

# Niche company urban outfitters

[Business](#), [Company](#)



The purpose of this report is to investigate the challenges of setting up a business and the difference between the major forms of business; particularly, niche markets as compared to the larger mainstream markets. Define three (3) challenges when setting up a business. Explain why they are challenges. The three main challenges when setting up a business are: cash flow, product supply and demand, and human resources. Depending on the type of business, you will have the initial cost of beginning the business prior to any income derived from that business. What type of product are you selling and is there a consumer demand for the product.

Finally, staffing the business is also a major concern. Depending on the type of business, there will often be an initial cash investment. Property will have to be acquired from which you will operate the business. The cost will depend on the location, where your product will be in demand, whether you are purchasing the property or renting; and the amount of square footage needed. The property needs to be decorated in order to display the product and there is also the expense of the inventory; labor is also involved with decorating and stocking the inventory.

Are you able to do this yourself or will individuals need to be hired? Also, do you as the business proprietor have enough cash flow to sustain your living expenses during this time, when there is no or little income available? Urban Outfitters Continuing Case Study: Creating a business. 2 The business began with an idea or product and the question must be answered as to whether or not it is in demand. Consumers must want the product in order for the business to succeed; if the consumer does not want the product, the business will fail. Therefore, one must ask if the product will be in demand in

the area where the business will be located; for example, snowsleds would not be in demand on a tropical island. Beginning a business requires an enormous amount of time and help is often needed. Unless you limit your hours of operation, it would be impossible for a single proprietor to fulfill all the hours needed. At first, one may have family and/or friends willing to invest their time, but this will only last for so long. Hiring employees is a difficult task; one must make sure the person is well suited for the position.

The individuals you hire will be representing your business. Define what a niche product is. Give at least three examples of niche products. A niche product is designed to appeal to individuals with specific interests, needs, and price range. A few examples of a niche product would include: plus size woman's clothing, import automobile repair service, and ethnic foods.

Explain why a niche product might have an advantage in a market. Would price necessarily be an advantage? Explain why or why not.

Urban Outfitters Continuing Case Study: Creating a business. 3 Niche products or services are specialized and serve a smaller segment of the market. A niche market masters a product specifically, designed to serve only one type of individual in the market. The advantage is the niche company can focus on one group of consumers. Price may possibly be lower; marketing to a smaller group of individuals is often more efficient and cost effective. However, producing a lesser quantity with a high demand would have the potential of raising the price. For example, an imported car owner desires a mechanic specializing in imported car repair.

There is not a high demand for this type of repair service; therefore, the price for this service would be higher. The higher price would not be a concern for the imported car owner because his main concern is having his car repaired correctly. Identify and explain three reasons why customers would pay more for exclusivity. 1) An exclusive product gives the impression that it is special; therefore, individuals are willing to pay more for something that is unique or special. 2) An exclusive product could be considered hard to find or purchase because of availability making it more special.

Individuals want what someone else may not be able to obtain. 3) Individuals are willing to pay more for an exclusive product in order to impress others. The person that is impressed would find value in that item. Urban Outfitters Continuing Case Study: Creating a business. 4 Explain how a niche player chips away at a larger competitor's base. Give three examples of retailers who have done this. There are three areas in which a niche player can chip away at a larger competitor's base: go after a different way of delivering a product; provide a premium product or service; and specialize in a one product line.

Barnes and Noble Bookstores deliver their product in a specialized way. This bookstore offers a wide variety of books for the reader; it would be very rare for a customer to be unable to find a particular book. One can sit in a living room type atmosphere read their purchase while having a cup of cappuccino or espresso. Second Hand Books is a chain offering pre-owned books at a greatly reduced price. This is a very generic way of shopping for books since there is no reasoning to where the books are shelved and coffee is

unavailable. Coach stores offer very expensive limited design handbags priced in the hundreds of dollars.

A customer walking into the store is made to feel as if they are the only person there. Individual attention is there for the asking making each customer feel that her business is truly appreciated. Macy's, a large department store, also offers Coach handbags; however, selection is limited since the store also offers other designer handbags. Starbucks provides gourmet coffee; their mission statement is to provide the best cup of espresso. They do not offer a food menu; their only product is the gourmet coffee. McDonald's now offers cappuccino and other coffee drinks along with their burgers and other menu items.

Although their coffee drinks are less expensive, it is well worth the price of a Starbucks to have a good cup of Java. Urban Outfitters Continuing Case Study: Creating a business. 5 Summary: Giant businesses consider niche marketing to be less profitable. However, for small scale businesses, which have just started off with their business ventures, it can be very profitable. By targeting a group of people with a specialized demand your income can soar. You are not competing with the larger mainstream provider. Therefore, you will obtain more profit with a lesser effort by limiting yourself to that specialized niche market.