# Lesson Plan

<table>
<thead>
<tr>
<th><strong>Course Title:</strong></th>
<th>E-tailing/Retailing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Session Title:</strong></td>
<td>Choosing a Target Market &amp; Market Segmentation</td>
</tr>
</tbody>
</table>

## Performance Objective:
After completing this lesson, the student will be able to define a target market using the methods of segmentation and apply the marketing mix elements for a retail /e-tail store.

## Approximate Time:
When taught as written, this lesson should take approximately 8 days to complete on a 7 period day schedule if all activities are completed.

## Specific Objectives:
- The student will define a target market.
- The student will identify the four methods used to segment a market.
- The student will explain the variables used in demographics, geo-graphics, psychographics, and behavioral segmentation trends.

## TERMS:

**Target market** - a specific group of people you are trying to reach.

**Market segmentation** - the process of dividing a larger market into smaller parts.

**Mass market** - all the customers for a type of product.

**Demographics** - statistics that describe a population.

**Geographic segmentation** - segmenting a market based on where customers live.

**Psychographic segmentation** - dividing a market based on mental and emotional characteristics of customers.

**Behavioral segmentation** - dividing a market based on the way customers use a product or act toward a product.

**Census** - count of all the people in a country made by the government on a regular basis.

**Generation** - group of people born during a particular period of history.

**Segmentation variable** - customer characteristic that is used to segment a market.

**80/20 rule** - majority of business’s profits come from a small number of customers; 80 percent of sales come from 20 percent of the customers.

**Market segment profile** - detailed description of the typical consumer in a market segment.
Preparation

**TEKS Correlations:**

This lesson, as published, correlates to the following TEKS. Any changes/alterations to the activities may result in the elimination of any or all of the TEKS listed.

130.45 C (6) The student knows how to collect marketing information to facilitate decision-making.
   - 130.45 C (6) (A) explain how the marketing mix contributes to successful retailing;
   - 130.45 C (6) (B) explain the importance of target markets;
   - 130.45 C (6) (C) obtain information from customer databases;
   - 130.45 C (6) (F) track environmental changes that impact marketing such as technological changes, consumer trends, economic changes, and regulatory changes;
   - 130.45 C (6) (I) describe advantages and disadvantages of market segmentation and mass marketing.

**Interdisciplinary Correlations:**

**English:**

110.31 (b)(22)(B)…evaluate the relevance of information to the topic and determine the reliability, validity, and accuracy of sources (including Internet sources) by examining their authority and objectivity…

110.31 (b)(23)(C)… use graphics and illustrations to help explain concepts where appropriate…

110.31 (b)(23)(D)… use a variety of evaluative tools (e.g., self-made rubrics, peer reviews, teacher and expert evaluations) to examine the quality of the research…

130.31 15 (D) …produce a multimedia presentation (e.g., documentary, class newspaper, docudrama, infomercial, visual or textual parodies, theatrical production) with graphics, images, and sound that conveys a distinctive point of view and appeals to a specific audience.


Marketing Manager 11-2021.00

Similar Job Titles: Marketing Director, Marketing Coordinator, Business Manager
Tasks:
Identify, develop, and evaluate marketing strategy, based on knowledge of establishment objectives, market characteristics, and cost and markup factors.
Formulate, direct and coordinate marketing activities and policies to promote products and services, working with advertising and promotion managers.

(Soft) Skills:
Deductive reasoning; Written comprehension; Problem sensitivity; Originality

Tasks:
- Formulate, direct and coordinate marketing activities and policies to promote products and services, working with advertising and promotion managers.
- Identify, develop, or evaluate marketing strategy, based on knowledge of establishment objectives, market characteristics, and cost and markup factors.
- Initiate market research studies or analyze their findings.

(Soft) Skills:
Social perceptiveness, critical thinking, judgment and decision-making, active learning.

Teacher Preparation:
Teacher will review the terms in the outline, presentation program/software slides and websites to become familiar with lesson.
Teacher should locate and evaluate various resources and websites before the lesson.
Teacher will have handouts and website information ready to distribute to students.

