Target Market Segment Examples

This document contains several examples from past students. This includes both On the Mark and Off the Mark examples. All examples are annotated with instructor's feedback.

On the Mark Example 1

Background:
The proposed product is a Team Productivity and Workflow Management Tool under Google Workspace product line. The main function of the product is that it allows teams using Google Workspace to manage their productivity and workflow management using an app that has close tie-ins with all other products in Google Workspace. Key point here is that Google Agility would be created and offered by Google, and would not cater predominantly to agile teams alone.

	Segment 1	**Segment 2**	**Segment 3**
Segment Name	Productivity-Focused Google Workspace User	Team Lead using Google Workspace	Company's/Team's Upper-Management Google Workspace User
Age Group	Working Professionals (22-59) 3 billion	Working Professionals (22-59) 3 billion	Working Professionals (22-59) 3 billion
Occupation/Role	Working Professional, non-executive, non-team leader About 75% of the total working population falls into the non-executive, non-team-leader category.	Working Professional, team leader Between 20-25% of the total working population is said to have a 'team leader' role. Let's take a multiplier of 22.5%.	Working Professional, executive role in company About 1.6% of the total working population fits into the definition of an executive in a company
Familiarity with Productivity Tools	Any	Any	Any
Experience with remote work	Relatively high, as most people at the lower levels in an organization have worked from home during the pandemic.	Moderate, as team leads were required to be back in work and have lower work-life balances as opposed to regular employees.	Low, as executives were among the first back to work during the pandemic, and most encouraged other employees to come back to work as well.
Size (TAM)	Proxy using "Productivity-Focused Google Workspace User" = 3 billion x 75% = 2.25 billion people	Proxy using "Team Lead using Google Workspace" = 3 billion x 22.5% = 675 million people	Proxy using "Company's/Team's Upper-Management Google Workspace User" = 3 billion x 1.6% = 48 million people

Why is this On the Mark?

Capture the non-overlapping contribution of each segment.

using the chain method to capture the size of the market in terms of number of customers, rather than dollars.

On the Mark Example 2

Background:
The proposed product is a Tesla Model A
under Tesla Electric Vehicle product line. The main function of the product is that it provides a more affordable means of transport for individuals and small families. This is going to be a more affordable model that embodies Tesla's core technologies and design.

	Segment 1	**Segment 2**	**Segment 3**
Segment Name	North America	Europe	East Asia
Geographic	USA & Canada	Europe	China, South Korea, Japan
Driving Position	Left-hand drive only	Right-hand drive in some countries	Right-hand drive in Japan
Purchase Preference	Power and useable size	Winter driving capability in some countries Maneuverability	Policy (in China) Backseat leg room
Size (TAM)	Suburb + urban Population: 273 million Driving ratio: 83% Consider Buying EV: 36% TAM = 273 x 83% x 36% = 81 million people	EU population: 447.7 million Suburb + Urban Percentage: 72.5% Inhabitant vs Passenger car: 56% Consider Buying EV: 70% TAM = 447.7 x 72.5% x 56% x 70% = 127 million people	East Asia Population: 1,690 million Suburb + Urban Percentage: 51% Car Ownership Percentage: 61.4% Consider Buying EV: 30% TAM = 1690 x 51% x 61.4% x 30% = 158 million people

Why is this On the Mark?

Capture the non-overlapping contribution of each segment.

Off the Mark Example 1

Background:
The proposed product is a Uber Truck, Ridesharing, last mile delivery and moving service platform under Uber mobility product line. The main function of the product is that it allow anyone to request a box truck, cargo van or pickup truck, all hosted within the Uber App.

	Segment 1	**Segment 2**	**Segment 3**
Segment Name	Temporary Truck Requestor	Temporary Van Requestor	Temporary Pickup Requestor
Age Group	Working age (15-64)	Working age (15-64)	Working age (15-64)
Demographic	City living	City living	City living
Use Case	Travelling with large goods that will only fit inside a truck	Travelling with medium size goods that are too big for a pickup, but a truck is not required	Travelling with small goods that are too big for a car but will fit in the tray of a pickup truck.
Size (TAM)	-56% of the world's population live in cities (World bank 2022). -64.8% of the American population is between 15-64 (McGahen 2022). -8.4% of Americans move per year (Move 2022). -7.753 billion people in the world (World Bank 2022). =7.754b x 0.56 x 0.648 x 0.084 =236 million people	-56% of the world's population live in cities (World bank 2022). -64.8% of the American population is between 15-64 (OECD 2022). -8.4% of Americans move per year (Move 2022). -7.753 billion people in the world (World Bank 2022). =7.754b x 0.56 x 0.648 x 0.084 =236 million people	-56% of the world's population live in cities (World bank 2022). -64.8% of the American population is between 15-64 (OECD 2022). -8.4% of Americans move per year (Move 2022). -7.753 billion people in the world (World Bank 2022). =7.754b x 0.56 x 0.648 x 0.084 =236 million people

Why is this Off the Mark?

