

Development of niche markets

Successful marketing today involves market research, product or service development, production, sales, delivery, and after-sales service. The research aspect identifies specific segments, referred to as niches, based on demographics, usage, purchasing power, and sometimes ethnic and other specific group preferences. The niches are then targeted with specific products or services. Alternatively, niche marketing can mean meeting the needs of a limited market that is not currently being serviced by mainstream products or services.

Niche marketing strategies differ from those for saturated-demand commodities. Identification of the needs and size of the targeted segments is the first priority; product time to market is crucial. In manufacturing, flexible capacity is necessary to meet small-lot, varied demand. In the past, bigger rivals, with their financial and technical superiority, could take a market niche from SMEs. Now, however, with the information and communications technology revolution, SMEs are no longer inferior in niche markets, which demand economy of speed above all.

Recognizing that its members could benefit from an update on niche marketing strategies, the APO organized the Seminar on Niche Market Development in Bangkok, Thailand, 24–28 January. The seminar was attended by 14 participants from 12 member countries. One resource person was deputed by the APO, and six local resource persons from a variety of specialties helped shape the content. Topics discussed included how to identify and reach niche markets; time-based competition; niche marketing in the fashion industry; customer relationship management niche market style; Web-based niche marketing; enablers for niche marketing success; niche marketing of agricultural products; and successful examples of niche marketing in Thailand.

To bolster the participants' understanding of niche marketing for agricultural products and in the fashion industry, two site visits were conducted in Bangkok. One was to the Lemon Farm, a supermarket specializing in organic food and cosmetics, which caters to the urban health-conscious segment. Thai Itokin hosted the other, allowing participants to observe its marketing operations for men's and women's ready-made and tailored clothing, fashion accessories, and line of work



Participants in the seminar

uniforms. The company also exports some products and conducts Web-based sales.

The results of the syndicate discussion at the seminar indicated that while SMEs still face some difficulties in niche marketing due mainly to lack of funds and limited access to technology, they can be successful if they:

- 1) Pay attention to customer relationship management;
- 2) Determine what customers really value and establish product and service differentiation strategies;
- 3) Use customization strategies;
- 4) Avoid possible “cannibalization”;
- 5) Conduct marketing testing, including pretesting of finished products, advertising, and distribution channels; and
- 6) Undertake benchmarking.

It was also concluded that the government could play a role in helping to expand niche markets by the development of infrastructure, particularly to enhance information and communications technology capacity, and by fostering the development of business incubators. ☺