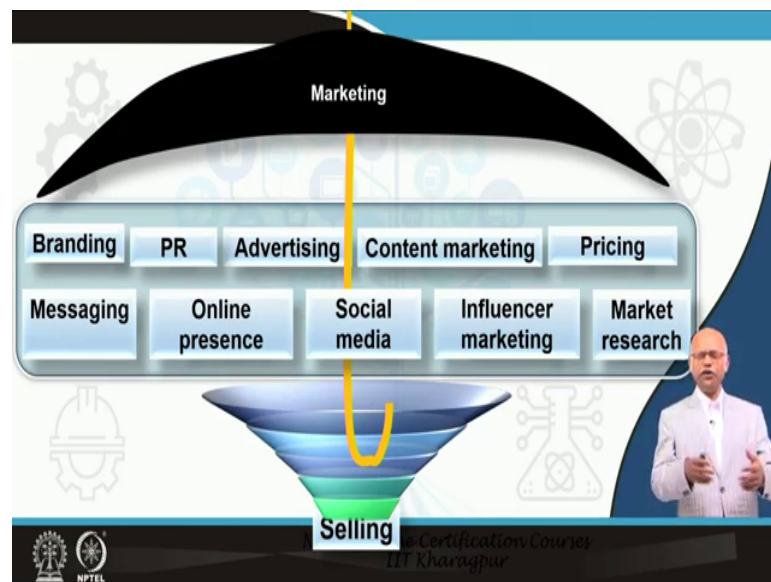


Entrepreneurship Essentials
Prof. Manoj Kumar Mandal
Rajendra Mishra School of Engineering Entrepreneurship
Indian Institute of Technology, Kharagpur

Module - 03
Lecture - 12
Marketing for Startups – II

Hello and welcome. We have already seen public relations how public relation is used for acquiring and retaining customers or telling a story and then through public relations get initial subscription by huge number of customers. We have seen how Warby Parker or Huggies particularly, and then Dubin of dollar shaving club and then drop box etcetera. We have seen how successful they were in acquiring fresh new customers at the beginning by telling stories. So, storytelling is the backbone or bedrock of starting to build a brand and connective with initial customers.

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So, we have seen branding we have discussed about public relations, will be discussing about advertising a little bit and then content marketing, messaging, online presence, etcetera. So, the objective actually is; these are the marketing tools and eventually through marketing tools it should customer service at the point of selling and it should be able to sell.

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Advertising

- Like PR, advertising is an outbound marketing to push your message out. But you're not filtering it through a reporter.
- The wonderful digital world offers boundless new opportunities to advertise in a cost effective way compared with the traditional media advertising, like billboards and TV, to Google AdWords and the latest social media advertising.
- Like PR, it's important to pick advertising **destinations** that engage your target market. Online advertising in particular can be incredibly granular—allowing you to laser-focus on the specific demographics and even the mindset of your target market.
- Use of appropriate media **depends on the type of targeted customers.**

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Advertising is almost like public relations the difference is that, in public relations you are actually sending across the message through a journalist through a journal article. So, advertising is again outbound marketing to push your message out, but you are not filtering it through a reporter, which is the case with public relation. Here you have to pay for publishing the articles, so there is a issue about trust.

Because in advertising you are telling your story to the public whereas, in public relations in an article that is written by a journalist or reporter their credibility the credibility of the journal is getting associated with the story it is their story it is almost like they are telling the story, so there is a lot of trust in that.

Whereas, in paid media trust is slightly less. So, it is costly at the same time because it reaches to the wider audience, wider than perhaps public relation. The nevertheless the

wonderful digital world offers boundless new opportunities to advertise in a very cost effective way compared with the traditional media of newspaper advertisement or billboards, TV, Google AdWords and our latest other social media advertising also is cheaper.

Like public relations, it is important to pick advertising destinations, that engage your target market. You want to put it at some place where the customers that you are trying to target will be watching that show or whatever. So, they should mean your message should be at the right place, before the right people. Otherwise if you are showing the children toys to some elder people perhaps it will not cast the fancy.

So, you can actually through digital media, if you can get incredible granularity, meaning you can pick and choose the media where the right kind of people are attending. So, even if you target a very small group of audience, they will be all related to your product.

So, you can laser focus your story and the right media to send across the right message to the right people. Use appropriate media it depends on the type of targeted customer; obviously.

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Content Marketing Strategy

- Content marketing is about educating the customers.
- Is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience — and, ultimately, to drive profitable customer action.
- Leads to
 - ❖ Increased awareness and a deep sense of trust.
 - ❖ Increased sales.
 - ❖ Cost savings.
 - ❖ Increasing number of customers with strong loyalty.

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That is all about advertisement, we are not discussing in detail there is, there are many books perhaps at advertisement, content marketing strategy. Content marketing is about educating the customer a story that you have heard about Huggies that is precisely what is content marketing.

Huggies did not tell the customers who come and buy our product, or they did not say that our product is superior compared to other people's product. They merely educated the customer that look hug actually matters so much. All that they did is the connected hug with Huggies and then rest of the things were taken care of by the narratives.

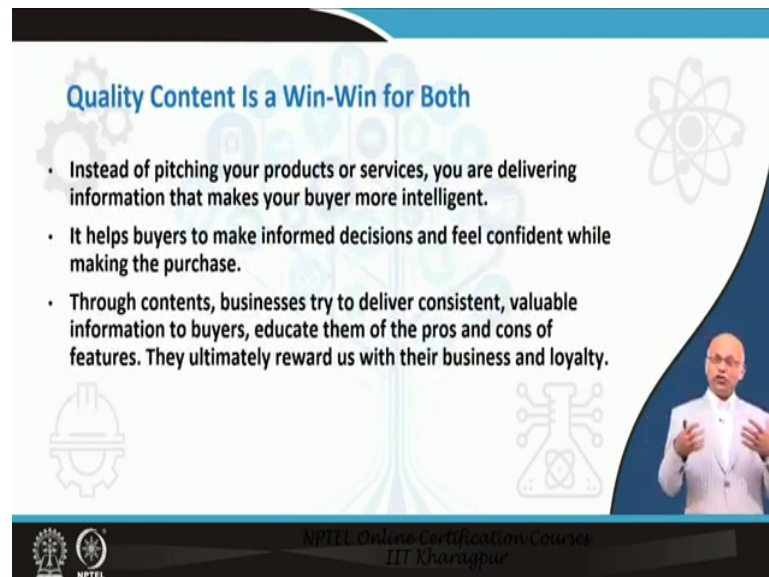
So, people connected with Huggies, through that story. So, they prepared they make the content. And the content help them to educate the customers, about particular issues related to

the product and then customers automatically indirectly, but automatically connected with your product eventually, there is a sustainable long-term relationship.

