The Effect of Blue Ocean on Business Entrepreneurship through Niche Marketing as a Mediating Variable (Applied Study on Zalat for Leather Products Co.)

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Abstract

This research investigates the impact of the Blue Ocean Strategy on business entrepreneurship through Niche marketing as a mediator. Researchers adopted a descriptive-analytical approach, A structured questionnaire was developed and administrated to a sample of "Zalat for leather products" employees, where 500 questionnaires were distributed, and 395 questionnaires were retrieved for analysis. The rate was 79% of the distributed questionnaires. Analyzing data was conducted using a set of statistical methods using SPSS-V23 and AMOS-V23. The study found that Blue Ocean Strategy and Niche marketing all had a significant positive effect on business entrepreneurship. These findings suggest that companies should utilize the Blue Ocean Strategy to select a Niche market according to their unique advantages and develop high-margin products through product customization strategies.

Subject Areas

Entrepreneurship

Keywords

Blue Ocean, Niche Marketing, Business Entrepreneurship

1. Introduction

Nowadays the world witnesses accelerated changes in the business environment such as technological advances, fierce competition, and globalization [1].

Business competition among organizations has led to major changes. Accelerated technological advances, intense competition, change in lifestyle and customers demands, and globalization are the main forces that lead companies to move from saturated red ocean markets, to create uncontested market space in the Blue Ocean of innovation [2]. Thus, companies must be responsive to the business strategy implemented and create business opportunities that can generate profits [3].

In 2005, Kim and Mauborgne presented a non-conventional strategic approach which they called it "Blue Ocean Strategy". This approach encourages companies to move from fierce competition in red ocean markets, to create value in uncontested market space which is called "Blue Ocean" [4]. The strategy aims to create a new marketplace that hasn't been discovered by

Blue Ocean Strategy is a strategy that aims to create a new marketplace that hasn't been discovered by anyone nor any competitor before. In the new market, the company shall not have anyone to compete with. Thus, the competition shall be irrelevant. That is because the rules of the game haven't been set yet [5].

Blue Ocean is a strategy to outdo the competitors by offering innovative features of a product they neglected so far [6], which is the successful chance that leads to entrepreneur products and markets which enable the companies to attract new customers and achieve growth in sales, profits and market share [7].

Companies need to constantly work on detecting proactively new market opportunities. One way to seize opportunities is to implement the Blue Ocean Strategy that allows businesses to create a Niche market to get out of the red ocean competition so that competition becomes irrelevant [8]. A Niche market is a marketing term used to refer to a portion of a market segment in which individuals possess homogeneous needs and characteristics and the latter are not entirely covered by general offers of a market. Niche marketing basically works with the concept of "Big fish in a small pond" [9].

Niche marketing is a strategy to outdo the competitors by offering innovative features of a product they neglected so far, which consists of groups of consumers (market segments) within the larger marketplace who have similar demographic, buying behavior, and/or lifestyle characteristics, even consumers with the same buying behavior may have differing motivations (which are essentials elements to know for marketing and promotions) [10].

Niche marketing can be beneficial for some firms in terms of increased profits, higher prices, higher growth, increased market shares and increased competitiveness.

Niche marketing can be applied to different situations, such as a variety of industries, firms of various sizes, domestic and international markets and new and established markets. Further, successful Niche marketing appears to require the use of specialization, relationship marketing, developing internal dynamic capabilities and building protective barriers.

Companies are seriously striving to become more and more entrepreneurs [11]. Entrepreneurial orientation has been evaluated as an important antecedent in companies that positively impacts performance.

In accordance, the entrepreneurial attitude seen from a strategic point of view refers to the positions that managers must take to discover or have knowledge of new opportunities in business markets. In the same way, Miller and Friesen mentioned that an entrepreneurial enterprise was one that was dedicated to product innovation, took the risk by undertaking some projects and was proactive in these actions, which provided them with competitive advantages over their competitors [12].

From here, the main problem of the research can be formulated in the form of the following question:

- What is the impact of the Blue Ocean Strategy on achieving entrepreneurship through the role of mediator for Niche marketing in Zalat for leather products" employees?

2. Research Design

2.1. Objectives of the Research

The objectives of the research are:

1) Investigate the impact of the Blue Ocean Strategy on business entrepreneurship through Niche marketing as a mediator.

