

LEVERAGING BLUE OCEAN STRATEGY FOR MARKET EXPANSION IN SMES IN NIGERIA

Oguche, Wisdom Enejo (Ph.D)¹ Agbo, Patrick Ojabo (Ph.D)² Ijakwu Friday Enokela³

¹Department of Business Administration, Prince Abubakar Audu, University, Anyigba, Kogi State. Email: enejolikeswisdom@gmail.com..

²Department of Business Administration, Enugu State University of Science and Technology, Enugu

³Department of Business Administration, Nassarawa State University, Keffi.

Abstract

The study explored how Small and Medium-sized Enterprises (SMEs) in Nigeria can leverage through Blue Ocean Strategy (BOS) to expand their market reach and achieve sustainable growth. Specifically, the study identified the key challenges faced by Nigerian SMEs in competitive markets, examined the principles and frameworks of BOS and their applicability to the Nigerian context, analyzed case studies of Nigerian SMEs that have successfully implemented BOS, and proposed actionable recommendations for SMEs seeking to create uncontestable market spaces. Using a mixed-methods approach for 550 respondents, including surveys, case studies, and regression analysis, the study highlighted the multifaceted challenges SMEs face and the potential of BOS as a strategic framework for market expansion. Key findings revealed significant challenges such as lack of access to finance, regulatory constraints, and infrastructure deficiencies. The study emphasizes the alignment between BOS principles and Nigerian market characteristics, showcasing opportunities for SMEs to leverage innovation, value creation, and market differentiation. The Case studies illustrate diverse BOS strategies, while regression analysis indicates a positive relationship between BOS adoption and Market expansion. We therefore recommends the establishment of SME financing mechanisms and developing tailored training programs to equip SMEs with the necessary skills for effective BOS implementation.

KEYWORDS: Blue Ocean Strategy, SMEs, Market Expansion, Nigeria, Sustainable Growth.

Introduction

According to the National Bureau of Statistics (2023), small and medium-sized enterprises (SMEs) comprise around 48% of the country's GDP and 96% of all firms in Nigeria. SMEs constitute the backbone of the country's economy. Nigerian SMEs make a substantial contribution, but they also experience many obstacles to growth and competition. These difficulties include difficult access to capital, poor infrastructure, onerous regulations, and fierce rivalry between domestic and foreign businesses. Conventional competitive strategies, which usually concentrate on beating competitors in current markets, frequently result in SMEs finding it difficult to stand out from the crowd and experience long-term success. This circumstance calls for the implementation of creative strategy plans that can assist SMEs in escaping crowded markets and venturing into uncharted territory.

Chan and Renée (2005) developed the Blue Ocean Strategy (BOS) idea, which provides a workable way for Nigerian SMEs to overcome their competitive limitations. By developing new market areas (blue oceans) where competition is unnecessary, BOS concentrates on expanding market share, in contrast to traditional strategies that prioritize rivalry inside preexisting market borders (red oceans). This strategy uses value innovation to generate new demand and provide distinctive value

propositions for clients by pursuing differentiation and low cost at the same time. Through the implementation of BOS, small and medium-sized enterprises can detect and capitalize on untapped opportunities, leading to substantial market expansion and enduring viability. The Blue Ocean Strategy has enormous potential for implementation in the Nigerian environment. The nation's youthful population and diverse economy make it an ideal place for innovation and the development of new markets. A number of industries, such as e-commerce, healthcare, fintech, renewable energy, agriculture, and education, provide SMEs unexplored chances to use BOS and spur growth. For instance, AgriTech solutions that increase production and efficiency can help the agriculture industry, which employs a significant share of the workforce. In a similar vein, the off-grid solar industry can investigate ways to tackle the nation's ongoing power supply problems.

The necessity for firms to innovate and adjust to new market realities has increased due to the COVID-19 epidemic. This means that in addition to overcoming the obstacles they face now, Nigerian SMEs must also position themselves to develop in the future by generating and seizing new markets. SMEs may accomplish this by shifting away from models that are driven by rivalry and toward ones that are focused on value creation and innovation, proposed to the Blue Ocean Strategy. Current patterns show that Nigerian SMEs are becoming more interested in creative business concepts. A report released by the African Development Bank (2022) noted that SMEs have been adopting innovative methods and digital technologies at a remarkable rate, which is important because it helps create blue seas. To help SMEs implement the Blue Ocean Strategy successfully, however, a systematic methodology and empirical data are required. By examining the application of BOS in the Nigerian environment, identifying critical success criteria, and offering practical advice for SMEs, this study seeks to close this gap.

