

# Choosing the Right Path: Targeting Industries in Your Local Market

**A Streamlined Strategy to Boost Sales Success**

Q Pizza restaurants

Q Dental practices

Q Chiropractors

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— • **AFTER SEVERAL TURBULENT YEARS, THE NATION’S ECONOMY IS RAPIDLY IMPROVING WITH INFLATION EASING AND SUPPLY CHAINS NORMALIZING.**

Despite these highly anticipated economic tailwinds, many business owners remain price-conscious when deciding which suppliers to work with – and that includes banks as well as professional service providers like insurance carriers, accountants/CPAs, financial advisors, business processing organizations (BPOs), and consultants.

But make no mistake: In most cases, there’s more to their buying decision than just price. Business owners also are looking for **value**.

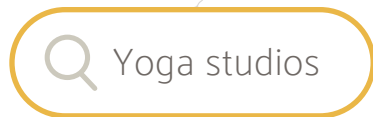
One important – and surprisingly simple – way to bring the value that decision-makers demand is to become an expert in their industry.

Having industry knowledge enables you to provide the useful insights and tailored guidance that others in your field may lack.

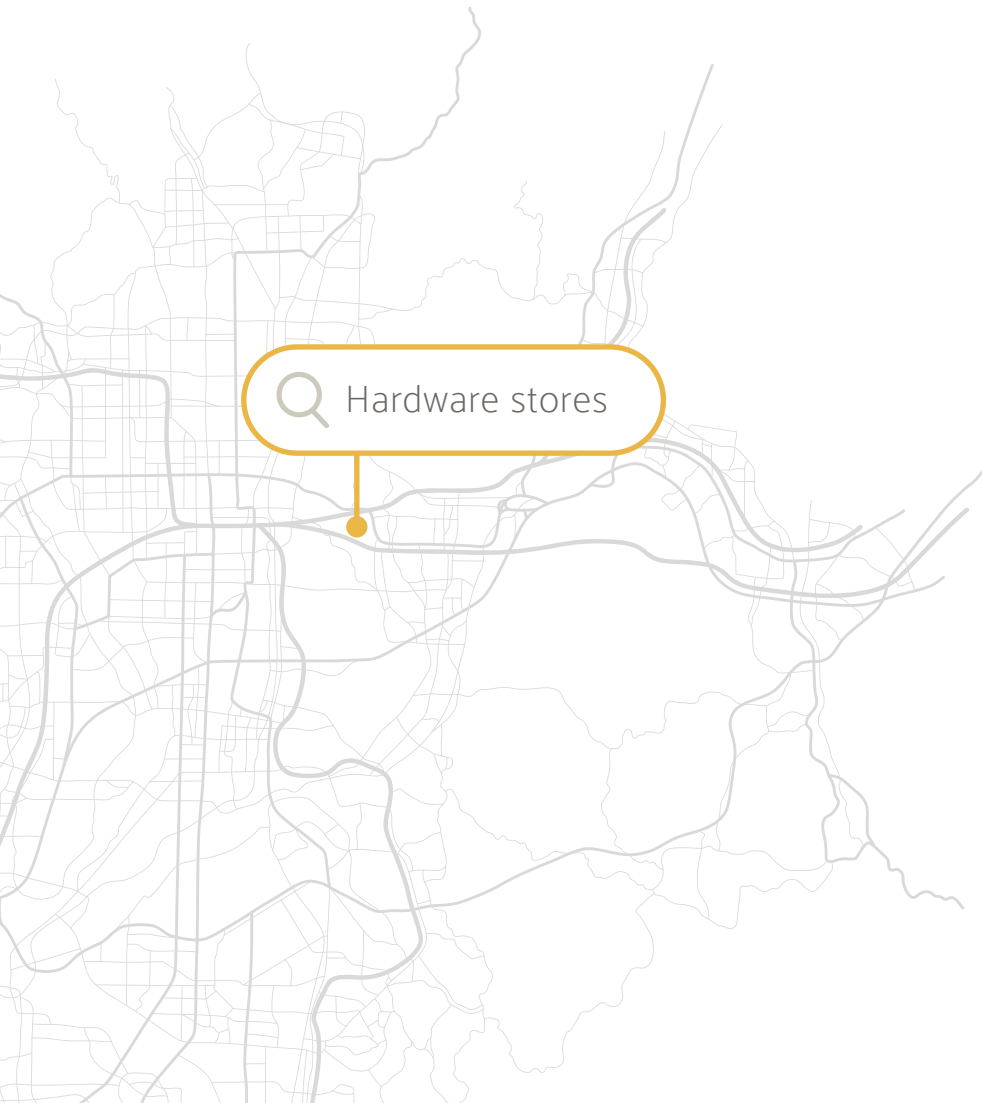
Barlow Research collects data on the banking industry, but a survey they conducted of middle market companies has applicability that can extend far beyond financial services to just about anyone in sales. They asked business owners what would be the best way for a banker to gain their attention. The most popular answer was better rates or terms, but among the other most popular answers was “Understanding my industry.”

