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CONSUMER AND MARKET DEMAND

AGRICULTURAL POLICY RESEARCH NETWORK

Strategic Planning – Niche Marketing in the Agriculture Industry

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PROJECT REPORT

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Strategic Planning – Niche Marketing in the Agriculture Industry

The purpose of the research is to improve our understanding of the adaptation process in agriculture at the farm level and the influence through the value chain. The research identified critical managerial decision areas in the strategic planning process of blackcurrant growers in Alberta and the South Island of New Zealand. The work was a comparative study of growers that attempted to determine the correspondence between the results of case study observations and a set of theoretical propositions that were developed from a review of the relevant literature. Results indicate that growers understand their own firm's core competencies, plan strategically and contingently to maintain flexibility and retain niche advantages.

Data gathered on the blackcurrant sectors in Canada and New Zealand provided the contextual basis for the selection and analysis of the grower case studies. The sector analysis reached across the value chain. Among the findings reported was the interesting observation that although niche marketing is an accepted strategy in the marketing literature as a means to adaptive change, and although the flexibility inherent in this approach is critical to the success of traditionally resource-starved small firms, it is not clear that the firms reported on in this study engaged in niche marketing as a planned strategy but rather came upon the opportunity through serendipity. In terms of country comparison, results indicate that there may be some specific factors that contribute to the success of the blackcurrant industry in New Zealand. Closer examination of these factors may be beneficial to assisting the Canadian sector.

Keywords: Niche marketing, strategic planning, adaptation flexibility

JEL Codes: D81, L1, M31, O13, Q13

Introduction

This paper will examine niche marketing as an adaptive strategy. The blackcurrant industries in Canada and in New Zealand provide the context within which the decisions of growers, processors and marketers are examined. A review of the literature in the areas of niche marketing, competitive strategies and decision making in small business is undertaken. Data on the strategic planning practices of growers (niche marketers) is reported and a discussion of the relevance of these findings to agricultural policy and the implications for further research is undertaken.

This study is based on the premise that it is important to understand how niche markets evolve, how the process of adaptive change is addressed through the adoption of niche marketing activities and how firms strategically manage the niche marketing process.

During the course of this research, data were gathered from growers, processors, researchers, financial and marketing intermediaries, exporters and distributors. These data were obtained from personal interviews and this information gained provided the industry background or context within which grower and processor case studies were evaluated.

Results indicate that although niche marketing is an accepted strategy in the marketing literature as a means of adaptive change and although the flexibility inherent in this approach is critical to the success of traditionally resource-starved small and medium sized firms it appears from the research that these firms did not set out to access a niche market per se (as defined by Shani and Chalasani, 1992). That is, entering a niche market was not an overt strategy but rather one that came about through serendipity – the result of an attempt to gain a competitive advantage in the market place by whatever means was compatible with the firm's core competencies. However, what the case study data also reveal is that once it became clear that the firm was involved in a niche marketing activity and was committed to this direction that management engaged in strategic planning. Also, although contingency planning was in evidence it was not in all cases tied to strategic planning.

With respect to niche marketing as a strategy, the research also indicates that, because they are small and rely on a degree of isolation, have the tendency to alter their

nature over time and may collapse either through disintegration or by absorption by the mainstream market. Collapse of the niche would, it is assumed, lead to, at least temporary, loss of competitiveness. Research indicates that individual niche marketers are well aware of this possibility and espouse concern over their lack of ability to deal with this uncertainty. The response of both the individual niche marketer and the industry to this circumstance would be the subject for longitudinal case research. As well, several alternative niche market strategies may be examined as an avenue of additional research.

The format of the paper is as follows. The focus of the first section is to briefly review a model of traditional agriculture with its emphasis heavily weighted to cost effectiveness and increasing volumes of production. Section two reviews the marketing literature from the perspective of a niche marketing strategy as one of a selection of generic competitive strategies (Porter, 1980). The section continues with a discussion of the strategic planning process of firms engaged in niche marketing and the extent to which these firms engage in contingency planning. Section three sets the context for the data gathering process. The definition of small and medium sized business is first reviewed followed by a discussion of the blackcurrant industries in Canada and in New Zealand.

Section four is the methodology section and reviews the case study approach to research. The single case holistic approach was selected to examine the blackcurrant industry in each country and the multiple case holistic design was selected to examine the decision making activities of individual growers in each country. Section five is devoted to a summary of results and conclusions based on data collected on the blackcurrant industries in each country and a comparative analysis of case studies of individual blackcurrant growers in Alberta and the South Island of New Zealand.

Background: Traditional Agriculture

The development of agriculture throughout the industrialized world has been associated with technological change. The trend in the adoption of new technology in agricultural production and management has been termed the “industrialization” of agriculture. Observations consistent with the industrial model of development in the agricultural sector suggest trends toward mechanization; fewer, larger and more

specialized units, a shift in usage from internally produced inputs to those purchased from third party suppliers, and increasingly complex management systems.

The substitution of capital for labour has contributed to the trend toward mechanization. As relative factor prices change, rational managers attempt to use less of more expensive inputs through factor substitution. On the output side, primary commodities have been subject to cyclical variation in supply and demand. The reality of price swings in cyclical commodity markets has been well documented. It has also been established that the long-term trends have tended toward over supply and depressed commodity prices in many sectors.

Specialization, the concentration on a single enterprise, has accompanied the increase in mechanisation and the increase in unit size and scale.

The tendency toward lower product prices is often found in primary industries, which in agriculture are generally represented in the literature as adhering to the parameters of perfect competition. A competitive environment in which the individual firm has little control over final product price and limited power with respect to acquiring inputs and marketing products typifies this structure. A competitive environment that is, in fact, subject to negative impacts from all of Porter's Five Forces (Porter, 1980). That is, the individual firm has very little power in bargaining with customers or suppliers, generally can not prevent new entrants (low barriers to entry), or the encroachment of substitute products.

Under these circumstances the firm often finds that internal control has been eroded due to greater reliance on external sources for resources (capital, labour, production inputs). The tendency to lower profit margins on a per unit basis is also observed. These trends are linked, and when taken collectively have resulted in what Munton et al. (1985) refers to as the technological treadmill. When managers face lower per unit product prices many attempt to maintain profit levels by increasing scale and volume and reducing costs. Traditional means to resolve the issue of lower profits overall is to increase firm size, and attempt to achieve economies of scale. There is also pressure to adopt income stimulating (output increasing) inputs and to adopt new technology in the hope of lowering unit cost of production. The on-going requirement to adopt new

technology for the purpose of cost reduction and the reliance on inputs purchased externally contributes to the reality of being on the technological treadmill.

The “technological treadmill” describes the consequences of increasing investment in the technology associated with low-cost production as a coping mechanism to deal with lower per-unit profit margins. Changes in the organizational landscape see many industries lobby for adjustment mechanisms at the macro level. These often are in the form of tariffs, subsidy or other forms of protection. . Farm managers’ responses to individual changes in the external or internal environment have been variously categorized. For example, Bryant and Johnston (1992) developed a conceptual framework to examine the process of farm level adjustment. In their model the decision to consider a change was based on the evaluation of various signals received by the decision maker. Evaluation of the signals could result in a continuation of the status quo or in taking action that might involve “adaptive change” such as diversification.

Adaptive Change

Increasing size and scale of a firm’s operation is the most commonly applied remedy to the problems associated with decreasing profit margins. However, the second option, that of adaptive adjustment is increasingly recognized as a possibility (Ilbery, 1991). Adaptive adjustments tend to be more specific (site, market, product or resource) and therefore less obvious.

One strategy that may be employed to foster macro-diversification is to support micro-specialization (Bollman, 1992). As some forms of specialization, such as adding an enterprise that is new and relatively untried in the collective agriculture community, have been defined as adaptive change (Ilbery, 1991). There has followed a renewed effort to better understand firm level adaptive change and the strategies that contribute to greater economic diversification and micro (firm level) sustainability.

In the marketing literature, niche marketing is viewed primarily as a defensive strategy but in the context of micro-specialization fostering macro-diversification it can also be viewed as an adaptive strategy.

Niche marketing may be subject to more risk because it involves the adoption of a new (innovative) idea but niche marketing is also a form of adaptive change that can be

initiated at the firm level in a very basic way. When adopted, niche marketing can partially restore some aspects of control (overcoming some aspects of Porters Five forces) and hence in strategic terms may be risk reducing in the long term. In his work Porter identified three “generic strategies;” cost leadership, differentiation, and focus that can be implemented at the firm level to create competitive advantage. Selection of a focus (niche market) strategy should position the firm to leverage its strengths in defence against the negative effects of these forces.

