

# Guide to Finding Niche Markets

## Step One: Brainstorm Potential Markets -

- **Get started by considering your own interests.** At this stage, there's no need to worry about whether or not your interests will prove profitable. We're primarily interested in creating a long list of potential topics. Look around your home for ideas, comb through old yearbooks, and think about your preferences when it comes to entertainment.

Above all, though, try to be specific. If your list includes items like “Sports”, “Fashion”, or “Crafts”, it's too broad. You don't have to be as specific as “winter fly fishing in Wisconsin Dells”, but as a general rule, if it's broad enough for an entire brick and mortar store, it's probably too broad for your website. “Real world” stores have to deal with geographic limitations to their businesses, so they have to take a broader approach to appeal to more of the people in their area. On the internet, you can draw from everyone in the world who speaks your language and has the same interest.

- **Consider your career.** Have you had the opportunity to perfect any particular skills or learn about areas you could use for a website?
- **Explore additional sources for ideas.** The reason for this is two-fold. First, you may come across personal interests you had forgotten or hadn't yet considered. You'll also get dozens (or hundreds) or new ideas that could prove profitable.
  - **Do It Yourself:** <http://www.doityourself.com> – An enormous number of people own homes, and there are a tremendous number of potential niches and problems your site could solve.
    - **See also:**
      - **Do It Yourself Network:** <http://www.diynetwork.com>
  - **eHow:** <http://www.ehow.com> – eHow is an especially useful resource, because you can view topics and sub-topics in increasingly narrow categories. By viewing the number of pages in each category and the total comments on each page, you'll be able to make some loose assessments of a topic's popularity, too.
    - **See also:**
      - **Expert Village:** <http://www.expertvillage.com>
      - **VideoJug:** <http://www.videojug.com>
  - **Nextmark Mailing Lists:** <http://lists.nextmark.com> – Nextmark offers a comprehensive listing of thousands of commercially-available mailing lists. These lists are divided by hobbies, professions, catalog purchases, and numerous other groupings. Browsing their database can give you an almost endless supply of ideas.
  - **Embarrassing Problems:** <http://www.embarrassingproblems.co.uk> – Rather than speaking with friends or even professionals, many people use the internet as their first source of information on embarrassing personal problems.
    - **See also:**
      - **Shop In Private:** <http://www.shopinprivate.com>
  - **Hints-n-Tips:** <http://www.hints-n-tips.com> – Common household problems make for

common searches.

- **NAICS:** <http://www.naics.com/search.htm> – NAICS, the North American Industry Classification System, offers extremely detailed breakdowns of different industries and the size of the market based on the number of existing businesses in the U.S.
- **Magazines at the checkout** – Magazines are masters of compelling headlines, and they know precisely which topics grab their audiences. Look through a number of different magazines, starting with the headlines and working your way through the inside. You can also check out the extensive magazine sections in large brick and mortar bookstores, as they often carry numerous small niche titles.
- **Tradepub.com:** <http://www.tradepub.com/> - While not often found in consumer retail locations, trade publications can provide numerous ideas for niches, many of which are less glamorous but also less competitive. Most of these magazines are made available for free to those who qualify, and you can often get a free copy by inquiring about writer's guidelines, as well.
  - **See also:**
    - **Free Trade Magazine Source:** <http://www.freetrademagazinesource.com/>
    - **Business Magazine Network:** <http://www.businessmagazinenetwork.com>
- **See your home in a new light** – Walk around your home and consider every item you see as a new business or website. Your rug, your lightbulbs, your silverware, and your books could all give you potential ideas.
- **The Ezine Directory:** <http://www.ezine-dir.com> – Ezines are essentially just newsletters that are delivered through electronic means (usually e-mail). By browsing directories of available ezines, however, you can get numerous ideas for your own business.
  - **See also:**
    - **Zinester:** <http://subs.zinester.com/>
    - **Jogena:** <http://www.jogena.com>
    - **Ezine Locator:** <http://www.ezinelocater.com/>
- **See your home in a new light** – Walk around your home and consider every item you see as a new business or website. Your rug, your lightbulbs, your silverware, and your books could all give you potential ideas.
- **Read the Yellow Pages:** <http://www.yellowpages.com> – If you don't happen to have a phonebook at home, you can browse the Yellow Pages online.
  - **See also:**
    - **Switchboard.com:** <http://www.switchboard.com>
    - **SuperPages.com:** <http://www.superpages.com/>
- **Think of your favorite holidays and seasons** – While “summer” may be a little broad, what about specific summer activities?
- **Keyword Research Tools** – If you're new to online niche research, this could seem a backwards. After all, how are you supposed to use the tools to find niches when they ask you to enter keywords? It's very simple, actually. Instead of entering in keywords, think about common queries. Try entering in broad phrases like, “How do I” and “Tips for” or “how to get rid of”. Remember that a large number of people still treat search engines like humans who can understand their questions, and so they enter in their

searches accordingly.