Whether you are advising a business owner on banking solutions – or selling some other product or service – Barlow’s research shows that you’re more likely to win deals when you have industry expertise.

With this fact in mind, it can be a savvy sales development strategy to target certain industries within your geographic footprint. But how do you know which industries are a good fit for your products or services, as well as your goals? That’s where **Industry Intelligence** comes into play.



# Benefits of Targeting Industries



A calling strategy that focuses on certain industries offers a number of advantages to both you and your clients/prospects.

First, you can build your personal and institutional knowledge base on those specific industries, which enables you to apply your learnings to other businesses within that niche. This in turn will help you build a solid reputation in those particular industries, which can increase referrals (and research shows that referred customers produce higher profits).

Targeting a select number of industries also enables you and your team to create scalability with replicable processes. As you work with multiple business owners within your chosen industries, you can better flesh out marketing personas in order to develop focused sales materials that speak more directly to that particular type of customer. This replicability will ultimately shorten your sales cycle, and boost close rates, retention, and profitability.

But perhaps most important, targeting select industries allows you to become a knowledgeable and valuable asset to your clients.

When you are well-versed on the ins and outs of their industry – how they operate, common challenges, the latest trends, and more – you are able to offer more tailored solutions to meet your clients' unique needs and help them succeed.

# Performing Your Industry-Targeting Due Diligence

If you think you might want to try targeting specific industries, it's important to properly strategize and prepare.

Assess what you are good at and what differentiates your business from your competition. Are there things you do that are unique or exclusive to your industry? That should be a determinant of your selections.

You of course also want to factor in that industry's propensity for buying your product, and consider any connections you might have within a particular niche that could help you get a foot in the door.

But there are additional due diligence steps you should undertake as well if you intend to target specific industries.

## HERE'S YOUR CHECKLIST FOR DETERMINING IF A TARGETED INDUSTRY STRATEGY IS RIGHT FOR YOUR ORGANIZATION.

- Consider your organization's culture, your team members' backgrounds, the size of your local economy (check out the [Local Economies](#) section of Vertical IQ), and other competing strategies.
- Get buy-in from your team that this is the approach you want to pursue.
- Research your market's industry composition and the number of companies within an industry that you could potentially sell to (more on [Localized Industry Data](#) later...).
- Target industries, balancing their opportunities and risks, with consideration to your current customer base.
- Decide if you'd like to target one or two industries aggressively, or choose several industries (e.g., five to 10), each with less attention.
- Execute.

