UNDERSTANDING THE TARGET MARKET

Target Market

According to Margaret James (2022), a target market is "the specific group of people that a company has determined to be the most likely candidates to use its product or service offerings because of their shared similar needs or characteristics — age, income, and lifestyle."

Technopreneurs can establish themselves as experts on the wants and needs of a specific group by narrowing their focus on their target market. Technopreneurs can also quickly respond to changes in their target market's interests or opinions and closely monitor other businesses' attempts to entice those customers away.

Customer vs. Consumer

The terms "customer" and "consumer" are frequently used interchangeably, but they are not synonymous (Needle, 2022).

- A **consumer** is any individual who uses a product or service, whether for personal or business purposes.

- A **customer** is any person or business that buys a product or service but might not be the end user (consumer).

  Sample Scenario:

  Edward enters the convenience store to purchase coffee. If Edward drinks the coffee, he becomes a consumer. If Edward bought the coffee for someone else, he remains a customer, and the person who drinks the coffee is the consumer.
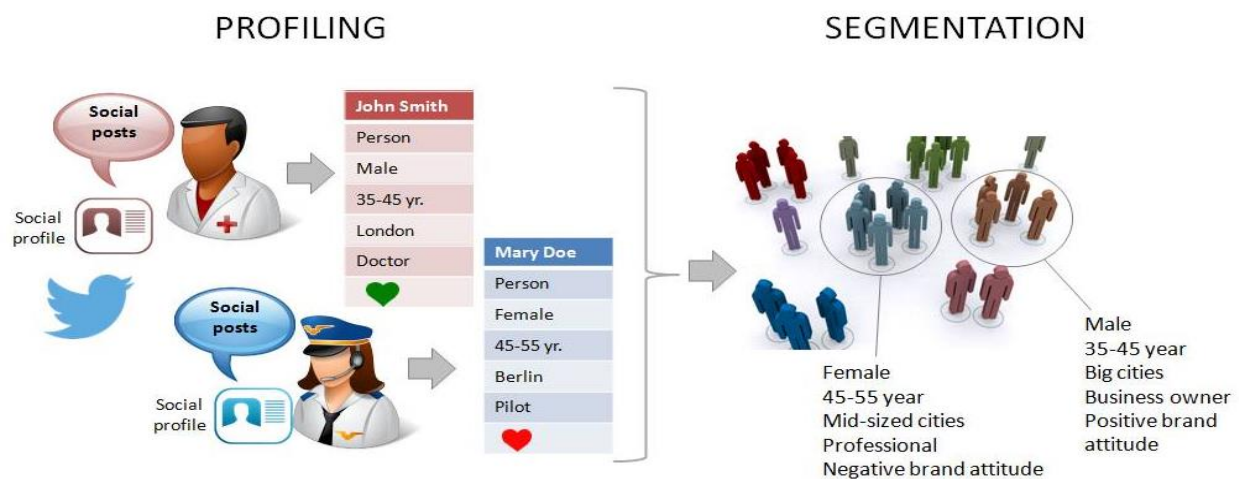
Customer Profiling and Segmentation

Figure 1. Customer Profiling vs. Customer Segmentation
Source: https://www.meaningcloud.com

Customer Profiling

Dimitris (2020) defined customer profiling as "identifying the ideal customers based on a set of distinctive characteristics." Customer profiling includes the target market's interests, behavior, location, and demographics. Creating buyer personas — semi-fictional characters — is the most common method for defining customer profiles.

Other identifiers, such as demographics, location, hobbies, preferred social media channels, likes and dislikes, purchasing patterns, psychographics, and credit history, can be used to build a customer profile. By assigning a profile to each customer, businesses can consistently improve or develop new products and services that appeal to a group of customers.

Customer Segmentation

Customer segmentation is the process by which a business divides customers based on common characteristics, such as demographics or behaviors, so the marketing or sales team can reach those customers more effectively (Qualtrics, 2022).

In short, using customer profiling and segmentation enables technopreneurs to comprehend who their customers are. Technopreneurs can make better decisions, provide more individualized customer support, and increase customer loyalty by combining the two practices.