So, through this you can build out of trust, because you are not directly telling that our product is superior come and buy. You are merely telling that whenever you buy something you will take care of this, this, this. So, that they are empowered with information, then now are informed about products that is to be chosen.

So, they will eventually buy your products because they are already emotionally aligned with your narratives. So, it increases the awareness and a deep sense of trust, increase ultimately translates into increasing sales and you save a lot of cost because customer creation becomes automatic you do not have to really spend on advertisement and then that inflate your customer acquisition cost.

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Quality Content Is a Win-Win for Both

- Instead of pitching your products or services, you are delivering information that makes your buyer more intelligent.
- It helps buyers to make informed decisions and feel confident while making the purchase.
- Through contents, businesses try to deliver consistent, valuable information to buyers, educate them of the pros and cons of features. They ultimately reward us with their business and loyalty.

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And then these customers are mostly loyal because, this is not through really advertisement or enticement, it is really through some emotional connection. Quality content is a win for both because, you are empowering customers with information that they actually need, so they are now informed customer, they are making a choice based on information that already they are privy to.

Whereas, as long as you are not giving them the content they did not know, what to buy they would buy something based on advertisement. Where companies told them what they wanted to say, there is a lack of there may be a lack of trust, may or may not be. But, now it is a win for the customer and as the customers are already favourably disposed, it is a win for the company as well.

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Online Presence

- **Online presence is the conspicuous presence of a business that can be found via an online search.**
- **Online presence management is the actions of presenting and drawing traffic to your brand online.**

The slide features a background with a stylized tree of icons representing various digital and business concepts. A presenter in a light-colored suit is visible in the bottom right corner. The footer includes the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

Next is online presence. Online presence is conspicuous, is the conspicuous presence of a business that can be found via an online search. You make a Google search about a product, whatever that is you find that some of the; some of the links come at the front, that is through search engine optimization or whatever that is, there may be many other issues involved. There may be backlink is and if the backlink is actually works wonderfully well, frequently works, then Google themselves will optimize that and it will come first.

Backlink is meaning that; that Google displays some of the linkages and if those are so attractive that customers or visitors, frequently click on that. So, automatically artificial intelligence will show those advertisement at the beginning, whenever customers make a search.

So, likewise you can make your presence felt in the social media, in the online social media. Online presence management is actions or presenting and drawing traffic to your brand online, backlinking may be one of them, but then these are all there.

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Online presence: to create a long-term positive presence for a business, or product in search engines and on the web in general.

- The actions involves combination of
 - **reputation management,**
 - **directory listings,**
 - **social media,**
 - **link sharing** - get the word out about a product, service or brand.
- **web design and development,**
- **blogging,**
- **search engine optimization,**
- **pay per click marketing,**

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So, these are all the methods that you can adopt to use online presence or increase your online presence, to create a long-term positive presence for a business or product in search engine and on the web in general. The action involves, web design and development blogging, search engine optimization, pay per click marketing meaning some kind of Google AdWord.

Then, reputation management; reputation management is something maybe new to all of you, some of you. That is you know its very easy to tell something nasty about someone and the entire world comes come to know about it, in very short time. Because, now nasty things get viral so quickly.

Now, suppose somebody tells something with or without malicious intention, it kills the reputation. So, most of the people in the world come to know that this guy is a bad guy. Now suppose, you take action and then that guy says sorry. So, that sorry will not risk to all those

people. The sorry message will not go viral, but the bad message actually went viral. So, how do you manage your reputation? Not only under this adverse situation, even in normal situation you have to create a reputation.

So, how you create a reputation that is all about reputation management, directory listing, social media, link sharing and backlinking is missing here, backlinking also is important.

So, social media you know if you know about Anand Mahindra you can see that, he keeps writing wonderful articles, he is always on the positive side of the thing and he is so polite, so gentle, he does not hurt anybody, rather than he is hit at all tells the right thing. So, everybody has a positive disposition about him, about his company, about the products that his company produced manufactures and sells.

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Social Media Marketing

- Social media marketing is the promotion of product or services through the use of social media platforms and websites.
- Businesses can use online media platform to **gather customer data**, understand behavior, **track customer retention in response to actions by the businesses**, analyze data using AI, **take corrective strategies**, engage with customer for promotion.
- Social media marketing can also be promoted through customers' feedback mechanism.

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So, you can take a cue from there and adopt the strategy. Social media marketing is promotion of product services through the use of social media platforms and website. As I said about Anand Mahindra business can use online media platform to gather customer data, that is another way of managing.

So, through media you can see the surfing behaviour or how the customer is you know link is clicking on wherever they are clicking, why they are clicking, how frequently they are clicking on certain things. What colours they like, what colour they do not like so many information about customer you can get and then you can prepare yourself.


So, understand their behaviour track customer, retention in response to actions by the business suppose you introduce something you have this is called a b test. Suppose, you have 2 websites, you yourself make 2 website. One with a red colour concentration the other is a green colour concentration or dominance green dominance.

Suppose, you see that the majority of the people who are visiting the red colour, red the dominant red colour website are converting into buyer or at least they are signing in so you realize that red colour website is a better one.

So, likewise you can do lot of things by analyzing web behaviour of visitors, analyze data using artificial intelligence the corrective strategies, engage with customer for promotion meaning you come up with some kind of promotional activity like giving some discount, freebies or samples etcetera.

Social media marketing can also be promoted through customers feedback mechanism. So, get feedback then depending on the feedback you modify and then you use the positive feedback for acquiring more customers.

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What can you do to get connected?

- Join all the big networks.
- Write sensible comment on issues, display politeness, positivity and humor.
- Like, share, connect and spread/expand your visibility.
- Prepare compelling contents, Target specific audiences at first and build.
- Use emojis — it helps make your image personal and human. Stats released by Adweek showed that 92% of people use emojis as they feel it expresses better than words do.
- Most importantly, don't pester — engage with users strategically

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What can you do to connect more and more people using social media? Join all the big networks, not just you know WhatsApp, LinkedIn or something join as many media as possible. Write sensible comments and on the issues display politeness positive positivity and humour.

So, this is very clear should be people should view you as a gentleman, real gentleman or a person of charisma. So, try to be as rational as possible as sympathetic or empathetic as possible with people and people will view that you are a real gentleman and then they will have a positive connotation not only that you can actually backlink them, backlinking means you write an article and then give a link, people will click on that and you can take them to your website or to a YouTube video, where you have some content uploaded.

