

Niche Markets and Their Importance

Guide to Niche Markets and Making It Work For You



Niche Markets and Their Importance – Special Report

INTRODUCTION

The world of business has changed and evolved over the years as technology has created new ways for advertisements to reach customers. The end result is hopefully increased profits for the business owner, since the main goal of business hasn't changed.

Marketing strategies have grown more sophisticated as well. Every business is in search of the right customer for their product. Large companies spend hundreds of thousands of dollars each year developing new products and conducting market research.

Small businesses also need to know where to market their products or services. With considerably less money than a big corporation, successful marketing strategies can mean the difference between staying afloat and taking a nose dive.

One tool in the marketing arsenal is niche marketing. The principle strategies of this tool make niche marketing adaptable to the small business owner looking to turn a profit and the larger corporation that wants to increase their market share. Every customer is looking for something and the trick is to find out what that is and provide the product or service for them. In today's economy, no one wants to waste their money. But, they will spend money for the items they want and need.

In this report we will discuss niche marketing and its various aspects. Niche marketing plays an important role in opening up new markets. You will learn about:

- What a niche market is
- Dos and don'ts of niche marketing
- Market and research
- Making niche marketing work for you

WHAT IS A NICHE MARKET?

Have you ever perused a store looking for something to solve a problem? It could have been a stubborn stain in your carpet or a bothersome cold. You know what you need but have a hard time finding it. Sometimes you simply wish someone would create exactly what you are looking for. You'd even invent it yourself if you could. That is where niche marketing can be of great help to the customer. What if someone were to provide what you needed?

A niche market is a smaller group of individuals that have a specific need for a product or service that hasn't been met. To take advantage of the opportunity to reach this specialized group of customers is the goal of niche marketing. But, you must identify what the group needs before you can strive to provide it.

While there are many niches that remain untapped, all of them are not profitable. You can promote a stain remover for stubborn carpet stains but if only 100 people need that remover, you won't make much money. So, simply identifying the niche is not the end, but the beginning. Studying its viability is also important.

This group of individuals can be linked in many ways. How they are linked is the key to discovering a new niche market. The want of the product is not the niche but social class, race, economic level, background, gender and religion to name a few.

Once you have found the customers, it is your job to provide a quality product or service to them. Meet their expectations and you'll begin building a solid customer base. What any business wants are customers who will stick with them through thick and thin. A loyal customer is a customer for life.

Why do niche markets go untapped? Part of the reason has to do with perception. Niche markets are small and well defined. When most business owners think of small they envision shrinking profits and that is not the way they want to go.

The thought here is akin to how old fashioned fishing boats would cast their nets. If you cast a large net over a wide enough space, you have the opportunity to catch more fish. A product that appeals to a broad market is more feasible than putting time and effort into pinpointing the exact location of one school of fish. Do you get the idea?

A larger business might not see the logic of going after a more specialized market. That is great news for you as a small business owner because what falls through the net is free for the taking. A small business owner could do quite nicely on a million in sales from a newly discovered niche market.

DOS AND DON'TS OF NICHE MARKETING

The concept of niche marketing is not hard to understand, but the implementation of it can hit some roadblocks. Just because the idea is a simple one doesn't mean that you can go at it willy-nilly and have it work for you. Keep a few things in mind when that idea of a lifetime pops into your head.

Dos:

1. Take the time to do your homework. An idea is not ready to be road tested until you have the data to back up that the idea is sound. Your homework assignment is to determine your target market. You may have a great notion to sell small cup-sized blenders but who will buy them? Ask some questions; set up focus groups; post surveys on your website. A housewife with three kids will need something bigger than your blender. Travelers could benefit but you won't know for sure until you do a bit of research.
2. Conduct some test marketing. If you already have a website and products that you sell, offer this new product in limited release and see who buys it. Ask for feedback from the customer concerning what they liked and didn't like about the item. This is acceptable as a way to further draw out that niche market.
3. Look for niche markets within existing markets. Actually this is a great place to start. You won't have to reinvent the wheel, so to speak. If a bigger company is catering to mountain climbers of all types, there might be a market in your area for the recreational climber or young adults just getting into the climbing sport. Larger markets can mask opportunities for specialization into smaller areas of a business.
4. Use your own experiences as a guide for developing niche market ideas. You are your best resource for new markets. Are you a single mom, married, divorced, working two jobs, have small children, teenage children? Anything that you see a need for due to a measurable trait can be used to target the sales of a product or service.
5. Create a website. You will need a place to conduct your research and sell your products. Most websites can be set up to track several important data points to help you see if you are on the right track with your niche idea. The Internet is a great tool within itself. The cost of setting up a website is minimal so your overhead is not as high as someone who sets up a brick and mortar business to showcase their niche market.

