

Capstone Project Report

The Business Case of the XYZ bespoke software development company

1- Description of the problem and background:

Description of the problem:

XYZ is a software development company specialized in developing bespoke software management systems for hotels, coffee shops and restaurants. The company develops and maintains three software products:

- A- The Hotels Management Software (HMS)
- B- The Coffeeshops Management Software (CMS)
- C- The Restaurants Management Software (RMS)

The company is based in UAE and it is now planning to expand its business to include potential customers in the relevant capital cities in the whole world.

In order to do that, the company will explore its new market potential (i.e. the world-wide total addressable market of hotels, coffee shops and restaurant management software).

The company has the following two major core business departments (among other business units):

- A- The Software Development Department: It includes a hotel management software development section, a coffeeshop management software development section and a restaurant management software development section.
- B- The Marketing Department: It includes a hotel management software marketing section, a coffeeshop management software marketing section and a restaurant management software marketing section.

The company's new world-wide market development strategy states that:

- A- Geo-demographic approach will be used for market segmentation (please refer to the background section below for more information about this approach)
- B- Each one of the Marketing Department Sections will be responsible to find and acquire new customers in the Section's own business area and in a specific subset of capital cities. However, the section will be responsible to discover all potential customers in its specific subset of capital cities regarding the other two business line areas of the company and then it will coordinate with the other two sections to complete the remaining customer journey activities.
- C- Internet-based marketing campaigns will be used to find and acquire the new customers
- D- Customer data will be stored in the CRM database management system

An analytics model and software application will be developed to discover and segment the new market potential in order to help the business to answer the following questions in the level of each section of the marketing department:

- A- Which capital cities will be assigned to each section?
- B- Who are the potential customers in the section's business line in each city?
- C- Who are the potential customers in the other two business line in each city?

Questions C and D will be used to sort the cities based on the number of potential customers and accordingly, the results will be considered in prioritizing the marketing efforts of the section.

Discussion of the background.

Market segmentation is the activity of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as segments) based on some type of shared characteristics. In dividing or segmenting markets, we typically look for common characteristics such as shared needs, common interests, similar lifestyles or even similar demographic profiles. The overall aim of segmentation is to identify high yield segments – that is, those segments that are likely to be the most profitable or that have growth potential – so that these can be selected for special attention (i.e. become target markets). Many ways to segment a market have been identified. Business-to-business (B2B) sellers might segment the market into different types of businesses or countries. While business-to-consumer (B2C) sellers might segment the market into demographic segments, lifestyle segments, behavioral segments or any other meaningful segment.

In our specific business case, B2B market segmentation will be used, and we assume that different market segments require different marketing programs – that is, different offers, prices, promotion, distribution or some combination of marketing variables. This segmentation will not only be used to identify the most profitable segments, but also to develop profiles of key segments in order to better understand their needs and purchase motivations. Insights from segmentation analysis will subsequently be used to support marketing strategy development and planning. For example, the S-T-P approach; Segmentation → Targeting → Positioning to provide the framework for marketing planning objectives. That is, a market is segmented, one or more segments are selected for targeting, and the software products are positioned in a way that resonates with the selected target markets.