ASSOCIAÇÃO DE POLITÉCNICOS DO NORTE (APNOR)

INSTITUTO SUPERIOR DE CONTABILIDADE E ADMINISTRAÇÃO DO PORTO

MARKET NICHES AND THE PHENOMENON OF THEIR MASSIFICATION - THE MARKETING BEHIND BRINGING NICHE PRODUCTS TO THE MASSES

Juliana Mendes da Rocha

Dissertação apresentada ao Instituto Politécnico do Porto para obtenção do Grau de Mestre em Gestão das Organizações, Ramo de Gestão de Empresas

Orientada por

Óscar Bernardes

Versão Provisória
Não inclui correções ou alterações sugeridas pelo Júri.

Porto, Julho de 2021

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Abstract

This investigation main topics are market niches and consumer behaviour. Throughout the document, issues such as what are niches are, why they exist, how it works as a strategy for the company, why the7re is investment in market niches and whether it is profitable, and why there are more and more great brands to invest in niche products, bringing them to the common consumer are discussed.

In order to obtain answers to our objectives, we proceeded with the elaboration of a questionnaire and a series of interviews to companies that work niche products and markets.

We also took the previous information and created a method / tool for analysing niches and market trends, which can help companies in the future to communicate to different market niches. To work this tool, we had to study the behaviour of Generation Z (consumers of the future) and big data. And so, we also carried out a questionnaire to improve Generation Z and their behaviour on social media in Portugal.

In the end, we can reflect that investing in a niche is really a trend that is here to stay and that it can be profitable if done in the right way. Companies that are successful in this market are growing in number and aim to expand themselves. This phenomenon is not strange at all since we are in a society that is increasingly more aware, informed and that communicates very easily with each other.

Keywords: Market niches, consumer behaviour, niche strategy, generation Z.

Resumo

Esta investigação versa sobre o tema de nichos de mercado e do comportamento do consumidor. Ao longo deste documento são debatidas questões como o que são nichos, porque é que existem, como funciona enquanto estratégia para a empresa, porque é que há investimento em nichos de mercado e se é rentável, e porque é que existem cada vez mais grandes marcas a investir em produtos de nicho, levando-os até ao consumidor comum.

Para isso, e de forma a obter respostas aos nossos objetivos, procedemos à elaboração de um questionário e uma série de entrevistas a empresas que trabalham nichos de mercado.

Aproveitamos a informação recolhida e tentamos criar um método/ferramenta de análise de nichos e tendências de mercado, que poderá ajudar empresas no futuro a comunicar para os diversos nichos de mercado. Para trabalhar esta ferramenta tivemos de estudar o comportamento da Geração Z (consumidores do futuro) e o big data. Realizamos também neste sentido um questionário para entender melhor a Geração Z e o seu comportamento nas redes sociais em Portugal.

No fim, podemos refletir que investir em nicho é realmente uma tendência que veio para ficar e que pode ser rentável se feito da maneira correta. As empresas que são bem-sucedidas neste meio são cada vez mais e têm uma visão que na sua maioria visa a expansão. Este fenómeno não é estranho uma vez que estamos numa sociedade cada vez mais consciente, informada e que comunica muito facilmente entre si.

Palavras-chave: Nichos de mercado, comportamento do consumidor, estratégia de nicho, geração Z.

Dedicatória

Que as palavras sejam sempre mais do que palavras, e os sonhos mais do que sonhos.

Agradecimentos

Agradeço acima de tudo aos meus pais, Hugo e Nandinha. À minha mãe que sempre me apoiou de imediato em qualquer que fosse o meu sonho ou objetivo, e ao meu pai que sempre me incentivou. De seguida, quero agradecer ao João, ao Luci e à família que me incentivaram a seguir para mestrado, apoiando-me imenso durante o primeiro ano. Todos vocês ajudaram a tornar isto possível, facilitando a conclusão do mestrado. Aos meus gatos Anda, Whiskey e Noir, agradeço pela inspiração na escrita, e aos meus amigos (especialmente ao Rodrigo e à Milene) por me ajudarem com dicas, orientações e apontamentos quando me sentia desesperada.

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Estou a todos muito grata.

General Index

Figure Index

Table Index

Introduction

In order to better understand the framework of this dissertation, we have to keep in mind some concepts as niche market, niche market segmentation and also, of course, consumer behaviour.

There are multiple definitions for niche market, one of them is a small market, whose needs are not fully understood or explored, so it can be seen as very profitable and a place where marketers should focus their attention (Kotler & Armstrong, 2008), its definition is smaller than a market segment. The consumers of this kind of market are usually homogeneous, easy to identify and normally first targeted by small companies (by investing in niches, companies can escape competition and lead in small groups) (Alves & Bandeira, 1998).

As for market segmentation it can be done taking in account several criteria: demographic, psychographic and behavioural (Do Paço et al., 2009).

Consumer behaviour definition is quite broad and can have several perspectives. The consumers buying behaviour is not momentaneous, and so an individual can have a cycle where it buys different kinds of products. (Haines et al., 1970).

For this research is very important to understand when the consumer behavior really had a toll. According to Barros (2013) it was thanks to new social movements, which consisted in the conscience of the mechanisms of oppression in the working class, was a great step when we talk about the massive changing patterns in the consumption of niche products. This happened around the 60’s, in a post-industrial and modern society. Also, thanks to the technological innovation, large scale mobilization and organisation, media and communication, new kinds of social organization arose. A change in the collective behaviour appears as well as the formation of the collective identities.

Knowing how consumers will react and what their expectations are is essential when we talk about marketing. Trying to predict a buying pattern is a risky move but very important in business (Chakrabarty et al., 1998). Is also extremely difficult to have a good prediction on this matter (Chakrabarty et al., 1998).

The theme was chosen after the elaboration of a previous article called “Niches going mass market - How vegetarian niches became mainstream”, that talked about how some niche market products become famous and sold for the masses. After elaborating this article and studying the subject, I started to raise some interesting questions such as how does the process of the massification of a niche product happens and why? Is it possible to predict a trend? After a brief research on the subject, we end up noticing that there was no great content on this matter. Also, though personal experience and observation I noticed that there was a real change in the supermarkets and sales on vegetarian niche products in the last couple years. All this together, it made me find it interesting to explore and try to reach an answer.

The four prime objectives of this study are to try to understand and get the answers to the phenomenon of niche massification. With this purpose in mind we aim to answer these following questions:

1- Why do big brands invest in niche products?

2- Why do people started to buy more niche products? Is this a trend or the future?

3- Why and how do small brands begin and survive? Is it profitable?

4- Is there a way to predict what niche products become popular among the common consumer?

Throughout the investigation, we also found interesting to grab all the collected data and try to create a method or tool to better understand niche trends and niche communication/advertising. In order to develop this method/tool to analyse the niche markets and its behaviour in the future, it was created a methodology that implied a new study where it was made an inquiry about the usage of social media in the Generation Z. This was crucial to understand future behaviors of the consumers.

With these information and questions in mind, we came to the conclusion that a deep research about the subject was needed and so, in order to have some clear guidance, we chose the “Research Onion” framework by Saunders (2009). This method of research allows us to characterize our study from an outer view to a deeper understanding.

The study was devided in two main perspectives: the consumer and the companies. To analyse the consumer behaviour, preferences and characteristics we will launch questionnaire named Niche Preferences and Market Massification (Preferências dos Nichos e Massificação do Mercado) where we will study the people’s behavior and preferences towards new brands, niche brands and products such as organic and vegetarian and buying behaviours.

We will also conduct other questionnaire called Social Media Usage in Portugal – Uso das Redes Sociais em Portugal, aiming for people around the ages of 17 to 30

(Generation Z), to help us develop the methodology/tool to better understand niche trends and niche communication/advertising.

For the companies we will make a series of interviews aiming for companies that work niche markets. These companies must have different dimensions and market strategies, as well as worked with different audiences and products. This way our result will be more comprehensive.

As explained above, the present study will be based in two kinds of methodologies, a qualitative/deductive and a quantitative/inductive. It will also not only analyse the main theme of niche markets, its massification and consumer behaviour but also try to create a usable tool/method to predict and communicate with these niches.

We hope that with the mixing of these two methodologies we will reach a complete and rich outcome, since this is also a rich and complex theme.

So, first we will start by the literature revision where we will explain what niches are and the consumer behavior (especially when faced with new brands). Then we talk about market segmentation and niche market behavior. Finally, and to close this chapter, we talk about the strategies behind the niche and the relationship between companies and consumers.

Secondly, we will move on to the methodological research, where we explain more deeply the objectives/goals of this study and present how the questionnaires and interviews were prepared.

The third part of this dissertation, we present the results of the implementation of the respective questionnaires and interviews, with the final conclusions of each.

In the end, and after the analysis, we present the tool/method that would help companies to find and communicate with new or future market niches. Thus, we study the Generation Z (generation of future consumers) and data collection.

Hopefully and by the end of this dissertation we would be able to answers all the questions mentioned before and have a better understanding about niche markets, niche companies’ strategies and its consumers.

1. Literature revision

1.1 Market niches – The concept

According to Kotler and Armstrong (2008) a **niche market** is a group whose definition is more limited than the one of a market segment. As a rule, it is a small market, whose needs are not fully understood or explored, so it can be seen as very profitable and a place where marketers should focus their attention (Kotler & Armstrong, 2008). It is a **small market segment** formed by a group of **homogeneous consumers**, easy to identify, and are generally targeted by small companies due to their small size, and the fact that by investing in niches companies can escape competition and lead in small groups (Alves & Bandeira, 1998).

According to *Webster's* dictionary (1992), a niche is "a recessed space or hollow, specifically a recess in a wall for a statue or the like; any position specifically adapted to its occupant.". Boienko and Susidenko (2009, p. 15) stated “the market niche might be characterized by the next features: highly individual needs and requirements for satisfying which it is necessary to have a range of complement goods and services; stable market potential; weak competitors.”. This is stated based on a list of the most successful brands in 2016, where Apple, Google and Coca-Cola had the best rankings. These authors claim that the main reason that these brands were so successful were because they targeted the right selection of a market, a niche.

Vaigel (2004) defends that in the **smaller niches** the competition is less aggressive in the unexplored parts. In these sections, we find consumers with similar needs that cannot be satisfied by current available products, so if we give them what they want or need, we might get a higher rate of return (Vaigel, 2004). So, it can be a great place for companies to invest and grow in, but also a great way to make consumers happy.

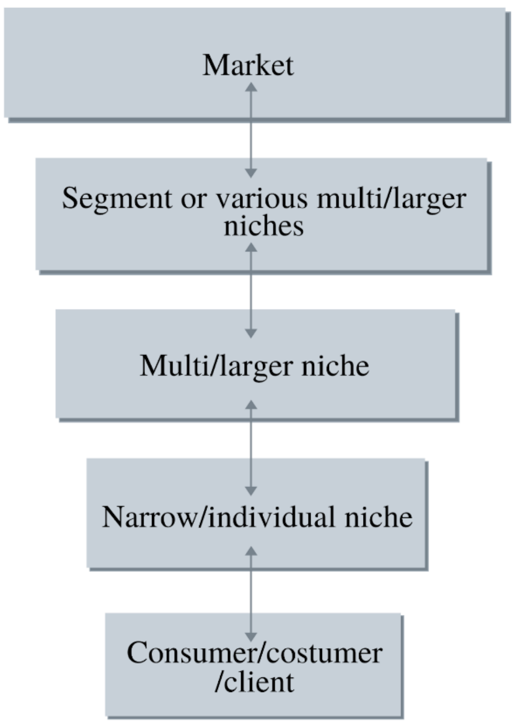
Others, like Dalgic and Leeuw (1994) and Linneman and Stanton (1992), think of niche marketing as “a splitting of traditional markets into smaller segments” (Linneman & Stanton, 1992, p. 43) where each of these segments has a marketing strategy and program of their own. This causes the appearance of products and services that respond directly to customer needs, increasing this way the profit.

Nowadays, the market seems to be characterized by a **great segmentation**, where there is high competition and growing requirements from the buyers (Boienko & Susidenko, 2019).

As a result, based on these last researchers, the definition of "market niche" which is used in the modern economic literature varies significantly. In general, it means the position of the brand in a particular market. Even though modern marketing does not give a single-valued definition (Boienko & Susidenko, 2019). Nevertheless, some can think of target marketing, focused marketing, concentrated marketing, and micromarketing, as niche marketing, and in reality, they are kind of synonyms although they can differ to some extent (Dalgic & Leeuw, 1994).

To better understand the difference between all the types of market separation, the authors Chalasani and Shani (1992), created some sort of funnel that explains the different scales. For them (Chalasani & Shani, 1992), segmentation is when there is a split up of a market of great dimensions, in small parts of it. From the top to the bottom. Niches are the opposite approach - a bottom/up of the market - starting by the more specific to a more "massive" one. It starts by acknowledging the tastes and preferences of an individual or few customers until it reaches a larger scale and greater customer base of larger dimensions (Chalasani & Shani, 1992). This is where we come across with the concept of **inverted or reversed segmentation** as the next image, figure 1, explains:

Figure 1 - Market Segmentation Funnel



Source: Adapted from Dalgic and Leeuw (1994)

The main differences we can perceive is that a niche is smaller in size when compared with a segment and is also much more focused on the individuals in it, while in a segment we are talking about a homogeneous group. Therefore, we can say that a niche has a closer relationship with the customer and its needs (Dalgic & Leeuw, 1994).

1.2 Consumer behaviour

World War II had a great impact in society in every way possible. With it came a great change in the usual weapons used between companies to gain market. After the war, aspects such as product innovation gained weight in **marketing strategies** (Printers' Ink, 1958). Price was not the principal competitive weapon, and things such as product, promotion and service were now important. This created a need to know more about the consumer and their specific needs (Mckitterick, 1957).

As the years passed by, and in the present reality, collecting information and preferences from the consumers became a lot easier, but not perfect yet. Technology enabled the marketing team to collect and analyse diversified data in a very efficient and fast way, making the buying behaviour and consumer habits easier to analyse and predict. However, receiving the best and more accurate information is still expensive and so it should be the more specific and accurate possible, to create the best results (Sheth, 1967).

Barros (2013) claims that the **new social movements**, which consisted in the conscience of the mechanisms of oppression in the working class, was a great step when we talk about the massive changing patterns in the consumption of niche products. This happened around the 60’s, in a post-industrial and modern society. Thanks to the **technological innovation**, large scale mobilization and organisation, media and communication, new kinds of social organization arose. A change in the collective behaviour appears as well as the formation of the **collective identities** and the participation of individuals in social movements such as protests. The era of the internet had a massive contribution since it helped these movements and ideologies to gain strength and to dissipate. These new ideologies opened the minds of the consumers to new possibilities of choice, and the interest in exploring niche products, such as ecological products, cruelty-free products, and vegan products (Barros, 2013).

Knowing how consumers will react and what their expectations are is essential when we talk about marketing. Trying to predict a buying pattern is a risky move but very important in business. Is also extremely difficult to have a good prediction on this matter (Chakrabarty et al., 1998).

Chakrabarty et al. (1998), made an enquiry to predict consumer sentiment and confidence, and examined the causal relationship between four consumer confidence indexes and consumer spending, business and economic activity. The thing is that, for the consumer, the future wealth and economic stability has a big impact in its choice and buying attitudes. And so economic reasons actually weigh on the consumer choice (Hugh et al., 1994). Unrestricted spending will be high once the consumer is optimistic about the future, mainly in terms of wealth (Kinsey & Collins 1994). The authors, Chakrabarty et al. (1998), found that sentiment indicators can be good predictors of future business activity. It can lead to the prediction of future outcomes for both consumers and business decision makers once they share similar expectations about the changes in economic activity (Chakrabarty et al., 1998).

However, Garner (1991), defends a lead-lag model and comes to the conclusion that the Indexes of Consumer Confidence and the Indexes of Consumer Sentiment, cannot be predictors of consumer spending on durable goods. Meanwhile, other authors such as Hugh et al. (1994), defend the opposite, concluding instead that these indicators can be very useful in predicting key economic variables such as consumer spending.

To understand the consumer may be necessary to approach it relating to many disciplines such as statistics, sociology and psychology, since there is a conscious and unconscious buyer and each one of them surrounded with their own reality (Sheth, 1967).

There are several perspectives to how to approach **consumer behaviour**. According to John Howard, consumer behaviour is the direct access of an individual to products or services, and the movements or actions that precede and are capable of identifying these behaviours.

The consumers buying behaviour is not momentaneous, and so an individual can have a cycle where it buys different kinds of products. This cycle can have different durations and is usually bigger when we talk about durable goods such as cars or houses. The cycles for products such as milk or clothing repeat more frequently and so the buying the same product depends always on many variables such as buyer satisfaction. And satisfaction is only acknowledged after consuming the product at least once. That is why the factors learning and past experience have a great weight in the predictions of consumer behaviour and decision making (Haines et al., 1970).

In the 60's authors John Howard and Jagdish Sheth researched deep the consumer behaviour and ended up developing a model called "Howard Sheth Model" or" Theory of Buyer Behavior", that was a consumer decision model (Erasmus Et al., 2010). This theory described this empirical happening - purchasing behaviour of individuals in a restricted period of time - and had several variables or stimuli as they referred to. These stimuli were divided in 3 categories.

1. The first, such as social class, culture, financial status, time pressure, personality variables, importance of purchase, organization. It also talked about the importance of motives.
2. The second is the brand's stimuli, they described 5 principal influencers: price, quality, distinctiveness, availability and service.
3. The third and final is the information the buyer gets from social environments.

Another kind of inputs that can influence the purchase decision directly or indirectly are the outside inputs. These can be for example the word of mouth and other information that the consumer gets from outer sources, sources that the brand cannot control. The outside inputs, outputs and decision mediators influence a lot the decision of the consumer.

Marketing stimuli is also important since it has some sort of power that creates or changes the buyer’s decision mediators and perception of the product or firm. It may change the purpose and the motives. These, the motives, are also of great importance and have a hierarchy in between them. They can raise motivation and lead to action if they are evoked. Non-specific motives such as fear or anxiety if triggered can lead consumers to take action and seek for alternatives to fulfill their fears (Haines et al., 1970). For example, fear for our health can lead a consumer to search for more organic and healthy foods and start to exercise.

But nevertheless, we shall not forget the **satisfaction of the consumer**, that should have a top place since it is what leads to the repetition of the buying behaviour (Haines et al., 1970).

As the years go by, there has been an increment on the interest in models about consumer behaviour, this resulted in deeper and more interesting research over time. These improved models capture various situations where consumer choice shows to be dependent on a great variety of factors that can differ over time and can be internal (personal changes in preferences) or external (related with the buying environment and buyers' expectations towards it).

According to McAlister et al., (1991), the evaluation problems with choice behaviour models and trying to understand buyers behaviours can be related with three main factors/sources: "state dependence", "unobserved heterogeneity" between buyers and "environmental non-stationarity".

- The first one called "**state dependence**" is when a choice made by the buyer on a determinate occasion can affect the future choices in other time and place. It invokes the past consumer selections and how they end up affecting current behaviours. A past purchase that affects future ones. This effect can also be called learning or loyalty, both related with past experiences but in different ways.

  Learning it ultimately **changes consumer perception** of the product and it is related with the familiarity of the consumer with the brand or product. For example, when a buyer is not familiarized with the product category, the experience he or she has can turn the perception on the product in a great way, and buyers can learn why using that product is so important. This is a big step for new brands, which can relate a lot with this effect (McAlister et at., 1991).

  However, some researchers still do not know exactly why consumers search for a change at some point and others do not (Bawa, 1990). While some defend it is perhaps the effect of price promotions campaigns that alter the state of the variety seeking of customers (Kahn & Raju, 1989), others considered the factor mood or state of mind as the factor that should be taken in account (Isen & Kahn,1990).

  According to McAlister et al. (1991), the factor loyalty is understood to be more related with the sum of past brand purchases that ultimately influence the trust in the brand, defining future buy (McAlister et at., 1991), and so must be taken into account.

- The next one, "**unobserved heterogeneity"**, is the difference between consumers and how they respond to **marketing stimuli**. While some may see this as a problem, marketing departments should see it as profit, since it gives them the opportunity to explore niches and segments (McAlister et al., 1991). There are many ways to do this. The authors Fader and McAlister (1990), explain that one can deal with unobserved heterogeneity creating models that explore the individual. Others claim that an aggregate model would be better. Maybe the best would be comparing these two models to reach a balanced result (Jones, 1990).

  Kamakura and Agarwal (1990) built a model that aggregated groups of individuals into segments based on their behaviour. Morichi and Yai (1990), did almost the same but in a reverse way, creating first an aggregated model and then splitting it into segments. When tastes diverge, identifying segments is crucial since it is not going to have a normal distribution. For this matter, one should be watchful to how data disperse, and consider the variance captured. Identifying the variables responsible for these variations can also be an answer to better understand the segments (McAlister et at., 1991).

- "**Environmental nonstationarity**" is when there is a modification in the environment that ultimately ends up influencing the **choice process**. This change might be influenced by the **marketing mix** activity such as advertising, changes in politics, demographics or other.

  Promotion has a big weigh on consumer behaviour choices, namely on timing of purchase. For example, a buyer can postpone his/hers purchase because has the knowledge that a sales season is approaching, or he/she can buy a lot of the same product taking advantage of a promotion (McAlister et at., 1991). Another marketing mix factor to have in account is the competitive action and reaction. If it fails, a brand can lose its position in the market as a reference and the perception of the consumers may change (Winer, 1986).

The three factors are related between them, since the state of dependence can only be truly studied when heterogeneity and environmental non-stationarity are taken out of the operation.

For an average consumer changing habits can still be a big challenge. According to Tseng et al., (2020) the transition from unsustainable to sustainable, called by the acronyms SCT - Sustainable Consumption Transition, “involves a change of views, positions and tactics by consumers and regulatory authorities, while focusing on quality of life” (Tseng et al., 2020, p. 1).

Consumer behavior is often driven by identity reasons, as documented in psychology and marketing research (Leung et al., 2018). Identity is a kind of label that represents the “type” of person that the consumer is (rendering to their behaviors). According to the authors, “people are inherently motivated to build their identities and use products to confirm as well as express their identities (Leung et al., 2018, p. 2). Therefore, can consider that the identity and reinforcement of it is something essential for the consumer and that makes them sensitive to the external information that shapes the same (advertising).

Information is received (conscious or unconscious) and has a big impact on our decisions. This information can reach us through documentaries, books, videos, social networks, the internet or even through WOM - Word-of-mouth (Martins, 2018). WOM is so important in niche marketing, because it creates the references and infrastructure development, since reputation has an enormous influence in the final choice (McKenna, 1998). Nevertheless, the environment around us or accessibility to products has also a key role (Martins, 2018).

According to Leung et al. (2018), it is more unlikely to change the habits of an individual who identifies with a restricted group of people than an ordinary individual.

Dellarocas and Narayan (2010) present in their paper the how word of mouth works online and offline for niches, and the behaviour behind is interesting. The traditional theories of product-related interpersonal communication tell us that consumers have a tendency to engage in word of mouth (WOM) about less-known, unique or different products than about the ones that are commonly available. This is because, in a conversation, an individual that talks about different and unique products looks cleverer and avantgarde to the others who listen, compared to just talking about the same old and common products. This kind of behaviour is replicated in the online sphere, and it is why consumers might contribute more to online conversations and search more about niche products than others (Dellarocas & Narayan, 2010).

Behaviour towards new brands

New brands create weaker **memory traces**, that is why buyers who purchase new brands need extra **marketing reinforcement** in order to consolidate the memory of buying a new brand and establishing it in their recurrent habits (Trinh & Tanasondjaja, 2016).

As new brands fail to consolidate a strong memory due to the lack of investment in marketing, this is why so many newborn sustainable brands, fail in the first years and cannot reach a rewarding market, especially in small markets such as niches. The first year is crucial for new brands, and in these first 12 months usually they have more clients but less loyal because there is a weak association between the new consumers and the existing ones, which in the end is a problem (Trinh & Tanasondjaja, 2016).

Ehrenberg and Goodhardt (2000) defend the theory called “near-instant loyalty”, in which new buyers, after one purchase, can turn the new brand into a regular part of their buying habit. This goes against the previous idea that the act of buying a new brand is a more involved decision that has to have an impulse for the client to purchase the item. This is, instead of the buyer doing an intense evaluation after purchase, the act of buying ends up being connected with memory structures that engage in future acts of purchase.

The probability of **rebuying a brand** is related with how recent and relevant the brand is to this person. So, the advertising role is important in this process, to keep the buyer’s memory fresh, rather than persuade them to buy. Thus, new brands have a higher penetration but less loyalty rate. Continuous and active marketing activities that keep the brand on top (Ehrenberg et al., 2002). So, this means that new brands may attract more buyers, but these end up buying less than expected.

But these characteristics are inherent to new launches and do not necessarily mean that a brand will fail or succeed. It only means that in a new launch it is normal to have light brand buyers and reaching out to these individuals is actually important. But so is important to have marketing activities that help these people to have always in mind the brand and product.

