



Created by RHONDA ABRAMS

Excerpted from **Passion to Profits: Business Success for New Entrepreneurs**

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IDENTIFY YOUR CUSTOMERS & NARROW YOUR NICHE

Identify Your Customers

Let's say you've created a new breakfast cereal for children: Yummy Tummy Oats. You've packed it with good things: vitamins, minerals, and great nutritional value. You figure you're going to wipe out the competition because all parents want their kids to have a nutritious breakfast.

There's only one problem: Who's your customer? Is it the mom or dad pushing the grocery cart down the cereal aisle comparing the nutrition information on the side of the box? Or is it the end user (the "consumer") of your product—the kid—who couldn't care less about nutrition but wants cereal that tastes sweet, and has cartoon characters on the package and toys inside the box?

Or is your customer the cereal buyer for the grocery store? This person couldn't care less about nutrition or cartoon characters either. The store cereal buyer's concerns are more down to earth: how much money you're going to spend on advertising, how quickly you'll replenish inventory, and whether you'll pay them a "stocking fee" to obtain shelf space. Parents and children aren't going to have a chance to buy or eat Yummy Tummy Oats if you don't meet the supermarket buyers' needs first. On top of that, if you don't have your own sales and distribution force, you may first have to find a cereal distributor and convince them to carry your product.

The parent. The child. The store buyer. The distributor. That's a lot of "customers" you have to satisfy with each box of Yummy Tummy Oats. And you'll give yourself a competitive edge by thinking of each of these "customers" and planning for their needs and motivation.



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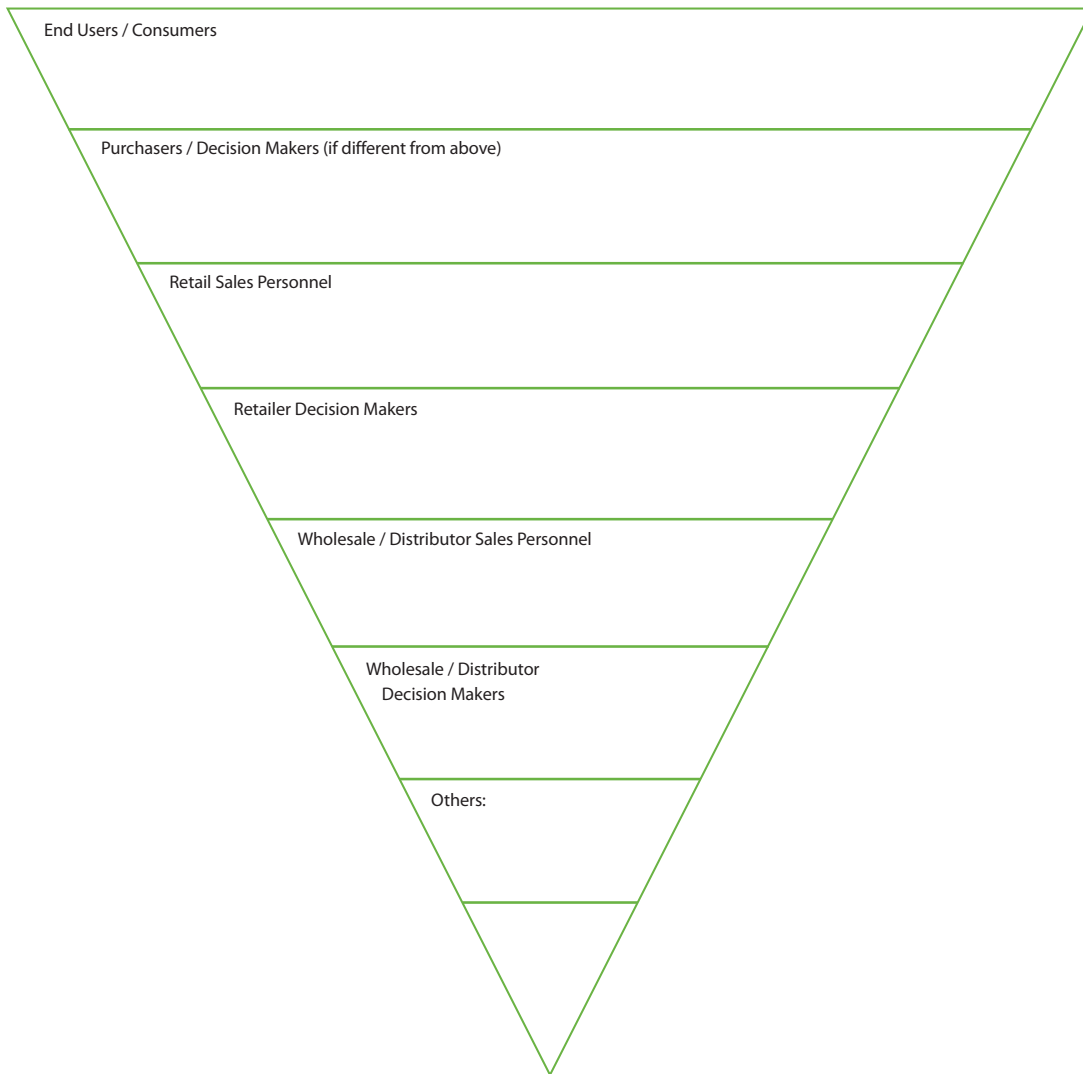
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worksheet: Who Are Your Customers?

