

The Underground Marketer Podcast – Episode 34 – Full Transcript

Introduction 00:00:03 Marketing, explosive growth, and revolutionary secrets that can catapult your business to new heights. You're now listening to The Underground Marketer Podcast with your host Tudor Dumitrescu, the one podcast devoted to showing new businesses how to market themselves for high growth.

Tudor Dumitrescu 00:00:24 Welcome to the underground marketer. This is the place where we deliver the real truth about marketing and explore bigger ideas that can help new businesses thrive and grow into big ones. I'm your host Tudor. And today I want to discuss the idea of discovering a niche for yourself, where you can truly make big profits and grow a business. So, first of all, we need to address why niching is actually important and why it's actually helpful for you. And out of all the subjects that we discuss, I think that this one plays the biggest role in the success of a business. Assuming of course, that you're actually executing on your plan. So choosing your niche is really important and actually having a niche it's going to, number one, help you demand higher prices. And the reason for that is that there's less supply, right? The more niche you are, the more unique you become.

Tudor Dumitrescu 00:01:23 You know, there's a thousand, let's say marketing agencies, but there are fewer marketing agencies for dentists. For example, we're going to talk later, actually, why dentists is not a good niche in itself, but just so that you get an idea, the smaller you go into a market in terms of addressing a segment of that market, the higher prices you can demand because you perceived as being more specialized and more unique and better able to address their specific needs. Niching will also help you convert much better, right? So if you are having discussions with people, if you're interacting with people, people tend to ignore more of the same. You know, everybody, for example, is getting messages. If they own a website to improve their SEO, most of those messages get ignored and it almost doesn't even matter what you write inside of them because it's just the same old, same old.

Tudor Dumitrescu 00:02:23 Whereas when you have a niche and you're focused on a particular group of people, you're automatically more unique and your message is going to convert better because it's easier to capture their attention. And lastly, niching down will help you to instantly be perceived as an expert and as the number one choice to solve their problem. So, um, if people have a lot of choices that leads to commoditization and commoditization means low prices and very difficult for you to get work because people don't really have a reason to choose you as opposed to anyone else out there. So then it's just a matter of luck. They only chose you out of luck. So let's say that there are 50 suppliers on the market. You're one of them, then you're probably going to get one out of 50 customers, right? Because it's just luck. There's no reason for them to choose you over and above anyone else.

Tudor Dumitrescu 00:03:24 And in fact, if you don't need it down and you go into an established industry, it's even worse because everybody else has a reputation and you have none, right? So it's almost impossible for you to compete in that kind of environment. So that's why you need to consider niching down in your business. And most people who take business seriously and who are successful at it, they know how to establish niches successfully and exploit them to maximize their profits. When you're thinking about this, the gut reaction of a lot of people are asking questions such as will my niche be too small. What if I lose customers? And there's all sorts of fears around niching down for this reason another one is, but what if I can help more people than just this niche. So I'm going to try to address this question. So first of

all, for people who fear that a niche is going to be too small, well, in most cases, this rarely happens because people have a tendency to do the opposite of niching by default, particularly because they have this fear.

Tudor Dumitrescu 00:04:36 So it's very unlikely that you're going to select a very small market. Maybe she lives in a small town and you're thinking to target dentists between a hundred thousand and 200,000 in revenue in that city. Maybe then it's going to be too small, right? Because there's going to be like five companies, maybe, that you can reach out to. But I mean, if there are a thousand, 10,000 plus companies that you can reach out to, I would say 10,000 plus, that's a good number. Your niche is not too small. Even if there were only a thousand, most likely your niche is not too small because you're going to be able to convert a much larger segment out of those a thousand. And I mean, if your lifetime value is big, you know, if your lifetime value is like \$50,000, for example, and you can convert even 30% of those, that's a lot of money.

Tudor Dumitrescu 00:05:34 That's a lot of revenue that you can access. So most fears of niches being too small or unfounded, they're not actually too small. You just have a gut reaction to that, and the fear really of missing out. And it's about sidestepping that and thinking rationally about it and thinking about what the actual size of the market is, and also taking into account, you're going to be able to convert a lot more of those people by niching, down than you would be. If you went broader. Now, what about people who already have businesses, but they don't have a nature. And they say, well, my customers are all over the place, right? So what am I to do? You know, I will, I will actually end up losing customers if I go down and proceed to niche. Right? And the answer to that is that you probably don't want to throw away the existing customers that you have initially, but you just started hunting for customers in your particular niche.

