



FINDING YOUR MARKET

Defining who will buy your product or service based on sound market research is very important to business success. Once you know WHO will most likely buy your products or services you can then start to learn more about that customer group –your target market. You will initially develop your marketing strategy with your target market in mind. During expansion you may start to target secondary markets with your marketing strategy.

DEFINING YOUR TARGET MARKET

Defining your target market involves identifying what type of buyer will most likely buy your products or services. It is important to keep in mind that the person who will use a product or service may not be the same person who purchases the product or service. For example, toys are designed for the use of children; however, it is the child's parents who ultimately make the decision whether or not to buy the toy. Or in a large corporation, the IT department may require computer equipment, however, it may be the purchasing department that determines which brand of computer will be purchased. As a business owner you need to determine who you should target in your marketing strategy – the end user or the decision-maker or both.

Step 1 – Identifying the Overall Market

Start by identifying your total market. For example, if your company is a company that designs websites, your broadest market is any company or individual that may desire the creation of a website.

Step 2 – Segment the Overall Market

Next you need to segment your market – which literally means cutting the market up into separate sections based on certain factors. Continuing our example from above, a website design firm could initially identify two very broad segments:

1. Businesses
2. Individual Buyers

Because these two markets are very different you should segment them separately. Some factors you can use to segment these markets are (this list is by no means exhaustive and is intended only to provide an example):

Businesses	Individual Buyers
Size: <ul style="list-style-type: none"> • Number of employees • Total revenues 	Demographics: <ul style="list-style-type: none"> • Age • Income



<ul style="list-style-type: none"> • Number of locations 	<ul style="list-style-type: none"> • Geography – where they are located • Gender • Education Level • Occupation • Nationality • Race • Religion
<ul style="list-style-type: none"> • Geography – where they are located • Scope of operations – local, regional, national, international 	<ul style="list-style-type: none"> • Psychological factors that affect buying behavior – these are much harder to define.
<ul style="list-style-type: none"> • Who are their primary customers? 	<ul style="list-style-type: none"> • Other factors relevant to your product or service – for example whether or not they own a computer would be relevant as well as number of hours spent using the internet.

Step 3 – Research the Market Segments

Conduct market research to determine if and how buying behavior might change based on the factors listed above (to learn more register for the WBDC's Market Research Workshop). For example:

Businesses

- Is a larger business more likely to develop a website than a smaller business?
- Is a business targeting individuals more likely to develop a website than a business targeting other businesses?
- Is a multi-national corporation more likely to develop a website than a company with a single location?

Individuals

- Is a man more likely to want a website than a woman is?
- Is a person with a college degree more likely to want a website than a person with a high school degree is?
- Certainly a person who owns a computer and spends a lot of time on the internet would be more likely to desire a website than someone who does not.



Step 4 - Identify Your Target Market

Based on your market research, choose a target market to focus on for your marketing strategy based on logical decision indicators such as:

- Which market needs your products or services the most – the easiest sell?
- Which market is willing to pay what you need to be profitable?
- Which market has the greatest potential given the capacity of your business?
- What is the easiest market to reach?

DEVELOP YOUR MARKET STRATEGY

Now that you have identified your target market, you can take what you have already learned about their buying behavior and begin to develop your market strategy. You can also conduct more focused market research about your target market, including customer surveys and focus groups.

You can then use that information to determine:

- What they will pay for your product or service (Pricing Strategy)
- How they will buy your product or service (Distribution Strategy)
- What types of promotional activities they respond to (Promotional Strategy)
- What other products or services they might need (Product Strategy)

WBDC SERVICES

The WBDC provides workshops and one-on-one counseling for business owners as they start and grow their businesses. For more information about finding your market consider:

- Taking the Jumpstart Workshop Series or the NexLevel workshop series.
- Meeting with WBDC business counselors.

For more information contact the WBDC at 312-853-3477, x0 or check out our website at www.wbdc.org.