Selecting Target Markets—A Key to Effective Marketing

John Crompton

ABSTRACT: The identification and selection of target markets is a key marketing decision. It influences and directly determines all of the ensuing decisions regarding types of services, their distribution, pricing, and communication. Selecting target markets is a two stage process. The first stage is to divide a market into segments that constitute potential target markets. The paper briefly identifies the criteria required for delineating effective segments and describes the two alternate approaches that may be adopted in defining potential target markets. Common descriptions used to define segments are presented with examples intended to illustrate their application. The second stage in the process is to select which of the potential target markets the agency will endeavor to serve with a particular offering. Three alternate strategies for servicing the potential target markets are addressed and the dilemma that confronts agencies in prioritizing the potential target markets to be serviced is discussed.

KEYWORDS: Target markets, segmentation, marketing, recreation and parks

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In recent years there has been an increasing interest in exploring the extent to which marketing concepts and techniques can be adapted for use by public park and recreation organizations. This interest reflects a growing recognition that marketing is the essential core discipline upon which the success or survival of any agency depends. For a park and recreation agency to carry out its mission, it requires resources and support from citizens. It seeks to obtain these ingredients by delivering services which provide benefits sought by client groups. In exchange for services delivered, the agency receives resources in the form of tax dollars and/or direct user charges. Thus, marketing may be defined as a set of activities aimed at facilitating and expediting exchanges with target markets.

Successful exchange requires that attempts be made to find out what clients want, and then to provide services that meet those wants. The desires of each potential client are likely to be unique; however, it is rarely, if ever,
economically feasible for an agency to develop services uniquely tailored to meet each individual's desires. Some compromise is necessary. The most effective way to compromise is to group together those people whose desires are similar.

These groups are generally termed "target markets." A target market may be formally defined as a relatively homogeneous group of people having relatively similar service preferences, with whom an agency seeks to exchange.

Target marketing is a key marketing concept. Every park and recreation agency has to decide whose needs should be served before deciding what needs to serve. The identification and selection of target market groups influences and often directly determines all of the ensuing decisions regarding types of services and their distribution, pricing, and communication.¹

Historically, the importance of target marketing has not been widely recognized in this field. Services have been directed at "everybody" or "the average user" rather than at target groups of "specific somethings." (McCarthy 1981). Thus many agencies have offered standardized services, which have been promoted similarly to all citizens and offered at a uniform price (often at no direct cost to the user). This may be termed the "lowest common denominator" approach to service delivery. It seeks to satisfy the maximum number of people at some minimal level by providing an "average" offering.

The fallacy of developing services for the average user is that there are likely to be relatively few average users. For example, a large leisure services agency, for which the author conducted a needs assessment survey, was surprised to find that only one-third of the adult residents within its jurisdiction used any of the recreation facilities it operated. The agency was even more surprised when the research findings showed that this one-third was composed predominantly of relatively young high-income males. Clearly, the agency had unintentionally targeted its marketing efforts toward only a small number of its potential target markets. Although the effective target markets were actually narrow, the agency's pricing, distribution, and promotion decisions had been made on the assumption that all citizens were being served. Hence, the agency was suffering the disadvantage of a limited market, while incurring the losses inflicted by low pricing policies and undertaking the expense of promoting services on the mistaken assumption that their service offerings had general appeal. The other side of the coin is that the agency was not taking advantage of the potential benefits and economies of a specialized marketing mix, which could have been developed for the specified smaller markets of young high-income males.

¹ These four marketing activities, product, distribution, price, and communication (often called promotion), are commonly referred to as the marketing mix.
Typically, populations are characterized by their plurality. An average simply represents a midpoint. Most of the potential clientele is likely to consist of groups on either side of the midpoint who have very little in common. These very different potential target markets are unlikely to be interested in an average offering. Rather, they require differentiated offerings that respond to their diverse wants.

The Process of Selecting Target Markets

Selecting target markets is a two-stage process. The first stage is to divide a market into potential target markets or segments, a process known as market segmentation. It recognizes that different client groups have different wants that may justify the development of different services and/or marketing mixes to expedite the agency's exchange with them. Marketing segmentation may be defined (Pride and Ferrell 1980:147) as

the process of dividing a total clientele into market groups consisting of people who have relatively similar service needs, for the purpose of designing a marketing mix (or mixes) that more precisely matches the needs of individuals in a selected segment (or segments).

