

Small But Mighty Agency Podcast

Episode 92: What are the top niches for agency success in the current economy?

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What niches have the most opportunities for agencies right now? Whether you say neesh or nitch ... Yes, the riches are still in the niches. In other words, specialization, not generalization, is where growth is most pronounced, but not all niches are equal in this economy. Some niches are ripe with untapped opportunities for agency owners to carve out and tailor their expertise. So, what exactly are these lucrative niches?

In this episode, I merge valuable insights from my work with niche-specific agencies and conversations with agency owners to share an emerging pattern for success in niches..

Tune in and learn the three factors that make certain niches more lucrative than others right now.

Audrey Joy Kwan

Welcome to the Small But Mighty Agency Podcast. If you're a marketer or consultant, or a creative on a journey of growth from solopreneur to agency owner, follow along because I pull back the curtains on the realities of growing and running a scalable, service-based business and building lean team. I'm your host, Audrey Joy Kwan, I know what it takes to build an agency, whether it's from solo to three, five or twenty. I've done it, including supporting an agency owner to sell and exit. I've coached and consulted over 120 marketers, creatives, and consultants. And I've been behind the scenes of seven figure businesses. I also have a master's degree in communications specializing in organizational development. All this to say, I know what it takes to grow lead and operate a multiple six, and seven figure small but mighty agency. And here on this podcast is where we'll dive right in.

Audrey Joy Kwan

Hey Friends, spring is here! The days are longer, and the sunshine is starting to show up. As I'm recording this episode, I've got bright sunlight streaming in the window; the warmth just says spring.

I live in Vancouver, Canada, and it gets a lot of rain here. I'm not complaining because rain gives us a ton of greenery, but as soon as we have a week of sunshine— we're all out in the parks, going for hikes and being outside.

Anyhow, there's an energy to Spring. What excites me is being part of what is working for agencies and sharing it with you.

What's working?

The riches are really still in the niches.

What has not changed is the power of niching to grow your business by carving out a unique space in the market and making your business more desirable.

What has changed is that some niches have more opportunities than others right now.

I see a trend across niche agencies with a consistent pipeline and a client portfolio that isn't churning.

The types of niches these agencies serve share three throughlines or three things in common that demonstrate opportunity in our current economy.

Yes, the niche matters and these three things the niches share in common make them great clients for agencies in our economy today.

Before I discuss the three throughlines and why they are important, let's briefly touch on the two categories of niches so that we're on the same page regarding definitions.

The word niche is a way of saying specialization. There are two categories of specialization: industry specialization and service specialization.

Industry specialization is choosing a segment of an industry or type of business to focus on. For example, some agencies I work with have dental, HVAC, international schools, and plumbing industry niches.

And then there is service specialization. In a service niche, an agency provides a specific offer tailored to meet the needs of its target market and doesn't always have an industry specialization. For example, some agencies I've worked with have focused exclusively on email marketing, copywriting, and pay-per-click advertising, choosing not to go full service.

And then there are agencies with both industry niche and service niches. I've also worked with agency owners who are highly specialized like this —for example, a performance ad marketing agency for tech start-ups or an email marketing agency for bloggers.

Today, we're discussing industry niches. What is the through-line to understand which industries make great niches right now?

Based on both working with agencies this quarter and curating conversations with agency owners, these are my insights:

1. They are Not Glamorous

First, the most profitable niches right now are not the most glamorous, meaning they aren't sexy like luxury brands or tech companies.

Instead, they might be considered boring because they are not savvy with marketing, branding and communications.

Given that they are not savvy at marketing, they are easier to approach and easier to impress, which means less churn.

2. They are Essential Services

The industry niches that are thriving provide essential services with high margins that are consistently in demand, regardless of the economy.

An essential service is not a nice-to-have but a must-have. This means that no matter what happens in the economy, people need these services in their lives, and we can't overlook the fact that these essential services also have higher profit margins.

3. And number three, there is Competition.

Yes, there is evident competition in the niche; they see and feel businesses chomping at the heels of each other in the marketplace. It's real pain in the butt, but they don't want to deal with it and want somebody else to deal with it. Not taking action puts them at a disadvantage because they can see themselves falling behind to competition or losing market share.

Now that we have the three through-line –

1. Not Glamorous
2. Essential Service
3. Evident Competition

I'll share two examples of niches that fit all three through-lines with you.

But the highest value is using the three through lines as a lens to examine the clients you serve.

Ask yourself the question: Which clients fit the criteria, and is there a niche here that is underserved by agencies?

The first example is healthcare. Agencies are serving specific healthcare fields, and within healthcare there is an opportunity to get granular with the niche.

People need healthcare. When you're in physical pain, you will seek help to get rid of the pain; you don't wait until next year to be pain-free. And there is healthy competition for healthcare providers. The healthy competition leads healthcare providers to need marketing and consulting services.

Another example is HVAC. It's not a sexist niche for agencies, but it's an essential service for residents and commercial buildings. People need heating, ventilation, and air conditioning services. Whether its installation, repair, and maintenance. it doesn't fix itself, so it's a must-have.

When these three ingredients come together— that being non-glamorous, essential service and evident competition—you have an industry niche with demand and cash that currently needs your agency's expertise.

The agency owners I work with that niche- hard, don't just wake up one day and choose a niche because there are riches in the niche.

To do well in a niche, they have a connection to that niche, meaning you might have done great work for more than a few clients in the same industry, but you hesitate to claim the specialization.

Whether you have a niche or are hesitating to claim one, I hope that this episode will help you identify your most profitable industry niche. If you want to connect on what is and isn't working for your agency, I'm here for it. Let's help you grow a niche agency

that doesn't have you stuck in the day-to-day. You know where to find me; click on the show notes.

And stay tuned for the next episode dropping next week, I'll share what thriving agency owners who serve the niches with the three through-lines are doing in the niches for lead generation.

Thanks for joining me, friends; I'll see you at the next one.

Audrey Joy Kwan

Hey, there. Thanks for hanging out with me at the Small But Mighty Agency Podcast. If you enjoyed this episode, it would mean the world to me if you hit the follow or subscribe button in your podcast app and share it with a friend and I'll see you in the next one.