

Find Your Market

How to Find Hot Markets and Responsive Customers

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Sample



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Introduction

Most businesses fall in love with their products and services, and forget their customers. Create a product that matters for a market that cares, and use strong marketing techniques to match the market to the product.

I've worked with experts for over a decade. In that time, I've discovered that many speakers, trainers, consultants, coaches, and other experts tend to under-estimate what they know about their topic and over-estimate what they know about the market. This is important, because both mistakes can cost you a lot of money.

For instance, you might under-estimate your topic knowledge because you know it so well you just take it for granted. But what you see as basic might be extremely valuable to your market. So you might be missing opportunities to offer useful products and services.

On the other hand, the more dangerous mistake is to over-estimate your market. If you *think* you know what your market wants, you could spend a lot of money creating useless products and services.

I'll illustrate this point with two stories ...

A success story

One of my clients, Max Hitchins, the Hospitality Doctor (www.HospitalityDoctor.com) had a very clever idea in determining what the market was interested in. Max has always looked at market first, so he's always looking at the customer's point of view rather than his own self interest.

In this case, he has a number of books available for sale on his Web site. Whenever somebody signed up to his newsletter, he sent them a message saying, "Thank you for signing up, you've just gone into the draw for our monthly prize." And he listed his five books and asked them to choose their prize.

We soon discovered that one book was consistently asked for more than the others. He called me one day and said, "Look, Gihan this seems to be really popular. Maybe it's because it's the first in the list." So we switched it around and we discovered that it was *still* the most popular.

As a result, when his print run ended, he re-published *that* particular book first. And the first day that he offered it for sale (as an e-book this time), he made \$24,000 worth of sales – all because he had done the market research up front to find out that that's what people were actually interested in.

A failure story

The flip side of that happened to me!

In April 2004, Australia brought in an anti-spam law that covered business e-mail. It was big news in the media, and many people were concerned about what it meant for their email newsletters, and in fact e-mail correspondence in general.

I guessed (wrongly, as it turned out!) that there was enough interest in this topic to write an e-book about it. So I took time to read the legislation, and I wrote an e-book that explained it in simple language.

Unfortunately, I sold hardly any copies.

Even when I bought Google advertising to drive traffic to my Web site, it didn't create many sales. In fact – and this is the point – I discovered at that point that hardly anybody was searching Google for information about the anti-spam legislation. I don't know why – maybe they didn't care, maybe they just got legal advice from their lawyers, maybe their industry association organised speaker to explain it to them; or there might have been some other reason. Whatever the reason, almost nobody bought my e-book!

This was a sober learning experience for me. All the positive signs *seemed* to be there. It was a topical subject; it had urgency around it because by a certain date everyone had to comply; it was big news in the media. So it was “obvious” to me that people would be interested in my e-book. But I was wrong.

Learn from my Max's experience – and mine!

In this program, I'm going to share some ideas for evaluating a new product or service – *before* you create it. By going through this process, you won't necessarily guarantee success, but it will certainly increase your chances.

Here's an outline of what's coming up ...

Gravity Marketing

The next section is an overview of my "Gravity Marketing" concept, which underpins the rest of the program.

Checkpoints: Market, Product, Marketing

The next three chapters examine the three components of Gravity Marketing in more detail. In each, I'll give you five things to check about your planned marketing campaign. This will help you determine your strengths and weaknesses.

Choose Your Niche

It will be very difficult for you if you're planning to market a product that's suitable for "everybody". So I'm going to urge you to focus on a specific niche market. In this chapter, I'll explain how to find, target and market to a profitable niche.

Do Internet Research

The Internet has simplified some of your market research efforts. In this chapter, I'll show you how to do some extensive on-line market research without leaving your desk – even if you're not planning to market your products on-line.

Ask Your Market

Finally, you can turn to a group of people who are already marketing experts: Your customers and prospects. In this chapter, I'll describe how to survey your target market to discover exactly what they'd like to buy from you.