So, eventually you have your way. You like, you share, you connect and spread expand your visibility, every time you will like something that goes into Facebook or other places people come to know about you that is how you were spread. Prepare compelling contents, target specific audiences at fast and then build. Use a emojis wherever possible because that make your image personal and human. Most importantly do not pester, do not try to you know force people to come to somewhere or buy something or do not brag do not be pompous.

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Marketing through Messaging or Messenger App

- Message marketing is one-to-one conversations to build relationships with your audience unlike email marketing which is one-to-many messaging. Facebook IQ research finds that:
- **56%** percent prefer to message rather than call a business.
- **61%** percent are favorable to personal messages from businesses.
- **50% plus** are more likely to shop with business they can message.
- **63%** reported that their messaging with businesses is increasing.

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Then those are all negative vibes and people will not prefer people will never come there. Market through messaging, email messaging or messenger app, Facebook IQ researchers found that 56 percent prefer message rather than call by phone, so message is important. 61 percent are favourable to personal message from businesses, personalized messages. 50 percent plus are more likely to shop with business that they can message with. 63 percent

reported that percent's are companies reported that their message with businesses is increasing.

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The slide features a white background with a blue header and footer. The title 'Marketing through Messaging or Messenger App' is in blue. Two bullet points compare email and message marketing. The footer includes the NPTEL logo and text: 'NPTEL Online Certification Courses IIT Kharagpur'. A small inset image of a speaker is visible on the right side of the slide.

Marketing through Messaging or Messenger App

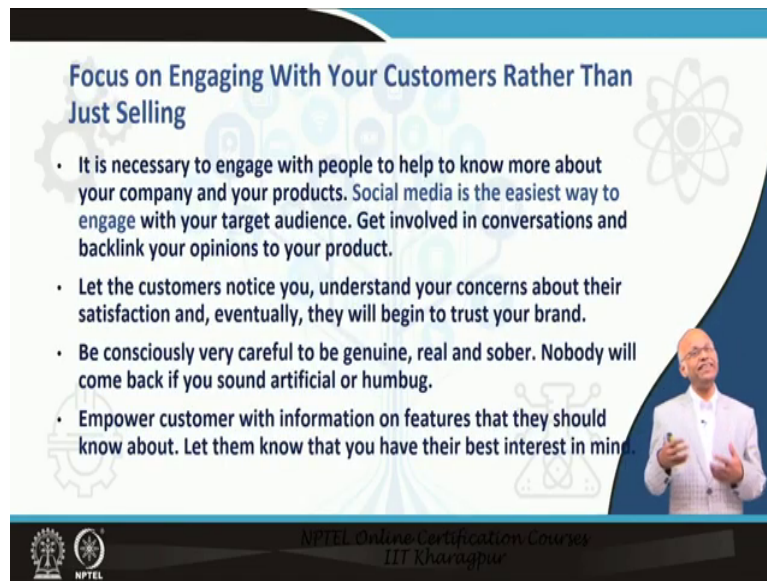
- Average email open rates is around 19 percent and click-through rates capped at around 2 percent.
- For message marketing, open rate is greater than 80 percent and click-through rate is greater than 30 percent.

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Meaning customers messaging are increasing meaning messaging actually is the right method for marketing rather than email marketing, email only 19 percent are click through. Means 19 percent will be open, 19 percent of the mail will be opened and 2 percent will be click through. Meaning out of 19 opened message, only 2 percent will be clicked on the link that you desired them to click.

Whereas, in messaging marketing there are chances of 80 percent of the message will be opened and there will be 30 percent possibility, greater than 30 percent possibility of click through.

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Focus on Engaging With Your Customers Rather Than Just Selling

- It is necessary to engage with people to help to know more about your company and your products. Social media is the easiest way to engage with your target audience. Get involved in conversations and backlink your opinions to your product.
- Let the customers notice you, understand your concerns about their satisfaction and, eventually, they will begin to trust your brand.
- Be consciously very careful to be genuine, real and sober. Nobody will come back if you sound artificial or humbug.
- Empower customer with information on features that they should know about. Let them know that you have their best interest in mind.

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Focus on engaging with customers rather than just selling, do not try to push sell. Rather than doing that you just do the marketing. So, that people are positively disposed and then people make selling superfluous, they are already they already decide that they will buy that. And social media is the easiest way to engage there is so many media to engage and so easy to engage, just be polite. Let the customer notice you, understand your concern about their satisfaction and eventually they will begin to trust your brand.

Empower customer with information like content marketing on features that they should know about, let them know that you have their best interests in mind, rather than talking about your product tell people, what they should look for.

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Engaging With Your Customers

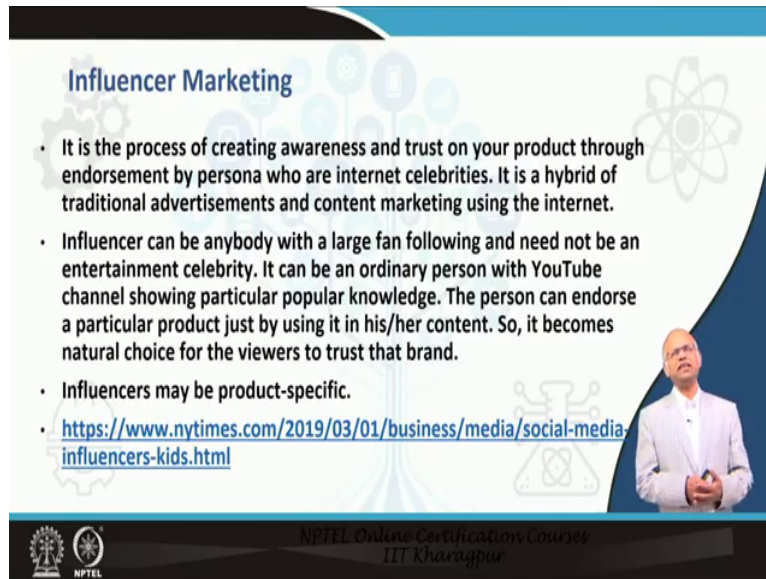
- Create a Niche and Build Credibility
- Know and Share Your “Why”
- Make your Content Easy to Discover
- Giveaways and Samples

https://kickideas.com/how-to-marketing-your-startup-on-a-tight-budget/?gclid=Cj0KCQIA_rfvBRCPARIsANIV66M1Jci4iccqize00bgwYNXkmKSAQ00L6WQTS-5mp2Aw_ose80aApYREALw_wcB

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And then your product should have all of them, so that they automatically choose, create a niche and build credibility, know and share your why. Why you exist? What is your vision? What is your value proposition? You know and then you share that. So, the customers also try to understand that you are kind of wonderful, you see that video by dollar shaving club forget the name. So, you will notice that he also conveys that message that we are creating jobs. So, that is kind of maybe, it is not a vision, but then that also sells.

