BUSINESS STRATEGY & GROWTH

Do You Really Know Your Target Market?

By Leyla Hussein • 14 November 2018

A café owner once told me, with total confidence, exactly who his customers were: young women popping in to meet friends. When I asked who he wanted them to be, he described something completely different, middle-aged professionals holding business meetings over a flat white. He had built the whole place around a market he was not serving, aimed at one he did not have. It is one of the most common mistakes I see, and it starts with never really knowing your market in the first place.

You probably already have an idea of your ideal target market. But how thorough was the research behind it? Do you actually know whether the people buying from you now are your target? Do you know their demographics and their psychographics? Are you **supplying a genuinely lucrative demand**? You should be able to answer all of that.

Why defining your market matters

Defining your market is really about knowing your customers better. The more deeply you understand them, the more you can relate to your prospects in the way you approach them, and people buy from suppliers they know, like and trust. So it matters that you express your brand in a way that appeals to your customers. We tend to find someone likeable because of a shared value or a common experience, and if you can relate to someone, you raise your likeability, which adds value to the relationship and, in turn, to the sale. It all comes down to the customer’s experience, which is exactly why markets today are so shaped by the quality of service people receive. Would you go back to a café where the coffee was good but the experience was awful? Probably not, or you would grab it to go and never linger. Exceptional customer service is now the baseline, for B2B and B2C alike, and without it your business simply will not be rated well.

How to actually do it

To define your market you have to research it properly, across three dimensions. Demographics cover the socioeconomic characteristics of the group: gender, age, income, occupation, marital status, education. Psychographics cover their culture, values and interests. Geography identifies where they are based, or where their buying activity is highest. Fundamentally you need to understand every factor that influences how your market buys, then check whether the results are what you expected. Sometimes your real target market is not who you are currently selling to at all, and you have to ask honestly which you should be chasing. Analyse both, judge whether you get a better return from your current customers or your ideal ones, and work out whether you are looking at a mass market or a niche. Once you have compared them, you will have a much clearer sense of where to put the bulk of your effort.

The café, worked through

Here is what that looks like using the café from earlier.

Current market: female, 15 to 25, earning 5k to 25k a year, in a retail role, in a relationship, GCSE level, outgoing, likes to socialise, interested in fashion. A mass market.

Target market: male, 40 to 60, earning 30k to 50k, in a sales and marketing role, married, degree level or above, professional, likes to socialise, interested in business. A smaller market.

So the café is currently serving teenagers who work part-time in retail and come in to meet friends, while trying to attract male business professionals on higher salaries holding meetings. When the gap between the two markets is that wide, you have to revise your strategy and rethink how your company relates to its market. It may well be that the atmosphere suits the young women you already have far better than the professionals you want, in which case the sensible move is to keep serving the market you have. But if you genuinely want the target market, you have to change how you communicate: market on LinkedIn, partner with a local business lecturer, offer free events, and build a more formal, professional atmosphere.

Bringing it together

Knowing exactly who your prospects are lets you apply a far more relevant strategy for reaching them, and your **marketing and sales functions have to align** to appeal fully to that market and maximise your sales. That means in-depth research and a clear picture of both who buys from you now and who you actually want buying from you. Where there are obvious gaps, focus on your main market, the most profitable one, because that is simply the most sensible thing to do. And once that is settled, line up your marketing, your **brand and your culture** behind that target.

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