



PM: Product Management and Development

Week 3 – Market Structure Analysis and Opportunity Identification

Product Market

Defining a Market

- **Traditional Market Definition:** Based on product characteristics (e.g., auto market, luxury car market).
- **Kotler's Definition (1997):** A market consists of all potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want.
 - Customer-Centric: Focuses on customer needs.
 - Seller Not Required: Market can exist without a seller.
 - Same Product in Different Markets: E.g., laptops in consumer and business markets.
 - Different Products in Same Market: E.g., various transportation solutions.

Impact of Market Definition on Strategy

- **Strategic Decision-Making:**
 - **Performance Analysis:**
 - Stable/Declining Market: Gaining market share suggests a successful strategy.
 - Growing Market: Losing market share indicates the need to reassess and change strategy.
 - **Market Definition:**
 - Influences strategic decisions and competitive positioning.
 - Determines whether to continue or modify current strategies.

Impact of Market Definition on Strategy

- **Technological Adaptation:**
 - **Need for Superior Solutions:**
 - Companies must offer better solutions to stay competitive.
 - Focus on creating superior value for consumers using the best available technology.
 - **Constant Vigilance:**
 - Monitor immediate and potential competitors
 - Prepare for market changes and technological advancements.

Market Segmentation

Introduction to Market Segmentation

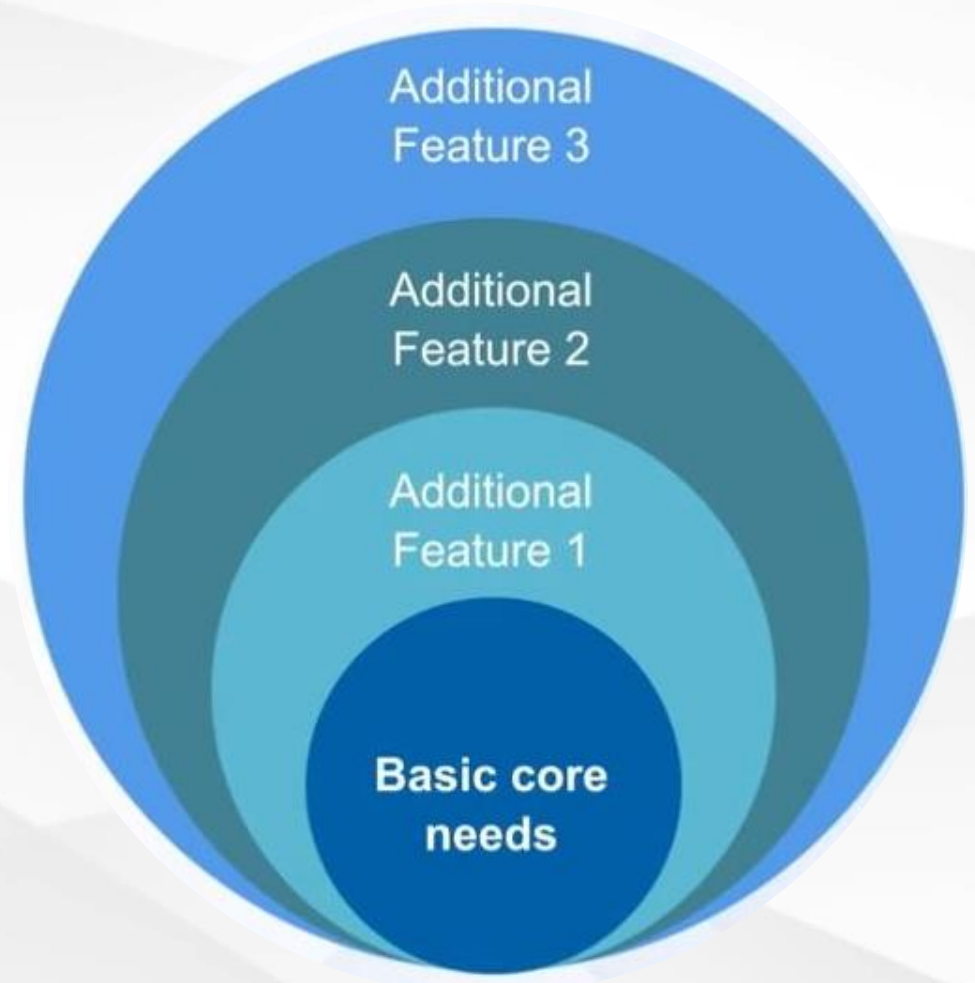
Definition: The process of dividing a broad consumer or business market into sub-groups based on shared characteristics.

