

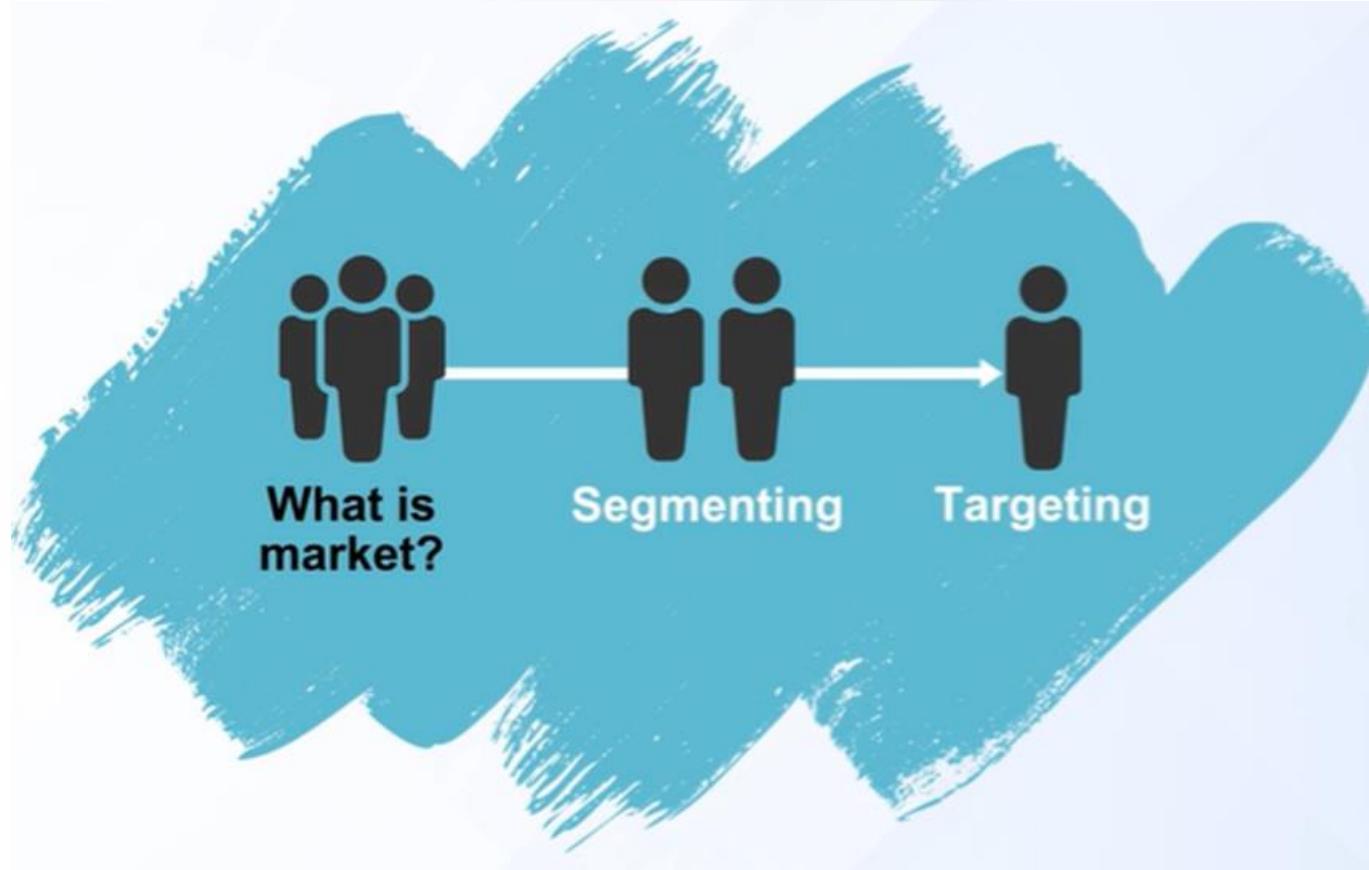


PM: Product Management and Development

Week 3 – Market Structure Analysis and Opportunity Identification

Module Overview

Learning Objectives



Learning Objectives



Understand customer or user personas and their journey

Learning Outcomes

- 
- 1. Defining market:**
Understanding markets and defining them
 - 2. Segmentation:**
How to segment your market?
 - 3. Targeting:**
Which segments to target?
 - 4. Profiling consumers:**
Why consumers are important and how to prepare them?
 - 5. Understanding customer journey:**
What was the customer's journey and how is it important?

Product Market

Traditional Product Market



Product market definitions based on product characteristics.

Philip Kotler's Definition of Product Market

“A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.”

Philip Kotler's Definition of Product Market

01
Customer-centric



02
No seller required



03
Same product
different market



Market based on transportation
may need different vehicles



04
Different products
same market

04

Market Definition and Its Consequences

Sale (Indian Rs in Crores)	2016	2017	2018	2019	2020
Product 1	100	105	110	112	116
Product 2	85	82	84	87	86
Others	50	45	42	31	29
Total	235	232	236	230	231

% Market Share	2016	2017	2018	2019	2020
Product 1	42.5	45.3	46.6	48.7	50.2
Product 2	36.2	35.3	35.6	37.8	37.2
Others	21.3	19.4	17.8	13.5	12.6
Total	100	100	100	100	100

Product Market – Example 1



- Sony and Microsoft launched HD version of games.
- Nintendo introduced Wii at the same time but did not offer HD features.
- Nintendo Wii included a thick handled device for gaming.

Nintendo's Market Definition



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Microsoft's and Sony's Plan



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Nintendo vs Microsoft and Sony

- Nintendo was targeting the existing needs of consumers
- Defined market comprising of those who needed game-based entertainment

- Microsoft and Sony targeted latent needs of the consumers
- Defined markets based on the need for entertainment and targeted consumers
- Hoped customer will slowly start using other features

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Staged Adoption Strategy

- Company sells its product to a group who can adopt the product easily
- Company introduces new features to encourage full adoption

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Sony's First HD PlayStation



- PlayStation was priced higher than the competitors.
- the PlayStation was a complete entertainment hub.

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Sony vs Microsoft



- Sony faced losses since it wanted consumers buy its products and vise versa.
- Many Wii customers also bought Sony/Microsoft product.
- If a customer bought PlayStation, they were highly unlikely to buy Xbox and vice versa

Competitor Threat



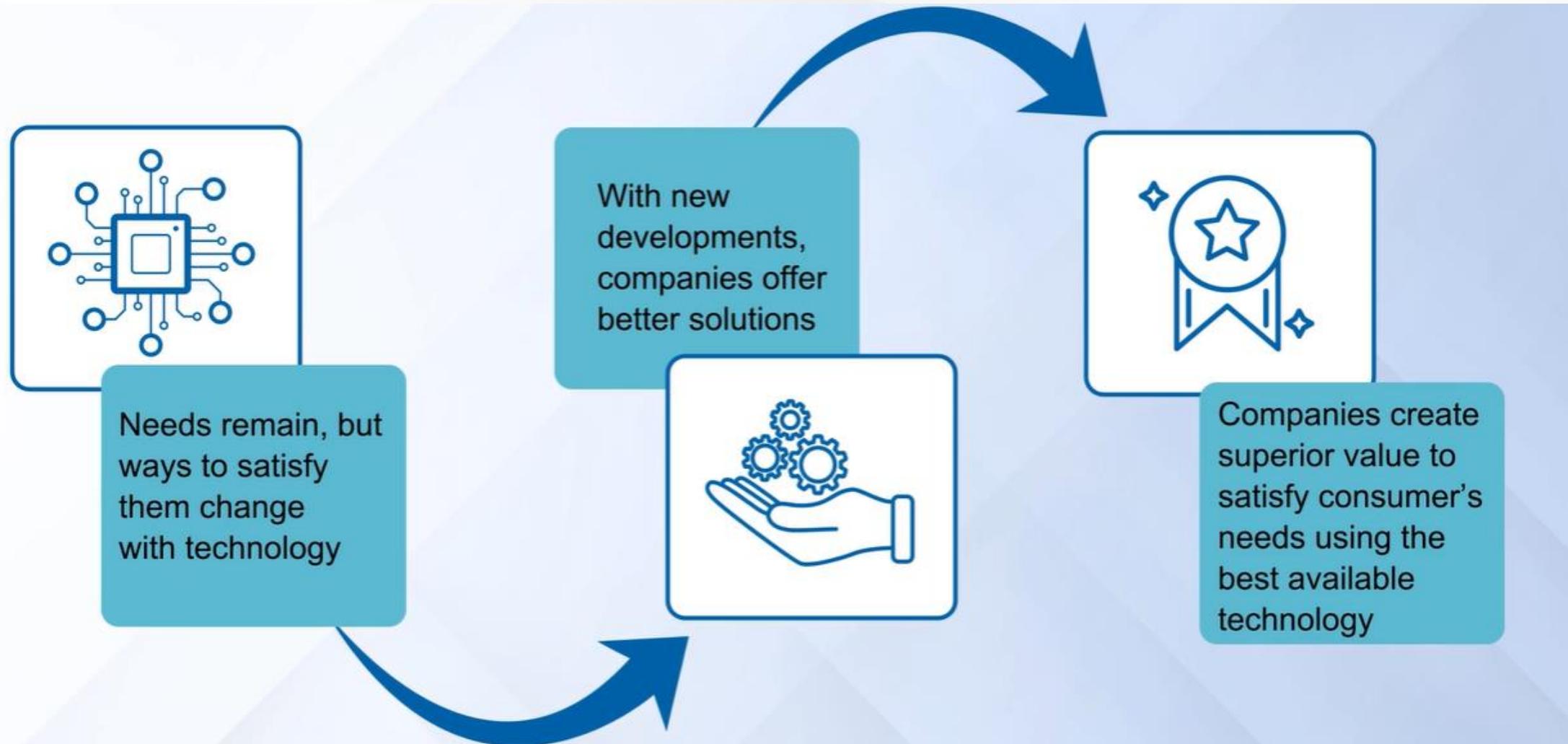
- Company must pay close attention to its immediate competitors.
- Company should also keep any eye on other relevant competitors for they may become a threat overtime

Understanding Technological Changes

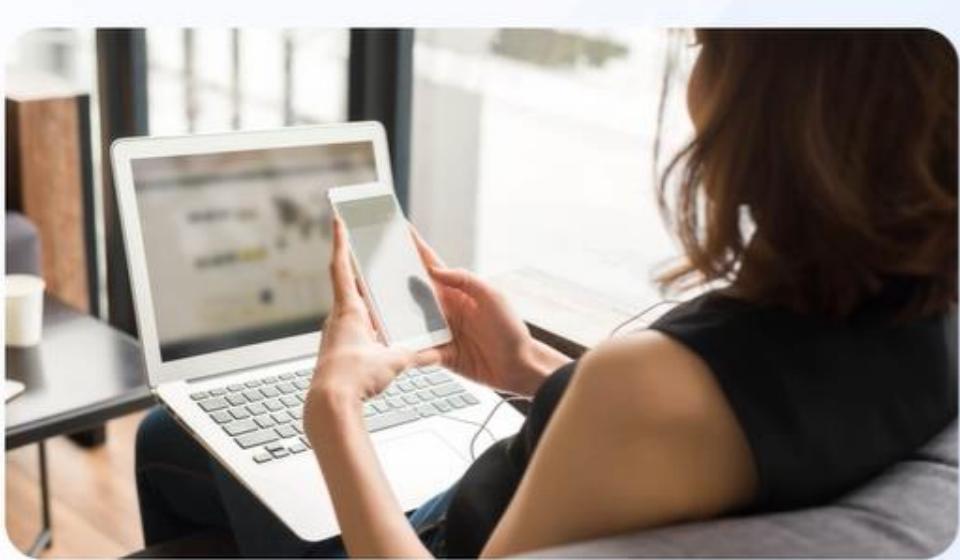


- Making and selling small VoIP devices or toggles to make cheap international calls
- **Losing sales every year**