Identify your customers in each of the following categories. You'll find that the number of customers in each category grows the closer you get to the end user.





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Narrow Your Niche

Carving out a niche for a new business gives you an immediate head start. It's one of the most effective steps you can take to increase your chance of success. Why?

Having a niche:

- immediately sets you apart from the mass of competitors
- gives you a clear focus for your marketing and advertising efforts
- gives you additional credibility when you're trying to make a sale
- makes you more memorable and helps you get referrals
- often enables you to charge higher prices than non-specialists

Customer-based niches: who your customers are

The most common type of niches are listed below, with examples.

1. Industry or business type:

Choosing to serve a particular industry or type of business is one of the easiest ways to specialize. Few things give you as much credibility with potential clients as having served other clients in the same industry before.

Examples:

- janitorial service for banks
- website design/hosting for dental practices
- public relations services for plastic surgeons
- insurance agent for taxi cab companies

2. Demographic group:

Targeting a specific demographic group gives you a quick way to get the attention of particular customers – defined by objective factors such as their age, gender, ethnic group, religion, sexual orientation, income level.

Be careful! Make certain your target market isn't offended by being singled out, especially if you're not a member of that group. And, of course, you must always obey non-discrimination laws. For instance, financial planners specializing in serving women must still accept—and welcome—male clients.

Examples:

- hair salons for children
- computer classes for seniors
- athletic clothes for women
- operator of group tours for gays



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3. Geographic:

As a niche, geography often is not truly much of a competitive advantage. Ask yourself: Why do customers care where I'm located?

Exploiting a geographic niche can be particularly successful, however, if you choose a remote or underserved location.

Examples:

- caretaking service for vacation homes
- cable TV service for marinas
- locksmith in rural areas
- towing service for airport parking lot

4. Other:

You can base a specialty on just about any factor that a group of people have in common. It's even better if that common factor gives those people a unique need, better served by a specialist.

Examples:

- supplies for parents who home school their children
- house sitting for business travellers
- catering service for vegetarians
- babysitting service for parents of twins and triplets



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Product/Service-based niches: what you do

1. Unique knowledge:

In this type of niche, you focus around your specialized expertise in a particular field or of a particular product. You need the training, experience, or understanding to handle the unique needs of your customers.

Examples:

- acoustic engineer for concert halls
- icon designer for software
- engineer for fishing ships
- freelance editor for medical journals

2. Style or product mix:

Another way to distinguish your business is based on style—the distinctive manner in which the work is done, the place it's done, unusual characteristics of your product or product mix.

Examples:

- vintage clothing store
- sugar-free bakery
- fee-only/non-commission financial planning
- in-office massage therapy service



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NICHE MARKET IDEAS

For every business type that you're considering, write down at least one idea for every type of niche.

Type of Niche	Potential Niche Idea
Industry/Business	
Demographic group	
Geographic	
Other group	
Unique knowledge	
Style	

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