

Finding New Niche Markets for Your Product

How to Discover and Evaluate New Segments

Getting Started

In **niche marketing**, you target a distinct group of people to help your brand build a stronger connection with those customers. First, you identify a niche and then consider how best to serve it. You may wish to modify your product or service, add to your offering, or simply adapt your messaging, for example.

But first, you must **invest time in researching your industry or existing customer base to uncover potential niche markets**. These activities lay the groundwork for future success in the niches you identify.

Here we share techniques and tools to help with that research.

How to Segment Customers

Look for customers with similar characteristics. This helps you categorize them and ultimately market more effectively. Here are some of the ways to consider segmenting your customers.

FOR EXAMPLE...

You may discover that customers in a specific part of the country use your product differently. Those people could potentially be a geographic segment, and thus a niche market for you.

Demographic	Psychographic	Behavior	Geographic
Age	Personality traits	Purchasing habits	ZIP code
Gender	Values & beliefs	Spending habits	City
Income	Attitudes & priorities	Usage habits	Country
Language	Interests	Brand interactions	Community
Education	Lifestyles	Use of technology	Climate
Employer or job	Influences & motivations	State of change	Urban or rural

Where to Look for New Segments

The two best places to search for new segments are: your industry and your customers. Answer some of the questions below to help you identify different segments.

Your industry

- What products or services related to yours are people looking for?
- What do people say on social media or forums?
- What other websites do people visit?
- Where do people buy related or competing products and services, and what do they say about them?
- What other interests or concerns do they have?
- Are there any trends or changes in the industry?

Your customers

- What are the characteristics of the people who buy your products?
- How do they find you?
- Why do they buy from you?
- Which of your products do they like best?
- What factors affect their purchases?
- Which content do they respond to now?
- Who is responding to it and how?

TIP: Keep track of your findings as you go. You may spot opportunities for marketing to a niche audience that you can apply later.

Research Your Industry

There are several places to look for trends and needs that may be unmet or underserved.

1. Keywords

Keyword research helps you understand what people and consumers are searching for online. Understanding this can help you ideate on further and more narrow topics.

FOR EXAMPLE...

If you sell hats and are wondering what niches you could target, start by searching on "hats." Then you can try narrower keywords.

2. Social media

Search social media to see what customers in your industry talk about.

Use your keywords from the previous step to see what people are saying in social forums and groups online. You can find popular posts on Reddit and Twitter using our Content Exploration tool.

You can also search social media platforms directly. Try Quora, Facebook, LinkedIn, and industry-specific groups.

Looking at the material you surfaced, what can you learn?

FOR EXAMPLE...

Searching “custom hats” on Facebook shows results for Groups, Marketplace listings, business pages, and posts by friends related to the keywords. Some information we can glean:

- *There is a vibrant group of people who make custom hats and apparel. It might make sense to join this group to see what they discuss.*
- *There are many established marketplace sellers. Each seems to have their own specialty.*
- *Custom hat prices range from \$8-\$100.*
- *A few personal connections have posted about custom hats they received or made.*

3. Industry websites

Examine industry websites to see what they offer. Spend time looking through each website. Note their product lineups, style, and messaging.

FOR EXAMPLE...

Most sites seem to focus on baseball caps that are customized with colors and embroidery. Could there be an opportunity for other styles of custom hats?

Repeat your research for various keywords until you get a sense of some opportunities related to your products that may be within your reach. This may involve creating variations of your product or marketing them in a new way.

4. Shopping sites

People might already be buying products like you're considering on popular shopping sites.

Check out shopping sites like Amazon, Etsy, and eBay to see what products are offered and customer reviews.

Seeing the variety of products available can spark ideas for a new iteration of your product. The reviews by customers can also point the way to a market need that sellers in your industry are not yet fulfilling satisfactorily.

FOR EXAMPLE...

There are many ways to customize hats. Drilling down with searches like "custom sized hats," we can see product options with specific hat sizing. A few sellers even offer hats for women who have big hair.

Customer reviews often provide information about the buyer that you can use to deduce information about a segment.



MT



Kind of large but great opening in back for ponytail

July 29, 2019

Color: Black | [Verified Purchase](#)

The hat is a bit large, but works for me. It is not too fashionable, but does its job keeping sun out of my eyes on walks.



N. Garner



Fits perfectly! I love it

June 25, 2019

Color: 2 Black | [Verified Purchase](#)

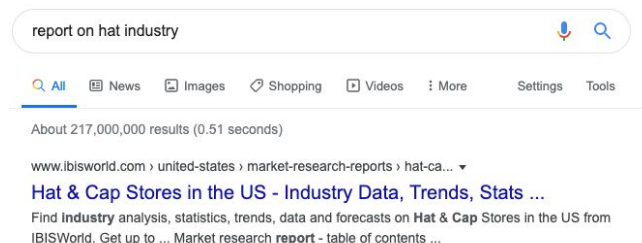
I absolutely love this hat! It is so comfy and not too tight on my head. It is perfect for the gym and no more Velcro pulling my locs!! Delivery was fast as well. I can't wait to get my friend to screen print something on it.

