

THE ESSENTIALS OF NICHE MARKETING

INTRODUCTION

Niche marketing has been a popular concept among academics and practitioners over the last years, and niche marketing is commonly accepted as an important tool in today's marketer's toolbox. Niche marketing has been applied to a variety of industries, products and services over the last couple of decades, such as: food products (Tregear, 2003; Suryanata, 2000; Tamagnini and Tregear, 1998); wine and beer (Jarvis and Goodman, 2005; Anand, 1995; Saperstein, 1994); retailing (Ashworth, Schmidt, Pioch, and Hallsworth, 2006; Heim and Sinha, 2005; Azuma and Fernie, 2001); tourism (Trunfio, Petruzzellis, and Nigro, 2006; Raynor and Weinberg, 2004; MacKay, Andereck, and Vogt, 2002); airline travel (McKechnie, Grant, and Fahmi, 2007; Raynor and Weinberg, 2004; Olson and Slater, 1996); fashion, textile and apparel (Parrish, Cassill, and Oxenham, 2006b; Doeringer and Crean, 2006; Parrish, Cassill, and Oxenham, 2004); banking (Cocheo, 2010; Dusuki and Abdullah, 2007); accounting services (Lowry and Wrege, 1996); health services (Reichman, 2005; Volz, 1999); chemical industry (Guisinger and Ghorashi, 2004); and metropolitan regions (Filion, Hoernig, Bunting, and Sands, 2004).

However, there is no widely accepted definition of niche marketing. Applied definitions are, admittedly, often based on versions of Dalgic and Leeuw's definition of a niche market: "a small market consisting of an individual customer or a small group of customers with similar characteristics or needs" (Dalgic and Leeuw, 1994, p. 40), and their definition of niche marketing: "positioning into small, profitable homogeneous market segments... ignored or neglected by others" (Dalgic and Leeuw, 1994, p. 42). Still, there are multiple approaches to niche marketing and its operationalization; is niche marketing an applied strategy, a generic strategy (Porter 1980), or part of marketing (segmentation) strategy?

Also, the actual (positive or negative) outcomes and managerial implications of niche marketing remain unclear. Increasing diversity in consumer tastes and habits, and the changing needs of business and organisational markets are likely to favour firms that can better tailor their offerings to this fragmented market, according to some authors (Dalgic, 1998; Dalgic and Leeuw, 1994), but few empirical studies have addressed such issues. One exception is Linneman and Stanton (1991) who found that niche marketing strategy is profitable. In sum, however, there is a need to collect and report the current status of all our knowledge on the success criteria, as well as potential problems with pursuing niche marketing in different markets.

In spite of the numerous articles on niche marketing published over the years, there has been no known throughout review of academic publications on the topic of niche marketing since Dalgic and Leeuw's (1994) seminal work. In light of the concerns above there seems therefore to be a need for a current and systematic review of recent published findings, to accommodate advice to further academic studies as well as for practitioners. This paper will thus identify the main applied research methodology for published academic articles on niche marketing and the reported results of niche marketing based on these articles, in turns of reasons for why firms initiate niche marketing, the benefits and success criteria of niche marketing, the settings in which niche marketing is applied, potential problems with using

niche marketing, as well as identifying future research opportunities. In the following sections of this paper the methodology of this review is presented, followed by the presentation and discussion of its results.

METHODOLOGY

In order to establish the current state of the art of niche marketing research, a literature review of published academic articles related to niche marketing, is called for. The last substantial literature review on the subject was conducted in almost 20 years ago (Dalgic and Leeuw, 1994), so academic articles published in 1994 or later make up the target population of this review.

The first step was a search in August 2011 within the ABI Inform database for 'niche market/marketing/strategy and focused marketing' in citations and abstracts in academic (including peer reviewed) journals in multiple databases. In addition we searched for papers that make reference to Dalgic and Leeuw's (1994) paper. For the time period from 1994 to the 4th of August 2011, the search yielded 562 hits.

In step two a number of search terms were used to narrow down the number of hits: 'drivers/antecedents, outcomes/effects/consequences, pitfalls, and performance/profitability of niche marketing'. This search was conducted on the entire document text (when available), but did not exclude papers for which only the abstract was available. During this process the number of articles was reduced to 235.