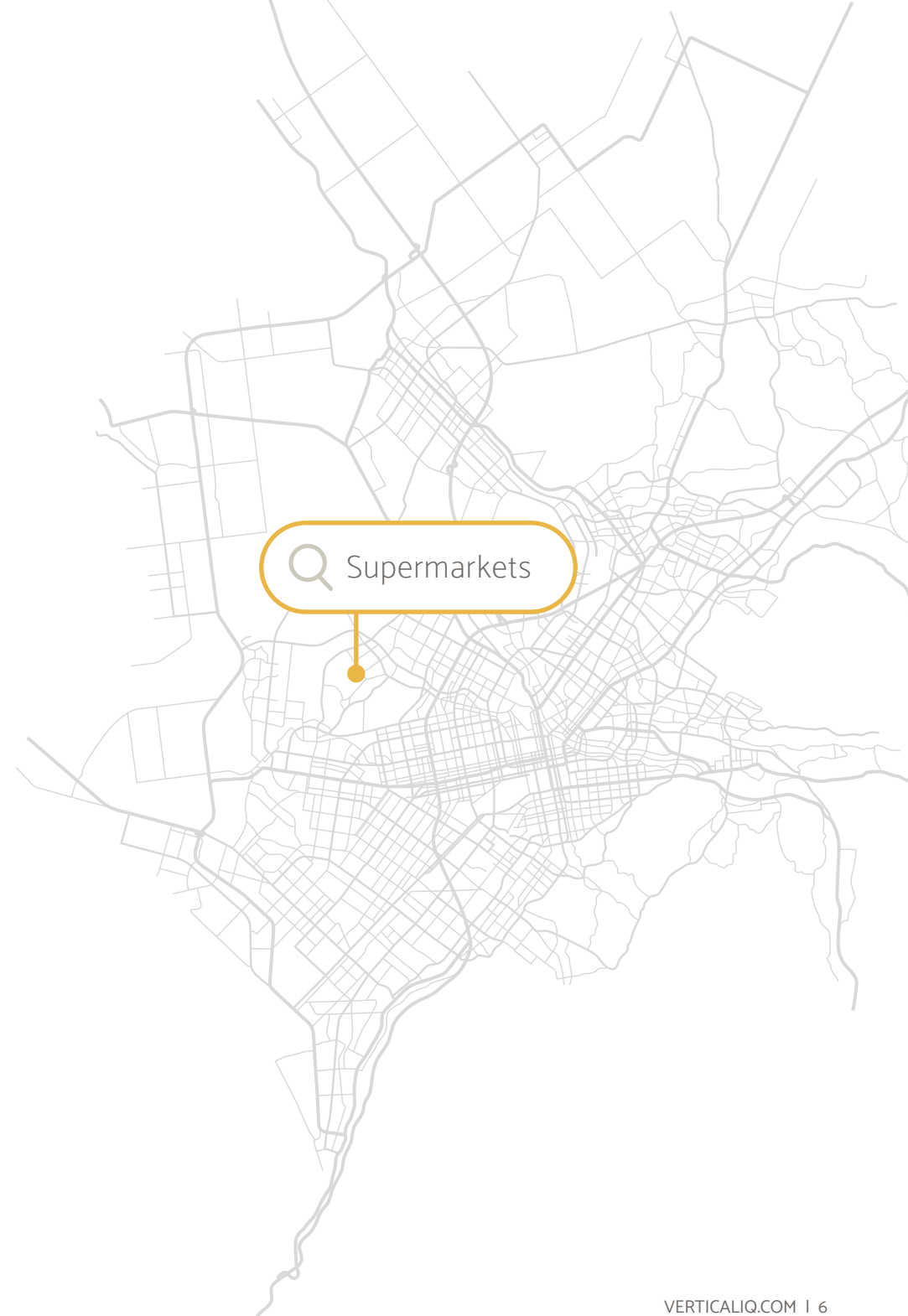
### Here's arguably the most important item on your due diligence checklist, however:

- Plan to make this a three- to five-year strategic journey. If you try this targeting approach for just six or even 12 months, that's not long enough to realize successful results. Don't give up too fast!

# How Do You Identify Which Specific Industries To Target?

Let's get down to business: How do you know **which** industries are a good fit for you and your organization's offerings? There is some art as well as a good bit of science that should go into your selections.

