

The background of the entire page is a teal-colored image of cracked, dry earth, symbolizing market gaps or opportunities.

15 INDUSTRIES WITH MARKET GAPS THAT WILL EXPLODE IN

2023

The most promising industries
for innovation

The keys to success
in each industry

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HOW TO FIND MARKET GAPS AND FILL THEM?

Hacking a "market gap" is the equivalent of hitting the jackpot in business. We've all seen the rapid growth businesses experience when they find and dive into one. So why couldn't you do it too?

Identifying and utilizing market gaps in an industry is easier said than done. And identifying the market gap is only half the challenge - the second half being finding the keys to success, the little nuances that make the "hack" work.

Luckily, market gaps constantly emerge as consumer needs change, and technology evolves further and faster. The 2020 pandemic only accelerated this cycle, and the need for new products and services is at an all-time high. Customers are hungry for new products and services that will meet their new lifestyle. And as expected, the businesses that can provide an offer that meets these needs experience explosive growth!



WHAT ARE MARKET GAPS?

A market gap is an opportunity to produce something that is not yet available but that people would buy and use.

A market gap is essentially an opportunity to create/offer something which is currently not available but something customers want and would buy. The term "gap" refers to the disparity in supply and demand for a specific product or service. It's a customer demand that has yet to be satisfied. To satisfy a market gap, the product/ service needs to have at least one of the following three characteristics:

- Be completely unique and brand new (nothing else like it is currently available on the market)
- Something that already exists, however, an update or modification significantly increases its value
- It's already available, but nobody has attempted to sell it in a new market, where sales can skyrocket

The reason why these brands had massive success is that they found gaps in the market.

airbnb

Airbnb discovered that any spare bedroom could generate income - and they capitalized on it.

NETFLIX

Netflix tapped into several market gaps and completely disrupted the way we stream media.

UBER

Uber found a way to overcome the inconveniences of getting a taxi and created thousands of jobs around the world in the process.



For example, [Red Roof Hotels began providing day rates for remote workers](#). They noticed that not all people who suddenly had to work remotely had a quiet space to work. So they started renting a hotel room turned office suite with fast internet for as little as \$29 per day.

[Fitness companies like Orange Theory, Planet Fitness, and 24 Hour Fitness](#) started streaming live classes and providing training plans adapted to the customer's home environment. And athletic clothing manufacturer [Under Armour created a 30-day Healthy at Home workout challenge](#), promoting their clothing for the "new way" of working out.

All these companies [found small ways to innovate](#) at a challenging time by tapping into newly emerging market gaps!

Whether you're establishing a new business or searching for ways to expand an existing one, market gaps provide a major opportunity for growth and drive innovation.

Knowing which market gaps are emerging right now gives your business a significant edge. That's why we created this report, based on research and trends analysis as well as our own experience with innovation, so you will know everything you need to know about market gaps in 2022!

4 TIPS FOR IDENTIFYING MARKET GAPS

from an Innovation Consultant and Business Development Expert

1. Keep an eye on Consumer Trends and Industries on the rise

You can train your mind to see emerging market gaps by looking at different market patterns. There are many ways you can do research and keep an eye out for gaps. One is simply by being aware of trending topics on social media or businesses that are making something new and the impact that's having on the market. Over time you'll train your mind and see trends that are just starting to emerge, giving you time to execute and ride the wave like an award-winning surfer.

2. Listen to your Customers

If you already have a business, your customers are the best source of ideas for your next innovation. Keeping a close relationship with your customers can give you a major edge because they will often point out exactly what they want. If you sharpen your ear and analyze their feedback and suggestions, you will have a distinctive edge.

3. Follow Marketing experts and Founders from Industries on the rise

Another great way to pick up on emerging trends is by following people who will point them out to you. From Marketing and Innovation experts who frequently share their "discoveries" online to founders that appear to be five steps ahead of everyone else and often share what worked for them, there are many people you can easily find on social media and follow what they are sharing. And the beauty of modern media is you can just watch, or you can reach out to them too!

4. Test your ideas on a smaller scale

There will always be demand for flying carpets, but their practicality (not to mention feasibility) is questionable. Even if there is a clear gap in the market, you need to put your idea to the test. Maybe you are missing the mark and the key to success in that industry is something you're overlooking. The best way to find out is by testing. Create an MVP, a test campaign or a prototype, and gather feedback. Only then you'll see your idea's true potential.

Why now?

The Global Cloud Gaming Market is estimated to reach \$4.98 Billion by 2025, growing at a CAGR of 16.7%.

Furthermore, the fast-growing use of online content delivery networks is likely to open up new prospects for global cloud companies.

There are countless advantages to cloud gaming. First, cloud gamers do not require high-end consoles; instead, high-end games can be played on lower-end platforms. Second, as the pandemic imposed remote work, the gaming market flooded with many new, first-time users.

As a result, there has been an increased demand for gaming in the past two years, and it keeps growing.

Big players like Amazon, Microsoft, Sony, and Apple are preparing to launch / recently launched gaming subscription services.

Soon, subscription-based gaming services may become as commonly used as Netflix!





What's the opportunity?

The [State of Online Gaming 2020](#) research report says that "globally, 44% of gamers (age 18-45) would subscribe to a cloud gaming service". However, according to the respondents, the biggest obstacles to subscribing are poor performance and high pricing.

Fast performance is critical to gamers, being cited as the most crucial aspect of gameplay across all age groups.

