

Session 3 – Market Analysis

In this session you will learn:

- What is a “target market” and what does it mean for my business?
- How can I find out who my target market is?
- What is it that makes my customers buy from me?

OVERVIEW

How many buyers are there? Where are they, and what do they care about? What do they read, what do they watch, what do they listen to? The more you can learn about your buyers, the better you can market your business to them.

DEFINITION

Demographics: A way to group people based on similar traits, such as age, income, and home ownership. This can help a business understand the buying habits of the group in order to better market to them..

Market Analysis: Looks at the total market size and growth, then breaks the market down into segments, which leads to marketing to each segment (target) with a special message for that segment.

Psychographics: A way to group people based on lifestyle, beliefs, values, buying habits, and product usage. The original research is the VALS Framework. Click the link to see more detail.

Target Market: A segment of people a company identifies as the main customer for their product or service.

HOW TO DEFINE YOUR TARGET MARKET

posted on September 24, 2013 by Chas Salmore: <http://deliverthecrowd.com/define-target-market/>

No matter if you are considering using rewards-based crowdfunding platforms, (such as Indiegogo, Kickstarter, RocketHub, etc.), a donation-based model, (such as Kiva, GiveForward, etc.), a debt-based approach (such as Sterling, Fundable), or an equity-based platform, (such as CircleUp, MicroVentures, GUST and others) to raise funds for your venture, it all comes down to one thing — you must first identify your “target” prospects and tailor your marketing pitch accordingly. Sounds simple? Think twice.

No one can afford to target everyone, especially when it comes to crowdfunding. The latest estimates of US-internet users surpass 250+ million. But a start-up, small businesses or individual can effectively compete with large companies by targeting a niche market. That is the beauty of precise and well-designed digital marketing strategies.

Many businesses say they target “anyone interested in my “X”, “Y” or “Z” services or product.” Targeting a specific market does not mean that you have to exclude people that do not fit your criteria from participating in your offering. Rather, target marketing allows you to focus your marketing dollars and brand messaging efforts on a specific market that is more likely to participate in your raise — if you

know how to find them and genuinely engage them. You just need to know where (and how) to look for them and then connect in a way which is effective – not spam.

For example, an interior design company could choose to market to homeowners between the ages of 35-65 with incomes of \$150,000+ in the Baton Rouge, Louisiana market. That would be a highly focused target. To define the market even further, the company could choose to target only those interested in kitchen and bath remodeling and traditional styles. This market could be broken down into two niches: parents on the go and retiring baby boomers.

With a clearly defined target audience, it is much easier to determine where and how to market your crowdfunding offer. Here are some tips to help you define your search criteria.

How to Define Your Target Market: Look at Your Current Customer Base

Who are your current customers, and why do they buy from you? If you have a proven track-record, this is the perfect place to start. Look for common characteristics and interests. Which ones bring in the most business? It is very likely that other people like them could also benefit from your product/service. Target these folks to “harvest” leads and opportunities to expand your current base.

How to Define Your Target Market: Check Out Your Competition

Who are your competitors targeting? Who are their current customers? Don’t go after the same market. You may find a niche market that they are overlooking. This is where the use of sophisticated web-crawling software can help you identify online communities your target prospects go.

How to Define Your Target Market: Analyze Your Product/Service

Write out a list of each feature of your product or service. Next to each feature, list the benefits they provide (and the benefits of those benefits). For example, a graphic designer offers high quality design services. The resulting benefit is a professional company image. A professional image will attract more customers because they see the company as professional and trustworthy. So ultimately, the benefit of high quality design is to gain more customers and make more money.

Once you have your benefits listed, make a list of people who have a need that your benefit fulfills. For example, a graphic designer could choose to target B2B business professionals interested in increasing their client base with an upgraded website design and branding package.

How to Define Your Target Market: Choose Specific Demographics to Target

Figure out not only who has a need for your product or service, but also who is most likely to buy it. Think about the following factors:

- Age
- Location
- Gender
- Income level
- Education level
- Marital or family status
- Occupation
- Ethnic background

How to Define Your Target Market: Consider the Psychographics of Your Target

Psychographics are more personal characteristics of a person, including:

- Personality
- Attitudes
- Values
- Interests/hobbies
- Lifestyles
- Behavior

Determine how your product or service will fit into your target's lifestyle. How and when will they use the product? What features are most appealing to them? What media do they turn to for information? Do they read the newspaper, search online, or attend particular events? What kind of "voice" and "tone" should your marketing messaging take that will resonate with this specific audience?

