

## Targeting Customers- A Path to Faster Growth

All companies want to grow, and usually faster than their competition. To do so, a company must sell more products which raises the question of how to do so. Does the company try to sell to a broad range of customers or be more selective?

I believe companies need to be more selective with the customers they pursue in order to achieve the growth they want.

In my experience, companies that sell to a broad range of customers get uneven results and a higher cost of sales. Why? Because some customers aren't a good fit for the seller. For example, if a prospective buyer has safety as his top priority, he will often consider Volvo, an auto manufacturer with a strong safety reputation. Volvo knows this and pursues these buyers.

Pursuing customers selectively is known as targeting. I think of it as selling the right product to the right buyer. Sounds simple, but many companies tell their sales teams to win customers with little consideration for which ones are the best fit for their products or services.

Targeting the right buyer starts with market segmentation. Market segmentation means grouping buyers with similar characteristics into groups or segments. Using the Volvo example, similar buyer characteristics may include safety-concerns, multi-person families and young drivers. Affluent buyers may also be a target as Volvos tend to be expensive automobiles. These characteristics match the vehicles that Volvo sells.

A company may identify several market segments that are attractive, meaning the potential buyers' needs match well with the company's products or services. Once a company has identified its target markets it can choose which to pursue and use this knowledge to create a compelling value proposition. For example, Volvo might say they offer safe, reliable automobiles for families since safety is paramount.

Conducting a market segmentation and targeting exercise doesn't require a company to commit to a multi-month "science project" but it does need data. Data can come from industry market studies, news articles, front line employees and other sources such as focus groups.

If your company isn't growing at the speed you would like, targeting the right buyer for your products or services can help. It's likely your competitors are already doing so.

To learn more, visit [bennettfrank.com/services-targeting](http://bennettfrank.com/services-targeting).



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