There are several business attributes you may want to consider in your selection process. (You can find details about many of these within the Vertical IQ **Industry Profile**.) Such elements are particularly important for financial institutions, which might be extending credit to businesses within a particular industry, but they also can be insightful gauges for others – like insurance companies, accounting firms, or BPOs, for instance – as they choose which niches to target.



**Business exit rates:** How many businesses within this industry “exit” or close each year? Though not all exits are the result of a business failure, many are. The national average for business exits in all industries is 9%, so knowing if an industry has a higher or a lower exit rate than the national average can be useful.

**Cyclical sensitivity of the industry:** How dependent is an industry on the overall economy? Sure, when the economy does well, companies within most industries tend to do well too. By examining how an industry fared during the 2007–2009 recession, however, we can get an idea of how they might perform in future economic downturns.

**Barriers to entry:** Looking at the number of competitors, capital requirements, regulations, and educational/technical requirements of an industry, we can analyze how tough – or easy – it is to start a business within that industry, which of course has implications not only for getting established but also for future competition.

**External risks:** These are the number and the severity of the risks inherent to an industry – factors that are predominantly outside the control of the business owner. If an industry has numerous external risks, it impacts the overall risk of operating a business within that niche.

**Industry outlook:** In general, it is vital to know if this is a growing or shrinking industry. It is helpful to compare an industry’s forecast to other industries within the U.S. economy as well. (**Note:** Vertical IQ’s Industry Profiles have an entire chapter dedicated to the Industry Forecast.)

**Financial summary:** These financial benchmarks let you compare an industries’ operating margins, liquidity, and leverage to other industries within the economy. It’s the closest we can come to comparing an apple to an orange in terms of different industries’ financial pictures.

Of course any industry-targeting strategy must ultimately consider businesses’ needs on a company-by-company basis. If you’re going to choose specific industries to target, it is wise to choose ones in which the vast majority of the companies are likely to meet your targeting criteria.





# Local Data: Another Important Consideration When Selecting Industries

The challenges/risks, trends, forecast, and benchmark data found within the Vertical IQ Industry Profile can be helpful as you begin to ascertain which industries might be a good fit for you.

You can even use the handy **Sort & Target** feature of Vertical IQ to sort all Industry Profiles based on the criteria that is most important to you.

There is an additional factor that is critical to take into consideration when choosing which industries you want to target, however, and that is your unique local economic landscape. How many businesses within a niche are there in your area? Is the number of employees and payroll growing or shrinking? Is the population of your area growing or shrinking? Vertical IQ's Local Economies and Localized Industry Data can be extremely valuable here.

## HOW YOU MIGHT USE INDUSTRY INTELLIGENCE TO CHOOSE TARGETS

**Accountants/CPAs:** Focus on industries that have more complex tax scenarios or stringent bookkeeping requirements.

**Bankers:** Determine which industries have a low-risk rating overall that also fit within the credit appetite of your institution.

**BPOs:** Consider industries with high growth potential and lower external risk. Finding targets with high cyclical sensitivity might match up nicely with your offerings as well.

**Financial advisors:** Look at higher barriers to entry and low concentration, which might yield a higher net worth business owner to target.

**Insurance producers:** Identify industries with more external risks and liabilities, or that are highly regulated.

**M&A firms:** Focus on companies in high-growth industries.



The **Local Economies** section of Vertical IQ provides data on more than 300 metropolitan statistical areas (MSAs), plus more than 3,100 counties across the U.S. Each Local Economy Profile includes an Overview section, as well as chapters focused on Population & Income, Employment, Residential Real Estate, Home & Rent Price Forecast, Local Business Dynamics and Web Links.

**Localized Industry Data**, found under each Industry Profile, gives you even more in-depth local market data on each industry – down to the metropolitan statistical area (MSA) and county level – all in one place.