Kristen Baker (2022) stated that understanding customers is essential to the success of a business, and customer segmentation is a crucial component of that understanding. There is no one-size-fits-all strategy for successful customer segmentation.

There are a variety of customer segmentation models to consider:

- **Demographic Segmentation** – Age, gender, income, education, marital status
- **Geographic Segmentation** – Country, state, city, municipality, town
- **Psychographic Segmentation** – Personality, values, attitude, interest
- **Technographic Segmentation** – Mobile used, desktop used, apps and software used
- **Behavioral Segmentation** – Tendencies and frequent actions, habits, features or product use
- **Needs-based Segmentation** – Products or service must-haves, needs of specific groups
- **Value-based Segmentation** – Economic value of a particular customer group
- **Firmographic Segmentation** – Group customers based on shared organization attributes

Relevance of Customer Profiling and Segmentation to Technopreneurship

According to an article published last 2022 by GWI, a global market research technology firm, the following factors describe today's consumer:

1. Ninety-one percent (91%) of consumers own a mobile phone.
2. Online shopping is now a mainstream activity.
3. An average internet user has up to eight (8) social media accounts.
4. Thirty percent (30%) of online consumers use virtual private networks to secure their personal information.
5. Seventy-five percent (75%) of consumers purchase products online every month.

Since effective marketing is adaptable, personalized, and responsive to consumer needs, understanding these reasons is more crucial than ever. The undeniable advantage of operating an online business is that it gives technopreneurs the flexibility to present their products without the constraints of a physical store. It also allows them to respond quickly to their customers' inquiries and resolve issues immediately.

Additionally, it expands the company's reach to potential clients to sell products and services or generate inquiries outside business hours. As a result, technopreneurs can provide better customer service to potential customers thanks to the internet.

Methods of Customer Profiling and Segmentation

Customer profiles can be created for a company's entire customer base or for particular groups that the company is interested in, such as high-value customers, customers who are purchasing a new product or service, and customers who are more likely to buy online than in-store.

Technopreneurs can better understand the wants and needs of key "segments" by analyzing more granular groups. It will help increase personalization, engagement, and lifetime returns on customer relationships (Oates, 2023).

The methods of customer profiling and segmentation are the following:

1. **Use a customer profiling template.** The process of customer profiling can be shortened by downloading and using pre-made templates. All that is required is to complete the blanks.

2. **Choose customer profiling software**. Technopreneurs must first collect information from their current clientele to ensure accurate and effective customer profiles.

3. **Analyze demographics.** The best way to define a customer profile is to look at demographics from the outside, more deeply into needs, and finally at what the business offers.

4. **Collect customer feedback.** Technopreneurs need to meet them to understand what customers are like clearly. As a result, customer interviews and surveys are among the best tools for creating a customer profile.

5. **Review customer journey map.** Knowing their challenges, needs, and goals is best to understand better what customers want from the business.

6. **Focus on the problem and solution.** Technopreneurs must know who their customers are — or will be — how and why they use the product or service. Examine the current users and their actions closely.

7. **Examine contextual details.** The final step in finishing the customer profile is to examine all the information to see how to assist them.

8. **Understand the industry.** Technopreneurs can also define their brand identity with the help of industry knowledge. It is recommended to differentiate products and services to stand out.

9. **Build personas.** Personas are fictional profiles representing a target audience's group of similar people. They can assist in determining how to deliver the appropriate messages, offers, and products at the proper time while reaching people on a more personal level.

