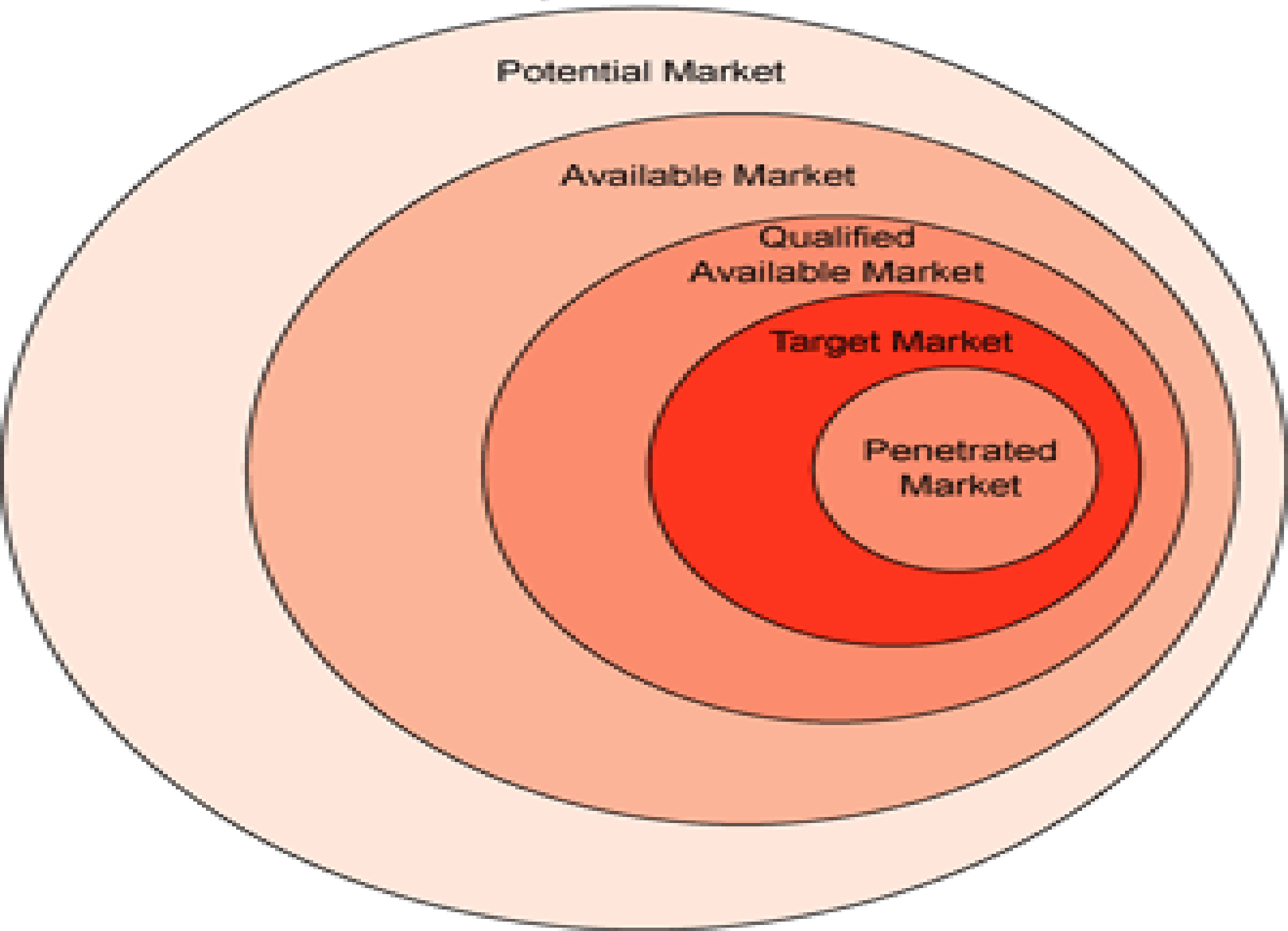
Potential Market

Available Market

**Qualified
Available Market**

Target Market

**Penetrated
Market**



Total Available Market, Served Available Market, Target Market

TAM = how big is the universe

SAM = how many can I reach
with my sales channel



Target Market (for a startup) =
who will be the most likely buyers

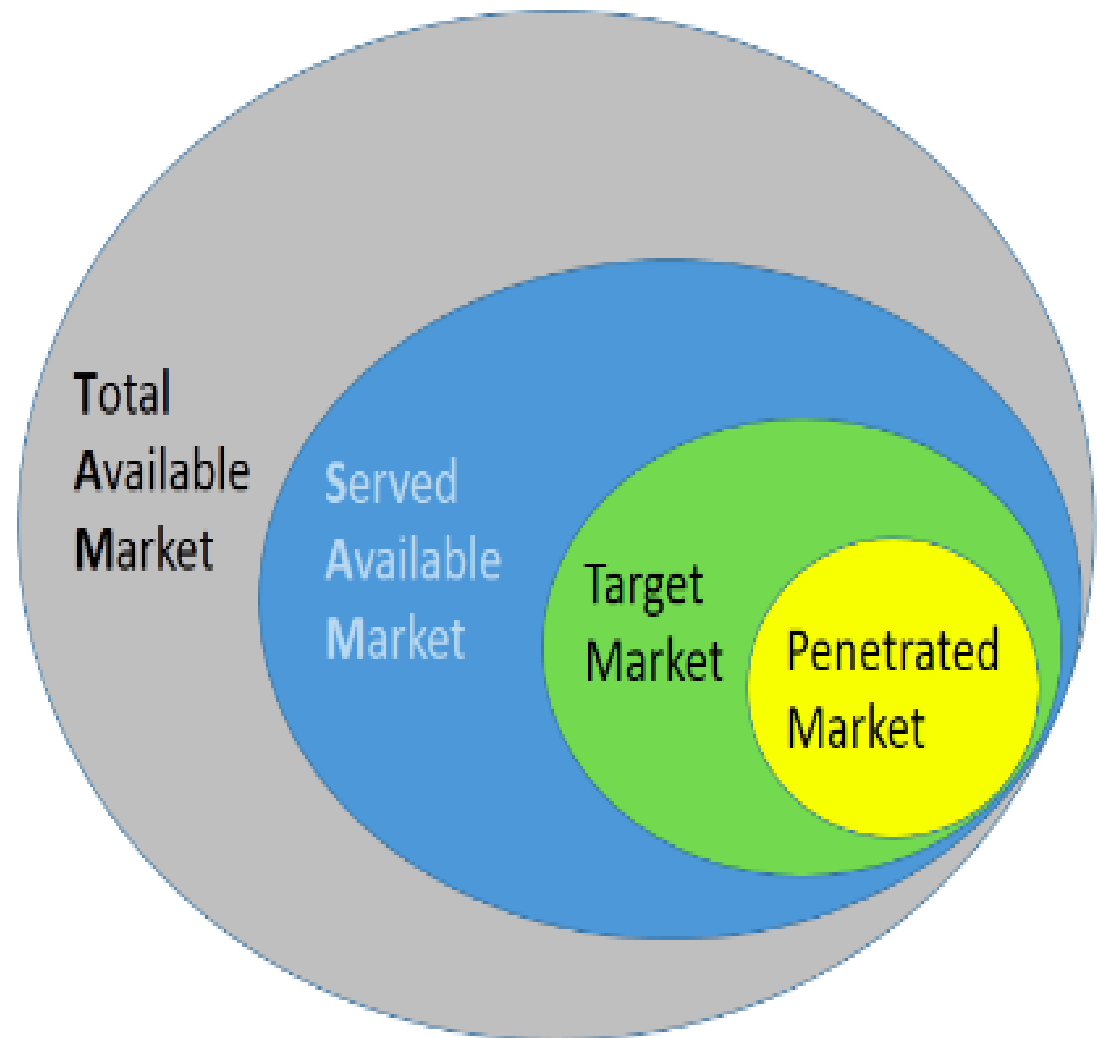
Total Available Market, Served Available Market, Target Market, Penetrated Market

