

Consumer Niche Marketing: Getting Down to Business

by Les Landes and Carl Schlanger

**Did you hear the story about the guy
who lost his keys one night?**

As he searched for them under a streetlight, a passerby asked him what he was doing.

"I'm looking for my keys," replied the man.

"Are you sure this is where you lost them?" inquired the passerby.

"No," replied the man, "but this is the only place where there's enough light to look for them."

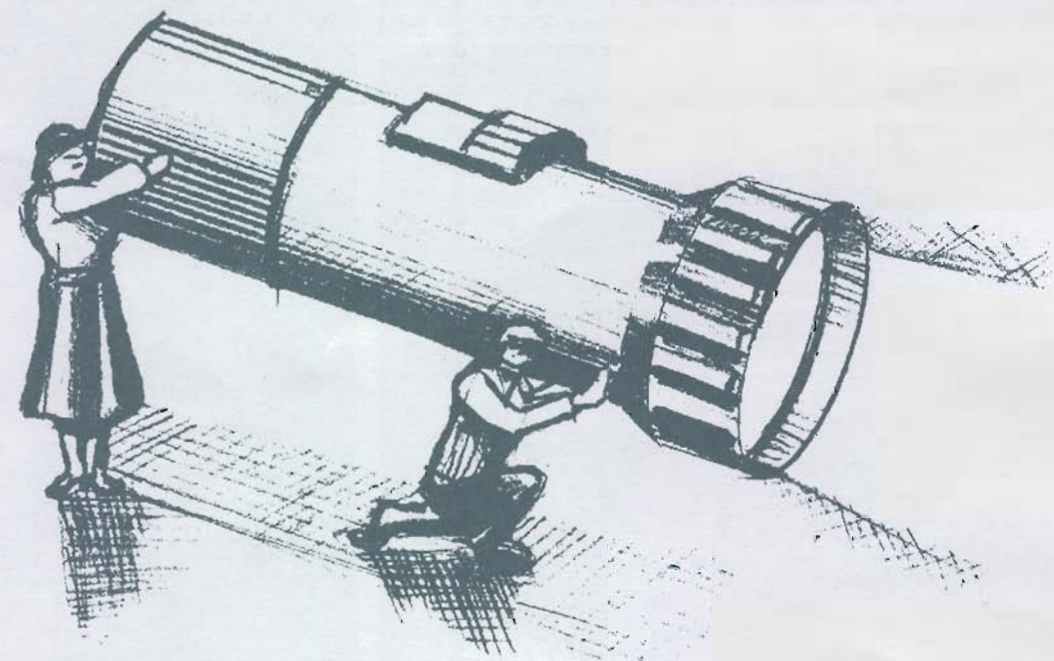
Pretty crazy, huh? But that's precisely what a lot of highly paid marketing and advertising people have done for a long time. They can't figure out how to pinpoint their "key" markets, so they gravitate toward the brightest light they can find. In the world of promotion, that usually means mass media.

Laser beams versus streetlights

But some folks are starting to wise up. Instead of using "streetlight" marketing, they're taking a "laser beam" approach to home in as tightly as possible on specific target markets for their products and services. They're moving more and more of their marketing dollars away from the broad blast of broadcast, and going straight to the heart of their consumer markets.

Some people call that "niche" marketing. Whatever the name,

the imperative is the same. In a diverse society that increasingly is asserting and celebrating that diversity, successful marketing requires a highly focused, two-pronged strategy that includes: (1) continuous, in-depth research to understand the needs, concerns, and interests of specific market segments in excruciating detail, and (2) precisely designed, customized messages that come



from extensive knowledge of consumer differences in the marketplace.

With the raft of articles being written on niche marketing and the explosion of "experts" expounding on this "newfound" technique, you'd think that

marketers were just discovering how to talk to anyone except "Mr. Everyman." While it's true that mass marketing has been the predominant feature on the promotional landscape until recently, examples of highly focused, targeted strategies have been around for a long time.

Business-to-business marketing

Take "business-to-business" marketing (also known as "industrial" or "professional" marketing), for example, in which one business markets a product or service to another business: MRI units for hospitals, construction equipment for contractors, diesel engines for railroads, and so on.

Business-to-business marketers have been doing niche

tomized" demands of 1990s markets, consumer marketers may want to pay close attention, because some of the same characteristics that have made highly focused marketing so vital in the business-to-business arena also exist in many consumer markets. That's especially true for higher-priced consumer "niche" items.

