



Target Markets

Increase your sales by knowing who you're selling to

Overview

A Target Market is a defined group of potential customers that is the focus (target) of your sales/marketing efforts. The more you know about this group, the better you are able to reach them and address their needs, thus increasing your sales.

In this lesson we will discuss a simple way of defining and getting to know your target market(s). This is a fundamental step in developing your Marketing Plan.

Why is this important?

Many small agribusiness owners don't want to limit their opportunities by focusing their sales and marketing efforts on a particular category of customers. However, experience has shown that trying to please (market to) everyone leaves you to compete on price, which, often, is not what leads to success.

By focusing your efforts on a target market (niche marketing), you can become a leader in your niche and benefit from greater loyalty and higher pricing. You can reach a target market much more efficiently and effectively than the market of "everyone."

Incidentally, if you sell to wholesalers, while they might be your direct customers, they are NOT your target market. You should consider them in a marketing plan, of course, but for now, focus on the consumer or business that makes the buying decision.

What is MY target market?

The easiest way to select your target market(s) is to think about your ideal customer.

Imagine the person (or business) that would most prefer your products and services versus the competitors' offerings.

They would appreciate the value of what you offer and be willing to pay more for it.

Give this person a descriptive name that identifies them as narrowly as possible.

Bad Example: Tomato eater.

Better Example: Mother of school aged children who really wants her family to eat local, fresh, healthy vegetables, and for which tomatoes is a prime example.

Defining the target market and research

Think about the characteristics that differentiate this person/business from the general population. Imagine their stereotypical characteristics in as much detail as possible. You can use the research sources at the end of this lesson to substantiate or complement your assumptions. Surveying people in your target market can also provide valuable insight.

Describe your target market using as many of (although not limited to) the following characteristics:

Consumers

- Age (range)
- Geography (where are they concentrated? In Kahala? Waianae?)
- Sex (male/female)
- Family size (single, married, kids?)
- Household income (range)
- Education level
- Ethnicity
- Related values (do they value convenience, aesthetics, taste, etc.?)
- Buying style (buy small quantities at a time? Buy during the holidays?)
- Self concept (I'm a mother, I'm a rebel, I'm sophisticated, etc.)

Businesses (if a business is the end user of your product)

- Geography
- Industry/SIC or NAICS code
- Annual revenue (range)
- Number of employees (range)
- Buying style and decision making

Example: Female homeowners age 30-55 with children, living on the North Shore of O‘ahu, with household incomes of >\$50k, who place a premium on freshness and health aspects of food they purchase.

You can then research the population fitting some of these characteristics to determine how many people/businesses (potential customers) there are in your target market.

Also estimate how much of your product/service a customer from this target market might purchase in a month or year.

To validate that this is a suitable target market for your business, ask yourself the following questions:

- Does my target market have a need or a problem that I can satisfy, and are others not satisfying their needs sufficiently? *If their needs are already being satisfied then this is not a niche market for me — I will have direct competition for this target market for my products/services.*
- Can I easily identify my target market (so that I can reach them in trying to communicate/sell to them)?
- Are they able to afford what I’m selling?
- Is the size of the target market big enough to support my desired sales?

Once you have identified, described/ researched, and validated your target market, then you have the foundation upon which to start developing the rest of your marketing plan. Can you already see how knowing your target customer might impact such decisions as where to sell, what to say to them, and how you might modify your product or packaging to appeal more to them?

