Understanding the Concept of ‘Niching Down’ for Budding Entrepreneurs

The niche is comfortable, but it can become an enemy to an entrepreneur’s ambitions.

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“Find a niche if you want to succeed in business.” This age-old advice has been handed down to entrepreneurs for generations. Finding a niche market *is* a piece of great advice — as long as entrepreneurs understand what exactly is meant when that advice is dished out.

The purpose of a niche

For the purposes of marketing and customer satisfaction, finding a niche and sticking to it is necessary for new businesses and/or small businesses. The logic to this is simple: Catering to a larger market or audience will require the investment of more marketing dollars to reach that market, as well as more technology or personnel to satisfy their needs, if and when you do reach them.

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This is often difficult if not impossible for new businesses, especially for those who are bootstrapping it. This being said, a new business can reach a wide market if it starts off

with significant funding and can afford to acquire the necessary technology and personnel. In essence, the advice to find a niche is a logical one for convenience, but it’s not necessarily a strategy for business success across the board.

Another reason businesses might focus on a specific niche, or niche down, is for the purposes of competition. A niche helps set the business apart and helps it hook customers by catering to very specific needs. This pushes other businesses to either niche down themselves or expand.

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A niche market is not the same as a niche product

I have often seen budding entrepreneurs mix up these concepts. When advice is given to niche down, it is often in reference to finding a specific demographic that you can cater to as a business. In other words, it often refers to finding your niche market.

A category like “males” is a broad market for a clothes manufacturer. However, if the business targets *teenage boys*, it has found a niche market within the broader one by narrowing it down by age.

Working with a niche product, on the other hand, is centering your business around a specific product type amid a broader category of the same or similar products. For instance, “jackets” is a broad category, but centering your business around trench coats adds some ease to your production processes.

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Entrepreneurs must understand the difference and also understand where they overlap. It is very possible to find a

niche product that also trims down your niche market automatically. An example would be “adult men’s shoes” as a niche product within a greater category of shoes. A business that manufactures men’s shoes will naturally cater to a broad category of adult men. If a business decides to focus on the manufacturing of *men’s athletic shoes*, this also naturally niches down their market to men who are into fitness.

This distinction is necessary because it means that small businesses can niche down their market without niching down their product. In fact, it is advisable that businesses offer all the products it can to their niche market. This could translate to offering running sleeves, shin pads, athletic socks, and other ancillary products. In this way, the business might not offer a niche product but is still be catering to a niche market.

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Niching down is not a permanent verdict

Facebook began as a platform connecting college students, and now it’s a mega-conglomerate with a toe in almost everything the internet has to offer. It has does so with gradual but intentional growth; maintaining a niche can become obsolete once a business has grown enough to effectively move beyond its present audience or niche.

The niche is comfortable, but it can easily become an enemy to an entrepreneur’s ambitions. Niches are by definition small, and this makes them risky. Better technology, changes in policy, or a search engine tweaking its algorithm can instantly put you out of business. This is why it is advisable for businesses to start with a small niche but aim to grow beyond it.

That said, it is a significant risk to leave a niche, especially one that has worked well for your business. But it’s no secret that leaders are people who take risks, and most are ready to fish where the sharks are when the timing is right.

Whatever stage your business may be in, it’s worth it to figure out if you want to market a niche product or stick to reaching your niche market. When you niched down enough to create a business, make the best of it and scale your business within that niche. Only then should you invest growing within that market.

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