

Increase Business Profits: Define Your Target Market

By Jeannette Perez

Today's market is highly competitive and many small businesses find it difficult to compete with larger companies. That's why it's important for small businesses to identify their target audience and focus marketing strategies towards a niche audience, or more specific group of people. Many business owners feel they will lose business if they focus on advertising to a small group. However, marketing to a select group doesn't mean you can't offer your products or services to individuals outside that target group. Defining your target audience gives you a more focused look at who you should advertise to and who will most likely use your products and services. Identifying your target market allows you to craft your message to a specific type of audience, while enabling you to alter your business model and discover which products and services are most in demand within your target group. Although it may take some time to figure out who your target audience is, you will be greatly rewarded with a more affordable, efficient, and effective marketing approach.

Look at Your Current Customer Base

Who is your current customer? Why do you think they choose your business? Which customers bring you the most profits? Think about the type of customer you currently have and make a list of other individuals or businesses that are similar to this group that you may market your services to.

Think About Your Target Demographic

A large part of defining your target market includes looking at the type of individual that will potentially become a customer. Don't just think about who needs your services, but rather who will most likely purchase those services. Age, gender, location, income level, occupation, ethnic background, marital status, and education level are the most basic factors used to identify your company's demographic. To further define your target group, look at the personal characteristics of your customer base. Which individuals do you want to focus your marketing energy towards? What are their interests, their lifestyle behaviors? How do these individuals get their information—are they tech savvy or do they prefer print and television/radio ads?

Look at Your Products and Services

Make a list of all the products and services that your business offers and match those products with potential customer types. For example, if you own a spa that offers holistic treatments, think about who would be most likely to purchase those services. Your target market may include women, age 30-50, who have specific interests in holistic healing, yoga, or acupuncture.

Look at Your Competition

Which businesses offer the same services and/or products as your company? Rather than compete for their customers, choose an audience that they may have overlooked.

Business to Business Marketing

Most businesses spend their marketing dollars on individual customers, but some focus on selling their products to other businesses. This can be quite lucrative since businesses tend to buy in bulk rather than by individual pieces. If you attempt to target other businesses, you still need to define your target customer by using characteristics such as geographic location, number of employees, amount of annual sales, and company size.

For more information on how to define your target market, visit our website at www.vipccs.com/resources

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