



## CHAPTER 4

# Find Your Market

ONE OF MY ABSOLUTE, hands-down favorite clients to work with was a chocolate truffle company. And here's why: I'm a chocoholic and my clients would bring a huge bag of their truffles to just about every one of our client meetings. My business partner at the time, Stephanie Rowland, was on the Atkins diet and carefully counting carbs, so I had the sweet treats all to myself. Their product clearly wasn't their problem. The candies they produced were some of the most delicious chocolates I've ever tasted. The problem was their marketing. They had too much perishable inventory sitting around. They needed more customers.

The business was owned by a mother-daughter team, and in our very first meeting, they cut to the chase about their business goals: "We're really struggling financially and we've got to make more money soon." Apart from selling truffles to some friends and family members, they had a few wholesale opportunities, but that was it. They were already strapped for cash so didn't have much left for marketing. That's why they were hiring us. They needed a lot of help and results—fast.

As we continued on in the meeting, they had a lot of ideas. Good ideas. But before we spent too much time on the fun stuff—the cool, creative marketing activities—I backed them up. I wanted to know more about their target market. “Who are your customers?” I asked. Without missing a beat they chimed back, “People who like chocolate!” And this was their problem.

Do you see the issue with their answer? Maybe not yet, but I’ll quickly explain why their response raised a red flag for me. On the surface, this seems like an obvious question. Of course your target market is going to be made up of people who like your product or service—in this case, chocolate. But this is a *huge* group of people. According to the World Cocoa Foundation, people enjoy chocolate in thousands of different forms, consuming more than 3 million tons of cocoa beans annually.<sup>1</sup> That’s a massive number of people to have to reach with your marketing messages.

It can be done. Large companies used to reach broad audiences all the time through a process called “spray and pray.” They would plaster fliers around town or do a mass direct mail campaign (spray) and hope someone would take notice (pray) and buy their product. For example, in 1968, Hershey Foods Corporation announced plans for a nationwide consumer advertising campaign spearheaded by the famous Ogilvy & Mather ad agency. Just a few years earlier, in 1963, the Hershey Chocolate Corporation purchased the H.B. Reese Candy Company. Starting with a national Sunday newspaper supplement in July 1970, followed two months later by national television and radio commercials, the campaign was an immediate success. Sales of Reese’s Peanut Butter Cups and Hershey’s Kisses, in particular, rose dramatically.<sup>2</sup>

In the good old days it wasn’t always such a daunting task to reach a broad market. In many cases, marketing was more manageable, even for a small business. If you had a candy shop on Main Street, you knew exactly who in town shopped in your store, if they preferred dark, milk, or white chocolate, and whether or not they liked it with nuts. But today, with the impact of the Internet and smart, mobile devices, you have endless ways to reach people in your city as well as around the world. With this ultimate accessibility comes the unrealistic perception—and pressure—that you need to reach that huge potential market of *all* people who like chocolate. The good news is, you don’t need to, and you shouldn’t. The number is

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too overwhelming and you can't set a realistic goal, let alone a SMART objective. You'll end up spreading too thin and feeling frustrated that you're not making any progress. Even though the Cowtown Candy Company in Cody, Wyoming has a Website, that doesn't mean it's trying to sell its goodies to everyone in the world who likes sweets.<sup>3</sup>

## TARGET AND NICHE MARKETS

As I've done in previous chapters, I want to start by clarifying up front what some of the terms I'm going to use mean. So far in the book, I've talked about your audience or market, describing your customers, your clients, your members. The broad group of people you most want to reach.

Your *target* audience or market is a specific group of these customers, and you can break them down even further into *niche* audiences or markets, which are subsets of the original target market. You create niches by discovering even more narrowly or well-defined groups of your customers. In some ways, the process of identifying niche markets in your customer base is like slicing pieces of a pie: When you break your audience down into smaller groups, they're a lot easier to fit on your marketing plate.

At first it was hard for the truffle company to identify its niche markets. In some ways it's much easier to picture a large group of potential customers instead of trying to narrow them down. But the best thing you can do to make your marketing as effective as possible is take a very close look at the individuals you're trying to reach. It may sound counterintuitive, but in order to do this, you first take a close look at your organization itself. That's right, before you can start sharing your marketing messages and news, you have to take time to put your best brand forward and pull together the stories that will resonate the most with your customers. You do this by once again building upon your vision, strengths, opportunities, and brand attributes, and then you start telling your story.