A note about “products”

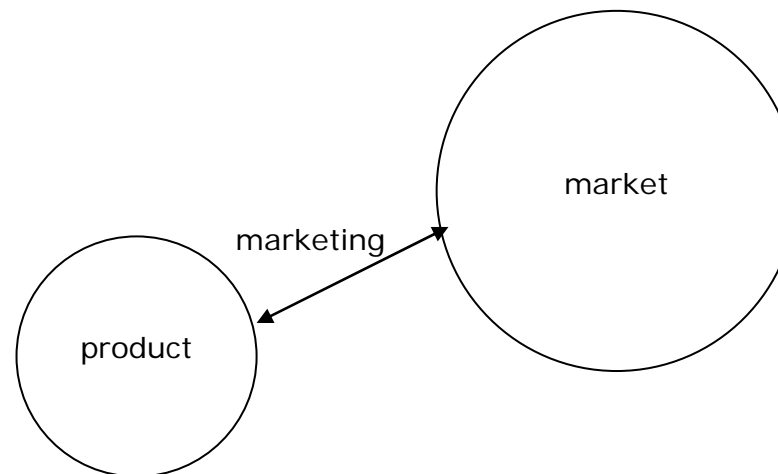
For convenience, throughout this book I'm going to use the word “product” to refer to both products and services.

Overview: Gravity Marketing

Create a message that matters for a market that cares, and match the market to the message.

In high school physics, I learned that the gravitational attraction between two planets depends on three things: the size of the first planet, the size of the second planet, and how close they are to each other. The bigger they are, the greater the gravitational force; and the closer they are, the greater the gravitational force between them.

The same applies to your marketing. Your success depends on three things: The quality of your product, the strength of your market, and how well you connect your market to your product.



In my experience, the biggest mistake that people make when creating products or new services is they fall in love with their product. They create a beautiful, sophisticated, high-quality product; but forget about whether there's a market for it. They create a cure for which there's no known illness!

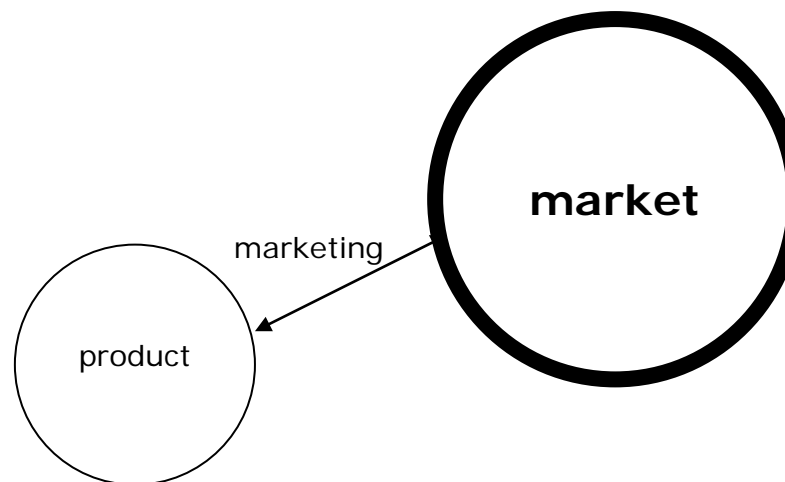
This is a common mistake. Many business owners over-estimate their knowledge of the market. They **think** they know what the market's looking for, but they don't. So they create a product, put it out there in the marketplace, and it's a flop because people don't want it. If they'd done their research beforehand, they'd know that the market actually was interested in something else.

Now let's look at these three areas in detail.

Checkpoint: Your Market

If you don't have a market for your product then there's no point in creating it.

In this chapter, I'll give you five criteria for identifying a profitable market. Rate yourself on each of these. The higher your score, the more likely you're aiming at a profitable market.



1. Niche

Which of these three options best describes your market niche?

- I am aiming this product at a small, clearly defined, niche market.

Excellent - you have more chance of success this way than if you aimed for a mass market.

- I am aiming this product at a mass market.

This can be a risky proposition. It generally requires a significant investment in marketing costs, because you have to market through mass-media means. Even Google advertising, which is very targeted, can be expensive because you'll be competing with other people for the same words and phrases.

Consider narrowing your focus to a niche market. Although it narrows the total customer base, you'll probably find it easier to market to them.

- I'm not sure of the target market for this product.