The Blue Ocean Strategy (BOS) has many benefits for SMEs looking to break out of crowded markets and generate fresh demand, but it also has drawbacks and obstacles that may limit its applicability to market expansion for SMEs in Nigeria. Entering a blue ocean frequently entails navigating uncharted territory in terms of market conditions and a great lot of uncertainty, which can be intimidating for smaller businesses with fewer resources. Because of this, it may be challenging for SMEs to forecast consumer preferences, market trends, and future difficulties with accuracy (Maurogne & Kim, 2015). Additionally, the lack of investment and credit availability pose a serious financial barrier for SMEs in Nigeria, making it challenging for them to make the kind of investments in creative skills needed to create blue ocean opportunities (NBS, 2023). Similar to this, SMEs may find it difficult to adopt BOS since they frequently lack the managerial know-how and resources necessary to successfully spearhead such radical changes. This can be a difficult and time-consuming task that calls for knowledge and experience that many SMEs might not have. Furthermore, it frequently calls for organizational re-design and a change in the company culture, both of which can be challenging to implement (Adeniran & Johnston, 2022).

Although the goal of the Blue Ocean Strategy is to establish new markets with minimal rivalry, once the market's potential is apparent, these markets can easily draw in new competitors. Bigger rivals with greater resources could copy SMEs' creative tactics, undermining their initial advantages and competitive edge (Ebitu & Ufot, 2021). When new goods or services are introduced to the market, it takes a lot of work to inform and win over potential consumers. Nigerian customers could be reluctant to embrace completely novel ideas, particularly if they are used to conventional remedies. It can be difficult to overcome this reluctance, and it might take a lot of marketing and consumer education (UNDP, 2022). In addition, political unpredictability, inadequate infrastructure, and regulatory barriers are common features of the Nigerian economic climate. These elements may make it more difficult for SMEs to adopt creative tactics and prevent them from taking full advantage of fresh

market opportunities (AfDB, 2022). Although the Blue Ocean Strategy offers Nigerian SMEs a viable means of expanding their markets and achieving long-term success, it is not without its problems. There are several obstacles to overcome, including high risk and uncertainty, large investment needs, implementation complexity, copying potential, difficulties with market adoption, and regulatory obstacles. Therefore, the study aims to provide a comprehensive analysis on the potential of the Blue Ocean Strategy (BOS) for market expansion in Nigerian SMEs.

Research Questions

The following research questions guided the study:

- i. What are the key challenges faced by SMEs in Nigeria in existing competitive markets?
- ii. What are the principles and frameworks of BOS and their applicability to the Nigerian context?
- iii. What are the case studies of Nigerian SMEs that have successfully implemented BOS?
- iv. What practical recommendations can be made to Nigerian SMEs to leverage the Blue Ocean Strategy?

Objectives of the Study

This study assesses how SMEs in Nigeria can leverage Blue Ocean Strategy to expand their market reach and achieve sustainable growth. The specific objectives are to:

- i. identify the key challenges faced by Nigerian SMEs in existing competitive markets;
- ii. examine the principles and frameworks of BOS and their applicability to the Nigerian context;
- iii. analyse case studies of Nigerian SMEs that have successfully implemented BO;.
- iv. propose actionable recommendations for SMEs seeking to create uncontested market spaces in Nigeria.

Literature Review

Overview of Blue Ocean Strategy: Unlocking Market Innovation

Blue Ocean Strategy (BOS) is a strategic framework developed by Chan and Renée (2020) that emphasizes creating uncontested market space by simultaneously pursuing differentiation and low cost. Unlike traditional competitive strategies, which focus on outperforming rivals within existing industry boundaries (red oceans), BOS advocates for shifting focus to uncontested market spaces (blue oceans) where competition is irrelevant or nonexistent (Kim & Mauborgne, 2015). BOS advocates for creating value for customers while simultaneously reducing costs. Instead of benchmarking against competitors, companies innovate to deliver unique value propositions that address unmet customer needs (Kim & Mauborgne, 2015). It also encourages companies to look beyond existing customers and target non-customers who are not served by the current market offerings. By understanding the "non-consumption" factors that deter non-customers, companies can unlock new demand and expand market boundaries (Kim & Mauborgne, 2015). Additionally, rather than engaging in head-to-head competition, BOS advocates for differentiation through innovation in product features, service delivery, and customer experience. By offering unique value propositions, companies can create a compelling reason for customers to choose their offerings over competitors (Kim & Mauborgne, 2015). BOS challenges companies to redefine industry boundaries and create new market spaces by combining elements of existing markets in innovative ways. This involves identifying and targeting underserved market segments and redefining the value-cost trade-off (Kim & Mauborgne, 2015).

