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## STRATEGIES (LEVELS) OF TARGET MARKET

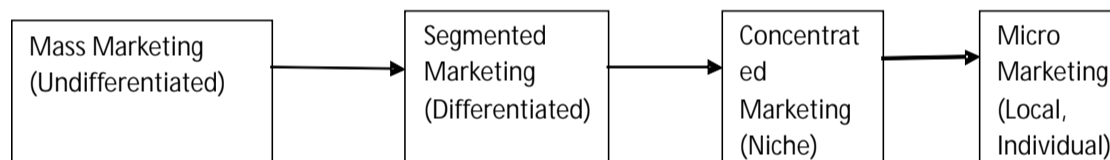
Ramakrishna Mohan Rao Munaga

**Abstract:** Generally target marketing can be carried out in several different levels. They are Target-Market Strategies or Mass (Undifferentiated) Marketing: Choosing the Number of Markets to Target, Multi segment (Differentiated) Marketing, Concentrated Marketing or Niche Marketing, Micro Marketing or Single or Individual Marketing. Firms that compete in the global marketplace can use any combination of the segmenting strategies or none at all.

**Keywords:** Target Marketing, Strategies, Mass, Multi, Niche, Micro.

### INTRODUCTION :

Generally target marketing can be carried out in several different levels. They are



### 1. Target-Market Strategies or Mass (Undifferentiated) Marketing: Choosing the Number of Markets to Target

Using an undifferentiated marketing or mass marketing strategy, the company might decide to ignore market segment differences and target the whole market with one offer. This mass marketing strategy focuses on what is common on the needs of consumers rather than one what is different.

The Company designs a product and marketing program that will appeal to the largest number of buyers.

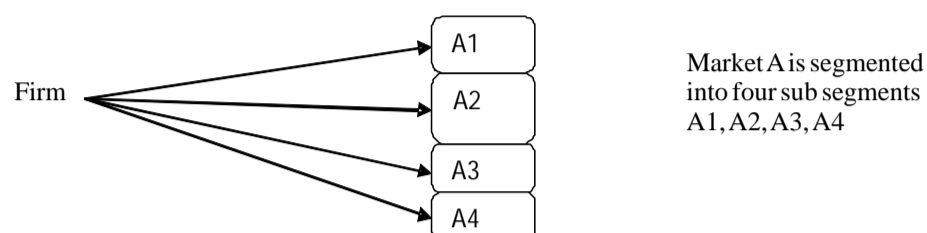
Henry Ford proved that mass marketing can work—at least for a while. Mass marketing is also efficient because you don't have to tailor any part of the offering for different groups of consumers, which is more work and costs more money.

Difficulties arise in developing a product or brand that will satisfy all consumers. The problem is that buyers are not all alike. If a competitor comes along and offers these groups a product (or products) that better meet their needs, you will lose business.

### 2. Multi segment (Differentiated) Marketing

Using this strategy, the company decides to target market segments and designs separate offers for each segment.

## STRATEGIES (LEVELS) OF TARGET MARKET



Most firms tailor their offerings in one way or another to meet the needs of different segments of customers. Because these organizations don't have all their eggs in one basket, they are less vulnerable to competition. Marriott International is an example of a company that operates in a multi segment market. The company has fifteen different types of facilities designed to meet the needs of different types of market segments, including the following:

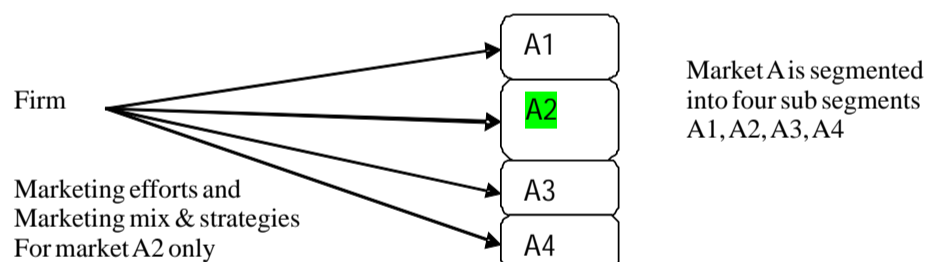
- ❖ Marriott Courtyard. Targeted at over-the-road travelers.
- ❖ Ritz-Carlton Hotels. Targeted at luxury travelers.
- ❖ Marriott Conference Centers. Targeted at businesses hosting small- and mid-sized meetings.
- ❖ Marriott ExecuStay. Targeted at executives needing month-long accommodations.
- ❖ Marriott Vacation Clubs. Targeted at travelers seeking to buy timeshares.