The authors Ehrenberg and Goodhardt (2000) discuss that the first buying experience from a **new brand** is like any other buying experience, only has two characteristics that contribute to future rebuying acts. These two characteristics are: make the purchase a good experience and a memorable one, this is because as it is a new experience will be encoded in the episodic memory which is prone to be lost and forgotten (Tulving, 1972).

Episodic memory only turns into semantic memory when consolidation occurs (Dudai, 2004). To have a memory consolidated it is needed a soon-after experience synaptic consolidation and the second a system consolidation which takes longer and involves long-term memory (which is usually activated when a behaviour is recorrent) (Dudai, 2004).

The buyers of new brands may not know this brand but can be experienced buyers of the category on which this new brand is inserted. And this makes the experience of buying a new brand may not be so different and not enough to trigger the consolidation process (Ehrenberg & Goodhardt, 2000, Tulving & Craik, 2000). So, mixing the fact that there is a new brand in the market (with no memory references) and the buyer, an experienced category buyer, the experience can be easily forgotten unless there is great marketing support and reinforcement.

Trinh and Tanasondjaja (2016) affirm that new buyers have a lower chance to respond to brand attributes than existing users. Implies for new brands/launches it is even more weak since they have more new users. That is why it is so important to strengthen the brand equity of light users and incite them to repeat the buy.

When we talk about new launches, we usually refer to small brands, and their buyers are usually heavy category buyers (Ehrenberg & Goodhardt 2000). The first buy is the first step in a battle against the competitors, and a fight to not be forgotten. A fight for attention and memory of the buyers. The marketing fight is a challenge since it must outperform the competition and come in the right timing (Harrison, 2013, Romaniuk & Wight 2009). Continuous advertising support in new launches can be crucial to be successful. Trinh and Tanasondjaja (2016) defend that the marketing activity should be distributed over a longer "launch" period, increasing the chance of a double role: attract new buyers and keep the past ones.

However, brands that deal with mature consumers, one way they find to dispute for market share is to increase income by introducing a new brand or invest in a different niche market. This is often a very risky strategy (Castellion & Markham, 2012, Crawford, 1977, Tauber, 1988).

A new brand market introduction can have various goals. One of them is that a single company can have multiple brands, this way increases the possibility of the consumer buying from them. They can be present in several kinds of products from different categories, directed for niche consumers or not. This is a way to fulfill the variety seeking behaviour of the buyers. (Mason & Milne, 1994) Other objective is to guard shelf-space in stores, increasing their presence to the consumers (Hubner & Kuhn, 2012, Sorensen, 2009). The last one is regarding the need to appeal to a niche or a special segment of consumers (Kapferer, 2012).

1.3 Market segmentation

The segmentation of a market can be done taking in account several criteria**: demographic, psychographic and behavioural** (Do Paço et al., 2009). In the following, each of these criteria will be explained.

The first, **demographic** - It is believed that people with higher education levels and easier access to information, can be more concerned about other matters such as the environment and planet protection. Also, income has a positive correlation with the sensitivity of the consumer with matters such as the ones referred above. In terms of the **psychographic**, we must take in account that the concept of lifestyle only became more popular in the 60's, that was after war, and when marketeers started to research and explore more the concept of buyer behaviour. The consumerism analysis is based on the study of individuals interests, opinions and activities. And individuals that are in a certain type of community, end up participating in certain types of activities that can ultimately influence its buyer pattern (Do Paço et al., 2009).

The authors Do Paço et al. (2009) explore in their article how the segmentation can be done in the green market and talk about these indexes. They suggest there is a great relation between these factors and consumer behaviour towards this niche market. It is also referred, in terms of psychographic matters, that consumers with liberal political views are more inclined to commit with the green movement than conservative buyers. So, one thing ends up leading to other, if a person is inclined to like certain kind of things and belongs to a group with specific interests, the higher the probability of consuming the same products as that group.

In the 70's, variables related with **consumer personality** started to be part of segmentation. According to Cornwell and Schwepker (1991), personality variables such as locus of control and alienation played an important part in personality segmentation. Locus of control is referred to as the extent to which the consumer perceives there is a connection between his/her behaviour and upgrading. Alienation is the sentiment of being put aside by the community, society, group or culture. Values can also be taken as part of psychographic segmentation.

Regarding the niche explored in the article of Do Paço et al., (2009), environmental sensitivity and consciousness is highly correlated with personality variables.

According to Follows and Jobber (2000), consumers end up giving more importance to the impact the products cause directly on themselves (such as health related) than in the environment.

When we skip to **the behavioural segmentation**, buyers can be segmented based on their interests and knowledge, actions/attitudes, the use of a product, and as users and non-users of that product. In terms of the green market niche, the highly active consumers of this kind of product have a strong sense of identity and show to be more influenced by the community they are in. It also seems that closely involved consumers are more likely to buy these kinds of products. However, although environmental concern and consumer behaviour are related they are not highly correlated (Do Paço et al., 2009).

So, these consumers for **specific niches** such as the green market, buy the products for specific reasons, and when it comes to segmentation, environmental and demographic variables are important to differentiate between segments.

People's concerns about the environment are often expressed in actions like saving water which shows concerns related with economic factors. More than actually environmental ones. Consequently, individuals act more as environmentally friendly than fighting direct environmental problems. A question arises - May companies adapt themselves to this market? Yes, perhaps, because they can improve their credibility in the eyes of the consumers who are environmentally concerned. Using green marketing strategies can be an advantage thanks to the increase of the opportunities and markets related with environmental consumerism (Do Paço et al., 2009).

The digital and the online have become more and more important in marketing in the last decades and have grown immensely. New ways of communication between the brands and consumers had surfaced, and so did the technology enable data (Lambrecht & Tucker, 2013). Digital marketing gained strength and online advertising started to evolve, it is the era of display banners, SEO (search engine optimization), analytics, and influencers (Li & Kannan, 2014).

It became of great importance the effectiveness of these digital tools in consumer groups, since they began spending a lot of time and attention in these kinds of environments (Bucklin et al., 1998). To have a better response, it was concluded that consumer segmentation was essential in order to **avoid the unnecessary waste** of time and resources.

Knowing the differences between groups can lead to better results instead of treating them as an all (Wedel & Kamakura, 2000).

However, this is not as easy as it may seem. The segmentation has not reached a point where it is totally clear the response of the consumer groups. And so, although there is some segmentation, the response from the groups may not be totally as expected (Scheuffelen et al., 2019).

The variables when we talk about **consumer segmentation** can be demographic, psychographic and behavioral, for example. Other important segmentation factors are personal human values and attitudes (Bock & Uncles, 2002, Chow & Amir, 2006). However, there is only a few data that link these segments to real behaviour aspects such as click data (Scheuffelen et al., 2019).

While human values can be defined as an ”enduring belief that a specific mode of conduct or end-state of existence is personally and socially preferable to alternative modes of conduct or end-states of existence”, an attitude is ”an organization of several beliefs focused on a specific object or situation, predisposing one to respond in some preferential manner” (Rokeach, 1968, p. 16) which can be understand as taken place in a particular situation. Homer and Kahle (1988), developed a theoretical framework that studied the relation between values, attitudes and behaviours, in order to establish a value-attitude-behaviour hierarchy (Scheuffelen et al., 2019).

This kind of segmentation can be highly rewarding. (Homer & Kahle, 1988, Vinson et al., 1977). **Attitudes often can be more explanatory than values.** Nevertheless, both should be taken in account when trying to understand the consumer (Scheuffelen et al., 2019).

1.4 Niche market behaviour

Regarding niche markets there are several pieces of information that can be critical to marketing and production, but they are not available most of the time. This information can be related with price and quantity for example (Nelson, 1991). When equipped with these informations and others related with choice **behaviour and consumer preferences**, the producers and brands can be better ready to respond to the niche market demands and there is a higher probability of product acceptance from the consumers (Zucker et al., 1998).

In a study conducted by Zucker et al. (1998), which analysed the sushi niche market, they came to the conclusion that the preferences of the final consumer were highly dependent of its final objective, but there were always some basic variables that were equal in all of the consumer choices (for example, the freshness of the fish and products). However, variables such as price and quantity were highly related and were dependent on the consumers final objective of the buy. In a niche, some market levels can have identical inclinations for some product characteristics, the opinions can differ in other characteristics. This is why companies and producers must analyse more than one market level before making decisions, so no information goes omitted.

Knowing beyond primary **markets preferences and behavioural motivations** can help the producers to make better decisions. When market research only analyses the primary market and information is omitted, it can cause damage to the production and marketing decisions. More even when a characteristic or attribute is affected directly by a choice made by the manufacturer or marketing team. In this kind of situation knowing more of the consumer behaviour and preferences (go beyond the primary market) is even more crucial so no investment goes to waste. Of course, some divergences are expected, but if these become big or relevant enough to alter the consumer choice, the market levels should be analysed (Zucker et al., 1998).

There are some special competences that a company must have when it aims to pursue a niche strategy. These competencies go from the capacity of gaining a good position in the niche market, its profitability, differentiation, adherence of the market to the marketing concept and most of all the relationship built between the company/product and the client (Dalgic & Leeuw, 1994).

When we talk about niche marketing, a long and **strong relationship is key**. To build one, Copulsky and Wolf (1990) claim that there are three key elements: building an updated database of current and potential customers, creating differentiated messages to the clients, tracking each relationship and being aware of the lifetime value of their purchases.

It is essential to keep a good and updated customer database when we talk about relationship marketing and niche marketing. Keeping track of customer preferences increases marketing effectiveness. Niches that might look too small to be served profitably, can become viable if there is an increment in marketing efficiency (Blattberg & Deighton, 1991).

To study how an individual reacts in the purchase of a product that is considered a niche product is very hard to identify, since it depends on the niche that we are investigating. The opinions and motives can differ largely. In the case of a specific market niche such as organic food, Kushwah and Sagar (2019), affirm that there is a significant association with social, emotional and epistemic values when we talk about ethical consumption intention. The last one mentioned was marked as the more important factor to influence the ethical consumption and choice behaviour. The studies conducted by these authors (Kushwah & Sagar, 2019), tested a new model that had six important predictors that were not related: price and quality, social, emotional, epistemic and conditional values. It also had two dependent variables: choice behaviour and ethical consumption intentions. It took in consideration whether the individual was a non-buyer or a buyer and what was the rate of concern about the environment. It concluded that the epistemic value had a high influence on choice behaviour which means that knowledge and curiosity has a big weight on purchase intentions when we talk about this specific niche - organic food. In this case, price and quality had no bigger significance on ethical consumption and choice behaviour.

There are also some consumers of organic food that do it for **social approval** and were not active participants of ethical consumption. The consumption of organic food is a low involvement purchase that is led by personal factors such as attitude and perception of the product in question instead of social motives (Chen, 2014; Mainardes et al., 2017). In this niche market in particular, emotion can also be a predictor of ethical consumption intentions, since it targets people that are gathered in communities and often share decisions and information with each other. However, the emotional part has no weight when we talk about the choice behaviour (Kushwah & Sagar, 2019). Many consumers that buy organic food do not actually relate it with the emotion of protecting the environment but the feedback it has on their **health and social acceptance**. When talking about the organic food market and consumerism, discounts and sales may be taken as negative, positioning these products as less good (Kushwah & Sagar, 2019).

This study concludes that the epistemic value had an association with both **ethical consumption and choice behaviour**, which indicates that consumers with knowledge tend to buy organic food products. Also, both buyers and non-buyers are influenced by epistemic and emotional values, and this may be because organic food is an emerging niche product (Kushwah & Sagar, 2019)

So, for companies who work in this niche market, they should direct the marketing towards enriching the knowledge of existing buyers and new ones, always connecting it with an emotional part. Price in this case is a factor that should be taken as fair, not too high nor too low.

The better understanding of the market, the bigger the chance of product acceptance by the target (Zucker et al., 1998).

1.5 Market niches – Niche to market phenomenon

According to McKenna (1988), most of today's large markets started out as niche markets, and so are an evolution from small to massive.

With the Second World War, mass markets started to fragment into smaller segments, and the causes were mainly social. Women started to have a different part in the society, they started to work, to govern a home alone, minorities gain voice. Also, technology had an immense growth, and the markets became overflowed with new and various products, competition increased (Dalgic & Leeuw, 1994).

Although niches start small in the beginning, they usually become large markets after starting to be explored by bigger companies (McKenna, 1988).

To survive in the niche business in a profitable way, companies must choose the best markets. They should have a sufficient size to be profitable, no real competitors, growth potential, purchasing ability, need for special treatment amongst others (Dalgic & Leeuw, 1994).

The choice to explore a market niche comes essentially from the need of a brand or company to outperform its competitors and increase their profits (Vele & Borza, 2015). The insertion of a product created for a niche in a panorama directed towards mass consumption is a strategy that has been in use for many years (Linneman & Stanton Jr., 1992).

This phenomenon came essentially due to globalization and the increase of competitors throughout the world. But also, due to market evolution, consumers became more concerned about other topics such as environment, health and animal care, and also with the increase of offer, they became more conscious about what they are buying. This was why brands had the need to focus more on niches (Boienko & Susidenko, 2019).

There was also a change in people's mentality thanks to the increasing information flow. A growth of interest in wider areas became important and people started to explore niche products, such as ecological products, cruelty-free products, and vegan products and new possibilities of choice (Barros, 2013).

However, when we talk about niche massification we talk about the phenomenon in which a product made for niches captures the attention of the mass market or the common consumer.

Let us see the example of milk. Many people are intolerant to lactose, some do not even know they are. Before the mass apparition of alternatives to regular milk, there were maybe one or two brands of soy milk in the supermarkets' shelves. Brands became conscious about people who did not buy as much milk as others, and the reason was mainly because of intolerances, moral values, or vegan diets. So big brands started to produce more products as alternatives to milk, such as almond milk, soy milk, oat milk… and the thing was that even the regular milk consumers, started to buy this kind of drink. Not only this product satisfied the needs of a niche, but it was also bought by regular consumers (Linneman & Stanton Jr., 1992).

According to the Vegan Society, in 2017, Danone invested about 60 million dollars in a plant-based beverage factory in Mount Crawford, Virginia. Alpro Soja, the first regular milk option to become better known, is owned by Danone, one of the largest multinational milk production companies (Tait, 2019). In the case of veganism or vegetarianism, the interest of the masses in this new lifestyle opens doors for large industries, which try to adapt to this new trend and reach new markets to increase their profits, since according to Peter Link (founder of world's first vegan business magazine, Vegconomist in 2017) "producing vegan is cheaper, but sells more expensive to consumers." (Tait, 2019, p. 41).

However, this trend of mass interest in niche products involves not only vegetarianism or veganism but also other non-food sectors (cruelty free beauty products and vegan animal products are other examples). This interest from the masses is due to the increase of access to information about health, environment and other, but also thanks to media and social media pressures and the consequent need of the human being to belong and be accepted as a good person.

As people became more aware of their surroundings (thanks to information), such as the planet decadence, the dangers of certain products for their health, they became to search for alternatives. They find a whole new world that spoke about veganism, cruelty to animals and planet pollution thanks to the internet, social media and mass media (Barros, 2013).

But why did big brands such as Danone start to explore niches when this was the job of the small brands? Because they realised that a great profit comes from satisfying all your clients' needs, tastes and expectations (Tait, 2019).

But this **massification phenomenon** of the successful diffusion of a niche relies on various factors, Clausen and Fichter (2019) analysed some of these factors in an environmental and technological perspective and came to the conclusion that these were the main factors to take in account when thinking about a good niche diffusion:

- The price.
- Reputation of the suppliers.
- Quality.
- Reliability of the service.
- The need for behaviour modification. When there is no need for behaviour modification, the consumer buys the product more easily. The other way around does not happen so easily. When there is uncertainty, incompatibility, adaptation becomes very hard. One of the many used strategies in this case is through “self-reinforcing effects", for example social network and word of mouth (Clausen & Fichter, 2019).

1.6 The strategies behind the niche

When we talk about emerging markets, we have to keep in mind flexibility and differentiation (Dalgic & Leeuw, 1994).

Often small firms follow the niche strategy due to their limited resources, however this can also be applied to bigger businesses units in larger companies. They see that trying to sell a standardized product to the masses is becoming less profitable every day, more in the mature markets. Perhaps smaller firms cannot have a monopoly on niches, but they win when we talk about being better focused on serving the specific needs of a market (Dalgic & Leeuw, 1994).

Niche markets mean new opportunities, more markets (although there are less gains), and easier defense against competitors (Dalgic & Leeuw, 1994).

However, choosing a **niche strategy** comes with some risks. There is always the danger of hypersegmentation, which means selecting niches that are too small. This can become counterproductive and so must be taken into account (Leeflang & Beukenkamp, 1981).

What really looks like is that the majority of companies start as niche marketers' players and grow into mass marketers. Once they reach their mature phase, and saturation begins to appear, innovation needs to occur, so the former mass markets often return to niche markets (Dalgic & Leeuw, 1994).

Kotler (1991) observed that companies that are in the initial stage of their product life, normally opt to focus on niche markets. The case of The Body Shop and many others is an example. The company founded a niche in cosmetics and started as a local niche market and grew to an international niche player. The standard is that niche marketing adapts easily to rapid and changes mini markets, while this becomes more difficult when talking about a mass market (Dalgic & Leeuw, 1994). However, what some great companies opt to do is to offer the possibility of personalization within mass production. Companies such as Tesla offer within some limits the possibility to design your own car.

Meanwhile, Verhage et al., (1989), defends **mass marketing strategy** because of its strategic price mechanism and the economic advantages (gained thanks to the economies of scale and experience curve effects). Mass market may continue to exist in some products (Verhage et al., 1989).

But **why did niche marketing become so appealing?** The main reason may be because of knowing so much of the target customer, the companies end up charging a substantial markup over cost due to the added value and costs of production (Kotler, 1991).

Is relevant to highlight more than mass market, niche market is a continuous process. And when we talk about process and the future, companies should always take into account a great factor. Competition is one of the main behaviors that influence the behaviors and strategies of the current companies. With the evolution of markets, the development of sustainable competitive advantages has become a lead element when we talk about outperform the competition and performance. By focusing in a market segment, in their needs and preferences, companies can find a way to better satisfy the clients' needs while using the resources at a higher and sustainable level, with no waste of resources (Vele & Borza, 2015).

When thinking about competitiveness we talk about bringing a higher value to the customers at a low cost or to be different or personalize their offer (Vele & Borza, 2015).

However, for a company to be profitable and survive, it should focus on finding markets which have a sufficient size to be profitable, no real competition, grow potential, special needs, and purchase ability (Dalgic & Leeuw, 1994).

Vale and Borza (2015), talk about the **focus strategy** as the way of companies to identify a narrow market segment, a niche, and concentrate all the attention and resources in satisfying its needs to the best. While other companies try to satisfy the global and more open markets, with this strategy, the sales are focused for a narrower audience, making the buyer feel closer and empathic with the brand. The goal is to gain competitive advantage on that niche, while ignoring the rest of the market. However, this type of strategy must be combined with other strategies, such as differentiation by sale, after buy support or even cost leadership strategy.

In many industries, companies chose to change their strategy and became more specialized in a single type of product. But these strategies have some risks too, since the competitors can find other ways, even effective ways, to match the focused company in serving the niche market. Also, the changes in the consumers preferences can leave the focused company without a viable market, or a market that chooses a bigger company to buy from (Vele & Borza, 2015).

It also can give the chance for the competitors to go deeper into the niche by working the subsegments of the niche (Dobson et al., 2004, Dess et al., 2007).

So, it is also crucial that a company's behaviour becomes hard to imitate for a long period of time. This way, competitors cannot enter very early its market and connect with their consumers. In order to do this, the firm must ensure the differences, provide real benefits to the consumer, and be prepared to act when changes come (Lynch, 2002).

1.7 Consumer relationship

It all comes down to the relations built along the way. We can say that the success of a brand is greatly influenced by its relationship with customers, brand management and marketing knowledge, as well as a need for constant change and adaptability (Boienko & Susidenko, 2019).

"There is no customer base homogeneous" (Linneman & Stanton, 1992, p. 44), since the light users are where the new niches and opportunities can be found. Following the 80/20 rule the United Dairy Industries targeted the consumers that consumed less milk and created products directed to them. There is the example of the elderly that drank less milk because of their growing intolerance to lactose, and so companies created other options to milk such as almond milk and soy milk. This is a strategy that was and still is commonly used among big brands, and that brings great income. Campbell Soup brand did the same by observing that their soup was not consumed the same throughout the United States, the reason was that people from different states liked different kinds of tastes in their soups, so they created different tasted soups for each part of the country, increasing their sales. For a modern company to find new niches is also important to have a strategy in which there is also a focus on being ahead of its competitors and fighting back quickly. And how can a business do this? It must find a market niche that is not only a new segment where the business operates but also it has to have the potential to grow (Boienko & Susidenko, 2019).

This is why businesses that have a small part of the market have more profit than the ones who rely on the mass market, because sometimes light users lead to new and profitable markets (Linneman & Stanton, 1992).

The company must choose a niche free of competitors and that guarantees income, but also a niche that has a future. As a way to keep the competitors from entering a new niche, brands and companies can create exclusive contracts, patents, and know-how, that put them in a position of advantage. It is all a matter of strategy (Boienko & Susidenko, 2019). Therefore, brands should focus on trying to be impossible to imitate by its competitors for the longest period of time possible. This way they achieve a strong competitive advantage (Vele & Borza, 2015).

Be the more competitive company will always be a target for the companies, and nowadays, being the best and please various types of consumers is essential. For example, sustainable development is today's key when we talk about companies' competitiveness.

A very interesting fact is that environmental products and service innovations are consumed precisely in these small market niches. This can be a problem, since it causes a barrier regarding the growth of environmental benefits (Clausen & Fichter, 2019).

Many companies choose to focus on specializing in a single type of product as a way to surpass its competition. This way they differentiate by offering guarantee quality over quantity, and focus better on the real consumer needs, that sometimes are ignored. When offering real benefits to the consumers, companies are creating a difference between them and the competition, and also reduce the costs of production, taking advantage of all the available resources (Vele & Borza, 2015).

2. Research methodology

2.1. Objectives

The objective of this study is to understand and get the answer to the phenomenon of niche massification. With this purpose in mid we aim to answer to these questions:

1- Why do big brands invest in niche products?

2- Why do people started to buy more niche products? Is this a trend or the future?

3- Why and how do small brands begin and survive? Is it profitable?

4- Is there a way to predict what niche products become popular among the common consumer?

Having these questions in mind, and after a careful research, it was decided to investigate splitting it in two sides – the consumer and the company. It was also important to know the consumers of tomorrow in order to understand the market trends and if niche product growth can be predictable. So first of all, a questionnaire called **Social Media Usage in Portugal – Uso das Redes Sociais em Portugal**, aiming for people around the ages of 17 to 30 (Generation Z) was launched on social media mainly. The objective was to understand how this generation behaved in social media and how the time spend in social media could "mold" these new consumers.

Next, it was launched a second questionnaire (**Niche Preferences and Market Massification - Preferências dos Nichos e Massificação do Mercado*)***, a more general one, through social media, e-mail, chat groups, university platforms, amongst others. This questionnaire aimed to discover the habits of consumption of the average consumer. Questions about niche products and such were answered.

Last of all, a series of interviews to niche companies that work nationally and internationally. These companies had different dimensions and market strategies, as well as worked with different audiences and products. The only thing in common was that they were environmentally friendly, ecological, and some organic and vegan/vegetarian.

Table 1 - Objective and Research Method

Objective	Research strategy	Our sources
1	Going according to Sauders (2009) it was used the survey method and interviews. This was because it was needed a bigger perception not only from the brands but also from the consumers.	Interview to Origens Bio, Babu Eco e Biork Portugal; Niche Preferences and Market Massification.
2	According to Sauders (2009) it was used the survey method. It was made a questionnaire and sent to the public/consumers. Also, we took into account a case study from Tait (2019).	Niche Preferences and Market Massification; Danone case study from Vegan Society, in 2017 (Tait, 2019)
3	In this case and following the Research Onion by Saunders (2009) it was chosen to only collect this data from the interviews as it was a more realistic approach.	Interviews to Pepe Aromas, Água Mole, Thinking G, Serradura Shop.
4	For this objective a deeper research was made, so it was needed to do two surveys and some data was collected from the interviews.	All interviews; Social Media Usage in Portugal; Niche Preferences and Market Massification.