Niche Marketing

Niche marketing has been identified as a form of adaptive change that can be initiated at the firm level. In-order to develop and implement an adaptive strategy the firm’s management is obliged to consider the role of the new strategy in the context of existing on-going operations. In strategic terms the role of the proposed niche is considered in the context of the future outlook of the firm. This would include consideration of the portfolio mix, life cycle strategy, and marketing mix strategy.

Niche marketing is discussed in the context of strategic planning. A review of the literature establishes the premise that niche marketing is identifiable as a strategy, is separable from other mainstream strategies, and is a viable alternative for small and medium sized enterprises based in the agriculture and agri-food sectors of the economy. It is suggested that a niche marketing strategy may contribute to a solution to the problem of narrowing profit margins and lessen the effects of the technological treadmill. To be in a position to evaluate niche marketing as a viable strategy for small and medium sized firms in agriculture it is important to define and discuss niche marketing and its relationship to strategic planning.

Shani and Chalasani, (1992), define niche marketing as the process of carving out a small part of the market whose needs are not fulfilled. That the part of the market that is carved out would be specifically adapted to the firm (occupant) is consistent with strategic thinking. Stanton et al. (1991) further define niche marketing as “a method to meet customer needs through tailoring goods and services for small markets”.

The concept that most markets consist of a ‘mainstream’ and a series of niches is well established in marketing literature (McKenna, 1988). The strategies by which

relatively small firms can survive by carving out niches that are too small and therefore not considered worth while for mainstream companies to address is also well developed (Hamel and Parahalad, 1990, Pravit, 1990, Jain, 2005, Leflang, 1990). The process by which these firms identify and occupy these niches is collectively known as niche marketing.

Target marketing, focused marketing, concentrated marketing and micro-marketing are often used as synonyms for niche marketing (Dalgic and Leeuw, 1994). Because of this possible confusion it is important to both define niche marketing and also place niche marketing in perspective with market segmentation and its derivatives.

If a niche is considered to be a small market consisting of individual customers or a small group of customers with similar characteristics or needs, then it may be asked how this is different from market segmentation and targeting. Shani and Chalasani (1992) discuss niche marketing as a creative process which they termed nichemanship. Nichemanship is a process of carving out a small part of the market whose needs are not fulfilled and matching these unique needs by specializing along market, customer, product or marketing mix lines.

Shani and Chalasani (1992) provide a basic distinction between niche marketing and segmentation. They describe segmentation as a top-down approach, where as niche marketing is a bottom-up approach. Specifically, firms engaged in market segmentation strategies break the total market up on the basis of differences. All segment members are subsequently considered identical for marketing and promotion purposes, and the emphasis is on splitting the market into smaller manageable parts.

In contrast niche marketing is a strategy of aggregation based on similarities. Since the emphasis is on individuals, niche markets are generally smaller in size than market segments and the goal is to fulfil a specific need. These results are summarized in Table 1.

Table 1: Comparison of Segmentation / Nichemanship Philosophy

Segment	Niche
Top-down approach	Bottom-up approach
“Breaking up” based on differences	Aggregating based on similarities
All segment members are considered identical	Emphasis on individuals
Larger in size	Smaller in size
Emphasis on splitting to smaller manageable parts	Emphasis on fulfilling a specific need

Source: Shani and Chalasani, 1992 p25

Dalgic and Leeuw (1994) accept the basic distinction offered by Shani and Chalasani and extends the demarcation pointing out that an additional observable difference between niche marketing and segmentation is that a niche fulfils a specific need where as the purpose of segmentation is to delineate a manageable part of the market. This concept is an important contribution to the theory of niche marketing and will be considered again when discussing the market structure observed in the blackcurrant industry.

Niche Marketing, Segmentation and Mass Customization

Niche marketing should be distinguished from what has recently been termed mass customization. Squire et al (2004) employ a definition introduced by Davis (1987) where mass customization is defined as “the ability to quickly design, produce and deliver products that meet specific customer needs at close to mass production prices”

In presenting the case to differentiate niche marketing from mass customization it is necessary to first look to Shani and Chalasani (1992) who describe the ideal niche as having the following characteristics:

- The niche is of sufficient size and purchasing power to be profitable.
- The niche has growth potential
- The niche is of negligible interest to competitors.
- The firm should have the required skills and resources to exploit the niche.
- The niche should provide entry barriers for competitors through accumulated customer goodwill.

If a firm uses a bottom-up strategy to group customers of similar needs and characteristics this implies a niche marketing strategy. There is, however, no onus on the firm to sell at or close to mass production prices. A niche marketing strategy does not

imply a specific pricing objective although a market penetration pricing strategy would be rare in terms of the philosophy of small batch unique products generally associated with niche marketing. In fact a higher or skim pricing tactic is more commonly identified with a focus or niche marketing strategy (Campbell-Hunt, 1999).

Dalgic and Leeuw (1994) refer to niche marketing as reverse segmentation and conclude that niche marketing could be defined as positioning into small, profitable, homogeneous market segments which have been ignored by others. Dalgic and Leeuw go on to conclude that this positioning is based on the integrated marketing concept and the distinctive competencies of the company (Dalgic, 2006 p7), where product positioning generally refers to the notion of how potential buyers see your product or service. As expressed by Ries and Trout (1981) positioning is “an organized system for finding a window in the mind”.

Hence, in Dalgic’s terms the objective of a niche marketer is to position the product (service or company) in such a way that consumers respect the uniqueness of the product offering.

To examine this important conclusion a little further it might be informative to look at the components individually. The marketing concept is the fundamental philosophy of marketing that organizations prosper by satisfying the needs and wants of their customers and managers make strategic production and marketing decisions accordingly. The marketing concept as defined by Kotler states:

“... that the key to achieving organizational goals consists of determining the needs of target markets and delivering the desired satisfaction more effectively and efficiently than your competitors” (Kotler and McDougal, 1985 p11)

Synthesising Kotler and McDougal, (1985) and Dalgic (2006); when strategic thinking around the marketing concept is integrated with knowledge and application of the distinctive competencies the company possesses then the firm is able to successfully position itself and its product in the market place. This relationship is examined in the following section where the concept of distinctive competencies is discussed in greater detail.

Distinctive Competencies

Kotler (1989) discusses distinctive competencies in terms of specialization, suggesting that the firm can specialize in various ways including: end-user, customer-size, quality/price, product-feature and service specialization. Further, the concept of distinctive competency and the related notion of core competencies (Porter 1980; Hamel and Prahalad, 1990) can be applied with respect to the discussion of the strategic planning process that leads a firm to select a niche marketing strategy. According to Hamel and Prahalad (1990) a company's core competencies are things that a firm can do well and that meet three conditions:

- It provides customer benefits.
- It is hard for competitors to imitate.
- It can be leveraged to other products and markets.

A core competency in this context can take various forms, including technical/subject matter know-how, close relationships with customers and suppliers, and reliability. This description bears close resemblance to Kotler's distinctive competencies discussed above.

Given Dalgic's (2006) definition of niche marketing and the argument that positioning is based on the integrated marketing concept (Kotler and McDougal, 1985; Dalgic and Leeuw, 2004 and distinctive competencies that the firm possesses (Kotler, 1989) and core competency (Porter, 1980) we can delineate several essential elements of niche marketing. Dalgic identifies five essential elements (Dalgic 2006, pp7-8) to which we add two additional items based on the discussion in Pravit (1990). They are:

- Positioning
- Profitability
- Distinctive competencies
- Small market segments
- Adherence to the marketing concept
- Long-term relationships
- Company reputation

Applying these essential elements, and particularly relationship marketing is what allows niche marketers to build a barrier to deter potential competitors and sustain long-term profitability (Pravit, 1990).

Therefore, to be a successful niche marketer, the firm must select an appropriate market that meets the above criteria set. In addition, the firm must select the “means of competing” based on its distinctive or core competencies. These are matters of strategic planning and implementation. If the firm’s strategy is successful it will achieve profitable sales volume in a market that is unique and it will do so by building strong relationships with customers and suppliers, ensure greater likelihood of achieving long term sustainability.