A multi segment marketing strategy can allow you to respond to demographic and other changes in markets. For example, the growing numbers of people too old to travel have the option of moving into one of Marriott's "Senior Living Services" facilities, which cater to retirees who need certain types of care. A multi segment strategy can also help you weather an economic downturn by allowing customers to trade up or down among your brands and products. Suppose you take a pay cut and can't afford to stay at Marriott's Ritz-Carlton hotels anymore. A room at a JW Marriott—the most luxurious of the Marriott-brand hotels but cheaper than the Ritz—is available to you. If one of your products is "dying out," you have others to fall back on.

But differentiated marketing also increases the cost of marketing business. A firm usually finds it more expensive to develop and produce.

### 3. Concentrated Marketing or Niche Marketing

Some firms—especially smaller ones with limited resources—engage in concentrated marketing. Concentrated marketing involves targeting a very select group of customers. Concentrated marketing can be a risky strategy because you really do have all of your eggs in one basket.



The auto parts industry is an example. Traditionally, many North American auto parts makers have supplied parts exclusively to auto manufacturers. But when General Motors, Ford, Chrysler, and other auto companies experienced a slump in sales following the recession that began in 2008, the auto parts makers found themselves in trouble. Many of them began trying to make and sell parts for wind turbines, aerospace tools, solar panels, and construction equipment.

Niche marketing involves targeting an even more select group of consumers. When you're engaging in niche marketing, your goal is to be a big fish in a small pond instead of a small fish in a big pond.

STRATEGIES (LEVELS) OF TARGET MARKET

Companies That Operate in Niche Markets

Company	Niche	Market Share (%)
Hohner	Harmonicas	85
Tetra	Tropical fish food	80
Swarovski	Crystal jewels	65
Uwatec	Snorkeling equipment	60
St. Jude Medical Center	Artificial heart valves	60

Micro Marketing or Single or Individual Marketing

Micro targeting, or narrowcasting, is a new effort to isolate markets and target them. It was originally used to segment voters during elections, including the 2004 U.S. presidential election. Micro targeting involves gathering all kinds of data available on people—everything from their tax and phone records to the catalogs they receive. One company that compiles information such as this is Acxiom. For a fee, Acxiom can provide you with a list of Hispanic consumers who own two pets, have caller ID, drive a sedan, buy certain personal care products, subscribe to certain television cable channels, read specified magazines, and have income and education levels within a given range. Clearly, micro targeting has ethical implications.

Targeting Global Markets

Firms that compete in the global marketplace can use any combination of the segmenting strategies we discussed or none at all. If you're a seller of a metal like iron ore, you might sell the same product across the entire world via a metals broker. The broker would worry about communicating with customers around the world and devising different marketing campaigns for each of them.



Most companies, however, tailor their offerings to some extent to meet the needs of different buyers around the world. For example, Mattel sells Barbie dolls all around the world—but not the same Barbie. Mattel has created thousands of different Barbie offerings designed to appeal to all kinds of people in different countries.

Pizza Hut has franchises around the world, but its products, packaging, and advertising are tailored to different markets. Companies tailor products not only for different countries but also for different customers in different countries. For example, Procter & Gamble's China division now offers products designed for different local market segments in that country. P&G has an advanced formulation of laundry detergent for the premium segment, a modified product for the second (economy) segment, and a very basic, inexpensive product created for the third (rural) segment.

#### STRATEGIES (LEVELS) OF TARGET MARKET

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Sellers are increasingly targeting consumers in China, Russia, India, and Brazil because of their fast-growing middle classes. Take the cosmetics maker Avon. Avon's largest market is no longer the United States. It is Brazil. Brazilians are extremely looks-conscious and increasingly able to afford cosmetic products as well as plastic surgery. So attractive are these countries that firms are changing how they develop goods and services, too. "Historically, American companies innovated in the U.S. and took those products abroad," says Vijay Govindarajan, a professor at Dartmouth's Tuck School of Business. Now, says Govindarajan, companies are creating low-cost products to capture large markets in developing countries and then selling them in developed countries. Acer's \$250 laptop and General Electric's ultra inexpensive \$1,000 electrocardiogram device are examples. The world's cheapest car, the \$2,500 Tata Nano, was developed for India but is slated to be sold in the United States.

Other strategies for targeting markets abroad include acquiring (buying) foreign companies or companies with large market shares there. To tap the Indian market, Kraft made a bid to buy the candy maker Cadbury, which controls about one-third of India's chocolate market.

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