

SIX KEYS TO COMMON SENSE MARKETING

Marketing Key #3: Find and Focus on Heavy Users

The third key to common sense marketing is to find and focus on heavy users. Small businesses have limited resources and it's just not possible for them to be all things to all people. If you are a soloist (i.e. you have no employees) you are probably keenly aware of the fact that there's only so much of you to go around. That's true not only of your time and energy, but also of your money. You have to pick and choose who you're going to market to so that you get the best return on that investment of time, energy *and* money.

Finding and focusing on heavy users means concentrating your efforts on those customers who have the potential to buy the most from you. It's the widely-accepted '80/20' rule, or Pareto principle, and it applies just as well to marketing as it does to anything else.

Basically, the 80/20 rule dictates that 80 per cent of your business revenues will be generated by 20 per cent of your customers. That's because, of all the people who may buy from you, there is a core group for whom a precise match exists between what you offer and what they need. That match has, as its foundation, an appreciation on the part of those customers for the things that you do particularly well.

It also takes into account your ability to reach and communicate effectively with those customers at the time they are making their buying decision; and your ability to supply your product or service in the way they want to receive it.

The flip side of the 80/20 rule is that 20 per cent of the potential customers with whom you don't have a good match, could use up 80 per cent of your resources should you attempt to convince them that you do. Why? Because the match isn't there and no amount of bending over backwards is going to change that. Not unless you're willing to change your business entirely and cater to a different group.

Here's an example. Let's say that Joan is an artist who produces and sells one-of-a-kind sculptures that often grace the front of prestigious office buildings. Joan can produce 10 sculptures in any given year.

Joan has a friend who loves her work and wants to help her connect with some important contacts. She invites Joan to a dinner party with ten people, two of whom are developers of high-profile commercial properties and would have a need and appreciation for the sculptures that Joan creates. In fact, together, these two developers would probably be able to purchase eight of Joan's 10 sculptures. The other eight people at the party are from a variety of professions, some of whom might consider purchasing a sculpture, but likely no more than two.

Joan knows that she won't have time to get into any kind of meaningful conversation with everyone at the dinner party, but thinks she could realistically do so with two of the guests. Which two do you think Joan should talk to?

If you said the two developers you would, of course, be right.

As straightforward as all this sounds, you, as a business owner, may feel reluctant to focus on a particular group of buyers because:

- A) you haven't yet identified your best customers
- B) you don't have, or don't think you have, the hard evidence that one customer group could possibly represent 80 per cent of your sales
- C) you are afraid that focusing on one group, to the exclusion of others, will alienate too many potential customers
- D) you are having a hard time making the distinction between marketing to a particular group and selling to just one group

The last two points are closely related. You may be thinking: "Aren't the low volume buyers just as important? Isn't their money just as good and, if you add them all up, don't they still make a big difference to my bottom line? Besides, what's the harm in catering to everybody?"

The answers to these questions are "no", "no" and "plenty." Potential customers outside your core group do not represent enough business for you to direct valuable resources toward them. Again, you have limited resources and your time and effort would be best spent on the people who will buy the most.

There is another reason for not attempting to be all things to all people. When you do, you dilute your identity. It becomes hard for potential customers to tell who you are and what you stand for.

You weaken the perceived match between what you offer and the particular needs of your best customer group. Suddenly, when those target customers look at your business, you don't look quite as attractive. You haven't designed everything especially for them. They may even be unsure as to whether or not you're right for them after all.

None of this means that you can't or shouldn't sell to lower-volume customers. If they want to buy from you, the more the better. It just means you shouldn't attempt to speak directly to these customers through your marketing.

Marketing encompasses everything that impacts the way the outside world perceives your products, services and business overall:

- the products and services themselves, including how they are packaged;
- the prices you charge;
- the way you distribute your products and services – anything from personal service at a storefront location to C.O.D. shipping by courier or mail; and,
- the promotion that you do, which includes your advertising.

All these things must be consistent with your best customers' priorities, wants and needs.

So who are your best customers?

In marketing lingo, this group translates to your target market. You've probably heard the term before.

Your target market is generally made up of those customers who:

- buy the most and/or the most often;
- spend the most;
- are the best match to your strengths and your vision for the business;
- are large enough, have enough money, etc. to allow you to achieve your financial goals for your business.

Your job is to identify these customers and find out as much as you possibly can about who they are, where they are, how they buy, when they buy and what makes them tick. Once you have that information you can tailor your business to them.

The selection of an appropriate target market is critical to your marketing success. It allows you to work smarter, not harder – to use your limited resources in the best possible way and to get the results you need to reach your goals. And, think of the stress relief! The sooner you can learn to separate high-potential customers from low-potential, the faster you will grow a profitable business.

Next month: Marketing Key #4: Better Marketing = Less Selling.

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