

## 26 Assessing Your Market Potential

### Resource Kit for Nova Scotia Farmers

#### **Market Analysis: What is my target market?**

A target market is a well defined group of customers. Markets can be found within any broad category: consumers, businesses, industries, institutions, etc. Consumer groups, for instance, can be characterized by demographics, geography, lifestyle, values, leisure, or occupation. Business customers can be defined in terms of markets, products, management styles, distribution channels or size. Value-added product marketing includes the end consumers of your product/services and the businesses who distribute and sell your product to that consumer (the channel customers).

Begin market planning by clearly identifying the market you want to target. This may or may not be the market you are working with now. The idea is to think creatively about your product to determine what set of customers are going to give your business the cash flow, profit and growth it needs.

Start with a big piece of paper. Across the top write a brief description of your product as currently conceived. Next write your answers to the following questions:

- Who will buy my product?
- Why will they buy my product?
- What will they pay for my product?
- Where do they expect to find this product?

When you are finished, step back and consider what you have learned. Write:

- a brief, focused description of your target market
- an assessment of which aspects of your business need to change in order to attract this market
- a list of what is involved with making needed changes.

#### **Product Development: What product/service am I going to market?**

Now that you have a clearer idea of WHO your market is and what they want, how does your product or service meet their needs? Remember, products are continually finetuned as you better understand the needs of your customers and the mechanics of your business. The challenge is to

think about your product from the perspective of your target market, both end consumer and channel customer.

**Research questions:**

- What is my product?
- What is the best method to package and present my product?

When you have finished answering this set of research questions, take a second piece of paper and summarize your answers into:

- a creative, market-informed description of your product
- a concept of how you will make your product meet the needs of your end consumers and channel customers while being competitively priced and profitable.

**Market Positioning: How does my product satisfy the needs of my market better than my competition?**

Market positioning is the way you communicate precisely the place your product holds in the marketplace. How you position your product in the mind of your customers determines how the product is perceived. Positioning is a strategic component of marketing. It ties together information about your product, your market, your competition and your industry. It answers the basic question: What business am I in? (eg. what's for dinner business, family vacation business). Or you can distinguish yourself on the basis of the needs you fill, the services you provide, the distribution channel you use, the pricing strategy you employ. Think about your product from the perspective of your customer and your competition. Buying usually comes down to a decision of choice. Your task is to figure out how to make the customer choose YOUR product.

**Research question:**

What need does my product fill?

When your research is complete, take a third piece of paper and summarize your findings into a position statement of 50 words or less that answers two questions:

- What business am I in?
- Why will the market want my product rather than that of my competition?

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**Market Connection: How will the market know I have what they need?**

Making connections with your target market lets the customer know you have the product they need. Unless you are a direct to consumer marketer, these connections are made with the assistance of intermediaries: businesses that warehouse, transport and sell your product to the end consumer and the businesses that represent your product to that system. These businesses are the marketing channels that move products from the point of production to the final buyer. Some, such as wholesalers and retailers, buy and resell the product. Others, such as independent warehouses and transportation companies, provide distribution services for a fee. Others, such as brokers, present the product in the marketplace for a commission.

Channel businesses are a key component of your marketing strategy. How a channel business warehouses and distributes products, how it targets consumers, and how it features and merchandises goods all define its particular set of needs and resulting buying criteria. To be an effective marketer, producers need to identify and understand the differences among channel markets and market their products accordingly. No single marketing program works for all markets.

**Research Questions**

What distribution channels are best suited to my product, my customers and my business?

What are channel cost/benefits?

What will it take to sustain market/channel connections?

When your research is complete prepare a strategic response to these questions:

- What will it cost to reach each potential market segment?
- Where can my business reach the best market at the least cost?
- Which market and channel options should I develop now?

[Note: This fact sheet was developed as part of Market Planning for Value Added Products by UNH Cooperative Extension in cooperation with NY Coalition for Sustaining Agriculture and revised by Claire Hanlon-Smith, Marketing Services Division, Nova Scotia Department of Agriculture, March 2010.]