References:
www.claritas.com/MyBestSegments/Default.jsp
www.adage.com/blog/adagestat/761 for current demographic retail stats
www.nrf.com - national retail federation website
American Demographics – http://adage.com/section/american-demographics/195
http://bigconsumerblog.wordpress.com - BIGInsights retail statistics & surveys
Current news clips from MSNBC, ABC news-nightline, Bloomberg or other business news site

Instructional Aids:
1. Retailing: Choosing a target market presentation program/software
2. Adage website for current demographic stats
4. Current event video clips from business sources: ex. MSNBC, ABC news-nightline, Bloomberg
5. A variety of print ads of the same brand/product marketed differently to different market segments
6. A variety of magazines that range from lifestyle, entertainment, family, news, etc. interests
7. Select online retailers in advance

Materials Needed:

1. Retailing: *Choosing a Target Market* presentation program/software
2. Incentive for introduction activity such as a treat or a “free” assignment pass
3. ‘sticky’ notes
4. Retailing: *Choosing a Target Market* vocabulary assignment, student and teacher KEY
5. *Target Practice* handout
6. *Create a Customer Profile For A Retail Business* handout
7. Current stats from Adage Stat of the day

Equipment Needed:

1. Target board and rubber darts, or picture projected on screen or whiteboard
2. Computer with presentation program/software, Internet access & projector
3. Access to video cameras and editing software (optional)
4. Computers for students to conduct research and create materials for projects

Learner Preparation:

Before class, teachers should find recent current events and news video clips that discuss demographics or current market segment trends. Find examples of print ads that show a similar product but advertised differently to different markets. Set up your target board or select picture. Choose an incentive (prize) for students.

**Introduction**

**Introduction (LSI Quadrant I):** Before class, set up a target board in the front of the room.

**ASK:** Who thinks they can hit the target’s bull’s eye on the first try?

**SAY:** I will give _____ (prize) for the first person who can hit the target on the first try. (Have students come up and try to hit the bull’s eye. Give a prize to the first person who can hit it on the first try)

**ASK:** How does this activity relate to marketing?

**SAY:** In order for a retailer to develop a market strategy, they first need to define their target market. If they miss the bull’s eye (defining that market), all their marketing efforts will be off and they will not be profitable or successful. Today, we will look at how retailers analyze the large mass market, and break it up into segments to define their target market.

**Outline**

**Outline (LSI Quadrant II):**

Instructors can use the presentation program slides, handouts, and websites in conjunction with
the following outline.

<table>
<thead>
<tr>
<th></th>
<th>Outline</th>
<th>Notes to Instructor</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Market segmentation vs. mass marketing – mass marketing appeals to all people. Market segmentation takes the larger market and divides it up into smaller sections based on customer characteristics.</td>
<td>Use presentation program/software and current events as aid.</td>
</tr>
</tbody>
</table>
| II. | Market segmentation methods -Market segment methods are used to identify customers with similar wants and needs.  
   a. Retail companies choose one or more of these characteristics known as variables to define their target market.  
   b. A customer's characteristics is called a segmentation variable.  
   c. Marketers divide the most common variables into four categories: geographic, demographic, psychographic, and behavioral. | Use presentation program/software as aid. Find a current event video from a news source to show how retailers market to different market segments. (See references section for suggested sources.)  
Choose some variables and have students segment the class based on these characteristics. |
| A. | Geographic –based on where customers live. Geographic variables considered:  
   a. Location -where people live such as northwest United States; Texas  
   b. Climate -climate and weather  
   c. City size -small city, urban, suburbs, rural areas, metroplex | Use presentation program/software as aid.  
Show students the map of the United States slide and explain how different parts of the country have different needs.  
At the beginning of class or as students walk in, give half of the students one color ‘sticky’ note and the other half another color ‘sticky’ note. One color will be surf and the other ski. Tell students to take |
their ‘sticky’ note and depending on the color, post their note in an area of the country where they think the majority of surf-board shops or ski equipment is located. Discuss why as a class.

B. Demographics – statistics about a population. Demographic variables considered:
   a. Age
   b. Generations
   c. Gender
   d. Ethnicity
   e. Income
   f. Disposable income - income remaining after taxes have been deducted.
   g. Discretionary income - income remaining after the necessities of life have been paid for.
   h. Family size
   i. Family life cycle

Use presentation program/software as aid.

Go to the Adage statistic of the day and print out different demographic charts & graphs. Hand out the different charts to students. Ask them to find the people who have the same chart/graph as they do. Have each group analyze and interpret the chart and share their findings with the class.

According to Adage, Every 100,000 babies above the 2010 base of 4 million will add $1.5 to $2 billion in annual consumer spending.

C. Psychographics – based on mental and emotional characteristics of customers: Psychographic variables considered:
   1. Hobbies
   2. Social activities
   3. Lifestyle
   4. Interests
   5. Attitudes

Use presentation program/software as aid.

Ask students what extracurricular hobbies/interests they are involved in and why.

Tell students to imagine they are in
front of the magazine section of a bookstore. What kinds of magazines are available?

