

**A conceptual framework of Niche Marketing as blue ocean strategy for SME's in Dehradun****Dr. VipinKumar**

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**Abstract:**

*This research shows that small and medium enterprises comprise of more than 50% of the business around the country. In the developing countries like India SMEs contribute to the generating jobs,GDP, poverty alleviation and have many other aids which are vital. Conferring to their significance to country side, human side, SMEs needs to be successful to expand the both edges. The niche marketing strategy is one of the most fruitful strategy, applied by different businesses across the country and world. Those who are using this strategy are enjoying the achievement of their establishments. On behalf of SMEs the niche marketing strategy is beneficial because the owner or manger can build a good relation with the consumers and suppliers. A good customer relationship is necessary for sale purpose and for reputation building. This strategy now days in India followed by the numerous businesses to grab the new opportunities and keep tracing the unattended segments of the market. In India Uttarakhand state is a most suitable for the upcoming businesses.*

**Key Words:** SMEs, Niche Marketing strategy, Business Success.

**Introduction:**

Universally Small and Medium Enterprises (SMEs) face many challenges wherein struggle is mention as one of the fundamental challenge (Rosli & Sidek, 2013; Muhammad, Abro, Memon, Irfanullah & Arshdi, 2011). Rendering to (Khan & Muhammad, 2012; Sherazi *et al.*, 2013) niche market segment of the economy is considered crucial to nation's economy as it creating new professions, dipping unemployment and creation of a new trade that contributes to GDP of a nation. SMEs are acknowledged as the backbone of the economy. Consequently, it's required more consideration to enhance their proficiencies to be a part of the universal struggle (Akmal *et al.*, 2012; Hilmi *et al.*, 2011; Wadood, Shamsuddin, & Abdullah, 2013). SMEs contribute to the economic development of the individual nation, encourage and build confidence in investment among the diverse economies of the province (Nasir, 2013). The small business makes a significant contribution to local income, generating jobs, manufacturing essentials things and services, promoting the development of rural economies (Akmal *et al.*, 2012).

According to OECD (1997), SMEs are a respected source of employment and future development prospects for many countries across the globe. Therefore for sustainability in today's competitive and over-advertised marketplace, firms need to identify and specified their potential market place. In the view of Thilmany, (2012), SMEs has small budget for their marketing. Firms need to focus on their terrestrial identity to raise product quality. This method, typically characterized by specialization, restricted markets, and long-term relationship, is often termed as niche market strategy. Dalgic (1998) stated that niche marketers are applying one-to-one relationship marketing concepts, relationship marketing supports close links with customers and detailed information usage is becoming a marketing priority. At last for developing country like India, it is crucial and essential for SMEs to be more focused on their target market and to identify their potential market to save marketing budgets and be able to face the global challenge.

**About Uttarakhand:**

Uttarakhand State was formed on November 9, 2000 and divided into two broad regions--Garhwal and Kumaon. The state is comprised of 13 districts, namely, Chamoli, Pauri, Tehri, Uttarkashi, Dehradun, Haridwar and Rudrapur, Nainital, Almora, Pithoragarh, Udham Singh Nagar, Champawat and Bageshwar. Out of these 13 districts, four districts (Nainital, Haridwar, Dehradun and Udham Singh Nagar) have large areas in the plains, rest of others are the hill region of the state. Within Uttarakhand there is a geographical difference between the hills and the plains that divides the state critically. State Infrastructure & Industrial Development Corporation of Uttarakhand Limited (SIDCUL) is working for providing the support to the industrial concerns. The major industrial developments include BHEL in Haridwar, IT Park in Dehradun, Pharma City in Selaqui, Dehradun, Industrial Estate at Pantnagar and Sitarganj, the Growth Centre at Pauri who are working for the development of the state.

**Literature Review:**

In India Niche marketing has been a mode of life for the smaller and medium firms. Niche marketing has been known as a form of adaptive modification that can be originated at the firm level. In other words, niche is *"the condition in which a business's goods or services can succeed by being sold to a particular kind or group of people"* (Merriam-Webster dictionary). The word niche brings to mind something small, something handy. Companies favor to concentrate and settle in their production to the needs of narrow markets, and emphasizing the area, designation, and geographical distinctiveness to develop product quality (Hammervoll, Mora, & Toften, 2014). Once the of one minded consumers have been recognized, it may be useful to name or tag them (called "Clustering"), clustering of consumers helps businesses to design an appropriate plan more targeted and efficient marketing activities (Thilmany, 2012).

