

Understand Your Target Market

Your business may offer products or services with mass appeal, but not everyone will want or need your product. As a business owner, it's your job to find the people who not only want or need your products or services, but also are willing and able to buy them.

What Is a Target Market?

A target market is defined as a specific group of potential buyers for which a business positions its products and services. Or in simpler terms, it's the group of people who are the most likely buyers of your products or services.

Understanding Your Target Market

Too many new small and home-based business owners don't take the time to define their target market, which means they waste time and money as they seek clients and customers. Some home-based business owners define their target market as "everyone," but, in reality, ideal buyers have specific traits, characteristics, and situations that your product or service can specifically speak to.

Knowing your target market allows you to place your marketing messages where your market hangs out, using words and enticements that specifically speak to their needs. For example, if you're a virtual assistant that works with Realtors, you could run an ad in your local paper that serves a million people. There is a possibility that a million people will see the ad, but most of them won't need a virtual assistant, and if they did, their mindset isn't on hiring a VA when they read the local news. However, if you placed an ad in the local Realtor Association newsletter, your audience would be smaller, but they're all in your market and are open to real estate news and resources.

Important: Understanding your target market is important so that you can find it to market to, as well as know what marketing messages to use to entice them to your business.

Segment a Market

Segmenting your market is basically breaking down the market into further smaller groups. For example, if your target market is moms who want to lose weight, segments of the market might include working moms, stay-at-home moms, or moms living in large cities.

Four common segmentation types include:

1. Geographic segmentation is based on location, such as state, city or street addresses.
2. Demographic segmentation focuses on features such as gender, race, and age.
3. Behavioral segmentation focuses on the benefits customers receive and how they use products and services.
4. Psychographic segmentation that considers attributes relating to personality, values, attitudes, interests, or lifestyles, such as being an active runner or a Republican.

To segment potential customers into a target market, you need to answer the following questions:

- How old is your ideal customer?
- How much money do they make?
- Is your product or service most suitable for men, women or children?
- Are they homeowners?
- Where does your target market shop?
- Where do they live?
- What type of education do they have?
- What problems, needs, or wants do they have that your product or service will fill?

Tailored Marketing

The better you understand and know your ideal buyer, the more effective your marketing efforts will be. You'll know where to find your ideal customer, so you can get your business information in front of them. Casting too wide of a net diminishes the concentration of your message.

You'll be able to create messaging in the form of copywriting that will attract customers. You'll be able to speak directly to their needs and offer a solution.

It is possible that you'll have several markets, and in fact, targeting various aspects of different segments can ward off losing business if one segment stops being viable.

But it is essential that you market to each group specifically. For example, many groups (i.e., new mothers, middle-aged mothers, and women with health issues) want to lose weight. But not all want to lose weight for the same reasons (i.e., lose the baby weight, look attractive again, improve health). Marketing to a new mother about losing weight to avoid diabetes won't generate the same results as marketing to her about reaching her pre-pregnancy weight.

Target Marketing: Targeted marketing saves you time and money by zeroing in on the best potential buyers for your products and service.

Target Market for Business Planning

Having a well-defined target market is essential in the planning and research phase of your business, as well. Consider these five areas of business planning where an appropriate target market is the cornerstone of the research:

1. **Simple feasibility study:** Before you start a business, make sure it's a good idea through a feasibility study. Quickly assessing your business idea requires a familiarity with the buying habits of your target market. If you are selling baby items to 30-year old male college students, your business is bound to fail. To determine whether or not your business idea will even work, a target market must be determined.

2. **Market research:** Suitable market research consists of understanding five areas surrounding your business; demand, market size, economic indicators, location, market saturation; and pricing. Taking time to conduct primary and secondary research on your target market will save you time and money.
3. **SWOT analysis:** A SWOT analysis identifies the strengths, weaknesses, opportunities, and threats facing your business. It includes anything surrounding your target market. For instance, if you have a health-related product targeting men ages 55–70, a threat against your target market could be an income level drop once they reach the retirement age of 65.
4. **Business plan:** A good business plan outlines your business vision and acts as a guide to help you reach your goals. The plan has many facets, but it's basically written around two main areas—the product and the target market. Not having a clear understanding of your target market, its buying habits, its behavior, and its preferences will leave you with a flimsy business plan. A weak business plan will not help you acquire funding, investors or key employees.
5. **Marketing:** Your target market is to whom you write and design all your marketing materials. Not getting your target market right would be like writing a letter directed to your father, and sending it to your sister. The message will not be conveyed properly, and your sister will end up confused. You'll waste advertising and prospecting dollars on inappropriate messaging targeting the wrong audience.

Think about the marketing messages you respond to, whether it's on a website, television or a direct marketing piece in your mailbox. Which ones do you stop and read, and which do you ignore? Which ones have you seeking more information or even making a purchase? Odds are, the marketing messages you respond to speak directly to you and your needs. Do the same with your product or service.

Source: Mindy Lilyquist, The Balance Small Business