URL: https://ecorner.stanford.edu/clips/everything-starts-with-who/

Stanford adjunct lecturer and entrepreneurial marketing expert Lynda Kate Smith offers entrepreneurs a rubric to determine their target market and audience, so they can feel confident they're pursuing a viable business opportunity. Drawing on her experience at Twilio, she illustrates how that company's focus on entrepreneurial developers in particular enabled them to succeed with a precisely defined target market.

## Transcript

- Everything we do in global entrepreneurial marketing, 00:00:05,910 it starts with the who.. That who is both the target market you're going after and that individual within the target market that you really need to reach.. And one of the things that you'll find is when you really center in on the who, there's so much more you can do with what you're doing as a company.. And again, it ties back to the go-to-market strategy.. It's a really key part of it.. So when you think about the who, when you think about really coming in and aligning on it, there's a real reason for it.. All right, maybe this gets back a little bit to the science.. It's that recognition that every market is made up of distinguishable segments of buyers, and they have different needs, different buying styles.. They have different responses to offers.. It's about this idea of thinking outside in, rather than inside out..

So yes, it's an art, but there's also a science to it as well.. And when you think of the value of segmentation, again, it's an alignment.. It's a tool that helps us all go together.. It improves your decision-making.. What product is gonna be the right product that's gonna appeal to that market? What's the right marketing motion for us? What's the right sales motion for us? It enables that better use of resources just like the go-to-market strategy does, super key when you're in an entrepreneurial environment and money's not everywhere, resources aren't everywhere.. It makes it easier for us as smaller companies and startups to compete.. It makes it easier to disrupt the market 'cause we're laser-focused.. You can't be spread all over.. And I've had people ask me, "Well, how many target markets should you have? "You know, how many target audience you should have." My answer, get as focused as you can because at the end of the day, if you're chasing too much, it's not gonna work.. Your resources will be spread so thin that nothing actually makes a dent..

Now, it may be obvious what a target market is versus an audience, but I'm gonna recap it here because a lot of times they do get conflated.. The target market is a group of customers that you're gonna go after from a business perspective.. It's a group.. The target audience defines that individual that's either gonna buy or use the product.. So there is a difference, one kinda nests in under the other.. So when you think about your target audience, it's the person, the individual.. When you think about your target market, it's that whole group.. So gonna give you a couple of frameworks here.. When we think about target markets, there is a rubric for finding them.. You're looking for where there's a problem or an opportunity where there's not already a great solution..

And that problem or opportunity, the positive side of a problem, it's a very high priority relative to others, that that same group might spend their money on.. You wanna make sure that the market would find your offering compelling, so get out, talk to the market, that there's evidence that customers can and will pay.. I've also run into the situation where I'll have like the first bullets there.. I've got the problem or opportunity, doesn't have a great solution.. It's a high priority.. They'd find my offer compelling.. And when I get out there and I say, "All right, you wanna buy it?" Oh, you have to spend money on this? Or oh, you're gonna charge that much? Oh, then I'm not interested in it anymore.. There is an idea there about getting out and really testing that people will want to pay for it early on.. So you definitely wanna do that.. And that the market segment is large enough that it can be attractive, that it can actually make a viable business for you..

So give you a little example.. This is from my early days of Twilio.. Twilio is so much bigger now and going after so much more.. But when we really sat back and we said what is the problem, it was about integrating communications into web and mobile apps.. There wasn't an easy way to do this out there.. When you think about where we saw this problem, well, it was with developers, and in particular, we subsegmented the world of developers, and the one we really focused in on were the entrepreneurs.. These are developers that code to build a business.. We asked ourselves okay, on a scale of one to 10, how big of a problem it is, and we felt it really was a 10.. And one of the reasons Twilio has been so amazingly successful is it is a company that was built by developers for developers, so we knew the problem.. Our CEO and co-founder understood the problem 'cause he had tried to do this before, integrate communications into a web or mobile app..

The reason it was such a big problem was telecoms, they were a legacy industry and had such a different vernacular.. They were so different in terms of how they operated.. Would your offering be compelling? Yes, it was about APIs.. The API culture was just really starting, and it was something that developers could really use and use easily.. Their time to value was super fast.. Was there evidence they would pay? Yes, because we were already looking at what the telecoms were trying to charge for this, and we knew that we could make it more affordable, more interesting, and we can make pricing the differentiator.. And was it a large enough segment? Yeah, think about how many companies could leverage communications into their web and mobile apps to improve their businesses.. So we were very, very confident about what we had out there.. So our target market was developers.. In the earliest days, we were really going after those entrepreneurial developers, developers that were coding to build a business...