

Niche Marketing Strategies: Consumer Perceived Value and Willingness to Pay for Whole Wheat Bakery Products

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Abstract

This study examined the relationship between niche marketing strategies, consumer perceived value and willingness to pay for whole wheat bakery products. A correlational research design was adopted. Questionnaire was used to solicit opinion from respondents who are residents within Lagos state metropolis. Convenience sampling technique was adopted to survey respondents that are accessible and willing to participate in the survey. Pearson correlation and regression analysis were used to test the four hypotheses stated. Results of the analysis revealed that the three variables are significantly related to one another. Specifically, niche marketing strategies and perceived value ($r = .540, p < .000$), niche marketing strategies and consumer willingness to pay ($r = .508, p < .000$), and perceived value and consumer willingness to pay ($r = .322, p < .000$). Furthermore, the results showed that only niche marketing strategies predicted consumer willingness to pay ($\beta = .472, t = 5.190, p = .000$), perceived value is not a predictor of consumer willingness to pay ($\beta = .067, t = .742, p = .460$) for whole wheat bakery products. The study concluded that niche marketing strategies is a potent strategy to compete effectively in the dynamic and growing competitiveness of business environment. On the basis of the findings, the study recommends that companies pursuing niche marketing should realize that niches are relatively too small to be served lucratively, hence, there is need for a customer database so as to keep track of customer preferences for improved relationship building. In addition, to effectively pursue niche marketing, firms should develop strong internal dynamic capabilities to serve as strong defensive barriers that will enable them to grow along with their market and possibly expand into other profitable market clusters.

Keywords: Niche Marketing Strategies, Consumer Perceived Value, Willingness to Pay, Reservation Price, Whole Wheat Bakery Products.

Background to the Study

All markets be it local, international or global markets are heterogeneous (i.e. they differ in term of demographics, buying behaviour, needs, and expectations among others). Therefore, when reflecting on the nature of markets, and consumer behaviour, it is apparent that no generic good or service appeals to all consumers and even those who purchase the same product may do so for diverse reasons. Thus, the popular narrative that says - it is difficult to please everyone is not only correct, but it's particularly true for business organisations who by virtue of resource constraints and cost considerations may not be able to effectively serve all markets, hence, can only be of service to perfect target market. Corroborating the above assertion is the

common slogan “getting bigger by acting smaller” which literally institute the relevance of niche marketing. According to Kotler (1991), businesses that want to grow, prosper, and remain profitable may be compelled to explore markets which have: (i) appropriate size, to be possibly profitable; (ii) absence of strong rivals, or markets which have been largely overlooked by others; (iii) market that exhibits high growth potential; (iv) satisfactory purchasing capability; (v) a desire for distinctive treatment; (vi) strong customer goodwill; and (vii) limited opportunities for an entrance firm to demonstrate its superior capability. All the above characteristics, may be labelled niche features and core characteristics of a niche market (Kotler, 1991).

Niche markets comprise of groups of customers (market segments) within the larger market space who have comparable demographic, similar pattern of buying behaviour, and/or lifestyle characteristics. A niche is a portion of a much bigger market with shared features, which could be a comparable customer pain point, desires, inclination, individuality, or occasion, making it remarkably different from the larger market. Businesses in diverse sectors, consisting of large firms, medium-sized and smaller ones, have come to realize the huge opportunities niche marketing can offer. For instance, American Express introduced numerous credit cards applicable to several market clusters, i.e. the gold card for moderate customers, the corporate card for business clusters, and the platinum card for heavy clients. This strategy has been adopted by numerous other credit card enterprises such as Visa and Access. The fundamental motive for this understanding is that niche markets have been viewed to enlarge the bottom line of firm (Linneman & Stanton, 1991), and place smaller, nimbler companies to tailor their offerings to fragmented market due to growing diversity in consumer taste and habits (Dalgic, 1998; Dalgic & Leeuw, 1994). Another motive for selecting a niche approach, is its adoption as a competitive strategy. For example, it can be apply to enter large markets or existing fragments, as in the case of ORAL-B children’s toothpaste. The basis of focusing on a niche is that the firm will be able to craft a marketing communication that expressively shortens the procedure of building buyer trust by identifying the cluster that they will more likely resonate with. Without a doubt, niche marketing has been adopted in a variety of businesses, goods and services (Tregear, 2003); retailing business (Ashworth, Schmidt, Pioch, & Hallsworth, 2006); tourism sector (Trunfio, Peruzzellis, & Nigro, 2006); aviation (McKechnie, Grant, Fahmi, 2007); and fashion, textile industry (Doeringer & Crean, 2006) to mention a few.

The focus of this study is the bakery industry and it is no doubt a lucrative business in Nigeria. Report of survey carried out by Allied Marketing Research reported that the global frozen bakery product market is anticipated to reach \$49,118 million by 2025, with Africa and the Middle East being tagged as the regions to experience the fastest growth (Allied Market Research, 2019). Propelled by issues such as growing demand for convenience foods, rapidly changing consumer tastes, and technological improvements; the bakery industry worldwide is estimated to grow at a Compound Annual Growth Rate-CAGR of 3.2% by 2025 (Market Analysis Report, 2017). In Africa, the bakery industry is anticipated to grow due to the growing population and

urbanisation which upsurge the demand for bread and other baked goods. In Nigeria, bread is one of the major consumed food items. Statistics published by the National Bureau of Statistics, reported that the manufacturing sector, which comprises bakery contributed roughly 8.92% to the country's Gross Domestic Product-GDP in 2022 (National Bureau of Statistics, 2022). In addition, with the African Continental Free Trade Agreements (AfCFTA) launched, Nigeria has strong potential to export bread and other bakery products to neighbouring African countries and beyond.