Purpose: To tailor marketing efforts and products to meet the specific needs of different segments.

Importance: Enables companies to effectively target and meet the needs of diverse customer groups, enhancing customer satisfaction and competitive advantage.

Customer-Centric Segmentation

- **Customer Needs:** Different segments are based on varying customer needs, preferences, and behaviours.
- **Types of Segmentation:** Segmentation can be based on demographics, psychographics, geography, behavior, and needs.
- **Efficiency:** Helps in developing targeted marketing strategies and product offerings that align with specific segment needs.



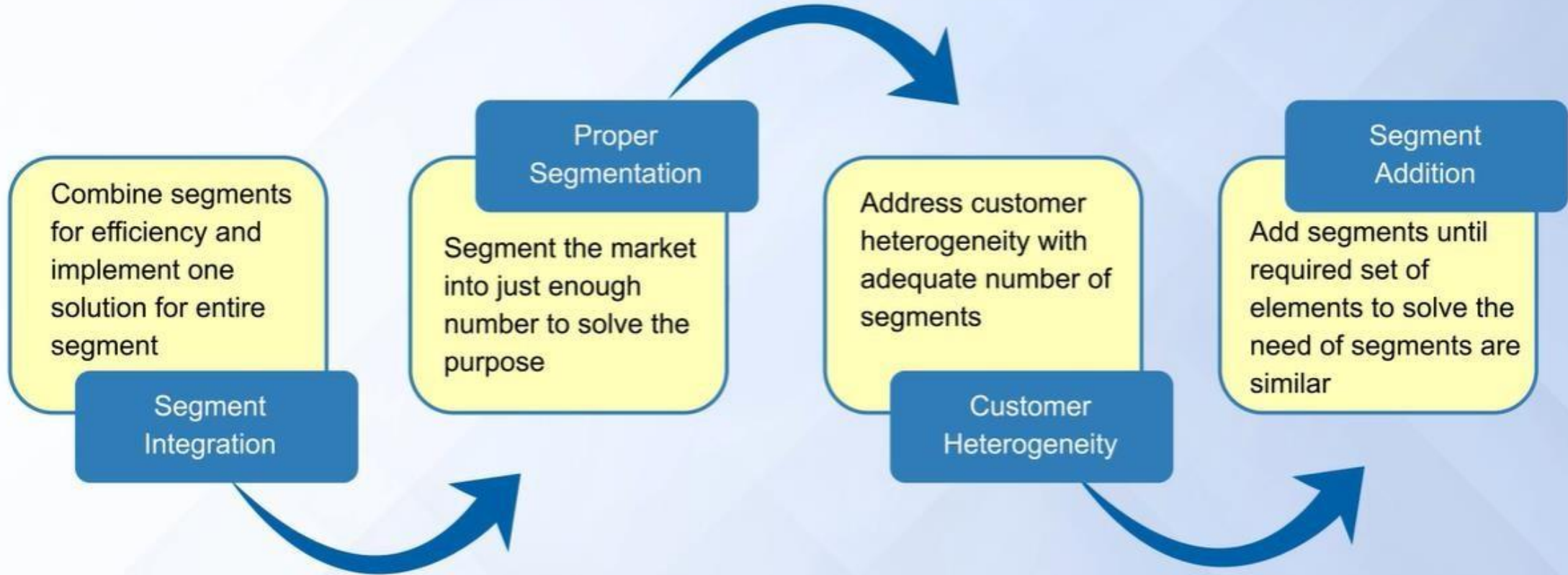
Why Companies Segment Markets

- **Heterogeneity:** Consumers differ in needs, attitudes, and preferences.
- **Tailored Solutions:** Different solutions are required for different segments to ensure customer satisfaction.
- **Market Research:** Segmentation helps in understanding market dynamics and consumer preferences accurately.

