

Ind. 3.02 – Select a target
market appropriate for
venture/product to obtain the
best return on marketing
investment

ENTREPRENEURSHIP I

How are marketers grouping you?

- Business owners are excited about people's similarities. Why?
 - Grouping is how marketers discover the best ways to match products with their customers
 - It is how marketers figure out what it takes to meet their customer's needs.
 - How do you think marketers group YOU?



Market – those who have....

- An unfilled desire or need, and
- Is financially able to pay, and
- The willingness to buy (soon).



“There’s no way this old mower is going to get through this! It’s time to buy a more powerful one!”

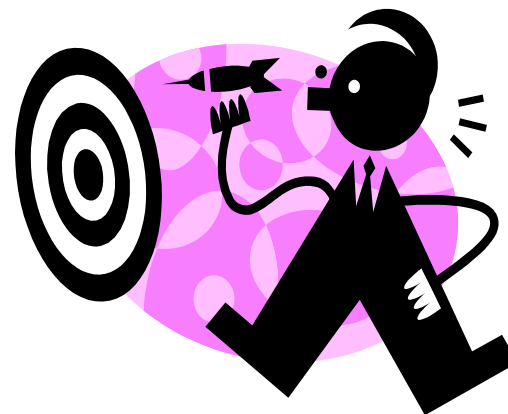
Target Market – those who....

- Are grouped **within a market** by what they have in common
- Are the customers the business seeks to attract



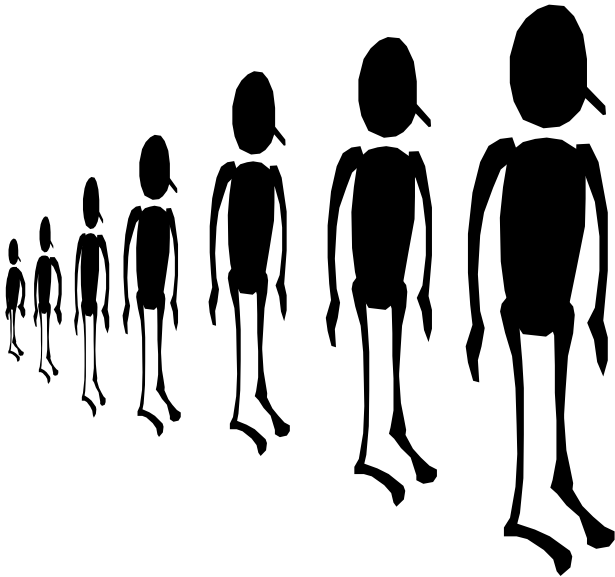
Significance of target marketing

- Every customer belongs to a number of markets.
- Customers are targeted in the consumer market, and businesses are targeted in the industrial market.
- The same customer or business can be included in more than one target market.
- Markets usually change over time.



Two styles of approaching target market activities – Mass Marketing

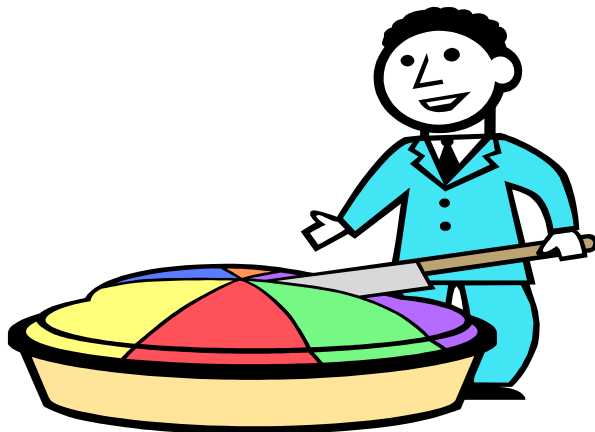
- Mass marketing is designing products and directing marketing activities to appeal to the whole market



- Advantages
 - Used to communicate a broad message to as many customers as possible
 - Producing one product is cost effective for businesses
- Disadvantages
 - The diversity of the audience
 - Since customers are so different, only a small percentage of the mass market is likely to purchase the product

Two styles of approaching target market activities – Market Segmentation

- Market Segmentation is the division of a total market into smaller, more specific groups as a way to meet the customers needs
- Advantages
 - More precise
 - Allows for a finely tuned product, appropriate price, and ease of distribution
- Disadvantages
 - More complex, difficult to produce products
 - More money needed



Why is the use of market segmentation increasing?

- It's more efficient in the long run.
- Increased competition
- Customers are more discerning than they used to be.
 - Customers want to know how the good or service will directly benefit them!



How do marketers divide their markets?

- They identify customers' similarities.
 - They group customers by what they have in common.
- Common ways to group customers:
 - Demographic
 - Geographic
 - Psychographic
 - Behavioral



Demographic Segmentation

- Dividing a market on the basis of its physical and social characteristics
- Example characteristics:
 - Gender
 - Origin or heritage
 - Religion
 - Social or economic status
 - Education level, occupation, income, etc.
 - Life stage
 - Generation, marital status, family size, etc.



Geographic Segmentation

- The division of the market on the basis of where customers are located
 - Type of climate
 - Continents
 - Nations
 - Regions
 - States
 - Zip codes
 - Neighborhoods
 - Etc.



Behavioral Segmentation

- Dividing a market on the basis of consumers' response to a product
 - Product Benefit
 - Occasion response
 - Loyalty



Psychographic Segmentation

- The division of a market on the basis of consumers' lifestyles and personalities
 - Motives
 - Attitudes
 - Opinions
 - Interests
 - Activities
 - Personalities
 - Lifestyle