Bakery refers to outlets that sell food items. The major dissimilarity between bakery and confectionery is that a bakery is a business outlet where baked food items are sold, whereas confectionery is an enterprise where sweet food items are sold. Due to the expansion of commercial bakeries, growing urbanization and changing consumer preferences, the Nigeria bakery sector has seen the introduction of innovative product, such as healthy and organic baked goods. This has led to the need to improve efficiency to produce enormous range of products targeted at diverse market clusters. In particular, the introduction of health and nutritional baked goods by many bakeries in Nigeria which comprises the use of whole grain flour, natural sweeteners, and other components that are high in fibre and vitamins components is a notable development in the bakery industry. Bread is one of the most popular food consumed across world by almost all citizens of diverse ethnics, and religion cluster. In addition, bakery products appeal to diverse households and residents – such as working class, business executives, students and children.

The bakery business in Nigeria is extremely competitive with numerous players from small-scale to large-scale. Nigerians consume abundant baked foods particularly bread. In Nigeria, bread has been reported to be the most consumed foods. Lagos alone is reported to consume roughly 10 million worth of bread daily. Nevertheless, scientific explanations have promote growing belief that eaten bread on a consistent basis may not be as healthy people think. In other words, steady consumption of bread and other confectionery products may pose huge health complications such as rise in blood sugar level, trouble of digestion, severe weigh gain, and other concerns related to some of its elements that are anti-nutrients. Aforementioned concerns, have propelled operators in the bakery industry to develop innovative recipe, particularly using whole wheat to produce bread. Whole wheat bread is a form of bread made using flour that is partly or entirely refined from almost-whole wheat grains. Wheat breads offer additional vitamins, and fiber, and they exert fewer negative influence on blood sugar, which can be very useful for people with diabetes. Thus, with the processing of whole-wheat, the products are okay for individual suffering of type 2 diabetes, because it is a refined flour counterpart, and has a rustic aroma and flavor. Other beneficial bakery and confectionery products made from wheat include Chocolate cheese parantha, Atta biscuits, Choco lava cake, Atta sheera, Whole wheat ragi chocolate, Chip cookie pizza, and Whole wheat zucchini cake to mention a few.

The production of whole wheat bread constitute an attempt to create a niche market in the bakery industry. It has been documented that product or customer focus, i.e. niche markets, is connected to company profitability (Porter, 1998). Perhaps, if bakery companies can exploit the prospect of niche markets, they will be in a better position

to offer value and by extension propel customers' willingness to pay for their products. To do this, one of the potent strategies is for companies to create specialized, i.e. niche, markets to be able to positioned and compete in the marketplace and accomplish improve bottom-line (Linneman & Stanton, 1991). On the basis of the view expressed by Levy and Dennis (1999) that if the assertion that customers are "value-driven", Indranil, Haluk, Kannan, and Ryan (2014) stated that business managers need to develop a better understanding of customer's value and where they should place their attention/strategies to be able to charge premium price and accomplish other notable competitive advantage. It is not in doubt that consumers' predisposition to pay a premium price could also be predisposed by the influences connected to value perception. In particular, specific distinctive features of products can influence willingness to pay a higher or premium price, which ultimately has influence on value perception (Hajli, 2013). The notion of value signifies the awareness of the level of utility that the relationship with the firm brings. However, one of the greatest complications in consumer behavior theory is the "free will" of humans to make choice (De Uriarte, 1990). Thus, a rational utility-seeking customer is presumed to maximize his/her utility based on a number of constraints and therefore, adjusts his/her consumption towards the route where the efficiency of spending is the maximum (Alia & Matti, 1991). A number of scholars have focused on customers' readiness to pay as the major product related perceptions (Lusk & Hudson, 2004, Yildirim & Savgili, 2021). In this context, to evaluate the economic worth or value, the notion of consumers' willingness to pay is very vital, as it strongly connected to perceived value. In other words, if a product offer improve value to a client, disposition to pay for the product also upsurges (Dahl & Moreau, 2007). Though the notion of willingness to pay is often connected to reservation price and is widely used in literature (O'Brien, & Viramontes, 1994, Parkin, & King, 1995, Lusk, & Hudson, 2004, Liao, Onal, & Chen, 2009), and it is connected to demand pattern (Wertenbroch, & Skiera, 2002), related to the shadow prices of likely restrictions (Liao, Onal, & Chen, 2009), and to compensating disparity (Mas-Colell, Whinston, & Green, 1995). Thus, precise evaluation of consumers' willingness to pay (WTP) is fundamental to any pricing decision. A survey carried out by Anderson, Dipak, and Pradeep (1993) reported that business managers consider consumer WTP as the foundation of marketing strategy, mostly in the capacities of new product development, value audits and competitive strategy. More important, knowledge of willingness to pay is very essential for marketing and financial scholars in executing several other nonlinear and customized pricing strategies such as bundling, quantity price cut, target promotions and one-to-one pricing strategies (Shaffer & Zhang, 1995). Besides, such understanding bridges the gap between economic theory and marketing practice. Precisely, it allows academics to study a number of other influences connected to competitive dealings, policy assessments, welfare economics and brand worth.

