Identifying Your Niche

What is a “Niche market”?

According to Wikipedia, the free encyclopedia,

A **niche market** is a focused **targetable** portion (subset) of a market.

By definition, then, a business that focuses on a niche market is **addressing a need for a product or service that is not being addressed by mainstream providers**. A niche market may be thought of as a narrowly defined group of potential customers.

Niche market ventures **may become profitable even though they are by nature small** in comparison to the mainstream marketplace, **due to the benefits of specialization** and **focus on small identifiable market segments**.

This is important to us as embroiderers because generally we want to sell our products at a premium – not a discount – price.

**Developing a Marketing Niche**

**What’s Your Passion?**

Identify your target customer so you can create an offering that appeals to that customer category. Your target customer may change as you get further along, but choosing a target helps you focus.

Many successful embroiderers begin with a niche that they are familiar with. For example, if you are currently a teacher, you are probably familiar with what embroidered products are being offered in the school market. This makes it easy to identify marketable products and services that are not being offered to this target group.

Think about what you are passionate about. Perhaps it’s cars, horses or antique tractors. Although you probably won’t limit your business to such a narrow market, it could make it easier to get your new business off the ground. If you are passionate about something, others are as well. People are not as price-sensitive when it comes to buying items associated with their passion. There are distinct benefits to taking this approach.

- **Product Knowledge** - You know what products are likely to appeal and which would miss the mark. At least you know which products to try, which ones have already been done, and so on.
• **Sales Comfort Zone** – You may find it easiest to connect with others who share your interest. You speak the same language and you will likely be more at ease talking about something that you are very familiar with. You probably even have some relationships that could be helpful.

• **Knowledge of promotional opportunities** – You probably know of events, magazines and other opportunities geared to your special interest. These can bring good exposure to a young business if you choose carefully. Think about how your new business can get free (or almost free) exposure through press releases, sponsorship of a prize or similar opportunities. It’s really great when you can offer an embroidered prize. This serves a dual purpose of promoting your business through the goodwill of the prize and it lets everyone know about your embroidered products.

**Niche Market Checklist - The Six P’s of Developing your Niche Market**

*Passion, People, Products, Price, Place, Promotion*

*Note in the spaces below each item your initial ideas for your offering.*

**Passion** – What are you passionate about? Or what group are you familiar with that has a passion? Remember that people are passionate about many things – their grandchildren, their business, their pet, their boat and so on.
People – What type of people are in your targeted group? You will use this information in the next step to identify products to sell to this group.

Are they similar or varied? If you want to sell dog products, there are segmented groups within this market. There are pet owners and the more specialized market of the dog show world. It may be difficult to understand the mindset and therefore the products for the dog show market unless you are directly involved in it. It would be simpler to target the much larger pet owner market.

Even when doing logo work for businesses, some embroiderers target specific business types or even specific industries. For example, I know one embroiderer who was previously in the heating and air conditioning business. She started out targeting this business type because she was very familiar with their apparel needs.

Write some characteristics of the people in your target group. For example, are they young or older? Do they travel? Any characteristics you can list may help trigger a product idea or selling tactic.

Products – What products can be offered?

Think about both apparel and non-apparel items that would be popular with your selected group. For instance, if you want to focus on boat owners, they would probably like relaxed upscale apparel items. You could also sell them boat flags, gear bags, embroidered cushions and linens for use on the boat.

This type of market may require seeking out highly specialized sources, but you will also be in an elite group of service providers. Regardless of your niche, offer the unusual and you will gain status as the embroiderer of choice.
Make a product list here that you can sell to your target group. Also note a potential vendor for each item. If you don’t presently have a wholesale vendor for that item, send me an e-mail at djones@myembroiderymentor.com and I will send you some resources. If I don’t have a wholesale resource for a particular item, I will research for you.

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**Price** – Ideally your target market is one that is not flooded with inexpensive embroidered product. Even if it is, you have the opportunity to offer unique, high-quality products and services that will set you apart. Research prices for embroidered products for your target market and record results here.

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**Place** – Where will you sell your embroidery? You may be planning to sell your embroidery on the Internet, or perhaps you will have a retail store. But there are many other possibilities. Here are the basics of some of the ways embroiderers sell their products and services. We will have in-depth individual lessons on several of these categories in the coming months.

- **Web Site** – This is one of the least expensive ways to reach a wide audience. It is important that your site looks professional. If it looks amateurish, your viewer will likely think that your embroidery is as well.

  You can get free web site creation at [www.sanmar.com](http://www.sanmar.com) and [www.broderbros.com](http://www.broderbros.com), after you register with them. You need a tax number to register. The sites created using their tools allow adding a limited number of items...
that they do not supply in order to round out your offering. These free webs sites are professional in appearance, but do not include true e-commerce. When a customer selects something on your site, you receive an e-mail and contact the customer for payment information.


This product does have true e-commerce, and it may be a good solution provided that you don’t mind an up-front investment of $3,000 or so. A per-transaction fee is associated with each line item, which is deducted from the initial fee. Research this carefully to be sure that your product pricing works well with this system. For example, if you are selling customized teddy bears at $34.95 it will work fine. However if you are selling team shirts, each individual name (a line item) must support the line-item fee.