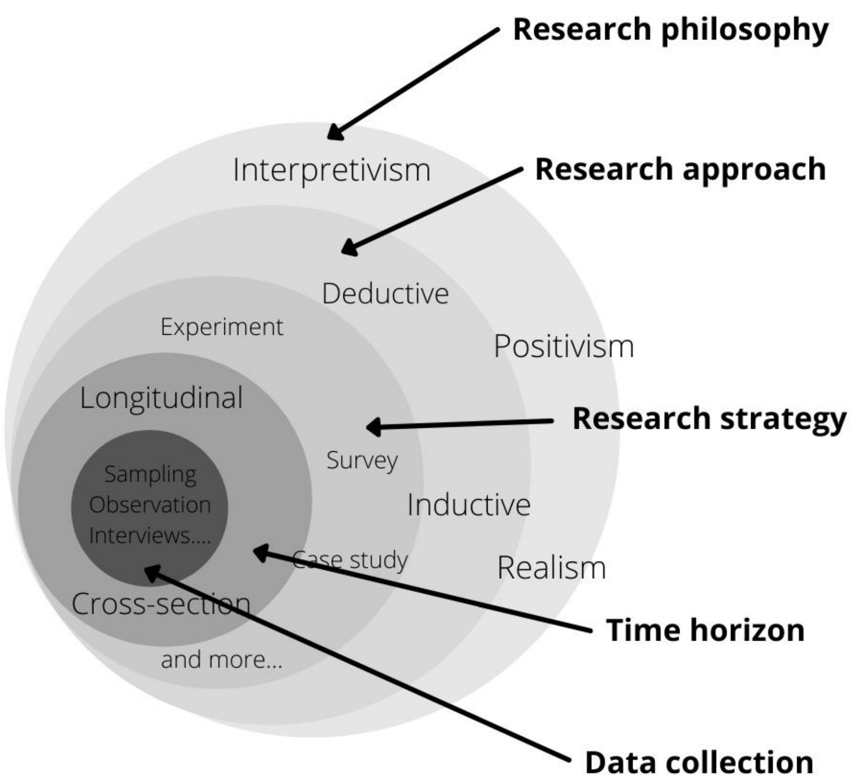
Source: Own source

2.2. The mix method

Saunders (2009) affirms that research is a way for people to find out something in a systematic way and therefore increase their knowledge. The author created a kind of methodology of research commonly referred to as the "onion method". This method of research allows us to characterize our study from an outer view to a deeper understanding.

The "Research Onion" framework by Saunders (2009) ensures a valid research and will certainly cover all areas of the research, the research process is analysed in different perspectives according to the different layers of the onion, Figure 2 - Research Onion Framework, more specifically: research philosophy, research approach, research strategy, time horizon, data collection.

Figure 2 - Research Onion Framework



Source: Adapted from Saunders (2009)

The first layer of the Research Onion is the **research philosophy** (figure 2 – Research Onion Framework).

Research philosophy relates to the development of knowledge and the nature of that knowledge, on that layer there are four different assessments: positivism, realism, interpretivism, pragmatism.

The present study is a constructivist and interpretivist research because, the reality and the phenomenon are something that were built by society and as a consequence of the people's actions and choices, not the other way around. According to this chosen method, the strategy has to take in account the differences between people (Saunders, 2003). As Saunders (2007, p. 106 - 107) refers, "interpretivism is used when the research is about people and not objects, it is ideal for the cases where we study business and management areas, particularly in fields as organizational behaviour and marketing". In our research study the human behaviour towards niche products and brands.

The second layer is the **research approach** where it involves the theory, Saunders (2007) refers that there are two different approaches: inductive and deductive, figure 2:

- The **inductive approach** is commonly used in qualitative research and makes it able to explore a social phenomenon in order to obtain empirical patterns (Bryman, 2008). So, data are collected, and a theory is formed using the results of the data analysis.

  This approach makes it possible to study a small sample instead of the large numbers studied, normally throughout interviews.

- The **deductive approach** is when a theory is developed, and a research strategy is designed to test an hypothesis. It enables to study a large number of data. It usually is used to study quantitative data in order to test a hypothesis (Saunders, 2009).

In addition, and according to Saunders (2007), a **mixed method** allows to combine quantitative and qualitative methodology in a research. Merging methods to create a single dataset while the multi method is used where the research is divided into segments (Flick, 2011).

For the present research we used this approach, mixed method, combining both qualitative as quantitative (made of interviews and surveys). A mixed method allowed us to go deeply into the research and create a richer outcome. (Saunders, 2007, p. 115), and can be seen as complementary instead of opposites and beneficial in some types of researches (Saunders, 2007, Tashakkori & Teddlie, 1998). In the present case where we must study niches and human behavior, a more complex approach must be taken into account because it is something complex and that approaches different kinds of themes. It is important to understand the various visions about the niches since it studies both the psychology of the consumers but also the strategies and a more logical part of the companies.

The next "onion" layer, labeled as **research strategy**, is about the research methods used to develop the study. Saunders (2007) says that the choice of a research method is made according to the research question and objectives, the range of knowledge, the time period and available resources and also the philosophical substantiation of the researcher.

The research strategies can be:

- Experiment.
- Survey.
- Case study.
- Action research.
- Grounded theory.
- Ethnography.
- Archival research.

In the case of the present research we used multiple strategies, this means it is used more than one data collection technique to answer the research questions, in this case it is the surveys, the archival research and also the interviews.

This kind of mix of techniques allow us to get richer results and different perspectives about the studied themes (Saunders, 2007; Tashakkori & Teddlie, 1998). Since the research approaches several aspects and sub-themes it was crucial to use different methods in order to get the information needed without compromising the research.

As for the fourth layer of the "onion", figure 2, we have the **research time horizon** that can be cross-sectional or longitudinal (Saunders, 2007).

The cross-sectional is when research is done at a particular time. The longitudinal is when there is a collection of data in different periods of time. In the case of this thesis research, the data of the interviews and surveys were made only once in time. However, as we were developing the tool to analyse future tendencies in niche markets, by using google trends and other analytical tools - there was a need to collect information during different periods of time.

As for the fifth and final layer of the research "onion" by Saunders (2004), Figure 6, it is time to talk about **data collection**. This can be classified as primary and secondary data collection. Primary data is when the information is created via the researcher whilst secondary data is information that comes from existing sources (Saunders, 2009).

In the present case we did both. The primary data was collected via surveys and interviews made by the researcher, and as for the secondary data, this was done through research and study of other written papers, scientific journals and articles.

2.3. Surveys - Questionnaires

There are advantages and disadvantages of choosing a questionnaire method. Sekaran and Bougie (2010) define it as ‘a written set of questions, preformulated, to which respondents record their answers’.

This technique is widely efficient when we are comparing the answers respondents are giving, since they have the same questions. Saunders (2009) says that questionnaires are the most used data collection technique within a survey strategy and explains that the design of the questionnaire will influence the response rate, trust in the results and the truthfulness of the collected data. To avoid mistakes, some points should be taken into considerations: a careful design of the questions; a pleasing layout; good explanation of the purpose; testing before launch; well executed administration.

The questionnaires for this research are called ‘self-administered’ since they are completed by the respondents themselves. Also, both questionnaires were answered and shared online, via Social Media platforms, chats, university pages and groups. “Internet-mediated questionnaires” are very important to this study since the internet is where the majority of the target of this study is and it makes it easier for them to respond (Saunders, 2009).

The inquiries have time and personal space to think about the answers, no pressure. This method was also very important since due to covid-19 it was not possible to make this questionnaire in person; the reach would be a lot more limited and would take a higher amount of time to get the responses. However, there is a downside, since there is no verbal communication, moments of doubt or misunderstanding cannot be clarified to the respondents (Sekaran & Bougie, 2010).

First questionnaire - Social Media Usage in Portugal - *Uso das Redes Sociais em Portugal*

The purpose of this questionnaire was to be incorporated in an article about the usage of social media in Portugal and social media habits and future tendencies of the generation Z.

As Saunders (2009) claims most questionnaires should include a mix between open and closed questions. This way both responses can be explored and compared.

This questionnaire was short in size since it was targeted specially for people on social media, which we know that have a short period of time to be focused on something. All questions were very simple with open questions and closed ones, but all very straight to the point. Most of the questions were closed.

After the careful formulation of the questionnaire, a pilot test was sent to 10 random people to test its effectiveness and reformulate the questions which needed to be rewritten. Some questions needed to be changed such as the question about age and social media influencers.

This questionnaire target was the Generation Z, people between 17 and 30 years old. As the aim was to understand how these people behave on social media, the questionnaire was mainly shared via social media and groups (Facebook, Facebook groups, Messenger, Instagram, Whatsapp).

Second questionnaire - Niche Preferences and Market Massification - ***Preferências dos Nichos e Massificação do Mercado***

This questionnaire had the purpose to understand the preferences of people in terms of buying from niche markets (products for niches). It aimed to collect information about buying preferences, consumption habits and futures trends of the Portuguese consumer.

This was a longer questionnaire, that was separated into three different categories of questions: private information, trends and diversity and buying habits. Throughout the questionnaire there were closed and open questions allowing respondents to give answers in their own way. There also was included a filter question to test the respondents.

After creating the question questionnaire, a pilot test was done to 10 people randomly and the questions misunderstood were adapted and rewritten. The target was not specific, so the questionnaires were then sent via social media (Facebook, Facebook groups, Messenger, Instagram, Whatsapp), to the school public relations office, via chats and online groups from the university, and by e-mail.

2.4. Interviews

The interviews for this research were made to seven companies that work with products that can be considered targeted for niche markets (organic, vegan, vegetarian, ecological). They were: Pepe Aromas, Água Mole, OrigensBio by Equanto, Thinking G, Babu Eco, Biork Portugal and Serradura Shop.

The aim was mainly to try to understand how they started, why investing in niche markets/products, the strategies used, how they see the consumers, if they use digital methods, if they analyze their data and try to predict future necessities, and their previous and current challenges.

Saunders (2009) refers that interviews can be formal and structured (with standard questions), or informal and unstructured (such as structured interviews, semi-structured interviews or unstructured interviews).

For this research all interviews were structured but during the interview it became semi-structured thanks to the flow of the conversation where the answers to the questions came naturally.

A guide with standard and essential questions was created and, although other topics were talked about during the interviews, the main focus was on the questions on the guide. It was important to do it this way in order to obtain non-influenced answers, so it was possible to compare them with each other and get to the final conclusions.

The first version of the script suffered many alterations during the test phase because it was too long for the companies to answer (20 questions in total) and also some questions were not so relevant for this study. For this reason, a shorter and more objective version of the first script was created.

The final script had 11 questions, the first was personal and about the role of the interviewee, next there was a section about the company with three questions, a section about the communication with six questions and a final section about strategy with three questions.

Four interviews (Pepe Aromas, Água Mole, OrigensBio by Equanto and Thinking G) were made via Zoom and recorded in video and sound supports (with proper written authorization of the guests).

The other three interviews (Babu Eco, Biork Portugal and Serradura Shop) preferred to answer the questions via e-mail, so the script with the questions was sent and they answer the questions directly.

Secondary data collection

Secondary data is information collected by someone other than the researcher, like published articles, books or even the media. It can be quantitative or qualitative data, or both. Saunders (2009) The secondary data in this study was collected from scientific magazines, scientific articles, thesis and dissertations.

Summarizing:

The present study is based in two types of different methodologies (a qualitative and deductive; and a quantitative and inductive) and comprehends two studies, the first one, major, reflects about the niche markets. In this one an interview to niche companies is made and also a survey to the mass consumers, in order to understand niche products consumption and its motivations. The mixing of these two methodologies provide us a richer outcome, since we are studying a complex theme that deals with the mind of the consumer and the strategies of the companies. It is important see the problem from various sights to gain a more complete perspective and result.

In order to develop a tool to analyse the niche markets and its behaviour in the future, it was created a methodology that implied a new study where it was made an inquiry about the usage of social media in the gen z. This was crucial to understand future behaviors of the consumers.

3. Results analysis

3.1 Questionnaire – Social Media Usage in Portugal - *Uso das Redes Sociais em Portugal* - Introduction

As said previously, this questionnaire's purpose was to give us an insight about the usage of social media in Portugal and social media habits and future tendencies of the generation Z. This generation is crucial to understand the future markets of tomorrow, mainly the niche market.

The chart below explains how this questionnaire was structured, its target and other relevant information.

Table 2 - Questionnaire Structure - Social Media Usage in Portugal

Number of questions	21
Type of questions	Open (5) and closed (16)
Target	Generation Z, people between 17 and 30 years old
Test group dimmension	10 people
Time of duration	3 months
Sharing method	Facebook, Facebook groups, Messenger, Instagram, WhatsApp
Number of answers	175 people
Number of answers from Generation Z	130 people

Source: Own source

3.1.1 – Questionnaire – Questions

(see appendix 3)

Open questions:

- *Indica por ordem, o teu top 5 redes sociais mais utilizadas. (Incluindo YouTube, Tiktok e outras plataformas de vídeo se for o caso).*
- *Indica por ordem, as 5 redes sociais onde partilhas mais conteúdo.*
- *Que rede social pensas criar conta no próximo ano?*
- *Que rede social tencionas eliminar conta / diminuir utilização no próximo ano?*
- *(Segues avidamente algum influencer?) Se sim, quem?*

Closed questions:

- *Idade*
- *Distrito*
- *Habilitações Literárias*
- *Género*
- *Horas gastas nas redes sociais por dia? (incluindo YouTube e TikTok)*
- *Quanto tempo gastas diariamente no Facebook?*
- *Quanto tempo gastas diariamente no Instagram?*
- *Quanto tempo gastas diariamente no Twitter?*
- *Quanto tempo gastas diariamente no Snapchat?*
- *Quanto tempo gastas diariamente no TikTok?*
- *Quanto tempo gastas diariamente no Youtube?*
- *Quanto tempo gastas diariamente no Pinterest?*
- *Quanto tempo gastas diariamente no LinkedIn?*
- *Pesquisas produtos nas tuas redes sociais antes de os adquirires?*
- *Costumas ver reviews no YouTube antes de adquirires um produto?*
- *Segues avidamente algum Influencer?*

3.1.2 Questionnaire – Results

Since our questionnaire had as target the Generation Z, we exclude the answers from other ages.

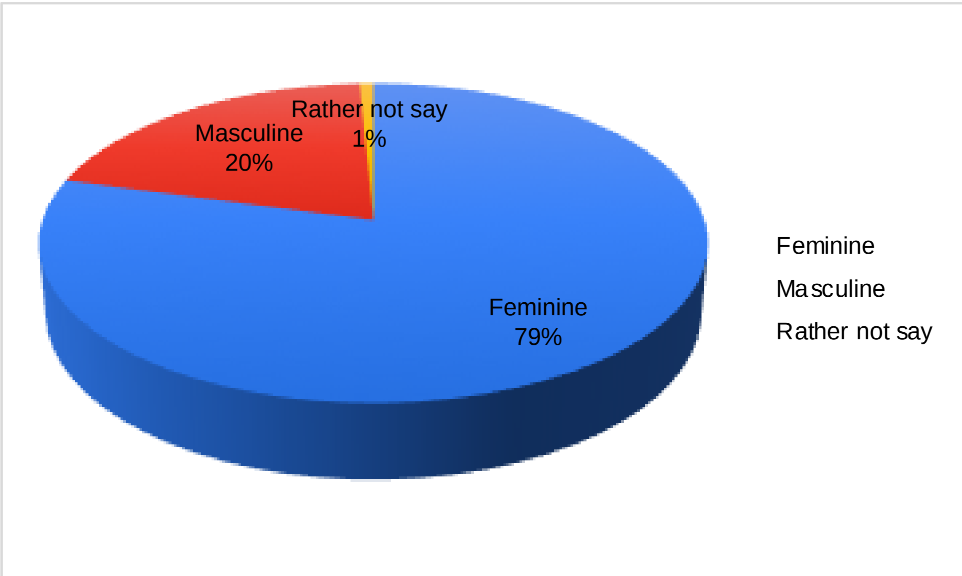
Age average

Total average: 27

Generation Z: 23

Gender of the respondents

Figure 3 - Gender Of The Respondents - Social Media Usage in Portugal



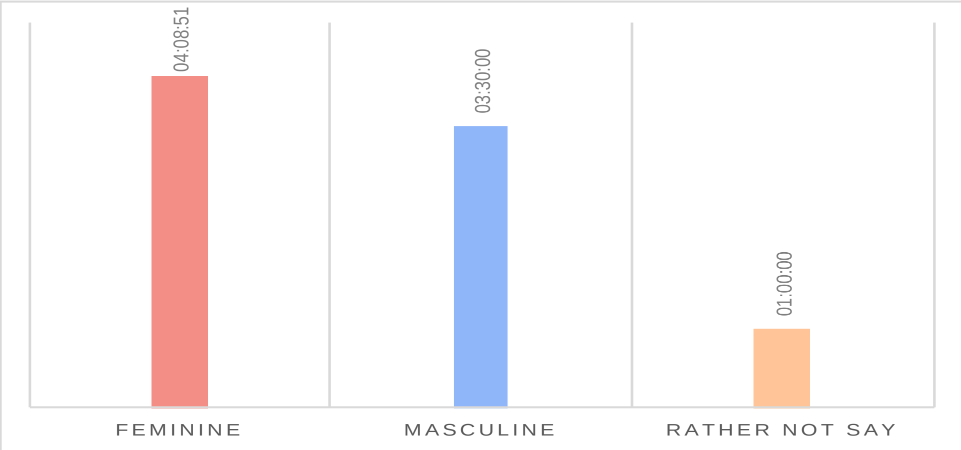
Source: Own source

The gender of our respondents were 103 women, 26 men, 1 rather not answer (one person).

This means we have to take into consideration this factor when reading and analyzing the results of the following questions.

How many hours each gender spends on social media?

Figure 4 - Hours Spent on Social Media by Gender - Social Media Usage in Portugal

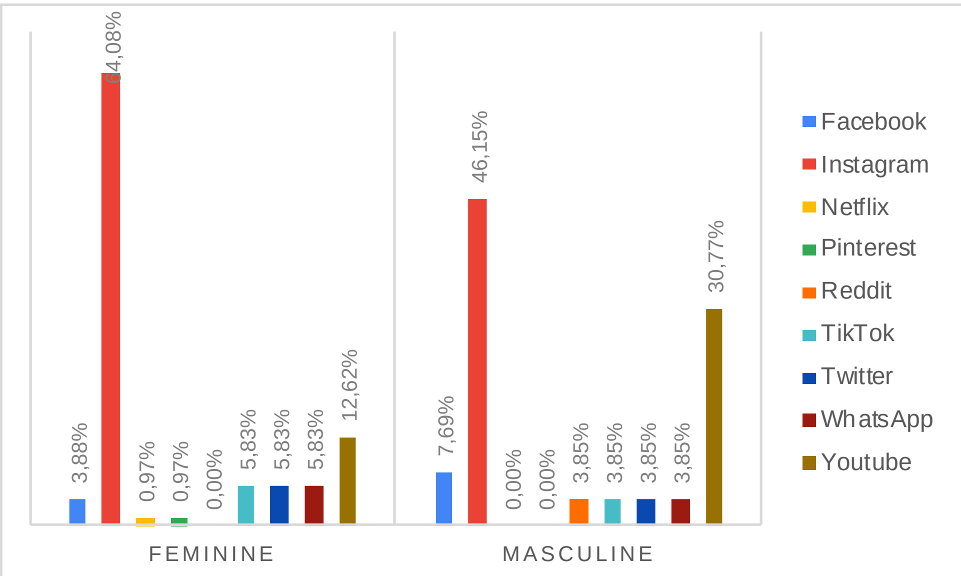


Source: Own Source

It is visible that the feminine gender spends an average of more time on social media. The difference is about 40 minutes. This means, and according to the data collected, woman spend more time on social media and so are a great target for those who want to be advertised through this media.

What is the most used social media for each gender?

Figure 5 – Most Popular Social Media by Gender - Social Media Usage in Portugal

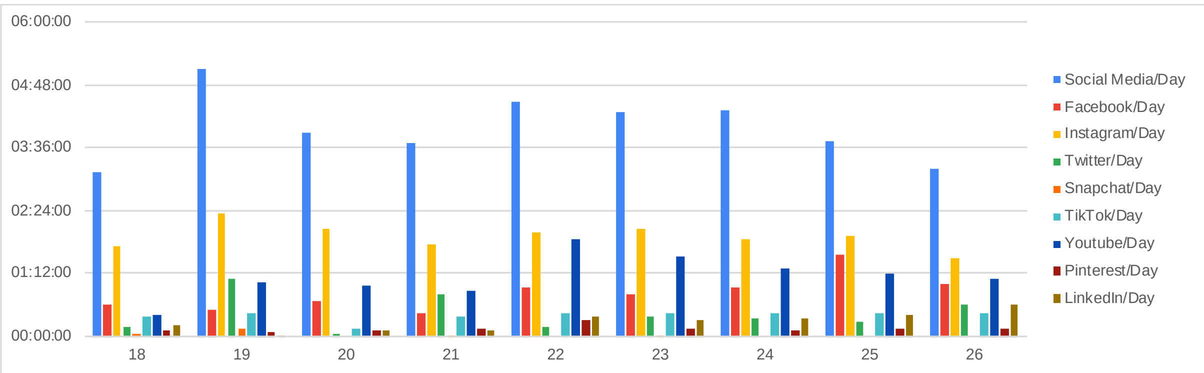


Source: Own Source

As the gender who spends more time in social media, the women choose Instagram as their favourite social media. For men, this choice lays upon Instagram too, and with a difference of about 16% comes YouTube. Curiously, Reddit has no weight on the feminine side, while for men it is used as much as Facebook, Tiktok and WhatsApp. However, men don't show much interest in social media such as Pinterest. This means our target still focus their attention on Instagram although they use other social media. Netflix is here quoted as one of the answers due to some responses, although it's not considered a social media.

Average time spent on social media daily and most popular social media – Generation Z.

Figure 6 - Time Spent on Social Media and Most Used Social Media - Social Media Usage in Portugal



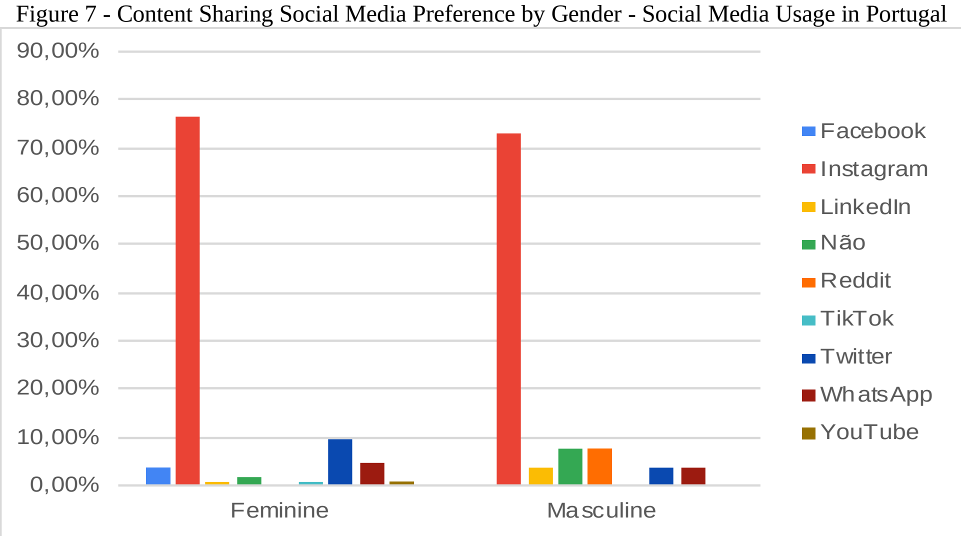
Source: Own Source

We can observe that Instagram is the social media that "steals" more time to our target, in other words, the one they spend more time and attention on.

19-year-old people, according to our data, are the ones who spend more time on social media. It's clear that Instagram is very popular among all ages. The same does not happen with YouTube which only people from from 22 to 25 spend more time in them. As the age goes down, Facebook loses the interest for our target and Twitter grows. LinkedIn grows after the age of 22 too, being the older of our target the people who spend more time in it. Tiktok is popular among all generation Z, according to the collected data. As for Snapchat, the 25 years old are the ones who spend more time using it. Pinterest is not very famous among the 18 and 19 years old.

Where do you share most of your content?

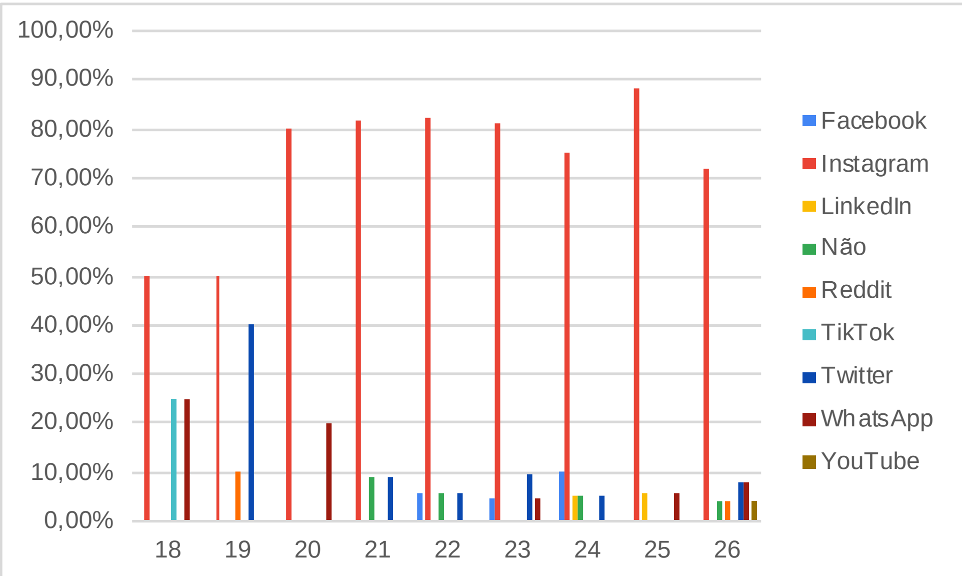
Figure 7 - Content Sharing Social Media Preference by Gender - Social Media Usage in Portugal



Source: Own Source

According to the collected data, both genders share most of their content on Instagram, maybe because it is also the social media where they spend their majority of time. Men also share some of their content on Reddit, following by LinkedIn, Twitter and WhatsApp. Women have Twitter on second place after Instagram, then WhatsApp and then Facebook. We can see that this generation is using less of Facebook and more of other social media.

