

When does a market qualify as a niche market? A canola case study

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Submitted in partial fulfilment of the requirements for the degree

MSc.Agric.

In the:

Department of Agricultural Economics

Faculty of Natural and Agricultural Sciences

University of the Free State

Bloemfontein

2013

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Declaration

“I hereby declare that the work in this dissertation, as submitted to the University of the Free State for the degree Magister Scientiae Agriculturae, is my own independent work and has never been previously submitted, either as a whole or in part, for a qualification at another university or at another faculty of the University of the Free State. I also cede copyright on this dissertation to the University of the Free State.”

Rechtus Steyn

December 2013

Acknowledgements

I hereby express my sincerest gratitude towards the Protein Research Foundation, which made this study possible by means of a generous bursary for the duration of my research, thus affording me the opportunity to complete the qualification.

I also thank my family for their steadfast emotional support, love and enduring care. Without their support and understanding, my efforts would have had no value or meaning.

I am most grateful to my promoter, Dr Dirk Strydom, and my co-promoter, Prof. Johan Willemse, for repeatedly bringing me back to the “golden line” and somehow managing to always find simple solutions to seemingly insurmountable problems. Their input, criticism, time and mentorship have meant everything to me.

I would like to acknowledge my fellow colleagues in the Department of Agricultural Economics at the University of the Free State for two wonderful years of friendship, support and assistance, with special thanks to Dr Henry Jordaan and Mr Manfred Venter, as well as the administrative staff, Louise Hoffman, Ina Combrinck and Chrizna van der Merwe.

Finally, and most importantly, I must give thanks to Almighty God for blessing me with the necessary wisdom, guidance and encouragement during the course of this study. This endeavour proved to be a spiritual journey, which forever changed my outlook on life.

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Bloemfontein

Desember 2013

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Keywords:

Niche marketing; Framework analysis; Canola oil; Rooibos; Karoo lamb; Olive oil; unique product characteristics; specialisation/ differentiation; emotional message.

Abstract

This study focuses mainly on product features that enable products to enter or create a niche market. Niche marketing is an acknowledged strategy to generate higher profits when marketing a particular product. As niche markets usually deliver high rewards, a product must have the ability to create a niche market, before any strategy for niche marketing can be agreed upon. The main objective of this study was to develop a framework, using Framework Analysis as methodology, to characterise a typical niche product as the basis for the evaluation of an agricultural product.

This dissertation presents three case studies, namely rooibos, Karoo lamb and olive oil, conducted according to three key themes identified from the literature on niche marketing. The niche features of these products are observed and ranked according to the three key themes, after which a final framework is constructed from the case studies in order to evaluate canola oil. This final framework structure is believed to be an appropriate structure to support the decision-making process in terms of whether a product has the ability to

engage successfully in niche marketing over a moderate timespan. The structure itself will not reach a decision, but will steer and influence a firm's or user's decision-making process in the right direction when testing a product accordingly.

The results indicate that the features of canola oil do not fully comply with the final framework. Canola oil can therefore not be perceived as a niche product, but rather as a commodity product. Although canola oil has several positive properties with regard to health, it is not a luxury product that eliminates competition through quality and standard while still managing to compete with common vegetable oils. The study provides the South African canola industry with recommendations to possibly strengthen the market for canola oil and create a higher demand for the product. A number of new and innovative ideas can be tested in view of enhancing the consumer's perception of canola oil.

This brings valuable insight to the topic of 'niche products', and motivates further research in the field of consumers' willingness to pay. Doing further consumer research on the willingness to pay for specific niche product features will provide a more assured result in terms of marketing prospects and outlooks.