For a quotation on a custom site developed and maintained according to your individual requirements, visit [www.flipmyimage.com](http://www.flipmyimage.com)

- **Retail Store** – Having your own retail store is a dream-come-true, but it is a very expensive way to go. I have had my own retail embroidery store twice and it is unbelievably fun to be a part of the community in this way. Rent and utilities are just the most obvious expenses. Still, if this prospect is appealing to you, complete the worksheet included in the Business Plan lesson to get an understanding of the total cost.

- **Hair Salons** - My sister even has fashion “trunk shows” in upscale hair salons! These can be great venues when you set up a small display, make a simple order form and commission the stylists.

- **Home Parties** - I had the pleasure of being a private consultant to the Lynn James who was successful selling a line of appliqued children’s clothing through reps giving home parties. Lynn grew her business, Kelly’s Kids, to a multi-million dollar company with spin-off lines.

- **Shared Space** – Some embroiderers share space with screen printers, sign companies and other related companies. Sometimes there may even be unrelated business types that have more space than they can use. In my small town, our insurance agent leased out his extra space to an antique and gift shop.

- **Incubators** – A business incubator provides support and services for start-up companies. Rent is very low and shared services are provided. Support is also furnished to assist with SBA financing and other needs for a start-up business. Some incubators are set up to assist a specific business type, such as technology or medical, while others are managed by local or regional economic development councils. I consulted with Embroidered Corporate Image in Coeur D’ Alene, Idaho, which began
in an incubator. They went on to be listed in Forbes Magazine as one of the fastest
growing businesses in the Northwest.
Visit this link to check for incubator programs in your state.
http://www.nbia.org/resource_center/links_to_member_incubators/select_links.php

• Multi-line Reps – Some products lend themselves to representation by a multi-
line sales representative. These sales agents have established clientele in specific
markets, such as college bookstores or golf pro shops. This can be an inexpensive
way to get your product in front of potential customers.

Generally, multi-line reps are independent agents who represent large volume product
lines that do not compete with each other. Any product that they would take on would
have to be well-presented, unique and at a price point that allows an additional layer
of profit plus their commission.
If you believe that you have such a product, you can find a list of multi-line
representatives at this link. Their product lines are also listed to help you identify
suitability for your product.
http://www.corporatelogo.com/articles/321Reps.html

• Compatible retail shops – You can sell your products through compatible retail
shops. For example, if you do religious embroidery, partner with a Judaica,
Christian or other appropriate retail store. First communion banners, Christening
slips and hankies, Bar Mitzvah and Bat Mitzvah commemorative items are all
excellent opportunities. Children’s shops, men’s stores, outdoor shops, sporting
goods retailers and many other categories can make good partners.

• Compatible service businesses – Screen printers, sign shops, dry cleaners,
alteration shops can all be outlets for your custom embroidery services. In this
scenario, you may not be selling the item being embroidered, rather focusing on
service and quality to attain a good price for your embroidery to be able to split
the price with the business.

Promotion – How will your promote your products or services to your target audience?

There are many ways to reach a target audience. Here are some of the methods that can
produce results.

Direct Mail – Even with postage rates increasing, a color postcard is still a cost-effective
way to get your message to the people you want to reach. I like to use an oversized
postcard. Type color postcard printing into Google and you will be amazed by the
number of responses for inexpensive color postcard printing. Most of these companies
will even lay out the card for you if you provide high-resolution photographs. Consider
oversized postcards because they get noticed. Be sure that the back of the card meets with postal regulations.

You can also design direct mail flyers on some vendors’ web sites, such as San Mar (www.sanmar.com) and Broder Brothers (www.broderbros.com)

**E-Mail** – It’s never too early to start working on your e-mail list. I recommend using an e-mail service such as Constant Contact. For a small list they are quite economical for the services received. You get excellent reports that show how many people opened your e-mail and how many “clicked through” on an offer at your web site. The reports even give you a list of who they were. In this way you know who expressed an interest, and even if they did not make a purchase, you have an indication of their interest and can design a follow-up e-mail or offer to this group.

www.constantcontact.com

**Sponsorships** – You may want to sponsor a group in your community by providing their embroidery on certain items such as cheerleader uniforms. This arrangement leads to other business from that group and other school organizations. Or you might embroider the Ambassador blazers for the Chamber of Commerce at a reduced rate – this will get the attention of many other businesses.

**Newspaper** – If you specialize in sports embroidery, you may want to advertise in the Sports section of your local newspaper to reach your target audience. If you specialize in bridal, advertise in the social section and so on. This type of advertising gets the best results when done repeatedly or in “high season”.

**Radio** – This may seem a bit unusual, but I got a very large embroidery account just by being mentioned on a local radio station “Listening Post”. Just the mention that the folks at McClure’s Monogram and Emblem Company (my company name in the 1980s) caught the attention of a visiting oil company buyer who needed emblems. This is a very clear example of how important it is that your name or tag line says what you do.

Carolyn Payne-Lomax of Centex Embroidery in Waco Texas used inexpensive 15 second “teasers” very effectively. She had one hilarious spot that went something like this: “Carolyn wants you to stop by Centex Embroidery and see her new four-head.” When listeners heard this, many stopped by to see Carolyn’s new “forehead”.

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