Parallels with niche marketing

Take a look at some of the parallels.

First, the obvious. Consumer niche markets are, by definition, comparatively small—just as most business-to-business markets are.

Consider next that, in most cases, the product or service being offered is not an impulse-

marketing for a long time. The narrow markets that exist for many of their highly specialized products and services, in fact, have made that kind of close "personal selling" both an opportunity and a necessity.

As we move into the "cus-

purchase item. Neither business-to-business products nor big-ticket consumer niche products are bought on a whim. Both are characterized by a "significant" price and greater complexity, which means higher risk to the buyer.

Consequently, both types of products are bought on the basis of rational, rather than impulse, buying motives. The customer typically says, "I need this item because . . ." And that need likely existed before the consumer saw the product. The marketer didn't create the demand. So the marketing emphasis is less on a flashy, creative "hook," and more on product benefits. And the more intimately you know the consumers, the more likely you are to touch a resonant chord with them.

How do you do that? Interactively. Find out where your target consumers are. Find out where they go to play and work. Find out what they listen to and read. Then go talk with them—not to them, but with them. Establish and maintain a dialogue—a "feedback loop." Find out what their needs, interests, and concerns are. Then come back and talk with them some more. Give them information you think they might value. Ask them where you've missed the target, and try it again.

By building relationships with your markets in that kind of interactive fashion, the customer essentially becomes a member of the product development team. And it helps ensure that your products and services are designed especially to meet their needs.

That's niche marketing. And by any other name—affinity marketing, relationship marketing, dialogue marketing, feedback-loop marketing, knowledge- and experience-based marketing—one key to its success is integration. Whether you're talking about business-to-business or consumer marketing, the strategic blending of different types of marketing disciplines—especially advertising and public relations—is the cornerstone of good niche marketing.

Real-life examples

Let's look at some real-life examples—a comparison between a business product marketed only to health care

professionals, domestically and around the world, alongside a consumer-niche product/service marketed only to parents of young children in one American city.

Vitek Systems has been marketing automated microbiology to hospital laboratories since the mid-1970s. Peace of Mind Nanny and Day Care Placement Services was founded in 1990 to provide a personal service to the growing number of dual-career families with infants and preschool-age children.

The size of Vitek's microbiology market is fairly static, but each new customer typically is a long-term relationship. Peace of Mind's market is increasing every day, but its customers quickly outgrow—literally—the company's services, and are replaced by new customers with newborn children. Still, both markets, regardless of turnover or lack of it, share one important trait: they are relatively small.

Both products represent important purchases to their respective buyers, even though one costs tens of thousands and the other costs hundreds of dollars; even though one involves a buying decision by several different people and the other is decided by a single family; even though one is paid for by the decision maker's employer and the other comes directly out of the buyer's own pocket.

Within their respective worlds, both products represent a significant price tag, greater complexity, and therefore a higher risk to the buyer than do mass-market products. They are not cans of Coke, bars of soap, or bottles of beer. And while the differences between the two products are obvious, both companies are able to conduct an intimate dialogue with their markets in a way that being small makes possible.

Vitek's testimonial ads are examples of feedback-loop advertis-

ing, the direct result of a dialogue between advertiser and customer. By being a good listener, by being alert to both the positive and negative things its customers are saying, Vitek simply built its advertising around a need for its products and services that already existed. Then it placed ads in professional journals that are read by the appropriate decision makers—laboratory supervisors and hospital administrators.

As a way of strengthening relationships, Vitek attends a number of professional trade shows each year, including the important American Society for Microbiology (ASM) meeting. On the day before the convention, Vitek sponsors a day-long "users-group" meeting, principally as a means of staying in touch with its market. Technical papers are presented by customers to hundreds of other customers from all over the world, with Vitek management, sales, and technical personnel in attendance.

Peace of Mind, which initially used mostly mass media, now employs a variety of more focused communication tactics to pinpoint its market. Rather than small display ads in major newspapers, larger promotions are appearing in publications such as *The Expectant Mother's Guide*, *Parenting* magazine, and the like. In addition to advertising, Peace of Mind management also is writing articles for those publications on child care issues of interest to its readers.