BENEFITS

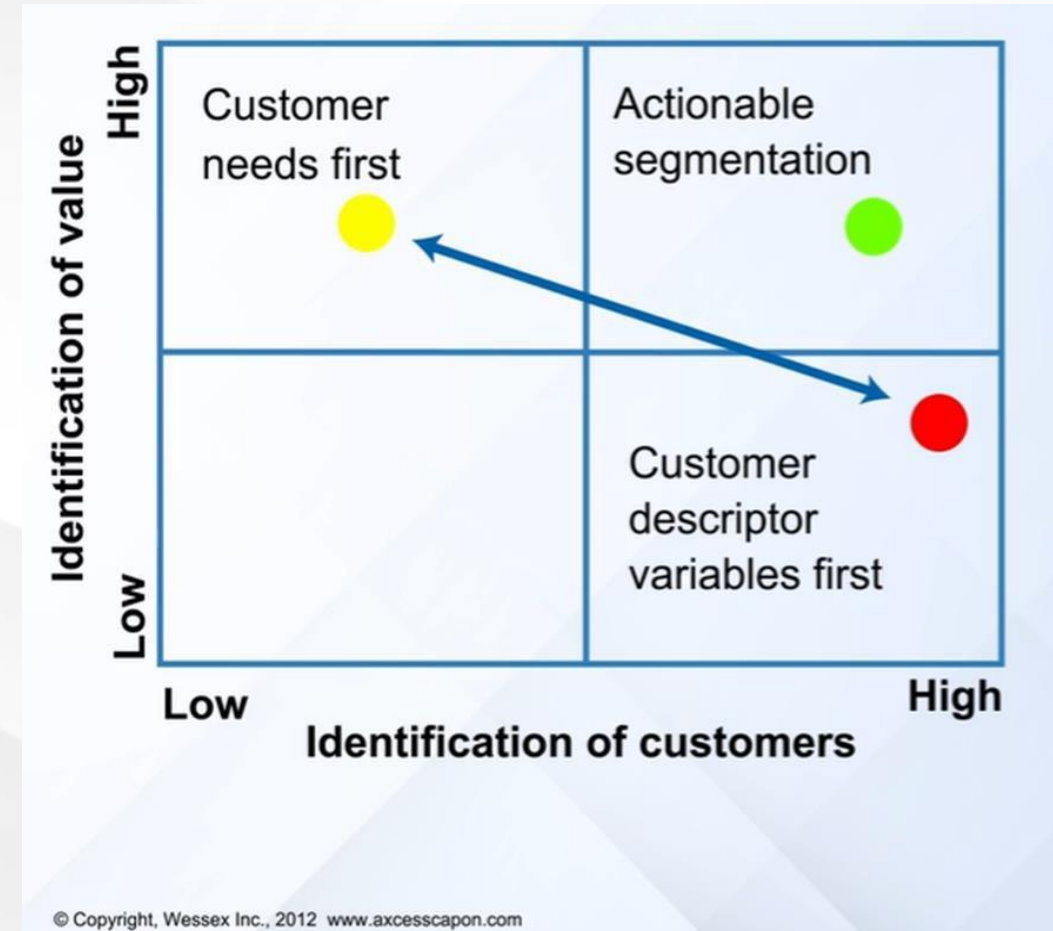
- **Avoid Mass Marketing Pitfalls:** Mass marketing often fails to satisfy diverse customer needs.
- **Cost-Effective Strategy:** Segmentation offers a balance between mass marketing and one-to-one marketing.
- **Competitive Advantage:** Tailored offerings can help in gaining a competitive edge by better meeting specific customer needs.

Important Points for Segmentation



Approaches to Market Segmentation

- **Customer Needs First:** Define segments based on specific needs and behaviours.
- **Descriptor Variables:** Use factors like geography, demographics, and psychographics to describe segments.
- **Actionable Segmentation:** Ensure segments are identifiable, measurable, accessible, stable, and appropriately sized.