10. **Analyze and iterate on customer personas.** Collect the external factors, qualify the contextual details, and develop a thorough understanding of how the business provides value to each type of customer.
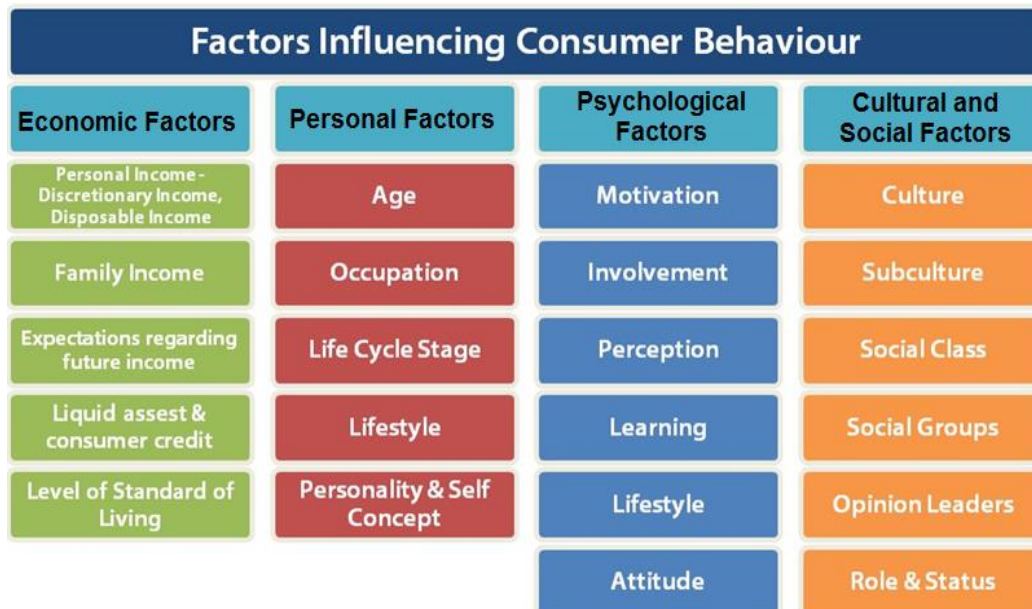
Decision-Making Process

Figure 2. Factors Influencing Consumer Behavior
Source: https://bbamantra.com/factors-influencing-consumer-behaviour.jpg

According to Marek Sotak (2016), there are five stages that people go through when making decisions:

Stage 1 – Need Recognition (Identify the Problem). Everything begins with a particular requirement and issue to be resolved. Customers might not fully comprehend their issue or know how to fix it. At this point, they look for help.

What should technopreneurs do?

- Provide evidence that they understand their customer's areas of concern.
- Use testimonials from previous customers, case studies, quotes, and social proof.
- Prove that the product or service being offered can solve their problem.

Stage 2: Information Search (The paradox of choice). In the next stage, customers seek as much information as possible to confidently decide.

What should technopreneurs do?

- Make the information about their product or service clear and simple to find and understand.
- Information regarding price, features, and services ought to be readily available to customers.

Stage 3: Evaluation of Alternatives (The value outweighs the cost). Ultimately, customers need to determine if the advantage they get is worth more than the price they would have to pay.

Customers will look for rivals in a particular service category to compare with. Alternative solutions that solve the same problem differently but are not direct competitors will also be reached by decision-makers.

What should technopreneurs do?
- Make it clear how much the product or service is worth.
- Help users determine the value versus cost.
- Show familiarity with the competitor's products and service prices.
- Compare products or services to other services that meet their needs.

Stage 4: Make the purchase (Understand the costs, and find the right fit). Customers are prepared to purchase at this point. All of their requirements have been met up to this point.

They confirmed the benefits and demonstrated values. They are aware that the gain would outweigh the drawback. They have compared and analyzed the available offers. They may begin a negotiation process, but nothing is certain until they close and convert.

What should technopreneurs do?
- The sales procedure needs to be easy.
- Reiterate the value and benefits of the product or service.

Stage 5: Post-purchase evaluation (Retention). At this point, customers enter the retention phase of the decision-making lifecycle. They begin to comprehend how to utilize the product-service mix to realize the value in the early stages.

What should technopreneurs do?
- Provide after-sales support.
- Direct new users to the features with the most significant impact.

During these phases, various experiences help customers reach a point of conversion. All stages of their experience can be influenced. When they first realize they have a need, look for information, and look at other options before making a purchase, they will come across your application and resources. You can also assist them in their post-purchase evaluation even in that case.

The resources that every business provides for its customers can light the way and guide them through the process. Webinars, recommendations from friends and family, online searches, free trials, and many other options will help establish the business's name, brand, and identity.

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