

Niche Doesn't Mean Small



Perception

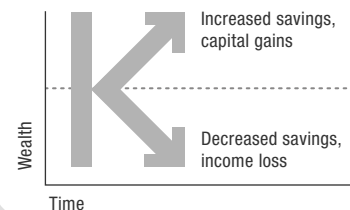
Because economies of scale are important, many organizations have not considered advancing innovations that appeal only to a small target or niche audiences. The underlying assumption is that the size of business opportunity is too small. Despite technology advances, marketer's ability to communicate and promote to targeted audiences, products, policies, processes, and pricing are still designed for the masses.

Market Forces

The pandemic continues to create segments of the market with vastly distinct experiences, motivations, needs, digital usage and financial health. While some face job losses, depleted savings and overall extreme financial hardship, others prosper through increased savings, capital gains and debt reduction during the past year. Financial services providers will need to balance serving these two very different groups during what many economists are calling a "K-shaped

recovery." In addition, the market for core financial services continues to saturate, and technology-based niche competitors continue to appear.

The K-Shaped Recovery



Reality

At Ipsos, we have tested over 6,000 Financial Services propositions ranging from banking, credit, investment, and insurance to fintech. Our experience tells us that a targeted approach is not only the need of the hour but can also be profitable. A case in point is Afterpay, a fintech that allows shoppers to pay for their online purchases in four installments. In our March '21 US study, Afterpay achieved strong commitment among a target group but did not attain mass appeal. Our

analysis revealed a Niche archetype for the offer which has a high likelihood of success if marketing strategy is on point.

Afterpay reported that it more than doubled the value of transactions to A\$9.8 billion over six-months ending Dec. 31, 2020 from a year earlier.



Niche - Strong commitment despite average broad appeal. Can be successful with a clear reachable target.

Tested with Vantis Express

afterpay

Commitment	●
Broad Interest	●
Value	●
Uniqueness	●
Relevance	●

Bottom of database ● ● ● ● ● Top of database

What It Means For Marketers

Early identification of niche opportunities along with a clear and sizeable target can contribute substantial portfolio growth.

Success for a new niche offer starts in the clarity of strategy and finishes with the soundness of execution.

Path to Growth

Where does your development work fall?
Is it on strategy?



New Customers

___% Create new share

Develop innovative and market expanding new products and services to niche markets

___% Steal from competitors

Create attractive offers to lure me away from competitors

___% X-sell products

Provide offers that prove you know me and are relevant to ME



Existing Customers

___% Upsell to existing holdings

Reward me for my loyalty and incentivize me to grow