

10.10: Defining Your Target Market

Learning Objectives

- Explain the concepts of segmentation and targeting

Whom Are You Trying to Reach?



Suppose you are selling automotive detailing products. Is your target “anyone with money to pay for your product?” Or are you focusing your efforts on a tightly defined market segment of people with an identified need for what you are selling? “Anyone with money” is such a broad audience that it’s difficult to make any impact at all with your marketing efforts or convince very many people that they need your product. If you narrow and carefully define your target market, though, your efforts will be more fruitful because they’re focused on people with a preexisting need or interest in what you offer.

Step 1: Identify the Customer Need You Address

To define your total market, start by stating the needs you will fulfill: Who are your products or services intended for? Who do you want to do business with? What is unique about your product? If you’re selling products used in automotive detailing, your total market consists of vehicle owners—that is, all the people who could potentially buy your product. Your business will help them keep their vehicles clean and shiny.

Step 2: Segment Your Total Market

Next, break down this large market into smaller sections, using a process known as segmentation. You can use a variety of approaches to segment your total market into groups with common wants or needs. In this case, we can segment by vehicle ownership and related behavior. Specific segments might include the following:

- People who restore classic automobiles.
- People who drive old clunkers and run them through the car wash occasionally.
- People who own “status” cars.
- Truck drivers.
- Motorcycle owners.



Which of these subgroups are likely to be your most productive market segment(s)? You recognize that auto owners who don’t care about keeping their cars clean and shiny probably won’t be very interested in your products. Then there are those who care, but they lack the time and interest to do the work themselves. They take their vehicle to a shop. Others only worry about auto detailing only when it’s time for a trade-in.

You reject these segments as unsuitable for your target market because they probably do not care enough about what you offer. After further consideration and research, you decide that your market segment will be automobile owners who have both the time and the interest to do their own detailing work—people who enjoy puttering with their vehicles, who have the time to spend, and who take pride in their vehicle’s appearance.

You need to conduct research to confirm that there are enough potential customers in that group to support your business. You should also do competitive analysis to confirm that what you are offering is not readily available to them elsewhere. With this validation, you move to step three.

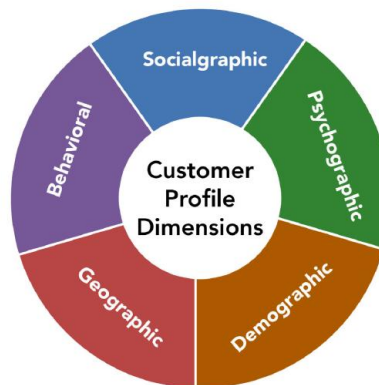
Step 3: Profile Your Target Customer Segment(s)

Next, develop profiles of your target customer(s) to get a true picture of the people you're trying to serve. Describe these potential customers as fully as you can. Who will actually buy your product? What do you know about them? Where do they live and what languages do they speak? How much do they spend on car detailing? Where do they shop? What is their annual income? What kinds of cars do they drive? If you're selling online, what methods do they prefer for online payment? What Web sites do they visit? How do they want their product delivered?

There are many different ways to profile your customers, as shown in the table and graphic below:

Table 10.10.1. Common Market Segmentation Approaches

Type of Approach	Segmentation Criteria
Geographic	nations, states, regions, cities, neighborhoods, zip codes, etc.
Demographic	age, gender, family size, income, occupation, education, religion, ethnicity, and nationality
Psychographic	lifestyle, personality, attitudes, and social class
Behavioral	user status, purchase occasion, loyalty, readiness to buy
Decision maker	decision-making role (purchaser, influencer, etc.)



Identify your customer profile before you conduct market planning, so that your planning is a good fit for your customers' behavior, interests, and needs.

? PRACTICE QUESTION

<https://assessments.lumenlearning.co...essments/14481>

Step 4: Research and Validate Your Market Opportunity

Now that you have fully identified your target market, conduct research to verify that there will be enough business in this group to support your company in its growth. This process confirms that the need actually exists and that it's not just wishful thinking on your part.

Use both primary and secondary sources in your research. You might consult business directories, obtain statistics regarding automobile owners and their car-care practices, or locate newspaper articles and magazine stories written on the subject. You can also conduct your own market research using techniques such as surveys, focus groups, interviews, and so forth.

Your research should also determine the size of the market opportunity in terms of revenue as well as your potential market share.

You can use primary and secondary sources to find out how many potential customers there are in the geographic area you have defined and how many businesses are directly or indirectly competing with you. Your market share will be the number of customers likely to buy from you rather than from your competition.

Having defined and validated your target market, you are now better positioned to develop a marketing plan that will reach your potential customers. Perhaps your sales will take off right away—a great problem to have!

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