Statement of the Problem

Typical bakery and confectionary firms and their brands are facing very strong price competition due to influx of many players. In recent times, a number of other operators have strengthened their capabilities and operations to explore the opportunities of growing demand for whole wheat bread which further intensifies the level of competition in the industry. Compounding the problem further is the growing belief that mass production and mass marketing were the most forward-thinking and effective approaches to produce and market products (goods and services) in a number of firms. However, in contemporary competitive business world, there is a growing debate about the attractiveness of mass marketing, concentrating on standardization, customization or tailored made products for niche markets. No doubt there are enormous benefits of mass marketing, but niche marketing is more effective to deal with in the prevailing and fast changing markets (Tevfik & Maarten, 1994). Niche marketing is a tactic which has been applied effectively by numerous businesses across the world and literature evidence revealed that there are numerous tactics to niche marketing, but there has been no detailed and structured review of niche marketing research since the scholarly work of Dalgic and Leeuw (1994). Thus, this absence of contemporary and robust research-based recommendations for business practitioners impedes an effective use of the notion of niche marketing and lessens the likelihood of earning any of the enormous benefits connected to niche marketing (Tevfik, & Maarten, 2015). Also, despite the widely held claim that growing diversity in consumer tastes and habits and the changing desires of organizational markets are likely to favor companies that can better tailor their products to fragmented market (Dalgic, 1998), there seems to be inadequate research on the notion of niche marketing in this context (Tevfik & Maarten, 1994). Also, there is no extensively acknowledged theoretical foundation for niche marketing, because of numerous approaches to niche marketing and its operationalization (Tevfik, & Maarten, 2015). Similarly, the real (positive or negative) consequences and managerial implications of niche marketing remain somehow unclear (Kjell & Trond, 2013). In addition, owing to the nature of a niche market, there is complication regarding the uniqueness of its measurement, simply because if niche markets are really distinctive, measurements of dissimilarities and relationships between potential niches and assessments of these potential niches and non-niche markets will be problematic to make (Kjell, & Trond, 2013). For business practitioners, nevertheless, it is important to know whether using niche marketing is useful, under what circumstances, how it should be adopted and what is the required level of awareness to evade pitfalls. On the basis of the aforementioned research background, this study seeks to investigate the linkage among niche marketing strategies, customer perceived value and willing to pay for whole wheat bakery products.

Aim and Objectives of the Study

The overarching aim of this study was to investigate the relationship among niche marketing strategies, customer perceived value and willingness to pay for whole wheat bakery products. Specific objectives are to:

- i. Examine the relationship between niche marketing strategies and customer perceived value of whole wheat bakery products
- ii. Investigate the relationship between niche marketing strategies and customer willingness to pay for whole wheat bakery products
- iii. Study the relationship between perceived value and customer willingness to pay for whole wheat bakery products
- iv. Determine the influence of niche marketing strategies and perceived value on customer willingness to pay for whole wheat bakery products

Research Hypotheses

- i. There is no significant relationship between niche marketing strategies and customer perceived value of whole wheat bakery products
- ii. There is no significant relationship between niche marketing strategies and customer willingness to pay for whole wheat bakery products
- iii. There is no significant relationship between perceived value and customer willingness to pay for whole wheat bakery products
- iv. Niche marketing strategies and perceived value will not significantly influence customer willingness to pay for whole wheat bakery products

Theoretical Review

Specialization Theory

The notion of specialisation has existed since the first economic theories. This is because specialisation is one of the major forms of behaviour (strategic procedure) made by employees, companies, industries, regions and nations in order to accomplish superior productivity, upsurge competitiveness and increase the speed of innovation. In the literature, frameworks elucidating specialization initiated largely from trade theory, while models clarifying concentration came from location theory (Aiginger & Rossi-Hansberg, 2006). The trade theory describes specialisation in products by the profusion of input influences existing in the nation, while location theory clarifies concentration by deliberating the motives for cluster and dispersion. Based on the perspective of trade economists, specialization is the natural outcome of amplified competition due to trade liberalization. According to this theory, as trade barriers decline, nations and businesses will focus more on their core capabilities and become more specialized. Declined trade obstacles have the highest effect on mature industries, particularly in developed nations, due to standardized production procedures, which lessen the complications to entry. Technological change and innovation have also been very influential in propelling dynamic specialization benefits of companies and industries, creating 'dissimilarities' vis-à-vis rivalry (within and between industries, provinces and national or international domain) and accomplishing cumulative growth, economic rents and power. During period of catastrophe, specialization tactics can be implemented in ways that also augment innovative specializations and competitive gains in the post-crisis period, simplify repositioning strategies and provide avenue to effectively manage risks.

The Theory of Consumption Values

The theory of consumption values contributes immensely in the area of multi-element consumer choice behaviour, focusing on why customers buy or do not buy, contingent on value consideration (Sheth, Newman, & Gross, 1991). According to Dibley and Baker (2001), values are beneficial predictors of consumer behavior. Thus, their decision to purchase a product after contemplating on numerous consumption values, like fun, perceived quality, value-for-money and their trade-offs analysis (Babin, Darden, & Griffin, 1994). There are three major central issues to the theory of consumption values, namely: (i) consumer choice decision as a function of numerous consumption values, (ii) consumption values as a contributor in any given choice circumstances, and (iii) independent nature of consumption values (Sheth, et al., 1991).

