

Niche marketing - Finding the right niche

*In times when the cultural sector is increasingly being required to respond to government imperatives to be inclusive, **Anne Millman** argues in favour of focusing on specialist markets.*

The concept of niche marketing is one that is interpreted in a variety of ways. For some organisations, it is part of a spectrum, sitting between its larger brother 'market segmentation' and its more bespoke sibling 'one-to-one marketing'. For others, it is the focus of their operation, whereby they concentrate exclusively upon selling to a small market, at a low cost base, in order to establish a strong position within their niche. But perhaps it is easiest to understand niche marketing simply as a dynamic association between a specialist product and a small number of people, engaging in a relationship that is constantly evolving.

Niche marketing succeeds when it creates a marriage between a specialist product and an equally distinctive and specialist market. It also works well when there is the potential for an 'intimate' relationship between customer and product; when the product's reputation can be influenced by word of mouth; when long-term relationships are possible between the customer and the organisation; and when customers within the niche share common characteristics.

The time is right

A sizeable proportion of organisations in the cultural sector operate niche marketing strategies almost by default. For example, a large cultural provider such as the bfi both produces and plays host to a range of niche products, attracting highly specialist users: the BFI's publication *Sight and Sound* attracts a high income, high social grade consumer, in contrast with its DVD purchasers who are markedly different in demographic and lifestyle profiles. Or take an arts centre, such as the Barbican in London, with its plethora of different product lines and consequent diversity of individual niche markets: the market for its classical music subscription is worlds away from its BITE (international theatre) events and markets.

But, in fact, the product-led nature of most cultural organisations, coupled with an 'inclusive' political agenda, means that niche marketing is still in its infancy, although undoubtedly its time has come. In the 1980s, the first generation of arts marketers soon proved that keeping costs down, sending customers information that would be of interest to them, and increasing revenue as a result, simply made sense.

The onward march of technology and improvements in data capture saw segmentation techniques burgeoning in the 1990s, coupled with an exponential growth in marketing savvy among cultural organisations. So much so, that many are now poised to shine the spotlight on customers' specific needs, and to engage in a dialogue that is mutually educative and profitable. Markets are steadily fragmenting, individuals are responding against globalisation and federalism, and as studies by the Henley Centre have so well demonstrated, consumers are on the hunt for the authentic, the bespoke, the one-off.

Exemplary success

Perhaps surprisingly then, I have come across remarkably few instances to date where cultural organisations are really engaging their niche products with niche markets, and where they have a fully rounded understanding of those markets' wants, needs and lifestyle characteristics.

One exception to this is the Hallé in Manchester. As Britain's longest established professional symphony orchestra, the Hallé has built an enviably loyal relationship with a strong customer base over many years, and like other orchestras, presents a contrasting menu of product lines. One of these, a subscription series known as Opus One, provides an outstanding example of niche marketing, and displays all the success factors described above. In addition to a consistently high quality concert series that is distinctive in its content, the product and customer base are intimately bound together - to the extent that the customers themselves are very much a part of the product. The majority of those attending this series have been doing so for seven or more years; and the age, lifestyle and geographic profile of the customer base is remarkably consistent.

Tickets are sold by a volunteer group of Opus One Leaders, who organise sales, distribution and transport for members of the scheme. Incremental subscription discounts are given for different sizes of groups, with groups of 50 or more regularly accounting for a high proportion of sales. Central to the success of this scheme is consultation with the Opus One Leaders over proposed product developments and a responsive attitude to customer opinions; plus tailoring the communication mix to Leaders' requirements. It is no wonder that satisfaction rates are soaring and that recent research concludes that attenders can now be persuaded to purchase more concerts in an extended series.

A good niche

So what must a niche have if it is to prove fruitful for the organisation concerned? As demonstrated by the Hallé, it must:

- Be sufficiently large to be profitable (in attendance terms, or revenue, or both)
- Have growth potential
- Be of little interest to competitors.

For the cultural sector, the key to successful niche marketing will be focusing upon activities where the organisation has particular strengths, and ensuring that the product is clearly differentiated from others (not difficult for most). This needs to be accompanied by investment in research to inform product development and to ensure that the organisation not only knows the niche customers intimately, but keeps track of their changing influences and motivations.

Customer databases that can link customer data with marketing information are also critical for developing in-depth relationships and defining the optimum communication mechanisms: a lack of basic customer information is a major barrier for many organisations when it comes to more bespoke marketing techniques, and even in the most sophisticated operations I frequently come across fragmented information systems.

Upsides and downsides

Following on from this last point, there are of course, a number of disadvantages that are well worth considering in this context. These are likely to be:

- Failure to identify a niche with growth potential, resulting in stasis or decline (in attendance, financial income, or both)
- Providing the same offer as other niche marketers
- An organisational inability to relate to and communicate with the niche
- Failure to evolve with the niche as it responds to the changing environment
- A lack of visibility in the wider marketplace
- An inability to attract niche markets to other aspects of the organisation's offer
- Lack of demonstrable value for money with regard to public subsidy
- Conflict with stakeholders' objectives concerning inclusivity.

But on the positive side the growth in niche marketing in other sectors in the 1990s is no accident. The merits of this approach, therefore, include:

- Suitability for smaller organisations with small resource bases
- Suitability for larger organisations marketing a range of product lines (multi-niching)
- Avoiding competition through specialism
- Identifying markets with growth potential
- Enrichment in the relationship between customer and provider
- Engendering of repeat business and long term loyalty
- Benefiting from continued advances in data capture and e-marketing opportunities.

And the final most significant benefit, I would argue, is that inclusion and exclusion are not mutually exclusive: focusing on the few can often be more inclusive than attempting to attract the many.

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