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Influencer Marketing

- It is the process of creating awareness and trust on your product through endorsement by persona who are internet celebrities. It is a hybrid of traditional advertisements and content marketing using the internet.
- Influencer can be anybody with a large fan following and need not be an entertainment celebrity. It can be an ordinary person with YouTube channel showing particular popular knowledge. The person can endorse a particular product just by using it in his/her content. So, it becomes natural choice for the viewers to trust that brand.
- Influencers may be product-specific.
- <https://www.nytimes.com/2019/03/01/business/media/social-media-influencers-kids.html>

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Influencer marketing, it is almost like latest form of creating awareness and creating brand loyalty you know nowadays there are celebrities, internet celebrities not really the entertainment world celebrity likes like cinema stars and all that, there are internet celebrities who have gained huge fan follow. Because, either they are expert in one particular domain or they have unique skills maybe acting maybe, maybe songs maybe the photography is wonderful or they may be just keeping on shooting photographs from here and there and uploading, whatever that is they.

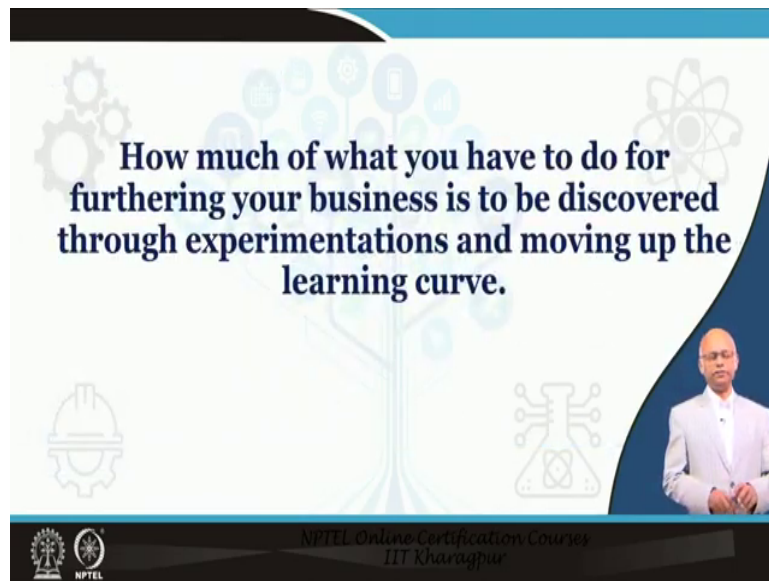
They create a huge fan following and then if you can catch on of them and then if the endorse your product in the process of showing their own video, it will work as a content, and people will notice the brand presence there and they will automatically without their knowledge will

have a trust on that particular brand. And it is catching the fancy of every company not just a start up.

There are small children of maybe two three years of age, and they are endorsing toys and they are creating their million. Here is a story in New York Times, where a girl of or perhaps 4 years is earning in terms of 1000s of dollars by endorsing product online. Not in TV, not in cinemas, just on internet. So, and it matters actually it creates a lot of value for the companies who are paying them this millions.

It is a natural way of communicating, your message to the audience and there is a huge, huge trust built into this whole system. People automatically trust your product they do not think that your advertising people has a negative feeling about advertisement. If there is an advertisement people, some people will never buy that whereas, influencer marketing is a wonderful positive way of marketing.

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**How much of what you have to do for
furthering your business is to be discovered
through experimentations and moving up the
learning curve.**

The slide features a central graphic of a tree with various icons (gears, a smartphone, a bar chart, a lightbulb, and a molecular structure) as leaves. To the left is a hard hat icon, and to the right is a chemical flask icon. A man in a white suit is visible in the bottom right corner. The bottom of the slide contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

Having said that it is important to know, how much of what you do? How much of your business will be further? Will depend on the kind of people that you are targeting and moving forward as you move forward in the learning curve your experimentation will vary and the media also will vary.

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But, then how you are going to achieve all of that? The beginning is you have to identify the market segment, then you have to target the right audience, and then you have to position your product to that audience only then the whole journey will be defined, whole journey will be done will be traversed. So, let us see what is market segmentation today.

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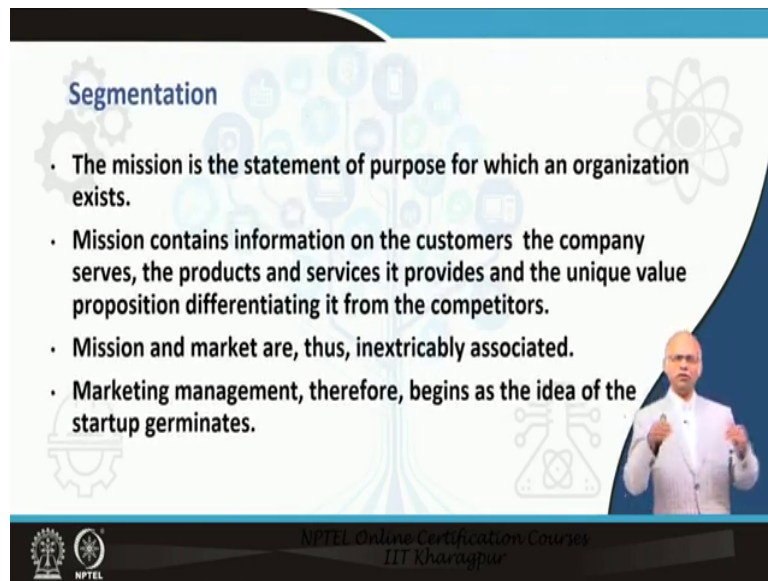
Three Steps to Know and Serve the Customers

- Market segmentation
- Target marketing / market niche
- Product or Service Positioning

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This whole customer acquisition or selling or creating loyal customer, there are three steps. And these are segmentation, targeting and positioning.