Blue Ocean Strategy and Nigerian SMEs

The Small and Medium-sized Enterprises (SMEs) sector in Nigeria function in a dynamic and demanding business environment that is defined by elements like stringent regulations, restricted financial availability, inadequate infrastructure, and fierce rivalry. In order to overcome these

obstacles and achieve sustainable growth, Nigerian SMEs are looking more and more into strategy frameworks like the Blue Ocean Strategy (BOS). Nigerian SMEs frequently encounter bureaucratic inefficiencies and regulatory barriers that obstruct business operations and growth. For SMEs, entry and growth are hampered by complicated regulatory requirements, licensing processes, and compliance expenses (Ojo & Akinbola, 2020). For Nigerian SMEs, financing availability is a major obstacle. Many find it difficult to obtain capital from conventional financial institutions because of strict lending standards, exorbitant interest rates, and collateral requirements. According to Adegbite *et al.* (2021), this limits SMEs' capacity to invest in innovation, technology adoption, and business expansion. For Nigerian SMEs, inadequate infrastructure including telecommunications, transportation networks, and power supplies presents operational hurdles. For SMEs working in remote or underserved areas in particular, poor infrastructure raises production costs, lowers efficiency, and restricts market penetration (Akpomi & Inyama, 2019). Nigerian SMEs must contend with fierce competition from both local and foreign businesses involved in a range of economic areas. Squeezing profit margins and forcing SMEs to stand out in order to stay competitive are the result of a crowded market and price-driven competition (Ishola & Adebayo, 2021).

Market Expansion Challenges for SMEs and Blue Ocean Strategy

Small and Medium-sized Enterprises (SMEs) face numerous challenges when expanding into new markets. These challenges include limited resources, intense competition, regulatory barriers, and uncertainty about market demand. However, Blue Ocean Strategy (BOS) offers SMEs a strategic framework for overcoming these challenges and achieving successful market expansion. SMEs often have limited financial and human resources, making it challenging to invest in market expansion initiatives such as market research, product development, and marketing campaigns (Jovanic, 2020). They also encounter fierce competition from both established players and new entrants in the market. Competing with larger firms with greater resources and brand recognition can be daunting for SMEs attempting to expand into new markets (Rasiah, 2018). When entering new markets, SMEs may encounter legal obstacles and compliance requirements, such as licenses, permits, and trade laws. The expense and complexity of expanding a market are increased by navigating these regulatory obstacles (Bartlett & Ghoshal, 1989). SMEs may have uncertainty regarding client preferences, demand patterns, and competitive dynamics in new areas due to a lack of trustworthy market knowledge. The danger of attempting to expand a market is increased by this uncertainty (Mulugetta & Yu, 2016). The Blue Ocean Strategy provides SMEs with a calculated method to tackle the obstacles of expanding their market and seize fresh chances for growth. SMEs can successfully expand their businesses by pursuing value innovation, focusing on non-customers, and establishing uncontested market niches. These strategies will help them overcome market limitations.

BOS promotes innovation among SMEs, helping them to develop distinctive value propositions that set them apart from rivals. SMEs can generate demand in new markets and draw in new clients by providing cutting-edge goods, services, or business methods (Kim & Mauborgne, 2015). The BOS guidelines advise SMEs to focus on non-customers who are underserved by the market's present offers rather than only the current consumer categories. SMEs can create customized solutions that appeal to new customer categories by learning about the requirements and preferences of non-consumers (Kim & Mauborgne, 2015). BOS gives SMEs the ability to redraw the lines between industries and carve up uncharted territory in the market where rivalry is meaningless. SMEs can break free from the fierce competition and achieve sustained growth by recognizing and seizing untapped market possibilities (Kim & Mauborgne, 2015). For SMEs, entering new markets presents a number of difficulties, such as scarce resources, fierce competition, legal restrictions, and unpredictability in the market. SMEs can, however, use the Blue Ocean Strategy as a strategic

framework to get beyond these obstacles and expand successfully. SMEs can take advantage of new growth prospects and prosper in competitive market settings by concentrating on value creation, focusing on non-customers, and carving out uncontested market niches.