## CREATING CUSTOMER SEGMENTS

I want to focus on the truffle company again for a minute, and I want you to pay close attention as I share more details about its story. I'll start by describing the two owners. As I mentioned, it was a small, family business

run by a mother-daughter team. The mom, who was in her late 40s, was the keeper of the recipe and the sole crafter of the truffles. The daughter, in her mid 20s, did everything else. Her roles ranged from operations and inventory management to business development, marketing, and sales. Neither one had ever been in the business of making candy, so they were new to the industry. Their main sales came from friends and family members for parties and special occasions.

Now, I want to shift gears and focus in on my favorite part of the story: Those delicious truffles. One of the first things I noticed was that the chocolates were huge. These were not your average gumball-sized truffles, but more the size of a mandarin orange. The packaging was also unique. The handcrafted candies were individually wrapped in beautiful colored foils to reflect the variety of flavors: Green foil for the chocolate mint truffle, purple for raspberry, a distinctive copper-colored foil for mocha, and so forth. They were then placed in a long, narrow, rectangular box containing one of each of the 10 flavors. They used fresh, local ingredients and tried to support organic producers as much as possible.

After processing those additional details about the company, owners, and products, now who do you think their customers are? Still think they need to reach everyone in the world who likes chocolate? Definitely not. This is where the process of figuring out your niche markets gets fun. You get to start carving out and identifying various customer segments. And just like a pie, no slice is exactly alike. There might be a few commonalities that overlap, but each section is distinct.

I want to walk you through the process, step by step. The first thing you need to do is start with that big group. In this case, it would be all the chocolate lovers in the world. Sometimes if I'm doing this exercise in a workshop, I'll show a huge, blank circle on the screen or draw one on the whiteboard. This circle represents everyone in your main customer base.

Now I want you to do what the truffle company did and think about a big, massive, crazy-huge target market. If you own a pet store, you would be targeting all pet owners. An accountant? It would be all of the people who need help with taxes. Online magazine? People who like to read. Start with the entire pie first. Go back to your original vision if you need to. Dream big. Create a huge, delicious market pie.

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Next, you start drawing lines through the pie to carve out sections that represent different groups of people who resonate with your different messages. For example, some chocolate-loving customers might be interested in trying the truffles because they value the fact that it's a family-run business. Another slice of their market might be people who support women-owned businesses or the fact that it is a small business. Still others might appreciate the artisan aspect of the candy and that it was made by hand. They get their own slice.

Someone else might feel strongly about the sustainability message and that only local, organic ingredients were used. Another might value giving distinct gifts and appreciate that the candies came in a cool package. You slice and slice, carving up that original target market until you can slice no more and not a morsel is left!

You should try to get at least three groups, but most people come up with a lot more when they do this exercise. This is exactly where your organizational brand attributes line up with your customers' needs and values.

Once you've created all these unique segments, it's helpful to get even more detailed within each one. One way to do so is to start with the basic demographic information for each. What is the age of the people in that particular segment? What's their gender? Ethnicity? Where do they live? Do they own their homes? Are they employed?

The next step is to dig even deeper. Really get into their lifestyles through their hearts and minds. What are their hobbies? Do you know what cars they drive or if they take the bus? Do they prefer to read books or blogs? Do they have kids? Can you find out if they are active in politics?

Another method for doing this is to describe what you know about an existing customer in particular from head to toe. If you're in startup mode and don't have any customers yet, you have the fun job of creating an ideal customer persona. All you need to do is come up with a picture of the person you want to do business with—the person who needs your product or service. Stacey Anderson is in this position. She's the publisher of a new magazine called *Getting Organized Magazine* and is working hard to build a base of readers and subscribers. Stacey started in the field as a professional organizer and her first marketing efforts for the magazine were directed at other organizers. To grow the magazine, she now needs to expand beyond

that market and reach a different customer segment: busy, unorganized moms.