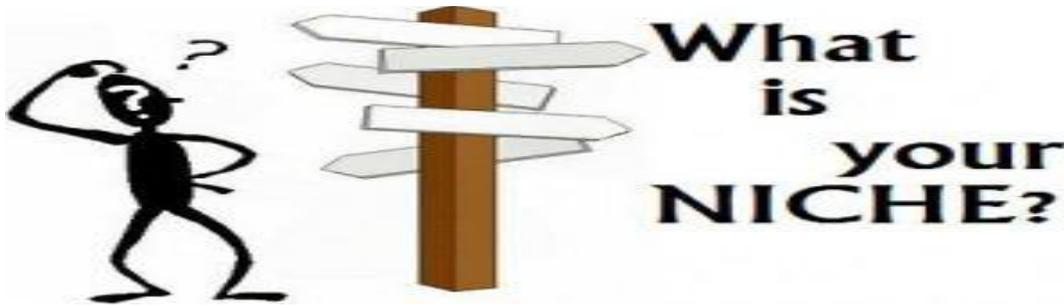
Concentrated marketing, Micromarketing, focused marketing, regional marketing, and targeting marketing all are often used as synonyms for niche marketing (Dalgic & Leeuw, 1994). Niche marketing essentially works with a concept of 'Big fish in small pond' (Choudhary, 2014). Conferring to Thilmany, (2012) niche markets comprise of groups of market segments within the larger marketplace with similar demographic, buying behavior, social class and so on. He further explained that customers with the same buying behavior may have conflicting in motivations. Shani & Chalasani (1992) defined niche marketing, is the procedure of carving out a small portion of the market whose needs are not fulfilled. Focusing in market, customers, product or marketing mix lines a firm can match the sole needs of the niche or that group. Dalgic & Leeuw (1994) consider a niche market to be a small market involving individual or a small group of customers with similar features and defined niche marketing as placing into small, profitable homogenous market segment that have been ignored or neglected by others. Amubode (2009) stated that focus on niche marketing is talking about need for a product or services that is not being addressed or unnoticed. in the words of Parrish (2010) the niche marketing as focusing on a specialized consumer segment or market. Toften & Hammervoll (2009) stated that niche marketing is usually knows as attentive marketing, consisting of a few customers and competitors, where the concept of firm specialization, product variation, customer focus and relationship management are commonly applied and considered as blue ocean strategy in cut thought competition.

Though it appears challenging to approve on a single specified definition of niche marketing, so following characteristics may be supportive for knowing niche activities:

- Thinking and acting small by offering small production volumes, focusing on a few customers and avoiding market with many competitors or dominant competitor (Hezar *et al.*, 2006)
- Constructing long-term and strong relationship (Dalgic & Leeuw, 1994)
- Concentrating on customer needs (Dalgic & Leeuw, 1994)

- Treasure firm reputation and using word-of-mouth orientations (Dalgic & Leeuw, 1994)
- Applying specialization and distinction (Dalgic & Leeuw, 1994; Kotler, 1991)
- Charging a premium value (Dalgic & Leeuw, 1994)

Schaefer (2014) says that in universal consumers are presumed to prefer a niche product if it satisfies their need better than a conventional product at acceptable price. Schaefer (2014) giving the example of, *Apple* has overtaken the market what previously was a niche market for the tablet computers with its *iPad* and successfully grown into a mass market.



According to Tamagnini & Tregear, 1998 Niche marketing is put forward-thinking by thinkers and practitioners alike as a potential strategy for success for small producers, by differentiating products and aiming particular consumers groups; small producers can take benefit of market openings that larger companies may be unwilling or unable/neglected to satisfy. Linneman & Stanton (1992) conducted a survey of 1000 Fortune firms, where response rate is more than 75 percent. All the Fortune firms have started allocation smaller segment for at least some of their products and services. Smaller markets can mean bigger profits (Linneman & Stanton, 1992). In addition, Noy, (2010); Echols & Tsai (2005) stated that accepting a niche marketing strategy will give the firms better than normal profits because it works in a quite recognized market. Therefore, proper identification target market and niche marketing strategies has a positive impact on firm overall success and competitiveness.

