What is Niche Marketing?

Niche marketing is supplying a good or service to a segment or target group of consumers whose needs cannot be met through the mainstream market. Essentially, the market segment has been previously ignored or is unsatisfied with the general market offering. Although most businesses were initially developed in order to service a niche market, the term generally refers to a small-scale business that produces a specialty good or service for a limited number of consumers. Also known as alternative marketing or direct marketing, niche marketing offers both producers and consumers an opportunity to participate in transactions outside the mainstream market. The specialty good or service may be a variation on an existing product, or it may be an entirely new product. The market segment being serviced may be defined by, but is not limited to, geographic region, religion or ethnicity, age, or other demographics.

How is Niche Marketing Relevant to My Business?

The nature of niche marketing involves servicing a consumer group that has been previously underserved by the market. Hence, a successful niche marketer has the opportunity to secure a customer base, eliminating the need for mass marketing and middlemen. Because niche marketing is conducted on a small scale, it allows producers to remain in communication with their target audience.
with consumers, which enables them to respond to changing consumer needs. This responsiveness can help a producer to maintain a loyal following among consumers.

Niche marketing can be used as a tool to break into or create a larger market. An example of this is Laura's Lean Beef, a family-owned company that began marketing lean beef in 1985 in response to the shift in consumer purchases from beef to chicken. Concern about the health risks associated with regular consumption of red meat was a primary cause of the change in consumer sentiment. The company recognized this shift in consumer preferences and began raising genetically leaner breeds of cattle that could be marketed as "lean" beef. Today lean beef has become a part of the mainstream beef market and Laura's Lean Beef can be found in supermarkets across the country (Earles and Fanatico, 2000).

The "5Ps" of Niche Marketing

According to Umberger et al. (2003), the "5Ps" may be used as a guide to help you in successfully developing your own niche market. These include:

- product;
- price;
- place;
- promotion; and
- people.

"Product" refers to the consumer oriented product(s) produced. Niche marketing often involves marketing the product directly to the consumer, allowing the producer the unique opportunity of interacting directly with the consumer. Because of this relationship, it is important that the producer respond to consumer needs, adjusting the product as consumer needs adjust. The niche marketer must also remember that the quality of the product is directly linked to his or her farm's reputation.

"Price" refers to setting a competitive and sustainable pricing strategy. It is important that the niche marketer be able to cover all of the production costs while pricing the product at a value consistent with the consumer’s willingness to pay. Price levels can be determined through calculating the level that will cover all costs and then comparing this amount to what other small marketers are charging for the same or similar products.

"Place" refers to the proper placement of your product in the market at the proper time. Because the niche marketer has to rely on his or her own marketing skills, it is important that he or she have a good idea of where the target community with kosher dairy products (Schwart et al., 2000). These dairies do not appeal to the mass market, nor do they try. In cases such as these, with a very select group of consumers, it is extremely important that the niche marketer properly identify the consumer segment and its needs and then provide a consistently high-quality product to that segment.

In other cases, the target market may be so specific that no room for expansion exists. For example, several kosher dairies in New York exist solely to provide the large Jewish
market makes its purchases. It may be necessary to market the product in more than one venue, for example, through a Community Supported Agriculture (CSA) program, a restaurant, or at a farmers’ market. 

"People" refers to the people behind the product. Because niche marketing often involves both the production and marketing of a product, it may be necessary to hire more labor than a standard farm would require. It may even be necessary to hire a staff member or members to attend to the marketing aspects of the business, if the farm/ranch operator is not well-suited to the task.

How Can I Become Involved With Niche Marketing?

The most important step in becoming involved with niche marketing is clearly identifying the needs of the target market segment (Schwart et al., 2000). It is crucial to not only identify the segment, but also define the characteristics of the segment, such as age, income, and geographic location. Identifying the market segment may be as simple as taking note of what goods or services the local community desires, but to which it does not have access. For entrance into a larger market, such as the market for organic foods, it may be necessary to enlist the help of a marketing service to conduct a market analyses that will help determine whether the farmer can feasibly provide for the market. Once the market segment has been identified, it is important to make sure that the farm or ranch is capable of adjusting the production process to meet the needs of the market segment. This includes estimating production costs and identifying obstacles, such as licensing or certification.

Once the feasibility of providing for a niche market has been determined, the producer must decide if providing for the niche market coincides with the long-term goals of the farm, as well as the family (Schwart et al., 2000). As previously stated, entities further up on the supply chain generally obtain a larger portion of the product's end price. Niche marketing can allow producers to move themselves up on the supply chain, securing a higher profit. However, with this shift in profit comes a shift in the workload. Producers involved with niche marketing must identify and attract their customers and distribute their product, while also incurring the extra work and costs associated with production. Before undertaking any production changes, the producer must be certain that the operation is capable of handling possible additional work, costs, and stress, as niche marketing demands knowledge of marketing and business procedures beyond the farm gate. Producers interested in niche marketing may find Cowboy Marketing, by Jay Nixon, a helpful resource.

**Niche Marketing Steps**

- Identify the needs of the target market and the characteristics of the consumers in the market
- Make sure your agribusiness can adjust to meet the needs of the market
- Decide if the long-term goals of your agribusiness coincide with providing for the niche market
- Determine what new resources your business will need, including equipment, labor, etc.
- Create a business/marketing plan
- Above all else, be sure you are prepared to handle the additional stress and work that may be created through your service of the niche market
Next, the producer must determine what resources he or she will need to take their production to this new level. This includes the basic resources of land, labor, and capital, but may also include additional talents or skills. Make a list of what resources are readily available and what resources will need to be obtained.

At this point, it is time to create a business and marketing plan. This plan will guide the producer from the first idea of becoming involved with niche marketing to actually implementing the new strategies. For further information about business and marketing plans, consult the University of Nevada Cooperative Extension's publication, “Business and Marketing Plans: A Path to Success for Nevada Agriculture” (Slocum and Curtis, 2005).

Where can I find additional information?


ATTRA, Appropriate Technology Transfer for Rural Areas, provides links to many articles discussing methods of sustainable agriculture and sustainable agriculture's importance. See http://www.attra.ncat.org.

Colorado State University has an excellent online workbook titled, “Niche Beef Production and Marketing.” See http://dare.agsci.colostate.edu/aftnichebeef/aftworkbook.htm.

The Western Extension Marketing Committee Web site provides information and articles relating to marketing, agriculture, and agribusiness. See http://www.ag.arizona.edu/arec/wemc/wemc.html.

Cowboy Marketing: A Primer on Cattle Marketing Practices That Will Increase Your Bottom Line, by Jay Nixon, serves as a good starting point for producers interested in marketing their own products.

The Texas Agricultural Extension Service features links to articles and fact sheets relating to many aspects of agribusiness. See http://agsearch.tamu.edu/search.tce.html.

References