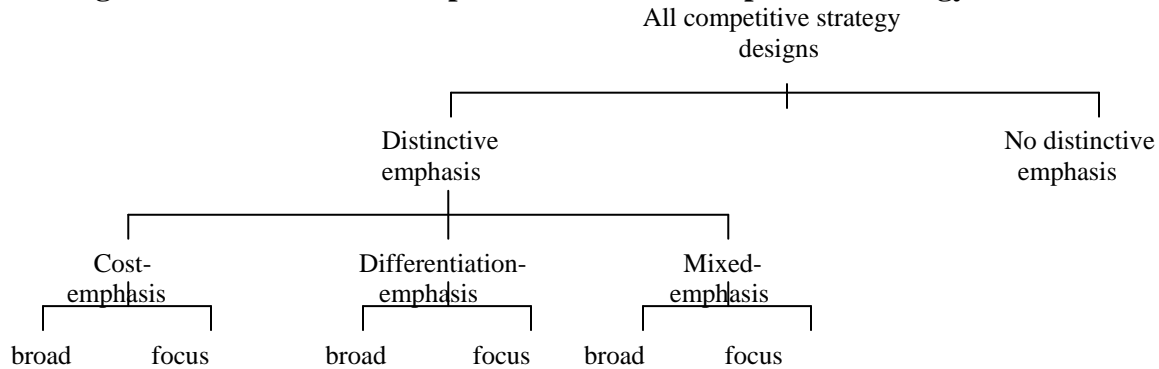
These observations are consistent with the literature. Although the primary reason for choosing a niche strategy is usually a defensive one, Jain (2005) presented several reasons for choosing a niche strategy including: for survival, to enhance an opportunity and to avoid competition, and to serve a unique market. Similarly Leflang, 1990 (cited in Dalgic and Leeuw, 1994) suggests a company will select a niche strategy when: the company concerned has the ability to approach a niche in a specific manner, better and different from others, and if the company is able to create considerable goodwill in a relatively short period in order to deter competitors.

Competitive Strategies

Niche marketing strategies are rooted in what Michael Porter termed generic competitive strategies. Campbell-Hunt (1999) referred to Porter’s theory of generic competition strategy as “unquestionably among the most substantial and influential contributions that have been made to the study of strategic behaviour of organizations”.

In reviewing Porter’s theory Campbell-Hunt proposed that the essence of the theory was two fold. The first component is a system for describing the firms’ competitive strategies. The taxonomic interpretation of generic competitive strategy is represented schematically in Figure 1.

Figure 1: Taxonomic Description of Generic Competitive Strategy



Source: Campbell-Hunt, 1999 p130

A primary tenet of the discussion was that all competitive strategies can be classified and described according to market scope, focused (niche) or broad, and their source of competitive advantage (cost or differentiation). The author advanced a theoretical proposition about the performance outcomes related to these strategic designs. The proposition holds that firms will achieve higher levels of performance by choosing between one of cost- or differentiation-leadership. This was considered to be the base archetypal design. Campbell-Hunt proceeds to develop a series of propositions to interpret the system through various classifications including, taxonomic, empiricist, nominalist, and generics (which interprets the characteristics of market scope, cost and differentiation as dimensions of competitive-strategy design).

Porter's remains as the dominant design with respect to 'generic' strategy despite the fact that attempts by Mintzberg (1988) and others supported by empirical evidence which suggests that they offer a superior description of competition. (Kotha and Vadlamani, 1995; from Campbell-Hunt, 1999)

The fourth approach discussed by Campbell-Hunt is interesting in that it interprets generics as dimensions of competitive-strategy design. This advance interprets the characteristics of market scope, cost-and differentiation-emphasis as independent dimensions of a multivariate space. An important aspect of this approach is that even the extreme archetypal designs cost- and differentiation - emphasis can not stand on their own but must take both parameters into account. That is, cost leaders must not lose touch with the standards of differentiation and, most notable for this paper, those firms that emphasise differentiation must also remain cost conscious. The paper reviews the

commonly held view that most competitive-strategy designs can be positioned in the three dimensional space described by relative emphasis on cost advantage, differentiation advantage, and market scope. Campbell-Hunt ends discussion on this approach by proposing that adequate descriptions of competitive strategy require attention to each of five independent meta-dimensions including; marketing (and sales), quality reputation, product innovation, operations and market scope.

Analysis indicated that the strategy of high pricing was shown to be associated most strongly with product innovation and less strongly with quality (defined for this study as product and service quality). Market scope which covers breadth of product line and consumer segments was also analysed. Notably, specialist products were again associated with the meta-dimension of product innovation.

This analysis informs the discussion on niche marketing strategies. Where product innovation and the generic competitive strategies that emphasise product innovation are associated with specialist or niche products, this, it can be argued, is congruent with the strategy of high pricing which also is associated with product innovation.

Market scope was seen as independent of other dimensions. The argument as set out by Campbell-Hunt is that the decision to be active in a broad range of the market is associated with broad product range. Applying the corollary - that the strategic decision to limit the range of the market the firm chooses to operate in would be associated with a narrow product range supports the decision to adopt a niche strategy on a conceptual level.

The selection of a generic strategy by a firm is generally at the discretion of senior management or in the case of sole proprietor the owner/manager. The process that a manager employs in strategy selection is described within a broad and comprehensive literature on strategic management.

Strategic Management

Shuman and Seeger (1986, p11) define strategic management as "... the process of examining both present and future environments, formulating the organizations objectives, and making, implementing, and controlling decisions focussed on achieving these objectives in the present and future environments." Strategy according to Harling

and Quail (1990) is the central focus of the manager. Hofer (1975) contributed to the development of corporate and business strategy by constructing contingency theories of strategic management. Henry Mintzberg refers to strategy as “a pattern in a stream of decisions” Mintzberg (1988) and notes the importance of understanding the role that environmental change plays in the development of strategy.

Once a strategy is developed and implemented the firm must also be able to adapt the strategy to environmental and organizational changes. This process of adaptation is referred to as contingency planning. Contingency is evidenced by management’s action in response to a change in one or more of the environmental variables that influences the fit between a firm’s strategy and its environment. The idea that conditions in the firm’s macro-environment can change over the proposed planning period prompted renewed consideration in the development of a contingency approach to strategic management (Anderson and Zeithmal, 1984, Harling and Quail, 1990, Harling, 1992).

Contingency implies a “fit” between strategy and the environment, and therefore requires a strategic response to changes in the firm’s environment. Contingency strategies that are implemented with limited reference to an overall guiding strategy have been described as incrementalist, whereas contingency strategies that are grounded to the overall business plan can be described as comprehensive. Comprehensive contingency plans maintain a fit between the master business plan and the changing business macro-environment.

Niche Marketing Strategies

According to the literature, a firm may select a niche marketing strategy for various reasons. The strategy is sound conceptually when based on principles of differentiation and customer service discussed above. Kotler states that “a business must differentiate itself in ways that are important to the customer” (Kotler, 2003, p48 from Hezar et. al., 2006). Kotler maintains that the key to success is to concentrate on one or two areas in which the firm can excel and as Dalgic points out in the new competitive landscape, many firms have become adept at identifying precise differences among customers’ needs (Hitt et al, 1999 from Dalgic, 2006). As markets fragment profitable positions become available and firms adept at niche marketing move into these segments.

The attractiveness of a niche is dependant on more than the size or nature of the segment. According to Porter (1985) structural attractiveness is determined by five underlying sources of competition. The well known “five forces” model (Porter, 1985), looks beyond customer characteristics to all aspects of the industry and value chain. Accordingly, structural attractiveness of a market is determined by the following five sources of competition:

- Barriers to entry (threat of new competitors)
- The threat of substitutes
- Bargaining power of suppliers
- Bargaining power of customers
- Intensity of rivalry among existing competitors (level of competition)

The first four forces combine to influence the fifth force, the level of competition in an industry. For niche marketers to be successful the majority of these forces must support the decision to enter a niche market (Hezar et al., from Dalgic, 2006). That is, the niche is established because of the inherent uniqueness of the product or service. This uniqueness is a factor in establishing entry barriers and coincidentally high barriers to entry would likely continue to exist as long as a well defined niche can be maintained. Niche marketing firms therefore, devote important scarce resources to defining their unique position in order to maintain entry barriers.

Unique offerings are one aspect of the competitive advantage equation. A unique offering tailored to specific target market establishes a strategic advantage that may be sustainable. As early as 1978 Hammermesh et al. found, after analyzing successful niche marketers, the following common characteristics.