Market Definition – Example



Market Definition – Example 2

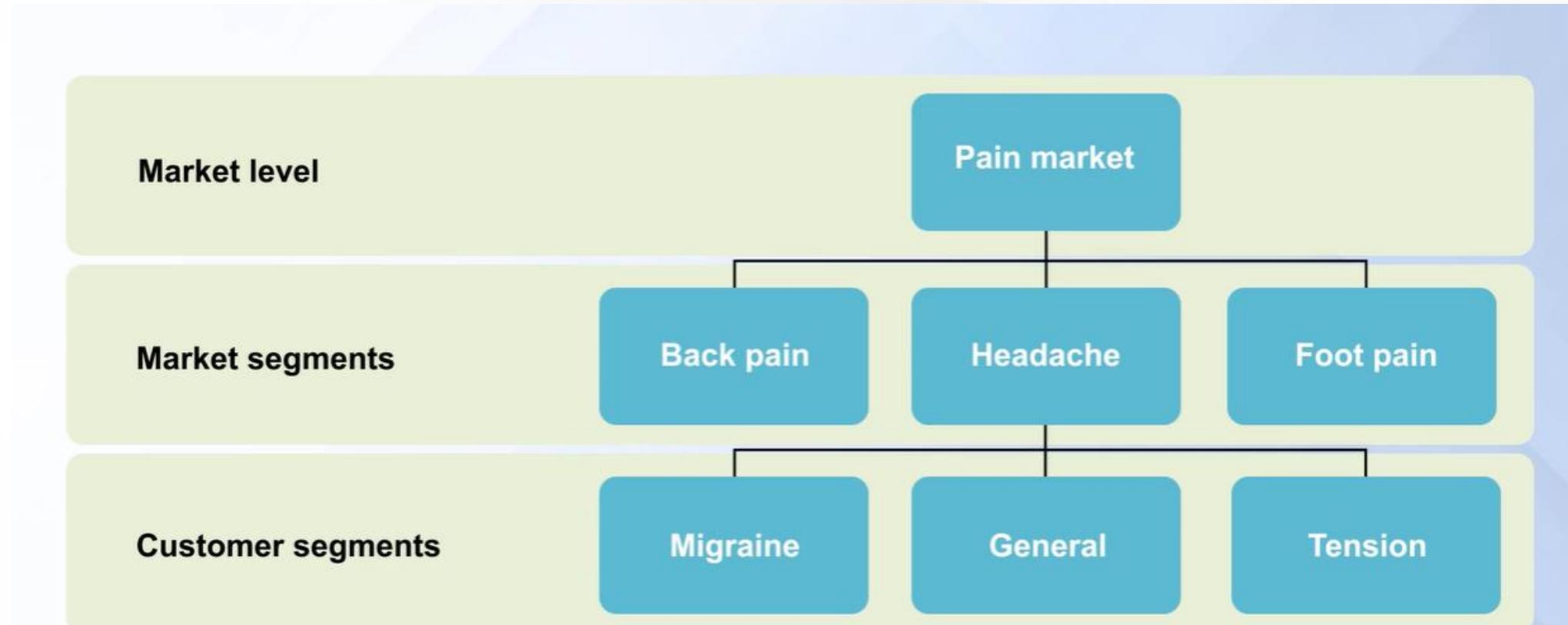


MagicJack:

- Market leader for VoIP calls
- Created app that made making VoIP calls using smartphones easier and cheaper
- Provided superior value

Market Segmentation

Market Segmentation – The Example of Analgesic



Marriott's Market Segmentation



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Archetypes for Best Buy's Most Valued Segments

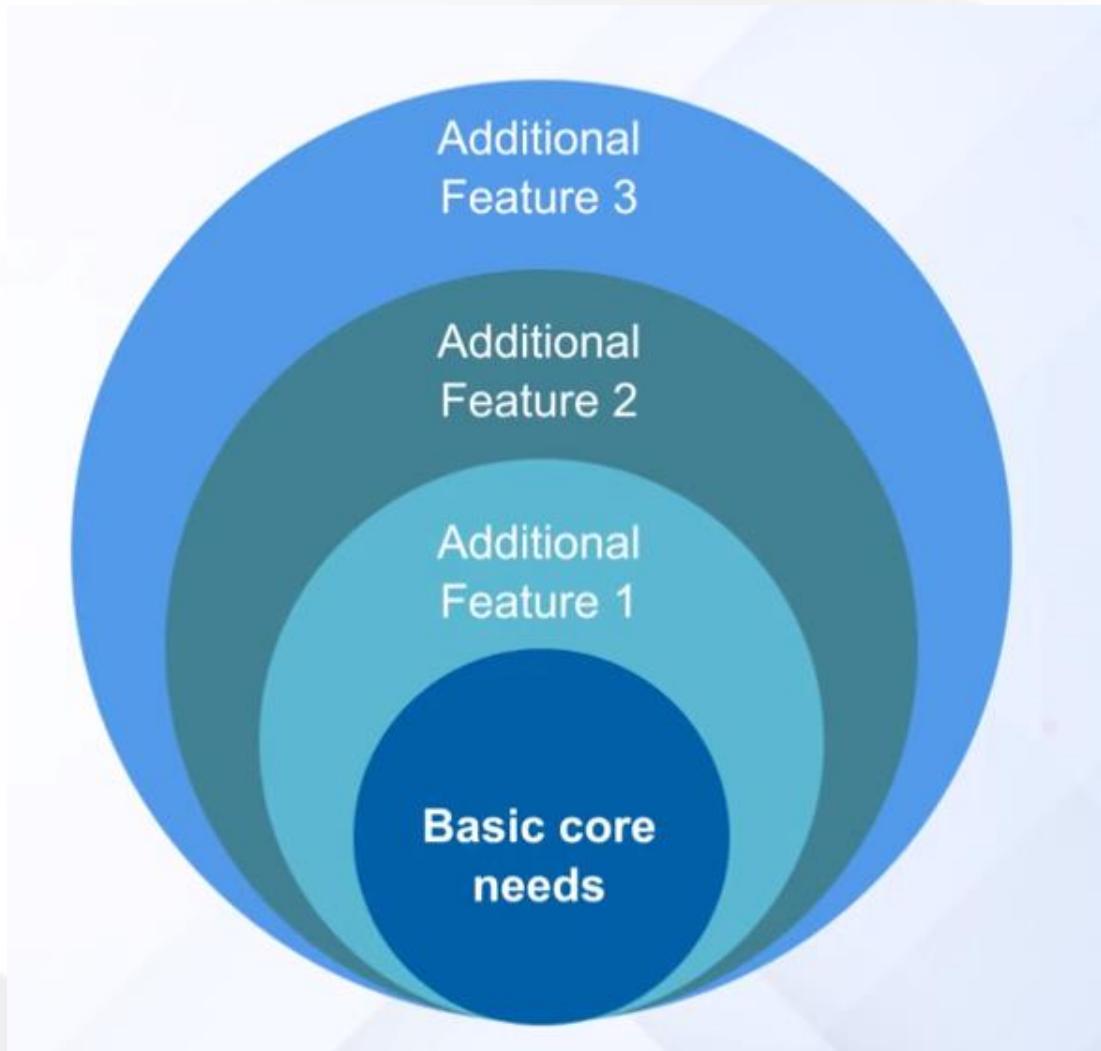


Barry	An affluent tech enthusiast
Buzz	A young gadget fiend
Jill	A busy suburban Mom
Mr. Storefront	A small business owner
Ray	A price-conscious family guy

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Why Segmentation?

Customer Needs



Example: Business Education

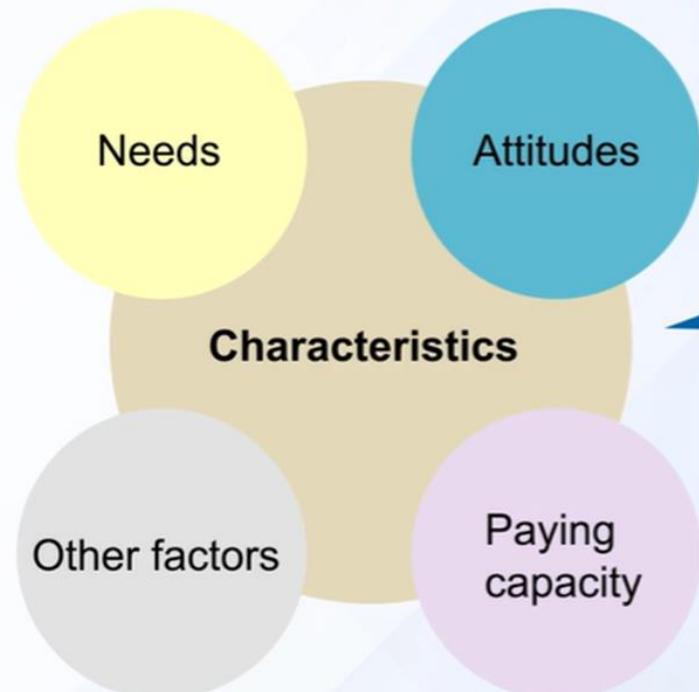


- Full time MBA
- Part time MBA
- Online MBA

Different groups of customers require
different solutions

Consumer Segments

Market consists of different consumers



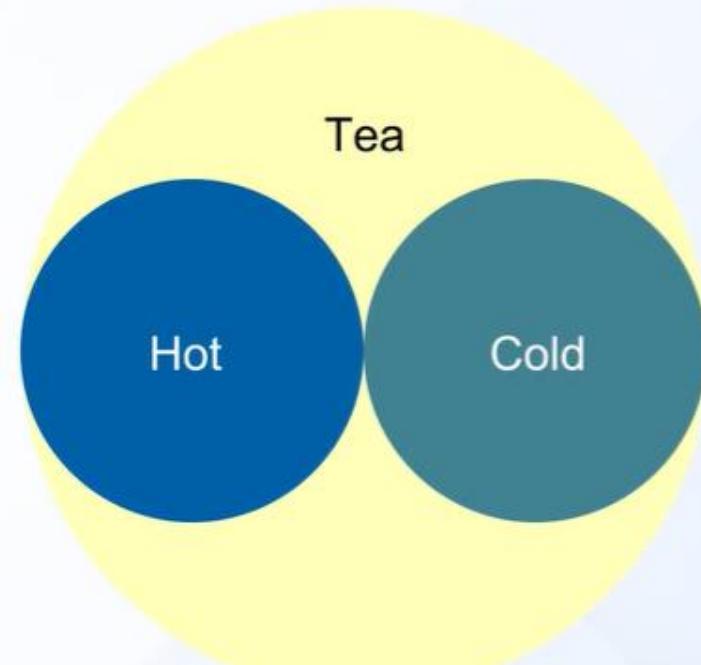
Important differences require different solution for groups of customers with similar characteristics.

Groups of consumers = Segments of consumers



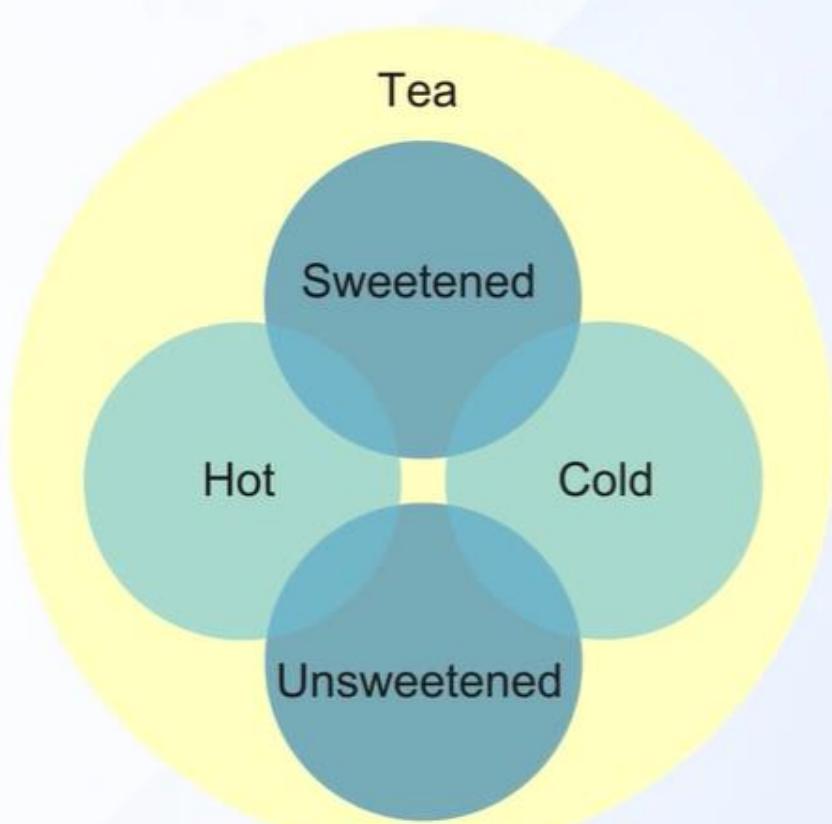
Consumer Segments - Example

- Can produce only one type of tea
- Unaware of consumer preferences



Launching products without awareness of customer segmentation can lead to low or no sales.

