

## **5 THINGS TO KEEP IN MIND WHEN SERVING UNDERSERVED MARKETS**

**Going niche and catering to underserved markets has its pros and cons. Learn how you can determine whether or not going after an untapped market is right for you.**

*By Geoff Williams  
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Underserved markets sound like they would be a gold mine—but on the other hand, there may be reasons why businesses aren't serving them. Plenty of people go broke panning for gold, after all.

But some people strike it rich, too. So if you're thinking of focusing your time and efforts on a niche, underserved market, here are some strategies you'll want to consider.

1. Remember that "underserved markets" can mean a lot of things.

It's important to think about underserved markets because you could be overlooking a potentially robust revenue stream. If you suddenly find a demographic that you had never considered to target as consumers, you could discover an entirely new customer base simply by shifting your marketing dollars.

Addressing an underserved market requires careful planning and consideration. Sometimes perception isn't reality.

—James Cassel, founder and chairman, Cassel Salpeter & Co.

But remember, "underserved markets" can mean more than a gender or racial demographic.

It might be a location, such as a neighborhood or city that doesn't have many or any businesses like yours. It could be a demographic that isn't catered to much. Or it may be a group of people who have shared experiences. For instance, your business could target twins or military veterans or vegans.

2. Look for the barriers, and not competitors, in underserved markets.

If you own a burger joint, you compete with other restaurants selling burgers. And if you sell and install carpet, you're competing against the other companies selling and installing carpet. (I could offer 23 more examples just like this, but you get the picture.)

Many underserved markets don't have a lot of actual competitors (that's why they're underserved). But they often do have situations that you'll have to consider.

Maybe the customers you want to target don't have much extra money, and that's why this market doesn't have many businesses catering to them. (Would-be competitors may be afraid they can't make a profit.)

Or maybe there are challenging zoning issues, and that's why other businesses haven't put themselves into a particular community.

In other words, while you may not have many competitors in your chosen market, your "competition" might be a knotty problem you have to untangle, like figuring out how to help cash-strapped people pay for your products or services or navigating city hall for those zoning issues.

And solving the issue may take time.

"We believe one of the keys to success in going after an underserved market is patience and being in it for the long term," says Lou Hoffman, CEO of the Hoffman Agency, a communications consultancy.

"We entered China in 1998 and it took 10-plus years before it was a profitable enterprise," Hoffman explains. "Today, it's a growth engine not only for our Asia Pacific operation but [for] bringing business/revenue to the U.S."

Last November, his agency opened an office in Jakarta, Indonesia.

"Indonesia looks similar to China 20 years ago," he says, citing factors such as its population and it being a growing hub in a lucrative region in southeast Asia.

Hoffman expects the branch to be profitable by 2019 because of the lessons he learned in China. But he also recognizes that the money may not roll in right away. It takes patience and understanding to make it in underserved markets, he says.

"I think the biggest macro pitfall is you simply can't predict how things will go in the early going. There's too much variability and volatility," Hoffman says.

3. Recognize that your business may not be the right fit for an underserved market.

Boy, that sounds mean, doesn't it? But the business laws of gravity still apply here: Do your research and make sure your business can serve an underserved market and make money doing so. (You want to be able to stay in business and continue to deliver products or services to your customers.)

James Cassel, founder and chairman of investment banking firm Cassel Salpeter & Co., based out of Miami, recalls working with a prepaid cellular phone company that attempted to offer its products to an underserved market. But it didn't go well.

"The company was trying to do good and be successful at the same time, but they overpriced their service at a price point too high for that specific market. The result was a real negative for the company's image after it was repeatedly accused of overcharging an already vulnerable community," Cassel says.

You really need to do your research, Cassel adds.

"Addressing an underserved market requires careful planning and consideration," he says. "Sometimes perception isn't reality. You may think a market is underserved, but careful research may reveal that it is not. Sometimes the consumer just doesn't really need or want the product."

4. Ask yourself if your company can make the sacrifices to cater to an underserved market.

You probably will end up spending a lot of money or time, or both, in making underserved markets work out for your business. (Of course, sometimes it's no picnic trying to make it in an oversaturated market either.)

Chad Rixse is the co-founder of a Seattle-based wealth management firm Millennial Wealth, LLC, which targets millennials.

Obviously, as a group, millennials aren't underserved at all. But financial advisors and wealth management firms tend to go where the money is. Older adults generally have it; younger adults, not so much.

"It's been a challenge to be highly profitable early on," Rixse says, but he thinks it'll pay off eventually since "this generation is going to be the next great holders of wealth in our nation and somebody will ultimately need to fill the gap that exists. I'm playing the long game here."

5. Be prepared for other competitors to follow you.

Tres Roeder is the founder and president of Roeder Consulting, a project management and training firm based out of Cleveland. Years ago his consulting firm identified and entered an underserved market, aiming a program to help project managers develop people skills.

Whether project managers lacking people skills is an underserved market may be debatable—it's definitely a niche market—Roeder makes a great point when he discusses what happens next.

"We had a great run—and we were a key part of a major transformation in our profession, and then everyone else entered the market," he says.

So if you find that you've successfully entered an underserved market, expect to see other competitors follow after you.

"We trademarked a name for our program but found it very difficult to copyright and protect our unique content within the program. The main lesson has been to make sure we are clear on how to protect our investments

in new markets. Entrepreneurs see gaps. That's what we do. But how will you monetize and protect your product or service offering? That's something you should think through from day one," Roeder says.

He adds that this year, his company is launching a new service aimed at project leaders. And his company is thinking of ways to handle any competitors in the rearview mirror.

That's the good and bad thing about being successful at offering products and services to people who have long been ignored. Underserved markets don't tend to stay underserved for long.