Don'ts:

1. Resist putting the cart before the horse. Completely understand your target market before investing time or money into a product. Your idea could be a good one but not right for your area. Your idea must stand up against the changes in the market, fads and trends, and people's changing demographics. The need of the product is based on certain traits but must be adaptable to survive unexpected changes.
2. If you sit on your idea for too long, someone else will be reaping the rewards. Some ideas are timely. You get that feeling and are meant to move on it quickly. Putting it off could mean someone else who decided to be the early bird will exploit the niche and make tremendous profits. You want to get there first not second. New markets are emerging every day.
3. Don't limit yourself to the cyber marketplace. Some niches have international appeal as well as being useful locally. You can sell good ad copy to small businesses in your town as well as globally on the Internet. A niche is based on certain traits that lead to spending habits you can profit from. To that end, advertising on and offline can increase your sales.

HOW TO FIND YOUR NICHE MARKET

Here we get down to the nitty-gritty. You have an idea of what a niche market is but not such a clear picture of how to find it. That is the million dollar question. Keep reading and you will gain insight that will help you find as many niche markets as you have time for. They all might not lead to a pot of gold but useful information can be gleaned from a dud as well.

Market Research

Don't be afraid to ask questions. The dumbest question is the one that never gets asked. If your website has a forum or blog attached, you can ask questions in your daily blog posts and evaluate the responses. People love to state their opinion of things and if you ask the right questions you will receive the right answers.

While you are at it, ask a few questions of yourself? You will have to sell this product that you believe in to a group of people you want to buy it. To do that, you must have an intimate knowledge of the product and what it can do for your customers. What market will the product satisfy? Is the product expensive or affordable? Do they need it or want it?

Use opt-ins to build niche lists. Ask visitors to register with your site. You can offer a discount or free item for doing so. Customers can leave the name and email address of family and friends in exchange for earning a referral fee.

There are several ways to gain this information without necessarily paying for it from a third party. Including a disclaimer statement about the use of the information will put visitors at ease. They won't sign up if they are going to receive a boatload of SPAM in their Inbox every day.

Use the lists to separate potential customers into different markets. Depending on the target market for your idea, you will have someplace to start with your marketing campaign. Email marketing is more profitable when you know who is more likely to respond to your messages.

Keyword Research

For any product or service, people use search engines to compile the information for them. They type certain words, called keywords, into the search box and await the results. In the top right hand corner of the computer screen, the search engine lists how many results were returned. No one is going to wade through thousands of pages of results. They will look at the first two or three pages if you are lucky.

Discovering which keywords people are most likely to use has now become your job. There are keyword tools available on the Internet to assist you with this task. If you are selling lawnmowers, you want all possible combinations of keywords someone would use to find a lawnmower.

Some of these keywords will return millions of results. What you are looking for are keywords that have not been exploited by other lawnmower websites. Don't just write down single keywords but also keyword phrases.

Long tail niche marketing is the use of longer three or four word phrases that can be used on your website to draw more traffic. People enter single words but just as many will use several words to narrow their search results. Matching these phrases can land you on the first page of the search results which is where you want to be.

Trial and Error – The Fun Begins

Now that you have polled your customers and found ways to zero in on your target market, it's time to put your niche idea to the test. The first step here is setting up a website to advertise your product.

Resist showcasing more than one niche product on a website. Each product has a different target market. If you have two products for the same target group, it is acceptable to use one website. But, using one product in two different ways to appeal to more than one group will require more than one website.

Niche marketers have been known to set up mini sites. Each website is used to market to a different target audience. Weekend warriors might like a more active site to buy their mountain climbing gear. The items will be in the low to middle of the road price range.

For a higher class of clientele that are experienced mountain climbers, they will be looking for the best of the best at any price. Since they know what to buy, a more relaxed site might suit their tastes better. That's why it's so important to know your target and learn about your customers' needs.