Consumer Segments - Example



Segmentation helps companies in catering different segments' needs.

Importance of Segmentation

No solution can be perfect for everyone



Companies refrain from segmentation as it:

- Is costly
- Requires distinct solution
- Creates operational complexities

Mass Marketing

One solution or product for the entire market



- Some customers will be satisfied, many others would not be
- Competitors' solutions for dissatisfied customers will reduce the company's business

One-to-One Marketing



Segmentation



- Similar attributes **within** a group
- Different attributes **across** groups

Segmentation covers heterogeneous market efficiently and provides solutions to each segments.

Mass Customisation



- Development in digital technology helps to address heterogeneous market
- The cost is closer to mass marketing

Mass Customisation : Apple



- Apple offers customised solutions which customers select themselves
- Digital technology helped in offering mass-customisation at low cost

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Market Segmentation Matrix

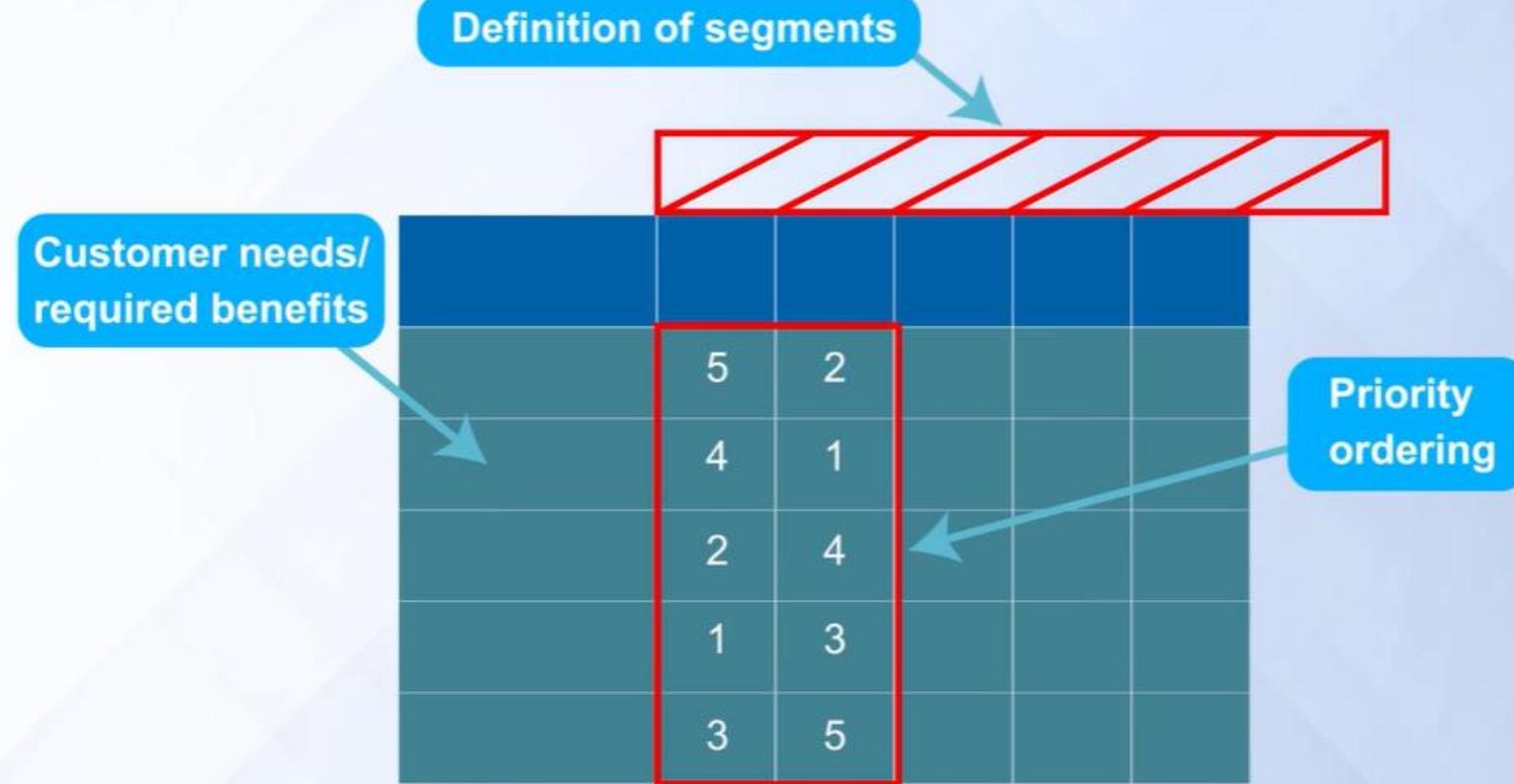
Strategising Market Segmentation



Sub segmentation strategy is costly as each segment requires its own solution.

When should the company stop segmenting?

Developing Market Segments



Segmentation of Female Skin-Care Market by Age

Customer needs/ Required benefits	Age-based Market Segmentation					
	14-18	19-29	30-39	40-49	50-64	65 and above
Beauty	5	4	1	2	2	3
Confidence	2	2	3	3	3	4
Economy	4	5	7	7	6	5
Health	6	6	4	4	4	2
Sexual Allure	3	1	2	5	5	6
Status	1	3	6	6	7	7
Youthfulness	7	7	5	1	1	1

Segmentation of Female Skin-Care Market by Age

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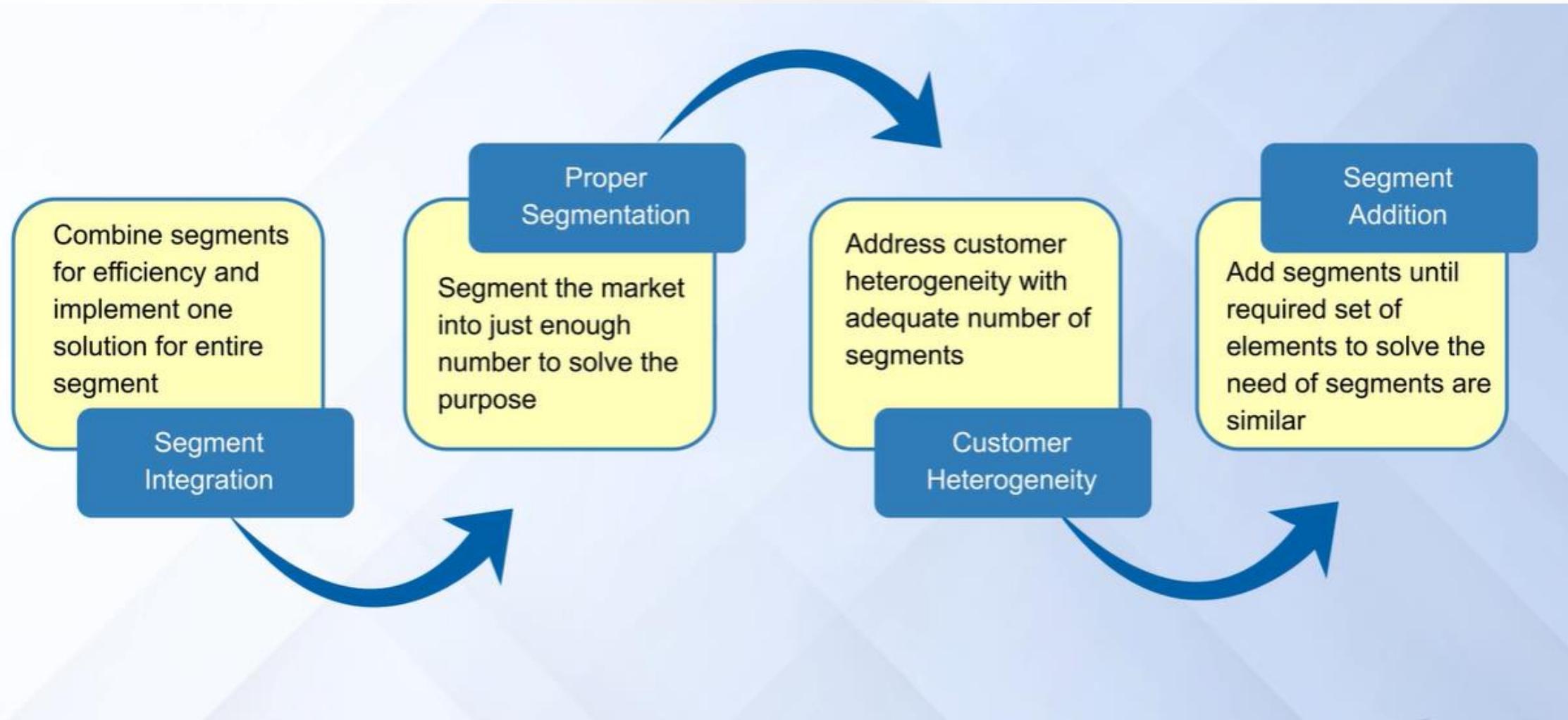
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Segmentation of Female Skin-Care Market by Age

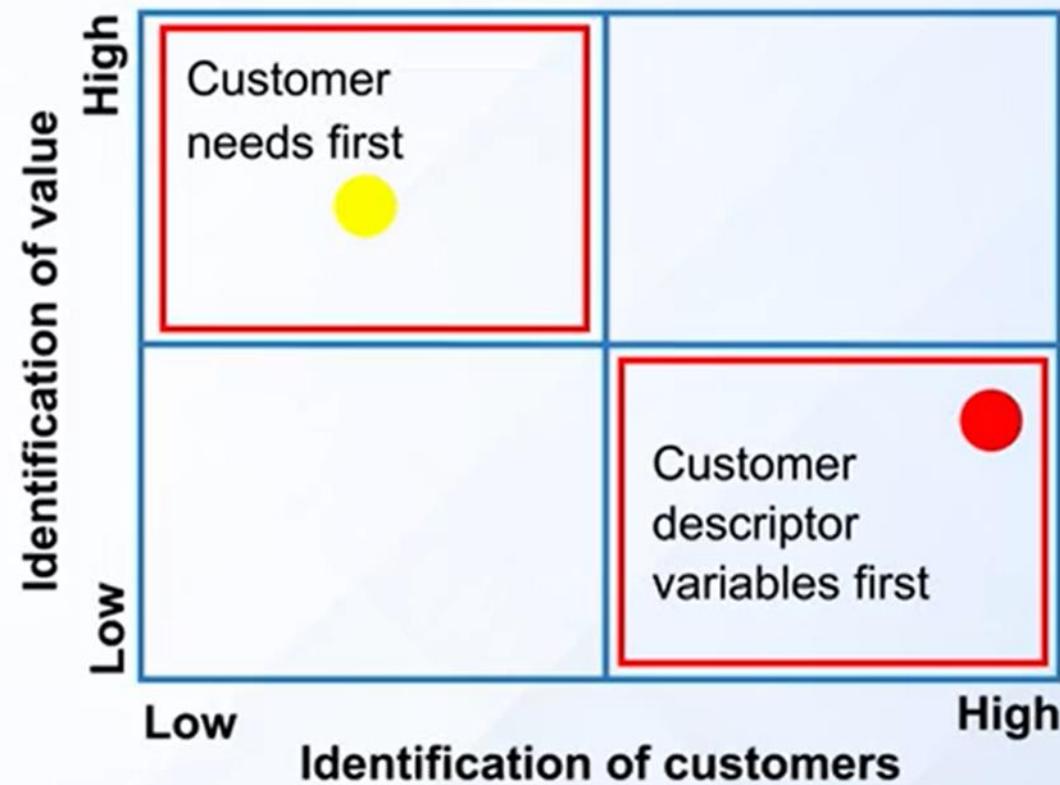
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Important Points for Segmentation

