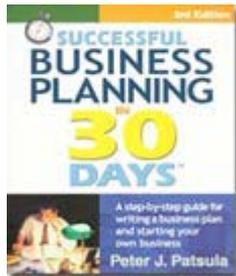


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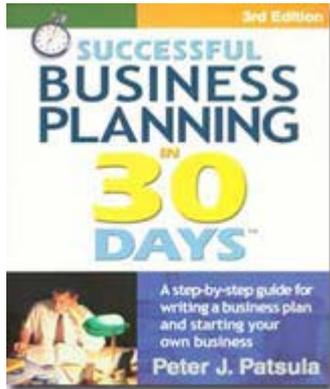
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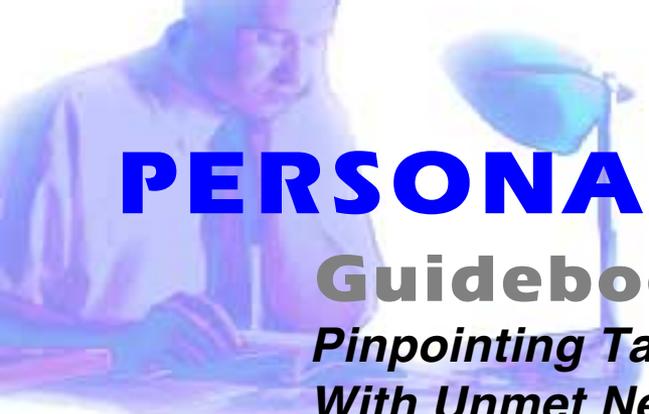
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ISBN 0967840236



PERSONAL PLANNING

Guidebook #48:

Pinpointing Target Markets

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“Fabulous idea Harry . . . but perhaps we should rethink your target market, and narrow it down to something more specific than ANYONE older than a newborn!”

Smallbusinesstown.com

PINPOINTING TARGET MARKETS WITH UNMET NEEDS

BUSINESSES range in size from computer manufacturers with many employees and millions of dollars in equipment to lone window washers with nothing but buckets and sponges.

The knowledge and skills required to run these two types of businesses are far apart, but to survive and be successful, both need to accomplish one very important thing – each must pinpoint who their best customers are.

All marketing strategies begin and end with knowing who your best customers are.

WHAT IS MARKETING?

MARKETING is the process by which a product or service is promoted and distributed for sale. More specifically, it is what you and your staff must do every day to:

- keep customers and attract new ones
- increase efficiency and profits
- cope with change and competition
- expand or set up new kinds of businesses

Marketing includes almost everything about your business from your company name, goals and objectives, services and products you sell, your location, packaging,

promotional activities, and sales techniques.

Small things like business cards and the clothes you wear are also part of your marketing strategy. In fact, it can be said that, marketing is the primary function of business. All other activities such as buying, bookkeeping, accounting, production, employee recruitment, and everyday small business operation exist only because marketing programs have been successful.

*Every crowd has
a silver lining.*
P.T. BARIUM



WHAT IS TARGET MARKETING?

AS A MARKETER, you can market to the masses or market to a select group of individuals who have common identifiable needs and desires – a target market.

MASS MARKETING is a little like firing a shotgun into a flock of geese and hoping to hit a few. Although having the potential to be extremely profitable, it is often ineffective in today's highly sophisticated and segmented markets, and what's even worse, can easily set you back a small fortune.

Mass marketing is thus usually reserved for the big guns, that is businesses with

Mass Marketing is a little like firing a shotgun into a flock of geese and hoping to hit a few.

large promotional budgets, huge marketing and distribution departments, and production capacity able to keep up with sudden demand. It is for people who want to sell engine oil, shampoo, underarm deodorant, economy cars, chocolate bars, chewing gum, soda pop, life insurance, and beer.

On the other hand, **TARGET MARKETING**, your second choice, and the only reasonable choice for the fledgling entrepreneur, is a marketing strategy comparable to using a high powered rifle to crush the head of a pin. Likely, you have limited resources to spend on marketing activities. Concentrating your efforts on one or a few key market segments is more likely to lead you to success, allowing you to extract a much

higher order rate per advertising dollar than the typical mass marketer.

Target marketing means you know your customer like your best friend.

Target marketers believe if you think **small** – by identifying specific groups of customers your business can serve more effectively than your larger competitors, and then tailoring your product offerings, prices, distribution, promotional efforts, sales presentations, and copy and artwork for ads towards that particular group – you can win **BIG!**

NOTE Some business owners may feel uncomfortable about the concept of targeting for fear of missing out on sales they

could have had if their marketing efforts had been more general. However, it has been consistently shown in study after study that for most businesses, sales and profits come from a relatively small number of customers.