- An ability to segment the market creatively, focusing on areas where the company has particular strengths
- Efficient use of research and development resources
- Thinking small

Hezar et al. (from Dalgic, 2006) extended the analysis and argued that Small and Medium Sized Enterprises (SMEs), develop strategic advantages by targeting specific segments based on the following considerations). (Literature cited earlier in this paper and that supports these characteristics is also reported)

- Customer characteristics and unique needs. (Jain 2005; Pravitt, 1990)

- Specific or differentiated products designed to address specific needs. (Leflang, 1990)
- Geographic location.
- Lower overhead costs. (Campbell-Hunt, 1999)
- Better communications. (Pravit, 1990)
- Flexibility. (Hamlin et al., 2006)
- Competitive advantage based skills, expertise, service quality and customer relations (Shani and Chalasani, 1992)
- Preventing direct confrontation with large competitors (Kotler, 1989; Shani and Chalasani, 1992; Dalgic and Leeuw 1994).

The conclusion reached by Hezar et al. is that this makes a niche marketing strategy a customer-focused or customer-oriented strategy in national and by extension international markets (Hezar et al from Dalgic, 2006).

The majority of the literature concentrates on niche marketing as a defensive strategy. Gaudes (2004), for example, in his longitudinal study of retailers of home improvement products developed four different methods of establishing a firm's niche: specialists and generalists, a retail store typology, niche focus and niche width (via statistical measurement). In this analysis, generalists were firms that offered a wider focus in product assortment crossing into multiple product types whereas specialists mainly focused on one of several possible product areas previously identified. Niche focus and niche width were seen as extensions of the generalist /specialist category. This notion of specializing within a niche was further refined by Hezar et al. (from Dalgic, 2006) in delineating several characteristic niche marketer groups.

This research led to a series of recommendations with respect to ways in which a firm might implement a niche strategy. Hezar et al. proceeds to utilize the available literature about niche marketing and SME marketing to develop several groupings within the niche marketing framework. These recommendations are summarized in Table 2 which owes a good deal to the recent publication "A Handbook of Niche Marketing" (Dalgic, 2006).

It is important to note that each group demonstrates the trademark characteristics of niche marketers as discussed here but also may emphasize some characteristics over others (Hezar et al., from Dalgic, 2006). For example, the so called Ultraspecialists or Supernichers demonstrate characteristics that include: being very performance oriented

with a high degree of technical know-how, developing an internal research and development capability, and adopting specific product and market-oriented strategies with a narrow product and wide geographic focus.

Strong Customer-Oriented Niche Marketers are characterized by: flexibility with a strong customer orientation and diverse management skills (including innovation). And similarly global oriented Niche Marketers typically rely on their control of unique intangible assets including internationally experienced managers, a strong international network and preemptive technological capabilities.

Table 2: Recommendations for implementing a niche marketing strategy

Authors	Recommendations
Simon (1996) in Dalgic (2006) Ed.	Become an ultraspecialist <ul style="list-style-type: none"> • Follow a niche strategy – define markets very narrowly and create your own market • Cultivate strong mutual interdependence between you and your customer, built on economics and rationality (this helps create strong entry barriers) • Match internal competencies with external opportunities • Integrate technological orientation with marketing orientation • Avoid outsourcing core activities
Oviatt, B. M. & P.P. McDougal (1994) in Dalgic (2006) Ed.	Become a Global Player <ul style="list-style-type: none"> • Control (rather than own) assets particularly unique knowledge that creates value in more than one country. • Importance of alternative governance structure to promote increased concentration of limited resources on the primary sources of competitive advantage • Choose a product mix with demand that is of a global nature • Maintain a global vision from inception • Recruit internationally experienced managers with strong networks • Sell a unique product with “pre-emptive” product attributes. Maintain unique intangible assets such as tacit know-how to sustain advantage • Maintain a program of incremental innovation
McKinsey (1993) in Dalgic (2006) Ed. (7), Shani and Chalasani (1992)	Maintain a Strong Customer Orientation <ul style="list-style-type: none"> • Change with your customer • Compete of value rather than price • Strong customer focus and customize products to meet market requirements
Dalgic (2006)	Be a Vocal Local <ul style="list-style-type: none"> • Differentiate based on local culture/lifestyle, products/services. • Establish a local identity • Market through public relations and publicity.

Examples of niche marketers from the agriculture and agrifood sectors of the economies of Canada and New Zealand that illustrate these classifications include the following: Airborne Honey located at Leeston, South Island New Zealand is an example of an Ultraspecialist. The largest honey exporter in New Zealand Airborne processes and markets on the basis of honey (flower) type; Tatua Co-operative Dairy Ltd. And Just-the-Berries Ltd., both located on the North Island of New Zealand are global oriented niche marketers specializing in the case of Just-the –Berries for example in the sale of a range of functional foods and nutraceutical product derived from blackcurrants in the Japanese market. Comvita Ltd., also located on the North Island is a strong customer-oriented niche marketer specializing in natural healthcare products with a bee focus.

In Canada, Roaming River Ranches is an example of a strong customer-oriented niche marketer that continually adapts its product offerings in response to changing consumer tastes and demands.

Firms, such as the ones identified above exhibit the characteristics common to niche marketers but are also differentiated according to the grouping factors that mark their primary target market.

To summarize; review of the literature indicates substantial support for the position that niche marketing is a separate and viable strategy for a firm. Size of firm and nature of the product will be discussed next. It is suggested that, although size of the firm does not limit the choice of strategy, a niche strategy is associated with smaller firms. Working definitions for firm size will be considered. Finally, this paper will deal with the nature of agricultural products and how niche marketing might be a suitable strategy for this product class, some examples given and postulates for further research tendered.

Small and Medium Sized Firms – Potential Participants

Looking back briefly to the characteristics that Shani and Chalasani (1992) described - the ideal niche as having five essential characteristics. It is noted that four of these characteristics refer to the niche market where as the fifth characteristic refers specifically to the firm.

Before examining the relationship between the firm and the market it is important to revisit briefly the criteria established to select potential study participants.

In keeping with the definition of a small firm provided by Verhees and Meulenbergh (2004), that a small firm is one that is run and is controlled under the direct supervision of the owner, it is proposed, for the purposes of this paper to adopt this simple but forthright definition of a small firm. Verhees and Meulenbergh (2004) further states that small firms are actually a subset of Small and Medium Sized Enterprises (SME's) and singles out a farm as an example of a small firm. The literature also variously identifies these firms as Micro-businesses (firms with generally fewer than 5 or 10 employees) and small business (firms with fewer than 50 employees) (ISO and Corporate Responsibility: Issue Briefing Note, 2004, Balderson, 1994)

There appears to be strong *a priori* reasons for selecting firms that satisfy both sets of criteria. Many individual farm firms have the resources and the skills (or are able to purchase the skills) to exploit a niche position. However, there is also support in the literature for the view that many very small agricultural enterprises, including some single farms and small processors, are required to form alliances in order to obtain the resources required for innovation and product development and also to access potentially more stable markets and even niche markets. Alliances of various forms may allow these small firms to access resources and skills and act in the market place like a medium sized enterprise.

The objective of the proposed study is to examine the decision making behaviour of each firm within the context of its organizational structure and as such alliances, in all their manifestations, form an important aspect of the context within which strategic decision making and contingency planning take place. Also, it is reasonable to include firms that are at different points in the value chain. Processors, for example, often contract with growers on an individual or group basis for the purpose of ensuring quality and supply. Processors and exporters that are individual or family owned were considered potential study participants.

In the New Zealand blackcurrant sector several individual growers meet the requirements as do a number of processors. Other growers form strategic alliances and

meet the study requirements via this route. Most growers and processors are engaged in several enterprises and the blackcurrant enterprise forms one facet of their portfolio.

In Canada, Alberta blackcurrant growers have formed loosely knit marketing groups that are regionally based. Processing is often not done locally but in neighbouring provinces or, alternatively, fruit is partially processed and then shipped off shore for further processing and marketed as value added products.

The definition of a medium sized firm is less straightforward. Employment, revenues or assets are three measures often employed (CFIB, 2002). Ipsos-Reid (CFIB Report, 2002) defined SME's as enterprises that employ fewer than 250 people. They also found however, that as might be anticipated these will vary greatly among countries, over sectors of the economy and according to the specific use. Again, a working definition is required that is appropriate for the agriculture and agrifood sectors of the Canadian and New Zealand economies. Ipsos-Reid reported that very small establishments with between one and four employees account for a much larger percentage of total business establishments in Canada (than the United States) and although both Canada and the United States had similar proportions of total establishments accounted for as medium-sized enterprises, Canada had a much lower proportion of large establishments within the category.

There is very little in the literature that would assist in developing definitive categories for the agriculture and agri-food sector however, with Canada's and New Zealand's economies being considerably smaller than that of the United States or the European Economic Union, application of an employment, revenue or asset measure that is conservative and yet inclusive and representative of the industry suggests selection of firms with fewer than 100 employees as medium sized.

