

# **Retailers' use of a Niche Market Strategy in Private Label Product Development**

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The purpose of this research study was to investigate the growing trend of the use of private labeling as a competitive strategy among fashion retailers. Specifically, how retailers differentiate and create niche markets within their own private label merchandise was studied. Previous research has examined how the textile and apparel supply chain, from fiber producers to branded apparel manufacturers, implement a niche market strategy in order to differentiate themselves from the competition (Parrish et al, 2004; Parrish, 2003). However, the goal of this research was to incorporate the downstream, i.e. retailers', perspectives regarding a niche marketing strategy in order to create a comprehensive supply chain niche strategy framework. Specifically, the objectives of the study were to:

1. Define niche market strategy for the fashion retail industry, focusing on private label product development;
2. Determine how niche markets within private labels are identified and what variables need to be in place for them to be successful; and
3. Determine what role niche markets will play in the growth of private label merchandise, including strategic benefits.

The research methodology was an in-depth case study research design that was used to gather information from a selected sample of those retailers that participate in apparel private label product development. The final sample consisted of three United States retailers with extensive private label programs. Results indicated a strong use of a niche marketing strategy by retailers in the development and implementation phase of private labels. This strategy resulted in increased profits and market share. This study is significant because it provides a framework for a globally competitive strategy that retailers can utilize in order to develop specialized, niche markets within their private label merchandise not only within the US, but also globally.