Before spending time, money and energy developing products and services, you must first determine who's willing to pay for them; there's no point in creating the greatest "what'cha-ma-call-it" there ever was if no one will buy it.

SUPERTIP

TYPES OF TARGET MARKETS

ALTHOUGH DIFFERENT schools of thought will argue endlessly over defining how and where people shop, when all the smoke has cleared, it is clear that the two largest and most clearly definable types of target markets consist of customers who either:

1. **produce** or **resell** goods & services
- or
2. **consume** goods & services

Producers and resellers represent **INDUSTRIAL Markets**, while those who consume products of producers and resellers, represent **CONSUMER Markets**.

Industrial markets consist of large users of goods and services like businesses, clubs, associations, and governments.

What is an Industrial Market?

Industrial markets consist of large users of goods and services like businesses, clubs, associations, and governments. These organizations are either producers or resellers and act as raw material extractors, goods and services manufacturers, or wholesale and retail distributors.

NOTE Industrial Markets can be further segmented by demographic and financial information such as type of industry, number of employees, annual sales volume and locations, and by how they prefer to do business.

Producer Markets – The producer market encompasses businesses and organi-

zations that produce goods or services like government agencies, manufacturers of any kind, raw material extractors and producers and service providers.

Government Markets – Government markets in sheer volume represent the largest segment of the industrial market. The federal government accounts for more than half of all government spending each year in the U.S. Collectively; government markets purchase goods and services of all kinds. In addition to the complex requirements of military branches which regularly purchase aircraft, ships, tanks, guns, munitions, fire-fighting equipment and the like; government agencies also require work premises,

According to an analysis of 900 Small Business Institute (SBI) student counselors' cases reports, many of the more successful businesses had defined their market niche by their location.

SOURCE: SBA

office equipment and furniture, computers and communication systems, motor vehicles, and janitorial services.

Manufacturing Markets – Manufacturing markets consist of individuals and organizations that need goods and service to use, directly and indirectly in the production of other products and services, which are sold, rented or otherwise supplied to others.

Raw Materials Markets – Raw materials markets consist of individuals and organizations that extract or create raw materials such as cattle ranchers, farmers, and fishery, mining and forestry industries.

Service Markets – Service markets consist of individuals and organizations that pro-

vide services such as health and personal care services (physicians, dentists, beauticians, interior designers) and business support services (accountants, tax preparers, and printers).

Service markets also include bowling alleys, brokerage houses, commercial banks, computer service firms, employment agencies, football stadiums, hotels and other places of lodging, legal services, phone companies, public and private hospitals and schools, race tracks, recreational facilities, savings and loan associations, and even movie theaters.

Reseller Markets – The reseller market, also known as the traditional trade industry market, consists of individuals and organi-

zations and individuals that buy goods to resell them at higher prices to other businesses. Because of the part they play in the economy's marketing channels, the reseller is also known by the more familiar

term: distributor, wholesaler or retailer. In the U.S., there are about 2.3 million distributors of which 1.9 million are retailers and 400,000 are wholesalers.

In the U.S., there are about 2.3 million distributors of which 1.9 million are retailers and 400,000 are wholesalers.

Wholesale Markets – Wholesale markets consist of individuals or organizations that resell goods from manufacturers and other producers to retailers and other businesses.

Retail Markets – Retail markets consist of individuals and organizations that resell goods from wholesalers, manufacturers and other producers, to consumers.

What is a Consumer Market?

Consumer markets consist of individual users who can be tied into groups of people with similar needs and characteristics. This grouping, also referred to as targeting or market segmentation, can be applied:

- geographically
- demographically
- psychographically

In fact, pretty near all consumer markets can be classified according to one, a combination of, or some derivation of the above three areas of market segmentation.

Geographically Segmented Markets – Consumers can be targeted and seg-

mented according to factors like country, state, county, city, and neighborhood, in addition to factors like geographical terrain and climatic conditions.

This kind of target marketing helps you to determine for example, whether you should restrict advertising and promotional efforts to people living within one-half mile of your convenience store. It also dictates that you sell swimming pools where it's hot, ski equipment where it snows, umbrellas where it rains, and sun tan lotion where it shines.

Consumer markets consist of individual users who can be tied into groups of people with similar needs and characteristics.

