THE IMPORTANCE OF MARKETING STRATEGIES TO NIGERIAN MANUFACTURERS SINCE THE ADOPTION OF STRUCTURAL ADJUSTMENT PROGRAM

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BY
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INTERNATIONAL AFFAIRS AND DEVELOPMENT PROGRAM

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ABSTRACT

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Advisor: Dr. Ivor Mitchell

Dissertation dated December, 1992

The need to integrate marketing activities fully into top management's decision making has not been fully embraced by manufacturing firms in Nigeria. The results have been mainly haphazard marketing practices which have manifested into unorganized ways of doing business, inadequate attention to areas of management that deserve serious attention, inelasticity of markets for the firms' products, and lack of growth. The objective of this study is to uncover the nature of marketing strategies manufacturers in Nigeria may have been applying to their overall management strategies.

In conducting this research, four hundred questionnaires were sent to marketing managers and those who hold other positions but at the same time acting in the capacity of a marketing manager. These questionnaires were distributed to
companies in six states in Nigeria. Chi-square statistics and frequency distribution were used to find the relative importance of marketing mix efforts and the activities of marketing strategies of Nigerian manufacturing companies.

Three hypotheses were developed to find the importance of marketing strategy efforts to the Nigerian manufacturers. The results were as follows:

(1) That differences exist in the perceived relative importance of the facets of marketing strategy employed by the Nigerian manufacturers.

(2) The relative importance of product effort does not increase directly with the operational uses and the technical nature of a product.

(3) The operational uses and the technical nature of a product do not lend importance to promotion effort.

Nigerian firms need marketing strategies to serve as a guide in planning and for company executives to emulate in their strategy formulation, and to enable them to realize profitable, market share and growth opportunities.
ACKNOWLEDGMENTS

I wish to express my sincere thanks to my dissertation advisers who took their time to see that my research paper was finished. I also wish to extend my appreciation to Uloma Azodoh and my relatives, Michael Ogomaka, Kevin Ogomaka and Magnus Chukwuma, without whose efforts the distribution and retrieval of the research questionnaires would have been difficult tasks.

My sincere appreciation is also extended to my typist, Kathy Summers, who divided her time between her job and family and still found time and patience to put this document in its final form from the proposal stage.

This dissertation is dedicated to all members of my family who have been deprived of my presence as a result of my pursuit for a doctorate degree.
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<td>Consumer Durable Goods</td>
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CHAPTER I
INTRODUCTION

Overview of the Study

Every entrepreneur needs some knowledge of the ways and means to successfully reach the consumers and how other entrepreneurs within the same industry conduct their marketing affairs. Equally important is the need for such knowledge to become available to firms outside the industry to enable them to understand how firms utilize marketing mix variables to optimize their business objectives—profit, market share, and revenues. For marketing to be useful as a branch of business administration (profit and non-profit), its functions should be geared in such a way as to attend to those tasks the firm is set to carry out.

Different products require different ways of management. A firm that is intent on staying in the market will array the elements comprising each of the marketing mix variables in a way that will maximize its marketing success. Any combination or array of these elements of marketing mix variables that contributes to the competitiveness of the product may be adopted by firms again in the future if the condition and environment that gave rise to such combination of the elements are once more present.
Manufacturing firms that are able to adopt past successful marketing strategies into their present marketing programs will save time and finance that are required in formulating a new marketing strategy. Thus, there is a need for manufacturing firms to develop models of successful strategies and maintain organized and serious marketing programs. The strategy adopted, if consistent, can go a long way to aid other firms that are clients in maintaining consistent ways of dealing with the firm. The national wealth will be advanced as a result of this process.

When information exists on the nature of marketing strategy employed in the marketing of a product, if there is a marketing failure of that product, then the firm will learn to make corrections on its future marketing programs or the implementation of them. In Nigeria, such information on the nature and extent of marketing strategies employed in different product areas by manufacturing firms needs to be available through documentation by the manufacturing firms and higher institutions of learning. Such information, when available, will provide relevant marketing strategy opportunities to manufacturing firms and their clients. Also, areas of concern will be noted which may warrant the government to pay attention to the provision of assistance necessary for the operation of marketing functions. These may be highways, telephones, and legislation on advertising, just to mention a few. Farm products, in most cases, are left to
over-ripe or are thrown away because manufacturing firms have no strategy on how to market such seasonal products. Inefficiencies may be generated as a result of haphazard marketing strategies. These may vary depending on whether the firm is traditional or modern.

**Traditional Manufacturing Firms**

Traditional manufacturing has been the oldest form of providing goods to the Nigerian markets. Hard bargaining by both the consumer and the retailer, who in most cases have been the manufacturer of the product, has been the form for establishing the equilibrium price of the product. Sometimes two consumers obtain their wants through barter. Before the Nigerian civil war, in 1967, most Nigerians were engaged in agricultural production. Even the tertiary manufacturers were agriculture related—such as soaps, body lotion and baskets, which in Eastern Nigeria, were made from palm tree raw materials. Some medicines for treating certain stomach, skin and malaria illnesses, were traditionally manufactured by native doctors. Nowadays, some of these methods of treatment have been adopted by households as the most efficient way of treating the illnesses.

Other forms of manufacturing have involved the production of clay pots, dishes and wooden spoons. In Nigeria, the use of these products is country-wide. Cloth weaving, such as Ashake and Akwete, just to mention a few, feature prominently in the Nigerian traditional manufactures.
The earliest known cloth was found at Igbo Ukwu in Nigeria which dates back to the 9th century A.D.\textsuperscript{1} Hand woven cloth from Nigeria has found its way to the American and European markets. This growth in market for this cloth, including adire cloth from the Western Nigeria, is as a result of interest in African cloth and improvement in their marketing strategies. This cloth is heavy in weight, but because of its color and design, it is needed in the foreign markets in summer and the producers have modified the weaving, making it lighter in order to appeal to the foreign markets. The increase in productivity in the traditional textile industry is a boost to the total employment in the Nigerian economy. Increases in productivity will help to mitigate the impact of inflation through additional employment to the economy.

The growth of the traditional manufacturing industries in Nigeria may not have been rapid as a result of the insatiable demand and preference for foreign goods. For example, some goods manufactured in Eastern Nigeria have not been accepted fully by the Nigerian consumers (even when there is no other region of Nigeria where they are produced). They are labeled "Igbo made" which is another connotation for locally made. The structural adjustment program (SAP) was adopted in 1986 as a result of International Monetary Fund (IMF) conditionality during Nigeria's bid to borrow funds.

\textsuperscript{1}Christopher Spring, African Textiles (New York: Bracken Books, 1989), p. 3.
from IMF to embark on her development projects. The inward-looking government policies, and the high cost of imported goods without income increase, have resulted in the demand for the locally manufactured goods. These products have come to serve as the best substitutes for the imported goods, mainly because of the low cost of labor, and the local source of raw materials. Indirectly, the structural adjustment program has led to the growth in traditional manufactures and probably a gain in market share. One can easily see traditional products displayed in shops.

Ten years ago, most of these products were never found in retail shops. Another reason which may have led to increase in production of these products is the implementation of the Economic Community for West African States (ECOWAS) free trade association. The structural adjustment program and economic hardships some of these countries are going through are some other reasons. These are making it difficult for these countries to obtain hard currencies to purchase foreign products from outside the ECOWAS countries. This difficulty increases the demand for products that are manufactured within the community.

Being the most populous country in Africa (88.5 million) with the largest market, Nigeria turns out to benefit from any economic agreement that will promote the removal of tariffs in intra-regional or international trades. There will continue to be growth in intra-regional trade in
traditional goods if there will be a unified currency within the economic communities. Easy movement of goods and access to markets where goods of different kinds can be purchased and sold will improve the production incentives of the traditional manufacturing firms. For a long time now, the African countries have been criticized for lack of economic cooperation among them, as a result the regional economic communities emerged.²

With almost half of the countries in Africa having a small market base as a result of their small population and poor economy, massive industrialization policy will not be feasible. Such policy needs large market or strong economy to make it feasible. Strong marketing strategies are needed to facilitate the economic cooperation among the African countries. Such marketing strategy will need a strong distribution system as the continent is large and in some regions, sparsely populated.

As the African countries open up their markets and endorse privatization, the Nigerian economy will stand to gain most. It has the largest production base of traditional manufactures because of its economy and population. It will require a good marketing mix strategy to increase market share and profit for the traditional manufacturing sector.

²Carol Lancaster, "Africa's Economic Crisis," Foreign Policy, No. 52 (Fall 1983), pp. 149-166.
Clearly these traditional systems differ from the modern firms.

**Modern Manufacturing Firms**

The modern manufacturing firms can be said to belong to those firms that manufacture goods that are western oriented in style. The products they make are not the traditional Nigerian products. Some of these products are sewing machines, bicycles, ice cream, and motor engines. Historically, these products came into existence in Nigeria after the traditional products. Today, manufacturing companies that produce these products can be found almost everywhere.

Since the structural adjustment program, consumption of foreign made goods has been declining for Nigerians. Prices of these products have risen tenfold, and in some products several times more than that. This is made possible because of the devaluation of the Naira. Before 1986, one U.S. dollar was less than one Nigerian Naira in value, but since March 1992 it has been eighteen Naira to one dollar. The increases in prices was not followed by increases in income, as a result producers and consumers have to look for alternative sources of goods. This led to the inward-looking development strategy which the Nigerian government has employed.

Since 1986, when the structural adjustment program was adopted, Nigerian investors have been replacing those items that used to be imported. Given the elasticity of demand in
most of those products, there is a need to produce those goods locally. With local raw materials it became cheaper for consumers to afford them than when they are being imported.

The modern manufacturing firms are more automated than the traditional manufacturing firms because of the fact that most modern firms involve mass production capacities. The production of the modern manufacturing firms has fluctuated since the 1980s. This is as a result of instability in the economy. Even though the industrial production was declining in some of the products, it has at the same time increased in others. The credit can be given to the structural adjustment program. In a careful observation of Table 1, the industrial production in some of the Nigerian goods will show that from 1979 to 1988, there were increases in the volume of goods produced by the modern manufacturing firms in Nigeria, for example, beer, gasoline and soap.

In the traditional manufacturing firms, such as raw sugar, clay and fish--salted, dried and smoked--there were substantial increases in the volume of production. One would expect more economic activities to take place in both the traditional and modern manufacturing firms. These increases in economic activities will involve the design of avenues whereby these products can be produced and sold. One of such avenues is an efficient marketing strategy that will enhance the profit margin, market share and growth of the modern manufacturing firms.
### TABLE 1

**COMMODITY PRODUCTION OF NIGERIA FOR 1979 TO 1988**

<table>
<thead>
<tr>
<th>Total Production, Unit: Thousand Metric Tons</th>
<th>'79</th>
<th>'80</th>
<th>'81</th>
<th>'82</th>
<th>'83</th>
<th>'84</th>
<th>'85</th>
<th>'86</th>
<th>'87</th>
<th>'88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other meat (fresh)</td>
<td>38</td>
<td>39</td>
<td>40</td>
<td>40</td>
<td>38</td>
<td>38</td>
<td>39</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Poultry, dressed fresh</td>
<td>170</td>
<td>209</td>
<td>231</td>
<td>248</td>
<td>262</td>
<td>242</td>
<td>275</td>
<td>288</td>
<td>303</td>
<td>330</td>
</tr>
<tr>
<td>Clay</td>
<td>13</td>
<td>4</td>
<td>33</td>
<td>99</td>
<td>100</td>
<td>116</td>
<td>96</td>
<td>82</td>
<td>111</td>
<td>18</td>
</tr>
<tr>
<td>Limestone</td>
<td>2006</td>
<td>2336</td>
<td>1509</td>
<td>1400</td>
<td>1455</td>
<td>3812</td>
<td>4331</td>
<td>1850</td>
<td>2627</td>
<td>--</td>
</tr>
<tr>
<td>Marble, travertines, etc.</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>20</td>
<td>14</td>
<td>15</td>
<td>69</td>
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<tr>
<td>Skins, calf, goat and sheep undressed</td>
<td>27</td>
<td>27</td>
<td>28</td>
<td>28</td>
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<td>29</td>
<td>29</td>
<td>29</td>
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</tr>
<tr>
<td>Fish, salted, dried or smoked</td>
<td>12.6</td>
<td>12.6</td>
<td>12.6</td>
<td>12.6</td>
<td>12.6</td>
<td>20.2</td>
<td>21.9</td>
<td>31.4</td>
<td>34.1</td>
<td>--</td>
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<tr>
<td>Oils, others, of vegetable origin, crude</td>
<td>650</td>
<td>675</td>
<td>675</td>
<td>700</td>
<td>730</td>
<td>740</td>
<td>730</td>
<td>760</td>
<td>715</td>
<td>--</td>
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<tr>
<td>Raw sugar</td>
<td>35</td>
<td>46</td>
<td>34</td>
<td>50</td>
<td>55</td>
<td>58</td>
<td>69</td>
<td>40</td>
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<td>Cocoa powder</td>
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<td>8325</td>
<td>5660</td>
<td>7680</td>
<td>12212</td>
<td>7740</td>
<td>8941</td>
<td>7917</td>
<td>6740</td>
<td>1925</td>
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<tr>
<td>Beer</td>
<td>5004</td>
<td>3994</td>
<td>8185</td>
<td>8376</td>
<td>7516</td>
<td>7355</td>
<td>8052</td>
<td>10160</td>
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<tr>
<td>Soft Drinks</td>
<td>1586</td>
<td>3233</td>
<td>5151</td>
<td>8376</td>
<td>7516</td>
<td>7355</td>
<td>052</td>
<td>3350</td>
<td>6329</td>
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<tr>
<td>Cotton woven fabrics</td>
<td>276</td>
<td>423</td>
<td>543</td>
<td>656</td>
<td>401</td>
<td>267</td>
<td>285</td>
<td>102</td>
<td>323</td>
<td>--</td>
</tr>
<tr>
<td>Particle board</td>
<td>38</td>
<td>45</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>Wood pulp, semi-chemical</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td>Soap</td>
<td>139.5</td>
<td>162.5</td>
<td>201.6</td>
<td>200.2</td>
<td>249.6</td>
<td>143.2</td>
<td>157.7</td>
<td>77.7</td>
<td>213.7</td>
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<tr>
<td>Jet Fuels</td>
<td>30</td>
<td>40</td>
<td>45</td>
<td>50</td>
<td>50</td>
<td>42</td>
<td>50</td>
<td>55</td>
<td>45</td>
<td>50</td>
</tr>
<tr>
<td>Motors gasoline</td>
<td>1500</td>
<td>1500</td>
<td>2173</td>
<td>2200</td>
<td>2175</td>
<td>2327</td>
<td>1791</td>
<td>1875</td>
<td>1900</td>
<td>1950</td>
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</tbody>
</table>

Purpose of the Study

The purpose of this study is two-fold: First, we will explore various elements of marketing strategy and their relative importance to the marketability of Nigerian products. Second, we will examine the activities comprising each element of strategy which Nigerian firms employ in order to ascertain their relative importance to firms in the manufacturing industry.

Rationale of the Study

The overall business objective of a firm is realized only if the business strategies are integrated into the firm's overall strategy. In Nigeria's manufacturing industry, managers seem to operate their businesses without formal marketing organization necessary to carry out the marketing responsibilities appropriate for such businesses. The failure to model the utilization of the elements of the marketing mix variables in a way appropriate for such businesses makes it difficult for firms to learn from each other any consistent or formal marketing strategies that may provide them with a competitive edge. The activities that comprise each of the elements of the marketing strategy—product, promotion, distribution, and pricing—are of great importance towards achieving a firm's marketing strategy and need to be understood. The results of this study should provide information that will determine the extent to which firms employ marketing strategy and the mix of marketing strategy
variables utilized by firms to achieve a competitive advantage.

**Delimitations**

In spite of the size of the country, it is still possible to generalize the results of this study to all the states in Nigeria. Given the extent of industrialization in Nigeria, there are not yet too many manufacturing firms outside Lagos that would warrant us not to generalize the results of this study. A lack of complexity in manufacturing industries would have prompted no generalization. The manufacturing companies chosen in this survey reflect their concentrations in different areas of the country.

The Nigerian market has been seen by firms to be the manufacturers' market since the austerity measures were introduced in 1983. Manufacturers have mistakenly seen no reason to change the attributes and packaging of their products as there is rarely need to do so. They perceive their products are being demanded anyway. In affluent economies, configuration in production, pricing, distribution, and sales of the goods produced are very important. Intense competition occurs among the marketers of the products due to the size of the markets, complexities in information, abundance of manufacturers and sophistication in consumers' tastes.