Next steps and resources

- Continue to the Positioning and Branding course offered through: Oahu Resource Conservation and Development
99-193 Aiea Heights Dr. #111
Aiea, HI 96701
(808) 483-8600 x113
<http://www.oahurcd.org/>
- Apply for personalized assistance from: Agribusiness Incubator Program
3050 Maile Way, Gilmore 115
Honolulu, HI 96822
(808) 956-3530
<http://aip.hawaii.edu/>

Additional information on target markets:

- www.entrepreneur-web.com/articles/targetmarket
- www.morebusiness.com/running_your_business/marketing/Target-Market.brc
- www.soho.org/Marketing_Articles/target_marketing_strategy.htm

Some free internet sources of research:

- General information: www.Google.com
- Various Hawaii statistics
hawaii.gov/dbedt/info/economic/databook/
- Hawaii tourist information:
www.hvcb.org/trends/index.htm
- Population information:
[factfinder.census.gov/home/saff/main.html? lang=en](http://factfinder.census.gov/home/saff/main.html?lang=en)
and quickfacts.census.gov/qfd/

- Geographic information:
www.zipskinny.com
- Industry classifications: www.naics.com
- Consumer spending:
www.bls.gov/bls/demographics.htm
- Business spending:
www.census.gov/epcd/www/bes2002.htm

Prepared by:
The Agribusiness Incubator Program
University of Hawai'i

Positioning and Branding

Differentiate yourself and get more control of pricing and demand

Overview

This lesson attempts to simplify a complex topic so that it can be put into action, and thereby benefit the small agribusiness.

Positioning relates to a strategic decision on how you want your products or services to be perceived by customers, *relative to competitive companies/products/services*. In Positioning you typically want to differentiate yourself from your competition.

Branding, for the purposes of this lesson, refers to the tactics used to influence your brand – your brand being how customers perceive your company/products/services.

We can only influence, not control, the customers' perceptions. However, by determining our desired Positioning and then taking appropriate actions to develop our Brand, we have a much better chance of fostering the identity that leads to increased profitability.

As we assume that you have not done much yet in this area, we will focus on Positioning and Branding your company instead of your products/services.

Why is this important?

Many small agribusinesses in Hawaii not only sell undifferentiated products (your lettuce might be indistinguishable from another farmer's lettuce), but also make little or no effort to identify their company on their products. A brand is more than a name and a nice logo. Without giving customers a way to identify where your lettuce came from, how can they buy it again even if they wanted to?

If you know how you want customers (and potential customers) to think about

your company, then you can communicate and perform in ways that will foster that perception. This is how your target market develops preference and loyalty for your brand and will be willing to pay a premium for what you offer. *By having a brand desired by a target/niche market, you will have greater control over demand and pricing, instead of being totally reliant on what the wholesaler is willing to buy and pay.*

Creating your positioning statement

Develop a concise statement that describes the one or two things you want your potential customers to associate with your company. Remember that you want to be attractive to your target market and different from your competition. An example of this process is shown on the following page.

1. Research your competition. What are they known for? List the competitor and the positioning.
2. List the defining characteristics of your company, focusing on things that you think are unique, special, and attractive to your target market.
3. Highlight the characteristics/reasons why your target market might choose you over your competition. If you already have preferred customers, be sure to ask them why they do business with you instead of the competition.
4. Write a concise Positioning Statement with your competition and the target market in mind.

Example of Positioning Statement Development

COMPETITOR	POSITIONING/WHAT THEY ARE KNOWN FOR
Green Acres Nursery	Variety, having lots of plants
Green Thumb Nursery	Low prices
Aloha Plants	Friendly and flexible, helpful

- Healthy plants
- Clean plants
- Grow to order, accommodating
- Always have something new
- Have lots of native plants

My positioning statement: **The premier source of native Hawaiian plants that will thrive once you plant them.**

Now review:

- Does it fit your personality? Not everyone can pull-off being the “Avant-garde plant nursery for the discriminating landscape artiste.”
- Does it violate customers’ perception of reality? If you claim to produce the world’s favorite caviar right here in Hawaii, might that be hard to accept? You can shift perceptions by “walking the talk” but it’s harder work.
- Does it make you unique from your competition or the best? Keep in mind that you don’t actually have to be unique, just unique in the mind of the customer. Therefore, if no one else is known for being the nursery with the healthiest plants, feel free to make that your positioning (assuming you actually have healthy plants).
Tip: Quality, flexibility, and personal service are very common claims for small businesses.