NOTE Specializing in serving the needs of customers in a particular area, is considered to be the most predictable and safe form of target marketing because facts are readily available about geography

and thus potential buying habits. It is thus the one most used by small businesses with limited funds available for marketing activities.

Demographically Segmented

Markets – Consumers can be targeted and segmented according to demographic variables such as age, educational level, ethnic & cultural background, family *Life Cycle*, gender, home ownership, income, job classification, job occupation, marital status, religion and size of family unit.

This form of market segmentation can help you further refine your target market within a certain geographical area; it may even dictate what kind of company you start within a certain

area.

Consumers can be targeted and segmented according to factors like country, state, county, city, and neighborhood, in addition to factors like geographical terrain and climatic conditions.

If for example, you notice a lot of young married couples moving into a certain area within your city, you might decide to open up a furniture store in that area. Young married couples are typically more likely to furnish their apartments or homes with appliances, furniture, and other durable goods than adults at any other stage in their family *Life Cycle*. Consequently, it is wise for manufacturers and distributors of durable products to often deliberately tailor their promotional efforts to meet the young married couple's needs (e.g., they'll show a picture of a young couple using their products rather than an old couple).

NOTE Demographics is the study of the distribution, density and vital statistics of a population.

Psychographically Segmented Markets

– Consumers can be targeted and segmented according to such factors as their attitudes, behaviors, hobbies, interests, lifestyles, opinions, social class and personality attributes, as well as, by their benefits desired, reasons for buying and usage patterns. These last three areas of psychographical segmentation are particularly effective, especially when used in combination with more established geographic and demographic segmentation techniques.

Benefits Desired Segmentation – Consum-

Psychographics is the study of how human emotions and human characteristics effect a consumer's response to products, packaging, advertising and public relations efforts.

FUNFACT

ers can be targeted and segmented according to the kinds of benefits they seek from a product or service e.g., some people look for economy and convenience while others look for luxury and high quality.

Consumers can also be targeted and segmented by perceived benefits or a product or service (i.e., what a product or service can be made to represent in their minds), regardless of what that product or service actually does. Perceptions that can be influenced include:

- **credibility**
Do customers trust the reputation of the seller?
- **price vs. value perceptions**
Is the product or service worth the price

being asked?

- **taste & texture**

Does the product have the right amount of sweetness or lightness, as well as an acceptable consistency or feel?

- **quality**

Does the product use quality ingredients?

Reasons for Buying Segmentation –

Consumers can be targeted and segmented according to their reasons for buying. Typically, these reasons will center around various emotional, physical, intellectual and spiritual needs as well as any specific problems they might have.

NOTE When targeting customers by this means it is also important to consider their

There is always plenty of business, if you are smart enough to get it.

E.W. HOWE

predisposition to buy. You need to isolate and examine what is it about a person's past culture, heredity or upbringing that may influence his or her ability to consider purchasing your new product or service versus a competitor. You also need to look at social forces such as education, peer pressure and group acceptance and their influences on usage and consumption.

Usage Pattern Segmentation –

Consumers can be targeted and segmented according to whether they are users or non-users of a product or service, whether they are light, medium or heavy users, and whether they are seasonal users. This form of market segmentation helps business owners determine who their best customers are. Since typically twenty percent of your cus-

tomers will account for 80 percent of your sales revenues, it is advantageous to know who they are so you can keep them happy.

Why Distinguish Between Industrial & Consumer Markets?

The distinction between industrial and consumer markets is necessary, because **FIRSTLY**, customers within these markets require different approaches to be won over.

Industrial markets often have purchasing agents, or rather people specifically hired and trained to buy

INDUSTRIAL MARKETS



Producers:

Raw Material Extractors



Manufacturers
(goods & services)



Resellers:

Wholesaler Distributors



Retailer Distributors



CONSUMER MARKETS

Americans

Californians

blue-collar workers

elderly persons

government workers

homeowners

adventure seekers

church goers

country music lovers

drivers of luxury cars

Canadians

African Americans

housewives

institutional workers

lawyers

middle-aged women

fitness addicts

hikers

pet owners

yuppies

New Yorkers

Quebecers

retired couples

teenagers

single white females

white-collar workers

*any group of people
that have needs that
are similar*

goods and services from other businesses either for internal running or production. These people have budgets and base their decisions on facts and results. Marketers approaching them, and anyone else with the authority to make purchases, should thus develop promotional packages – with an appropriate mix of products, prices, and distribution – designed specifically to win their approval.