Here are some of the details Stacey uses to describe her desired customer (I'll call her Marie) from head to toe:

*Marie is 35 to 55 years old, married, and with kids. She is self-employed or works part-time out of her home office. She is always looking for the latest gadget to help her get organized and often shops at places such as Target, The Container Store, and Bed Bath & Beyond. She likes to stay connected with her family and friends through social media tools such as Facebook and Pinterest. She enjoys reading magazines full of tips and advice, such as Real Simple, Better Homes and Gardens, and O: The Oprah Magazine. Marie has a tough time dealing with all of the paper in her house—mail, receipts, kids' calendars, things like that—and she struggles with time management and staying on top of all of her e-mail.*

She may not have a lot of readers yet, but Stacey has clearly done her homework and has come up with a lot of information about whom she's targeting. She can then use these details to create marketing activities that will effectively reach someone like Marie. This is the power of knowing your brand and using data about your customer segments to move your business forward.

## CUSTOMER RELATIONSHIP MANAGEMENT

It's one thing to know this information; it's another to actually document it and use it to move you forward. This process is called Customer Relationship Management (CRM), and there are a lot of great CRM tools on the market today that can help you manage your customer data. I've worked with organizations that use everything from an Excel spreadsheet to a product called Sage ACT!. These database tools allow you to log and manage nearly every detail you can think of about your customers: dates you interacted with them, purchase history, birthdays—you name it and you can track it. Social media is rapidly changing the way we interact with

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customers, and with the increase in online communities, the business world is starting to pay attention. Some of the best contact management tools merge with social networks to help companies develop and manage even stronger connections with customers. Tools such as Salesforce.com can help you tap into all of the information your customers are sharing online about your brand in their conversations and feedback. In store or online, there's a way to create a profile and manage a relationship with your customers to support their buying decisions.

At the end of the day, it doesn't matter how you capture this information, you just need to do something with it. One of the biggest mistakes I see businesses make is investing a lot of money and time up front in one of these systems and then not following up by using it. Don't make the process too complicated. I don't care what you read or research or hear from a colleague, if it's easier for you to manage your top three segments in a paper notebook, do it. If you have a sales team and can invest in setting up Salesforce.com, do it. Use a process that will help you gather the information you need to tell your story to the right people.

The more information you can gather about your niche customers, the better you can target your marketing activities to not only reach them, but also resonate with them. You're now discovering as many unique customer details or "ingredients" as you can within each slice of your original pie. There might be some overlap in your segments, and that's just fine. You may find one niche segment is made up of men and women who listen to the radio, or another segment might include kids ages 5 through 10, as well as teenagers who still like reading books instead of reading online.

## **HOW DO YOU FIND INFORMATION ABOUT A TARGET MARKET?**

One question that usually comes up at this point is, "So how do I find all of this information about my customers?" Great question. There are a few ways to get it. Some of it may have come out when you did your SWOT analysis back in Chapter 2. Sometimes you may see it and experience it firsthand when you interact with your customers. For example, maybe a client mentions she was reading the local business journal, or a supporter of your nonprofit mails in her donation with a breast cancer awareness sticker on the outside of the envelope. Maybe in the comments

section of your blog a majority of your readers describe their political views. The details about your customers' stories are often right within reach if you look and listen.

A great example of an organization that was able to narrow down its broad customer market and find information about a specific segment to target is a church management software company. A colleague of mine, Matt Heinz, owns Heinz Marketing and was helping the business find better ways to market and sell its solutions across the country. "They originally wanted to go after every church in America, but I told them if they wanted to increase their chances of success, they'd have to scale down their approach," says Matt. In order to do this, Matt came up with some criteria. If the church didn't have a good handle on technology, there would be a pre-existing hurdle to convincing them to buy the software. Matt says, "It came down to asking, 'Do they have a Website, yes or no?' That one, simple question ruled out a bunch right there. And then we looked at things such as church size, growth rate, and denomination. We found much of this information online or with the help of a few strategically placed phone calls."

Through this process of segmenting, Matt was able to help his client identify the best potential customers: largely non-denominational churches experiencing high growth who were already using technology in innovative ways. They had real data-management issues and were much more likely to buy the software and service. Doing this work up front and profiling specific niches in the broad market helped Matt's clients get significantly higher responses to marketing activities than they would have without the profiling.

