

How I Chose The Niche For My New Store

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When it comes to selling online, the first question that does(and should) come to mind is **what to sell online!** It's quite probably the hardest part of starting a store, and if this step is executed correctly, you've already won half of the battle.

However, picking something to sell online is kind of like playing Jenga. There are no "perfect" niches, but you have to find one where you can sacrifice certain things(remove Jenga blocks) and still keep the tower upright!

Nearly a year after converting Fish Finder Source into an Amazon Affiliates website and being out of actually running a physical store, I'm now back in the game. I was constantly on the lookout for a good niche, and wasn't seeming to come across any until just recently.

At this point, I'm not going to share the exact niche(you guys know why and understand, too), but I will let on this much: it's related to the auto industry.

There have been some really awesome posts about selling online - notably by [Andrew Youderian](#), [Richard Lazazzera](#), and [Will Mitchell](#), so I'm going to combine all of that wisdom, mix in some of my own experiences, and walk you through how I chose this product.

Choosing something to sell online is a two-step process. One is actually finding something, and the other is validating that idea with research.

This post actually focuses more on the initial validation rather than actually digging around - but let's start off with a little bit on the actual digging, then get into the validation part.

Coming up with ideas

I've talked about ways to come up with ideas in a [course that I published](#) a few months ago, and I'll list them here, too, with an added idea that I came up with a while later.

Method 1: Random browsing

The basic suspects are always the same - check out Amazon, Alibaba, and eBay, and just browse through their category trees to see what products there are and keep browsing until you see something interesting.

I must admit that this method is a little "spaghetti-on-the-wall", but if you are going in blind, this is an effective way to discover products you may never even have heard of before.

Another cool site is [Random Amazon Product](#), and like its name, it literally shows you one *random* product from Amazon. These range from the everyday and mundane like cellphone cases to the bizarre, like what I came across visiting the site while writing this post:



Down To Earth 5-Pound Seabird Guano 1-10-0 7816

If you don't believe that someone would actually collect seabird droppings, [here is a link](#) to the actual product - it even has 6 reviews!

If you aren't a fan of the random method, then go for something more targeted.

Method 2: Your passions and problems

Focus on problems and passions that you or your friends and family have and figure out what kinds of products either enhance those passions or alleviate those problems.

In this case, problems are much better performers than passions, because problems are like thorns in your side - you want to get rid of them fast - so problem-solving products do very well. A lot of ridiculously successful products have been problem-solving, such as [Beba Bean](#), which Richard Lazazzera talks about in the article I've linked to above.

Beba Bean's star product is the pee-pee teepee, which shields parents from surprise bursts of urine while changing their infant sons' diapers - they found a problem, presented a solution, and do well over 7 figures in sales.

As for passions, people tend to spend a lot of money on their passions (equipping boats, building models, detailing cars, and so on), but they won't be as quick to whip out their wallet as they will be in problem-solving products.

Of course, you can combine these methods and focus on looking for problem-solving or passion-enhancing products as you browse Amazon or eBay.

Method 3: General passions

Another method you can use is to browse [lists of hobbies such as this one from Wikipedia](#), focus on any particular hobby, and then look for products that cater to that niche.

Additionally, you can look up forums that cater to these hobbyists and see what kind of stuff they are discussing to identify holes and gaps in the market which you can then target.

Method 4: Popular culture

Finally, the last ace up your niche-finding sleeve is popular culture. What are the things people are tweeting about? What trends to the front page of [Reddit](#), or is found in the Hot or Trending section of [9gag](#)? What's being mentioned on and off on Twitter? You'll have to do a LOT of perusing to get some ideas here, but if you are like most netizens, you probably spend some time on those sites anyway.

Why not do it with a little bit of a business mindset?

What makes a product profitable?

Now that you have a list of products, it's time to vet them. I had quite a few products in mind, and they usually failed most of the first few tests, so I didn't really pursue them much until I came across this one.

Note: For this post, I'm going to mirror the format used by Richard Lazazzera [in his #TheGreatBuild post](#).

Criteria 1: Potential to add value

Andrew Youderian lists this as his first criteria to finding a profitable product to sell online, and I wholeheartedly agree with him. If you are reselling a product, then you have to be able to add value to the shopping experience in order to make yourself a valid sales channel.

