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Niche Marketing

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The word “niche” comes from a French word that means to nest. Niche marketing is targeting a product or service to a small portion of a market that is not being readily served by the mainstream product or service marketers. Nearly every business—fast food chains, convenience stores, even Wal-Mart—was begun to fill perceived voids in the market place. However, niche marketing usually refers to small or moderate size businesses or farms that produce a specialty product or service for a limited segment of the market. Market niches can be geographic areas, a specialty industry, ethnic or age groups, or any other particular group of people. Sometimes a niche product can be a variation of a common product that is not produced and marketed by the main marketing firms.

Examples of niche markets are listed in Table 1.

It is obvious from the table that niche marketing is everywhere. Sometimes the niche served is so narrow that the product is aimed at one small group within a market. One example is the dairy operation supplying kosher milk to a large Jewish population in New York City. The dairy producer hired a rabbi full time to observe the management and milking activities on the dairy so the milk produced can be sold in the kosher market. In this case the dairy producer has a portion of the market to himself.

In other situations, the market is somewhat more open, and competition can develop to provide the product or service. For example, when the large, confined dairy operations moved into north central Texas, many of the peanut growers who no longer had quotas (because of peanut policy changes) began producing corn silage for the dairy operators.

Niche marketing is servicing a portion of a unique market, or a unique portion of a common market, not already served.

Recognizing Niche Marketing Opportunities

There is often little difference between recognizing a potential business opportunity and recognizing a niche marketing opportunity. Sometimes people find themselves in a niche market without planning it. Perhaps there is a product or service you need but that is difficult to obtain in your area, so you begin providing the service for yourself. You might soon find that others are asking you to provide it for them also. Examples are custom welding and hoof trimming. So, one way to recognize the potential for a niche market is to think about those goods and services you need.

Perhaps others in your community come to you for advice, help or a certain kind of service. Do you seem to be recognized as the expert at something everyone needs? Is this service or product something you could do for a fee? An example is custom haying.



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Table 1: Niche market examples.

Sector	Product	Niche
Agriculture	Timothy hay	Race horse feed
Agriculture	Kosher milk	Religious groups following dietary laws
Agriculture	Organic vegetables	Consumers wanting foods grown without pesticides
Agriculture	Extra fat beef	Asian export market
Agriculture	Corn silage	Confined dairy operations and beef feedlots
Agriculture	Custom farming services	Other producers who do not have the resources to perform these services
Agriculture	Pasteurized goat milk	Consumers allergic to cow milk
Consumer durables	Sport utility vehicles (SUV)	Drivers desiring a vehicle with room, power and strength
Consumer services	Internet auction sites	Consumers desiring low prices for goods and services without having to physically move from merchant to merchant
Consumer services	Commuter airlines	Smaller communities not served by large airliners
Consumer services	Cut your own Christmas trees	Consumers seeking quality, fellowship and recreation

You might also recognize a niche marketing opportunity from speakers you hear, articles you read, or other events that grab your attention. Someone may have offered you an opportunity to provide a product or service for a specific market. You may have heard a speaker, such as an Extension specialist, discuss niche marketing activities. You may have seen articles in magazines or newspapers focusing on the shortage of or need for specific goods or services for a certain part of the market. This type of information could trigger an idea or vision that leads to the development of a niche marketing venture. Examples are producing high quality hay for race horses, producing ostriches and emus, and marketing fresh, organically grown vegetables.

Many people have hobbies they enjoy, or develop special skills. Sometimes these hobbies and special skills can evolve into a niche market. An example is handmade furniture sold at craft fairs.

Getting Started

Getting started and establishing a strong business requires certain steps:

1. Identify the specific niche market you want to serve, and all its characteristics. These could be demographic (types and characteristics of the people in the market), geographic area, pricing structure, costs of servicing the niche, expected obstacles, and required fees or licenses.

2. Write down your goals for your family and your occupation. Then decide if becoming a niche marketer is compatible with your long-term family and occupational goals.
3. Decide what resources—capital, land, labor, knowledge, special skills or talents—you have for undertaking niche marketing.
4. Determine any resources you lack, and how you will make up for them.
5. Develop a business/marketing plan.

The Business/Marketing Plan

A business/marketing plan is many things. It is a map to follow in achieving your goals; it is a statement to family, potential investors and others involved in the business about your projected performance; it is a statement to your banker about your credit worthiness.

The business/marketing plan contains the following:

- a general description of the proposed business, including your qualifications and reasons for starting the business
- a market analysis—a statement describing the product or service, the estimated size of the market in terms of volume of product or amount of service, the segment of the market you expect to serve, and the geographic area you will serve

- a mission statement, objectives and strategies
- a marketing plan
- a description of the operational aspects such as location, facilities and materials needed, and staffing
- projected sales schedules and volumes
- a financial plan, including projected income statements, cash flows, balance sheets, loan repayment schedules, statements of owner equity, and breakeven analysis
- a sensitivity or risk analysis, which estimates the financial effects of different sales/purchase prices and quantities produced and sold
- sources of help

Getting the Help You Need

You will need advice and help to plan and establish your niche marketing business. One of the best sources of help is people who are doing something similar. Find out who is doing what you hope to do and learn from them. Seek reference material from libraries, the Internet, teachers, Extension agents and specialists, and the news media. Visit trade shows and fairs. In short, network!

There are risks in beginning any new business venture, but with planning you can be successful. There are many opportunities in niche marketing.

Here are sources of additional information on niche marketing.

- *Kiplinger* magazine
- *Forbes* magazine
- Brooks, William T. 1991. *Niche Selling*. McGraw-Hill.
- Goodridge, Walt F. "Niche Market Report: Discovering, Understanding and Selling to the Niche Consumer of the 21st Century." *A Company Called W (Niche Market Exclusives)*, Jan. 1999.
- Goodridge, Walt F. "Lessons in Success from the Silent Performer: Walt's Friday Inspirations, the Book." *A Company Called W (Niche Market Exclusives)*, Nov. 1998.
- Brodsky, Bart and Janet Geis. *Finding Your Niche*. Community Resource Institute Press.
- Your county Extension agent.

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