How to Define Your Target Market: Evaluate Your Decision

Once you've decided on a target market, be sure to consider these questions:

- Are there enough people that fit my criteria?
- Will my target really benefit from my product/service? Will they see a need for it?
- Do I understand what drives my target to make decisions?
- Can they afford my product/service?
- Can I reach them with my message? Are they easily accessible?

Don't break your target down too far! Remember, you can have more than one niche market. Consider if your marketing message should be different for each niche market. If you can reach both niches effectively with the same message, then maybe you have broken down your market too far. Also, if you find that there are only 50 people that fit all of your criteria, maybe you should reevaluate your target. The trick is to find that perfect balance.

By this point, your head maybe spinning with all these questions and issues. You may be asking, "How do I find all this information?" Try searching online for research others have done on your target. Search for blogs and forums where people in your target market communicate their opinions. Look for survey results, or consider conducting a survey of your own. Ask your current customers for feedback.

Defining your target market is the hard part. Once you know who you are targeting, it is much easier to figure out which media you can use to reach them and what marketing messages will resonate with them.

Consider deploying web-monitoring software, to help identify, target and reach leading bloggers and key-influencers in your target category. Long term, these tools can save you a great deal of time, energy as well as money. Operating these tools is no easy task and best left to someone with proven skills in this area of digital marketing and web-monitoring.

But when you "discover gold" the results of target marketing are powerful. A well-read blog can have significant readership and high pass-along rates. Many free tools are available and they might be adequate for top-line searches. But to truly understand the blogger "landscape" reach out to communicate genuinely with them. You will need to either license expensive software or work with a marketing firm who has these tools/techniques and systems as part of their overall service package.

MARKET SEGMENTATION

Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of consumers who have common needs and priorities, and then designing and implementing strategies to target them. Market segmentation strategies may be used to identify the target customers, and provide supporting data for positioning to achieve a marketing plan objective. Businesses may develop product differentiation strategies, or an undifferentiated approach, involving specific products or product lines depending on the specific demand and attributes of the target segment.

Geographic Segmentation - Marketers can segment according to geographic criteria—nations, states, regions, countries, languages, cities, neighborhoods, or postal codes. The geo-cluster approach combines demographic data with geographic data to create a more accurate or specific profile. With respect to region, in rainy regions merchants can sell things like raincoats, umbrellas and gumboots. In hot regions, one can sell summer clothing. A small business commodity store may target only customers from the local neighborhood, while a larger department store can target its marketing towards several neighborhoods in a larger city or area, while ignoring customers in other continents. Geographic Segmentation is important and may be considered the first step to international marketing, followed by demographic and psychographic segmentation. The use of national borders is the institutional use of geographic segmentation, although geographic segments may be classified by identified geological regions.

Demographic Segmentation - Demographic segmentation is dividing markets into different groups according to their age, gender, the amount of income, the ethnicity or religion of the market and the family life cycle. The U.S. Census uses demographic segmentation to document and segment the people living in the U.S.

Demographic Segmentation - Behavioral segmentation divides consumers into groups according to their knowledge of, attitude towards, usage rate or response to a product

Psychographic Segmentation - Psychographic segmentation, which is sometimes called Lifestyle. This is measured by studying the activities, interests, and opinions (AIOs) of customers. It considers how people spend their leisure, and which external influences they are most responsive to and influenced by. Psychographic is highly important to segmentation, because it identifies the personal activities and targeted lifestyle the target subject endures, or the image they are attempting to project. Mass Media has a predominant influence and effect on Psychographic segmentation. Lifestyle products may pertain to high involvement products and purchase decisions, to specialty or luxury products and purchase decisions. Lifestyle segmentation reflects on how the target subject identifies themselves, or how they desire to identify themselves in society. By identifying and understanding consumer lifestyle, businesses can develop promotional mixes and product lines, which tailor to their needs.

Segmentation according to occasions relies on the special needs and desires of consumers on various occasions - for example, for products for use in relation with a certain holiday. Products such as decorations or lamps are marketed almost exclusively in the time leading up to the related event, and will not generally be available all year round. Another type of occasional market segments are people preparing for a wedding or a funeral, occasions which only occur a few times in a person's lifetime, but which happen so often in a large population that ongoing general demand makes for a worthwhile market segment.

Segmentation by benefits - Segmentation can take place according to benefits sought by the consumer or according to perceived benefits which a product/service may provide.

Multi-Variable Account Segmentation - In Sales Territory Management, using more than one criterion to characterize the organization's accounts, such as segmenting sales accounts by government, business, customer, etc. and account size/duration, in effort to increase time efficiency and sales volume.

POTENTIAL MARKET

Aggregate of all individuals, firms, and organizations in a particular market who have some level of interest in a particular product.