When these relatively homogeneous segments have been delineated, the second stage is to select which segment or segments the agency will endeavor to serve with a particular offering.

This paper first discusses concerns pertaining to the identification of potential target markets. It briefly identifies the criteria required for delineating effective segments, and describes the two alternative approaches that may be adopted in defining potential target markets. Common descriptor variables used to define segments are presented with examples intended to illustrate their application and implementation. After this discussion of the identification of potential target markets, the focus of the paper shifts to the selection issue, and three alternative strategies for servicing the potential target markets are addressed.

Requirements for Effective Segmentation

Three criteria must be met if meaningful market segments are to be developed (Kotler 1980). First, each segment should be sufficiently large (and/or sufficiently important) to be worth considering for the development of distinct programs or services and communication, distribution, and/or pricing strategies. The criterion for minimum size is that it should be economically practical to tailor a separate marketing mix for the segment.

Potential client groups should also be measurable; that is, it should be possible to quantify their size. Data regarding the population of a city, the number of persons in different age ranges, or other sociodemographic characteristics are easily obtainable and may provide fairly concrete measures.
Alternatively, an agency may wish to identify groups based upon their lifestyle. However, unless the agency is able to measure how many persons are characterized by a particular lifestyle, it is difficult to gauge whether or not there are enough people to justify the development of unique marketing mixes to serve each identified lifestyle.

Much less obvious, but of extreme importance, is that each potential target market should be accessible. Senior citizen groups, particularly those with reading and hearing disabilities, minority groups who do not speak English, and illiterate persons are often difficult to reach. These may be important market segments requiring recreation services tailored to their needs, but effective communication with such groups may require very imaginative and unusual efforts.

Two Alternative Approaches to Segmentation

Benefits sought are the key ingredient in effective segmentation, because the benefits which client groups seek from a service are the fundamental reasons for the existence of that service (Haley 1968). Figure 1 illustrates the two alternative approaches to segmentation. Both of these approaches are concerned with identifying the principal benefits potential clients seek, but they suggest different paths for achieving that end.
FIGURE 1 (A&B)

EITHER
(A)
MACRO APPROACH

Identify the benefits sought by the total potential clientele

Define the groups of people who seek each set of benefits using some combination of geographic, sociodemographic, and/or behavioral descriptors.

OR
(B)
MICRO APPROACH

Define the groups of people, using geographic, sociodemographic, and/or behavioral descriptors

Identify the benefits sought by each of these defined groups.
The *macro* approach investigates the total potential market and delineates market segments in terms of the principal benefits sought from an agency’s offerings (figure 1A). Once these benefits have been identified, differentiating characteristics of the people who seek each benefit may be described by using appropriate geographic, sociodemographic, or behavioral descriptors. This enables the segments to meet the criteria of being measurable and accessible.

An example of this approach is provided by Gray’s (1981) study of golfers. The range of benefits they sought included escape from pressures, social contact, escape from the family, business development, exercise/physical fitness, social recognition/independence, opportunity for meeting new people, and security. The target markets were then characterized by using a series of market descriptors to differentially describe them. For example, the target market which sought “escaping family” benefits was described as primarily males, in the 25-35 age cohort, with income of less than $20,000 per year, who played less than once a week. Three of the resulting potential target markets are shown in figure 2.

**FIGURE 2**

**THREE BENEFITS SOUGHT BY GOLFERS AND THE MARKET DESCRIPTORS WHICH DEFINED WHO SOUGHT EACH BENEFIT**

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>TARGET MARKET #1</th>
<th>TARGET MARKET #2</th>
<th>TARGET MARKET #3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“Escaping Family”</td>
<td>“Social Contact”</td>
<td>“Exercise/Physical Fitness”</td>
</tr>
<tr>
<td></td>
<td>25-35 age cohort</td>
<td>&lt;25 age cohort</td>
<td>&gt;55 age cohort</td>
</tr>
<tr>
<td></td>
<td>males</td>
<td>frequent player</td>
<td>females</td>
</tr>
<tr>
<td></td>
<td>income &lt;$20,000</td>
<td>“golf nut”</td>
<td>novice golfer</td>
</tr>
<tr>
<td></td>
<td>play less than</td>
<td></td>
<td>“easy course and</td>
</tr>
<tr>
<td></td>
<td>once a week</td>
<td></td>
<td>practice range</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>golfer”</td>
</tr>
</tbody>
</table>