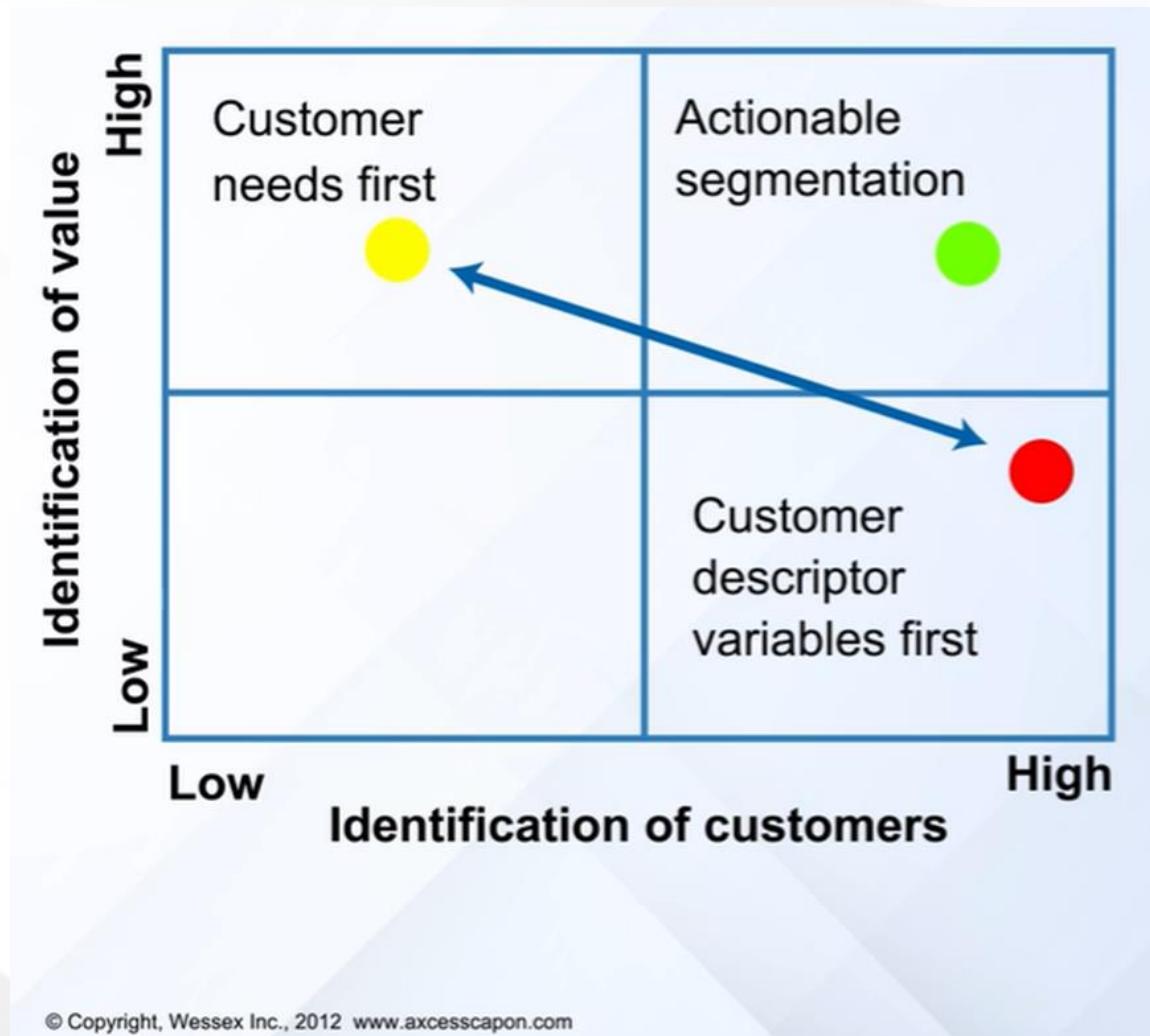


Developing Market Segments

Developing Market Segments – Key Approaches



Developing Market Segments – Key Approaches



Examples of Customer Descriptor Variables

Variable Type	Examples of Descriptor Variables
Geography	Country, region, county size, city, population density, climate
Demography	Consumers — age, education, family life-cycle stage, family size, gender, income, language, national origin, occupation, race, religion, social class, wealth Organizations — balance sheet items, firm size, growth, industry, profitability, legal entity, length of time at location, number of years in business
Behavioural	Composition/type of purchase decision, decision-making practice, decision-making unit, new or existing user, use occasion, user situation Specific organizational variables — procurement organization (centralized/decentralized) and power structure (like engineering dominated, financially dominated)
Socio-psychological	Consumers — attitudes, life stage, personality (ambitiousness, authoritarianism, autonomy, compulsiveness, conservatism, gregariousness, leadership), sexual orientation Organizations — inward/outward orientation and organizational climate and culture

Source: Managing Marketing: An Applied Approach By Prof. Noel Capon and

Prof. Siddharth Shekhar Singh

Published by Wiley India



Examples of Customer Descriptor Variables and Groups

Variable Type	Variable	Examples of Groups
Demography (consumer)	Education	Grade school or less, some high school, high school graduate, some college, college graduate
Demography (organization)	Firm size	Fortune 500, Fortune 501 to 1000, sales > \$100 million, sales \$50 to \$100 million, sales < \$50 million
Socio-psychological (consumer)	Attitude	Liberal, conservative

Source: Managing Marketing: An Applied Approach By Prof. Noel Capon and Prof. Siddharth Shekhar Singh
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How Not to Approach Market Segmentation ?

How Not to Approach Market Segmentation



- That's the way we've always done it
- That's the way data is available
- That's the way we are organised
- That's the way competitors do it



Criteria for Good Segmentation

Stable

Accessible

Differentiated

Appropriately
sized

Identifiable

Measurable

Which Segments to Target?

Targeting Decisions



- Should the company target all or only specific segments?
- How to make targeting decisions?

Well-thought targeting decisions save unnecessary expenses and efforts.

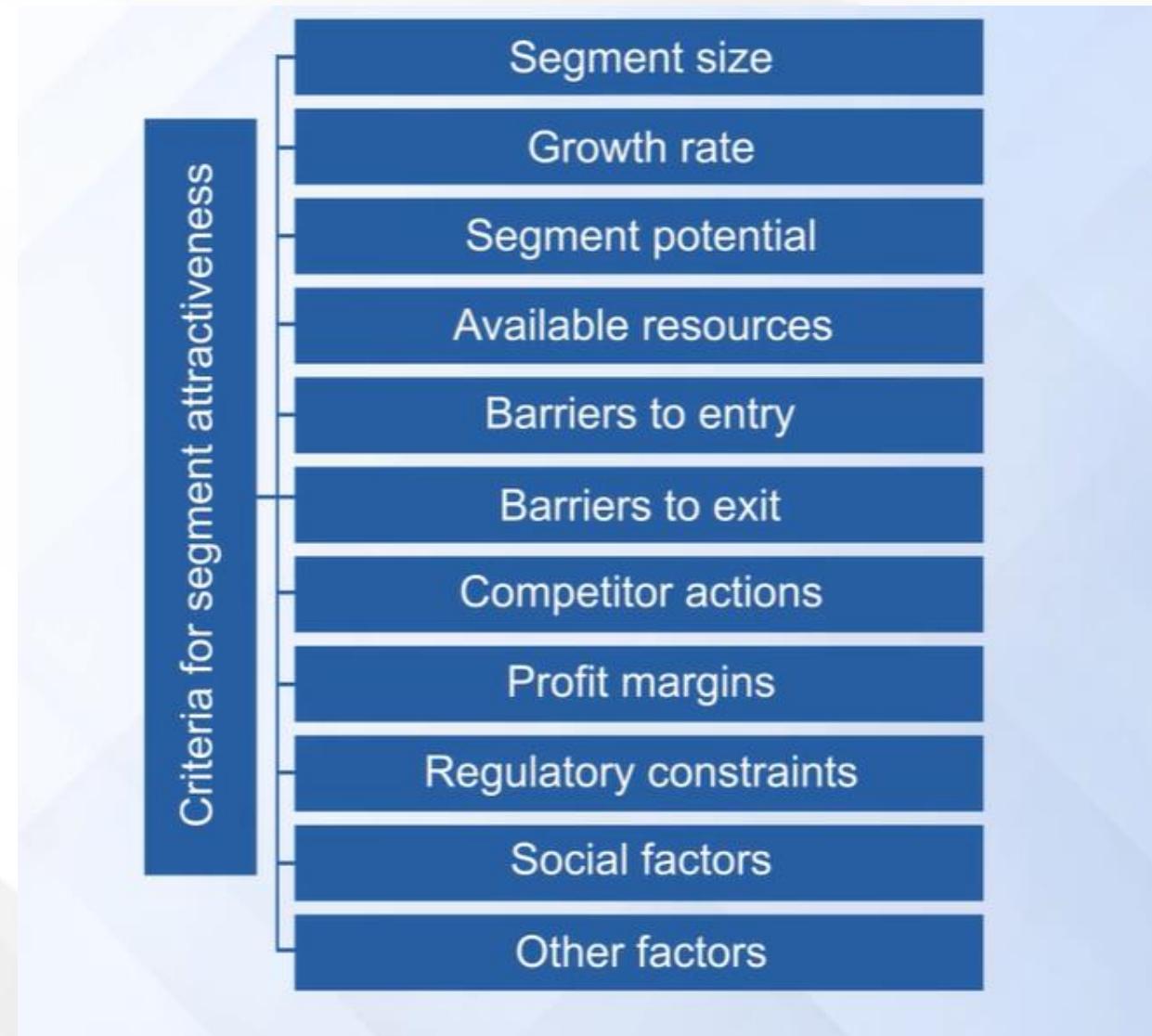
Step 1: List Attractive Factors



The factors remain the same for all the segments considered.

The criteria that makes a segment attractive vary across companies.

