



Unterrichtsmodul:

Market Orientation

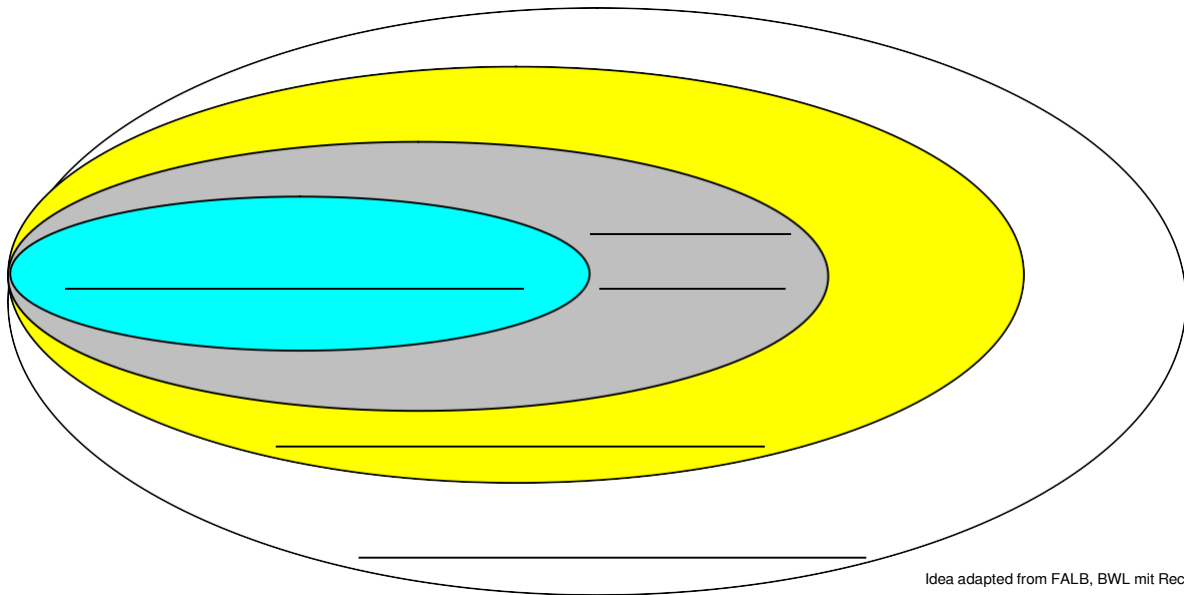
MARKET ORIENTATION

In order to finance your studies, you're planning to work on a temporary basis during your summer break at the day nursery called the *Kinderpavillon*. The *Kinderpavillon* is struggling financially and is still in the red one year after its opening. Your boss knows about your economic expertise and asks you to come up with suggestions on how the *Kinderpavillon* could improve its overall situation.

TASK 1: Market size for a product

- Match the terms to the most suitable definition in the box below.
- Then write the terms into the respective circles.

market potential (Marktpotential)	actual sales of a company in a market with respect to that product
market volume (Marktvolumen)	maximum share of the market volume a company believes it could possibly achieve with respect to that product
sales potential (Absatzpotential)	actual market demand for a product, actual sales of a certain product on a market
sales volume (Absatzvolumen)	maximum market capacity for a product, maximum sales that can possibly be reached under optimum conditions, turnover all suppliers can reach together



Idea adapted from FALB, *BWL mit Rechnungswesen*,
Bildungsverlag EINS, 2003, S. 345

The _____ of a product is/are the _____.

TASK 2: How can the market share of a company be defined? (Use terms from the box above.)

$$\text{market share} = \frac{\text{_____}}{\text{_____}} \times 100$$



TASK 3: Work out the according figures of the market for the Kinderpavillon! Then explain the terms in the box to your boss!

The *Kinderpavillon* is situated in a town with 250,000 inhabitants. There are 8,000 pupils in primary schools. 40% of these pupils could take advantage of a day nursery as both their parents go to work. When a pupil would be booked full time (including lunch) in a day nursery the cost per month and pupil would be on average 140.00 €

The catchment area of the *Kinderpavillon* is the Northeast of the town (next to an industrial area) where about 250 children need to be looked after. As not all parents book the day nursery every day, the costs average a total of 80.00 € per month.

The *Kinderpavillon* thinks it could cater for 40 children with their workforce (4 nursery school teachers, 1 manager) and facilities. They could offer long booking hours (all the members of the staff are still single and very flexible) which would lead to costs of about 120.00 € per child and month.

In fact the *Kinderpavillon* has only 20 children, whose booking hours lead to an average of 70.00 € a month.

market potential	
market volume	
sales volume	
sales potential	

TASK 4: Market research

In order to find out whether there is a demand for a product and/or what kind of consumers are interested in a specific product, a company has to research the market. Companies conduct **market research** to find out what people think about them and their products. They also try to establish what needs or desires a particular target group may have and how willing they will be to pay for a particular product or service.

This may involve **desk research** (Sekundärforschung) via statistics or newspaper articles and **field research** (Primärforschung) where a company tries to obtain certain kinds of information on its own (telephone questioning, surveys etc.). The data is original and collected for a specific purpose, or to solve a specific problem. It is expensive, and time consuming, but is more focused than secondary research. Desk research, however, is relatively cheap, and can be conducted quite quickly.

For you, it's really paying off now that you have subscribed to the magazine *Handelsblatt*. There is an article you find quite useful for market research. Conduct some desk research for your boss and skim the *Handelsblatt* article. Find ideas in the article that might help to improve the overall situation at the *Kinderpavillon*?

The article can't be printed here due to copyright issues. You can find the article (published on 19 March 2007) online by typing the following terms into a search engine:

Handelsblatt kinderleichter Markt

TASK 5: Market segmentation

To get a product or service to the right person or company, a marketer would firstly segment the market, then target a single segment or series of segments, and finally position within the segment(s).

Segmentation is essentially the identification of buyers within a market who share similar needs and who demonstrate similar buyer behavior. The world is made up from billions of buyers with their own sets of needs and behavior. Segmentation aims to match groups of purchasers with the same set of needs and buyer behavior. Such a group is known as a 'segment'. Think of your market as an orange, with a series of connected but distinctive segments, each with their own profile.

There are many ways that a segment can be defined.

- by **geography** - such as where the buyer lives/product is sold
- by **psychographics** - such as lifestyle, personality, beliefs of the buyer.
- by **socio-demographic factors** - such as class, income, profession, age and gender of the buyer

A company will evaluate each segment based upon potential business success. Opportunities will depend upon factors such as: the potential growth of the segment, the state of competitive rivalry within the segment, how much profit the segment will deliver, how big the segment is.

Based on the *Handelsblatt* article, define the market segment for the customers of the *Kinderpavillion*.

TASK 6: Group discussion

In groups, discuss different approaches the company could follow in the different departments in order to take hold on the child care market. Write your ideas on the arrows! Then present your ideas to the class!