TAM = how big is the universe

SAM = how many can I reach
with my sales channel

Target Market = who will be
the most likely buyers

Penetrated Market = your
existing user base



Total population

Potential market

Available market

Qualified available
market

Target market

Penetrated
market



Geographic markets	USA	Canada	Europe	Asia	Australia
Product lines	Units	Units	Units	Units	Units
Hardware					
Desktops	5,000	2,000	500	1,000	200
Laptops	1,000	500	100	200	50
Networks	200	500		450	
Servers	100	200		300	20
Subtotal	6,300	3,200	600	1,950	270
Software					
Business	700	100	300	800	200
Utilities	1,500	20	500	600	
Games	2,000	800	1,000	900	
Subtotal	4,200	920	1,800	2,300	200
Accessories					
Peripherals	2,500	3,000	1,500	800	100
General	7,000	8,000	2,000	500	
Subtotal	9,500	11,000	3,500	1,300	100
TOTALS	20,000	15,120	5,900	5,550	570

What factors shape/affect Target Markets

Factors Affecting the Choice of Target Markets



Target Audience & Target Market

Target Audience

For a given media vehicle

e.g. magazine readers, radio listeners, TV viewers, social media users

Target Market

For a given product or service

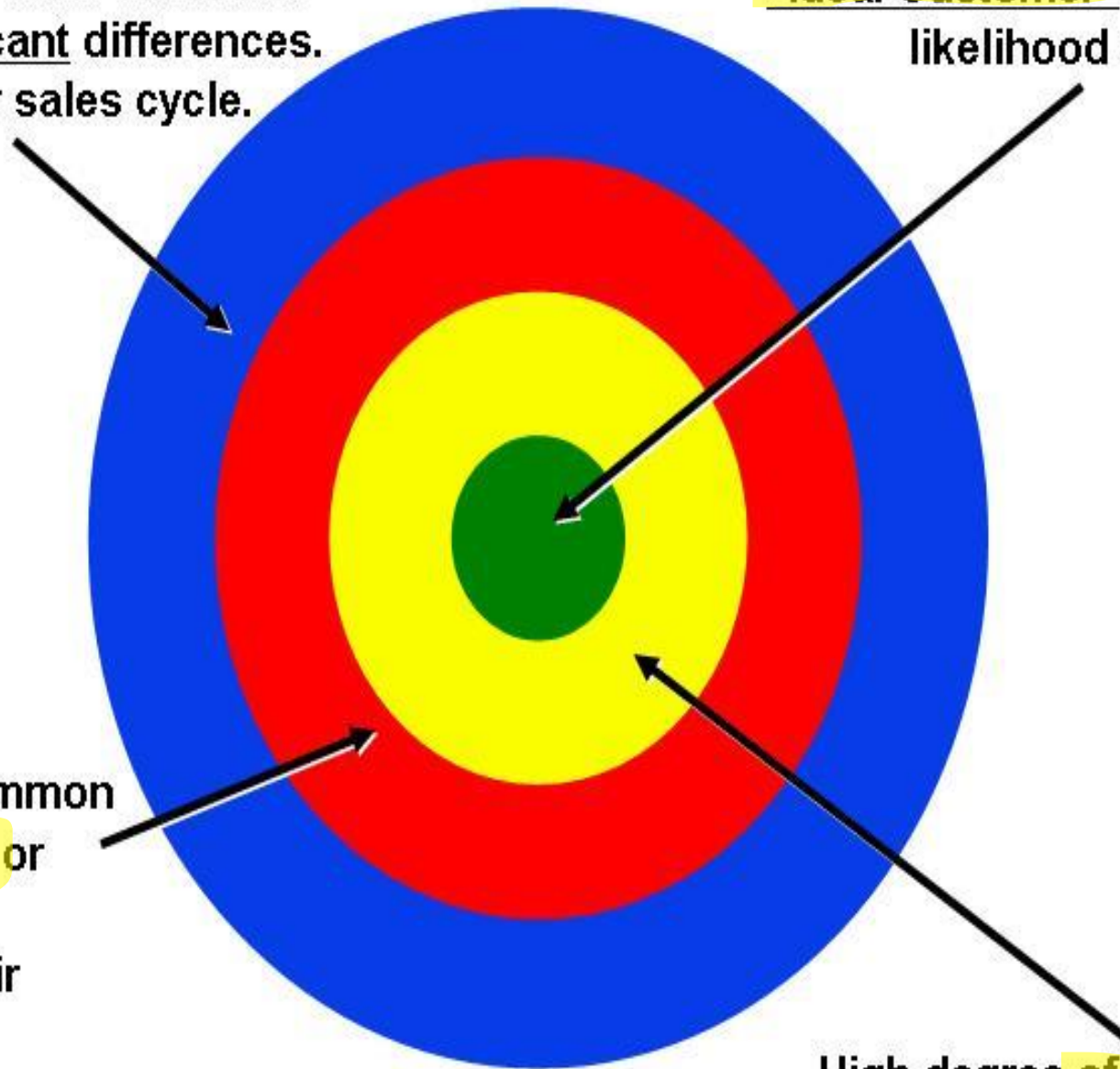
e.g. adult males, upper socio-economic, households with kids

Reach

Number of persons in a defined market exposed to a message in a given medium

Similar **profile** to ideal customer
but some significant differences.
Anticipate longer sales cycle.

"Ideal Customer" - Greatest
likelihood of success



Customer has common
needs, problems, or
values, but some
differences in their
characteristics.

High degree **of confidence**
but not 100% match with
characteristics of ideal client

Total Target Population

Competitor
Attributes

Customer
Pain Points

Your Business
Cycle



Target Market







WHAT YOU NEED TO KNOW ABOUT YOUR TARGET MARKET

WHO THEY ARE



WHERE THEY ARE

*especially compared to you



IS YOUR TARGET MARKET

GLOBAL? NATIONAL? LOCAL?

WHAT APPEALS TO THEM



HOW CONNECTED



WHAT THEY DO ONLINE



Target Markets Variables

Market Variables



The target market's needs and wants should drive the manner in which the channel manager shapes the design of the firm's marketing channels.

Target Market Categories

Geographic

- City, State, Community, Address
- Climate, Region

Demographic

- Gender, Age, Income
- Occupation, Education, Household size

Psychographic

- Similar or Different Attitudes, Values & Lifestyles

Behavioral

- Product Loyalty & Brand Loyalty



Target Market

LIFESTYLE/STAGE/ DEMOGRAPHIC

WHO

- Busy Professionals, students and active mothers.
- Active sports people
- People on weight loss programs
- Over 50s
- Health conscious people

WHY

- Often skip meals or resort to unhealthy fast food because of busy schedules
- Body requires additional macro and micro nutrients for fuel and recovery
- When dieting the body is often deprived of essential nutrients & energy
- As the body ages there are increased demands of various vitamins & minerals
- High awareness of health & well being. Conscious of following a highly nutritious meal plan.