2) Reviewing the concept of Niche marketing, identifying Niche marketing dimensions, and concepts of business entrepreneurship.

3) Identify the ways in which the Blue Ocean process can be relevant to attain the goals of Niche marketing.

4) Determining the component of Blue Ocean Strategy according to its dimensions (raising, reduction, elimination, Innovation).

5) Reaching out to a set of recommendations that, if implemented, are expected to lead to the improvement and development of organizations' business entrepreneurship.

2.2. Research Questions

- Is there a statistical relationship with a significant impact between the Blue Ocean and business entrepreneurship?
- Does Blue Ocean Strategy affect the Niche marketing of Zalat for a leather product company?
- Does Niche marketing affect the business entrepreneurship of Zalat for leather product company employees?
- -Is there an impact of Blue Ocean on business entrepreneurship through Niche marketing as a mediating variable?

2.3. Research Model

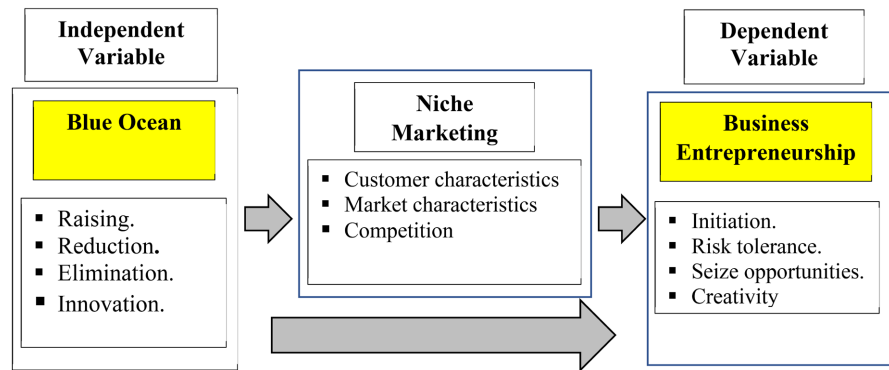Figure 1 shows the research model of this study.

Figure 1. Research model of this study.

2.4. Research Hypothesis

In order to answer the research questions, According to the literature review and previous studies, the following hypotheses were developed to decide if there is a significant impact Blue Ocean on Niche marketing:

- There is a statistically significant effect of Blue Ocean on business entrepreneurship.
- There is a statistically significant effect of Blue Ocean on Niche marketing.
- There is a statistically significant effect of Niche marketing on business entrepreneurship.
- There is a statistically significant effect of Blue Ocean on business entrepreneurship through Niche marketing as a mediator variable.

Statistic methods with SPSS and Amos will be used to verify previous hypotheses.

3. Research Methodology

The study adopted a descriptive-analytical method, the questionnaire was the study's main tool for collecting data; where 500 questionnaires were distributed, and 395 questionnaires were retrieved for analysis, the rate was 79% of the distributed questionnaires. Analyzing data was conducted using a set of statistical methods including Cronbach's alpha, means, standard deviation, exploratory factor analysis, multiple linear regression using SPSS-V23 and AMOS-V23.

3.1. Study Tool

The study of data collected through questionnaires has four sources: basic respondent demographic data, Blue Ocean, Niche marketing, and business entrepreneurship.

The 31-item scale of Blue Ocean section is based on [13]. There were 8 items measuring raising, 8 items measuring, reduction, 8 items measuring, elimination, and 7 items measuring innovation.

The 23-item scale of Niche marketing section is based on [14]. There were 7 items measuring customer characteristics, 8 items measuring market characteristics, and 8 items measuring competition

The 27-item scale of the business entrepreneurship section is based on. There were 7 items measuring initiation, 6 items measuring risk tolerance, 6 items measuring seize opportunities, and 8 items measuring creativity.

Responses to all items scales were anchored on a five (5) point Likert scale for each statement which ranges from (5) "full agreement", (4) for "agree", (3) for "neutral", (2) for "disagree", and (1) for "full disagreement".

