

Internet Home Business Ideas: Niche Marketing

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Niche marketing is focused on small, but still profitable group of customers, which is too small for big companies. But with sound research you could target this niche market with a quality product which is wanted and make a good income online.

According to Wikipedia, the free encyclopedia, a "niche market is a focused, targetable portion (subset) of a market sector".

Using this definition, niche marketing is the process of finding and serving market segments, that are too small for big companies to serve them profitably defined by the volume of sales. The key to niche marketing is to find and develop a service or product that is in high demand for the small group of potential customers, but the number of these customers is still high enough, so that you can be potentially profitable nonetheless. The service or product should be selected based on the unmet customer need. To maintain a profitable volume of sales, niche marketers are reliant on the loyalty of customers. To increase the customer loyalty it is important to focus on the quality of the product or service provided, this will generate customer satisfaction, trust in the product or service, and consequently sales.

How to find a niche that is profitable?

The most important and difficult task to do when starting niche marketing is doing site research. As with any business it is much easier to start with something that you are interested in and excited about. Since this is an internet home business, and most traffic (85%) to the websites will be determined by the big three search engines Google, Yahoo and MSN, it is a good place to start your research from. This research should focus on the following three aspects, as described above for a niche market:

High demand: Using tools like Inventory Overture (<http://inventory.overture.com>) you will be able to find out whether the product you have in mind is wanted. Type in your niche market term describing your product and you will see how many searches for this term and other related terms were done in the past month. The number of searches per month will depend on the niche market, but in general look for terms that are not higher than 20,000 a month.

Low supply: Take the selected terms and type in these terms in the search engines. The results will give you an estimation how much competition there is or how many sites are available on the internet for these niche marketing terms. Ideally there should be a good balance between the number of searches and results a month. As a thumb rule, you should look for terms that have less than 1,000,000 searches per month for Google, 400,000 for Yahoo and 250,000 for MSN. Based on the balance between demand and supply you could reduce the number of terms and narrow down your market niche.

Profitability potential: Once you have the reduced list of niche market terms, you also need to know much advertisers would like to pay for each term. Use for example Google Adwords, and select for the last time based on the results terms with the highest pay per click.

With these definitive niche market terms in mind, you could be able to optimize your website for two or three of terms, by adding relevant content to your site, concentrating around these terms. Because the chosen terms (and related product) have been selected based on three criteria which are typical for a niche market and your research conducted 'live' with the three big search engines, you have already all the conditions to be successful in niche marketing. In internet marketing in general, most are aiming for the big fish with a lot of competition. In contrast with niche marketing, you are looking for small fishes. But if you know where they are by conducting sound research, the catch might be greater and more frequently.

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