

Please enjoy this extract from Academic Enterprise:
a Field Guide with our compliments. The full book can be purchased at
<http://goo.gl/wR1VsQ>.

For training workshops please visit our website **www.blueberrytraining.com**.

Copyright: Andrew Corcoran, 2015.



CHAPTER 3

UNDERSTANDING YOUR TARGET MARKETS



UNDERSTANDING YOUR TARGET MARKETS

Marketing is the management process responsible for identifying, planning and satisfying customer requirements in a way that also meets organisational objectives, and this chapter will consider how we can identify potential customers, understanding their needs and behaviours.

Identifying your audiences

The selling process requires contact and relationship building with potential clients which will lead to profitable continued business. As it is not feasible to contact directly every organisation and person in the hope of building individual relationships, we need to focus on the key questions that will find and understand our target audience.

- **Who are they?** We can describe client audiences based on a range of socio-economic data such as their age, gender, cultural background, occupation, location, family circumstances or lifestyle. However, publicly available data and data protection laws do not allow us to contact individuals directly without their permission. Business audiences are easier to track down through Standard Industrial Classification of Economic Activities (SIC) codes. Upon registration with Companies House, every commercial organisation in the UK is asked to classify its activities by selecting the appropriate five digit code. These codes can then be used with a selection of other criteria to fashion a search for the contact details (name, address, directors' names, telephone, website, email) that

can be fed into a database to commence direct marketing. A word of warning here. There are more than 4,000,000 companies registered in the UK and with such a mass of data, the results from a search can be overwhelming and frequently inaccurate as companies misclassify themselves or fail to maintain their Companies House record. Before you undertake your search, take time to fine-tune the criteria. Rather than asking for all companies with a certain five digit code this can be refined as follows:

- Location (country, region, county, or post code)
- Size both in terms of employees (a vast proportion of organisations have fewer than five employees) or annual turnover
- Profitability – it would be nice to have some indication as to whether a potential client can pay their bill

there are more than
4,000,000 companies
registered in the UK

- **Do they need your product?** Having completed your Features and Benefits analysis (see Chapter 4) you will have a clear understanding of the profile of a client who may need your product. It is good practice to contact a few sample clients to see whether what you are proposing could represent a valuable proposition to them.

This approach succeeds on three different levels:

- It is dangerous to assume that you have met the client's needs precisely without their point of view; otherwise a great deal of product development and promotional cash can be wasted.
- A market research call to a client often works well as the first sales call and a client will be happier to hear from you because you are not pressurising them to buy and they are eager to share what affects them
- Clients will talk freely about current products on the market and tell you how well they meet their current and emerging needs. Thus a client is helping you do to your competitor research.

a market research call to a client

often works well as the first sales call

- **Do they need it right now?** Timing is a major consideration of any selling effort. Imagine the difficulty of selling Christmas trees in March, fireworks in September or Easter eggs in December. Whilst a client may need your product, they may not need it right now.

Timing of a purchase could be determined by when, during the year, the client has time to look up from their day-to-day responsibilities to consider new needs; the annual budget cycle or simply when the problem arises. The right time to buy is also determined by:

- How soon the client is likely to need the product (is the problem close at hand or unlikely to occur for weeks or months?)
- Whether they have enough disposable budget to invest in the current period or if it is a higher-value purchase (for example a major new development for the organisation that will consume large amounts of funding) that deserves cautious consideration. In that case, the client might need to begin the process of winning additional budget
- The client is very busy and has a great deal of other, more pressing, challenges to deal with before considering your proposal
- You may not be speaking to the right person in the organisation, ie the decision maker

whilst a client
may need your product,
they may not need it right now

■ **Do they want to buy it from you or from someone else?**

If you are new to the sector with no prior experience or reputation, this could be a barrier in the early stages. We often buy from people we trust and reputations take time to build. Three approaches are open to us:

- **Go it alone.** If you are determined to sell directly to the end-user then take time to build a quality customer base. This may take years and could consume many resources, but if successful, you will be in a strong market position to bring through a range of new products over many years.
- **Collaborate with a non-competing organisation.** You could also approach suppliers who are dedicated to serving your target audience but who are not in direct competition with your offering. The benefit to your partner is that they can widen their offering to their clients which in turn differentiates them from their competition. The benefit to you is that you have found a short-cut, in time and money, to building a customer base. Of course this will come at a cost as your partner will seek a share of the benefits gained from piggybacking on their business model.
- **Licence.** If you have neither the resources nor the interest in selling to the end-user, you could approach existing suppliers in the market (who otherwise might be direct competitors if you had decided to go it alone) to discuss whether a licensing or distribution agreement might better suit your objectives and reduce your trading risk.