Theoretical Framework

Dynamic Capabilities Theory (David Teece in 1997)

According to the Dynamic Capabilities Theory, a company can gain a competitive edge by being able to innovate, adjust, and reorganize its resources and capabilities in response to shifting market conditions. Businesses with dynamic capabilities are able to detect market opportunities, take strategic action to take advantage of them, and reorganize their resource base over time to maintain a competitive edge. Because of the unpredictability, complexity, and speed of change that define markets, businesses must constantly adapt and adjust. Different from static resources, dynamic capabilities are a company's ability to grow, integrate, and reorganize its resource base in response to changes in the external environment. One essential component of dynamic skills is the capacity to recognize and take advantage of opportunities, which allows businesses to profit from new trends and disruptions. The theory emphasize innovation and adaptability in response to shifting market conditions, providing a dynamic perspective on competitive advantage. It offers a theoretical framework for comprehending the ways in which businesses can build and use capabilities to generate and maintain competitive advantage. Because dynamic capabilities are applicable in a variety of industries and circumstances, the theory can be used to address a wide range of strategic management issues (David, 1997).

Empirical Review

Rahman and Hossain (2020) carried out a review of Blue Ocean Strategy and Porter's Generic strategies. The study found that Blue Ocean Strategy offers SMEs a more flexible and innovative approach to market expansion compared to Porter's Generic Strategies. While Porter's models focus on competitive positioning within existing markets, BOS emphasizes creating new market spaces and redefining industry boundaries. The study recommended that SMEs should consider adopting Blue Ocean Strategy as a strategic alternative to traditional competitive strategies. By focusing on value innovation and market creation, SMEs can differentiate themselves and achieve sustainable growth in competitive markets. Blue Ocean Strategy provides SMEs with a strategic framework for achieving market expansion and competitive advantage. However, successful BOS implementation requires organizational commitment, leadership support, and strategic alignment to drive innovation and change. Critics argue that Blue Ocean Strategy may not be suitable for all SMEs or industries, as its effectiveness depends on factors such as market dynamics, resource availability, and organizational capabilities. Additionally, the challenges of BOS implementation, such as market uncertainty and competitive response, may hinder its adoption and effectiveness.

Oluwaseun and Adebayo (2020) examined Blue Ocean Strategy adoption by SMEs in emerging economies, including Nigeria. Findings of the study showed that SMEs that have successfully implemented Blue Ocean Strategy experienced rapid market expansion, increased customer base, and improved profitability. However, challenges such as resource constraints and organizational inertia hindered BOS adoption among SMEs. The study recommended that policymakers should provide support mechanisms such as training programs and access to financing to facilitate BOS adoption among SMEs. SMEs should prioritize innovation and market research to identify untapped market opportunities. They concluded that Blue Ocean Strategy offers SMEs in emerging economies a viable approach to achieve market expansion and competitive advantage. However, effective implementation requires overcoming internal and external barriers to change.

Osei-Bonsu and Boohene (2019) conducted a study on Blue Ocean Strategy and SME Performance: Findings revealed a positive association between BOS adoption and SME performance, with SMEs implementing BOS strategies achieving higher levels of profitability, growth, and market share compared to their competitors. The study recommended that SMEs should prioritize BOS adoption as a strategic approach to market expansion and growth. By focusing on value innovation, targeting non-customers, and creating uncontested market spaces, SMEs can differentiate themselves and gain a competitive advantage. They concluded that Blue Ocean Strategy offers SMEs a practical framework for achieving market expansion and competitive advantage. However, successful BOS implementation requires commitment, leadership support, and organizational alignment to drive innovation and change.

Zou and Yen (2018) assessed Blue Ocean Strategy and SME's survival in Jordan. Findings of the study highlighted the significance of BOS as a strategic approach for market expansion and innovation. Key themes include value innovation, market creation, strategic repositioning, and organizational change. The study recommended that future research should focus on exploring the mechanisms and processes underlying BOS implementation, as well as its impact on firm performance, industry dynamics, and market evolution. Additionally, comparative studies across industries and geographies can provide valuable insights into the applicability and effectiveness of BOS strategies. They concluded that Blue Ocean Strategy offers SMEs a strategic framework for creating uncontested market spaces and achieving sustainable growth.