PSYCHOGRAPHIC

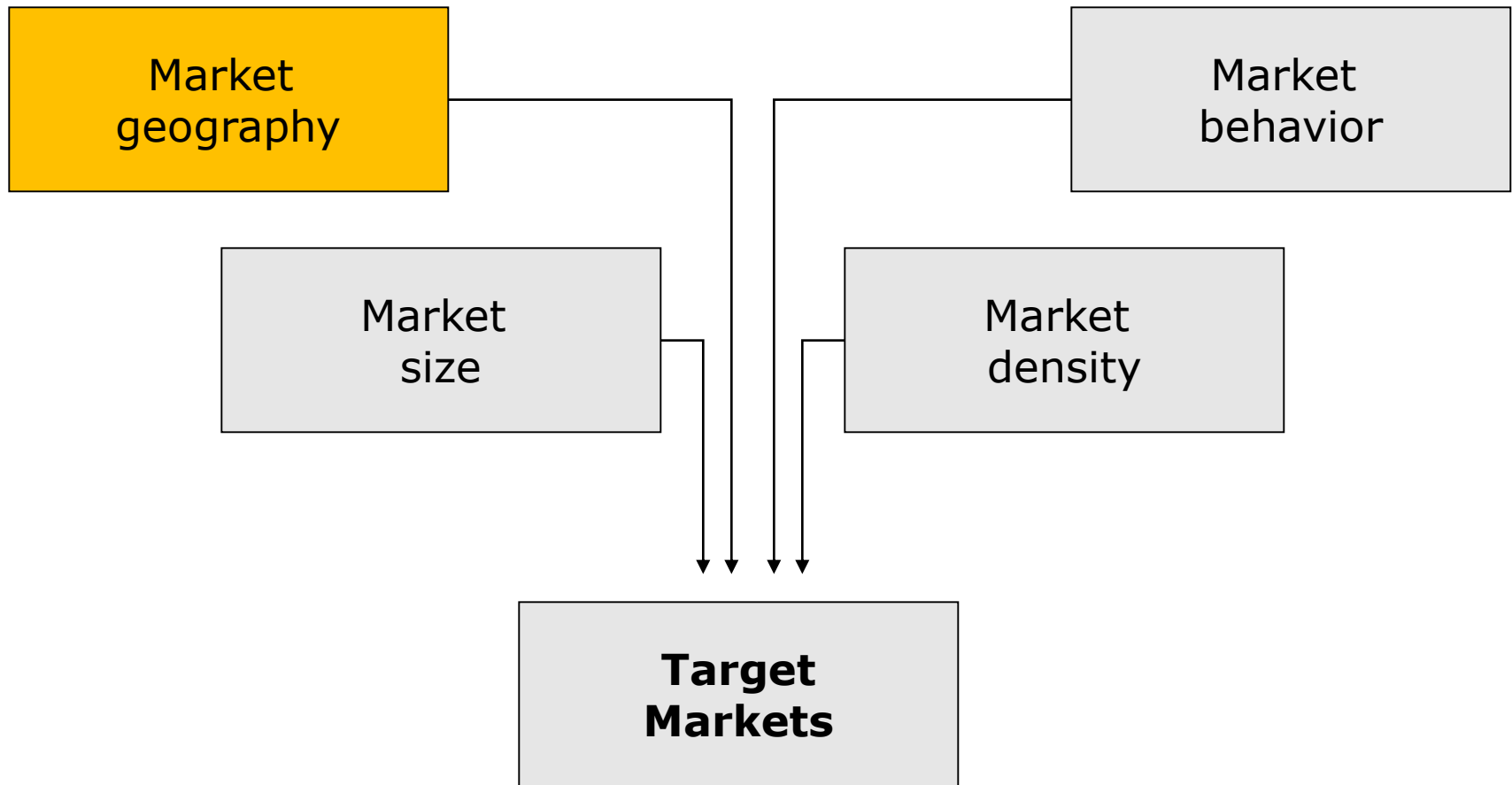
- Appreciates healthy and nutritious products
- Makes health and well-being a priority
- Believes-in *"the body is the temple"* philosophy

GEOGRAPHIC

Europe, Middle East & Africa

- Wave 1 - AU, BE, CZ, DA, UK/EI, LG, LT, ES, FI, FR, GE, GR, HU, IC, IT, NO, NL, PL, PO, SF, SK, SP, SW, SZ;
- Wave 2- CY, HR, IS, RS, RU, TU, UP

Framework for Market Analysis



1) Market Geography

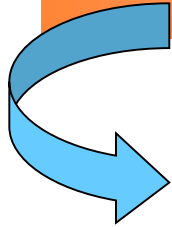
Market geography refers to the geographical extent of markets and where they are located.

Channel manager's task:

To evaluate market geography relative to channel structure to ensure that the structure is able to serve the markets effectively and efficiently.

Locating Markets

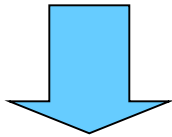
Channel manager delineates geographical locations of target markets by using a combination of the following:



1. The Bureau of Census
data for geographical entities such as states, regions/divisions, counties, metropolitan statistical areas, towns & townships
2. Postal ZIP codes

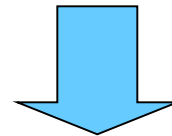
Tracking Changes in Market Geography

In the U.S.



- A high degree of mobility within the U.S. means that market geography changes frequently.

Globally



- Southeast Asian countries & former Eastern bloc countries of central & eastern Europe have become key locations.

2) Market Size

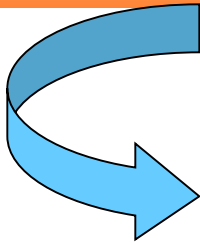
Market size refers to the number of buyers or potential buyers (consumer or industrial) in a given market.

Channel manager's task:

When using Bucklin's model for market size data, it is important also to consider the peculiarities of particular situations and other relevant variables.

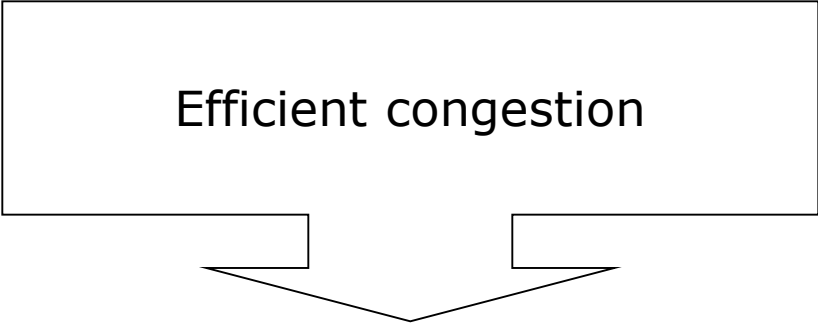
3) Market Density

Market density refers to the number of buyers or potential buyers per unit of geographical area.



This market dimension's relationship to channel structure is illustrated in the concept of *efficient congestion*.

Market Density & Channel Strategy



Efficient congestion

Congested (high-density) markets can promote efficiency in the performance of several basic distribution tasks, particularly those of *transportation, storage, communication, and negotiation.*

Market Density & Channel Strategy

*Strategic
Implication*

The opportunity to achieve a high level of customer access at low cost is higher in dense markets than in more dispersed ones.

=

Manufacturers of a wide array of products seek out distributors and retailers that operate in dense markets.

4) Market Behavior

Market behavior consists of four subdimensions:

1. *When* the market buys
2. *Where* the market buys
3. *How* the market buys
4. *Who* buys

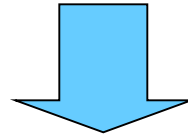
When the Market Buys

Variations occur:

Seasonally

Weekly

Daily



Implications for the channel manager:

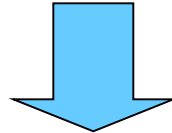
1. Variations create peaks & valleys in the manufacturer's production schedule.
2. He or she should attempt to select channel members who are in tune with these changing patterns.

Where the Market Buys

Determined by:

1. The types of outlets from which final buyers choose to make their purchases

2. The location of those outlets



Implications for the channel manager:

1. He or she should know where customers generally buy particular types of products
2. He or she should know whether these patterns may be changing.

How the Market Buys

1. Large quantities
2. Self-service
3. One-stop shopping
4. Impulse buying

Versus

5. Cash
6. Shopping at home
7. Expending substantial effort through comparison shopping
8. Demanding extensive service

1. Small quantities
2. Assistance by salespeople
3. Buying from several stores
4. Extensive decision making prior to purchase
5. Credit
6. Shopping at stores
7. Expending little effort
8. Demanding little service

Who Buys

Who makes the physical purchase?

Affects the type of
retailers chosen in
the consumer market

May influence the kinds of
channel members used to
serve industrial markets

Who decides to make the purchase?

