

The market coverage strategies

[Finance](#), [Market](#)



INTRODUCTION

While company has differentiated several market segmentation. Company need to select a suitable and profitable segment to enter it. But, how company identify which segment is most valuable to itself and compatible with its current resource and facilities. So, company may use market coverage strategies to solve this problem and choice the best segment to enter it. Market coverage strategic is a method that helps in evaluating the various segments of the marketplace and deciding which segment to cover in the marketing of a particular product.

BODY

There are 3 types of general market coverage strategies which will generally adopted by marketer. There are undifferentiated marketing, differentiated marketing, and concentrated marketing. For undifferentiated marketing, is a market coverage strategy whereby company using single product to attack whole market without concern differences within market. Undifferentiated marketing obtain to mass distribution and mass advertising, which aiming to give the product a superior image in the minds of consumers.

It helps in cost saving as single production line, inventoried, distributed, and advertised. So when it comes to market research and product management, costs usually to be lower as only focusing single product. For example, Nestle company produce MILO to attack to whole market without differentiate market segmentation. This is a milk beverage with chocolate and malt, it has successfully attract wide segment of market likes children, teenager, adult and even old folk. MILO has become part of daily necessary of consumer.

For differentiated marketing, this is multi-segment marketing which market coverage strategy while a company attack to two or more market segment by selling product and unique marketing strategy which tailored to each different segment. It would help company to obtain revenue from different market segment whereby attacking every single market segment. However, it also increases the costs of production, inventoried, distributed, advertise, market research and product management.

For example, Mc-Donald, it sells various type of burger to target different type of market segment such as fish burger, chicken burger, and beef burger and happy meal (target children). So, customer will feel company able to serve what they need and other alternative choice even their taste change. Besides that, Mc Donald also sells fried chicken to satisfy those customers who has bored with burger. So, by targeting different type of market segments, it makes Mc Donald becomes successfully in the fast food industry.

For concentrated marketing, it is one of the market segmentation which company produce product to market for a very well-defined, specific segment of the consumer population. This marketing strategy is highly focusing to the needs of that specific market segment. This strategy is particularly effective for certain company. As limited resources, it enables the company to achieve a strong market position and becomes specialist in the specific market segment. Concentrated strategy helps in controlling cost effectively while avoiding mass production, mass distribution and mass advertising.

So, company might use the fund from these aspects to invest R&D for its product development which will help company to sustain in the long run

business within the specific industry. For example, ROLEX Company which produces luxury watches to specific market segment, it has created the branded and luxury image to customer and highly focusing on the technical part of watches function development. ROLEX only targeting to higher-income customer segment, it creates higher profit margin as well although the market share is small.

When company has understood about 3 types of general market coverage strategies, company should only choose one strategy out of these 3 due to resource limited and risk concerns. So, what are the factors need to be considered between company status and strategy in order to ensure company will choose the best market coverage strategy. The factors need to be considered are company resources, product variability, product's stage in the life cycle, market variability, and competitor's marketing strategies. Firstly, company resource is crucial in choosing whether the company should go for undifferentiated, differentiate and concentrated.

As these 3 strategies are requiring different level of resources to company, it needed to compatible with company current resource availability. For example, a new market entrant usually has limited resource and capital to invest its product to tailor with every different customer segment. So it might choose undifferentiated marketing in the early time of business to achieve economies of scale for cost saving and avoid risk and, as differentiated and concentrated strategies require more resource and capital to invest on it.

Secondly, Product variability, company need to consider its product changeability while making decision to market coverage strategy. If the product changeability is low, it might be difficult to use differentiated

marketing strategy for the company. So, it only goes for either undifferentiated marketing or concentrated marketing, as these two strategies focusing on single product producing to satisfy the market. For example, SUNKIST Company is using undifferentiated marketing strategy to target its market segment.

The reason is because the product of SUNKIST is orange and it has limited the variability to target different market segmentation. So, differentiated marketing strategy is not appropriate in this case. Thirdly, Product stage in the life cycle, company might apply different market coverage strategy while different stages of life cycle. When the product under stage of “ introduction” in the product life cycle, it should apply undifferentiated marketing or concentrated marketing instead of using differentiated marketing.

It is because when product under this stage, there are lots of unforeseen risk along the time. Company should more focus the major customer and instead focus whole customer segment as it will be costly. For example, Old Chang Kee started its business with selling handmade curry puff to customer at the early stage of business. When its business has picked up, it started diversify its product to serve variety customer segment by introducing new product likes sotong ball, chicken wing and up to 28 types of products.

Fourthly, Market variability, when the time of market changeability is high, it will affect the market coverage strategy to apply. These product usually famous and decline by customer in a very short of time due to the trend. So, differentiated marketing strategy might not be suitable for these product, company would not be benefit to target all segment of customer and product life cycle is too short. For example, toy likes YOYO and TRANSFORMER

become famous and high demanded by customer as the fashion and movie affection.

So, company should not apply differentiated marketing and concentrated marketing as it is no worth to invest to the product which product life cycle is too short. Lastly, competitor's marketing strategies, company should consider other competitors strategies moves before determine market coverage strategies. It is too risky to have same strategies with own competitors and market share also will be reduced. Company should look for the latent market and enjoy the higher profit margin. For example, HERMES bag is targeting luxury market by using concentrated marketing.

It helps to make higher profit margin from this specific market instead targeting mass market segment as there are too many competitors within the industry. Conclusion Company should understand which market coverage strategies appropriate to apply. It related to company product and future targeting customer segment. At the same time, Company need to compare with own current resource, micro and macroenvironment. Because these factors will affect the determination of market coverage strategies and also will decides the profitability of the product in the business.