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Analyzing and developing niche marketing strategy towards  
competitive advantage  
Case of Esami Ky

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## ABSTRACT

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The case company in this thesis is Esami Ky which is a new micro driving instruction company in Helsinki. The objective of this thesis is to provide guidelines of niche marketing strategy for Esami Ky to enable them to gain competitive advantage in the driving instruction market.

Both qualitative and quantitative research methods are utilized in this single-case study. To find out which factors impact on competitive advantage of the case company, I studied relevant literature on the competitive advantage for the theoretical background of this thesis. Furthermore, I applied the theories into the empirical analysis of the case company. The data for the empirical analysis of the case company were collected by conducting two interviews with the CEO of the case company and one questionnaire with the customers of the case company. In order to provide guidelines for the case company to achieve competitive advantage, SWOT and TOWS analysis were made to develop the existing niche marketing strategy of the case company.

With the help of the theoretical discussion and empirical analysis, I arrived at viable findings that are useful for the case company. The findings from three insights, i.e. customers, competitors and the case company itself, indicate the ways for the case company to reach competitive advantage. The specific findings and conclusion referring to competitor analysis are confidential information and, therefore, they are not included in the library version of my thesis accessible through Kemi-Tornio University of Applied Sciences library database.

Keywords: competitive advantage, Esami Ky, niche marketing strategy

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## 1 INTRODUCTION

Porter (1985) pioneered in proposing the theory of competitive advantage. Following Porter's (1985) suggestion, there is extensive research published on competitive advantage for companies to achieve superior performance in their markets. A vast majority of this research regarding competitive advantage is targeted on big companies instead of small companies (O'Donnell & Gilmore & Carson & Cummins 2002, 3). Day and Wensley (1988, 1-20) explain that it is difficult to achieve superior performance for micro and small companies since these companies need to do a lot of research work, i.e. identify their core skills, resources and position of superior advantages. Some researchers argue that small companies cannot compete with larger organizations in terms of economies of scale. Hence, competitive advantage models are not fully applicable for small companies. (Carson 1985, 42-53; Maclaran & McGowan 1999, 35-47.)

However, competitive advantage is not the patent created for large companies. "A niche marketing strategy is an attractive and effective way to small firms that escape the direct competition with industry giants which building a competitive advantage" (Longenecker & Donlevy & Calvert & Moore & Petty & Palich 2010, 46).

This research will study how to build a competitive advantage via niche marketing strategy for micro and small companies in a simple and implementable way. The case company in this thesis is a micro company aiming to conduct niche marketing strategy. The following subchapter begins with the discussion of the background and motivation behind this study. In the subchapter to follow, I will focus on the objective of this thesis and research questions. Finally, the introduction chapter ends with the description of the structure of the thesis.

## 1.1 Background and motivation

The case company in this thesis is Esami Ky. Esami Ky is the official name of the case company. In the further text, I will use Esami instead of the official name. Esami is a driving school, located in Helsinki, the Capital of Finland. Helsinki is the economic and political center of Finland. Esami is a micro-sized company. There are one CEO and one secretary in the company. The CEO of Esami is Mr. Mikkola. He has 29 years of working experience as a driving instructor. From 2007 to 2011, he worked as a freelancer in Movia Oy for 4 years. In April, 2011 he opened his own driving school, Esami Driving School. Mr. Mikkola defined his company as specializing in driving education for foreign people living in Finland. Esami had a strong focus on safe and economic driving as well as ecological values. They provided driving instruction in English for foreigners living in Finland for B-driving license. Mr. Mikkola considered this group of customers as a large potential market. (Mikkola 2011.)

The customers of Esami are not numerous, nevertheless they are varied. From April to October 2011, Esami had been serving 119 customers. They came from 27 countries. Most of them were from the non-EU countries. There were only 7 customers who came from EU countries. (Esami Ky 2011.)

I have been personally a customer of Esami in 2010 for a driving license. In March 2011, I made a marketing communications study for Esami. Having been researching in Esami, the trust was built with the CEO of Esami. The friendship with the case company allowed me to get information and data for the research. Esami was expecting a guideline of niche marketing strategy in order to increase the number of customers and to gain competitive advantage in foreigners' segment in driving-license instruction market by this thesis. My motivation was derived from the expectation from Esami. Furthermore, I expected a simple, understandable and implementable strategy for Esami to follow.

## 1.2 The objective and research questions

The objective of this thesis is to provide guidelines of niche marketing strategy to Esami through the study of niche marketing strategy in order to enable Esami to gain competitive advantage.

Niche marketing strategy is the marketing strategy, where companies have a focused segment, for example, by product differentiation and relationship marketing. The niche marketing strategy can be implemented through any element of the marketing mix, such as price, design and service. (Dalgic & Leeuw 1994, 4-10.) Niche marketing strategy always refers to focus strategy since focus strategy also emphasizes a segment or few segments by differentiation focus or cost focus. However, focus strategy is one of the generic strategies proposed by Porter (1985) for companies to pursue competitive advantage instead of other purposes. Competitive advantage describes the superior performance compared with competitors in the same industry. Superior performance refers to superior value that a firm is able to create for customers. Normally, it can be characterized as higher profit and volume of customers than the average in the industry. (Porter 2004, xv-25.) In this thesis, a higher volume of customers represents competitive advantage since it is valuable for Esami.

Based on the objective of research, this thesis addresses the following research questions:

1. What key factors are impacting on the competitive advantage as regards to number of customers for Esami in the driving-license instruction market?

To answer this question, I reviewed and discussed relevant literature. Literature review is serving as a base of secondary source for identification of key factors. In addition, I made empirical studies, i.e. two interviews and one questionnaire, in order to implement the literature into the real case. The outline of the questionnaire and two interviews is in Appendix 1, Appendix 2 and Appendix 3.



2. How to gain competitive advantage by developing niche marketing strategy for Esami in the driving-license instruction market?

When answering this question, the conclusion of the first question was employed as the starting point. On the basis of theoretical knowledge of niche marketing strategy and the empirical findings, the suggestions were proposed to assist the case company to gain competitive advantage.

### 1.3 Thesis structure

The theoretical foundation for this work is built around the development of niche marketing strategy of the case company to gain competitive advantage. This thesis is divided into seven Chapters.

Chapter one presented above introduces the research background, the research objective and research questions. Chapter two explains the design of the methods and methodology in this research. It presents the methods and technologies of this research, the process of the research as well as limitations of the research. Chapter three provides theoretical foundation of competitive advantage. The strategies to reach competitive advantage are discussed. Furthermore, the factors impacting on the strategies of competitive advantage are identified Chapter four focuses on competitor analysis. Based on the theoretical knowledge, the empirical study is made to identify which external factors are impacting on Esami to pursue competitive advantage. Chapter five evaluates the customers' satisfaction of Esami in the driving-license instruction market with the help of the widely used 4Cs theory. It analyzes the outcomes of the questionnaire conducted with the customers of Esami. In Chapter six the SWOT and TOWS analysis of Esami was made based on the competitor analysis and customer satisfaction. Finally, conclusions and suggestions are present in Chapter seven.

## 2 METHODS AND METHODOLOGY

This Chapter focuses on the scientific research design where the requisite data are gathered and analyzed in order to answer the research questions. It includes the research process, research methods and technologies and limitations of this research.

### 2.1 Research process

The research started with the contract signed with Esami in August. Deriving from my interest for researching, the objective and research questions were thought out. However, after discussing with the case company, I found out that my objective of the research did not correspond with the objective of the case company. I was aimed at assisting the case company to bring new value for customers by implementing the blue ocean strategy. However, the case company was and is aiming at reaching the competitive advantage by implementing the niche marketing strategy. Through further discussion with the case company, I found that it is difficult to reach my objective with limited resource and time. Thus, in September, the objective of this research were finally decided as analyzing and providing guidelines of niche marketing strategy for the case company to gain competitive advantage. Correspondently, the research questions were pointed out by discussing with the case company around the objective of this thesis.

In order to answer the research questions, the methods of this research were selected. The selected relevant literature served as the theoretical foundation of this thesis was reviewed. Furthermore, regarding the empirical study, the questionnaire of customer satisfaction was conducted online. The questions in the questionnaire were designed and discussed together with the secretary and CEO of Esami. The questionnaire was firstly sent to five persons who come from five different countries in order to create common understanding as expectation. Secondly, the questionnaire was sent to the CEO of Esami in order to get his

perspective concerning the case company. Thirdly, the emails including the link of the online questionnaire were sent to 100 customers. From April to October 2011, Esami had been serving 119 customers. In the Esami's document of customers, there were 100 customers who provided the contact information. The period of two weeks was given to customers to reply the questionnaire. After one week from sending emails to the selected customers, a reminder was sent to the customers in order to remind the customers of the time limit of the questionnaire. After the period of two weeks, the data of the questionnaire were collected and analyzed in October. Following the data collection and analysis of the questionnaire, two interviews were conducted with the CEO in October and November separately.

## 2.2 Research methods and techniques

In this thesis, the method of a single case study was employed in order to reach the objective of the case company. The case study is an empirical entity that investigates a contemporary phenomenon in depth and within its real-life context" (Yin 2009, 18). Case studies are generally qualitative by nature. Qualitative method is employed as the main approach to address the research questions and design a study that involves collecting data and analyzing them by using interpretative methods. (Sekaran 2003, 125.). This thesis used multiple methods, i.e. quantitative and qualitative. Qualitative method was served as the main research method to interpret the interviews based on the literature reviews. Quantitative method was employed as the statistic approach to assist the qualitative method to analyze the quantitative data. The goal of a case study can be exploratory, descriptive and explanatory. (Collis & Hussey 2009, 5-8.) This thesis is exploratory since there are only a few studies that have been conducted in the same research area. The case company is a micro company in driving license instruction market. It is really difficult to find relevant literature in this market. Furthermore, as a researcher, I did not have extensive knowledge on this topic of thesis.

