

How to Define Your Target Marketing in 5 Steps

What's my target market? What should it be? How would I know? Here's a list of five things that will help you figure it out.

1. Don't try to please everybody.

Strategy is focus. Say you're running a restaurant; which of these three options is easier?

- Pleasing customers 40 to 75 years old, wealthy, much more concerned with healthy eating than cheap eating, appreciating seafood and poultry, liking a quiet atmosphere.
- Pleasing customers 15 to 30 years old, with limited budgets, who like a loud place with low prices and fast food.
- Pleasing everybody.

I really hope you chose one of the first two, and not the third. Because this is the essence of target marketing—divide and conquer.

2. Learn market segmentation.

It's about segments, like pie segments or orange segments, except that in this case it's segments of a total market. In my "divide and conquer" thought above in the first point, those are segments. In the illustration at right U.S. census data divides into demographic segments. Demographics are the old standards like age, gender, and so on.

	Male	Female
1-3		
4-12		
13-18		
19-24		
25-34		
35-64		
65+		

U.S. census data divides into demographic segments.

3. Use segmentation creatively.

Don't just settle for age, gender, and economic level. When I was consulting for Apple Computer, we divided the market into user groups:

- Home
- School
- Small business
- Large business
- Government

I also liked a shopping center segmentation that divided its market into so-called psychographic segmentation:

- **Kids and cul-de-sacs** were affluent upscale suburban families, "a noisy medley of bikes, dogs, carpools, rock music and sports."
- **Winner's circle** were wealthy suburban executives, "well-educated, mobile executives and professionals with teen-aged families. Big producers, prolific spenders, and global travelers."
- **Gen X and babies** were upper-middle income young white-collar suburbanites.
- **County squires** were wealthy elite ex-urbanites, "where the wealthy have escaped urban stress to live in rustic luxury. Affluence, big bucks in the boondocks."

I knew a business that segmented its business customers into decision-process types as well:

- Decision by committee
- Decision by functional manager
- Decision by owner

Any of these creative segmentations can help you set a target market.

4. Consider your own unique identity too.

Your business probably reflects who you are and what you like to do, as well as what you do best. Marketing to people you like is an advantage. If you like the feel of small business better than the big corporate giants, then you're probably better off setting the small business as a target market.

As this business—Palo Alto Software, the host of Bplans—grew up, with business plan software, its founder (that would be me) was more comfortable with the do-it-yourself entrepreneur and business owner than the high end consultants, so we ended up targeting the do-it-yourselfers in business.

So, somebody who loves fine food, tastefully prepared and served, is probably more comfortable with an upscale target market than with price-sensitive young families.

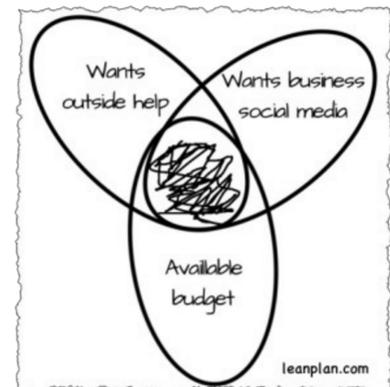
5. Use strategic segment intersections.

For example, in the diagram here, the social media services that Have Presence offers are targeted to small business owners who:

- Want outside help with their social media; and
- Value business social media; and
- Have budget to pay for the service.

Defining target markets makes your life easier. Do it well as soon as you can, and keep reviewing and refreshing as you go along.

The right target market increases your chances of success because you can communicate better with a well-defined group, and that holds expenses down and makes results better.



Source: Tim Berry