Henceforth, the following four activities: product, price, promotion and place (distribution) will be used in
this study as the marketing mix variables. They will be used to ascertain the marketing strategies of manufacturing industries in different product areas in Nigeria. This task, we think, is not going to be easy to analyze as Nigeria is in a transition stage, from a well-to-do society to a society under economic crunch due to economic austerity. From an economy that used to import what it needed to one that is being forced to produce those goods that it feels it should be able to produce. But we hope that whatever the results of the four Ps—product, promotion, place and price—give us in the survey of Nigerian manufacturing industries will be a fair and usable assessment for institutions who may have a need to utilize this study in their policies.

The importance of these four functions as the main thrust of any marketing strategy was stressed by Philip Kotler when he wrote that

The marketer seeks to create value in four ways. He can try to design the social object more attractively (configuration); he can put an attractive term on the social object (valuation); he can add symbolic significance in the social object (symbolization); and he can make it easier for the market to obtain the social object (facilitation).³

**Definitions**

As with most inquiries, there are concepts and issues that need to be explored and explained to the readers because

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of the place they occupy in the research and especially the necessity for the researcher to explain them fully to avoid the reader getting a wrong meaning or interpreting them in a way the researcher never intended them to be understood. The purpose of this section is to shed some light on the issues surrounding marketing and the marketing strategy of manufacturing industries.

**Strategy as a Concept**

There is always misunderstanding among business students and practitioners regarding the difference in meaning that exists between policy and strategy. Some have used the two concepts interchangeably. While the concept of strategy deals with the establishments of goals for the firm, the concept of policy deals with rules and procedures that are required in achieving the objectives of an organization in a specified order and over a chosen period of time. Whatever the meaning of each of the above concepts, they deal with the total enterprise. Without following the policies set that will aid in the realization of goals and objectives, management will not be able to achieve the opportunities and challenges that are within the reach of the firm. In trying to realize these opportunities and challenges, management must consider all aspects of its business from within and without the organization.

There have been diverging conceptions on what strategy means. While some of them approach the meaning of strategy
from the overall mission of a firm, others approach it from specific business of the firm. In recognition of the importance of realizing the goals of the firm, H. Igor Ansoff observed that the employment of objective will not suffice and

...additional decision rules are required if the firm is to have orderly and profitable growth. Such decision rules and guidelines have been broadly defined as strategy, or, sometimes, as the concept of the firm's business.\(^4\)

Every business organization needs some input or a sense of direction from its top management on how to achieve the goals the organization is set out to realize. In the absence of strategy, there will be no rules and regulations to guide the firm in its search for new market opportunities.

Mintzberg argued that strategies are both plans for the future and patterns from the past. Actions taken during implementation may lead to a new strategy that will be allowed to pervade the system and become adopted within the organization. In a study of the National Film Board of Canada (NFB), Mintzberg found that the NFB in its attempt to fund a film-maker on a project that ran longer than expected, found a way of chasing a future-film strategy.\(^5\) A profitable strategy, in other words, has been found indirectly.


Bonoma sees marketing as possessing the fundamental functions of "selling, trade promotion, and distributor management." He sees the problems that emanate from performing these tasks as management's problem. "Thus, implementation problems at the functions level are caused primarily by faulty managerial assumptions or, as they say in the sports world, by not keeping your eye on the ball." A combination of these functions will produce good results depending on the nature of the product. "Poor marketing execution may cause management to doubt even sound strategies because they are masked by implementation inadequacies." Bonoma contends that when implementation of strategies is carried out with the ability to seek and adjust to unforeseen circumstances, management usually does not face as many problems as they do when there is the inability of management to adjust to changes as they are confronted. This is where the importance of experience is necessary to a successful marketing management.

In his book, Kenneth R. Andrews distinguished between corporate strategy and business strategy. He described corporate strategy as

...the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principle policies and plans for achieving those goals and defines the range of business the company is to pursue, the kind of

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economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.  

On the other hand, business strategy is defined in a less broad form, as shaping the nature of product or service, and the market of a specific business organization. This later definition compares with Ansoff's concept of the firm's business that refers to the overall mission of the firm, and ways and means of going about them. Competition in the market place and positioning of a firm among its competitors are the essence of business strategy. This means that if the business strategy is formulated wrongly or has serious defects, the firm will not compete well in a given business area or position itself among its competitors. In as much as there is a need for formal strategy formulation (deliberate strategy), there is no guarantee that a good strategy will lead to realized opportunities. For the simple fact that during the implementation stage management can go wrong on what the strategy requires, the strategy for the business may be considered to be poorly formulated when it was actually superbly crafted. As Bonoma observed, "When strategy is appropriate but implementation is poor or vice versa, diagnosis becomes tricky." In other words, the appropriateness and the inappropriateness of strategy is

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unclear. In enunciating corporate strategy formulation, Kuhn calls for three keys to strategic management process: (1) Creativity -- promotes strategy formulation; (2) Consistency -- directs strategy evaluation; and (3) Structure -- controls implementation of strategy.

To achieve great results in marketing, combination of the functions will differ from economy to economy, depending upon the level of development of that economy. In carrying out these marketing functions, an organization needs the best mix of its resources that will lead to the attainment of a "competitive advantage" over other organizations. This is the concept of marketing strategy and it is achieved "primarily through product design, development and management, target market selection, and brand positioning and management." Dillard Tinsley claims that "the role of each marketing mix--product, price, distribution, and promotion--should be examined for its contribution to an integrated marketing strategy." When these elements are chosen so as to achieve "differential advantages" in any chosen markets, they should support each other. For example, the beef market in Nigeria

8Bonoma, p. 73.


may require a different set of marketing mix from the beef market in Canada. It may be necessary to divide resources equally to all of the marketing elements in Canada while at the same time neglecting some elements or assigning them a higher or lower resource in Nigeria.

Neil Borden identified eleven elements that he says cover the principal areas of marketing activities of manufacturers. These are: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotion, packaging, servicing, physical handling, and fact finding and analysis. These he considers to be of great importance to any marketing program to manufacturers.\(^\text{12}\) These elements are here condensed into four areas: product, pricing, promotion, and distribution. These four elements will be used in this study as the marketing mix variables to ascertain the success of a product or service.

The product element of a marketing program, for example, is very important among the marketing variables. The exchange that takes place in the market place comes in the form of physical product or service. There is no substantive value or utility in a product or service if it does not possess any subjective meaning to the consumers.\(^\text{13}\) Bagozzi sees the four Ps as the necessary marketing mix variables that help firms


\(^{13}\)Bagozzi, p. 13.
to satisfy consumers at a competitive advantage. Of the importance of the variables he observes on Place:

The channel of distribution between manufacturer and final consumer is not merely a means for the physical transport of goods. Rather, it is a tactic for accomplishing strategic objectives in its own right. In addition, the attractiveness of a product can be enhanced through the provision of storage, credit, display, assortment, parts, service, and other place-related functions.\(^{14}\)

Promotion is seen as the origin of information dissemination about product, price location, quality and other things that may contribute to the utility of the product to a consumer. On price, Bagozzi observes that: "For most consumers most of the time, price is perhaps a simple measure for a product's value—a signal of how much one will give up in order to obtain something else in value."\(^{15}\) Having a clear understanding of the target market will make it simple for the firm to combine the marketing variables in such an extent that will yield optimal competitive advantage. However, there are limitations to the amount of understanding a firm can give in a given target market. Company resources, external environment and the behavior of other firms, who are trying to gain competitive advantage, will affect the response function of the market. A better mix in the marketing variables will, also, depend on the degree of mixture. Some target markets will require high price and

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\(^{14}\) Ibid.

\(^{15}\) Ibid.
product mixtures than others in ordering of these variables to achieve the goals of any marketing strategy. This cause of action will be determined by the respective firm given what it perceives its resources, the environment, and competitors' behavior to be.

There seems to be no hard and fast core rule on the ordering of marketing mix. Instead, there are reminders and observations that a firm should know of before the implementation of any marketing strategy. Peter and Donnelly note:

In devising its promotion mix the firm should take into account three basic factors: (1) the role of promotion in the overall marketing mix, (2) the nature of product, and (3) the nature of the market. Also, it must be recognized that a firm's promotion mix is likely to change over time to reflect changes in the market, competition, the product's life cycle, and the adoption of new strategies.\(^{16}\)

Detailed discussions will be carried out below on the importance of marketing strategy elements to manufacturers.

As we pointed out earlier, strategy formulation does not mean that management has to fold its hands and watch for the result. Company executives are often beset by surprises that emanate from their so-called good strategies. In the middle of the implementation process, some are shocked by what they have suddenly confronted and have to make a sharp U-turn. The external environment, which is not under the control of the

company executives, account for the success or lack of success of the company's goals. Good foresight in the engineering of the company's strategy will save a lot of money and time that would be laid to waste if the venture is abruptly stopped. Kuhn writes,

Strategic thinking, to be truly strategic, must deal with surprises. The unanticipated must be anticipated; the unforeseen, foreseen if everything is assumed to be known, if a company's future is expected to emulate its past, then the process is simple extension ("trending") and strategy is playing no part.\(^{17}\)

Its concern therefore, should take into consideration violent changes from current paths.

Managers understand strategy to mean a plan for the future, which will be carried out by top management to be executed at different levels of the firm. In as much as there is no full detail for every future activity, strategy does lend guidance to managerial decision making. As Pearce II et al claimed: "By strategy managers mean their large-scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organization objectives."\(^{18}\)

Hatten and Schendel seem to attribute strategy's usefulness to classroom situations, because in the classroom

\(^{17}\)Ibid.

time can be collapsed which will enable situations to be simplified and critical elements brought to light. Hatten and Schendel disagree with Ansoff and others who seem to know what strategy is. To them "...it is unclear, both in the classroom and in business, just what strategy is." No matter how powerful strategy formulated in the classroom is, it is nothing but a "reconstructed logic." They agree with Mintzberg and Kuhn that strategy must take into serious consideration the uncertainty that faces the business environment in which the strategy is to be implemented.

Hatten and Schendel charge that strategy decisions are based on perceptions. Since there is no way of measuring perceptions, managers resort to their experiences on previous "application of the logical or the analytical structure underlying the strategy formulation task to the information which the management receives from the organization and its environment." This contrasts with the claim of Pearce et al. that strategic issues are revolutionary rather than evolutionary.

Cauwenbergh and Cool see strategy as decision born out of non-routine or administrative procedure, of which circumstances leading to it have at some time produced

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20Ibid.

21Pearce and Robinson, p. 7.
calculated or impulsive behaviors. "Following this reasoning, we define strategy as calculated behavior in non-programmed situations."\textsuperscript{22} The following section will deal with the concept of marketing strategy.

**Marketing Strategy**

It is a formal action plan or procedure necessary for the implementation of the marketing efforts of a firm; it deals with the integration of the four Ps and how it affects the success of the enterprise.

Marketing strategy, as a concept, is part of the overall business strategy of a firm. As a part of business strategy, its formulation is carried out by top management.

When people hear of marketing, what comes to their mind first is buying and selling; but marketing is beyond mere buying and selling. To better understand what is embodied in marketing strategy we need to comprehend the concept of marketing. What is marketing? Marketing has responded to changes in society in recent years. Its vulnerability to changes in society is indicative of its continued application. To market a product, one has to create that product first and in creating the product, one attaches some value in monetary units that one considers that product to worth. On the other hand, some products are made not to be

bought with money but with moral appreciation and ego satisfaction, for example, membership in churches, clubs and societies.

In acknowledgment, Philip Kotler notes that marketing is "the disciplined task of creating and offering values to others for the purpose of achieving a desired response." Kotler's definition of the concept of marketing takes away from the traditional interpretation, which originated from applied economics and was subjected to distribution of goods. He developed three levels of marketing which he called marketing consciousness. Consciousness One looks at marketing from the traditional view. Consciousness Two looks at marketing as a managerial tool for those organizations that possess customers. Consciousness Three sees marketing beyond consciousnesses one and two. Consciousness Three also defines marketing to the extent of studying social behavior of consumers of products and services, be they bicycles, calabash, church services or village development projects. In defining the generic concept of marketing, Kotler asserts that marketing is that of producing desired responses in free individuals by the judicious creation and offering of values. The marketer is attempting to get value from the market through offering value to it.24

23Kotler, p. 46.

24Ibid., p. 50.
From the above, it can be understood easily that once an organization engages in exchange as a necessary means of satisfying the organization's needs, then that organization is said to engage in "marketing." It is understood at this juncture that exchange of value has taken place. However, this exchange of value takes place when there is a demand for the product, which means that the product is not freely available as the air we breathe. In other words, there has to be scarcity to warrant demand for a product. In an effort to satisfy a demand for a product, the supplier of the product, due to the complexities involved in ascertaining the number of demands and their whereabouts, has to engage in information gathering, which in the case of Nigeria, is becoming expensive.

Franklin Houston argues that due to this difficulty in knowing what the customer wants and where the customer is, the concept of marketing should not be limited to the satisfaction of the "expressed needs and wants of the customers." Customers are said not to be good sources of information concerning their needs. Too many innovations are being carried out in different parts of Nigeria and new products emerge periodically. "Anticipating future needs and wants is consistent with the marketing concept," observed Franklin Houston.

...the point was made that some marketers, like religious groups, would find the marketing concept inappropriate; these are marketers who want to persuade customers that what the marketer has to
offer is desirable. The innovator who has an unfamiliar offering likewise must educate and persuade the customer, but this marketer has not necessarily rejected the marketing concept which is not limited to the current expressed needs and wants of customers.  

As perceived by Peter and Donnelly, marketing concept means that "an organization should seek to make profit by serving the needs of customer groups." In this view, customers' needs come first, followed by profit remuneration. In other words, the operation of any business organization should first of all seek how to offer a product that the consumers will accept without being harmed in the process of its production or consumption. This takes away the marketing concepts based on production or sales orientation. Somehow deviating from this concept of marketing is the view that a firm should not serve the consumer unless there is addition to its profit. This definition of marketing is provided by Carl McDaniel, who also subscribes to the need for producers to pay attention to the needs and wants of the consumers, but this should not be at the detriment of the firm. "A firm should not serve a market, under most conditions, unless this service adds to its profit." He identified pricing, product, 

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26Peter and Donnelly, p. 5.

promotion, and distribution to be the variables necessary to achieve a firm's marketing objectives.

The function of marketing at the production stage is emphasized in Richard Bagozzi's definition of marketing. This concept of marketing sees the necessity of marketing department's input during the design and production of a product. Also it implies that marketing activities are involved until the consumer accepts or rejects the offer made to him by the seller—"marketing is the set of individual and social activities concerned with the initiation, resolution, and/or avoidance of exchange relationships."²⁸

In their analysis of what has been the causes of the faltering marketing concepts, Bell and Emory argued that consumerism has been the bankruptcy of "what the business schools have been calling the marketing concept."²⁹ When the business community takes profit as its operating philosophy without regard to the social implication, then, there is an attack on the business communities for what the society will call reckless regard for human life. To achieve company profit goals, a firm can find a balance between profit, which is a reward for providing utility to the consumer and social responsibility that it owes the society in which it thrives. "In this approach, the first objective for the company is to

²⁸Bagozzi, p. 5.

assume more responsibility for consumer's welfare. The reward for doing this should be profit," Bell and Emory conclude.\textsuperscript{30}

For a marketing concept to achieve a balance between profit and social responsibility, it requires of the firm to have an integrated management strategy for the overall business. This requires the integration of a firm's internal and external activities and resources in the organization of the firm. In so doing, a firm will achieve the satisfaction of its customers at a profit. This philosophy seems to be a deviation from the production oriented marketing philosophy that strictly focused on producing and selling. By looking at marketing this way, the community in which the firm operates will be free from reckless and fraudulent business practices. McCarthy notes that:

The marketing concept says that all of a firm's efforts should be focused on satisfying its customers, at a profit. This relatively innocent sounding concept is really very powerful if taken seriously, because it forces the company (1) to think through what it is doing, and why, and then (2) to develop a plan for accomplishing its objectives. And, as we have seen, it encourages an integrated effort to achieve these objectives.\textsuperscript{31}

Russ and Kirkpatrick see marketing in the same vein as McCarthy. It is the "performance, by a seller, of various interrelated activities intended to bring about beneficial

\textsuperscript{30}Ibid., p. 19.

exchanges involving the seller's market offering." The notion of an exchange in this definition takes us back to the managerial concept of marketing where the purpose of marketing is merely to offer goods to the consumer and the consumer in return will pay for the goods. Russ and Kirkpatrick's concept of marketing can be understood clearly when we consider the place of "beneficial exchange" in marketing. Here, the seller is expected to benefit by offering his goods to the buyer, and the buyer benefits by purchasing the goods. This is the basic principle of marketing, but the big difference here is that the seller intends to see that through this transaction, the buyer benefits to the satisfaction of the seller and vice versa. This concept of marketing fully embraces social responsibility that is expected from the business organizations and the consumers.

