

**CHAPTER
9**

Targeting a Market

Part 1: Content Review

Matching

Write the letter for the correct term for each definition on the line provided.

- | | |
|--|--|
| <p>_____ 1. Divides a market by the relationships between customers and a good or service.</p> <p>_____ 2. Portion of a market segment that is very narrow and specific.</p> <p>_____ 3. Group of people born and living during a certain time in history.</p> <p>_____ 4. Principles and beliefs that an individual considers important.</p> <p>_____ 5. Describes when a customer will buy a good or service.</p> <p>_____ 6. Dividing the market of potential customers by their personal statistics.</p> <p>_____ 7. Segmenting a market based on where customers live.</p> <p>_____ 8. How often a customer buys or uses a good or service.</p> <p>_____ 9. Data about the preferences or choices of a group of people.</p> <p>_____ 10. Remaining take-home pay after life necessities are paid for.</p> | <p>Terms</p> <p>A. behavioral segmentation</p> <p>B. buying status</p> <p>C. demographic segmentation</p> <p>D. discretionary income</p> <p>E. generation</p> <p>F. geographic segmentation</p> <p>G. niche market</p> <p>H. psychographics</p> <p>I. usage rate</p> <p>J. values</p> |
|--|--|

Completion

Fill in the blanks with the term that best completes each sentence.

Terms

- | | | |
|-----------------------|---------------------|----------------------------------|
| attitude | feature | mass market |
| competitive advantage | indirect competitor | repositioning |
| direct competitor | market-share leader | unique selling proposition (USP) |
| disposable income | | |

1. _____ is how a person feels about something.
2. The overall market or group of people who might buy a good or service is a(n) _____.
3. _____ is the take-home pay a person has available to spend.
4. A statement summarizing the special features or benefits of a product or business is a(n) _____.
5. A(n) _____ sells identical or very similar goods or services.

6. A(n) _____ is a fact about a product.
7. A product or business offering better value, features, or service than the competition has a(n) _____.
8. A(n) _____ offers different, but similar, products or services that could also meet customer needs.
9. Making changes in the strategy used to influence consumers' perception of a product in comparison to the competition is _____.
10. The company with the largest market share is the _____.

True or False

Decide whether each statement is true or false. If the statement is true, write *True* on the line provided. If the statement is false, write *False* and rewrite the statement to make it true.

1. Markets are the focus of all marketing efforts.

2. An advantage of mass marketing is that it ignores differences among customers.

3. A business may have more than one target market.

4. The 70/30 rule is a basic guideline that states 70 percent of the sales for a business come from 30 percent of its customers.

5. The United States conducts a population census every five years.

6. An environmental scan is an analysis of the external factors that affect the success of business.

7. A sales analysis helps a business forecast its future sales.

8. Market potential is the minimum number of customers and amount of sales that can be generated from a specific segment in a defined time period.

Name _____

9. Market share is the total sales per year for a specific product held by all the competition.

10. A business goal of many companies is to increase market share, which makes it a marketing goal as well.

Part 2: Concept Review

Target Markets

An accurately identified target market meets these four criteria:

1. Clearly defined wants and needs that the business can meet.
2. Enough money to buy the product.
3. Willingness and ability to buy the product.
4. Enough customers in the market to be profitable.

Assume you are the marketing manager of a company that produces premium-quality surround-sound systems. These systems are expensive and must be professionally installed in a home or business. Which of the following potential markets would be good targets for your surround-sound systems? Read each description, then write *yes* or *no* in the right column. In the space below each market, explain your reasoning for your *yes* or *no* answer.

| Description of Market | | Good Target? |
|-----------------------|---|--------------|
| 1. | Developers of condominiums for first-time buyers | |
| | Reasoning: | |
| 2. | College students who share apartments or dorm rooms | |
| | Reasoning: | |
| 3. | Luxury resorts that want to promote their excellent amenities | |
| | Reasoning: | |
| 4. | Public-school music departments | |
| | Reasoning: | |

