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<b>IMPLEMENTING MARKETING STRATEGIES FOR A NICHE BUSINESS:  CASE OF TALYA HERBAL PRODUCTS</b>		
<b>Atıf/ to Cite (APA):</b> Başer, G. ve Kurtuluş, K. (2023). Implementing Marketing Strategies for A Niche Business: Case of Talya Herbal Products, Journal of Social Research and Management, (1), 20-26.		<b>Gözdegül BAŞER<sup>1</sup></b> <b>Kemal KURTULUŞ<sup>2</sup></b>
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### ABSTRACT

Medicinal and aromatic plants (MAPs) products became more popular during and after the Covid-19 pandemic. MAPs production and marketing could be accepted as a niche business. The purpose of this study is to examine the marketing strategies of a MAPs producing company from Türkiye. Using case study, data is gathered via interviews, observations and secondary sources. Findings showed that the company succeeded a prudent progress in various market segments basing on its market orientation culture and use of different market distribution channels. Every distribution channel had a different market segment as well as a different structure. The company learned from its market experiences and orientation. They had been organizing to enter the USA market as well as exporting to several other countries. The findings point out that in our today's world of high competition, companies focus on various market segments, follow different pricing and branding strategies simultaneously so that they can survive in a complex environment with a persistent competitive advantage.

**Keywords:** Marketing Strategy, Case, Herbal Products, Niche Business

### 1.INTRODUCTION

Marketing strategies reveal the internal and external actions to be taken to strengthen the product or the service in the market. They focus explicitly on the quest for long run competitive advantages. Organizations with market orientation are expected to follow effective marketing strategies. Marketing strategy is a tool to enable the enterprise to achieve its specific goals, this tool is a pattern of decisions concerning all the marketing activities (Varadarajan, 2010: 119).

Market orientation is quite important as a basis of marketing strategies. It refers to the responsiveness to market intelligence (Tadepalli, R., and Avila, 1999: 69). Market orientation is valuable and important as it concentrates the organization on (1) continuously collecting information about target-customers' needs and competitors' capabilities and (2) to create continuously superior customer value (Slater et al.,1995: 63). Market orientation requires a market oriented culture to follow the market dynamics concerning customers and competitors. Talya Herbal Products, producing natural and organic products from medicinal and aromatic plants, is one of the good examples for implementing marketing strategies through a market oriented culture.

The consumer awareness about health increased in 1980's- 1990's, which caused an increase in the demand for organic and naturally grown medicinal and aromatic plants (Esetlili et al, 2014: 240). Today, people are highly concerned about natural and organic products for their health. Medicinal and aromatic plants (MAPs) are among the healthy alternatives to be used for several purposes. MAPs are mostly

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used to produce pharmaceuticals, dietary supplements, natural health products, cosmetics, personal care products, flavorings etc.

Medicinal and aromatic plants (MAPs) play a significant role in meeting the demands of the traditional medicine markets. As an example, the global export market for MAPs was estimated to be US\$2.59 billion in 2016. China dominated the global supply, and it was followed by India. United States, Germany, Japan, Hong Kong(China), Chinese Taipei, and Singapore, all of which imported over US\$100 million in total value in 2016 were the other main importers (The World Bank, 2018).

Turkey is among the significant producers of MAPs with its high variety of plants (Batem, 2012). The flora of Turkey is close to the number of plants in the whole of Europe (approximately 12.000) with over 10.000 plant varieties and shows a great diversity and richness. Medicinal-aromatic plants occupies 1/3 of the flora, and about 3,000 plants are endemic. 1/3 of this flora belong to aromatic plants and 3.000 of the total varieties are endemic. The majority of medicinal plants at the selling points are wildly harvested (Esetlili et al, 2014: 239). Therefore, control lacks during their growth and development. As a result, Turkey has a vast variety of MAPs that could be exported either raw or processed.

This research is a case study related to one of the MAPs producers in Turkey: Talya Herbal Products Inc. Talya Herbal Products Inc. offered a high range of around 200 products like natural oils (single oils, solid oils, fixed oils, essential oils), Aromatherapy Blends (Care Oils, Care Serums), Dietary Supplements, Vitamins and Hydrolates, Bee Products and Honey Mixtures. They had a fast development in the turkish market as well as foreign markets like USA. The study outlines their market oriented culture and marketing strategies.

## **2.LITERATURE REVIEW**

Companies try to survive in the market by gaining a competitive advantage. The long-term challenge for any firm is to perceive and address the imperatives of competitive advantage (Porter, 1990: 8). Competitive advantage could be the use of a new technology, specific knowledge, highly skilled employees, or any other opportunity that could lead an advantage over other competitors. Companies try to achieve any competitive advantage in order to survive in the long term.