Detailed information about clients is in many ways much easier for a brick-and-mortar or service-based business to gather than it is for an organization based solely online. Here's why: Amazon may know the books I've purchased in the past, but, the manager at Ravenna Third Place Books, an independent book store, knows much more about the rest of me. He knows I have a cat, am recovering from plantar fasciitis after a week of over-exercising, want to be a better cook, like hearing lectures, am an extrovert, and can't get enough cupcakes and Indian food. Does any of that information help him recommend a new book when he sees me in his store? Definitely.

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## WHAT IF YOU HAVE NO MARKET YET—OR WANT TO CHANGE YOUR TARGET MARKET?

No customers yet? This can be really challenging. You don't have customers to talk to and you're just starting to create a community online. But all is not lost. There's still hope! You can do a couple of things.

As I said earlier, you can start by making one up. Who is your hypothetical customer, or better yet, who is your dream customer? If you could have anyone come into your store or visit your site, who would it be? One way to start building your target market is to look at who is doing business with your competitors. Is there a gap in the market that you're able to fill? Go look at businesses similar to yours online. Read their customer testimonials and reviews. See what people like and don't like.

For example, in my neighborhood there are three sushi restaurants within five blocks. If you wanted to open another sushi restaurant in that same location, even if it's going to be completely radical in product and concept, you could learn a lot about your potential market from reading the customer feedback on your competitors' Websites, checking out their customer comments posted on review sites such as Urbanspoon.com, Yelp.com, and Citysearch.com, and reading old-school newspaper restaurant reviews.

Speaking of old school, you can also do some undercover sleuthing and just go in and enjoy a sashimi plate and observe the customers. Be a secret shopper of sorts and ask the waiter as many questions as possible. If that makes you uncomfortable, you can ask one of your employees or even a friend to do it. And there are of course consultants you can hire to provide official secret shopper services and competitive research.

It also helps to look at what's happening in your industry and your professional organizations. Talk to people. Attend a trade show. Get support from your chamber of commerce, the Small Business Administration, or your merchant association. You could do a test market focus group, send out a survey, or go to your local library. All of the techniques and tools I discussed in Chapter 2 for your SWOT analysis would be just as effective in researching your target market, too. The possibilities are endless. Just be sure to build upon your brand as you begin to define your customer base. People will listen when you start telling your story.

What if you want to change customers? Or dump the ones you have? No problem. I know that sounds harsh, but I worked with a photographer who was terrific at weddings, but wanted to shift to a different market. Her background was in photojournalism and she wanted to bring this aspect of photography to her family portrait and wedding business. Unfortunately, it meant her rates would go up as she would need to spend a lot more time observing the bride and groom to capture their special day in her unique way. It would require not only a different pricing model and process, but also a completely different way of telling her story. Not all of her original clients would be interested in continuing to work with her. As she converted her business model, she would need to find new people and let some of the old people go. She'd have to find some new slices to add to the empty wedges in her pie.

## **TAILOR YOUR MARKETING TO YOUR NICHES**

Once you have your target market and niche audiences defined, when you really know your main customer segments, you can start your marketing! You begin listening to what they want and giving them what they need! Different customers will care about different things, so there's a good chance you need to create a variety of marketing messages. You will be slicing and dicing your story, sharing different pieces with different customers. You start by picking one of your niche markets, and then move on to the next.

Going back to the truffle company example, we identified three niche segments of customers: local boutique hotels, local restaurants, and executive assistants at local corporations. You can see that there were even more important details to uncover within each of these three defined groups. For example, we needed to find hotels that put chocolate on pillows, restaurants with sustainable, organic menus, and assistants who needed high-end gifts for their managers' clients.

After we had these details, we began to create different messages that would resonate with these groups of customers. Instead of bombarding them with facts and features about the chocolates, we had to tell a story about how the truffles would benefit them, add value to their organizations, and ultimately make their lives better. For the hotels and restaurants,

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we decided to play up the messages about the organic ingredients and artisan process. For the executive assistants, we focused on the high-end packaging and artisan process. The hotels and restaurants would need simple, one-page fact sheets that the truffle company owner would drop off in person, along with a few free samples. The best way to reach the executive assistants was to e-mail them and invite them to a free tasting event. We'll talk about how you create an actual action plan in future chapters, but this is how you begin to mix and match your messages and tell your story effectively to your target market.