Figure 8 - Content Sharing Social Media Preference by Age - Social Media Usage in Portugal



Source: Own Source

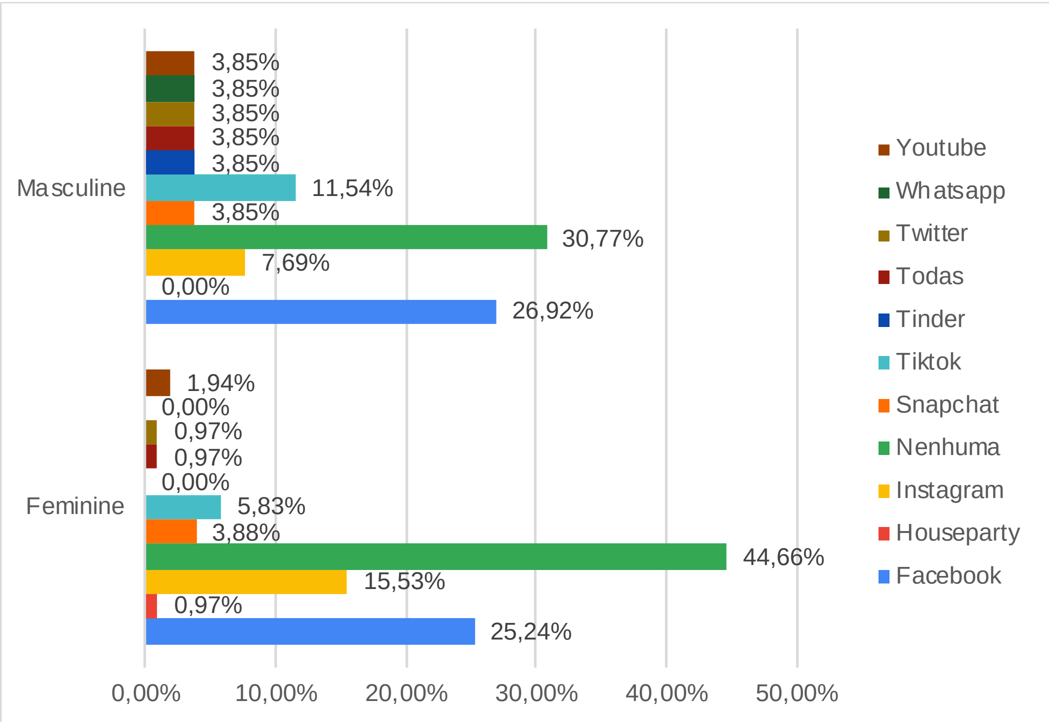
Analyzing this data, which shows the same as the above but according to age, we see that Instagram leads as usual in this generation, but we see that Twitter is also very popular among some ages mainly among 19-year-olds. Tiktok is also a social media where 18-year-olds share their content. For 23-year-olds, Twitter and Facebook have similar sharing content rates.

On which social media do you think about creating an account next year?

The majority affirms that it does not want to create a new account on social media. Meanwhile, LinkedIn appears the social media with more votes amongst all social media.

Which social media are you thinking about giving up?

Figure 9 - Social Media Drop Out by Gender - Social Media Usage in Portugal



Source: Own Source

The majority does not want to delete any social media. However, Facebook is the second most voted social media to delete account. It has about 25 to 26% in each gender, which shows a very similar desire.

Do you search for products on social media before buying them?

Table 3 - Social Media Product Search by Gender - Social Media Usage in Portugal

Gender	1	2	3	4	5	Total
Feminine	4	11	34	32	22	103
Masculine	3	5	6	9	3	26
Total	**7**	**16**	**40**	**41**	**25**	**129**

*out with rather not say

Source: Own Source

Caption:

1= Never. | 2= Almost never. (Less than 30%) | 3= Sometimes (between 30% and 60%) | 4= Yes, most of the time (more than 60%) | 5= Yes, always!

It is clear that most woman search for the products on social media (88 answers are between sometimes to always). This indicates that social media is a great way to get to our target if it is from the feminine gender. As for man, we too have the majority in values 3 and 4, which indicates they use social media to search for products between sometimes and most of the time.

Do you usually watch reviews on YouTube before buying?

Table 4 - Watch Reviews on YouTube Before Buying by Gender - Social Media Usage in Portugal

Gender	1	2	3	4	5	Total
Feminine	11	24	30	25	13	103
Masculine	1	3	7	4	11	26
Total	**12**	**27**	**37**	**29**	**24**	**129**

*out with rather not say

Source: Own Source

Caption:

1= Never. | 2= Almost never. (Less than 30%) | 3= Sometimes (between 30% and 60%) | 4= Yes, most of the time (more than 60%) | 5= Yes, always!

It is clear that for women the answers tend towards the sometimes, while for men the majority of the answers go from sometimes to always (22 out of 26). This meaning that according to our data, men tend to give more importance to watch reviews on YouTube before buying.

Does our target follow an influencer?

Table 5 - Influencer Following by Gender - Social Media Usage in Portugal

Gender	No	Yes	Total
Feminine	60	43	103
Masculine	19	7	26
Rather not say		1	1
Total	**79**	**51**	**130**

Source: Own Source

The majority of our target does not follow diligently any influencer (79 answers out of 130). From the ones that do, most of them are influencers from beauty and cosmetology.

Table 6 - Influencer Following by Age - Social Media Usage in Portugal

Age	No	Yes	Total
18	50,00%	50,00%	100,00%
19	70,00%	30,00%	100,00%
20	60,00%	40,00%	100,00%
21	81,82%	18,18%	100,00%
22	47,06%	52,94%	100,00%
23	28,57%	71,43%	100,00%
24	70,00%	30,00%	100,00%
25	70,59%	29,41%	100,00%
26	72,00%	28,00%	100,00%
Total	**60,77%**	**39,23%**	**100,00%**

Source: Own Source

The greatest percentage that follows influencers has 23 years old. However, as we can see, more than 60% does not follow influencers on a regular basis.

3.1.3 Questionnaire – Conclusion

This is the generation that will be tomorrow's new consumers (some today already), as they grow they become more and more relevant to business and market (Jacobsen & Barnes, 2020).
Women are the ones who spend more time on social media, which indicates they might be easier to "influence" through this channel. Both genders prefer Instagram over the other social media, however men seem to see YouTube as a social media of high interest too.

Confirming what the authors Hodak (2018), Green (2019), and Anderson and Jiang, (2018) said, Instagram leads when we talk about the app where most Generation Z spend their time and share their content. This is a social media that is popular throughout all generation, although and according to the data, 19-year-olds are the one who spend more time in social media. As for YouTube we see a bigger interest in the people between the ages of 22 to 25 years old. As the age goes down, Facebook loses the interest for our target and Twitter grows. LinkedIn grows after the age of 22 too, being the older of our target the people who spend more time in it. Tiktok is popular among all generation Z, according to the collected data. As for Snapchat, the 25 years old are the ones who spend more time using it. Pinterest is not very famous among the 18 and 19 years old.

This shows us that generation z will grow having interest on Twitter, then going to job related apps like LinkedIn. Tiktok has grown popular, but our data does not show this app as an "essential" app for this generation.

As for Facebook, this social media is less and less used by this generation, being the "older" ones of this generation (23 up) the ones who still use it moderately.

For now, the target of this study seems to do feel like it needs more social media, however some answers aim towards creating a LinkedIn account, perhaps this is related with the insertion of the elders of this generation in the job market.

The majority of the target of this study does not want to delete any social media, however Facebook is the second most voted social media. It has about 25 to 26% in each gender, which shows a very similar desire.

As a research method for acquiring products, the collected data reveals that women are the ones who most research products on social media. As for men, they also research products on social media yet much less than women. Data shows us that men tend to give more importance to reviews on YouTube for example. This kind of data can be crucial to the kind of product one is searching to advertise. If it is direct to women perhaps Instagram, for men perhaps Instagram but also YouTube.

The majority of the target does not follow diligently any influencer, however the ones that do, are the influencers most related with beauty and cosmetology.

The older slice of this generation (23 and up) are the ones who told us that follow more influencers, however more than 60% do not follow them on a regular basis.

Perhaps a more organic approach to social media is needed when we talk about promoting a brand online. Since most people do not follow diligently influencers, the content should be targeted in a more natural a less invasive way (Witt & Baird, 2018). We do know this generation spends a large amount of time on social media, or Social Media Immersion as Jacobsen and Barnes (2020) called, mainly Instagram with an increasing tendency to Twitter too. So those might be good social media to invest and promote content.

As for places where this generation searches for information, having a good website, reviews on YouTube and a good strong presence on the favourite social media might be the answer. However, a brand should never forget that this generation searches for content that fulfill these five essential aspects: identity, trust, relevance, possibility and experience (Witt & Baird, 2018).

3.2 Questionnaire – Niche Preferences and Market Massification *Preferências dos Nichos e Massificação do Mercado* - Introduction

As said previously, this questionnaire's purpose was trying to understand the tendency and buying behavior of the Portuguese people towards niche products. During the questionnaire they are also asked about their searching and buying behavior, daily activities and interests and environmental conscientiousness, in order to better understand and characterize our target.

Table 7 - Questionnaire Structure - Niche Preferences and Market Massification

Number of questions	29
Type of questions	Open (6) Closed (23)
Target	Everyone with ages above 18
Test group dimmension	12 people
Time of duration	3 months
Sharing method	Facebook, Facebook groups, Messenger, Instagram, Whatsapp, University PR Office, University Groups
Number of answers	130 people

Source: Own Source

3.2.1 Questionnaire - Questions

This questionnaire was made of three sections. The first is about personal information and is composed of five questions, the second is about tendencies and diversity (how people react towards new brands, products, and all kinds of diversity) and has 7 questions, the third and final is about buying behavior and has 17 questions.

Open questions:

- 1.1.) Idade

- 1.4.) Distrito

- 2.4.) Tens algum passatempo ou gosto pessoal específico que aches que te define em grande parte da tua personalidade? Se sim, qual?

- 2.6.) Se sim, quais? (referente à pergunta anterior: 2.5.) Compras produtos de nicho? (Um nicho é um segmento de mercado cujo público possui necessidades específicas que, geralmente, ainda são pouco exploradas comercialmente (ex.: produtos vegan, cruelty-free, produtos lgbt).)

- 3.4.) Qual foi a última compra que fizeste online?

- 3.5.) Qual foi a última compra que fizeste offline?

Closed questions:

- 1.2.) Género

- 1.3.) Nacionalidade

- 1.5.) Habilitações

- 2.1.) Aderes facilmente ou gostas de seguir novas tendências?

- 2.2.) És tolerante a novas culturas ou diversidade humana?

- 2.3.) Consideras-te uma pessoa que pensa diferente do "comum" ou/e que não segue tendências?

- 2.5.) Compras produtos de nicho? (Um nicho é um segmento de mercado cujo público possui necessidades específicas que, geralmente, ainda são pouco exploradas comercialmente (ex.: produtos vegan, cruelty-free, produtos lgbt).

- 2.7.) Consideras-te parte desse nicho?

- 3.1.) Preferes comprar de grandes marcas ou pequenas marcas?

- 3.2.) Já compraste a pequenas marcas? (Aquelas cujo mercado tem um volume reduzido. Exemplo: lojas de produtos artesanais, mercearias do bairro.)

- 3.3.) Compras online?

- 3.6.) Os princípios éticos de uma marca são importantes para ti no momento da compra?

- 3.7.) Procuras por produtos com símbolos, por exemplo: cruelty-free, produto natural...?

- 3.8.) Compras produtos, veganos, orgânicos ou cruelty-free porque:

- 3.9.) Aventuras-te a comprar produtos pela primeira vez?

- 3.10.) Fala-nos acerca dos teus hábitos de consumo...

- 3.11.) Comprarias um produto vegano e ecológico se este fosse:

- 3.12.) O que é mais importante para ti quando compras algo? Classifica por ordem, de 1 a 7, sendo 1 o fator mais importante de todos.

- 3.13.) A presença de uma marca e a sua apresentação/notoriedade nas redes sociais é importante para ti no momento de escolha?

- 3.14.) Na tua casa quem faz as principais escolhas de compras? (tu, familiar, outra pessoa)

- 3.15.) Existe alguma marca/marcas, às quais te consideres fiel?

- 3.16.) Pesquisas um produto antes de o comprar?

- 3.17.) Quando pesquisas um produto, onde procuras informação antes de comprar?

3.2.2 Questionnaire – Results

Average age

The average age of the respondents is 38.

Gender

The majority of the respondents were women 74% (96 people) and 16% were men (34 people).

Degree

38% of the respondents had a bachelor's degree (50), 32% the 12º year (41) and 18% a master degree (23).

Activities and interest areas the respondents do and have.

Table 8 - Free time activities - Niche Preferences and Market Massification

Activity related area	Counting
Anime	1
Bolsa de valores	1
Movies	3
Be with friends	1
Cook and bake	4
Sports	18
Drawing and painting	8
Theater	1
Sleep	2
Write	1

Photography	4
Gardening	3
Gaming	4
Read	14
Make up	1
Medicine	1
Meditate	1
Música	11
Nothing	42
Politics	1
Shopping	1
Be alone	1
Dog training	1
Watch tv	2
Travel	10
Volunteer work	1

Source: Own Source

According to the collected data, most people don't do nothing relevant with their free time. Secondly, they choose to do sports.

People that buy niche products.

According to the collected data, 42 people buy niche products while 88 don't. In the questionnaire a niche was described as "a product that supplies a specific public need and that, in general, is still little commercially explored (e.g.: vegan products, cruelty-free, ...)."

People who buy niche products and how are they open to new trends.

Table 9 - Niche Products Buying / People Open to New Trends - Niche Preferences and Market Massification

	2.1.) Likes to follow trends?				
Buy niche products	**2**	**3**	**4**	**5**	**Total**
No	8	48	23	9	88
Yes	2	16	16	8	42
Total	**10**	**64**	**39**	**17**	**130**

Source: Own Source

Caption:

1= I dislike following trends; have my own taste. | 2= Almost never chose to follow new trends. | 3= I follow some new trends. | 4= Most of the time I like to follow new trends. | 5= Yes, I like to follow new trends.

Table 10 - Buy Niche Products / Likes to Follow Trends - Niche Preferences and Market Massification

	2.1.) Likes to follow trends?				
Buy niche products	**2**	**3**	**4**	**5**	**Total**
No	9,09%	54,55%	26,14%	10,23%	100,00%
Yes	4,76%	38,10%	38,10%	19,05%	100,00%
Total	**7,69%**	**49,23%**	**30,00%**	**13,08%**	**100,00%**

Source: Own Source

Caption:

1= I dislike following trends; have my own taste. | 2= Almost never chose to follow new trends. | 3= I follow some new trends. | 4= Most of the time I like to follow new trends. | 5= Yes, I like to follow new trends.

This data shows us that people who buy niche products tend to be a little more open to new trends.

People that buy niche and that identify themselves with the niche ideology.

Table 11 - Buy Niche Products / Identifies With The Niche - Niche Preferences and Market Massification

Buy niche products and identifies with the niche	22
Buy niche products but does not identifies with the niche	20
Total that buy niche products	42

Source: Own Source

32% of the people buy niche products. According to data, 52 % of people who buy niche identifies themselves with the niche ideology. But the other half does not identify themselves with the niche.

People who buy niche and their degree of tolerance to new cultures.

Table 12 - Buy Niche Products / Tolerance to Different Cultures - Niche Preferences and Market Massification

	2.2. Are you tolerant to different cultures and human diversity?				
Buy niche products	**2**	**3**	**4**	**5**	**Total**
No	3	8	39	38	88
Yes	1	4	9	28	42
Total	**4**	**12**	**48**	**66**	**130**

Source: Own Source

Caption:

1= I am not tolerant to different cultures or human diversity. | 2= Most of the times I am not tolerant to different cultures or human diversity. | 3= Sometimes, I am tolerant to different cultures or human diversity. | 4= I am tolerant to different cultures or human diversity. | 5= Yes, I am very tolerant to different cultures or human diversity.

Table 13 - Buy Niche Products / Tolerance to Different Cultures (%) - Niche Preferences and Market Massification

	2.2. Are you tolerant to different cultures and human diversity?				
Buy niche products	**2**	**3**	**4**	**5**	**Total**
No	3,41%	9,09%	44,32%	43,18%	100,00%
Yes	2,38%	9,52%	21,43%	66,67%	100,00%
Total	**3,08%**	**9,23%**	**36,92%**	**50,77%**	**100,00%**

Source: Own Source

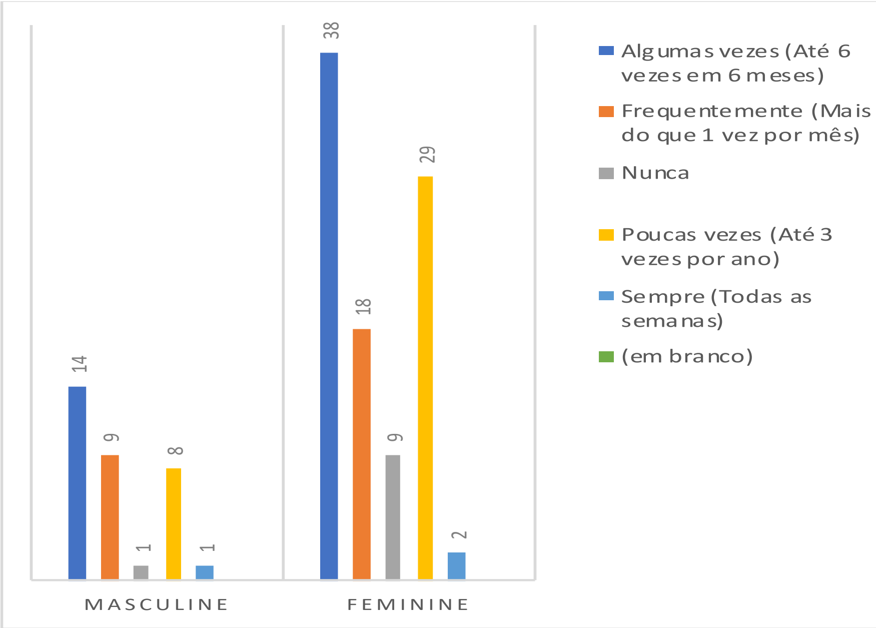
Caption:

1= I am not tolerant to different cultures or human diversity. | 2= Most of the times I am not tolerant to different cultures or human diversity. | 3= Sometimes, I am tolerant to different cultures or human diversity. | 4= I am tolerant to different cultures or human diversity. | 5= Yes, I am very tolerant to different cultures or human diversity.

According to the data, more than 50% of the people who buy niche products tend to be very much tolerant and open towards different cultures. This does not happen with people who do not buy niche products, they are still tolerant towards other cultures, but their mind is not so "open" as the people who responded to buy niche products.

Relating online buying and gender.

Figure 10 - Buys Online by Gender - Niche Preferences and Market Massification

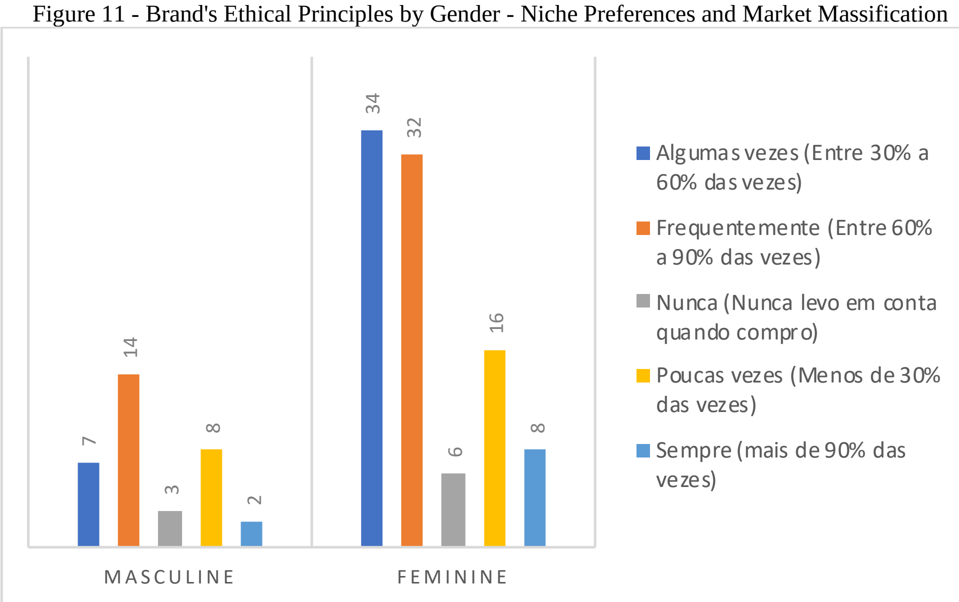


Source: Own Source

According to this graphic both genders buy online sometimes (maximum of 6 times in 6 months).

Relating brand's ethical principles and their importance according to gender.

Figure 11 - Brand's Ethical Principles by Gender - Niche Preferences and Market Massification

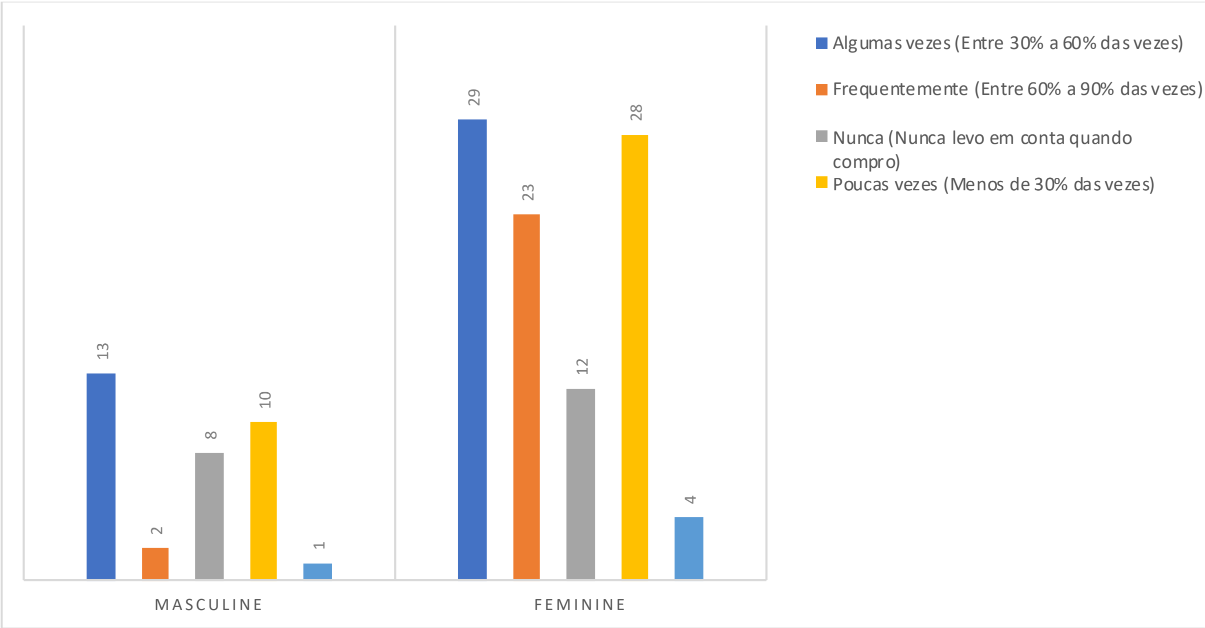


Source: Own Source

According to the data for men the ethical principles of the brand are more important than for women, since the majority of their answers were that they frequently take into account the brand's principals before buying (between 60% to 90%). For women is also important but the majority answered sometimes (between 30% to 60% of times).

Relating gender and if they search for symbols such as environmentally friendly or cruelty-free in the product's packaging.

Figure 12 - Buys According to Labels by Gender - Niche Preferences and Market Massification



Source: Own Source

According to the collected data only sometimes (between 30% to 60%) that people verify these symbols in packaging before buying.

Relating organic, vegan, bio products buying with gender.