Further to the above definition, just as the working definition for a small firm invoked a behavioral characteristic (management of operations and control of assets) as well as a statistical criteria (number of employees), it is suggested that criteria in addition to those relating to employment or revenue be employed to clarify the demarcation of medium-size in terms of category boundaries. One such characteristic is related to the manner in which capital is raised. Exclusion of publicly traded companies address the

issues of management and control and implies that the means for privately held firms to raise capital also becomes a contextual component of the strategic planning milieu of the firm.

Verhees and Meulenbergh (2004) states that compared to large firms, small firms are nonbureaucratic and more flexible. This is attributable to the characteristic of a typical small business that the owner is the decision-maker (Nooteboom, 1994). Small firms sometimes develop competencies in networks, which emphasizes the importance of networks to small business (Verhees and Meulenbergh, 2004)

Blackcurrants Production in Context

The agriculture and agrifood sector value chain of growing, processing and marketing of blackcurrants in New Zealand and in Canada there are firms that qualify as niche marketers.

In terms of industry context and perspective it is necessary to distinguish the commodity market, and products produced for this market, from the niche market and its product assortment. The commodity market for blackcurrants is served by the processing of juice for concentrate. The niche market is represented by the sales, both domestic and international, of products commonly termed functional foods and nutraceuticals. These products are derived mainly from the pomace (skins and seeds) of the berry although powders are also processed from juice concentrate to market as functional foods particularly in Asian markets.

Summary

Dalgic and Leeuw (1994) views niche marketing as the implementation of the marketing concept. This paper has presented evidence that niche marketing is identifiable as a strategy that is separable from other main stream strategies and is a viable alternative for SMEs to pursue. Niche marketing has been defined as positioning into small, profitable market segments which have been ignored by others. Further, it has been suggested that positioning is based on the integrated marketing concept and distinctive competencies of the firm.

Distinctive and core competencies of the firm provide the “means of competing” which are matters of strategic planning and implementation. The meta-analysis conducted by Campbell-Hunt (1999) informed the discussion indicating that generic competitive strategies that emphasise product innovation are associated with specialist or niche products and that these strategies were also linked with a premium pricing strategy. Campbell-Hunt also indicates that his results suggest contingency theories of performance may offer powerful insights into the origins of effective competitive strategy.

The relationship of generic competitive strategies to specific firm-based strategic planning and the role of contingency planning opens an important avenue for research. The idea that a firm's macro-environment can change over the proposed planning period prompted the development of the contingency approach to strategic planning (Harling and Quail, 1990) where contingency implies a “fit” between strategy and the environment. This becomes grist for further enquiry.

Questions arise as to the extent to which niche marketers plan overtly and whether these plans are grounded in generic competitive strategies. These questions suggested the need for further enquiry and were the foundation for the propositions reviewed in detail in the Case Analysis section of this paper. Research questions suggested for this enquiry explore the contention that niche marketers develop contingency plans within the context of the strategic plan. Also, it is important to further explore the proposition that the macro-environment is important in terms of the context within which strategic planning is done. For example, is there evidence that, where a niche marketing milieu appears, this can be at least partially ascribed to the synergy resulting from networking among niche marketing firms as suggested in the case examples of the blackcurrant and apple industries which share processing and other facilities.

With respect to innovation in the agri-food sector the literature points strongly to a need for SME's to innovate to create competitive advantage. This suggests research questions relating to the extent and type of specialization and along which lines (market, customer, product) specialization will occur. Further, it is proposed that; if an agricultural niche marketer's strategic selections are based on the firm's core

competencies the extent to which these firms demonstrate knowledge of core competencies as a “means of competing” should be ascertained.

Methodology

Introduction

This study was conducted on a comparative case research design consisting of eight grower case firms set in the context of the blackcurrant industries in Canada and New Zealand. Actors, including processors, exporters and various intermediaries were also the subject of case interviews and provided context for the case analysis. This analysis reports on the flexibility demonstrated by niche marketers in the agriculture and agri-food sectors with respect to business strategy and contingency planning. The study employs a multiple case holistic approach and rests on marketing and business theories relating to the areas of niche marketing, generic competitive strategy, decision making theory and contingency planning.

Case Study Research Methodology

The research case has two parts (Lombard, 1968, p.246). The first is descriptive of the total observed situation or some carefully specified aspect of the total. The second is simply analytical and diagnostic of the forces operating in the situation. Yin (1981, 1984) extends this discussion by defining a case study as an empirical investigation that considers a contemporary phenomenon within its real-life context when the boundaries between the phenomenon and the context are not clearly evident.

Yin (1994) recognizes at least five different applications for case studies in evaluative research at least two of which are relevant to this study. The first is to describe the real-life context in which what Yin calls “the intervention” (circumstances, either externally or internally generated, that led to the occurrence of the phenomenon being observed). The field work portion of this study collected data regarding the characteristics of the strategic planning process of particular niche marketers at the time of adaptive change (adoption of a niche marketing strategy).

A second application is the development of an illustrative case and the ability to explore those situations in which the intervention being assessed has no clear, single set

of outcomes. This research chronicles the strategic planning process of the niche marketer from the time of making the decision to adopt a new strategy through subsequent production cycles, highlighting the key decision areas of the planning process throughout the period of adaptive change. The decision to adopt a niche marketing strategy (the phenomenon) is bound to the context of the industry and the time in that changes in the internal and external environment of the firm (e.g. market place, economic or institutional changes and advances in production technologies) coincide with key decisions that collectively engender the changed strategic direction.

The multiple-case research design was suggested for the greater portion of this study. The strategic decision making practices by individual firm operators in response to macro-environmental changes (particularly the market place – demand, competitive realignment and the like) was assessed. The cases studies assist in our general understanding of how decisions were implemented within the context of the operational requirements of the firm. The cases also suggest some of the causal links that connect the adoption of business practices with operations management of the business within the context of the strategic management plan. Also, as in the selection of the primary case for study there is an illustrative aspect, specifically the cases chosen are representative of each of their sectors respectively.

Criteria used to Judge the Quality of Research Design

Four tests have been commonly used to establish the quality of any empirical social research. Case studies are one form of such empirical research and the four tests are also relevant to case study research. Because the tests are common to all social science methods and have been discussed in detail in many textbooks they can be summarized here.

- *Construct validity*: establishing correct operational measures for the concepts being studied.
- *Internal validity*: (for explanatory cases), establishes a causal relationship, whereby certain conditions are shown to lead to other conditions.
- *External validity*: establishing the domain to which a study's findings can be generalized.
- *Reliability*: demonstrating that the operations of a study can be repeated with the same results.

Yin (1994) discusses tactics that can be used in the development of research case studies to ensure the compliance with the four tests described above. The tactics used in this study are set out in Table 1 below along with an indication of the phase of the research process in which the tactic was applied.

The issue of construct validity is especially problematic in case study research (Yin, 1994; Miles and Huberman, 1994). The test of construct validity was addressed through the utilization of multiple sources of evidence, establishing a chain of evidence and obtaining feedback from the principal decision makers. For each case the evidence that examined the characteristics of the strategic planning process and the subsequent role of contingency planning as a measure of flexibility was gathered through multiple (from two to four separate sessions) in-depth interviews. Observation notes of the principal investigator and associate case interviewers were compiled after each session. Interviews were conducted on site and physical records examined when available. Each case study participant had opportunities to review notes for accuracy and clarity.

Establishing internal validity essentially involves accumulating evidence. Although this study was largely descriptive in nature, following historically the decision making behaviour of each grower case participant provided the opportunity to probe somewhat to determine the reasons for particular decisions and to an extent generate inferences with respect to the firms internal decision making processes. Collecting data in time series assisted attempts at pattern matching and explanation building in the data analysis phase. For example, by building explanations for observed results of the decision making process over time it was possible to infer or imply the nature of contingency planning and whether contingency planning occurred within the context of an overall strategic plan. Case study data were collected on each strategic business unit in time series highlighting nodal decision areas. This technique aided in establishing a chain of evidence which also contributed to meeting the test for construct validity.

External validity deals with the problem of knowing whether a study's findings can be generalized beyond the immediate case. As noted elsewhere, case study research primarily attempts to generalize to theory (firms do or do not adopt contingency plans). The research design provided for eight grower case studies; four in Canada and four in

New Zealand. One case study in each country, considered the primary case, was subject to more intense analysis over a longer time period (there were as many as four on site visits over two years). The six additional cases were treated as separate ‘experiments’ and subjected to the same case study protocol though not to the same depth as the two primary case studies.