Ibrahim & Yusuf (2018) conducted a study on Blue Ocean Strategy Implementation challenges in Nigerian SMEs. Findings of the study shows that the main challenges faced by Nigerian SMEs in implementing BOS include lack of strategic vision, organizational resistance to change, and limited financial resources. Additionally, SMEs cited difficulties in identifying blue ocean opportunities and developing innovative business models. The study recommended that SMEs should invest in strategic planning and organizational development to foster a culture of innovation and change readiness.

Methodology

This study used a mixed-methods approach, combining quantitative and qualitative techniques to fully examine how the Blue Ocean Strategy (BOS) is being applied by SMEs in Nigeria to expand their market share. To ensure the study's robustness and depth of analysis, primary and secondary data collection methods were incorporated into the design. SME owners, managers, and stakeholders functioning in the chosen states that represent each geographical zone of Nigeria make up the population of interest due to the high level of business activities in the region. The survey specifically concentrates on SMEs in the subsequent states:

1. North Central (Middle Belt): Federal Capital Territory (Abuja)
2. North East: Bauchi
3. North West: Kaduna
4. South East: Enugu
5. South South: Akwa Ibom
6. South West: Lagos

To guarantee participation from a variety of sectors and industries within each state, stratified random sampling was utilized. The goal was to have a minimum sample size of 100 SMEs in each state, for a total sample size of 600 SMEs in all the states. In order to gather quantitative information on the difficulties, tactics, and results associated with market expansion and BOS implementation, organized questionnaires were given to SME owners and managers as primary data sources. Depending on the SMEs' accessibility, questionnaire was administered to respondents both in-person and electronically while industry papers, government reports, and scholarly literature were examined as secondary data

sources to corroborate the study's conclusions. The frequencies and percentages of the survey responses were analysed using descriptive statistics. Regression modeling and other inferential statistics were used to determine if corrections exist between variables and evaluate the effect of BOS on SME performance or market expansion.

Estimation of Results

Table 1: Summary of Key Challenges Faced by Nigerian SMEs

Challenge	Frequency	Percentage
Lack of Access to Finance	150	27.3%
Regulatory Constraints	120	21.8%
Intense Competition	90	16.4%
Infrastructure Deficiencies	80	14.5%
Limited Market Access	60	10.9%
Skill Shortages	50	9.1%
Total	550	100%

Source: Field survey, 2024.

The survey results of Table 1 reveals that the most significant challenge faced by Nigerian SMEs is the lack of access to finance, with 27.3% of respondents citing it as a major obstacle. Further findings shows that 21.8% of respondents expressed concerns about regulatory hurdles, including complex tax regulations and bureaucratic processes, which add to their operational costs and administrative burden, 16.4% of respondents reported facing intense competition from both local and international firms, making it difficult to differentiate their products or services, 14.5% of respondents highlighted infrastructure deficiencies, such as unreliable power supply and poor transportation networks, as major obstacles affecting their operations, 10.9% of respondents indicated challenges in accessing new markets beyond their local or regional boundaries, limiting their growth potential and 9.1% of respondents indicated skill shortage as a challenge limiting the implementation of blue ocean strategy in Nigeria. Therefore, infrastructure deficiencies, limited market access, and skill shortages were identified as additional hurdles, underscoring the multifaceted nature of challenges facing Nigerian SMEs.

Table 2: Comparison of Blue Ocean Strategy Framework with Nigerian Market Characteristics

BOS Framework Component	Nigerian Market Characteristics	Frequency	Percentage
Value Innovation	High potential for disruptive innovation due to market inefficiencies and unmet needs	220	40%
Focus on non-customers	Large untapped market segments and underserved customer groups	150	27.3%
Pursuit of Differentiation	Opportunity to differentiate products/services through unique value propositions	110	20%
Redefinition of Market Boundaries	Flexibility to redefine industry boundaries and create new market spaces	70	12.7%
Total		550	100%

Source: Field survey, 2024.

Table 2 highlights the frequency and percentage of respondents who identified specific BOS components as applicable to the Nigerian market. A significant portion (40%) of the respondents

indicated that there is high potential for value innovation in Nigeria due to market inefficiencies and unmet needs. This suggests that many SMEs see opportunities to disrupt the market with innovative solutions that address these gaps. Approximately 27.3% of respondents believe there are large untapped market segments and underserved customer groups in Nigeria. This highlights the potential for SMEs to expand their customer base by targeting non-customers who are not currently being served by existing market offerings. 20% of the respondents see opportunities to differentiate their products or services through unique value propositions. This indicates that SMEs recognize the importance of standing out in the market by offering distinct and valuable products or services and a smaller portion, 12.7% of respondents, see the flexibility to redefine industry boundaries and create new market spaces as an opportunity. This may reflect a more cautious or less common approach among SMEs but still indicates potential for strategic market boundary redefinition.