[Shadow](#), one of the highest-rated cloud gaming services, found a way to fill this gap. The service offers the power of a high-end PC and easy-to-use cloud-based gaming for a moderate subscription fee. Also, 5G-enabled phones also open new opportunities for cloud gaming as well. 5G will allow gamers to enjoy high-quality games on smartphones and tablets - from anywhere. Although mobile gaming and cloud technologies are not an obvious pairing, predictions are that [cloud gaming could represent almost half of the 5G data traffic in 2022](#).

The keys to success:

There are a few issues that need to be tackled for cloud gaming to advance to the next level: cloud computing optimizations to reduce latency, adoption of 5G, and re-platforming of software infrastructure.

Solving any one of these obstacles can give you a big advantage if you want to enter the cloud gaming marketplace.

Why now?

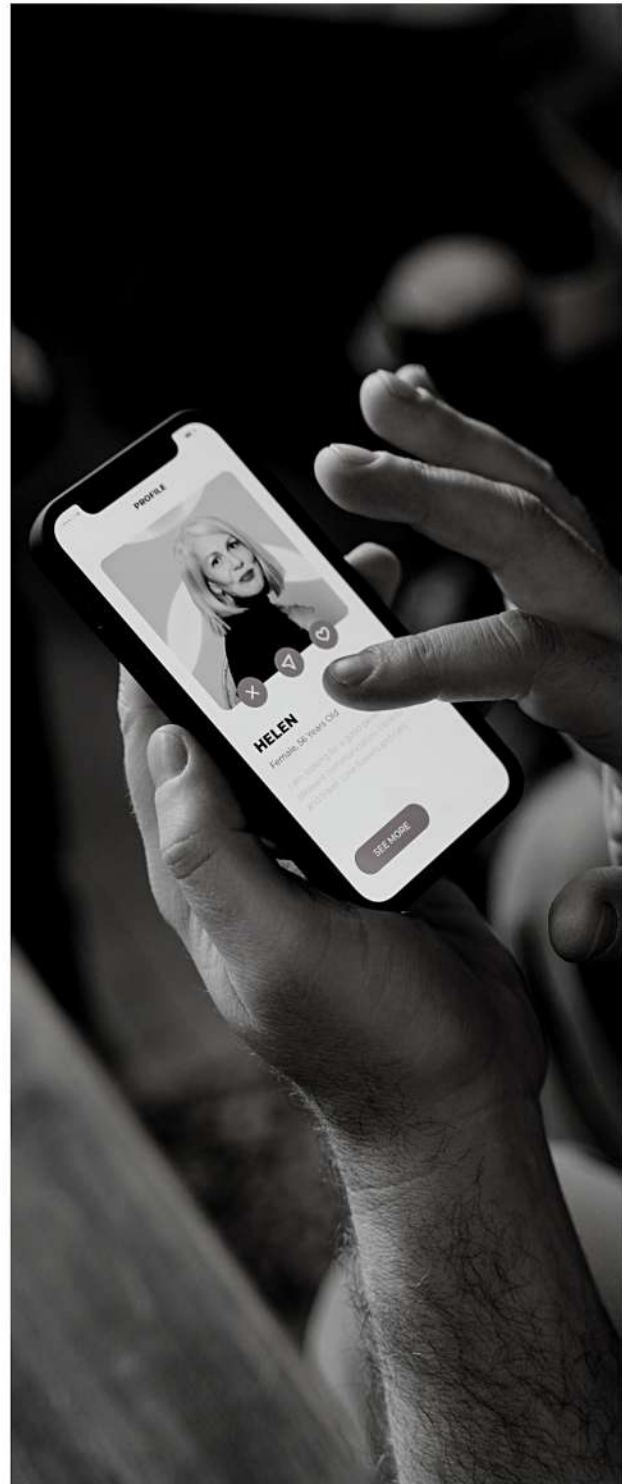
The matchmaking industry is having a moment of its own. Online dating became a big trend, especially during times of social distancing and widespread lockdowns. This already fast-growing market literally exploded as many first-time users entered the online dating scene.

Nearly 8,000 dating sites and apps worldwide offer different types of online matchmaking. The biggest player in the online dating market is the Match Group - comprising 45 brands such as OkCupid, Tinder, and many more.

The major factors that drive the growth of this market are:

- The rising adult population
- Increasing comfort with internet use
- The pandemic and other social factors

The online dating services market is estimated to grow at a CAGR of 4% over the period 2021-2026. During the pandemic, the activity on dating apps has surged. It is one of the fast-growing industries in the digital space, and it doesn't appear to slow down any time soon.



What's the opportunity?

The pandemic showed us that the potential for online dating is great, especially when we can't meet in real life. Still, people crave real interaction where they can meet potential romantic partners. "Photos are not enough" - dating app users shared in a recent study.

That's why some popular dating apps strive to offer better quality matches based on more in-depth user-profiles and the power of AI. Popular apps are also introducing audio and video calls to keep the users within the platform and enable them to have online dates.

In the words of Jim Lanzone, CEO of Tinder, "the moment when someone is ready to swipe left or right on another user is a really rich area for innovation."

Users are returning to in-person dating, but the way we meet each other and interact with potential partners will likely forever change. In this regard, AI can bring exciting new possibilities for online dating.



The keys to success

Personalized experience and precise algorithms powered by AI can significantly improve dating profiles and their matching.

User research suggests that people seek deeper connections instead of instant gratification and entertainment on dating apps.

In addition, AI can improve communication by sensing misunderstandings and helping users find common ground in their first interactions.

Why now?

Cybersecurity is the practice of protecting systems, networks, and programs from cyber-attacks. It's becoming increasingly important as businesses push their digital transformations.