To achieve all that a marketing concept says will not be a simple task. It will require a thorough planning that will integrate the whole organization's (business, government and non-profit) activities with the marketing functions. This takes us to the next step—the marketing strategies that will achieve all that is embodied in marketing concept. To fulfill this task, marketing activities have to be structured in such a manner that will realize the optimum results. This

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claim is supported by Bell's observation that marketing concept "involves a recognition of the need to integrate and coordinate the diverse functions that historically have been classified as marketing." While these functions are very necessary in realizing the marketing objectives of an organization, their applications are relative. While product development, physical distribution, control, forecasting, pricing, advertising, selling, and marketing research, may be of great consideration in the United States, western societies, or developed economies, some of them are not of great importance to marketing in Nigeria. Following are the definitions of marketing concept and marketing strategy variables.

**Marketing Concept**

Marketing concept, as used in this study, is here defined as the business philosophy that consumers need to be satisfied in such a way that excites the consumer, and provides profitable value to the firm.

**Marketing Strategy Variables or Functions**—Product, Sales, Pricing, and Distribution. Schedule 1 gives a detailed listing of the sub-elements of the four marketing strategy efforts. Each element has five facets.

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Schedule 1

PRODUCT EFFORTS: Includes product planning, product research and development, product testing and the services accompanying the product.

Activities:
(a) Market research - relating to product planning and development and product testing.
(b) Technical research - relating to development, laboratory testing of new products and improving of existing products.
(c) Product research - relating to development of product styling and fashions.
(d) Presale service relates to such things as product application engineering and tutoring.
(e) Postsale service such as product installation, maintenance and guarantee service.

SALES EFFORTS: Includes such areas as sales management, personal selling, advertising, promotional programs and all other forms of marketing communications.

Activities:
(a) Product branding and packaging.
(b) Printed media advertising in newspapers and magazines.
(c) Broadcast media advertising on radio and television.
(d) Sales management and personal selling, which include all sales management activities (e.g., training, supervision, etc.) and the sales effort of the companies' management personnel.

(e) Special promotional activities such as promotional warranties, trade shows, dealer aids and product displays.

**DISTRIBUTION EFFORTS:** Includes the selection, coordination and evaluation of channels, transportation, warehousing and inventory control.

**Activities:**

(a) Transportation

(b) Warehousing and inventory control

(c) Determination of basic channels of distribution used

(d) Selection of individual establishments within channels

(e) Manufacturers' effort to assist channels of distribution

**PRICING EFFORTS:** Includes price determination, pricing policies, and specific pricing strategies over which you exercise some degree of control.

**Activities:**

(a) Cost plus desired profit or standard cost pricing

(b) Pricing according to competitive levels (pricing at prevailing competitive price)
(c) Pricing at a certain percent above or below competitors' prices
(d) Pricing according to what the market will bear - price based on estimated value of product to the consumer
(e) Pricing based on government rules and regulations


In choosing this study, we hope that the result will generate a certain consciousness among business organizations in general, and manufacturing firms in particular, to document their marketing practices with a view to establishing consistency and lucrative information to other businesses and consumers.

While this introductory chapter provides the initial view of marketing and marketing structure in Nigeria, the next chapter will deal with scholarly studies on marketing strategies.
CHAPTER II
SURVEY OF LITERATURE

In some fields of study, such as economics, sociology, and finance, formalized ways of doing things are the order of the day, and they tend to work well for those fields. In marketing, these formalized ways (called models) are not so commonly applied in marketing strategy formulations. However, there have been few writers who have theorized on some marketing mix variables and how to apply them to strategic decision-making in marketing in order to enhance market share, profit and sales growth. This chapter will address the background of the problem and explore studies done on marketing strategy.

Background of the Problem

The nature of business management in Nigeria requires an investigation to ascertain the extent to which marketing functions are utilized to foster the competitive opportunities of the manufacturing firms. Lack of knowledge on the nature and extent of marketing activities employed by manufacturing firms will make things difficult for firms that have business relation with them. Individual firms will find it difficult to maintain consistency in management if it does
not incorporate into its present business plans past successful marketing strategies. We suspect that different aspects of marketing strategies are not yet available for business to emulate in Nigeria.

Markets are found everywhere in Nigeria and Nigerian entrepreneurs use them. Town or community markets have been the avenues through which Africans buy and sell their products. These markets can be seen in almost every town in Africa, where men and women sell their inventions, and trade in other products, both domestic and foreign. In the distant past, these traditional markets were also used. Some Westerners have always perceived the African markets as unstructured, besieged by confusion and chaos, and unproductive for those who trade in them. Uma Lele noted that peasants are perceived as irrational and "unresponsive to price changes."¹ This perception of them has led to irresponsible and detrimental government policies directed to the peasant population in Africa whose ability to make some income is to sell those items they have brought to the market place at a certain minimum price.

In Nigeria, these markets while serving as town markets, have been the avenue where a majority of the retailers and consumers sell and buy their products. Unstructured as the markets may seem, retailers and consumers have made their

gains and losses in them. These gains and losses have always manifested themselves as a result of good and poor decisions on when and whether to buy and/or sell. Granted that such decisions exist, the process of arriving at them resides in the full understanding of the market and subsequent formulation of plans to achieve a certain goal.

Those of us who were raised in Nigeria have seen, for example, how retailers avoid showing up in some markets on certain market days. They take advantage of the shortages that will arise on another market day as a result of a sell-out by retailers in that market. Also, we have seen how, given poor transportation infrastructure and the attendant delay in reaching the market early in the morning, a potential retailer will decide to stay at home rather than go in at such a time that his products will be under priced. Traders have been known to sell two or more items at the price of one to stimulate buying incentives on the consumers. Farmers hedge their food crops in order to take advantage of future price increase. In production, carvers, blacksmiths, and craft makers have always differentiated their products by quality and size and accordingly priced them.

As certain sectors of the Nigerian economy grow, entrepreneurs shift their emphasis—their production and retail tactics change. Entrepreneurs today have kiosks and stalls and sell every day where markets used to exist every
four days. Their wares have grown and items produced and sold vary from the traditional to the imported.

With the structural adjustment program embarked upon by the Nigerian government since 1986 and the inevitable and menacing austerity measures the population had to confront, some items have disappeared from the markets while others have emerged to take their place with different qualities and prices. Different ways of appealing to consumers have sprung up. The consumers have literally remained the same—the majority are still embedded in traditional beliefs and still make use of the public markets. With the deteriorating economies of African countries, the incomes of the majority of Nigerians have fallen. The disparities between the rural and urban population have been growing in terms of demand for goods. There have been shortages of consumers in some goods and some infrastructures have deteriorated—the communication system being the most hit.

For marketing to stimulate economic development in Nigeria, it must be channeled to those things that are of paramount importance to the daily living of her populace. The marketing programs to be adopted should embody the consideration of the social and cultural conditions,

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political and economic developments, and the technological environment. The failure to use a marketing strategy that can be utilized to stimulate the economic development of the developing countries arises from the misapplication of marketing programs. The assumptions made about these countries and the marketing strategies adopted are wrong ones, in the first place. For as long as there are Nigerians there will always be Nigerian culture and traditions and their consumption pattern will be rooted in this culture and traditions. The infrastructures will always remain different from any other western nation and less developed country. Thus, to have a successful marketing strategy in Nigeria requires skillful and dynamic entrepreneurs who will employ the marketing functions to their optimum usefulness to address those marketing activities that are needed for a lucrative and profitable business.

In choosing this study, we hope that the result will generate a certain consciousness among business organizations in general, and manufacturing firms in particular. This will enable them to document their marketing practices with a view to establishing consistency in providing lucrative information to other businesses, consumers and themselves in future marketing plans.

Theoretical Considerations

A number of scholarly writings exist concerning the strategic marketing management, especially how marketing
element efforts contribute to sales growth and market share. This section will address those writings.

The Dependence of Product Effort on Profit, Market Share and Growth

One of the considerations consumers attach to their willingness to purchase a product is the quality of that product. Given the limited resources consumers have, the want of a product in most cases will depend on the quality of that product. As an economic man, a consumer apportions his resources efficiently in order to maximize his benefits. It therefore follows that in manufacturing, improved product quality will likely result to lesser effort on the part of the manufacturer in persuading the potential consumers to purchase the product. This means that, all things being equal, fewer promotion activities, such as advertising, are needed in an effort to market the products.

The better the quality of the product, the less the consumers need to worry about the maintenance cost after purchase. Frigidaire, the American refrigerator manufacturer, boasts of the high quality of its products to the extent that it assures potential buyers of its refrigerators that they will not see their repair man because the refrigerator will not need to be repaired. Products that guarantee service after sales tend to appeal to customers more so than those that do not. In addition, market share and sales growth can
be achieved which will lead to improved scale and experience curve effects and greater return on investment.

One of the two main studies responsible for this research is the classic work by Jon G. Udell, whose study focused on the perceived importance of the elements of strategy. The study was carried out on 485 American manufacturing firms who have been successful. The hypotheses for the study were: that non pricing competitive strategies are as important as pricing strategies from the manufacturers' point of view; and that

the importance of the non price facets of competitive strategy will vary according to the nature of the product's market; and the competitive strategy and consequently the importance of the various marketing activities will vary according to the nature of the product and its market.⁴

The findings of the study revealed that the non price facets were more important to the manufacturing industries. The marketing strategy was found to vary from industry to industry. The product branding and promotional effort facet of marketing communication was found to be most important among firms with less technical products. Sales management and personal selling was found to be the most important activity among all the activities that make up the elements of the marketing strategy.

The implication of this is that promotion is very important to the success of the product more than the pricing

facet. Product facet was more important among producers of industrial products that are highly technical.\(^5\)

In a comparative study of Australian and U.S. marketing strategies, Clyde E. Harris Jr., Richard R. Still and Melvin R. Crask sought to study the similarities and differences that exist between Australian and U.S. marketing strategies in three product groups. In the case of the United States, 985 questionnaires were sent to manufacturing firms and 521 were sent to Australian manufacturing firms. The relative importance of the major marketing mix elements: product, sales, distribution and price were used to ascertain the similarities and differences.

The findings of the study revealed that Australian and U.S. marketing strategies are perceived to be relatively the same by the marketing managers of both countries. In order of importance, sales effort came first, then product effort, distribution effort, and pricing effort respectively. However, differences exist among the weights assigned to a particular marketing mix in both countries. In this study, the authors emphasized that the need for this study was to provide information on marketing strategy which will be available to other marketing managers to better equip them with planning skills. Such skills will lead a firm to higher market share and profit margin. In as much as there existed marked similarities in the marketing mix elements of

\(^5\)Ibid.
Australian and U.S. manufacturing firms, there exist discernible differences in the activities that make up the marketing mix elements.\(^6\)

As Chase observed in his value-added maximizing chain model on international trade:

A competitive penetration and share-building strategy for international market is critical. Product differentiation on superior product value offers a consistent approach to international markets when such a superior value strategy is based on consistent value-added maximization, its impact on market share, volume, and return on investment (earnings before income taxes) can be impressive.\(^7\)

The cost of a low quality product to a manufacturer is sales lost to those manufacturers with high quality products.

Product research is very important for the good performance of a product. However, such product research should not be left solely for the research and development department. Such innovation should embody the efforts of other marketing departments—promotion, pricing and distribution. A firm should be ready to accept failures in its innovative ideas because sometimes the most innovative idea may not yield immediate profit. Therefore, patience and convincing the potential consumers become necessary for the success of the new product. In this case, media advertising

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and personal selling become more important than pricing strategy. Constant nurturing, redesigning, repositioning, or reevaluating the concept become very necessary to the survival of a new product.\textsuperscript{8} The development of a product requires the involvement of other managerial departments. The degree and time of involvement will depend on the product phase. The performance of such product in the marketplace can have a better measurement if

\ldots former methods of using the product's actual and anticipated performance characteristics in terms of sales, profits, and market share as inputs to the design of a strategic marketing plan for the firm's existing product line can be widely made available.\textsuperscript{9}

This tells product managers that since these characteristics are the yardsticks for measuring the success of the product, it is imperative that those departments directly responsible for achieving these objectives have some inputs during all the phases in the development of the product.

Stressing the importance of research in product quality, Robert Kearns posited that to have a winning marketing strategy, a firm must know what its customers want and expect in a product and how it is performing in comparison with its expectations and customers. The author's firm, Sonoco Products Co., obtains this knowledge by conducting a Relative


Perceived Quality Survey (RPQS). Kearns contends that even though the technique involves large sums of money and time it will help a firm better understand its customers and the condition of its product in the market.

The need to conduct a study rests with the firm and the condition of the product it wants to position in the market. The author's study at one time was carried to "determine which product attributes make fibre drums most appropriate for the hazardous waste application, and where opportunities existed for more business."\textsuperscript{10} This study was carried as a result of its fibre division's sudden increase in sales growth.

The introduction of a new product by an organization may require a long or short period of time depending on the product introduction strategy the organization decides to employ. In their study of competitors' response to easily imitated new products, Ian MacMillan et al studied three perspectives that will require different new product introduction strategies.\textsuperscript{11} They posited that: (1) in rational policy perspective, high visibility, perceived potential and strategic attack on competitors will lead to less response time by the competitors; (2) in organization process

\textsuperscript{10}Robert Kearns, "Is Everybody Happy?," \textit{Business Marketing}, December (1989), 30-36.

perspective, the more complex the product, and the more difficult it is to change the existing operating procedures, the more delay there will be in response lag by competitors; (3) in organization politics perspective, misfit of new product into existing company jurisdictions, radically and complexity will lead to delay in response lag.

The results of the above hypotheses were confirmed in the direction they were posited. The implication of this is that pricing and promotional strategies can be predicated based on this model. More important is the increase in sales and market share that the company can capture, and the consequent profit the company will reap as a result of utilizing a good product introduction strategy.

In an effort to present the benefits and losses that may accrue to a business organization, Aaker and Day found that one or more of six premises are often used to argue for the benefits that will make a business organization want to be an early participant in a growth market. These are (1) it is easier to gain market share, (2) share gains are worth more, (3) securing a head start down the experience curve, (4) there will be less price pressure on competition, (5) early market participation will ensure access to the technology, and (6) future entrants will be deterred if there is aggressive early market participant. According to Aaker and

Day, in as much as it may be easier to attract new customers who are not yet loyal to any product, it may be difficult and costly to convince consumers that this new product is durable and good.

The issue of share gains depends on the nature of product the late entrants have. Even if the product is better than that of earlier entrants and if the product's manufacturer prices below cost in order to successfully introduce its product, the product may still not become successful in the marketplace. This is what happened to Texas Instruments, which was an early entrant into the digital watch market only to pull out of the competition early as a result of its competitors' strategies in the market.

Early entrants take advantage of being the only ones in the market by pricing the product as they see fit, thereby gaining high returns on investment. The problem with this model is that higher prices may attract competition. Aaker and Day contend that other firms may enter the market with lower prices.

Firms that are the early entrants into the market may have the advantage of gaining experience as pioneers but the late entrants may learn from the mistakes of the early entrants and perfect their products in order to gain competitive advantage, Aaker and Day argued. Later, intending entrants may be deterred from entering the market because of lesser opportunities that exist.
It was the authors' contention that technological expertise may arise from being an early entrant through Research and Development, and production experience. Better technology may emerge later, providing late entrants with better product innovation.

In another study, Robinson and Fornell sought to find out if market pioneers maintain higher market shares over a long period of time, and if so, why? The authors conducted their study on consumer goods. The results of the test show that market pioneers have better product quality and diversified product lines while pricing their products the same as late entrants. The advantages pioneers get due to product quality were found to degenerate over time. Pioneers were found to have higher market share in convenience goods' industries where it was hypothesized that they have distribution advantage.