Bakery Business: An Overview

Bakery refers to an enterprise or shop that produces and sells food items mostly using flour and baked in ovens. Mostly, bakeries sell consumable items such as bread, bagels, and cakes among others. The bakery enterprise is one of the oldest and most lucrative venture in Nigeria. Nigeria bakery market is expected to develop remarkably due to the growing desire and improve consumption for ready to eat food items owing to people daily busy work schedules, health anxieties, growing demand for gluten-free, and high-fiber etc. The scientific name of bread is *Triticum Aestivum*. Bread is one of the fastest and easiest food items to make and does not require any form of preparation on the part of buyer, relatively affordable, and can be eaten with numerous type of beverages, or other foods like Akara, Moi-moi or even stew. Magazine BBM (2023) reported that the size of the Nigeria bakery product is projected to grow significantly between 2020 to 2026. Based on product types, the bakeries can be categorized into two, namely: retail bakeries and wholesales or commercial bakeries. A large number of bakeries fall under retail. As the name suggests, retail bakeries are those selling baked foods directly to their consumers. Some forms of retail bakeries are: traditional bakeries, specialty bakeries, pastry shops, bakery food trucks/van, home bakeries, and bakery cafe. The wholesale bakeries on the other hand, is a form of bakery that focus on a larger customer base by selling directly to retailers who now sell to the end users.

Niche Marketing: Definition and Meaning

The notion of “Niche marketing” has been used synonymously with a number of concepts such as “market segmentation” “target marketing” “micromarketing” “regional marketing” “focused marketing” and “concentrated marketing” (Dalgic & Leeuw, 1994). Nevertheless, literature evidence has revealed that it is none of these and all of these. Thus, there seems to be no generally acknowledged conceptual definition of niche marketing. Nonetheless, a number of attempts to capture this notion share similarities. Existing descriptions and meaning of niche marketing comprise “a tactic to meet customer desires by tailoring products for small markets

(Stanton, Etzel, & Walker, 1991), concentrating on a small market segment (Doyle, 2002), or firm positioning into small, but profitable identical market segments (Dalgic & Leeuw, 1994). Based on aggregate firm strategy, a niche market is operationalized as a focus on distinctive customers' need, or geographic, demographic or product segment (Teplensky, Kimberly, Hillman, & Schwartz, 1993, Cousera, 2023). According to Kotler (2003), a niche is a more narrowly defined market cluster seeking a distinguishing mix of benefits. Michaelson (1988) defines niche marketing as an attempt on the part of firm to seek small clusters of customers that can be effectively served within a given segment. Dalgic and Leeuw (1994) define niche marketing as a positioning of firm's offering into relatively small, but profitable identical market segments that are either ignored or neglected by competitors. Shani and Chalasani (1992) view niche marketing as the procedure of carving out a small aspect of the market whose desires are not currently been served or fulfilled.

Kotler (2003) alludes that niche marketing focus on customers with a discrete set of desires who are willing to pay a premium price under conditions, such as (i) where the niche is unlikely to attract other rivals, (ii) where the niche company secures some economies of scale through specialisation, and (iii) where the niche has satisfactory scope, turnover, and growth potential. Numerous academics have investigated the significant features of a successful niche market strategy. Dalgic and Leeuw (1994) outline five major components of niche markets, namely: positioning, profitability, unique competences, small market fragments, and devotion to the notion of market concept. Kotler (1999) proposes that the triumph of niche marketers with a large market segment is obtainable from three major features: strong dedication to customers through superior performance, and responsive service delivery, top management commitment and interface with customers; and continuous innovation focused on customer value. In 2003, Kotler subsequently added "tend to offer high value, strong attempt to charge a premium price, effort to accomplish lower operating costs, and consistent effort to forge a strong corporate culture and enduring vision (Kotler, 2003). According to Weinstein (1994), companies practicing niche marketing are customer-driven, pace setters' innovators, and creative. He later reported that true niche companies recognize the value of research that stand the test of time as a basis of understanding the dynamic of consumer behavior. Linneman and Stanton (1991) also highlight the value of research as an essential element of a niche market strategy.

Niche Marketing versus Segmentation

It is generally assumed that segmentation is a starting point in niche marketing. However, scholar such as Chalasani and Shani (2004) contend this perspective. In their opinion, segmentation is the procedure of splitting a large market into smaller segments which is a top-down, while niche marketing is a bottom-up. According to Kotler (1991), niches are comparatively small, but might grow to become large markets. As expressed by McKenna (1988), most big markets in term of potential evolve from niche markets. Bygate (2015) alludes that market segmentation encompasses grouping potential buyers in clusters based on (i) common desires and (ii) tendency to respond in similar ways to marketing campaigns. Market

segmentation is the process of dividing the market into several groups and/or segment(s) based on the needs and requirements of the target market (Kotler, 2018). Most academic literature classified the basis of market segmentation into four, namely: (i) demographic segmentation, (ii) geographic segmentation, (iii) psychographic segmentation, and (iv) behavioural segmentation. Wendell R. Smith (1956) is credited as the scholar who promoted the notion of market segmentation into the marketing literature in 1956 with the publication of his article, "Product Differentiation and Market Segmentation as Alternative Marketing Strategies". Hoover, contemporary market segmentation developed in the twentieth century as business organisations reacted to two major pressing issues. Firstly, demographic and purchasing data existed for groups but rarely for individuals. Secondly, advertising and distribution networks were available for groups, but rarely for single consumers. Richard Tedlow in 1990 identifies four stages in the evolution of market segmentation, namely: fragmentation - pre 1880s, unification or mass Marketing- 1880s–1920s, segmentation-1920s–1980s, and hyper-segmentation-1980s (Richard & Geoffrey, 2014). The five major requirements of effective market segmentation are: measurability, substantial, accessible, action, and differentiable (Kotler, 2003).