On the other hand, most consumers lack training in the finer, more technical aspects of buying for personal and family needs. Consumer markets thus tend to be more trendy and whimsical and more easily influenced by advertising – buying motives are often confused, tinged with emotional

overtones, and far less rational than the motives of industry.

SECONDLY, distinguishing between industrial and consumer markets is necessary because of differences of size and ease of targeting. The American consumer market consists of more than 250 million individuals, while the industrial market consists of no more than 14 to 15 million individuals.

However though larger, targeting the general consumer market tends to be more complex, less predictable, time consuming, even frustrating, because of the market's sheer magnitude, and difficulties in accurate targeting. While by comparison, although selling to industrial customers is by no means sim-

Recognizing a unique need in a society that can be attached to a large group, is not a problem. It is an indication of entrepreneurial talent.

POWERPOINT

ple, more market research tools are available from various government reference works, trade associations, and other sources. Consequently, firms that sell industrial goods and services often get more useful information allowing finer targeting in such areas as company size, product usage, and so forth.

NOTE As companies continue to become more interwoven into people's work and personal lives, distinctions between industrial and consumers markets will increasingly blur. As it is, many consumers can be reached through traditional industrial markets and business people through consumer markets.

Pinpointing your market does not mean that you are limiting the scope of your business. What it does mean is that first you must carefully develop a solid customer base built upon understanding and service. Then, from a position of strength not weakness, expand into other profitable areas.

SUPERTIP

Who Would You Prefer Spending the Rest of Your Life With?

Think of the consumer market as a highly emotional but easily persuaded spoiled child. Think of the industrial market as more predictable, but also more shrewd, like a wise old grandmother. Then ask yourself, which market do you identify with more? Do you like “function-related people,” people who make decisions based upon facts and figures, or do you kind of like the idea of selling glitz, image and raw sex appeal? Would you prefer manipulating people's emotions, or would you rather manipulate their minds? Do you feel more at home surrounded by rapid change, or more at

home immersed in a world laden with formality and rules?



*Do you feel
more at home
surrounded by
rapid change, or
more at home
immersed in a
world laden with
formality and
rules?*

TYPES OF TARGET SHOPPERS WITHIN TARGET MARKETS

INDUSTRIAL and consumer markets can be further segmented into markets consisting of shoppers who prefer:

1. **personal** service

or

2. **convenience, efficiency** and **long-distance** service

Retail outlet shoppers like personal service.

For the purposes of classification, these two kinds of shoppers can be called *retail outlet shoppers* or *long-distance shoppers*.

What is a Retail Outlet Shopper?

In retail outlets, business owners and staff meet shoppers face to face. Retail outlet shoppers like **PERSONAL SERVICE**. Retail outlet shoppers also:

- Expect sales staff to answer questions knowledgeably.
- Expect sales staff to be courteous and uphold the maxim: *the customer is always right*.
- Like browsing or shopping just for fun.
- Like buying things now, not three days from now and certainly not in a month.
- Like comparing brands and product features.

- Like cute boutiques.
- Like meeting people and interacting with them.
- Like the convenience of neighborhood shopping.
- Like to open boxes, take things out, and even try to plug them in.
- Like to sniff perfume samples and try on clothes.
- Like to touch, handle, smell, taste, see, and listen before buying.
- Usually aren't concerned about wasting time.
- Want to be wooed, serviced, and given special treatment (like to be wined and dined by sales representatives).

Long-distance shopping occurs when shoppers buy through the mail, by fax machine, by telephone and increasingly by computer via the Internet.

- Will take business elsewhere if treated rudely.

What is a Long-distance Shopper?

Long-distance shopping occurs when shoppers buy through the mail, by fax machine, by telephone and increasingly by computer via the Internet – usually these shoppers have been heavily influenced by direct marketing channels and never meet the people they buy from. Long-distance shoppers prefer **LONG DISTANCE SERVICE**. Long-distance shoppers (especially mail order shoppers) also:

- Are acquisitive and curious but not genuinely ambitious.

