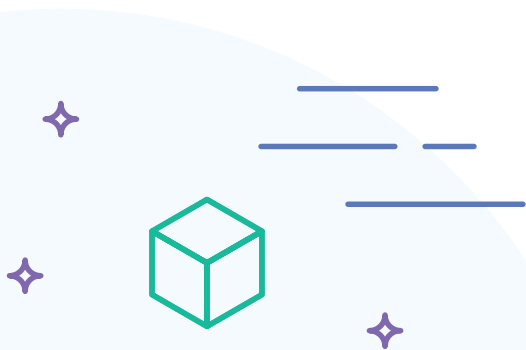
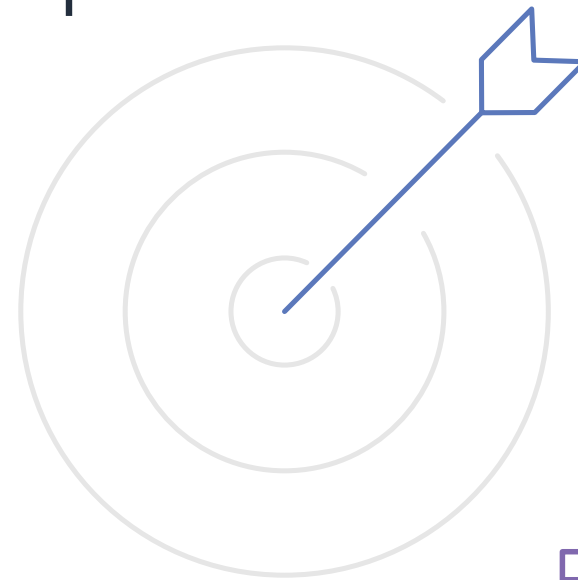


# Defining Your Startup's Target Audience

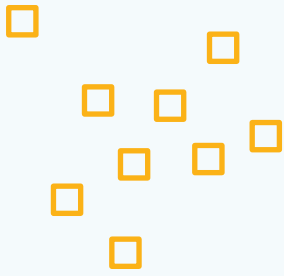




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# Introduction

It's a classic founder's story: stumbling on a problem in their own lives, figuring out a novel solution, and bringing that answer to an eager market.

But that third piece of the puzzle — finding the right audience that wants your product — can be easy to overlook. Just because you've found a solution to a problem doesn't always mean there's a market that will buy it from you.

From building a marketing plan to getting investors to believe in your business, defining your startup's target audience is essential, and there are a few ways to start doing it right now.



# Think like your audience

“If you can’t figure out why someone’s buying something, you can’t find more people like them to make the same decision.”

One common way to define your audience is their demographics. An entrepreneur providing web design tools to small businesses might start by looking up some basic numbers — on companies with fewer than 20 employees, or on those making under \$5 million in annual revenue.

But according to experts like Terry Rice, business development consultant at Entrepreneur Magazine, these numbers don’t go nearly deep enough. “Demographics on persona will tell you who’s buying your product or service, but they won’t tell you why,” Rice says. “And if you can’t figure out why someone’s buying something, you can’t find more people like them to make the same decision.”