#### **Introduction to SMEs in India:**

India has nearly 3 million Small and Medium Enterprises, which account more than 50% of industrial output and 45 percent of India's total export. SMEs are most important employment generating subdivision and an effective instrument for provincial development. SME provide about 50% of private sector occupation and 30-40 percent of worth addition in business. They produce a diverse range of products.

**SMES in Uttarakhand:****INDUSTRIAL SCENERIO OF UTTARAKHAND**

District	Registered units From formation of State (upto 8.11.2000)			After formation of State ( 9.11.2000 to March,2012) Registered MSMEs			Total Registered MSMEs		
	Nainital	618	3513	158.36	1836	6856	219.645	2652	10369
U S Nagar	804	4899	233.71	3553	34596	2440.134	4357	39495	2673.844
Almora	904	1846	17.78	2013	3713	27.596	2917	5559	45.376
Pithoragarh	534	1013	5.85	1519	3350	25.873	2053	4363	31.723
Bageshwar	387	607	2.04	630	1296	13.854	1017	1903	15.894
Champawat	147	322	4.95	669	1483	13.737	816	1805	18.687
Dehradun	2321	7232	88.01	3562	27501	709.789	5883	34733	797.799
Pauri	1720	4196	28.39	2330	6391	111.669	4050	10587	140.059
Tehri	1025	2413	1444	2068	5200	65.745	3093	7613	80.185
Chamoli	844	1154	5.45	1509	3117	34.620	2353	4271	40.070
Uttarkashi	1734	2364	10.60	1440	2700	27.375	3174	5064	37.975
Rudraprayag	394	737	7.20	743	1823	22.883	1137	2560	30.083
Haridwar	2533	8213	123.51	4014	41080	2799.050	6547	49293	2922.560
<b>TOTAL</b>	<b>14163</b>	<b>38509</b>	<b>700.29</b>	<b>25886</b>	<b>139106</b>	<b>6511.970</b>	<b>40049</b>	<b>177615</b>	<b>7212.260</b>

Today Dehradun SMEs are passing through a transitional era, increasing competitive advantage, with a readiness to restructure themselves and underwrite to Indian economy.

**Niche Marketing Strategy:**

According to Linneman & Stanton (1992) marketing in the age of multiplicity means “changing company assembly as large corporations continue to participate with a compact niche expert at their markets. They further explain that think of niche marketing as the splitting of outdated markets into the minor segment and then planning distinct marketing programs for each of these niches. Choudhary defined niche marketing strategy as ‘marketing approach planned for a particular service or good with features that plea to a particular minority market subgroup’. The literature distinguishes niche marketing as primarily a defensive strategy that is more fruitful when the firm can implement a strategic initiative to reduce competition in the marketplace. Marketing strategy is the outcome of a company’s segmentation, targeting and positioning at the level of the strategic business (Toften & Hammervoll, 2007). Gungaphul & Boolaky (2010) argue that niche marketing strategy is a product differentiation strategy from those offered by others seller and that cater for a smaller group of customers that is often referred to as a niche market. Shani & Chalasani (1992) refer to niche marketing strategy, the skills and resources required to exploit the niche.

According to Parrish (2003), a niche approach comprises market, product, and strategy. It demonstrates the relationship between niche strategy and the essential mechanisms of that strategy. He further argue that the key advantages of niche marketing are that the firm has a much smaller customer base, and then get to know the customer very well, which symbols the company much more

able to satisfy the customer and in the procedure build loyalty and the potential for supplementary sales. Hammervoll, Morra & Toftan, 2015, argue that application of niche marketing strategy have several benefits, including augmented profits, competitiveness, high growth and market stake.



Niche marketing approach emphasizes on the particular people who are involved in that segment and discovers products related to that niche market. A niche product focuses on the particular decent, and markets it to all segments, hoping that the product creates a niche. A niche strategy focuses on the company and how they implement a niche approach.