5. Industry reports

Industry reports help identify emerging trends and evaluate niches you're considering.

To find reports, search on Google: "Report on *[insert your industry name here]* industry."

If you don't have the budget to purchase industry reports, try reading their synopses. You can also click deeper into Google results or use the Google "News" tab to see press releases about the studies. These may offer additional information.



FOR EXAMPLE...

By reading the synopses of various reports, we can see that spending on hats has increased in the last five years, primarily among millennial shoppers. Demand is expected to continue growing.

Learn from Your Customers

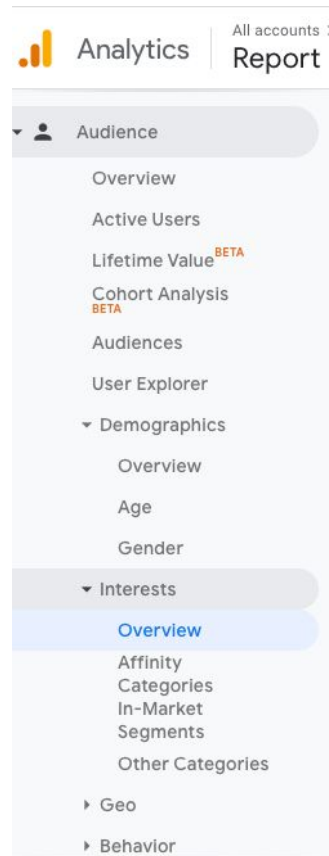
Find out who your existing customers are and why they buy from you. You may already be attracting some niche audiences that you didn't know about.

Use the following tools.

1. Google Analytics

Google Analytics shows audience information for the people who visit your website. You can see demographics, interests, and geographic information about your users.

Google also categorizes your users into In-Market Segments based on their browsing activity. This groups them according to which types of products they are looking for.



2. Google search

A simple Google search can show you some intel on what people are saying or asking about your company.

Try searching on a few different keyword combinations that include your brand name. When we searched “Lids hats,” we saw that people ask the following questions about the brand.

People also ask	
Can you customize hats at Lids?	▼
Are Lids Hats blank?	▼
Does lids do custom embroidery?	▼
How many hats does lids sell a year?	▼
How much does it cost to get a hat embroidered?	▼
What file format does lids use?	▼

TIP: Google “[*your brand name*] reviews.” This can turn up comments from various platforms.

3. Surveys

Ask your customers for their input.

Survey software lets you easily ask your customers questions. You can also arrange to speak one-on-one with customers or set up focus groups to get their opinions.

Here are some questions that can help you understand how well you currently serve your customers and find new and better ways to serve them.

- What problem does our product solve for you?
- How does the product fit into your daily life?
- How well does the product meet your needs?
- What features do you wish the product had that it currently does not have?
- What do you like most about the product?
- What made you choose us over a competitor?
- How would you rate your last experience with us?

Be sure to also confirm their demographics and other segmenting data. That way, you can look for patterns among people who belong to a similar group.

Define the Niche

In your research, you likely uncovered one or more possibilities for niches. Define each niche in terms of demographics, psychographics, behavior, and geography, when applicable.

FOR EXAMPLE...

Your research revealed there is a need for people looking for a packable hat before their trip to Florida or other southern destinations. These people appear to be married/in a relationship and traveling as part of a couple but without kids. They are concerned more about fashion than utility. They begin looking for a hat months in advance of their trip, enjoying the anticipation and preparation. But it seems they have very little choice in the market. Their comments have led you to believe that there is an opportunity for introducing new styles of hats that are packable.

Evaluate the Niche

Once you have identified a niche, you need to make sure it has profit potential.

A SWOT analysis can be invaluable. It helps you evaluate the internal (Strengths and Weaknesses) and external factors (Opportunities and Threats) that will impact your decision.

SWOT ANALYSIS

S	W	O	T
STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
Internal factors that give you an advantage	Internal factors that work to your disadvantage	External factors that pose opportunities	External factors that pose threats
Examples <ul style="list-style-type: none">• Brand reputation• Access to skilled staff• Company culture• Industry relationships• Location		Examples <ul style="list-style-type: none">• Number of alternatives• Demand• Availability of financing• Cost of raw supplies• Political climate	

Ask yourself these questions to start:

Strengths

Do I have the capability to serve this market?

Why is my business suited to serve this market?

Weaknesses

Will I need to learn a new area or hire staff?

If I will have to add resources to serve this market, how much will I need to invest?

Opportunities

How many people make up this niche market?

What are they willing to pay for a product like mine?

Threats

Is the audience price-sensitive?

Are there other companies already serving this market? What advantages do they have?