

Chapter 2 The ‘Market’

Now that you’re clear about what your business is all about and what services, products and benefits it provides, the next thing to consider is ‘the market’.

Although, in truth, you should have been considering this already - is there actually a ‘market’ for the benefits your business provides - are there **real** people out there who want those benefits?

You see, so many businesses start up with ‘great ideas’ for products and services which may be revolutionary and wonderful from the business owner’s point of view but which nobody ‘out there’ actually wants!

They may ‘need’ it but they don’t *want* it and people only ever buy stuff they only ‘need’ when the benefits far outweigh the pain of buying the product.

No-one really *wants* to buy coaching or therapy for its own sake – what they want is to be able to move forward in life!

Marketing is both an art and a science and we’ll discuss it in more detail later but right now you need to make sure that there are people out there who want the benefits your business provides.

Who are they?

Who are you, or your business, to them?

Now if your business provides something that is already being purchased from other companies by people then you know that

there **is** a market for what your business does and its then a question of giving them a reason to buy from **you**.

But if your product/service is innovative or completely new then it's a different matter.

Unless you can convince people that it will provide a **benefit** they are getting elsewhere - or an 'alternative' benefit, then you not only have to identify who you think might want, and buy, it, but you have to create 'demand'.

This can be done of course. No-one *wanted* a car or a smartphone when they were first introduced but now most households have more than one of each.

Creating demand however, can be expensive, especially if you are wanting to sell to the 'mass market', but if you plan to serve a 'niche' market it will take less effort and resource.

Niche Markets

What is a niche market?

A niche market is a small section of the population who have a great interest in a particular benefit and they can be classified in several ways.

This will be covered in more detail later and even more so in my book on marketing for personal businesses. But for now let's just consider one aspect and base it on your specific product or service.

The questions you have to ask yourself are **who** is going to want (and buy) this? **Why** would they, and why would they buy it *from me*? **What** age group (or 'generation') are they in? **Where** are they - city or country? And so on.

As you do this you create an 'avatar' of your typical or ideal customer which will then help you to work out how you are going

first to ‘reach’ them and then to get them to want to purchase from you.

Target Market

These people are termed your ‘target market’.

You may find there is more than one specific group who are likely to purchase from you and that’s OK, but any more than three target markets is impractical at this stage of your business as you’ll use different methods of marketing for each group.

You can use a special ‘mind map’ (from Peter Thomson) and video explanation to help you with this.

[Avatar Mind Map](#)

[Video Explanation](#)

Once you have identified your avatar, or while you are doing that, you also need to consider your ‘competitors’ who are not always who you think they are.

I’ve encountered a lot of new businesses that set up in the belief that they have ‘no competition’ - usually because they think what they provide is ‘unique’ or considerably better/cheaper than similar offerings.

They are forgetting though that people buy *benefits or results*, not specific products or services, and if they can get the same benefit out of some completely different offering then *that* is where the competition is.

It also depends on what type of benefit they are seeking, as different generations look for different classes of benefit.

On the other hand, you can say that where there is more competition to provide certain benefits then there is on the whole a

larger market - in which case your choice is whether to attempt to compete with ‘the big boys’ or to find a specific niche within the market that is not well served by the larger companies.

Once you have decided on your target market, and know who they are, the next question to ask yourself is “Well, who am I to them?” and “why would they purchase from **me** (or my business)?”

Purchase Engagements

In defining your market this is the crux of the matter - you see, there are two types of purchase that people make:

Transactional Purchases are usually made based on price for a non-differentiated product or service - like a can of beans or domestic energy supply. The buyer in these instances has no relationship with the provider - especially when the transaction is done on line.

If you are in this market then your marketing and the presentation of your offer has to be really good and ‘different’ because, apart from the price, that is probably the main feature on which purchasers can base their decision.

As a coach or therapist you are unlikely to be in this category and if potential clients think you are then there is something wrong

Relational Purchases on the other hand tend not to be price sensitive. The main factor buyers are looking for is continuity or involvement. Continuity of service and of the relationship, the personal relationship, that you as the provider create with them.

This situation arises when you are providing what I would describe as time based offerings - where it is important that the provider and user (not the ‘consumer’) need to maintain an ongoing relationship for the product or service to be delivered effectively.

Why Would They Buy?