Danger!!! If you haven't even considered the market yet, you shouldn't be designing or developing your product. Invest some time in finding your market first, then develop products for it.

Any time I hear somebody say, "Well, **everybody** can use this product," I really worry for them because there's a real challenge to reach that market of "everybody" and convince them that it's worth buying. As soon as you make your product generic enough for

anybody to use it, you have to make your marketing pitch so bland and so generic that it loses its impact.

This is such an important topic that I devote an entire chapter “Choose Your Niche” to it later in this book.

For now, here’s a quick example of focussing on a specific niche:

- ⇒ Suppose you’re selling a goal setting package. Goal setting is useful for everybody, but that’s not a niche at all.
- ⇒ You might design it for business people only. That’s an example of a market niche.
- ⇒ How do you niche it even further? How about goal setting for financial planners? Now it’s even a tighter niche. And you can imagine that a program called Goal Setting for Financial Planners would be of interest to financial planners because they think they’re going to learn something that is going to be specific to their industry.
- ⇒ Now you could niche it even further - perhaps Goal Setting for Female Financial Planners (because there might be certain issues that females face in a male-dominated industry). So now, the goal setting program becomes even more attractive. By doing this, you’ve excluded most of the male financial planners from buying your program. But it’s potentially more valuable for the women.

If you’ve got a mass market product at the moment, just be brave and narrow your market down to a particular niche. It doesn’t mean that you can’t market to other niches as well but it does mean that for any niche that you choose, your product’s going to be more attractive to them.

As I said, there's much more about niche marketing in the chapter "Choose Your Niche".

2. Problems

Which of these three options best describes your knowledge of the market's problems?

- I have surveyed a broad cross-section of my market to find out their specific problems.

Good - by tailoring your product to solving those problems, you create something that's attractive to your market.

- I have done a few informal surveys of my market to find out their specific problems.

This might be enough to get started, as long as (a) you've got enough responses to be representative of your market, and (b) you're sure the informal surveys are targeting the same people you'll be targeting with the real product.

- I haven't asked my target market for their specific problems.

Be careful! You might end up creating a product that doesn't solve a real problem. It's tempting - but very risky - to **guess** the problems of your target market.

The more you do to find out what specific problems your target market has, the easier it is to build a product that answers those problems and solves those problems for the client.

Every time I conduct a survey (I do it mostly through my e-mail newsletter or to audiences where I speak) and ask them for their biggest problem, concern, question, or challenge, I'm just astonished at their comments. The results are almost always different from what I expected. If I hadn't done the survey, the products and services that I create would be based on what I think are the problems in that industry rather than what actually are the problems in that industry.

If you haven't done these surveys yet, make sure you do. In the chapter "Ask Your Market", I'll show you how to do this easily and cost-effectively.

3. Demand

How well do you know the demand for this product? Choose one of these options:

- I have done significant research to measure the demand for this product.
Excellent. This gives you a greater chance of success, assuming you can market well to tap into that demand.
- I have done a bit of research to measure the demand for this product.
The more you can test the demand, the better. You obviously realise the value of this because you've done **some** research. I urge you to do more, if possible and if it's cost-effective and timely.
- I don't yet know whether there's a demand for this product.

This is a common trap. Sure, some products **create** a demand after they are launched (after all, who knew that pet rocks and Sony Walkmans would be a big hit?), but that's the exception, not the rule. If you're going to launch a product without testing the demand, be aware that you're taking a risk.

It's not just knowing about the problems. Do you know there's a hungry bunch of people waiting to be fed on the solution? If you do, it gives you so much more confidence that the product is actually going to sell for you.

For example, if you're marketing something on the internet and you'd like to test the demand for it, buy some Google advertising for the particular words and phrases that you're going to eventually use to sell your product. You don't even need to build the product, or even a Web site for it. Even if your Google advertising sends people to a competitor's site, you can still measure how many people click the ads!

In some cases it's not as easy to test the demand. But if you can, it's going to make so much of a difference (if nothing else, to your confidence) when you start creating the product because you know there are people out there looking for it.

4. Price

Have you tested the price people are willing to pay? Choose from these options:

- I have tested various price points to learn what my target market will pay for this product.