Table 14 - Buying Organic, Vegan and Cruelty-free by Gender - Niche Preferences and Market Massification

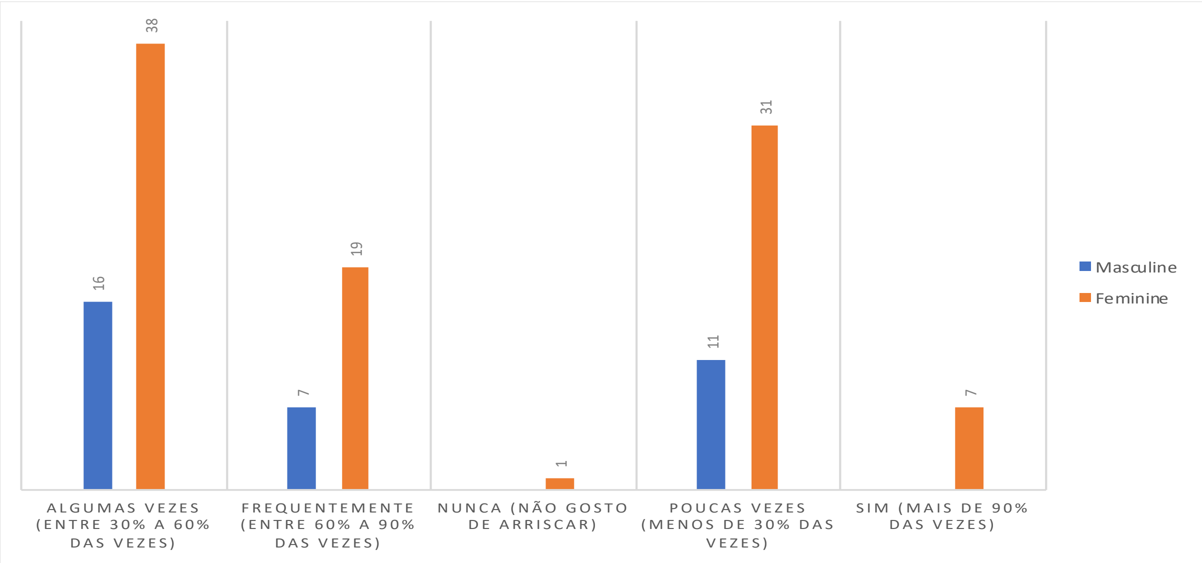
Buy niche products	Masculine	Feminine	Total
Sometimes, but with for special reason.	16	31	47
Never buy.	11	19	30
Yes, because it's a trend.		1	1
Yes, because it's good for my health.	5	23	28
Yes, because it matches my personal beliefs.	2	22	24
Total	**34**	**96**	**130**

Source: Own Source

People mostly buy for no special reason, however there is a lot of people, mainly women, that buy for the sake of their health.

Relating new products buying with gender.

Figure 13 - Buy New Products by Gender - Niche Preferences and Market Massification



Source: Own Source

Most people responded that they sometimes dare to experiment new products when they go shopping (30% to 60% of the times).

Consumer buying behavior towards big brands.

Table 15 - Big Brands / Small Brands Buying Habits - Niche Preferences and Market Massification

Big brands	15
Small, local brands	18
Both	97

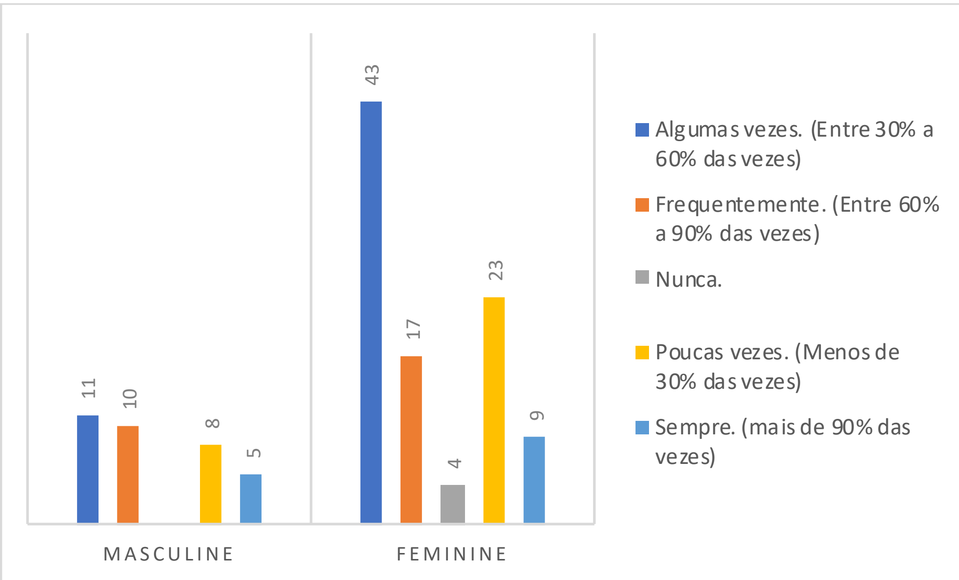
*As big brands we gave the exemple of brands that sell to a massified market such as Adidas, Mimosa, Kiko. As for the small, local brands we said that are the ones which market has a reduced volume, such as local groceries stores, artisanal products stores.

Source: Own Source

The majority of people buys both brands, although small brands are in second place, which perhaps can be interpreted as a tendency to future buying behaviours towards small brands.

Researching a product before buying behaviour.

Figure 14 - Research Before Buying by Gender - Niche Preferences and Market Massification



Source: Own Source

We can conclude, that according to this data, most people both women and men, search sometimes for a product in the internet before buying. This means that between 30% and 60% of the time, most people relay on the internet to get more information about a product.

Platforms used to search information about a product.

Most people prefer to search for product information in the company's website (55 people out of 130), then, in second place, they go search for information on social media (39 out of 130). There are also some people that still rely on word-of-mouth and YouTube to search for reviews and information about a product.

Relating buying niche products according to gender.

Table 16 - Buy Niche Products by Gender - Niche Preferences and Market Massification

Buy niche products	Masculine	Feminine	Total
Up to 10% more expensive than what I usually buy.	32,35%	35,42%	34,62%
Up to 30% more expensive than what I usually buy.	11,76%	9,38%	10,00%
I would buy regardless the price.	5,88%	5,21%	5,38%
I would not buy.	14,71%	13,54%	13,85%
If the price was the same.	35,29%	36,46%	36,15%
Total	**100,00%**	**100,00%**	**100,00%**

Source: Own Source

According to data collected, the majority of people would buy niche products if the price was the same to their regular product or up to 10% more expensive. This shows that there is a great price sensibility towards new products.

3.2.3 Questionnaire – Conclusion

As said before, the goal of this questionnaire was to try to understand the buyer's behavior towards niche products and new brands/trends. It was also important to know where these people searched and bought their products as to understand how to communicate niche products. We also tried to learn more about the personality traits of the audience and relate it with their buying behaviour.

The average age of the respondents were 38 years old; this means it's the active buyers and the big slice of the more active consumers in society. Most of them are also very well educated (56% had a bachelor's degree or more) and have some common hobbies such as sports, read, music and travel. Some prefer to relax in their free time. As sports leading, this shows our audience may be one a little bit more concerned about their health.

The collected data shows us that the majority of our audience do not buy niche products. The ones that do tend be a little more opened to new trends than people who don't buy niche products.

As for the identification of the product with the person ideology, 52% of the respondents identify themselves with the niche ideology they buy from. Which means this is very relative to our audience.

When buying niche products most people than answer this survey mostly buy for no special reason, however there is a lot of people, mainly women, that buy for the sake of their health or because it matches their personal beliefs. Kushwah and Sagar (2019), affirm that there is a significant association with social, emotional and epistemic values when we talk about ethical consumption intention, but maybe that's not the case 100% of the times.

However, and according to data collected, the majority of people would buy niche products if the price was the same to their regular product or up to 10% more expensive. This shows that there is a great price sensibility towards new products.

It was also found that perhaps culture tolerance can be related with niche buying, since more than 50% of the people who buy niche products tend to be very much tolerant and open towards different cultures, according to this enquire. This does not happen with people who do not buy niche products, they are still tolerant towards other cultures, but their mind is not so "open" as the people who responded to buy niche products. This shows us that there may be a relation between tolerance of cultures and accepting new products. Maybe people who are more open to embrace new cultures can more easily accept niche products.

As for buying behaviour, most of the audience buys online sometimes, which means until 6 times in 6 months, men however, tend buy more online than women. According to the data, most people both women and men, search sometimes for a product in the internet before buying. This means that between 30% and 60% of the time, most people relay on the internet to get more information about a product. Men may be the ones who do more internet search rather than women (10 men out of 34 of do it frequently).

Most people prefer to search for product information in the company's website (55 people out of 130), then, in second place, they go search for information on social media (39 out of 130). There are also some people that still rely on word-of-mouth and YouTube to search for reviews and information about a product.

As we talk about gender's different behaviours, according to the data, men value more ethical principles of the brand than women, since the majority of their answers were that they frequently take into account the brand's principals before buying (between 60% to 90%). For women is also important but the majority answered sometimes (between 30% to 60% of times).

According to the collected data only sometimes (between 30% to 60%) that people verify these symbols in packaging before buying. Women tend to do it more often than men.

Regardless of the gender, most people responded that they sometimes dare to experiment new products when they go shopping (30% to 60% of the times). Although there is a certain "openness" there is some kind of fear too.

The majority of people that answer this questionnaire buys both bigger and small brands, although small brands are in second place, which perhaps can be interpreted as a tendency to future buying behaviours towards small brands.

In conclusion, men and women have a similar approach to niche products. Men seem to search and value more the brand's principles, as women do it too but maybe not as much. The feelings about a brand and its products are important to have into account, as they can be good predictors of future business activity (Chakrabarty et al.,1998).

However, when we talk about packaging information, women seem to have this more into account than men. They give more importance to symbols and brand visual presentation.

There is still a big price sensibility but there is also an increasing concern about health and well-being. Perhaps, if better advertised, niche products related with these areas could prosper. And so, as said by Hugh et al., (1994), economic reasons actually weigh on the consumer choice.

Ideology may not be related with niche products as much as we initially though although the authors Do Paço et al., (2009) affirm that consumers that like certain kind of things and belongs to a group with specific interests have a higher probability of consuming the same products as that group, and that people with liberal political views are more inclined to commit with the green movement than conservative buyers. With the opening of the global market and cultural exchange maybe there will be a bigger tolerance towards new products.

But it will not be easy, and it will take time as new brands create weaker memory traces. To improve them new brands, need extra marketing reinforcement in order to consolidate the memory of buying a new brand and establishing it in their recurrent habits (Trinh & Tanasondjaja, 2016).

Most of our audience buys online, although is not as regular as hoped to. Online the possibilities are bigger and for a new brand to promote itself is cheaper.

Although most of this audience buys from both big and small brands, there is a growing tendency for smaller brands. We don’t know where this comes from, but it could be interesting to find it out. Perhaps there is an under interest in exploring niche products, such as ecological products, cruelty-free products, and vegan products, as part of evolution and technological advancement (Barros, 2013).

3.3 Interviews – Introduction

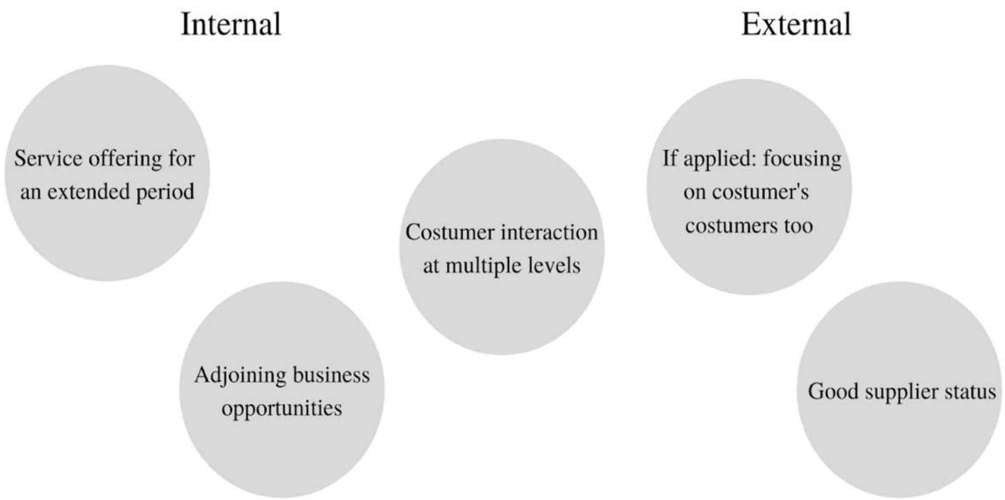
The interviews allowed to get a closer look and better understanding of how niche companies and similar work. Knowing how they deal with the customer, their communication and branding strategies, their focus, was really crucial to better understand why brands choose to invest in niche markets, and how they massify. What is their strategy, their approach and if it is profitable after all. Ottosson and Kindström (2016) defend a brand approach to niche strategy as an attacking strategy and not so much as a protective strategic approach. They do not see it as a way to defend a company's profit and market position, as most do, but as a way to attack the competition. According to these last researchers, by approaching niches with a defensive strategy, companies can become complacent and risk to be sent to the bottom. This is why continuous differentiation is crucial (Ottosson & Kindström, 2016).

Lead instead of being led. Set the tendencies. A proactive market orientation when we speak of niche strategy can help a company to maintain its leadership, drive the market, expand the niche focus and sustain a healthy growth (Narver et al., 2004).

Ottoson and Kindstrom (2016), conducted a series of interviews to key figures of selected steel firms which explored niches within the business. The authors made a cross-case comparison and searched for patterns when analysing and interpreting the answers of the interviews. The questions were made to try to understand how these firms dealt with niches, the challenges and opportunities that they faced. All these firms had similar characteristics. They came to the conclusion that the companies were naturally approaching niche markets in a proactive way, contrary to the expectant defensive way. Some were constantly creating customer driven new products, focusing on sales force and training, on customer support, logistics, customer engagement… etcetera. All concern in creating value for the final consumer. Regarding these extra services, that can be categorized as knowledge-based and activity-based, these analysed firms did not usually charge for them because not only creates value for customers but also deepens working relationships with them. The secret is on the mix of a basic product plus relevant services. This can be crucial when we talk about increasing competitiveness and facilitating future growth.

After these interviews, Ottoson and Kindstrom (2016), ended up crossing the preferential strategies of the companies, ending up in five key activities: focusing on customers, Service offering and securing future growth. primary focus on the product, the portfolio, and the market development. The kind of proactive exploitation of niche markets made by these companies, had several benefits: higher profit margins, more customer knowledge, increased loyalty towards the brand, stronger brand equity, and a more powerful position in the marketing channel.

Figure 15 - Key Activities in Proactive Niche Strategy



Source: Adapted from Ottoson and Kindstrom (2016)

3.3.1 Interviews – Structure and script

See appendix 1.

3.3.2 Interviews – Short responses

See appendix 2.

3.3.3. Interviews – Conclusion

The interview participants were able to give us some answers in order to make us understand what's the current panorama of the national niche market. This help us to get an inside perspective about how it is too selling niche products.

Of course, knowing the perspective of the consumer is crucial, and we did that through the questionnaire 2, but knowing what happens behind the curtains and really how this market works is essential. Both complete each other.

This is a brief conclusion about what these answers gave us in terms of knowledge.

It was curious to perceive that most of the companies that sell niche products are small to medium sized. Most of them with only 2 to 3 workers. Most of the people interviewed were the owners and founders of the brand. The others who weren't, had an important role in the company like Marketing Manager. Their main target is also very similar: people between 25 and 50. However, some of them can reach up to the ages of 60 years old (Agua Mole for example). Thinking G for example, has a more restrict audience, since their products are sold as exclusive, luxury and high end. However, they are trying to reach younger audiences with their summer collection, which is less expensive (because of the materials and the simpler design). Mainly, their focus consumers share some interests, such as being environmentally, and health concerned.

All of these brands wish to expand their sales through getting more clients. However, in the case of Thinking G, this could only be done to a certain point, because it is unthinkable for them to mass produce. They want to keep loyal to the brand's concept, and that means there is a production limit.

By reading and analyzing the answers of the people interviewed most of the companies started not by having in mind that they were going to sell for a niche market, but because they wanted to make a change in people's lives, like Pepe Aromas, Agua Mole and Origens Bio. Also, all of them are really concerned about the environment, like for example Thinking G, which the core concept is mainly reusing and recycling (yarn). Although they express a big concern about sales and profitability, they manly do it for their ideology. As said by Thyfanny from Origens Bio, small stores don't have enough sales to support a company but are also very important. But of course, for a company to thrive there is a need to grow and get more profit. All of these companies see the niche they are exploring with potential to become more and more each day, mainly because their target is becoming more loyal and new people are beginning to buy from more healthy brands. We have the case of Serradura, Origens Bio, Pepe Aromas, that are growing each day their market.

Some do it by being unique (Pepe Aromas), some doing by offering health (Agua Mole), some by offering a big offer to all (Origens Bio), some by being exclusive (Thinking G), and other by offering something no one has though of before, fulfilling a void (Babu Eco and Biork Portugal).

From the production, packaging, until it gets to the final client, all of these brands make each of these steps part of their concern. Each of these steps are carefully thought, and most of these brands are a synonym of quality. Because they know that selling for niche is selling only the best. It's not only about the product, but also about care and giving attention to each client (according to Pepe Aromas, Agua Mole and Origens Bio).

Although many of these companies don't personalize their products, they are starting little by little to do it. There are a few which really invest in a very personalized relationship: Agua Mole who gives the possibility to create specific products for the client's skin, if the client has some skin problem; Serradura allows for the client to choose between materials, and Biork allows it for the retailers.

The other companies such as Pepe Aromas, Origens Bio and Thinking G, do it in small details in the product or creating trails of products.

Most of them promote themselves mainly through their website or social media (and word-by-mouth in some cases), however some of them like Origens Bio and Pepe Aromas are also very present in fairs.

Some even see themselves investing more and more in the online media (Origens Bio for example).

There is a little to no advertising through magazines although some of them do it occasionally (Origens Bio).

It is important to mention that, although is not paid promotion, some of these brands work with influencers such as the Chef Chakal, Janine Poupadinhos, Susana Werner (Origens Bio) and Katia Aveiro (Pepe Aromas). They believe that attracting people who like the brand is better than talking to the influencers, because when people naturally like the product, they sell it better. As for partnerships, Agua Mole does associate with hotels, spas and such, others sell through retailers (online and offline).

The majority of these brands do not work with a consumer data base, the ones that do, usually only use them to communicate through newsletters, although one of them started recently to analyse their consumers preferences through it (Origens Bio).

As for the challenges felt, most of them struggle to conquer a place on the market (Pepe Aromas and Agua Mole), others fight to change people's minset (Origens Bio). Some struggle due to their lack of market in Portugal (Thinking G), others struggle because of Covid-19 that created a bigger difficulty on reaching new people. Serradura struggles to keep product innovation, and Birok biggest challenge is because their products last a long time which gives them less profit.

As for looking for new opportunities, most of them stay tuned with what is being made around them and what the consumer needs.

As for investing in niche markets, for Pepe Aromas niche and profitability depends on the goals of the company. Because many brands start small and then become huge.

According to Pepe Aromas, a product that becomes a niche can happen for several reasons: whether because of its specificity, or the type of public it targets, or the type of product or the country where they are located. It's very about demand/offer.

For Susana (Pepe Aromas) the client will always want exclusivity and attention but in the end of the day what matters is profit. As for Ana (Agua Mole) a niche is about satisfying needs, not profit.

There are different perspectives about this, but the majority points towards profit, and a niche can be profitable since sometimes selling less is not a synonym or earning less but the other way around. One thing these companies all have in common which is increasing profit and costumers.

As for the future, Pepe Aromas wishes to become a reference in their niche market (Figo da India) and innovate (create more products with this fruit in the area of cosmetics for example). Agua Mole also wants their products to be wider targeted, to reach more people and create new products for other niche markets such as animals and babies.

As for Equanto/Origens Bio they have been growing a lot these couple years, and they aim to double their size in the upcoming years. They also want to invest more in the digital and advertising.

As for Thinking G they want to keep the concept but increase their sales volume as well as work with more brands, factories and different yarns. They want to work the community and provide more jobs for the women that can knit for them.

For Babu Eco, their goal is to reach more people, give value to the consumer and launch new products.

Biork would like to expand into new Portuguese speaking markets.

Finally, for Serradura they aim to maintain a positive growth with creating and launching new products in the current and also diverse areas.

It visible that most of these niche companies share the same mentality and is almost like its growth is in the hand of the consumer. But this is not so linear, because we can see that the ones that invest in marketing and communication reach a wider audience than the ones who don’t do it so much (see Origens Bio vesus Agua Mole). Communication can be a weapon and how a product is advertised can do a lot for the brand.

Listening to the consumer and the market is crucial to be successful.

4. Niche prediction tool

To better introduce this tool/methodology developed, there are two main concepts to have in mind: what is and who are the Generation Z and what is data collection. Both concepts are needed because they are going to be studied and analysed throughout this tool and are the base to it.

4.1 Big data and internet strategy

A fine way to keep focus on the customers is by getting to know how big data and internet systems work. Big Data is what is called the systems which manage immense volumes of data (data sets). This data management is accomplished through various tools and scientific disciplines (Serrano-Cobos, 2014).

There are many questions regarding data management, such as where and how the data is captured (the sources), where they are stored, the costs of this, if the data are reliable, get this data in real time, how to analyse it, and how to represent it visually.

Before the evolution of big data, a company could rarely have access to other company's data. Usually they relied only on their own financial data, but nowadays, companies can compare its information with the market (Serrano-Cobos, 2014). In the present reality, even small businesses can use analytica web apps, such as Google Analytics and Google Search Console, to get to know its users.

The big problem about web analytica is to know where, what and how to get relevant data and reach the essential conclusions. The mix of certain data is what gives the right answers to our questions and can even give us answers to questions we did not even know we needed to ask. And knowing the right questions is halfway to be successful. The tendency to predict consumers' behaviour is not easy and is today's biggest challenge. When analysing the data, we analyse the direct sales, but there is much more to it. (Serrano-Cobos, 2014)

There is a whole process before the individual clicks on a banner. So, there is a need to be careful when trying to predict the future. There are other channels that can be more helpful than direct sales, such as the ones related with engagement (Serrano-Cobos, 2014). A forum online that talks about the brand, an opinion from a buyer shared with others, a review in a major blog, all this can be crucial in the moment of the purchase, even more than a banner. It is important to know a brand engagement (the relation between the brand and the user), and Google Analytics has a series of statistics that can help understand this. The average time spent on page per user, the drop out percentage, the channel source from where the majority of users come from, the page views, contacts, ROI - Return on investment, consumer retention, leads and traffic to the website. It is also important to know what makes the user leave the page and where, and this is something Google Analytics show to everyone easily.

Besides what is known about analytica web, which is the navigation data inside the website, there is also the data in the internet. That is called cybermetrics (the metric study of the information science) (Serrano-Cobos, 2014).

Regarding the data found on the internet, one can reach new and unexplored market niches, find out more about user behaviour in other websites, know more about the relationship of the competition and their buyers, and many others (Serrano-Cobos, 2014).

To better understand cybermetrics and what is going on in the world, we have Google Trends and apps like SimilarWeb, which track activity in other websites and on the internet. These apps present an easy way to understand statistics about the users behaviour and preferences.

So, with this enormous quantity of data, it comes the time to find what is really relevant for our brand, or what it is called Data Mining. This process is very complex and helps us to discover relevant and actionable information present in large sets of data. For that purpose, data mining uses mathematical analysis patterns and trends in the existing collected data. The more data sources we have, the harder is going to be to detect relevant information.

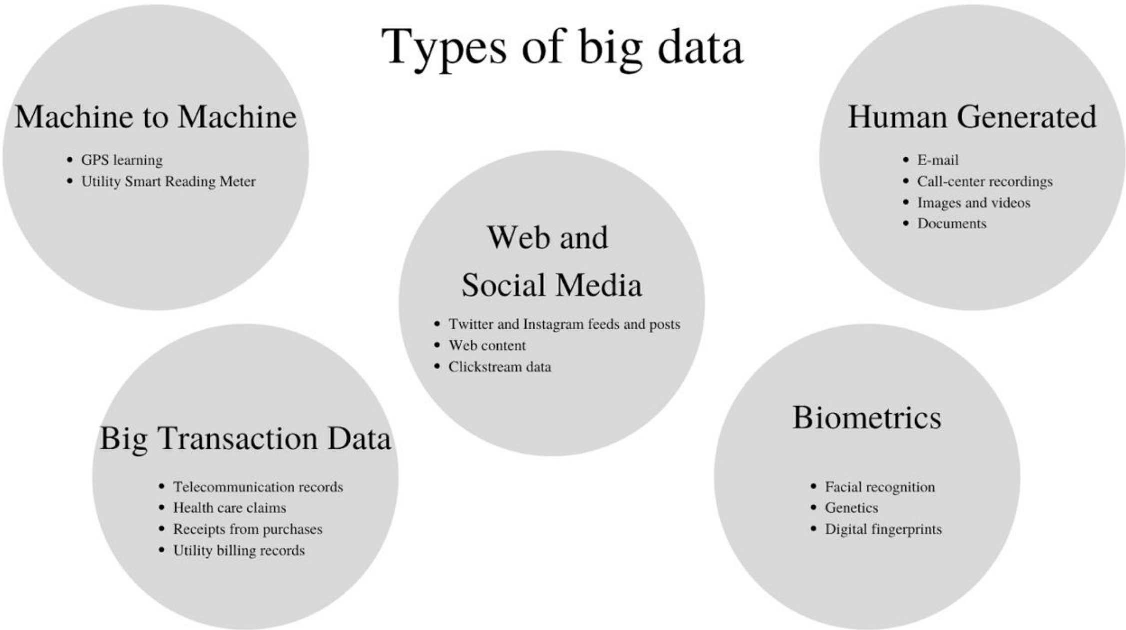
The tendency is to evolve to algorithms that work by using less data but making segments more specific and characteristic (Serrano-Cobos, 2014).