The idea of product life cycle as a concept for explaining the product growth and death has gained prominence in the marketing literature. Tellis and Crawford provide Product Evolutionary Cycle (PEC) as an alternate concept to help explain and manage product growth. While most marketing authors argue that strategies should be tailored to fit

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product life cycle (PLC), the authors of this article argue that PEC provides strategy change in response to market dynamics should determine the growth of a product. While the PLC considers product growth to possess a specific life span that is self-limiting, PEC assumes management's ability to be creative and innovative as the main factor that will determine the growth of a product. The better a management's ability to improve its product to address consumers' needs, the longer the period during which the product will be demanded. The implication of the PEC is its ability to force management to always be on its feet--looking for better image for the product rather than fold its hands and wait for the death of the product. This is the view presented by Tellis and Crawford, "the PEC analysis presents a construct of product evolution that is consistent with integrated strategic marketing planning."\textsuperscript{15} Tycon sees the same strategy among the Japanese manufacturing firms who are export oriented.\textsuperscript{16}

Before a firm adopts a new product it is necessary and beneficial for the firm to conduct a study on the probable acceptance of the product when it is eventually featured in the market. Management will make decisions as to whether to supply the product. For management to arrive at this

\textsuperscript{15}Ibid., p. 131.

decision, it will have to analyze the responses generated by the questionnaire. Even though the research process of arriving at the judgment to adopt or not to adopt the new product is qualitative, the identification of "new opportunities and launching appropriate products in a timely fashion is essential if a firm is to be well positioned in expanding product-market categories."17 This is the basic philosophy underlying the use of judgment modeling in the forecasting of the probability of accepting a new product by consumers in the marketplace.

To use this model, samples of the product to be adopted are distributed to potential adopters who are educated in the choice to be made. Then the information generated are quantified to distinguish "elements of the decision-making process used to arrive at the judgments."18 One does not have to think deeply to remember many instances where one has received samples of products accompanied by questionnaire to be filled. After receiving these questionnaires, companies use them to make judgments on whether to produce the product, not to produce, or to discontinue the existing product.

The problem with the judgment model is that, while the samples may give management the indication to go ahead with the adoption of the new product, the population may not

18Ibid., p. 55.
respond favorably to the product when it is eventually supplied to the market. Over reliance on computer (MANOVA) results may give management the illusion that other things, such as environmental factors, are being considered when they are not. A massive acceptance of a product in a market will give the management the encouragement to raise the price of the product, but if the product has low acceptance, the management has a tendency to lower the price in order to encourage more purchases.

Thus, marketers who formulate strategies based on model building will have to take into consideration that assumptions that are made in formulation of these models can stand the test of intellectual scrutiny. To dwell on the model as a strategy formulation technique in marketing in Nigeria, is like standing in a pool of oil and at the same time trying to light it to enable oneself see. Changes occur in Nigeria and any other society without notice to marketing strategists. The Nigerian society, like any other society on the face of this earth, goes through changes that may not be appreciated by firms as the changes are taking place. In Nigeria, too many changes in military rules have produced discontinuity in the administration and the economy. Such changes do not present conducive atmosphere for policies designed to last for a long term.
The Dependence of Distribution Effort on Profit, Market Share and Growth

The ability of a distributor to present those attributes—channel leadership and management of physical distribution of products, wholesale, retail, agency brokers, facilitators—which the vendor perceives to be necessary for his or her business enhances the distributor's image. Back order frequency and the ability to give discounts to vendors are very important to a firm's ability to position itself in the distribution business. Timely delivery and order accuracy are also very important to the overall distribution effort of a manufacturing firm.

Eric Panitz has the recognition that due to stiff competition and global markets, vendors seek out "less expensive sources for frequently purchased items. Thus suppliers, especially intermediaries, must identify and address the vendor attributes that concern buyers."19

In their study of the determinants of buyer response to physical distribution service, Willet and Stephenson found that buyers' perceptions of their distance from the manufacturer influences the order method. The buyers near a supplier's branch were found to use salesmen less frequently than buyers farther away from the supplier's branch. They also found that buyers discriminate even on small differences

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in physical distribution service times. The implication of these findings is that distance in physical distribution will result in buyer discrimination in the selection of individual establishments within basic channels of distribution. Manufacturer's efforts to develop and assist the channels of distribution will require less resources on the part of the manufacturer the nearer the buyer is to the manufacturer's branch.

One of the most important aspects of physical distribution is customer service--how are the supplier's customers serviced by the supplier. Sometimes a firm's sales depend on how the supplier of the product is able to satisfy his customers. A customer may be attracted to other suppliers as a result of constant order delays. A customer can also be turned off from his original source when the supplier follows a practice of dual distribution. In both cases the supplier will lose revenue and market share.

The above idea led to a model of sales developed by Stephenson and Willett, in their study called "Selling with Physical Distribution Service." The model looks at the question--what are the economic characteristics of buyer behavior in relation to some key aspects of physical distribution.

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distribution? These key aspects are the order cycle length, consistency of order cycle length, and order preparation that were found to have impact on the demand of a product. In this study the authors found these three key aspects to be of great impact on the total sales that a distributor is likely to make. Consistency in order deliveries and speed of delivery were found to impact most on the demand of a distributor's products.

Given the level of economic development in the developing countries such as Nigeria, the overall communication network is not a good one. For example, poor infrastructures: highways, with potholes everywhere, unpaved highways, few telephone lines, and few trucks to take goods to the places where there is demand for them. A combination of all these in most cases has resulted to artificial scarcity of products. Subsequently, the wear and tear subjected to the automobiles as a result of poor highways increases the cost of maintaining them, thereby contributing to high inflation rate.

In Nigeria, the high cost of imported products as a result of the structural adjustment program has caused some manufactured products, such as ice cream and fresh fish, to require immediate delivery to the final consumer once they are out of the manufacturer's storage facilities. Mini storage facilities that are necessary for storing ice cream and fresh fish in consumer locations are non existent in
Nigeria, partly because of constant electric power interruptions.

As far back as 1953, Richard Holton observed that distribution was of paramount importance to the economic development of the developing countries. He was then concerned that the issue of distribution was lacking in the economic literature. The better distribution of goods there is, the higher the standard of living through more demand and better prices for the goods, especially the agricultural products.\textsuperscript{22}

Product availability without producers' access to the consumers is a waste of resources in an economy. A comprehensive marketing strategy is needed to get the goods to the marketplace at a reasonable price. Advertising such products to inform the consumers of their availability is very necessary. Such comprehensive marketing program will result in increments in sales growth and market share.

Mentzer and Samli observe that it will not be sufficient for a less developed country to substantially increase its production capacity when it has no storage and distribution facilities. Nor will it be economically feasible for a country to construct elaborate warehousing and transportation

facilities when it has very little to produce.\textsuperscript{23} Due to the theories of development that emerged from the modernization scholars, such as Arthur Lewis and W. W. Rostow, emphasis on the economy was paid to the abundance of production. It was later that the less developed countries realized that infrastructures were needed to get the goods to where they are needed. These theories declined in popularity when dependency and development theorists, like Andre Gunder Frank, Samir Amin and Emmanuel Wallerstein, began research in the area. They see the neo-classical theories as misguided prescription for the less developed countries, hence Andre Gunder Frank called them the development of underdevelopment.\textsuperscript{24}

However, Mentzer and Samli felt that with the importance of certain marketing technology which serves the purpose of developing an economic communication system within the society, marketing acts as a way of communicating the existence of new products, services, and sales in ideals, through such devices as mass advertising, sales and promotional activities and publicity.\textsuperscript{25}

The next model, a distribution strategy model, has some psychological implications. It could be called "Interfirm Influence Strategy Model." While most marketing studies on


\textsuperscript{24}Andre Gunder Frank, Capitalism and Underdevelopment in Latin America, revised edition (New York: Modern Reader Paperbacks, 1969).

\textsuperscript{25}John T. Mentzer and A. Coskan Samli, p. 92.
channels of distribution, such as El-Ansary and Stern,\textsuperscript{26} and Edgar,\textsuperscript{27} focused on power, sources of power and conflict, the Frazier and Summers model focused on interfirm influence strategies. This model enables us to see

the content and structure of the communications utilized by a source firm's personnel in their influence attempts with target firms by focusing on the implications to be derived from using influence strategies. The "source," as used here refers to the individual or firm attempting to exert influence and the target refers to the firm or individual that is targeted to be influenced.\textsuperscript{28}

The philosophy behind this model is that boundary personnel, whose responsibilities are primarily in customer service or territorial management

must comprehend the influence strategies available to them and be able to evaluate both the short and long run implications of using certain strategies to effectively execute their role in interfirm interactions.\textsuperscript{29}

In order to alter the target's perception, using the influence approach, it is necessary for the source to make the target understand that the expected action on the target will be to the target's own interest. To know what the target's view is, the reasons for that view, and how the


\textsuperscript{28}Gary L. Frazier and John O. Summers, "Interfirm Influence Strategies and Their Application Within Distribution Channels," \textit{Journal of Marketing}, Vol. 48 (Summer, 1984), pp. 44.

\textsuperscript{29}Ibid., p. 46.
target is going to reciprocate are tasks that the source personnel will ascertain. Using the interfirm influence strategy model to influence behavior will require specific influence strategies or more than one strategy at a time. Manufacturers and auto dealers, for example, are frequent users of influence strategies. By giving incentives to the target, source personnel intention is to engage in strategies that are intended to assess perceptions. How the source conducts itself during its dealings with the target will be very important to its continuous relation as experience will determine whether the target will continue to do business with the source personnel. For instance, some franchises are offered to the franchiser with extreme good faith and honest service, with the source's goal being to retain the franchiser and hope that more targets will be obtained through this goodwill it has exhibited. This is the course Leventis in Nigeria and other supermarkets have taken.

On one hand, influence strategies to be used through strategies based on altering the "target's perceptions regarding the intended behavior is appropriate in situations where the behavior in question is related to a common goal" (of both source and target). On the other hand, if situations arise where the source requires the target to have immediate compliance that is not in the best interest of the target, this will "give rise to a need for influence strategies that are not dependent on the target's perceptions
of the inherent desirability of the intended behavioral response."\textsuperscript{30} Through the application of this model--interfirm influence strategies--with the distribution channels of firms, it is believed that firms will be in a position to compete against other rivals in the distribution of their products.

With the above in place in a society such as Nigeria, an optimal mix for place utility can be developed by experts. This means that ice cream and fish businesses will do better than they are presently doing. A foreign traveler into Lagos International Airport is first greeted by roadside fish vendors about a half mile from the airport. They stand by the roadside with their fresh fish tied to sticks, hoping that before dawn their fish will be bought. Sometimes they are not able to sell, only to go back with the fish that, of course, will spoil by the next day because these fishermen lack storage facilities. A well-designed distribution mix will take care of this problem.

The biggest problems and greatest obstacles are said to occur at the borders between companies and suppliers, customers and transportation providers. "Seams" are said to be found at the boundaries and they slow down the movements of goods and services. They are removed in America by managers whose seamless strategies lend support in their relentless pursuit to remove all obstacles and costs which

\textsuperscript{30}Ibid., p. 4.
serve as inhibitions to the free flow of goods and information in supply and marketing channels. By employing seamless distribution strategy, Apple Computer is able to sell its products through many types of intermediaries by delivering them faster.

Eric Panitz's study focused on how an industrial distributor could be positioned in its service area. The study used three factors: personal selling, personal contact, and corporate attributes to assess the perceptions of its customers regarding its services. One distributor company was studied by the author.31 The perceptions of 165 customers regarding the distributor were obtained through questionnaires. The attributes are those that are distributor controlled. For example, a vendor's inability to meet orders from its clients may result in the vendor losing business to other distributors. The findings indicate that these attributes: personal selling, personal contact, and corporate attributes are very important, and must be perceived positively by clients in order for a distributor to be positioned very well before them. Consequently, the result will be a continued maintenance of the distributor's market share.

The Dependence of Sales Promotion Effort on Profit, Market Share and Growth

The importance of sales to manufacturers is well known by every marketing manager. In spite of sales in retailing, little theoretical work has been devoted to sales in economics. Sales being an important aspect of manufacturers marketing strategy, marketing managers employ different techniques in order to see that their products are purchased. The choice of techniques to be used will depend on the nature of the product, the size of the market, the competitor's share of market, and the distribution network. Whatever the choice of technique to be used, the management has to embark on certain types of promotional activities, broadcast and printed media advertising, personal selling and product branding.

It is very necessary to use salesmen's ideas and observation of the consumers when making strategic marketing decisions. Even the behavior, knowledge and attitudes of salespeople are very important to marketing managers in the development of strategies.\textsuperscript{32} In Nigeria, for example, some products find their way to the consumers through personal selling methods. Salespeople parade highways and major streets to sell ice cream, fruit drinks, chocolate drinks, etc., whose consumption usually takes place immediately after

purchase. This type of selling is made possible by the lack of storage facilities by the consumers, and stores that sell them are not yet located within easy reach. The observation and experience that these salespeople will have will be very important to a marketing manager's decision making regarding the marketing of such products.

Presenting a brand image to a consumer segment is a task that needs top management's attention and managerial capabilities. Park, Jaworski and MacInnis, present a framework for managing a brand image over time.\textsuperscript{33} The framework, called brand concept management (BCM), is used to position a product in three managerial stages: introduction, elaboration, and fortification. It is the author's purpose in this article to provide a long term framework for managing brand concept over time. Thus, this framework is based on the premise that the means for developing, maintaining and controlling a brand image is represented by the identification and management of the brand concept.

Using extensive literature review, the authors argued that an important factor that determines the selection of a brand concept is consumer need. They defined consumer needs as comprising functional needs, symbolic needs and experiential needs. The successful management of a product will depend on which one of these needs the brand is designed

to achieve and the efficient coordination of these needs with the stage the brand is in at the period of development. The long term viability of a brand in the marketplace is envisaged in the adoption of a brand concept management framework, however when the value of a brand concept changes the management is expected to change the brand concept, reposition the brand or phase the brand out of the market.

In recent times, there have been arguments among marketing scholars as to whether or not advertising increases sales and exactly what is the role of advertising in marketing. Gerard J. Tellis hypothesized a two-stage model of choice in consumers' response to advertising: advertising generates brand loyalty on brand choice and volume loyalty on units purchased. The hypotheses were found to be as hypothesized. Advertising exposure was found to increase quantity purchased more than it influenced the switching of consumers from one brand to the other. Consistency in purchasing the same brand was also found in this study. Price was found to affect the quantity purchased more than brand switching. Instead, coupons, displays, and features were found to affect brand switching more than advertising did.

The result of this study is in conformance with an early field study on the effects of advertising conducted by S.P. Raj. This study found repetitive advertising to be

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responsible for increasing the quantity purchased more than promoting the brand switching by consumers.\textsuperscript{35} Consumers were found to be more loyal to those products that have advertising than those that have less advertising. This will not be very surprising to those who watch Coca-Cola, Pepsi, and McDonalds restaurant constant advertising.

In their study to determine what traits of salespeople are considered outstanding by consumers, Alvin J. Williams and John Seminerio evaluated the annual contest on salespeople's attributes conducted by \textit{Purchasing Magazine}.\textsuperscript{36} It was to determine the attributes of industrial salespeople that provide industrial buyers with the greatest level of satisfaction. Industrial purchasers rated as the most compelling attributes, thoroughness and follow through, knowledge of his product line, and willingness to go and bat for the buyer within the supplier's firm. These attributes are likely to cause an increase in sales and probably market share.

In an effort to search for techniques and approaches that will make industrial marketers become more viable and position themselves better in the marketplace, industrial marketing managers have the responsibility to continuously


look for information that will help them realize those goals. Such information will help them train, recruit, motivate and evaluate their salespeople with a view to instilling in them a competitive edge over their counterparts in other firms.

In another study conducted by Dubinsky and Staples that sought to find if industrial salespeople are buyer oriented, stages of the personal selling process were analyzed. These encompassed seeking for customers, sales presentation, handling objections, presale and postsale services, etc. The result was that salespeople are customer oriented and prefer any sales techniques that would make them understand the needs of their customers and how to satisfy them better.

Promotion of company products in its varied forms has been growing in importance in its contribution to the overall marketing mix. "Horizontal cooperative sales promotions" can be used as a marketing strategy to achieve a firm's sales promotion objectives. In an effort to realize such objectives, firms may engage in pooling promotional resources together, with eyes on ripping "joint opportunities for sales, profits or realization of other objectives to the mutual benefit of the participants in the cooperative sales promotion program." One does not have to go too far to find

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this analog being put in actual practice. Sunday newspapers in many cities and towns in the United States are filled with supermarket catalogues and food store coupons. The cooperation of two or more stores in promoting brands manufactured by the same firm or different firms in the same or different product areas is sought.\textsuperscript{39} Through the horizontal sales promotion model, consumers are reminded how brands can be used in combination with other existing products; improvement in sales is also anticipated as a result of selling slow moving products in combination with fast moving ones. Through the pooling of resources together, firms may perform better in sales than their competitors.

