



ROOTING BY NICHE MARKETING

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Abstract: *Niche marketing refers to the submarket where specific products are marketed. More specifically niche marketing refers to narrow market segment where products with special offering survives. ESPN, Star Sports, Fox Sports, Star Cricket are sports channels that focus on niche of sports enthusiasts. Niche marketing basically works with a concept of `Big fish in small pond.` By targeting a niche market, the marketer can serve in more specialized manner and can create a situation of monopoly. The market notices the difference in the value of services provided by a niche marketer and generates loyalty. Now the companies are realizing the power of niche marketing and embracing it readily.*

Purpose- The purpose of this paper is to present a concise status of niche marketing and thereby provide a basis for marketers and research persons.

Methodology- the paper is a conceptual research work.

Findings- The reasons for increasing practice of niche marketing as a strategy by marketers are being identified. The current status of this strategy is also being analysed in the work.

Key Words: *Loyalty, monopoly, narrow market segment, niche marketing, submarket.*

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INTRODUCTION:

With the armor of Niche Marketing, marketers are able to avoid intense competition which otherwise is found in mass market. Sales growth that can be noticed in low- margin, high volume products such as non- carbonated beverages, heirloom vegetables and super premium ice cream gives the glance of this emerging powerful opportunity.

Some of the definitions regarding niche marketing:

“A small market that is not served by competing products.” (Keegan, Moriarty & Duncan 1992)

“A method to meet customer needs through the tailoring of goods & services for small markets.” (Stanton, Etzel & Walke 1991)

“The customers in the niche have a distinct set of needs; they will pay a premium to the firm that best satisfies their needs; the niche is not likely to attract other competitors; the nicher gains certain economies through specialization; and the niche has size, profit, and growth potential: (Kotler, 2003)

NICHE MARKETING STRATEGY:

Niche marketing strategy can be defined as a marketing approach designed for a particular service or good with features that plea to a specific minority market subgroup. As per competitive advantage theory there are mainly three business strategies in a niche market namely:

- Cost Leadership
- Differentiation
- Focus Strategies

Following steps shall be considered while developing marketing strategy:

- First of all a segment of the market that has particular demand shall be selected.
- Market research shall be conducted to identify whether market size is suitable or not.
- Further it shall be ensured that whether exclusivity via trademarks, patents & branding can be achieved.
- Delivery & Inventory channels shall be designed.
- To approach a specific market promotion plan shall be drafted.
- Implementation of the plan shall be focused.



- Continuous monitoring is required to ensure niche characteristics as well as feasibility of the market.

NICHE MARKETING VS MASS MARKETING:

When the question arises which type of marketing is more efficient then there is no clear cut answer. For understanding which one is better context of both shall be considered. A mass marketing is basically market strategy that largely focuses on communicating with maximum possible audiences, say for example advertisement of TV, Print media etc. It is like throwing a net in an ocean with intention to get lot of stuff. While on the other hand niche market is focus on small market segment with customers that have specific interest area.

It can be well understood with an example; mass marketing is like Vanilla ice cream that suits to all categories of people while niche marketing is like other ice cream flavors like some will go for butter scotch while some others will opt blueberry. Comparatively a small fund is required in niche marketing. Mass marketing no doubt is quite tempting because of its large market scope. Anyone & every one in the whole world can be customer. But besides being plus point it can become one of the limitations too, as the competition & cost to retain increase with increase in customer segment.

In case of mass marketing the profit margin is comparatively less because of price competition feature. Niche products lend themselves to particular specializations that are capable of developing loyalty. Walmart is an appropriate example of mass marketing that buys cheap & sells cheap. It targets all income group consumers. Ebags.com falls in the category of niche marketing as it focuses on all types of bags. It is a destination for people searching for any type of bags.

One shall consider his own product type where it fit well, whether in mass marketing or niche marketing. If one is in mass marketing then he shall price accordingly & if one is having niche store that he shall seek for the products that appeal consumers & can retain high profit margin.

Some of the kinds of the firms employing niche marketing:

- **Consultants:** One of the fields where niche marketing is widely adopted is consultancy. Business consultants provide consultancy in particular specialized field, frequently to a well defined sector. Say for example ABC Co. is a sales training expert



who educates financial planners in generating referrals from clients at the end of sales. It specializes in one particular part of selling process.

- **Retailers:** Many a time retailers too operate as niche marketers. They deal in some particular products which can not be found easily elsewhere like departmental outlet or supermarkets. They are found in places where it is easy for customers to seek them out.
- **Websites:** On internet one can easily find websites which are specialists in some or other segment. These websites are designed in such a manner which gives viewer perception that it is foremost information source on a very fine topic.
- **Engineering firms:** Many engineering firms operate as niche marketers; they provide precise solution to specific engineering troubles. Say for example few engineering firms expertise in providing design of different types of machinery; few firms are expertise in removing underground water from construction sites.
- **Professional Services:** Legar firms, medical specialist, advanced accounting firms etc are few examples of niche marketers which are specialized in their own field & provide services to only limited area of customers.

