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## **Target Market = Key Ingredient for Referral Success**

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Any marketing guru, book, or consultant will say it is important to define your target market. I say good marketing starts with a clear target market definition. If you don't know your audience, you can't craft the best marketing messages to convey the value you offer to a potential buyer. Target market affects features or services required to go to market, pricing, packaging, distribution channels, and a host of other factors that affect success in gaining market share.

### **All those factors are “marketing speak” for a few simple concepts:**

1. Who wants what I have?
2. Where will I find them?
3. How will I reach them with my marketing message so they are compelled to buy?

Referral marketing is specifically focused on generating referrals that result in closed sales. In referral marketing the message is the same .... it all starts with a clearly defined target market.

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### ***Why is target market so important in referral marketing?***

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There are many reasons why it is critical to referral success. I will focus on one benefit:

A clearly defined target market allows you to create word-of-mouth marketing within a specific buying group so business comes to you.

How do you become known and get word-of-mouth working for you? You can publish articles for that target market. You can join groups and build relationships with members of that target market. When people within a target market know about you and they hear good word-of-mouth advertising about you, they can seek you out if they need your products or services. We understand the power of positive word-of-mouth advertising. We need to think about how to generate it for our business. If your target market is small enough that members talk to each other, you can create positive word-of-mouth marketing by doing a great job serving even a few clients in that target market.



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Two young women came to one of my classes to learn how to get referral business. Both were new realtors and they understood the importance of building their business by referral. When we discussed target market, I could easily predict which of the young women was more likely to succeed in the first few years of their real estate career.

One woman said her target market was women home buyers. The other said her target market was Vietnamese women who have been in this country for less than 5 years who are ready to buy their first home.

The woman who wanted to serve the Vietnamese women's market had a passion for helping these women. Why? She had gone through a difficult time buying her own home some years before. After moving here from Vietnam, she felt alone in the experience of buying her first home. She was unsure about the decisions she had to make. Her language ability was tested with a whole new vocabulary that was unfamiliar to her at that point. It was the biggest financial commitment she had ever made in her life. The entire experience was stressful, even frightening for her.

Both women were excited about a new career in real estate. The woman who wanted to serve the Vietnamese women's market was able to put together a plan to go to the Vietnamese community with many advantages to offer first time home buyers, especially women. She knew their challenges, she understood how difficult the experience could be, and she was ready to help them through the process and even enjoy it. She had the distinct advantage of speaking their language and coming from a similar background.

I predict word-of-mouth will work in her favor. She only has to help a few women to successfully buy their first home before word will travel. This is a target market that can be identified, they seek each other out, and they share ideas and resources to help each other get along in this country which is new for them. A good realtor can definitely become known in that market.

The other realtor has to pitch her services to women everywhere hoping to find one who will work with her to buy a new home. She doesn't have clients who will refer to her and it will take time to build a large client base of potential referral sources. Other than being a woman, she offers no distinct advantages to women to compel them to work with her. Since there are many women realtors with a great deal of experience, I was hard pressed to help her put together an effective referral marketing plan unless she clearly defined a target market she could serve better than her many competitors.



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**If you don't have a clearly defined target market, spend some time defining one.  
With the right target market you can create a continuous stream of referral  
business coming to you.**

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