Step 1: List Attractive Factors

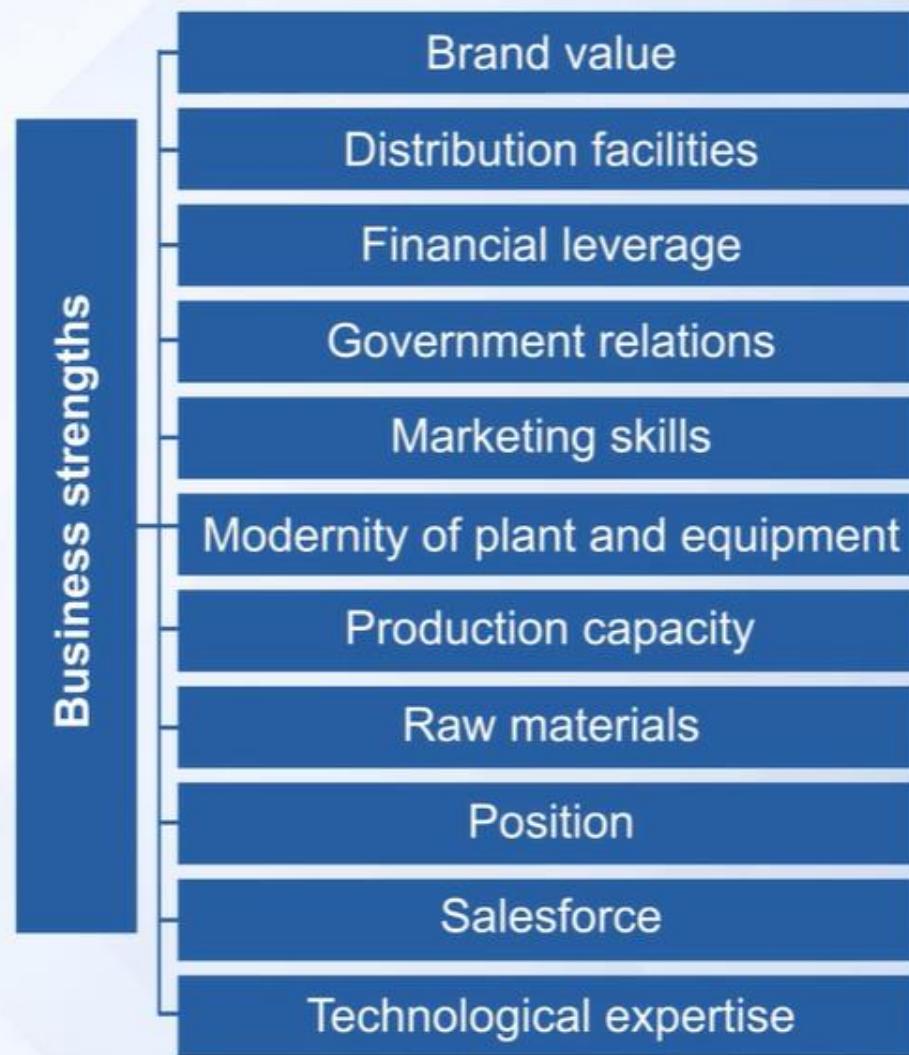


Step 2 : Identify Business Strengths

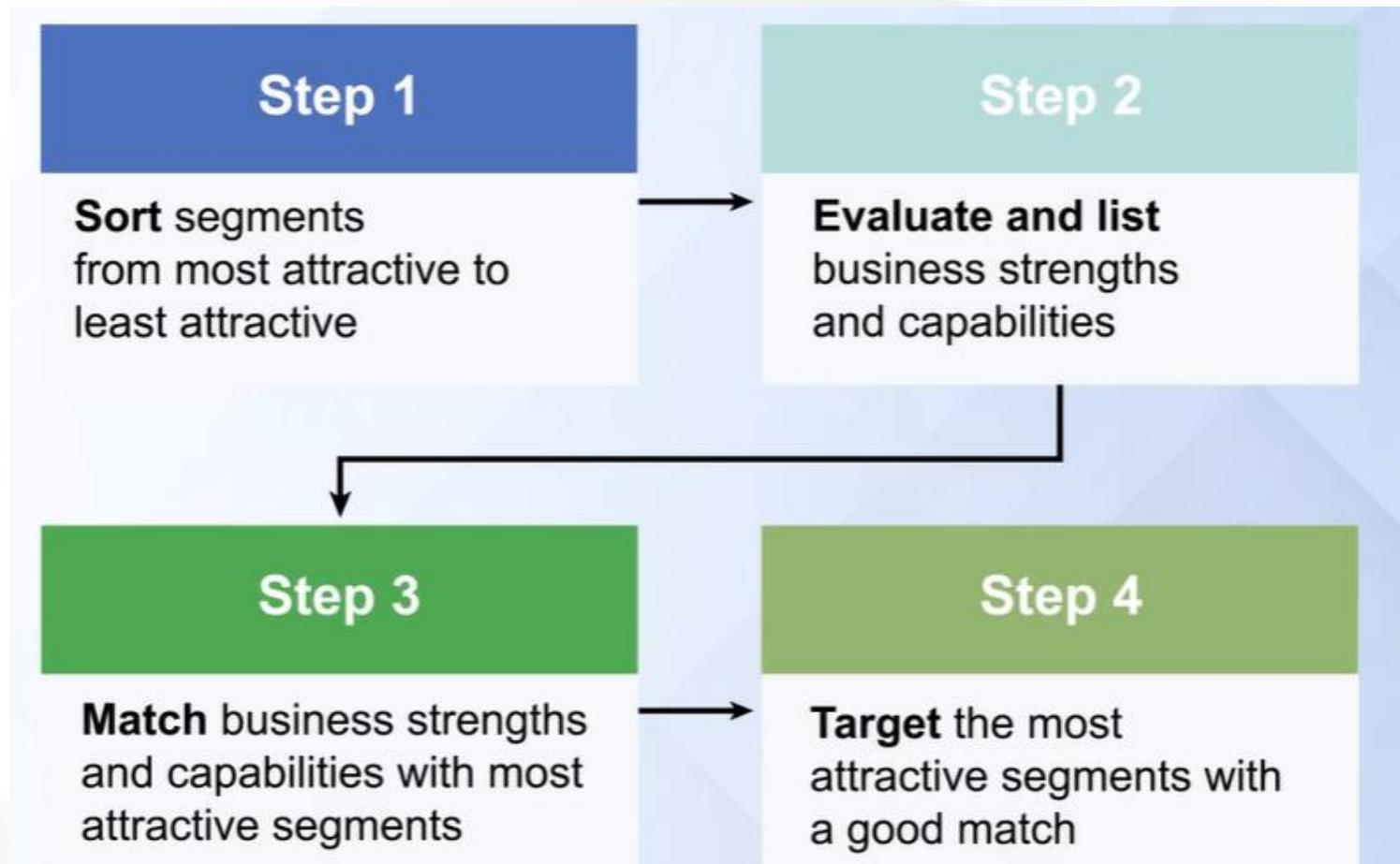


- Different segments require different business strength
- Segment-specific business strength must be listed by company

Step 2 : Identify Business Strengths

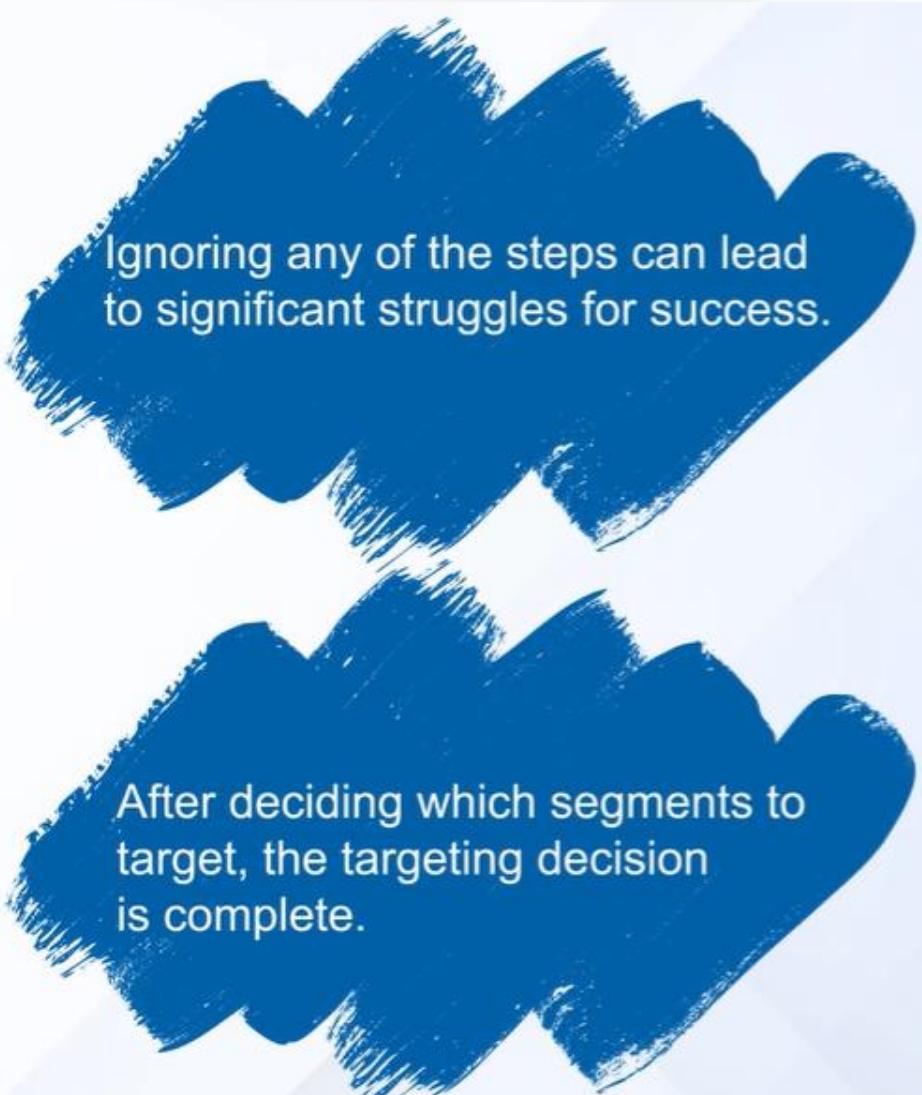


Step 3 : Match Business Strengths



Closer the match, more the likelihood of success

Targeting Decisions



Ignoring any of the steps can lead to significant struggles for success.

After deciding which segments to target, the targeting decision is complete.

Targeting Decisions: An Example

Step 1: List Attractive Factors of a Job



- Decide, identify, and list the factors that make a job attractive
- Jobs must meet these criteria to be appealing

Targeting Decisions: An Example

Step 2: Identify Strengths



- List the strengths and capabilities required of any job candidate to win
- The set of criteria would be different for different jobs but similar for specific job opening

Targeting Decisions: An Example

Step 3: Match Strengths with Requirements



- Match the strengths and capabilities with the requirements of each job opening
- Highest chance of success is when there is a match

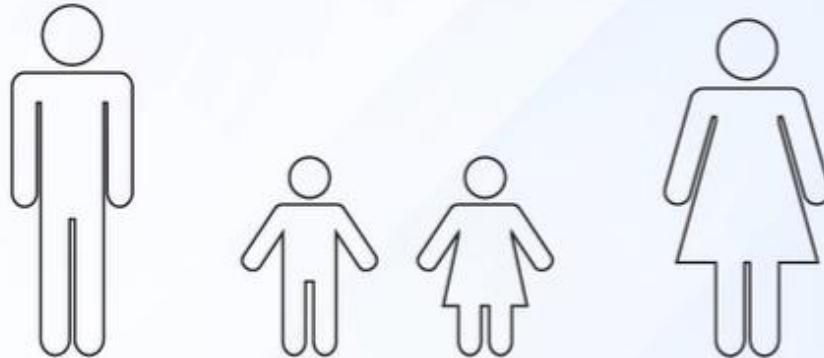
Post Targeting Decisions



- Focus on each targeted segment individually
- Separate marketing process in each segment
- Understand customer behaviour and develop separate profiles