Reliability was addressed by ensuring each case interview was conducted using a standardized, case study protocol.

Table 3: Tactic applied to case study design and data collection

Test	Tactic Applied	Phase
Construct validity	<ul style="list-style-type: none"> • Used multiple sources of evidence • Established chain of evidence • Participants reviewed drafts 	<ul style="list-style-type: none"> • Data collection • Data collection • Compilation
Internal validity	<ul style="list-style-type: none"> • Data collected in Time Series • Simple pattern Matching • Explanation Building 	<ul style="list-style-type: none"> • Data collection • Data analysis • Data analysis
External validity	<ul style="list-style-type: none"> • Used replication logic 	<ul style="list-style-type: none"> • Research Design
Reliability	<ul style="list-style-type: none"> • Used case study protocol 	<ul style="list-style-type: none"> • Data collection

Source: Adapted From Yin 1994

Grower Case Selection and Summary

Cases selected represent agricultural and agri-food niche markets in Canada and New Zealand. To facilitate cross national comparison and to minimize contextual differences, cases representing the blackcurrant industry were selected. In addition, these cases are representative of the production and farm gate marketing level of the value chain. The processing sector of the value chain was represented by two cases from New Zealand (as this component is better developed) and one from Canada.

The principle of benchmarking was applied to the case firms. For this analysis a key result that was an observed change to the strategic plan that was both identifiable (and substantiated by the case participant) as a response to an environmental (market) change and was also common across case participants provided the common tool to evaluate the occurrence of the decision making situation.

The case discussions were summarized based on the study evaluation criteria. That is, key decisions were reported chronologically with respect to the change in environmental (market) conditions and the reported action of the case participant to the

change. The stated or implied importance placed on the reported changes was considered a measure of the flexibility demonstrated by the principal decision maker. The degree of flexibility (measured by the extent of change) could be part of a more extensive study.

Blackcurrant Industry Overview

New Zealand Blackcurrant Industry

The information summarized below was obtained through in-depth case interviews with representatives of the industry over a two year period. Interviews were conducted with those involved in research and extension activities as well as most aspects of the value chain including processing (small and large) intermediaries including purchasers, marketers and financial intermediaries and growers. The processing sector is quite diverse ranging from small local food processors utilizing IQF (Individually Quick Frozen) product to large commodity marketers such as GlaxoSmithKline (GSK) manufacturers of Ribena brand drinks and concentrates. The industry exports a broad range of products. The main commodity is blackcurrant juice blended with other fruit extracts or concentrates. Extracts of powders are marketed in the form of functional foods and nutraceuticals to several markets including Japan.

The Horticulture Export Authority (HEA) is responsible for the Export Market Strategy. This body oversees licensing and approval of export licenses which are required for the export of fresh fruit, concentrate and IQF. Among those with licenses are GSK, the blackcurrant Cooperative, Barkers (a regional fruit and fruit products processor mainly for the secondary food market such as yogurts and confectionary fillings) and four processor/exporting groups that export a variety products at different points in the processing continuum from concentrate to nutritive powders.

The HEA established Blackcurrants New Zealand Ltd. (BCNZ) as the Recognized Product Group for the export of blackcurrants. It is responsible for administering the export activities, representing industry participants nationally and internationally and for formulating an Export Marketing Strategy (EMS). The Board of Directors is made up of growers, exporters, processors and researchers. The mandate of BCNZ Ltd. is to ensure that production, research and marketing targets are met. Under the direction of BCNZ Ltd. growers are assessed a four cent levy based on production (per Kilo.) The Board's

decision with respect to research funding (plant breeding etc,) is partly based on a yearly grower survey. Currently the research is focused on the development of varieties providing fruit for products destined for export markets but funds are also allocated towards marketing and promotion of products in for both domestic and international markets.

Blackcurrants New Zealand Ltd. also oversees the operation of The New Zealand Blackcurrant Group which is the authorized sales representative of the New Zealand Blackcurrant Cooperative for sales into Japan. The group works with individual growers and with grower groups to ensure supply and monitor quality assurance programs. With respect to the marketing function, generally funds are allocated for marketing and promotion through a marketing sub-committee of the board.

Another subcommittee of BCNZ is known as Blackhort. Blackhort representatives are from both BCNZ and HortResearch. A summary of monies allocated by this subcommittee is as follows:

- To support the Healthy Berries Program. This is a marketing campaign designed to increase visibility and promote the benefits reflected in the research reporting high levels of antioxidants and vitamin C in blackcurrants.
- HortResearch BCNZ partnership.
- HortResearch has the responsibility of selecting the best varieties.
- A representative of HortResearch Oversees Blackhort including the issue of Intellectual Property as a potential income stream.

The New Zealand Blackcurrant Group also oversees the operation of Just-The-Berries Ltd (JTB). JTB purchases product from the Grower Cooperative and processes blackcurrant into powders for use in as functional foods and in nutraceuticals primarily for the Japanese. The Grower cooperative also processes fruit for this and other export markets but also sells into the domestic market and is more involved in the development of the IQF market.

New Zealand blackcurrant growers have the benefit of a situation of working in a country with a history of niche marketing and entrepreneurial activity. The industry cooperatively shares research facilities with other successful ventures in the vegetable and fruit environments and the very successful dairy sector. The industry is relatively cohesive with most growers belonging to the grower cooperative Two thirds of the

growers have contracts with GSK. Processing of blackcurrants into Juice (the commodity side of the market) is done in an apple processing facility in the off-season. This synergistic ability to utilize existing facilities more efficiently benefits both sectors (apple and blackcurrant) and helps keep costs down. Also, the universal levy on sales provides growers as a group with a voice and measure of control into the types of research that is undertaken in plant breeding and disease prevention. And finally, the cooperative retains their own sales and marketing representative who works in conjunction with BCNZ Ltd. In both domestic and international markets.

Canadian Blackcurrant Industry

The Canadian industry is much younger and less developed than its New Zealand counterpart. Interestingly though, Canada, with many of the opposite geographic and climate features of New Zealand but with the common features of high standard of living and relatively low population density, has reconsidered universal application of the high output-low cost model and has at various times (but more noticeably in recent times) provided assistance to Small and Medium Sized Enterprises to develop niche markets. NSERC (Natural Science and Engineering Research Council of Canada) for example has structured grants to educational institutions for the purposes of assisting small business and niche marketers become more competitive.

The Alberta blackcurrant industry was started as individuals and as groups, both in the south and the central regions, through the involvement of processors. Growers planted stock of blackcurrants based on the expectation of sales directly to the processor either as an individual firm or as part of a consortium. With either the failure of the individual processor or the dissolution of the marketing group the need arose to re-form the value chain connections. This occurred several times in the short history of production in south and central Alberta.

Currently the industry is small and fractionated. Growers have re-assembled into loosely formed marketing groups or undertake marketing on their own on a year by year basis. Regardless, there remains in the industry a core of producers pursuing innovative value added approaches including wine making and experimentation with various concentrates.

Blackcurrant Industry Case Study Analysis

The blackcurrant industry was examined in each country primarily as a requirement to provide context for the grower case studies. The focus of the analysis is on Proposition 1: Firms engage in niche Marketing and its antecedent; that as a review of the literature has established that niche marketing is a separate and identifiable strategy that this strategy can be identified as one employed in this sector.

The industry was viewed as an entity for analysis purposes. The single case holistic approach was used for this phase of the research. Case study interviews were conducted with representatives of government (agronomic research and business) marketing and financial intermediaries, processors and representatives of grower marketing groups.

In both countries it was determined that the industry is composed of two markets, a commodity market representing the processing and sale of juice, juice blends and concentrates and its derivatives and of niche markets including concentrates and powders for sale as functional foods and nutraceuticals products. The Individually Quick Frozen (IQF) market is an intermediate, difficult to classify, market that is clearly increasing in importance. IQF is a process that provides a product of discrete individual berries mainly for the confection industry.

Although this analysis was undertaken initially for contextual purposes it did also provide some of the more interesting results. These results are discussed in the summary section, and may become a primary target for future research.