This goes for service-based businesses, too. For example, if I'm delivering a keynote to corporate types and senior banking executives, I tend to share more of my professional stories from Microsoft. If I'm leading a workshop for small business owners, I highlight examples from my years managing my family business and working with entrepreneurs.

A unique story about a group working hard to tailor its marketing activities to its customer segments is PACOS Trust, an NGO in Malaysia. The community-based, volunteer-run organization is dedicated to empowering indigenous communities in the Sabah region of Malaysia, located on the northern portion of the island of Borneo. I was introduced to the region, as well as the organization, when I was invited to serve as a speaker through the U.S. State Department. Sabah is one of the most remarkable places I've ever been, full of beautiful national parks, rivers, mountains, wildlife reserves, jungle terrain, and beaches. Yet while the interior region remains sparsely populated with only villages, development is happening rapidly throughout the region and encroaching upon the natural lands and their inhabitants.

To address these sustainability issues, Anne Lasimbang, the executive director of PACOS, is working hard to run multiple programs ranging from land rights to resource management. An example of a program that has helped move the organization forward is its community education program. This program provides early childcare and education to rural communities in Sabah. "On the surface, it might seem ordinary and small, but it has positioned PACOS as one of the most respected NGOs in Malaysia," says Anne. In order for the program to be successful, PACOS needed to recruit women deep in the rural villages and help empower them to be community leaders. This was no easy task, as most of the women were illiterate

and lacked confidence. In addition, the messages used by PACOS needed to be rooted in the people's indigenous culture or they would not resonate.

PACOS took all of this into careful consideration by creating relevant marketing activities and promotional material. PACOS couldn't send e-mails or put up fliers because the women were unable to read and write and had no access to technology in their villages. Instead, the organization had to rely on word-of-mouth efforts. Creating compelling photo exhibits during community events allowed the organization to appeal to the women on an emotional level and reach this targeted segment of its customer base. "Once the women gained information and confidence, they were able to do something for themselves as well as for their community," says Anne. "One example is the women's group in Kipouvo; they undertook a village community homestay program. Through the children's program these women became organized and their activities have evolved."

One year, PACOS partnered with Camps International, a volunteer tourism company based in the UK to bring clients into Sabah. "Kipouvo village was one of the destinations, and in a year they earned MYR \$45,000 [USD \$12,000]. This was truly an achievement for this group of rural women." As this story illustrates, when it comes to your target market, the best way to reach your goals and move your business forward is to slice and dice your stories and messages to match the needs of the audience at hand.

## THE PROS AND CONS OF NICHES

In some cases, narrowing your focus can seem as though you're limiting your options. It can also be challenging to have to pick which customers to focus on and which ones to set aside. I experienced this early in my career. The process reminded me of those painful times in junior high when I wasn't one of the first chosen to be on the dodgeball team. I didn't want to do that to my customers, and I wanted my messages, my story, to resonate with all of my clients, from the small businesses to the nonprofits to the artists to the government agencies to the schools to the corporations—all of them. I didn't want to lock my consulting services into just one of those categories. But eventually I realized it wasn't about me.

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To better explain this, I thought it would be helpful to share a point of view from Barry Mitzman, an expert on communications strategy and messaging. I first worked with him more than a decade ago when he was vice president of SS+K, a marketing communications firm that served some of Microsoft's groups; then again when he was director of strategic communications at Microsoft; and yet again at Seattle University, where he is now professor of strategic communications and director of the university's Center for Strategic Communications.

The key to telling your story effectively, he says, is to get over yourself. That is, stop thinking about your own needs and wants for at least a moment. Think instead about the people you're trying to reach. What do *they* need and want? How are those needs and wants served by your story, product, service, or organization? First, figure out how to be *relevant*. Then, forge that connection to your target audiences by honing a few simple, key messages—ideas critically important for you to get across and also potentially important to your target audiences based on what they already know and believe. “In a sense, effective, persuasive communication is very Zen,” says Barry. “To win, you must let go of your ego.”