3.2. Questionnaire Design Steps

Study questionnaire to be in the final form as shown, researchers had the following steps:

- Review the literature and previous studies related to the subject of the study, to have the structure in building the questionnaire and formulating its paragraphs.
- The researcher consulted a number of Egyptian university professors and administrative supervisors in the field.
- Determining the main dimensions of the questionnaire according to the study variables.
- Determine the main items for each dimension included in the questionnaire.
- Determine items that fall under each dimension.
- Presenting the questionnaire to the supervisor for discussion and comments.
- The questionnaire was designed in its initial form and it consisted of three main dimensions and 81 items.
- The questionnaire was judged by 7 arbitrators with experience in academic and professional fields.
- According to arbitrators' opinions, some items of the questionnaire were modified in terms of deletion, addition and modification.
- In order for the questionnaire to settle in its final form on 81 items.

A questionnaire was prepared on "the impact of the Niche marketing as a mediating variable between Blue Ocean and business entrepreneurship" applied study Zalat for leather product company in Egypt.

The questionnaire consists of:

1) Part 1: personal data.

2) Part Two: variables dimensions and items.

Table 1 shows the sources of the questionnaire items and number of items, that were developed from previous studies:

3.3. Pilot Study

Before administering questionnaires, it was necessary to first evaluate the reliability and validity of the instruments. Therefore, this research used the Cronbach alpha coefficient to statistically check reliability of the items. And to evaluate the validity of a measurement instrument evaluated content validity, criterion-related validity, and construct validity.

In order to testing questionnaire validity and reliability, the researcher distributed a sample of 35 questionnaires.

Table 1. Questionnaire items.

Variable	No of Item	Item Range	Source
Independent Variable: Blue Ocean Strategy	**31**		
Raising	8	1 - 8	
Reduction	8	9 - 16	[12]
Elimination	8	17 - 24	
Innovation	7	25 - 31	
Mediating Variable: Niche marketing	**23**		
Customer characteristics	7	32 - 38	
Market characteristics	8	36 - 39	[13]
Competition	8	37 - 44	
Dependent Variable: Business entrepreneurship	**27**		
Initiation	7	45 - 51	
Risk tolerance	6	52 - 57	[14]
Seize opportunities	6	58 - 63	
Creativity	8	64 - 81	

3.3.1. Evaluating Reliability

The reliability of the study questionnaire was verified by Cronbach's Alpha coefficient, and the results (Table 2) showed the Cronbach Alpha coefficient (95.5%) which is a statistically acceptable level as long as it is greater than 0.6.

3.3.2. Evaluating Validity

In this research, all scales for measuring study variables constructs have content validity since the development of these measurement items was based mainly on an extensive review of the literature, all questionnaire items were judged by arbitrators with experience in academic and professional fields.

4. Results

4.1. First Hypothesis Test

To test the first hypothesis, the null hypothesis was developed that is represented by the absence of a statistically significant impact from the dimensions of Blue Ocean (raising, reduction, elimination, Innovation) on the Niche marketing, and to verify the validity of the hypothesis, the multiple regression test was used between the dimensions of Blue Ocean (raising, reduction, elimination, Innovation) as independent variables and Niche marketing as a dependent variable, Table 3 shows the results as follows:

According to Table 3, it becomes clear that the statistical value (T) of the dimensions of Blue Ocean (raising, reduction, elimination, Innovation) amounted to 5.455, 1.626, 2.286, 2.222 respectively, with a level of statistical significance less than 5%. Amounted to 0.000, 0.105, 0.023, 0.027, it is evident that there is a statistically significant effect from three dimensions of Blue Ocean (raising, elimination,

Table 2. Reliability of questionnaire.

Dimensions	No of Items	Items	Cronbach Alpha coefficient
Independent Variable: Blue Ocean			
Raising	8	1 - 8	0.796
Reduction	8	9 - 16	0.804
Elimination	8	17 - 24	0.870
Innovation	7	25 - 31	724
Independent Variable Cronbach Alpha coefficient			**0.932**
Mediating Variable: Niche marketing			
Customer characteristics	7	32 - 38	0.866
Market characteristics	8	36 - 39	0.845
Competition	8	37 - 44	0.814
Mediating Variable Cronbach Alpha coefficient			**0.943**
Dependent Variable: Business entrepreneurship			
Initiation	7	45 - 51	0.824
Risk tolerance	6	52 - 57	0.755
Seize opportunities	6	58 - 63	0.769
Creativity	8	64 - 81	0.929
Depending on Variable Cronbach Alpha coefficient			**0.941**
Total Cronbach Alpha coefficient			**0.955**

Table 3. Multiple regression Analysis results for Blue Ocean dimensions and Niche marketing.