It was stated earlier in the report that all niches won't be goldmines. Some will flop. Niche marketing is not an exact science but then neither is any other type of marketing. Doing your homework and using that knowledge to convince a group of people that they need your product is the way to increase sales. How many sales depend on the product and the audience.

If one niche doesn't pan out, focus on the other ones that are doing well. When you have time, revisit the poorly performing niche and diagnose the problem. Maybe you need to cast the net just a little bit wider to find a more suitable audience for the product or service. Try to salvage the niche market before calling it quits.

Don't be afraid to experiment with niche markets. The more you identify successfully, the greater your earning potential.

MAKING A NICHE MARKET PROFITABLE

Now that you have identified your product and your target audience, you have to bring the two together. People can't buy what you are selling if they don't know where to find you.

Seal the Deal with Niche Marketing Strategy

How they find you is your next order of business. Remember those keywords you found? It's time to make use of them in a big way. If you haven't done so, register with the major search engines so that they will crawl your sites and rank your webpages.

Come up with a keyword oriented domain name. You want people to remember you and also be easy to find. Names that are too long or combine letters and numbers can be easily misspelled. Best case scenario here,

they won't find you at all and will have to reenter the website address. Worst case scenario, your domain name will be similar to another site and they will be redirected there and forget all about you.

Website content

Give your target audience a reason to return to your site. Interesting and engaging website content that answers common questions and explains the usefulness of your products will increase sales. Some niche marketers neglect content in favor of other strategies. Creating content is easy (if you are a writer). If you don't write, you can buy PLR content to add to your site. Before you buy any articles, be sure that they are search engine optimized with the keywords you need to draw in traffic.

Group the content according to subject. If one page is dedicated to mountain climbing technique, use a new webpage for content on choosing the best gear. Each page will be ranked separately and you won't miss customers looking for gear information. Also optimize webpage headlines.

Email campaign

Stay in contact with your customers. You don't want a one-time only customer. With niche marketing, you are establishing a relationship with your customers. Staying in tune with their needs means communicating with them on a regular basis to be sure you are still getting it right. Loyal happy customers will recommend you to others.

Offer coupon discounts, contest giveaways, updates on new products you offer, and surveys to customers via their email. Autoresponder messages can be set up to send a certain message to your customer contacts at intervals to let them know you haven't forgotten and appreciate their business. Email can also be used to send links to newsletters and other new features of your site as you add them.

Direct Sales

Niche marketing strategies can reach customers outside of the Internet. A niche business that operates on and offline still needs the same research done to produce a target market. You can buy lists of names according to pertinent demographic information obtained from your local Chamber of Commerce. Send out mailings to the people most likely to visit your store or website for your products. Even with direct sale mailings like this, you can still operate through your website to deliver the products to local customers.

WHY PURSUE A NICHE MARKET?

Every product has a market. It may not be a big market but there is someone who will buy what you are offering. Niche marketing determines where those markets reside. Most advertising campaigns are drawn in broad strokes for greater appeal. With niche marketing, your advertising can be more focused and directed since you know that everyone in your audience will be interested in the product.

Everything you do has a customer in mind. The feel is more personal for the customer as if you are talking directly to them and know their needs. Every customer wants to be appreciated for their business and with niche marketing this is possible.

Fewer dollars are wasted to draw business in. If your target group doesn't read the newspaper, there's no reason to advertise there. If they don't redeem online coupons, there's no sense in wasting energy to create and send them. Use those extra dollars to offer added perks to your loyal customers. Also improve your website with varied media like podcasts and streaming video.

Niches offer hundreds of thousands of dollars in untapped market opportunity that goes unclaimed. This money could be in your pocket. Bigger corporations aren't going to waste their manpower on smaller markets that want specialty items.

In business, everyone is clamoring for position. With a niche market, you can be the first and set the pace for others to follow. Besides, you are satisfying a need that others have failed to meet. You can feel good about that.

CONCLUSION

Finding your niche in society is to find a place where you belong and can grow and thrive. To find a niche in business is to find a market that needs something you want to be able to provide. Niche marketing helps you to find smaller pictures within a larger one.

And, once you tap into a market, expand your business to increase profits. There is enough room to move around amongst niches that everyone can make some money.