Tudor Dumitrescu 00:06:34 Whenever the existing customers want service from you so long as it doesn't detract from serving your niche, go ahead and do it for them. Point in time will come when you've brought so many people from your niche, that you're the previous customers that you have are becoming a distraction. And that's the moment when you want to consider firing those customers and focusing entirely on your niche. So again, if you already have an established business, but you don't have a niche and you have random customers consider niching down in terms of your future sales process, because it's going to help you win more customers and win the more easily and make them make higher profits overall, you know, you're going to be able to charge more and charge a premium. So now that we have an overview of what niche-y helps you with the common worries around niching, let's discuss a bit about what is not a niche, because a lot of people, when it comes to niching down, they're confused.

Tudor Dumitrescu 00:07:34 So for example, somebody says that I'm a marketing agency for small businesses and they consider that if they say that they're a niche, but they're not a niche because there's millions of businesses out there that are considered small businesses. And there's a lot of variation between them. They're not similar. So as a small business, who's a manufacturer of clothing is very different from a small business who cleans homes, for example, totally different. They have different problems. They have different considerations, different market conditions, almost everything about them is different. And just the fact that there is small business doesn't really mean anything in that context. So a niche only really becomes a niche when it's actually a meaningful segment of the market that shares some common

characteristics. And the small business is not one of them. The same thing holds for service businesses. You have people out there that are saying that, oh, I'm targeting.

Tudor Dumitrescu 00:08:35 I'm going to target service businesses. Well, guess what I mean, there are, again, millions of businesses that are service businesses, probably one out of two businesses and in some countries more than that are service businesses. So, I mean, you're literally saying that you're going to target everyone and you're trying to sort of deceive yourself that you are niching down when, in truth, you're not. How about something like SAS companies? That's a niche, right? Well, large, really? So there's again, for example, targeting a SaaS company like Photoshop, right? So the Adobe suite, all of it is a software as a service nowadays, you pay yearly for you, you get the software and you use it. You can install it on as many machines as the license allows you and so on. And that kind of SAS business is very, very different compared to a SaaS business that allows you to automate a large portion of your accounting, right?

Tudor Dumitrescu 00:09:33 They solve entirely different problems. They are targeting entirely different customers. Everything about them is different. The way they run their businesses, different, the type of employees that they have is different. How much they invest in research and development is different. Everything about them is not the same. So saying that you're going to target both of them. Again, you're not creating a meaningful segment of the market with shared characteristics. It's way too broad. On the other hand, if you were to say that you are targeting SaaS companies that create, that help businesses communicate more effectively with their customers. Now you are starting to have a niche, right? Because you're going to include SAS companies, such as email marketing automation, SAS businesses, or those that do customer service. You're starting to define a clear niche when you start to dig in like that other things that are not niches lawyers, doctors, dentists, accountants, a lot of people say, oh, I'm a marketing agency for lawyers, or I'm a marketing agency for dentists, but those are not actually niches, right?

Tudor Dumitrescu 00:10:44 The guy who is a sole proprietor and he's a lawyer and he's running his own office, he's going to be very different from the law company that has headquarters 50 states of the U S let's say, and they're employing thousands of lawyers, very, very different. And they have very different needs. They have very different processes of making decisions. They are very different problems. You're not creating a meaningful segment of the market by saying that those there are in each and the same holds true for doctors, dentists and accountants. This, I encourage you to think deeper than this, you know, and we're actually going to go into a process that you can use to discuss, to really create a niche for yourself. But before that, I also wanted to say that a niche is not a market. And here's what I mean by that. So a lot of people think that there is a segment of people and they have, they're waiting, you know, cash in hand for you to come along and just ready to give you their cash in exchange for your product or service.

Tudor Dumitrescu 00:11:56 And they think that the challenge is about sort of discovering this market of people and transforming them into buyers, right? And that's not actually the case. So I think that very often, rather than discovering a niche, it's about creating a niche in a market for ourselves. And the way we do that is through positioning. And we're going to go that into that in more depth, when we actually investigate how you can actually create your niche. So remember that it's not a market, a niche is not a market, and it's not something that you discover. It's something that you create out of an existing market. So if you consider that an existing market is a place that contains, let's say, all the lawyers or all the SAS companies,

that's a market, right? You have to create a segment within that market and that's going to be your niche.

Tudor Dumitrescu 00:12:56 So let's go into that. And I mean, once you do create your niche, and once you scale your niche and you become an authority in it, and you become established, it's very easy to level up right into expanding your niche. And that's what a lot of companies have done. And that's how they've grown. Right? So think about, for example, Facebook, Facebook started out as a social media for college students, and that's all it was initially. And it was expanding across colleges. And after that, it gradually shifted out to a social media for everyone, right? But it didn't start there. We didn't try to compete with MySpace Friendster. And so on high five across all levels, it chose a specific niche. And it said, we're going to dominate this niche first. And once they achieved that goal, then they expanded. And it's much easier to expand after you've conquered a niche.