Advantages to Niche Marketers:

- **Less or Nil Competition:** In niche marketing as the risk of new entrants is quite low, it is possible for niche marketers to dominate their limited market segment to the extent as they have monopoly over it.
- **Strong Bonding with Customers:** In small segment markets it is feasible for niche marketers to build strong bonding with their customers over time which is very helpful to survive in competitive world.
- **High profit margin:** Niche marketers get the advantage of high profit margin due to customer loyalty. For Customers price is not only the determining factor, they generally prefer the firms that best meet their requirements.
- **Assured Business Stability:** With the help of customer loyalty & less competition business survival is almost assured in niche marketing. Business do not experience fluctuation in closely defined market.
- **Competitive Services:** By providing same set of services niche marketers gains specialization in them, due to expertise or specialization in particular field it is



possible for niche marketers to satisfy its customers with improved services. It helps in building competitive edge.

- **Committed Business:** Because of well defined market segment niche marketers need not to waste their time & energy in reviewing their market strategy or in seeking new business. They are very well settled in their own field of business.

Whether Niche marketers are always small firms:

Niche markets generally refer to segments that targets clients with similar demographic, buying pattern & lifestyle features. Small or medium size businessman often functions as niche marketers focusing on specific customers. Niche marketers are generally small or medium sized firms due to their focus on narrow market segment. Larger firms due to lack of flexibility & scope are generally reluctant to enter niche marketing.

However there are exceptions to this belief. For example Johnson & Johnson, Procter & Gamble, Rolex watches, Nike, Roll Royce are some of the renowned firms which opt niche marketing. Another example is American Express which in its initial days of operation operates as niche marketers. It issued high status cards to high income people in professional as well as management field. By providing services to defined segment they function as niche marketers. American express as a niche marketer was able to repeat its success in many countries around the world.

Limitations in Niche Marketing:

- ✓ One of the limitations of niche marketing is that this market strategy is not suitable for long term business because of the fact that niche does not offer sufficient business. In case if one's business has to rely on selling large quantity or large number of products then niche marketing is not a place to business.
- ✓ If the niche market is invaded by large firms then it will be very difficult for small or medium sized firms to compete & question of survival may come.
- ✓ If any firm is solely dependent on niche marketing then its survival chances get reduced as the niche market is not that adequate & significant that one can totally rely on it.
- ✓ Brand building through niche marketing is not that simple as the niche marketers deal with limited number of customers that too in closely defined segment.



- ✓ One has to often make adjustment like finding new keywords & chasing down the niche. In case if niche shrinks then new niche has to be found which is a tedious job.
- ✓ One of the limitations of niche marketing is wrong customer profile. Simply focusing on well defined customers does not mean customer is the right one. If the firm limits its target too far there are chances that potential customers may be missed out.
- ✓ Differentiated marketing another name for niche marketing has limitation of growth factor. With niche marketing growth is limited, if one wants to grow further then new market needs to be identified & strategy may have to be changed.

NICHE MARKETING: LATEST CRUSH FOR MARKETERS

In today's world where change is the latest fashion, servicing newer niches is the golden opportunity for making money. These niche products & services in the emerging market-economics will persuade some patrons & finally will take away from the bottom line.

Maruti 800 the product of one of the biggest mass marketers was an ideal car for every Indian who aspires to drive a four wheeler. Eventually Hyundai Santro & Tata Indica sauntered in the market attracting consumers with style & comfort. Maruti is catering to sensitive customers (the newly developed niche) with Sx4 & Swift.

Similarly HUL after realizing that consumers of modern world had more disposable earnings besides products like Nirma were rapidly affecting their market base launched Surf Excel for premium segment consumers. As per Arun Iyer, CD, Lowe Lintas "Our target audience is the premium segment today & I am very focus on that segment alone."

300 million Indian now have split into individualistic consumers flaunting their respective differences. As per a senior marketing person "People no longer want to own a Nokia 6600. Its too common. They love their latest wine red W910i (Sony Ericsson) , which is peppy and suits their personality."

FMCG segment is also not unaffected by the rising fever of niches. Amul Calci+ (a high calcium drink for to be moms), Calcium Sandoz Woman & Women Horlicks are few examples of marketers sorting niches. Another examples of niche in FMCG segment includes Kelloggs K series (diet cornflakes) , Kit Kate (diet chocolates) , Amul's Slim & Trim milk & curd & Maggi Atta for health conscious consumers. As per Paul Thachil, CEO , Mother Dairy Food Processing Ltd. "Niche marketing in food & beverage industry is a very popular phenomenon for marketers abroad and is picking in India too. We in Mother Dairy believe



such marketing helps to capture the market well, so we will be launching lots of product for a certain class of consumers.”

CONCLUSION:

In niche marketing competition is less & profit margins are fatter comparatively. Companies are attempting to diversify into new product fragments which provide better profitability. Companies like Dabur (producing real juice & chyawanprash) are making strategy to enter in to high end aroma products car freshner under its known brand Odonil. The company has introduced a wide range of facial kits which it sells through beauticians only.

Another company Marico which is a success in hair care market via Parachutes oils is planning to enter into body lotions & beauty products. As per the Marico executive “Companies cannot go on increasing the price of products always as it directly hampers sale. This is a highly competitive market. So we are looking at product categories where growth is good. Premium products give the company wider margins to accommodate commodity price fluctuations.”

Painting, Arts, Antiques etc at auction places are also premium & niche products. Same way private jets & customized yachts targeting the executive class are also niche market products whose marketing strategy is totally distinctive from the normal one. A niche market is a place where specific market needs are targeted by specific products.

Despite having small target segment niche market is a gold mine for marketers. By targeting marketing efforts to a meticulous niche market one can maximize prospects for building valuable brand name. Even though not without its unique pitfalls, niche marketing when focused in the appropriate manner is feasible & highly efficient brand building tool.

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