

How to Define Your Target Market

To build a solid foundation for your business, you must first identify your typical customer and tailor your marketing pitch accordingly

Given the current state of the economy, having a well-defined target market is more important than ever. No one can afford to target everyone. Small businesses can effectively compete with large companies by targeting a niche market.

Many businesses say they target "anyone interested in my services." Some say they target small-business owners, homeowners, or stay-at-home moms. All of these targets are too general.

Targeting a specific market does not mean that you are excluding people who do not fit your criteria. Rather, target marketing allows you to focus your marketing dollars and brand message on a specific market that is more likely to buy from you than other markets. This is a much more affordable, efficient, and effective way to reach potential clients and generate business.

For example, an interior design company could choose to market to homeowners between the ages of 35 and 65 with incomes of \$150,000-plus in a specific geographic market. To define the market even further, the company could choose to target only those interested in kitchen and bath remodeling and traditional styles. This market could be broken down into two niches: parents on the go and retiring baby boomers.

With a clearly defined target audience, it is much easier to determine where and how to market your company. Here are some tips to help you define your target market.

- Look at your current customer base: Who are your current customers, and why do they buy from you? Look for common characteristics and interests. Which ones bring in the most business? It is very likely that other people like them could also benefit from your product/service.
- Upselling: dig deeper into your customer base.
- Check out your competition. Who are your competitors targeting? Who are their current customers? Don't go after the same market. You may find a niche market that they are overlooking.
- In praise of niche marketing. Analyze your product/service. Write out a list of each feature of your product or service. Next to each feature, list the benefits it provides (and the benefits of those benefits). For example, a graphic designer offers high-quality design services. The benefit is a professional company image. A professional image will attract more customers because they see the company as professional and trustworthy. So ultimately, the benefit of high-quality design is gaining more customers and making more money.

Once you have your benefits listed, make a list of people who have a need that your benefit fulfills. For example, a graphic designer could choose to target businesses interested in increasing their client base. While this is still too general, you now have a base to start from.

How to conduct market research.

Choose specific demographics to target. Figure out not only who has a need for your product or service, but also who is most likely to buy it. Think about the following factors:

Age

Location

Gender

Income level

Education level

Marital or family status

Occupation

Ethnic background

Why demographics are crucial to your business.

Consider the psychographics of your target. Psychographics are the more personal characteristics of a person, including *Personality, Attitudes, Values, Interests/hobbies, Lifestyles, Behavior*.

Determine how your product or service will fit into your target's lifestyle. How and when will your target use the product? What features are most appealing to your target? What media does your target turn to for information? Does your target read the newspaper, search online, or attend particular events?

Understanding how your customers think.

Evaluate your decision. Once you've decided on a target market, be sure to consider these questions:

- Are there enough people who fit my criteria?
- Will my target really benefit from my product/service? Will they see a need for it?
- Do I understand what drives my target to make decisions?
- Can they afford my product/service?

- Can I reach them with my message? Are they easily accessible?

Don't break down your target too far! Remember, you can have more than one niche market. Consider if your marketing message should be different for each niche. If you can reach both niches effectively with the same message, then maybe you have broken down your market too far. Also, if you find there are only 50 people that fit all of your criteria, maybe you should reevaluate your target. The trick is to find that perfect balance.

You may be asking, "How do I find all this information?" Try searching online for research others have done on your target. Search for magazine articles and blogs that talk about or to your target market. Search for blogs and forums where people in your target market communicate their opinions. Look for survey results, or consider conducting a survey of your own. Ask your current customers for feedback.

Defining your target market is the hard part. Once you know who you are targeting, it is much easier to figure out which media you can use to reach them and what marketing messages will resonate with them. Instead of sending direct mail to everyone in your ZIP code, you can send it only to those who fit your criteria. Save money and get a better return on investment by defining your target audience.

How to find new customers and increase sales.

Additional resources.

Pew Internet publishes reports regarding internet use among various demographics.

Scarborough issues press releases with useful data and sometimes publishes free studies.

Also look for free studies by Arbitron. You may be surprised what you can find just by doing a search in Google.

Source: Inc., n/d

Author: Mandy Portia

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