

Explain how  
companies identify  
attractive market  
segments and  
choose a target mar...

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Nabil Amin, an American citizen was making wooden writing utensils as a hobby until Mel recognized Herb's talent. Mel immediately ordered 250 pens and pencils of various styles to be displayed in his shop's showcase. Within three months, the writing utensils were a hit! Herb Marks had never thought of marketing his talent, but Mel's enthusiasm and the recent sales were enough to change his mind. With limited resources, Herb contacted three additional specialty shops within 100 miles. He explained his manufacturing processes and engraving options to each. All three shops' owners placed a trial order. Within two months, just prior to the holiday season, each shop owner placed an additional order. Herb was so excited! " I figured business would slow down after that," Herb stated, " but in February I was contacted by Elmore Distributors. At that point, I had to make a huge decision about how far I wanted to go with this business." Elmore Distributors provided products for school fundraisers in a seven-state area. Herb was offered a two-year contract and immediate inclusion in Elmore's promotional flyer. Herb Marks accepted the offer and, along with it, the responsibility to produce thousands of wooden pens and pencils. " I had to get a grip on the magnitude of this project!" Herb added. " I couldn't grow out of control. I was already working to capacity." Herb decided to place his major focus on the large contract with Elmore. However, to avoid placing his total emphasis with one customer, Herb continued looking after his four previously established key accounts ( key customers)without targeting any additional customers. " At this point, I had set up an assembly line in a rented building," Herb explained. " I had to hire three full-time employees to work the line while I managed the customer orders and purchased materials." Herb paused. " But

I can't take the Elmore project for granted. It might not always be there. I'll have to have a good alternative plan if that day comes." Essay Questions: 1. Explain why it is often to a company's advantage to use a combination of bases (multiple segmentation basis) to create the most useful segmentation. Company use multiple segmentation bases to allow a company to focus in many segments and to effective use of resources also to avoid direct competition and to explore new markets . Company must not focus in one markets or segments because it might be there all the time . segmentation strategy will help create a market to cater to groups of individuals that will make economic sense to mass produce and distribute. The concept of target market segmentation strategy also falls under this blanket, except the former recognizes and understands the diversity of customers and provides them with products and services that suit their specific requirements. A successful market strategy strives to understand different segments and its different needs; works on the exhibited common wants; and responds immediately. 2. Explain how companies identify attractive market segments and choose a target marketing strategy.