In step three these 235 abstracts were reviewed by two researchers to eliminate irrelevant papers, including papers published in not related disciplines (like biochemistry), doublets, papers not substantially treating niche marketing (but e.g. only point to possibilities for exploiting niche markets/niche marketing, without any obvious empirical or theoretical contributions for the purpose of this research), editorials, brief practitioner/consultant notes, and book reviews. In order to avoid disqualifying relevant papers at this stage, a paper was not excluded if there was any doubt about its relevance. During this process, the number of papers was reduced to 92.

During step four, the remaining papers were manually reviewed by two independent researchers. During this step 74 papers were eliminated from further analysis because they lacked empirical or theoretical contribution, and 18 papers were retained for analysis.

Finally, in step five, each paper was coded in terms of; the research approach adopted, and findings (reasons for initiating niche marketing, benefits, how to succeed, when niche marketing is effective, potential problems, and suggestions for future research).

FINDINGS

In the following, the findings of this review are presented according to the applied categories.

Research approaches

As shown in Table I only two papers, Echols and Tsai (2005) and Swaminathan (1995), apply quantitative analyses. These articles are based upon time series analysis of public data. The remaining articles used some form of conceptual or qualitative approach, either through case studies, qualitative in-depth interviews of key personnel, or did not employ any research approach but communicated industry insights in terms of viewpoints or commentaries.

This lack of quantitative analysis is possibly a consequence of the absence of accepted definitions, operationalizations and established measurement scales of niche marketing constructs, which hamper any meaningful tests of niche marketing constructs and variables.

Insert Table I approximately here

Reasons for initiating niche marketing

Table I further presents the research findings in the reviewed articles, starting with identifying the reasons for firms to initiate niche marketing. Based on this review it appears that niche firms could start with niche marketing of either of the two main reasons; of opportunity and of need.

The opportunities could be based upon market (de)regulation, spotted market inefficiencies, internal strategic capabilities, polarizations of market needs or other changes in market demand and identified specialized or high value markets. The need for pursuing niche marketing are reported to follow from overcapacity in saturated markets, lack of (country-) specific advantages, being small and competing with much larger rivals, low prices or deflating prices, increased competition, decreasing demand, survival and pressure between increasingly oligopolistic upstream and downstream sectors.

There was one additional reported reason for starting with niche marketing, besides of need and of opportunity. This notable exception is a dedication to a particular firm concept (company philosophy, culture and values) (Greco (1997)).

These findings overlap substantially with the combined suggestions by Dalgic (1998), although following somewhat different approaches. Dalgic (1998) offered a list of reasons for starting with niche marketing, consisting of: to avoid competition/confrontation with larger companies, to devote its energy to serving a unique market, to enhance on an opportunity, for survival, survival strategy which eventually leads to either harvesting or divestiture and for competitive strategy – to penetrate large and existing markets.

Benefits of niche marketing

The benefits of pursuing niche marketing, as reported in the reviewed articles, consisted of growth possibilities, value creation and perceived value, profits, increased sales, prices and market shares, customer retention/loyalty, increased competitiveness, perceived as leadership role, some degree of protection, higher purchase frequency and performance.

The success criteria; how to succeed with niche marketing?

As Table I indicates, there are numerous success criteria for niche marketing. These include differentiated (unique) product, high quality product, brand, dynamic capabilities for different stages; sourcing, production (location, expertise quota/licence) and marketing & sales (close and long-term relationships, reputation and image), commitment, corporate entrepreneurial structure, first-mover advantages, market and customer knowledge directly or through wholesaler/distributor), customer value, multiple label strategy, sufficient volume, design and sourcing capabilities, firm reputation, tradition, limited number of customer types, intellectual property tools (trademarks and geographical indications/protection), control of marketing channel, natural, communication, timing, design, story, involved in highly embedded network, constantly upgrading quality/reinvention, specialist identity, positive place of origin, optimal retail environment for end customers, service, dedicated and knowledgeable staff, conquer similar competitors and avoid category killers, avoid head to head competition, focus on high-margin and fast growing business globally with little competition, state of the art production equipment, stay true to strategic concept, do not sacrifice profit for volume, develop a niche when market concentration is low.