Very good. Be careful, because what people **say** they will pay might be different from what they **actually** pay when asked to part with their money. But you've done as much research as possible into pricing.

- I have some indicator of a good price point, based on competitive products and services.

Looking at competitive products and services is a good start. Just be sure that you're comparing apples with apples. For example, if you're creating a business consulting package but you're an unknown name in the marketplace, don't assume you can automatically charge as much as Michael Gerber, Brian Tracy, Tom Peters, and the other big names.

- I don't know what people will be willing to pay for this product.

Then how are you going to set a price? Sure, you could guess, but there are so many factors that affect what people are willing to pay. At least, do **some** research into what people are already paying for solving the same problem, and that will give you some idea of price.

Have you tested various price points to learn what your target market is willing to pay for this product? Most people don't, but smart marketers do.

Most people just make up a price point off the top of their head. If you'd like to be a bit smarter, find out what people are paying already for competitive products and services; that will give you some idea for setting your prices.

A trap for new marketers is to start dropping the price when their results are slow. They assume it's due to a high price, but that's often not the case. Often people are willing to pay more than you think provided that you're answering their questions and solving their problems. So you might be leaving money on the table if you haven't tested the various price points yet.

5. Relationship

What is your relationship with your market? Choose from these three options:

- The majority of my customers will be people who have bought related products from me already.

This is the ideal situation, because these customers already know you, trust you and have actually paid you money in the past. So now it's just a matter of convincing them that this new product is as good as what you've delivered already.

- The majority of my customers will be people who know about me, though they haven't bought from me yet.

This isn't too bad, because these people already have some sort of relationship with you. Presumably they have some level of trust in the quality of your work and the

reliability of your service. There's still quite a jump, though, to convince them to take the next step and actually **buy** from you. Don't underestimate how much work you'll have to do.

- The majority of my customers will be people who have never heard of me before.

Some marketers do succeed with products aimed at "strangers". But just be aware that it's hard work - probably harder work than you expected.

If you're selling on the Internet, this is even harder because you're not there in person to reassure them and get them "over the line". However, there **are** things you can do to convert more site visitors into paying customers.

You've probably heard the saying that it takes five or six times as much effort and cost to get a new customer as it does to sell to an existing customer. And yet, so many businesses spend all their time marketing to get new customers into their database without selling to existing customers.

If your product serves people who've already bought from you, it's going to make the sale so much easier. These are people who know you, they trust you, and have been through the buying process with you already.

The next best group is those who have heard of you but may not have bought from you yet. They've still got to get over that buying hurdle, but because you have some relationship with them, you've built up some trust already.

The hardest group to market to is the “stranger” market – that is, people who have never heard of you. It’s by far the biggest group in the world and that’s what tempts people to try and crack that market. But it’s also by far the hardest group to persuade.

Keep Your Finger on the Pulse

In the previous chapter, I showed you how to get immediate market research information via the Internet. In the longer term, you should also keep abreast of new developments in your field. This is particularly important if you're working in a fast-paced industry.

In this chapter, I'll show you some techniques for regularly getting relevant material delivered to you.

Getting Web pages delivered to you

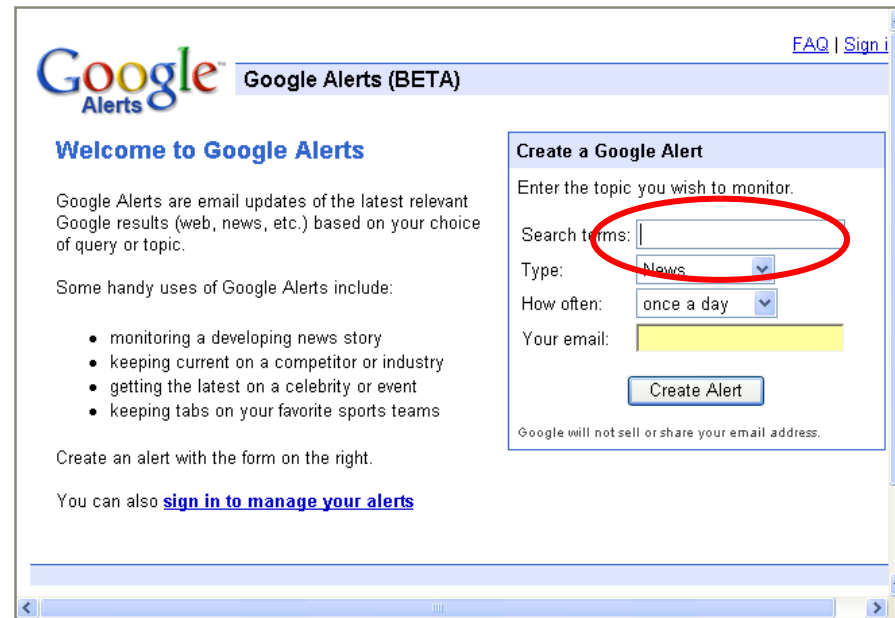
Google makes it easy for you to get notified of news, articles and new Web pages in your area of expertise. Start by going to Google at www.google.com, and click News:



Then click the News Alerts button on the left:

The image shows a screenshot of the Google News Australia homepage. At the top, there is a navigation bar with links for 'Web', 'Images', 'Groups', 'News', and 'more'. Below this is the Google logo and the text 'News Australia BETA'. A search bar is present with the text 'Search and browse 4,500 news sources updated continuously.' The main content area is titled 'Top Stories' and features a dropdown menu set to 'Australia' and a 'Go' button. The top story is 'Blair seeks to bring Bush on board poverty agenda' with a sub-headline '5 hours ago' and a small photo of Blair and Bush. Other stories include 'GM slashes 25,000 jobs to save itself', 'Apple chose Intel. What's Jobs really after?', 'Sydney FC through to Oceania final', and 'The Actress Who Had A Leg Up on Stardom'. On the left sidebar, there are category links: 'World', 'Australia', 'Business', 'Sci/Tech', 'Sport', 'Entertainment', and 'Health'. At the bottom of the sidebar, there are links for 'Make Google News Your Homepage', 'News Alerts' (which is circled in red), and 'About'.

Google then asks you what you would like to search for:



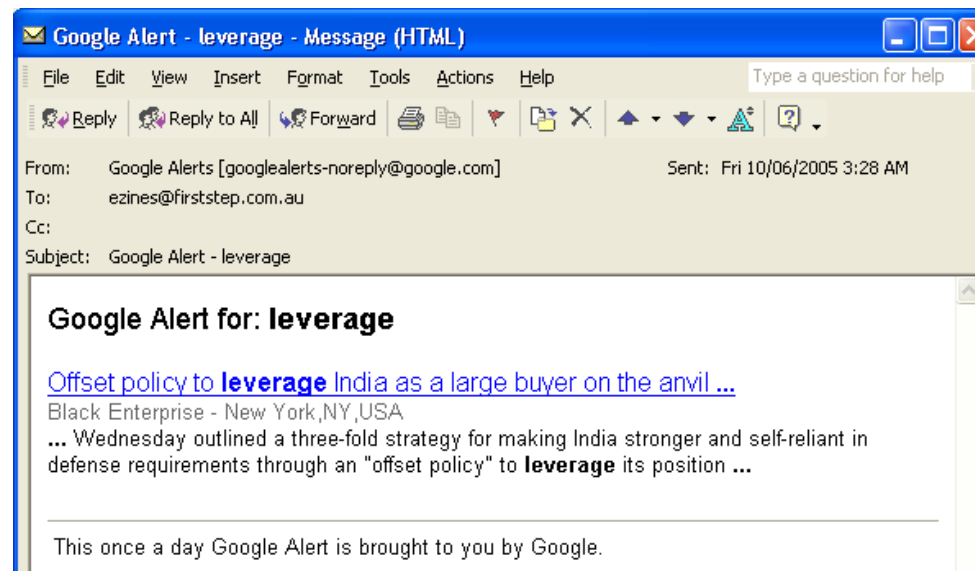
The screenshot shows the Google Alerts (BETA) interface. On the left, there is a 'Welcome to Google Alerts' section with a brief description and a list of uses. On the right, there is a 'Create a Google Alert' form. The form includes a 'Search terms' input field, a 'Type' dropdown menu (set to 'News'), a 'How often' dropdown menu (set to 'once a day'), and a 'Your email' input field. A 'Create Alert' button is located below the form. A red circle highlights the 'Search terms' input field.