Remember that “sacrifice is the essence of positioning.” *Ries, Al and Trout, Jack. 1981. Positioning: The Battle for Your Mind. New York: McGraw-Hill.* You aren’t trying to appeal to everyone. This is the essence of niche marketing. Once you own/dominate the niche, you can expand into other markets.

Branding elements

Now that you’ve determined your positioning, reinforce this every chance you get with your branding elements. Make sure your packaging, letterhead, business cards, etc. convey your branding consistently and pervasively. If you sell products that don’t lend themselves to labels (like taro), consider branded twist ties, rubber bands, cellophane packaging, and hang tags.

1. Write down what you will do with the following branding elements to support your positioning:
 - Brand Name/Company Name (e.g., Healthy Hawaiian Plants)
 - Tagline/Slogan (often simply a rephrasing of you positioning statement, e.g., Native Hawaiian plants that thrive in your garden)
 - Logo (e.g., a stylized iconic Hawaiian quilt plant silhouette)
 - Color Scheme (e.g., green and purple)
 - Spokesperson/Character/Voice (often optional, but defining a Voice is useful even in written advertising, e.g., the Voice will be one of an older, experienced landscaper who is passionate about using plants that

will thrive once planted and knows that natives are perfect but healthy plant material isn't a given)

- Font/Typeface (e.g., a Hawaiian-looking font)
 - Packaging/Labeling (e.g., Use brand name, slogan, website, logo, color scheme, and font. Use Hawaiian and common plant name. Where space allows, describe native climate and environment where it thrives and give example Hawaiian place name, and add "Lovingly grown by" with employees name after that.
2. Create these elements and use them consistently and pervasively.
 3. Convey your positioning in your advertising, how you deal with customers, in your product line, etc. See also the *Marketing Mix* lesson.

Next steps and resources

- Continue to the *Marketing Mix* lesson.
- Apply for personalized assistance from:
Agribusiness Incubator Program
3050 Maile Way, Gilmore 115
Honolulu, HI 96822
(808) 956-3530
<http://aip.hawaii.edu>

Small Business Development Center
1833 Kalakaua, Suite 400
Honolulu, HI 96815
(808) 523-6118
<http://www.hawaii-sbdc.org>

Additional information on positioning and creating a Positioning Statement can be found at:

- www.entrepreneur.com/advertising/howtouguides/article171496.html
- www.bizboom.com/tools/files/positioning_statement.rtf
- www.marketingprofs.com/Faqs/showfaq.asp?ID=160&CatID=9
- marketing.about.com/cs/advertising/ht/writeposition.htm
- biznik.com/forums/community-wide-general-discussion/topics/whats-your-positioning-statement

Create a logo:

- www.logoworks.com
- <http://www.logomojo.com>

Design a product label and/or packaging:

- Dana Labels
1920 Colburn St.
Honolulu, HI 96819
(808) 845-3262
<http://www.danalabels.com>
<http://www.iprint.com>
<http://www.xocreate.com>

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The Marketing Mix

Attracting your target market through an integrated effort

Overview

This lesson assumes that you have completed of the Target Market and Positioning/Branding topics. In this lesson, we look at using the findings from the aforementioned lessons to consider changes to your products/services, your place of business/distribution, your pricing, and your promotions/advertising in order to convey your Positioning/Branding to your Target Market.

We adjust our Marketing Mix (Product, Pricing, Place, Promotion) to appeal to our target market in ways that are consistent with our positioning and branding.

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Why is this important?

Once you know your have defined how you your



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target market and want them to think of

company/products/services, you can encourage them to prefer your company/products/services over the competition, thus increasing your sales and giving you more control over demand and pricing.

By aligning your Marketing Mix, you better ensure that your marketing is integrated, cohesive, and effective.

Objective

Although not part of the Marketing Mix, it is very useful to define an objective of your near-term marketing efforts. Is it to establish awareness of your brand? Launch a new product? Sell your product in a new area or to a different type of customer? Simply increase sales?