According to a recent consumer survey conducted by BIGInsight, two in five adults 18+ (60.0%) indicate that they regularly or occasionally purchase organic products. This figure increases to nearly seven in ten adults living out West.

D. Behavioral - based on the way customers use a product or act toward a product.
   1. Features desired
   2. Usage rate – 80/20 rule
   3. Brand loyalty

E. Once the marketer has combined two or more variables, they have a target market.
   a. A complete market segment profile is when a marketer uses variables to include geographic location, demographics, psychographics, and behavior relevant to brand.
   b. This is a complete vivid picture of the target market.
   c. A company can now create a market strategy to meet the specific needs and wants of this customer.

Use presentation program/software as aid.

Ask students, “Who plays sports?” Ask them what kind of shoes they need in order to perform well.

Ask students about their cell phone plans and point out that cell phone plans are based on their usage of the service.

Ask students to look in their wallet and see what retail store reward cards they have and use. Ask them what makes them loyal to a brand?
Guided Practice (LSI Quadrant III):
Tell students to select a partner. Have a variety of magazines available for students to use as a resource.

Tell each group they are to find two examples of how two companies use different products to reach different market segments. For example, an auto company has different car models that appeal to completely different market segments. Have them identify at least two variables the company used to identify the target market for each product category. Each group should have a total of four ads. Have students share their findings to the class and discuss.

Independent Practice (LSI Quadrant III):
Choose any or all of the following activities:
Market Segmentation Terms
Target Practice

Market Segmentation Terms: Each student should complete the market segmentation terms puzzle to build vocabulary and comprehension.

Target Practice: Before you give this assignment, search the internet, and select specific online retailers that appeal to specific market segments. Assign each student an online retailer. Each student should go to the website and complete the handout. As time permits, have students share their findings with the class and point out specific items that support this business is trying to reach a specific market segment. Focus should be on students using terms used in this lesson.

Summary

Review (LSI Quadrants I and IV):

Question: When is it appropriate for a retailer to mass market a product? If not, explain.
Question: Why do retailers choose to appeal to different market segments rather than a mass market?

Question: Identify the four ways to segment a market.
Question: What are variables and how are they used to segment a market?
**Evaluation**

**Informal Assessment (LSI Quadrant III):**

Instructor should observe the work ethic of individuals involved in class discussions and the independent practice activities. Check progress of individuals in the group activity and provide verbal feedback.

**Formal Assessment (LSI Quadrant III, IV):**

Use the Market Segmentation Terms KEY to evaluate student knowledge of marketing terms.

**Target Practice assignment** – answers will vary, see rubric. Evaluation should be based on the students’ knowledge to analyze the information on the website based on discussion in class and terms/vocabulary used.

Students will be evaluated on their “Target Practice assignment” with the assigned rubric.

**Extension**

**Extension/Enrichment (LSI Quadrant IV):**

1. Find local retail businesses that would be willing to participate in this activity. Your local chamber of commerce is a good starting point. Invite business owners/managers to your class so students can interview them, or have contact names and information readily available for students. Tell students they are now going to apply their knowledge of target markets and market segmentation to a local retail business and create a vivid picture of who the customer is and share this with the class.

   Give each student a “Create a Customer Profile For A Retail Business” handout. Tell the students they are to create a customer profile for a local retail business in an info-graphic or visual representation using the variables discussed in class. Students should find this information from interviews with a manager or supervisor and personal observation of the business.

   Have each student turn in their visual or info-graphic and post around the room or in the hallways as a recruiting tool to promote & stimulate interest in your class. Create a poster-size visual and give it to the business.

2. Find a role-play from that asks students to define a target market. Have students role play in front of the class or present in groups.
The following lines below contain marketing terms and some extra letters. Choose the best term for the definitions and write it in the puzzle blanks below. Definitions can be found on the following page. Cross the letters out as you use them. Unscramble the letters left to answer the statement below the puzzle.