you will be in a strong market position to bring through a range of new products over many years

- How could we reach them? Contacting large numbers of individuals directly can be time-consuming and expensive. Instead we need to look for an aggregator which is a way in which people and organisations come together with a common interest or need. An aggregator can take many forms, and all will offer the opportunity to meet and promote you to their audiences.
 - Professional society (eg Law Society, Institute of Directors, Institute of Mechanical Engineers)
 - Local network (e.g. Chamber of Commerce, Business Networking International)
 - Social network (e.g. Facebook, LinkedIn, Twitter)
 - Industry body (e.g. Publishers Association, Nuclear Industry Association)
 - Publications (e.g. journals, magazines, newspapers)
 - Events (e.g. conferences and exhibitions)

Competition through the eyes of your customer

For potential clients to make sense of a bewildering range of choices, they will apply their own criteria to form a search process. Figure 9 illustrates a fictional example of the purchase of a generic product – in this case baked beans – from a wide range of potential supermarket sources: in this case, grocery stores. The criteria represented on the axes are always a subjective choice for the client. Understanding the client’s perspective will help us to market our products more effectively to our target audience. For the purpose of this fictional illustration, the vertical axis represents price, which may not simply mean the price of the product in isolation. It may also include costs of other items the customer may choose to buy, whether they are planning to buy just a tin of baked beans or the family’s weekly shop. Other costs will include the cost of travel and parking. The horizontal axis represents quality, which could include ranges from ‘economy’ to ‘premium’ products and will also include service, presentation and packaging of the goods.

for potential clients
to make sense of a bewildering
range of choices,
they will apply their own criteria
to form a search process

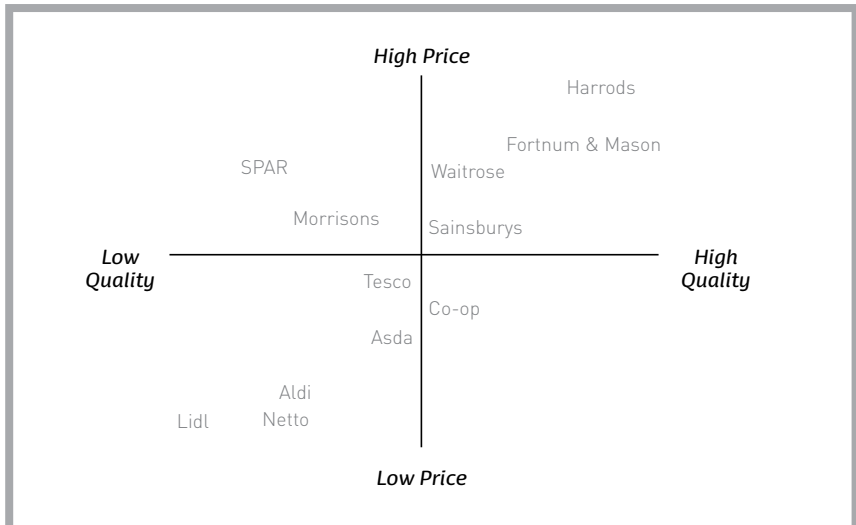


Figure 9: Perceptual Map

From a marketing perspective, four key segments emerge that can be analysed as follows:

Segment	Suppliers	Advantage over competitors
High price/high quality	Harrods, Fortnum & Mason	Exclusive, aspirational lifestyle brand
Middle ground	ASDA, Co-operative, Morrisons, Tesco, Sainsburys, Waitrose	Choice (range of products to serve all needs, 'one stop shop', multiple shop formats and locations)
Low price/low quality	Aldi, Lidl, Netto	Low cost 'no frills'
High price/low quality	SPAR	Location, convenience, access

Figure 10: Analysis of the Perceptual Map

This fictional analysis shows that each company, even when analysed through a lens of the purchase of a tin of baked beans, has staked out its own 'territory' in the market place by understanding the needs of its potential clients. But supermarkets do not compete on price and quality alone. Now let's consider how potential clients of higher education consider us and our competitors before making a purchase decision. Amongst the criteria they may select could be quality, price, service, range, innovation. The criteria that best represent the strengths of a university are 'quality' (as evidenced by research and accreditation powers) and 'range' (as evidenced by the quantity, range and depth of disciplinary and sub-disciplinary knowledge). Practice by drawing your own perceptual map to examine your own market sector, but there are two points of caution before you do this:

- You must look at this from the client's perspective as we are seeking to understand their reality. As you may have your own views on the author's analysis in Figure 9, the subjectivity principle is reinforced – we all have our own individual reality but some generalisation does help for market analysis as otherwise promotional activity would be prohibitively expensive.

you must look

at this from the client's perspective
as we are seeking to understand their reality

- Competition may not always be direct (ie another institution similar to yours, offering precisely what you are seeking to offer, in exactly the same manner). Other suppliers could include freelancers, government agencies, Further Education, overseas institutions, private companies and consultancy/training companies. To make sense of this, let's make another reference to food. We all need to eat. However, the dilemma of what, how and when we eat creates a vast industry to serve this basic need. Your choices will vary based on your circumstances, budget (time and money), party size (alone or a gathering of family and friends), and preferences (eg Indian, Chinese, Italian). So rather than defining the problem as a basic need for food, it helps to be more specific with regard to the problem faced by the potential client which may range from "What should we do for Christmas dinner?" to "I need a quick snack at lunchtime so that I can pop to the bank, and collect my dry cleaning before break ends at 2.00 pm." You should have no problem in identifying and analysing options for these challenges using your own personal criteria.

Entering new markets

Your new initiative will take time to permeate the market. Rogers (2003) wrote of the Diffusion of Innovations (see Figure 11) as a model that seeks to explain at what rate new products achieve market adoption.

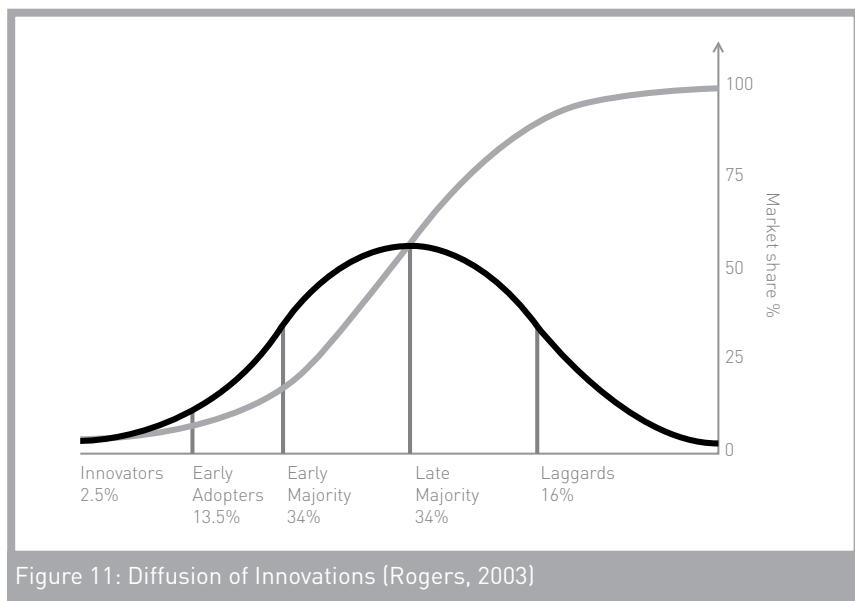


Figure 11: Diffusion of Innovations (Rogers, 2003)

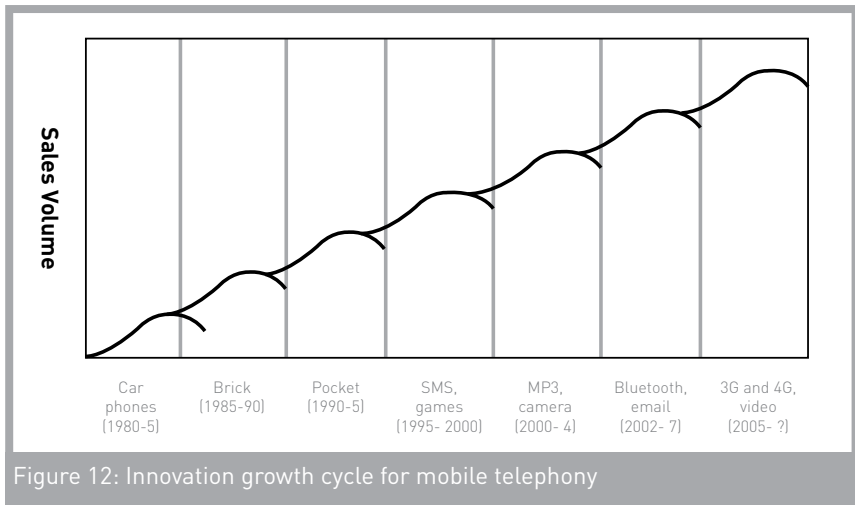
The model clearly shows a slow take-off leading to a growth and then decline. Whilst the model demonstrates the scale of adoption, the rate of adoption (horizontal axis) can normally be measured in years, as very few products diffuse the entire market in less than 12 months. Rogers' work helps us to plan our promotional effort, organise our operations to cope with growing then declining demand, and be patient in our expectations upon the launch of a new product. It is important to emphasise that all products will go through this process.