Ilbery & Kneafsey (1999) further argue that niche marketing is an opening for small manufacturers and that opportunity can be implemented by the manufacturers to build relatively stable networks with ultimate consumers who are based on concepts of trust and traceability. Building networks of neighboring association with the middlemen and the consumer would aid as a barrier to the entry of multinational mass marketing businesses. According to Toftan & Hammervoll, 2010, opportunities could be based upon market parameter, spotted market insufficiencies, internal strategic capabilities, separation in market requirements or other fluctuations in market demand and recognized focused or high-value market. Dalgic (1998) argue that niche marketing strategy can be accomplished through attention on specific geographic area, specific buyer group and product line segmentation. The author further added that niche marketing strategy working for the following reasons:

- To escape competition with larger contestants,
- To give its energy to serving a unique market,
- To improve on an opportunity, and survival.

Allen (2006) stated that most prominently, niche strategy is the awareness of customer that drives the niche strategy; by understanding and serving the needs of niche market better than any other organizations, consciousness of the customers helps to defend the customers loyalty. Noy (2010) argue that niche marketing techniques (strategy) which are accessible to construct a product space, realize the shape and supply of customers ideal opinion over such an area and, as a result, recognize likely opportunities for new or altered products. Washington & Miller (2010) argue that niche marketing is a marketing strategy which focus towards a definite group of people for a particular product.

Schaeffers (2014) stated that the regular use of niche marketing, there is no widely accepted definition of what a niche market is exists, most of the existing definitions endure simple characterization, based on different factors that do not mostly apply to niche markets. However, investigation of these joint classifications reveals two fundamental criteria that determine these characteristics and therefore a niche market namely, specificity and retentiveness. Based on the aspect of specificity and relativity, a niche market is well-defined as *a segment of the market with product possessing a higher degree of relative specificity than the corresponding mass market product.*

## Focus / Niche Strategies

- Involve concentrated attention on a narrow piece of the total market

### Objective

**Serve niche buyers better than rivals**

### Keys to Success

- Choose a market niche where buyers have distinctive preferences, special requirements, or unique needs
- Develop unique capabilities to serve needs of target buyer segment

### Approaches to Niche Marketing Strategy

Literature review shows that there are two different approaches associated with niche marketing strategy, these are **bottom-up and top-down approaches**. The earlier is a creative process termed as niche manship by Shani & Chalasani, 1992. Niche marketing is a practice to figure out a small proportion of the market whose needs are not fulfilled. By dedicate yourself to in market, customer, product or marketing mix lines, a company can match the unique needs. The ultimate strategy, **niche targeting** perceives niche marketing as the last phase of segmentation. This is said to be the top-down approach. Any company start from the top, first divide the market, choose one segment, involves in market pull or pushes or blue ocean strategy and focus on that specific group of people.

### Conversation:

In the current global hyper competitive environment SMEs are given more attention towards the development of a nation's economy. In respect to, SMEs should have something different to be sustained and maintain in their process. Most of the developed nations are concentrating and investing delightfully on the development of SMEs. Thus, they have changed their conducts of doing business and adopt niche marketing strategy. However, close and long-term relationship is important for marketing and sales purpose, and their status have proved to be important particularly towards attracting new

customers by their serving. It is evident that, this relationship is built on trust and commitment; the importance is given to the word-of-mouth information to both firms and customers. Firms should focus more on the customer requirements in order to enable them respond faster to the dynamic changes in customer demand. In India especially in the Uttarakhand niche marketing is more helpful to deal with the existing and rapid changing mini markets. It is evident from the existing companies like *Yamaha, Samsung, wheezaland* so on who adopted niche marketing strategies in identifying their target markets. This research will help SMEs to identify the missing link toward adopting the niche marketing strategy which invariably will save the marketing budgets and be a part of international market.

### Conclusion:

The conclusion is based on the findings of the literature, it is evident that a solid reputation in the mind of customers is crucial, and reputation can be built through niche marketing strategy. Therefore, for the SMEs success in Dehradun there is a need to adopt the niche marketing strategy according to the geography and market trend. Yet, it is the future agenda of the authors to test the proposed model within the context of Indian small industry and to identify their success factors. It is apparent to note here that each country, region and geographic location has their own trend and best practices. Therefore there is a need for SMEs to adopt niche marketing strategy) and to examine the effectiveness of that strategy in Dehradun (India).

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