A niche refers to a small market consisting of an individual customer or a small group of customers with similar characteristics or needs. In niche marketing, a firm focus on a market niche demonstrating a number of features such as socio-demographic, lifestyle pattern, benefits sought and usage rate among others similar to market segmentation. According to Shani and Chalasani (1992), market segmentation is characterized by the "top- down approach" which split a large market into relatively smaller but more controllable submarkets. Niche marketing, on the other side is described by "bottom up approach" where marketer begin from fulfilling the expectations and requirements of a relatively few customers and progressively builds up a lager/stronger customer base. Thus, the level of successes of the niches in sub-markets are connected to specializations and differentiations tactics (Linneman & Stanton, 1991; Kotler, 2003).

Niche Marketing versus mass marketing

According to Kotler (2018), mass marketers engage in the mass production, mass distribution and mass promotion of one product to all market segments. Verhage, Yavas, and Green (1990) raised three arguments in favour of the mass marketing approach, namely (i) economic benefits, (ii) strategic price tool, and (iii) competitive drive. In mass marketing also known as undifferentiated marketing – a firm attempt to reach customers using similar or identical marketing mix (product, price, place and promotion) elements. During the product-oriented era of marketing, mass marketing approach was adopted by many firms. The dissimilarity between mass marketing and niche marketing can be described by dissimilarities in organizations (Kotler, 2003). A mass marketing firm can be described as being centrally control using bureaucratic pattern which may result to inflexibility. Niche marketing organizations, on the other hand can be described as being dispersed, with numerous strategic business units (SBU) if the firm is large. If the firm is small it can be described as being

concentrated on one part of the market, which necessitate anticipative decision making. Thus, mass market is described as a big market, no branding, broad product and clienteles with low loyalty tendency (Kotler, 2003). On the contrary, niche market consist of relatively small markets, custom-made products that open avenue for loyal customers. Also, there is severe competition in mass marketing but little in niche marketing. In addition, firm's that adopt mass market mass produce but companies in niche marketing may enjoy high profit margins compare to mass marketing.

Approaches to Niche marketing opportunities

There are diverse approaches to niche marketing and these approaches can be categorized under three clusters. The first cluster is the "push marketing tactic". This method is one step further of the "market segmentation" tactic (Kara & Kaynak, 1997). The second tactic is the "pull marketing approach". Nonetheless, more attention is devoted to the client's point of view (Shani & Chalasani, 1992; Parrish, Allen, Cassil, Ovenham, & Jones, 2005). There are five issues to consider when attempting to exploit niche marketing opportunities, namely: strategic planning, define mission and objectives, strategies and action, monitoring key projects/objectives, and organizational realignment (Parish, 2010).

Benefits and disadvantages of Niche Marketing

Kotler (2003) explains the main reason why a niche market strategy is so profitable is that the specializing firm end up knowing the customers so is able to better meet their needs. As a result, the firm can charge a substantial price over costs (Linneman & Stanton, 1991). Such firm achieves high margins, whereas the mass-market firm achieves high volume (Kotler, 2003). Besides profits, there are other reasons firms implement a niche market strategy. By focusing on the customer, the firm is better able to respond faster to demand changes (McKenna, 1988). This can result in improve customer retention. Also, the smaller markets mean that there will be far fewer competitors, particularly large rivals (Dalgic & Leeuw, 1994; Kotler, 1999). According to Dalgic and Leeuw (1994), as competition intensifies, a shake-out may take place in (some) markets leaving only the strongest. Niche marketing may help companies to remain among the survivors.

One of the fastest growth techniques for businesses is niche marketing. Niche marketing offer high competition, improve profit margins and strong competitive position (Kotler, 2003). According to Collins (1994), niche marketing offer the best prospect to firms to cope with competition, enhance quality ideologies to enhance customer satisfaction. Parrish (2010) states that because niche marketing deals with relatively small customer, they have a prospect to get to know them very well and fulfil their desires and expectations, which provide basis for improve customer satisfaction and loyalty formation. Another benefit of niche marketing is that the market segment can be easily recognize and the consumers are fit for one or more of the firm's products (Noy, 2010).

According to Dalgic and Leeuw (1994), firms can compete with their rivals by adopting niche marketing and thus have a better chance of survival. Kotler (2003)

states that niche marketing is profitable as the firms develop a better understanding of the business and their customers' desires. In addition to improve profitability, another inherent advantage of niche marketing is easy defense against rivals (Parrish, 2010). Niche marketing makes the marketing tasks easier, because companies that focus attention on a particular industry or a specific geographical region can develop more effective marketing tactics, instead of manufacturing goods and services that will meet the needs of diverse customers groups (Demir & Şahin, 2000, cited in Sert, 2017). Furthermore, the customers targeted by niche market can easily be served through identifiable distribution channels (Ozcan, 1997).