Security leaders are aware and prepared for digital transformation risks, and companies are ready to invest in security solutions to protect their and their user's privacy. So it's not surprising that the [worldwide information security market is expected to reach \\$170.4 billion in 2022 and reach 345 billion by 2026, recording a 9.7% CAGR from 2021 to 2026.](#)

Recent data reveals an enormous increase in hacked and breached data as a side effect of the global pandemic. One [recent risk](#) report suggests most companies have poor security practices (for example, [only 5% of the companies' folders are protected](#)).

Considering that every employee has access to millions of files on average, the remote workforce will remain a target for cybercriminals.

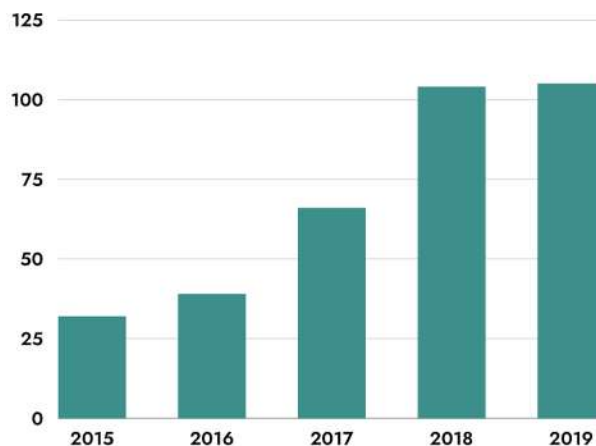


What's the opportunity?

Companies lack solutions and resources to tackle cyber threats. Another issue that this industry is facing is the skills gap.

The talent market has a severe shortage of cybersecurity skills. Finding an experienced Security Analyst, Cloud Security Architect, or Threat Researcher requires several months and investment.

[The projected skills gap in Europe is expected to reach 350,000 cyber security jobs in 2022.](#)



Cyber Attack Incidents with \$1M+ in reported losses

source: Center for Strategic & International Studies (CSIS)



The keys to success

Providing a cyber security solution that protects data from all possible threats is something businesses are keen to invest in.

Holistic solutions save businesses many headaches in implementation and, ultimately, a lot of money. Also, as the demand for professionals grows, there are a lot of opportunities for education in cybersecurity.

4. ONLINE COLLABORATION PLATFORMS

Why now?

During the pandemic, companies worldwide were forced to adopt “the new normal” way of work. In fact, remote work became mainstream in many digital and tech industries. And along with that, online collaborative platforms started to substitute corporate offices.

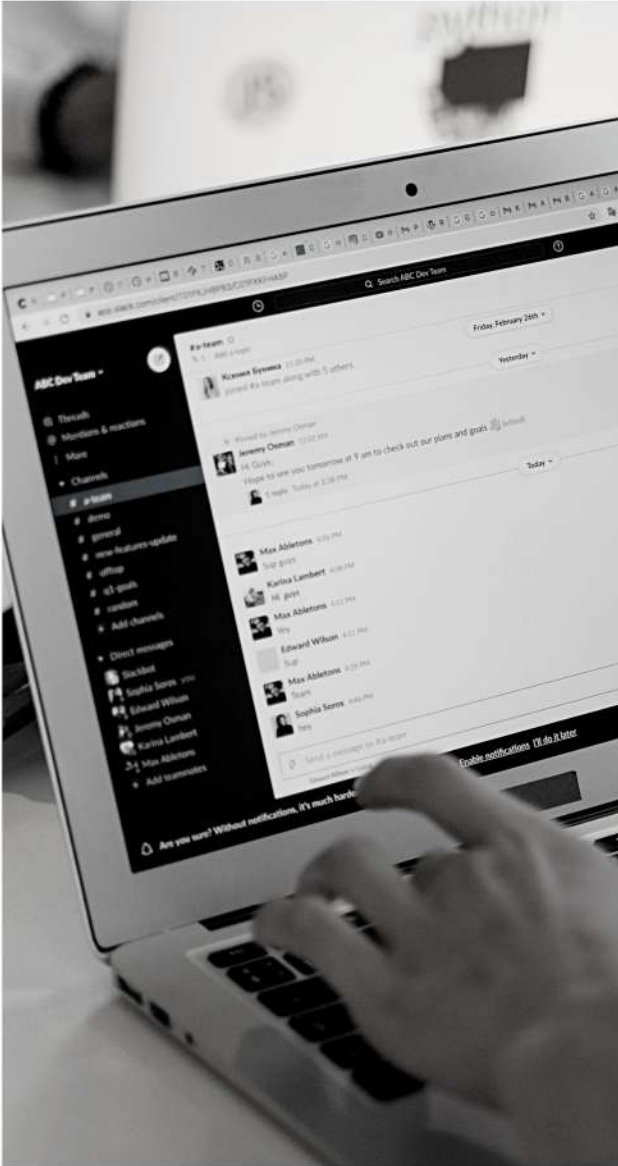
The technology behind these platforms aims to enable seamless collaboration for remote teams. And as [remote and hybrid work models get more widely adopted](#), the need for online collaboration platforms will grow even further.

About [47% of organizations](#) didn't use collaboration platforms pre-pandemic. But in 2021, the use of collaboration platforms increased immensely.

As employees got used to working from home, the conversation about the long-term adoption of hybrid work has gotten louder. Now, employees demand remote work and hybrid options. And while we are slowly returning to the offices, remote work is clearly here to stay. This deepens the need for online collaboration platforms and their essential role in many business operations.