Adapted from Gray 1981
Clearly, these eight benefits sought by golfers are very different. To provide for the "average golfer" would represent the lowest common denominator strategy mentioned previously and would mean compromising client satisfaction. The preferred strategy would be for an agency to segment its total golf offerings on the basis of benefits sought and develop a unique marketing mix for each client group. For example, different products such as leagues, tournaments, social events, and age days could be developed. Each of these could be priced, scheduled, and promoted differently to appeal especially to the selected target market. Gray's study suggested that it is unlikely that any single descriptor alone would be sufficient to satisfactorily describe different benefit segments. The role of the descriptors is additive, for each descriptor may contribute some further insight into the nature of users. Hence, it is the composite picture provided by the total configuration of descriptors that is most important in describing benefit segments.

The micro approach to segmentation (figure 1B) is used frequently by practitioners because it is easier to implement without sophisticated research and analysis. It attempts to delineate market segments by using appropriate geographic, sociodemographic, or behavioral descriptors first, and then to identify the benefits that each of these market segments seeks. In essence, this reverses the sequence adopted in the first approach to segmentation. Examples of this approach are given in the following section.

**Some Common Descriptors Used to Delineate Segments**

A large number of descriptors can be used to segment a heterogeneous market into relatively homogeneous subgroups. However, they can be grouped into three major categories: 1) geographic descriptors, 2) sociodemographic descriptors, and 3) behavioral descriptors. Examples of descriptors commonly used in each category are shown in figure 3.
FIGURE 3
SOME COMMON DESCRIPTORS

GEOGRAPHIC DESCRIPTORS

SOCIO-DEMOGRAPHIC DESCRIPTORS

BEHAVIORAL DESCRIPTORS

TOTAL POTENTIAL CLIENTELE

NEIGHBORHOOD, CITY, COUNTY, REGION
TRAVEL TIME/DISTANCE
AGE/FAMILY LIFE CYCLE STAGE
SEX
INCOME
EDUCATION
OCCUPATION
ETHNICITY
USAGE RATE
LEVEL OF ABILITY
LEVEL OF SPECIALIZATION
LIFESTYLE (PSYCHOGRAPHIC PROFILE)
It is important to understand that the descriptors shown in figure 3 are only illustrative examples of those most commonly used. The number of other possible descriptors that may be appropriate is limited only by the imagination of the manager and his or her judgment of the extent to which selected descriptors successfully delineate potential client groups for which unique marketing mixes can fruitfully be developed.

Often, a clientele is likely to be most effectively subdivided by using several descriptors in combination rather than one alone. Although single-descriptor segmentation is easier than using multiple descriptors, it sacrifices precision for simplicity. For example, the clientele for a recreation center may be subdivided on the basis of age, frequency of center use, and neighborhood of residence, using a sociodemographic, a behavioral, and a geographic descriptor. This approach better enables the agency to develop marketing mixes precisely tailored to the needs of particular segments. In the past, such combinations of descriptors have had to be developed intuitively, and for some park and recreation managers logic and judgment will remain the primary approach. However, others may seek to take advantage of the relatively sophisticated methods of research and data analysis now available. A series of quantitative clustering techniques, the most popular of which is probably factor analysis, are being used with increasing frequency. They process empirical data and produce configurations of benefits and/or market descriptors.

There are no foolproof formulas for determining which descriptors are likely to be most useful for segmenting a particular market. The process can be aided by research information, but selecting appropriate descriptors is still more art than science. Management experience and judgment will remain the most useful tools for making the selection decision. The following illustrative examples of how some of the more common descriptors have been used are intended to give managers insight into their appropriateness and application.