Regarding the questionnaire, the electronic questionnaire by emails was sent to 100 customers after discussing with the case company. The reasons why I choose the electronic email questionnaire are that it is the most timesaving way. The electronic questionnaire is cheap and easy to administer. Furthermore, the electronic questionnaire can be high anonymity since the sensitive data of customers are protected. (Sekaran 2003, 251.) Regarding the content of the questionnaire, the varied forms of questions were designed. There were multiple personal data questions, open-ended questions and matrix rating scale questions. The forms of questions were designed to assist the case company understand the needs of the customers through categorizing the different groups of the customers. Regarding the language of the questionnaire, the words and phrase in the questionnaire was formed and edited with the help of language teacher. The analysis of the questionnaire is presented in the Chapter five.

Regarding the interviews, two interviews were conducted with CEO of Esami. The first interview was face-to-face interview in October since I can clarify the questions and clear the doubts. The first interview is semi-structured. A list of questions was predetermined. However, the wording and the order of the questions was flexible. Furthermore, when the progress of the interview motivates more questions, the questions would be added up inside the list of questions in order to help the analyzing. The second interview was conducted by email at end of research to know the attitude of CEO to the findings of research. This interview was structured.

### 2.3 Limitations of research

The generalizability is one limitation of this thesis since single-case employed has specific context. Esami is a micro company in driving instruction market. There were very few studies focusing on this industry. Hence, it is impossible for me to generalize the empirical study to other industries. However, the most popular theory on the competitive advantage, such as generic competitive advantage and niche marketing strategy, were employed in the

literature review of this thesis. Therefore, small businesses can follow the general logic of analysis of this thesis. In addition, due to the limited time and resource, this thesis mainly was conducted from the perspective of the customers and the CEO of the case company instead of competitors. The answer given in the two interviews for this thesis were interpreted by the researcher. The subjectivity of interpretation cannot be avoided. Consequently, the reliability of this research is affected. Besides, it is an ethical dilemma to pursuit meaningful scholarly research and simultaneously to respect the need of the case company (Piekkari & Welch 2004, 544). Competitor analysis is one part of the empirical study in this thesis. The data collected include the interview of CEO of Esami and driving school business field analysis from Internet. The personal perspectives of CEO of Esami about his competitors may impede anonymity of the research. Due to the issue of confidentiality, this part of competitor analysis is not published in the Kemi-Tornio University of Applied Sciences Library database.

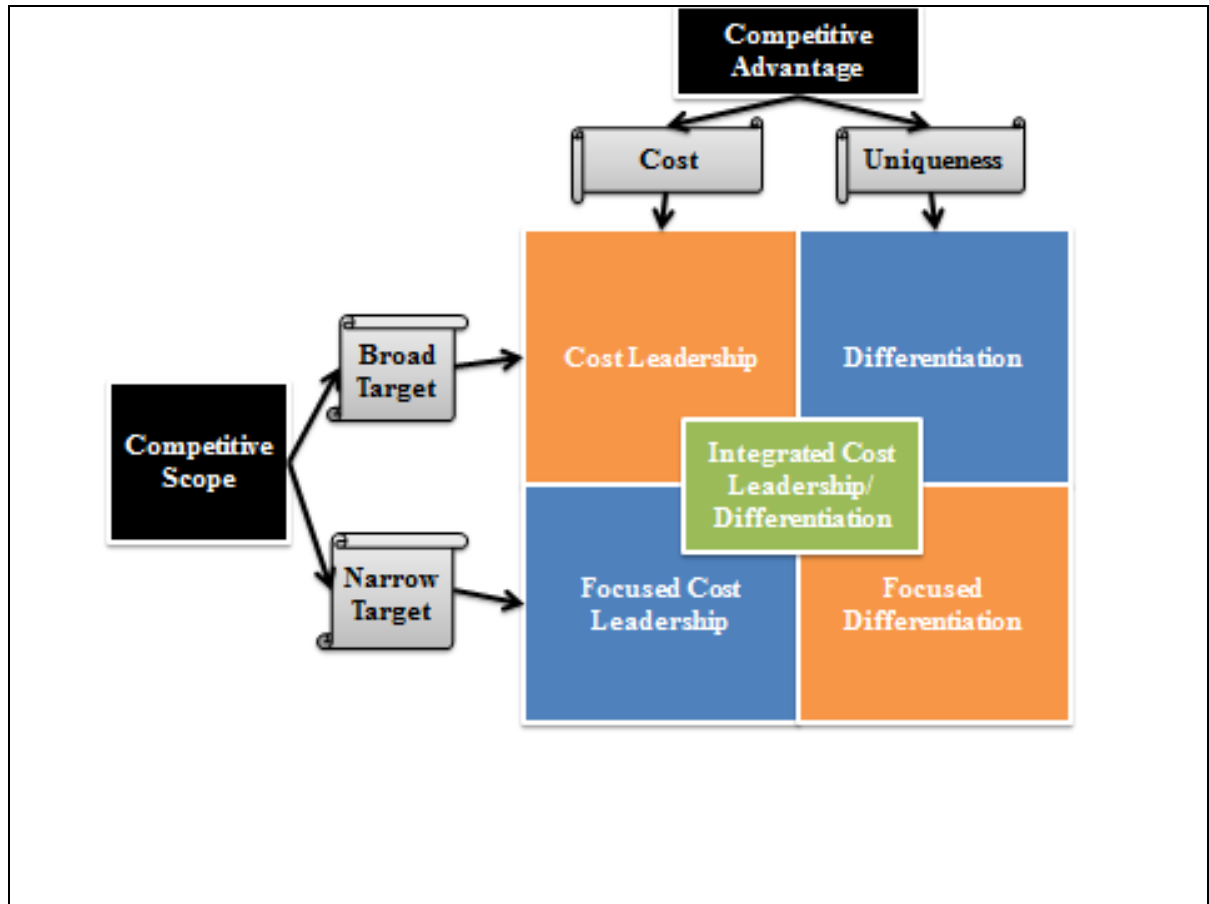
In the Chapter to follow, the theoretical background of this thesis will be built via the study of relevant previous research into competitive advantage.

### 3 COMPETITIVE ADVANTAGE

According to Porter (2004, xv), competitive advantage is the general framework for thinking strategically about business activities. Hitt, Ireland and Hoskisson (2010, 72) explain competitive advantage as the strengths, key success factors or core resource. The different perspectives of competitive advantage above are from different perspectives, i.e. activities-based view and resource-based view. Porter (2004, xv) considers all business activities strategically. In my point of view, the view of Porter is difficult for small and micro companies to follow with limited capabilities of knowledge management. It is easier and implementable for micro and small company to emphasize the basic and most important factors impacting on the competitive advantage. Thus, this chapter will be focused on the identifying the most important factors impacting on competitive advantage. The generic competitive strategies will be the first subchapter to build the theoretical foundation of this thesis.

#### 3.1 Generic competitive strategies

According to Porter (2004, 11-12), companies can achieve competitive advantage by implementing three categories of strategies, i.e. cost leadership strategy, product differentiation strategy and focus strategy. The focus strategy has variants, i.e. cost focus and differentiation focus. With the reference to Porter (1998, 12), Hitt et al. (2010, 107) add a further perspective relating to the three generic strategies. Regarding integrated strategy, Hitt et al. perceive that companies can integrate cost leadership with differentiation either in broad target or narrow target (Hitt et al. 2010, 107). In the next paragraph, there will be discussion based on two different views on integrated strategy. Figure 1 depicts the five strategies available for companies to achieve competitive advantage (Hitt et al. 2010, 107).



**Figure 1:** Five Business-Level Strategies

Cost leadership is the strategy implemented by companies which are low-cost producers or service-providers. The choice of cost leadership of one company derives from cost behavior of its value activities. According to Porter, there are ten cost drivers determining the cost behavior of value activities. They are “economics of scale, learning, the pattern of capability utilization, linkage, interrelationships, integration, timing, discretionary policies, location, and institutional factors”. (Porter 2004, 70.) When one company can manage the cost drivers better than its competitors, the cost advantage will be gained. In addition, companies can configure their value chain to gain cost advantage. (Porter 2004, 97-99.) However, the companies implementing the strategy of cost leadership face the risks. According to Hitt et al. (2010, 123), the cost leader companies may meet a loss of new technology or a failure to detect the change of customer change. In addition, the cost leader

companies may lose their advantages if competitors imitate the strategy of cost leadership. (Hitt et al. 2010, 123.)

The strategy of differentiation describes the unique characters of companies compared with their competitors, which bring value to their customers. Hitt et al (2010, 123) perceives that the uniqueness of product or service should come from customer perspectives instead of companies. Only when customers believe the combination of cost and the uniqueness is better than the competitors' offer, the strategy of differentiation can lead to superior performance. (Hitt et al. 2010, 123.) The sources of differentiation can be any activity of companies, such as raw material, location, human capital and technologies. (Porter 2004, 120-127.) The company implementing the strategy of differentiation may take the risks that the uniqueness of company is not accepted by the customers. In addition, the competitors may imitate the uniqueness of the company with low price. (Hitt et al. 2010, 115.)