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Segmentation

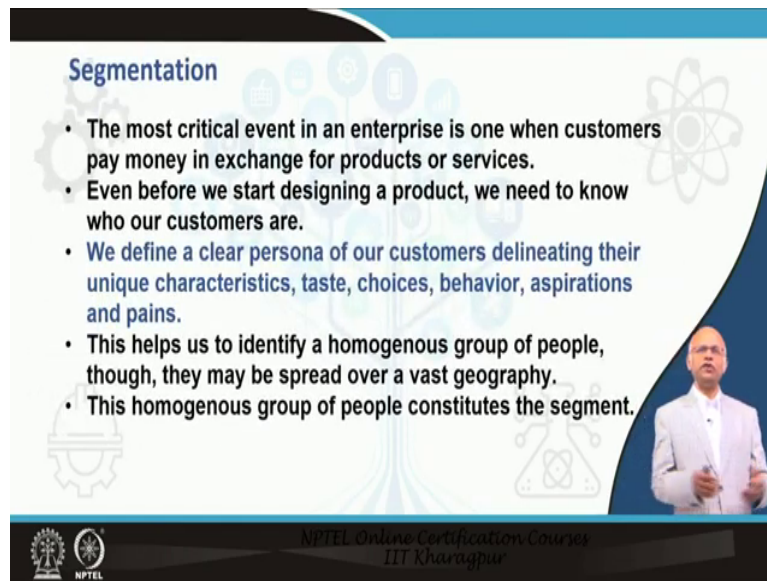
- The mission is the statement of purpose for which an organization exists.
- Mission contains information on the customers the company serves, the products and services it provides and the unique value proposition differentiating it from the competitors.
- Mission and market are, thus, inextricably associated.
- Marketing management, therefore, begins as the idea of the startup germinates.

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Segment, we already know what segment is. Segmentation, segment is the heterogeneous a small group of people in a sorry, the homogeneous a small group of people in a heterogeneous population. This homogeneous group of people have similar kind of pain similar kind of aspiration or liking. So, if we can know that and if we have a solution to solve their problem, we can define the problem well we can design the product to solve their problems well and then eventually, we can come up with a superior value proposition. So, this is small group of heterogeneous people is the segment.

Mission and market are thus inextricably associated. Because, our mission is to provide superior value proposition. In the market for whom we are offering this, so that is how they are connected. Marketing management therefore, begins the idea of the start-up, as the start-up germinates.

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The slide features a blue header with the title 'Segmentation' in white. Below the title is a bulleted list of five points. The background is light blue with faint icons of a gear, a lightbulb, a smartphone, and a molecular structure. A small inset image of a man in a white shirt is visible on the right side of the slide. At the bottom, there is a dark blue footer with the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

Segmentation

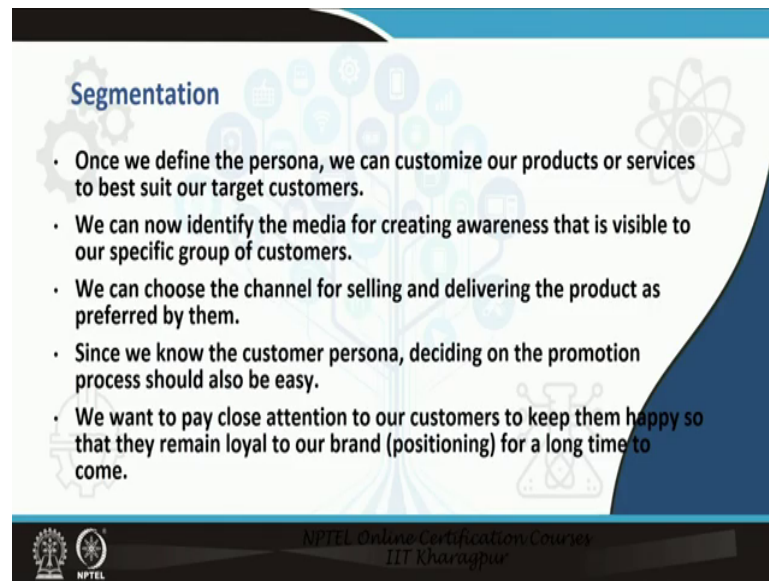
- The most critical event in an enterprise is one when customers pay money in exchange for products or services.
- Even before we start designing a product, we need to know who our customers are.
- We define a clear persona of our customers delineating their unique characteristics, taste, choices, behavior, aspirations and pains.
- This helps us to identify a homogenous group of people, though, they may be spread over a vast geography.
- This homogenous group of people constitutes the segment.

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So, and it starts from segmentation because there is the people you are going to cater to, the most critical event as we all know is the time hand people are paying money in exchange for product.

So, we clearly define who are these people, what are means, we clearly define their persona. And then we delineate their unique characteristic test choices behaviour and aspirations and pain. This helps us to identify a homogenous group of people. They may be spread over a very vast geography because they are not concentrated at one place, but then once we can identify them we will find a way to reach out to them and then convey our value proposition.

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Segmentation

- Once we define the persona, we can customize our products or services to best suit our target customers.
- We can now identify the media for creating awareness that is visible to our specific group of customers.
- We can choose the channel for selling and delivering the product as preferred by them.
- Since we know the customer persona, deciding on the promotion process should also be easy.
- We want to pay close attention to our customers to keep them happy so that they remain loyal to our brand (positioning) for a long time to come.

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Once you define the persona, we can customize our product or services to best that best suit the target customer. We want to pay close attention to our customers to keep them happy. So, that they remain loyal to our brand, for a long time to come.

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Market Segment

- Is a subset of the market consisting of those people or businesses among the entire people or businesses in the market who have similar likes, dislikes, taste and aspirations, similar pains and look for similar solutions, similar needs, and affordability.
- Market segment is identified for the purpose of understanding particular unmet pain in any group of people and developing solution to alleviate the unmet pain in a manner that would be regarded as superior value for money.
- Segmentation is the process of dividing the total market of heterogeneous customers into subgroups of homogenous customers with similar needs, wants and aspirations concerning a particular type of product or service.

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And once we know the customer, we can define the channel or decide on the channel how to reach out to them.

Market segment is a subset of the market. Consisting of those people of business or business among the entire people our business. In the market who have similar likes, dislikes, taste, aspiration similar pains and look for similar solutions. There is too much of definition, market segment is identified for the purpose of understanding particular unmet pain. So, that you can build the product, build the design the product accordingly. It is a process of desired dividing the total market into homogenous customers and subgroups of homogeneous customers.

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Understanding Market Segment

The story of the 10 Carat Gold Jewelry

- Indians love gold jewelry.
- Gold price has gone up and has remained at an elevated level for a long time. The making charge of an ornament is some percentage of the price of the gold, which has made it even costlier.
- You are exploring the idea of 10 carat gold jewellery.
- These jewellery have less gold (close to 10 parts Gold and 14 parts other metals such as copper, zinc, silver or nickel).
- Therefore, they are cheaper, though they look good and remain shiny for a long time, like gold.

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Now, even though I realized that all of you understand what a segment is, but how to identify the segment is a real issue. So, I am going to tell a story, through a story I am going to demonstrate how you can actually identify a segment and how segmentation is helping a start-up. Just you think of starting a company, think of somebody who is thinking of starting a company. And then it occurred to say he is a person, male person. So, I can refer to the guy as he.