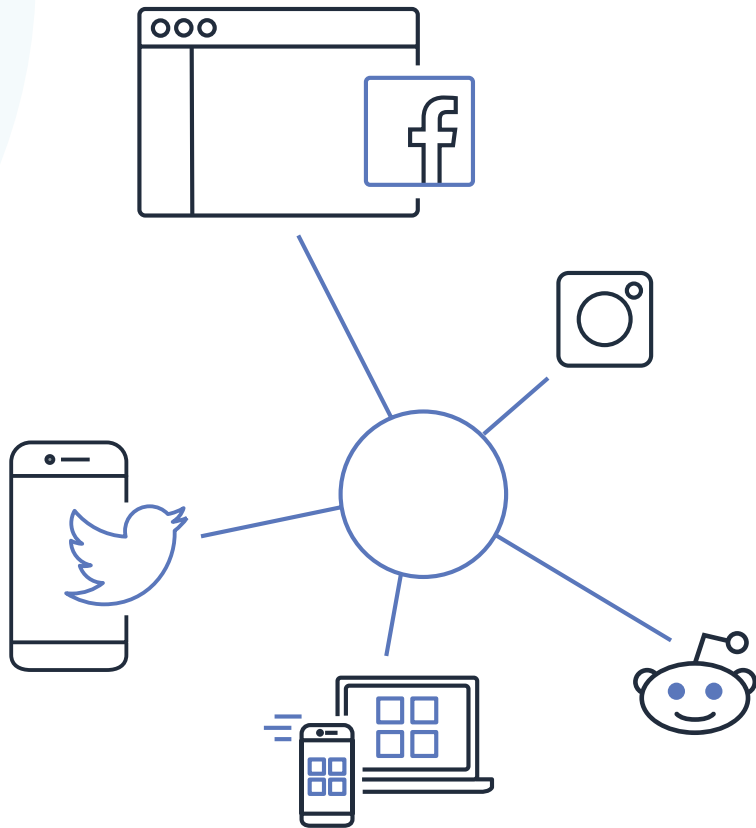
# Introducing: The Empathy Map

Rice recommends drawing up an empathy map, a tool often used in UX design or product innovation that can also help entrepreneurs crawl inside the head of their target audience. An empathy map asks you to think like your customers:

- What do they **think and feel**? What matters to them?
- What do they **hear**? What are their friends or colleagues telling them?
- What do they **see**? What's the market already offering?
- What do they **say and do**? How do they act in public?
- What are their **pains** — their fears, frustrations and obstacles?
- What are their **gains** — their wants, needs, and measures of success?

 Watch the guided step-by-step video





## Approaches to empathy mapping

There are several approaches to empathy mapping, but one that entrepreneurs can start doing immediately (and at no cost) is social listening.

From Facebook and Instagram to Twitter and Reddit, social media platforms are gold mines of real-world interactions from your current or potential customers. Social listening is about digging through that information to figure out what they're really thinking.

Imagine an entrepreneur selling web-design tools checks out the social pages for a competitor, and sees a user comment: "Can I create automated email campaigns?"

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Social listening is about digging through that information to figure out what they're really thinking.

With that comment alone, she can start filling out an empathy map. Her prospective customer wants automated solutions; like many business-owners, they likely have too much to do and not enough time. They're looking for a better email marketing product; maybe whatever they've tried so far has prioritized snappy-looking designs over functional business development tools.

Repeating this process on different networks and forums, entrepreneurs can slowly build up a picture of what their audience wants and needs. What software tools are they already using? What are their daily pain points? What podcasts are they listening to?

Focus groups and surveys can sometimes be useful, but it can be hard to get honest responses or a representative sample. Social listening is a free way for entrepreneurs to get a window into their real-world audience, to start building a genuine connection and a better product.

## What her empathy map could look like

### Think & Feel

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- I can't keep trading time for money
- What's the best way to scale?
- Should I outsource this or learn it myself?

### See

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- An inbox full of common questions
- Tons of new apps that help with process improvement
- YouTube tutorials

### Hear

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- Positive feedback from customers
- Work smarter, not harder
- Listen to MFCEO podcast

### Say & Do

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- Wear many hats at work
- Automate as much as possible
- Work out 4x per week (when they can)

### Pain

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- Challenges around on-boarding new systems.

### Gain

- Having one login for multiple use cases.