According to Serrano-Cobos (2014), there are some ways to analyse big data information. This can be through:

- Segmentation
- Behaviour analysis
- Predictive analysis - which is a branch of advanced analytics that uses a series of treatment of data techniques such as data mining, statistics machine learning, etcetera, to predict future events. It helps to interpret data and studies relationships and patterns),
- Sentiment analysis - is the interpretation, analysis and classification of user’s emotions using text data and text analysis techniques)

- Clustering
- Decision trees
- Inference
- Probabilities.

Figure 16 - Types of Big Data



Source: Adapted from Serrano-Cobos (2014).

As the figure 4 shows, there are many kinds of different data to be collected. Here it is shown some examples and how they are classified. Each kind of data is treated and analysed differently, using specific tools.

In the case of market niches, technology enterprises will always thrive, thanks to their ability to collect data from clients and personalize the relationship and have a clearer focus on the target. Through the evolution and progress of artificial intelligence, businesses can grow and adapt their products to each customer, giving them a personal experience. There is a “privacy exchange” however, where the customer trades their personal information for a perceived value or product (Boienko & Susidenko, 2019).

The secret is to be aware of what the customer wants, where they are spending their money and attention, and what they really value, this way we will find out the emerging markets (Linneman & Stanton, 1992) This is what allows artificial intelligence to become more advanced and precise.

The collected data normally is under regulation, so the evolution in certain markets can take some time, however in the case of technology, the lack of manufacturer regulation gives to the developers the option of reinventing their goods or services very fast. This way, the response to customers' necessities is on time and always evolving for better in this market (Boienko & Susidenko, 2019).

4.2 The Generation Z

The Generation Z is the generation of people that were born between 1995 and 2015, so they are today's teens and young adults. They are also the first generation to be born in a completely digital era, raised surrounded in tech and with limitless access to information (Witt & Baird, 2018). They grew up when there was already advanced technology, social media and smartphones (Jacobsen & Barnes, 2020). It is a group that is yet to be fully defined but that will matter greatly for the market in the next couple years. This generation strongly fights for a balance between their offline life and social media identities (Witt & Baird, 2018). And, like the previous generations, the Generation Z has a deep desire for evolution.

For Generation Z, the idea of human diversity is more than culture or race. It is about choices, personal statements, things that makes each one of them unique. Diversity is their reality and they appreciate it (Witt & Baird, 2018).

According to Witt and Baird (2018), we can define this Generation in seven essential characteristics:

- Independent: work hard to achieve success.
- Diverse: they are open to all ethnicities, gender fluidity, new ideologies.
- Engaged: political and environmentally aware.
- Knowledge managers: quick filters of massive quantities of information.
- Pragmatic: financially aware.
- Personal brands: manage online presence like a brand and value privacy.
- Collaborative: aware of the importance of cooperation.

This generation is the next one to become relevant to business and market in the next few years, so knowing their interests and behaviours is beginning to be more and more relevant brand. They are the buyers of tomorrow and so it is important to create a relationship with them right away (Jacobsen & Barnes, 2020).

There is one thing that the members of Generation Z have on their hands constantly, their phone. They use it everything: to talk, to share, to search, to buy. This is why brands will be Googled countless times and must be prepared for that. The Generation Z will take a lot into account the brand's credibility when searching it on the web.

However, this is a very concerned group when we talk about privacy and rights. It's like they treat themselves online as a brand, and so their personal information has a high price for them.

Listening to this audience is the first step to learn how to communicate with them. Then it is important to engage in their community, and lastly to create a strong bond and feeling of secureness for the target (Witt & Baird, 2018).

This generation, as said before, is the one who spends most time online, watching videos on YouTube or checking their social media. It is also the one who is more influenced by social media, as they spend their majority of time on them - a phenomenon called Social Media Immersion (Jacobsen & Barnes, 2020).

This leads this group of consumers to perhaps feel extra pressure from social media, to reach certain standards or buy certain products to be cool. For example, according to the authors Jacobsen and Barnes (2020) nowadays, Instagram is the platform that causes more pressure, followed by Twitter, Facebook and Snapchat.

Diving deeper in some essential Generation Z characteristics we have:

- Internet and the social media

The most popular platforms for Generation Z are Instagram and YouTube, however the first one turns out to be the more influential (Hodak, 2018, Green, 2019, Anderson & Jiang, 2018).

Social media can cause distraction from reality and lead to a decrease of happiness (Brooks, 2015). Also, the pressure from social media to act a certain way, or to reach for certain things, can lead to social comparison and consequently a feeling of frustration and dissatisfaction with ourselves (Milkie, 1999, Dittmar, 2009, Fardouly et al., 2015).

Social media are highly influential for this generation and can come with some risks such as depression, anxiety, bullying, shorter attention span, amongst others (Brooks, 2015, Fardouly et al., 2015, Madden, 2017).

According to a Qualtrics survey conducted by Jacobsen and Barnes (2020), 50% of a Generation Z affirm that they feel the pressure of social media in their buying behaviours. This survey was made to undergraduate students and was based on the precious work of Fullerton (2014).

- Psicological pressure

An important matter also referred to in this study was that the feeling of internal pressure could lead gen z consumers to misbehave in the online marketplace. This misbehaviour can ultimately impact the economy and market interests. Such behaviours as sign up for free trial subscriptions and cancel after trial end are seen as less arming then to cut other shoppers in line at checkout. These kinds of behaviours are highly related with the existing culture of consumption. (Fullerton, 2004)

But what else can lead to this behaviour? Well, some of the reasons may be unfulfilled aspirations, deviant thrill-seeking, absence of moral constraints, differential association, pathological socialization, provocative situational factors and calculating opportunism. (Fullerton, 2004) So, the pressure of social media towards this generation can lead to these kinds of behaviours.

- Generation values: Authenticism

A brand to be of the interest for the Generation Z must just like them: authentic, diverse (interesting), have real value to offer, create a meaningful bond (and have a good storytelling) (Witt & Baird, 2018).

- Visual

They are also very visual and attracted to whatever seems new and exciting, so technologies such as VR can be very attractive to them. Getting inside their community is also a very good idea since it creates a sense of familiarity and trust, it can be done for example through collabs (Witt & Baird, 2018).

For Gen Z, trusting is one of the prime traits they pursue in a brand. When building a consumer relationship with this generation, being transparent and authentic generates credibility. If they for a moment doubt it, they will ghost you (Witt & Baird, 2018).

- Emotionally driven

Getting together all these interesting points we can tell this is a generation emotionally driven and with a clear necessity to be constantly captivated and motivated. This is because, there is a need to do things not for “obligation” but for delight. They want to cause a statement not just to look good but so that people like them. There is a need to feel themselves but also to belong. For Generation Z there is more in life than to be successful, that is to feel good about themselves.

These points are essential to put ourselves in the spot of a Generation Z. But there are also many many other things to have into account.

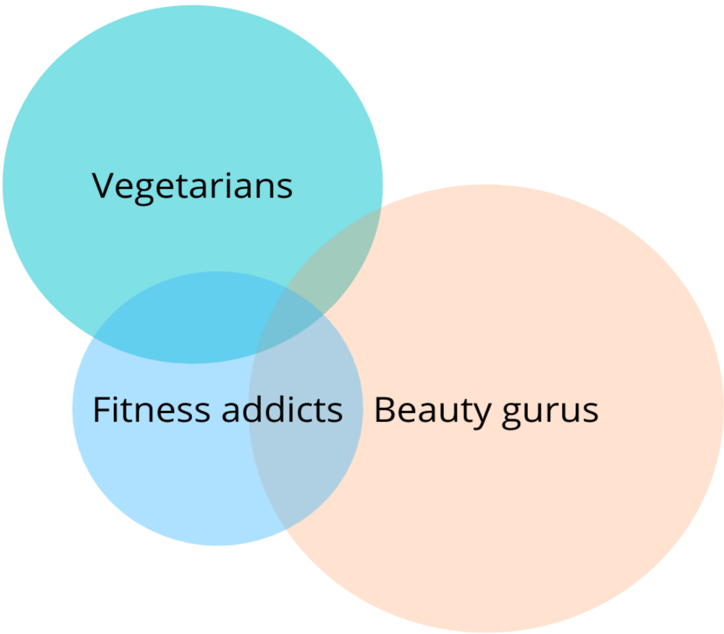
According Witt and Baird (2018), there are five essential aspects Generation Z audiences will look for in a brand which are identity, trust, relevance, possibility and experience.

They are always searching for options and opportunities to be inspired, feel connected and grow. This is a generation that is used to sensory overload and want it constantly. That is why delivering value and fast is so important to keep the audience motivated (Witt & Baird, 2018).

This generation is all about individuality and uniqueness, so if a brand is working with this generation as a target, working niches is perhaps a good way to do it (Witt & Baird, 2018). Although they have different tastes and needs, they have some things in common, such as the empathy for animals.

A good way to look for relevant niches that converge several people's interests is by overlapping subgroups, as presented in figure 5:

Figure 17 - Niche Groups by Interests



Source: Adapted from Mike Carnevale (Witt and Baird, 2018).

The areas where these subgroups converge are what Witt and Baird (2018) referred as super groups. Groups that have interests with other groups and so are very relevant to brand development.

For a brand to succeed in a Generation Z market there are a few tips to follow (Witt & Baird, 2018):

- Listen to what they say about the brand (social listening).
- Define a brand identity and be truthful to it.
- Present relevance to the target.
- Offer more, something they can expect for tomorrow.
- Connect by creating positive experiences.
- Target individualistically.
- Find like-minded subgroups and align them with the brand.

When dealing with Generation Z is also advised to take care in actions that may lead to brand avoidance (Vajkai et al., 2020).

Being the Generation Z, a generation that searches for meaningful relations, self-standing and gives value to transparent brands, anti-consumption effects can happen easily if a brand does not fulfil some requirements.

This is a generation highly connected with environmental and social causes, brands that overuse natural resources, animal tests, have labour exploitation, can be easily put aside by this generation. Also, as a generation that values individuality and creativity, mass production brands that work for the masses have the possibility of not being welcomed by this group of consumers (Vajkai et al., 2020).

Actually, anti-consumption movements often appear in societies where mass consumption is highly promoted (Iyer & Muncy, 2009).

There are several types of brand avoidance such as:

- Experiential avoidance: When a company does not meet the expectations that were promoted as promises to the consumer (Lee et al., 2009).
- Identity avoidance: when the consumers see a brand as not being authentic, or when the brand image is linked to a group of which the individual does not want to belong

or be identified as part of (Lee et al., 2009, Englis & Soloman, 1995, Hogg & Banister, 2001). This can happen a lot when we talk about the generation Z due to their need to find a brand that truly connects with them, a brand that has real value to offer. (Witt & Baird, 2018).

- Moral avoidance: when a brand is avoided because of moral or ethical reasons. This kind of avoidance is clearly very linked to green, vegan and eco-friendly thinking (Lee et al., 2009). This is also related with the previous point and very common amongst the generations Z due to their concerns about the environment. (Witt & Baird, 2018).
- Deficit-value avoidance: when a buyer perceives a product lower price as a synonym of low quality (Vajkai et al., 2020).
- Brand avoidance: related with how the brand chooses to promote and communicate itself. If a brand chooses to advertise itself by connecting with a celebrity for example, this can often keep away and create brand avoidance in some consumers that do not relate or do not want to be identified with that personality (Vajkai et al., 2020. This can be related with the previous points of identity avoidance and moral avoidance.

4.3 The new methodology of niche analysis – Based on Generation Z

4.3.1 Finding a new niche methodology

This method results from a combination of tools and techniques used to help us predict future market niches. The main purpose is to find out what niches to work on later or what are the possibilities of growth or exploration of a niche. It is an advanced method that collects data using various techniques and tools so that the marketeer is given an approximate view of where he/she may have a niche to explore.

This method aims at forecasting future market niches, based on the analysis of the most recent/young generation, which would currently be Generation Z. This is the generation that right now has limited purchasing power, but that is already beginning to have their consumption habits and perceptible interests. The buyers of tomorrow.

This generation, although is not very explored in terms of possibilities for marketing and market action, it will be the one dictating the market tendencies in the coming years, which is why it is so important (Jacobsen & Barnes, 2020).

First of all, it is necessary to define the generation chosen. Certain issues such as: where the generation spends most of its time, and especially where it looks for information, where do they buy and where they communicate; are main questions that need answers. Taking into account Generation Z, which will be the one analyzed in this method, we would have the following answers:

Table 17 - Tool Main Questions

Questions:	Possible answers:
Where do you spend most of your time?	The majority of my time I spend it on the internet.
Where do you do the majority of your research?	Social media, Google search.
Where do you buy?	Both offline and online stores.
What tools do you use to communicate?	Social media mainly.
What kind of person are you?	Practical, environmentally conscious, on the move.

Source: Own source

The first factor/question: "Where do you spend most of your time?", is referring to places, whether physical or digital, where the generation "spends" more hours daily. It is the place where there is the greatest focus of their attention.

The second factor is the search for information. It refers to the places where the generation searches for information on a given subject. While in previous generations this search could be done mainly in books, newspapers, or through the exchange of words between people, currently the first impulse to search is on the internet, through Google or through social networks such as Instagram, Facebook and Twitter.

The third variable is the places where this generation does its shopping. Being the generation of digital natives, it is possible to observe a greater tendency for online shopping, that is, buying in person is no longer a priority for this generation, whereas previous generations still give a lot of relevance to touch and in person shopping.

"Where to communicate" is a highly relevant factor as it will tell us where the generation seeks for approval and feedback. In the case of Generation Z, communication is mostly carried out through social networks, which connects us back to the place where most of your time is spent and to which you pay more attention.

Finally, it is important to know the characteristics that define each generation. Despite working segments or niches, there are always characteristics in common for each generation that can guide us when we look for the best way to communicate with them, what are their general interests or common ideals, their concerns, etcetera.

We must therefore take into account the factors that unite the various sub-segments of each generation. The PEST Factors - Political, Economic, Social and Technological - in this analysis, as is the case with the political and environmental panorama for the generation in question. In the case of Generation Z, the one previously described (Witt & Baird, 2018), it's a generation with social, political and environmental concerns, who live in an unstable political landscape. This makes the interests of this nature of great importance for this generation, which must be taken into account when communicating with this public.

Therefore, for the next step it is important to pay attention to the following factors / tools to understand it:

Table 18 - Internal and External Tool Factors

INTERNAL	EXTERNAL
Google Analytics: essential to realize the interests of the generation (niche products)	Social Network + used: top trends - In the case of Gen Z it would be Twitter, Instagram and Youtube
Social Listening Tool: insights about the brand - SocialBakers (paid)	Google Trends: to keep track of the tendencies
Keep an eye on the competition (the small and the big ones)	Follow the main influencers of our audience
SEO - Work on site positioning	Google Ads: Keyword Planner - most searched keywords
	Online forums such as Quora and Reddit

Source: Own source

Internal factors

Google Analytics: You will be able to understand how to better guide your website to be of interest to individuals within the Generation Z age rate. You will also be able to understand how and where your visitors come from and also understand what other needs they might have. You will even be able to understand which of your products have the most demand and sales and from there work/invest on several lines or personalized offers.

Social Listening: Important to understand the target's feedback and other needs.

Competition Monitoring: It is crucial to analyze the large but especially the small competition that often reach niche markets and that are of interest to your brand.

SEO: Since Generation Z is a generation that “Googles” everything, it is important to work and excel on the SEO of the site in order to be present in a positive way when the consumers search for you or similar products.

Figure 18 - Internal Tool Factors

Source: Own source

External factors

Top trends in Social Networks:

- Twitter: Twitter is a platform that is constantly being updated and that is why it is very popular amongst Generation Z. There you can integrate communities of interest, find feedback on the brand, do some social listening and find topics that are still unknown and that can help you understand the needs of the segment / niche and how to communicate with it.
- Instagram: Here you can get a sense of the top trends of the moment, as well as in Twitter. As it is a visual tool, it will be interesting to analyze what captivates Generation Z visually.
- Youtube: Indicates how and the type of content that Generation Z gives priority to. It is one of the platforms where the influencers meet and share influential and relevant content.

Google Trends: Through this platform you will be able to see the most relevant and most sought-after topics in a certain region of the world.

Influencers: Entering the community where the brand operates is important, and for this reason, listening to the people with the greatest influence for the generation or the segment in question can raise the veil to unmet needs.

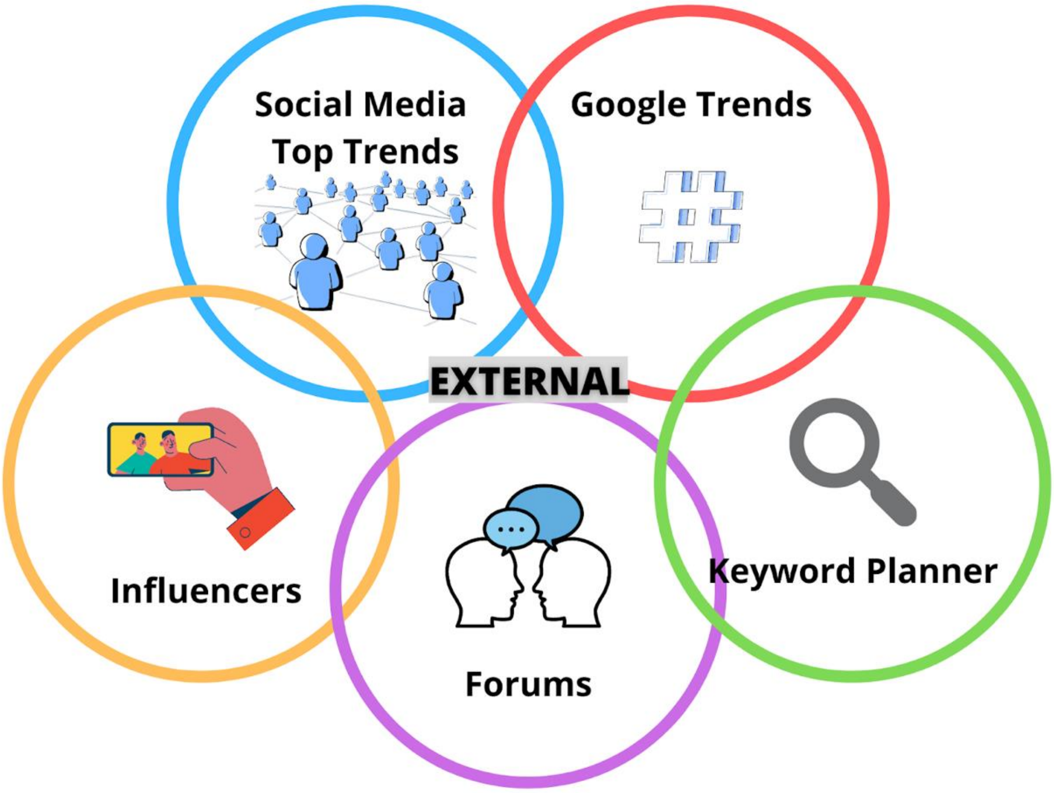
Keyword Planner: the Google Ads Keyword Planner, allows us to make an analysis of the most searched keywords on Google, those can reflect unanswered needs or emerging products.

Forums: As is the case with Reddit or Quora. Here you can find out about the latest trends, interests and needs of the community where the brand is inserted. You can also find feedback on the brand itself.

At the end of this analysis, the answers will give answers to what we can promote, where and for whom. We still need to understand if this niche will be profitable and then go on to the test phase.

From December 2020 to March 2021, in order to prove this method, we did an analysis on the cosmetic industry. We found that there was a growing tendency to soap shampoo, vegan lipstick, Korean skincare and later on, a search for ecological and cruelty-free perfume. This tendency turned out right in all of these areas, mainly on soap shampoo.

Figure 19 - External Tool Factors



Source: Own source

To get to a higher level of specificity, a crossing method can be used. In order to do that, one must choose the three main topics (the most searched) of each section and cross them with the

repeated ones of each method, these will be the selected ones (the ones that are repeated or with the most relevance).

Also, take into account what the most relevant brand possesses as value proposition.

Another option is to create clusters for each keyword in each method.

4.3.2 Advertising for the generation and niche tool

This tool comes to give a purpose to the previous method. Mixing the data collected and the Generation Z characteristics, this tool shows where to invest in order to go where the target goes.

To use the tool most accurately there are a few data one must have first. For this practical example, we used a brand in the cosmetics industry that has about 10 000 euros to invest in advertising. It's not a niche example, but it will show how the tool works.

The first question is about the brand's competitors. It is important to analyse where and how they communicate in order to help us to fill out the tool table. To do that we analyse the social media and its followers, as well as the keywords used by the brands.

Table 19 - Brand's Competitors - Advertising for Generation and Niche Tool

1.1. Which are the brand's biggest competitors?

	Kiko	Sephora	Douglas
Instagram	7.8 milhões	20.7 milhões	1 milhão
Facebook	4.6 milhões	19.4 milhões	1.3 milhões
Youtube	74.1 mil subs	1.3 milhões	27.1 mil subs

Source: Own Source

Table 20 - Keyword Planning - Advertising for Generation and Niche Tool

1.2. Competition most used keywords

Kiko	Sephora	Douglas
#makeup	---------------	#douglascosmetics
#summercollection	----------------	#skincare

Source: Own Source

Secondly, it is important to be aware to the places where the consumer can search information about our brand, and also how much information does the brand has available to the consumer and where.

Table 21 - Information Availability - Advertising for Generation and Niche Tool

2. Where does the brand has available information?	
Website	50%
Social media	40%
Others	10%

Source: Own Source

Finally, and since our target is the Generation Z (the buyers of tomorrow), we combined this information with the information about the Generation Z collected from the questionnaires and also from the articles.

Social dimension: it is analysed the most used social media by the generation and this info is available on questionnaire Social Media Usage in Portugal - *Uso das Redes Sociais em Portugal*, question 6.1..

Information dimension: it's analysed where the Generation Z searches for information before buying. This information is available in questionnaire Niche Preferences and Market Massification - *Preferências dos Nichos e Massificação do Mercado*, question 3.17. and also, in the article of

Where they buy dimension: it's analysed where the generation buys the products needed. This dimension depends on the market the business is inserted, so this part it has it's answers on previous research using the previous method. We based on the questionnaire Niche Preferences and Market Massification - *Preferências dos Nichos e Massificação do Mercado,* question 3.3. to answer this question.

Interest dimension: last but not least, this dimension will help the brand to know on which universe, content and product variants should invest. Same as the dimension above, this also depends on the target the brand is working (the niche) with but it we got most of information from Witt and Baird (2018).

Table 22 - Generational and Niche Advertising Tool

GENERATIONAL AND NICHE ADVERTISING TOOL

Dimensions	Data		Where to invest /Advertising	1 0000 €
Social	Instagram	60%	24%	2400
(Most used social media)	Youtube	20%	8%	800
40%	Twitter	5%	2%	200
	Whatsapp	5%	2%	200
	TikTok	5%	2%	200
	Facebook	5%	2%	200
Information	Site	30%	9%	900
(Where it searches for information before buying)	Redes Sociais	35%	11%	1050
30%	Youtube	30%	9%	900
	W.O.M.	5%	2%	150
Where they buy	Online	50%	10%	1000
(Where it buys)	Shopping	50%	10%	1000
20%				
Interests	Animais	30%	3%	300
(Main interests according to the generation)	Ecologia	30%	3%	300
10%	Fitness	30%	3%	300
Total			99%	9900

Source: Own Source

4.4 Niche prediction/advertising tool conclusions

This tool comes in handy and can be proved efficient if all the steps are taken correctly. However, to further analyse and really prove its efficiency we needed to test it a little further, in other markets and more specific audiences. However, theoretically it might work as our example explains.

5. Conclusions, limitations and future lines of investigation

5.1 Main aspects

This dissertation began with the objective of getting some answers as to how and why a niche product is more and more commonly prepared to be sold for the masses. This phenomenon was not so common back in the days, and today, wherever we go we always listen and see products that are vegan, cruelty-free, organic, etcetera. As we studied this phenomenon, we started to realise the theme was deeper than initially thought. So, it also became about understanding how these niche products companies are born and why, what motivates these people to invest and create small companies focused on niche markets. And then, of course, we had to know what the consumer thinks and why it behaves like that, and if it is possible to predict a niche trend.