4. ONLINE COLLABORATION PLATFORMS



What's the opportunity?

The popularization of remote work, as well as freelancing, increased the demand for collaboration platforms. As a result, tools like Slack, Google Drive, Miro, GitHub, and many more are growing their userbase at an accelerated rate.

The team collaboration software market is projected to [reach \\$26,493 million by 2027, growing at a CAGR of 13.2% from 2020 to 2027.](#)

Collaboration is essential for productivity, and organizational efficiency relies on it too. Business leaders recognize this and quickly invest in the tools that best fit their organizational needs. Just as an example of one use case, the [Interactive whiteboard market size will reach USD 7.35 billion by 2030 at a CAGR of 6.0%.](#)

The keys to success

As large corporations seek ways to increase cyber security, collaboration platforms must step up their game and offer information protection options.

Also, most existing collaboration tools don't provide ways of measuring engagement and other key functions for the effective management of remote teams.

Integrating Enterprise Service Management practices is promising a way to resolve this, something already established and used commonly in IT sectors.

Why now?

The practice of drinking coffee is a globally adopted, energy-boosting ritual that's ingrained in many traditions across the world. But now, there's a growing trend in demand for its alternatives. And this trend is likely to grow in the coming years and decades.

The reason for this is a combination of changing consumer preferences but also challenges in the supply of the real thing.

[Non-caffeine products are considered to be a healthier alternative to coffee.](#) Also, as caffeine sensitivity is increasing around the globe, many people are becoming intolerant while still craving the coffee drinking experience and social ritual.

On the other hand, climate change is increasing the geographic threshold where coffee can be produced. The plant requires a specific growing environment, and it's becoming difficult for farmers to meet demands as global temperatures grow. This affects the supply and, inadvertently, the price of coffee.





What's the opportunity?

The caffeine substitute market is estimated to grow at a CAGR of 7.70% from 2021 to 2028. The market is divided into organic and conventional.

Because the coffee industry is one of the most vulnerable industries to climate change and global warming is shrinking the regions where it can grow, many consumers are also considering the high environmental cost that relocating these farms will have such as deforestation and other environmental aspects.

Meanwhile, coffee alternatives like Macha, Chai and many other commercial substitutes are growing in popularity around the world as many consumers grow interest and curiosity in these popular alternatives.

The keys to success

Consumers switch to coffee alternatives because of different reasons: dietary, health & wellness, or lifestyle.

With growing interest in ingredients and origin, it's important to use natural and organic ingredients, and preferably ones that mimic the flavor and color of real coffee. Also, leading global coffee-substitute players benefit from eCommerce and innovative online marketing strategies.

From sponsoring influencers to creative digital campaigns, they are drawing in younger audiences that like to experiment and elevate their lifestyles.

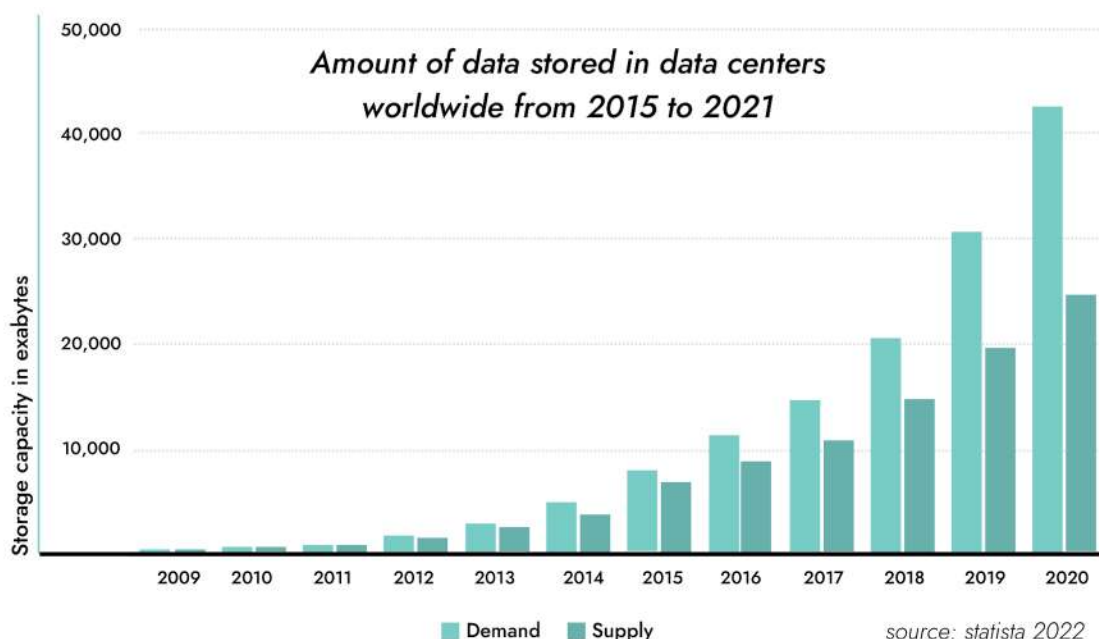
Why now?

Data storage and processing systems have become essential to most IT companies' structures.

During the pandemic, secure remote access to shared data and data protection became top industry priorities in hybrid working environments.

The value of the data (its capturing, storage, residing place, and security) requires complex storage options.

According to experts, five trends characterize the storage industry: hybrid multi-cloud, flash storage, AI, software-defined storage, and Storage as a Service (StaaS).





What's the opportunity?

