

WHEN DO INDUSTRIAL NICHE ALLOW VIABLE MARKET ACCESS?

When do industrial niches allow viable market access or can niche marketing offer viable industrial market access?

We suggest this may be a valid quick test to put to your chosen niche, will it have long term viability?

Niche marketing means catering to the specific needs of a focused group of target customers or applications.

Any industrial niche market, by definition, will be a part of a larger more valuable market served by larger competitors.

Notes:

Porter writes in his acclaimed book "competitive strategy" that there are only two strategic options for companies, to go for cost leadership or differentiation. Each however has a price to pay and definitions from Porters statement can be discussed at length.

Deciding to target an industrial niche market means that in the larger scheme of things you are going for differentiation, you intend to serve your chosen industrial target niche market better, rather than simply cheaper than your competition.

Operating in a niche and using a tactic of differentiation does not mean that you are completely avoiding direct competition. It still means you need to outsmart or kill off your direct competitors and gain maximum value from your niche.

A key aspect for niche marketers in industry is that industry is global and becoming more so.

If you intend to dominate your niche you must have access and win sales wherever your niche exists geographically so you can gain the required financial clout to reinvest in development.

This push for volume is one of the more interesting forces driving industrial globalization and is not the exclusive preserve of the large "cost leadership" style multinational.

Most industrial managers know there is a risk of their company being left behind if their competitors colonize foreign markets and gain increased sales.

This would allow their enemies economies of scale and the resulting potential increased investment rates.

Their competitors could enter a virtuous circle of greater access, larger volumes and greater sales which would improve their ability to profit from their niche, invest more in development and as a result sell yet more into home and overseas markets.

One of the driving forces behind a push for export sales is the "do it to them before they do it to you" school of thought.

Market access issues for the niche marketer are the same as for any other:

- Access to distribution chains at home and abroad
- The ability to produce language options
- Perhaps local build, buying or assembly of various types of goods
- The ability to ensure compliance to relevant international standards and compliance bodies, perhaps ISO, BS, EN, DIN, UL, CSA etc
- Will the niche market you have chosen fund the costs of gaining these approvals?
- Will your niche market and product offering be profitable enough to motivate overseas resellers to promote your goods?
- Does your niche market allow you to employ technical language specialists for your manuals, promotional literature, selling efforts in those countries where industry exists?
- Shipping issues.
- Duty issues and local market channel issues
- Entrenched foreign / local competition

There are a number of routes to market which are not mutually exclusive:

- Normal branded selling via your own outlets.
- Direct sale from your home base.
- Resale using distributors or agents.
- Selling using others brands, where your product is branded as theirs to gain market access.

This is where a special challenge faces niche marketers:

Notes:

A primary requirement for successful niche marketing is detailed market knowledge.

Your company must be close to your target customers, it must fundamentally understand their needs and be in a position to provide the best solutions today and tomorrow.

This does mean that the ideal position is to have your staff on the ground.

It means, if you are selling viably through resellers, you must access their customers and understand their present and future requirements.

It means if you sell to bigger operators who resell your products under their brand names that you need extra focus and diplomacy to find out what their customers (the end customer) need now and in the future and how you can better provide the optimum solution.

There must be a way to assess if your niche market will have good long-term viability.

We suggest that if you cannot see yourself at some point in the future being able to fund your own dedicated offices in overseas markets, viably selling your own branded products, then your product range or niche is too narrow.

Operating in too narrow a niche will result in you struggling to motivate others to resell your products with conviction and over the longer run cause you a fight even to keep your offering in step with the detailed demands and needs of your chosen niche because you will not be able to maintain viable access to the participants in your target sector.