Types of Consumer Markets

Business markets are defined by the buyers within them. In addition to targeting specific types of consumers or segments of a particular marketplace, businesses can tailor their products and services to different types of macro marketplaces. You can sell the same product or service differently in various markets by modifying what you offer, your pricing, promotional strategies and distribution channels.

1. Business to Business (B2B)

B2B- as the name suggests is a business model which facilitates business transactions from one company to the other. Like an engineering equipment manufacturing company which provides equipment to the Construction Company. When you sell to other businesses, you are participating in the business-to-business market. The B2B marketplace requires a greater emphasis on customer education and proof of benefit than on desirability, status or other emotional sales pitches. Business-to-business selling often consists of garnering larger orders from fewer customers, with more personal interaction, rather than advertising and promotions, necessary. Within the B2B market are subsets of the marketplace focusing on the sale of industrial products, consulting services and financial services.

Industrial

The industrial market consists largely of companies transacting business in hard goods such as machinery, materials, chemicals, vehicles and office furniture and supplies. The buyers are often manufacturers; the sellers are known as suppliers. Suppliers must be experts in their product or service and the market overall. They often use a consultative selling approach to partner with customers, helping them solve problems or meet specific business goals.

Professional Services

Another subset of B2B is professional services, which consists of providing consulting or delivery of business needs such as marketing, information technology, human resources, benefits planning, management consulting and payroll. Some commercial services, especially those involving information technology systems, include the sale of hard goods such as computers and software. Many solo entrepreneurs offer professional services as consultants, while firms might group a variety of services -- such as advertising, public relations, promotions and media buying -- under one roof.

Financial Services

One area of the commercial services market deals with selling of financial services. This can include banking, insurance, commercial credit and lending, tax planning, investments and asset management and consulting publicly traded companies. Financial services professionals are often highly trained, certified, licensed or bonded.
Financial services providers often must follow specific government rules and regulations.

2. Business-to-government (B2G)

**Business-to-government (B2G)** is a derivative of B2B marketing and often referred to as a market definition of "public sector marketing" which encompasses marketing products and services to various government levels - including federal, state and local - through integrated marketing communications techniques such as strategic public relations, branding, marcom, advertising, and web-based communications.

B2G networks provide a platform for businesses to bid on government opportunities which are presented as solicitations in the form of RFPs in a reverse auction fashion. Public sector organizations (PSOs) post tenders in the form of RFPs, RFIs, RFQs, Sources Sought, etc. and suppliers respond to them.

Government agencies typically have pre-negotiated standing contracts vetting the vendors/suppliers and their products and services for set prices. These can be state, local or federal contracts and some may be grandfathered in by other entities (i.e. California's MAS Multiple Award Schedule will recognize the federal government contract holder's prices on a General Services Administration Schedule).

There are multiple social platforms dedicated to this vertical market and they have risen in popularity with the onset of the ARRA/Stimulus Program and increased government funds available to commercial entities for both grants and contracts.

Working with governments provides a variety of opportunities and challenges. A contract with a municipal, state or federal agency means having a solid client that will honor its obligations and pay you on time. Getting these contracts usually requires filling out lengthy bids, showing proof of your corporate status and agreeing to follow other business practices government agencies require. In some locales, bidders for government contracts must meet requirements that include at least partial ownership of the company by a minority. Even a landscaping or janitorial contract for a local city hall or school can take months to secure.

3. Business to consumer market (B2C)

**B2C**- A Business to consumer model, usual one where the online retailers sell directly to the consumers. The Retail Market comprises of the Supermarkets, Departmental Stores, Food Chain Outlets, Specialty Stores and Franchise Sores. This type of Consumer Market is discovering new business opportunities with each passing day because of the rapidly changing lifestyle and spending pattern of the people. Even in the suburban areas and in small towns, Departmental Stores are coming up from the big retail chain houses as westernized lifestyle and western culture is making their presence felt all over the world. This type of market generates low profit margins but has high growth potential. To utilize this growth potential, companies need to modify their business activities in accordance with the changing lifestyle and changing consumption trends of the customers. If the customers receive enough value for money, only then they will be loyal to the brands and will make repeated purchase.
Consumer Products Market

Durable Goods:

This market comprises of the markets for different consumer products. This includes market for consumer durables, FMCG (Fast Moving Consumer Goods), consumer electronic goods, domestic electrical appliances, cosmetics, jewellery, furniture, air conditioners, bicycles and apparels.

In Consumer Products Market aggressive marketing is required because the customers of consumer product market lack in loyalty and tend to shift from one brand to another very quickly. The consumer products market is characterized by high level of competition among the sellers. The companies are continuously engaged in modification of business models and business activities to match up with the changing consumer needs. Moreover, the norms of WTO (World Trade Organization) is resulting in various mergers, alliances and tie-ups among the companies. The companies are being compelled to go for these alliances to remain competitive and to exist in the market because, losing the competitive edge will ensure complete market exit.