Competitive advantages could be achieved via competitive strategies. Porter described strategies for competition as "taking offensive or defensive actions to create a defendable position in an industry, to cope successfully with the five competitive forces and thereby yield a superior return on investment for the firm". He concluded that "there are three potentially successful generic strategic approaches to outperforming other firms in an industry: (1) overall cost leadership (2) differentiation (3) focus." (Sharp, 1991: 4). According to Porter, a company could be the cost leader, or its products or services could be different or it could focus in its market.

Market orientation and market strategies are closely related to each other in many terms. According to Dobni and Luffman (2000:895), "market orientation provides a context for the implementation of specific marketing strategies by serving as a moderator of operational marketing strategy, as an example, organizations who possess a strong market-oriented culture (high-spirited cultures) engage in value creation strategies such as market segmentation, developing new products/ services for new markets, and product or service customisation. Those organizations possessing low market orientations (ineffectual cultures) generally practice less aggressive and internally focused strategies such as charging lower prices, providing limited customer service, product/ service standardization, and undertake limited market research".

One of the core tasks of marketing is to understand consumers and their consumption experiences, both in retail and online environments (Schmitt and Zarantonello, 2013: 26). Marketing strategies cover

internal and external stakeholders in order to gain a competitive advantage. Market orientation culture may foster market strategies. The companies who follow the market dynamics and customer demands intensively are expected to be more sustainable with a higher market share.

### **3.RESEARCH METHOD**

Case study is used as the research method. Case study methodology provides a framework for evaluation of complex issues (Heale and Twycross, 2018: 8). It is a research approach to generate an in-depth, multi-faceted understanding in real-life contexts (Crowe et al.,2011: 1). Case study provides data about real-life experiences. Therefore, case study is chosen as a research methodology to enlighten the market strategies of a fastly developing sector and company in terms of its market oriented culture.

Data triangulation (the use of different data sources) was used as a way of increasing the internal validity of the research. Data is collected through interviews with the company owner, marketing manager and sales manager. Interviews were made in the company which allowed the researchers to make observations. Finally, company documents, web site, and advertisements were studied as another source of data.

The research aimed to find answers to the following questions in terms of the case study:

1. How could the company history be summarized?
2. How was their marketing organization?
3. How did the company develop in terms of market channels and segmentation?
4. What were their branding and pricing policies?
5. What kind of promotional activities were done?

### **4. CASE: TALYA HERBAL PRODUCTS INC.**

#### **4.1.Company History**

Talya Herbal Products is a turkish company specialized in producing natural and organic products from medicinal and aromatic plants (MAPs) like essential oils and fixed oils, dietary supplements, bee products and honey mixtures aromatherapy blends, vitamins and hydrolates. Established in 2003, the company introduced its products under “Talya” brand. Company founder, Mr. Halis Ertař, studied phytotherapy<sup>3</sup> as his master degree. He established the company as he was twenty three years old. Currently, the company had around seventy employees in its manufacturing plant in Antalya - Türkiye and three employees in its branch office in USA. They developed departments like purchasing, production, marketing, sales, R&D and quality control. The company focused on developing new products. Recently, they introduced “Herbafiber” as prebiotics, a product different than their original product portfolio which was a signal that they planned to enter to different market segments other than MAPs.

#### **4.2.Company Marketing Organization**

Talya Herbal was always market-oriented since its foundation. However, they did not have a marketing department at the beginning. Mr.Ertař started the business by himself with direct sales to several herbalists in Antalya. Later on, he had a personal direct sales team contacting the herbalists one by one. After focusing on different market channels, they established a sales and marketing department. After many years, they found out that sales and marketing should be diverted and they should concentrate on marketing and started to establish a marketing team. Their marketing team had three marketing experts

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<sup>3</sup> Phytotherapy, or herbalism, means “the usage of plants or herbs as medication to treat or prevent diseases in human and animals” (Sciencedirect).

whereas sales team had eight salesmen. They also got outsource service for organizing their products in supermarkets from special salespeople called as “Merchandiser”. These people helped to organize their shelves in supermarkets in main big cities. They developed a different sales channel in their web site, offering housewives or free-lance sales people to work on their own to sell Talya products, which they named as “exclusive sales network project” or which they called as “housewife sales network model”. They also provided online sales from their website.

### **4.3. Marketing Channels and Market Segmentation**

Talya Herbal started to sell its products by direct sales to special natural product shops (herbalists). Soon, Mr. Ertař found out that it was difficult to collect money from this segment, so they decided to switch to pharmacies. Another reason of the switch was the change in consumer’s life style. Mr. Ertař noticed that consumers who used to buy from the special natural products, preferred to buy from the pharmacies<sup>4</sup>. Pharmacies were found to be more trustable and had a higher reputation and consumers trusted them more. Pharmacy channel was a different and large channel compared to the special natural product shops. After supplying to pharmacies, they decided to deliver to supermarkets. Supermarket channel was developing very fastly. They were the first company in Türkiye to enter the pharmacy market and the supermarkets in terms of MAP products simultaneously.