Table 3: Analysis of Case Studies of Nigerian SMEs Implementing Blue Ocean Strategy

Success Factor	Case Study	Frequency	Percentage
Innovation in Product/Service	Yes	330	60%
	No	220	40%
Total		550	100%
Market Research	Extensive	220	40%
	Limited	165	30%
	Moderate	165	30%
Total		550	100%
Strategic Partnerships	Key driver	275	50%
	Moderate effect	165	30%
	Not significant	110	20%
Total		550	100%
Marketing Effectiveness	High	220	40%
	Moderate	220	40%
	Low	110	20%
Total		550	100%
BOS Adoption Rate	Yes	450	81.82%
	No	100	18.18%
	Total	550	100%

Source: Field survey, 2024.

Table 3 presents the analysis of case studies of Nigerian SMEs implementing Blue Ocean Strategy, highlighting the frequency and percentage distribution of key success factors. A significant majority (60%) of the surveyed SMEs indicated that innovation in their products or services was a key factor in their implementation of Blue Ocean Strategy. This underscores the importance of product and service innovation as a driver of market expansion and competitive differentiation. The distribution also shows that 40% of SMEs conducted extensive market research, while 30% each had limited or moderate market research efforts. This suggests that while extensive market research is beneficial, a significant portion of SMEs still rely on moderate or limited research when implementing Blue Ocean Strategy. Half of the SMEs (50%) considered strategic partnerships as a key driver for their success in implementing Blue Ocean Strategy. This highlights the role of partnerships in providing resources, expertise, and market access crucial for successful strategy execution. An equal percentage (40%) of

respondents rated their marketing effectiveness as high or moderate, indicating that effective marketing is essential but varies in its execution and a smaller portion (20%) rated it as low, suggesting areas for improvement in marketing strategies to fully leverage Blue Ocean opportunities. The findings indicated that multifaceted approach is required for successful Blue Ocean Strategy implementation, combining innovation, research, partnerships, and marketing effectiveness. Overall, findings of the rate of adoption of BOS among the surveyed SMEs shows that 81.82% individuals or entities have adopted BOS, while 18.18% individuals or entities have not adopted BOS.

Table 4: Evaluation of Outcomes and effects of SMEs Adopting Blue Ocean Strategy

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig
BOS adoption (y)	B	Std. Error	Beta	
Constant	1.23	0.15	8.20	0.000
Market Expansion (x1)	0.45	0.08	5.63	0.000
R	0.85			
R square	0.79			
F – value	283.102			

Source: Field survey, 2024.

To present the results of the regression analysis conducted on SPSS for evaluating the outcomes and effects of adopting Blue Ocean Strategy (BOS) among Nigerian SMEs in table 4, the regression model includes Blue Ocean Strategy (BOS) adoption (Y) as the dependent variable and Market expansion (X1) as the independent variable. The result indicates that the R (0.85) has a strong positive correlation between the independent variables (Market Expansion) and the dependent variable (Blue Ocean Strategy Adoption). The R square (0.79) value means that 79.0% of the variation in BOS Implementation can be explained by the model, which is Market Share. The F-value (283.102) with a significance level of 0.000 indicates that the regression model is statistically significant. This means that the model significantly explains the variation in BOS Implementation.

The constant value (1.23) represents the expected value of BOS when all predictors are zero. The coefficient of Market Expansion (0.45) indicates that for every one-unit increase in Market Expansion, BOS adoption increases by 0.45 units. This relationship is statistically significant ($t = 5.63$, $p < 0.000$) indicating a strong positive relationship between market expansion and BOS adoption. These findings support the idea that SMEs who successfully adopt Blue Ocean Strategy have stronger market expansion, leveraging their resources and market position to create uncontested market space and drive innovation.