Blue Ocean Dimensions	B	Std. Error	Beta	T	Sig
Constant	0.528	0.089		5.946	0.000
Raising	0.419	0.077	0.449	5.455	0.000
Reduction	0.130	0.080	0.138	1.626	0.105
Elimination	0.184	0.081	0.185	2.286	0.023
Innovation	0.140	0.063	0.148	2.222	0.027

Innovation) on the Niche marketing as all values of the significance level coefficients (Sig) are less than 0.05, but the second dimension (reduction) is not significant (more than 5%) which indicates the presence of an insignificant effect.

$$\text{Regression equation is:} \quad y = \propto + BX \quad\quad (1)$$

$$\text{Niche marketing} = 0.528 + 0.419X_1 + 0.130X_2 + 0.184X_3 + 0.140X_4$$

where,

X_1 = raising;

X_2 = reduction;

X_3 = elimination;

X_4 = Innovation.

4.2. Second Hypothesis Test

To test the second hypothesis, the null hypothesis was developed that is represented by the absence of a statistically significant impact from the dimensions of Blue Ocean (raising, reduction, elimination, Innovation) on the business entrepreneurship, and to verify the validity of the hypothesis, the multiple regression test was used between the dimensions of Blue Ocean (raising, reduction, elimination, Innovation) as independent variables and business entrepreneurship as a dependent variable, Table 4 shows the results as follows:

Table 4. Multiple regression Analysis results for Blue Ocean dimensions and business entrepreneurship.

Blue Ocean Dimensions	B	Std. Error	Beta	T	Sig
Constant	0.452	0.066		6.877	0.000
Raising	0.316	0.057	0.347	5.558	0.000
Reduction	0.183	0.059	0.199	3.084	0.002
Elimination	0.174	0.060	0.179	2.922	0.004
Innovation	0.222	0.047	0.241	4.761	0.000

According to Table 4, it becomes clear that the statistical value (T) of the dimensions of Blue Ocean (raising, reduction, elimination, Innovation) amounted to 5.55, 3.084, 2.922, 4.76, respectively, with a level of statistical significance less than 5%. Amounted to 0.000, 0.002, 0.004, 0.000, it is evident that there is a statistically significant effect all dimensions of Blue Ocean (raising, reduction, elimination, Innovation) on business entrepreneurship as all values of the significance level coefficients (Sig) are less than 0.05,

$$\text{Regression equation is:} \quad y = \propto + BX \tag{2}$$

$$\text{business entrepreneurship} = 0.066 + 0.057 X_1 + 0.059 X_2 + 0.060 X_3 + 0.047 X_4$$

where,

X_1 = raising;

X_2 = reduction;

X_3 = elimination;

X_4 = Innovation.

4.3. Third Hypothesis

To test the second hypothesis, the null hypothesis was developed that is represented by the absence of a statistically significant impact from the dimensions of Niche marketing (customer characteristics, market characteristics, competition) on the business entrepreneurship, and to verify the validity of the hypothesis, the multiple regression test was used between the dimensions of Niche marketing (customer characteristics, market characteristics, competition)

as independent variables and business entrepreneurship as a dependent variable, Table 5 shows the results as follows:

According to Table 5, it becomes clear that the statistical value (T) of the dimensions of Niche marketing (customer characteristics, market characteristics, competition) amounted to 7.408, 1.434, 5.252 respectively, with a level of statistical significance less than 5%. Amounted to 0.000, 0.152, 0.000, it is evident that there is a statistically significant effect from two dimensions of Niche marketing (customer characteristics, competition) on business entrepreneurship as all values of the significance level coefficients (Sig) are less than 0.05, but the second dimension (market characteristics) is not significant (more than 5%) which indicates the presence of insignificant effect.

$$\text{Regression equation is:} \quad y = \propto + BX \tag{3}$$

$$\text{business entrepreneurship} = 0.291 + 0.453X_1 + 0.089X_2 + 0.381X_3$$

where,

X_1 = customer characteristics;

X_2 = market characteristics;

X_3 = competition.

4.4. Fourth Hypothesis

To test the third main hypothesis, the null hypothesis was developed, which is the absence of a statistically significant relationship between Blue Ocean and business entrepreneurship through Niche marketing as a mediating variable.