Niche marketing settings

As Table I shows, niche marketing strategy is a viable option in different settings and industries. The review suggests that global and competitive markets with large actors and market inefficiencies represent an opportunity for niche marketing. So is a situation with many, and generally small, actors/suppliers, mature and concentrated markets and some commodity markets. Also when market structure in general is characterized by many intermediary levels, threat of lower-priced entrants, consists of specialty (such as organic or special channels) and/or fragmented markets, pursuing niche marketing is a viable option.

Potential problems of niche marketing

The reported potential problems of niche marketing are few in numbers, based on the reviewed articles. However, several articles warned about possible product cannibalizations when having multiple products, losing control of distribution channels, lack of market and customer knowledge, competitor attacks and aggressive responds from generalists, changes in consumer demand resulting in decreasing niche, conflict of interest with powerful downstream channel members, low-cost new entrants, price pressure, temptation to go public, slower growth, the niche may attract broadline firms and new entrants and questions of sustainability of niche market.

Future research opportunities

Table I lists the suggestions for future research as indicated in the reviewed articles. The opportunities include conducting quantitative studies, increase sample sizes and cases from other countries/settings, include consumer perceptions, contrasting small and large firms pursuing niche marketing, expansions strategies, management orientations, use of marketing communications, differences between niches compare niche firms internationalization processes with 'born-globals', polarization into product and brand attributes and structure of inter-firm network.

NICHE MARKETING RESEARCH: AN ASSESSMENT OF STATUS AND FUTURE OPPORTUNITIES

In this section the current state of art is assessed. In what areas has niche marketing research evolved since the review by Dalgic and Leeuw in 1994? What are the unresolved or disputed issues in need of further research attention?

First, our work supports the view that there is a lack of a clear and widely accepted definition of niche marketing. This can probably explain the limited number of quantitative studies compared to qualitative ones. However, many of the qualitative studies exploring the success criteria or similar purposes related to niche marketing have produced additional and valuable knowledge related to niche marketing the last couple of decades, although many of these criteria also were suggested by Dalgic and Leeuw (1994).

Also, the applied settings for successful niche marketing have been explored extensively, and niche marketing has been applied to a number of different industries, to firms of various sizes, in domestic and international contexts, and it has been suggested to be effective in newly established and growing industries, as well as in mature industries. Further, the reported benefits of pursuing niche marketing are numerous, particularly within the areas of increased profits, prices, sales, growth, market shares and competitiveness, provided potential problems are dealt with and taken into account when planning or deciding on the choice of strategic concept.

When it comes to the more unsettled research areas, a few areas stand out, particularly relating to definitions and attempts to separate niches and segments. Several of the applied definitions of a niche market bear clear resemblance to definitions of a segment, although it frequently is claimed that niche and segment should be treated differently. 'It is necessary to distinguish clearly between segmentation and niche marketing', state Shani and Chalasani (1993, p.58). Failing to do so have both conceptual and operational consequences, and may fail to produce straightforward recommendations practice. But how easy is it really to make this distinction? Several attempts have been made to separate the possible concepts of niche marketing and segmentation, and most efforts take a similar approach to one of the following; segmentation is the process of breaking a large market into smaller and more manageable submarkets or subsegments, while niche marketing is a process of carving out a small part of the market whose needs are not fulfilled, or in other words, a 'top-down' versus a 'bottom-up' approach (Shani and Chalasani 1993), or, alternatively, claiming that a niche is a smaller part

of a segment or a segment within a segment or a pocket within a market, and where niche marketing is seen as the last stage of segmentation (Keegan et al., 1992).

Both approaches, although different, may appear appealing to academics and practitioners. It is nevertheless problematic to develop research for any of these two approaches, particularly in light of the operational problems. To make things worse, segmentation literature has, and with some success, made the claim that a segment could consist of one single customer. An example of this claim is made by Kara and Kaynak (1997), who suggest that the inherent automation capabilities in manufacturing now allows marketers to bring out individualized version of products, resulting in product markets of one. Further discussion related to 'the segment of one' and 'one-to-one marketing' is offered by e.g. Dibb (2001), who suggests that one-to-one marketing will play an important role in future marketing strategy, along the more traditional type of segmentation (i.e. consisting of a group of customers). Admittedly, she also raises the question of whether the concept of a 'segment of one' actually can be regarded as a segment, given that the traditional definition of segments involves 'a group' of customers (Dibb 2001). However, if the concept of one in segmentation literature is accepted, this brings clear challenges to defining a niche as a smaller part of a segment, because how can a niche market be smaller than a single customer?

