

Target Markets - a Must!

11/14/05

I am having trouble deciding who I should gear my marketing and advertising toward. Up until now I have tried to get everyone to buy my products. I don't want to exclude any potential business. Does it make sense to have a target market? How do I find the best target market for my business and where do I go from there?

Yes, you do need to define your target market, for several reasons. First, your budget for advertising and sales is never big enough to reach everyone. Second, bigger competitors can afford to advertise in greater quantity, to more people, which means you'll get run over everywhere. You have to out-perform the big companies by selecting niche areas or targeted markets. How do you do that? You focus on buyers who are most likely to be interested in your products. You figure out where those buyers "hang out", figuratively speaking, by defining how and where they get their information, and who they turn to for expert advice. Figure out what they believe in terms of how your product helps with the time / money / effort equation. That way, once you find out where your next potential buyer hangs out, you can offer a persuasive message to which they will be likely to pay attention.

Targeting is a chicken and egg problem. If you can't define your ideal customer, or why your ideal

customer would be interested in you, you don't know how to direct your advertising strategy. If you aren't focused in your marketing and advertising, you are less likely to attract the right customers. Conversely, if you put in the time to define your ideal customer, you can then more easily figure out how to reach them. Figuring out who are your least favorite customers will help you define who you want to avoid, or send to your competitors. Some of the work you do to target may also lead to product innovations. As you get clear about what your customers want, you may end up changing or adapting your product or service to meet a demand you hadn't seen before.

Let's get down to some practical advice on targeting. Visualize your ideal customer. Think of a specific customer or group of customers, who have been especially appreciative, willing to pay, easy to deal with, and made the best use of your product or services. Got a good picture of them in your mind? Great! Now, see everything you can about them: what they want, how they think, how they live. Are they spenders or savers, athletes or couch potatoes, urbanites/suburban baseball dads or country folk? How old are they? How much money do they make? What's their education level and family status? Where do they live? How big is their company, if you're selling b-to-b,

and are they working for a start up, established business, or a major corporation? How do they think: are they cutting edge or old school? Now that you have a clear picture of who they are, you can start looking for more people just like them. For basic demographics, any business library will have reference books. For business information, try D&B on-line, as well as other corporate reference sources and books from the library.

Want to go deeper? You can use surveys and focus groups to learn more about your ideal client's beliefs and behaviors. How loyal are they, what do they respond to, what are their cost parameters, what buying and behavior habits drive them to you? How frequently do they use your product, what patterns of activity cause them to come across your path regularly? There are simple survey sources on the internet, and experienced focus group companies that can guide you through an elaborate process. You need to define the amount of time and money you're willing to spend to learn about your target customer. Then use your budget in stages, to learn more and more about your ideal client.

So what do you do with the information you gather? First step, build a customer profile. Re-examine that profile with some of your best customers. Ask them to help you refine your picture, by

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comparing it to their own picture of themselves. Once you have a profile you trust, use it when making decisions about what products or service to offer, when, where and how often to advertise, what to charge for products. You can even use a customer profile to help you shape your expansion plans, by figuring out the potential size and buying inclination of your target market.

One of the best ways to use a customer profile is to appear as though you can anticipate your customer needs. There is no better compliment than to hear from a customer, "They seem to come up with exactly what I need, before I even know I need it." Certainly, you can track trends and needs by staying in touch with customers through informal face-to-face gatherings, in-store surveys, direct mailings, business reply cards, email inquiries, customer feedback loops, information blasts, and feedback requests on the website.

Picking your shots in marketing is one of the smartest things you can do. You increase the payoff of every marketing dollar you spend, by spending in markets where you have a better than average chance of connecting. You keep your product or service current by staying in touch with your clients and potential clients. You increase visibility, by working in a close market, which tends to refer services or products. You

save on marketing dollars by getting more leverage through visibility, ease of reception, and by anticipating the needs of potential clients.

Looking for a good book? Try *Divide and Conquer: Target Your Customers through Market Segmentation*, by Harry Webber, chock full of company-specific examples; or, *Creating the Marketing Experience, New Strategies for Building Relationships with Your Target Market*, by Joe Marconi

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