While the horizontal cooperative sales model may fit into the marketing strategies of the United States, it does not seem to be a model that can be incorporated right now into the marketing strategies in Nigeria. In the short run, it may not become profitable because of the fact that most retail stores do not have branches scattered all over the city. Even if they are located in more than one place in the same city, the distance between them is so great that it will not be economically feasible for a potential consumer to travel so far from his or her place of residence.

Communication is the name of the game when it comes to customer salesperson relationship. Effective communication informs the customer about the qualities of the product and

\textsuperscript{39}Ibid.
lets the salesperson understand the reaction or responses of the consumer concerning the product. Due to the perceived notion of salespeople by consumers, personal selling techniques seem to be a welcome idea in products that are very technical in nature and would require the assistance of a salesperson in explaining the use of the product.

To eliminate conflict in a salesperson-customer relationship, all methods that the producer uses in communicating with the consumer should be at their best. If the product branding and packaging, printed media and broadcast media advertising, special promotional activities, sales management and personal selling, are within the criteria of the consumer, there is a likelihood that the consumer will purchase the products. However, conflict may arise between the consumer and the salesperson. This depends on the quality of the relationship, the amount of negotiating or bargaining associated with a sale, the degree to which the customers' needs can be satisfied by the salesperson's offerings, and the level of competition the salesperson faces.\(^4^0\)

Consumers sometimes purchase products just because of the way they are packaged or because their friends or someone they know uses the product every time (brand loyalty). Some other times they are attracted to purchase the product

because of the television or billboard commercial. A firm that is disposed to these facets of sales efforts will be in a position to incorporate their importance during strategic marketing decision making process for a product or line of products. Tellis, in his study of the impact of advertising exposure on competitive market, found that the untried brands tend to induce an increase in sales due to advertising exposure. It was also found in the same study that consumers tend to increase the quantity purchased of their favorite brands each occasion they make a purchase. In addition, it was found that special promotional activities such as the offering of sales coupons, features and displays had smaller effect on sales.\(^4\) This research confirms the conventional advertising wisdom that established brand products, for example, Coca Cola, Sprite, and Pepsi Cola need reminder advertising while the new brands need persuasive advertising.

The importance of repetitive advertising can be seen in Coca Cola's constant TV advertising and billboards in Nigeria and the United States of America. In their shopping experiment on the impact of repetitive advertising on sales, Ray and Sawyer found that repetitive advertising has a higher recall rate on established brands than less established

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brands.\textsuperscript{42} Advertising in a country such as Nigeria will be exposing a host of manufactured products because manufacturing firms are springing up at a fast rate.

The Dependence of Price Effort on Profit, Market Share and Growth

In Nigeria and elsewhere, entrepreneurs have in most cases expressed their marketing strategy in terms of pricing effort. Traditional economic theories paid much attention to price as the major determinant of consumers' behaviors towards a firm's product. In their strategic behaviors, firms array their resources around the four elements of marketing strategy. Many consumers are known to use price as indicator of product quality. This is not limited to consumers, producers sometimes use price to convey product quality, and in most cases they do take advantage of the lack of information the consumers have regarding their products. Cooper and Ross observed that "once uninformed agents use prices as a signal of quality, profitable opportunities may arise for the entry of firms selling low quality goods at high prices to the uninformed buyers."\textsuperscript{43}

Pricing policies of any firm will depend on many variables, including the interaction between marketing and


other functional areas of the firm, and the environmental forces. Pricing at the prevailing market price may be the ideal pricing strategy in highly competitive markets, in the type of market where there is sometimes the presence of oligopoly, raising prices may lead to loss of sales. On the other hand, pricing below cost (penetration pricing policy) is deemed to be suitable where the demand curve is fairly elastic, and it is believed that as the quantity load expands, there will be economies of scale to reduce cost. Positioning a product in the minds of consumers as a high quality product, will take a different marketing strategy by the firms. To reinforce this image of high quality, marketing managers will have to mark up the product in such a way as to portray high quality. Ball and McCulloch Jr. observed that "combining a recognizably low price with a promotional emphasis on quality could result in an incongruous pairing that could impair consumer credibility--the low price might be interpreted as the correct price for an inferior product."  

Cooper and Ross, in their attempts to propose price model that could be used in the pricing effort of marketing strategy developed a model (which can be called the "rip off" model). This model is based on the assumption that many

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44E. Jerome McCarthy, pp. 484-485.

consumers use prices as indicators of product quality, and they use this in their decision-making as to whether to purchase a certain item or not. It is a model in which prices are said to convey information about the quality of a product from the informed to the uninformed agent (buyers).\textsuperscript{46} In this model, where asymmetric information environment prevails, the demands of a product in the market place by the informed agents influence the asset prices of the products in question. In so doing, it becomes possible for firms that produce the same product at a lesser quality to enter the same market where the high quality products are being sold and supply them at the same price the high quality products are being sold. As a result of this use of price to denote quality, opportunistic firms can enter the market and "rip off" uninformed buyers,\textsuperscript{47} resulting in sales and profitable opportunities.

From the above pricing model, we can also infer that firms who supply the inferior products could also be the same ones that supply high quality products; both do not have to be the same firm. Some people may call this act exploitation of consumers due to consumers' ignorance, while suppliers of the lower quality products may consider themselves as taking advantage of what the market offers. Given the argument that the present-day market is too complex and sophisticated for

\textsuperscript{46}Cooper and Ross, p. 197.

\textsuperscript{47}Ibid.
an average consumer to understand, uninformed agents must exist in the marketplace. They can be targeted by "dishonest" firms in their pricing strategy. In Nigeria, where the market is not yet complex and sophisticated, this does not mean that consumers are not taken advantage of due to their ignorance on product quality.

The problem with this model is that it assumes the consumers to know the actual quality of the products they have purchased after they have used them. This seems to mean that as more and more consumers purchase this product, less and less of it will be demanded as these consumers will begin to realize that they are being "ripped off" by sellers of low quality goods. At this juncture, the firm that supplies this product will stop supplying to the market, or it will increase the quality of the product, or lower prices of the product.

The next model, like the preceding model, is an economic model. Like the Cooper-Ross model, some consumers are informed while some others are not. In Varian's price model which he captioned "A Model of Sales," prices are dispersed over different stores. Some consumers know about the lowest price available at any time while some consumers do not possess any information about the stores with the lowest prices. In this pricing model, "firms engage in sales behavior in an attempt to price discriminate between informed
and uninformed customers." Uninformed consumers are assumed to shop for the product at random while the informed consumers go directly to the store with the lowest price.

A model where a store advertises sale price in a monthly or weekly newspaper is not far fetched. In the United States, it is speculated that stores in low income neighborhoods price higher than stores in high income neighborhoods. It has been rumored that store owners claim that it costs more to operate stores in low income areas than those in high income areas. Following the argument contained in Varian's model, stores are exploiting the ignorance of consumers about prices of products in different areas. Varian's equilibrium in the marketplace is maintained through some stores selling

at the competitive price (minimum average cost) and some fraction sell at a higher price. The high-price stores' clientele consists of uninformed customers, but there is a sufficiently large number of them to keep the stores in business.  

It has been deemed necessary by governments, especially in the developing countries to control prices of some products. Such macroeconomic policies have some advantages and disadvantages. Governments may decide to control the price of domestic products through the import duties they charge on imported goods. This is sometimes necessary in

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49 Ibid.
some developing countries where infant industries once protected from the competition of manufactured goods from outside the country take advantage of little or no competition and price their products very high, resulting in profit and growth opportunities. Under this condition, the government of that country may decide to lower the tariff on imported products of the same kind to force the price of the domestically produced products down. This will lower the growth and profitable opportunities the local firms may enjoy. It is also known that government regulations on the repatriation of profits prompt foreign firms to devise a different pricing strategy that involves transfer pricing.

Whatever the product of a firm is, it needs the kind of marketing mix that will lead to the growth in sales and market share. The type and extent of marketing efforts that are needed in any strategy will depend on the competition, the type of product and other factors pertinent to the producer's markets.

Research Question

This study is designed to answer the questions: Do manufacturing firms in Nigeria employ formal marketing strategies in the marketing of their products? Do similarities and dissimilarities exist in different marketing strategies employed?
Hypotheses

Marketing managers will benefit from any analysis of manufacturing industry that groups products in terms of types: industrial, consumer durable and consumer non durable goods. The importance of the marketing mix efforts to the profitability, market share and growth of the manufacturing industry was demonstrated in the literature review. As a result, it becomes necessary to investigate how important the marketing mix variables are perceived by the Nigerian manufacturers in their marketing strategy formulation. In particular, product and promotion efforts were found in the literature to contribute to successful management of a product depending on the nature of business environment that exists. The literature, therefore, suggests the following hypotheses:

H$_1$: There is no difference in the perceived relative importance of the facets of marketing strategy employed by Nigerian manufacturers. (Harris, Steel and Crask)

H$_2$: That the relative importance of product effort will increase directly with the operational uses and the technical nature of a product. (Jon G. Udell)

H$_3$: That the relative importance of the promotion effort should increase directly with the operational uses and the technical nature of a product. (Jon G. Udell)
CHAPTER III
RESEARCH DESIGN AND METHODOLOGY

In this study the marketing strategies of Nigerian manufacturing companies was investigated using Chi-square distribution. The nature of the marketing strategy being utilized in various ways was examined using the four elements of the marketing strategy: product, price, promotion, and distribution. This chapter will be divided into two sections: research design will cover the logic of sampling, and population and sampling; the research method will cover the design of data collection method and forms, the data collection, and research constructs.

Research Design

The Logic of Sampling

In statistical research, the logic of the sciences and humanities dictates that appropriate sampling method be used in a survey in order to obtain an objective and unbiased sampling result. Being a descriptive study, we are not free of preconceived notion of the direction of this study because we are a part of the environment in which the problem at which we are looking is located. Hence, we are not totally divorced from the problem and the traditional method that was
used to solve it. Because the problem being studied in this research is a problem of value, we have endeavored to make sure that the method used in this research was determined by the nature of the problem and not vice versa as is sometimes implied in social research.\footnote{F. S. C. Northrop, \textit{The Logic of the Sciences and the Humanities} (Woodridge, Connecticut: Ox Bow Press, 1983), p. 20.} As a result of all these, a random sampling was employed to minimize bias. The random sampling method is considered the most important method of sampling because it is based on statistical theory.\footnote{Lawrence L. Lapin, \textit{Statistics for Modern Business Decisions} (Third Edition, Harcourt Brace Jovanovich, Inc., 1982), p. 77.}

We have the suspicion that there were many value judgments by the respondents in their responses. That's what happens when people are asked to rate "based on their opinion or based on their beliefs." However, the respondents to this questionnaire, who were likely to be managers or directors of their businesses, were themselves making most of their business decisions based on value judgments. So objectivity can still be found in the response provided by the respondents.

\textbf{Population and Sampling}

The sample was drawn from four hundred manufacturing companies operating in six states in Nigeria. The choice of the six states was made based on reliability and resources. Six states were chosen in order to cover different areas of
the country. The disproportionate concentration of manufacturing companies in different areas of the country was taken into consideration in choosing the sample size.

The population is all the manufacturing companies in Nigeria. We plan to study these manufacturing companies that have been in existence since 1986 when the Nigerian government adopted the structural adjustment program. In so doing, we plan to determine the success of the marketing strategies they employ towards increasing their market share.

Research Method

The Design of Data Collection Method and Forms

The questionnaires were hand delivered and collected as Nigerian companies are not known for filling questionnaires, let alone returning them.

The firms sampled were randomly selected from the states' business directories. Systematic random sampling method was used. A firm was chosen after every five firms. If a firm is randomly chosen and it happens that it is not a manufacturing company, the next company that is a manufacturing firm will be chosen.

The question that addresses the product efforts seeks the allocation of 100 points among subordinate areas or subsets of the product effort. These subordinate areas are: market research, technical research, product research, presale service and others. These areas were to be chosen
because they were considered to be the most important elements of product efforts.

On sales or promotion efforts respondents were required to allocate 100 points among facets of the sales efforts: product branding, printed media advertising, broadcast media advertising, personal selling, special promotional activities, considered to be the major facets of promotion effort. When the results were tallied, we were able to determine which facets of the promotion effort were given more consideration in strategic marketing decision making.

The question on distribution effort seeks to ascertain the relative importance of the following facets of distribution towards marketing strategy decisions. Transportation, warehousing, channels of distribution, individual establishments within the channels of distribution and manufacturers' efforts to assist channels of distribution were considered here to be the most important facets of distribution effort.

On pricing effort, respondents were asked to allocate 100 points among five facets of pricing: cost plus desired profit, pricing below or above the prevailing competitive prices, pricing according to what the market will bear, and pricing on government regulations. Based on the aggregate point allocation, we were able to ascertain which facets were given more priority in pricing policies.
The nature of the questions asked led us to determine from the responses the kind of marketing strategy the manufacturing firms employ that contributes immensely to market share and competitive edge in each product group.

To obtain an adequate answer for the problem: what are the marketing strategies of Nigerian manufacturers, necessary and relevant questions were asked. The questionnaire was structured and undisguised, and it was divided into two parts. The first part is the general information that seeks to ascertain the background of the companies being surveyed. For example, information such as the kind of market for the company's product: industrial or consumer market, will be sought; the value of a typical purchase by a consumer when purchasing the product; the buying motive of the consumer.

The second part of the questionnaire was divided into four sections to address the four elements of the marketing strategy: product efforts, pricing efforts, promotion efforts and distribution efforts. Questions were asked on each of the elements and respondents were required to allocate 100 points among five functional areas that make up that element of marketing strategy. Thorough explanations were provided to the respondents for each of the marketing strategy efforts and their functional areas. This enabled the respondent to provide the exact answer without ambiguity. The last part of the questionnaire sought to ascertain the relative importance attached to product efforts, sales efforts, distribution
efforts, pricing efforts, in relation to their importance in the marketing strategy of the company. Information on market share was also sought.

The Data Collection

When administering the survey questionnaire, it was hoped that most of the questionnaires will be accepted by the companies. Instead, it was our experience that most of the questionnaires that we attempted to deliver to the companies in Kano State were not accepted. In other parts of Nigeria, most of the managers we attempted to deliver the questionnaires to accepted them. The only difference is most of the questionnaires were accepted from us but were not completed.

In administering and collecting the questionnaires, undergraduate and graduate degree holders were used in delivering, with the exception of the now former Bendel State. All the questionnaires were hand-delivered and collected by those who administered them, even though self addressed stamped envelopes were left with the questionnaires. Of the 350 questionnaires distributed to the manufacturing companies, 65 were received but 58 were usable. The low return of questionnaires is attributed to the secrecy culture that permeates Nigerian companies. No company wants non employees to know how it conducts its business affairs. In Nigeria, the culture of filling questionnaires within the establishments, both public and private, is not encouraging
to a researcher. The willingness to respond to questionnaires is low. Most of the companies we tried to deliver the questionnaires to were afraid and apprehensive. The reason, we were later told by a company accountant when we attempted to deliver a questionnaire, was that the company executives were suspicious that we were government officials. Any information given may be used against them by the internal revenue service, as some firms in Nigeria are not all the time honest when filing their taxes.

Schedule 2

<table>
<thead>
<tr>
<th>The Research Constructs</th>
<th>The Research Constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Effort</td>
<td>Product research, presale and post sale service.</td>
</tr>
<tr>
<td>$X_1$</td>
<td>Personal selling, special sales promotion, advertising</td>
</tr>
<tr>
<td>Sales Effort</td>
<td>Transportation, inventory control, channels of distribution</td>
</tr>
<tr>
<td>$X_2$</td>
<td>Cost plus desired profit, government regulated prices, pricing according to what the market will bear</td>
</tr>
<tr>
<td>Distribution Effort</td>
<td></td>
</tr>
<tr>
<td>$X_3$</td>
<td></td>
</tr>
<tr>
<td>Pricing Effort</td>
<td></td>
</tr>
<tr>
<td>$X_4$</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER IV
RESULTS AND DISCUSSIONS

When administering survey questionnaires, what was intended to be the outcome usually did not turn out in the actual result. The encountered may impact greatly on the outcome of the research. Such impact may go unnoticed immediately after the research. In most cases they manifest themselves through policies or directives carried out which eventually do not produce the desired results.

This chapter will begin by addressing the analytical presentation to be used. Also to be treated in this chapter will be the analysis of the results. An in-depth discussion will be carried out to ascertain how the results mesh with actual marketing practices within the Nigerian society.