Food and Beverages Market

This market consists of the sub-markets like markets for dairy products, bakery products, packaged food products, Beverages, Confectionary, Beer, Alcohol, meat and poultry products. This type of Consumer Market is full of growth opportunities because of changing lifestyle of present era. Consumer Awareness and Brand Loyalty of customers help this market to grow to a different high.

Transportation Service Market

This type of Consumer Market consists of Postal Services, Courier Services and Logistic Services. Transportation Service Market is generally dominated by a large no. of medium and small enterprises and a few no. of large enterprises. Companies in this type of market essentially require brand name and strong distribution network and significant amount of capital investment. With emergence of technology based advanced facilities like e-commerce and with the increasing use of internet, new horizons are opening for this type of market. The companies can utilize the advantages of reduced costing, improved customer relationship and accelerated movement of materials and can go for strategic tie ups with international business houses. This way, they can make proper use of the new business opportunities which has been generated by the rising level of Foreign Direct Investment and Economic Growth around the world.

4. Consumer to Consumer (C2C):

Customer to customer (C2C) is a business model that facilitates an environment, usually online, where customers can trade with each other. Two implementations of C2C markets are auctions and classifieds. C2C marketing has soared in popularity with the arrival of the internet, as companies such as eBay and Craigslist have fostered greater interaction between customers.
At its most basic level, C2C represents a market environment where one customer purchases goods from another customer using a third-party business or platform to help facilitate the deal. C2C businesses are a new type of model that has arisen with e-commerce technology and the sharing economy.

The C2C marketplace has increased over time as more companies have entered the space to facilitate C2C transactions. Many companies target niche markets to list specific products and attract unique consumers.

The C2C market is projected to grow in the future because of its cost-effectiveness. The cost of using third parties is declining and the amount of products for sale by consumers is steadily rising. Retailers see it as a very important business model, given consumers' growing use of social media and other online channels. These channels showcase specific products already owned by consumers and increase demand, which drives increased online traffic to C2C platforms.

However, C2C has some issues, such as lack of quality control or payment guarantees. There's also the occasional difficulty in making credit card payments. The rise of PayPal and other payment systems over the years has helped eliminate the latter problem.

C2C is a category of e-commerce which allows consumers to interact with each other. This model of e-commerce facilitates transactions of products or services between consumers. In business to consumer model, a consumer approaches a business to purchase goods or services. In C2C model, the business provides a platform where consumers can sell products or services to each other. The main goal of C2C is to help buyers find sellers. This benefits both the parties. A buyer finds a product or a service which would have otherwise been hard to find and a seller benefits by selling the product or a service. The platforms for such transactions are usually provided by third parties, which act as intermediaries between the sellers and buyers. For instance, online portals such as eBay facilitates sellers to post their goods or services online that is available for consumers to purchase. In such transactions, the third party may charge a transaction fee or commission. Products sold on these websites can be new or second hand.

The proliferation of Internet services across the world and the significant increase in the use of smartphones can be attributed as major factors to facilitate the C2C e-commerce market growth. Users can sign-up on online portals providing C2C services and begin to buy or sell desired products or services. The reduction in the costs of these products and services, due to the absence of middlemen, wholesalers and retailers involved in the transaction has further aided to the growth of global C2C e-commerce market. Moreover, sellers are no longer restricted to local regions and can reach national and international audiences. Furthermore, the need of capital investment on outlet stores is eliminated and the inventory costs are reduced. This enables the sellers to sell their products at higher prices and at the same time buyers
can purchase them at comparatively cheaper prices. Also, the convenience associated with this model with regards to ample choices available to buyers is an advantage for the subscribers of such portals. The advent and increasing popularity of online payment systems is expected to fuel the growth of C2C e-commerce, globally. However, Internet frauds and identity threats, absence of payment guarantees are the hurdles in adoption of these services. C2C websites have no control over the quality of goods being sold on them as they only act as intermediaries. The possibility of illegal or pirated products sold through such websites is a threat to the C2C market.

On the basis of source of revenue, the C2C e-commerce market can be broadly segmented into classifieds and auctions. Classifieds can be further segmented into products and services. In terms of geography, C2C e-commerce market is segmented into North America, Europe, Asia Pacific, Middle East and Africa (MEA) and Latin America. North America is one of the leading regions in the global market because of high penetration of Internet and a large number of smartphone users. Asia Pacific is expected to witness rapid growth in the coming years due to the rise in Internet and smartphone users, mainly in China and India.

The key players in the C2C e-commerce market include eBay Inc, Amazon.com, Inc., Craigslist, Inc, Taobao.com, OLX, Inc, Quikr India Private Limited, uBid.com, Auctions.com and Airbnb, Inc.