Customer Persona

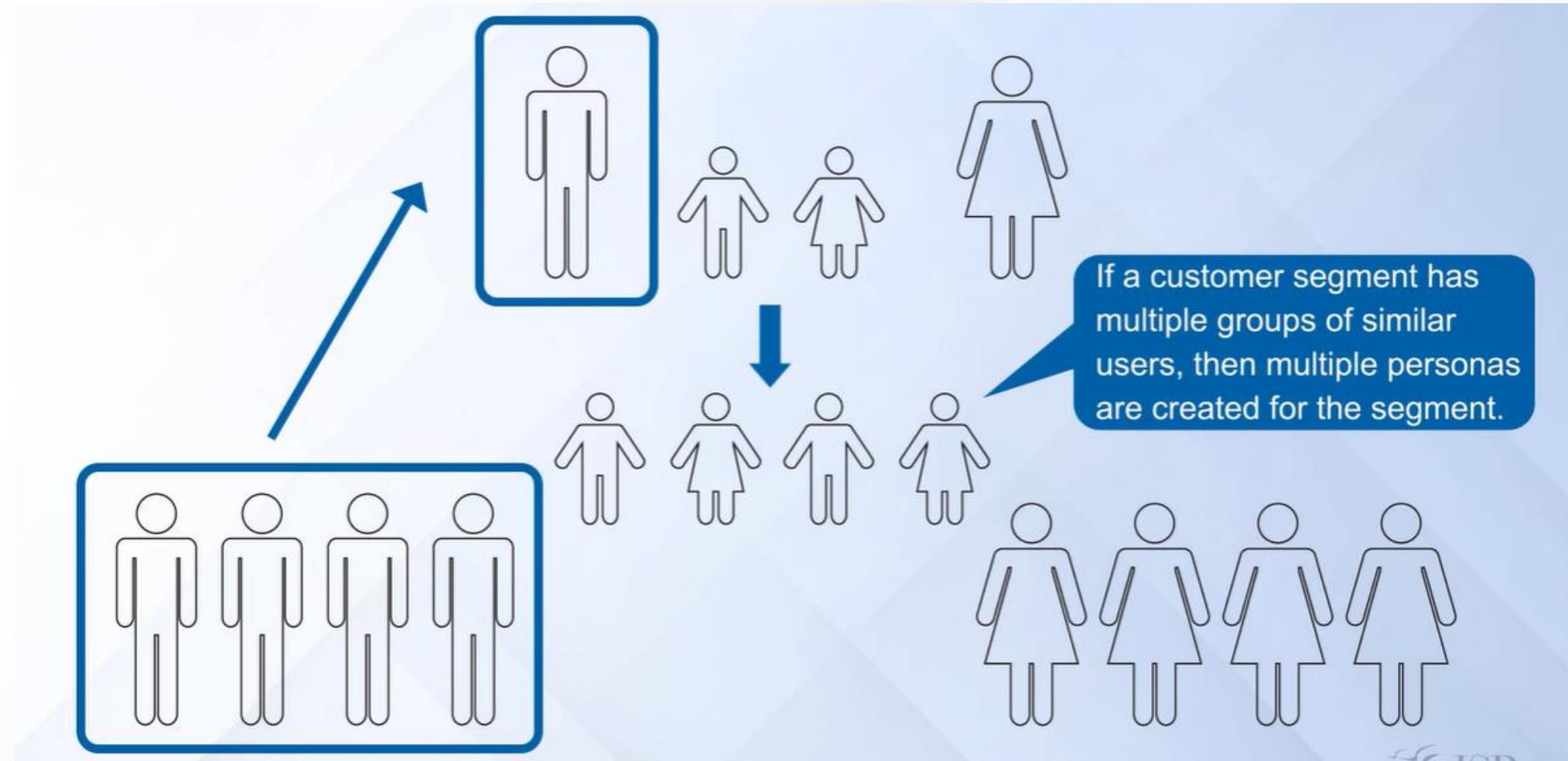
Customer Persona



A fictional character a marketer creates to represent a group of targeted customers

It is a group of customers' demographic, behavioural and psychographic profiles and represents a typical customer.

User Persona for Targeted Customers



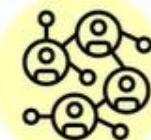
Steps of Strategic Marketing



Understands customer needs
and behaviour



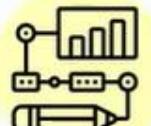
Defining the market



Segmenting the market



Targeting segments



Planning a position for the new
product/service

Customer Profile

Developing a profile of customers in each targeted segment keeps the marketing team focused on customer needs



Customer Profile in Digital Marketing



- Customer's rich behavioural data helps
to develop detailed and accurate
customer profiles called user personas.

Characteristics of Good User Personas

Relatable

The relatability of targeted customers to the persona improves the chances of understanding the customers' needs and behaviours.

Characteristics of Good User Personas

Relatable

Concise

A brief description of the persona helps to understand the essence of the user persona.

Characteristics of Good User Personas

Relatable

Concise

Well-researched

Extensive marketing research helps to assess customer's needs and behaviours.

Characteristics of Good User Personas

Relatable

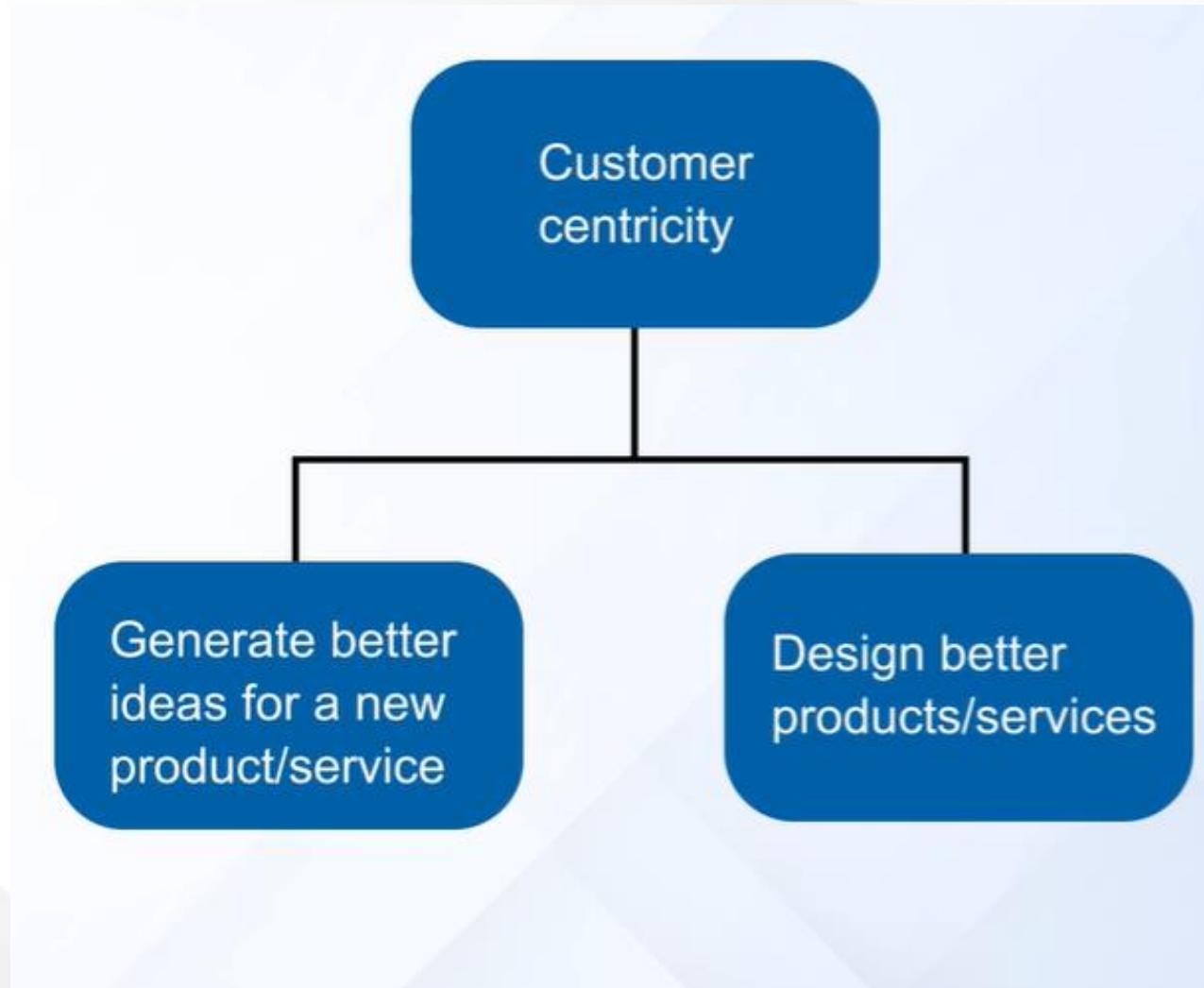
Concise

Well-researched

Well-structured

Helps deliver the content
in a better manner.

Customer – centric Marketing



Advantages of Building Detailed Personas



- Generates empathy for customers
- Understands customer needs and behaviour

Advantages of Building Detailed Personas



- Relevant and targeted towards the right customers
- Marketing becomes more effective



Helps marketer utilize time and resources judiciously and focus on building solutions that are needed by the customer.

Advantages of Building User Personas

1

Defines product positioning for each targeted group of customers

2

Creates consistency across business functions and align the focus towards the personas

How to Build Customer Personas?

Building a Customer Persona



Factual description based
on demographic variables



Social and emotional factors



Psychographic
descriptive variables



Systematic factors
influencing purchase decision



Representation of a real person
in a broader group

Factors to Include in a Customer Persona

PERSONA
///USER PROFILE

Client _____
Project _____
Date _____

DEMOGRAPHICS

Name _____
Age _____ Gender _____
Status _____
Education _____
Employment _____
Income _____ Location _____

PSYCHOGRAPHICS

Bio(Shorthand) _____

Needs/Frustrations _____

Brands _____

BEHAVIOURISTICS



Factor Categorisation

Factors defining a person are grouped under various categories -

- 
- Personal information
 - Professional information
 - User environment
 - Psychographics
 - Aspirations
 - Goals

Example of a Customer Persona for a Car Company

Personal Information

Name: John Brown

Age: 37

American Irish descent

Education: Sugar Land High School to Bachelor of Science (Computer Science) from University of Texas at Austin

Status: Married with one son

Location: Sugar Land, Texas

Profession: Senior Marketing Manager at ABC Corporation, Houston, Texas

Professional Information

- Working for ABC Corporation for three years
- Worked for XYZ Corporation after graduation for eight years
- To be promoted to general manager of marketing

Interests

- Read blogs on politics and business
- Watches funny videos on YouTube
- Watches football and baseball matches

User Environment

- Uses Android mobile devices
- Drives a Chevrolet SUV



Example of a Customer Persona for a Reading App

Name: Book Bobby
“The Book is way better than the Movie”

Demographics
Age: 25
Location: Delhi
Education: University Degree
Profession: Bank Manager
Family: Lives with girlfriend

Reading Habits

- Fast-paced reader
- Never lends books
- Reads eBooks but prefer hardcopies
- Loves binge reading
- Pre-Orders books to get them first

Favourite Authors

- Frank Herbert
- George R. R. Martin
- Philip Pullman

Internet: 5/5
Games: 5/5
Messaging: 3/5
Social Networks: 2/5
Online Shopping: 4/5

#booklover
#bookaddict
#booknerd



Example of a Customer Persona for a Health Club

Badri is interested in a lot of sports activities including football, cricket and tennis. Besides, he used to participate in physical activities like trekking, kayaking, cycling etc.

Badri
Male, 27-33
Software Engineer
Passionate Runner

Personality

- Passionate
- Energetic
- Adaptive
- Resourceful
- Personable

Goals

- Search nearby sports venues
- Meet sports enthusiasts
- Play local tournaments

Key Words

Sports/Fitness/Mobile Apps

Likes

- Cycling
- Trekking
- Football
- Nature

Dislikes

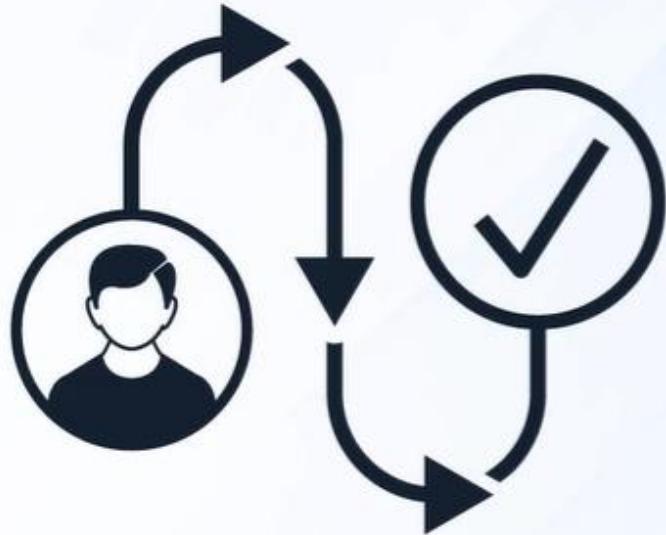
- Lazing Around
- Unproductive Days



ICD.IEDU

Customer Journey

Customer Journey



- Sequence of interactions and experiences with the company before achieving a goal.
- A series of touchpoints a customer has with the firm before making a purchase.