Table 5: SWOT Analysis of Blue Ocean Strategy Implementation by Nigerian SMEs

SWOT Analysis	Factors	Frequency	Percentage
Strengths	Innovation-driven growth	180	40%
	Market differentiation	270	60%
	Total (Strengths)	450	100%
Weaknesses	High initial investment	200	44.44%
	Lack of managerial expertise	250	55.56%
	Total (Weaknesses)	450	100%
Opportunities	Untapped market potential	450	100%
	Total (Opportunities)	450	100%

Threats	Competitive imitation	450	100%
	Total (Threats)	450	100%

Source: Field survey, 2024.

Fig 1: SWOT analysis on Blue Ocean Strategy Implementation

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Innovation-driven growth 2. Market differentiation 	<ol style="list-style-type: none"> 1. High initial investment 2. Lack of managerial expertise
Opportunities	Threats
<ol style="list-style-type: none"> 1. Untapped market potential 	<ol style="list-style-type: none"> v. Competitive imitation

Source: Field survey, 2024.

The SWOT analysis was used to highlight the strengths, weaknesses, opportunities, and threats associated with implementing Blue Ocean Strategy (BOS) for Nigerian SMEs. Strengths as indicated by respondents include innovation-driven growth (40%) and market differentiation (60%), while weaknesses encompass high initial investment requirements (44.44%) and a lack of managerial expertise (55.56%). Opportunities lie in untapped market potential (100%), while threats include competitive imitation (100%). The result implies that by focusing on innovation-driven growth and market differentiation, SMEs can achieve significant advantages. However, the high initial investment and lack of managerial expertise present notable challenges. The opportunities in untapped markets can drive growth, but the threat of competitive imitation requires SMEs to continually innovate to sustain their competitive advantage.

Discussion of Findings

Objective 1: Identification of Key Challenges Faced by Nigerian SMEs

The findings from Table 1 underscore the significant challenges confronting Nigerian SMEs in competitive markets. The prevalence of challenges such as lack of access to finance, regulatory constraints, and infrastructure deficiencies aligns with recent studies highlighting the obstacles hindering SME growth in Nigeria. The findings are in line with that of Ebitu & Ufot (2021) who asserted that lack of access to finance and regulatory constraints are challenges that impede business expansion and also limit job creation and economic development. Addressing these challenges is crucial for unlocking the full potential of SMEs to drive inclusive growth and poverty reduction in Nigeria (AfDB, 2022).

Objective 2: Comparison of Blue Ocean Strategy Framework with Nigerian Market Characteristics

The comparison presented in Table 2 demonstrates the suitability of Blue Ocean Strategy (BOS) framework with the Nigerian market context. The respondents indicated that there is high potential for value innovation in Nigeria due to market inefficiencies and unmet needs. Others suggest that many SMEs see opportunities to disrupt the market with innovative solutions, large untapped market segments and underserved customer groups in Nigeria. The study coincides with recent research by World Bank (2021) which indicates that the Nigerian market is ripe for innovation and market disruption, with opportunities existing in various sectors such as agriculture, technology, and renewable energy. By focusing on value innovation and targeting non-customers, Nigerian SMEs can carve out uncontested market spaces and achieve sustainable growth in line with BOS principles.

Objective 3: Analysis of Case Studies of Nigerian SMEs Implementing Blue Ocean Strategy

The insights from Table 3 highlight the diverse strategies employed by Nigerian SMEs in implementing BOS. Case studies provide valuable insight on the importance of innovation, market research, and strategic partnerships in driving successful BOS implementation. Overall, findings of the rate of adoption of BOS among the surveyed SMEs shows that 81.82% individuals or entities have adopted BOS, while 18.18% individuals or entities have not adopted BOS. Recent case studies from Nigeria support these findings, showcasing SMEs that have thrived by adopting innovative business models and value propositions (Adeniran & Johnston, 2022). These examples serve as inspiration for other SMEs seeking to embrace BOS and differentiate themselves in competitive markets.

Objective 4: Evaluation of Outcomes and Impacts of Adopting Blue Ocean Strategy

The regression analysis results suggest a positive relationship between BOS adoption and SME market expansion in Nigeria. Recent studies corroborate these findings, highlighting the positive impact of BOS on business growth, profitability, and market competitiveness (Ebitu & Ufot, 2021). Moreover, research indicates that SMEs that effectively implement BOS are better equipped to navigate market uncertainties and capitalize on emerging opportunities (Kim & Mauborgne, 2015).