When talking niche is important to have in mind the concept of inverted or reversed segmentation developed by Chalasani and Shani (1992). This is a pyramid that shows us how different are the dimensions between niche, segment and mass. It is also an approach that each company can choose to have towards a market. Niches are the opposite approach - a bottom/up of the market - starting by the more specific to a more "massive" one. It starts by acknowledging the tastes and preferences of an individual or few customers until it reaches a larger scale and greater customer base of larger dimensions.

Throughout this study, we found out that it is all mainly about strategy and profit. Companies often choose to change their strategy and became more specialized in a single type of product as a way to become more profitable. These strategies have some risks too, since the competitors can find other ways, even effective ways, to match the focused company in serving the niche market. Also, the changes in the consumers preferences can leave the focused company without a viable market, or a market that chooses a bigger company to buy from (Vele & Borza, 2015). This is called a focus strategy, and many companies do this in order to concentrate all the attention and resources in satisfying its needs to the best. Our interviewed companies do this, mainly at first, then they feel a need to open their market in order to get more clients.

But why did this strategy become so popular? First, because of the environmental, social and technological changes (Clausen & Fichter, 2019), then and according to Kotler (1991), thanks to knowing so much of the target customer, the companies end up charging a substantial markup over cost due to the added value and costs of production, and here they can play with exclusivity, quality and increase profit.

However, even though this niche massification phenomenon may become popular, mass market may continue to exist in some products, and it will always have its economic advantages (Verhage et al., 1989).

As for the consumer, it was understood that when we talk about niche marketing, a long and strong relationship is key. And that was why one of our questions to the companies was if they kept track of their customers. Copulsky and Wolf (1990) claim that there are three key elements to be successful in niche marketing: building an updated database of current and potential customers, creating differentiated messages to the clients, tracking each relationship and being aware of the lifetime value of their purchases. Many of them didn’t and this might be a problem because they lose the costumer in the journey and if the consumer is not familiar with the brand it can cause them to quit or never to create a bond.

Niche new brand’s need to make a statement, be memorable, in order to contribute to future rebuying acts (Tulving, 1972; Ehrenberg & Goodhardt, 2000)

As for the consumer side, Kushwah and Sagar (2019), affirm that there is a significant association with social, emotional and epistemic values when we talk about ethical consumption intention, and this can be perceived through our questionnaires. Also, and according to McAlister et al., (1991), the evaluation problems with trying to understand buyers behaviours can be related with three main factors: “state dependence”, "unobserved heterogeneity" between buyers and "environmental non-stationarity". The "unobserved heterogeneity", is the difference between consumers and how they respond to marketing stimuli. While some may see this as a problem, marketing departments should see it as profit, since it gives them the opportunity to explore niches and segments.

When analyzing the buyer behavior there is a theory that guided us throughout: Theory of Buyer Behavior (Erasmus et al., 2010). This theory referred that buying is an act that come from 3 main categories of stimuli:

- 1. Social class, culture, financial status, time pressure, personality variables, importance of purchase, organization. It also talked about the importance of motives.
- 2. The second is the brand's stimuli, they described 5 principal influencers: price, quality, distinctiveness, availability and service.
- 3. The third and final is the information the buyer gets from social environments.

In the niche market all these three categories have a strong weight in the moment of the buy.

As a sort of an extra and in order to build the tool/method of niche trend/communication, we also analysed big data and the Generation Z. According to Serrano-Cobos (2014), there are some ways to analyse big data information. We used segmentation, bahaviour analysis, clustering, sentiment analysis and predictive analysis. We could collect this information thanks to the questionnaires and research.

As for Generation Z, we also got our conclusions from the questionnaires but mainly from our research. One aspect that helped a lot was to always have in mind the essential aspects generation Z audiences will look for in a brand which are identity, trust, relevance, possibility and experience. (Witt & Baird, 2018).

5.2 Objetives and findings

In the beginning of this work, we set 4 main questions we wanted to get an answer, and thankfully we did.

1. Why do big brands invest in niche products?

This question was not completely answer through the interviews and more thanks to the research and articles. However, the companies interviewed claim to always be with an eye open looking for new opportunities, most of them stay tuned with what is being made around them and what the consumer needs.

As for investing in niche markets, for Pepe Aromas niche and profitability depends on the goals of the company. Because many brands start small and then become huge.

Perhaps big brands tend to also do this, and as they see small brands getting bigger and having more profit on some niche product, they adapt to compete with these small brands.

According to Linneman and Stanton (1992) big corporates invest in niche market because sometimes light users lead to new and profitable markets, and this leads to more profit. It's all about getting even more market and consumers interested. Getting into markets with less or weaker competition is a great leverage. It is all a matter of strategy (Boienko & Susidenko, 2019).

2. Why do people started to buy more niche products? Is this a trend or the future?

According to Pepe Aromas, a product that becomes a niche can happen for several reasons: whether because of its specificity, or the type of public it targets, or the type of product or the country where they are located. It's very about demand/offer.

Agua Mole and Origens Bio claims that today more and more people become concerned about their health and also the environment. Thanks to the easy access to information sources, growing knowledge and media, people are becoming more aware about certain aspects that they didn't even know existed before. As Barros (2013) explained, after the war and in the 60's, new social movements arose, a great step towards changing the patterns in the consumption of niche products. Together with this, also came the technological innovation, which helped people to connect, share ideas and thoughts.

According to all the companies interviewed, niches are a growing trend, and more and more niche products will find their way to the massified market.

People who buy these products associate them with quality, health, concern, exclusivity (Thinking G, Origens Bio and Agua Mole).

3. Why and how do small brands begin and survive? Is it profitable?

All of these brands wish to expand their sales through getting more clients. However, in the case of Thinking G, this could only be done to a certain point, because it is unthinkable for them to mass produce. They want to keep loyal to the brand's concept, and that means there is a production limit.

By reading and analyzing the answers of the people interviewed most of the companies started not by having in mind that they were going to sell for a niche market, but because they wanted to make a change in people's lives, like Pepe Aromas, Agua Mole and Origens Bio. Also, all of them are really concerned about the environment, like for example Thinking G, which the core concept is mainly reusing and recycling (yarn). Although they express a big concern about sales and profitability, they manly do it for their ideology.

For Susana (Pepe Aromas) the client will always want exclusivity and attention but in the end of the day what matters is profit. As for Ana (Agua Mole) a niche is about satisfying needs, not profit.

There are different perspectives about this, but the majority points towards profit, and a niche can be profitable since sometimes selling less is not a synonym or earning less but the other way around. One thing these companies all have in common which is increasing profit and costumers.

For smaller companies like Thinking G and Agua Mole, surviving only on their profit is not possible (for now). However, for Pepe Aromas and Origens Bio, the owners had to leave their other jobs in order to focus only on their companies. So, we have both cases, it really depends on the success of the company, but it is possible if the strategy is right.

4. Is there a way to predict what niche products become popular among the common consumer?

According to Pepe Aromas, a product that becomes a niche can happen for several reasons: whether because of its specificity, or the type of public it targets, or the type of product or the country where they are located. It's very about demand/offer.

It is possible to predict what niches have a tendency to massify by doing what we do in the method: analyse the Generation Z (future consumers of today) or the brand's target, and study the communication channels they are in, doing social listening and analising big data.

Niche products that have tendency to grow are usually broader and easier to perceive by the common consumer. The way the company communicates is also very important, for the niche to reach the common consumer it has to communicate through the common media (like big influencers).

However, as Chakrabarty et al., (1998) said, trying to predict a buying pattern is a risky move but very important in business.

5.3 Limitations and future lines of investigation

This research contributed to the increase of knowledge regarding niche markets, a growing strategy for small brands but also for bigger brands. It hopefully helped companies who are thinking about investing in a niche to better understand the risks, strategies, targets and communication techniques.

The biggest challenges while developing this work were the lack of information regarding social media usage in Portugal when developing the tool, and also the lack of responses to the two questionnaires. With more time perhaps the results could be more specific and broader.

Hopefully, in the future, it would be nice to develop deeper a tool/methodology more accurate and specific for each area/niche. A tool capable of predict more precisely future markets with less information. Also, it would be interesting to deeper analyse how big data could improve knowledge about future trends, in this study we analyse big data in order to try to predict market but nothing as deeper as it should be.

It would be also important to deeper analyse the way companies communicate with its targets and what works for each niche, in a way to improve marketing strategies and revenues. Sometimes, brands tend to loosen themselves while doing their communication and end up diverging from its essence and original concept.

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7. Appendix

Appendix 1 - Interviews – Structure and script

Qual o seu cargo na empresa?

Empresa

Uma breve descrição da empresa. (o que faz, dimensão, como começou o negócio, incluir caracterização do mercado e posicionamento da empresa)

Quem é a concorrência e como se distinguem da mesma? (o value proposition)

Que perfil têm os vossos atuais clientes? (caracterização do target)
E no futuro que clientes gostaria de alcançar?

Comunicação

Como é o vosso processo de venda?

Como é feita essencialmente a vossa divulgação, promoção, informação? Em que canais comunicam? (investimento em publicidade ou marketing digital?)

Utilizam bases de dados de potenciais consumidores?

Usam o fator personalização? (o cliente escolhe uma serie de caracteristicas no vosso produto)

Fazem uso de rótulos ou procuram associar-se com personalidades ou outras marcas?

Consideram-se como sendo uma marca com consciência ambiental? Como o demonstram?

Quais são os maiores desafios sentidos?

Estratégia

Costumam analisar o mercado à procura de novas oportunidades, novos nichos? Como?

Acha os nichos uma boa estratégia de crescimento? Porque começou a explorar nicho?

Qual é a visão da empresa para 2025, o que gostariam de implementar?

Appendix 2 - Interviews – Short responses

Company / *Empresa*

1- A brief description of the company. (what it does, dimension, how it started the business, market characterization and company positioning) *(1- Uma breve descrição da empresa. (o que faz, dimensão, como começou o negócio, incluir caracterização do mercado e posicionamento da empresa)*

Most of the companies started small, sometimes with only two members, sometimes within a family dynamic (brothers, wife and husband…). Although they are companies who sell for niche markets, some of them reached a big dimension and are kind of well-known of the public. Some are recent or didn't had enough investment to grow.

Pepe Aromas

Susana and her brother Ze, started the company: Pepe Aromas - 100% Organic Agriculture. There was already a farming tradition in the family and Ze was very familiar with it. Now he is the responsible for that part of the company. Before starting and even in the beginning of the company, both worked in very different areas (Ze worked with cortiça for example). They had some land and decided to do something with it. After some research, they choose the Figo da India. Their goal was always to be eco and bio. This plant was easy to grow in bio because it was resistant and was also sustainable because it did not used many water.

This product they chose is a difference in the market because there is a little to no offer, although it is bio.

It's a niche within a niche. They started to sell the fruit, but now they sell all kinds of products that they can do with it. One day, even cosmetics.

Agua Mole

Agua Mole is a two workers skincare and well-being company. Ana does most of the work since it's her who creates the products, packs them and does the research. However, she considers that her designer partner is also very crutial to the Project, since communication has a great weight on sales.

She started Agua Mole because she felt there was a need to find moisturizers that had no chemicals. She was allergic to a lot of things and so were her friends. She started doing things for her but rapidly her friends, relatives and such started to use them to and asked for more. Clients started to appear, and Ana needed to turn Agua Mole in something more professional, so she created the brand, and her products were approved and ready to sale.

Besides this, Ana works in pharmacy, so she has some knowledge in the area.

Nowadays she does skin care products with no “bad stuff”.

Equanto/Origens Bio

Equanto is a food production and distribution company, focused on organic, vegetarian products. The company has been in the market for 26 years, it is a company that started as being a seller of brands from outside Portugal. Their first brand was organic, but nowadays they don’t always sell organic. However, all of their brands promote a healthy lifestyle. Most are vegan or vegetarian. In total they have 16 brands they represent and two brands of their own. Equanto have Origens Bio, which is the organic brand and Veggis, which is vegetarian but not bio, is traditional.

All of them are very linked to healthiness, a healthy and balanced diet, and for intolerant people (a lot of gluten-free and lactose-free products).

Thinking G

Thinking G is a clothing brand with a very strong environmental and human side. Lillia and her partner started last year but all indicates a great success. Liliia is the manager and besides Thinking G she and her partner work in the beauty and fashion industry. Lillia works for a showroom and her partner used to work with big brands such as L’Oreal and such. They created this company because they felt like there was a huge waste of yarn left over from production. Nowadays they aim for a luxury market and sell national and internationally, in their website and through other platforms.

Babu Eco

BabuEco offers several ecological and sustainable alternatives to a variety of products made from more polluting and non-recyclable materials, and today has more than 18 products that stand out not only for their sustainable characteristics and materials, but also for their careful packaging design and its sustainability.

Babu started in 2017 and is inserted in the market of ecological, biological and sustainable products, so it is regularly included in the offer of bio shops, pharmacies, small pharmacies and dietetics.

Biork Portugal

Biork Portugal is a distribution company of the Energy Balance brand, that is, it represents the latter's products in the Portuguese market. It has a small team of three people who manage orders and stock and streamline social media. Biork is known for being the world's first eco-crystal deodorant made from alum stone. However, Energy Balance sells much more than that, it sells other products related with personal health and well-being, but everything is vegan, vegetarian or sustainable.

Serradura

Serradura – Design in Madeira, started as a small parallel project, but it has had a very positive evolution as a brand. The start of the project was with just 1 product (with a wide variety) – Wooden knitting pins (coats, shawls without buttons) – but the idea would always be to move on to more everyday objects, sustainable, handmade and therefore of small productions.

2- Who is the competition and how are they different from it? (the value proposition) *(2- Quem é a concorrência e como se distinguem da mesma? (o **value proposition**))*

Pepe Aromas

There are not many organic products made from Figo da India and consumer ignorance of its properties has played a bit in the brand's favor. Pepe Aromas considers that their products is making the path of the red fruits a few years ago. They were roughly known, and only after the consumer became more informed about its benefits, people started buying and now they are well knowned. People are now starting to know Figo da India properties and that's the greatest brand strong point, since it gives them a good positioning in the market. Pepe Aromas differentiating factors besides quality has to be the fact that they only sell organic products.

Agua Mole

Agua Mole differentiates itself because it now only offers soap but a completely range of products for skincare and even for your house. Little by little they launch new products, and their goal is to offer a solution for everything. From deodorant to cologne, solid perfume to shampoo, soap.

They have a range of products made from thermal water which is a great positive aspect. This thermal water line includes shampoos, soaps, exfoliants, creams and body and hair gels. The company is located in Cabeço de Vide, next to the thermal spa. So, they are very lucky to use this water. The brand wants to transmit quality, truth and care.

Equanto/Origens Bio

The company's objective is very linked to healthiness, healthy and balanced diet, and for intolerant people. They present a lot of gluten-free, lactose-free things. Precisely to pick up those niche markets. They offer great variety of products, quality products for all needs and for everyone. Everything in one place.

Thinking G

All pieces are made manually by artisans and seamstresses. This brand is sustainable in all aspects: production is manual, the packaging is sustainable as the labels, and they don't need electricity or anything because its ladies knitting.

And, their yarn is high quality: from 100% cashmere, merino, alpaca. This yarn is also very different, is very thin and needs to be folded specially, a method that only the seamstresses know. They don't sell in normal stores and are very exclusive, which is a differentiate factor.

They sell through their website and some platforms.

Babu Eco

Babu Eco believes that they truly compete with themselves on a daily basis, as it all comes down to the value delivered to the consumer. The brand that delivers the most and best is the one that stands out, so with this paradigm in mind, they look for all ways to improve and deliver value to their partners who resell the brand, as well as to the final consumer.

It is especially important in the following areas: product quality; maximum satisfaction of the need that seeks to respond; communication; and after-sales.

Biork Portugal

Their main competitors are the natural deodorants, however Biork stands out for the durability of the product and the presence of biodegradable materials free of plastic.

Serradura

Serradura distinguishes from the competitors by the careful design that is always present in the product, in the manufacturing method, packaging and presentation.

For them "competition" is relative, as they think there is room for everyone, and instead of looking at competitors, they prefer to choose to collaborate, or partner in order to help each other rather than "compete".

There are, of course, more people/companies making wooden pins, but Serradura has remained faithful to a well-defined image, which makes it able to remain active in the market.

3- What profile do your current customers have? (target characterization)

And in the future, which customers would you like to reach? *(3- Que perfil têm os vossos atuais clientes? (caracterização do target) E no futuro que clientes gostaria de alcançar?)*

Pepe Aromas

Pepe Aromas, when we talk about the Portuguese market (because they also work a lot with exportation), their audience is between 25 and 45 years old, especially young women, concerned with health well-being, healthier food without chemicals. People who are a little more awake by these food toxicity issues.

They also see a tendency perhaps from 70 and up who are not so concerned with the financial issue of price but with the issue of health and therefore I would say that they managed to conquer two age groups between 25 and 45 and then from 60.

These two age groups, despite being different, both have health concerns. The younger ones for reasons of conscience and also for reasons of environmental concern, of ecological footprint and the older ones for reasons of health, diseases and cancerous problems, of diabetes. The younger ones would say it will keep, and the older ones I believe will continue for the sake of health.

Young people are also more and more concerned with the issue of environmental impact. This is what they achieved through product quality combined and packaging. Pepe Aromas promotes non-pollution and circular economy.

Agua mole

Their target are people who are looking for more natural solutions and people who want to improve skin health. Most are women. Some are parents who buy for their children. Or 60-year-olds who search for products that help their skin to thrive.

Equanto/Origens Bio

Their goal is to make this kind of products accessible to everyone. Origens Bio speaks to everyone, is for everyone. Even if you are not vegan or allergic to gluten. These products can be consumed by everyone, by the "normal". The company affirms that people who search for this kind of products are increasing. A niche is becoming less of a niche, just because they gain more knowledge about the quality and health benefits of the products.

The brand says that nowadays some people end up becoming vegan or vegetarian because they are becoming more conscious about the environment and animals.

But their target is not the diet obsessed person, is the common user.

However, 30% of their online shop sales are from the regular clients.

The rate of recidivism of consumers is excellent and many ends up becoming loyal customers.

The products is for all, and their recent kids line of products shows that. May be the best option to give to children or even eat it as adults. Right now, they started to export products too.

Thinking G

The company is small, because their product is luxury, not cheap.

Thinking G target is the "conscious lady" that goes after luxury. The lady who has already passed the stage of showing off the brand, in addition to status. It is the person who has the idea that a garment must have some value and make sense. Each garment is unique because no hand piece is alike. It's not easy to sell because they don't have many people wanting to buy in Portugal. Most demand comes from the more developed Nordic countries.

Babu Eco

The profile of BabuEco customer is more and more wide, mainly when compared to the initial moment of creation of Babu. They have been progressively capturing consumers outside the strictly zero-waste and sustainable spectrum, and today this concern is verified in a wide sector of society.

But they assume their main clients are people within 25 and 45 years old, from middle to upper class, being 80% female.

BabuEco's vision is for more people to have the opportunity and the impetus to choose green alternatives.

Biork Portugal

Biork's target are people concerned about the environment who consume responsibly, mostly women between 20 and 50 years old.

However, they aim to reach more men.

Serradura

The brand is bought by men and women who like knitwear and are looking for the product for themselves, or who are looking for something different or useful gifts to others. The age group has been shown to be from 25 years old and up.

The brand ends up attracting its customers. Some customers choose the brand because of their taste for manual work, handicraft manufacturing and the appreciation of what is national, all this added to a careful design and a useful and durable product.

Communication / *Comunicação*

6- How is your sales process? (6- Como é o vosso processo de venda?)

Pepe Aromas

Pepe Aromas sell physically and also for those who contact them through social media. They even send the catalog by email, the person chooses and then send it by carrier to the client's home.

As this process started to take them a long time, they thought about opening the online store, to spend less time writing emails and so nothing to fails.

In Portugal, besides Pepe Aromas, there are three to four larger producers and another two or three with equivalent products. Then there are many small producers. Nationally, they have a good relationship between everyone. There is no competition because the market reaches everyone. But outside things change. Their Italian competitors produce in large quantities which makes the product cheaper for the consumer. But still, Pepe Aromas are the only ones to explore the Figo da India (prickly pear).

As said before, their biggest challenge is to compete with Italians and Spaniards, for the sake of price. But however, in terms of quality, Pepe Aromas wins.

Agua Mole

Agua Mole is more of resale than a direct sale. It sells the products to other physical and online stores. Sometimes it also sells directly via the workshops, online or for people who come to her directly.

They sell at spas, hotels etc… and sometimes Agua Mole creates exclusive products for brands.

Because they are handmade the production capacity has limit, which makes the products kind of exclusives.

I think it makes sense for most of the product to go to them, I also do some direct selling but almost everything is sold by him.

Equanto/Origens Bio

Origens Bio sells mainly in their online store, small retail and large retail (SONAE).

As for the small retail, they contact it directly, but these are not the ones who make more profit. What makes the most profit is really the grand markets like Continente.

Sonae ends up being their biggest customer. Although small stores sell less but they are also important and the brand wants to grow in them too, although they are not the ones who give the biggest gains.

Thinking G

For Thinking G all of their sales are mainly online and mainly through their website.

Previously they sold solely through their website but now they are part of three sustainable platforms.

They are Portugal with Feira Bazar, in France with Ecodream, and in Italy with Ecochallenge.

Selling through these platforms they have to pay a percentage of sales, so selling via their website it is always more advantageous but it's harder to reach the same number of clients.

Babu Eco

Retail partners that work through online shops and physical shops and also direct sales to the consumer through Babu Eco online shop.

Biork Portugal

Website, Instagram and retailers.

Serradura

Website with an online store, Instagram page and they sell in some shops in Portugal and Spain.

7 - How is your communication, promotion, information process done? In which channels do they communicate? (investment in advertising or digital marketing?) (7 - Como é feita essencialmente a vossa divulgação, promoção, informação? Em que canais comunicam? (investimento em publicidade ou marketing digital?))

Pepe Aromas

Right at the beginning when Pepe Aromas started their strategy was a more of an organic and dynamic, there was no planning. From the year 2019 onwards, they had the need to have a defined strategy, to know what they would would communicate and how. They used to do national and international fairs, before Covid, but also realized that the consumer likes attention, it likes to be surprised and that brands keep the interaction. Pepe Aromas tells us that sometimes the most difficult thing in marketing is that a brand has always to have things to say, interesting things to say to its target.

Social media, such as Facebook and Instagram, was their way of reaching people. In 2020 it became more present for the brand, due to the pandemic, that everything went digital.

Social media had more impact than any newspaper advertising. They started with Facebook then Instagram. Later realized that by posting on Instagram they would reach their audience (the people between 35 to 45). After that, they started to invest on Instagram ads. The feedback in digital marketing is quite noticeable

Pepe Aromas also participated in some television programs and consider it to be a good vehicle to reach other types of audiences.

In 2021 the brand is launching some campaigns on Google Ads to also be able to communicate in other ways and reach a wider audience.

Agua Mole

Agua Mole uses their social media, but they say they don't work it hard enough. It's mostly Instagram and then they automatically publish on Facebook. However, they aim to start working digital marketing soon in the future.

All their customers came essentially from physical stores, online stores and of course, tourism.

They have valuable partnerships with hotels (they create specific aromas and perfumes for hotels) and other places such as the spas where they sell their products. They also produce for other brands and for customers who ask for something specific (for a specific need).

These are the ways they promote their brand and also through word of mouth.

Equanto/Origens Bio

Origens Bio started to invest more in communication this year. Back then, they only used to invest in advertising in special occasions such as when they celebrated the store's anniversary or when it was Black Friday.

Currently they have a contract with a communication agency, and they manage and invest on social media (Instagram, Facebook and LinkedIn).

From time to time Origens Bio also does something for magazines such as NIT magazine and similar. But there is no pattern for sure.

Generally speaking, they main investment is on Facebook, Instagram, Google Ads and Google Shopping. They also work a lot their SEO.

Thinking G

Instagram is their main focus. They usually do shootings with models, which is a great investment. When they don't have the money, they do it themselves.

Lillia uses her personal contacts from work to help her do the shootings, and they are currently preparing one shooting in Bali. As said before, Instagram is where they focus their most communication and investment but also on google analytics and google advertising.

They don't have enough workload to pay specialists, so they do it themselves for now.

Babu Eco

Babu Eco aims at two channels: to retail partners, such as physical and online stores; and direct consumer sales, through their online store.

In the case of retail sellers, they communicate internally. This means that Babu Eco provides them with information and promotional materials so that they are aware of all relevant information about new products, in order to communicate this information to their consumers.

In the digital environment, Babu Eco seeks to communicate through the most direct and commonly used means: social media and newsletters.

The investment on advertising focuses both on the traditional advertising market, such as magazines and TV, as well as on digital through social networks and search engines. However, there was a large reduction in magazine readers due to the increase in time spent on digital media.

Biork Portugal

Instagram, but also, they work their website.

Serradura

Serradura communicates through Instagram and Facebook, newsletters and special prices.

