Outpace Competitors in 2024 with Fresh Niche Growth Tactics

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A niche market is simply defined as a subset of an overall market, with the individuals comprising it sporting unique and often nuanced needs. This is why businesses that target them typically focus on one type of product or service. And this focused effort can result in remarkable returns: A study published in a May, 2013 edition of Market Intelligence & Planning revealed that businesses that engage with niche markets experience "increased profits, prices, sales, growth, market shares and competitiveness."

The challenge is that anticipating future growth in these sectors, while vital to success, is no easy feat.

1. Early homework

The first step in securing growth is to find your niche market — a sector underserved by current products and perhaps ignored by broad-market companies. The good news is that the possibilities are expansive. Harvard Business Review found that no less than two-thirds of customers feel that "companies are not responding fast enough to their changing needs."

One reliable way to find a niche market with potential for growth is to evaluate your own needs and the needs of those around you. Does your mother lament how bare her house feels now that you've moved out? Then she's part of a growing community of empty nesters perhaps in need of personalized

home décor. Does your gym buddy keep complaining about how his coffee doesn’t fit into a training regimen? Then he might be part of the health-conscious cold-brew lovers market.

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2. Evaluate demand

A market close to your heart will be the easiest to research and serve. Just ensure that yours isn’t too small to be profitable. Simply because a sector is underserved does not mean it has the potential for growth. This is why evaluating market demand — including its maturity and business cycle — is crucial.

That said, even if there doesn’t appear to be growing demand, this doesn’t mean your business cannot drive it. For example, in 2021, a garden furniture company conducted a case study revealing that UK households, on average, invested approximately £670 ($853 US) in enhancing outdoor spaces, then strategically analyzed how to better impact sales outcomes. Resulting insights led to a remarkable 160% boost in revenue and the introduction of 450 unique stock-keeping units to the company’s product lineup. By conducting a similar base-rate analysis, your business, too, can shape products for a niche market while simultaneously influencing that market.

Of course, customers’ needs are always changing, so you’ll likely need to pivot and expand at some point, but the street goes both ways; you can also strategically drive demand with a product line.

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3. A deeper market dive

Once you have found a market with potential for growth, you'll need to find out what product or service will meet its unique needs and why these needs aren't currently being met. There are a variety of ways to conduct associated research, usually by looking at the broader markets they're part of. Methods include:

- **Tracking down current industry reports:** They must detail the size and drivers of – and barriers within and without – a sector, including its potential for growth.
- **Engaging with potential customers:** Despite its time-consuming nature, this step is essential. Surveys are an effective mode of interaction, but for more in-depth insights, don't shy away from individual discussions, either through social media platforms or face-to-face meetings.
- **Identify competitors:** Oversaturated markets will likely have the least potential for growth, not surprisingly, but also keep in mind that – though they may be tempting – niche markets with no competitors can also pose sales risks, even when catered to. So, it can be helpful to expand or pivot slightly to give yourself competitive protection.

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4. Consider external factors

When contemplating the potential for growth, be sure to take into account external factors that alter customer need and demand, and otherwise alter a market broadly. (We all saw, for example, how impactful the Covid-19 pandemic was on businesses of every size.) Getting ahead of them will let you plan and adapt. Also, it's not uncommon for radical innovations (in technology, principally) to "leapfrog" a business, so keep a

wary eye on advancements and plan how to incorporate them into offerings.

Another common external factor is the gamut of governmental regulations and their capacity to force compliance, influence customer buying willingness and trust, and/or outlaw a product altogether. Here again, being a student of possibilities — taking note of even possible regulatory changes — will allow you to quickly customize offerings and educate customers.

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5. Potential for early adopter relationships and strategic partnerships

Cultivating relationships with your early adopters will provide valuable insights and feedback, which helps refine, improve and expand a product in alignment with the ever-evolving needs of a niche market.

Another key growth assist can come in the form of helpful allies. The presence of influencers is a good indicator that a market has room for growth. Partnerships with these influencers and other thought leaders can fuel increased visibility and access.

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