

A GUIDE TO PROFILING YOUR TARGET MARKET

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Introduction

Before your business can realistically or effectively begin a marketing campaign, you will need to be able to answer two vital questions:

- Who is your target market?
- What does your target market want or need that your business can provide?

Without detailed and precise answers to these questions, you cannot develop your marketing strategy or implement an effective sales and marketing plan.

This factsheet provides a guide to profiling your target market and customers and explains the importance of fully understanding their needs. It includes hints and tips and sources of further information.

The importance of understanding your market

To explain this, it is worth recalling the classic tale of two shoe sales representatives exploring opportunities in a country in which their business had yet to establish a market. The first rep sent back an initial report saying: 'Everyone goes barefoot in this country, no market here at all'. However, the second rep's report was somewhat different: 'Everyone goes barefoot here, great opportunity for us'.

This illustrates that any business must fully understand the needs of its target market, in terms of knowing enough about who their prospective customers are and what they really want. Without this understanding you could easily miss a market opportunity altogether.

How do you profile your target market?

Your first job when profiling your target market is to identify precisely who your ideal or potential customers are. Can you describe their characteristics accurately? Which customers currently spend most money with you and who spends most with your competitors? Why do they do this? If you don't know the answers to these questions, you need to find out by doing more detailed market research.

You might already have a good idea about the groups of people or types of businesses to whom you are planning to sell your product or service. With individuals, they may be people of a specific age, gender, socio-economic status or occupation, or part of a group with common or special interests such as sports or hobbies. Business customers may be located in a specific area or in a particular sector, or could have similarities in terms of their own customer groups.

Your objective should be to aim your marketing efforts towards the groups of people, businesses or existing customers who are most likely to buy your product or service in the future.

Once you have identified this target group of people or businesses you will have completed the first step in profiling your market. You will now have a list of target prospects - in other words, your ideal customers.

Aiming precisely at your target market

Your marketing will pay greater dividends if you take a precise approach, with a high-quality list of prospective clients or leads. This will prove a more productive use of your marketing budget than an untar getted, blanket approach to generating sales. Concentrating on high-quality leads, based on your understanding and profiles of your customers and their needs, will give you a much better opportunity to convert them into sales.

Your list of prospective customers will only be of real use in your marketing campaign if it precisely reflects the profile of your target audience. Ask yourself the following questions:

- Have the consumers of your product or service been identified, for example, their geographic and demographic profile, their employment status, profession, special interests and membership of clubs?
- Have you compiled a list of your prospective business customers in terms of where they are located, their size, the name of the main buyer and repeat purchase rate?
- Have you identified the best sales channels to enable you to reach these target customers?
- Have these prospects opted into a list, giving their permission to receive marketing messages about products for which they have expressed an interest?

Your sales efforts will only be as good as the quality of the list of prospective customers you have built in your target market. Your list must be an exact reflection of the profile of the target audience that your marketing messages are intended to reach.

Fully understanding the needs of your target audience

Having identified your ideal customer group, you now need to be clear about what they want and need and exactly what you are going to offer them. This understanding will enable you to prepare an appropriate marketing message that will best communicate the benefits of your product or service.

If you get this message wrong, your marketing efforts will almost certainly fail and your customers will turn to your competitors instead. Your product, service or business proposition will have missed the target completely because you have not fully understood who your prospective customers are and what they really need.

Testing your market for proof

Before you begin your marketing efforts in earnest, it is good business practice, in fact almost essential, to speak to a sample of your target audience. This will allow you to test whether the profile of your target audience is correct. You will also be able to test your assumptions about what you think they want and why they would buy from you.

You can do this by speaking directly to a small focus group or carrying out a survey by sending a questionnaire to a sample of your target audience. Alternatively, you could do this with passers-by in a carefully chosen target location frequented by your ideal customers.

You could also speak to your existing customers or, even better, your competitors' clients if possible. See BIF 1, A Guide to Using a Market Research Questionnaire for more information on using questionnaires to collect and understand the opinions, preferences and buying behaviour of your customers or potential customers.

Getting your marketing message right

Once you've spoken to a sample of people in your target market and are satisfied that you have confirmed your assumptions about their needs, you can develop and fine tune your marketing proposition and promotional campaign to meet those needs precisely.

Having profiled your target market and gained a detailed understanding of their needs, you will be in a much better position to make your marketing message even more appealing to your prospective customers.

Giving your prospects exactly what they want

With a thorough understanding of the needs of your ideal customers you should aim to have a business and marketing proposition based on four criteria, providing your target customers with a product or service that is:

- Exactly what they want.
- Available precisely when they need it.
- Accessible in a way that is convenient for them.
- At a price they can afford and are prepared to pay.

If you are not convinced that your proposition meets all four of these criteria, you will need to study and redefine the profile of your market again and revise what you are offering.

Hints and tips

- There is an old saying widely used by marketing professionals: 'If everyone's your customer, then no-one is your customer'. This saying makes the point about being able, as precisely as possible, to define the customers for your product or service.
- Test your market first to make sure that the assumptions you have made about that market are correct. You will waste valuable time and your marketing budget if you launch a campaign before you have accurately identified who your target customers are and why they would buy from you instead of your competitors. By testing, you can either confirm that your profiling was right, or adjust your offering until you get it right.
- Make sure that your prospect list is drawn right from the centre of your target market. Don't waste your time and marketing budget buying into a 'spray and pray' list of thousands of unknown prospects, where you have no idea of their needs, interests or preferences. Having a precisely targeted list will lead to more sales, a faster take-up, and more profit in the longer term.

Further information

For practical start up and small business tips, ideas, know-how and news, go to:

Website: www.enterprisequest.com

To access hundreds of practical factsheets, market reports and small business guides, go to:

Website: www.scavenger.net

BIF 1	A Guide to Using a Market Research Questionnaire
BIF 44	A Guide to Developing a Marketing Plan
BIF 47	A Guide to Sources of Market and Business Information
BIF 56	A Guide to Choosing the Right Promotional Medium
BIF 132	An Introduction to Researching Your Competitors
BIF 185	An Introduction to Researching a Market for Business Start Ups

Books

'The Ultimate Small Business Marketing Book'

Dee Blick

2011

Filament Publishing

'The UK Small Business Marketing Bible'

David Frey

2007

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Useful contacts

The Chartered Institute of Marketing (CIM) is a professional membership association for marketing professionals. It publishes information and guidance on a wide range of marketing issues.

Tel: (01628) 427120

Website: www.cim.co.uk

CONTACT-

for further information.

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