And to verify the validity of the hypothesis and study the extent of a complete or partial relationship, the Path Analysis test was used, using the Amos 23 program.

The model consists of the following variables:

1) Observed Exogenous Variables: The independent variable includes Blue Ocean.

2) Observed Endogenous Variables: The dependent variable includes business entrepreneurship, and the mediating variable includes Niche marketing.

3) Unobserved Exogenous Variables: Measurement errors of the dimensions of the dependent variable include business entrepreneurship, and the mediating variable, Niche marketing.

Figure 2 and Table 6 illustrate the mediating effect (direct and indirect) of Niche marketing between Blue Ocean and business entrepreneurship.

Table 5. Multiple regression analysis results for Niche marketing dimensions and business entrepreneurship.

Blue Ocean Dimensions	B	Std. Error	Beta	T	Sig
Constant	0.291	0.091		3.177	0.002
customer characteristics	0.453	0.061	0.457	7.408	0.000
market characteristics	0.089	0.062	0.089	1.434	0.152
competition	0.381	0.072	0.377	5.252	0.000
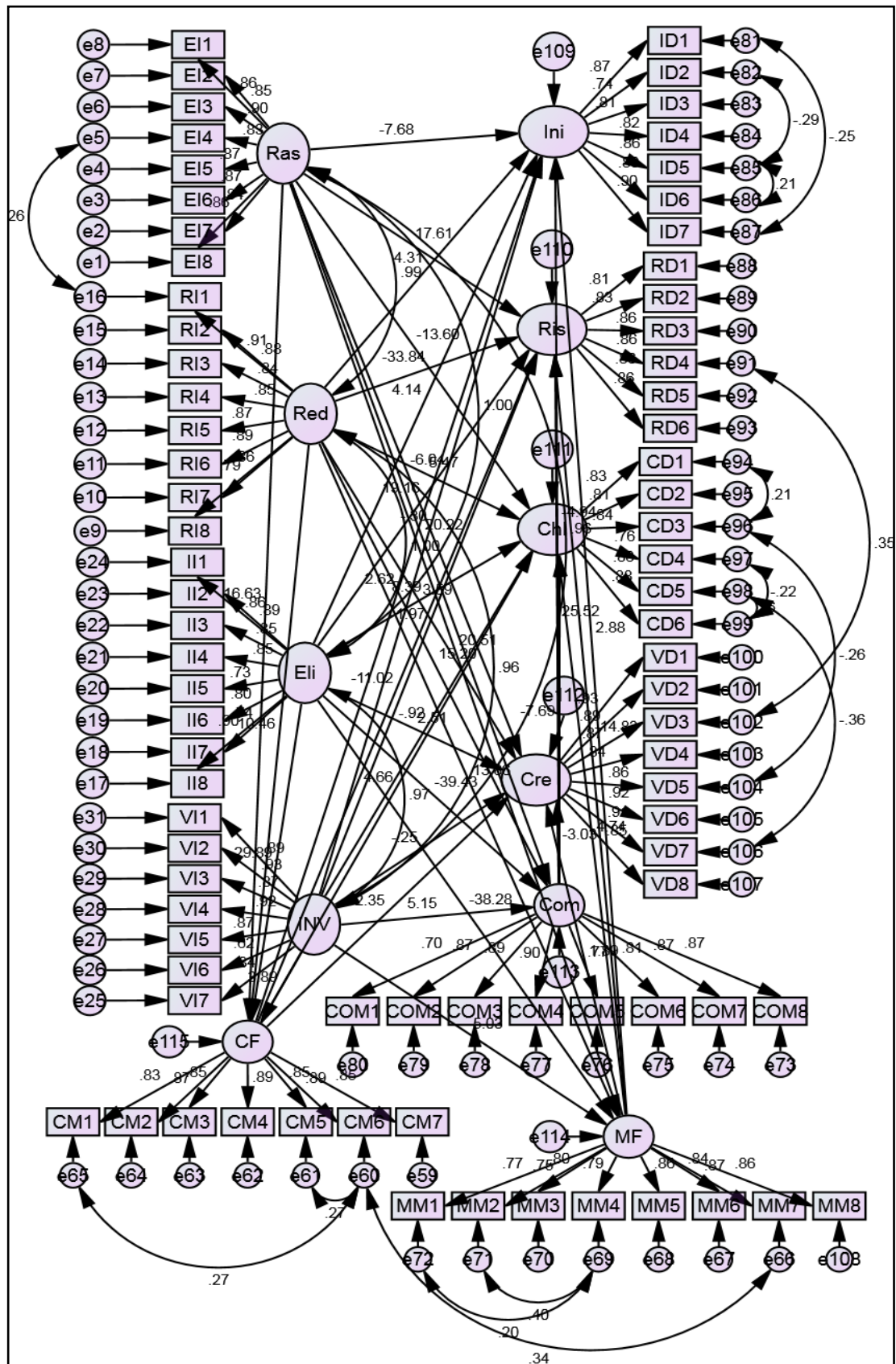
Figure 2. Mediator path.