Focus strategy is rest on the choice of narrow segment target. This choice narrows down the competitive scope within an industry. Focus strategy has two variants including focused cost leadership and focused differentiation. A company implementing the strategy of focused cost leadership seeks a cost advantage in its target segment. A company implementing the strategy of focused differentiation seeks differentiation in its target segment. Based on the specific need of target segment and the resources of companies, companies make choices of their strategies. (Porter 2004, 15.) Focus strategy meets the same risks that the cost leadership and differentiation meet. Besides, the focused segment target is possible to be overlapped by the competitors of the companies implementing focus strategy. (Hitt et al. 2010, 118.)

Integrated strategy pursuit cost advantage and differentiation either in a narrow target or a broad target. According to Hitt et al (2010, 120), customers buy the products or services after they compare the cost and uniqueness in available products or services. Companies can balance the cost and differentiation of the product or services to enable customers to choose. However, according to Porter (2004, 16), "a company which engages in each



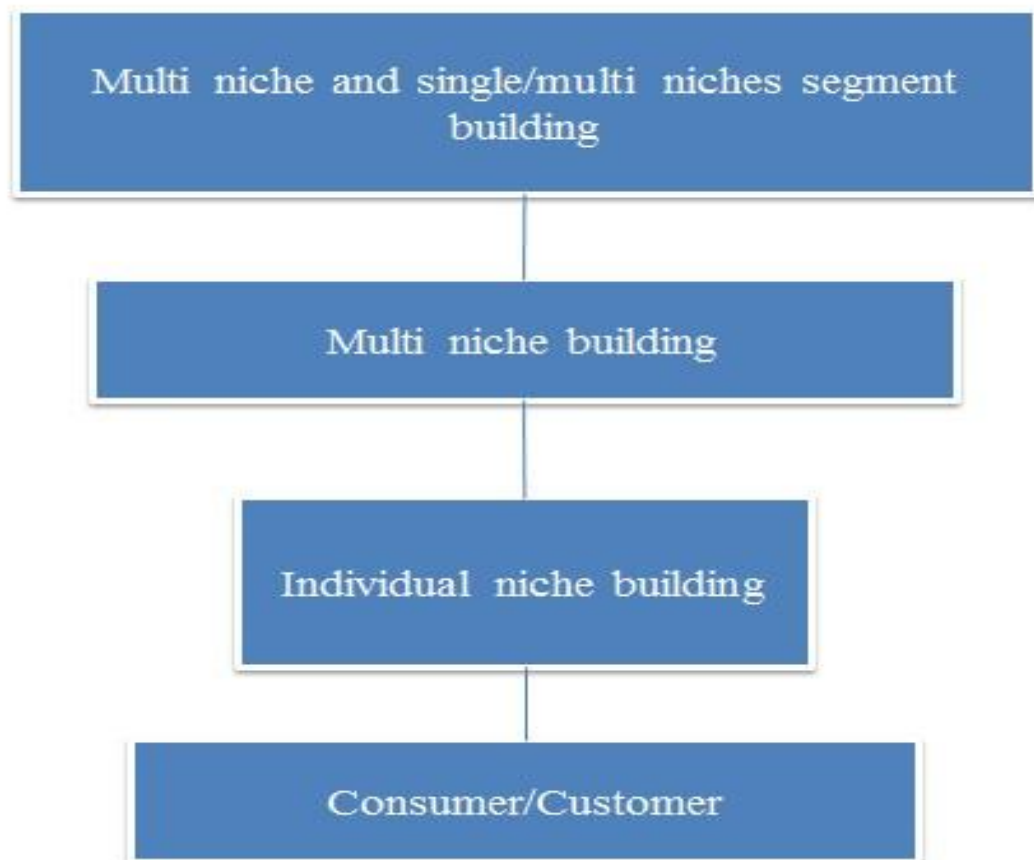
generic strategy but fails to achieve any of them is “stuck in the middle.” It seems that Hitt has totally reverse perspective from Porter. Actually, Porter and Hitt et al. emphasize on different angles of same issue. Porter sees that companies should pursuit one strategy in order to make use of their resources and capabilities in unified way. Hitt et al. reminds companies should also take other factors into consideration when the companies implement one strategy.

In this thesis, the case company is a micro company focusing on narrow segment target. Hence, the focus strategy should be implementing based on the discussion above. The CEO of the case company, i.e. Mr. Mikkola, pointed out that Esami would deliver the best quality service to customers instead of low cost (Mikkola 2011). It seems that the focused differentiation is the strategy Esami would like to implement. Niche marketing strategy always refers to focus strategy since focus strategy also emphasizes a segment or few segments by differentiation focus or cost focus. In the next subchapter, niche marketing strategy will be discussed.

### 3.2 Niche marketing strategy

According to Pinson (2008, 47), a niche market describes “a small segment of the population due to shared common characteristics, interests, spending habits, etc.”. According to Toften and Hammervoll (2008, 2), there is no single conceptual definition of niche marketing accepted widely. Keegan et al. (1992, cited in Dalgic& Leeuw 2006, 5) perceive niche marketing as the last stage of segmentation. The stages of segmentation take place in the order of segmentation, targeting, positioning and niching. However, there is a competing perception. Chalasani and Shani (1992, cited in Dalgic & Leeuw 2006, 6) perceive niche marketing as “a creative process of carrying out a small part of the market whose needs are fulfilled by specialization along market, customer, product or marketing mix lines. In this case, a company can match the unique needs.”

The difference between the theory of Keegan et al. and the theory of Chalasani and Shani stated above is derived from the different perspectives. Keegan et al. (1992, cited in Dalgic & Leeuw 2006, 5) perceive niche marketing starting from segmentation. However Chalasani and Shani (1992, cited in Dalgic & Leeuw 2006, 5) consider the niche marketing strategy should start from the need of customers. According to Dalgic and Leeuw (2006, 6), segmentation is reverse with niche marketing. Segmentation is a top-down method. Contrarily, niche marketing is a bottom up method. Figure 2 shows niche building strategy as a bottom-up approach. (Dalgic & Leeuw 2006, 5-7.)



**Figure 2.** Niche Building Strategy

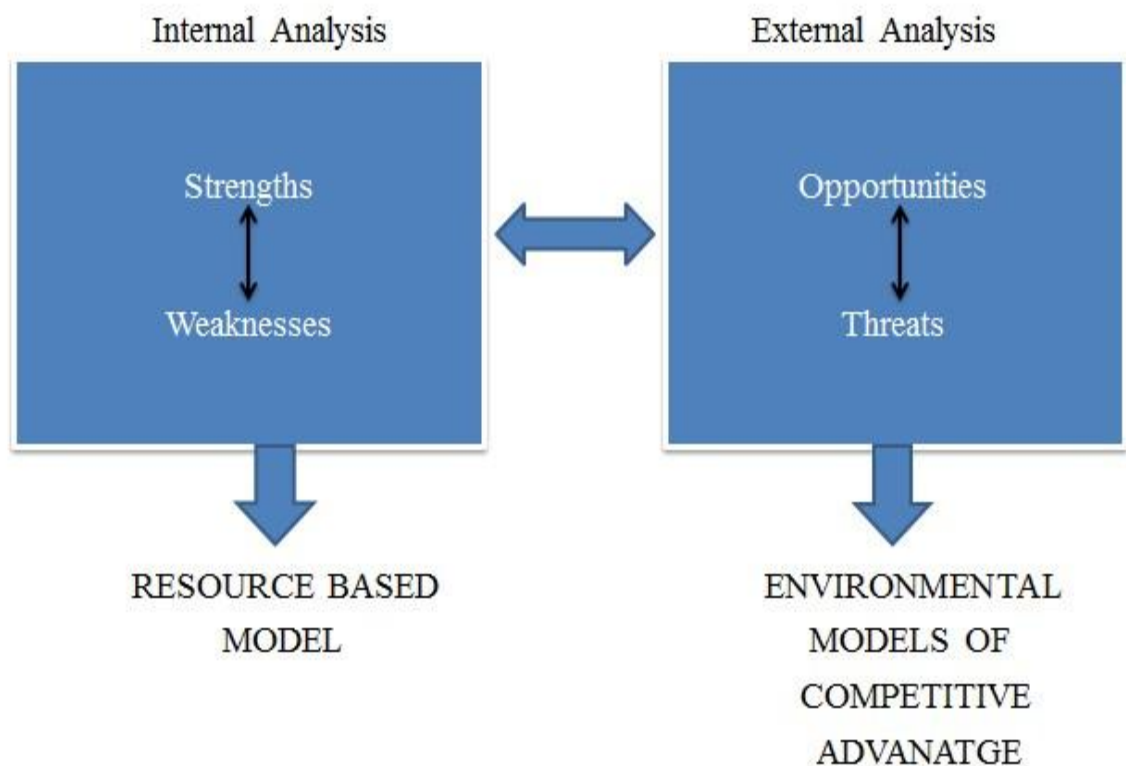
As Figure 2 shows, a company implementing niche marketing strategy starts from the need of an individual or a small group of customers. Step by step, single niche market and multi niche market can be built effectively since every step is verified by real operation. Contrarily, if the start point of niche marketing is assumed as segmentation, it is impossible to satisfy the targeted customers without understanding the specific need of the small segment. The lack of important of customers may block companies serve and satisfy their customers. In Esami, the segment of customers is the group who has a specific need of English driving-license instruction. The start point of Esami is to satisfy the need of this target segment. Hence, niche marketing strategy of Esami needs to follow the bottom-up approach. The need of segmented customers of Esami will be assessed in Chapter 7 in order to develop the niche marketing strategy for Esami.

Furthermore, these two perspectives of niche marketing reflect two different marketing strategies. According to Havaladar (2011, 161), the segment by niche marketing strategy is more narrow than segment by segmentation strategy. The segment by segmentation strategy can consist of the segment by niche marketing strategy. The segmentation strategy is more generalized strategy than niche marketing strategy. Furthermore, segmentation is normally made by geographical difference. The niche markets are segmented by the specific need of a small group. In the real market, companies conducting niche marketing are competing with the companies conducting generalized segmentation strategy.

