

How to Understand Your Market Segment

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A Guide to Tracking a Market Segment Over Time

Segmenting a market to define your target market and business niche is a critical step to startup. But market segmentation doesn't end after your business is up and running. Throughout a company's growth and expansion, you should monitor your target market segments over time to hone relevant **marketing** strategies and fine-tune your **marketing** plans.

By following your target market segments in this way, it will help you spot important trends. For example, you may see when a market segment you have relied upon is shrinking, spending less or otherwise becoming a less profitable target for your business. You could also get insights as to when a previously untapped market segment is becoming more important and how you may need to shift your marketing tactics to capture them.

A Case Study

For example, suppose you own a chain of office furniture companies in the Midwest that targets small-business owners with high-fashion custom furnishings. You've identified women-owned businesses as a vital market segment because you've discovered they're more willing to pay for attractive furniture that doesn't look "standard."

Just to get started, here are some aspects of this market segment you'd want to monitor:

- Number of women business owners in the region where your stores are located. Is the number of women business owners growing or shrinking? This determines if this market segment is becoming more or less important to you.
- Size of women-owned businesses in your region. Are these businesses adding workers or laying off employees? If hiring, are the new workers in-house or independent contractors? If women-owned businesses are on a hiring spurt, they're likely to need more office furniture, which could bode well for your business.
- Annual revenues of women-owned businesses in your region. Similarly, growth in annual sales for women-owned businesses implies they will have more money to spend.
- Locations of businesses owned by women. Which ZIP codes in your region are home to

the most women business owners? This can indicate where opportunities lie for new locations.

- What space are women business owners operating from? In other words, are female business owners in your region locating in retail space, restaurant space, office space, home-based offices or shared co-working spaces? The answer can indicate whether or what type of office furnishings they'd be in the market for.
- Number of startups launched by women. Getting new business owners to buy from you can win you customers for life as their companies grow, so the number of startups being opened by women in your area is a good indicator of whether your company can continue to target this market segment profitably.
- How this market segment prefers to buy what you sell. Do women business owners like to buy office furniture in person, from print catalogs or online?

You can monitor your market segments over time using the same sources of information you used to define them in the first place. For the example here, sources of information about women business owners might include the **U.S. Census'** [American FactFinder](#) site, your local chamber of commerce or economic development authority, commercial real estate agents or organizations, industry associations, as well as focus groups and customer surveys of your existing customer base.

About Time

Market segments change rapidly. You should monitor your market segments at least annually, but for likely better results, monitor them twice a year or even quarterly.

How can monitoring market segments drive your business **strategy**? Suppose you learn that fewer women are starting businesses in office spaces; instead, more of them are working from home. In addition, even growing companies owned by women business owners are increasingly using shared office space or home-based independent contractors.

Based on this information, you might decide to:

- Decrease your emphasis on **marketing** to traditional, office-based women-owned businesses.
- Develop a new line of office furniture that blends in with home decor.
- Market the new product line via home-based business organizations, **social media** groups dedicated to remote work or working at home, and local businesswomen's networking groups.
- Put plans to open new stores on hold and instead build out your ecommerce capabilities.

As you can see, monitoring your market segments regularly can help shape more effective **marketing strategies**, but also helps inform your overall business **strategy**.