The surge of AI and IoT accounted for [90% of all data](#) in the past two years. Also, in 2022, an [additional 20% of companies plan to use cloud storage](#). The storage market is changing fast, and organizations need more flexible storage solutions.

[Hard drives, all-flash storage, and cloud file-sharing services](#) will significantly increase in 2022 (17%, 14%, and 10%, respectively). As a result, network-attached storage (NAS) is expected to grow at a CAGR of 15.7% by 2025.

The global penetration of IoT in retail, healthcare, and manufacturing will drive the next generation of data storage. As a result, the storage market is focused on scalable and flexible cloud platforms due to the continuous rise in the volume of data.

The keys to success

There is no one-size-fits-all solution for data storage.

There's high potential for custom solutions that address the most challenging data issues in 2022: data security & protection, storage scalability, and data accessibility while adapting to the needs of a specific industry/use case.

Also, the main selling point of all data-related solutions is security, as cyber-attacks increase in frequency.

Why now?

One of the United Nations' Sustainable Development Goals is that by 2030, [57% of the total global energy production should come from renewable sources](#).

This joint environment pushes consumer interest and government incentives for renewable energy production.

The current global energy crisis is only accelerating this trend further, as gas prices are soaring in the second quarter of 2022, and many developed nations are facing energy shortages in the upcoming years.

This complex challenge calls for complex solutions and their adherent implementation. But the challenge and growing demand for renewable energy sources have attracted a lot of innovators and entrepreneurs, leading to the development of many new solutions and businesses. And there's still room for more.



7.

RENEWABLE ENERGY INDUSTRY



What's the opportunity?

The [clean energy market is projected to reach \\$1,977.6 billion by 2030, growing at a CAGR of 8.4% from 2021 to 2030.](#)

Although the awareness of environmental issues is rapidly growing, currently, renewable energy provides only around 7% of the world's demand.

That's a very small number considering studies show that the world [can be 100% powered by renewable sources by 2050.](#)

Another important aspect is that total energy demand is also growing. Matching this growth means taking rapid steps towards a complete transition to renewable energy.

The keys to success

The renewable energy industry is more than just energy generation; it also includes energy storage and distribution. Also, as many solutions already exist, there's immense potential for business model innovation and new market penetration.

In addition, pre and post-purchase services are also growing in demand, like consulting and repair/maintenance.

8. CLEANING TECHNOLOGY AND SERVICES

Why now?

Demand for cleaning supplies skyrocketed in 2020-2021. Subsequently, many businesses have immensely increased their spending on cleaning services as customer and employee expectations for cleanliness have changed.

The industrial cleaning market is projected to reach **58.2 billion USD by 2024 at a CAGR of 4.5%**. The primary factor driving the growth is the awareness regarding hygiene in the workspace.

Recently many new cleaning technologies were introduced, involving everything from UV radiation, robots, and tools to keep track of cleanliness. It's evident that the industry gravitates toward automation and outsourcing cleaning services to professionals.

As a result, the demand for cleaning services and technology has never been higher.



8. CLEANING TECHNOLOGY AND SERVICES



What's the opportunity?

The global cleaning service market is expected to reach **\$88.9 billion by 2025**, at a CAGR of 6.3 %.

The cleaning services and technologies market is divided into high maturity markets (developed countries such as the UK, USA, Germany, and France), and medium maturity markets (UAE, Qatar, Canada, and Eastern Europe), meaning there's more space for development and growth in the latter.

Automated solutions that help service providers get their jobs done faster are also experiencing growing demand, as well as industrial cleaning materials and machines.

The keys to success

The KPIs in the cleaning services industry are on-site management resources, training, staff appearance and conduct, and customer service. All of these have a high potential for development.

Cleaning and maintaining cleanliness in big spaces (airports, arenas) requires more complex solutions and tools. As a result, businesses are considering efficacy but also sustainability. And self-cleaning surfaces, robots, and other automated devices are considered long-term investments substituting the service expenses for constant upkeep.

Why now?

The travel industry is expected to explode in the years after the pandemic. But, traveling is probably never going the same as before. The post-pandemic traveler requires efficient service and valuable apps that can also serve as vaccination passports.

The modern traveler heavily relies on technology to choose their destination, find the best ways to get to it, book accommodation, and get around.

More than [60% of the travelers book and pay for travel via smartphone](#). Travelers rely on their smartphones during their trips. Also, travelers had more extended vacations in 2021 - a trend that will likely continue because of prolonged lockdowns and remote work.

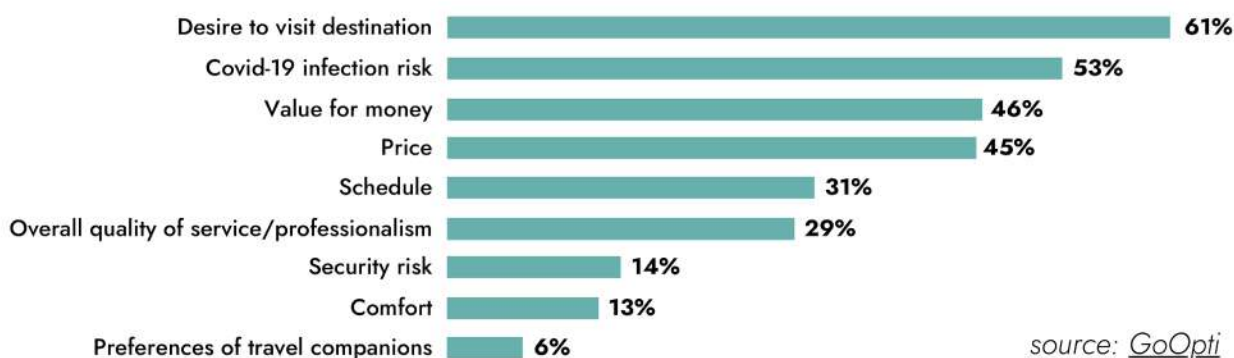
Besides changing habits and emerging technology, the shift in generations of travelers is another crucial driver for innovation in this industry.