Grower Case Study Analysis

Table 4: Case Study Identification

Case identifier	Description	Classification
Case 1	New Zealand – Medium	Primary – N.Z.
Case 2	New Zealand – large	Secondary – N.Z.
Case 3	New Zealand – small	Secondary – N.Z.
Case 4	New Zealand – medium/large	Secondary – N.Z.
Case 5	Canada – Medium	Primary – Canadian
Case 6	Canada – Large	Secondary
Case 7	Canada – Medium	Secondary
Case 8	Canada – Small	Secondary

Case Study Analysis Design

The primary case is chosen because it meets the criteria of the four tests (construct validity, internal validity, external validity, and reliability) and it satisfies the requirements for assessing the objectives and key result analysis and it also expresses the additional quality of being illustrative of the industry.

Secondary cases are subject to the same analysis but may not be as rich in detail, exhibit the same depth or variety of evidence or illustrate all of the aspects of an established chain of evidence.

Cross-Case Comparison

The criteria used to compare cases were based on the selection of objectives and the designation of key result areas discussed above. A summary of the criteria used is presented in Table 5.

Case Study Classification

New Zealand Cases

Case 1 is a single purpose operation with a multi-generation history of blackcurrant production in the southern aspect of blackcurrant growing on the South Island of New Zealand. This case was selected to be the primary New Zealand case.

Case 2 is a large, diversified grower in the central growing area of New Zealand. Case 3 is a small, diversified grower in the central growing area of New Zealand. Case 4 is a medium sized diversified grower of long standing and also known for research and innovation in the agronomic aspects of production. This grower is located in the north-central aspect of the blackcurrant growing region of New Zealand's South Island.

Canadian Cases

Case 5 is a single purpose operation located in the southern aspect of blackcurrant production in Alberta. This case was selected as the primary Canadian case.

Case 6 is a large blackcurrant grower located in the south central growing area in Alberta. This is a diversified cropping operation. Case 7 is a medium sized specialized blackcurrant grower in central Alberta. Case 8 is a small somewhat diversified grower in

the north central aspect of the blackcurrant production area that is moving toward berry specialization.

Case Analysis

The cases selected for analysis were established operations in New Zealand and in Canada. They are progressive with a family history (in some cases over several generations) of assessment and adoption of modern production technologies and systems and follow recommendations of public and private information sources. All appear efficient, profitable and were above average in their willingness to participate and share information. In terms of the adoption cycle, much of what was reported would place each of the operators as either an early adopter or at the leading edge of early majority. That would place these operations in the upper quartile of the industry with respect to adoption of industry innovation.

Propositions

Key result selection was based on the propositions which in turn were developed from review of the relevant literature.

- Proposition 1: Firms in the agriculture and agri-food sector engage in niche marketing.
- Proposition 2: Agricultural niche marketers engage in strategic planning.
 - 2a: Establish generic strategies
 - 2b: Strategic plans discernable
 - 2c: Contingency plans undertaken in the context of the strategic plan
- Proposition 3: Niche marketer's strategic selections are based on core competencies.
- Proposition 4: Agricultural niche marketers engage in product innovation
- Proposition 5: Agriculture niche marketers specialize along product, customer or product lines.

Key Result Areas

- Proposition 1: The firm's behaviour exhibits the characteristics associated with niche marketing identified in the literature. The primary criterion identified for key result purposes was that set out by Shani and Chalasani and refined by others.
- Proposition 2: Agriculture niche marketers engage in strategic planning by
 - 2a: Establish generic strategies – growers recognize and apply the principles of a focus strategy with cost efficiency subsumed within be primary strategy of specialization
 - 2b: Managers identify the elements of strategic planning as set out in the literature.
 - 2c: Managers indicate knowledge and use of contingency plans within the context of the strategic plan. Short term planning is identifiable in the context of specific decision situations.
- Proposition 3: Managers display knowledge of the concept of core competencies and are able to articulate the core competencies of their operation. Competencies are assessed in terms of managerial, operational, marketing and that synergies are evident

- Proposition 4: Managers articulate knowledge of the role of innovation in firm success and demonstrate the effort in introducing innovation to the firm
- Proposition 5: Specialization is identified and managers seek to capitalize on the competitive advantage inherent in specialization.

Table 5: Key Result Areas

Proposition	Key Result Area
Niche Marketing	Shani and Chalasani criteria evident Manager seeks out opportunities to apply criteria to operation of the firm
Strategic planning – generic strategies	Enterprise focus identified
Strategic Planning – elements	Steps identified and followed
Strategic planning – contingency	Contingency plans evident
Core Competencies	Introspection and identification of strengths and weaknesses within context of “fit” with potential opportunities
Innovation	Display knowledge of elements (idea generation and screening, tech. development and implementation) and action that is appropriate.
Specialization for competitive advantage	Managers identified a category of specialization

The terms used in the tables that follow are intended to reflect the degree of commitment of the manager to the niche marketing philosophy and the strategic planning process represented by the key result areas. They are designed to indicate the importance of the particular element (key result) to each decision maker. The time period, which is also critical to the context, is brought into the analysis in the narrative.

A brief description of the conditions for which each term was applied is provided with the understanding that context always plays an important mediating role in the extent to which conditions influence key result areas. The categories used were “strong,” “moderate” and “weak.” A description and a related example of category use is provided in Table 6.

Table 6: Case Evaluation Criteria

Category	Description	Example
Strong	Key result area was an integral aspect of planning. Several instances (or a few, even a single instance if clear and definitive) are evident.	N.Z. Case 1 manager planned strategically based on core competencies.
Moderate	The manager displayed knowledge of the elements of the key result area but action was less definitive in terms of depth, breadth or frequency.	N.Z. case 2 grower understood generic competitive strategies and relationship with core strategies but action was a mix of strategies.
Weak	The manager displayed knowledge of the key result area but did not consider it important in planning.	Canadian case 6 manager adhered to a strategic plan rigidly without contingent modification.

The Blackcurrent Industry

New Zealand

Analysis Case 1

The analysis for this operation was based on four personal interviews (two on location at the farm) over two growing seasons. There were also several telephone calls over the interim winter season to keep abreast of developments in the micro- and macro-marketing environment.

An established chain of events is discernable. Also, multiple sources of evidence can be inferred from the interview responses including business plans assembled for financial purposes, farmstead planning and for integrating business and family goals. The farm consists of 34 ha. of blackcurrants in continuous production since 1984. Product is marketed through the grower cooperative and through Ribena.

Strategic planning is based on a blend of marketing and production realities following a basic SWOT analysis. With respect to marketing, consideration is given to current market and projected demand which was based on an environmental scan completed by the grower and by the cooperative on behalf of the growers. Demand is assessed for three markets; juice, Individually Quick Frozen (IQF) and nutraceuticals. Production management techniques also change with variety and market chosen. Individual varieties are more suitable for each market and production management techniques such as level of irrigation and harvest times must be managed for each market. The extent to which a market can be accessed is tempered by the fact that different varieties are more suitable for each market. The grower must balance both cost and risk. Varieties need to be renewed periodically and replanting takes place on a rotational basis. Varietals' selection must also take into account soil and climate factors for the region. The grower spreads risk by planting varieties more suited to the agronomic conditions and managing markets contingently by adapting specific growing techniques throughout the production season. The grower works to the strengths of the farm, assisting in field trials and research into techniques to increase production. The grower is also active in directing the activities of BCNZ Ltd. as a grower director and participates in available extension activities.

Case three, largely because of the small orchard size was committed to the niche concept. The grower relied on the cooperative collective for marketing power and planned strategically according to the outlook provided by industry intelligence. There was evidence of contingency planning but more in regard to agronomic rather than issues of marketing. Management attempted to influence marketing decisions of the group through a voice at regional meetings.

Table 7: Cross Case Comparison - New Zealand Cases

Key Result	Case 1 Primary	Case 2	Case 3	Case 4
Niche marketing*	Strong	Moderate	Strong	Moderate/strong
Strategic planning Generic strategies	Strong	Strong	Strong	Strong
Strategic Planning Steps	Strong	Moderate	Strong	Strong
Strategic planning Contingency **	Strong/ moderate	Moderate/ Strong	Strong/ moderate	Strong/Strong
Core Competencies	Strong	Strong	Strong	Strong
Innovation	Moderate	Strong	Moderate	Strong
Specialization+	Moderate	Moderate	Strong	Moderate

Notes:

*Once growers recognized they were operating in a niche market they were fairly quick to apply management expertise to the criteria suggested by Shani and Chalasani. The ratings reflect this “second generation” application of niche marketing principles.

**This variable is displayed in two parts. The first indicates contingency planning as part of an over all strategic plan and the second as contingency planning which is “stand alone” without consideration for an overarching strategic plan.