In context of family unit
at consumer level

*Buying centers at
industrial level*

Buying Centers

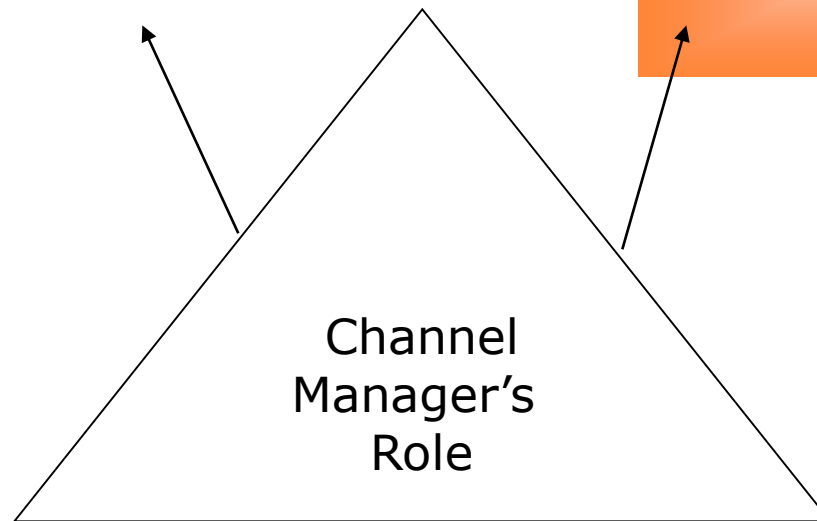
Sets of people who participate in industrial buying decisions and who are responsible for the consequences resulting from the decision

Users
Influencers
Deciders
Approvers
Buyers
Gatekeepers

Changes in Market Behavior

Must be tuned in
to changes that
are likely to occur

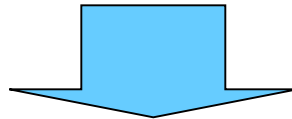
Needs to determine
whether changes
are temporary or
long term



Implications of Changes



Good personal
selling at
the retail
level

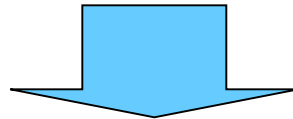


Making a comeback in department
and specialty store sectors due to
increasing consumer demand for
knowledgeable and helpful
salespeople

Implications of Change

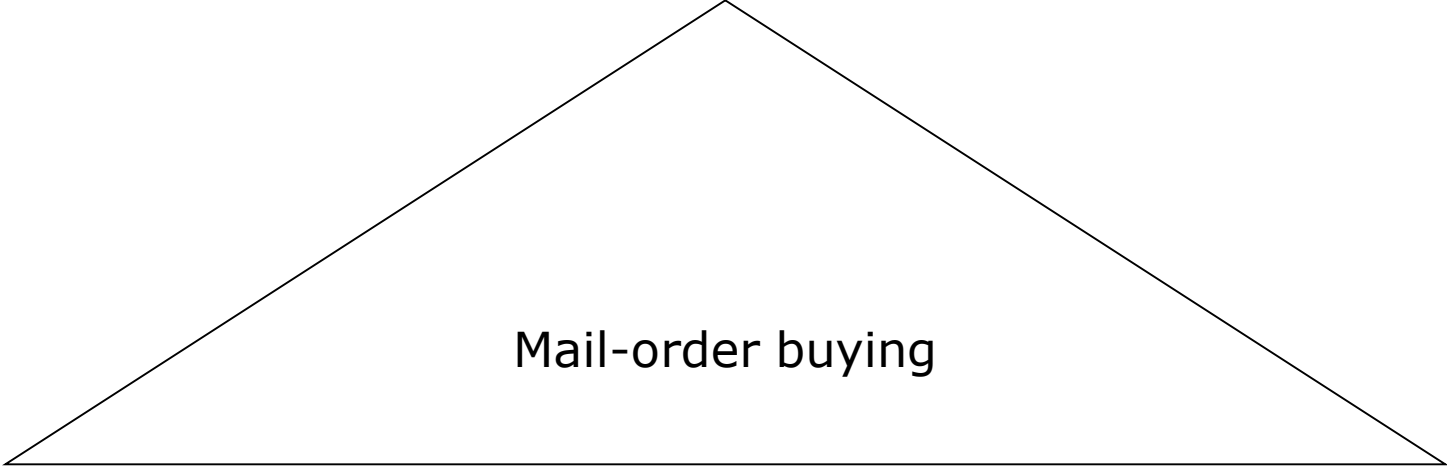


Retail stores with
spartan surroundings &
minimum service but
very low prices

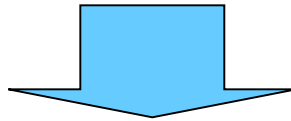


Consumers demanding membership in warehouse
clubs (Sam's Club)

Implications of Change



Mail-order buying

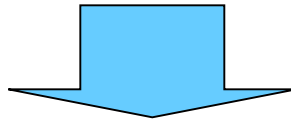


Shoppers are trying to save time and avoid the inconvenience of shopping at crowded stores and fighting traffic congestion

Implications of Change

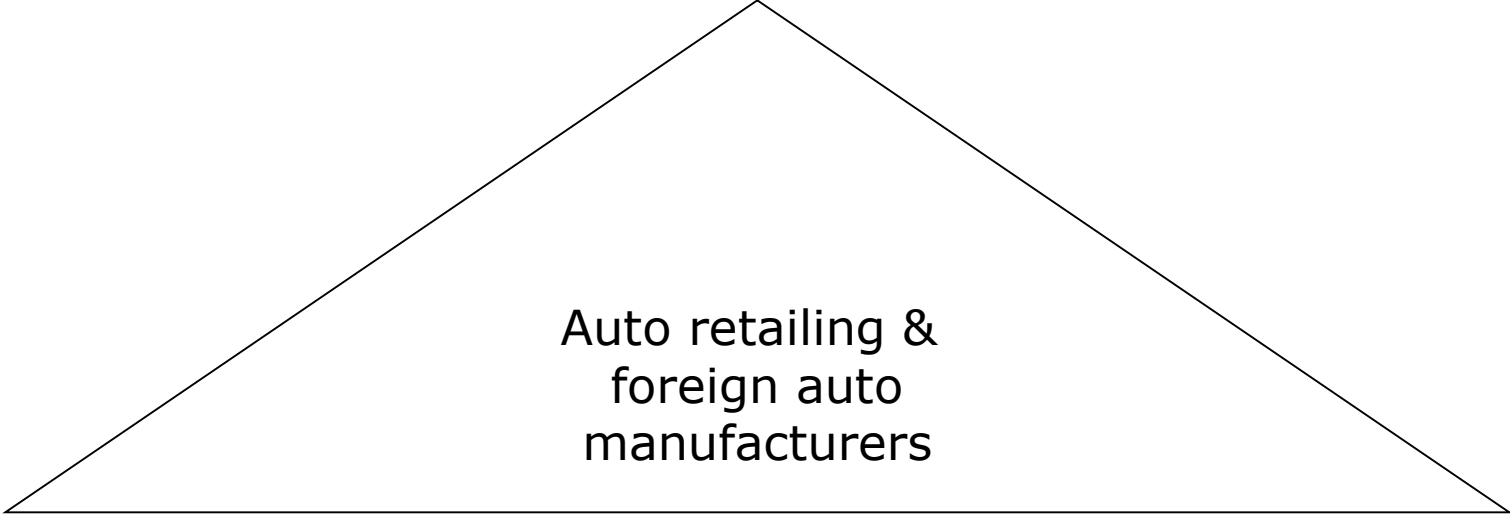


Online shopping

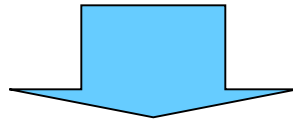


Personal computers are a means for consumers
to supplement their in-store shopping

Implications of Change



Auto retailing &
foreign auto
manufacturers

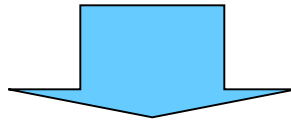


Car buyers demanding fewer hassles &
confrontations typically common when buying a car