He's right. What I finally realized, and what's so amazing about the process of defining niche customer markets, is that it does the opposite of what you might think. Instead of restricting your options, it expands them and allows you to have tremendous freedom within each segment. If you focus your efforts on exactly whom you need to reach, you realize the size of your original pie stays the same; you're not losing anything. All those little niches still add up to one big pie; you're just giving a few defined customer groups the attention they need. In fact, the size of your market doesn't change at all, but by delivering more customized marketing to each niche, you're packing more revenue opportunities into each slice.

In addition to a sense of feeling limited, some people get overwhelmed at the thought of dividing their customer base into segments. They're worried that by creating so many different customer niches they'll get spread too thin and will not have enough time or budget to manage them all. That's a valid concern, which is why I suggest you pick no more than about three to five to focus on at any one time, depending on your time and resources.

Think about it. If you go back to the pie analogy, you *could* cut a pie into 16 mini pieces, but as I can attest to on Thanksgiving Day, that's just too small of a serving. Then you aren't giving your customers all of the information they need or the attention they deserve. Mayna Sgaramella McVey started her wardrobe consulting business, Closet Fly, in 2005. Since then, she's helped a diverse group of men and women look amazing regardless of their size, shape, age, or budget. In order to market her business effectively, she's focused on one broad customer market: women in a life transition. That doesn't mean she won't work with men, but the majority of her clients are women so she makes sure her marketing efforts resonate with them.

Throughout the years, Mayna has carved out five niche customer segments:

1. **New moms:** Women in this phase of their life have gone through a major life change and Mayna knows how to help them feel good and dress for their new body, whether they were able to get back to that pre-baby size or not.
2. **Empty nesters or retirees:** When their kids leave home, many women finally start thinking about themselves again and start buying new clothes. Mayna also works with retirees who have closets full of professional suits but no longer need them. Even a midlife physical change such as menopause may lead to wardrobe adjustments if a woman is experiencing physical changes such as hot flashes.
3. **Professionals:** "These are women who have either switched to a different profession or moved up in their position at work," says Mayna. "They used to dress casually and now need to upgrade their wardrobe for work, or the opposite, in the case where they left a corporate job and are now self-employed and have more wardrobe options."
4. **Weight changers:** Mayna also targets women who just lost or gained weight from either a health issue or because they've started a new diet or exercise program. "In both cases, their weight has changed and they need help dressing their new size and learning how to dress their shape."

5. **Divorcees:** “These are the women who may be on the market again and want to feel good,” says Mayna. “They’ve gone through a painful process and want to feel better about themselves and feel sexy again; they are ready for a lifestyle change, and that includes their appearance.”

The number of slices you create in your pie depends on your time and resources, but if five work for Mayna, that might be a perfect number of niche markets for you as well.

At the end of the day, you can see that the pros far outweigh the cons when it comes to slicing and dicing your target market. This process allows you to tailor your messaging and your activities so they resonate with the right eyes and ears, and you get better results. All of this information, these details you gather about who your customers really are, is invaluable. When you have this much data to work with, it will make your marketing much easier and more effective. By being more selective about what parts of your story you want to tell and to whom you want to tell it, you’ll get faster results.

### *The Marketing Mindset*

Take a few minutes to reflect on what you’ve read in this chapter and answer the following questions:

1. Whom would you describe as your broadest base of customers? If it helps, draw a big, empty circle. Who fills up the entire pie?
2. Describe one of your customers—or a desired customer—from head to toe. Fill in as many details as possible. Here is a list to start the process:
  - ▣ Age
  - ▣ Location
  - ▣ Ethnicity
  - ▣ Gender
  - ▣ Political status

▣▶ Employment status

▣▶ Family status

3. Based on the information you came up with for #2, create three to five niche customer segments. What elements distinguish each of these groups?
4. Play the mix-and-match game. Match your messages to the appropriate audience. Who needs to hear what part of your story?
5. Do you have a CRM process? If so, how could it be improved? If not, what method could you use to improve how you track and use your customer data?