Many badly researched, badly promoted and badly organised products fail to register a 'blip' on the Diffusion of Innovation model. If your product behaves like this, a re-think is required.

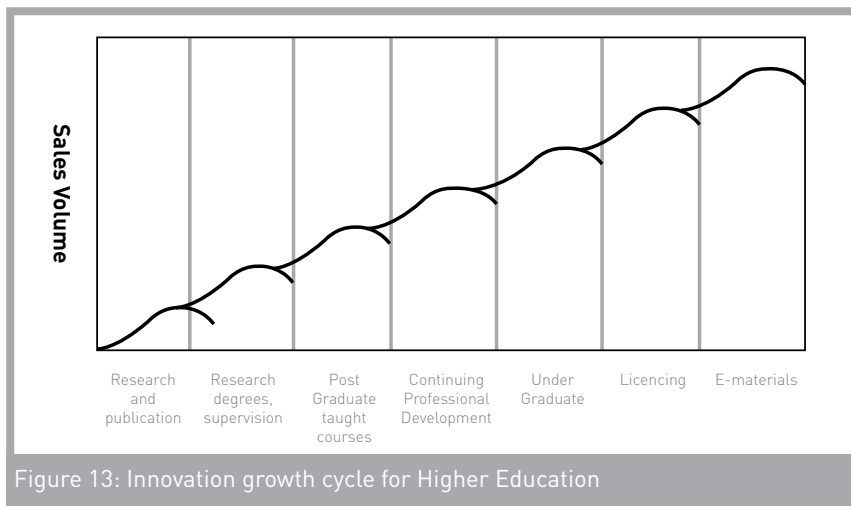
**many badly researched,
badly promoted and badly organised
products fail to register a 'blip'**

The innovation growth cycle

Building upon Rogers' model it is possible to demonstrate that most industries see cycles of growth that are driven by innovation. These innovative industries have an enviable track record in the process of repeatedly turning ideas into successful products. They do so by investing in next generation products at the point where the predecessor products are at their most cash-generative – usually later on in life – to sustain the organisation's market growth. The process repeats itself until saturation of all possible industry sectors is achieved. Take the mobile telephone industry for an example. Figure 12 demonstrates, using the extrapolated Diffusion of Innovation curve, how this has developed, over three decades into a vast global industry by constant reinvestment to drive growth.



Learning and teaching in Higher Education are no strangers to such innovation. They also use different technological and marketing tools to ensure that new knowledge reaches ever-wider audiences (see Figure 13). In the early days, new knowledge generated from the research process is presented to a very small audience through the journal/conference circuit. As this knowledge becomes richer and more widely accepted and endorsed, it expands into graduate research territory, forming a basis for wider exploration of the new field. From here, teaching courses are developed at post-graduate then undergraduate levels, taking the audience from tens into hundreds and then thousands. Finally, licensing and e-materials can create national and global audiences for this knowledge. The process can take years to unfold and should not be rushed, as the knowledge needs time to win acceptance from a widening community who will seek to employ it to further their own sometimes-differing interests.



Market Research

At some point we need to ask “What does the market want?” To get you orientated in the principles of market research we must clarify the key terms that are to be used. Confusingly, research in this area is split into two similarly-titled areas. Market research seeks to develop a macro understanding of how the market environment works by looking into:

- **Clients** – parties who buy (‘customers’) or use (‘consumers’) our products
- **Competitors** – who else is seeking to satisfy the needs of our target clients?
- **Supply chains** – the dynamics of how products get from manufacturers to users (see Figure 2)

Marketing research seeks to develop a micro insight that helps us to plan how best to connect with the market environment. For this we use the 'Marketing Mix' as our guide:

- **Product** – options, range and service
- **Price** – how much we charge for each aspect
- **Place** – how we distribute products into the hands of clients
- **Promotion** – how we make people aware of our products and drive them towards acting on a purchase decision

To understand the importance of the Marketing Mix and the role it plays in determining the relative success or failure of the venture, see Figure 14.