<table>
<thead>
<tr>
<th>1.</th>
<th>2.</th>
<th>3.</th>
<th>4.</th>
<th>5.</th>
<th>6.</th>
<th>7.</th>
<th>8.</th>
<th>9.</th>
<th>10.</th>
<th>11.</th>
</tr>
</thead>
<tbody>
<tr>
<td>p</td>
<td>s</td>
<td>c</td>
<td>h</td>
<td>o</td>
<td>g</td>
<td>r</td>
<td>a</td>
<td>i</td>
<td>c</td>
<td>s</td>
</tr>
<tr>
<td>e</td>
<td>g</td>
<td>m</td>
<td>e</td>
<td>t</td>
<td>a</td>
<td>t</td>
<td>i</td>
<td>o</td>
<td>n</td>
<td>t</td>
</tr>
<tr>
<td>m</td>
<td>t</td>
<td>g</td>
<td>a</td>
<td>r</td>
<td>k</td>
<td>t</td>
<td>e</td>
<td>r</td>
<td>a</td>
<td>m</td>
</tr>
<tr>
<td>m</td>
<td>a</td>
<td>r</td>
<td>k</td>
<td>t</td>
<td>s</td>
<td>e</td>
<td>g</td>
<td>m</td>
<td>e</td>
<td>n</td>
</tr>
<tr>
<td>t</td>
<td>a</td>
<td>r</td>
<td>m</td>
<td>k</td>
<td>e</td>
<td>t</td>
<td>s</td>
<td>e</td>
<td>g</td>
<td>m</td>
</tr>
<tr>
<td>a</td>
<td>r</td>
<td>m</td>
<td>k</td>
<td>e</td>
<td>t</td>
<td>s</td>
<td>e</td>
<td>g</td>
<td>m</td>
<td></td>
</tr>
<tr>
<td>m</td>
<td>a</td>
<td>r</td>
<td>k</td>
<td>e</td>
<td>t</td>
<td>s</td>
<td>e</td>
<td>g</td>
<td>m</td>
<td></td>
</tr>
<tr>
<td>n</td>
<td>e</td>
<td>c</td>
<td>u</td>
<td>s</td>
<td>s</td>
<td>u</td>
<td>i</td>
<td>d</td>
<td>d</td>
<td>e</td>
</tr>
<tr>
<td>d</td>
<td>e</td>
<td>m</td>
<td>o</td>
<td>g</td>
<td>r</td>
<td>a</td>
<td>i</td>
<td>c</td>
<td>s</td>
<td></td>
</tr>
<tr>
<td>s</td>
<td>m</td>
<td>a</td>
<td>s</td>
<td>s</td>
<td>e</td>
<td>g</td>
<td>m</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>r</td>
<td>u</td>
<td>l</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>g</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g</td>
<td>e</td>
<td>o</td>
<td>g</td>
<td>r</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i</td>
<td>c</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h</td>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v</td>
<td>i</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>r</td>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>t</td>
<td>i</td>
<td>v</td>
<td>e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l</td>
<td>e</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Once a company has defined their target market using variables from demographic, geographic, psychographic and behavioral segments, they have a thorough and complete picture of their customer.

This is known as a ________________________________.
Answer KEY

Target Market & Market Segmentation

The following lines below contain marketing terms and some extra letters. Choose the best term for the definitions and write it in the puzzle blanks below. Cross the letters out as you use them. Unscramble the letters left to answer the statement below the puzzle.

psychographic segmentation T M T target market segmentation mass market n e census o idemographics f 80/20 rule geographic segmentation e behavioral segmentation k e generation r m segmentation variable e

Once a company has defined their target market using variables, from demographic, geographic, psychographic and behavioral segments, they have a thorough and complete picture of their customer.

This is known as a **market segment profile**.
Target Market & Market Segmentation Definitions

1. A specific group of people you are trying to reach.

2. The process of dividing a larger market into smaller parts.

3. All the customers for a type of product.

4. Statistics that describe a population.

5. Segmenting a market based on where customers live.

6. Dividing a market based on mental and emotional characteristics of customers.

7. Dividing a market based on the way customers use a product or act toward a product.

8. Count of all the people in a country made by the government on a regular basis.

9. A group of people born during a particular period of history.

10. A customer characteristic that is used to segment a market.

11. The majority of business’s profits come from a small number of customers; 80 percent of sales come from 20 percent of the customers.

12. A detailed description of the typical consumer in a market segment.
TARGET PRACTICE

Divide the students into groups to answer the following questions based on an online retailer. Students will present the finding in a presentation to the class.

Find the logo for this company/brand: Be able to describe the logo in DETAIL (colors, shapes, letters, size, etc.) to someone who is not familiar with this company. They should be able to ‘see’ this logo in their mind based on your detailed description.

What type of specific products does this online retailer sell or what type of service do they offer?

Answer the following questions as best as you can:

1. Where do you think these customers live?
   (In the city, country, apartment, house, suburbs, etc.?)

2. What age group(s) shops at this company or for this product?
   (Under age 5, 5-9, 10-12, 13-18, 18-25, 25-34, 35-45, 45-55, 55-65, 65 and older?)

