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STRATEGY

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# Five ways to find your business niche and dominate it

## AUTHORS

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Going up against the big players in any industry can be a daunting prospect for startups and small businesses, but there's a secret to levelling the playing field: specialising. The more niche your business, the easier it is to redefine your unique selling proposition in a narrower field. It's the magic of making yourself look like a bigger fish in a smaller pond.

Not every niche is lucrative enough to sustain a business, however. So how do you go about identifying gaps in the market that might be worth pursuing? Here are five boxes to tick when you're on the precipice of launching an idea.

## Finding your niche

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### Define the niche

Spotting a gap in the market is really about identifying unmet needs or finding under-served customers. This often

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comes from knowing the industry well and discovering an unsatisfied segment. Some of the more lucrative niches are in areas where bigger players cannot meet more complex customer needs because they either don't have the specialist knowledge or haven't set up their business to accommodate these types of clients.

For example, being in the mortgage game allowed me to see that self-employed applicants weren't being well served by mainstream lenders. So I focused on developing and marketing products suited to that specific group, which meant we were no longer competing with banks because they didn't have the capacity to maintain specialised documentation offerings. We were suddenly in a field with only a handful of other, much smaller, players which meant we could be competitive.

One mistake people make at this stage is straying outside the definition and accepting a wider range of jobs or customers out of fear that they won't get enough business. You don't need to fit everybody — in fact, it's best if you don't. Stick as close to your specialisation as you can because defining your niche helps define your business.

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## **Qualify the niche**



It's not enough to find a niche — you need to know if it pays. If you're looking to accelerate your business, identify existing unmet needs and untapped demand. Research is essential before launching your business, you have to quantify market potential today and assess what that might look like in the future too.

I knew my mortgage business had a solid foundation because the low-doc market is a trillion-dollar industry worldwide with about \$20 billion in Australia per year. The fact that there was a whole segment being overlooked by the big players meant it was ripe for competition.

A pitfall for many entrepreneurs is that they want to be pioneers and revolutionise an industry, but fair warning that that road takes a lot of time and money and fails 99% of the time.

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#### **Evaluate the niche**

Pay attention to red flags. You might have a great idea for a business and wonder why no one has thought of it before, only to find out someone did but it failed. Ask questions: why didn't this work? If I do it differently, could it be successful? Am I willing to put in the research, time, money and effort to do it

right? Is it worth investing in for my business and brand?

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## **4 Own the niche**

Once you've 'shrunk' the pond, make sure you're the biggest fish in it. That means really understanding your customer, and then developing systems and processes that are better than what's out there. Make sure the under-served become the well-served.

The best way to make sure this happens is to have employees or franchisees who really get it. For example, our niche is self-employed customers and our franchise is a self-employed model, which means our people can relate directly to those they serve. One of your first acts of business should be taking out the pain points, this could be anything from risk fees to lengthy application processes, by removing these you'll be able to dominate.

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## **5 Act quickly and decisively**

There's definitely an advantage to moving early on a niche so if you find you're onto a good thing, act quickly and decisively to secure your position. It's okay not to have every little detail ironed out as long as you're familiar enough with the industry to know the niche is solid enough to sustain a business. It also

sustain a business. It also

helps to have a vision for where you're going to take both your business and the niche in the future so you can move forward from there.

Finding a niche requires good observation and a deep understanding of an industry; evaluating its viability is a matter of investigation and due diligence. Successfully bridging a gap with a business requires a two-tiered approach: define your niche in a way that reduces the number of direct competitors and then dominates that competition. Do it as quickly as possible and you'll benefit from being an early mover.

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## ABOUT THE AUTHORS



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Ryan Gair is the CEO and co-founder of Rate Money.

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