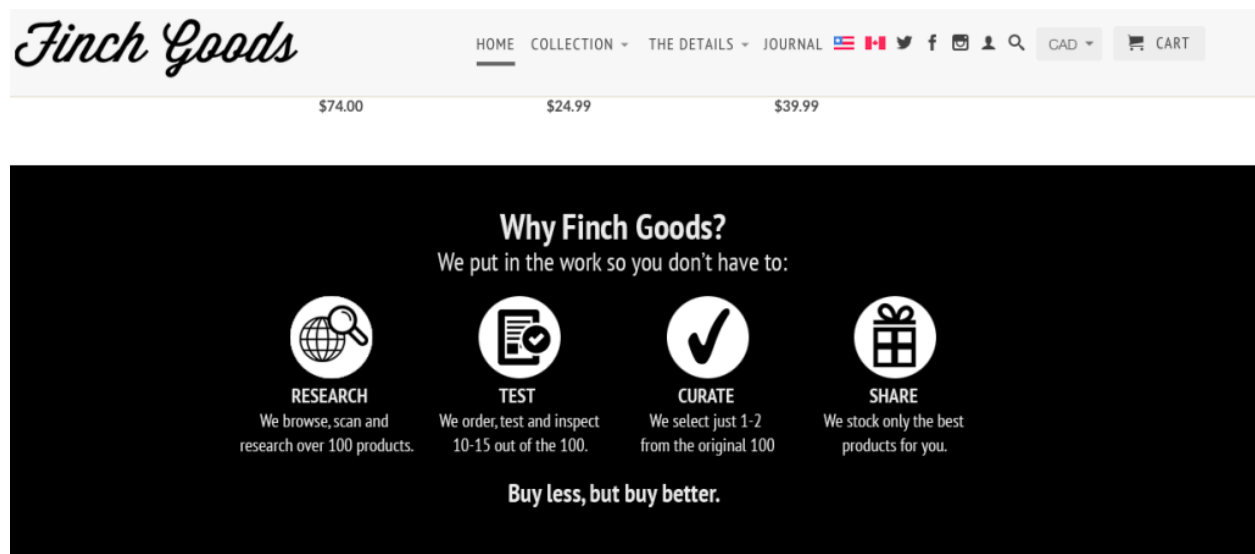
In this day and age, anyone can throw up products and add a shopping cart to their website - so when there are other people selling the same product, what makes *you* different?

There are many ways to add value - the easiest and most effective in my opinion is to provide information that no one else is providing. Can you educate your potential customers about your product in ways that nobody else can or is doing?

If you can answer yes to this question, then you have something going for you.

Another way to add value is to remove the paradox of choice. In a world where there are literally billions of products available, who has the time to sift through so many products to see what they like? If you can position yourself and establish authority, you can provide value by curating products out of the slew of choices.

Richard Lazazzera does this very effectively with his store, [Finch Goods](#) - he curates products for gentlemen - now you can imagine that there must be thousands of products catering to style-conscious and dapper gentlemen, but if you can remove the difficulty of choice like Richard has, you have the potential to do well.



If you are not reselling an existing product, but manufacturing your own, then the value can be in-built into the product itself. This makes your job much easier!

How this applies to me

With the product I have chosen, I have the potential to do both things. I can provide content and information that no one else is providing, having the potential to educate my customers, and I also have the opportunity to curate products.

Since I'm selling something related to cars, you can imagine that there must be a huge selection of products - high quality and otherwise - available on the market.

So as far as potential to add value is concerned, **this product gets an A+**.

Criteria 2: Potential Market Size

If you are selling something online, there has to be a demand for it to justify your effort.

If you are trying to sell something that nobody wants, good luck finding a buyer.

The easiest way to gauge a market's size is by using the Google Keyword Planner. If you think about it, Google is the collective database of nearly every query humans have - so their data is pretty solid.

You're also going to want a lot of traffic coming in from Google, so the more people there are searching for your product on Google, the better.

The numbers Google shows you are usually lowballed - you can see this for yourself by running an ad for an exact match for that keyword and seeing how many impressions your ad gets.

People have different recommendations as to how many is just enough for a good niche market, and they range from just 1,000 searches per month for your primary keyword all the way up to 7 or 8,000. In my opinion, anything that falls in between is good enough.

