

Finding and Growing Your Niche Business

Starting a business is never easy. After 11 years of running a business, I have learnt a few home truths about being successful and staying on top of a very competitive market. Identifying the right markets where you are able to bring a unique value proposition to the prospects in those markets is important to staying competitive. The ability to understand market nuances, take action and execute flawlessly are keys to success.

It is more expensive and usually less profitable to sell a range of products to a wide audience. You cannot be all things to all people. If your product or service is too similar to a competitor's, price will always be an issue. Your margins will be eroded and your product will be perceived as no better than a commodity. When price is your only point of comparison, it is tough to build a successful brand.

The best way to penetrate a market is to offer a niche offering within an identified market segment. Targeting a niche market is a great way to avoid pure pricing issues and make your company stand out. But how do you find the right niche? A niche is a narrowly defined group of prospects sharing similar needs.

What characterizes niche markets? Lets make sure it meets the following criteria:

1. Its members have similar needs unique to the market segment. You should be able to pinpoint common needs that differ from the needs of the rest of the market. Of course, these needs must also relate to your offering and industry. For example, banks may have unique needs when it comes to generating financial reports. So if you provide financial report printing services, it makes sense to target banks specifically.

Geography also plays a role. Market segments can vary dramatically among local, national and global markets, even within the same industry.

2. Your product or service meets these needs better than competing products. Your offering must be more attractive to your niche customers than other products in your industry. Offer compelling reasons to buy your brand that speak directly to special needs. These reasons do not need to be intrinsic to your product's features, they can also extend to aspects of your business like customer service.

3. You can reach your prospects in a cost effective fashion. To attain a decent Return on Investment (ROI), it must be relatively easy to identify and reach your niche audience. The key is to be able to reach out to the market economically. Find ways to first narrow your list to qualified prospects, then write your message directly to them. Connect with your prospects one at a

time. The personal touch always takes you further. In addition, leveraging different vehicles to reach the prospect like direct mailers, seminars, channels, partners, direct sales force, and telemarketing will ensure that you build top of mind recall in an economical fashion.

4. The group is large enough to generate the amount of revenue you need to remain profitable. Remember, your niche must provide you enough customers to stay in the black and must be a growing market segment.

5. Members are not currently being targeted, or they are not being targeted as well as you can target them. The best niche is one in which the competition is ineffective or nonexistent. Find the overlooked niche, not the obvious one.

Determining your niche means asking yourself questions like, who will most likely use my product or service? What makes my brand special or unique? And why are customers choosing my brand?

Once you have identified your niche, growth becomes the issue. It will be important to understand the distance between growth aspirations and achievement.

Some key challenges that need to be addressed in planning for growth are:

A. Focus: When not all elements of your portfolio can grow, and not all markets provide the opportunity for growth, which do you select? How do you know? Successful growth is premised on stabilizing and/or increasing your customer base, and — importantly — focusing on specific solutions and markets that would respond to increased investment and attention.

B. Relevance: In a buyers' market, relevance is in the eyes of the buyer, not the vendor. In essence the true asset base is the customer, not the products or technologies. **Staying relevant with the buyer** is the basis for increased account penetration, improving sales and performance...and growth. The problem is that most vendors have lost relevance in their markets due to poor performance, buyer skepticism and the buyers' concern about losing control over the buying process (vendor dependency).

C. Agility - Response to threats: The level of threat in the market continues to be extremely high, from local and global competitors. Making the situation more complex is the increasing acquisition and partnering activity that can fundamentally alter your competitive landscape with little warning. SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to drive understanding of the environment used to be sufficient; now, competitive analysis and modeling to either preempt or rapidly respond is needed.

D. Agility - Response to market shifts. The important shift to a buyer's market with growth expectations is creating buyer- and vendor-driven shifts. Buyer focus on revenue growth, operational performance, market

consolidation, globalization, among others, are reshaping most industries. The inability to **sense, understand, and respond to changes** limits the potential to lead or be a fast follower in any market — and puts at risk revenue growth and profitability opportunities.

E. Execution, execution, execution. Execution superiority is a strategic weapon...and in most cases, is substantially more important than superior technologies or products. The service delivery framework is key to ensure a quality and innovative execution. Making the market model work is exceptionally challenging and increasingly so as you work to make your channels, partnerships and products drive growth.

As markets mature and competition increases, the demand for specialized goods grows. The more you differentiate your brand, the less competition you will have and the faster you will build brand equity.