Further, there is problem of measurement due to the nature of niche markets, with its 'uniqueness', which even may consist of a single customer. If the niche markets are really unique, measurements of differences and similarities between potential niches and comparisons of these potential niches and non-niche markets will be difficult to make. There are no known studies that successfully have managed to publish such measurements. Admittedly, the PIMS Studies (Linneman and Stanton 1991) have managed to measure differences between small and large markets, but this does not ensure that these small markets are actually 'niches', only small. And, as has been pointed out, a niche market does not even have to be 'small', only 'narrow' (Lindsay 2007). For example, firms pursuing a (multiple) niche strategy, such as Johnson & Johnson (Dalgic and Leeuw, 1994) and Heinz (O'Reilly, 1995), can by no means be described as 'small', and the same applies to their markets.

The overall conclusion at this date is that it is difficult to separate a niche and a segment, based on existing research literature. Thus, niche marketing should not be treated as a theory of its own and not as a separate construct as such, but as an applied marketing strategy, as an extreme case of segmentation theory, or alternatively, within the broader marketing strategy literature. This is in accordance with Dalgic and Leeuw (1994) who made suggestions along the same lines. Still, even though niche marketing and segmentation strategy appear to be largely overlapping, we disagree that this implies that niche marketing only should be seen as the last stage of the segmentation process, as suggested by Keegan et al. (1992), and listed as one of the two approaches in Dalgic and Leeuw (1994). There are no substantial reasons for excluding the possibility of defining niche marketing as 'a process of carving out a small part of the market whose needs are not fulfilled', as suggested by Chalasani and Shani (1993) and listed as the other approach by Dalgic and Leeuw (1994), even though segmentation and niche marketing are overlapping.

What, then, is niche marketing? In regard to the applied definitions, most of the articles that were reviewed in this research simply used the term 'niche marketing' as given, without further delineation, or briefly referred to the term, before moving on to other issues. Of the articles that attempted to offer a definition of niche market, some settled by substituting niche with 'small'. Those authors that made a further effort also included the term 'specialized', and their definitions entailed small variations from the definition offered by Dalgic and Leeuw

(1994, p. 40): 'small market consisting of an individual customer or a small group of customers with similar characteristics or needs', where focusing on such a market is termed niche marketing, appeared to be the popular choice.

The second, and less popular approach, follows the claim made by Chalasani and Shani (1993) that niche marketing 'is a bottom-up approach where the marketer starts from the needs of a few customers and gradually builds up a larger customer base'. However, this approach is confronted with the claim of 'the segment of one' (Dibb, 2001; Kara and Kaynak, 1997), which is in conflict of 'gradually building up' at all, but also in terms of the implied conceptual thinking where the focus is rather on 'building down' than building up. Further, the findings from the reviewed articles suggest that niche marketing is frequently used in mature industries rather than new ones, and that niche marketing often is a response to the increasing concentration and competitive pressure in the industry with larger and more dominating firms and lower prices, as the time and product life cycle evolve. Lastly, as in most research related to niche marketing, this claim is not supported in empirical studies. Thus, the claim made by Chalasani and Shani (1993), which implies that industries may start up with a specialized supplier and one or a few customers, and then potentially be able grow to a large industry with many actors, contradicts empirical findings. In sum this suggests that this approach is not sufficiently comprehensive for defining niche marketing as such.

In addition, the field of niche marketing suffers from another challenge that further complicates; the perception of a niche market varies across individuals, firms, industries and settings. For instance, as Parrish et al. (2006) provide an example of how Honda perceives to offer a two-door sports car to a niche market, while Porche perceives such a car to be a basic product. Parrish et al (2006) further claim that the concept of niche is complex, and that it is made up of the three main components of strategy, product and market.

