

MY TARGET MARKET

Who are my customers and why will they buy from me?

Many entrepreneurs fail to clearly identify, understand, and focus on a **specific target market**. Their lack of focus costs money and often leads to business failure. The “80/20 Rule” is a common rule of thumb in business. It states that 80% of your total sales will come from 20% of your customers.

What does this mean? It means that some people are much more valuable to your business than others. If you can define and describe the 20% that make up 80% of sales then it is likely that you have defined your ideal target market – the customers that are most likely to buy from you and that will mean the most to your business.

These 20% have the real capacity and likelihood to buy and to make repeat purchases. They comprise the business’ “customer base.” Businesses are built by constantly adding more loyal repeat buyers to the customer base where each retained customer represents a steady stream of sales over the life of the business.

On the other hand, there is a “new” rule of thumb in business. It is called “The 40/20 Rule.” It states that 40% of your time and money is likely to be spent on the bottom 20% of customers. These are customers that ultimately take all your time and money and who actually cause a net loss to your business. Many of them probably should have purchased from someone else. They will do things such as: complain a lot, return products frequently, ask for refunds, buy elsewhere after taking all your time, and generally be unhappy with what they have purchased. You will want to learn to identify this group and then define a strategy for reducing their negative impact. Here are some examples of how to handle customers that you identify as being in the bottom 20%:

1. Make it more difficult for them to purchase from you: You could increase the price or refuse discounts, set time limits on decisions, tell them you do not have the capacity to serve them...
2. Pay less attention to them during the decision process. Don’t let them take all your time.
3. Fire them: Simply say to some people, “Unfortunately, I have to pass on this opportunity.”

In all cases, you do want to keep, as much as possible, a cordial and friendly relationship with the bottom 20%. You want them to know that you have tried to provide them with what they wanted but that it just didn’t work out. The last thing you want is for them to find a stage on which (or a reason) to tell others how ‘bad’ your business performed.

Customer Psychographic Description

Personality, Values, Attitudes, Interests, and Lifestyle

THE TAKEAWAY: Focus your marketing on a specific niche (the top 20%) and find ways to reduce the negative impact of the customers that lose you money (the bottom 20%). Your message and methods of marketing should be designed with the specific 20% in mind.

MY TARGET MARKET *continued*

Marketing is all about exposure, visibility and consistency; it is your primary means of communication to your customers, competition, market, and industry. Connecting with your target market is best accomplished by using a marketing approach and strategy where both create the core aspects of your marketing plan. There are two types of information collected to develop your marketing plan: 1) Demographics are traditionally fixed objective measurements while 2) Psychographics are traditionally fluid, shift, change over time, and are highly influential. When describing your target market's psychographic information, there are key lifestyle characteristics that indicate buying habits. Understanding these indications will assist you in attracting the attention of your target market and potentially leading to sales. Ask yourself the following questions: Is your product / service a need or want?

- Can they afford it?
- Are they price driven?
- Prefer quality verses quantity?
- Is convenience important?
- Are they brand loyal?

Use the table in Session 3, page 21, to compile a list of the psychographic information that will assist in developing your marketing approach and strategy.

For example: Let's say you are selling soap. Who will you be targeting and what qualities are those customers looking for? Does a mechanic look for the same qualities in soap that a runway model would look for? Does a parent look for different qualities in soap for their children than a college student would look for? Do women look for the same qualities in soap as men do? Would it work to use the same message to sell soap to a mechanic as a runway model? How would different target markets affect your target message?

This chart shows your potential markets (top) and the potential qualities they are looking for from your product/service (left). Describe the importance of each.

	Mechanic	Eco-friendly	Parent of Young Children	College Student
Price				
Convenience				
Location				
Service				
Quality				
Effectiveness				
Social Responsibility				

You can make a chart similar to this with your potential markets and the qualities they might be looking for in your product/service. Which qualities do you offer? How do they align with the potential markets? This will show you who you should be focusing your marketing efforts toward. This does not mean that other markets should not/will not buy from you, it just means that you will not spend your time marketing to them.

MY TARGET MARKET *continued*

Some prompts to help you along the way:

1: List the products and services you're currently planning to sell:

2: Think about the different types of buyers for your product, and put them into approximately four groups to complete the following table:

Price				
Convenience				
Location				
Service				
Quality				
Effectiveness				
Social Responsibility				

3. Review your answers for the questions in #2 and look at how they relate to the products and services you offer in #1. Can you identify groups of individuals who might have needs that you can fulfill?

4. Now that you have identified the potential customer groups that would buy your product/service, it is time to consider a niche. Of course you will be willing to accept money from anyone in any of these groups, but you are not going to spend your precious marketing dollars trying to attract all of them. It's time to decide!

Who is most likely to buy your product or service? Select one or two of the groups above that will be your target market:

MY TARGET MARKET *continued*

5: Describe the people in your target market:

Questions to address:

- How old are they?
- What is their gender?
- How much money do they make?
- What is their occupation?
- What is their educational background?
- What is their marital status?
- How many people live in their household?
- How many children do they have?
- What is their ethnicity?
- Where do they live? (Urban, rural, suburban, apartment, house)

Customer Group I	Not Important	Somewhat Important	Very Important	Extremely Important	Comment
Price					
Convenience					
Location					
Service					
Quality					
Effectiveness					
Social Responsibility					
Variety					
Other					

UNDERSTANDING MY TARGET MARKET

Target Market ONE

My Target Market:

Decision-Maker:

LIFESTYLE CHARACTERISTICS

Clubs, association, and other organizations they belong to:

Chamber of commerce Rotary Church: _____

Others (please list all): _____

Magazines and newspapers they read (please list all that apply)

Magazines (please list all)	Newspapers (please list all)

Their favorite newspaper sections (please select all):

- | | | |
|---|---------------------------------------|---|
| <input type="checkbox"/> News | <input type="checkbox"/> Sports | <input type="checkbox"/> Leisure/travel |
| <input type="checkbox"/> Business | <input type="checkbox"/> Variety | <input type="checkbox"/> Arts & entertainment |
| <input type="checkbox"/> Faith & values | <input type="checkbox"/> World events | <input type="checkbox"/> Other: _____ |

Their hobbies and interests (please check all that apply):

- Sports
- Music, theatre, and acting
- Art and architecture
- Reading and literature
- Home improvement, decoration, and lawn care
- Camping, hunting, fishing, and other outdoor activities
- Philosophy and religion
- Politics
- Cooking
- Volunteering
- Other hobbies or interests: _____

UNDERSTANDING MY TARGET MARKET ONE *continued*

Their favorite radio stations (please list all that apply):

CONSUMER CHARACTERISTICS

When do they purchase your kind of product or service?

Under what situations or occasions is the customer likely to purchase your kind of product or service?

What does this mean for my business?

How often do they buy your kind of product or service?

- Every day
 Once a week
 Once a month
 Once a year
 Other: _____

What does this mean for my business?

How ready are they to buy your kind of product or service?

At what stage in the buying process is the customer? Are they:

- Unaware of your kind of product or service?
 Aware?
 Interested?
 Intending to buy?
 Already buying?

What does this mean for my business?

UNDERSTANDING MY TARGET MARKET ONE *continued*

What is their attitude toward your kind of product or service?

What is the customer's attitude toward your kind of product or service? Are they:

- Enthusiastic? Positive? Indifferent? Negative? Hostile?

What does this mean for my business?

Influencers:

Who influences the person who makes the purchasing decision?

- Friends: _____
- Family members: _____
- An expert (someone with professional expertise or experience): _____

What does this mean for my business?