When considering which marketing strategy Esami implemented, the differences discussed above were considered as the criteria. Mr. Mikkola stated that he wanted to satisfy the need of customers. Furthermore, based on the specific need of English driving instruction, the niche marketing strategy was assumed the best strategy for Esami to gain competitive advantage in the its target segment. In order to assist Esami to gain competitive advantage by developing the niche marketing strategy, the strategic market marketing process will be discussed in next subchapter.

### 3.3 Marketing strategy management process

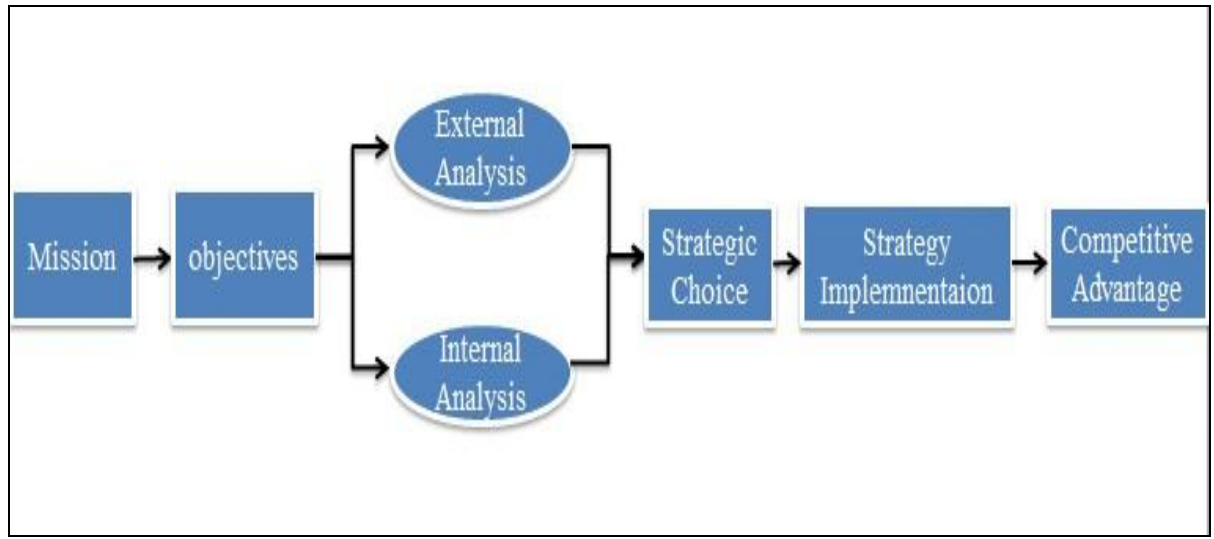
Competitive advantage describes the superior performance compared with competitors in the same industry. It is the ability gained through utilizing resources and features to perform better than others in the same market. (Porter, 1998, xv-25.) According to Barney (1991, 99-100), strategies exploiting their strengths and responding to environmental opportunities assist companies to gain competitive advantage. In this case, they can neutralize external threats to avoid internal weakness. Figure 3 shows the relationship between traditional “strengths-weaknesses-opportunities-threats” analysis as suggested by Barney (1991, 100).



**Figure 3.** The relationship between factors of SWOT analyses

As Figure 3 depicts, the two major factors affecting the competitive advantage of companies are their resources and the market they operate in. Companies understand their

strengths, weaknesses, opportunities and threats, in another words SWOT analysis, by making internal and external analysis. External analysis examines the competitive environment of companies, which focus on identification of opportunities and threads. (Barney 1991, 100.) Aaker and McLoughlin (2007, 18) provide the further explanation of internal and external analyses. Accordingly, external analysis includes customer analysis, competitor analysis, market analysis and environmental analysis. Customer analysis is focusing on the study of segment, motivation and unmet needs of customers. Competitor analysis emphasizes the identity, capabilities, objectives and strategies of competitors. Market analysis is based on the investigation of characteristics of markets, such as profitability, entry barriers, distribution system and trends of markets. Environmental analysis is focused on technological, governmental and economic, which is similar with the PEST analysis. Internal analysis aims to provide a detailed understanding of strengths and weaknesses, which decides the core competency of companies. Internal analysis includes performance analysis and determinants of strategic options. Performance analysis provides evaluation of past businesses operation and strategy, such as customer satisfaction, resources and capabilities identification. Determinants of strategic options refer to the development of businesses strategy, such as the analysis of past strategies. External and internal analyses as the core of strategic market analysis impact on the competitive advantage. (Aaker & McLoughlin 2007, 18-34.) Figure 4 shows the strategic market management process as is described by Barney and Hesterly (2010).



**Figure 4.** The Strategic Market Management Process

As Figure 4 shows, following external and internal analyses, a company makes an option of marketing strategy. By implementing of developed strategy, a company can gain its competitive advantage. The objective of this thesis provides guidelines of niche marketing strategy for the case company to gain the competitive advantage. In order to reach the objective of this thesis, the empirical study was made based on the external and internal analysis. Based on limited time and resources, this thesis gives extra weight to the core competencies identification, segment of customers, competitor analysis and customer satisfaction as regards to empirical study. Core competencies identification and customer satisfaction are the core of internal analysis (Hitt et al. 2010, 74). The segment of customers and competitor analysis are the core of external analysis. (Aaker & McLoughlin 2007, 18.) In next chapter, the core competencies identification will be made based on the literature review and empirical study.

### 3.4 Core competencies identification

”Resources, capabilities, and core competencies are the foundation of competitive advantage. Resources are bundled to create organizational capabilities. In turn, capabilities are the source of firm’s core competencies, which are the basis of competitive advantage.” (Hitt et al. 2010, 78.) However, only the capabilities satisfying the four criteria, i.e. valuable, rare, costly to imitate and no substitutable, are core competencies (Hitt et al. 2010, 78). In the following paragraphs, resources, capabilities and core competencies will be expounded.

According to Hitt et al. (2010, 78), resources are divided into tangible and intangible resources. ”Tangible resources are assets that can be observed and quantified, such as financial, organizational, physical, and technological resources. Intangible resources are the abstract resources, such as human, innovation, and reputation.” (Hitt et al. 2010.78.)

Capabilities describe the ability to use resources to achieve a specific task. Capabilities always refer to the usage and development of human capital to achieve tasks of companies. By developing the unique skills of human capitals, companies develop other capabilities, such as knowledge management and innovation. Hence, the human capital is significant for companies to form their core competencies to reach the competitive advantage. (Hitt et al. 2010, 80.)

Core competency is the capabilities perceived as a source of competitive advantage. ” Core competencies emerge over time through an organizational process of accumulating and learning how to deploy different resources and capabilities.” Normally, the core competencies derive from intangible resources, such as reputation, innovation and human resources, since core competencies need satisfy four criteria over time. Tangible resources are easy to imitated and substituted. (Hitt et al. 2010, 80-81.) Companies which want to

build core competencies need make an identification of core competencies based on the four criteria.

In order to gain competitive advantage, resources, capability and core competencies of Esami need to be identified. Firstly, the resources of companies were identified in terms of tangible and intangible resources. In terms of tangible resources, companies had 1 car as the tool for driving practice. Esami is limited partnership company. There is no shareholder to provide other financial resource instead of company profit and the save of the CEO. When asking Mr. Mikkola if Esami is profitable, the positive answer was given very clearly. Since the case company just started operation for 6 months, the financial report was not available before the research expired. Financial analysis based on the figures was impossible to be made. However, Mr. Mikkola stated that he had the plan to expand the business on November of 2011. Hence, it is assumed that the business operation has brought positive financial resources for the case company. Esami had one driving instructor and one secretary. According to Mr. Mikkola, his timetable was too tight to provide the service to many customers at the same time. When asking Mr. Mikkola the question of reputation of the case company, he was proud to point out that good reputation is one competitive advantage of company which bringing many customers for Esami. . Furthermore, business culture as an intangible resource that Esami has seemed to bringing good reputation for Esami. Mr. Mikkola regards every customer as his friend. Through my own experience as a customer getting driving instruction from Mr. Mikkola, the friendly business culture was proved. (Mikkola 2011.)

In terms of capabilities, CEO of Esami Mr. Mikkola has worked in the driving instruction for almost 30 years from 1982 until now. He was elected to Finnish Driving School Association to make educational materials and to coach the driving teachers in Finland in 1986. Furthermore, he opened his first company named Visual Safety Oy in 1996. He sold his services to some driving schools and at same time he developed the economy driving concept, i.e. EcoDriving. It is a concept to save money and environment when driving a car. He sold the concept to Police School in Finland, to Swedish Driving School Association, to



Norwegian Driving School Association, and to Iceland's Driving School Association. EcoDriving became a trade mark in whole Europe. In 2000, he sold Visual Safety Oy to Finnish Driving School Association. After couple years the name was changed to EcoDriving Center Oy. In 2003, he had his second company, i.e. Esami Ky. He worked as a freelancer from 2007 most in Driving School Elo, later Movia. (Mikkola 2011.) The working experience of Mr. Mikkola is the best prove of the capabilities of the case company as regards to innovation and knowledge management. However, his main concern seemed to be knowledge creator instead of business operator.

The capacities satisfying the four criteria are regarded as core competencies. As the analysis above, reputation, friendly business culture and innovation are identified as the possible core competencies.