Implications of Change

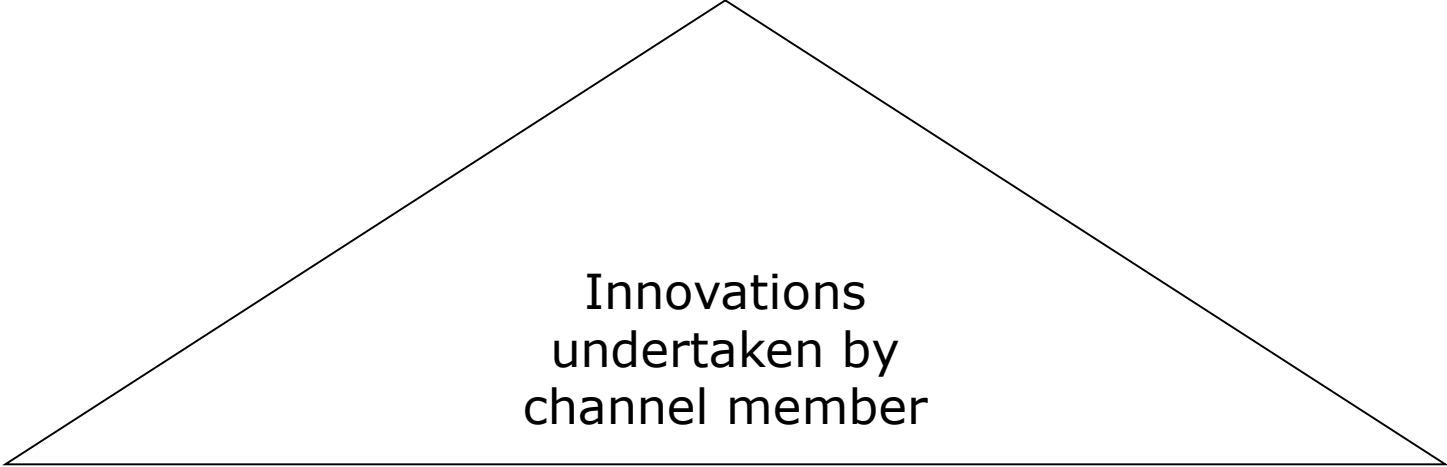


Internet Shopping

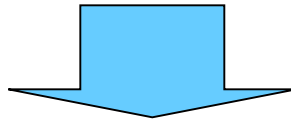


Growing in all sectors, especially in
industrial or B2B

Implications of Change



Innovations
undertaken by
channel member



Kohl's *racetrack layout* exposes customers to the maximum amount of merchandise in the shortest time.

Specific MKTS:

I) Retail Markets

1) Making Strategy in Retailing

Major Issues

- Selecting **Target Market**
- Identifying Consumer
- Evaluating Resources
- Choosing Format
- Synthesizing **“Mix”**
- Identifying differentiator
- Build & empower strengths
- Sustainable Competitive Advantage

Retail Target Market

- **A retail market** consists of
 - a **group of consumers with similar needs** (MKT segment) &
 - a **group of retailers using a similar retail format**
 - to satisfy those customer needs.

Retail Mix Elements

- Product
- Price
- Place
- Promotion
- People
- Process
- Physical

Exhibit 4-2

Retail market for women's apparel

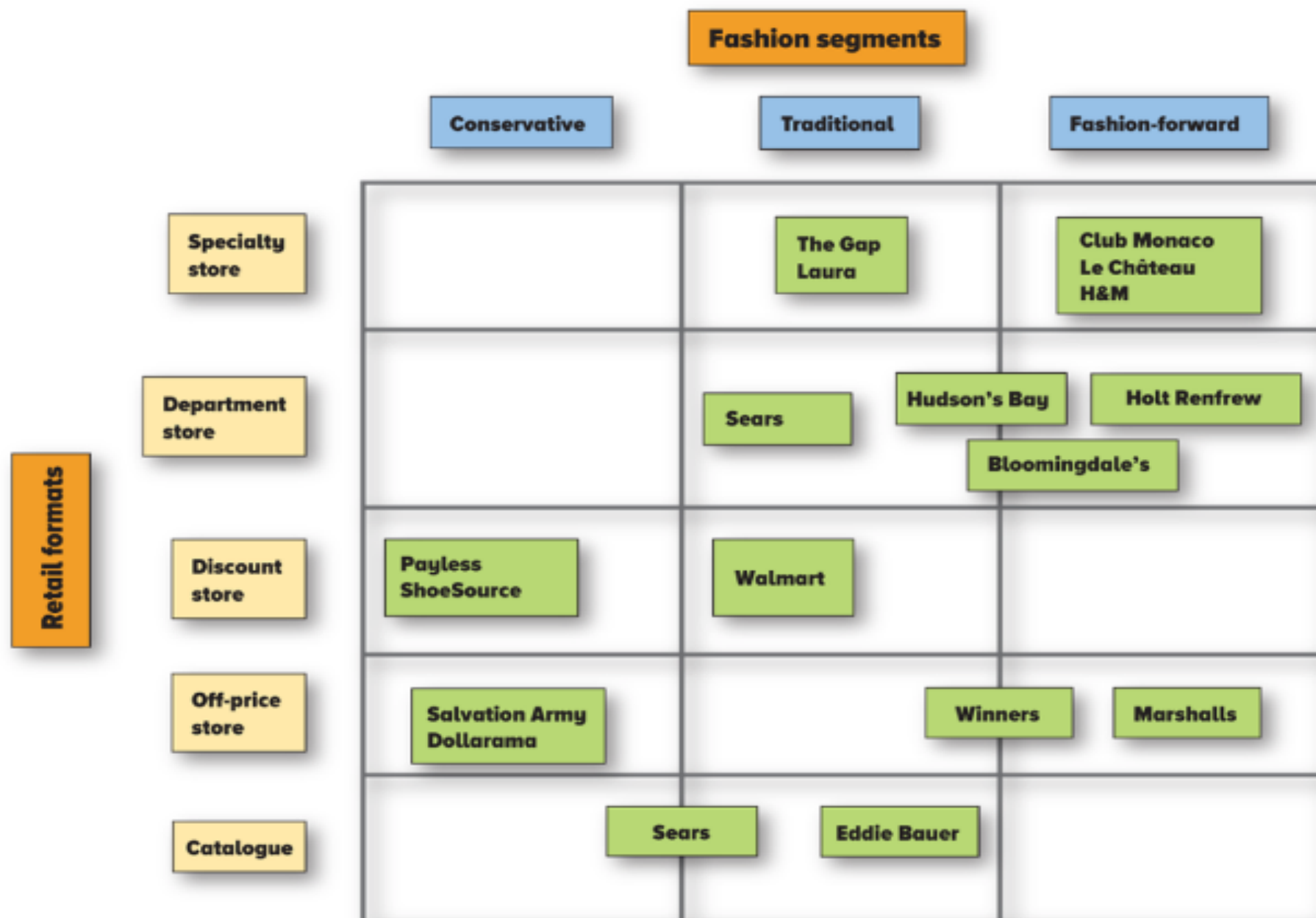


Exhibit 4-4

Hypothetical perceptual map of women's apparel market



II) Business Markets

Business Markets

- Markets for products and services bought by businesses, government bodies, and institutions for:
 - **Incorporation**
 - **Consumption**
 - **Use**
 - **Resale**

Characteristics of Business Marketing

- 1) Business marketers serve the **largest market** of all
- 2) **Dollar volume of the business market greatly exceeds the consumer market**
- 3) Single customer can account for an enormous level of purchasing activity
- 4) Known as **industrial marketing**

❑ Factors that distinguish business marketing from consumer marketing

- a) **Nature of the customer**
- b) **Utility of the product for the customer**

➤ Key to successful marketing strategy to:

- * identify unique dimensions of each major business market and
- * formulate programs that respond to specific characteristics of each business market sector

a) Concentration of Customers

- Business marketers serve fewer but **larger customers** than millions of consumer-products marketers
- **Geographical concentration** indicates that a large potential volume exists in a given area
 - Large metropolitan areas are lucrative business markets

Because.....

b) Government is a big spender.....

- Generate the greatest volume of purchases of any customer category in the U.S.
- E-government initiatives generate a large market opportunity

Government Purchasing Strategies

- * Formal advertising - Government solicits bids from appropriate suppliers
 - * Followed when the product is standardized and the specifications are straightforward
- * Negotiated contract - Employed when:
 - * Purchased goods and services cannot be differentiated on the basis of price alone
 - * Few potential suppliers exist

c) Also ...**Institutional Customers** ...BIGGG...