# How big is your audience? (And which one?)

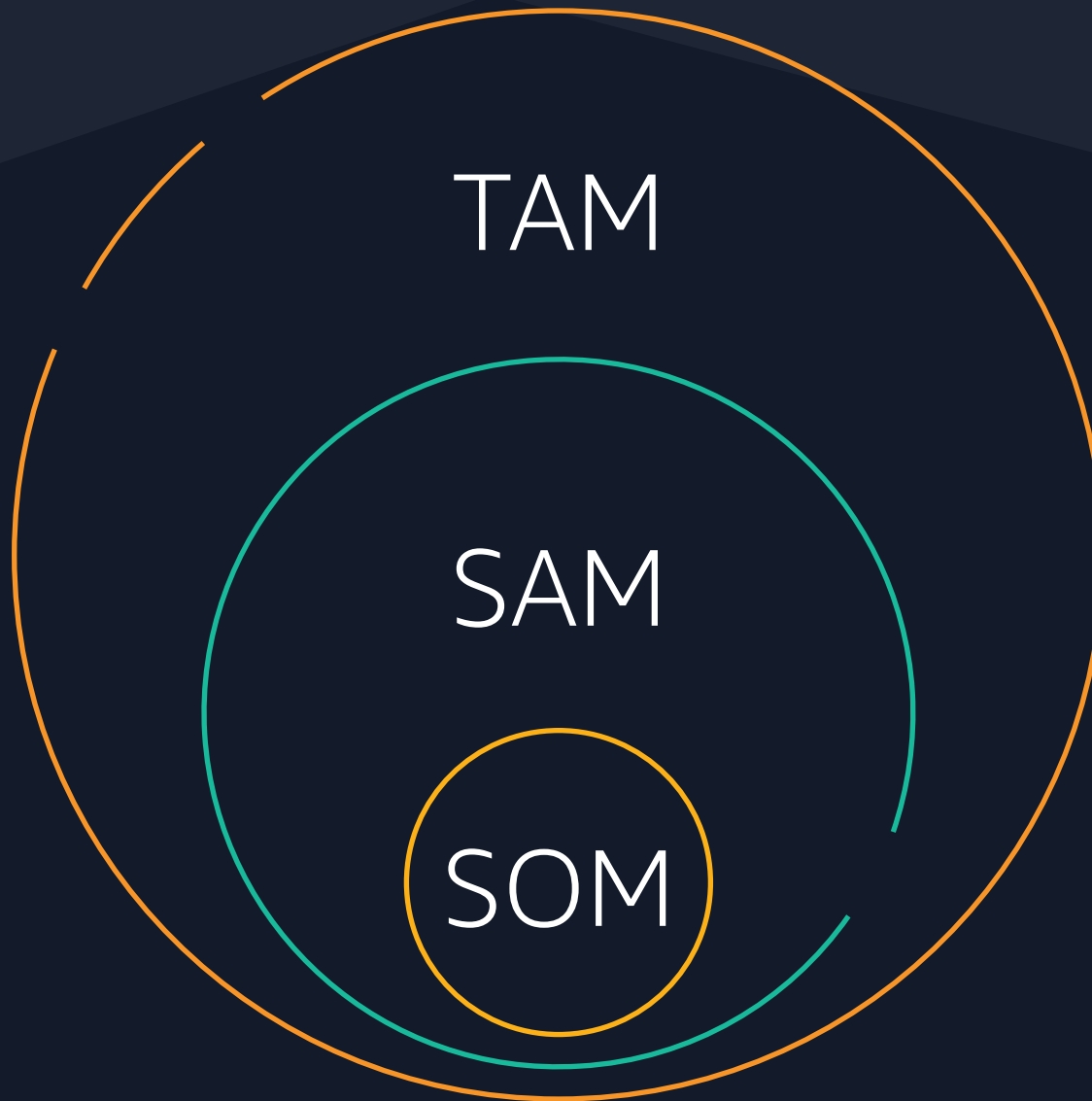
Demographic and psychographic data may give you a good idea of who your audience is, but entrepreneurs still need to define how big it is. You might have a killer product that solves a real-world problem, but how many people actually have that problem? More importantly, how many might be open to your solution?

The difference between those two questions can be easy to miss, but it's crucial to define your target audience in the right context. Investors will often differentiate between three concepts:

- TAM, or Total Addressable Market;
- SAM, or Serviceable Addressable Market;
- SOM, or Serviceable Obtainable Market.







For example, a company that offers on-demand dog walking.

**TAM:** Total Addressable Market

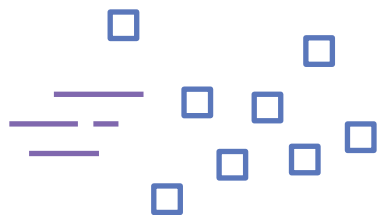
- The entire market, independently from your availability to reach and serve it.
- Ex. Every dog owner in the US.

**SAM:** Serviceable Addressable Market

- What portion of that market would want your product/service?
- Ex. Dog owners who need a dog walker.

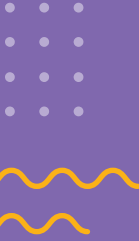
**SOM:** Serviceable Obtainable Market

- What proportion of that market can you reach?
- Ex. Dog owners who need a dog walker that you can service and reach on various channels.



TAM, or Total Addressable Market, is the broadest: every possible customer in the market. For an app that provides on-demand dog-walking, for example, the TAM might be 51 million, or the total number of US households with dogs.

But the TAM is a blunt instrument that includes all sorts of definite non-customers, like people who simply love walking their dog and wouldn't dream of outsourcing it. The SAM, or Serviceable Addressable Market, gets rid of those people, focusing only on the chunk of your audience that would actually want your service.



The SOM, or Serviceable Obtainable Market, is deeper still: the part of your audience that would want your service and that you can access. "In your initial conversations with investors, that's what you focus on," says Terry Rice, the business development consultant. "What percent can you actually reach through various channels?"

How can startups figure these numbers out? One approach is to use tools like Google Keyword Planner, which provides the search volume for certain keywords. If it turns out that 50,000 people search for "dog walker" every month, that might be a good starting place for an SOM figure. The narrower the search, the more granular the results. If "dog walking app" is searched by 18,000 people per month, that's 18,000 people looking specifically for something like the product.

Other tools can help determine the size of an audience that has expressed a general interest related to a product or service. Tracking pixel data used by social media platforms might show that 1.9 million people are interested generally in dog walking, grooming, training and so on — a good estimate of the app's SAM.

