Worksheet: First Description of the Target Market

Content and Purpose

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Target Audience

This worksheet is intended for founders in the initial phase, who have identified possible *customer needs* and want to describe their *target market*.

Objectives

The objectives of this worksheet are:

- The founders think about possible *target markets*.
- The founders know possible methods for specifiying a *target market* that have the assumed *customer needs*.

Results

The result of this worksheet is a description of a potential *target market* for a given startup idea. This description forms the basis to think about the *solution-concept*.

To achieve an optimal result, it is recommended to work together with a startup advisor.

Founders Playbook

This worksheet belongs to chapter *1.2 Target Market* of the **Founders Playbook** (www.founders-playbook.de).

Motivation

A *target market* is the subset of all potential buyers or users of a product or service to which the startup project explicitly applies. The choice of the *target market* influences the entire startup project, as its influences

- the product and service. (Which customer needs must be satisfied?)
- the marketing strategy. (How should the product or service be positioned?)
- the validation. (Where can you find *test users* to get feedback on the product or service at an early stage?)

Traditionally, *target markets* are defined by demographic features or statistics, e.g. for humans in age, family status or income, or for the company sector in the number of employees or annual turnover. This type of characterization is often too broad and leads to a heterogeneous target group, with different *customer needs*. However, for a startup project, it is usually not possible to develop a product or service that can satisfy all these *customer needs* in a short time under reasonable costs. Therefore, a *tarket market* should be described as precisely as possible to obtain a homogeneous target group.

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Directed Brainstorming: Search Fields for Potential Customers

A *target market* should not include all potential buyers and / or users of your product or service. It is better to define a possible *target market* by their *customer needs*. One method for identifying potential customers of your *target market* is **Directed Brainstorming**, which focuses on different types of *customer needs*.

Consider the identified *customer needs* (worksheet *1.1 Customer Needs*) and collect a list of possible customers who have these needs.

- **Pain**: Who has a strong interest in eliminating or alleviating the identified pain?
- **Gain**: Who has the greatest advantage from satisfying the identified need?
- **Job-to-be-Done**: Who is most dissatisfied with the identified task?

Collect a list of potential customers.

Potential Target Markets

Look at the list of potential customers and try to cluster them into potential target markets.

- What target markets can be clustered from the list of potential customers?

Collect a list of potential target markets.

Description of the Potential Target Markets

For each of the identified potential target markets, put yourselves in the situation of a possible customer who wants to use your intended product or service. Try to answer the following questions to describe the target market in more detail.

- Which other **persons** are related to the *target market*?
  - Which persons belong to the target market?
  - Which persons have influence on the target market?
  - Which persons are affected by the target market?

- Which real / virtual **places** are related to the *target market*?
  - Where can you get in contact to the target market?
  - Where will the target market require your product or service?

- Which **processes** or **policies** are related to the *target market*?
  - Which processes or policies are typical for the target market?
  - Which processes or policies will be influenced by your product or service?

Describe the potential target markets in more detail.

Quality Check

Questions to check the quality of your *target markets*:

- Is your *target market* **obvious**?
  - If you were introduced to a potential customer, does your description helps you to decide if this person or company is part of a potentional *target market*?

- Is your *target market* **reachable**?
  - Do you have an idea how to get in contact with your *target market*?