



SNS B-SPINE

Coimbatore-35
An Autonomous Institution

DEPARTMENT OF MANAGEMENT STUDIES

23BAT607 – MARKETING MANAGEMENT

I YEAR I SEM

UNIT 3 – STP AND MARKETING MIX

TOPIC 3 – Targeting

Targeting

- Marketing segmentation reveals the firm's market-segment opportunities.
- The firm now has to evaluate the various segments and decide how many and which ones to target.

A target market is the set of customers sharing common needs, wants & expectations that a business tries to sell to.





Evaluating Market Segments

Your ideal segment is one that is actively growing, has high profitability, and has a low cost of acquisition:

- Size: Consider how large your segment is as well as its future growth potential.
- Profitability: Consider which of your segments are willing to spend the most money on your product or service. Determine the lifetime value of customers in each segment and compare.
- Reachability: Consider how easy or difficult it will be for you to reach each segment with your marketing efforts. Consider customer acquisition costs (CACs) for each segment. Higher CAC means lower profitability.

After evaluating different segments, the company must now decide which and how many segments to serve.

3 Approaches to market targeting

Mass marketing (undifferentiated)

- Business targets the WHOLE market, ignoring segments
- This approach assumes that all customers have similar needs and wants.



3 Approaches to market targeting

Segmented (differentiated)

- Business target several market segments within the same market
- Products are designed and targeted at each segment
- Requires separate marketing plans and often different business units & product portfolios



3 Approaches to market targeting

Concentrated (niche)

- Business focuses narrowly on smaller segments or niches
- Aim is to achieve a strong market position (share) within those niches



Refer to case study - Spotify