These figures aren't perfect, and should be gut-checked by other sources and common sense. But taken together, they can help founders walk into an investor's office and describe an actionable, realistic picture of their target audience.

# Know your market

Defining your target audience is hardly easy, and with all the hats founders have to wear, many may ultimately turn to third-party professionals or platforms to better understand it. But as soon as an idea is born, it's crucial to start thinking about who it's meant for — both qualitatively and quantitatively.

By listening to real-world interactions on social media, entrepreneurs can build an empathy map, building a more genuine connection with customers and business that serves them better. By digging into search keyword and ad data, they can estimate their TAM, SAM, and SOM.

Whether you're preparing an investor pitch or developing a marketing strategy, identifying the audience that's right for your solution is the first step toward reaching them.

Ultimately, this process is about proving to yourself (and to investors, employees, the whole world, really) that what you're building is making a difference in people's lives. The better you know your audience, the greater the impact your company can make – and the greater your startup success will be.



# The Startup Stack

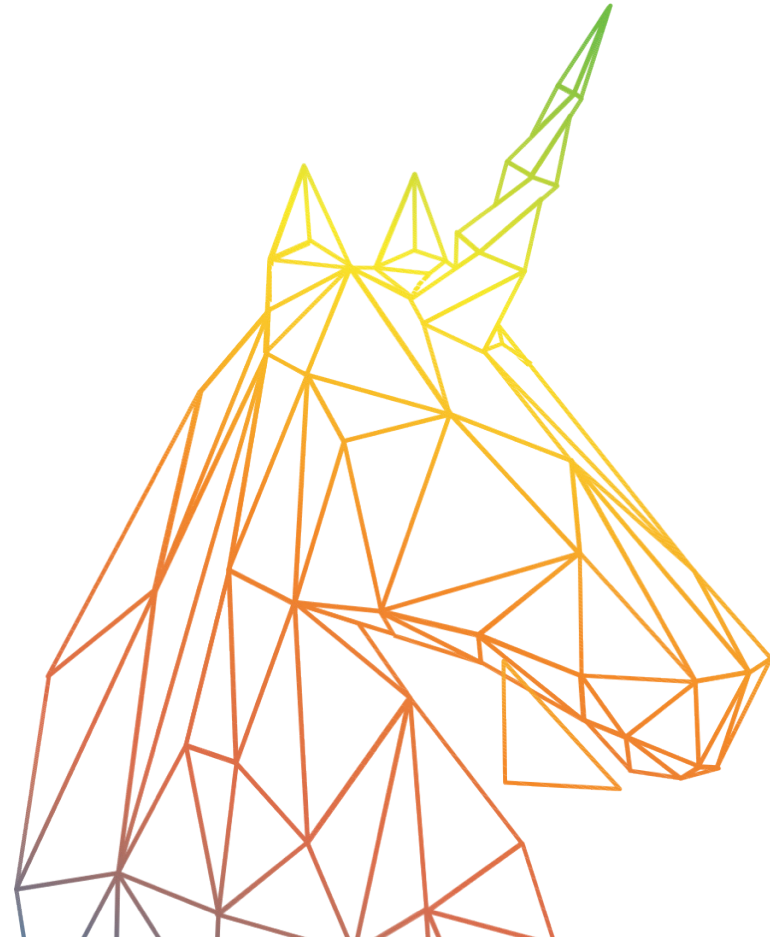
## Tools for Defining Your Startup's Target Audience

Best Social Listening Tools:	Best Consumer Listening Tools:	Best Focus & Survey Tools:	Best Remote Event Feedback Collection Tools:
<a href="#">Hootsuite</a> (FREE/PAID)	<a href="#">reddit</a> (FREE)	<a href="#">Airtable</a> (FREE)	<a href="#">slido</a> (FREE/PAID)
<a href="#">agora pulse</a> (FREE/PAID)	<a href="#">Quora</a> (FREE)	<a href="#">Wufoo</a> (FREE/PAID)	<a href="#">slack</a> (FREE/PAID)
<a href="#">sproutsocial</a> (FREE/PAID)	<a href="#">amazon</a> (FREE)	<a href="#">JotForm</a> (FREE/PAID)	
	<a href="#">Nextdoor</a> (FREE)	<a href="#">SurveyMonkey</a> (FREE/PAID)	
	<a href="#">GitHub</a> (FREE)		
	<a href="#">INDIE HACKERS</a> (FREE)		

**For further reading:**

[Toptal on TAM, SAM, SOM](#)

[Calculate Your Addressable Market Size To Help You Attract Investors](#)



<https://aws.amazon.com/startups/>