By knowing what the objective is, you can better focus your efforts on achieving them. For example, if you want to launch a new and unique product, you might decide to emphasize demonstrations and sampling (promotion) and offer introductory pricing or offer it to stores on consignment (pricing).

Think about what you want your marketing efforts to achieve over the next year and write down your marketing objective.

The marketing mix

Given what you know about your target market and positioning and branding, what might you change in each of the following areas (products, price, place, promotion) to better appeal to them and reinforce/convey your positioning/branding?

An example: Your target market is health-conscious, Honolulu-based young adults without or with young children, and your desired positioning is “The most nutritious vegetables, grown right here in Hawaii.” A few appropriate things you might do with your Marketing Mix are:

Product

- Bag your product in clear bags to accommodate a label, which includes your company name, logo, and website, emphasize Hawaii-grown, and show a comparative analysis of the nutrient content of your product versus a mainland competitor.
- Label space permitting, explain the environmental benefit of being grown here (significant portion of your target market is also concerned about the environment).
- Package each bag to include around two single servings.

Price

- Premium versus imports. On a per pound basis, slight premium pricing over imports (target is typically not a “value” buyer, small quantity bag should make premium pricing less of an issue, and can enhance perception of a premium product).

Place

- Sell and deliver to specialty grocers (and supermarkets if volume permits) in Honolulu, focusing on areas of high concentrations of your target market.
- Sell over the Internet for on-farm pickup.

Promotion

- Shelf tag with your brand, expanded descriptions of possibly environmental products.
- Web site with a blog about doing to maximize the of your products.



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what you're nutrient content

- Get food providers at events in Honolulu that attract healthy young adults to use your products (perhaps donated) with mention of your company and slogan somewhere (menu, program, table cards where food is served).

From the above example, can you see how knowing the target market and positioning led to these decisions about Marketing Mix?

Here is a simple process to create and benefit from a Marketing Mix of your own:

1. Brainstorm and write down all the changes you could make for each element of the Marketing Mix that would appeal to your target market and/or promote your positioning. Examples are listed, but don't feel limited to the examples. Getting ideas from people in your target market is especially useful.
2. Select the ideas/changes that you are willing to implement now, considering cost, effort, impact (appeal to your target market), and consistency with your positioning.
3. Schedule when you will implement or start implementing each idea and determine a budget.
4. Implement the ideas!

Remember, you don't have to be a creative marketing genius! There is incredible value in thinking through what you can do to appeal to your target market and what you can do to foster customer perception about your company and brand (positioning). You will probably find that having gone through this exercise, you will become more aware of marketing impacts and opportunities.

The greatest value, of course, comes in taking action to implement these ideas. Treat Marketing as a business function instead of merely an occasional thought and effort. Doing so will give you a great competitive advantage!

Product (or Service)

What can you do with what you offer that is appealing to your target market and supports your positioning? Some examples to consider are:

- Product size (*snack size, party size, Costco size, single serving*)
- Bundling (*small packet of chili sauce and a recipe with the long beans*)
- Packaging material (*extra protection from bruising, biodegradable, glass instead of plastic jar*)
- Label (*company name on the twist-tie, recipe attached to rubber band; see especially your Branding Elements from the Positioning lesson*)
- Warranty (*money back guarantee, 30 minute delivery guarantee*)
- Quality (*vine ripened, stricter quality control, more cleaning*)
- Features/Varieties (*stem attached, hot/medium/mild versions*)

Price

Hopefully, you are not pricing simply based on what your competition charges, or worse, what the wholesaler wants to pay. Differentiate yourself through focus on target markets, positioning/branding, and effective use of the Marketing Mix.

You should know what it really costs you to offer your goods or services. See the *Cost of Production* lesson in this Guidebook.