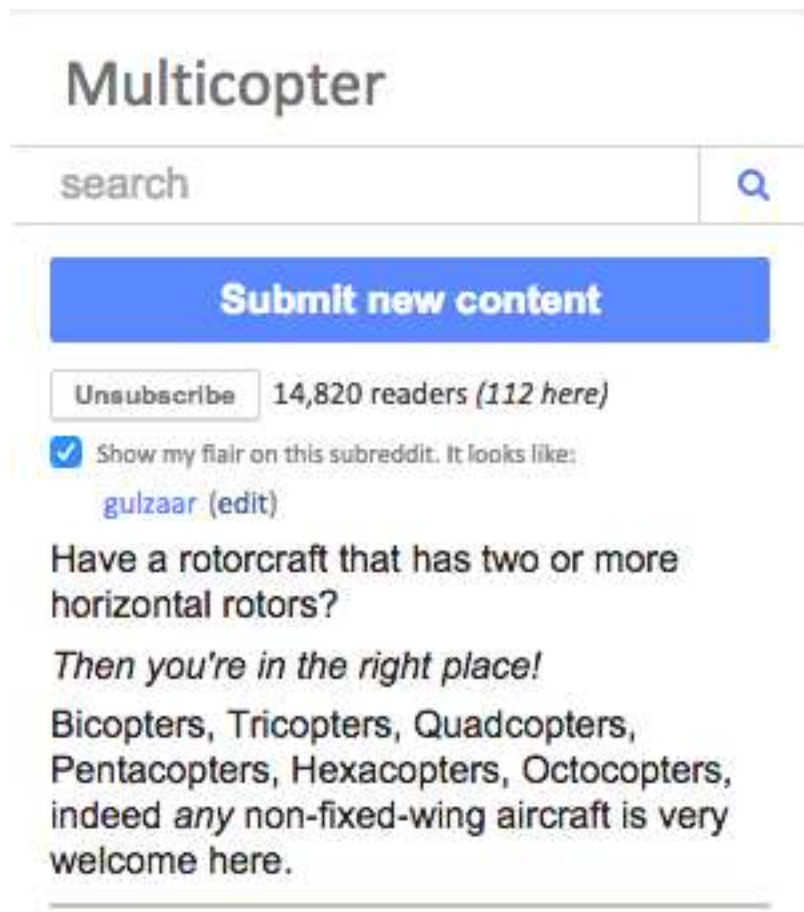
Of course, just the primary keyword is a very rough approximation of the *total* size of a market - you are going to get plenty of traffic [from long-tail keywords, too](#).

If you aim for something too big, then there is a chance you are biting off more than you can chew, and the competition is too stiff. However, if, somehow, you find a niche

with tens of thousands of searches per month and not too formidable competition, jump on it.

You can also gauge market size using social media. Are there lots of people sharing/talking about products similar to yours(or the effect that product has)? If so, that can be a good indication of a market size. Sometimes, it will be difficult to find an exact keyword for your product. If that's the case, turn to social media.

You can also look at how big a subreddit for that niche is, too. For example, the r/Multicopter subreddit caters to drone enthusiasts, and they have nearly 15,000 readers - pretty decent, if you ask me!



How this applies to me

For my niche, I stuck with the traditional method of gauging Google searches. There were a couple of variations for my main keyword, and they each got more than 4000 visits per month, which is decent.

[REDACTED]	4,400	High	\$1.02	-	»
[REDACTED]	6,600	High	\$0.93	-	»
[REDACTED]	2,900	High	\$0.82	-	»

Reddit results were not as promising, with just around 3,500 subscribers, but still not too bad.

As far as market size goes, **this product gets a B.**

Criteria 3: Trend

Since we build businesses that we hope to grow and expand into the future, we want to target products that are growing in popularity.