So, he decided to or he identified a pain in the population middle class population of the country. Indians in general, hanker for gold jewellery. They buy jewellery for whatever there are reasons for that let us not go into that but, they buy the hanker for jewellery. If they do not have jewellery they feel pained, they feel unfulfilled. They always aspire that they have jewellery.

Now, this guy came to know or suddenly it hit upon him that there can be a 10-carat gold jewellery which will shine exactly as 22-carat jewellery, but it will be costing much less than half of the 22-carat jewellery. So, he thought this may be a wonderful idea, to sub to manufacture and sell this jewellery to the middle class. So, he decides that let me start a company.

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Understanding Market Segment
The story of the 10 Carat Gold Jewelry

- With increasing price of gold you presume that people would prefer to buy these jewellery.
- You have decided to manufacture and sell 10 carat gold jewelry.
- You are planning to set up a mechanized manufacturing facility with an investment of Rs. 1 crore.
- You have identified a village with 500 households (families) to start marketing.
- You want to directly approach to the families.

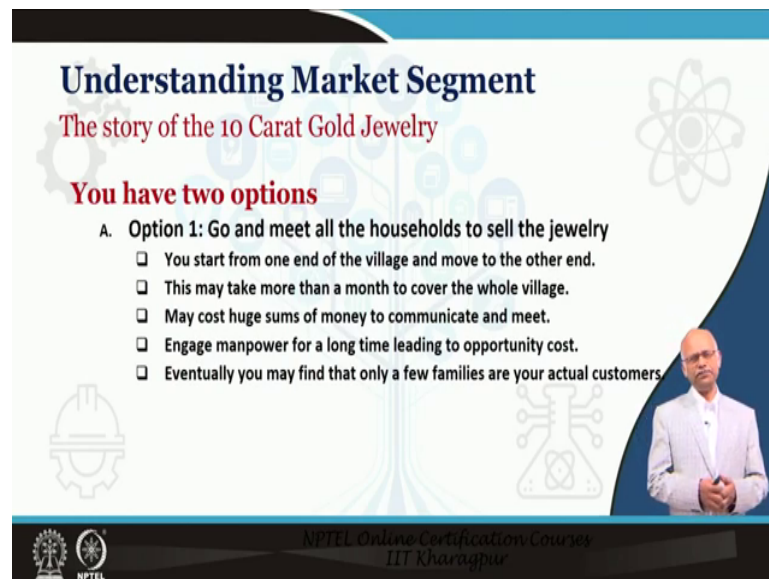
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So, he makes some make some inquiry and he realizes that it will take about 1 crore rupees to set up a mechanised manufacturing facility. That will that may cater to something like a small means to pilot this machine will be ok, and he wants to pilot his business model in a small village with a population of 500 households.

Now, before he is he should start manufacturing and selling in this village, he needs to do some market research, that is whether people will really buy this 10-carat gold jewellery or is

it that they will hate to buy this. Because, this is they might very well think that this is inferior quality jewellery, not the kind of 22-carat. So, they need to approach to the villagers, and get to know whether they will really view this as real jewellery and they will pay money to buy this, now they have two choices before them.

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Understanding Market Segment
The story of the 10 Carat Gold Jewelry

You have two options

A. **Option 1: Go and meet all the households to sell the jewelry**

- You start from one end of the village and move to the other end.
- This may take more than a month to cover the whole village.
- May cost huge sums of money to communicate and meet.
- Engage manpower for a long time leading to opportunity cost.
- Eventually you may find that only a few families are your actual customers.

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One is to go and meet all the household and then get to know how many of them are favourably with buying 10-carat gold jewellery which is costing less than half of the standard jewellery.

Now, what they can do? They can go to everybody, this may take a month to cover 500 families, may cost a huge sums of money to communicate and meet, because you have to talk to them. Engage manpower for a long time leading to opportunity cost. Eventually, you may

find that only a few families are actual customers. So, you end up maybe 10 lakh rupees to do this. So, why to waste this money or if there is there an alternative.

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Understanding Market Segment
The story of the 10 Carat Gold Jewelry

B. Option 2: Identify those who are most likely buyers of your products

- You know the profile of families who are your likely customers.
- You collect demographic data on the population of the village.
- Identify families with middle to high income.
- Out of those, identify families with women in the age-group of say 18 to 60 years.
- Attend this smaller group of families.

➤ You can see the benefit of identifying the people who are potential customers. So you adapt the option 2.

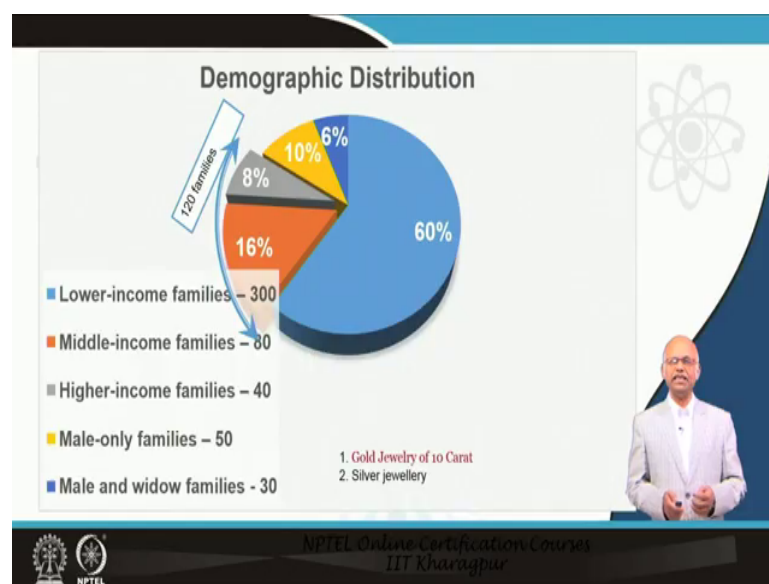
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Luckily, there is another option that is you identify those who are most likely buyers of your product can there be yes, a possible list of people before you whom you can contact. So, that you do not have to spend lot of resources to meet everybody.

So, what you have to do is you have to know the profile of families or demographics of the families based on income. Then once you have the demographic data then identify the families that you defined as middle class and the likely customer, you defined families where there are only male and they are not your customer, you define families there are male, but widows may not be your customer.

So, who are your customer middle class with maybe young women are the most likely customers, with older women younger women may be customer, but if you are; if you are trying to minimize your cost and maximize the strike rate meaning success rate then you have to come to a small sample size. So, that you can talk face to face on and on and then get a realistic assessment of whether they are going to buy. So, what you do is, you approach to a Panchayat office and gather this demographic data.

