

Target Markets

Increase your sales by knowing who you're selling to

Overview

A Target Market is a defined group of potential customers that is the focus (target) of your sales/marketing efforts. The more you know about this group, the better you are able to reach them and address their needs, thus increasing your sales.

In this lesson we will discuss a simple way of defining and getting to know your target market(s). This is a fundamental step in developing your Marketing Plan.

Why is this important?

Many small agribusiness owners don't want to limit their opportunities by focusing their sales and marketing efforts on a particular category of customers. However, experience has shown that trying to please (market to) everyone leaves you to compete on price, which, often, is not what leads to success.

By focusing your efforts on a target market (niche marketing), you can become a leader in your niche and benefit from greater loyalty and higher pricing. You can reach a target market much more efficiently and effectively than the market of "everyone."

Incidentally, if you sell to wholesalers, while they might be your direct customers, they are NOT your target market. You should consider them in a marketing plan, of course, but for now, focus on the consumer or business that makes the buying decision.

What is MY target market?

The easiest way to select your target market(s) is to think about your ideal customer.

Imagine the person (or business) that would most prefer your products and services versus the competitors' offerings.

They would appreciate the value of what you offer and be willing to pay more for it.

Give this person a descriptive name that identifies them as narrowly as possible.

Bad Example: Tomato eater.

Better Example: Mother of school aged children who really wants her family to eat local, fresh, healthy vegetables, and for which tomatoes is a prime example.

Defining the target market and research

Think about the characteristics that differentiate this person/business from the general population. Imagine their stereotypical characteristics in as much detail as possible. You can use the research sources at the end of this lesson to substantiate or complement your assumptions. Surveying people in your target market can also provide valuable insight.

Describe your target market using as many of (although not limited to) the following characteristics:

Consumers

- Age (range)
- Geography (where are they concentrated? In Kahala? Waianae?)
- Sex (male/female)
- Family size (single, married, kids?)
- Household income (range)
- Education level
- Ethnicity
- Related values (do they value convenience, aesthetics, taste, etc.?)
- Buying style (buy small quantities at a time? Buy during the holidays?)
- Self concept (I'm a mother, I'm a rebel, I'm sophisticated, etc.)

Businesses (if a business is the end user of your product)

- Geography
- Industry/SIC or NAICS code
- Annual revenue (range)
- Number of employees (range)
- Buying style and decision making

Example: Female homeowners age 30-55 with children, living on the North Shore of O‘ahu, with household incomes of >\$50k, who place a premium on freshness and health aspects of food they purchase.

You can then research the population fitting some of these characteristics to determine how many people/businesses (potential customers) there are in your target market.

Also estimate how much of your product/service a customer from this target market might purchase in a month or year.

To validate that this is a suitable target market for your business, ask yourself the following questions:

- Does my target market have a need or a problem that I can satisfy, and are others not satisfying their needs sufficiently? *If their needs are already being satisfied then this is not a niche market for me — I will have direct competition for this target market for my products/services.*
- Can I easily identify my target market (so that I can reach them in trying to communicate/sell to them)?
- Are they able to afford what I’m selling?
- Is the size of the target market big enough to support my desired sales?

Once you have identified, described/ researched, and validated your target market, then you have the foundation upon which to start developing the rest of your marketing plan. Can you already see how knowing your target customer might impact such decisions as where to sell, what to say to them, and how you might modify your product or packaging to appeal more to them?

Next steps and resources

- Continue to the Positioning and Branding course offered through: Oahu Resource Conservation and Development
99-193 Aiea Heights Dr. #111
Aiea, HI 96701
(808) 483-8600 x113
<http://www.oahurcd.org/>
- Apply for personalized assistance from: Agribusiness Incubator Program
3050 Maile Way, Gilmore 115
Honolulu, HI 96822
(808) 956-3530
<http://aip.hawaii.edu/>

Additional information on target markets:

- www.entrepreneur-web.com/articles/targetmarket
- www.morebusiness.com/running_your_business/marketing/Target-Market.brc
- www.soho.org/Marketing_Articles/target_marketing_strategy.htm

Some free internet sources of research:

- General information: www.Google.com
- Various Hawaii statistics
hawaii.gov/dbedt/info/economic/databook/
- Hawaii tourist information:
www.hvcb.org/trends/index.htm
- Population information:
[factfinder.census.gov/home/saff/main.html? lang=en](http://factfinder.census.gov/home/saff/main.html?lang=en)
and quickfacts.census.gov/qfd/

- Geographic information:
www.zipskinny.com
- Industry classifications: www.naics.com
- Consumer spending:
www.bls.gov/bls/demographics.htm
- Business spending:
www.census.gov/epcd/www/bes2002.htm

Prepared by:
The Agribusiness Incubator Program
University of Hawai'i