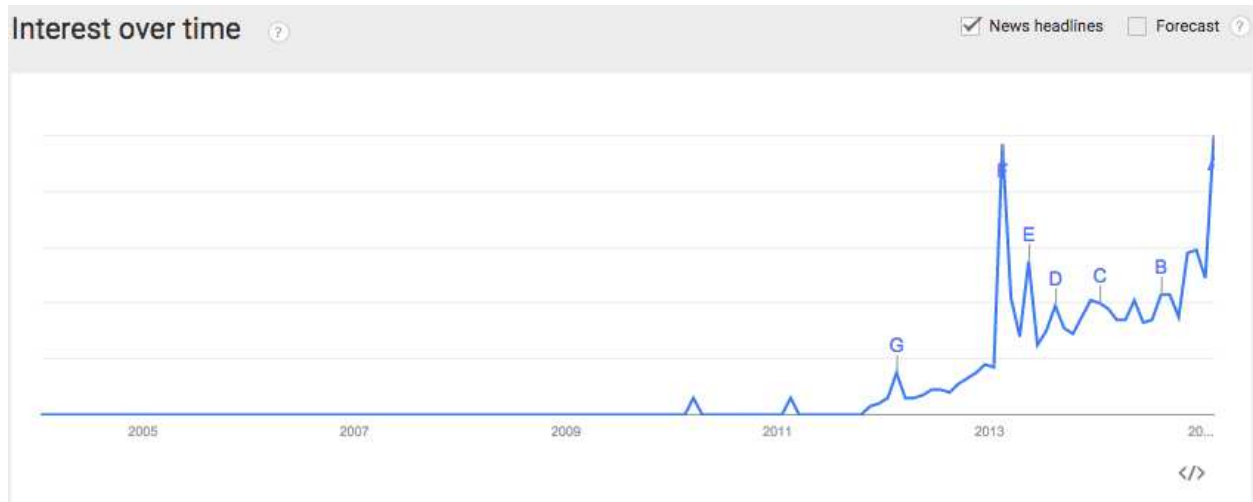
What better way to test this than to go back to our old friend Google, this time to [Google Trends](#). In Google Trends, you can search for keywords and get data on their popularity across a long period of time.

Some things will be on the downtrend, some things may be flat, and some may be on the rise. Ideally, you want to look at something that is trending up, or at least consistently flat.

That's not to say you can't make a business out of something on the downtrend, but there is less projection for growth in this situation.

How this applies to me

My niche is steadily rising up - it's only been around since a few years, and has seen a spike in interest.



For this reason, this product gets an A in trend.

Criteria 4: Competition

Competition is a good thing.

Let me repeat that.

Competition is a good thing.

Competition tells you that there is money to be made in this niche. You can sell rabbit motorbikes and see that there's no competition, but there's probably no market for that.

If there are other people selling something, then there are most likely buyers for that thing, too. The pie is usually big enough for everyone to have their fill.

You can think of competition as the second part of the demand equation.

There are two easy ways to identify who your competitors are. First, a simple Google search for your main keyword(s) should turn up a few competitors, both in organic results and in paid results.

You can also check out some of the major forums in your niche(if they exist). Most forums have a section on "Vendors" or "Dealers".

After you've identified your competition, it's time to analyze them. How good are they at what they do? Do they leave anything to be desired? Your competitors' shortcomings are your opportunities.

Here are some ways your competition may be falling behind.

- They may have a huge website that looks like it hasn't been updated in 10 years
- They may be using terrible SEO practices
- They may have terrible or no product descriptions
- Their sites may be difficult to use
- They may have no extra information(guides/blogs/etc)
- They may not be using video to market themselves
- They may carry poor products
- They may not be catering to a specific market
- They may not be active on social media

These are just some ways to analyze your competition.

On the other hand, if you find that a lot of your competitors have superb websites with awesome content, and they rank 1st for all of your keywords, you may be looking at an

uphill battle, and perhaps it's best to get into something with less formidable competition.

Should you consider Amazon to be your competition? Yes and no.

There are few things out there that Amazon *doesn't* sell, so as long as you have a specific enough niche, you can set yourself apart from Amazon using the lessons learned in the "Potential to add value" criteria. No matter how much you try, if you are reselling other products, they will always be cheaper on Amazon. This is just something you have to work around.

How this applies to me

There are a few competitors in my niche, but not too many. Out of the few, only one seem very serious - leaving lots of room for me to carve a space for myself. Almost none of the competitors have really decent content or guides, and when I throw in the curation aspect, I've immediately set myself apart. For this reason, **this product gets an A for competition.**

Criteria 5: Not available locally

One of the strongest selling points shopping on the internet has is that you have access to products you wouldn't normally have in your home town. If you can find something to sell that is not easily available in the neighborhood Walmart or Target, then you immediately tip the scales in your favor.

