

What Are Niche Markets? What Advantages Do They Offer?



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Overview

- What are Niche Markets?
- Evaluating Your Firm's Current Position & the Potential for Niche Marketing
- Stages of Planning and Preparing for A New Focus to the Operation



Niche Markets

- Niche markets are **segments** within your larger target audience who have similar demographic, buying behavior and/or lifestyle characteristics
- To identify niche markets, break your potential consumers into specific subgroups with similar needs and interests.
- Can you meet their needs or interests?



Identifying Niche Markets

- Identifying “like-minded” groups is a way to organize your business plans
 - You may even name them to facilitate “brand” or image building
 - “Clustering” of consumers allows you to plan more targeted and effective marketing activities
- Clustering consumers may also help you better estimate potential visitor numbers and set appropriate price points



Serving the Niche

- After identifying your niche market, you need to find a way of gaining the attention of these consumers.
- How will you highlight what is beneficial and important about your product or service and provide a guarantee?
- All marketing materials need to provide credible claims and motivations to buy



3 Rules for Niche Markets

- (from Entrepreneur.com)
- Meet their Unique Needs
 - This may take consumer/market research
- Say the Right Thing
 - Promotional materials targeted at motivations and interests of consumer segment
- Test Market
 - Start small with minimal capital investment, which may require partnering with established retailers or partners



Why Focus on Niches?

- Many times, a market, business or personal event forces one to make important decisions
 - Grow-sales, employees, number of enterprises
 - Usually driven by optimism for market opportunities or a new resource
 - Change-diversify, new revenue streams
 - Usually driven by **STRONG** indicators of changing consumer tastes or personnel interests



The Opportunity

- *“Opportunity is missed by most people because it is dressed in overalls and looks like work.”*
Thomas Edison
- Thoughtful consideration of desired outcomes
 - Financial?
 - Personal? Values-oriented?
 - All will be factors in a Niche enterprise



If Desired Outcomes align with Opportunities...

- Develop a sustainable and effective plan:
 - Clear and consistent image/themes
 - Aligned with business structure/culture
 - Clear link between strategy to actions
 - Focus attention and action where needed

STRATEGIES → ACTIONS → OUTCOMES



Five Stages

5 STEPS

- Planning
- Define Mission and Objectives
- Strategies and Action
- Monitoring Key Projects/Objectives
 - Crucial to 1st year in new enterprises
- Organizational Realignment
 - Revisit personal, financial and value issues



ABCD Planning

- **A**cknowledge the Present
- **B**e aware of your Intent/Vision
- **C**ontrol your dreams:
 - Manage within means
- **D**etermine the Risks
 - First two are Deliberate Visioning
 - Second two are bringing Realism



Deliberate Planning

- The Mission is why we Exist
- The Objectives are where we want to be
- The Strategy is the best “road map” to attain your objectives while staying true to mission
- Actions are effective and realistic steps to achieve your strategy.