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Then you realize that out of 500 families there are low income families, there are 300 families. There is 60 percent outright you eliminate them. Some of them may be your buyer, but remember pareto 80-20 principle, you should be happy with 80 percent of the information. In fact, 20 percent of the families will be buying 80 percent of the product.

So, you can safely eliminate these 300 families. Middle income families only 80 and that is 16 percent, high income families, 40 family that is 8 percent. Male only families 50, you do not need them male and widow 30 families you do not need them either. So, 6, 80 plus 40 only 120 families are your potential customer.

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Understanding Market Segment
The story of the 10 Carat Gold Jewelry

- You send brochure containing nice pictures of variety of products to these prospective families.
- In the process, you create awareness of your products and people start discussing about them and aspiring to have them.
- You send letters to families intimating that a representative will come to demonstrate. You announce special discount for inaugural sale.
- You complete meeting all the prospective families in a week.
- You are likely to close deals with majority of the families you attend.
- You save time and resources for achieving the same success as in app

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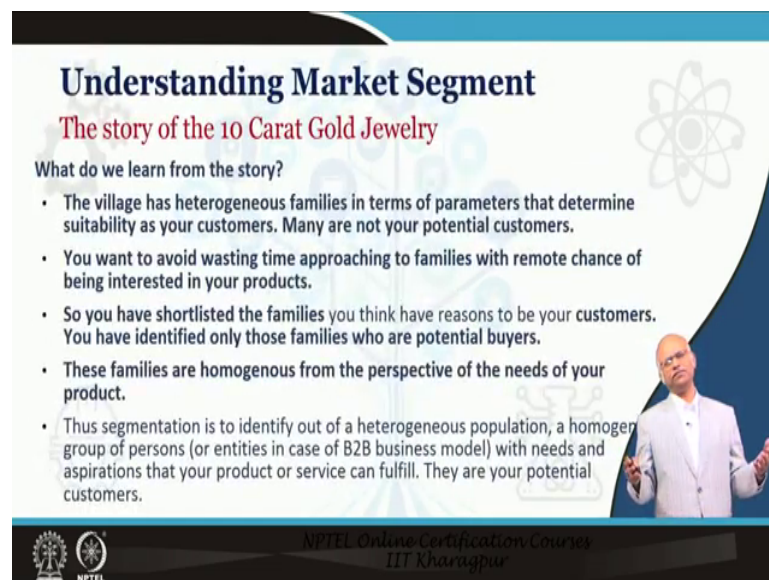
So, you try to target only 120 in the process you actually reduce lot of waste expenses, such as what you do now is, you send brochure containing wonderful pictures and variety of products to these prospective families, 120 families or maybe perhaps you can eliminate the 40 families who are high income they may be nosy about this 10-carat jewellery they can afford high cost actual standard jewellery.

So, you can focus only on the 80 families who are your target customer. Now you send brochure, in the process you create awareness to this 80 families, that we exist our product

exists and this is this glitters as much as a standard gold, you announce a special discount for inaugural sell that is the promotion that is you are calling them into action meaning that they are positively disposed to buy and then you give a announce a discount.

You complete meeting all the prospective families in a week you are likely to close deal with majority of the families you attended. You save time, resources for achieving the same success as anything.

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Understanding Market Segment
The story of the 10 Carat Gold Jewelry

What do we learn from the story?

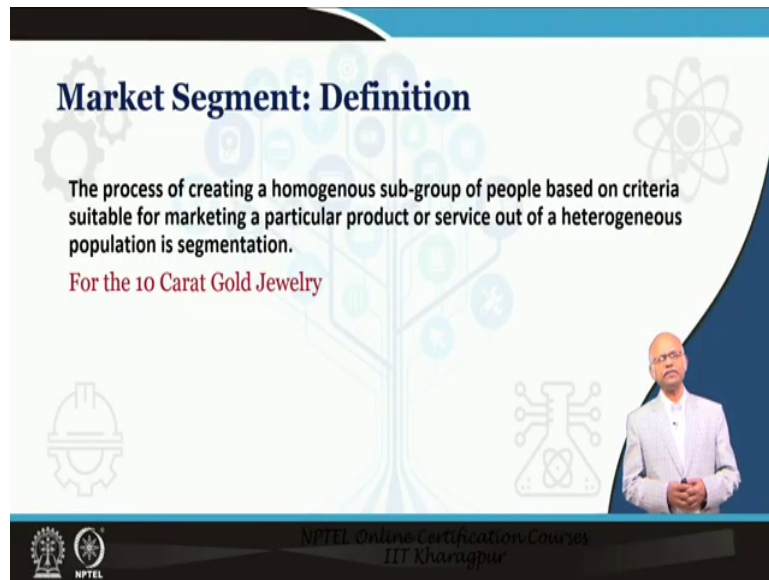
- The village has heterogeneous families in terms of parameters that determine suitability as your customers. Many are not your potential customers.
- You want to avoid wasting time approaching to families with remote chance of being interested in your products.
- So you have shortlisted the families you think have reasons to be your customers. You have identified only those families who are potential buyers.
- These families are homogenous from the perspective of the needs of your product.
- Thus segmentation is to identify out of a heterogeneous population, a homogenous group of persons (or entities in case of B2B business model) with needs and aspirations that your product or service can fulfill. They are your potential customers.

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What do you learn from this? Village contains heterogeneous families, low income, high income, middle income, male female, you want to avoid wasting time approaching to all the families. So, you have shortlisted families you think have reasons to be your customers. These families are homogenous from the perspective of the needs of your product thus

segmentation is to identify out of a heterogeneous people population homogenous group who are your likely customer.

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Market Segment: Definition


The process of creating a homogenous sub-group of people based on criteria suitable for marketing a particular product or service out of a heterogeneous population is segmentation.

For the 10 Carat Gold Jewelry

The slide features a central graphic of a tree with various icons (gears, atom, lightbulb, etc.) on its branches. A speaker in a white suit is visible on the right side of the slide. The bottom of the slide contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

So, from here you can redefine market segmentation. The process of creating a homogeneous subgroup of people based on criteria suitable for marketing a particular product or service out of a heterogeneous population is segmentation.

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Market Segmentation

- It is the process of dividing the total market of heterogeneous customers into subgroups of homogenous customers with similar needs, wants and aspirations concerning a particular type of product or service.
- Consider the market of the same village in the example cited above, the segment would change if you are planning to sell low-cost detergent or say soap.
- Therefore, the concept of homogenous group is in direct reference to product.
- Any population can be broken into many homogenous subgroups, segments, depending on what you are trying to market.