For example, common things like electronics and board games are found everywhere, but uncommon goods - especially highly niche goods - are not found locally. One of my

favorite hobbies is radio control aircraft, and there are very few shops really close to where I live where I can find those products.

As a result, most of the time, I'll shop online, and that too at smaller retailers.

To continue the Jenga analogy from the beginning of the post, I'd say that this is one of the cornerstones of a successful online business. Your product *can't* be easily available locally.

On top of that, the more uncommon your product is, the better chances you have at success. I believe this is one of the reasons that Andrew Youderian's store Right Channel Radios does so well. CB Radios are uncommon items and they are difficult to find locally - which makes online the only option to find them.

Uncommon items may seem counter-intuitive at first, but think about it this way. If something *was* common, it would be available locally, wouldn't it?

Along with uncommon items, large and bulky items are also advantageous to sell online.

If you were able to forgo fitting a giant cupboard into your car and lugging it home yourself, and could instead have it shipped directly to your doorstep, wouldn't you prefer that?

How this applies to me

The items I'm looking to sell are fairly new to the United States and quite uncommon. I doubt that many people sell them locally in stores, and I certainly haven't seen them anywhere except online. For this reason, **this product gets an A+ in this criteria.**

Criteria 6: Margins and selling price

Ah, margins. The makers or breakers of businesses.

Margins are critical to any business' success. How much margin you have is how much wiggle room you have to spend on marketing your products.

In short, margins are the difference in percentage between the cost price of your product and the selling price. Margins can vary greatly from niche to niche, but they are usually well above 60-70% for self-manufactured products(sometimes even 100%), around 40-50% for wholesale products, and just 10-20% for drop-shipped products.

Margins will go hand in hand with the selling price, though, since a margin of 100% on a product that you sell for \$2 means you'll only make \$1. So the more expensive your product is, the tighter your margins can be - theoretically.

You'll have to factor in your margins to create your marketing budget.

Let's say your average selling price is \$100 - which is ideal for online products.

Assuming you have tight dropshipping margins(I'm going to dropship, so let's go with this example) at 20%, you stand to make \$20 on each sale. Of those \$20, you'll have to pay \$2 to your credit card processor if your rate is 2%.

That leaves you with \$18, meaning the most you can spend to sell one \$100 item is \$18.

Now the question you must ask yourself is - can I get one sale with just \$18 to spend on marketing?

An ideal selling price is between \$100-\$200. This is high enough money to make selling that product worth your while, and low enough to not make people think *too much* before whipping out their credit cards.

You can sell less expensive products, but then you'll have to sell in bulk to make any money, and you can sell more expensive products, but then you'll be expected to provide that level of service, and people will be more hesitant to buy.

How this applies to me

Since I'm dropshipping, my margins aren't really the best in the world. However, they vary wildly from around 15% all the way to nearly 80% on some products, so the different products balance each other out. The products sell for between \$100-200, so I'M ok there. Still, due to the fact that I'm dropshipping, **this product gets a C+ in margins.**

Criteria 7: Potential for repeat sales

The holy grail of ecommerce is to only have to acquire a customer once.

A product that you can sell over and over again to a customer is probably the ideal product to sell. It's set income that'll keep coming. That's why subscription boxes are such an awesome idea.

If you sell something that's consumable or perishable, you're looking at a very powerful business idea. If you've got this going for you, small margins will be compensated in the long run.

You can even justify spending twofold your margins to acquire a customer once because you know you'll get all that and more back over the course of time.

Great ideas for potential repeat items are cosmetics, food items, and arts and crafts accessories.

How this applies to me

I wouldn't say that my product is consumable, but there is a potential for repeat sales if a customer has more than one car. If they like my product for their first car, they may come back and order again for their second(and every other) car.

There is also the potential to cater to entire vehicle fleets, so there is promise.

For this reason, **this product gets a B+ in potential for repeat sales.**

Criteria 8: Size, weight, and durability

Products that are small and don't weigh too much are ideal products to sell online since you can ship them very cheaply. The larger your product is, the more costly it gets to ship.

