

TARGET MARKET

We can't be everything to everybody! You should define and select the unique type of customer that you want to attract and make a connection with, understand their views and desires. That target market will help you prioritize efforts and resources where they will give you the biggest returns.

Map out all the various needs consumers in your category might have. Each section can help you organize distinct drivers or reasons why consumers select your brand. Then organize the list into the most meaningful groups of needs. These should be distinct needs segments for your particular category that can then choose a target(s) to wow with your product(s) and/or service(s).

Questions to ask:

Why do people buy your product or service?

What are the different needs people have that your product or service could fulfill?

Needs are what consumers would describe as the main reason they enter a category of products or services. By focusing on the needs of your target customer, your brand can meet them with the benefits your product or service offers. You can then build a range of product or service offerings to serve their distinctive needs. Focus on needs first.

Needs Segment Example

Product: Jeans Company.

Physiological: Need pair of pants.

Safety: Sturdy jeans that are durable.

Self-Esteem: Make customers look better, hide imperfections.

Belonging & Status: Jeans that signal customers are part of a unique group & want to be admired.

NEEDS-BASE SEGMENTATION

| Physiological | Safety | Self-Esteem | Belonging |
|---------------|--------|-------------|-----------|
| | | | |

Notes

ACTION: Identify Demographic
(specify if more than one segment)

Gender:

Age:

Location:

Social Status:

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Understanding Your Audience Demographics & Psychographics

Audience research helps you understand who you are talking to, how you need to talk to them, what information will motivate them to engage you, and what unmet needs they might have that you can satisfy. The goal is to find focus. Audience focus allows organizations to apply their resources toward a select group of people to whom they can provide a unique value. This allows organizations to carve out a piece of the marketplace to claim as their own.

Demographics

The foundation of audience understanding starts with demographics. Demographics allow you to understand basic information about gender, age, location, and social status. On its own, demographic information isn't very valuable. But when paired with psychographic and behavioral patterns, demographics help provide a complete profile of the audience.

Gender: The significance of gender cannot be underestimated. The communication needs and styles of men and women are very distinct. More importantly, the way that males and females perceive messages is markedly different.

Age: The age of the target market will influence the messaging, language, design, and channels the brand is communicated in.

Location: People living in the same areas tend to share similar characteristics in culture, language, and buying patterns due to influences ranging from store location, ethnicity to weather patterns.

Notes

ACTION: Identify Psychographics

(specify if more than one segment)

Lifestyle:

Attitudes:

Beliefs:

Values:

Motivations:

Behaviors:

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Psychographics

Psychographic profiles allow a deeper understanding of the audience with whom they're communicating. With this level of understanding, you can create targeted communications that are meaningful to audiences, reflect their attitudes, values, and the social environment in which they live.

The goal of psychographics is to better understand who you're talking to, and what motivates them to engage with your organization. Learn about the values, beliefs, and attitudes that drive audience behavior.

Lifestyle: Is about activities, interests, and ideas that are shared among groups of people. Information about spending habits, use of time, and opinions are reflected in lifestyle categories.

Attitudes: Predispositions that people have about events, ideas, behavior, or other people. They play an important role in linking the audience's emotions and thoughts about organizations, products, and services.

Beliefs: Subjective understandings that are based on perceptions. Beliefs are the foundation of our attitudes. They act as a way for people to filter information and messages, and make decisions.

Values: Audiences accept or reject messages based on how well the messages match with their existing values. Values help people make decisions about behavior and are based on their earliest experiences.

Motivations: According to noted psychologist Abraham Maslow, an audience's needs are established in ascending order from physical, safety, love, esteem, and self-actualization. Each need must be satisfied before moving to the next (higher) level. Once a need-level is fulfilled, the desire for the next level is established. (Refer back to Needs-Base Segmentation section)

Behaviors: By understanding what people do, as opposed to how old they are or where they live, you can target audiences based on when they buy, how they buy, and how much they buy. Behavioral data tells us what audiences have done in the past, and helps us predict what they might do in the future.

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MVP Audience

It's important an organization not only defines target audiences but that they define the Most Valuable Customer (MVC) as well. Organizations must determine which audiences provide long-term value to the organization. Value can be defined as anything from overall lifetime spending, to their role as evangelists for the organization. The MVC serves as the target audience for the brand strategy. By taking this approach, organizations can filter out audiences that are too expensive to acquire, do not give an acceptable return, or take a long time to become profitable. By eliminating these audiences and focusing on just the most valuable, organizations can target their brand efforts, and maximize their marketing costs. Why spend money on low-return audiences?

A simple way to think about the MVC is to apply the 80/20 rule. Some audiences spend more on products and services than others, and therefore they provide more profits for the organization and they are more loyal, making them worthy of the organization's time and resources. Because of this, most organizations use the 80/20 rule when considering audience value—80% of an organization's profits come from 20% of its customers, indicating that only a small group of customers provide real value to the organization.

At its most basic level the organization must ask itself some basic questions:

- Who contributes the most towards revenues?
- Does it cost a lot to maintain these customers?
- Do they promote the organization?
- Do they influence the industry?

Audiences have many choices in the marketplace. They tend to choose products and services they have a connection to. At a very deep level people tend to define themselves through the products they buy. Consider how people make choices about the clothes they wear, the cars they drive, the neighborhoods they live in, and even the coffee they drink. From a branding perspective, understanding what target audiences value on an emotional level is critical. Brands that only fulfill a basic need are seen as a commodity and garner little loyalty among customers. Brands that forge an emotional connection have higher profits, repeat purchases, and brand loyalty.