(Continued)

| Description of Market | | Good Target? |
|-----------------------|--|--------------|
| 5. | People who own or are building their own luxury homes | |
| | Reasoning: | |
| 6. | Convenience and bargain-store chains, such as Red Pantry and Dollar Tree | |
| | Reasoning: | |
| 7. | Independent retail music stores that cater to professional musicians | |
| | Reasoning: | |
| 8. | A new high-end three-level mall under construction | |
| | Reasoning: | |
| 9. | An indoor ice rink | |
| | Reasoning: | |
| 10. | An outdoor professional sports stadium | |
| | Reasoning: | |

Market Needs

Assume you are a marketing specialist working with entrepreneurs. Read each scenario that follows. Then, using complete sentences, respond to the questions that follow.

Clothes for Grandma

Sue's grandmother lives in an assisted living center. Sue observed that her grandmother has trouble with buttons, buttonholes, buckles, zippers, and ties on her clothing. Many of the other residents have similar difficulties. Sue also observed that her grandmother could be more independent if she had clothing with easy closures. Sue sees a business opportunity. Sue has a background in sewing and fashion design. She researched the field and learns that several companies produce clothing with Velcro fasteners. The clothing is cheap; however, the styles and colors are unappealing.

1. What is the market need?

Name _____

2. Who do you think are some potential competitors?

3. What do you think are the strengths and weaknesses of the competitors mentioned in your answer to question number 2?

4. What could the new (or modified) business have as its competitive edge?

5. On what basis could the new (or modified) business compete?

Courier Service to the Suburbs

Derrick lives in a sprawling city. Businesses and professional offices in the downtown district often use a courier service to quickly transport documents and other important materials. This courier service is a fleet of two Mini Coopers. Demand for the courier service is so heavy in the downtown area that the Mini Coopers do not pick up or deliver to the outer areas of the city or the surrounding suburbs. Derrick does not know of any courier services that operate in the areas outside the city. He sees an opportunity, but is not sure the market is large enough for a courier service that focuses on the outer areas of the city and the suburbs.

1. What is the market need?

2. Is there any competition?

3. What do you think are the strengths and weaknesses of Derrick's new business venture?

4. What could the new (or modified) business have as its competitive edge?

5. On what basis could the new (or modified) business compete?

Specialties for S&S Diner

Steve and Sveta own the S&S Diner. It is located near several large apartment complexes with many retired, moderate-income residents. Nearby competitors include the Family Cafeteria and May's Tearoom. The Family Cafeteria serves a basic menu of plain foods while May's Tearoom focuses on simple soups and sandwiches. The S&S Diner serves classic diner foods that are rich and heavy, such as meatloaf, hamburgers, pancakes, and milkshakes. Business is okay, but Steve, who is an accomplished chef, is bored. Sveta is disappointed that their older neighbors do not eat at the S&S Diner. Several have come in, read the menu, and left. Sveta thinks it might be because they are on special diets.

1. What is the market need?

2. Who are the competitors?

3. What do you think the strengths and weaknesses of the competitors might be?

4. What could the new (or modified) business have as its competitive edge?

5. On what basis could the new (or modified) business compete?

Name _____

Part 3: Marketing Math

Demographic Segmentation

In 2010, the US Census Bureau published the following demographic information that is segmented by special age categories. Compute the percentage of the total population for each of these special segments of the population. Round the numbers to the nearest whole percent. Remember, some of the special age categories will overlap with each other. One of the categories has been completed for you as an example.