What's the opportunity?

GoOpti found that the current travelers rank the destination, Covid-19 infection risk, price, and value for money as the biggest deciding factors when choosing a destination for their trip.

When choosing future travel arrangements, which are likely to be your most important considerations?



Travel apps now aspire to be a one-stop travel assistant, similar to how travel companies used to manage flights, transportation, hotels, and events in a packaged trip. They are attempting to stay competitive by expanding the range of travel options available.

Booking and Expedia have both expanded into flight booking, car rental, experiences, taxis, and cruises.

The keys to success

Newer generations are keen on seamless integrations, discoverability, and utility when it comes to their travel apps. They also use contactless technology more and prefer digital communication when arranging travel plans.

With improvements in AI, smart travel apps can offer personalized travel itineraries.

Mobile travel apps need enhanced features to provide a richer, integrated experience.

Creating customized travel products will help the travel industry recover faster and create more opportunities for everyone involved.

10. CREATIVE E-COMMERCE CONCEPTS

Why now?

E-commerce and digital platforms have been on the rise for the past two decades, but they have boomed during the last two years.

Businesses are adopting this and are trying to go digital as soon as possible - if they didn't already.

While digital transformations were already in place in large enterprises, after the pandemic, the trend expanded to small and medium-sized businesses as well, as the need to go digital became painfully apparent for many of them.

This coincides with growing interest in unique digital experiences, as consumers demand more access, transparency, and creativity from new and established brands. Both e-commerce and marketing technologies are having a moment, and ultimately, their utilization in unique ways attracts and converts customers.



10. CREATIVE E-COMMERCE CONCEPTS



What's the opportunity?

E-commerce revenue is expected to grow at a [14.7% CAGR from 2020 to 2027](#), and projections show that the global e-commerce market will reach [\\$66 billion by 2030, growing by 13.5% annually over 2020-2030](#).

From marketplaces, no-code website and app development platforms, and new payment plans / other types of integrations, there is increasing demand for new, creative ways to improve the customer experience.

What's also becoming increasingly in demand is M-commerce. The fast adoption of smartphones requires online companies to optimize all their platforms for mobile use. And as online shopping focuses on the customer experience, there's much space for new, affordable solutions for automation and mass adoption.

The keys to success

The opportunities in this market are vast, but perhaps the biggest one lies in human emotions. Therefore, online brands must focus on connecting emotionally with customers to stay relevant.

For that reason, there's a lot of potential for AI, especially for improving customer service and ad tracking.

11. LOGISTICS AND LAST-MILE DELIVERY

Why now?

During the pandemic, the unexpected rise in online orders increased the demand for last-mile delivery. As a result, third-party logistics (3PL) companies were pushed to pivot and become even more e-commerce friendly.

This already growing market had to adapt to the explosive growth during the pandemic quickly, and it's still growing as consumer habits are shifting and focus more and more on e-commerce.

Parallel to the growth in demand, machines, and robots are replacing humans in tasks like palletizing and sorting packages. This helps speed up some processes, but other tasks like last-mile delivery are still far from automation.

On the other hand, [real estate investors have started to shift from building residential and commercial spaces to logistics sub-sector constructions.](#)



11. LOGISTICS AND LAST-MILE DELIVERY



What's the opportunity?

The global delivery market is expected to reach [\\$200 billion in 2027, growing at a CAGR of 9.29% from 2021 to 2027.](#)

As service providers struggle to meet the ever-growing demand, they are shifting more to technology to help speed things along.

Also, [Amazon has proven that fast delivery is a premium people are willing to pay](#) for when combined with a smart business model like their Prime subscription.

As more brands demand faster and more secure delivery, the last-mile logistics companies will need to innovate fast in order to keep their customers.

The keys to success

Smart warehouses and electric delivery vehicles mark the arrival of unattended logistics systems, but perhaps implementing older technologies like RFID can significantly impact existing businesses.