Analytical Presentation

Qualitative interpretation will be used to interpret the findings of this descriptive study. Frequency distribution, cross tabulation and graphical presentation will be used. They will show how much contribution the marketing elements are making towards market share and profitability by the manufacturing firms, that is, their relative contributions to the success of the firm. Also, the relative contributions of

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the functional areas of each of the marketing strategy elements will be shown. We believe that as this is a descriptive study, evaluators will be better informed if they are to observe the findings visually. The points allocated to the marketing strategy elements and their sub-elements were converted into percentages and averages because of the ease in interpretation they present.

Analyses of Results and Discussions

Importance of Strategy Facets of Various Marketing Mix Efforts

Data generated from the research show that product effort received the highest percentage allocation among marketing strategy facets in marketing strategy decisions. As Table 2 shows on the following page, with a total point allocation of 24.95, product effort is deemed to be of greater importance in the determination of efforts to be employed to achieve manufacturers' marketing strategy goals. Distribution effort came second in importance, after product effort, with 24.36 percent. In their policy making, marketing managers allocated points almost equally to both product effort and distribution effort.

Pricing and promotion efforts were allocated 22.85 and 22.79 points respectively, and other factors received a score of 5.71 percent. From this, we can comfortably conclude that differences exist among perceived relative importance of the
TABLE 2
PERCENTAGE ALLOCATION AMONG MARKETING STRATEGY FACETS

<table>
<thead>
<tr>
<th>Strategy Facets</th>
<th>Average Total Points Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Effort</td>
<td>24.95</td>
</tr>
<tr>
<td>Promotion Effort</td>
<td>22.79</td>
</tr>
<tr>
<td>Distribution Effort</td>
<td>24.36</td>
</tr>
<tr>
<td>Pricing Effort</td>
<td>22.85</td>
</tr>
<tr>
<td>Others</td>
<td>5.71</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: The research questionnaires.

Facets of marketing strategy elements employed by the Nigerian manufacturers. The first hypothesis of no difference in the relative importance of marketing strategy facets is, therefore, refuted.

Figure 1 illustrates the graphical representation of the marketing policy preference. It shows how the resources available to the Nigerian manufacturing firms are allocated among the strategy facets or the four Ps. The points on the curve can be traced to both the vertical and horizontal lines to obtain the allocated amount of resources by Nigerian manufacturing firms.
Fig. 1: Marketing Policy Preference

![Graph showing resource allocation by strategy facets]

**Strategy Facets**

Source: The research questionnaires.

Figure 2 below illustrates the preference that firms make among strategy facets in their policy making process. Product effort as shown in Table 2 and Figure 2 has the largest share of the pie chart, followed by distribution effort, pricing effort, and promotion effort respectively.

Fig. 2: Percentage Allocation Among Marketing Strategy Facets

![Pie chart showing percentage allocation]

Source: The research questionnaires.
**Marketing Mix Strategy Facets**

From Table 3 on the following page, it can be seen that industrial product effort has a point allocation of 25.90, consumer durable product effort scored 25.00 while non durable consumer product effort was awarded 22.86. Under promotion effort, differences exist among industrial, consumer durable and consumer non-durable products: 18.18 points for industrial, 23.88 and 23.13 points respectively for consumer durable and consumer non-durable products. Small differences exist among the three products under pricing and distribution efforts. Even though differences exist among the three products on the relative importance of the facets of marketing strategy, the second hypothesis, that the relative importance of product effort will increase directly with the operational uses and the technical nature of the product, is refuted with a Chi-square of 16.2 at .08% significant level.

From Table 3, it can be observed that while promotion under industrial goods received the lowest point when compared with the consumer durable and the consumer non-durable goods, the technical nature of the kind of product did not attract more points. Hence the third hypothesis, that the relative importance of the promotion effort should increase directly with the operational uses and the technical nature of a product is, therefore, not sustainable with Chi-square of 19.7 at .34 percent significant level.
<table>
<thead>
<tr>
<th>Facets of Strategy</th>
<th>Industrial Goods</th>
<th>Consumer Durable Goods</th>
<th>Consumer Non-Durable Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Effort</td>
<td>25.90</td>
<td>25.00</td>
<td>25.31</td>
</tr>
<tr>
<td>Promotion Effort</td>
<td>18.18</td>
<td>23.88</td>
<td>25.31</td>
</tr>
<tr>
<td>Distribution Effort</td>
<td>25.00</td>
<td>23.88</td>
<td>23.13</td>
</tr>
<tr>
<td>Pricing Effort</td>
<td>21.81</td>
<td>26.11</td>
<td>19.63</td>
</tr>
<tr>
<td>Others</td>
<td>9.09</td>
<td>1.11</td>
<td>6.68</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: The research questionnaires.

Figure 3a, b, and c on the following page depict the facets of strategy elements and how they are allocated among the three types of products: industrial, consumer durable and consumer non-durable. In Figure 3a, while product effort and distribution effort were considered most important by the industrial goods marketing managers, other factors and promotion effort were preferred the least in their marketing decision making. Pricing effort was preferred next to promotion and distribution efforts.
Fig. 3a: Industrial Goods

Source: 3a, b and c: The research questionnaires.
Under consumer durable goods, marketing managers prefer pricing effort as most important in marketing strategy decision making over others. Figure 3b shows the size of preferences given to the other marketing strategy efforts.

Under consumer non-durable goods, marketing managers give more preference to product effort. Figure 3c depicts the amount of preference other facets of marketing strategy received.

In each of the three kinds of goods, product effort was allocated one of the largest share of preferences. This finding compares well with what the literature in marketing strategy formulation suggests. Whatever will convey to the clients and consumers that the product is in better quality than others in the market will secure the confidence of the customers.\(^1\)

Activities of Marketing Mix Strategy Elements by Kind of Product

It will be of interest to know that the data can be grouped into different kinds of products—consumer durable, consumer non-durable, and industrial goods. So, apart from total groupings of efforts and the total observed differences of their activities, differences were also observed among the consumer durable, consumer non-durable and industrial goods.

This will provide a detailed analysis of the type of efforts that are being accorded to each kind of good.

Activities of Product Mix Effort

As Table 4 shows below, technical research has the highest total point allocation assigned to all the activities that make up the product effort. Industrial good manufacturers perceive technical research to be much more important in their marketing decision making than consumer durable and consumer non-durable goods manufacturers who scored 24.44 and 29.18 respectively.

**TABLE 4**

**ACTIVITIES OF PRODUCT MIX EFFORT**

<table>
<thead>
<tr>
<th>Product Mix Effort</th>
<th>Average Total Points Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Research</td>
<td>26.97</td>
</tr>
<tr>
<td>Technical Research</td>
<td>30.30</td>
</tr>
<tr>
<td>Product Research</td>
<td>18.65</td>
</tr>
<tr>
<td>Presale Service</td>
<td>16.16</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7.99</strong></td>
</tr>
</tbody>
</table>

Source: The research questionnaires.

Figure 4 is a depiction of Table 4. The graph shows that in product effort preference, the Nigerian manufacturing
companies chose technical research over other product effort activities. The graph also shows market research to be the next activities to be preferred by the Nigerian manufacturers over product research, presale service, and other factors. The allocation of more resources to technical research and market research than were allocated to the other activities may have been as a result of the rising cost of imported parts and recruitment of foreign experts in technical fields. It has become necessary for the Nigerian manufacturers to conduct thorough market research before and during the introduction of a product into the marketplace. It seems competition and consumers' awareness of the product they want have brought this need to research the market before a firm introduces a product. This importance of marketing research was emphasized by Wind and Claycamp in the literature review.

Fig 4: Product Mix Effort Preference

![Graph showing resource allocation preferences for different activities]
Figure 5 below is a representation of Table 4. It shows the allocation of resources among the product effort activities. Their importance in marketing managers' decision making can easily be seen in the pie chart.

Fig 5: Points Allocated to Product Mix Effort Activities

Source: The research questionnaires.

Non-durable goods manufacturers rate market research slightly higher (29.61) than consumer durable and industrial goods manufacturers (see Table 5). While consumer durable was awarded 27.22 points, industrial goods received 24.09 points. This result confirms Dr. Efiong J. Etuk's study that found marketing research is more widely used by consumer goods manufacturers than industrial goods manufacturers.² Product research and presale services were awarded 14.54 and

14.09 points under industrial goods respectively, 20.00 and 22.78 under consumer durable goods and 21.42 and 11.63 points under consumer non-durables.

**TABLE 5**

**ACTIVITIES OF THE PRODUCT MIX ACCORDING TO THE KIND OF PRODUCT**

<table>
<thead>
<tr>
<th>Activities of Product Mix Strategy Facets</th>
<th>Industrial Goods</th>
<th>Consumer Durable Goods</th>
<th>Consumer Non-Durable Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Research</td>
<td>24.09</td>
<td>27.22</td>
<td>29.60</td>
</tr>
<tr>
<td>Technical Research</td>
<td>37.27</td>
<td>24.44</td>
<td>29.18</td>
</tr>
<tr>
<td>Product Research</td>
<td>14.54</td>
<td>20.00</td>
<td>21.42</td>
</tr>
<tr>
<td>Presale Service</td>
<td>14.09</td>
<td>22.77</td>
<td>11.63</td>
</tr>
<tr>
<td>Others</td>
<td>10.00</td>
<td>5.55</td>
<td>8.42</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: The research questionnaires.

Figure 6a, b, and c on the following page are depictions of Table 5. Figure 6a shows the distribution of points among the activities of product effort strategy by the industrial goods manufacturers. Each of the activities was almost considered of equal importance in each of the charts.
Fig. 6a: Industrial Goods

10.00%  
14.09%  
14.54%  
37.27%  

Market Research  
Technical Research  
Product Research  
Presale Service  
Others

Fig. 6b: Consumer Durable Goods

5.55%  
22.77%  
20.00%  
24.44%  

Market Research  
Technical Research  
Product Research  
Presale Service  
Others

Fig. 6c: Consumer Non-Durable Goods

8.42%  
11.63%  
21.42%  
29.18%  

Market Research  
Technical Research  
Product Research  
Presale Service  
Others

Source: 6a, b and c: The research questionnaires.
From the above results it can be concluded that among the activities of the strategy elements under product effort, technical research was given more percentage points---30.30 by the three manufacturing groups in Nigeria. This is followed by market research with 26.97 percent. Product research has 18.65 percent while presale service has 16.16 percent.

The emphasis on technical research can be attributed to the economic problems Nigeria has been encountering since 1986. With the fall in the value of the Nigerian currency, the naira, spare parts, machinery and equipment became expensive to import into Nigeria, manufacturing companies devoted more efforts to technical research. Coupled with the Nigerian government inward-looking economic policies to accelerate the pace of economic development, manufacturing companies found themselves researching for some of the products they were not used to venturing into. As a result of this need to find new materials and other manufacturing machinery at home, there arose a need for more markets at home where these scarce products exist. Manufacturing companies, to make sure that resources, in the midst of economic crunch, are not wasted, engaged 26.97 percent of their product effort in market research. Government deregulation and privatization of federal and state government ventures brought the need for manufacturing firms to become careful and competitive.
It will not be of much surprise to manufacturers that industrial goods manufacturers devoted more effort to technical research than the consumer durable and the consumer non-durable goods manufacturers. While technical research under consumer durable goods received 24.44 points, it received 29.18 under consumer non-durable goods. Most Nigerians are known to obtain most of their food from farms and eat less processed food. This may have accounted for the low allocation of points to consumer durable goods than is allocated by manufacturers to industrial goods. Manufacturers are expected to engage in more innovative ventures when the importation of consumer non-durable goods were banned. Products, such as furniture and building materials have come into intensive manufacture and as a result the need for manufacturing companies to allocate more effort to technical research.

Under industrial products, product research received the lowest point allocation--14.09 when compared with consumer durable and consumer non-durable goods which have 20.00 and 21.42 points respectively. The low point allocation to industrial product should not be surprising to anyone conversant with the Nigerian manufacturing sector. Few manufacturing companies engage themselves in the production of industrial products, hence the 14.54 point allocation. In addition, Nigerians are more preoccupied with their daily feeding than with the purchase of industrial products.
Consumer non-durables, which include necessities, such as products used in house repairs and automobiles, have a high percentage of the total allocation to product research. This is because the demand for them is not suffering the same faith as the industrial product.

Even though prices of goods rose due to the depreciation in value of the naira, there has been increases in the number of building materials manufacturing companies are able to sell. The low points allocated to presale service under industrial products and consumer non-durable goods is as a result of fewer sales in industrial products. Most consumers of non-durable goods in Nigeria do not require presale service. In addition, most industrial products are used ones due to high cost of new ones. Consumer durable goods, such as radios, TVs, refrigerators, just to mention a few, received the highest points of 22.77. This is a good indication that consumers recognize or demand services for such goods they have come to know as "fairly new" or Belgian products.

Activities of Promotion Mix Effort

From Table 6 on the following page, we can easily see that sales management and personal selling activity has the highest percentage allocated to promotion effort activities.
### TABLE 6
ACTIVITIES OF PROMOTION MIX EFFORT

<table>
<thead>
<tr>
<th>Promotion Mix Effort</th>
<th>Average Total Points Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Branding and Promotional Packaging</td>
<td>21.27</td>
</tr>
<tr>
<td>Printed Media Advertising</td>
<td>16.83</td>
</tr>
<tr>
<td>Broadcast Media Advertising</td>
<td>19.95</td>
</tr>
<tr>
<td>Sales Management and Personal Selling</td>
<td>22.09</td>
</tr>
<tr>
<td>Special Promotional Activities</td>
<td>15.07</td>
</tr>
<tr>
<td>Others</td>
<td>4.49</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: The research questionnaires.

Figure 7 on the following page is a graphical representation of marketing managers' preference in the allocation of resources among the promotion effort activities. While sales management and personal selling activity was awarded the highest points, special promotional activities and other factors received the lowest points.
Fig. 7: Promotion Mix Effort Preference

![Graph showing resource allocation percentages for different activities]

**Activities**

- Prod
- Brand & Prom
- Polg
- Printed Media
- Advertising
- Broadcast Mgt & Prom
- Spec
- Others

Source: The research questionnaires.

The following chart (Fig. 8), depicts the share each activity received according to their importance to the marketing managers in their strategic decision making.

Fig. 8: Points Allocated to Promotion Mix Effort

![Pie chart showing percentage allocations for different activities]

- Product Branding and Promotional Packaging: 21.27%
- Printed Media Advertising: 4.49%
- Broadcast Media Advertising: 16.83%
- Sales Management and Personal Selling: 22.09%
- Special Promotional Activities: 15.07%
- Others: 19.95%

Source: The research questionnaires.
This attention on sales management and personal selling testifies to the importance of personal selling and sales management as being the most important thing—getting goods to the consumers—when it comes to business management. This is also coupled with the fact that Nigerian manufacturing companies rely heavily on personal selling, as the literature review suggests, as being an important aspect of promotion effort in Nigeria. Product branding and promotional activities has 21.27 percent. This illustrates the importance manufacturers attach to branding and packaging their products, an activity that may serve as attraction to consumers.

Broadcast media advertising got the 19.95 percent of the resources that was allocated to promotion effort, with printed media advertising being given the fourth priority scoring 16.83 percent. This is an indication that Nigerian manufacturing companies devote fairly good advertising through printed media. Hence one sees in magazines and daily newspapers' advertisements, sometimes taking half of a page of some daily newspapers—the Daily Times being one of such papers. Special promotional activities performed well because in Nigeria trade fares, flyers are used to promote buyers' interest in a product; it was awarded 15.07 percent. A detailed presentation of the activities' results under the three kinds of products is in Table 7 on the following page.
### TABLE 7

**ACTIVITIES OF PROMOTION MIX EFFORT ACCORDING TO THE KIND OF PRODUCT**

<table>
<thead>
<tr>
<th>Promotion Mix Effort</th>
<th>Industrial</th>
<th>Consumer Durable</th>
<th>Consumer Non-Durable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Branding and Promotional Packaging</td>
<td>20.54</td>
<td>21.22</td>
<td>22.05</td>
</tr>
<tr>
<td>Printed Media Advertising</td>
<td>12.72</td>
<td>20.55</td>
<td>17.23</td>
</tr>
<tr>
<td>Broadcast Media Advertising</td>
<td>23.54</td>
<td>17.77</td>
<td>18.55</td>
</tr>
<tr>
<td>Sales Management and Personal Selling</td>
<td>18.63</td>
<td>22.11</td>
<td>25.52</td>
</tr>
<tr>
<td>Special Promotional Activities</td>
<td>20.45</td>
<td>12.22</td>
<td>12.55</td>
</tr>
<tr>
<td>Others</td>
<td>4.09</td>
<td>6.11</td>
<td>3.28</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: The research questionnaires.