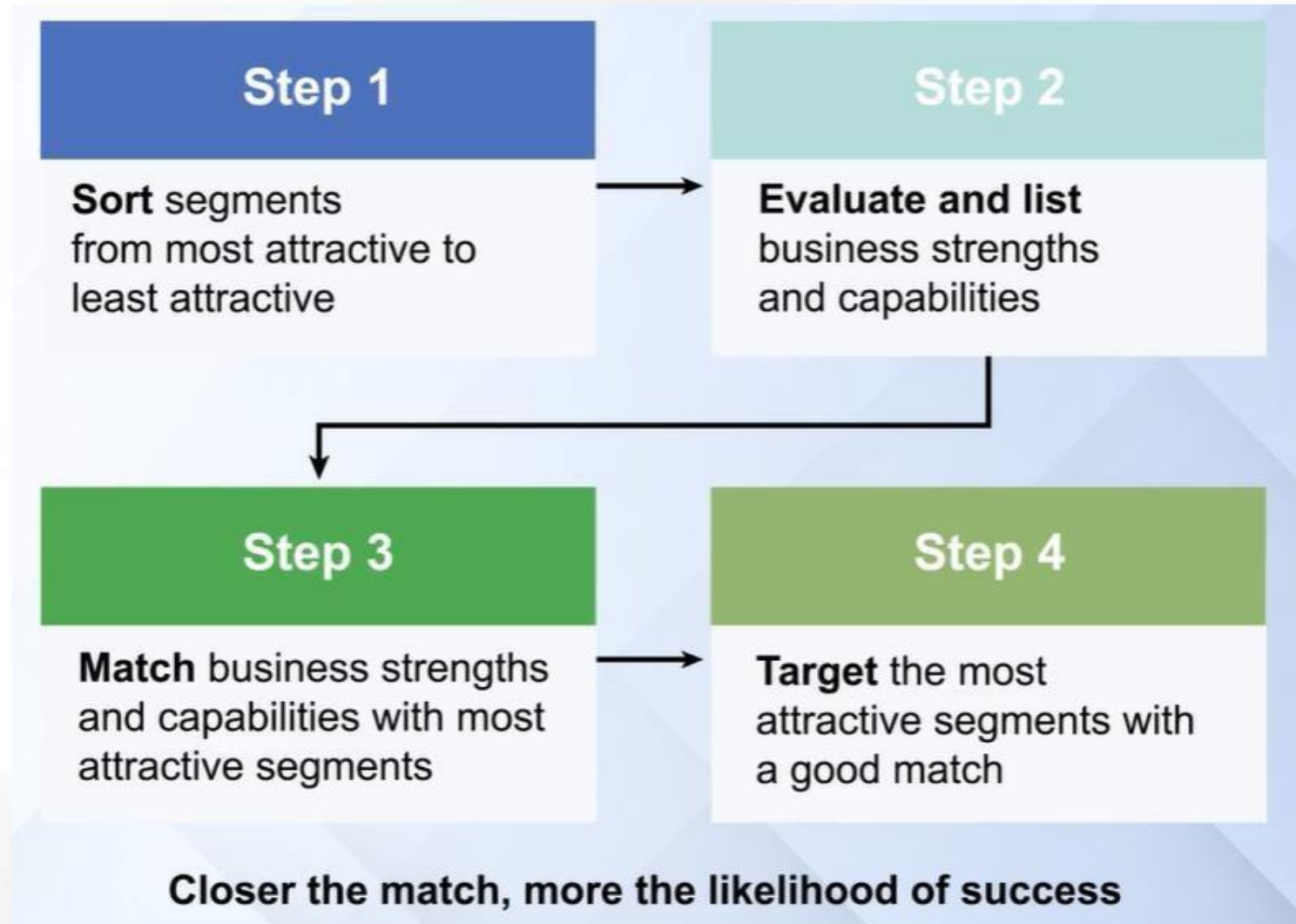


Developing Market Segments

- **Matrix Approach:** Use matrices to map customer needs and segment priorities.
- **Combining Segments:** Merge segments with similar needs to streamline marketing strategies.
- **Customisation:** Develop customised solutions for each segment to enhance satisfaction and efficiency.

Criteria for Good Segmentation	• Stable	• Appropriately sized
	• Accessible	• Identifiable
	• Differentiated	• Measurable

Targeting Segments



Customer Persona

Customer Persona

- A fictional character representing a group of targeted customers.
- A demographic, behavioral, and psychographic profile of a typical customer.
- Multiple personas may be created for each segment of similar users.

Importance

- Keeps the marketing team focused on customer needs.
- Applies to both digital and traditional marketing worlds.
- Helps in segmenting the market and planning product positioning.