- Are afraid of anything they don't understand.
 - Are frustrated with modern – grow-up, go to school, work, retire, and then die – life.
 - Are interested in sex if it is handled in a non-threatening manner.
 - Are less likely to reply to direct-mail promotions if required to enclose stamps or coins for postage & handling.
 - Are lonely, especially if homemakers who stay home all day.
 - Are more receptive to quiet, unsophisticated homey ads, with simply worded easy to read sentences (prefer language understandable to sixth-graders).
 - Are mostly honest and will rarely bounce checks.
- Are mostly honest and will rarely bounce checks.*
- Are not too receptive to display or classified advertising which attempts to solicit a cash response from them, unless the offer costs five dollars or less (will gamble placing a dollar in an envelope but for significantly larger amounts prefers writing cheques or using credit).
 - Are offended by high-pressure too-clever advertising (respond better to soft sell advertising).
 - Are suspicious of fancy advertising.
 - Buy on impulse especially if a single late night TV watcher.
 - Can be surprisingly gullible at times.
 - Dislike taking risks.

- Don't like to think too much (want everything served in easy doses).
- Expect their merchandise to be shipped directly to them as quickly as possible.
- Hate tiny coupons with lines that are too close together and too short to legibly fill in their names and addresses (hate to tear them out of magazines especially in public places where the tearing sound makes everyone look their way).
- Hate to write letters.
- Have a sense of humor, but seldom buy for that reason.
- Have previous good experiences buying through the mail.

A small business cannot be all things to all people. It must analyze its market and its own capabilities so as to focus on needs it can meet best.

SUPERTIP

- Have unreadable handwriting (all correspondence with them should encourage them to print or type their names and addresses).
- Know exactly what they want and would rather not waste their time talking to sales staff.
- Like getting good deals, genuine bargains and quality merchandise that they can't buy in regular retail stores.
- Like junk mail and tend to get lots of it.
- Like movies and books with nudity, suspense, hope, laughter, violence, action, sex and most of all happy endings (like looking at underwear ads of unknown models).

- Like replying to advertising which offers them something free even, if what is offered is additional advertising and sales material.
- Like the convenience of shopping from their living room.
- Like to be “one up” on the Jones’ or be the first to own something new.
- Like to dip their toes in sinful activities, but don’t want other people to know about it.
- Like to see themselves in heroic or romantic situations which make them feel loved, wanted, sexy, needed, superior, important, attractive, worldly, magnanimous, charitable, and popular.
- Like words like free, bonus, sale, bar-

Long-distance shoppers often act illogically and tend to be superstitious.

gain, reduced prices, wholesale prices, money back if unsatisfied, orders shipped in 24 hours, and free 800 number hot-lines.

- Look for novelty items to make life less boring.
 - Need hard to get items.
 - Often act illogically and tend to be superstitious.
 - Often dismiss a full-page display ad with a glance, yet will spend hours reading the fine print of classified ads.
- Prefer buying from companies with respected names.
- Respond better to friendly advertising.
- Will buy “how-to” books on any subject

as long as the advertising convinces them they will expend little or no effort mastering the subject.

- ❑ Will tolerate delays of up to two or three weeks.
- ❑ Yearn for the simple, slower life of the “good old days” even though the “good old days” weren’t that great.

Why Distinguish Between Retail & Long-distance Shoppers?

The distinction between retail and long-distance shoppers is necessary, because each respond differently to various marketing techniques. Retail shoppers love receiving attention while long-distance shoppers prefer flipping

The distinction between retail and long-distance shoppers is necessary, because each respond differently to various marketing techniques.

through catalogs.

What this means to you as an entrepreneur is if you tend to be more extroverted than introverted, than probably you will make a better retail business person. However, if you tend to be the opposite, perhaps you will have more insights into, for example, why people buy through the mail, and thus would be better at meeting their needs.

What Kind of Shoppers Appeal to You More?

Imagine a worst case scenario: think of the retail shopper as a self-righteous pompous king or queen waiting to be served; and the long-distance shopper as a toothless potato farmer in Timbuktu eagerly waiting for a new hoe. Then

ask yourself, which shopper would you prefer spending the rest of your life with? Are you an extremely patient “people person” or do you kind of like the idea of never having to see your customer’s face?



Serve the public. Find projects that fill public need. The more people who benefit, the better it is for you, too.

**HENRY J.
KAISER**
Millionaire

PINPOINTING YOUR TARGET CUSTOMERS

NOW THAT you have a feel for target marketing, types of target markets, and types of shoppers within those target markets, your next step is to really zero-in on your target customers using the following three strategies:

1. Find a need that presently isn't being met.
2. Determine how many people have this need.
3. Use zip code analysis to help determine where most of your best customers live.

Research the market place for a specific need that the competition has ignored or can't seem to meet.