Notwithstanding the inherent advantages, niche marketing poses some risks. The first risk is that the rivals will eventually attack to get a portion of the profitable market. As such, the niche market does not make profit forever, even if it is sheltered by patents right or enabling laws, a profitable niche market will always appeal to competitors, and when rivalry is on the increase, the firms will experience complications (Brodsky, 2004). The second risk is the danger of cannibalization, because when a firm introduces a new product, one of its own traditional markets may be eroded (Parrish et al., 2005). The third and the last risk is that of changing consumer's preferences. Thus, when this inclination changes, the niche markets lose grip due to inability to cope with sudden fluctuations (Shani & Chalasani, 1992).

Defining the notion of Willingness to pay and Reservation price

Willingness to pay, at times shortened as WTP, is the highest price a customer is enthusiastic to pay for a good or service. Consumer reservation price, valuation, or maximum willingness to pay on the other hand is maximum price the consumer is keen to pay for the product. In the field of finance, the reservation price is also refer to as the indifference price i.e. the value at which an investor would be enthusiastic to buy (or sell) a financial stock given his or her specific utility function. Willingness to pay-WTP is generally conceptualized as the economic value or worth of a good to a person (or a household) under given circumstances. Willingness-to-pay offer vital information for evaluating economic viability of any given projects, decision regarding reasonable tariffs, assessing policy substitutes, judging financial sustainability, as well as planning socially justifiable subsidies (Brookshire & Whittington 1993, Gunatilake, Yang, Pattanayak, ven den Berg, 2006). According to Kohli and Mahajan (1991), consumer reservation price on the other hand refers to the price at which the consumer's utility begins to surpass the value of the most favored item in the consumer's induced set. Jedidi and Zhang (2002) view reservation price as the price at which a consumer is unconcerned or indifferent between buying and not buying the product. Varian (1992) conceptualizes reservation price as the price at or below which a customer will purchase a unit of the good. According to Ariely, George, and Drazen (2003), there is need for a more flexible description of reservation price. Precisely, they propose that there is a threshold price up to which a customer certainly buys the product, alternative threshold above which the customer simply walks away, and an array of midway prices between these two thresholds in which customer response become uncertain. From the viewpoint of the typical

economic theory of consumer choice, knowledge of consumer WTP provide the basis to answer a number of strategic questions such as: how does pricing influence the demand for a firm product? What price will be most competitive? What are the likely sources of demand for a product? And which products can be bundled? To mention a few.

Linking Niche Marketing to Perceived value and Willingness to Pay

A multiplicities of meaning and explanations on niche markets and niche marketing have been highlighted by academics and business practitioners. From company strategy viewpoint, a niche market is an attempt on the part of a firm to focus on a particular want, or geographical boundary, demographic, or product related segment (Teplensky et al., 1993). Nonetheless, most scholars explicates on the market viewpoint versus the product or strategy outlook. Porter (1998) states that niche markets is strongly connected to profitability. Thilmany (2012) states that niche markets comprise of clusters of customers (market segments) within the bigger market who have and demonstrate comparable demographic and buying behavior tendency and as such respond in similar ways to competitive strategies. Therefore, businesses across diverse industry can exploit the potential of niche markets to create strong value for their target market. Perceived value is contemplated as one of the key outcomes in the general model of consumption experiences (Babin et al., 1994), and has also been recognized as one of the most vital antecedents of repeat patronage intentions (Morar, 2013). According to Holbrook (1999), value is a “trade-off” between benefits received and amount paid to acquire the goods or service. Marketing academics have used diverse expressions to conceptualize the notion of customer or consumer perceived value (Woodruff, 1997). These comprise perceived value (Chang & Wildt, 1994), consumer value (Oh, 2003), value (De Ruyter, Wetzels, Lemmink, & Matsson, 1997) and buyer value (Slater & Narver, 2000) to mention a few. All of the aforementioned notions focus on certain comparisons. Firstly, value is deliberated as intrinsic in the service/product usage. Secondly, it is something perceived by customers and individually determined. Thirdly and lastly, it represent tradeoff between what the customer receives and what he or she gives up (price) to purchase and use a product or service. Another concept that is strongly related to customer perceived value is their willingness to pay, which refers to the amount a customer is keen to pay for a good or service. One of the major factors documented by Anselmsson, Niklas, and Ulf (2014) that determine consumers’ disposition to pay for a brands is perceived quality in term of value, others are level of awareness, loyalty tendency, distinctiveness and non-product-related brand associations such as corporate social responsibility (CSR), social image and country origin.