- Similar to governments
 - Institutional purchasing process is constrained by political considerations and dictated by law
- Some institutions are administered by government units while some are privately operated and managed

Institutional Buying

- * Institutions may employ a purchasing agent or a purchasing department
- * Group buying - Institutions may join cooperative purchasing associations to secure purchasing efficiencies
 - * Allows institutions to enjoy lower prices, improved quality, reduced administrative costs, and greater competition



B2C

- LARGE SCALE MARKET
- EMOTIONALLY DRIVEN
- #1 PRIORITY- BRAND AWARENESS



B2B

- NICHE MARKET
- RATIONALLY DRIVEN
- #1 PRIORITY- LEAD GEN

Examples of B2C v B2B Marketing

B2C

**Business to
Consumer**



**Retailing
Family tourism
Personal banking
House building**

B2B

**Business to
Business**



**Wholesaling
Business travel
Business banking
Commercial property**

B2C vs B2B marketing

	B2C 'low involvement'	B2B 'high involvement'
Target market	Larger	Smaller, niche
Purchaser(s)	Single	Multiple
Buying process	Single step	Multiple step
Sales cycle	Shorter	Longer
Sales driver	Recognition and repetition	Relationship and detailed information

B2B Marketing

How it is different from B2C Marketing.

B2B	B2C
Small/Focused Target Market	Large Target Market
Features/Functional/Education	Benefits/Symbolic/Appeal
Rational....mostly	Emotional...mostly
Less/Selective Media Consumption	Multiple Touch Points
Long Lead Time/Multi Step Process	Short Lead Time/Single Step Process
Long Term Relationship	Instantly Interesting
Create and Support Demand	Drive Demand

Differences in Consumer and Business Marketing

- **Nature of markets**
- **Market demand**
- **Buyer behaviour**
- **Buyer-seller relationships**
- **Environmental influences**
- **Market strategy**

Characteristics of Business Markets

- **Derived demand**
 - Demand for industrial products is derived from the ultimate demand for consumer products
- **Fluctuating demand**
 - Business marketers carefully monitor fluctuating trends and patterns in consumer markets
 - Downturn in the economy creates the opposite result
- * **Stimulating demand**
 - * Business marketers must monitor final consumer markets and develop a plan that reaches the ultimate consumer directly
- * **Price sensitivity**
 - * Responsiveness of the quantity demanded to a change in price
 - * Called demand elasticity

III) Global Markets



Global MKTs

since
local MKTs
too small
(i.e.)

Global Market Perspective

- Marketers must look beyond the Canadian borders
- Focus on the United States MKTs
but
- Growing demand for industrial products in Germany, Japan, Korea, Brazil, China, and India

Motivations to go global - Why bother???

Internal Factors: Unprofitable domestic MKT

When the home marketplace is not producing desired sales and profits diminish over time, some of the problems may be attributed to:

- a) Saturated home marketplace with no room to grow*
- b) Highly competitive marketplace*
- c) Aging population that spends less and saves more*
- d) Economic recession, which limits consumer spending*
- e) High operating costs including staff wages, rental costs, and taxes*
- f) Restrictive policies on retail development*
- g) Shareholder pressure*

Motivations to go global - Why bother???

External Factors: Attractiveness of International Markets

Two factors in determining the attractiveness of different international opportunities:

- A. The **potential size** of the retail market in that country.*
- B. The **degree of blocking or supporting entry** of foreign retailers.*

Exhibit 7-1

Indicators of the attractiveness of international markets

Country Potential	Country Support
• Population (+)	• Market share of modern retailing (+)
• Population growth rate (+)	• Quality of infrastructure, transportation, and communications (+)
• Gross domestic product (GDP) (+)	• Urban population (+)
• GDP per capita (+)	• Market share of leading domestic retailers (-)
• Retail sales (+)	• Ease of doing business (+)
• Growth rate in retail sales (+)	• Business-friendly laws and regulations (+)
• Retail sales per capita (+)	• Political stability (+)
• Income distribution (+) or (-)	
• Age distribution (+) or (-)	

Exhibit 7–2									
2015 Global retail development index									
2015 rank	Country	Market attractiveness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	GRDI score	Change in rank compared to 2014	Population (million)	GDP per capita, PPP (thousand U.S. dollars)
1	China	66.7	55.7	42.3	96.6	65.3	1	1,364	13
2	Uruguay	93.3	60.4	68.0	38.9	65.1	1	3	20
3	Chile	98.2	100.0	13.0	37.9	62.3	2	18	23
4	Qatar	100.0	89.4	34.3	12.8	59.1	N/A	2	144
5	Mongolia	22.4	19.9	93.1	100.0	58.8	N/A	3	10
6	Georgia	36.5	39.1	78.8	79.2	58.4	1	5	8
7	United Arab Emirates	97.6	84.0	16.5	33.9	58.0	3	9	65
8	Brazil	98.0	60.4	45.2	28.0	57.9	3	203	15
9	Malaysia	75.6	68.8	29.3	52.7	56.6		30	25
10	Armenia	35.4	37.1	82.1	66.3	55.2	4	3	7
11	Turkey	83.1	48.1	40.2	44.8	54.1		77	20
12	Indonesia	50.6	35.5	55.1	65.9	51.8	3	251	10
13	Kazakhstan	49.6	34.2	72.5	50.7	51.8	–3	17	24
14	Sri Lanka	15.8	34.4	77.8	78.8	51.7	+4	21	10
15	India	30.5	39.8	75.7	58.5	51.1	+5	1,296	6
16	Peru	48.9	43.9	58.6	51.8	50.8	–3	31	12
17	Saudi Arabia	78.6	64.4	30.4	27.0	50.1	–1	31	54
18	Botswana	49.2	62.5	33.3	54.2	49.8	+8	2	16
19	Panama	62.3	46.8	49.7	37.6	49.1	–5	4	20
20	Colombia	55.6	49.3	52.0	39.1	49.0	+1	48	13

Emerging Markets to Consider?

CHINA (ranked 1st)

- *Direct foreign investment is encouraged*
- *Lifting of various restrictions has enabled 6 global food retailers in – including Walmart and Metro*
- *Fast developing infrastructure (highways, airports and railroads) can support modern retailing*
- *Costs to doing business in China is increasing as well as supply chain issues*

BRAZIL (ranked 8th)

- *Largest population and strongest economy in Latin America*
- *Large # of poor people and few very wealthy families*
- *Innovative practices have been developed for low income people – credit and installment purchasing options*
- *Very wealthy customers make up only 1% or 19 million people*

INDIA (ranked 15th)

- *Organized and Unorganized sectors*
- *Most shop at 'Kirana'*
- *Growing educated middle class want more sophisticated retail environment and global brands*
- *Diverse culture & 22 official languages*
- *Government regulations impede foreign investment*

RUSSIA (ranked 21st)

- *Corruption issues at all levels hamper gaining entry*
- *Congested St. Petersburg port – which accounts for over 70% of international shipments*
- *Quality and reliability of domestic products is poor*
- *Purchasing power is centered in and around Moscow and that area is already saturated with shopping centres*

Motivations to go global - Why bother???