Tudor Dumitrescu 00:13:49 Right? So now that I've clarified that let's go straight into, how do you actually go about creating your niche? So there are three steps. Step number one is that you should choose something that is really an intersection between something that pays you well, something that you're passionate about and something that you are skilled in. So a lot of people, they want to create products or services. And I recommend that you make a list of in the case of services, you make a list of services that you can deliver or could deliver. And in the case of products, if you're thinking about this, I recommend that you start by thinking about products that you use already, and that are meaningful to you and make a list of those services and try to rate each one. You know, let's say that email marketing is one of them.

Tudor Dumitrescu 00:14:43 And Facebook ads is another, try to rate each one on a scale from one to five, where one is the lowest and five is the best in terms of three criteria. So pay how much they pay, how much passion you have for them. So much. You enjoy doing that activity. And number three, how much skill you have and rate all of them, and then look at your entire list and try to choose one. And I have to emphasize here the importance of passion over the others. So passion is a lot more important than pay or skill. This doesn't mean that you should choose something. We have a lot of passion for it, but it doesn't pay. And you're not really skilled at it. Obviously that's a bad choice. It's just that you shouldn't choose something that's high pay and you are highly skilled in, but you totally hate it.

Tudor Dumitrescu 00:15:37 Because if you do that, you're going to feel miserable. You're not going to be motivated to work, and you're not actually going to likely achieve any result. So again, don't separate your life from your work. If you're building a business, the whole point of building a business is that you're actually going to enjoy what you're doing. You're going to find it meaningful. And it's not going to be the same old, boring stuff that you could be doing in a job, right? In a job, you do boring stuff that you don't really like to do, that you're not passionate about, that you're not enjoying. And that's okay because it's a job, right? It's not your full time thing. It's not what you live and breathe. But if you're going to go through the hard work of starting a business, you have to choose something that you're passionate about because otherwise you're missing the point, right?

Tudor Dumitrescu 00:16:24 You're going to spend a lot more than you spend in a job working on this. And you're going to be more miserable than you are at your job. And I mean, even if you're successful in it, somehow, you know, maybe you have other people helping you, maybe your team ends up dragging you longer, whatever is the case. Maybe you're just lucky you're going to be miserable and you're not going to enjoy that. Right. And when I say that, you

have to enjoy it. I'm not necessarily speaking about enjoying the activity itself. So maybe you choose email marketing. Maybe you have no particular passion for writing emails. You know, you don't hate it, but like it either, but maybe you have a passion. For example, for helping a group of people, maybe you are really passionate about helping. Let's say, let's say you're a Christian and you're really passionate about helping other Christians.

Tudor Dumitrescu 00:17:18 So maybe you could use email marketing to help some sort of Christian businesses, right? And then that's something you can be passionate about. So passion is not just about the service or the product itself. It can also be about the audience, about the mission behind it, about anything like that. I just wanted to emphasize that don't choose something that pays highly and you are highly skilled in, but you totally hate don't do that. It's going to be a mistake. It's preferable, choose something. You know, where the pay is decent. You're unskilled, but you are really passionate about for whatever reason, whether that's the product or the audience, the mission behind it, the values involved, the people you interact with, something. So that's number one, that's step number one, step. Number two is that you have to learn to position yourself in this niche as the number one authority.

Tudor Dumitrescu 00:18:17 And we have a full episode about positioning. It will be in the show notes. So you'll be able to click on it and check it out. If you want to listen to that one, it's very insightful. But basically positioning involves putting a twist on your niche that really differentiates you from the competition and ends up creating another sort of category. Right? So I'll give you an example that everybody knows about. So everybody knows about Coca-Cola and red bull, right? So a red bull is in the market for soft drinks, but they've created their own niche. They didn't try to compete with Coke, head to head, you know, because Coke was much bigger. They control distribution. They had pretty much no chance to beat Coke on its own terms. So they had to go the roundabout way, which is to reposition the competition, right? So if Coke was a casual drink that you would have, whenever you felt like it, red bull was something really strong that tasted badly.

Tudor Dumitrescu 00:19:22 And that gave you wings. That was strong. It was for them, to give you energy to us, to energize you. So they've created a niche in that market, a segment of people who didn't want to drink any soft drink, you know, they wanted something that strong that made them strong. That's why red bull comes, you know, in a small, can not a big bottle, right? A small can and the smaller the can, the more we think that it's more potent, right? So you think about a medicine if you have to drink a lot of it, right? To get an effect. You naturally think that it's less potent, but if you just have to drink, let's say a drop of it instantly. You're like, wow, this is powerful stuff. Right? So it's the same thing here. So red bull, what they did was that they created their own niche in that market.