Finding a Need that Presently Isn't Being Met

Research the market place for a specific need that the competition has ignored or can't seem to meet. For example, if you know of an area with a high crime rate, then it would be reasonable to assume that people there are concerned with personal safety. The need you would meet would be the need of local residents to feel safe and secure. Your target market would likely be people with expensive homes or businesses with large amounts of inventory. Your most likely products or services would be alarms, watch dogs, or security patrol services (see example on next page).

Determining How Many People Have this Need

Going after a target market larger than you ability to meet its needs, will likely lead you to bankruptcy not fortune – greed is no substitute for good planning. However, going after a target market that is too small to support your business, is just plain foolish. In other words, finding a need that isn't presently being met by the marketplace does not in itself guarantee success. This need must be tied into a group of people, large enough to not only support your business, but make it profitable.

Target markets should be as big as possible – the bigger the better – but only if the services and products you offer to meet the needs that define the target market will not be compromised. For example,

Determining What to Sell

| NEEDS BEING MET | POTENTIAL MARKETS | SELL THEM |
|---------------------------------|-----------------------------|--|
| security | people with expensive homes | patrol services, alarms, dogs |
| stress relief | 9-5 workers | weekend get-away packages |
| increased harvesting efficiency | farmers | new improved combines |
| increased productivity | service industry workers | computers, fax machines, info services |

Write Down Here

| NEED YOU WILL MEET | MARKET YOU WILL TARGET | PRODUCT YOU WILL SELL |
|--------------------|------------------------|-----------------------|
| | | |

NOTE Don't sell alarms, sell security. Don't sell beer, sell sex & the good life. In other words, as an entrepreneur don't sell products, sell needs being met.

if you develop a drug that prevents cancer, then your target market would be the world because no one wants to die from cancer. However, if this drug for some unusual reason was extremely expensive to manufacture and sell, then your target market would likely be reduced to a handful of billionaires.

Using Zip Code Analysis to Help Determine Where Most of Your Best Customers Live

Depending on where you live, whether in downtown Chicago or in the mountainous ranges of Montana, your neighborhood speaks plenty about who you are, where you've been and where you're going. In his book, *The Clustering of America* (published

Claritas put together lifestyle portraits of America's roughly 250,000 neighborhoods, using numerous consumer surveys and public opinion polls and U.S. Census Bureau data.

in 1988 by Harper & Row, New York), Michael J. Weiss describes a new way of looking at America – not as fifty states, but rather as forty neighborhood types, or clusters – based on a revolutionary target marketing system developed by the Claritas Corporation called PRIZM.

Claritas put together lifestyle portraits of America's roughly 250,000 neighborhoods, using numerous consumer surveys and public opinion polls and U.S. Census Bureau data. Each block is classified into forty clusters, which bear names such as *Shotguns & Pickups, Pools & Patios, Blue Blood Estates, Grey Power, Young Influentials* and more.

Essentially, this new target marketing system is based on the theory that “birds of a feather flock together,” meaning that, as neighborhoods develop, the people who move into them are attracted by a similar set of life-style factors and values. This theory can also be referred to as “social clustering.”

Michael J. Weiss expanded upon the research done by Claritas by analyzing the ZIP codes of each neighborhood according to hundreds of additional characteristics. In the end, he was able to identify the residents of each cluster, with a high de-

Residents of Heavy Industry buy lottery tickets, for example, while the people of Furs & Station Wagons keep their money in brokerage accounts; unlike the retirees of Golden Ponds, who shun materialistic status symbols, the affluent elderly of Grey Power communities have a passion for Cadillacs and foreign travel; and though the people of Towns & Gowns and Urban Gold Coast are highly educated, the cities where they live have little in common.

MICHAEL J. WEISS

gree of certainty by 34 key factors. The pay off to you as a business owner is that these headings, grouped by ZIP code, can be used to help you pinpoint your marketing efforts as well as gain a deeper understanding of your target markets.

What ZIP code analysis can tell you? From your customer’s ZIP code and using Weiss’s chart, you can find out things about your target market like:

- median income
- median home value
- median age

- where they work
- family life cycle stage
- social rank
- percent graduated from college
- buying preferences
- eating preferences
- reading preferences
- television program preferences
- kind of cars they drive
- travel destinations
- political beliefs (who they voted for)

You can also find out things like how likely they are to own and use: campers or trailers, above-ground swimming pools, bi-

cycles, bowling equipment and even diet pills. Several neighborhood categories are explained in more detail below.

Blue Blood Estates – Comprise 1.1% of U.S. households and encompass America's wealthiest neighborhoods. Often situated in the greenbelt suburbs of major cities, they're home to the nation's corporate kingpins and upper white-collar professionals like heart surgeons and entertainment lawyers. Predominantly white families with college education's.