Figure 9a, b, and c illustrate the allocation of promotion effort activities among the three types of goods: industrial, consumer durable and consumer non-durable goods. From the pie charts in Figures 9a, b, and c, we can see that each of the five activities was almost awarded equal amounts of points on each of the three product groups. This means that each one of these activities is valued very much by marketing managers in every one of the product groups.
Fig. 9a: Industrial Goods

- Product Branding and Promotional Packaging
- Printed Media Advertising
- Broadcast Media Advertising
- Sales Management and Personal Selling
- Special Promotional Activities
- Others

Fig. 9b: Consumer Durable Goods

- Product Branding and Promotional Packaging
- Printed Media Advertising
- Broadcast Media Advertising
- Sales Management and Personal Selling
- Special Promotional Activities
- Others

Fig. 9c: Consumer Non-Durable Goods

- Product Branding and Promotional Packaging
- Printed Media Advertising
- Broadcast Media Advertising
- Sales Management and Personal Selling
- Special Promotional Activities
- Others

Source: 9a, b and c: The research questionnaires.
The importance of sales management and personal selling in marketing strategy is emphasized in consumer non-durable goods. It scored a total of 25.52 points. One sees that when one is in the streets or on Nigerian highways, one will realize that when it comes to promotion effort, personal selling and sales management are given the highest priority. One of the reasons why consumer non-durable goods manufacturers give more resources to this activity is that most of these consumer products are new—having replaced the imported ones—and most are also perishable and have to be sold right away. To get them to the consumer easily, personal selling is employed in their marketing. Consumer durable goods manufacturers awarded sales management and personal selling 22.11 points and industrial goods manufacturers awarded 18.63. The three groups of manufacturers feel that sales management and personal selling are very important to the promotional effort of their marketing strategy.

Product branding and promotional packaging recorded the highest total points under the three groups of manufacturers within the promotion effort activities. However, the three groups of manufacturers felt that product branding and promotional packaging are very important to them. A claim which can easily be discovered when one looks at the canned products and boxes that come out of manufacturing plants in Nigeria—industrial goods was awarded 20.54 points while
consumer durable goods has 21.22 points, consumer non-durable goods has 22.05 points.

Printed media advertising under consumer durable goods manufacturers was awarded the most points, 20.55, industrial goods received 12.72 and consumer non-durable goods received 17.23 points. A lot of printed media advertising takes place in Nigeria in newspapers and magazines, and this is the major source of advertising in Nigeria. Because of the sheer number of manufacturers of consumer goods in Nigeria over the industrial goods manufacturers, more priority is being devoted to consumer non-durable goods when it comes to resource allocation. Industrial goods received a distant 12.72 points— an indication that points to the fact that industrial goods manufacturers in Nigeria do not advertise their products very often. There are not many of them and consumers of such products seem to be well informed and know where the best product is located. Hence the low allocation of resources to printed media advertising by their manufacturers. Consumer durable goods, because of the number of their manufacturers, and many Nigerian artisans are engaged in their manufacture, have to be advertised more often. Not only because of the above reasons, but because in this period of structural adjustment program, few people have money to expend on such products as furniture, TV or record player, just to mention a few.
Printed media advertising under industrial goods was not given as much priority as it was given under consumer durable and non-durable goods. Under industrial goods, broadcast media advertising allocated the highest points, 23.54, more than was allocated by consumer durable goods and non-durable goods manufacturers. It costs far less to advertise on Nigerian television and radio than it does to advertise in the printed media. One of the reasons is that the television stations do not get on the air until late in the evening and most of them close by midnight. Consumer durable and non-durable goods manufacturers received high points—17.77 and 18.55 respectively. This demonstrates the need and awareness manufacturers have about the importance of broadcast advertising in advancing the same findings in advertising by Nigerian manufacturers. Efiông J. Etuk's study found that 74 percent of the manufacturing firms who responded considered advertising to be "of great importance" to the success of their products. Most of those that considered advertising to be of great importance to the success of their products were consumer goods manufacturers. Those that did not consider advertising to be of much importance to the success of their products happened to be industrial goods manufacturers.\(^3\)

Special promotional activities under industrial goods manufacturers was awarded 20.45 points, 8 points more than those awarded by consumer durable and consumer non-durable

\(^3\)Efiông Etuk, p. 73.
goods manufacturers. Soft drink makers, cosmetic and makers of manufacturing equipment have, in recent years, held trade fairs and sponsored activities that have contributed to making consumers become aware of their products.

The nature of point allocation to the promotional effort activities shows that promotion effort is very important to the success of manufacturing companies in Nigeria.

**Activities of the Distribution Mix Effort**

Table 8 below shows the average total percentage points allocated to distribution effort activities. The table is self-explanatory that it does not require further explanation. However, it will be important to note that transportation has 28.45 percentage points.

**TABLE 8**

**ACTIVITIES OF THE DISTRIBUTION MIX EFFORT**

<table>
<thead>
<tr>
<th>Distribution Mix Effort</th>
<th>Average Total Points Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>26.97</td>
</tr>
<tr>
<td>Warehousing and Inventory Control</td>
<td>30.30</td>
</tr>
<tr>
<td>Determination of Basic Channels</td>
<td>18.65</td>
</tr>
<tr>
<td>Selection of Individuals Within Channels</td>
<td>16.16</td>
</tr>
<tr>
<td>Manufacturers Effort to Develop and Assist Channels</td>
<td>7.99</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: The research questionnaires.
Figure 10 shows that warehousing and inventory control is given the most priority in the allocation of distribution activities in Nigeria. Manufacturers' effort to develop and assist channels of distribution is least important in the decision making process of the marketing managers.

Fig. 10: Distribution Mix Effort Preference

Source: The research questionnaires.

Figure 11 gives a chart illustration of Table 8.

Fig. 11: Points Allocated to Distribution Effort Activities

Source: The research questionnaires.
From Table 9 below we can see that industrial goods manufacturers see transportation to be of more importance to them than consumer durable goods and non-durable goods manufacturers.

**TABLE 9**

**ACTIVITIES OF THE DISTRIBUTION MIX EFFORT ACCORDING TO THE KIND OF PRODUCT**

<table>
<thead>
<tr>
<th>Distribution Mix</th>
<th>Industrial</th>
<th>Consumer Durable</th>
<th>Consumer Non-Durable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>39.00</td>
<td>21.11</td>
<td>25.26</td>
</tr>
<tr>
<td>Warehousing and Inventory Control</td>
<td>19.63</td>
<td>18.33</td>
<td>27.50</td>
</tr>
<tr>
<td>Determination of Basic Channels</td>
<td>16.81</td>
<td>21.66</td>
<td>17.86</td>
</tr>
<tr>
<td>Selection of Individuals Within Channels</td>
<td>17.27</td>
<td>20.00</td>
<td>15.55</td>
</tr>
<tr>
<td>Manufacturers Effort to Develop and Assist Channels</td>
<td>7.81</td>
<td>17.77</td>
<td>14.60</td>
</tr>
</tbody>
</table>

**TOTAL**

|                | 100.00 | 100.00 | 100.00 |

Source: The research questionnaires.

Figure 12a, b, and c on the following page depict Table 9 in pie charts. The assignment of points to different product groups differs from one chart to another.
Fig. 12a: Industrial Goods

- 39.00%
- 17.27%
- 16.81%
- 7.81%
- 19.63%

- Transportation
- Warehousing and Inventory Control
- Determination of Basic Channels
- Selection of Individuals Within Channels
- Manufacturers Effort to Develop and Assist Channels

Fig. 12b: Consumer Durable Goods

- 21.11%
- 20.00%
- 18.33%
- 17.77%
- 21.66%

- Transportation
- Warehousing and Inventory Control
- Determination of Basic Channels
- Selection of Individuals Within Channels
- Manufacturers Effort to Develop and Assist Channels

Fig. 12c: Consumer Non-Durable Goods

- 25.26%
- 15.55%
- 17.86%
- 14.60%
- 27.50%

- Transportation
- Warehousing and Inventory Control
- Determination of Basic Channels
- Selection of Individuals Within Channels
- Manufacturers Effort to Develop and Assist Channels

Source: 12a, b and c: The research questionnaires.
In their marketing strategy formulation, industrial goods manufacturers allocate 39 points to transportation, while consumer durable goods manufacturers allocated 21.11 points while consumer non-durable goods manufacturers allocated 25.26 points to transportation. However, each of the three groups of manufacturers sees transportation as making important contribution to the distribution effort towards the success of the manufacturer. Industrial goods manufacturers received 39.00 points under transportation activity, probably due to the size and weight of their products. Their distribution may be bulky, and consumers sometimes are located far from the manufacturers.

Maintenance of the products after sales may be another transportation concern that will make Nigerian manufacturers to consider transportation activity of permanent importance to the success of the distribution program. Consumer durable goods manufacturers have to get their goods to the market to avoid spoiling and expiration. The desire for consumer non-durable goods manufacturers to get their products to markets where demand exists for them, are the factors that make transportation activity very important to the three manufacturing groups.

Warehousing and inventory control activity was awarded 27.50 points by consumer non-durable goods manufacturers. This high point award must have been prompted by the need for storage space by manufacturers. Major manufacturing centers
in Nigeria do not have enough space—the cost of renting space is very expensive in Lagos, Onitsha or Ibadan. The highest point allocation to consumer non-durable goods manufacturers may have been prompted by high demand for food products that made it necessary for manufacturers to find storage facilities for their perishable products.

Determination of basic channels of distribution within the three groups of manufacturers was substantial among the three manufacturers. Because basic channels of distribution are very important for efficient marketing of all products, the three groups of manufacturers in Nigeria consider this activity to be very important. A substantial number of companies that are operating in Nigeria are facing a different kind of consumer that has emerged since the structural adjustment program brought economic hardships to the Nigerians. Reorganization has to be made, a different kind of consumer emerged and some used-to-be consumers disappeared and manufacturers felt the necessity to find different channels of distribution. This economic hardship brought with it rural migration to urban cities culminating in what may be called overpopulated and suffering urban centers. Government development programs in light of the austerity measures gave a new priority to Nigerians in their long term plans and consequently manufacturers became faced with a new consumer.
The selection of individuals within channels of distribution was given the highest priority by the consumer durable goods manufacturers. Consumer non-durable goods manufacturers followed with 17.86 points and industrial products manufacturers awarded 16.81. The determination of basic channels of distribution is very important to the Nigerian manufacturers as demonstrated by the three groups of manufacturers. Consumer durable goods manufacturers, because of their needs for getting their products to the consumers who are located far away from the manufacturers, spend a reasonable amount of resources. Selecting individuals within the channels of distribution is very important to consumer non-durable goods in Nigeria. Consumer non-durable goods manufacturers are conscious of getting their products to the consumers. Hence the literature review suggests that street sellers can be found almost everywhere selling products such as ice cream, cold fruit drinks and biscuits, to avoid their spoiling.

The selection of industrial product distributors is important to manufacturers of industrial goods because individuals within these channels are expected to have good knowledge of the technical nature of the product. The allocation of reasonable amount of resources to "individual selection within the channels" by the three groups of manufacturers shows that this activity is very important to achieving distribution effort strategy.
The manufacturers' effort to develop and assist channels of distribution got the lowest total point, 13.40. This may be surprising to those who are familiar with the United States manufacturers' distribution system. In Nigeria, most of the manufactured products have little or no competition due to high cost of imported goods and large consumers. The manufacturers do little or nothing to assist those outlets that are interested in carrying or distributing their products. The reason is that they may lack the resources to do so, are unwilling or nonchalant about it, since the market for these products is a producers' market. The few resources that were allocated to the manufacturers' effort to assist channels of distribution, were left to be desired by the three manufacturing groups. A total of 17.77 points were awarded by the consumer durable goods manufacturers, 14.61 by the consumer non-durable goods manufacturers, and 7.72 by the industrial goods manufacturers. However, the consumer durable goods manufacturers in Nigeria make use of distributors heavily and had to allocate more resources to it than the industrial goods and consumer non-durable goods manufacturers.

Activities of the Pricing Mix Effort

As Table 10 shows on the following page, the total percentage points for the pricing activities are presented. From the table, we can easily see that cost plus desired profit and pricing according to competitive levels were
considered by manufacturers to be of more importance to achieving their pricing goals than the rest of the pricing activities.

TABLE 10
ACTIVITIES OF THE PRICING MIX EFFORT

<table>
<thead>
<tr>
<th>Pricing Mix Effort</th>
<th>Average Total Points Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Plus Desired Profit</td>
<td>25.31</td>
</tr>
<tr>
<td>Pricing According to Competitive Levels</td>
<td>25.15</td>
</tr>
<tr>
<td>Pricing at Percentage Below or Above Competitors</td>
<td>15.45</td>
</tr>
<tr>
<td>Pricing According to What the Market will Bear</td>
<td>16.94</td>
</tr>
<tr>
<td>Pricing Based on Government Rules and Regulations</td>
<td>10.09</td>
</tr>
<tr>
<td>Others</td>
<td>4.80</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: The research questionnaires.

Pricing effort activities and their importance in marketing managers' decisions are depicted graphically in Figure 13. While cost plus desired profit ranked highest in importance among the pricing effort activities, pricing according to government regulation and other factors were ranked lowest in importance. This is not surprising as there is no price control in Nigeria. They were pricing according to what the market will bear, and pricing at percentage below or above competitors were awarded 16.94 and 15.45.
Fig. 13: Pricing Mix Effort Preference

Source: The research questionnaires.

respectively. Pricing based on government rules and regulations was the least preferred. Cost plus desired profit under industrial and consumer non-durable products were awarded almost the same points, 27.00 and 26.71 respectively. Consumer durable manufacturers awarded 22.22 points to cost plus desired profit. Table 10 is illustrated with the pie chart in Figure 14 on the following page.
Fig. 14: Points Allocated to Pricing Effort

Source: The research questionnaires.

TABLE 11
ACTIVITIES OF THE PRICING MIX EFFORT
ACCORDING TO THE KIND OF PRODUCT

<table>
<thead>
<tr>
<th>Pricing Mix</th>
<th>Industrial</th>
<th>Consumer Durable</th>
<th>Consumer Non-Durable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Plus Desired Profit</td>
<td>27.00</td>
<td>22.22</td>
<td>26.71</td>
</tr>
<tr>
<td>Pricing According to Competitive Levels</td>
<td>29.27</td>
<td>20.00</td>
<td>26.18</td>
</tr>
<tr>
<td>Pricing at Percentage Below or Above Competitors</td>
<td>13.18</td>
<td>15.55</td>
<td>17.63</td>
</tr>
<tr>
<td>Pricing According to What the Market Will Bear</td>
<td>10.0</td>
<td>23.33</td>
<td>17.50</td>
</tr>
<tr>
<td>Pricing Based on Government Rules and Regulations</td>
<td>7.72</td>
<td>16.11</td>
<td>6.44</td>
</tr>
<tr>
<td>Others</td>
<td>5.00</td>
<td>3.88</td>
<td>5.52</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: The research questionnaires.
On the following page are illustrations of Table 11 in Figures 15 a, b, and c and the allocation of resources among the activities of the pricing effort. Differences exist in the sizes of the activities from one pie to the other. These show that products require different types of marketing mix depending on the nature of the products and what the competitive environment looks like.

Industrial and consumer non-durable manufacturers invested almost the same resources to see that cost plus desired profit contribute immensely to the realization of pricing goals. Consumer durable is also seen to be very important to realizing the goals of the pricing policies. Each of the three groups of manufacturers comparatively sees "pricing according to competitive levels" significantly important. Out of a total point of 75.45, industrial product manufacturers awarded 29.27, consumer durable goods manufacturers awarded 20.00 points, and consumer non-durable goods manufacturers awarded 26.18 points.