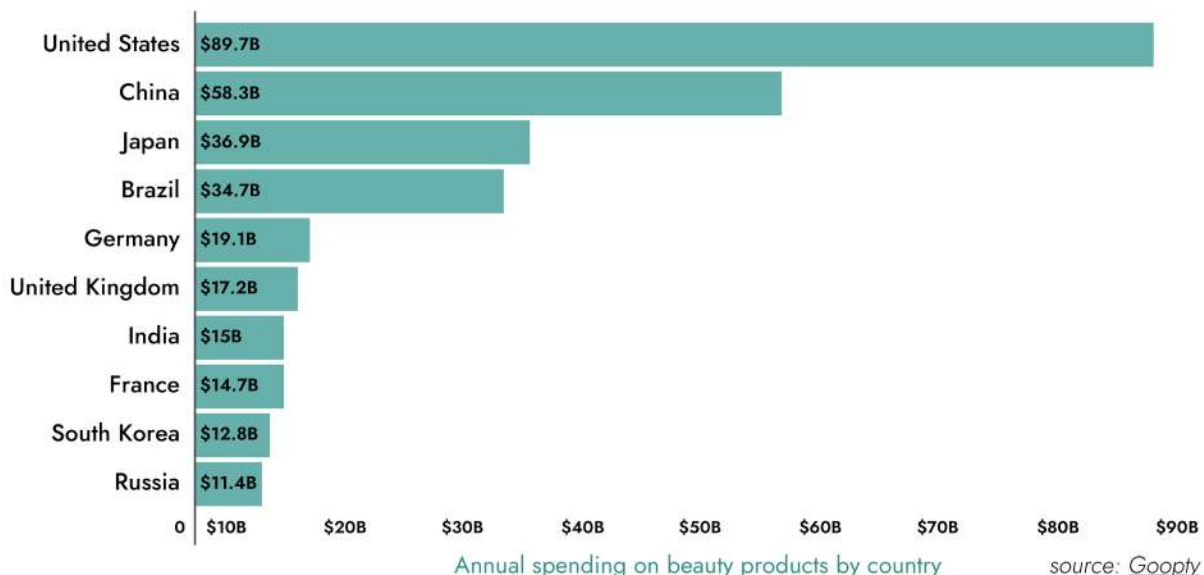
Also, as traffic congestion and high gas prices are creating long-term structural changes, perhaps the days of local drone delivery services are not as far as we think.

Why now?

During the Covid-19 pandemic, people invested more in at-home health and wellness during the pandemic. Also, there's increasing interest in natural ingredients and an overall more natural look.

Skincare was already the largest category in the global beauty industry in 2020. The global pandemic only accelerated this growth.

Consumers are also more informed and seeking more transparency and inclusiveness from the beauty industry. Furthermore, there's an increase in interest from both genders, especially when it comes to skincare, opening a whole new playing field for men's and unisex products that are also growing in demand.





What's the opportunity?

At the start of the pandemic in 2020, the leading global claims in beauty and skincare were: Natural, Hydrating, and Paraben-free.

Companies are aware of this trend and are trying to "go green" as fast as possible but have experienced backlash for greenwashing (false or blown-out claims) as consumers get more educated and aware of corporate tactics. This lack of consumer trust creates an opportunity for brands that genuinely invest in transparency, education, and clean practices.

All that considered the clean beauty market is projected to grow 9.5% annually by 2025, reaching a cap of \$25.11 billion.

The keys to success

As consumers get more educated, clean beauty is less about the label and more about the ingredients, formula, and performance. In this highly competitive market, consumers can switch quickly and frequently, creating space for new brands to emerge that genuinely adhere to these practices.

Online reviews and influencers are also crucial aspects in driving consumer decisions. Makeup infused with clean skincare is on the rise, and inclusivity in terms of skin color is as important as the type of skin.

The overall quality of products is what drives consumer loyalty and word of mouth.

13.

VEGAN MEAT ALTERNATIVES

Why now?

Environmental awareness, intolerance, and more meat alternatives available on the market are all contributing to the growing consumption of meat alternatives. In addition, the COVID-19 pandemic shifted people's focus toward healthier lifestyles. Now, many opt out of full-time veganism but still fit vegan meals in their diet on a daily basis.

As a result, the [global meat alternatives market is projected to reach 7,1 million by 2025, at a CAGR of 7.7%](#). Asia Pacific holds a significant market share expected to progress at the fastest CAGR rate.

Reducing meat consumption is also considered to be the most significant diet in decreasing our carbon footprint.



*Global meat substitutes market, estimates and forecasts
2014 - 2025 (USD Million)*



source: [Vegan Society](#)



What's the opportunity?

Plant-based meat has the second-highest household penetration rate - and it's growing rapidly, [from about 14% in 2019 to almost 18% in 2020.](#)

Tofu and soy meat currently dominate the market. This category has potential for product innovation and holds considerable market potential. Also, the already growing demand for vegan meat soared in 2021 due to supply chain issues because of Covid-19.

Because of this, Startups that focus on plant-based meat alternatives are currently getting millions in funding, and the brands that are already on the market are growing profits. Restaurant chains that provide vegan options or focus on vegan meals altogether are no exception.

The keys to success

Meat is expensive, but currently, so are meat substitutes. We need to overcome this challenge by creating more accessible plant-based meat alternatives. Also, as consumers are used to meat-based dishes, the plant-based alternatives need to have an appealing taste and smell, similar to the "real thing."

Producing innovative meat alternatives with affordable prices will convince even the most loyal meat-eaters to give this new category a try.

Why now?

Consumers are becoming increasingly aware of the tool fast fashion has on the environment. That's why they are starting to turn to [more sustainable and environment-friendly ways of acquiring clothes.](#)

But buying pre-owned clothes will not completely solve the global textile pollution issue.

Data show that [57% of all discarded clothing ends up in landfills.](#) And [less than 1% of textile waste is recycled into new textile fibers.](#)

The fashion industry affects our environment immensely. The biggest issues are that most used clothes end up in landfills and that textile waste from clothing production is seldom recycled.

These facts are now beginning to drive global consumer decisions, as shoppers favor companies claiming to recycle their textile waste or use recycled fabrics to produce their garments.





What's the opportunity?

The global market of reprocessing and reusing fabric waste reached a value of around [US\\$ 5 Billion in 2020](#) and is anticipated to reach [US \\$ 7 billion by 2027, growing at a CAGR of 3.6%](#).

Textile and garment producers and fashion brands are increasingly looking for ways to implement this process within their plants or outsource these operations to partner companies. Consumers are no longer giving companies a choice regarding sustainability, which will likely accelerate the adoption of recycling practices in the coming decade.