Objective 5: Proposal of Actionable Recommendations for SMEs

The SWOT analysis provides a comprehensive assessment of the opportunities and challenges associated with BOS implementation for Nigerian SMEs. Recent literature supports the effectiveness of BOS in addressing market challenges and unlocking growth opportunities for SMEs (UNDP, 2022). By leveraging strengths such as innovation and market differentiation while addressing weaknesses such as high initial investment and managerial expertise, SMEs can develop actionable strategies for successful BOS implementation and sustainable growth. The results of this study underscore the importance of addressing key challenges facing Nigerian SMEs, leveraging Blue Ocean Strategy principles, and implementing innovative strategies to drive market expansion and sustainable growth.

Conclusion and Recommendations

The findings of this study provide valuable insights into the challenges faced by Nigerian SMEs in competitive markets, the applicability of Blue Ocean Strategy (BOS) principles to the local context, and the outcomes of BOS implementation on SME performance. Through a mixed-methods approach encompassing surveys, case studies, and regression analysis, the study has shed light on the multifaceted nature of SME challenges and the potential of BOS as a strategic framework for market expansion and growth. i

The identification of key challenges such as lack of access to finance, regulatory constraints, and infrastructure deficiencies underscores the urgent need for policy interventions and support mechanisms to enable SMEs to thrive in Nigeria. Moreover, the alignment between BOS principles and Nigerian market characteristics highlights the opportunity for SMEs to leverage innovation, value creation, and market differentiation to carve out uncontested market spaces and achieve sustainable growth.

The analysis of case studies further illustrates the diverse strategies employed by Nigerian SMEs in implementing BOS, emphasizing the importance of innovation, market research, and strategic partnerships in driving success. Additionally, the regression analysis reveals a positive relationship between BOS implementation and SME performance, indicating the potential of BOS to enhance financial metrics and market competitiveness for Nigerian SMEs.

Based on the findings of this study, the following recommendations are proposed:

- i. The government should establish a dedicated SME financing mechanism, such as a venture capital fund or SME loan guarantee scheme, to improve access to finance and address the financing gap hindering SME growth in Nigeria.
- ii. SME's should develop tailored training programs and capacity-building initiatives to equip their employees with the knowledge and skills necessary to implement Blue Ocean Strategy effectively, emphasizing value innovation, market differentiation, and strategic repositioning.
- iii. Managers of SME's should facilitate knowledge sharing and peer learning among Nigerian SMEs through industry forums, networking events, and mentorship programs to disseminate best practices and lessons learned from successful BOS implementations.
- iv. Policy makers should establish a monitoring and evaluation framework to track the performance outcomes of SMEs that have implemented Blue Ocean Strategy, providing data-driven insights to inform policy decisions and investment priorities in support of SME development.
- v. SME's should always conduct comprehensive market research and SWOT analysis to identify niche market opportunities and develop targeted strategies for market entry and expansion, leveraging the strengths and mitigating the weaknesses identified through the analysis.

Policy Implications

The policy implication that guided this study includes the following:

1. **Enhanced Access to Finance:** The findings underscore the urgent need for policymakers to implement measures aimed at improving access to finance for Nigerian SMEs.
2. **Streamlined Regulatory Environment:** Addressing regulatory constraints identified in the study requires policy reforms aimed at simplifying administrative procedures, reducing bureaucratic hurdles, and promoting a conducive business environment for SMEs.
3. **Promotion of Innovation and Entrepreneurship:** Policymakers should prioritize initiatives to foster innovation and entrepreneurship among Nigerian SMEs.
4. **Capacity Building and Skill Development:** There is a need for targeted interventions to enhance the managerial and technical capabilities of SME owners and managers.

Identified Research Gap

While this study provides valuable insights into the challenges and opportunities facing Nigerian SMEs and the potential of Blue Ocean Strategy for market expansion, there remains a research gap in understanding the long-term sustainability and scalability of BOS implementations in the Nigerian context. Future research could focus on:

1. **Longitudinal Studies:** Conducting longitudinal studies to track the performance outcomes of Nigerian SMEs that have implemented Blue Ocean Strategy over an extended period, providing insights into the sustainability of BOS-driven growth trajectories.
2. **Sector-Specific Analysis:** Exploring sector-specific variations in BOS adoption and effectiveness among Nigerian SMEs, identifying industry-specific challenges, opportunities, and best practices for market expansion.
3. **Policy Impact Assessment:** Assessing the impact of government policies and intervention on the adoption and implementation of Blue Ocean Strategy among Nigerian SMEs, identifying policy levels that effectively support BOS-driven growth and innovation.

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