+Specialization also refers to a “second generation” idea recognizing that blackcurrant growing is a specialist niche market the firm specializes in certain aspects of the market. This is complicated by the fact that the overall operation might be diversified (grain, livestock, horticulture...) therefore spreading production and financial risk or being specialized in terms of blackcurrants only. Case 1 for example is specialized in blackcurrants but grows varieties suitable for juice, IQF and nutraceuticals. Case 2 is a much diversified, large farming operation that is also a diversified currant grower and case 3 is diversified into horticultural crops but grows blackcurrants mainly for juice.

Case two on the other hand, because of the firm’s size and diversification, brought with it a commodity attitude and management sought solutions strategically and contingently in the light of cost reduction and large scale production and marketing philosophy. Despite the commodity orientation the firm was innovative in terms of assessing the product/market mix and investing in alternative markets.

Case four was both a long time player and because of location and expertise integral in the agronomic aspect of variety testing. Management was committed to

building both the commodity and niche aspects of the business. The operator planned strategically and was active in guiding the industry through governance. There was also evidence of contingency planning though specialization was not well defined.

Canadian Cases

Case 5

This is the case of a Canadian blackcurrant grower that is an example of a niche marketer with a strong customer-oriented focus. The orchard was planted under the encouragement of a local processor which contracted for initial production. When this processor ceased operation local growers were left to find markets. With the relatively low price in the commodity side of the market there was interest in developing the value-added side. Evaluating various niche market opportunities, there were attempts to operate both alone and with other growers in loosely knit cooperative or joint venture types of arrangements. Most growers including this operation now market independently.

Growing conditions are challenging and the strategic selection of blackcurrant varieties is skewed to the agronomic factors involved in producing in a harsh climate, but characteristics more suitable to the market are also considered.

Managers of this single farming entity demonstrated awareness of the operations internal strengths and weaknesses, knowledge of general competitive strategies and were committed to a strategic planning process. This was demonstrated through the operations innovative approach to marketing blackcurrant products.

The principals market the commodity portion of the crop as juice but also attempted to add value through the production and sale of blackcurrant wine as part of a joint venture with a winery from a neighbouring province. Recently the firm has initiated the development of wine kits as a value added variation with assistance from the Alberta governments sponsored food processing and market development facilities. The firm's latest venture is marketing product exclusively into the very high end restaurant trade in Calgary. The firm demonstrates flexibility and a strong customer orientation that competes on value rather than price.

Table 8: Cross Case Comparison –Canadian Cases

Key Result	Case 5 Primary	Case 6	Case 7	Case 8
Niche marketing*	Strong	Weak	moderate	Moderate
Strategic planning Generic strategies	Strong	Strong	moderate	Strong
Strategic Planning Steps	Strong	Strong	Strong	Strong
Strategic planning Contingency **	Strong/ Strong	Moderate/ Weak	Strong/ Moderate	Strong/Moderate
Core Competencies	Strong	Strong	Strong	Strong
Innovation	Strong	Strong	moderate	Strong
Specialization+	Moderate	Moderate	Strong	Moderate

Case seven and eight growers were considering alternative avenues of marketing but were selling all of their production through the commodity market at the time case interviews were conducted. There was evidence of strategic planning and recognition of core strengths and a desire to move to a focus strategy. There was limited opportunity to demonstrate contingency planning outside of agronomic aspects but the operators displayed evidence of knowledge of the concepts and application where possible. Case six has the potential to be a major player in the small industry and assumed a lead role early on in the development of the industry. This firm has since chosen to relinquish this lead role as part of the strategic plan of the firm. The firms' contingency plans are subsumed within the dominant strategic plan variable related to break-even price and cost of production.

Table 9: Cross Case Comparison - Primary Cases

Key Result	Case 1 New Zealand Primary	Case 5 Canadian Primary
Niche marketing*	Strong	Strong
Strategic planning Generic strategies	Strong	Strong
Strategic Planning Steps	Strong	Strong
Strategic planning Contingency **	Strong/ Moderate	Strong/Strong
Core Competencies	Strong	Strong
Innovation	Moderate	Strong
Specialization+	Moderate	Moderate

New Zealand and Canadian primary case firms were committed to operating in a niche marketing environment and leading their respective industries in market development.

Summary of Findings

First, recall that the purpose of the research was to determine the viability of the propositions developed from the literature and to refine these propositions based on interviews with actors at various stages in the value chain and through more in-depth case studies at the grower level.

It was evident that growers sought to increase revenues while maintaining strategic flexibility in choice of enterprise mix. It was also apparent in both countries, but particularly in Canada, that orchards were planted in response to incentive from processors or other members in the value chain who would assume the responsibility for activities up the value chain including sales and marketing. It was only when links in the value chain were broken however and growers assumed the role of marketing intermediary that it became apparent to them that they were part of a niche marketing scenario. Once this became apparent strategic plans reflected this reality and contingency plans became more focused and integrated.

The research provided evidence that firms at the grower level of the value chain understood their position with respect to the market. When confronted with a niche market position growers assessed their core competencies and planned strategically according to their assessment of market potential. Those growers with access to additional resources engaged in innovation (thinking and practice) others attempted to support innovation through their participation in alliances. Sometimes the alliances formed were horizontal, either in informal marketing groups (Canada) or more formal cooperatives (New Zealand) or vertical with other members of the value chain (mainly processors or exporters). There was also evidence of contingency planning though not always in the framework of the strategic plan.

Specialization was considered by growers of both countries. This is a core, more complex, variable than initially considered and requires additional research. Growers were faced with considering the variety of blackcurrant that would be most suitable for the various markets (juice, functional food, nutraceuticals, or IQF) and pay attention to the agronomic requirements to maximize production depending on location.

Further observation of the value chain and the way in which niche markets develop led to some interesting insights. It was observed from industry /processor case studies that as niche markets develop and mature they become in danger of losing the key competitive advantage that provided the initial barriers to entry. As the niche grows it draws the attention of competitors that had previously ignored the niche. The niche is no longer of negligible interest to distributors and possible competitors.

Also, even with barriers to entry, firms further along the value chain may find it advantageous to seek product alternatives, possibly jeopardizing the privileged position of the niche marketing firm where the niche product had previously enjoyed a premium price or preferential supply terms based on a focused generic strategy and unique product or service characteristics. The critical level of production at which this is likely to take place requires further study. However, it was evident that there was some point in the growth of the market that the potential loss of competitive advantage became a significant issue to the niche firm resulting in the need for the niche marketer to revisit their strategic plan. In some cases where there was such a rapid or unexpected onset of potential loss of competitiveness that it initiated a crisis of management and a need to significantly alter direction.

Canadian Agricultural Policy Implications and Further Research

The blackcurrant industry in Alberta has been frustrated by a number of false starts and marketing dead-ends. Research in New Zealand with respect to the more mature blackcurrant sector indicates some important synergies identified as noteworthy aspects of the New Zealand Industry. It is suggested that the role of the New Zealand government under the auspices of the Horticulture Export Authority play a significant role as facilitator for the industry. In Canada, with the absence of a lead player in the value chain it is suggested that the role of grower associations might be encouraged to fill a lead role. The universal levy too, although small in total New Zealand dollars, appears to represent more in terms of industry cohesion and strategic direction than would have been suggested by the specific amount. On closer examination of propositions specific to planning at the grower level it was clear that growers recognized the need for innovation and that the levy system implemented in New Zealand provide comfort to growers that

their input was valued and their specific requirements recognized. In New Zealand, although the cooperative is voluntary most growers are members and pool at least a part of their production.

Canadian institutions could also examine ways and means of assisting growers and grower groups better utilize existing processing facilities in the same way that they have already assisted growers to access research facilities for product and market research.

Producer cooperation and access to the value chain are vital in the initial stages of development of a niche market. Similarly, recognition on behalf of those seeking to assist niche marketers that as the niche market takes off, niche players are likely to face the decision of whether to go mainstream or maintain the status quo niche strategy will presumably support these efforts. Whether the decision in fact lies with the niche producer will be imposed by another member of the value chain such as a processor, exporter or end user also requires consideration.

Propositions will be revised in light of the current findings and further research will be undertaken to verify the revised propositions. Additional case studies are planned for 2007 and 2008 in both Canada and New Zealand. Also, this paper has not dealt with world consumption and changes in tastes and preferences for commodities, functional foods and nutraceutical products. There is need to maintain on-going assessment of the sector in Canada and in New Zealand as they relate to European and other North American production conditions and to Asian consumption patterns. This has proven to be a very dynamic situation in terms of world shifting production and changing consumer patterns and the next few years will be critical to the industries in both countries.

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