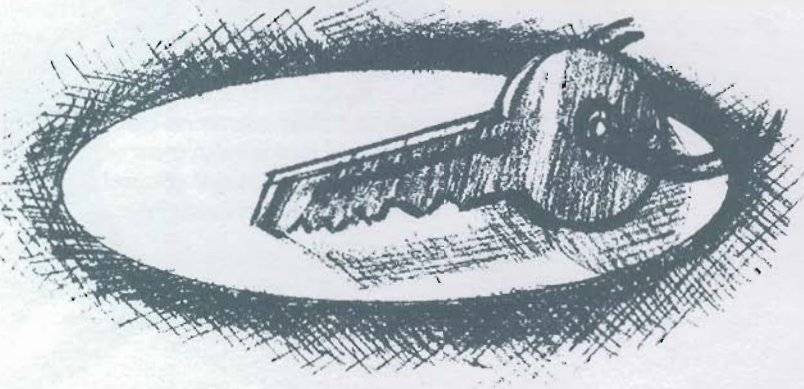
It also is identifying other submarkets where potential clients might be concentrated—

Parents Without Partners or Lamaze classes, for example. In approaching these groups, Peace of Mind not only determines if the groups publish newsletters in which it might advertise; it also offers, as a public service, presentations on how to find high-quality child care. While the company makes no direct pitch in these presentations, it is in a position to offer its services to anyone who inquires.

Other groups, such as obstetricians, pediatricians, real estate agencies, women's social clubs, schools, and churches, are being explored. Peace of Mind also targets an important potential market segment—families just moving into a new neighborhood—through a publication put out by the New Neighbors League.

Trade shows are another way that Peace of Mind gets in close touch with prospective clients, attending parenting and family fairs whenever possible.

In spite of obvious differences between Peace of Mind and Vitek, they're pursuing their markets in similar ways: through more focused, personal relationship-building that cuts across various marketing disciplines. It's not the answer for everyone, but for many, the business-to-business "laser beam" strategy may help you find the right "key" to unlock the opportunities just waiting to be tapped in the marketplace.



A FRESH APPROACH FROM OUTSIDE THE FIELD

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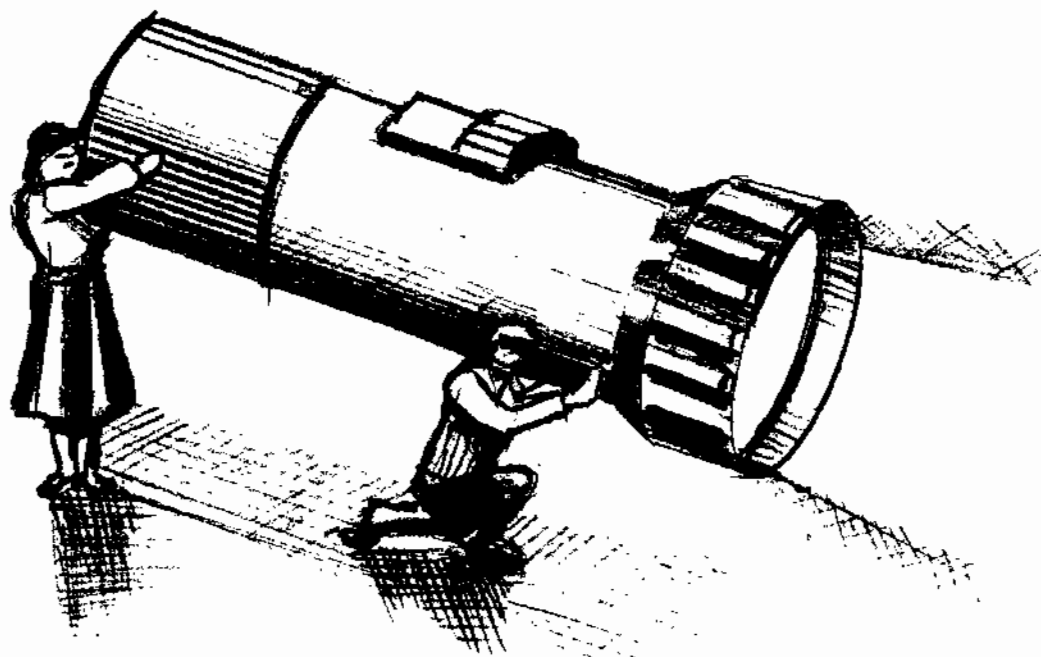
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