Songwriters have also had to become bootstrapping entrepreneurs in the highly competitive music industry. "After three years of writing songs professionally, I noticed an opportunity to increase my chances of getting songs cut by artists," said Ben Cooper, songwriter and producer. Most songs that get picked up by artists are professionally produced. However, technology has developed to the point that a home studio recording can reach almost the same quality as any professional studio found in New York, Los Angeles, or Nashville. "I decided to buy a textbook on home recording techniques, and I invested a few thousand dollars in a good setup," says Cooper. "After I spend time with another songwriter composing the song, the other songwriter goes home while I work a few extra hours polishing our demo recording. Even though I'm spending the additional time, I'm saving hundreds of dollars per song by not paying other musicians to record. By the end of each year, I'm able to have up to 10 times as many fully recorded songs as the next songwriter."

1. Even though the music industry has gone through tremendous change, there are still opportunities in this industry. Explain.
2. Assume that you or your friends have a band. How would you develop a plan to enter and succeed in today's music industry?

Sources: Mark Mulligan, "Why the Music Industry Must Change Its Strategy to Reach Digital Natives," Mashable, February 04, 2011, *http://mashable.com/2011/02/04/music-industry-digital-natives*; "A Change of Tune," *The Economist*, July 5, 2007, *www.economist.com/node/9443082*; Jeff Price, "The End of the New Music Industry Transformation; How Technology Destroyed the Traditional Music Industry," *ArtistCore*, September 14, 2012, *http://artistcore.blogspot.com/2012/09/the-end-of-new-music-industry.html*.

Market Diversity: Pinpointing the Target Market

2.

Explain how small businesses can pinpoint their target markets.

One of the first steps in building a marketing plan is identifying a small company's **target market**, the group of customers at whom the company aims its products and services. The more a business learns from market research about its local markets, its customers, and their buying habits and preferences, the more precisely it can focus its marketing efforts on the group(s) of prospective and existing customers who are most likely to buy its products or services.

ENTREPRENEURIAL PROFILE: Jonathan and James Murrell: Candygalaxy.com Jonathan and James Murrell have launched several online stores, but **Candygalaxy.com**, an online candy store specializing in bulk and nostalgic candy used for events and parties, is their most successful online store to date. They sell specialized, hard-to-find candy to professional event planners, moms planning parties and corporate clients. For example, if a customer wants to plan an event around a certain color scheme, Candygalaxy.com can offer them an assortment of bulk candy in the specific colors being used for their event. Enter "pink" into their search engine, and two pages of pink-colored candies are displayed, ranging from pink M&Ms and pink lollypops to pink Gummy Bears and pink candied almonds. Candygalaxy.com has many repeat customers who know they can find exactly the candy they are looking for through this online retailer.[4]

Unfortunately, most marketing experts contend that the greatest marketing mistake that small businesses make is failing to define clearly the target market to be served. Too many entrepreneurs identify a new product they would like to offer and then try to find a market for their product. Instead, it is always best to start with a target market that has a specific "pain point"—that is, a need or a want that no business is fulfilling. "It is amazing how many people assume they know what customers want without actually asking customers," says Hunter Phillips, CEO of PRSM Healthcare in Nashville, Tennessee. "Present it as you are trying to solve a problem for them. Remember, this is about their needs rather than your idea."

Failing to pinpoint their target markets is especially ironic because small firms are ideally suited to reaching market segments that their larger rivals overlook or consider too small to be profitable. Why, then, do so many small businesses fail to pinpoint their target markets? Because identifying, defining, and researching a target market requires market research and a marketing plan, both of which involve hard work! The result is that these companies follow a sales-driven rather than a customer-driven marketing strategy. To be customer driven, an effective marketing strategy must be based on a clear, well-defined understanding of a company's target customers.

A "one-size-fits-all" approach to marketing no longer works because the mass market is rapidly disappearing. Much of this change is a result of how people get information about products and services. Technology is replacing the power of **mass marketing**—where companies find products and services that appeal to an entire market—with the power of online word of mouth and social media, which creates many much smaller niche markets. In his book *The Long Tail*, Chris Anderson offers evidence that suggests that this has made a fundamental shift in how businesses think about the customers to whom they market and how they provide them with goods and services. "Now, with online distribution and retail, we are entering