Using highly reliable third-party data from sources like the U.S. Census Bureau, Bureau of Labor Statistics, Small Business Administration, and **Local Market Monitor**, Localized Industry Data will show you the industry's number of establishments, spending patterns, incomes, population growth, and wages in a specific geographical area – with the ability to see the 10-year trends in each of these areas.

If you are looking to focus on a select number of industries within your geographic area, microeconomic data is vital to informing your choices.

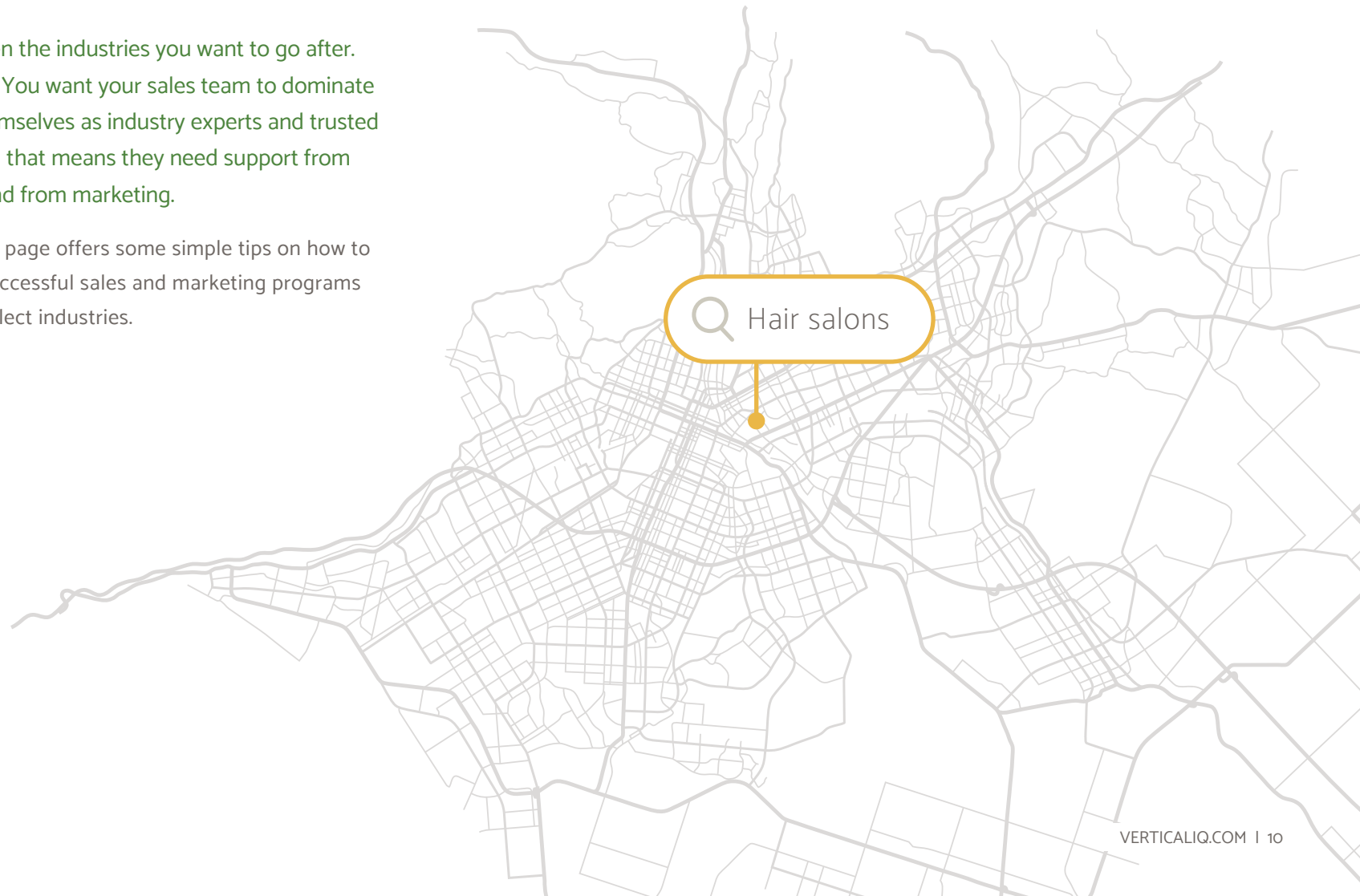
And because we collect this local data from highly reliable third-party sources, you can rest assured that you are making the most informed decisions when sizing up an industry to target.