## 4 COMPETITOR ANALYSIS

Competitor analysis as the important part of external analysis impact on the choice of businesses strategies. This chapter starts with the approach of identification of competitors. To be the following is the empirical study of identification of competitors of Esami in the same subchapter. In second subchapter the relevant literature of components of competitor analysis will be focused. The competitor analysis of Esami will be in the third subchapter. Due to confidential reason, this chapter in full text would not be published in Kemi-Tornio University of Applied Science library version of the thesis.

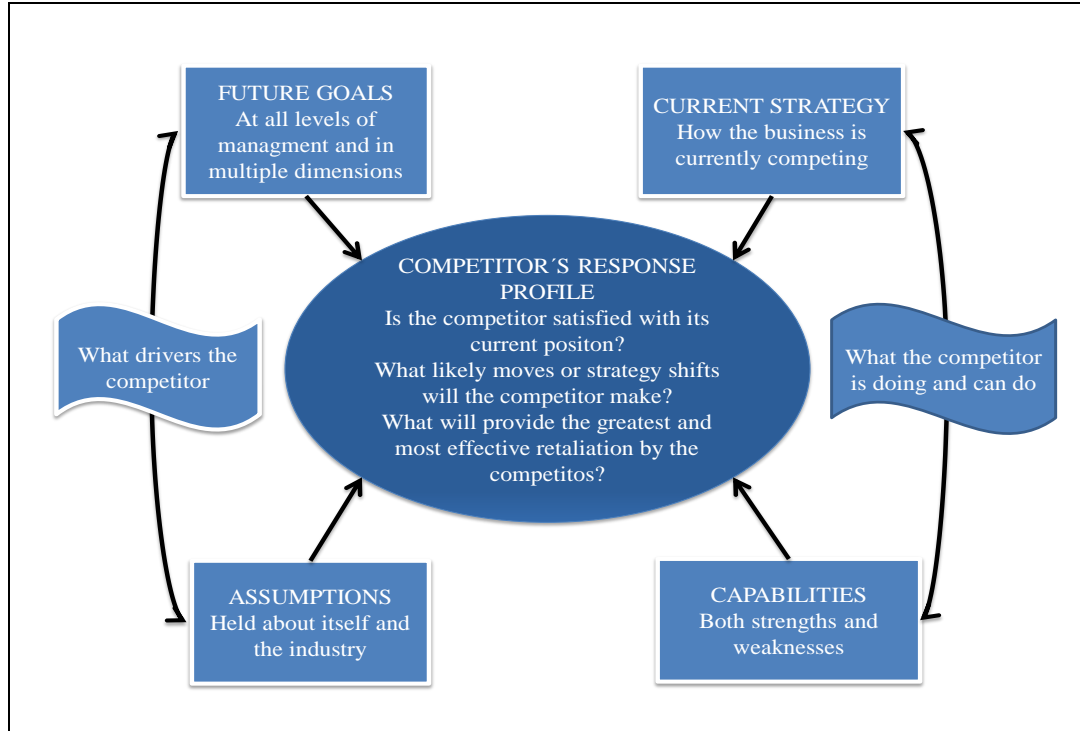
### 4.1 Competitor identification

The identification of companies that comprise a firm's identification process has become more apparent (Clark and Montgomery, 1999). Accordingly, a discussion of competitive advantage should begin with a discussion of how managers identify which firms constitute their competitors. The competitor identification of Esami is based on customer-based approaches and resource-based approach. According to Aaker and McLoughlin (2007, 57-58), customer-based approaches are easy to follow since that companies can identify the segment of customers of their competitors by examine the similar resources their competitors have. Esami provides English language driving license instruction to the foreigners living in Helsinki region. The service provided to customers is B-driving license instruction. The segments of customers are the foreigners living in Helsinki region. Mr. Mikkola sees English language driving license instruction as the resources to gain competitive advantage. English language driving license instruction was assumed as the main resources that the competitors of Esami should also have. Thus, the first criterion for identifying the competitors of Esami is the segment of foreigners living in Helsinki region. The second criterion is the English language B-driving license instruction they provided to

the defined segment. Following these two criteria identified, there are five competitors of Esami in Helsinki region.

#### 4.2 Components of competitor analysis

Understanding the competitors and their activities is significant for companies implementing strategies to respond to opportunities and threats of competitors. By making competitor analysis companies can gain the understanding of competitors. According to Hitt et al. (2010, 60), an effective competitor analysis should intend to presume the future goals, current strategy, assumptions, capabilities of competitors by collecting and analyzing the available data. Figure 4 illustrates the components of competitor analysis as is suggested by Porter (1998, 49). Hit et al. (2010, 60) also draw the same figure to add further perspective on the components of competitor analysis.



**Figure 5.** The components of competitor analysis

As can be seen in Figure 5, a good competitor analysis requires the data from all dimensions of competitors. However, in reality, it is difficult to collect relevant data from competitors. When companies collect data of competitors, they must follow the relevant laws and regulations. Thus, competitor analysis always refers to ethical and legal issue. However, by following the practices developed by industry association, such as obtaining publicly available information and attending trade fair, companies can obtain data of competitor analysis without denying the ethical and legal criteria. (Hitt et al. 2010, 61-62.) In this thesis, most data collected of competitors are publicly available data. The main references of the data are from home webpages of competitors of Esami and Fonecta. From next paragraph, the five competitors identified in subchapter 4.1 were analyzed according to the components of competitor analysis.

## 5      MARKETING MIX ON CUSTOMER SATISFACTION ANALYSIS

“Marketing mix is the set of controllable, tactical marketing tools that the firm blends to produce response it want in target market. The marketing mix consists of everything the firm can do to influence the demand for its product.” (Kotler & Armstrong 2010, 76.) Following its overall marketing strategy, the companies plan the details of the marketing mix. Hence, the design of marketing mix should reflect the strategies of companies. Kotler and Armstrong (2010, 76) suggests that companies should develop an integrated marketing mix based on their marketing strategy.

4Cs marketing mix was widely used by service companies. 4Cs marketing mix suggests companies should meet customers’ needs from the perspective of customers instead of the companies. The 4Cs are customer, convenience, cost and communication (Harris & Dennis2007, 249).

### 5.1     Customer analysis

During the two weeks of the questionnaire, a total of 45 respondents sent their responses. Simultaneously, there were only two ineffective replies since the answers are illogical. The volume of response provides relevancy to the study. Indeed the actual answer volume of 45% is higher than theoretical relevancy threshold of 30%.

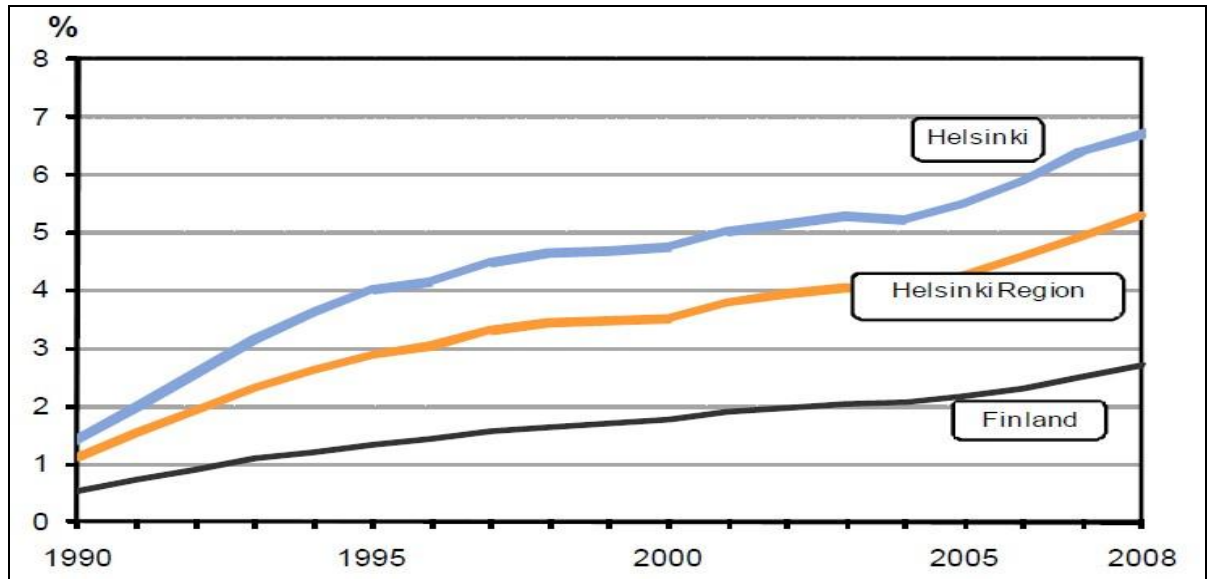
From all the respondents of the questionnaire, 67% were males and 33% females, which mean that males are more representative in this questionnaire than females. The majority of the respondents were either in the age group of 26-30 or 31-35 years with a frequency of 40% and 27%. Besides, the age group of 19-25 and 36-40 had a frequency of 20% and 9% and <41with 4%. As regards to the occupations of the customers, the majority of respondents were either employees or students with a frequency of 73% and 22%, which

may represent financial ability and the need for driving license. The driving license service is expensive comparably.

A gap between presumed customers and the real customers of Esami were found through the analysis below. Presumed customers are the customers companies consider without examining the market. (Rice & O'Connor & Pierantozzi 2008, 59.) As regards to the nationalities of customers, the analysis shows a gap between presumed customers versus the real customers of Esami. Esami provides B-driving license instructions and training in English language for foreigners living in Finland. Mr. Mikkola considers this group of customers as a large potential market (Mikkola 2011). In the following paragraphs, the amount and trend of this segment are assessed by analyzing the official data.