Tudor Dumitrescu 00:20:09 People who wanted to be energetic, confident, whatever, and they dominated it and created, putting that spin on your competition and creating a different category. It's really about getting very clear about who you're helping, what specific problem you're solving for them. And what's the specific result that you're delivering for them? So let's say again, that the problem that you are solving, let's say that your service is email marketing, and you're going to target SAS companies who help their customers communicate more effectively with their own customers. So those are like email marketing platforms, customer service, SAS businesses, and so on. Let's say that they are your niche, your who, so what problems are you solving for them? Well, the most common problem that can be solved by emails for such companies is reducing churn rate. So basically reducing the number of people

who want to subscribe from their service and also keeping their audience engaged and making sure that they have access to the resources that they need.

Tudor Dumitrescu 00:21:18 So I would say that one problem that you could peak at is reducing churn rate. So you can say that we help SaaS businesses who provide communication software to reduce their churn rate and increase their monthly recurring revenue. So, um, or maintain their monthly recurring revenue. So who are the SaaS businesses who provide communication software? The problem is a high churn rate and the result is a reduced churn rate and more stable, monthly recurring revenue present, and obviously increased customer lifetime value. So that's how you position yourself and create this sort of positioning statement, which includes who you're serving, what problem you're resolving, and what the result looks like is going to immediately make you stand out. If you've done your niche incorrectly in the prior step and you chose something and you've actually thought about the who in depth. And again, you didn't pick something like every lawyer.

Tudor Dumitrescu 00:22:21 And you've tried to specify, you know, when you think about who it's very important to dig deeper into it and ask yourself, you know, who stands to benefit most from my product or service? Let's say that again, you're, you're helping SaaS companies. So we chose the SaaS companies that have the biggest problems with churn rates, who are they, you know, and sort of go into that and discover the characteristics. Maybe there are people who are just starting up SaaS companies that are just starting, maybe they're SaaS companies that are already established. Maybe they're massive SaaS companies, I don't know, but you have to establish, and you have to dig into the who and identify the common characteristics of that segment of the market. And that's how you actually create your niche. And after you've done this and you've positioned yourself and you know very clearly who you're targeting, what problem you're solving and what results they can expect.

Tudor Dumitrescu 00:23:20 And again, this past question that we went over with is going to really help you go after people that you can actually help and that you can positively obtain a result for, which is very important. So after these two steps, step number three is just to pump out content. And remember that content is king, right? So content is actually, what's going to help other businesses find you without you actually doing any outreach, you know, without you investing your time or other people's time, content is what's going to help you become the number one. Whenever people have this problem, you're going to be the first in their mind and content has to be published regularly, take advantage of social media, share content on social media, build up SEO and these things. They're all things that are going to take time. It's also going to be easier, right?

Tudor Dumitrescu 00:24:13 Because you niched. So creating content is easier for a niche than general. You have much less competition, much easier to rank on Google, but you're going to have to create the content and you're going to have to do it continuously. And in the long run, this is going to position you as number one, authority and number one expert. And it's sort of like, I like to think of it as building a spider web, you know, so creating content is building your spider web and the time will come when you can just sit like a big fat spider in the middle of your spiderweb and you do nothing. And the insects and the customers and whatever they come to you, they get stuck in your net and you just print money without any additional effort. So that's the ideal stage, but that takes time and it takes grinding and it takes consistently pumping out relevant and meaningful content to your audience.

Tudor Dumitrescu 00:25:06 And remember your positioning when you're creating the content. So that's who you're creating content for. And that's how you're going to make sure that you can dominate it much more easily. And content is the number one most important thing in SEO, more important than links. People think that all you have created is this small article and their article is crap, right? And there are a ton of other articles like it out there. Uh, but somehow they think that if they're just getting enough back links to daddy, oh my God, he's going to make such difference, but that's stupid. It never makes a difference because what Google values most, it's not the number of backlinks. It's the value of the content. And they're getting smarter and smarter at deciphering the value of that content for users. And so links matter less and less, you know, links were just an approximation for valuing that content.

Tudor Dumitrescu 00:26:01 And over time, things that are going to value less are going to be valued less and less by Google. And it's obvious that the smarter Google becomes the less, it needs to rely on the opinion of others. You know, that's what links are to decipher the value of something, to solve a particular search intent for a user. So that's why content is very important. Create quality content, pump it out regularly. So this brings us to a close with this episode. So remember to niche down, if you want to win, if you want to demand higher prices, convert people more easily and be perceived as the number one expert, create your own niche. It's not about discovering a niche. It's about creating it. As I remember the process, try to find something that's an intersection of pay fashion and skill. And remember, always go with something that you have some passion for.

Tudor Dumitrescu 00:26:51 Number one, step number two, learn to position yourself as the number one authority. So get very clear on who you're going to help, what problem you're going to solve for them and what results you're going to get for them. And number three, content. So that's it for today. I hope you found it useful. And you've learned about niching and what's important in niching and stay tuned for the next episode. And until next time, remember to keep growing your businesses and providing massive value to the world. You are the reason why we're all growing richer and our freedoms are expanding and we're all living in greater prosperity till next time