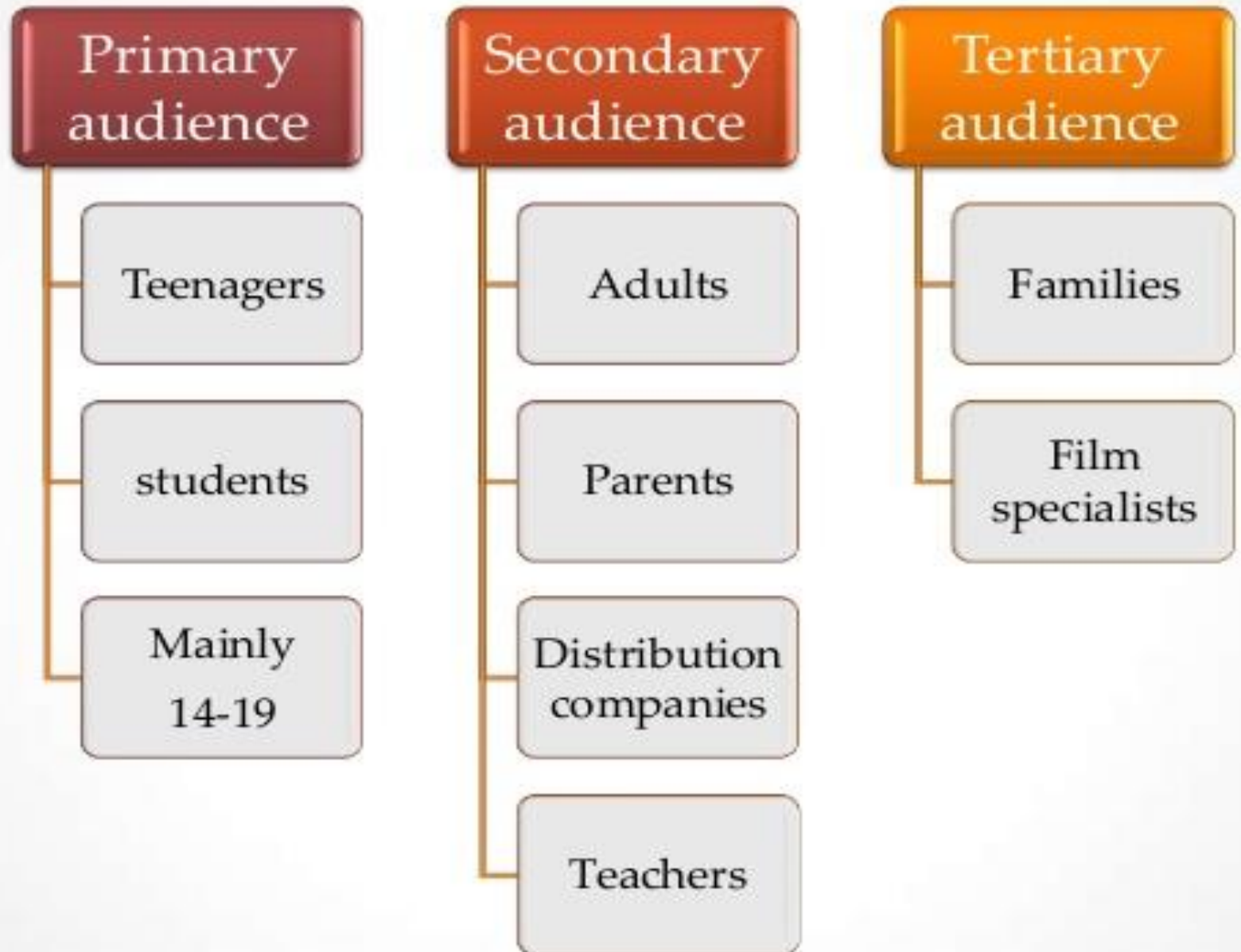
Additional Factors

Factors that would encourage a retailer to enter into the international marketplace include:

- a) Limited competition in the international marketplace*
- b) Rising numbers of middle-class consumers with improved standard of living*
- c) Trade agreements and organizations, including North American Free Trade Agreement (NAFTA), World Trade Organization (WTO), European Union (EU)*
- d) Relaxed regulatory framework*
- e) Favourable operating costs, including lower wages and taxes*
- f) Opportunity to diversify*
- g) Opportunity to try innovative concepts*