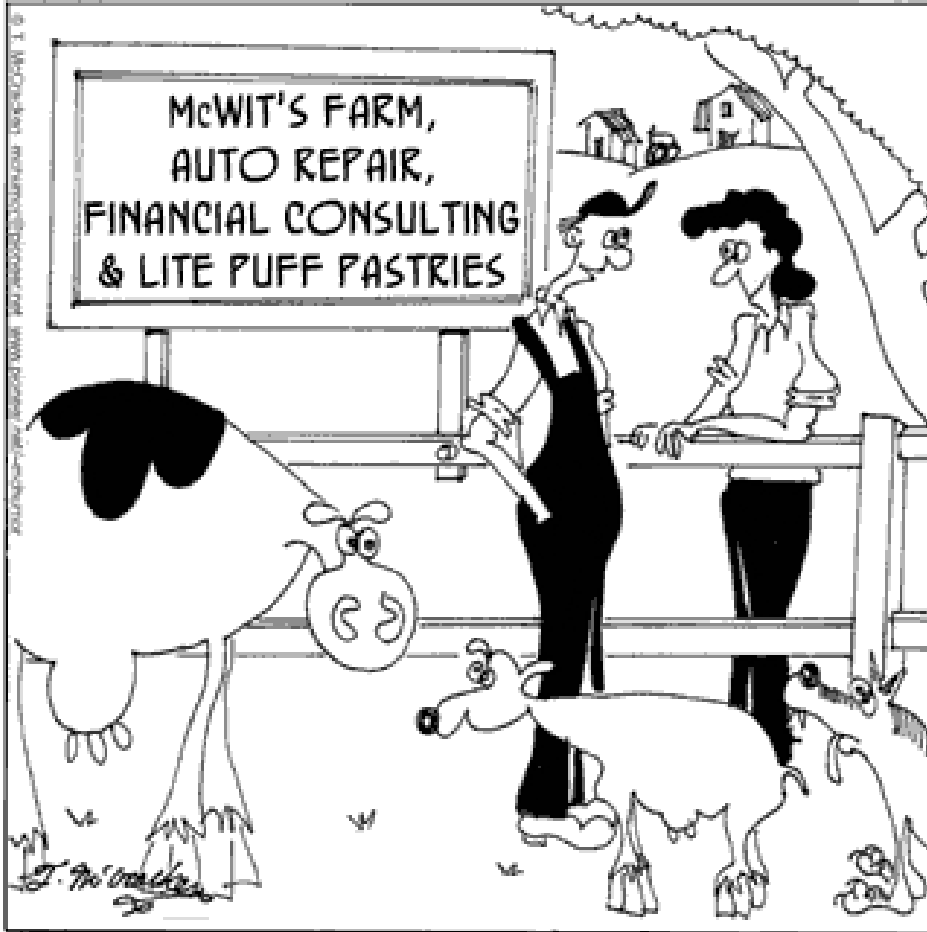


4 Steps to Growth or Change

- Be Clear on Target:
 - How Big is the Effort and the Risk?
- Build Execution Plan:
 - Clearly link Objectives and Strategies
- Determine Key Projects and Areas of Potential Success
- Align the Structure and Culture of your Operation and Personal Life



McHUMOR by T. McCracken



“The only way to survive in the current economy is to diversify.”

- Will you change and diversify in a smart and deliberate way?



Monitoring: Clear Indicators

- Report on Key Strategies and Objectives
 - This will help control against overly loose or tight management of growth and change
- Clear accountability to a person in the organization (or key partner)
 - Formal: deadlines, specific measurables
 - Keep forward motion on the change/growth
 - Informal: frequent reviews to revisit approaches and reposition if needed, “wobble room” in budget



Making a Decision

- What does the Market Suggest?
 - Is market signaling potential growth?
 - Will you lead new trends? Follow others' success?
- What are you Poised for?
 - Is change needed?
 - Do new or slack resources allow growth?
- Assess your capabilities, competencies and competitive advantage



Capabilities

- The firm's **capacity to deploy resources** that have been purposely integrated to achieve a desired end state.
 - How well can you execute a production and marketing plan for your niche?
- Primary base for the firm's capabilities is the **skills and knowledge of its employees.**
- Just because the firm has a strong capacity for deploying resources **does not mean it has a competitive advantage.**



Core Competencies

- Core Competencies are the end result of deploying resources using the firm's capabilities.
- A core competency must be unique to the firm to create a **sustainable competitive advantage**.
- Research indicates firm's focus on 3 or 4 core competencies.
 - What will yours be? How must it change to be flexible and responsive enough for niche markets?



Identifying and Building Core Competencies

- Core competencies must be distinctive.
 - Capabilities that are done better than competitors
- Identifying core competencies is key to development of sound strategy.
 - Expertise in Rare or Emerging Production Protocol
 - Organic, Human Treatment, Biodynamic, Grassfed
 - Customer Service
 - Alliances with Established Marketing Partners
 - Unique Resources (Natural, Human, Historical)



Innovation in Niche Markets

- Emulating successful models can be lucrative, but the best margins are often in newly created products and services
- Innovation can be in the actual product (new offering) or in how it is marketed (cooperate with existing retailer, bundle with ag experience, partner with credible food or ag “brand”)



Monitoring Progress

- Lay out clear indicators you will measure
 - Number of sales or customers, number of return customers, referrals, \$ spent per customer, customer satisfaction
- Have key benchmarks in place
 - What signals will trigger changes or growth for your enterprise?
 - How often will benchmarks be considered?
 - Weekly? Monthly? Annually?



Summary

- Niche marketing is only one of many enterprise diversification strategies
- Taps into underutilized resources
 - Creates new Revenue Streams from these underused resources
 - But,
 - Requires significantly different Management skills and Marketing Strategies
 - So Careful consideration and planning is key!



Thank you!