Accordingly, the development of a suitable (parsimonious and comprehensive) definition appears to have evolved only marginally since 1994. In order to contribute to defining niche marketing, we suggest to go back to Dalgic and Leeuw (1994). In their article, Dalgic and Leeuw (1994, p. 40) also offered a general definition of niche, based on Webster's Dictionary (1992): 'A recessed space or hollow; specifically a recess in a wall for a statue or the like, any position specifically adapted to its occupant'. No reviewed paper published after 1994 followed this alternative line of thinking. However, by exploring this definition and applying it to business, there are a few interesting points that could be used to enhance the work on a definition. For instance, 'a recessed space or hollow' fits nicely with the 'process of carving out a small part of the market' (Shani and Chalasani, 1993). Further, a recessed space or hollow implies that three of the four sides are covered, or protected, while there is an opening to the fourth; the larger, referral, market. This interpretation has two implications; first, a niche market may need a larger, referral market, for making a meaningful definition. It is at least much easier to distance, contrast and compare something when there already is an existing and larger entity as a reference. Second, the three protective sides of a 'recessed space' resemble greatly that of a situation of limited competition, where there are effective barriers preventing or hampering competitors in entering the niche marketplace. Obviously, these issues of a larger referral market and effective barriers to competitors have been insufficiently dealt with in past research.

This review suggests that an attempt to defining niche marketing should consider three important aspects that separate niche from segment and where there are sufficient potential to come to a general research agreement about what should be included in niche marketing. These aspects are: First, a niche market is narrow in scope. The terms 'small' and 'narrow'

are often used interchangeably, but narrow appears to be most applicable. Second, niche marketing requires specialized skills or assets, which enables product differentiation (perceived uniqueness) and enhanced value for customers. This also includes customer-desired pace of product development, or, rather, dynamism. Third, a niche market is possible to protect through effective entrance barriers. Such barriers for competition could be product quality/attributes (e.g. organic salmon, a product with a paler color which is not interchangeable with the more common referral product); Personal and long-term customer relationships and dedication/commitment (provides retention and loyalty); Patents, Protected Geographical Indications and Certifications schemes for organic or environmental products; Collective identity/credibility/valued as specialists by consumers; Focus on markets that are more capital and technology intensive (particular effective when competing with firms or countries with low-cost advantages); Aiming at markets with production seasonality (results in little interest from large actors, and is feasible within some industries, such as food).

By carefully attempting to include these important aspects and by using an adapted version of the definition offered by Shani and Chalasani (1993) (but substituting ‘small’ with ‘narrow’), we suggest the following definition of niche marketing:

A process of carving out a narrow part of a market which can be effectively protected and whose needs can be fulfilled by a differentiated and valued product

This definition does not deny the similarities between niche and segment, but it differs from segmentation in fundamental ways. First, the definition does not require a full segmentation process in order to end up with a particular niche. A partial and selective process suffices. This is in accordance with the findings of Toften and Hammervoll (2009). Second, the (niche marketing) process could be either a ‘bottom-up’ or a ‘top-down’. Third, the definition allows for niche marketing both in new and in mature industries, following the definition offered by Chalasani and Shani (1993). Fourth, this definition includes aspects of strategy, market and product, as suggested by Parrish et al (2006). Fifth, the often suggested criteria for niche marketing; specialization, differentiation and value, are all included in this definition. Sixth, the effective competitive barriers or protection is included, as suggested the general Webster-based definition of niche as referred to by Dalgic and Leeuw (1994).

What then is not known related to niche marketing, and what directions can be pointed at for further research? Obviously, much more work can be done with regard to definitions, operationalizations, measurements and, if possible, construct development. All these activities are required to enable empirical testing of niche marketing phenomenon. However, much work remains before this objective can be effectively met. By developing a generally accepted definition it will be easier to develop useful operationalizations and measurements, and thereby enabling meaningful quantitative tests.

An interesting opportunity is to study niche marketing across time, e.g. with reference to the product life cycle. It has been claimed that niche marketing is effective when offering a new product to the marketplace (Chalasani and Shani 1993). Niche marketing has also been claimed to be effective in mature industries, with high concentration and price pressure (e.g. Byron and Lehman, 2009; Parrish et al 2006a; Parrish 2010; Schüßler 2009). Why is this so, and what about the stages in between; how can niche marketing be pursued in growth industries? Such research has the potential to increase our understanding of niche marketing.

Further, the issue of creating effective barriers to new entrants to a niche market needs further attention. This is a critical issue for effective and sustainable niche marketing. We do have substantial information about possible barriers, but there are few, if any, studies focusing on

this matter in a structured manner, attempting to identify them, establish what makes them effective, how they are actually put in use in practice and how they can be sustained over some time.

