

STRATEGY AND ORGANIATIONAL STRUCTURE

Lecture 7: Market Targeting

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Target audience: MASTER II students- Strategic Management

2023-2024

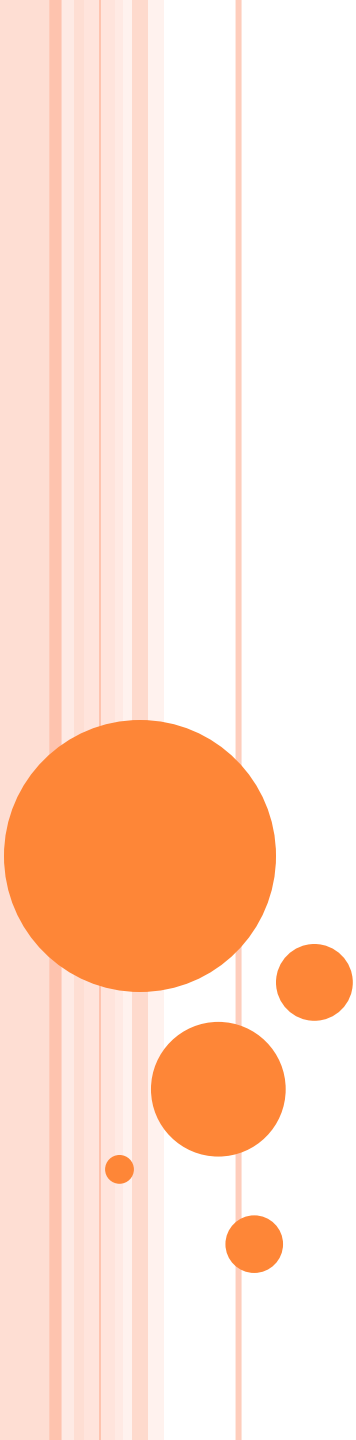
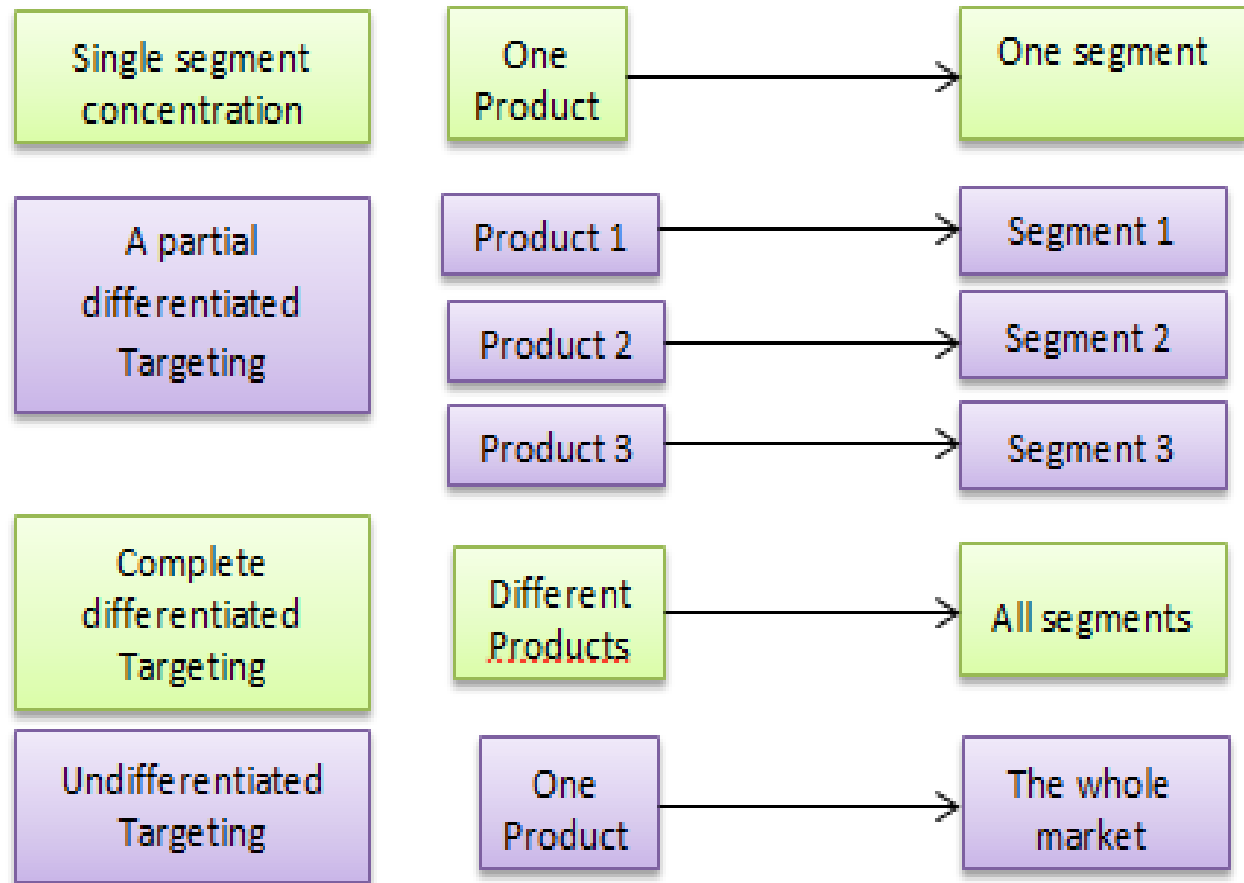
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- ❖ After the evaluation of the segments' attractiveness and competition, the firm now has to decide how many segments to target. This is the problem of target-market selection.
 - ❖ **A target market** consists of a set of buyers who share common needs or characteristics that the company decides to serve. In essence, four patterns of market coverage exist as showed in figure 2.