| Demographic Segmentation by Special Age Categories | | | | | | |
|--|--------------------|------------|--------------------|--------|----------------------|----------|
| 2010 Special Age Categories | Total in Thousands | % of Total | Males in Thousands | % Male | Females in Thousands | % Female |
| 5 to 13 years | 37,123 | | 18,945 | | 18,178 | |
| 14 to 17 years | 16,994 | | 8,713 | | 8,281 | |
| 18 to 24 years | 30,713 | | 15,675 | | 15,037 | |
| 16 years and over | 243,639 | 79 | 118,739 | 78 | 124,900 | 79 |
| 18 years and over | 235,016 | | 114,316 | | 120,700 | |
| 10 to 49 years | 169,635 | | 85,727 | | 83,908 | |
| 16 to 64 years | 203,410 | | 101,447 | | 101,963 | |
| 55 years and over | 76,504 | | 34,766 | | 41,737 | |
| 65 years and over | 40,229 | | 17,292 | | 22,937 | |
| 75 years and over | 24,517 | | 9,247 | | 15,271 | |
| Total population | 310,233 | 100 | 152,753 | 50 | 157,479 | 50 |

Market Share

The smartphone industry is very competitive. The following chart shows the top five smartphone vendors, their unit shipments, and market shares. Complete the chart by computing the market share percent for each of the top five smartphone vendors in the fourth quarter of two consecutive years. In the last column, determine whether the market share increased or decreased from Year 1 to Year 2. The first one has been completed for you as an example.

| Vendor | Year 1 | | Year 2 | | Increase or Decrease from Year 1 to Year 2 |
|---------|---|---------------------------------|---|---------------------------------|--|
| | Fourth Quarter Unit Shipments (in Millions) | Fourth Quarter Market Share (%) | Fourth Quarter Unit Shipments (in Millions) | Fourth Quarter Market Share (%) | |
| Apple | 71.5259 | 17.7 | 77.0389 | 17.9 | Increase |
| Samsung | 83.4377 | | 76.7826 | | |
| Huawei | 32.1165 | | 40.8037 | | |
| Oppo | 12.9615 | | 26.7047 | | |
| BBK | 11.3594 | | 24.2882 | | |
| Others | 191.7084 | | 185.9211 | | |
| Total | 431.5393 | 100 | 431.5393 | 100 | |

Source: Gartner

Part 4: Be Your Own Leader

Types of Behaviors

As a leader, you will come into contact with people who demonstrate various types of behaviors. Examples include the following.

- *Passive* behavior occurs when a person hopes the problem or issue will simply resolve itself. A passive person does little or nothing to solve the problem or issue.
- *Aggressive* behavior occurs when a person puts pressure on others to respond in the way he or she wants the person to respond. An aggressive person argues frequently and provides reasons something will not work.
- *Passive-aggressive* behavior occurs when a person is indirectly aggressive. A passive-aggressive person may refuse to complete a task they have agreed to, may display anger over something different, or create dissent in the group.
- *Assertive* behavior occurs when a person holds themselves and others accountable for a problem or an issue. An assertive person may try to take leadership of a group in order to solve the problem.

Read the following case study. Then, using complete sentences, answer the questions that follow.

You are asked to create a marketing plan for a new client. The client is expecting a draft of the plan in one week, with the final plan completed in two weeks. As a marketing manager, your supervisor has assigned you to lead a team that will be working together to write the plan. Five people with whom you have not worked before are assigned to the team. Each member is a peer, and no one has a higher position than any other member in their regular work positions.

Name _____

Due to the pressure of completing the plan in such a short time, individual team members begin to display some of the behaviors described above. For example, Corrine continues to remind the group that she already has a full load of work waiting for her at her desk and does not have time to work on this project. Anjali, when asked to bring a list of ideas back on the second day, spent five minutes explaining why he was not able to complete the assignment. After the first day, Jermaine asked the supervisor why you were chosen as the group leader when he feels that he is the most qualified. Shelby continuously interrupts and tries to steer the group in a new direction. By the end of the second day, little progress has been made on the marketing plan. As the leader, what are you going to do?

- 1. Choose one of the team members. Write a role-play of what you would say to that person and how you think he or she would respond as you attempt to resolve the issue(s).

Lined writing area for student response.