Table 6. Variables path estimates.

	Path		Estimate	S.E	C.R	P-value	Sig
Blue Ocean	→	Niche marketing	0.878	0.022	40.807	***	Sig
Niche marketing	→	Business entrepreneurship	0.540	0.025	21.316	***	Sig
Blue Ocean	→	Business entrepreneurship	0.425	0.025	17.192	***	Sig

Table 7. Model fit summary.

Item	Ideal index	Study Index
Chi Square	Less than 3	2.26
The Comparative Fit Index (CFI)	More than 0.8	0.89
Goodness of Fit Index (GFI)	More than 0.8	0.84
Root Mean Square Error of Approximation (RMSE)	Less than 0.10	0.076

From the previous table and figure, it is clear that at a level of significance 0.05, there is a statistically significant effect of Blue Ocean path on the Niche marketing with a factor of 0.878, and Niche marketing Path on business entrepreneurship with an impact factor of 0.540, as the value of the level of significance for both path is 0.000, which is less than 0.05. Also, there is a statistically significant impact of the Blue Ocean path on business entrepreneurship, as the value of the level of significance is equivalent to 0.000 (less than 0.05).

For the model fit purpose, Table 7 illustrates the model fit indices:

Table 7 shows the following:

Chi-square: tests the null hypothesis of this test is, the model fits the model is better when it has a small value, whereas this model value is 0.000, model is fit.

Goodness of Fit Index (GFI): purpose of computing GFI in the case of maximum likelihood estimation, GFI is less than or equal to 1. Whereas model (GFI) amounted 1, it indicates a perfect fit.

The Comparative Fit Index (CFI): parameter estimate for the model being evaluated; CFI is truncated to fall in the range from 0 to 1. CFI values close to 1 indicate a very good fit. Whereas this model value is 1, the model is fit.

The square root of the mean squares of the remainder (RMR): It is an indicator of the estimated amount, and the model is better when it has a small value, whereas this model value is 1, the model is fit.

Root Mean Square Error of Approximation (RMSEA): is 0.076, it accepted according to the independent model.

Based on the previous results and after checking the model test and all the criteria for judging model goodness, and accordingly, the relationship to the mediating variable, which is the Niche marketing, is a partial relationship and, as there is no significance for the relationship between Blue Ocean on the business entrepreneurship of the existence of the Niche marketing.

5. Recommendations

- The need to adopt and implement the Blue Ocean Strategy indicators because of their importance in the creation of new brands and markets that are free of competition.
- Organizations should overcoming the obstacles that hinder the application of the Blue Ocean Strategy by the senior management, and utilizing the Blue Ocean Strategy by companies and avoiding negative competition.
- Individuals, employers, and governments should move toward innovation and entrepreneurship in order to succeed in the intense competition and accelerated business environment.
- Companies should utilize the Blue Ocean Strategy to select a Niche market according to their unique advantages and develop high-margin products through product customization strategies.
- Making significant strategic changes in an ongoing manner. Such changes should be provided with support by the board of directors.
- Organizations should think about the existed risks and limitations while implementing Blue Ocean Strategy.

6. Conclusion

Blue Ocean Strategy encourages companies to move from fierce competition in red ocean markets and to create value in uncontested market space. Blue Ocean Strategy allows businesses to create a Niche market to get out of the red ocean competition so that competition becomes irrelevant. The study found that Blue Ocean Strategy and Niche marketing had a significant positive effect on business entrepreneurship. These findings suggest that companies should utilize the Blue Ocean Strategy to select a Niche market according to their unique advantages and develop high-margin products through product customization strategies.

Conflicts of Interest

The authors declare no conflicts of interest.

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