**Geographic Descriptors**

As figure 3 illustrates, neighborhood, city, county, and region are examples of geographic boundaries commonly used as segmentation descriptors. There are limits to how far different client groups are prepared to travel for particular kinds of services. Consequently, travel time or distance related to geographic boundaries can serve as useful variables for identifying potential client groups. Sometimes zip codes may be used rather than a physical boundary. Each of the 36,000 zip codes in the United States contains approximately 2,000 households.

Geographic descriptors alone, however, usually do not give the detail necessary for planning a marketing strategy. Further descriptors are generally required to define useful segments. Fortunately, in urban areas especially, people with similar lifestyles, demographics, and needs frequently tend to cluster together geographically, so using additional descriptors within broad geographic areas is likely to be fruitful in better defining a segment.
Sociodemographic Descriptors

Sociodemographic descriptors probably are used more frequently than geographic or behavioral descriptors for segmenting a clientele into smaller, relatively homogeneous potential client groups. Their popularity is mainly attributable to the ease with which they can be identified and measured.

Curtis (1980) provides a good example of segmentation using sociodemographics in his description of how the City of New Rochelle, New York launched its City-Fit program in an effort to develop widespread fitness and wellness:

From the beginning, it [was] acknowledged that no city agency ever confronts or serves any one population. There is no one population in any city, but rather a mix of ethnic, racial, sex, religious, economic and cultural clusters of people which divide, subdivide, fuse, and break off depending upon the time, circumstances, and subject at hand. Herein lies one of City-Fit’s strengths—its acknowledgment of the population pluralism that characterizes most communities (Curtis 1980:32).

Twelve market segments were delineated and selected as target markets. They were:

- Young children uninterested in athletics or fitness
- Housewives confined to household chores
- Business executives/weekend athletes
- Instant arousal people (police, fire, ambulance staff)
- Adolescents (inactive, mildly obese)
- Unemployed adults
- Handicapped people
- Convalescents recovering from illness or surgery (such as post-cardiac, post-colostomy)
- Alcoholics and drug addicts attempting to rehabilitate themselves
- College-age students
- The elderly
- Sedentary office works (typists, clerks, letters, and receptionists)

Clearly, a conventional, standardized physical fitness program aimed at "the average user" would have been unlikely to attract many individuals from these groups. City-Fit recognized that each group required a unique marketing mix.

A physical fitness offering (the product) was tailored specifically to each of the twelve target markets, reflecting differences in the benefits sought from the program and the existing physical abilities of group members. Each target market had a different ability to pay (compare, for example, business executives, sedentary office workers, and the elderly) so the price charged each group for the offering differed. Accessing and communicating to the different target markets will require the use of different promotional channels. The promotional message is likely to vary, reflecting the different benefits each group seeks from the program. Finally, distribution will need to reflect the different ability of these groups to travel to where the program is offered, and the time they have available. Curtis (1980:33) emphasizes the effort made in distributing
would be noted, and ways in which one species might be dependent upon others for survival would be discussed. *Average learners* would identify plants and animals observed (and speculate about those present but unobserved) in a woodlot and then incorporate these into a “pyramid of life.” Concepts of ecological niches, natural succession, and the consequences of human intervention would be discussed. After identifying and discussing characteristics of various plants and animals found in a woodlot, *gifted learners* would consider their presence in light of humanity’s moral and ethical responsibilities as “custodian” of the planet. How does contemporary America differ in its approach to conservation from other present-day cultures and those existing during other times? What implications are suggested for the future of our environment? A common learning objective is appropriate to all: to enhance the students’ knowledge of the concept of environmental interdependence. However, the means through which this is attempted varies with the learning ability of the target group.

By encouraging participants to associate with others of similar abilities, the level of clientele satisfaction is likely to be improved, as compared with the satisfaction derived from offering the same product or experience to each group.

**Level of Specialization.** It has been suggested that benefits sought can be ordered on a continuum from the most general to the most specific (Harry et al. 1972). Users seeking more general benefits are more likely than persons seeking very specific benefits to accept substitutable activities or environments through which they can satisfy their recreation desires.