With today's ecommerce landscape, it's no longer good business sense to offer anything other than a low flat rate or free shipping, so you'll probably have to eat those costs yourself.

Smaller and lighter products are also less likely to get damaged during transit, which means less hassle and returns for you. A really tough item to sell are large glass chandeliers. These are big, heavy, and highly prone to breaking in transit - an item like this is tough to sell.

On the flip side, clothes are probably the best fit for this criteria, since they are comparatively light and very difficult to damage in transit.

How this applies to me

My product is fairly small and of average weight, and isn't too delicate, so I should be all right with the shipping part. For this reason, **this product gets an A.**

Criteria 9: Seasonality

I've always wondered how those pop-up strip mall halloween stores make decent money. It must cost thousands of dollars to set up, and they're only around for 2 months. This is a huge hassle for a rather limited return, and not suitable for a lifestyle business.



When you come across a product, think about when people are most likely going to buy it. Is it restricted to a certain timeframe, or is it something people buy all the time?

Seasonality can be split up into three types:

- **Year round:** This is the ideal product. Demand for it is pretty consistent throughout the year, and it spikes during holiday seasons. There aren't really any lows or dips in the demand curve.
- **Semi-seasonal:** This is not *ideal*, but still workable. Semi-seasonal products include sporting goods, hunting equipment, and outdoor stuff. These products peak during their seasons and during the holidays, but drop off during the off-season. They won't completely dry up, though. For example, when I sold fish finders, there would be peaks during the summer months, but the winter months wouldn't completely dry up, since the southern states were still pretty warm and people would still have their boats out.
- **Highly seasonal:** This is the last category, and something best to stay away from. Highly seasonal products are like Christmas ornaments, Halloween costumes, or Mother's Day gifts. These have high demand for just a couple of months every year, and they completely dry up for the remainder of the year. This is a good idea for a second side-business, but not for your main cash cow.

How this applies to me

My product isn't really affected by seasons, and should be a consistent performer year round. In fact, it may even peak during the winter and should peak during the holidays.

For this reason, **this product gets an A for seasonality.**

Criteria 10: Turnover

Turnover is how many times your product line changes and is updated. In apparel, turnover is probably the highest, since there is new stock for each season. In other goods, there may be very little turnover.

If you are stocking your products, turnover is a big deal, because you'll have to get rid of old stock by severely discounting it, which means sacrificing a lot of margin and a high risk of capital being tied up in unsellable inventory.

If you are drop-shipping, turnover is more of an inconvenience, since you'll just have to update your product line every time your supplier gets new stock.

How this applies to me

Since I'm going to be drop-shipping, I don't really need to worry about turnover. For this reason, **this product gets an A+ in turnover.**

Criteria 11: Perishability

Perishability is also a very real problem for people that stock their own products. If you sell perishable goods like food or plants, you have to make sure you can move your merchandise faster than it goes bad.

Perishability is a bigger pitfall than turnover, because you *can* sell old merchandise, but good luck selling spoiled food!

If you are considering getting into perishables, see if you can find a dropshipper, or at least drop ship from Amazon or eBay until you get traction. Once you have a steady

system and stream of orders coming in, you can stock your own inventory based on how much you are selling.

How this applies to me

My product is not perishable. **For this reason, it gets an A+.**

Criteria 12: Barrier to entry

Of all the criteria that we've discussed so far, barrier to entry is one of the most important - especially to dropshipping. With sites like Doba and DropShipDirect, it's very easy - too easy, in fact - to get a store up and running. If it's so easy, *everyone* is doing it.

As you are doing your research - putting your site together, researching content, and sourcing products, note how easy the whole process is. The harder the process is - the more hoops you have to jump through, the more patient you have to be, the better your prospects are.

More barriers to entry means less low-level competition. You are in the big leagues, and if you managed to get in, you've already won half of the battle.

How this applies to me

For me, product sourcing was the toughest part. None of my suppliers advertised themselves as dropshippers, and I had to call/email each one and negotiate a drop-ship agreement. There is an impossibly large selection of products, and I'll have to do my research and whittle those down.

For me to provide the value I'm going for, I'll have to put in a lot of effort - and for this reason, **this product gets an A+.**

Criteria 13: Suppliers

Your suppliers(whether you manufacture, wholesale, or drop-ship) are the lifeline of your business. The better your supplier and your relationship is, the better suited you will be to cope with growing demand and troubleshooting issues.

