

# Niche market vs mainstream market



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A niche market is a focused, targetable portion of a market. Niche markets tend to be small but well defined and specific segments of the population. The market segmentation can depend on the product being sold and can vary based on the targeted audience based on price, quality or differentiation strategies. Since the targeted audiences are usually small and well off, even though there is a specific portion, the profit margins are on the high end. Niche markets do not exist but are made by entrepreneurs, identifying the needs and requirements which are not being met and then aiming to satisfy these with products or services.

In a Mainstream Market, products and services appeal to a broader spectrum of the society, and the products and services are readily available to the general public. (Business Dictionary, n. d.).

In niche marketing, the company aims to sell to specific people and targets their promotional campaign specifically to the needs of people not being met by mainstream and develops products and services which can be specifically customized and tailored to meet the needs of these individuals, resulting in a strong brand image. However low sales volumes are yielded in this

Mainstream Marketing targets all the individuals and profits generated depend upon the quantity of products sold. The company tries to accommodate all the desires of the entire market into one product type. Another advantage being that the producer can close down the market for other competitors. However different marketing mix strategies need to be implemented to reach target audiences as well as multiple products need to be produced. (Rangkuti, 2007)

Four successful niche market businesses in United Arab Emirates (UAE)

## **Rolls Royce Motors**

Owning a Rolls Royce is the ultimate show of wealth and claiming that a person has made it big. Due to the immense oil wealth and hugely successful businesses present in UAE, and the need to stand out from others, this car brand's major markets include UAE. The highly levels of craftsmanship, use of latest technologies and being hand built as well as unlimited customization opportunity which caters to all the desires and needs demanded by customers attracts the rich and wealthy to this brand. The fact that not everybody can purchase this car, and special limited edition models being launched ensure that brand loyalty and image is strong. The opening of the world's biggest showroom in Abu Dhabi has also helped to increase the customer satisfaction and demand in this country. (AGMC Rolls Royce, n. d.)

## **Jumeirah Hotels and Resorts**

The Jumeirah group is the leading hotels division and is one of the most luxurious and innovative targeting the rich and famous all across the world. The group has its own hotels in Dubai, London, New York and across the globe. Having its own training academy, The Jumeirah Academy of Hospitality Management, ensures that its entire staff is well trained and world class service is provided to its customers. The major attractions include Burj Al Arab, the worlds only seven star hotel and world restaurants and bars as well as complete A to Z services are made available at a phone call. Having world class Spas and the only themed amusement park in UAE

have helped the group earn numerous international travel and tourism awards. (Jumeirah International LLC, 2008)

### **Al Tayer Insignia**

Al Tayer Insignia is the largest luxury retailer in Middle East and is headquartered in UAE. The brand's portfolio includes Bvlgari, Boucheron, Bottega Veneta, Dolce & Gabbana, Giorgio Armani, Gucci, Ligne Roset, and Yves Saint Laurent amongst others. Due to high net income available per person, people in UAE tend to prefer these luxury brands and the Al Tayer Group caters to their needs by understanding the regions appreciation and needs of luxury and harnessing brand potential through systematic and timely investments. In fact, the Al Tayer group is the first to have license to operate Harvey Nicholas outside UK and Bloomingdale outside USA. This attracts customers as they are assured that all the latest products are made available and the company employs over 1200 employees which embodies excellence in service across all the stores. (AL Tayer Group, 2010)

### **Arabian Adventures**

Arabian Adventures is the leading destination management company of this region, catering to the needs of the local as well as tourist population by offering cruises, excursions, adventure tours, cultural experiences as well as extreme sports opportunities. As it is a part of Emirates Group and has professional associates and 300 hundred permanent staff trained in 10 different languages. This high quality of service and vast array of activities which are offered under one roof attracts customers. High levels of safety standards, creative approach, individual client customization of packages, in

depth knowledge and value added services continue to attract clients and customers to this company. (Arabian Adventures, n. d.)

## **TASK TWO**

PESTEL Analysis of trend and changes that will give rise to niche market opportunities in the next three years in UAE

The PESTEL Analysis will be used to analyse the trends and changes. A detailed description and definition of PESTEL has been included in Appendix 1 for reference. The PESTEL model looks into the macroenvironment by looking into the following factors for consideration:

**POLITICAL:** The UAE has a very stable political environment and even though there is no democracy, the rulers have clear and established laws and policies which are favorable for attracting businesses and investment from abroad. This country has zero income tax and so is the reason for attracting a lot of investment from abroad. The setup of dedicated industrial, information and telecommunication and university zones encourages people to set up business as well as ensure a ready pool of talented and educated staff/employees are available.