Pricing can be a marketing tool. What can you do with what you charge that is appropriate for your target market, positioning, and marketing objectives? Some examples to consider are:

- Premium (*used to support perception of a premium product*)
- Penetration (*temporarily lower to gain market share/shelf space*)
- Economy (*lower pricing to appeal to price-conscious target market*)
- Volume (*discounts for purchasing larger quantities*)
- Bundle discounts (*discounts for buying additional different items from your product line; good for encouraging sales volume and encouraging trial of new/less popular item when bundled with more popular item*)
- Psychological (*\$1.95 can “feel” significantly less than \$2.00*)
- Product line (*multiple versions at different price points; e.g., small/med/large*)
- Options (*base product/service at a palatable price, add-on options offered*)

Place (Distribution)

The way in which you get your product to market and where the product is offered (including your own retail location) can be a marketing tool. The different options will differ in their cost, transportation time, geographic reach, quality and presentation of your delivered product, and services provided. As always, your target market, marketing objective, and positioning should guide your decisions — where they shop, how they like to buy, etc.

Keep in mind that, while wide distribution tends to increase sales volume, it often can mean higher costs and effort, and lower margins. Some examples of choices to consider are:

- Intensive (*offer the product in as many locations as possible for geographic reach and customer convenience*)
- Exclusive (*sell in one or very few locations to support a perception of “specialness” and a higher price*)
- Selective (*sell in specific types of stores and/or locations for geographic reach with a manageable number of locations*)
- Indirect (*leverage the geographic reach, infrastructure, experience, and services of wholesalers and retailers*)
- Direct (*typically gain higher margins and more customer contact versus Indirect, but requires more effort and cost; Direct includes mail order, on-farm, Internet, mail order, farmers’ market, CSAs*)
- Shipping (*flat rate or reflective of the individual order shipping cost?*)
- Services (*who will handle: warehousing, order processing, inventory management, packaging, materials handling, receiving, transportation and shipping, returns/warranty, sales/promotions?*)

Promotion

Promotion consists of activities you may have typically considered “marketing,” including the following examples. Determine which promotional activities will reach your target market, encourage them to buy, and be cost-effective.

- Advertising (*yellow pages, newspaper, magazines, radio, television, Email, web banners/links/etc.*)

- Trade shows (*food manufacturing, restaurant industry, consumer shows; useful for networking also*)
- Sponsorships (*sports teams, events*)
- Direct mail (*allows for good targeting*)
- Personal selling (*salesperson calling on stores*)
- Sales promotions (*coupons, retailer discount for first purchase, in store demos, point of purchase displays, rebates, contests*)
- Public relations (*press releases and public events*)
- Guerrilla/Other (*blogs, gifts, giveaways, contests, frequent/new buyer programs, exclusive offerings, events, cross promotions, referrals and word of mouth*)

Next steps and resources

- Other marketing topics mentioned in this lesson are available from:
Oahu Resource Conservation and Development
99-193 Aiea Heights Dr. #111
Aiea, HI 96701
(808) 483-8600 x113
<http://www.oahurcd.org/>
- Apply for personalized assistance from:
Agribusiness Incubator Program
3050 Maile Way, Gilmore 115
Honolulu, HI 96822
(808) 956-3530
<http://aip.hawaii.edu>

Small Business Development Corp.
www.hawaii-sbdc.org

Additional information:

- Marketing mix www.learnmarketing.net/marketingmix.htm
www.marketingteacher.com/Lessons/lesson_marketing_mix.htm
- Trade shows www.tsnn.com
- Direct marketing www.the-dma.org
- Choosing an appropriate location for business
www.nolo.com/article.cfm/objectID/3AFBBD6F-1BDF-403A-A78ABD2109684A46/111/228/142/ART
- Statistics-Production, Marketings, and Wholesale Prices
<http://www.hawaiiag.org/prices.htm> www.hawaiiag.org/prices.htm
- USDA State Marketing Profiles www.ams.usda.gov/statesummaries
- Small Business Development Corp tutorials www.sbdcnet.org