Target market is a set of identified of customers which a company targets to sell its products or services. Target market helps companies identify the correct set of people, selling to whom would give the maximum profit to them. Identifying a target market is important for business as it helps to channelize the right effort for the right type of customer and helps to boost sales.

Importance of Target Market

In marketing, the basic step of business is following the STP, i.e. market segmentation, targeting strategy and positioning. Once a company identifies the segments, companies have to identify the correct target market to whom they want to sell their products. The target market is a set of customers which are the core target audience for the product or service and would help the company get maximum business.

Steps to Identify the Target Market

Identifying the correct target market is one of the most important task for a marketer. This is because ideally every marketer wants to reach each and every potential customer which is a very costly and time consuming process. So, to efficiently utilize their time and money resources, marketers need to define a group, called the target market, the members of which are deeply interested in the product or service being offered.

Some basic steps involved in the identification of target market are as follows:

• Consulting the business plan: Analyze the company goals and the product or service being offered. Analyze how the product or service is different from those of the competitors. Analyze whether benefits of the product or service are able to satisfy the needs of the potential customers. Also, think from the perspective of people who are looking forward to the product or service being offered and not from the perspective of just a seller.

• Research: Initially, go for secondary research data to obtain useful information about market, potential customers and competitors. If secondary research data is not available, then go for primary research.

• Developing customer profile: After the research is complete, it is mandatory to create a customer profile. This profile is a detailed description of a typical potential customer, including information regarding demography and psychography.

• Finding the location of the target market: This includes searching for the websites and social networking sites the target audience visit. This also involves research on the types of apps, the target market use and whether they have an email address. All this helps in the proper delivery of the promotional message.

• Monitoring: Continuous research is required, even after the target market is identified, to monitor the industry and market trends. The evolution of customers also need monitoring along with the status-quo of the competitors.

Examples of Target Market

Some examples of target market for companies are discussed as follows. The target market for TATA NANO is people who want to shift from scooters/motorbikes to cars and people with low

and medium family income. On the other hand, target market for Mercedes or BMW are those who are looking to travel in luxury. The same product can cater to the needs to different types of target markets. Laptops can cater to the needs of the professionals or businessman for work and can be used for youth for entertainment. Thus, ensuring that the correct target market is identified is important for any business.