

FINDING A NICHE

Often the market potential for a product is too large for a new, small business to tackle all at once. A smart small business owner may want to divide the demand for the product or service into a small niche market—by geography or demographically, for example (i.e. You will only sell in New Hampshire; you will only target customers ages 20 to 30 years old).

Studying the market carefully will help you decide on a niche market and determine what product or service you are best able to provide to that niche. While researching your own company's niche, consider the results of your market survey and the areas in which you might already have firmly established competitors. You might learn where there are openings for your product or service. Try to find the right configuration of products, services, quality, and price that will ensure the least direct competition. Unfortunately, there is no universally effective way to make these comparisons.

A well-designed database can help you sort through market information and reveal particular segments. Do customers in a certain geographic area tend to purchase products that combine high quality and high price more frequently? Will small businesses take advantage of your customer service more often than larger ones?

If you do target a new niche market, make sure that this niche does not conflict with your overall business plan. For example, a small bakery that makes cookies by hand cannot go after a market for inexpensive, mass-produced cookies, regardless of the demand.