▪ **See:**

- Google AdWords External Keyword Tool:
- Wordtracker Keyword Research Tool:
- Keyword Discovery Keyword Research Tool:

- **Think of things people need frequently** – While a business centered around a certain style of high heels or apparel may be popular for a short time, trends come and go (and frequently, they take your income with them). Other products, like ink cartridges, diapers, office supplies, and vitamins run out eventually, prompting customers to make additional purchases. These topics can lead to great long-term sales and traffic when done well.
- **Amazon.com:** <http://www.amazon.com> – You can get almost anything at Amazon, including some very valuable information. By browsing Amazon's categories, you'll not only get ideas for potential websites, but you'll be able to view data on which products are most popular and which other products are typically purchased alongside those items.
- **Clickbank Marketplace:** <http://marketplace.clickbank.com> – Clickbank is a marketplace for information products, and their Marketplace is designed for potential affiliates to browse products they might be interested in promoting. It's also an extremely valuable tool for getting niche ideas. Pay attention to the gravity score, as it will give you some idea of how popular a given product has been.
- **Browse the web's top 500 retailers:** <http://www.internetretailer.com/top500/list.asp> - you can rest assured that these businesses wouldn't have made it to the top 500 if there weren't some kind of interest in what they're selling.
- **AffSpy:** <http://www.affspy.com> – AffSpy is a tool designed to let affiliates browse offers made available through numerous networks in one convenient location. The convenient subject browsing feature makes it easy to use for idea generation, too.
- **Browse affiliate networks** – Not all affiliate networks are listed with AffSpy, particularly when it comes to consumer product-oriented networks. These networks can be invaluable sources of ideas and data to help you determine which are most effective.
  - **See:**
    - **Commission Junction:** <http://www.cj.com>
    - **LinkShare:** <http://www.linkshare.com>
    - **ShareaSale:** <http://www.shareasale.com>
    - **Google Affiliate Network:** <http://www.google.com/ads/affiliatenetwork/>
    - **PepperJam:** <http://www.pepperjamnetwork.com/>
- **Watch Trends** – While long-term steady traffic can be great, there's a lot of quick cash to be made in trends if you're able to act fast. You can follow different trends at the source by reading magazines like Cosmo, Vogue, and Real Simple, or watching shows like Oprah and Good Morning America. For a faster approach, you can browse trend sites online.
  - **See:**
    - **TrendHunter:** <http://www.trendhunter.com>
    - **Google Trends:** <http://www.google.com/trends>
    - **TrendWatching:** <http://www.trendwatching.com/>

- **Gizmodo:** <http://www.gizmodo.com>
  - **Engadget:** <http://www.engadget.com>
- **Shop Socially** – Social shopping sites are a relatively new innovation, and they allow users to create profiles and add their favorite items from retail sites around the web. These sites are great for marketers because they allow us a peek inside the shopper's mind. You'll get plenty of new ideas on these sites, plus you'll be able to see which items are most popular among different segments of shoppers.
- **See:**
    - **ThisNext:** <http://www.thisnext.com>
    - **Kaboodle:** <http://www.kaboodle.com>
    - **Wists:** <http://www.wists.com>

### **Step Two: Locate Potential Audiences Online –**

Once you've developed a list of 5-10 potential topics, start to locate these audiences online. If you found your topics on specialized sites, this may not take long. On the other hand, if your topics were found on general interest sites, or if your topics don't immediately give way to relevant forums or online communities.

Remember that while the ideal niche is fairly narrow, you may have to think in broader terms to find communities. For example, there are many people who wish to use a Cricut scrapbooking machine, but that doesn't mean that there will necessarily be communities solely focused on that skill. You may have to move to broader topics like scrapbooking or even something as broad as crafts to find the users you'll need to target.

Google (or your search engine of choice) will be your friend with this stage. In the example above, searches like "Cricut books", "Cricut tips", "Cricut blogs", or "Cricut forums" could help you uncover sites that discuss your chosen topic.