They have already done some specific actions with investment on digital advertising.

8 - Do you use a of potential consumer database? *(8 - Utilizam bases de dados de potenciais consumidores?)*

Pepe Aromas

Pepe Aromas also works with a consumer database. But because of the data protection not everyone wants them to keep the data.

In March 2021, Pepe Aromas launches their online store and people are going to register to place an order, and so usually they gain access to the person's details. Of course, the person has to authorize it, but from there they can start sending out newsletters, which is something they also wanted to implement. Before the launch, the database is not very big, but it helps to know their customers. That's the objective of a database for them: getting to know their customers and then sending newsletters with the news.

Agua Mole

Agua Mole doesn't do it.

Equanto/Origens Bio

Origens Bio does have a customer database, yet they are very careful with it specifically because of the data protection law.

They use it practically just to send newsletters but for people to receive it they have to allow it. Origens Bio communicates at least weekly, sometimes more than once a week. They clean regularly the database. They do one more small segmentation to be able to be more effective in communication and that's it. In fact, they have a person responsible to work the client database and who takes all the right measures to go accordingly to the data protection law.

Thinking G

Thinking G keeps the e-mails as data after selling to the costumers. After that, they use them to send newsletters mainly.

Babu Eco

Babu Eco doesn't do it.

Biork

Biork doesn't do it.

Serradura

Serradura doesn’t do it.

9 - Do you use the personalization in your products? (the customer chooses a series of features in your product) *(9 - Usam o fator personalização? (o cliente escolhe uma serie de caracteristicas no vosso produto))*

Pepe Aromas

Pepe Aromas kind of does it occasionally.

At Christmas they gave the possibility to add a personalized card, with a message for delivery. This was because they deliver many gifts not to the client's house but to the person who is going to receive the present. This can possibility be adapted for Valentine's Day or Mother's Day for example.

Agua Mole

Agua Mole customizes fragrances for places like hotels for example. They create products based on the specific needs of each person. Once they had a case of a 10-year-old child whose mother asked if they could help him because he was allergic to everything since he was a baby. It was an extremely atopic and reactive skin. And so, Agua Mole created a specific product for him to use, which would not react on his skin. The family became loyal to the brand and in the meantime Agua Mole started to market the product.

Equanto/Origens Bio

Not yet, but it’s in their plans. However, they did an initiative with Chef Chakall. As he usually works with the brand’s products, promoting them freely, Origens Bio sent him a basket full of products with his face on it.

But for the consumers they don't customize. On the website there is the possibility of buying products in promotional packs, which ends up getting cheaper. And they are packs that make sense for the consumer.

Thinking G

Thinking G has its logo on the garments, designed by an external designer.

They also made a mandatory label with washing and composition instructions and that has a funny message, hand-sewn by the founder: “It’s official, you’re environmentally stylish”. Also, the cotton bow has their logo.

Besides this, they always send a customized message to their customers.

For summer 2021 they manufacture personalized bracelets with customers' names to send with the orders. A little regard made by the nine-year-old daughter of one of the founders, Liliia Ferreira.

Thinking G considers that a niche product must always have a niche approach. This means an approach that makes the consumer feel special and so the brand must give it special attention.

Babu Eco

Babu Eco doesn’t use it.

Biork

Yes, through the website and only for the retailers.

Serradura

Yes, but it’s kind of a conditioned choice since they only let consumers to choose between the materials they work with.

10- Do you use labels or try to associate with personalities or other brands? *(10- Fazem uso de rótulos ou procuram associar-se com personalidades ou outras marcas?)*

Pepe Aromas

When talking about influencers, for example, the brand Works like this: reaches out some people whom are on social media and have a significant number of followers. But sometimes, people are the ones who contact them and ask for products to teste and promote. Everything is kind of informal since there is no business connection or contract.

Pepe Aromas was one day contacted by Cristiano Ronaldo's sister. She wanted to buy their products and Pepe Aromas suggested that instead of buying, they would offer the products in exchange for free advertising on her social media.

When someone the brand finds interesting gets in contact, Pepe Aromas launches these kinds of challenges and does some collaboration work.

As for labels, the brand does not uses plastic, they use glass and paper, and they always try to make sure that the inks used on the labels are also as less polluting and more organic. Then they have certain certifications (Portugal Sou Eu, Global G.A.P., for example).

Agua Mole

In terms of labeling, they are very careful with what they need to say to the consumer.

In terms of partnerships, they produce white labels for other brands. This means Agua Mole allows their labeling, but Agua Mole’s production. They do It for a chain of Chiado Hotels, for example.

The labeling always indicates where it is produced and that it is cruelty-free. Not all of their products are vegan because some have beeswax, but those that really are vegan, have an indication in the label

Equanto/Origens Bio

Origens Bio worked with Susana Werner for example. They saw her promoting their coconut water in her social media, saying it was the best of Portugal. Origens Bio grabbed the opportunity and sent her a box of products for her to post on social media. However, the brand does not have any kind of contract or a financial partnership. Everything that happens to the famous is because they like the brand. They also have influencers who work with them, for example: Janine Poupadinhos.

In the past they used to work with more paid influencers, however they came to the conclusion that it gives better results when the influencers already like the brand and do it naturally, when they reach for the brand "Things go much better when it comes to the heart". So normally, Origens Bio works with product delivery or gives promotional codes.

Even if Origens Bio wanted to pay more and invest more in social media, their budget is very limited.

As for label there was a big goal reached this year by the company which was the UTZ certification, that allows them to work with more supermarkets and it is a guarantee of quality and food safety both for the supermarket as it is for the client.

Thinking G

They do a lot of work inhouse, they work with bloggers to promote their product. Bloggers across Europe, Switzerland, Netherlands mainly.

They consider it to be interesting to collaborate with another brand one day, but their production is always very limited.

They work unlike other brands: they create the model first and then look for the material. Thinking G has to wait for the materials to arrive in order to understand what they have in hands and then they can start to create the garments.

Babu Eco

They are currently developing a set of partnerships with entities and organizations that match Babu's values.

As an example, they have established a partnership with Lisbon Zoo in the sponsorship of the red panda

Biork

Biork doesn't do it.

Serradura

For now, Serradura doesn't do it.

11 - Do you consider your brand to be an environmentally conscious brand? How do you demonstrate it? *(11 - Consideram-se como sendo uma marca com consciência ambiental? Como o demonstram?)*

Pepe Aromas

Pepe Aromas has a number of actions that seek to ultimately calculate and safeguard the planet. For example, they re-use irrigation water, and there is a rationalization of energy consumption. On the other hand, the water they use to clean the fruit is re-incorporated in watering.

Their big goal is to get to a point where they have zero waste. More than recycling and reusing raw material resources. Another example are the palms that result from pruning and are incorporated back into the orchard or adapted for animal feed. So there is a great reduction of any type of waste.

Agua Mole

Agua Mole takes a great care in the manufacturing process. Their products are all packaged in paper and in the case of solids they use a parchment paper and then a label indicating what it is and the composition.

Shampoos and creams come in glass jars because they can't put them on paper. The only plastic packaging the brand uses, is in fact is the body/hair gel because they can't think of glass in a bathroom or bathtub, it could be very dangerous.

The company reuses all plastic packaging that comes to them and then aluminum is 100% recyclable, although it has to have a plastic coating inside to support the product (legally it cannot be the product directly in contact with aluminum).Therefore, the brand assumes the usage of plastic and their target audience is also aware that they will have to recycle or reuse the plastic packaging.

Agua Mole does not believe in zero waste. They aim to reduce it and send it to the right place.

Equanto/Origens Bio

The company as a whole (and this means the mother company too) are very concerned about sustainability. For example, they reuse rainwater for irrigation, for washing the facilities, which every part of it has a LED with a sensor to save energy. So even the installations have a solar panel. The packaging, all of their packaging's are recyclable. Origens Bio tries to be careful to be either only plastic or just cardboard so when recycling it is easier and not mixing.

They always aim for ways to their packaging to be sustainable, but they have many limitations because not all the material can transport food.

As a brand they are always concerned about how to improve it. They even launched a compostable packaging which was the one for Maria's granola. It's made of cornstarch, which touch and looks like plastic, but it isn't. The packaging itself starts to disappear before the expiration date of the product. But, one thing they notice is that the consumer asks for this kind of changes, but it is still necessary to adapt to the market and that means that most people don't even know what to do with compostable packaging. It has to be disposed of in organic waste, it cannot go to plastic or cardboard or it will contaminate the garbage.

Origens Bio also reuse some of their products, per say, as there are products with low shelf life that cannot be sold on normal shops, so the brand created partnerships with companies against food waste. These companies have permission to sell products that have a low shelf life.

Origens Bio also donates a lot to those in need.

Thinking G

Everything is handmade at Thinking G. They have their knitters and are kind of limited to what they can do. They also take great care with packaging materials and the concept itself is environmentally friendly.

Babu Eco

Environmental awareness is the pillar and reason for Babu's existence. The brand believes that they demonstrate it in everything they do, by choosing their partners, the products they sell, the packaging, more sustainable shipping methods, the certifications, etc.

Biork

All Biork's communication is about transmitting environmentally friendly values.

Serradura

Serradura works with sustainable and organic materials, use water-based inks, and their packaging made from recycled and recyclable paper. The brand's production is done ethically, and it is all done in Lisbon (design, manufacturing, packaging).

Their customers can easily understand that their products are plastic-free and there is a lot of information at the website.

12 – What are the biggest challenges felt? *(12 – Quais são os maiores desafios sentidos?)*

Pepe Aromas

Every day is a challenge for Pepe Aromas because every day new products are born on the market, and so it is difficult to conquer a place in such a large and vast market.

The major challenges they felt were essentially related to ignorance of a larger part of the population towards what the product is. Pepe Aromas considers that Portugal is a very conservative country in its consumption habits and therefore there is some resistance to trying new products. Another challenge they felt was to demystify that organic products are more expensive; they can be but not all and not always.

Agua Mole

The emergence of so many brands made it difficult for Agua Mole to maintain visibility in the market and stand out from others.

Agua Mole had no communication plan and the advertising budget was zero, so things were not easy. It was thanks to the thermal water line that it became noticed, maybe because it was something different from all the others, since this one is entirely vegan.

Agua Mole aims to invest more in the therapeutic area, turning its products more therapeutical. Making a shampoo that is more than just a simple shampoo, but that it is a whole experience.

Equanto/Origens Bio

To this day, Origens Bio, thinks that their biggest challenge is to change people's mindset. It's the person being able to understand what the advantage of the organic is.

To make people understand what is organic and why they should consume organic products, how much good it is for both people and their health because there is no pesticides. It's not just taste that is better it's good for people's health. However, besides people not knowing the benefits the price can be a difficult barrier since organic products tend to be a little more expensive.

Thinking G

Thinking G had many challenges since it was their first business.

Mainly, they had the difficulty in selling what they already have. Their Portuguese target is not very prepared for the kind of approach the brand has. And so, it's hard to find media or even a customer that matches their niche product.

Babu Eco

Currently, the challenges Babu Eco faces are related to the retraction of consumption combined with the existing confinement (Covid-19), which has held back their ability to do more and reach more people.

Biork

Biork sees as a challenge the high durability of the product as Biork deodorant lasts 2 years. It might not be the most suitable for businesses that want to sell a lot in the area of intimate hygiene, as a customer who buys once will only buy again 2 years later. But ecology implies products that are longer lasting and less disposable, even if that means less profit and less sales.

Serradura

The biggest challenges come from the brand being able to maintain product innovation, having time to create and produce and evolve in marketing strategies and brand dynamics.

Strategy / Estratégia

13 - Do you usually analyze the market looking for new opportunities, new niches? Give us some exemples. *(13 - Costumam analisar o mercado à procura de novas oportunidades, novos nichos? Como?)*

Pepe Aroma

Pepe Aromas used to go to fairs nationally and internationally, before the pandemic. The major fairs were the ones they made the biggest deals. They were usually 2/3 per year. Now they focus more on LinkedIn and also participate in some online fairs.

They do the meeting with the clients online, send samples and then the clients meet again by Zoom so they can explain what the client is tasting.

Agua mole

The owner is always aware to what people do around, not to imitate but to understand people needs and get some ideas.

The investment is moderate and occasional, since the company is not very big. They see an increasing of interest in areas of well-being.

And so, they want to invest in things such as essentials, aromatherapy, etc. They want to reach to everyone and to these niches.

Equanto/Origens Bio

Nowadays, they have a data analyst. Thanks to that they have increased the number of data and information. They also analyze the European and Portuguese markets through public reports, sometimes when they participate in researches, they can also get some info. Origens Bio is always with an eye on the news but also use many tools that are accessible. One of them is a tool that tells them what the prices of the market are, to see if their price is competitive. They also do a lot of manual research, analyzing what is done, the competitors and what the public needs.

Thinking G

Thinking G main focus in on the European market, Russia and Ukraine. Everything outside these countries is more complicated for them because of shipping prices. They would like to further develop in the European market, as they feel there is a lot to grow.

Although the company can't be very scalable because it's all done by hand, they aim to increase the number of clients. They have knitters and so are limited to what they can do. Each garment is a process that takes time, it is necessary to do and redo sometimes.

This concept doesn't allow them to be a big company. But there are some strategies in mind. For the winter, the price of their items is higher, but this summer collection, where it is mainly cotton, which is already less expensive and labor is cheaper, they will decrease their prices. This will allow them to gain a younger consumer, a broader public. But they will never mass produce.

Babu Eco

Babu Eco is always looking for new opportunities, but their approach follows the aforementioned perspective, that is that they focus on delivering value to the consumer, so they only launch products or services that they believe brings added value to the consumer and not for what makes more sense from the point of view of the brand.

They are not interested in launching products just because a competitor brand has decided to do so, but because they believe that when launching a certain product or service, it presents itself in a different way and with more value. This value should be perceived by the consumer as something that made life easier and had a lower environmental impact.

Biork

Always within the sustainability theme, looking at what is already being done abroad.

Serradura

We are always on the lookout for opportunities and what is being done. Opportunities that can include collaborations with brands with whom they identify, or the possibility of selling in new places, reaching a new audience.

The channels are both the internet and everyday life.

14 - Do you think niches are a good growth strategy? Why did you start exploring niche? *(14 - Acha os nichos uma boa estratégia de crescimento? Porque começou a explorar nicho?)*

Pepe Aromas

For Pepe Aromas a niche profitability/strategy depends on the goals and what the brand wants to achieve. For them, sometimes niches can become anything but a niche because what sometimes starts as a niche product ends up reaching a dimension and becoming something bigger.

According to Pepe Aromas, a product that becomes a niche can happen for several reasons: whether because of its specificity, or the type of public it targets, or the type of product or the country where they are located.

More and more niche products or businesses are extrapolating. And for Pepe Aromas it is kind of reductive to say that a business is niche.

Sometimes for a product to stop being a niche, it just needs to come someone influential give it some kind of voice.

Pepe Aromas does not consider themselves a niche product as it is extended to the general public. It started as a niche because it was bio, organic and the fruit was exotic. But for them, more and more niche products or businesses are extrapolating.

For Pepe Aromas what makes a niche stop being a niche is the market and the old law of supply/demand. Sometimes more is less and it can be profitable. It is better to earn more even if the brand sells less. What matters is profit and profitability. Buying a niche is an option and it is not expensive, contrary to what people might think. When you buy niche, it is important for the customer to feel unique and special. Customer exclusivity to be special. This sometimes makes everyone want it. It's an option and it's marketing.

Agua Mole

For Agua Mole, a niche is about satisfying needs, not for profit, but for passion and always wanting to grow and become more.

Equanto/Origens Bio

The greates challenge for Origens Bio is to change mentalities.

Bring change from the conventional and change people’s mindsets. They want people to be able to understand what’s the advantage of the organic and bio products is. For them, a lot of people still don't know the advantage of the organic, they only know how to say, “it's more expensive and it's tastier”.

Origens Bio affirms that organic products end up having a quality of flavor, because it doesn't have pesticides and the growing of the everything is more natural.

They aim to make people understand why they should consume organic products; how much good it is for both people and their health.

Besides this, price can be also a barrier, because organic products can sometimes be expensive, but it is not always the case.

Generally, Origens Bio considers that the future has a very good path, especially when it comes to organic, vegetarian market that is becoming a sort of a trend.

It is not only because people are changing their mindsets towards, environment, health and animals, it is also because more and more people are discovering they are intolerant, and some are choosing to become vegan or vegetarian. They consider that the current lifestyle points to a growth of niche products.

Thyfanny says that soon it will no longer be a niche but a natural thing and part of our lives because there are many people already choose to eat gluten-free things, and sometimes not out of intolerance but because it makes them feel better.

As years go by, more people start to learn more and gain knowledge about good products they didn't know about before, with amazing properties.

Thinking G

For a regular company it is easier to mass produce, it is more advantageous. It is very frustrating for small companies to see Zara’s with garments very similar to theirs but much cheaper because is made “God knows where”. That is impossible for Thinking G. Production alone is at least €50: knitting and yarn. But the demand for things like Thinking G is growing and they believe people are changing their mindset.

Recently, they signed a "We choose reuse" petition on sustainability. Concern about these issues is increasing and this gives companies like Thinking G motivation. They have a lot of expenses and for them it would be good if the government started to see it and help. To see small businesses that have a lot of expenses to stay legal.

Although this is a recent company (about a year), they aim to make the difference, and are already doing it, but can't live only through Thinking G

Babu Eco

Babu Eco believes that niches are important, if not decisive, for small businesses to grow. However, that was not the purpose of creating the brand, but Babu was created to satisfy a need that they had been seeing as growing: to present ecological alternatives for products made from polluting and less sustainable materials.

It turns out that at the time the brand was created, this segment was a niche and still is today. However, Babu Eco believes that it will progressively cease to be a niche and will become an increasingly wider need throughout society.

Biork

For Biork, niche markets represent emerging markets that might result in a change in the mindset. This begins to thrive and become the norm, at least in the case of responsible consumerism.

Serradura

Serradura started to work this niche almost by accident. One day, they thought "It's been a long time since we and some well-known people have been looking for nice wooden pins". They found out a necessity that wasn't being responded by the industry. When they started to work found out more people had the same necessity. So, almost by accident they entered this niche and grew from there to knitting.

15 - What is the company's vision for 2025, what would you like to implement? *(15 - Qual é a visão da empresa para 2025, o que gostariam de implementar?)*

Pepe Aromas

Pepe Aromas aims to become a reference company for the Figo da India (prickly pears), not only in terms of fruit, but also in terms of its derivatives such as jams and cosmetics.

Four or five years from now they see themselves increasing the range of food products and a range of cosmetics. They aim to have a range of high-quality cosmetic products, innovative, and a range of derivatives of Figo da India products, always taking into account health and organic. Their raw material as a differentiator.

However, in the short term, they intend to launch two new products in 2021. This way they want to increase market share.

Agua Mole

Agua Mole wants to make their products more comprehensive and wider targeted because at the moment they do not have products for children, babies, animals. And for them this is a market in need.
But for this to happen they need more investment and research, and with such small team this is a hard work.

Equanto/Origens Bio

Origens Bio had a huge grow in these last couple years. The goal of Rui Assis, who will finish his job in 2025, is to double their size.
Covid-19 changed a lot of things for Origens Bio, because the public started to value other things. People started cooking at home, making new recipes. This was good for the brand, although they were also in the ho-re-ca which slowed down, but they saw a very big increase in consumption at home.

For their future they aim to invest even more in digital and advertising.

Thinking G

Thinking G want to keep the same in general but increase the sales volume. They really don't want to change the concept but be able to buy more yarn, buy the yarn that nobody wants. The good, fine Italian yarn, precious yarn that people throw away. They also aim to work with more brands, more factories and buy yarn to produce more.

Currently the knitters don't have enough work with the company, so they cannot live only by what they make working for Thinking G.

But the company wants to increase the volume of work also to give opportunities to these ladies. Thinking G is very supportive of women, they create awareness through their website.

They also would like to further develop the European market and consequently increase the volume of costumers.

Although the company is not very scalable because is handmade, and the process takes time, it has still some place to grow. But it will always be a exclusive company not a big company.

Currently there are some strategies in place. For example, for the winter the price of each garment is higher (because of the volume of yarn used in each item). But this year of 2021 Thinking G is creating a summer collection where it is mainly cotton, which is already less expensive and labor is cheaper. By making the price cheaper they hope it will allow them to gain a younger consumers and a broader public.

Babu Eco

Babu's vision is to bring sustainability to everyone's lives, making the world more harmonious. In 2025 they aim to reach more people and in a more innovative and valuable way, giving value for the costumer. To achieve this goal, they want and will launch new products and services this year.

Biork

They would like to expand into new Portuguese speaking markets.

Serradura

Serradura hopes that the project will maintain its positive growth, with new products both in the area of start-up (knitwear and haberdashery) and with more everyday objects. They aim for Serradura to stand out for the consistent diversity of its products, and so they want to implement greater dedication to the area of home utilities combined with decoration.

Appendix 3 - Questionnaire questions – Social Media Usage in Portugal - *Uso das Redes Sociais em Portugal*

- *Idade*
- *Distrito*
- *Habilitações Literárias*
- *Género*
- *Horas gastas nas redes sociais por dia? (incluindo Youtube e TikTok)*
- *Quanto tempo gastas diariamente no Facebook?*
- *Quanto tempo gastas diariamente no Instagram?*
- *Quanto tempo gastas diariamente no Twitter?*
- *Quanto tempo gastas diariamente no Snapchat?*
- *Quanto tempo gastas diariamente no TikTok?*
- *Quanto tempo gastas diariamente no Youtube?*
- *Quanto tempo gastas diariamente no Pinterest?*
- *Quanto tempo gastas diariamente no LinkedIn?*
- *Indica por ordem, o teu top 5 redes sociais mais utilizadas. (Incluindo Youtube, TikTok e outras plataformas de vídeo se for o caso).*
- *Indica por ordem, as 5 redes sociais onde partilhas mais conteúdo.*
- *Que rede social pensas criar conta no próximo ano?*
- *Que rede social tencionas eliminar conta / diminuir utilização no próximo ano?*
- *Pesquisas produtos nas tuas redes sociais antes de os adquirires?*
- *Costumas ver reviews no YouTube antes de adquirires um produto?*
- *Segues avidamente algum Influencer?*
- *(Segues avidamente algum influencer?) Se sim, quem?*

Appendix 4 - Questionnaire questions – Niche Preferences and Market Massification *Preferências dos Nichos e Massificação do Mercado*

- 1.1.) Idade

- 1.2.) Género

- 1.3.) Nacionalidade

- 1.4.) Distrito

- 1.5.) Habilitações

- 2.1.) Aderes facilmente ou gostas de seguir novas tendências?

- 2.2.) És tolerante a novas culturas ou diversidade humana?

- 2.3.) Consideras-te uma pessoa que pensa diferente do "comum" ou/e que não segue tendências?

- 2.4.) Tens algum passatempo ou gosto pessoal específico que aches que te define em grande parte da tua personalidade? Se sim, qual?

- 2.5.) Compras produtos de nicho? (Um nicho é um segmento de mercado cujo público possui necessidades específicas que, geralmente, ainda são pouco exploradas comercialmente (ex.: produtos vegan, cruelty-free, produtos lgbt).

- 2.6.) Se sim, quais? (referente à pergunta anterior: 2.5.) Compras produtos de nicho? (Um nicho é um segmento de mercado cujo público possui necessidades específicas que, geralmente, ainda são pouco exploradas comercialmente (ex.: produtos vegan, cruelty-free, produtos lgbt).)

- 2.7.) Consideras-te parte desse nicho?

- 3.1.) Preferes comprar de grandes marcas ou pequenas marcas?

- 3.2.) Já compraste a pequenas marcas? (Aquelas cujo mercado tem um volume reduzido. Exemplo: lojas de produtos artesanais, mercearias do bairro.)

- 3.3.) Compras online?

- 3.4.) Qual foi a última compra que fizeste online?

- 3.5.) Qual foi a última compra que fizeste offline?

- 3.6.) Os princípios éticos de uma marca são importantes para ti no momento da compra?

- 3.7.) Procuras por produtos com símbolos, por exemplo: cruelty-free, produto natural...?

- 3.8.) Compras produtos, veganos, orgânicos ou cruelty-free porque:

- 3.9.) Aventuras-te a comprar produtos pela primeira vez?

- 3.10.) Fala-nos acerca dos teus hábitos de consumo...

- 3.11.) Comprarias um produto vegano e ecológico se este fosse:

- 3.12.) O que é mais importante para ti quando compras algo? Classifica por ordem, de 1 a 7, sendo 1 o fator mais importante de todos.

- 3.13.) A presença de uma marca e a sua apresentação/notoriedade nas redes sociais é importante para ti no momento de escolha?

- 3.14.) Na tua casa quem faz as principais escolhas de compras? (tu, familiar, outra pessoa)

- 3.15.) Existe alguma marca/marcas, às quais te consideres fiel?

- 3.16.) Pesquisas um produto antes de o comprar?

- 3.17.) Quando pesquisas um produto, onde procuras informação antes de comprar?