

Think Critically

1. What questions should you ask when identifying your target market?

 2. Name four types of customer data that may be analyzed in developing a customer profile.
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True or False

- _____ 1. Entrepreneurs estimate demand for their products and services by identifying their target market.
 - _____ 2. Understanding your customers allows you meet customer demands.
 - _____ 3. Demographics describe a group of people in terms of their tastes, opinions, personality traits, and lifestyle habits.
 - _____ 4. Marital status, family size, and age are useful data for identifying your target market.
 - _____ 5. A customer profile should include demographic data but not psychographic data.
 - _____ 6. Segmenting your target market is usually not necessary because most markets are small.
 - _____ 7. Data that helps you determine how often potential customers use a particular service is called a customer profile.
 - _____ 8. A market segment is made up of people with common characteristics.
 - _____ 9. Customers should never be profiled based geographic data.
 - _____ 10. A marketing strategy identifies customers that you can better serve than your competitors, but it cannot help you determine the size of your market.
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Multiple Choice

- _____ 1. The customers you would most like to attract are referred to as your (a) competition, (b) market segments, (c) target market, (d) demographics.
- _____ 2. Demographics are data that describe a group of people in terms of their (a) income, (b) tastes, (c) opinions, (d) needs.
- _____ 3. Psychographics are data that describe a group of people in terms of their (a) lifestyle habits, (b) personality traits, (c) opinions, (d) all of these.
- _____ 4. By continually evaluating your market, you can respond to changes in all of the following except (a) government, (b) communities, (c) consumer tastes, (d) competitors' offerings.

- _____ 5. A description of the characteristics of the person or company that is likely to purchase a product or service is a (a) target market, (b) customer profile, (c) psychographic profile, (d) demographic summary
- _____ 6. Most products and services appeal to (a) a large number of people, (b) the demographic market, (c) a market segment, (d) none of these.
- _____ 7. Data that helps you determine how often potential customers use a particular service is called (a) a customer profile, (b) demographic data, (c) psychographic data, (d) use-based data.
- _____ 8. Data that helps you determine where your potential customers live and how far they will travel to do business with you is called (a) use-based data, (b) geographic data, (c) census data, (d) secondary data.
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Problem Solving

1. Describe the difference between demographic data and psychographic data.
2. How do demographic and psychographic data relate to identifying your target market?
3. An entrepreneur developed the customer profile for her pet store. Which of the information in the profile is demographic data? Which of the information is psychographic data? Which of the information is geographic data?

CUSTOMER PROFILE FOR A PET STORE

- Individual or couple 25 to 55 years of age
- Own one or more pets
- One or both members of household work full time in professional field
- Want high-quality pet foods and accessories
- Willing to pay high prices for high quality
- Live in exclusive city residential area
- Average household income: \$135,000

4. List ten market segments for the retail clothing market.

what went wrong?

PRICE WAR

U-Corp was the first company in the computer industry to offer removable hard disk drives for personal computers. For years, U-Corp had a unique position in the industry and had little direct competition. Eventually, the company was making \$300 million in annual revenue.

U-Corp's first competition came from A-Corp, which offered a product similar in price and

performance. A-Corp spent heavily on advertising and ran frequent reduced-price promotions. As a result, A-Corp took a large amount of business from U-Corp. U-Corp decided to try to take back the market it had lost to A-Corp and launched a multimillion-dollar marketing campaign aimed at its target market.

The two companies went head to head, selling disk drives at lower and lower prices. However, consumers do not generally need to buy multiple hard drives because of their large storage capacity. Only one company could win, and it was A-Corp. In less than two years, U-Corp suffered losses, and A-Corp bought it out.



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Consider other strategies before engaging in a price war.

THINK CRITICALLY

1. What was U-Corp's major disadvantage in competing with A-Corp?
2. What did each company fail to realize about its customers?
3. How might the price war for removable hard drives have been avoided?