If you can't easily find at least 10-15 relevant communities or websites, it may be a sign that your niche is either too focused or not in demand. In relatively rare instances, it may also be a sign that your site is in demand, but few sites are competing to fill that demand.

### **Step Three: Locate the Hot Topics -**

In every audience, certain issues and topics are bound to be more popular than others. In a credit repair forum, for instance, you may find a large number of users discussing ways to repair their credit through disputes, or how to locate auto loan companies that are willing to work with bad credit customers. Go through the sites you located in Step 2 and focus on these types of hot issues. Keep a list.

Aside from reading forums and niche websites, you can also locate these hot topics by visiting sites that use social promotion methods. Pages like Digg.com, StumbleUpon.com, and Reddit.com can make it extremely easy for you to find the most popular topics within a given niche. Simply visit the site and search for words related to your chosen topic.

### **Step Four: Determine Desperation -**

Once you've found hot topics within the niche(s) you're exploring, you need to find the topics that are most likely to turn into sales. These are the topics that make people a little (or a lot) desperate. Products or services that can help people with their most burning desires are bound to outperform mere “wants” and “maybe someday”.

To determine whether a niche, product, or service caters to those driven by desperation, consider the questions below. Notice from these questions that passionate visitors are not enough. You want to select a niche around an urgent need that is driving your visitors to do almost anything to remedy the problem.

- Does your potential visitor suffer from an embarrassing personal or social problem?
- Has your visitor lost control of some aspect of his or her life?
- Is something holding your visitor back from achieving a major personal goal?
- Is your visitor driven by financial need?
- Is your visitor hoping to regain something lost (health, figure, hair, etc.)?
- Does your visitor have a strong need to learn a particular skill?
- Has your visitor invested heavily in something and come to a stumbling block or usage issue?
- Is something affecting your visitor's ability to realize a long-time dream?

If you're having a hard time finding niches that satisfy questions like these, consider a popular concept from psychology – Maslow's Hierarchy of Needs. Basically, the theory tells us that people have different levels of needs, and in most cases, people must satisfy lower levels before they can hope to satisfy the needs above them. Starting from the bottom, the levels are as follows:

- **Physiological Needs** – Needs like food, water, sex, sleep, and excretion.
- **Safety** – Security of body, employment, resources, morality, family, health, and property.
- **Love & Belonging** – Friendship, family, sexual intimacy.
- **Esteem** – Confidence, achievement, respect from others.
- **Self Actualization** – Morality, creativity, problem solving, acceptance of facts.

The lower a need appears on the list, the more likely it is that your visitor will be driven to make a change. When reflecting on your niche and focus, try to come up with issues that fall near the lower range.

### **Step Five: Evaluate Market Size -**

Suppose that in exploring firefighting as a topic, you found that approximately 1% of all firefighters suffer from a particular nagging medical issue. That might seem like a good topic until you start to realize that 1% of all firefighters isn't a particularly large market. Instead of wasting your time on topics for which there is little or no demand, use the methods below to determine market size online.

- **Keyword Tools:** Although there are numerous keyword tools in existence, the very best for determining market size is Google's Keyword Tool. In 2008, Google added numeric data to their tool, which means that you can now get data that reflects 60-70% of the total U.S. search market in one tool.

When you're getting started, it can be difficult to determine exactly how much volume makes a successful niche – and truthfully, there is no correct answer. A page with a 10% conversion rate can get by with significantly less volume than a site with a .5% conversion

rate.

Based on December 2008 results from the Google Keyword Tool, we see that the word “mortgage” appears in an average of 68 million searches each month. A few others for comparison:

- auto loan – 501,000
- stand mixer – 368,000
- scrapbooks – 135,000
- tennis rackets – 135,000
- dog toys - 201,000
- fireplace dvd - 5400
- dance wear – 74,000
- fake snow – 9900

All of the topics above are highly profitable to companies that specialize in them, even though some appear to have relatively low search volumes. For that reason, keyword tools are better for eliminating the “no search” niches than evaluating one niche over another. Note that in many cases, competition goes up significantly as volume increases.

- **Magazines** – In general, if a topic is large enough to support an entire magazine, it's large enough to be profitable. In many cases, smaller topics that are prominent within a publication can also be successful.
- **Competition** – Although you may occasionally find untapped niches that are in high demand, remember that such cases are the exception, not the rule. If you don't see many competitors, pay especially close attention to other indicators.