Firstly, the segment needs to be defined. The foreigners living in Finland is the segment defined by the CEO of Esami. According to dictionary, 'a foreigner' is someone who is belongs to a country that is not your own (Collins COBUILD 2001, 616). Hence, it can be concluded that all the non-Finnish are foreigners in Finland as presumed customers of Esami. The prospective non-Finnish customers are from Asia, Africa, the other EU countries, and the other non-EU European countries, North-America, South-America and Oceania.

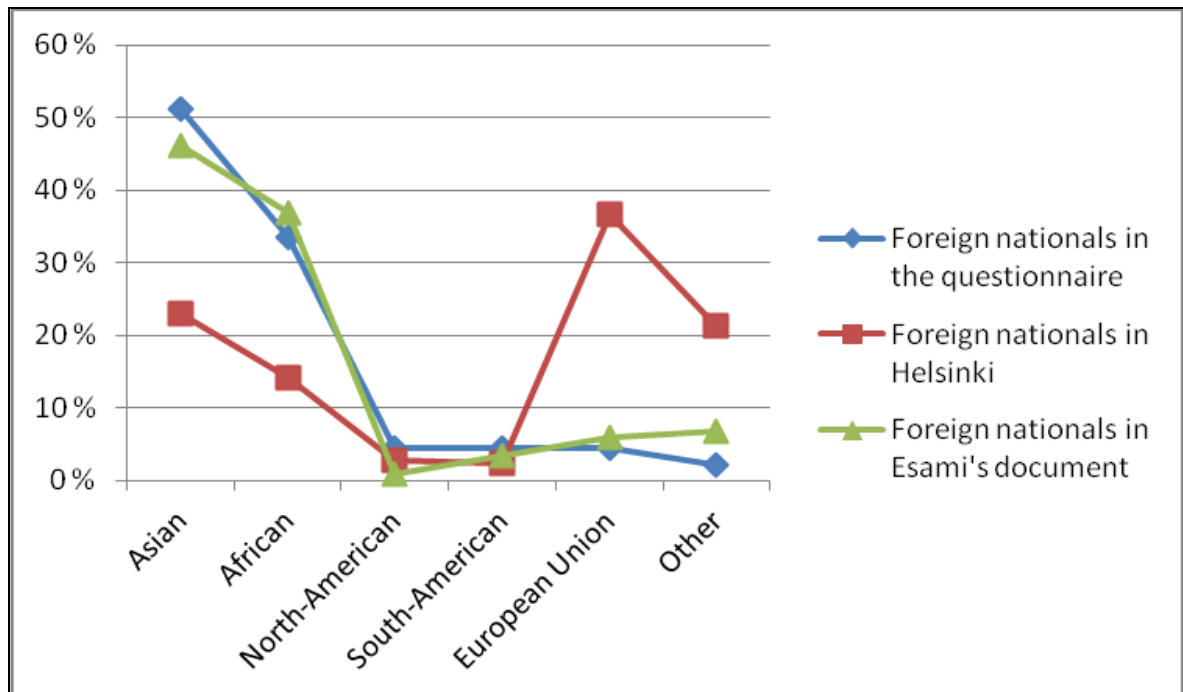
Secondly, the reasons why the numbers of foreigners living in Finland are increasing may derive from the history. In the early 1990s, a large group of former Soviet Union nationals came to Finland as immigrants. Consequently, Russians and Estonians change into the largest groups in Finland. Furthermore, after Finland became a member in the EU in 1995, the economy and society have internationalized incrementally, especially in the capital area. As a consequence of this internationalization, a large number of foreigners come to Finland for education and working purposes. The data in Figure 6 illustrate the increasing trend of the proportion of foreigners living in Finland from 1990 to 2008. (City of Helsinki urban fact 2010, 4.)



**Figure 6.** Proportion of foreign nationals in the population of Helsinki, the Helsinki Region and Finland, 1990-2008

As can be seen from Figure 6, the proportion of foreign nationals in the population of Finland has been growing steadily since the early 1990s despite some leveling offs, e.g. in 2003 - 2004. The proportion of foreign nationals in the population of Helsinki and the Helsinki region shows a higher increasing trend than the one for the whole Finland. At the turn of year 2008/2009, there were 8,654 foreign nationals in Helsinki, making up 6.7 per cent of the city's population, i.e. 24.8 per cent of foreigners in Finland. (City of Helsinki urban fact 2010, 3-4.) The presumed customers of Esami are all foreigners living in Helsinki. Figure 6 depicts the potential market of presumed customers of Esami. However, there were 119 customers from April to October, 2011. A total of 55 of them are Asian, 44 of them are African and 7 of them are from the EU area. Furthermore, there are no customers belonging to other non-EU countries, i.e. Russia, Latvia. (Esami Ky 2011.) The presumed and the real customer seemed to be inconsistent. Figure 7 illustrates the foreign nationals in the questionnaire, Helsinki and Esami's document, (Esami Ky 2011; Helsinki City 2010). Foreign nationals in Esami's document here refers to the customers Esami served from April to October. The respondents of the conducted questionnaire were based

on the population of customers in Esami's document. The foreign nationals in Helsinki represent all the possible customers that Esami can serve.



**Figure 7.** Foreign nationals in the questionnaire, Helsinki and Esami's document

As can be seen from Figure 7, responding to the questionnaire is consistent with the figures representing foreign nationals taking driving license courses with Esami. This consistency proves the relevancy of data got from the questionnaire. However, a large inconsistency is found the presumed customers and the customers of Esami regarding Asian, African, the EU and other nationals. The section others in this Figures refers to the foreign nationals from other non-EU European countries. The high proportion of Asian and African learner drivers at Esami can be reasoned as a low proportion of European Union and others.

Thirdly, the reasons why most customers of Esami are not representative of the largest group, i.e. the customer from the EU countries, are explained. The service provided by Esami is the driving instruction for B driving license, i.e. driving license for passenger cars. The driving license regulations imposed by the Ministry of transport and communication in



Finland include the following statement (Ministry of transport and communication Finland 2004, 38).

In Finland, a motorized vehicle can be driven by anyone with an appropriate designation on their driving license for the vehicle in question. Driving licenses of other European Union countries and Nordic countries are valid in Finland without the need for any further action. (Ministry of transport and communication Finland 2004, 38.)

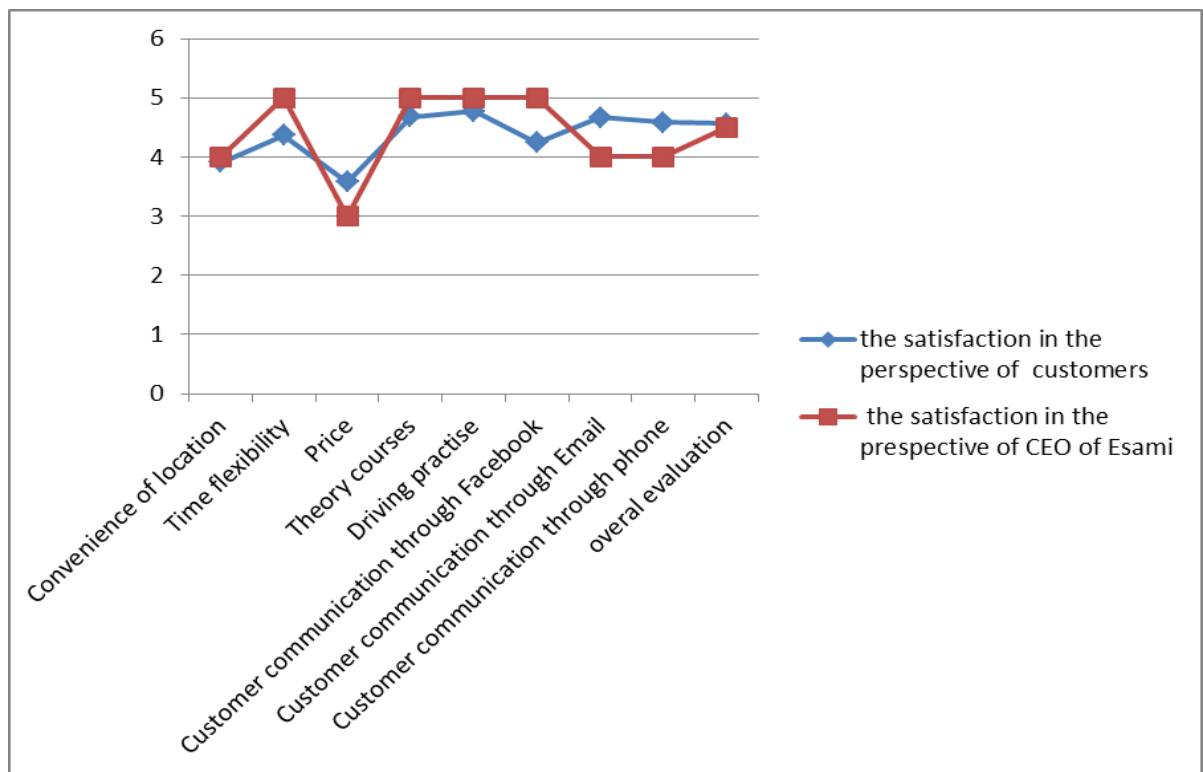
In other words, the driving licenses are interchangeable in the countries of the EU. As a consequence, Esami has a very few customers from the countries of the EU. Other foreign driving licenses, i.e. the non-EU and European Economic Area (henceforth EEA), “are issued in a signatory country of the Vienna or Geneva Road Traffic Convention entitles the license holder to drive in Finland for one year following the date of arrival” (Ministry of transport and communication Finland 2004, 39). The non-EU and EEA people driving in Finland need to get the Finnish driving education. Consequently, a majority of Esami’s customers come from the non-EU and EEA countries for a B driving licenses.