Research methods

This study adopted cross sectional survey research design. Based on the research objectives, this study can be categorized as an explanatory research, because it investigates the correlation between the variables under investigation through hypothesis testing. The population of the study consisted of consumers of wheat

bakery products within Lagos state metropolis. This study was conducted in different locations of eight major mall shopping malls and supermarkets, namely Ikeja City Hall, Mega Plaza, The City Mall, The Palms Shopping Centre, Games Store Nigeria, SPAR Store, Park ‘N’ Shop, and Hubmert Stores within in Lagos state metropolis. The population of the study is infinite in nature, hence, Cochran formula was used to determine the sample size. Cochran developed an ideal sample size formula with a desired level of precision for an unknown population (Cochran, 1977).

$$no = Z^2 \cdot p \cdot (1-p) / e^2$$

no = Sample Size

e = desired level of precision

P = fraction of the population (as percentage) that demonstrate the attributes

Z = Z-value extracted from a z-table

$$n = \frac{1.96^2 \times 0.5(1-0.5)}{0.05^2}$$

$$n = 384.16$$

$$n \approx 384$$

Convenience sampling technique was adopted to survey respondents that are accessible and willing to participate in the survey. Questionnaire was used to elicit responses from the participants. The questionnaire was anchored on a five-point Likert scale, from strongly disagree (1) to strongly agree (5). To lessen the potential for ambiguity of the questions stated on the questionnaire, a pilot study was carried out prior to the main study. The content validity was done through expert review while Cronbach alpha reliability was assessed to determine the reliability of the instrument. The Cronbach alpha values were all above the minimum benchmark of .80 and above, which indicate the suitability of the survey instrument (Saunders, Lewis, & Thornhill, 2019). Hypotheses raised were tested and analyzed using Pearson correlation and regression analysis with the aid of Statistical Package for Social Sciences statistical tool.

Hypotheses Testing and Discussion of Results

Hypothesis One

There is no significant relationship between niche marketing strategies and customer perceived value of whole wheat bakery products

Table 1: Means, Standard deviations, and Correlations matrix of niche marketing strategies and customer perceived of whole wheat bakery products

Variables	Mean	SD	1	2
Niche marketing strategies	2.92	.591	1	.540**
Customer perceived value	3.18	.614	.540**	1

*p<0.05 Pearson Correlation is significant at 0.01 levels (2-tailed) and N = 129

Source: Field Survey, 2022.

Table 1, shows the descriptive statistics (mean, and standard deviation) of niche marketing strategies and customer perceived value. The mean and standard deviation values for both variables are relatively high. As displayed in Table 1, correlation between the two variables demonstrates high positive and significant correlation ($R=.540$, $p<0.01$). This finding corroborates the view expressed by Kotler (1993) and Collins (1994) that product or customer focus through niche marketing is a way of creating superior value that enhance firm profitability.

Hypothesis Two

There is no significant relationship between niche marketing strategies and customer willingness to pay for whole wheat bakery products

Table 2: Means, Standard deviations, and Correlations matrix of niche marketing strategies and customer willingness to pay for whole wheat bakery products

Variables	Mean	SD	1	2
Niche marketing strategies	2.92	.591	1	.508**
Customer willingness to pay	2.66	.576	.508**	1

* $p<0.05$ Pearson Correlation is significant at 0.01 levels (2-tailed) and $N = 129$

Source: Field Survey, 2022.

Table 2, shows the descriptive statistics (mean, and standard deviation) of niche marketing strategies and customer willingness to pay. The mean and standard deviation values for both variables are relatively high. As shown in Table 1, correlation between the two variables demonstrates high positive and significant correlation ($R=.508$, $p<0.01$). The results of hypothesis two confirmed the position expressed by Kotler (2003) and Noy (2010) who maintained that through niche marketing, businesses develop a better understanding of their target market and on the basis of that understanding offer products in line with their needs and expectations which provide basis form easier market penetration, oppourtunity to charge premium price and patronage intention.

Hypothesis Three

There is no significant relationship between perceived value and customer willingness to pay for whole wheat bakery products

Table 3: Means, Standard deviations, and Correlations matrix of perceived value and customer willingness to pay for whole wheat bakery products

Variables	Mean	SD	1	2
Perceived value	3.18	.614	1	.322**
Customer willingness to pay	2.66	.576	.322**	1

* $p<0.05$ Pearson Correlation is significant at 0.01 levels (2-tailed) and $N = 129$

Source: Field Survey, 2022.

Table 3, shows the descriptive statistics (mean, and standard deviation) of perceived value and customer willingness to pay. The mean and standard deviation values for both variables are relatively high. As shown in Table 3, correlation between the two variables demonstrates low positive and significant correlation ($R=.322$, $p<0.01$). This

finding confirms the view expressed by Hajli (2013) that businesses should focus their attention and strategies on value creation to be able to foster consumer disposition to pay for their products and charge premium price.

Hypothesis Four

Niche marketing strategies and perceived value will not significantly influence customer willingness to pay for whole wheat bakery products

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.512	.262	.250	.498		
		β	t-statistic	p-value	F	Sig.
Intercept			4.326	.000	22.336	.000
Niche marketing strategies		.472	5.190	.000		
Perceived value		.067	.742	.460		

Source: Field Survey, 2022.

As shown in Table 4, the regression model reveals the following statistics R= .512, p=.000, adjusted R² = .250 and R²=26%. The ANOVA component reveals that the niche marketing strategies and perceived value significantly predicts consumer willingness to pay (F=22.336, p=.000). The Coefficient row reveals that only niche marketing strategies significantly predicted the model (β =.472, t=5.190, p =.000). Perceived value does not predict the model (β =.067, t=.742, p =.460). Findings of this study is in line with the research carried out by Collins (1994) that firm’s focus on selected target market - niche marketing provide basis for customize products that meet the needs and desire of the target market, hence, facilitate value creation. On the other hand, results of hypothesis four contradicts the position maintained by Lusk and Hudson (2004) and Yildirim and Savgili (2021) who maintained that consumer’s readiness to pay for a products is strongly connected to perceived value.