Fill in the form as follows:

- ⇒ Search terms: The word or phrase of interest to you.
- ⇒ Type: You can choose to receive news articles, or new Web pages on that topic, or both.
- ⇒ How often: You can choose immediate, daily or weekly alerts. In most cases, weekly alerts are adequate, though if it's a very hot topic, you might choose daily or even immediate alerts.

You will then get a confirmation e-mail, which you have to click.

Then you'll start receiving messages by e-mail whenever Google finds new articles matching your selection. When you receive the e-mail, it typically contains one or more article headlines:



Click on an article of interest, and it will open in your Web browser.

Google Reader

The Google Reader at reader.google.com is another free Google tool to keep you abreast of latest developments in your area of expertise. Sign up free:

The screenshot shows the Google Reader interface. At the top, there are navigation links for Mail, Calendar, Documents, Photos, Groups, Web, and more. The user's email address is gihan@firststep.com.au. The main content area is divided into three sections:

- Home (Left):** A sidebar with links to All items (902), Starred items, Trends, Your shared items, and Friends' shared items. Below this is an 'Add subscription' button and a list of subscriptions including 'A Day in the Life of...', 'ChangingMinds (59)', 'Cognitive Daily (20)', 'Cricinfo cricket news (620)', 'Full-Frontal Skepticism', 'Influence (6)', 'Micro Persuasion (23)', 'New Persuasion', 'Psychology Headlines ... (56)', 'Psychology Today (51)', 'Skeptic : The Skeptic... (7)', and 'Skepticism - Global W...'. There is also a 'Refresh' button.
- Home (Center):** A section titled 'A look at what's new' with a sub-heading 'Influence (6)'. It features several article snippets:
 - 'Defenders of Wildlife - Nice use of video as a holiday tribute' with a brief description.
 - 'Caught between a webmaster and a web editor' with a snippet about a job listing dilemma.
 - 'Crowd Sourcing, The Network Effect, and Friending - Oh My!' with a snippet about a union discussion.
 - 'Skeptic : The Skeptics Society & Skeptic magazine (7)' with a snippet about a critique of evolution.
 - 'eSkeptic: The Immortal Lily the Pink' with a snippet about patent medicine.
- Top Recommendations (Right):** A section with 'View' and 'all >' links. It includes 'NYT > Health', 'Influential Interactive Marketing' with a description, and 'Richard Edelman - 6 A.M.'.
- Tips and tricks (Bottom Right):** A section with a 'Feed settings...' dropdown menu showing options: 'Sort by newest', 'Sort by oldest' (checked), and 'Unsubscribe'. Below it is a note: 'Did you know Google Reader can...'

The difference between this and the News Alerts is that the News Alerts service informs you of individual **pages** containing your key words; whereas the Reader service informs you of new articles in **publications** containing your key words.

Conclusion

So we've come to the end of this book. In summary, here are the steps we covered:

- ⇒ Understand the concept of **gravity marketing** – that is, the relationship between market, product and marketing.
- ⇒ Review the criteria for each of these three areas, and work on improving the areas where you're weakest.
- ⇒ Choose a profitable niche market, and focus on the target market within that niche.
- ⇒ Do some simple Internet research to discover what people are searching for, and what topics are "hot" right now.
- ⇒ Finally, survey your market to determine their exact needs.

Now it's up to you!

I hope you've learned something from this book. But more importantly, I'd like it to spur you into action – because, of course, what matters is not knowledge itself, but **applied knowledge**.

If you read this and do nothing, that's just as bad as not reading it at all. In fact, it's **worse**, because you've wasted your time! So please **take action**, and start **now**.





About Gihan Perera

Gihan Perera is a business consultant, speaker, author and entrepreneur – with clients throughout Australia, and in New Zealand, South Africa, Singapore, the U.K. and Canada. He works with professional speakers and trainers, consultants, business owners, CEOs and strategic leadership teams to improve their marketing, sales and persuasion skills in one-on-one meetings, group presentations and on the Internet.

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