Much of the work developing the notion of level of specialization has been done by Bryan (1979). He uses the term “recreational specialization” to refer to a continuum of behavior from the general to the particular reflected by equipment and skills used in the sport and activity setting preferences. . . . At one end of the continuum is the person who devotes or limits interest to some special branch of the sport. At the other end is the person who has more general recreational interests (Bryan 1979:29).
EXAMPLES OF DIFFERENT LEVELS OF SPECIALIZATION

Levels of Specialization in Hiking and Backpacking

HIGH SPECIALIZATION
- Off-Trail Hikers, Backpackers
- On-Trail Distance-Hikers, Backpackers
- Day-Hikers, Over-nighters, Weekenders

LOW SPECIALIZATION

Levels of Specialization in Skiing

HIGH SPECIALIZATION
- Ski Bums
- Performance Skiers
- Recreational Skiers

"Arm-Chair, Weak-Kneed Novices"

LOW SPECIALIZATION

From Bryan 1979.
Examples of target markets in hiking and skiing delineated by level of specialization are shown in figure 4. In hiking, for instance, Bryan suggests that newcomers to the activity may start as day-hikers, overnights, or week- enders. Little equipment is required and the pace or amount of exercise is not a prime concern. More established hikers seek to cover as much ground as possible using existing trails and to match themselves against the elements. Very specialized hikers are likely to be backpackers who place greater emphasis on experiencing the wilderness, enjoy the challenge of blazing their own way, and consequently move away from the established trails.

The number of people participating in any particular type of activity is likely to be skewed toward the more generalist end of the continuum. For example, there are likely to be more pick-up basketball players who shoot baskets than there are participants in highly specialized competitive leagues.

Again, because target markets are likely to seek different benefits, the nature of the product which is preferred by markets at alternate levels of specialization will be different. Further, those seeking more specialized products are likely to be willing to pay a higher price; to invest more time, effort, and money in travelling to obtain the product they seek; to be exposed to different communication media; and to be responsive to different kinds of promotional messages.

**Lifestyle.** This type of descriptor seeks to identify potential client groups on the basis of their lifestyles. Its emergence is directly attributable to the increased availability of statistical clustering techniques and advances in data-processing capability. Lifestyle descriptors

measure people's activities in terms of (1) how they spend their time; (2) their opinions, what they place importance on in their immediate surroundings; and (3) their opinions in terms of their view of themselves and the world around them (Plummer 1974:33).

The basic premise underlying the use of lifestyle descriptors is that the more that is known and understood about a potential clientele, the more effective will be marketing and especially communication efforts. Sociodemographics give only limited information about client's behavior. Lifestyle patterns seek to draw more recognizable ‘live’ human portraits of consumers.

The most widely used approach to lifestyle measurement and segmentation has been to use A.I.O. (activities, interests, and opinions) item statements on a questionnaire. Typically, respondents are asked to respond to each item on a five-point scale ranging from strongly disagree to strongly agree. Lifestyle items can be divided into two types: general items, which relate to general aspects of lifestyle, and service-specific lifestyle items, which are concerned only with those dimensions of an individual’s lifestyle that may have some bearing on the service offering. Experience has suggested that service-specific items are much more useful for identifying potential client groups. Gray (1981), for example, used service-specific lifestyle items to delineate market
segments in a golfing population. Fifty A.I.O. items were used on the question-
naire and statistical clustering techniques were used to segment golfers. Typical
segments which emerged were “devoted golfer,” “practice-range golfer,”
“chauvinistic golfer” and “easy-course golfer.” The items which character-
ized each of these segments are shown in figure 5.

FIGURE 5

A Sample of Lifestyle Segments Among Public-Course Golfers

“DEVOTED GOLFER”
Golf has helped me to become a better person.
Golf is an important part of my business life.
I think golf is a way of life.
Golf has a high priority in my life.

“PRACTICE-RANGE GOLFER”
When I am in a slump I ask for help.
It is important for my game that I hit some balls on the practice range.
I would take lessons from a golf pro to improve my game.

“CHAUVINISTIC GOLFER”
I think that members of the opposite sex are a nuisance on the golf course.
I think that members of the opposite sex make too much noise on the golf
course.
I do not prefer playing golf with the opposite sex.
I think duffers are a nuisance on a golf course.