Some suppliers are really up to date with their technology and have awesome ordering systems where you can simply place an order online using a saved credit card and you'll have fulfilled your order in minutes.

Others are not so advanced, and may insist that you email, call, or fax every order - yikes!

Dropship suppliers are kind of like a double-edged sword. If they have really awesome backend software optimized to process thousands of orders a day, you know they are good, but you also know that you'll face stiff competition.

If you've eked out a relationship with your supplier and they're doing it for you, then you'll have a little trouble with the fulfillment at times, but you know that you're more secure in your business.

At the end of the day, though, communication is above all else. The better you and your supplier(s) communicate, the smoother everything will go.

How this applies to me

My suppliers are all small guys that probably don't have many dropship accounts. I stand to face some issues with fulfillment, but luckily, the communication so far has been pretty smooth and quick. I'm working on one other supplier that seems a lot more

serious, so if I can get an account with them, that'll be good. For this reason, **the product gets a B for suppliers.**

Criteria 14: Well-defined target market

It becomes very easy to sell something online when you know exactly who you are selling to. If you sell archery equipment, you are catering to a particular niche, but if you sell archery equipment for beginning archers, you are catering to a niche and a targeted audience.

Catering to a niche *can* bring you success, but catering to a niche within a niche (your target audience) makes a much bigger difference.

This may seem counter-intuitive to start, but if you have a broad range of products in a niche, you'll have many types of visitors come to your store, even though they belong to the same niche. They may consist of beginners, intermediates, or advanced customers. If you get a mix of all three, you may see that your sales come mostly from one type of visitor rather than the other. Even though most of your sales come from that type of visitor, do you think that *every one* of that type of visitor buys from you?

What if you could optimize your site to target *that visitor* specifically and capitalize more on them? You won't really lose out on the intermediate and advanced sales, but your beginner sales will rise.

Have a look at 3 Rivers Archery, for example. Archery is a huge niche, but in that niche, they are focusing specifically on longbows and recurve bows.



The tricky part about a target market is that sometimes you may not realize who it is until you've got a slightly generic store up and running, and that's fine. If you can target someone from the get-go, there's nothing like it.

How this applies to me

I've got to admit, I'm not quite sure on who exactly my target market is. I have a rough idea, but nowhere near as specific as I'd like it to be. This is where I'm a little weak here, but I'm going to go for it anyway because the other factors are so strong, and as I go along, I should be able to carve out a nice niche for myself.

For this reason, **the product gets a C on target market.**

Criteria 15: Potential for growth and scalability

The last criteria is potential for growth. How far can selling this product take you?

What's the potential? Is this limited to a few thousand dollars of sales a month, or can you grow it into a \$1,000,000 revenue-plus business?

I would think that if I'm going to spend all this time and effort on a business, I'd like it to grow as much as it possibly can. In order to grow it, though, I'd have to eventually transition from a drop-ship model to a stocking model, or at least a mixed model.

Unless, of course, my suppliers all become super-techies and let me seamlessly scale with them, which would be nice.

My products are luckily in the sweet spot range of pricing, so when the day does come that I want to stock inventory, I won't have to invest *too much* capital to get some decent inventory. If I were selling \$1000+ items, that would be more difficult.

To scale, I'll have to put in a large amount of effort, and if by some chance sales explode thanks to a feature in a major publication or news outlet, my suppliers may not be able to cope up with the demand. But that comes when it comes.

How this applies to me

Since this product is still relatively uncommon in the United States and growing in popularity, the potential for growth is very strong if I can cement myself as a trusted brand. This is something I'm in for the long run, and it may be a couple of years before business *really* starts booming.

So as far as scalability goes, **this product gets a B**. Even though there is potentially unlimited growth potential, the limited infrastructure knocks down the grade by one notch.

Conclusion

So there you have it - my analysis for the new niche I'm getting into. I have some A+s, some As, some Bs, and some Cs, and I think that all in all, this is something solid and worth pursuing.

You are probably thinking at this point that there just aren't any products that would get an A+ in all criteria, and **you are absolutely right**.

There's no such thing as a perfect product, unfortunately. But you'll just have to weigh your products strong points against your products weak points, and decide which is better.