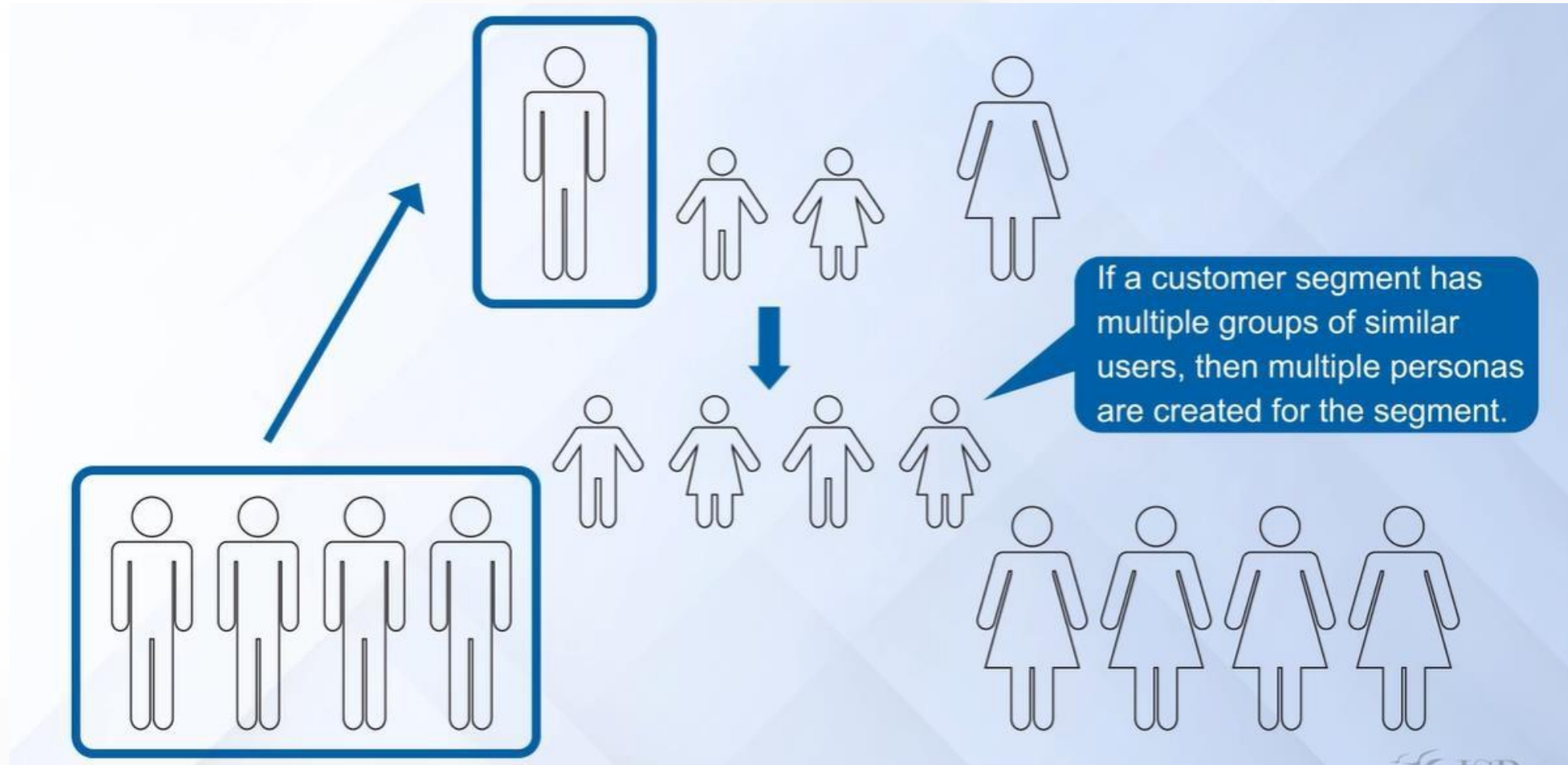
Key Characteristics

- Relatable: Should reflect the customers it represents.
- Concise: Brief and focused on the essence.
- Well-Researched: Based on extensive marketing research.
- Well-Structured: Presented in an engaging and structured manner.