**ECONOMICAL:** The global recession had a negative impact across the globe but UAE in particular was the least affected and hence is amongst the first countries to have successfully come out of it. Energy availability at a cheaper price compared with other countries is also a major factor for various industries to have been setup here as power is available with zero interruption. Interest rates are also low and finance is available at flexible terms in UAE. Due to the recent recession, banks and finances have shifted

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their attention to Small and Medium Enterprises (SME) with the government also supporting the SME sector.

**SOCIAL:** The UAE population has a higher income per capita and consists of majority of expat population which has come to UAE seeking a better lifestyle. Hence, there is tendency to purchase goods which are considered a luxury back home and improve the lifestyle standards. The UAE is very cultural country and there is freedom for everybody to practice their culture freely, hence a lot of revenue is generated during Islamic festivals as well as Christmas and other such days of respected communities.

**TECHNOLOGICAL:** The UAE government is investing a lot in latest technologies and ensures that the latest is available to the public as well as businesses. In fact, SME businesses are offered for example high internet speeds and bandwidth to encourage them and special incentives are offered to those businesses which adapt green policies and techniques.

**ENVIRONMENTAL:** UAE is the largest consumer of treated water and has the highest emissions per capita due to reliance on treated water as it is a desert and air conditioning which takes up a lot of energy. Hence businesses which tend to offer such services using fewer emissions are encouraged as well organic foodstuffs shops have the government backing to ensure healthy and fresh food is available.

**LEGAL:** Clear and precise laws are written which encourage businesses as well as protect employee and employer rights and prevent any abuse. Any new building commercial or residential is required to have solar panel etc. to earn green credentials and be energy efficient or else not seek approval

from government. Zero Tax on income and special funds for entrepreneurs and competitions are held to find such ensure that there is positive growth in business every year.

Four potential niche markets where small business might flourish

The first potential niche market is that of organic produce. As UAE is desert, fruits and vegetables grown here tend to be produced in artificial conditions to ensure cheap supply. By focusing on the health conscious population, and providing organic produce a good small business can be set up which has the potential to grow big if done properly

Continuing the green trend, the second market to be considered can be providing solar panels and alternative electricity sources for residential areas. The residents of UAE would like to prefer to reduce their air-conditioning bills and this is a lucrative area to focus.

The third niche market can be considered of providing hand stitched luxury goods using exotic materials and ensuring limited supply as there are high margins to be earned in this area due to vast income available for expenditure in high net individuals.

As there is vast majority of expats, traditional restaurants can be opened catering to the needs of any particular community as they would love to have traditional home cooked style meals. These do not have to be unnecessarily expensive, as greater profits can be earned through volumes sold. Also the hectic and fast lifestyle will favor the restaurants offering take away as this will save a lot of time for people.

## **TASK THREE**

### Entrepreneur

An entrepreneur is an individual who builds up capital, establishes a company or by organizing a venture to take benefit of an opportunity through risk or exercising an initiative. (Sullivan, 2003) This word is a loan word from French and first defined by Irish-French economist Richard Cantillon.

In other words an entrepreneur can be described as a person who is willing to set up a new organization or enterprise or company and take responsibility of whatever the outcome will be.

An entrepreneur leads the company and by selecting appropriate managerial staff displays leadership skills. Good sturdy management skills and the ability to build teams are essential qualities required

Entrepreneurs emerge on demand as they seek opportunities and are well placed to achieve them and by doing so become leaders as they perceive that they amongst the few present who can analyse and solve the problems. Social composition of workplace and workplace peers are the most significant influence in an individual's decision to become entrepreneur. According to economist Joseph Alois Schumpeter (1883-1950), entrepreneurs are not necessarily motivated by profit but regard it as a standard for measuring achievement or success. Schumpeter discovered that they greatly value self-reliance, strive for distinction through excellence, are highly optimistic, and always favor challenges of medium risk. (Business Dictionary, n. d.)