Figure 2 –Market coverage patterns





❑ **Single segment concentration:**

- ❖ Here, the organization focuses on one segment.
- ❖ And although it is a potentially high risk strategy in that the firm is vulnerable to sudden changes in taste or the entry of a large competitor, concentrated marketing along these lines has proved to be attractive to small companies with limited funds.
- ❖ Also, a firm that opts to concentrate upon a single segment can develop a strong market position, a specialist reputation, and above average returns.

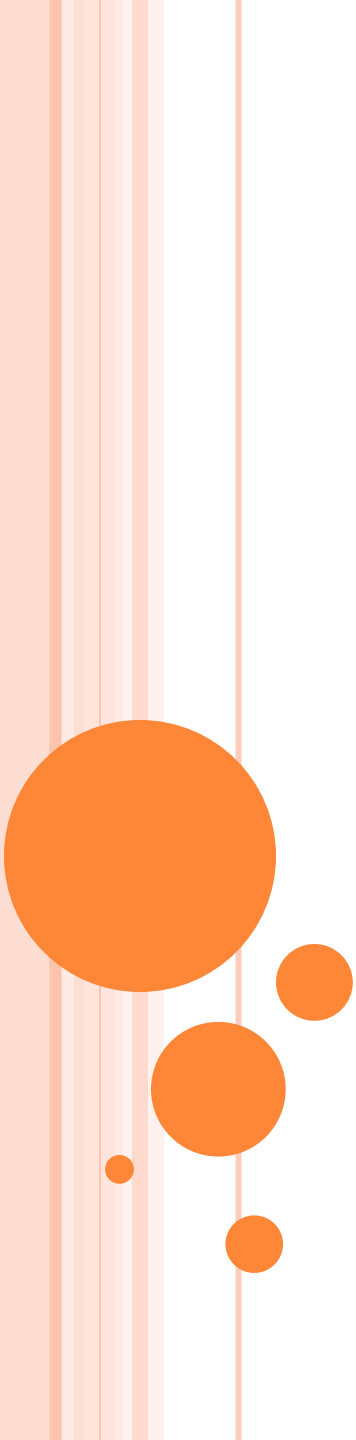


□ **A partial differentiated Targeting:**

- ❖ In this pattern of marketing coverage, it does require a partial market coverage, and this by selecting a few products to launch in a few segments.

□ **Complete differentiated Targeting:**

- ❖ Here, the company must address the entire market with different products tailored to the specific needs of each segment.
- ❖ This pattern of market coverage requires an extensive range of products, marketing strategies and communication strategies adapted to each segment.



- ❖ **This targeting is suitable for a market with heterogeneous demand but it involves higher costs.**

- **Undifferentiated Targeting:**

- ❖ **It involves treating the market as a whole and emphasizing what is common in needs rather than what differentiates them.**

- ❖ **This leads to the development of standardized products that are likely to fit a wide variety of needs and thus allow significant economies of scale.**