3. Do you think customers are primarily male or female or somewhat equal?

4. Using your best judgment, do you think this online retailer caters to a specific ethnic customer? (Hispanic, African-American, Asian, Caucasian, etc.)

5. What do you think this customer’s family size is?
   (Single, young married no children, married with preschool children, married with school-age children, empty nesters-children have moved out, retired couple?)

6. What do you think this person does for a living?
   (Professional college educated; high school education; public official; trade school -trade such as plumber, hairstylist, electrician, EMT, policeman, firefighter, etc.)

7. Do you think they have an income over $100,000; under $60,000; under $30,000; under $20,000?

8. What do you think this customer does for leisure time?
   (Sports; the arts; crafts; vacationing; cooking; volunteering; reading; surfing the internet; etc. What do you think they do on the weekend?)

9. What do you think this customer values?
   (Time with family; money; volunteerism; culture; environment; etc.)

10. Do you think this customer is loyal to this company/brand? Why would you think so?
## TARGET PRACTICE

### Rubric

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>20</th>
<th>15</th>
<th>10</th>
<th>5 or less</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comprehension</strong></td>
<td>Student is able to accurately answer almost all questions posed by classmates about the topic.</td>
<td>Student is able to accurately answer most questions posed by classmates about the topic.</td>
<td>Student is able to accurately answer a few questions posed by classmates about the topic.</td>
<td>Student is unable to accurately answer questions posed by classmates about the topic.</td>
</tr>
<tr>
<td><strong>Preparedness</strong></td>
<td>Student is completely prepared and has obviously rehearsed.</td>
<td>Student seems pretty prepared but might have needed a couple more rehearsals.</td>
<td>The student is somewhat prepared, but it is clear that rehearsal was lacking.</td>
<td>Student does not seem at all prepared to present.</td>
</tr>
<tr>
<td><strong>Enthusiasm</strong></td>
<td>Facial expressions and body language generate a strong interest and enthusiasm about the topic in others.</td>
<td>Facial expressions and body language sometimes generate a strong interest and enthusiasm about the topic in others.</td>
<td>Facial expressions and body language are used to try to generate enthusiasm, but seem somewhat faked.</td>
<td>Very little use of facial expressions or body language. Did not generate much interest in topic being presented.</td>
</tr>
<tr>
<td><strong>Speaks Clearly</strong></td>
<td>Speaks clearly and distinctly all (100-95%) the time, and mispronounces no words.</td>
<td>Speaks clearly and distinctly all (100-95%) the time, but mispronounces one word.</td>
<td>Speaks clearly and distinctly most (94-85%) of the time. Mispronounces no more than one word.</td>
<td>Often mumbles or can not be understood OR mispronounces more than one word.</td>
</tr>
<tr>
<td><strong>Posture and Eye Contact</strong></td>
<td>Stands up straight, looks relaxed and confident. Establishes eye contact with everyone in the room during the presentation.</td>
<td>Stands up straight and establishes eye contact with everyone in the room during the presentation.</td>
<td>Sometimes stands up straight and establishes eye contact.</td>
<td>Slouches and/or does not look at people during the presentation.</td>
</tr>
</tbody>
</table>
Create a customer profile for a local retail business

Describe in detail the customers at a local retail business in terms of demographics, geo-graphics, psychographics, and benefits derived. Identify the primary market (comprehensive/ all variables) and secondary market or markets (defined by two or more variables). You will use this information to create an info-graphic visual representation of this retailer’s target market.

Use the information from interviews with the owner/manager to define their target market. Develop questions to ask the business owner/ manager using the variables listed below. If there is a variable not listed below that defines a customer, please include it.

Remember, to send the business manager/owner a thank you note after your interview.

<table>
<thead>
<tr>
<th><strong>Demographics:</strong></th>
<th><strong>Psychographics:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age &amp; generation</td>
<td>Lifestyle</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>Attitudes</td>
</tr>
<tr>
<td>Income</td>
<td>Hobbies</td>
</tr>
<tr>
<td>Occupation</td>
<td>Interests</td>
</tr>
<tr>
<td>Religion</td>
<td>Social activities</td>
</tr>
<tr>
<td>Education</td>
<td><strong>Behavioral:</strong></td>
</tr>
<tr>
<td>Family size</td>
<td>Features desired</td>
</tr>
<tr>
<td>Gender</td>
<td>Usage rate</td>
</tr>
<tr>
<td></td>
<td>Brand loyalty</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Geo-graphics:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
</tr>
<tr>
<td>City size</td>
</tr>
<tr>
<td>Climate</td>
</tr>
</tbody>
</table>
Project rubric