

# Target Your Market.

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Many small businesses start off trying to be all things to all people; they soon find out that this is an impossible goal, a goal that in fact can result in their business failing catastrophically.

There are a number of problems with an ill-defined target market.

## **1. Reaching a mass market can be nearly impossible for Small Business.**

Promoting your business is extremely important in attracting new customers but in order to reach a mass market you need mass promotional tools. The internet is a valuable tool but with the increasing commercial clutter on the web, it now seldom works as a mass media tool, unless you have thousands to spend on SEO's (Search Engine Optimisation) to move you to the top of a Google search. Google Adwords is another avenue for increasing your web visibility to a mass market, but again if set up correctly, can be very costly for a small business operator.

There are more traditional tools for reaching a mass market these include; television, radio and the print media; but if you're interested in these 'now you're really talking big dollars'! One off advertising is reasonably inexpensive, but research has shown that these types of advertisements are nearly useless in attracting new customers while mass media campaigns if done properly; are very effective, but costs are well out of the reach of most small businesses, sometimes running into millions of dollars.

## **2. Be careful what you wish for.**

As one Mid North Coast Company found out; attracting a mass market can be deadly for their business's health. I will not name the company out of respect for those affected but the lessons are clear to see. Mary (false name) is an expert in cosmetics, she had been playing around with a new formula for a moisturiser, once she believed she perfected the product, she tested it on her friends who absolutely loved it. She set up a small manufacturing facility in her garage with two or three friends and distributed it through local shops, particularly to the tourist market. Soon tourists who had purchased her product were ringing outlets asking for products to be posted to them, this caused Mary's business to grow significantly. A friend who was computer savvy offered to make her a website and Facebook page so she could sell directly to the public. With a large number of Facebook endorsements for her product her business increased one hundred fold overnight. Mary soon realised her garage and small number of employees were not coping with demands. Orders were taking weeks to dispatch and potential customers started walking away in droves. Previously positive posts on Facebook became decidedly negative.

Mary decided to move to a local factory complex and hire more people. She borrowed one hundred thousand dollars set up her factory. The process sped up but her extra outgoings as a result of her move meant the cost of the product needed to increase. Again Facebook lit up with negative comments, orders began to fall away. Now stuck with a loan and factory employees to pay it wasn't long before Mary's business went into debt and within one year she was out of business. Lucky for Mary her formula was still valuable; the patent sold to a multi-national for enough to cover her debts but she was left with nothing. Mary's experience was a good example of a business growing too fast without adequate resources to cope with her sudden success. This failure was then exacerbated by the need to price the product beyond what the market was prepared to pay. If you appeal to a mass market you must be sure you have the resources to cope should your business should suddenly take off and ensure you plan the transition through the growth periods. While in the short term Mary enjoyed the profits, in the medium term, sudden success was catastrophic for her business and her personally.

## **3. There is no room for mediocrity in Business.**

When a small business tries to appeal to everyone it runs the risk of pleasing no one. Business owners must know their market intimately; who they are, where they are, what they like, what they dislike, their interests, their habits, their income limits and spending behaviour. In our economy there are literacy hundreds of different market groups. With all the work associated with running a small business; it is an extremely tall order for anyone to know or learn the details of all these markets. Unfortunately it is easy to alienate your market if you don't know them well enough. One example was the hamburger chain that moved into North India offering the 'best beef burgers in India'. After a few local protests the red faced owners' soon realised cows are sacred in India and beef was not on anyone's menu. Needless to say this soured the relationship with potential customers and the chain was forced to abandon their moves into India.

## **So how should small business owners identify their market?**

1. Do some research – Research can be as simple as asking a few friends about what they think of what you have to offer, through to outsourcing commercial researchers who can conduct a national or international study. Focus on who would use your product or service (Gender, Age, Cultural Group, Socio-economic group, personality types) Once you've identified your target group you need to locate them (geographically), the ABS has an excellent database for this. Once you have identified your customers your need and their location you need to research this group in great detail; their likes, dislikes, habits, purchasing habits, who are the decision makers in their group etc. (For example; while a car may be being used by the male in a family situation the purchase decision maker in the family is increasingly becoming the female –in this case you need to appeal aesthetically to both the male and female and financially to the female – not the male as is the traditional belief)
2. An important part of the research is identifying how you can reach your target group – are they avid internet users, are they avid readers, do they read professionally, do they read newspapers? This allows you to get the most bang for your buck in terms of advertising; for example if you are targeting young people; don't advertise in a newspaper they just don't read them and you are simply throwing money away!
3. Ask people in your target group how much they would be prepared to pay for your product or service. There are a great number of strategies for pricing (cost plus, for example) but ultimately no matter what your strategy, if the item is priced beyond the willingness of the market to pay; the item will not sell. It may be at this point you decide not to go ahead because the market is unwilling to pay a fair price. Don't be afraid to pull the plug! Electric Cars have been around for many years however their price was so high the market was simply unwilling to pay, some 25 years later the situation has greatly changed and there are many electric cars on our roads Just because you pull the plug on an idea today doesn't mean that will be forever; new technology can make the item cheaper to manufacture in the future or your target group may become more affluent and become willing to pay more for a product or service. For example; retirees were once considered to be financially poor with most on a pension but today thanks to superannuation they are now considered by marketers to be the most affluent segment and well worth targeting. (Go to a caravan or motorhome sales yard for proof)
4. Once you have properly identified the market segment you want to target, you have geographically located an area with the best access to this segment, worked out the price they are willing to pay and learnt in detail about your segment's needs; you need to prepare a market plan.  
The market plan focuses on how to best communicate your message to your target and how you will respond if you are successful (how you will not repeat Mary's mistakes) or how you will respond if you are unsuccessful. This is where discussion with a marketing consultant may be useful; they can be a wealth of strategic ideas.
5. Once you have a plan in place you will need to carry it out. Remember keep your messages consistent – have you ever walked into a surf shop playing Frank Sinatra or the classics or a retirement home playing Ke\$ha “ If

you want to appeal to young people decorate your facility for young people, dress your employees like young people and play young people's music, likewise if you are running a retirement home.

6. Follow up and review your plan. You'd like to think your plan was perfect with no mistakes or miscalculations but alas that is seldom the case, if you need to make alterations be prepared to do so. May be you are having trouble contacting the market segment you want – so look for new communication strategies, may be you thought your segment was located in a particular location but a generational change has meant they have moved on – well it's time to move your marketing elsewhere. Whatever change is needed make it!

Once you have conquered a market segment perhaps it may be time to rebadge or repackage your product of service for a different market segment. Recently we saw rebadging with Virgin Airlines. They originally targeted the economy passenger – high volume low cost however, having seen the economy segment saturated they turned the focused to business travellers. They painted their aircraft white, installed new business class seats and allowed some cabin staff to get older gracefully, these elements they believed would satisfy the more discerning business traveller. Virgin had conquered the economy segment and then researched the needs of the business segment, made the changes they believed were necessary and then focused promotional campaigns primarily on then group.

Targeting makes sense and a leaves little to chance for the small business owner to stress over and hopefully with wise targeting your business will be around will into the distant future.