Median Age – 35-44

Income – One in five earns over \$100,000 annually.

Eating Preferences – Like to eat natural cold cereal, low-fat/skim milk and freeze-

Blue Blood Estates comprise 1.1% of U.S. households and encompass America's wealthiest neighborhoods.

dried coffee. Avoid TV dinners, powdered fruit drinks and canned meat spreads.

Reading Preferences – Like to read the New York times, the Wall Street Journal and Gourmet. Avoid reading magazines like id Hot Rod, 1001 Home Ideas and Ebony.

Buying Habits – Like renting cars, drinking bottle water and skiing downhill, and Irish Whiskey. Avoid Tupperware, Menthol cigarettes, chewing tobaccos and cigarillos.

TV Watching Habits – Like watching “60 Minutes” the “Tonight Show” and “Late Night with David Letterman.” Avoid watching “The Young and the Restless,” American Bandstand” and “The People’s Court.”

Sample Neighborhoods – Blue Bloods live

in neighborhoods like:

- Beverly Hills, California (90212)
- Potomac, Maryland (20854)
- Bloomfield Hills, Michigan (48013)

Grey Power – Comprise 2.9% of U.S. households. Have the nation’s highest

concentration of childless married couples, typically living in condos, low-rise apartments and modest retirement homes. Cluster in active retirement communities and are primarily concentrated in the Sunbelt states along both coasts.

Median Age – 55+

Income – A little over \$25,000.

Eating Preferences – Like eating canned corned-beef has, frozen dessert pies and

*Grey Power
comprise 2.9%
of U.S. house-
holds.*

pumpnickel bread. Avoid nutritional supplements.

Reading Preferences – Like Reading Golf Digest and Rudder. Avoid reading True Story and Working Women.

Other Activities – Like Sailing, civic clubs. and buying wine by the case. Avoid hunting, bowling and swimming pools.

TV Watching Habits – Like watching “Good Morning America” and “NBC Sports World” Dislike Sitcom like “Family Ties” and Kate & Allie.”

Sample Neighborhoods – Grey Powers live in neighborhoods like:

- Sun City, Arizona (85373)

It turned out that the first big lesson we learned was that there was much, much more business out there in small-town America than anybody, including me, had ever dreamed of.

SAM WALTON
Founder and CEO, Wal-Mart Stores

- Sarasota, Florida (33577)
- Laguna Hills California (92653)

Black Enterprise – Comprise 0.8% of U.S. households. Reflect the rise of America’s black middle class.

Median Age – 35-54

Income – \$33,148

Sample Neighborhoods – Black Enterprisers live in neighborhoods like:

- Auburn Part, Chicago, Illinois (60620)

Blue-collar Nursery – Comprise 2.2 % of U.S. households. Made up of America’s starter family neighborhoods in recently built subdivision and overcrowded schools.

Median Age – 25-44

Income – \$30,007

Sample Neighborhoods – Blue-collar Nurseries live in neighborhoods like:

- West Jordan, Utah (84084)

Pools & Patios – Comprise 3.4% of U.S. households. Made up of older couples who reside in stable, prosperous and empty-nested subdivision that were once that nation's child-rearing suburbs.

Median Age – 45-64

Income – \$35,895

Sample Neighborhoods – Blue-collar Nurseries live in neighborhoods like:

- Fairfield, Connecticut (06430)

Knowing everything about your customer is as important as knowing everything about your product.

SUPERTIP

How to start using ZIP code analysis? ZIP code analysis is especially useful to DM marketing firms. But, almost any business can benefit from better information about past and present customers. To

start taking advantage of the possibilities ZIP code analysis: set up a system to record ZIP codes from you customers; ask your customers to write ZIP codes on your charge card slips; and categorize your cash sales by ZIP code. Over time, such information will give you clues to such questions as:

- Where do your present customers live?
- What areas are growing or declining?
- What is the influence of tourists, students, military or other specialized

populations?

- Does advertising increase sales in certain areas?
- What is the effect of competitive activities on your sales?
- How can you find more customers like the ones your have now?



*The difference
between suc-
cess and failure
is marketing.*
SUPERTIP

DEVELOPING A CUSTOMER PROFILE

THE “Customer Profile Checklist” provided on the last two pages of this guidebook is designed to help you qualify and zero-in on your customers based on geographic, demographic, and psychographic information, as well as benefits desired and usage patterns. With this information, you should then write a customer profile like the two examples shown below:

EXAMPLE 1 At *Hot Air Adventure Tours*, our target customers will be consumers comfortable with long distance shopping, and who are most likely recently retired executives interested in adventure, socializing, good health, and the magazines “Jet Set at 60” and “Hot Air

There’s a tremendous difference between what the public wants and what the critics want.