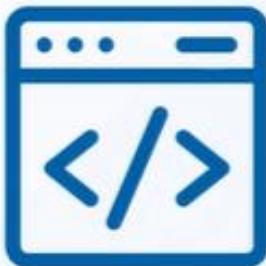
Touchpoints in Customer Journey



Email



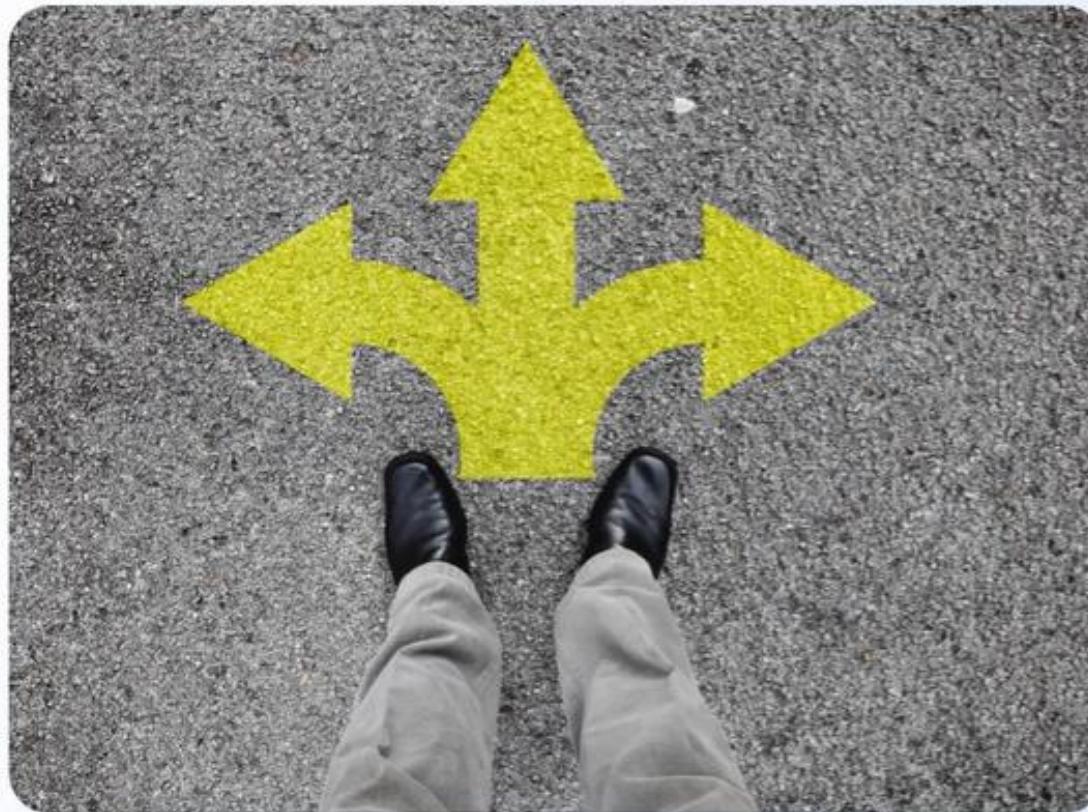
Company's
website



Banner
advertisement

Different Personas and Different Journeys

Different customer personas may have different customer journeys.



Customer Journey Map



Cross-functional strategic management tool helps:

- Understand customer experience and improve it
- Promote innovation
- Understand customer expectations
- Optimise customer experience
- Personalise customer interactions

Customer Interaction with Company



- Journey of each customer persona is complex
- Managing customer experience is challenging

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Salesforce.com Survey

Surveyed 6,700 consumers and business buyers

80%

The experience with the company is as important as its products and services.

70%

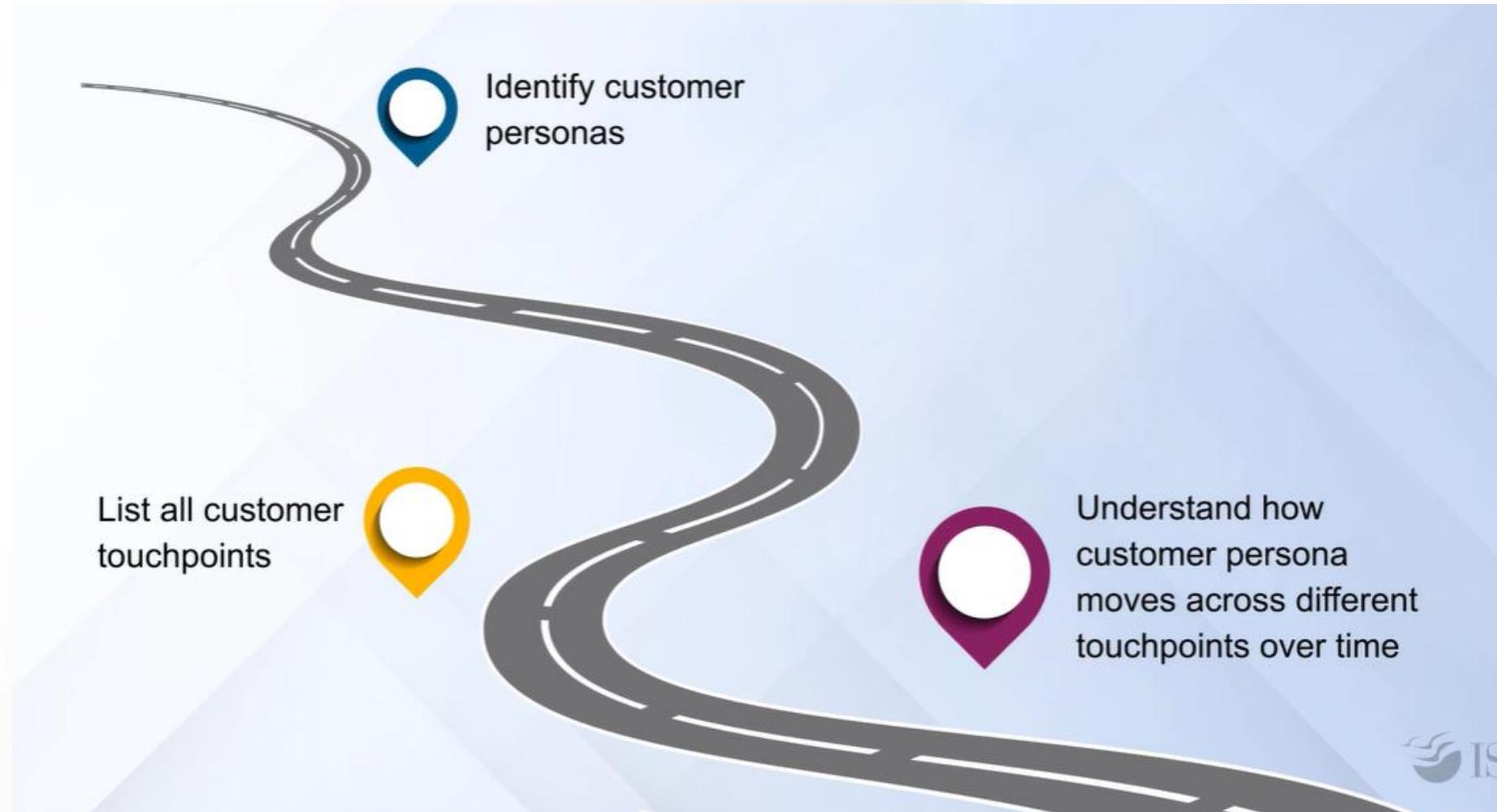
Connected interactions are very important for business.

Value of Customer Journey Mapping

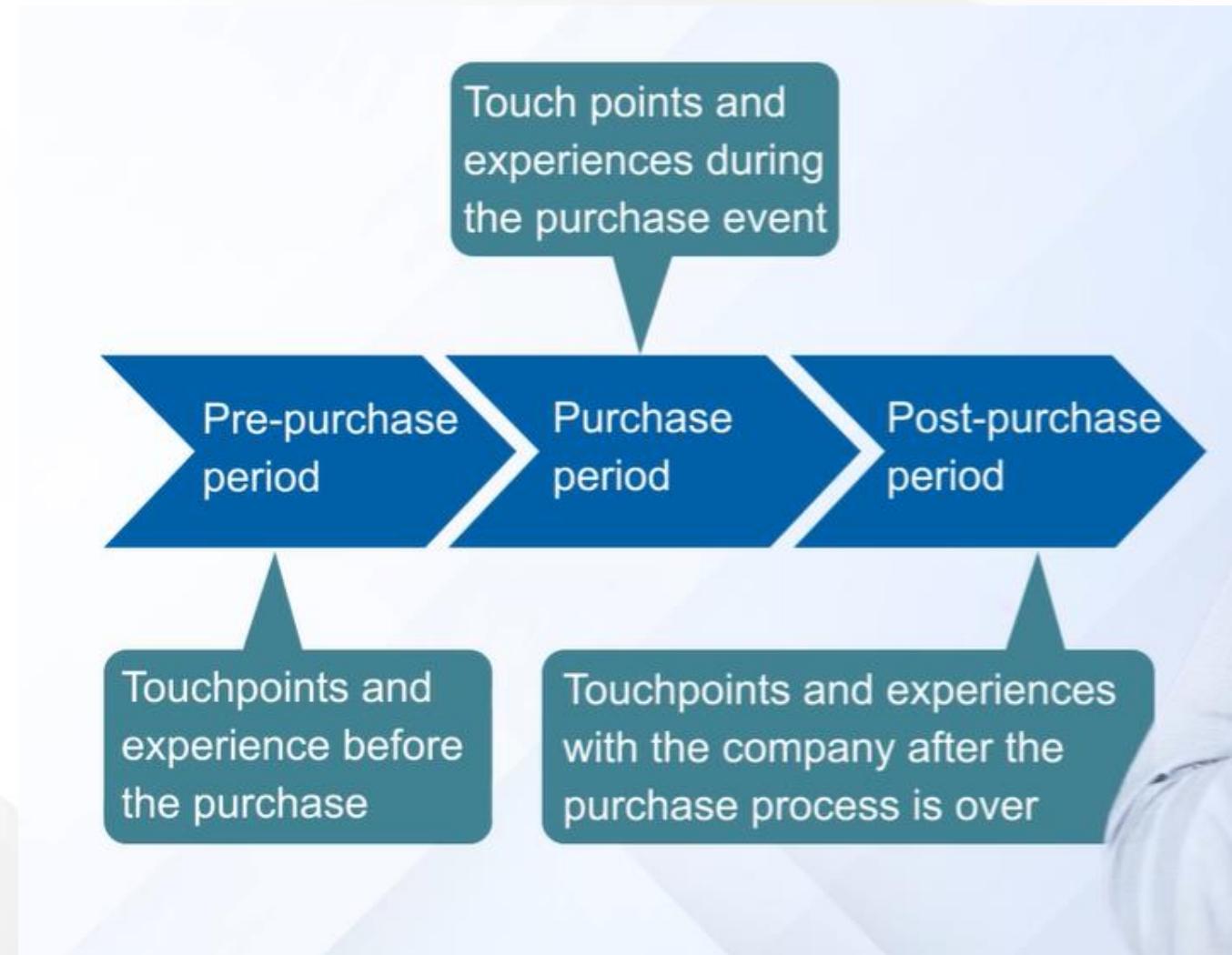


- Shows experience touchpoints and interconnection
- Helps understand and manage personalised customer experiences

How to Design a Customer Journey Map?