“EASY-COURSE GOLFER”
I prefer to play on golf courses which are not too difficult.
To me a good course does not have too many hazards.
I prefer golf courses where the rough is cut short.

Adapted from Gray 1981

Although the level of sophistication needed to use lifestyle descriptors is
considerable, such a perspective often provides fresh insights into a clientele.
This approach is particularly useful if an agency is going to engage in extensive
promotion, especially paid advertising, since it offers guidance for developing
messages to which targeted segments are most likely to respond.
Selecting Target Markets

To this point, the focus of the paper has been upon identifying potential target markets with relatively homogeneous wants and preferences. After such markets have been identified, the task changes to addressing the question, "How are the agency's resources to be allocated among the segments?" There are three strategies that may be adopted in selecting target markets. These three strategies, called undifferentiated, differentiated, and concentrated, are illustrated in figure 6.

Figure 6

Three Strategies Available for Selecting Target Markets

Undifferentiated Strategy

Differentiated Strategy

Concentrated Strategy

Shading represents the potential client group(s) selected as target markets.
Undifferentiated Strategy

Providing different services for the various potential client groups may not always be the best approach. There may be a few occasions when a single marketing mix can effectively service everyone. An undifferentiated strategy means that a single marketing mix is developed and offered to all the identified potential client groups. It emerges after the agency has reviewed differences between potential target markets and concluded that the common needs of all these markets are greater than the variations in wants and preferences that differentiate them. Too often, however, an undifferentiated approach toward service delivery has emerged by default, reflecting a failure to consider the advantages of target marketing, rather than as an analytical, judicious response that has led to the conclusion that the benefits sought by all segments can be effectively delivered by a single marketing mix.

Differentiated Strategy

Using a differentiated strategy, an agency develops two or more marketing mixes, each tailored to a particular target market. This strategy enables an agency to adapt its services to the wants of particular client groups. Curtis adopted this strategy in the City-Fit campaign described earlier in the paper.

Concentrated Strategy

If an agency lacks the resources to service several segments with a differentiated strategy, it may elect to pursue a concentrated strategy, which means that it focuses on only one client group. For example, a rock concert is likely to meet the needs of only one particular segment of the total market. Hence, an attempt to promote a rock dance to all citizens would probably be less successful than a promotional and pricing strategy directed specifically at that target market.

It is essential that the concentrated strategy is not exclusionary. The courts are unequivocal in recognizing that once a municipality undertakes to provide a service, that service must be made available to all residents who are eligible for it. For this reason, and because of the belief that “government should serve everybody,” there will often be pressure for the agency to adopt a compromise undifferentiated strategy aimed at the lowest common denominator in preference to a concentrated strategy that directs the resources only at one specific segment. Given a set of different services, however, it is likely that the needs of more people will be optimally met if concentrated strategies directed at priority target markets are adopted than if all services adopt an undifferentiated approach.
The Dilemma in Selecting Target Markets

In the private sector, organizations usually give priority to developing those target markets most likely to be responsive to particular offerings. However, park and recreation agencies seeking to service multiple potential target markets by using a differentiated strategy face a dilemma. Which potential target markets should be given service priority? Is the agency to act like a private organization and ignore those segments likely to be least responsive to service offerings? If the role of the public agency is to facilitate delivery of a particular service to as many constituents as possible, and to complement the private sector, then in many cases public sector agencies may be required to concentrate efforts on the least responsive segments, leaving the more responsive segments to other agencies.

The development of marketing mixes aimed at relatively unresponsive target markets is a problem unique to marketers in public agencies. Indeed, the most critical question facing park and recreation agencies often is not how to develop marketing mixes to service relatively responsive target markets optimally, but rather what strategies may be most useful for attracting those who are apathetic, disinterested, or reluctant to use service offerings.

Park and recreation agencies have limited financial resources, which means that they are required to address the dilemma of who should be given priority in service delivery. The resolution of the dilemma is dependent upon how an agency interprets what constitutes a "fair" allocation of resources. In an era of continually declining budgets, this issue is likely to become increasingly prominent in the parks and recreation field.

REFERENCES