Having dealt with the ‘who’ question now let’s have a look at the ‘why’ - from the buyer’s point of view - and the questions to be asked are:

Why Me? Why would they buy from you in particular? What’s special about *you* that would cause them to purchase *what they want* from you, and not from someone else?

Why This? Why would they buy this particular offering instead of something else? Remember that it’s not the actual product or service that they want but the **benefits** it provides to them, and at the same time you should consider what else they might buy (and from whom) to provide that benefit.

Why Them? This is a question about your potential purchasers - why are you expecting that they might buy from you? What’s special about them that creates a match between what you offer and the benefit they want? And what, by the way, **do** you think they want?

Why Now? Why is it that they are looking to purchase now? Is there some sort of time sensitivity, and if so what is it? Is this a one-off occasion when the purchase can be made or is it something that could be purchased at any time? And if so, why might they want to ‘Buy Now’?

Generations

It’s become apparent over recent years, probably as a result of people living longer, that different ‘generations’ seek distinctly different types of benefit when they purchase goods and services. But what is a ‘generation’?

Technically a generation occurs within a family and in society every 20-25 years or so. (It used to be shorter than that and it may be getting longer and of course there are ‘exceptions’).

Generations tend to differ in the social culture and values they adopt, and this is highly relevant to how they behave as a ‘market’ in response to the products and services offered to them.

The Silent Generation: people born before the end of WWII, look for the benefits of security and value for money.

The Baby Boomers: born in the 20 years following WWII are something of a mixed bunch, often sharing their parents’ values and those of their children, but in general they look for benefits such as quality, service and familiarity.

Generation X: born in the 15 years between the mid sixties and 1980 tend to focus more on price rather than quality of service but they also like to have choice and make their own purchase decisions. They like innovation and are hungry for ‘bright shiny objects’.

The Millennials: (they hate being called that) or Generation Y, born between 1980 and the late nineties also embrace new technology but the main benefit they seek is to be ‘involved’, even when making mundane purchases. They join clubs and become part of ‘tribes’ and can be intensely loyal when the right relationship is created with a provider. Like the Baby Boomers, their grandparent generation, they can become extremely faithful purchasers.

Generation Z: born since about 1998, have not yet fully revealed their benefit preferences as most of their purchases have been made on their behalf by parents or grandparents.

Understanding these differences is really helpful in creating your market avatar and in deciding how to approach each generation if they form part of your target market.

It also has an influence on something that can be critical to your success -

Pricing

There is a delicate balance in your market between your ideal client or customer and the price they are prepared to pay.

You want to charge, not the highest or lowest price you can for your offering, but the optimal price. That's the price that will bring in the right number of purchasers in relation to the costs you need to cover and your capacity to deliver.

If the price is too high you may not get enough purchasers to cover your costs and make a profit and you may find yourself with spare capacity.

If the price is too low there may be an excessive demand that you are unable to meet whilst still perhaps making the same profit as you would have if the price were higher.

It's a delicate balance and the 'right' price for your target market will evolve through testing but there are some ground rules you can apply to your marketing.

First, without **contrast** anything will appear to be expensive or cheap. You must compare the price of the benefit you provide with that of another, maybe unrelated, benefit to provide your buyer with perspective.

Second, you have to make a decision about the value of **your** personal time, especially if your business involves you personally delivering the offering. As a rule of thumb this should be in the region of £1 per minute as a baseline and much more if you have a skill or expert knowledge that is in short supply.

This is covered in more detail in chapter 6 on Finance.

Third - **Pay Yourself First**. This is a key business mindset that many people forget especially at the beginning. I remember in my first business that I was the last person that I would pay, only taking money out for myself when and if it was available. You must **pay yourself first**, even if that is only a paper exercise and you reinvest the money.

This is especially important when you are not personally delivering the business offer - what is your time input to operate the business? How much time are you focused on the business - and what is that time worth?

How you work out your pricing and how you implement the contract principle, and how much you pay yourself are covered in detail in the PBCS.

Analysis

At this point you should carry out **another** SWOT analysis but this time considering the key strengths and weaknesses of your business as it relates to the market and the key opportunities and threats that may exist or may be likely to arise - again as relates to the business **in the market** in which you are operating.

This analysis is not about the business itself, we'll get to that later, but about the relationship between your business and the market it serves.

Spend a few minutes doing this before you move on.

STRENGTHS

WEAKNESSES

OPPORTUNITIES

THREATS