Customer's Journey Timeline

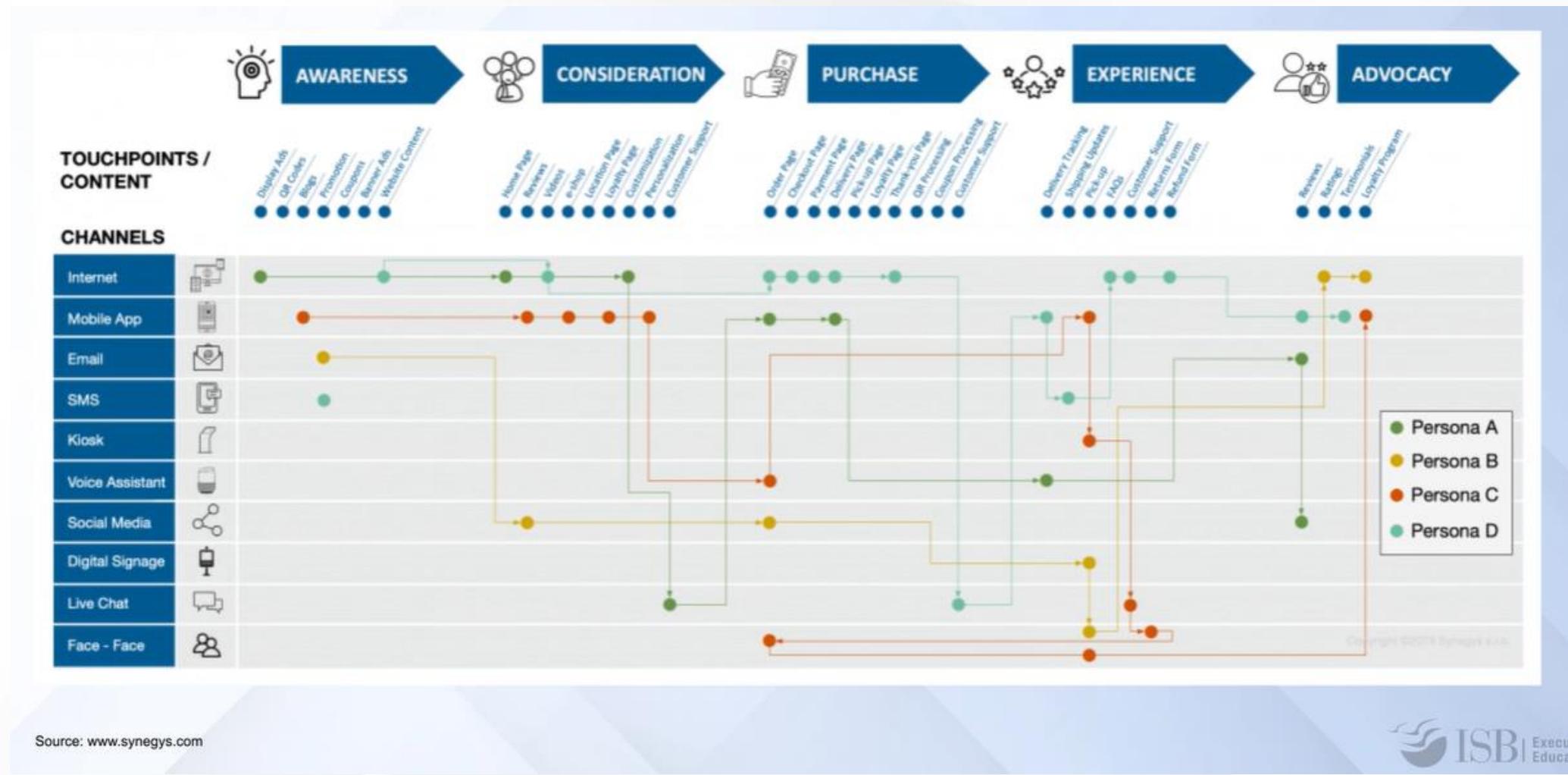


Division Based on Strategic Categories

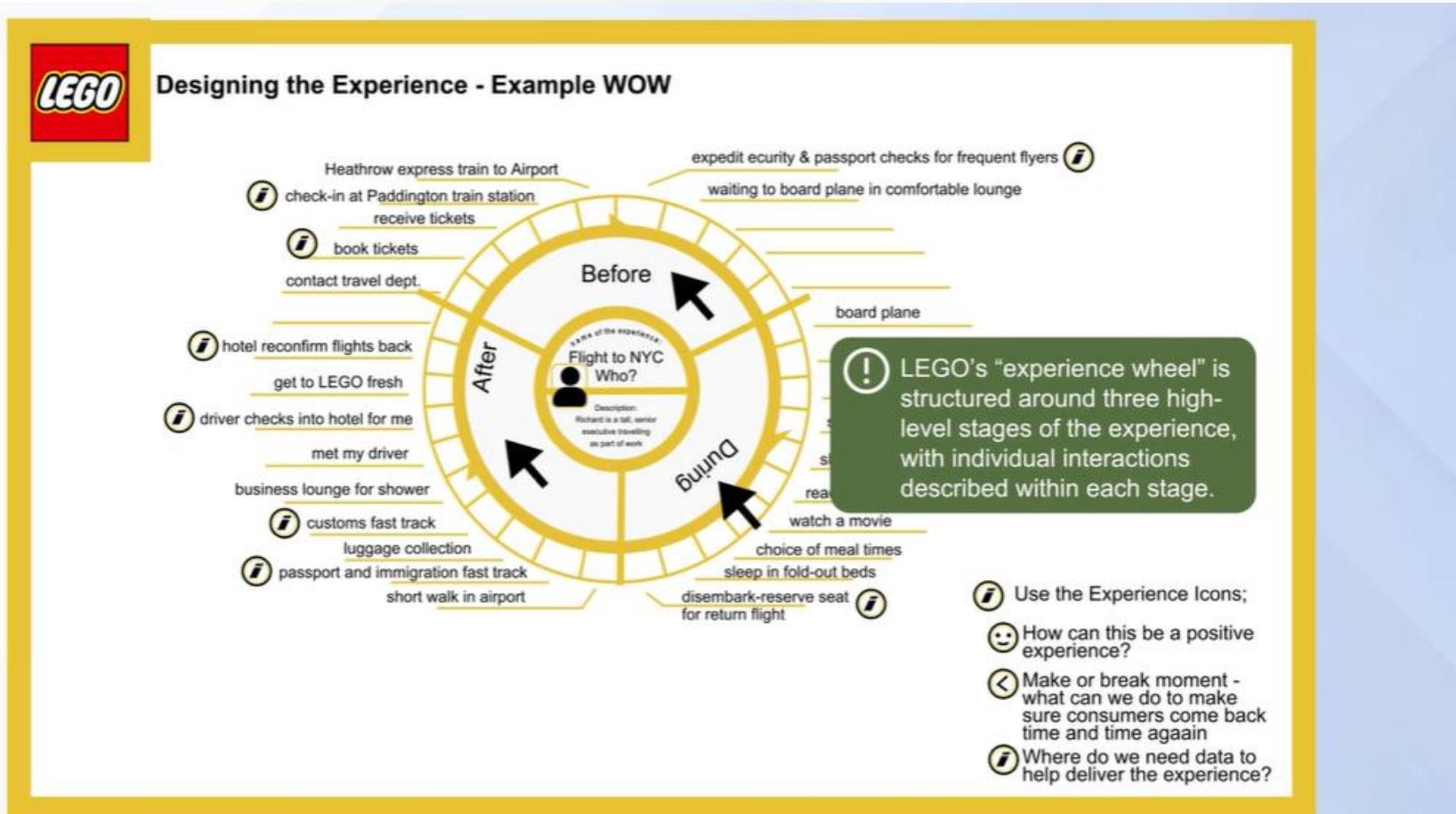
Strategic Categories division helps to:

- Show strategic initiatives related to each touchpoint
- Improve customer experience through innovations
- Show managerial actions by cross functional teams
- Show customer's emotional journey

Example 1: Digital Customer Journey



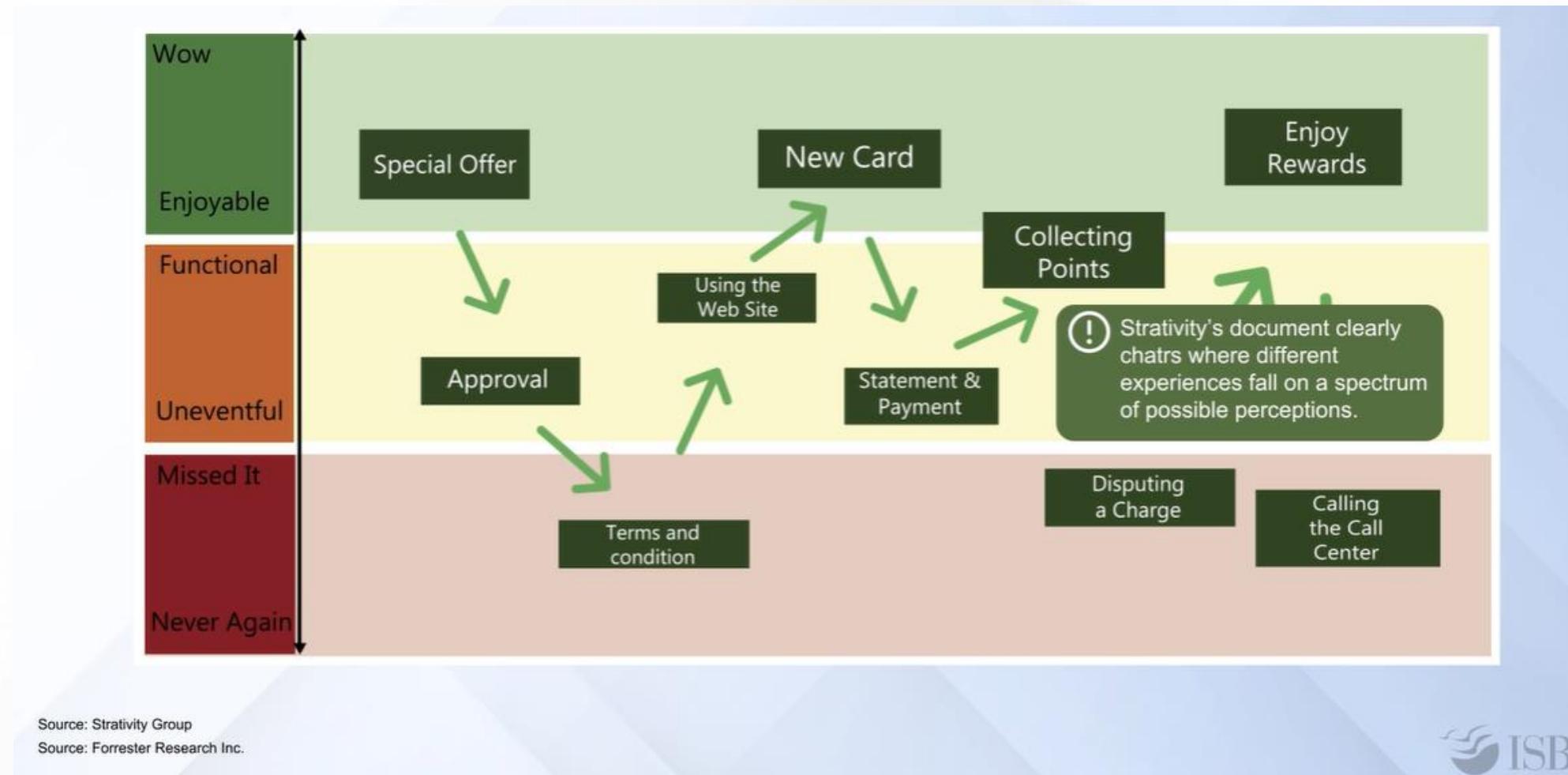
Example 2: Customer Journey Map – The LEGO Group



Source: The LEGO Group

Source: Forrester Research Inc.

Example 3: Customer Journey Map – Customer Perceptions Across a Credit Card Experience



Summary

Summary





ISB | **Executive**
Education