ALLAN STILLMAN
New York City
Restaurateur

Ballooning.” Our target customers need to escape boring retired life.

EXAMPLE 2 At *BJ’s Pasta Supreme* we will target 24 to 40-year-old health conscious males and females who are vegetarians and athletes. We will also target restaurants, daycare centers and other businesses that prefer to serve fresh natural pasta products without additives or preservatives.

NOTE Having an accurate customer profile will greatly simplify the task of knowing what to sell your target market, leaving you more creative energy to come up with truly innovative solutions to their problems.



CUSTOMER PROFILE Checklist 1-20

1. Type of *shopper*

- retail long-distance

2. Type of *market*

- industrial consumer

3. Size of *market*

- < \$1 Million \$1-10 Million
 \$10 Million + _____

4. Rate of *growth*

- decreasing steady
 0-5% 5-10%
 10-15% 15-20%
 25% + _____

5. Projected market *responsiveness*

- moderate demand high demand

6. Planned marketing *strategy*

- mass marketing target marketing

INDUSTRIAL SEGMENTATION

(for Industrial Markets Only)

7. Type of *industrial market*

- producer reseller
 manufacturer wholesaler
 service supplier distributor
 governmental retailer
 raw materials _____

8. Type of *business*

- corporation partnership
 proprietorship _____

9. Number of *employees*

- 1 - 5 6 - 19
 20 - 100 251+

10. Annual *sales volumes*

- less than \$1 Million \$1-10 Million
 \$10 Million + _____

GEOGRAPHICAL SEGMENTATION

11. Market *climate*

- hot cold

- cool dry
 warm humid
 rainy snowy
 windy _____

12. Market *geographical terrain*

- desert mountains
 farming land ocean
 valley _____

13. Market *location*

- urban rural
 local county
 state global
 national _____

DEMOGRAPHICAL SEGMENTATION

14. Customer *age*

- child (0 - 12) teen (13 - 19)
 young (20-35) middle (35 - 59)
 mature (60+) _____

15. Customer *sex*

- male female

16. Customer *marital status*

- single divorced
 married _____

17. Customer *life cycle*

- newly married married 10 yrs.
 married 20 yrs. _____

18. Customer *number of children*

- one three +
 two _____

19. Customer *ethnic background*

- African American Asian
 Caucasian Native
 _____ _____

20. Customer *education level*

- high school trade school
 university _____

CUSTOMER PROFILE Checklist 21-37

21. Customer *income*

- \$15-\$25,000 \$25-\$40,000
 \$40,000 + _____

22. Customer *location*

- in same building out of area
 walking distance out of town
 5 minutes by car _____

23. Customer *occupation*

- white collar blue collar
 professional entrepreneurs
 retired _____

24. Customer preferred *payment* method

- cash check
 credit card purchase order
 financing _____

PSYCHOGRAPHICAL SEGMENTATION

25. Customer *life style*

- conservative exciting
 trendy economical
 family orientated _____

26. Customer *attitudes*

- environmentalists security conscious

27. Customer *interests & activities*

- sports watchers physical fitness
 reading / books weekend athletes
 shopping vegetarians
 walkman users computer nuts
 movie goers _____

28. Customer *social class*

- lower middle
 upper _____

29. Customer *opinions*

- easily led opinionated

30. Customer *level of desire*

(will my target customers want my product or will they need a great deal of persuasion?)

- high low

- medium _____

31. Customer *advertising responsiveness*

(are your target customers easily influenced by advertising or rebellious towards it?)

- easily influenced neutral
 indifferent rebellious

32. Customer *needs*

(are the needs of your customers new needs created by change or old needs presently being neglected?)

- new neglected

33. Customer *benefits desired*

- economy luxury
 convenience high quality
 reliability performance
 easy access fast delivery
 _____ _____

34. Customer *buying preferences*

- single orders several
 bulk orders _____

35. Customer *seasonal buying patterns*

- summer fall
 winter spring
 Christmas

36. Customer *reasons to buy from you*

- you're the best you're the fastest
 you're the cheapest no competition
 you're the nicest _____

37. Customer *usage patterns*

- light users medium users
 heavy users presently non-users
 old users _____