As Figure 7 shows that non-EU European countries also occupy a large proportion of foreign nationals in Helsinki. Russian nationals as the second largest group is not belong to the EU or EEA countries. Thus, Russian nationals need to meet the same requirement concerning the Finnish driving license as the African and Asian nationals. However, there is nobody from Russian within the 119 customers from April to October (Esami Ky 2011). One reason is assumed to be communication issue with Russian customers. Mr. Mikkola explained that there are some driving instructors who can provide Russian instructions (Mikkola 2011). The explanation Mr. Mikkola provided seemed to be one reason.

Furthermore, as the process of the immigration, some Asians and Africans are willing to take Finnish language driving-license instruction. Thus, the resource advantage of English driving-license instruction loses the attraction to this group of the segment.

## 5.2 The customers' satisfaction of Esami

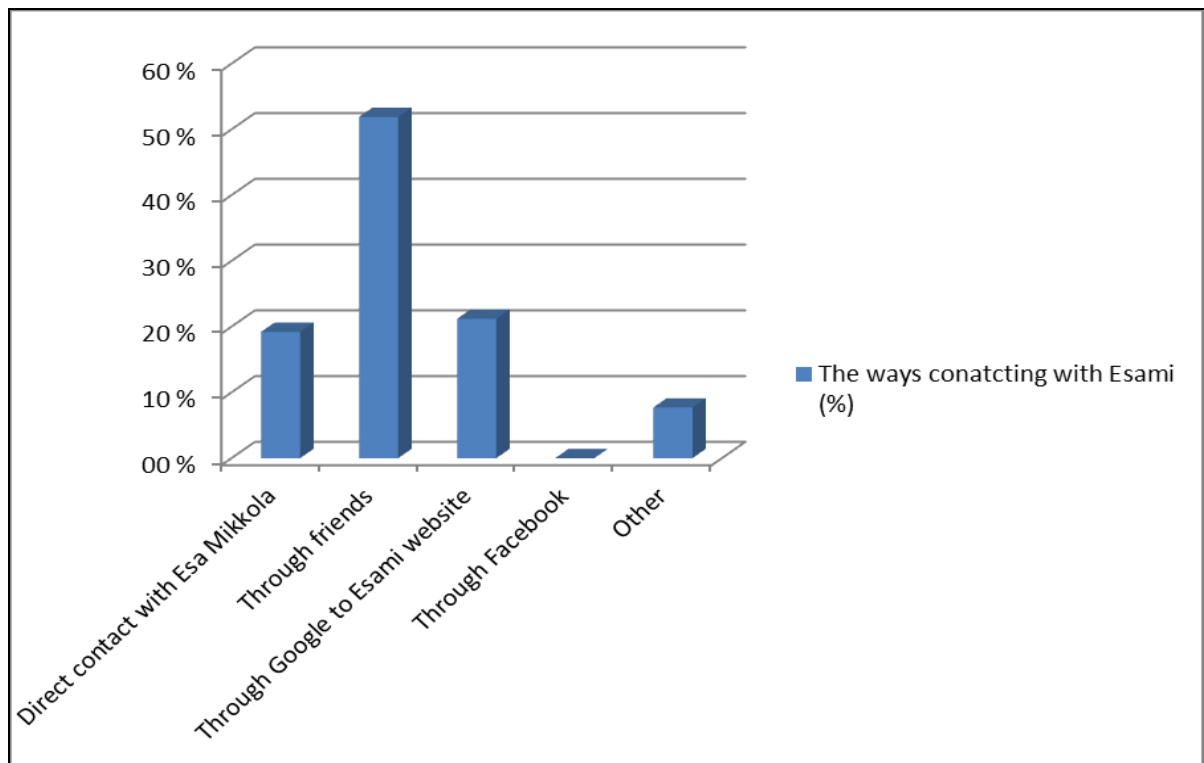
After the defining the segment of Esami, the customers' satisfaction of Esami on 4Cs marketing mix were analyzed. Figure 8 shows the satisfactions in the perspective of customers and the CEO of Esami separately. The mean results of 43 customers are calculated in terms of customers' satisfaction.



**Figure 8.** The customers' satisfactions of Esami

As can be seen from Figure 8, based on 4C marketing mix, the statements of evaluations of customers' satisfaction were divided into mainly 4 parts, i.e. customers, convenience, cost and communication. In addition, overall evaluation also added inside for examine which statements are most important for customer satisfaction.

In most statements, the consistencies are showed in Figure 8. The high consistency seems to show that CEO of manager has quite good understanding of customers. The largest inconsistencies are customer communication through Facebook, Email and phone. Mr. Mikkola believed that Facebook was used in a good way. However, in 43 customers, there are 20 customers having no experience on Facebook communication of Esami. The gap of Facebook using may reveal the development space of social networking in Esami. Figure 9 illustrates the way of contacting with Esami. It can be seen that there is no customers through Facebook contacting with Esami. There are 50% of customers contacting with Esami by friends, which seem showing that Esami in is a relationship market. Meanwhile, almost 20% customers contact with Esa Mikkola directly, which reflect the personal networking from Mr. Mikkola. Mr. Mikkola also pointed out that after he opened his own company, a lot of customers come to his company instead of Movia.



**Figure 9.** The ways contacting with Esami

Besides Facebook using, location and price shows quite low rate of evaluation from customers' perspective. Price gets average result 3.5. Location gets 4. The statements gaining highest rate of evaluation 'from customer' perspective are theory courses, driving practice. Theory courses and driving practice are the core services Esami provides to customers. The high satisfaction rate on the core service seems to prove that Esami has good quality of service. In terms of overall evaluation from customers' perspective, Esami get the average result 4.5 despite the low satisfaction rate of price and location.

### 5.3 The recommendations from customers of Esami

The last question in the questionnaire of customers' satisfaction was about open recommendations. There were 11 customers' answers focusing on four aspects, i.e. cost, location, the time for getting a driving license and the internet communication. In terms of cost, two customers expected for some discount. There were three customers expecting for another location of Esami. In terms of time for getting a driving license, two customers hoped the time for getting a driving license could be shorter than before. As regards to internet communication, internet calendar and social networking were suggested to the development of Esami. In addition, three customers gave positive message for the development of Esami. They hoped that Esami could keep on doing good service. In the future, Esami would consider all the aspects in the operation of the company. (Mikkola 2011.)

## 6 Developed niche marketing strategy

Based on internal and external analysis above, the SWOT analysis and TOWS analysis of Esami were made to assist the case company to develop its niche marketing strategy to gain competitive advantage.

### 6.1 The discussion of SWOT analysis

As regards to strengths and weaknesses, the internal analysis, i.e. core competencies and customer satisfaction, is the base. The foundation of making opportunities analysis and threats analysis are the external analysis, i.e. segment analysis and competitor analysis. Table 1 lists the strengths, weaknesses, opportunities and threats of Esami. Some external opportunities were confidential information, i.e. the information of competitors of Esami and, therefore, they were not listed in Table 1.

Internal Strengths (S)	Internal Weaknesses (W)
<ol style="list-style-type: none"> <li>1) Good reputation from customers.</li> <li>2) The innovation of ECO driving</li> <li>3) Niche marketing strategy</li> <li>4) Friendly business culture</li> </ol>	<ol style="list-style-type: none"> <li>1) Limited human resource.</li> <li>2) Inefficient usage of Facebook</li> <li>3) Price of services</li> <li>4) Location of Esami</li> </ol>
External opportunities (O)	External Threats (T)
<ol style="list-style-type: none"> <li>1) The customers from Russian and the other non EU European countries in Helsinki region</li> <li>2) Potential customers in Helsinki city center and in Espoo</li> <li>3) Social networking for the marketing communication</li> <li>4) E-commerce</li> </ol>	<ol style="list-style-type: none"> <li>1) Strong competitors as regards to some elements of marketing mix</li> <li>2) Niche marketing strategy imitated by the competitors</li> </ol>

**Table 1.** SWOT analysis of Esami

Firstly, as can be seen from Table 1, Esami had four strengths to gain competitive advantage. Based on the fact that Esami got high customer satisfaction on overall evaluation and the main channel of customers contacting with Esami is via friends, on one hand, the good reputation was assumed as strength. On the other hand, it was assumed that Esami was lack of other marketing communication tools, such as Facebook and other social networking, to attract more customers than now. Furthermore, the innovations of ECO driving and friendly business culture were identified in chapter three as the core competencies of Esami. As intangible resources, innovation and business culture brought sustainable competitive advantage for Esami. Meanwhile, niche marketing strategy assisted company focusing on the need of its target customer.

Secondly, as can be from Table 1, there were four weaknesses for Esami to gain competitive advantage. On the basis of resources identification in chapter three, Esami has

only two employees, which limits the company to serve more customers. Based on the customers' satisfaction analysis, the inefficiently usage of Facebook was implied the space for development. When asking how Esami use Facebook as a communication tool, the answer from Mr. Mikkola was that "Facebook was worked as a welcome page where we put smiling picture of customers (Mikkola 2011)". This statement gave a clear impression that the functions of Facebook as a social networking tool were neglected. Furthermore, customers gave low evaluation relatively compared with other statements in customers' satisfaction from chapter 5. Furthermore, through competitor analysis from chapter 4, compared with the competitors of Esami, the location and price were also the disadvantage of Esami. Esami aims to implement niche marketing strategy, in another word, focused differentiation strategy. Hence, the low cost is not the strategy to reach competitive advantage. However, the factor of cost still needs to be considered by Esami to cooperate with the uniqueness the company provides.