Also, government incentives will fuel the industry's future growth with the Green Deal and circular economy policies.

The keys to success

Many challenges still need to be resolved in this growing industry.

Recycling fabric blends composed of two and more origins (for ex., cotton, and polyester) is still a big challenge.

Also, figuring out the logistics and building lasting relationships with big fashion brands is a challenge many small recycling businesses have a hard time overcoming.

This leaves a lot of room for innovation both in terms of processes and business models.

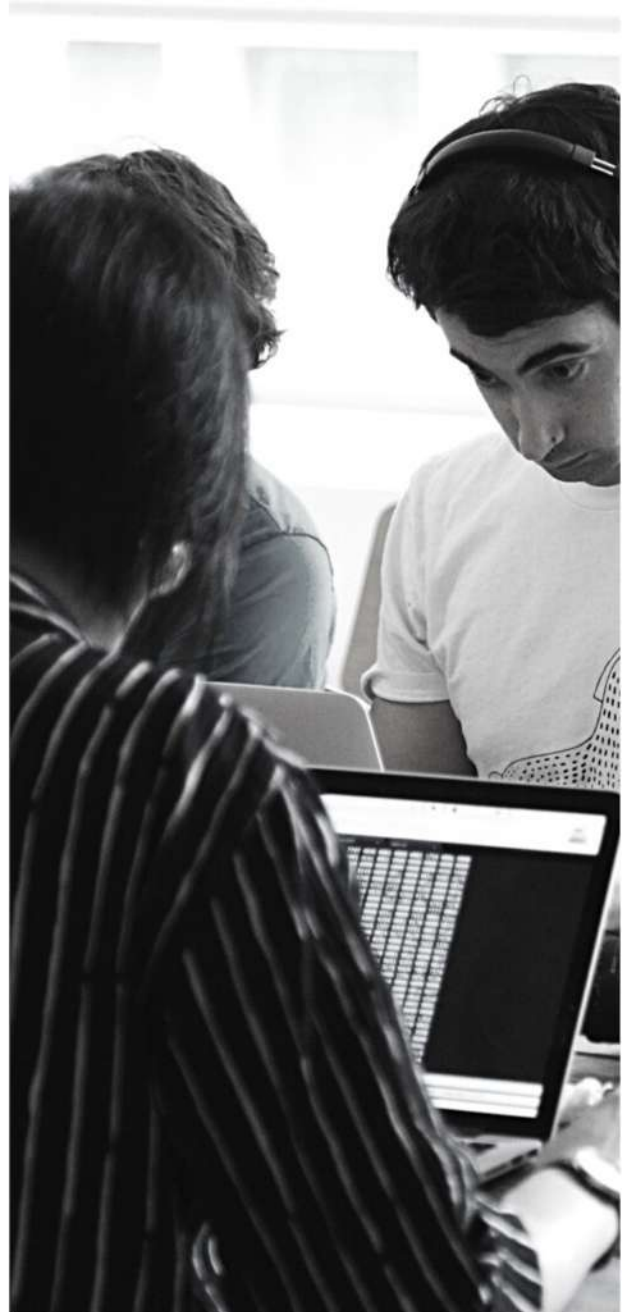
Why now?

Small and medium-sized businesses are the lifeblood of local economies, accounting for a staggering [70% of employment worldwide](#). But during the past two years, lockdown, supply chain issues, and the onset of a financial crisis were a big challenge, especially for SMEs.

The pandemic hit SMEs hard. As a result, [38% of the SMEs reduced their budget to survive](#).

In order to do so while still preserving key business functions, many SMEs turned to heavily outsourcing and automating their processes.

Either by engaging other companies that specialize in one role or by subscribing to digital platforms that automate specific processes, SMEs are driving the adoption of specialized service providers, information technology, and SaaS platforms.



What's the opportunity?

Small and medium-sized companies represent [90% of all companies globally](#) and contribute [more than 50 percent of the GDP in high-income countries worldwide](#).

The primary tasks SMEs need help with are [accounting, customer support, recruitment, record management, and marketing and sales](#). SMEs also need technology services, training, temporary staff employment, and delivery services.

And when you add them all up, their strength really is in numbers. As individuals continue to start new companies and governments continue to provide incentives, there will always be a growing demand for services and tools tailored for SMEs.



The keys to success

SMEs' budgets don't stretch far, so they can't afford cutting-edge tools or premium service providers. The goal is to find a sweet spot in providing a service or creating a tool that doesn't cost a lot but provides sufficient support.

This is why service providers that offer a combination of affordable technology solutions that automate tasks, and flexible payment plans, will remain game-changers. Also, the use of AI will likely play a key role for SMEs in the coming decade.

CONCLUSION

When making big business decisions, it's important to be aware of the potential of an industry. Focusing on market gaps ensures you don't invest your time and energy toward a dead end.

But identifying market gaps is only part 1 of the challenge. The question then becomes how you can use your resources to tackle that one key niche in the market with potential for explosive growth. You also have the challenge of thinking about product development, marketing, raising funds, and business model generation.

In the end, though, all these challenges are well worth it if you have an innovator's mindset and the entrepreneur's resilience.

**GOOD
LUCK
FINDING
YOUR
MARKET
GAPS!**

We'd love to hear how you explored them and if you used some of the ideas above to start a new business.





Solveo is a strategic design and innovation consultancy.

We are experienced professionals that share the same passion for business innovation and design. With five years of experience, we have successfully helped over 50 companies discover new growth and business opportunities and accelerate innovation.

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