Non Customer Focused Business	Marketing Mix	Customer Focused Business
Sells out-of-date products	Product	Supplies new products as (or before) required
Prices too high (or too low)	Price	Price linked to benefit derived (value for money)
Pays no attention to client retention	Promotion/Product	Keeps customers loyal
Has a long, slow and expensive supply chain	Distribution	Efficient and effective
Works against client interests	Product/Promotion	Works as a partner

Figure 14: Marketing Mix

How to research the market for training courses

Whilst primary research is a robust tool for developing market insight before embarking upon a significant investment, in reality it is expensive and time consuming to undertake. Other, secondary information sources are:

- **Professional body courses** – is someone else doing what you would like to do? How successful are they? Could you do it better? In the early days it may be preferable to be a ‘follower’ rather than a ‘pioneer’ whilst you establish your market reputation and begin to trade.
- **Conference and Committee work** – what emerging issues are being discussed? This will offer an informal and confidential environment for you to test early stage ideas and attract collaborators and supporters
- **Following major publications** – what are others in your field writing about? It doesn’t necessarily have to be your idea for you to commercialise a new product successfully
- **Contemporary issues** – keeping track of what is occurring in your chosen sector – especially its current and future challenges – will give you ideas for new courses
- **Ongoing primary research** – identifying a small group of potential clients, sometimes called a ‘focus group,’ to screen your new product ideas

Primary marketing research questions

Using the Marketing Mix model (Figure 14) as our guide, a series of sample questions (Figure 15) have been generated, with a focus upon leadership and management skills, that form the core of a questionnaire that is designed to understand need (what product is required) and demand (by whom and when, allowing for an approximation of market size). These examples are for illustration purposes only and should stimulate your thoughts on questions appropriate for your field and interests when you undertake this exercise for your own purposes.

**what emerging issues
are being discussed?**

Product	<ul style="list-style-type: none"> • When do you expect the next change in your employment/career to take place? (6 months, 1 year, 3 years, 5 years) • How long would you expect a short course to last (1 day, 1 week intensive, 4 months part-time, all year) • Would you want your short course to lead to a recognised academic award? (yes - immediately, yes – longer term or not necessarily) • What next after your short course? (continue with short courses where my interest lies, collect short courses to build a bespoke larger qualification, progress into a formal academic programme) • If you want to build up towards a formal academic qualification, how far would you want to go? (Foundation Degree, Certificate, Diploma, Undergraduate Degree, Post Graduate Degree) • Please indicate which of the following short courses might interest you (INSERT RANGE OF COURSES) • Which other university services would you use? (facilities hire, professional coaching, consultancy, research and development support, developing a new product, developing a new business idea)
Price	<ul style="list-style-type: none"> • What would be your main motivation for undertaking a short course? (increased job satisfaction, increased professional standing, promotion opportunities, personal fulfilment, update skills) • If your desired course is intended to enhance your career, what is the anticipated salary increase you would expect to receive over the next 12 months? (£1-3K, £3-5K, £5-7K, £7-10K)
Place	<ul style="list-style-type: none"> • When in the year would you prefer to go on short courses (summer, Easter, winter) • When during the week would you prefer to go on short courses (Saturday, Sunday, weekday evenings, weekday daytime) • Where would you expect the majority of the learning contact to take place (at INSTITUTION, at your employer’s premises, online, a combination of all three) • How would you best like to enquire, book and pay for the course? (all online, by telephone, face-to-face)
Promotion	<ul style="list-style-type: none"> • Respondent description (organisation, position, age, profession, highest academic achievement) and contact details with a request for permission to contact them. • Career aspirations (happy and performing strongly in my job, underperforming, working towards a promotion, looking to change employers but remain in the same field, looking for a career change) • Who will pay for the course? (you, your employer, other sponsorship, joint) • How do you know about INSTITUTION? (press/PR, advertising, as a student, through friends/relatives, previously unknown) • Would INSTITUTION be your first choice for career development and short course programmes (strongly agree, agree, disagree, strongly disagree) • What other short course providers would you use? (Chamber of Commerce, FE College, private provider, professional body, trade body)

Figure 15: Sample marketing research questions

You will see from Figure 15 that there is a balance of questions for all aspects of the Marketing Mix. By far the hardest question to ask is “How much would you pay?” as it is fair to assume that if you were to offer response options of say £100, £200, £300 and £400, the respondent would be most likely to tick the box for £100. Asking the question this way is getting the respondent to say what they think is the most reasonable cost, and most will be economy-minded. By asking the price question to get the respondent to think about the benefit they will derive from using the product means they will be less guarded in their response.