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Be mindful, that a single segment is not sacrosanct for all the products. One particular group of people may be representing one segment for a particular product. Some of them may be part of another segment, suppose you are trying to market say detergent for maybe even maybe for a poor people, some of the middle class people will be interested, some of the people who are who whose family has male only will be interested. So, the whole segmentation for different product are absolutely different.

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The story of the 10 Carat Gold Jewelry
By segmenting the market,

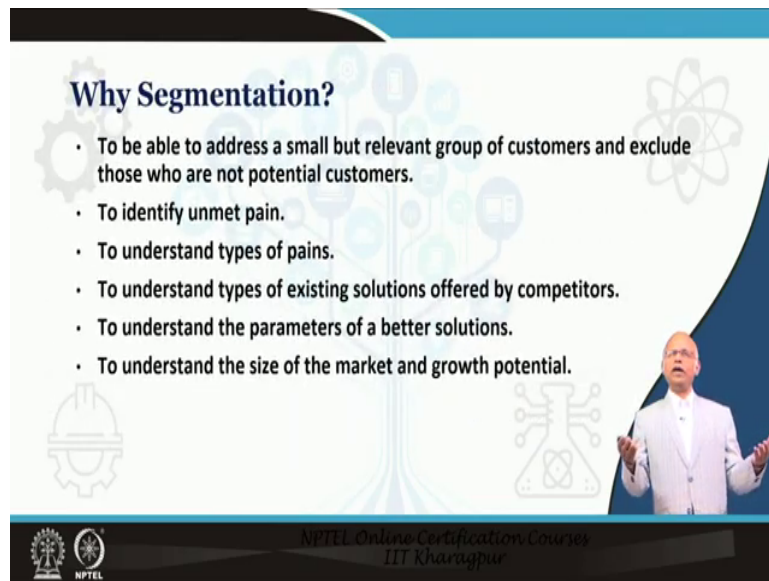
You have reduced

- the cost of sending letters so as to make them aware of the nice jewelry at such low cost,
- the cost of communicating about availability at the door step,
- and cost of reaching the customers – a smaller group of families.
- It has now become easier to manage them; particularly to serve them better.
- You can get feedback from them easily and add or remove features/that the majority do not like.

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So, by segment, segments in the market actually you have reduced the cost, you have reduced the cost of communication, cost of reaching to the customer it has now become easier to manage them, you can get feedback from them easily because now we can you can maintain a communication through them.

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Why Segmentation?

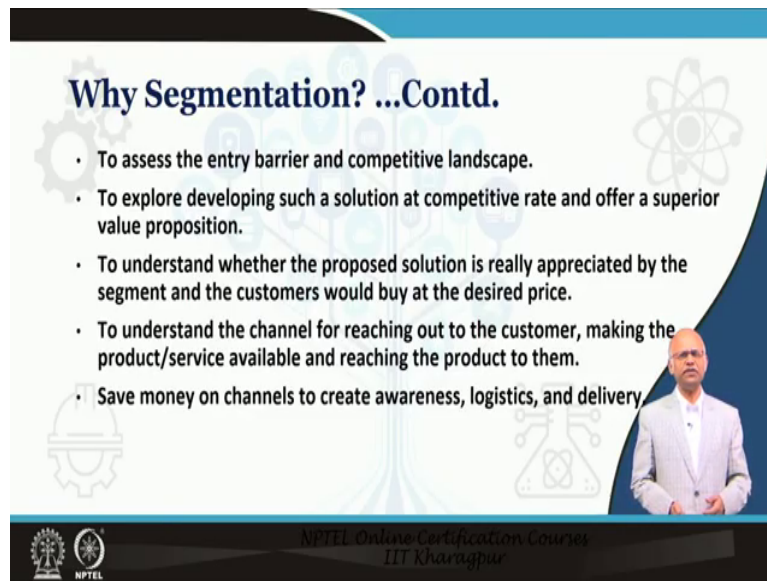
- To be able to address a small but relevant group of customers and exclude those who are not potential customers.
- To identify unmet pain.
- To understand types of pains.
- To understand types of existing solutions offered by competitors.
- To understand the parameters of a better solutions.
- To understand the size of the market and growth potential.

The slide features a background with various icons including a gear, a lightbulb, a brain, a person, and a network diagram. A presenter in a white suit is visible in the bottom right corner of the slide area.

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So, why segmentation is; obviously, discussed already you can read them here.

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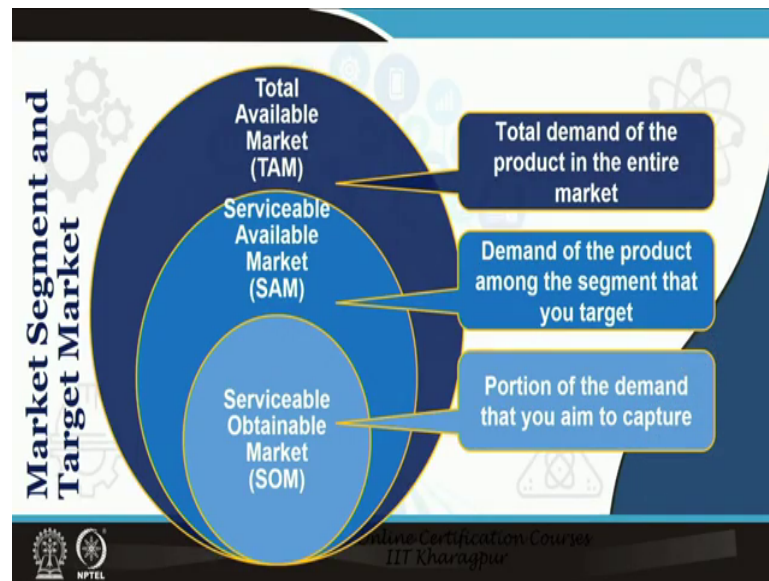


Why Segmentation? ...Contd.

- To assess the entry barrier and competitive landscape.
- To explore developing such a solution at competitive rate and offer a superior value proposition.
- To understand whether the proposed solution is really appreciated by the segment and the customers would buy at the desired price.
- To understand the channel for reaching out to the customer, making the product/service available and reaching the product to them.
- Save money on channels to create awareness, logistics, and delivery

The slide features a blue and white color scheme with decorative icons of gears, a person, and a network. A small video inset on the right shows a man in a light-colored suit speaking. The bottom of the slide contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

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Continuation of the same. Now this is market segment, and market segmentation Tam Sam Som will discuss this in the next session. So, will end here, thank you very much.