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There are various types of entrepreneurs, Social Entrepreneur who seeks to improve social, environmental, educational and economic conditions, Serial Entrepreneur who continuously comes up new ideas and innovations, Lifestyle Entrepreneur who places passion before profit and Cooperative Entrepreneur who doesn't work alone but works in collaboration with other entrepreneurs amongst others.

“ Entrepreneurship”.

The American Heritage Dictionary defines entrepreneur, to mean “ A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation”.

Entrepreneurs focus on research, innovation and creativity to transform an idea into a profitable venture while working within an organizational or such environment.

Entrepreneurship is the act of behaving like an entrepreneur while working within a large organization. Entrepreneurs share the same traits as entrepreneurs such as conviction, zeal and insight and as the entrepreneur continues to express his ideas vigorously, it will reveal the gap between the philosophy of the organization and the employee. If the organization supports him in pursuing his ideas, he succeeds and if not he is likely to leave and start his own organization.

How the role of manager differs from that of an entrepreneur or an entrepreneur?

An entrepreneur starts a business to fulfill his vision and has a personal stake in the business and takes the risk of the outcome whereas the manager provides his service in an organization already established by someone.

An entrepreneur provides idea, a new solution to a problem, new idea whereas the manager is in charge of running the company, probably in the direction set by the entrepreneur or entrepreneur.

There is a difference in standing; an entrepreneur is the owner of the company whereas the manager is an employee of the entrepreneur or his company. Also an entrepreneur is not induced to fall into fraudulent behavior whereas a manager might do so possibly to earn more or in coercion with rival firms.

An entrepreneur deals with faults and failures as a part of learning experience whereas a manager makes every effort to avoid mistakes and he postpones failure.

Entrepreneur is required to have certain qualifications and qualities like high accomplishment motive, innovative thinking, foresight, risk-bearing ability etc. Conversely it's mandatory for a manager to be educated in the fields of management theories and practices.

An entrepreneur can be a manager but a manager cannot be an entrepreneur. (Cite HR: Padma Praveen, 2007)

## **TASK FOUR**

As a sole trader setting up a small niche market business, online technologies will definitely be needed to be utilized to reach out to the target audience as well as achieve a greater share of the market than otherwise possible. After all, only a certain amount of foot traffic will come into the shop and does not guarantee good sales. In fact, in this modern age one does not even need to upon a retail front or shop and utilizing the Amazon business model run a successful business by just using networking.

The web will be the primary method to advertise the company's products as it is the most cost effective method to reach a wider audience. Most frequented websites such as news websites and social media websites can be contacted to place tickers, or banner advertisements on them respectively which can ensure appropriate audience is reached.

However the best way to utilize the web is to set up a website which not only displays the company products, gives contact numbers but also gives the opportunity to buy products online. This is the best way to jump start a business without even opening a shop front. Optimum online security will be needed to put in place to ensure that credit/debit card details are not lost and customers feel comfortable in using this facility. Also other payment methods such as PayPal can be used to offer wider opportunities. Cash on delivery can also be offered and some sort of loyalty program can be implemented to encourage sales and increase customer loyalty and bring customers back.

Accounts or pages can be made on social media websites like Twitter, Facebook, and LinkedIn etc. which will help reach out to the younger generation and increase customer base. Constant updates and status changes will help generate hype about products being offered as well as online polls can be utilized to decide which colour or product type needs to be launched. This will ensure no bad inventory ends up at the end of every season. Also this will give the customers and potential clients to freely interact with the business and have their queries answered and any complaints resolved directly. This will further improve the brand image and increase sales.

Mobile phones are a good medium to advertise the services and products and after paying a fee, set people can be sent SMS's or targeted with a certain income structure and so further increase the chance of guarantying a sale. Also with this modern age where internet is readily available on mobile phones and social media access everyone has, by utilizing such sites as mentioned before a greater audience can be targeted without any additional costs.

These technologies definitely make existence easier for small and niche market businesses as the biggest advantage is of cost savings made. Just a small capital is needed and a upfront shop or display area is not necessarily required to start a business and run it. In fact using online marketing strategies a greater market share can be achieved as well as greater customer base targeted. Companies like Amazon have been widely successful using such online marketing techniques; they started off small

targeting niche markets and due to rapid growth became large organizations.

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## **APPENDICES**