

Are You Targeting Your Market?

Where do your customers come from? Do you know?

Often it can seem quite random.

The nature of running a business is such that you will go through periods of feast and famine. In a bid to try and beat the ups and downs most will try to be all things to all men. The thinking is that if you spread your net far and wide you stand the best chance of catching a prospect somewhere.

But is there a problem with doing that?

Yes, the problem is that this approach requires a lot of patience. It could be likened to a fisherman who puts out lots of bait and then has to wait for the fish to bite. For larger and more established businesses this can be fine since they usually can afford to wait. However, smaller or start-up businesses often can't.

So it can often be more effective for small businesses to proactively 'hunt' for customers. In other words, actively target and market to a section of potential customers.

Wouldn't I lose potential customers?

The immediate concern with only focusing on a small section of potential customers is the fear that you're shutting out the potential customers outside that focus and so you're losing business. And it's true there is a possibility that you could miss customers.

But think of this. Would a business stop selling a product just because they had to pay out some costs to make the product?

No. Why not?

Because the ultimate aim of a business is to make a profit. Simply put, profit is the difference between income and costs. As you know it's very rare to be able to make any income without there being some costs. So, the trick of making a profit is to ensure that your income exceeds the costs that go into making that income.

The same thinking applies to the idea of targeting your market.

Consider The Potential Gains

Focusing only on the potential customers that might be lost would be the same as a business making a decision about whether to sell a product solely based on the costs. To make a balanced decision you need to consider the potential gains as well as the potential costs.

It's been demonstrated repeatedly that when you focus on a particular market you increase both the likelihood and the amount of custom within that target market.

For instance, suppose you're an architect looking for a new website. Which supplier would you choose? A business that advertises general website design, or one that advertises that it specialises in designing websites for architects?

It's pretty likely that the one advertising website design for architects will at least make your short-list. Why?

Well perhaps you feel that they'll be better able to meet your unique needs. They'll understand how your business works and know what would work best. In fact, you might even be willing to pay a bit extra to use the specialist because of the extra benefits you feel they can bring you.

Target, Target, Target

This highlights what tends to happen as you specialise into a particular area. Focusing in on a particular target market results in winning more business and is usually more profitable than would otherwise be the case.

Farmers plough the soil over wide areas and make a living, but it's miners that get the treasure. For you, you can try and be all things to all people and you'll certainly make a living. But if you target a niche or specific market you may well find much treasure!