Good Job identifying three different segments.

There are two mistakes here:

1. Student used world population for each segment. For example, if the TAM is just the USA city market, they should have used the USA city population, which is 274, 032,053 per the 2020 forecast.
2. As they didn't identify different percentage based on segment type and used the same 8.4 % for each segment, it ultimately made the segment identification useless.

Off the Mark Example 2

Background:
The proposed product is a NVIDIA AQUA, an embedded system under NVIDIA Jetson product line. The main function of the product is that it is developed for underwater applications / autonomous machines.

	Segment 1	Segment 2	Segment 3
Segment Name	Young enthusiast	Research Institute	Autonomous–machine Entrepreneurs
Occupation	Students	N/A (or maybe researcher)	Entrepreneur
Affiliation	Computer science or information science department in Universities 237,745 computer science and information sciences degrees/year12 → About 950,980(237,745 * 4) having software knowledge →About 172,905(950,980 * 18%) of the software engineers have the knowledge of system or embedded	Water resources and Marine research institute 54 water resource institute 107 Marine laboratories	Startups 72,560 startups in USA
Age Group	Young adults (18-28)	Adults (25-65)	Adults (25-65)
Development type	Amateur, interest-oriented 18% of Americans participated in waters outdoor activities1	Professional, research-purposed	Professional, market-oriented 1.3%-6.3%17 of the startups are of robotics or Artificial Intelligence18 →Call it 2% of startups are potential to use NVIDIA AQUA as one of their applications
Interested Technology	Camera, precise thruster	Computing processor, positioning	Low-cost units, camera
Size (TAM)	Proxy using “Young waters enthusiast” = 172,905 x 18%	Proxy using “Research institute” = 54 + 107	Proxy using “Autonomous-machine entrepreneur” = 72,560 x 2%
	31122 people	161 institutes	1,451 startups

Why is this Off the Mark?

Good Job identifying three different segments.

The student did an excellent job at effectively sizing three segments and clearly stating their assumptions. It would be best to have all results expressed in the same units (people) for consistency.

One way of solving this issue is assuming how many developers, on average, are there in an institute or a startup.

Off the Mark Example 3

Background:
The proposed product is Apple Smart TV, under Apple TV & Home product line. The main function of the product is that it is a high-end TV that will seamlessly integrate with all the personal devices and provide great image and sound quality at the same time

	Segment 1	Segment 2
Segment Name	Home Owners	Home Renters
Geographic	US	US
Age Group	Young adults (20-39) 89.31 million	Young adults (20-39) 89.31 million
Apple Device Owners	About 87% of Gen Z owns an iPhone 87% * 89.31 million = 77.7 million	About 87% of Gen Z owns an iPhone 87% * 89.31 million = 77.7 million
Education	About 42% of young Americans have a bachelor's degree or higher 42% * 77.7 million = 32.6 million	About 42% of young Americans have a bachelor's degree or higher 42% * 77.7 million = 32.6 million
Owns a House vs Rents	~38% of US adults under 35 own a house 38% * 32.6 million = 12.4 million	~36% of US adults rent a house 36% * 32.6 million = 11.7 million
Purchase Likelihood	Home owners are ~2x more likely to purchase a TV than renters (from personal experience) 12.4 million	Home owners are ~2x more likely to purchase a TV than renters (from personal experience) 0.5 * 11.7 million = 5.8 million
Size (TAM)	Proxy using "Home Owners" 12.4 million people	Proxy using "Home Renters" 5.8 million people

Why is this Off the Mark?

Good Job identifying three different segments.

Identified an attribute but never used it.

Not every identified adult will be a purchaser. Assuming potentially 1 device per household, we should divide the total by the average number of people per household.
Example 2 adults per household:
Homeowners will use 12.4 million/ 2 devices.
Home renters will use 5.8 million/2 devices.