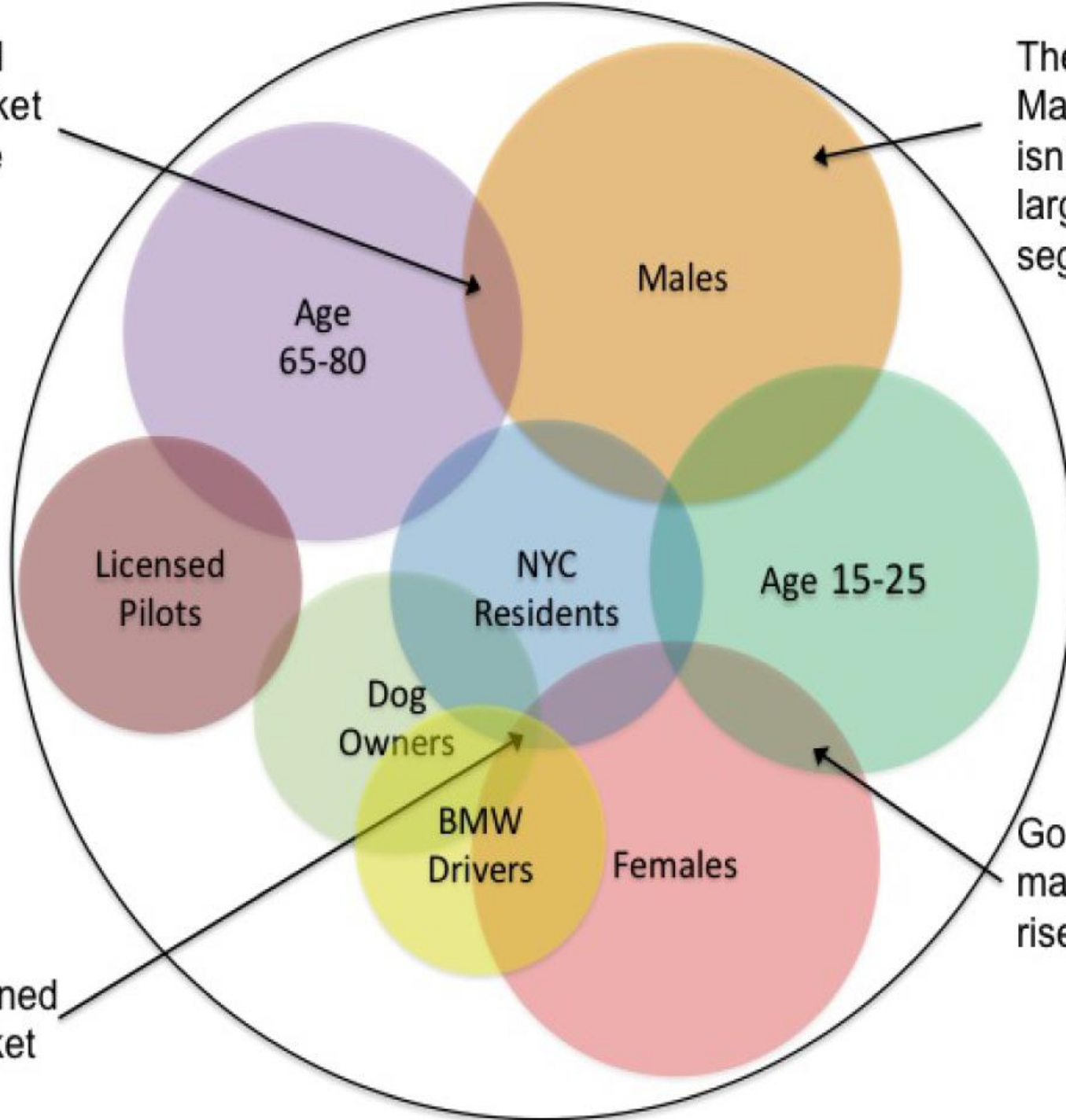
Examples of Target Markets

Types of audience



Not a good target market for low-rise jeans

The best value for Marketing dollars isn't usually the largest market segment



Highly defined niche market

Good target market for low-rise jeans

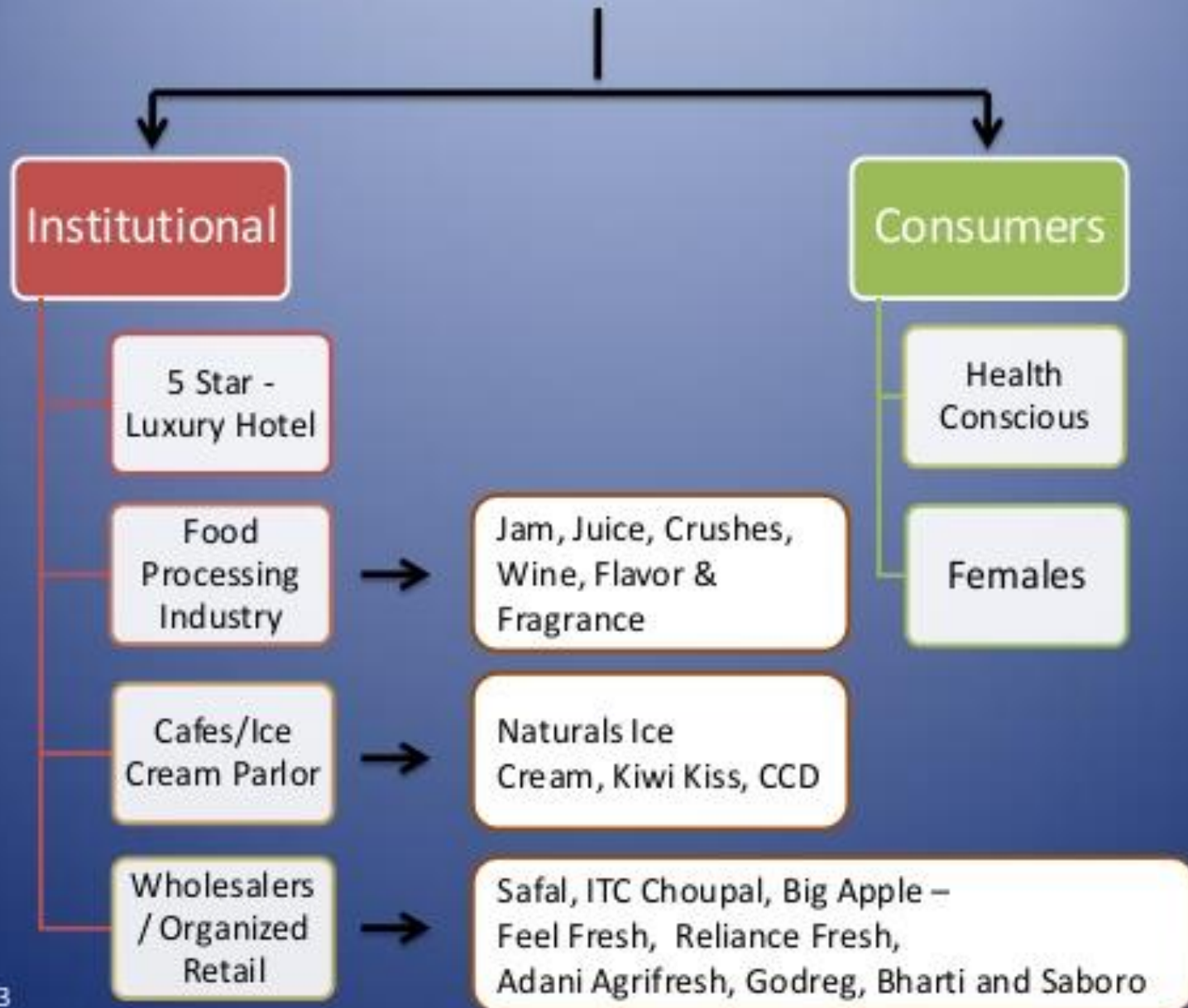


UNDER ARMOUR®
PERFORMANCE APPAREL

Target Market

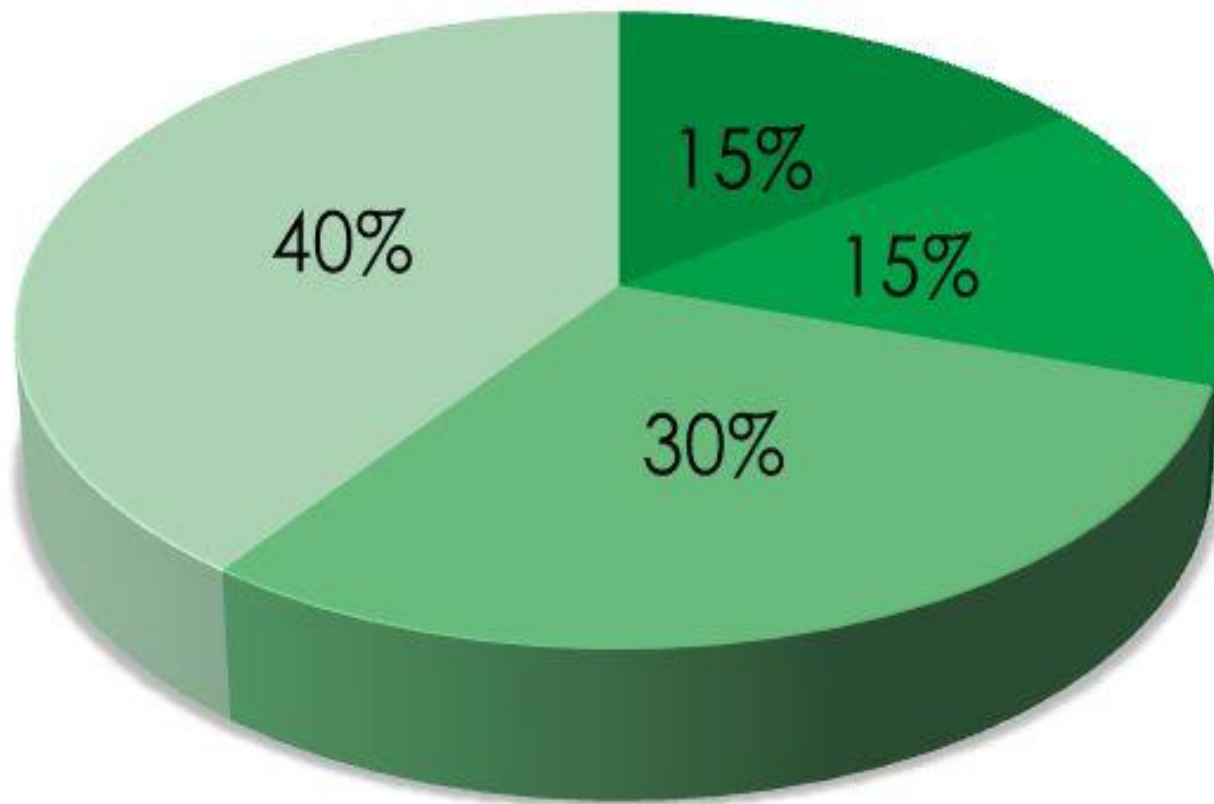
Company	Target Consumer
Nike	Active people who want high quality sporting goods
Adidas	Athletes mainly involved in running and soccer
Columbia	People who enjoy the outdoors (hiking, skiing, camping)
Russell	People looking for low cost alternatives to Nike, UA, Adidas
Champion	Low cost alternative to Nike, UA, Adidas. As well as people living in urban areas
Under Armour	Athletes who are serious about increasing performance in their respective sport

Target Market



• Illustrative

Target Markets



- Target Shoppers
- Students aged 18-24
- Adults aged 35-54
- Starbucks Loyalists

TARGET MARKET PROFILE

Consumer Profile

A consumer profile provides details about the likes, dislikes and lifestyle of users in the target market group.

Find a picture of someone fictional who fits your target market. Now write a consumer profile about them. You could include information about:

Gender

Age

Where they shop

Brand loyalty

Leisure and sporting activities they undertake

Music and TV programmes they like

Shop Profile

Here you need to write about the shop or retail outlet your product will be sold in. You could include information about:

Types of products sold there

Price range of products

How they are displayed

Type of atmosphere and layout

Describe who would shop there

Target Market

- Core Product/Service
 - Primary Target Market
 - Located in Widgetland
 - Age – 30 to 45
 - Male skew 65%
 - Conservative
 - Higher % than population Married, with kids
 - Hobbies include Golf, Watching Sports
- Premium product/Service
 - Primary Target Market
 - Located in Urban Widgetland
 - Age – 22 to 35
 - Even split between Male/Female
 - Early adopters
 - Hobbies/interests include Shopping, Restaurants, Sports,
 - High readership of fashion magazines, higher % of viewers of YouTube

Define Target market as clearly as you can – make sure you collect as much about the potential areas of psychographic information as possible
Consumer insights should be listed here

Promotional Tools