Thirdly, as can be from Table 1, there were five opportunities for Esami to gain competitive advantage. When identifying the segment of customers in chapter 5, the gap between the presumed segment and the real segment of Esami was found as the customers from Russian and the other non EU European countries in Helsinki region. Hence, they were considered as the opportunity to develop. The weakness of the location and social networking using of Esami was considered to be one opportunity for Esami to grow. The weaknesses from the competitors of Esami which identified in chapter 4 were the opportunities of Esami to capitalize on. Furthermore, based on the recommendations from customers in chapter five, internet schedule was pointed out. The development of e-commerce might be an opportunity for Esami to improve the usage of the capabilities.

Finally, as can be seen in Table 1, Esami had two threats to gain competitive advantage. Based on competitor analysis, there were strong competitors as regards to some elements of marketing mix, such as Movia with flexible places and Hakaniemi with cheap price. Furthermore, niche marketing strategies maybe imitated by the competitors of Esami.

## 6.2 The discussion of TWOS analysis

TOWS analysis is a useful tool to put SWOT analysis into action. In order to develop the current situation of Esami, TOWS analysis was made based on SWOT analysis. As can be seen from Table 2, TOWS analysis leads to four categories of strategies, i.e. Maxi-Maxi strategies, Maxi-Mini strategies, Mini-Maxi strategies and Mini-Min strategies. Table 1 shows the TOWS analysis of Esami.

SO "Maxi-Maxi" Strategies	ST "Maxi-Mini" Strategies
1) Another branch in Helsinki center or Espoo to expand (S3 O2) 2) Build social networking (S3 O4). 3) Build the brand (S1 O4) 4) Build internet timetable on the home website (S3 O5)	1) Build brand to build loyalty and relationship market (S1,S2,S3,S4 T2) 2) Build complete customer services to focus on the need of customer, such as feedback services (S3 T1)
WO "Mini-Maxi" Strategies	WT "Mini-Mini" Strategies
1) Improve the capability of using limited resources or hire new employees (W1 O1;W1 O2) 2) Develop the customers 'networking through social networking (W1 O4; W2 O4)	1) Reduce the threat of competition from competitors by open another brand to increase the convenience of location (T1 W4). decrease the price (T1 W3), using social networking (T1 W2), or hiring more employees(T1 W1)

**Table 2.** TOWS analysis of Esami



Maxi-Maxi strategies are the strategies maximizing strengths and minimizing weaknesses. There were four Maxi-Maxi strategies summarized based on strengths and the opportunities defined in last subchapter. To get advantage of the opportunity of the potential customers (O2) in Helsinki or Espoo, Esami may have another brand in city center of Helsinki or Espoo. Meanwhile, Esami can make use of their strength of niche marketing strategy (S3) focusing on the need of customers. Combining the strength of niche marketing strength (S3) and the opportunity of social networking (O4), Esami can build their social networking to attract customers. Combining the strength of good reputation (S1) and the opportunity of social networking (O4), Esami can try to build the brand to gain sustainable advantage. Combining the strength of niche marketing strategy (S3) and the opportunity of e-commerce (O5), company can build their internet schedule.

Maxi-Mini strategies are the strategies minimizing threats by maximizing strengths. I listed two strategies in Table 2. Esami can build its brand by making use of all its strength to minimizing the effect that the strengths of its competitors bring about. Furthermore, companies can take advantage of their niche marketing strategy (S3) starting from the need of customers to build complete customer service.

Mini-Maxi strategies are the strategies circumventing the weaknesses by taking advantage of opportunities. As can be seen in Table 2, I listed two strategies, i.e. social-networking building and improve the capabilities of Esami. Based on the weakness of limited human resource (W1), Esami must improve the capabilities of using human resource or hire more employees to take advantage of the opportunity of customers from Russian and the other non-EU countries (O1).

Mini-Mini strategies are the strategies minimizing weaknesses by avoiding threats. As can be seen, the strategies listed in Table 2 are same with some strategies listed in Maxi-Mini strategies, Maxi-Maxi strategies and Mini-Maxi strategies. The reason of similarity was that the weaknesses and threats of Esami were converted to the opportunities and strengths of Esami.

## 7 CONCLUSIONS AND SUGGESTIONS

The objective of this thesis is to provide guidelines of niche marketing strategy to Esami through the study of niche marketing strategy towards competitive advantage. In order to reach this objective, relevant literature was reviewed and discussed. Furthermore, empirical studies were made to implement the theory into the practice of the case company. Based on the objective of research, two research questions are addressed. This chapter concludes the answers of the research questions. Furthermore, suggestions for future research will be provided.

### 7.1 Findings and conclusions

In this thesis, relevant theoretical knowledge was combined with the empirical study in order to acquire accurate answers to research questions. The theoretical foundations are based on literature discussing niche marketing strategy and competitive advantage. Based on the discussion of niche marketing strategy, the importance of customers' needs is highlighted. The theory of competitive advantage was analyzed based on two different models, i.e. resource-based model and environmental model. Through discussing these two different models, the factors impacting on competitive advantage were identified. Following the discussion of the theoretical models, the empirical study of competitor analysis assisted in identifying the key factors impacting on competitive advantage of Esami. Hence, the first research question was answered. There are mainly three categories of factors, internal factors, i.e. resources, capacities, core competencies and customers' satisfaction and external factors, i.e. segment of customers and competitors, impacting on the competitive advantage. By external and internal analysis, the SWOT analysis was made in chapter six to examine the situation of Esami to gain competitive advantage. The second research question is around the development of niche marketing strategy to gain

competitive advantage. Through the TOWS analysis of Esami in chapter 6, four categories of strategies were provided to assist the company to gain competitive advantage.

Through the second interview with the CEO of Esami, the positive answers were got as regards to the findings of this research. The strategies will be used in the future development of Esami. Some strategic development have already implemented by Esami, for instance, Esami hired a new employee in November. Furthermore, Esami had planned to open a branch in city center of Espoo next year.

## 7.2 Suggestions for future research

Through this research, the possibility of Esami reaching the competitive advantage in its segment was analyzed. Furthermore, the suggestions for the development were proposed. However, due to limited time and resources, only guideline was provided instead of detailed operational plan, for instance, the ways for building the brand was not referred in this research. Hence, the future research of operational plan is necessary for development of Esami.

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## APPENDICE

## QUESTIONNAIRE OF CUSTOMERS OF ESAMI

**Customer satisfaction survey of Esami Driving School**

Dear Valued Customer

Esami Driving School is committed to customer satisfaction hence, this survey. Could you please fill in this questionnaire? By participating you will help us perceive our level of commitment to customer orientation. Our goal is to improve our performance constantly. You can help us reach this goal. Filling in the questionnaire will only take you a few minutes. This survey is anonymous, and the results will be dealt with confidentiality. This survey will be open for 2 weeks from 7 October, 2011 to 21 October, 2011.

Thank you very much for your contribution.

Best regards

Esa Mikkola

CEO Esami

1) Gender (\* mark before the questions represents the minimum questions need to be answered)

Male  Female

2) Age

<18..... 19-25..... 26-30..... 31-35..... 36-40..... >41.....

3) Nationality

Asian  African  North-American

South-American  Europe Union  Other (Please Specify): \_\_\_\_\_

4) Occupation

Student  Employee  Entrepreneur  Unemployed

Other (Please Specify):



5) Which group do you belong to?

First phase courses  Second phase  Change foreign driving license

First phase and second phase  Other (Please Specify).

6) How do you know Esami Driving School?

Direct contact with Esa Mikkola  Through friends  Through

Google to Esami website  Through Facebook  Other (Please Specify)

7) Why do you want to get a Finnish driving license?

Working needs  Family needs  Symbol of independence

Preparation for future  Leisure activities  Other (Please Specify):

8) Do you know the following driving schools? Please choose you know:

Movia  Autokoulu Paananen  Autokoulu Eco

Dynamic driving  Other (Specify):

9) Please indicate your evaluation of the below aspects of Esami driving school in the rating matrix.

	1 Bad	2 Satisfactory	3 Neutral	4 Good	5 Excellent	6 No experience	Suggestions for any improvement
Convenience of location							
Time flexibility							
Price							

3(3)

Theory courses							
Driving practice							
Customer communication through Facebook							
Customer communication through Email							
Customer communication through phone							
Overall evaluation							

10) If you have some proposals for developing Esami Driving School, please write it down.

## INTERVIEW OF CEO OF ESAMI 1

1. Why do you want to open your business for foreigners?
2. When Esami Ky started operation in Helsinki? In April 2011?
3. When Esami Ky has already registered as a company? Many years ago?
4. What kind of competitive advantage Esami Ky has in your opinion?
5. What is your strategy for developing your business?
6. Can you describe your working experience from you starting working as driving coach?
7. How many years you worked for Movia Oy? What kind of experience you got from them for your business operation?
8. You just pointed it out there were some problem in operation of Movia. What kind of problems Movia had? Can you explicit it?
9. Do you have any ideas about your other competitors? If you have, please explicit it
10. How do you use Facebook as a communication tool?
11. Does Esami have a profitable result on the operation until now?
12. Is it possible to show the net profit margin of Esami from opening company until now?

## THE INTERVIEW OF CEO OF ESAMI 2

1. How will you develop your business in practical level based on the result of research?
2. I found that the most of your customers are Asian and African? Do you have any idea about it?
3. Russian is the second largest group in Finland; however, there are very few customers of Esami Ky coming from Russia? Do you know the reason? I heard that there is one Russian-language teaching driving school? Or there are some problems about certain type of customers' communication?