In the last nineteen years, the company succeeded to sell its products in more than 25.000 pharmacies in Turkey, in special natural product shops, supermarkets (Migros, Macro Center, Özdilek) and as online from their website and private salespeople. They exported to twenty five different countries. They established Talya Herbal LLC in Chicago, USA. The company was registered to American Academy of Nutrition and Dietetics with FDA certificate.

Market segmentation policy was not clear at the beginning. The company learned by experience. As they introduced to herbalists, a vast majority of the market was their customers. However, as they started introducing to pharmacies, their customers were more specific people who cared about their health and beauty. “Talya” was their general brand. Three years ago, company managers visited eight cities in Turkey in order to know their target market and do market research. They interviewed end-users and salespeople. They defined their target group as mostly women of 24 – 44 ages. Men could be also among this target group with some special needs.

### **4.4. Brands and Pricing**

They tried to develop a branding strategy according to different market segments. Talya was their first brand which they had been introducing to the market since their foundation. Recently, they developed two other brands: “Alvin” and “Infinity”. Alvin would be their brand for discount groceries or low segments. “Infinity” would be their premium brand for A+ market segment. For “Infinity”, they aimed to reach very rich people or celebrities.

Talya Herbal Products was the first company in Turkey to supply high quality herbal products. They determined the market and prices. They had a market share of 20 % in Turkey. They thought that they did not have any real competitors in terms of quality and price, stating that many of their competitors were quite far away in terms of quality.

They had the advantage of being the price maker in the market as being the “*first mover*”. However, they believed that they had “enough margin” and therefore, their products should have affordable prices for almost everybody. They did not have a specific target group and a pricing policy at the beginning. The price of the products were cheap compared to their quality, although they were the market leader,

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4 There were 26.558 freelance pharmacies in 2020 in Turkey (Bağcı and Atasever, 2020: 63).

they offered “**humble**” prices basing on a cost plus pricing policy. Prices would cover their costs and provide an “enough” profit. They did not go for higher prices although they were the main supplier. They wanted to keep “affordable prices”, although they offered specialty products. They believed that they could only offer higher prices for another new brand (Infinity) for rich customers.

Migros, as one of the well-known supermarkets in Turkey, was one of the sales channels of Talya as well as the pharmacies. Naturally, there were different prices for the same products in Migros and in various pharmacies. Price differences among pharmacies were caused by their location and region. In addition, they offered upto 30 % discount on their website, for big volume direct sales as an exclusive sales network Project.

#### **4.5.Promotion**

They concentrated on digital marketing channels like facebook, instagram, twitter, tic toc etc. in terms of promotion.<sup>5</sup> They gave sponsored advertisements however it was not allowed to give direct product advertisements due to the health restrictions of regulations. They focused on their web site and started to increase their web-site traffic. Also, they planned to use their FDA certificate in their promotion campaigns in Turkey as American certificates had a high reputation in general. They wanted to increase their brand awareness and brand image. They wanted to focus on “trust” and “quality”. They worked with social media influencers specialized in similiar products. They sponsored many sports and social projects. They used “I love myself” as their company motto.

#### **5.CONCLUSION**

The company and its products could be considered in their development stage after 19 years of experience. The company had a huge advantage in a niche and profitable market with a wide range of products. They produced around 200 finished products and worked on 1000 herbal raw materials. They had a strategic investment in a big market like USA. They offered “specialty products” with a high variety. They offered their products to various marketing channels with different pricing policies and brands. They invested in research and development and developed via exports and investing in USA. They had a high market orientation and a market oriented culture. Their marketing strategies were based on their market orientation. However, they did not differentiate among different market segments in terms of prices and brands in the turkish market and they learned from their marketing strategies as a result of being “market oriented” and they let the market to lead them.

During the Covid-19 pandemic, they had a high demand as customers were more sensitive with their health and wanted to use natural products to strengthen their immunity systems. As a final conclusion, it is possible to observe that they had an intensive distribution strategy covering different market segments. They based on market orientation, experienced in the market and developed marketing strategies accordingly. They tried to develop in different market segments simultaneously. They followed a market oriented culture in the American Market. The real-life case of Talya Herbal Life Inc. provides important hints. Companies learn from the market segments and market orientations which lead their market strategies. Market strategies help companies in the long run concerning different stakeholders and products. However, market orientation seems to lead the strategies. Today’s world of high competition causes companies to focus on various market segments, different pricing and branding simultaneously and companies try to survive in a more complex environment. According to Mitchell et al. (2010: 167), “increasing societal, market, government, and corporate awareness of the importance of

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<sup>5</sup> The rate of home internet access was 83.8% in 2018 in Turkey. It made a great leap in 2019 and reached 88.3 %. The rate of online shoppers as of 2019 compared to the previous year. It increased from 29.2 % to 34 % exceeding the 30 % limit for the first time. (KPMG, 2020)

sustainable development and accompanying sustainability management are reinforcing the need for the addition of social and environmental dimensions to the market orientation concept in managing contemporary corporations". It is possible to conclude that implying market strategies with a high market orientation resulted with success for a niche business.

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