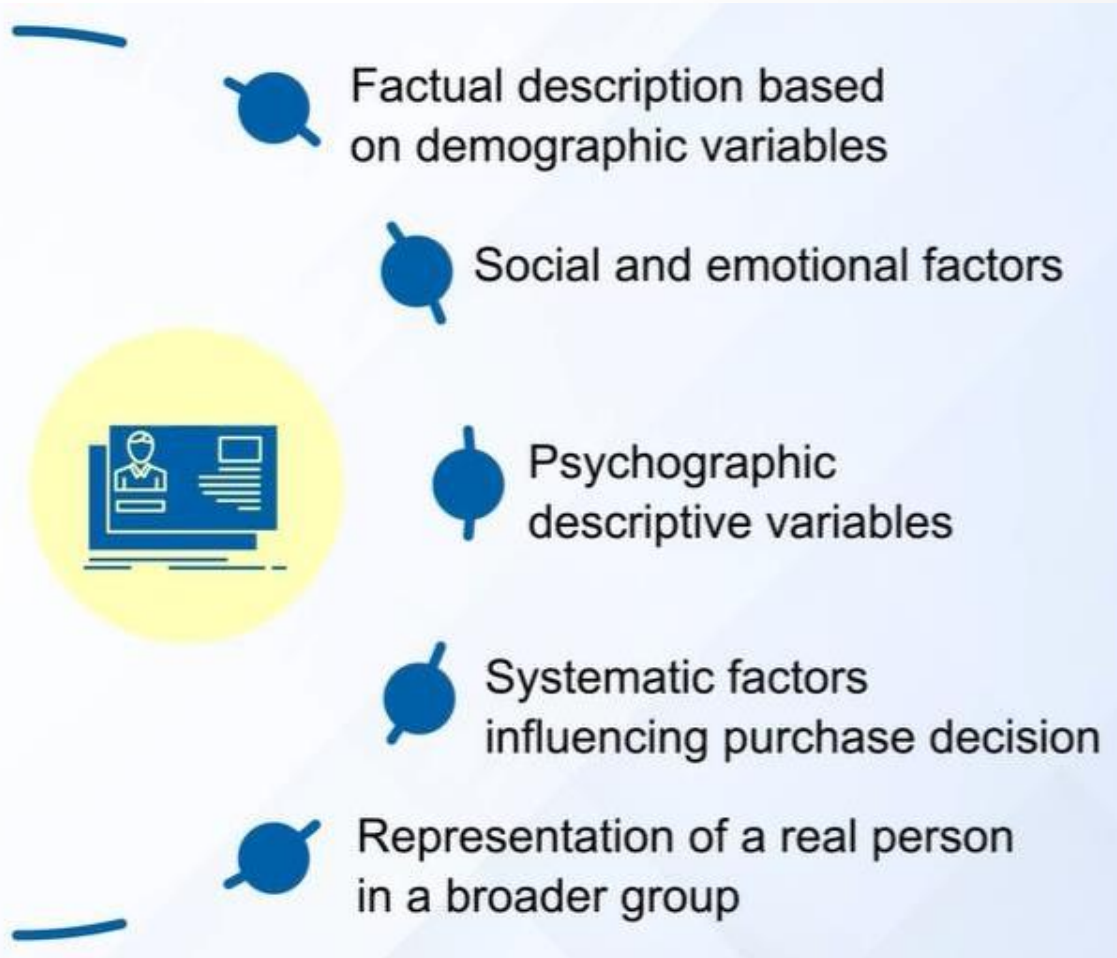
Advantages

- Encourages customer-centric marketing.
- Enhances understanding of customer needs and behaviours.
- Helps in targeting, positioning, and resource allocation.
- Ensures consistent marketing content across business functions.

User Persona for Targeted Customers



How to Build Customer Personas



Steps to Build a Persona

- Visualise the target customer including demographic, social, and emotional factors.
- Include systematic factors influencing purchase decisions.
- Group defining factors under categories like personal information, professional information, psychographics, etc.

Factors to Include in a Customer Persona

PERSONA
///USER PROFILE

Client _____
Project _____
Date _____

DEMOGRAPHICS

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

PSYCHOGRAPHICS

BEHAVIOURISTICS

Bio(Shorthand) _____

Needs/Frustrations _____

Brands _____



- Representative name and picture.
- Demographic variables: age, gender, income, education, etc.
- Psychographic variables: personality, lifestyle, interests, attitudes.
- Behaviour and preferences: brands, devices used, shopping habits.

Customer Journey

Understanding the Customer Journey

- **What is a Customer Journey?**
 - Sequence of interactions and experiences a customer has with a company and its brand.
 - Involves a series of touchpoints before, during, and after a purchase.
- **Customer Journey Mapping**
 - Visual representation of the customer journey using customer journey maps.
 - Helps understand customer expectations and optimize experiences.
 - Useful for personalising customer interactions and managing complex journeys.

Steps to Create a Customer Journey Map



Designing a Customer Journey Map

- **Timeline Breakdown**

- Pre-Purchase: Website visits, advertisements, emails.
- Purchase: Decision-making, payment, delivery experience.
- Post-Purchase: Reviews, returns, post-purchase services.

- **Vertical Divisions**

- Strategic categories, managerial actions, and emotional journey.
- Important to balance information for clarity and usefulness.



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