Finally, although there is an abundance of niche marketing examples in the literature, there is still room for more applied examples of both success stories and stories about failures in regard to niche marketing. More examples describing how firms have managed to carve out a narrow part of a market is of particular interest.

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Source/ ref	Res. approach	Reasons for initiating	Benefits	How to succeed	When effective	Potential problems	Future research
Cameron (2011)	Case study	Opportunity (market deregulation, market inefficiencies) Need (small, little country- specific advantages	International growth possibilities Increased value creation	First mover Create core specialized knowledge Leverage knowledge into dynamic capabilities Keep corporate entrepreneurial structure	Global and competitive market with large actors and market inefficiencies Finance sector	Questions of sustainability of n.m.	N/A
Parrish (2010)	Case study	Need (general overcapacity and oversaturated market)	Increased profits, sales and market share, customer retention/loy alty perceived as fashion leadership role, increased competitiven ess	Differentiated product and brand (through private label) Market and customer knowledge and Perceived customer value Multiple label strategy Label consistency Sufficient volume, design and sourcing capabilities	Mature industry, Fashion retailing	Cannibalizations (for multiple niche strategy), can be reduced through successful differentiation	Increase sample size Include cases from other countries Quantitative study Include consumer perceptions
Toften & Hammervoll (2010)	Qualitative study, in- depth interviews	N/A	N/A	Specialization, differentiation (high product quality, product customization, perceived customer value, firm reputation, tradition, consistent quality) Narrow geographic market or	Seafood and wine industries, consisting of numerous small and medium sized firms, although	N/A	Assess strategic capabilities further, contrasting small and large firms applying niche

				<p>limited number of customer types</p> <p>Develop strategic capabilities for different stages; inbound logistics (access to high-quality raw materials), production (location, expertise, quota/licence) and marketing & sales (close and long-term relationships, reputation and image)</p> <p>Market knowledge through wholesaler/distributor (importers) which also facilitates the firms' dynamic capabilities</p>	main market is described as standardized and volume/price-oriented		<p>marketing techniques, study niche firms in other stages of value chain than for production, expansions strategies, management orientations influence strategic decisions, use of marketing communications</p>
Toften & Hammervoll, (2009)	Qualitative study, in-depth interviews	Opportunity (based on strategic capabilities)	N/A	Resource-based advantages, differentiated, and high-quality products (based on tradition, chance or production philosophy) and long-term personal relationships and commitment, focusing on traditional markets	Norwegian seafood industry dominated by a number of small and medium sized, firms with a strong export dependency	Losing control of distribution channel	<p>Explore and test differences amongst other niches, industries or contexts</p> <p>Identify resource levels where the STP-process is applicable</p> <p>Relate niche firms' international marketing strategies with 'born globals'</p>

Byrom & Lehman (2009)	Case study	Opportunity Need (small actor competing with two dominating industry actors)	Increased sales, market share and profit	Unique (premium)products/differentiation (stress history, tradition, reputation) State of the art production equipment Market and customer knowledge	Mature and concentrated market (beer) Family-owned Multiple niches	N/A	N/A
Schüßler (2009)	Case study	Need (low prices on commodity) Opportunity (Increasing polarization of market (large part with low quality beans and small part high quality beans/niche market))	Better price and profit	Protection through intellectual property tools (trademarks and geographical indications) Product identity Unique production areas (capability) Brand and customer value Market knowledge or control of marketing channel	Commodity market in general (coffee) Market structure (many intermediary levels; market dominated by a few global corporations)	N/A	N/A
Lau, Beverly, Kelley & Hanagriff (2007)	Industry insights/literature review	Opportunity caused by changes in consumer demands (health/safety and quality)	Higher growth rates (profits uncertain)	Product differentiation, adapted production practice Natural standards	Natural/organic beef market,	Lack of market knowledge	N/A
Parrish, Cassill &	Qualitative study, in-	Need (increased	More competitive	Consumer knowledge;	Mature industry,	N/A	N/A