# The Day-To-Day Practice of Targeting Industries

You've chosen the industries you want to go after. What's next? You want your sales team to dominate by billing themselves as industry experts and trusted advisors. And that means they need support from leadership and from marketing.

The following page offers some simple tips on how to implement successful sales and marketing programs that target select industries.



## ● FOR SALES PROFESSIONALS AND RELATIONSHIP MANAGERS:

- Contact every business in your target industry in a personalized manner.
- Join local industry trade associations.
- Remain in touch with prospects with industry-specific touchpoints. Sharing content from Vertical IQ makes this simple!
- Ask good questions to help uncover their unique needs. The Call Prep Questions on Vertical IQ put these questions at your fingertips.
- Become a local “economist” for your target industries. You can find the latest data under Local Economies on Vertical IQ.
- Use names of people you know in their industry (while maintaining appropriate confidentiality).
- Dress the part, be the part, live the part.

Ultimately, your goal should be to show a business owner that you are knowledgeable about the ins and outs of their industry, have put thought into each meeting, and that you care.

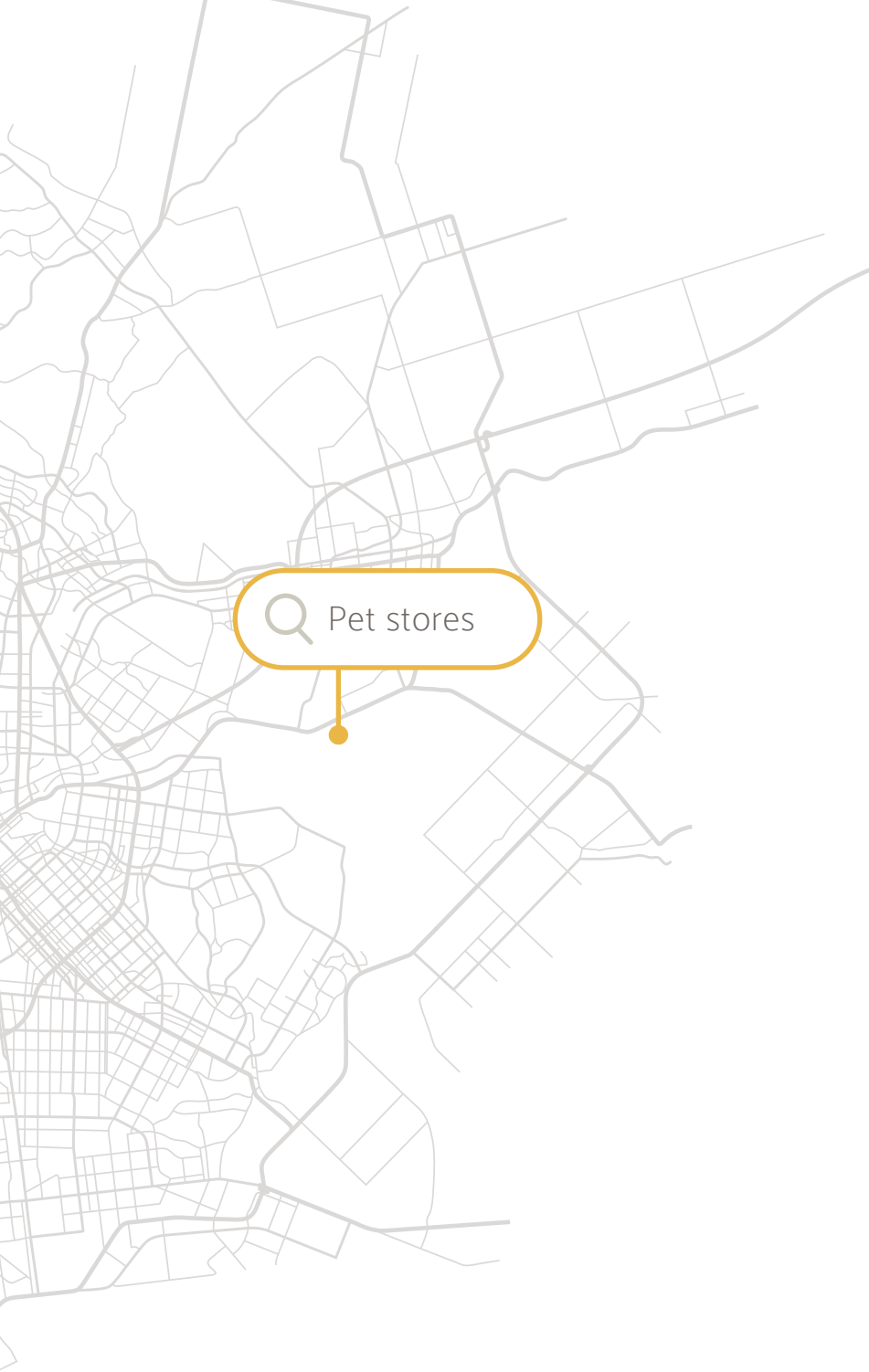
## ● FOR MARKETERS:

- Consider sponsoring industry-specific events.
- Join local industry trade associations.
- Start blogging about industry-related trends or topics.
- Create industry-specific collateral and pitch decks. (We recommend making the pitch deck 80% about the customer, their business, and their industry).
- Consider developing industry-specific webpages.

Perhaps most important for marketers: Ask how you can support the sales team and/or relationship managers to target your organization’s chosen industries.

### SALES PROFESSIONALS WHO ARE TARGETING SPECIFIC INDUSTRIES ARE ABLE TO:

- Ask business owners intelligent questions specific to their industry.
- Provide industry-specific advice and solutions.
- Offer recommendations for people to speak with to solve unique problems.
- Share valuable content about their industry with the client.



# A Targeting Strategy That Works For You (And Your Clients)

Ultimately, any sales strategy that focuses on specific industries should be good for your business **and** for your clients' businesses.

And having access to an Industry Intelligence tool like Vertical IQ can benefit you both. Industry Intelligence is:

- **Specific**, so you can offer tailored guidance and your clients can rely on it to make informed choices.
- **Timely**, so you and your clients can keep up with current trends and data as it is released by the government and other reliable third-party sources.
- **Actionable**, giving you access to content like current conditions and insightful news articles that can be shared with clients and prospects.
- **At your fingertips**, saving you time while keeping you up-to-speed on the ins and outs of the niche.

Targeting industries means more focused, more thoughtful execution. Not only will this approach add value in the eyes of your clients and prospects, but you're also setting yourself up to win more business with highly effective, streamlined sales processes.

# Get started today!

## **READY TO DEVELOP A TARGETED SALES STRATEGY THAT FOCUSES ON HIGHLY DESIRABLE INDUSTRIES?**

Vertical IQ covers more than 97% of the economic revenue in the U.S. and Canada through more than 920 Industry Profiles and 3,400 local economic reports. To understand what drives the success of a local company, it's not enough to just know the economic landscape at the national level – or even the state level. Trusted advisors need to understand what is going on at the city or county level. And now you can with Localized Industry Data.

**VISIT [VERTICALIQ.COM](http://VERTICALIQ.COM) OR EMAIL  
[INFO@VERTICALIQ.COM](mailto:INFO@VERTICALIQ.COM) TO LEARN MORE.**