Conclusion

This study examined niche marketing strategies, perceived value and willingness to pay for whole wheat bakery products. Based on the results of the hypotheses testing, it can be concluded that the three variables (niche marketing strategies, perceived value and willingness to pay) exhibited positive and significant relationship with one another. However, only niche marketing strategies predicted consumer willingness to pay. Perceived value is not a predictor of consumer willingness to pay. Attempt to produce whole wheat bakery product, particularly bread create some short of niche market in the bakery industry. Niche marketing has been used in diverse industries in both domestic and international settings as a strategy to enhance firm performance

and value creation to customers (Kjell & Trond 2013). In other words, the notion and practice of niche marketing has been with us for some time. What is new, is the amplified diversity of markets and changing business landscape that propel businesses to adopt innovative marketing approaches that are remarkably different from the traditional marketing tactics. Niche marketing seems to be a suitable tactic in a rapidly changing business environment, due to growing internationalization and product standardization (Dalgic, 1992). Niche markets represent an attractive opportunity to businesses who compete against the economies of scale that larger rivals are able to accomplish.

However, the pathway to niche marketing tactic may not always guarantee success, thus similar to any business decision, it requires critical evaluation, proactive marketing competences and strategies. According to Peterson (1995), customers can either endure the economic benefits of a purchase encounter, or can seek improve offerings adapted to their own needs and expectations (Morar, 2013). However, effort to discover the most suitable niche market is a difficult encounter, since demographic characteristics and the nature of demand mostly differed among consumers who may be more concerned with different products attributes such as labelling, contents, organic or specialty types. Niche marketing has become the focus of many studies that deal with consumer awareness, acceptance and willingness to pay for value added or differentiated products. Aside, companies operating in a market where there is little entry and exit barriers can compete effectively only by adding features into their products and by evaluating consumer disposition to pay for such innovations, hence, the need to adopt niche marketing strategies as a framework for value creation.

Marketing as a field of study and practice exist to offer value to customers as a basis of building a long-term and mutually beneficial relationship with the target market. Therefore, value is the basis to the success of buyer-seller relationships outcomes, thus if a company products or services fail to meet the customer's desires and expectations, the marketing strategy is no doubt defective and inefficient. (Lemon, Rust, & Zeithaml, 2001). The notion of “value” is a major theme in marketing. As a result, marketing managers are stimulated to contemplate strategies connected to value creation in order to promote and improve their long-term success (Woodruff, 1997). As a matter of fact, one of the compelling basis to long-term success in business is the capability to understand what constitutes value in the mind of customers and competence to persistently deliver that value better than others (Duchessi, 2004).

Businesses across sectors are operating in a difficult and competitive environment. Therefore, businesses must offer value as a way of increasing the predisposition to pay and shopping intention of customers. Consequently, offering superior value has become vital for a firm as a way of maintaining long-term relationship and propelling tendency to buy (Ivanauskiene, Auruskeviciene, Skudiene, & Nedzinskas, 2012). Knowing a consumer’s reservation prices or willingness to pay for the products in the category is a sufficient basis to predict whether or not he/she will buy from the product in question and which of these products to choose. Precisely, the buyer will select the product alternative that offer the maximum surplus, which in the long run

provide framework that guide corporate decision in a number of important ways such as opportunity to differentiate and contemplate three demand influences that a change in price or the introduction of innovative product will generate in a market, namely: (i) the consumer switching outcome, the cannibalization influence and the market expansion impact.

Implications and Policy Recommendations

The fundamental theme in relationship marketing is that those firms which can interface and satisfy the client in the most adaptive way will survive and prosper. The core of this thinking is that niche marketing empowers customer needs to be well harmonized, and as a result, the niche marketer can charge a premium price due to added value. Leeflang and Beukenkamp (1981) voiced a note of warning against selecting a niche strategy and the intrinsic vulnerability of hyper-segmentation – i.e. choosing niches which are too small. Besides, as a result of market intensification, competition may create a formidable shake-out in the traditional market leaving only the strongest. Under this situation, niche marketing may assist business organisations to endure and remain competitive. According to Blattberg and Deighton (1991), niches are too small to be served profitably as marketing efficiency progresses, therefore, there is need for consistent customers' data gathering so as to keep track of their needs and preferences. Above position corroborated the view expressed by Poenaru (2011) who emphasis need to contemplate niche marketing as an applied strategy and perhaps as a potent form of segmentation theory that can be used at numerous stages (competitive strategy and marketing decision-making levels). This also reinforces the need for businesses to pursue product specialization and improve them over time through diverse strategic approaches such as extensive marketing communication, development of defensive barriers, and manageable scope of market expansion to provide superior products to the target market over time. On this basis of the aforementioned, this study recommends that:

- i. Firms pursuing niche marketing should realize that niches are too small to be served lucratively, therefore, there is need for a customer database that will provide avenue to effectively keep track of customer preferences for improve relationship building and engagement.
- ii. Businesses that seek to adopt niche marketing should pursue product specialization and develop strategies to improve them over time based on the changing needs and expectations of the customer(s) in the niche though extensive marketing communication.
- iii. To effectively pursue niche marketing, firms should develop strong internal dynamic capabilities to serve as a strong defensive barriers that will enable them to grow along with their market and possibly enlarge into other profitable markets.
- iv. It is important to set a clear ideas and objectives regarding what the company hopes to accomplish by adopting a niche marketing approach.

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