

## Profitability and Target Marketing

*by Jon Craighead*

A primary purpose of any business is to be profitable, otherwise it will not be sustainable. Therefore profitability must be a committed responsibility equal to the honorable pledge to serve the public ethically. Discovery-driven growth is an effective planning tool to serve both businesses and their clientele. This system was created by Rita Gunther McGrath of Columbia Business School and Ian C. MacMillan of the Wharton School.

In essence, they propose that profit is not something you put at the end of your planning but at the beginning of any initiative started. The profit target should take priority in the planning process. Once this is established, then each component of the process must be aligned with the profit objective. The components may consist of investment, time, materials, and people. When implementing each of these identified particles, they must realize the profit required in order to continue the process. If any of the particles do not meet the profit objective, the project should be scrapped or replaced. The essential purpose of this process is to insure the enterprise meets its revenue objective to sustain the viability of the organization.

We are taught in business to “know your target market.” Today’s marketplace spans six multi-generational perspectives. Each generation has its own set of preferences, concerns and world views. To reach these market segments you must begin to know and understand these six contrasting mindsets to accommodate their buying preferences.

It begins with the Postwar Cohort, born 1928-1945, approximate population 41 million. This group was well educated and heavily influenced by the ending war, nuclear threats, and high levels of uncertainty and discomfort. They place a high priority on security, comfort and the familiar.

Next are Boomers I, born 1948-1954 with a current population of 33 million. This first segment of the group, generally known as Baby Boomers (which was divided because of its size and age range), witnessed the Kennedy & King assassinations, the Civil Rights movement and the Vietnam War. They “were there” at Woodstock. They had good economic opportunities and are largely optimistic about the potential of America in spite of the abundance of calamity.

These are followed by Boomers II, born 1955-1965 with a population of 49 million. This post-Watergate generation lost much of its trust in government along with their optimism and developed an “I’m out for me” mentality. They experienced the AIDS epidemic and the oil embargo, resulting in a general sense of overwhelm and uncertainty and an emphasis on stability.

Generation X, born 1966-1976 with a population of 41 million, is known as “the lost generation.” They were the “latchkey kids” exposed to divorce and child care. Known for the lowest voting participation rate of any generation, they have been referred to as the generation that dropped out without ever turning on to the news and social issues around them. They are unquestionably the highest educated generation, but with a high level of skepticism. They frequently identify divorce as the most overwhelming negative influence in their lives. This has resulted in a more cautious pragmatism than their parents demonstrated. Their major concerns are kids growing up in broken homes and financial failure. Their emphasis is family stability.

Generation Y, Echo Boomers, or Millennials were Born 1977-1994 and their current population is 71 million. Technologically sophisticated and immune to most traditional marketing sales pitches, they’ve seen it all and been exposed to it all since childhood. Millennials are racially and ethnically diverse, while at the same time informationally segmented as an audience, aided by Cable TV, satellite radio, the internet and social networking. They seek immediate self-actualization.

Lastly the Generation Z cohort, born 1995-2012, is America’s youngest generation. At nearly 70 million in size they will soon outnumber the Millennials. Those born after 1998 are now entering their formative years and rising in influence, while the eldest are entering college or the workforce. They will be America’s first generation of true “digital natives.” They now have over \$44 billion of their own spending power and maintain at least some influence on household spending and purchases. They are and will continue to be a major economic force to be dealt with.

With a sound knowledge of these groups and the mindsets represented by them you can master their buying influences and create future markets for your business. As the renowned Peter Drucker said, “The best way to predict the future is to create it.”