

Two Strategies for Niche Marketing

Dr. MJ Xavier, Associate Professor - Marketing
Indian Institute of Management - Bangalore

Suppose an Indian entrepreneur looking for new business opportunities gets introduced to an industrialist in Singapore who is running a very successful company selling pain balms, liquids and sprays and the Singapore man offers to provide know-how on any of the products he is selling in Singapore or develop any other product in his R&D department to the specifications to be provided by our Indian entrepreneur for a nominal fee. That leaves our Indian entrepreneur with the following two options.

(i) Set up a factory in India to produce and market the same line of products that are selling well in Singapore.

or

(ii) Study the pain-reliever market in India, identify some **'unmet need'** and get the Singapore man to develop a product to meet that specific **'need'**.

The first alternative is the most commonly used as it follows the pure and simple logic that a good product should sell on its own merits. Also our concept of setting up a new company has always revolved around grabbing a license and getting a good(?) foreign collaborator for technical know-how - all without much regard for specific market requirements. Once the production starts, the product is made available in the market and whoever required the product is expected to buy. In our example, whoever has a pain and looking for a remedy is expected to buy our balm, liquid or spray. This is typically the shotgun approach of firing the shots in all directions hoping that something would hit the target.

However, the second option needs to be explained in detail, as it may not be familiar to many. Basically the strategy for the second option revolves around the answers to the following two questions.

1. Whom do we want to sell?
2. What do we want to sell?

Normally the answers to the above two questions provide necessary and sufficient information to decide about the design of the product, price to be charged, and distribution outlets, advertising message and media to be used.

Let us consider the first question which is deceptively very simple. Certainly we are not going to sell the product to any one and every one having any pain. First of all it may be a back pain, body pain, joint pain or a head-ache. Again the person getting the pain may be rich or poor, educated or illiterate, male or female, south Indian or north Indian and

so on. Incidentally, the concept of relief from pain is different in South as compared to North. People in the South feel relieved when they get a burning sensation upon applying the pain balm, while people in north look for a cool and soothing effect in a pain reliever - no wonder Amruthanjan is popular in South while Iodex is doing well in the North. Hence to identify the group of consumers to whom we would like to sell our pain reliever, we should undertake a market survey to get information such as:

- Categories of pain and their incidence
- Relationship between incidence of pain and demo-graphic variables like, age, education, occupation, income, sex, etc.
- Remedies currently being used and the level of satisfaction with each.
- Presence of unmet need(s) which is/are viable for commercial exploitation.

For the sake of illustration let us suppose that we have found out through a market survey that **working women** belonging to **middle income** group who get **back pain** often do not have a product ideally suited for **use in the office**. Basically the balms and sprays available in the market are messy if one were to use them in a public place. Hence we have an **'unmet need'** for which a new product can be developed.

Let us turn to the second question - what do we want to sell?. The answer is not a **chemical paste** for pain relief. But we need to identify a benefit arising out of the core functional use and sell that. This is similar to selling a fairness cream where the marketer tries to sell the hope that the user can improve her complexion. Alternately, the marketer may go one step further and claim that the user can become more attractive to the opposite sex or could get the man of her choice by using his fairness cream. In the same way, for our pain reliever, we could sell a feeling of "**well-being**", "**quick relief**" or "**being fit to attend office**". As this product is meant for use in office, we could possibly sell the concept of being fit to attend office.

Having found the answers to the two questions, we could easily go about determining the design of the product. Applying pain balm may be messy for back pain and hence we can settle for spray. Since the product is meant for working women, it should be handy so that it could fit into the hand bag. As the product is meant for use in office it should be odourless or have a pleasant smell. Ideally the product should be non greasy and stain free so that it can be applied over the cloth as well.

As it is meant for women belonging to middle income group, the price cannot be very high. We may price it marginally higher than the popular pain balms. Again we need not distribute the product in the traditional way of going to chemists or grocers. It is enough if the pain spray is made available in petty shops near office complexes which our target customers visit every day to buy their requirements of chewing gum, pan, sweets etc. Our advertisement can show the interior of an office where a row of lady typists are engaged in typing. Our story line could be as follows.

The peon comes out from the manager's office and says "Leela Madam, Boss wants to see you?" . While she gets up she gets a catch. Her friend next to her opens her hand bag, takes out our product and says, "Hey! don't worry, use this wonder product. You will be all right" and hands over the spray to Leela. She applies, "ssh....ssh", and walks about joyously.

Now our Indian entrepreneur could go back to Singapore and explore the possibility of developing a product of above specifications which could be marketed at a price that the target customers would be willing to pay.

The approach discussed just now, is a typical example of rifle strategy as we know exactly the target and we aim and shoot.

Which one is a better strategy - shotgun or rifle? Management literature, founded on sound logic, may suggest that unless you know where you want to go any road will lead you there. However there are situations where shot-gun approach may also work.

Consider for example the war between Hindustan Lever and Godrej Soaps in the premium toilet soaps market. Hindustan lever has been carefully analysing the market and positioning its products in different slots to appeal to different groups of customers.

But Godrej has been firing its salvos left and right with launches like Crowning Glory, Marvel, Cinthol Lime and so on. They launch a product with out much research and then correct the positioning or product qualities based on market feed-back. Godrej has been quite successful in the premium soaps market with their shotgun approach.

However in the case of cigarettes, even well thought out new product launches have met with failure while it is sure to fail if one launches a cigarette without a clear understanding of the target market.

The following are some of the guidelines for choosing the right strategy.

1. In a stagnant market like cigarettes, shotgun strategy will not work.
2. If the brand loyalty is relatively high, as in the case of tooth-paste, it is better to follow the rifle strategy.
3. If the entry barriers and exit barriers are low, as in the case of premium soaps, shotgun strategy may be attempted.
4. In a shortage situation, there is no need for any strategy as whatever you produce will have to be bought by people.
5. If your competitor is street-smart, before you could research and formulate your strategy, he would put your findings into action.

As we find that premium soaps market is growing steadily, there are no entry or exit barriers, and the customers are known for switching of brands it is no wonder that Godrej has been successful with shotgun approach. Hence there is a place for every strategy.