### **Step Six: Find the Money -**

If you're going to make money from your endeavor, you need to find ways to monetize it. Depending on how you intend to structure your business, there are a few paths you can take. Note that most successful businesses will use a combination of these methods.

Even if you plan to develop a product of your own, you should still conduct a thorough investigation as described in the points below. When you sell your product, you will be collecting e-mail address of your customers, which gives you an outstanding opportunity to promote other products to that audience at a later date. To skip this opportunity would be the equivalent of throwing away money.

- **Promote a specific product (or many products):** This approach involves partnering with someone who has already developed a product. In exchange for promoting that product, you will receive either a set commission rate or flat payment. Note that percentage-based commissions are by far the most common arrangement. You can locate products for this type of promotion through the following methods:
  - **Affiliate Networks** – Affiliate networks catalog literally thousands of products you could potentially promote.
    - Clickbank:
    - Commission Junction:

- LinkShare:
  - ShareASale:
  - Google Affiliate Network:
  - Azoog:
  - MaxBounty:
  - Clickbooth:
  - CX Digital:
  - Neverblue Ads:
  - Aquasis:
  - Rocket Profits:
- **Google** – Use Google or another search engine to locate companies that produce products or offer services in your chosen niche. If affiliate information isn't directly available, contact the companies directly and explain what you're doing. Most will be happy to work out an agreement that lets you earn money for promoting their product.
  - **Read Industry Magazines** – Notice which companies are advertising throughout the magazine, especially those in the classifieds (located near the back). These are typically smaller companies, and many will be both willing and able to partner with a small publisher like yourself.
  - **Create a Product:** The actual process of product creation could be another course entirely, so we won't spend too much time on this option. If you feel that a market is hungry for a particular product and you can't locate existing providers to promote, this can be an outstanding way to earn a profit in your niche. This particular option can also include selling valuable information as a product, something that can be extremely profitable if the information is desirable to your audience.
  - **Earn Ad Revenue:** Whether you decide to promote other products or not, ad revenue is another great way to monetize your niche-based site. Many companies that don't engage in affiliate relationships do purchase advertising, so this option may give you the ability to earn money promoting products you couldn't otherwise monetize.

To research possibilities for earning ad revenue, explore the following sites and note opportunities for sites like yours. Niches that can be directly related to profitable business segments tend to do especially well with on-site advertising.

- **Google AdSense:** <http://adsense.google.com>
- **Yahoo! Publisher Network:** <http://publisher.yahoo.com>
- **AdBrite:** <http://www.adbrite.com>
- **ADSDAQ:** <http://www.adsdaq.com>
- **TribalFusion:** <http://www.tribalfusion.com>
- **Text Link Ads:** <http://www.text-link-ads.com>
- **Performancing Ads:** <http://www.performancingads.com>
- **Widget Bucks:** <http://www.widgetbucks.com>
- **Kontera:** <http://www.kontera.com>
- **Blog Specific Resources:**
  - **PayU2Blog:** <http://www.payu2blog.com>
  - **PayPerPost:** <http://www.payperpost.com>
  - **BlogAds:** <http://www.blogads.com>
  - **SocialSpark:** <http://www.socialspark.com>
  - **Federated Media:** <http://www.federatedmedia.net>

- **Review Me:** <http://www.reviewme.com>

### **Step Seven: Review and Decide -**

Now that you've given yourself a crash course in one or more niches, use the following form to put things in perspective.

**Topic:** \_\_\_\_\_

**Do you have a unique angle on the topic?** YES / NO

**Does the topic relate to a desperate need? If so, what is it?** \_\_\_\_\_

\_\_\_\_\_

**Are there printed magazines that serve my niche? If so, how many?** \_\_\_\_\_

\_\_\_\_\_

**Describe the average monthly search volume.** HIGH / MEDIUM / LOW

**Who would be your largest competitors?** \_\_\_\_\_

\_\_\_\_\_

**How will you be earning money on your site?** \_\_\_\_\_

\_\_\_\_\_

**How much will you need to invest in the project (both time and money)?** \_\_\_\_\_

\_\_\_\_\_

Once you've completed this form, stick it away for a few days before giving it one final “common sense” evaluation. Feel free to ask friends and family for their opinions as well, but remember that it may be difficult for them to relate if your topic is not relevant to their lives.

Although this may seem like a lot of work, remember that creating an entire site around an unprofitable idea is far more work (for little to no reward!). By following these steps, even a relative newcomer to online marketing should have no trouble brainstorming and choosing a profitable topic.