Oxenham (2006a)	depth interviews	market competition, price deflation and overcapacity)	and profitable	Differentiation Providing customer value; Specialized product; Effective market; communication; Brand image; Product uniqueness	textile and apparel		
Parrish, Cassill & Oxenham (2006b)	Case study	Need (due to competitive situation) Opportunity (profitable niches within market)	Increased profits and market share, more competitive, some degree of protection	Understanding market wants/needs and providing a product to fulfill that need; understanding what price the consumer base within the market is willing to pay; for the product; providing to the market what the consumer base within the market perceives as value; understanding the market and the consumer base within the market better than the competition; offering the service that the market requires; and offering an innovative product to the consumers in the market that they need; Company skills match the market needs; Timing; Communication; Perceived value	Mature US textile and apparel market, competing with lower priced imports	N/A	N/A
Jarvis & Goodman (2005)	Analysis of purchase data	Need (survival strategy for small firms)	Higher purchase frequency/loyalty	Product uniqueness (product quality, premium product, generic product name, defined and consistent brand associations, packaging design, unique story); Niche channel and relationship marketing	Wine industry in Australia	N/A	Polarization into product and brand attributes to identify attributes capable of carving out niches

Echols & Tsai (2005)	Quantitative analysis based on public data	N/A	Niche positions and its firm performance depends on the network conditions in which a firm is embedded (high social embeddedness supports high performance)	Be involved in a highly embedded network	US venture capital industry investing in IPOs	N/A	Investigate structure of inter-firm networks characterizing social context Replication of applied model with larger sample size How niches are formed and sustained
Raynor & Weinberg (2004)	Industry insights and Commentary	Opportunity (in market)	Potentially highly profitable	Sufficient size Exploit the tradeoffs that prevent powerful incumbents from competing	N/A	Understand the difference between niches and footholds	N/A
Swaminathan (1995)	Analysis of time series data	Need (to survive) Opportunity (polarization of mature market generalist vs specialist)	N/A	Specialist identity/authenticity is maintained by remaining small, and owning the winery (reputation for quality) High level of institutional support	Mature industry (wine), can be divided in generalists and specialists	Potential aggressive responds from generalists (e.g. wider product varieties, or increased advertising spending to create image of quality) Reduction in number of	Develop an understanding of the resource-partitioning process by examining the actual behavior of generalist and specialist firms Examine the role of communal

						independent distributors	support structure in the evolution of specialist organizations
Suryanata (2000)	Viewpoint/commentary	Need (squeezed between increasingly oligopolistic upstream and downstream sectors) Opportunity (high value commodity markets)	Stay competitive	Differentiate products Focus on high value products for niche markets Apply positive place-of origins Recognized symbolic meaning of food products	Commodity market	Losing control once new products have been introduced. Powerful downstream channel members take over, forcing the niche firm to come up with new products. Low cost new entrants from other countries	N/A
Tamagnini, & Tregear (1998)	Review and market test	Need (decreasing niche demand locally) Opportunity (available and similar niche markets abroad)	N/A	Specialization of producer's skills to promote differentiation from others Specific product attributes (unique product with special characteristics, such as high quality, natural, traditions, certified as PGI) and communication to inform niche consumers (of its uniqueness and high quality) Retail environment for the	Specialty food products	Decreasing niche demand	N/A

				product needs to be optimal			
Greco (1997)	Viewpoint	Dedicated to a concept/value Opportunity (high growth) Need (competition)	Rapid growth Profitable	Relationship-building Service Customer knowledge Dedicated and knowledgeable staff following the stores' culture and vision Constant reinvention Conquer similar competitors (but avoid the category killers)	Fragmented, but low-cost and –price oriented in general. Niche chains in three different industries: natural foods; educational toys; apparel and housewares	Pressure on prices Temptation to go public	N/A
O Reilly (1995)	Viewpoint	Opportunity	Profitable	Focus on high-margin and fast growing business globally with little or no competition. Avoid head to head competition Multiple niches. Constant rebirth Concentrate on what they know and stay true to strategic concept State of the art production equipment Do not sacrifice profit for volume	Food market	Slower growth	N/A

Noy (2010)	Conceptual paper	N/A	N/A	Develop a niche when market concentration is low The dynamism of the environment should be considered	N/A	The demand in niche may diminish or disappear The niche market may become attractive to broad-line firms and new entrants	Carry out empirical analysis using a multidisciplinary approach
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