



## How to Select and Understand Your Target Market

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Before we begin to select a target market we need to understand what a target market is. Let's first look at some definitions.

The American Marketing Association (AMA) defines a target market as: The particular segment of a total population on which the retailer focuses its merchandising expertise to satisfy that sub-market in order to accomplish its profit objectives

In slightly simpler and broader terms: A target market is a smaller group (sub-set) of a larger market that a company can more precisely target its product or service offerings to.

Marketing a business successfully requires a clearer understanding of who it is you are trying to reach. Simply blanketing a general market is often expensive and ineffective.

Target Marketing narrows the broad market down into tangible segments that can be further narrowed into a smaller markets or niches. Who should you target? What are their needs? Where do they live or consume your product or service? These are questions you need to ask yourself.

Identifying your target market or markets is critical to business success. Chances are you already have an understanding of who buys your product or service and what it is they need, however, you may have many opportunities to further narrow and target a market that best fits your business. There are rarely enough resources to pursue all potential markets you may have. Clearly identifying and choosing the "best fit" for you business, product/service and your available resources is the optimal way to go.

Look at who you currently do business with. Who are your best customers? Who keeps coming back? Who gives you referrals and feedback on how you are doing. What type of business makes you the most profit? Take a good look at your customers and identify their business category. By this I mean, put them into a niche, a vertical market or a category of business, for example, trucking companies or retailers. By doing so, you can begin to focus on who it is you do business with and find opportunities (market segments) to target.

After you have looked at whom you currently do business with and put them into categories, ask yourself if there are trends in the list. Do you see market segments that make sense for your company? Do you see potential problems or challenges with segments you are currently doing business with? Does your current client base align with your current product offering? Are there gaps or areas of business that are profitable for you, but you just don't have enough customers in. Shorten your list of potential target markets to what you feel are your top 3-5.

Now that you have a list of 3-5 potential target markets, see if there are other areas of business you aren't pursuing. Do you offer a unique product or service? Do you have special manufacturing equipment or customizable software? Do you offer a level of service that your competitors don't? Do you have opportunities that you are not currently going after? Take this into account as you narrow this list even further. You only have to do this depending on the resources you have available. If time is limited, as it often is and dollars are tight, then choose 1, 2 or possibly 3 target markets to pursue.

Before proceeding to the next step, it's vital to know the size of the target markets you just identified. Are they large enough to gain real business from? What is the level of competition in the individual markets? Will you be able to break into an entrenched competitor's space or a mature market? If you can say your new target markets are of the right size and the competition makes sense to go up against then proceed; if not, you may want to consider other segments.

The next steps are to investigate the demographics of your newly identified target markets. Pinpoint the geographic, lifestyle and buying aspects of this market. Determine your customer needs.

Demographics and psychographics, in a business to consumer (B2C) market, are critical, but don't discount them in the business to business (B2B) arena. Understanding who is buying/con-

suming your product/service is always necessary. Key factors such as age, gender, income level or family type are important to identify. In a B2B space, profiling the typical buyer in that market segment may help. If, for example, you are targeting commercial printers and you offer a service that compliments their current offerings, then perhaps having a better understanding of the estimator or sales representative would be important. Even the owner in a smaller business might be the buyer. Either way, create a clear picture of whom it is you are actually trying to reach in each of your target markets. This will help you write the appropriate copy and fashion an offer and call to action that speaks to these individuals.

Geographic characteristics of your target market will help you further develop tactics for targeting your market. Where do these people live? Where do they work? Are they grouped into one area or are they spread out all of the state, country or globe? If you are a local retailer, only doing business in a small geographic area, then it's easy for you to identify the precise market. However, if you are doing business over the internet or selling to companies all of the country, this may be a little harder to accomplish, if not impossible. It's not always necessary to clearly determine where your market is. Sometimes just knowing they are in the US is enough.

Customer needs are extremely important. Find the reasons why a customer might want to buy from you. Is there a problem the target market has that your product/service can solve? After all, if you can't satisfy your customer's needs, then you won't have anymore customers. The area of business you are in will determine what kind of questions you need answers to.

Can you speak the lingo? Do you have a knowledge of the vocabulary used by your target audience? Knowing the specific words they use and speaking their language will give you credibility. It will also make it easier to engage and communicate with them, no matter what medium you use.

What is the most effective way to reach your markets? What mediums do they consume the most? Are they apart of any professional organization or clubs? Do they subscribe to certain publications? Are they apart of specific social networks you can tap into? Identify the best places to reach these target markets both online and offline.

Now that you have a set of target markets you will be able to direct your marketing efforts even more efficient and effectively! Good Luck.