5. Consumer to business C2B:-

Consumer-to-business (C2B) is a business model in which consumers (individuals) create value and businesses consume that value. For example, when a consumer writes reviews or when a consumer gives a useful idea for new product development then that consumer is creating value for the business if the business adopts the input. Excepted concepts are crowd sourcing and co-creation.

C2B model, also called a reverse auction or demand collection model, enables buyers to name or demand their own price, which is often binding, for a specific good or service. The website collects the demand bids then offers the bids to participating sellers.

Another form of C2B is the electronic commerce business model in which consumers can offer products and services to companies, and the companies pay the consumers. This business model is a complete reversal of the traditional business model in which companies offer goods and services to consumers (business-to-consumer = B2C). We can see the C2B model at work in blogs or internet forums in which the author offers a link back to an online business thereby facilitating the purchase of a product (like a book on Amazon.com), for which the author might receive affiliate revenues from a successful sale. Elance was the first C2B model e-commerce site.

C2B is a kind of economic relationship that is qualified as an inverted business type. The advent of the C2B scheme is due to:
- The internet connecting large groups of people to a bidirectional network; the large traditional media outlets are one-directional relationships whereas the internet is bidirectional.
- Decreasing costs of technology; individuals now have access to technologies that were once only available to large companies (digital printing and acquisition technology, high performance computers, and powerful software).

Consumer to business, something as simple as selling used goods to a company which will improvise it and sell it at a better price. C2B business models include reverse auctions, in which customers name the price for a product or service they wish to buy. Another form of C2B occurs when a consumer provides a business with a fee-based opportunity to market the business's products on the consumer's blog. For example, food companies may ask food bloggers to include a new product in a recipe, and review it for readers of their blogs. YouTube reviews may be incentivized by free products or direct payment. This could also include paid advertisement space on the consumer website. Google Adwords/Adsense has enabled this kind of relationship by simplifying the process in which bloggers can be paid for ads. Services such as Amazon Affiliates allow website owners to earn money by linking to a product for sale on Amazon.

**Characteristics of Consumer Markets**

Characteristics of consumer markets can include demographic traits like age and income. The consumer market pertains to buyers who purchase goods and services for consumption rather than resale. However, not all consumers are alike in their tastes, preferences and buying habits due to different characteristics that can distinguish certain consumers from others. These particular consumer characteristics include various demographic, psychographic, behavioralistic and geographic traits. Marketers usually define these consumer characteristics through market segmentation, the process of separating and identifying key customer groups.

**Demographic Characteristics**

Characteristics of consumer markets based on demographics include differences in gender, age, ethnic background, income, occupation, education, household size, religion, generation, nationality and even social class. Most of these demographic categories are further defined by a certain range. For example, companies may identify the age of their consumers in the 18 to 24, 25 to 34, 35 to 54, 55 to 65, and 65+ age groups. Companies often identify these demographic characteristics through market research surveys used to discover which demographic groups comprise the majority of their customer base. Companies can then target their advertising towards these demographic groups. For example, a new cell phone may be targeted toward 18 to 24-year-olds with incomes between $25,000 and $50,000.

**Psychographic Characteristics**

Consumer market characteristics can also be psychographic in nature. Psychographic characteristics of consumers include interests, activities, opinions, values and attitudes.
Obviously, many magazines are geared toward a consumer's interest. For example, prenatal magazines target expectant mothers who are interested in learning more about caring for a baby. Additionally, consumer activities can include participation in martial arts or basket weaving. Opinions and attitudes can be both specific or general. A company may better understand consumer opinions and attitudes after conducting a focus group, and can use that information to tailor advertising or marketing campaigns. Consumer values can pertain to how a group of individuals feels about certain social issues, which can be of interest to nonprofit or charitable organizations.

**Behavioralistic Characteristics**

Behavioralistic characteristics can also be garnered through marketing research. Behavioralistic characteristics of consumer markets include product usage rates, brand loyalty, user status or how long they have been a customer, and even benefits that consumers seek. Companies like to know how often their consumers visit their restaurants, stores or use their products. Company marketing departments usually try to distinguish between heavy, medium and light users, whom they can then target with advertising. Marketers like to know which customers are brand loyalists, as those consumers usually only buy the company's brand.

**Geographic Characteristics**

Consumer markets also have different geographic characteristics. These geographic characteristics are often based on market size, region, population density and even climate, according to the article "Market Segmentation" at netmba.com, a online business reference site. A small retailer may find opportunities in a small market in which larger competitors have no interest. Companies that sell beachwear will likely sell more products in warmer climates. Consumers in different regions of the country also have different tastes in food and style.

Consumer Markets of today are experiencing rapid changes and is flooded with new opportunities and new challenges. The significant changes in the consumers' buying behavior, urbanized lifestyle and growth of service sector are the main reasons behind the changed scenario in the consumer market.