

# FINDING YOUR BEST CUSTOMERS

By Carla Gail Tibbo

How do you segment and assess your market? Here's a simple process and a couple of tools:

Businesses usually want more customers – but how do you ensure that you are targeting the right customers? It should be those who really need, want, and will purchase your product or service. So first, who do you want to sell to – consumers, or other businesses? Maybe you will sell to both. If that is the case, then you'll start out with 2 broad segments, Businesses and Consumers. Then, you'll need to further divide them. For this post, I'll focus on consumer markets, or B2C marketing.

Let's assume we're a B2C company, marketing a new line of educational toys for children aged 5-9, and we will sell online. This is a new product, and initially it will only be available in English.



Ways to segment the market	What to ask yourself	Set your criteria (examples of choices)
Geographics	Does it matter where the consumers are located? Where can you economically ship to? What import/export regulations will you face? What time zones can you handle?	Cities over 100,000 population in North America
Demographics	Describe your market in terms of age, gender, family situation, language used, marital status	Parents of kids in the target ages, married or single, both genders
Socio-economics	What income level does your ideal target market have? Culture? Ethnicity?	Upper middle income, English speaking
Usage	How many different levels of usage of your product or service do you see? Heavy, moderate and light users? Frequent purchasers, gift purchasers, referrers to others?	Kids will have these toys in their rooms all the time, and use frequently. Parents and relatives may purchase them 3-5 times/year.
Benefits	What are users looking for when they purchase from you? A learning tool? A way to teach their kids certain skills? A device for keeping kids occupied?	Looking to give play value to kids (they'll play with the toys for an hour or so at a time), to teach specific skills and knowledge.
Psychographics	Think habits, hobbies, values, personalities. Is your key consumer frugal and risk-averse? Do they like to be seen as trendy and sociable? What other characteristics might affect their purchaser decision?	Well educated parents who want their kids to learn, time-poor parents who want kids to be entertained. Value education, heavily invested in their kids.

Often people look at demographics (age, gender) and income without considering the psychological aspect. Demographics are facts. They are useful, but they don't consider people's motivations, values, or lifestyle. While they are easier to get, you will need several variables to target effectively. Fortunately, psychographics do just that.



So what does your buyer persona look like? Close your eyes and visualize the person ordering your best toy. Is your buyer anything like Melissa?

**MELISSA:**

- Lives in Laval, a trendy suburb of Montreal, in a single-family dwelling.
- Female, 42 years old, married, has 2 kids, a boy 6 and a girl 9.
- Upper middle income (\$100K), both parents work in professional jobs, very busy.
- English and French speaking
- Both parents have university education and want higher education for their kids
- Kids enrolled in extra-curricular activities, concerned with life balance and health
- She does 70% of household purchasing.

If you imagine Melissa looking at your product for her kids, you need to know that she has a need and a use for it, and also that it fits her lifestyle and she's likely to be motivated to buy it. A combination of segmentation considerations gives you the insight to know exactly how to market to her – and also helps you identify other good segments to pursue.

Now here's the next question to ask. How many Mellissas are there in your geographic market? Let's calculate. To make it easy, we're going to begin small, by marketing in Montreal.

**Geographics** (readily available from government sources): in this case, the geographic area is the metropolitan area of Montreal – population 4,049,000

**Demographics** (also easy to find): Parents of kids 5-9, married or single, both genders, English speaking. Of the 4 million Montrealers, 242,610 are kids 5-9

**Socio-economics** (from those same government sources): Household income, employment – some 40% of households earn over \$100,000 per year

**Usage:** (your product is new, so you'll have to make an educated guess at this one – no outside sources will help). Let's assume that people who have kids or give gifts to kids, purchase 3 times/year.

**Benefits:** (another estimate): Looking to give play value to kids (they'll play with the toys for an hour or so at a time), to teach specific skills and knowledge.

**Psychographics:** Well educated parents who want their kids to learn, time-poor parents who want kids to be entertained. Value education, heavily invested in their kids.

Based on this quick analysis, there appears to be around 97,000 households in Montreal in your target market. That's the facts.

Once you've made this calculation, you'll know how big your market is overall. But you also have to consider your competition. Let's look at the Canadian expenditure annually on toys – \$58, multiply that by the number of households you are targeting, and you'll see that the available market is \$5.6 million. If you can get just half of one percent of that market, in Montreal, you'll generate \$30,000 in revenue. These are very rough calculations, but you get the idea.

Now get a group of 8-12 parents of young kids in a room, feed them pizza, and let them play with the toys. Get them to give you their honest feedback – even if it's negative. Ask if they would buy them, and for who. Ask how often they buy gifts or toys for this age group, and what other toys or brands they consider. Until you generate sales and get feedback from purchasers, this information will give you an idea of what your market thinks, even if it is (again) a rough estimate.

So there you have it! Imagine your segments, describe them, research your market, make reasonable assumptions, and ask questions. Market segmentation and assessment gets easier each time you do it.