Pricing at a percentage below or above competitors were found to be less preferred by industrial goods producers than consumer durable goods producers—13.18 points as against 15.55 points. Consumer non-durable goods producers preferred using this pricing activity more than the other two manufacturers. Such a low preference by industrial goods manufacturers signifies that proven quality takes precedence over sales slogans or strategies. These are strategies or
Fig. 15a: Industrial Goods

5.00%  27.00%
7.72%  
10.08%  
13.18%
29.27%

- Cost Plus Desired Profit
- Pricing According to Competitive Levels
- Pricing at Percentage Below or Above Competitors
- Pricing According to What the Market will Bear
- Pricing Based on Government Rules and Regulations
- Others

Fig. 15b: Consumer Durable Goods

3.88%  22.22%
16.11%
23.33%  20.00%
15.55%

- Cost Plus Desired Profit
- Pricing According to Competitive Levels
- Pricing at Percentage Below or Above Competitors
- Pricing According to What the Market will Bear
- Pricing Based on Government Rules and Regulations
- Others

Fig. 15c: Consumer Non-Durable Goods

5.52%  26.71%
6.44%  
17.50%
17.63%  26.18%

- Cost Plus Desired Profit
- Pricing According to Competitive Levels
- Pricing at Percentage Below or Above Competitors
- Pricing According to What the Market will Bear
- Pricing Based on Government Rules and Regulations
- Others

Source: 15a, b and c: The research questionnaires.
sales slogans that may have been intended to convince the potential buyers from using quality and durability as a measure for purchase or no purchase. One has to price an industrial product in Nigeria based on performance and the availability of such product. Hence pricing according to competitors' levels was awarded more points under industrial product than under consumer durable and non-durable products. In urban markets so near to each other as the Nigerian markets are, and where there are very few industrial manufacturers, competitors' pricing method is expected to be close to each other. Consumer durable and non-durable manufacturers can be expected to utilize pricing at percentage below or above competitors. This is because there are many producers and the consumers are large enough to warrant price discrimination among manufacturers.

Industrial product manufacturers feel that pricing according to what the market will bear is not of much importance as it is to consumer durable goods manufacturers and non-durable goods manufacturers. Out of the total point of 50.83, 10 points were preferred by industrial product manufacturers, 23.33 points by consumer durable goods producers, and 17.50 by consumer non-durable goods manufacturers. The difference is significant when industrial and consumer goods manufacturers are compared. A product whose pricing strategy is mainly pricing according to competitive levels will not be expected to use pricing
according to what the market will bear because the size of the industrial market in Nigeria is small. What the market will bear will be the competitive level which most of the manufacturers are expected to use. Consumer durable and non-durable goods manufacturers prefer to allocate more resources to pricing according to what the market will bear. Stiff competition exists among these products in Nigeria, especially on consumer non-durable products. One, therefore, has to price according to what the market will bear in the market one supplies one's products.

Pricing based on government price control is not of any importance to the manufacturers pricing techniques since there is no price control program. Dealers and distributors are desperate and are willing to go to any length to represent the manufacturers. Pricing effort, except in few products in Nigeria, is not a major factor that will take much of manufacturers' resource. The Nigerian market, since the structural adjustment program, has been a seller's market and pricing is not a variable to be invested much in.
CHAPTER V
POLICY IMPLICATIONS

This study will not be complete if policy makers in Nigeria are not able to learn anything from it. This chapter enumerated the implications of this study to new product development strategy, channel of distribution strategy, promotion strategy, pricing strategy, and government prices and incomes policies. By integrating what we learned from this study into the management strategy of Nigerian private and public organizations, they will be in a better management position.

New Product Development Strategy

The development of a new product by a manufacturing firm in Nigeria will be better served if the management can understand that environmental changes in business will determine the mix of marketing strategy elements to be used. During the process of product development, promotion effort strategy may be awarded more resources than the other marketing mix efforts if the product to be developed is such that is going to face stiff competition in the marketplace. However, the nature of this promotion will depend on whether the product will be a pioneer product or late entrant into
the market.\textsuperscript{1} Government policy can be directed towards the
encouragement of research, the granting of research funds and
legislations that will require all the manufacturing
companies in Nigeria to invest a certain percentage of their
budget in research and development.

Product finishing and perfectioning in Nigeria, however,
is not something to boast of. Competition in many areas of
manufactured products is not yet stiff, and this may explain
why less effort is being devoted to product research. This
applied in the case of Australian manufacturing firms.\textsuperscript{2}

The more successful a product is in the marketplace, the
better position of the economy. A poor performance or early
death of a product will be a waste of resources on the part
of the firm in particular and the Nigerian economy in
general. If the lesson on the pricing benefit that could
accrue to a product innovator is to be taken advantage of,
manufacturing firms in Nigeria can explore the market
opportunities that exist in other African countries. The
devaluation of the naira will make the Nigerian products more
affordable in those countries than the imported goods.
Government encouragement in this area is needed through good
diplomatic relations with other African countries.

\textsuperscript{1}David A. Aaker and George S. Day, "The Perils of High-Growth

\textsuperscript{2}Clyde E. Harris Jr., Richard R. Still and Melvin R. Crask, "A
Comparison of Australian and U.S. Marketing Strategies," \textit{Columbia
The development of a new product is vital to the survival of the manufacturing sector in an economy such as Nigeria. Given the aggressive competition from other countries, the production of a new product calls for a good program for planning and development. With the introduction of new products, lifestyles can be improved for the better. New products are needed to sustain the expected rate of profit. In Nigeria, where tastes change rapidly, firms that are not able to adopt their product planning and development strategy to the constant changing needs of the consumers will not realize the kind of profit and market share they expect.

The Japanese, American and German manufacturing firms are able to effectively compete in the world market because of their ability to innovate new products. This ability to compete has contributed immensely to their profit margin, market share and sales growth. For example, the innovative ability of the Japanese firms to come up with new design cars every year has been a source of concern for Chrysler, Ford and General Motors. The inability of these companies to become as innovative as the Japanese auto companies has led to their engagement in production arrangement, where the engines of some American manufactured cars are made in Japan. This will help the American companies increase sales in their cars and the Japanese auto firms will in turn sell more of their car engines. The initiatives some Nigerian firms have
taken in the production of some car parts may give them competitive edge in selling to other African countries.

Being able to eliminate product ideas of limited potential is a factor the Nigerian manufacturers have to develop in their product effort. Although the following factors are necessary in some countries before a product is introduced into the marketplace in Nigeria, some may be neglected due to the stage of its economic, social and political development.

Adequate market demand should be placed into serious consideration before a new product is introduced. This will eliminate the cost and loss in revenues producers will incur if the product fails to meet its minimum expected demand. The social and environmental impacts of the product to the Nigerian society must be taken into consideration. The introduction of a product that meshes with the desires and wishes of the consumers in relation to the environment will attract a quick approval from the consumers. For a new product to incur a reasonable amount of expenses, the new product idea should fit into existing production facilities.³ Profits will be raised if the cost of production is reduced. Timing the introduction of a new product is very important to the success of the product in the Nigerian market. Manufacturing companies in Nigeria that were able to start

production of mosquito curls and other mosquito spray killers immediately after the imported ones were banned were able to cash in on the lack of competition that existed then. A management's desire for growth in profit, sales and market share in Nigeria should embody the consideration of all the strategic activities in product effort and other marketing effort elements.

Channels of Distribution Strategy

One does not have to be conveyed to all the retail stores in Nigeria for one to come to a conclusion that Nigerian stores do not have good storage facilities. However, manufacturing companies are beginning to pay serious attention to this aspect of distribution effort strategy. Policy makers in both profit and non-profit organizations need to devote more resources to manufacturers' effort to develop and assist channels of distribution. This activity is very important in the case of Nigeria where transportation, highways and storage facilities are at an abysmal state.

The result of this study on distribution that shows low resources allocations to those activities that require manufacturers' assistance to their clients, is indicative of the present reality in Nigeria that is due to the scarcity of products. In many areas the manufacturers left that responsibility solely to their clients without much assistance. This shortage of products is not going to last for a long period of time, however, so the earlier policy
makers start paying attention to these low priority activities the better their firms will be positioned in the marketplace. Policy makers in the Nigerian government need to pay serious attention to the sorry state of our highways, improvement in telecommunication to reduce the amount of traffic on highways. Loans can be provided to store owners to enable them purchase storage facilities. These will go a long way in helping prevent damages and perishing of food products. Peasants suffer most due to lack of transportation that will take their products to the market needed.

Channel development in Nigeria has not been a problem to the Nigerian manufacturers. One of the reasons is that the producers are enjoying the benefits of a seller's market. Many retail stores are still looking for different products to fill up their shelves. New products in Nigeria are easily snatched by businesses who are eager and willing to represent the manufacturers. However, few retail stores in Nigeria have large display spaces. Most manufacturing firms are family businesses and owners are very unwilling to trust in another's hands the distribution of their products. Hence, there are not in existence the sophisticated distribution channel strategy that exists in Japan or the United States that has contributed to a large extent to the maximization of profits and optimization of sales and market share.

Channel leadership or control in Nigeria will depend on whether the retailer, or the wholesaler, or the manufacturer
has better access to the marketplace for the products produced. In the rural areas of Nigeria, most consumer products get to the stores through manufacturers' representatives. Usually the distributor has appointed dates of delivery, the retailers will meet the distributor, usually in a marketplace where they will purchase whatever quantities they need. In this market, the manufacturer is shut off from the large army of small retailers that exist in the rural areas. In this type of market, it becomes incumbent upon the manufacturer to develop a good marketing relationship with the distributor. The distributor, who is now the leader, has greater influence in the distribution of the manufacturers' products. Beer and textile products are prime examples of this kind of distributorship.

The knowledge the distributor has of what is needed by the consumers gives the distributor advantage in the distribution channel. Candies and ice creams tend to utilize direct distributorship from the manufacturer to the retailers. The aim of this kind of distributorship is to eliminate cost and increase revenues. Distribution of ice cream and candies in Nigeria by middlemen distributors may be very expensive because there are no efficient storage facilities in Nigeria. Manufacturers control the distribution of this kind of product so that damaged or unsold ones can be returned to the factory where there are storage facilities. No wonder these products are mainly sold in cities where
there are large consumers for the products, and factories that produce them are present.

Strategic alliance can be formed in the distribution of two or more companies' products. In Nigeria where resources in the form of transportation and storage facilities are not available to most manufacturers, two or more companies can agree to distribute each other's products. This will enable them to minimize cost and optimize sales and profit opportunities. Channel development is important in Nigeria, especially in the areas of pharmaceutical, toilet soap and body lotion. Competition in this area is becoming stiff.

Financial ability does determine in Nigeria who will control the distribution channel. In the textile industries, distributors put up millions of naira in order to distribute fabrics from the textile companies. The relationship these distributors have with the retailers in the form of credit and discounts are not easily matched by the retailer or, in some cases, the manufacturers. Hence this type of distribution requires that the distributor be the leader.

**Promotion Mix Strategy**

Overall promotion effort activities were well represented in the allocation of resources. This shows the importance marketing managers attach to promotion in their strategic management decision making. Policy makers cannot underestimate the importance of promotion effort in marketing strategy. Broadcast media advertising is not being practiced
by the majority of the manufacturing firms in Nigeria, probably due to the sellers market we have. Nor has product branding and promotion packaging been a common practice by the manufacturing firms. High emphasis on differentiation will only be necessary if the products face stiff competition in the marketplace. However, recently, new products made in Nigeria are beginning to emerge and suddenly there are few exceptions—manufacturers are beginning to exploit the erosion in purchasing power of consumers. Consumers are being asked to switch to products they can afford rather than purchase imported products that they have to spend a fortune on.

The government can contribute immensely in this area by giving more time to television stations to open early and close late at night. Financial assistance can be extended to manufacturers to help those in need promote their products. This will help to save some foreign exchange when consumers switch from imported to domestic products.

To reduce infant mortality, health problems and raise the standard of living of the rural dwellers, the government has to encourage the awareness of rural dwellers to new products that are beginning to emerge in Nigeria. Some of these products are badly needed in the rural areas, such as purified water, some pharmaceutical products, and packaged
foods for infants. Without successful promotion of a product, producers will not be able to recover their costs.\textsuperscript{4}

Dysfunctions in economic activities of a country usually manifest themselves in sales. Consumers usually express their satisfaction or dissatisfaction with a product during the promotion stage of marketing strategies. The need to sell a company's products is prompted by the management's desire for profits and to provide goods to the consumers. This desire to sell has prompted competition in the marketplace. Producers promote their products through radio and TV advertisements, and personal selling. All these involve communication. Effective communication in sales becomes very necessary to the survival of a product.\textsuperscript{5} Even though the Nigerian manufacturers consider promotion to be very important to their marketing strategy efforts, personal communication in selling in Nigeria is too poor. The constant bickering and nonchalant attitude an average Nigerian retailer puts up against his or her customer or would-be customer is a testimony to the fact that Nigerian market is a seller's market.

Due to few producers that are present in the Nigerian manufacturing sector, promotion through financial expenditures on advertisements may not be necessary as this


\textsuperscript{5}Stanton, p. 469.
will only have impact on the quantity purchased.\textsuperscript{6} Since the products produced will be demanded anyway, it becomes necessary to differentiate the products with labels. So when more products are introduced in the marketplace, longtime or loyal customers can easily identify with the products they are used to. The array of activities or promotional mix that will go into a product in Nigeria should depend on the funds that are available to a company, the nature of the product, the nature of the market, and the stage of the product in its life cycle.\textsuperscript{7} Emphasis should be paid to personal selling in Nigeria; this will help to enhance the image of the products and their sales growth.

**Pricing Mix Strategy**

For pricing to be very important in the marketing strategy of a firm will depend on the nature of a product, the period of time the firm is entering a market, the number of competitors, the size of the market for the product, in some countries, the government control on price, and the cost of production. This study shows that pricing is as important as promotion effort strategy to marketing policy makers in Nigeria. The result of the study in the four Ps has shown that competition is minimal among manufacturing companies in


\textsuperscript{7}Stanton, p. 473.
Nigeria. Pricing at below or above competition was awarded one of the lowest resources among the activities that make up pricing element. In an economy where the market is a seller's own, pricing according to competitive levels received one of the highest resources devoted to pricing effort strategy. This means that prices are set just to reflect that of other manufacturers in the same business. Given the nature of Nigerian businesses, prices will be set at the maximum until the consumer ceases to purchase those products. This is the case now with the Nigerian business.

Prices are sky-rocketing not only because of the cost of production but because of the advantage businesses are getting by being the sole suppliers of the product. Currently, the Nigerian government is looking into it to see if there is any way those overcharging can be prosecuted before the law courts. Price control, if effective, should be placed on some of the products where there is evidence of overcharging. However, the firms are making exorbitant profits and the government can also encourage them to reinvest this excess profit made.

Pricing strategy did not feature prominently among the marketing strategies chosen by Nigerian manufacturers. Whether a firm decided to charge high or low price or practice value added pricing will depend on what the firm intends to achieve. The pricing mix in the Nigerian manufacturing firms has to take into serious consideration
the survival, current profit maximization, market share leadership, and product quality leadership. These objectives are what a firm pursues in its pricing strategy.⁸ Given the sellers' market that exists in Nigeria, the product quality objective will be discounted. Nigerian producers are well known for poor finishing. Scarcity of certain products in the marketplace is likely to spark price increase on the part of the producers. Prestigious goods will attract high prices. In Nigeria, where one's status—the way one is viewed in the society—is very important, manufacturers can easily exploit the ignorance of these egotistic individuals as their education attainment is usually low, by using effective pricing mix strategy.

Recently, Nigerian firms are beginning to advertise their products using low price as one of their strategies. The aim is to increase sales on these locally manufactured products because the imported ones are more expensive than the locally produced ones. Meager income earned by most Nigerians has caused the emphasis on pricing.

**Government Prices and Incomes Policies**

Government price control is not common in Nigeria. However, the emphasis on pricing according to competitors' level may force the government to step in and place controls

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on prices. But such a move may be counter productive to the recent government's policy of divestment and deregulation. The problem with the marketing strategy Nigerian companies employ in their management in this state of Nigerian economy is the overcharging that has resulted in inflation. The government policy has been that of promoting higher standard of living through more employment and better pay. Increase in advertising and sales promotion techniques, improvement in the production effort--e.g., more research and development activities and improvement in roads through highway construction and telecommunication installation will result to more employment and subsequently a better standard of living.

The success of the manufacturing sector in Nigeria will mean the success of the Nigerian economy towards self reliance in manufactures. It will also mean that more firms will enter the industry as long as they will be aware of how to imitate the success of the pioneer firms. Other African businessmen and women will be in a position to learn how to be successful from their Nigerian counterparts.

Successful marketing strategies will lead to increase in economic activities through the desire for firms to increase their market share and sales growth.

Most developing countries, especially the African countries, have been neglected and not listened to by the western countries because they lack economic power, but the
improvement in the Nigerian economy will give it access to political power in the international arena.
CHAPTER VI
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

So far we have embarked on the study of the marketing strategies the Nigerian manufacturers employ in the marketing of their products. The kind of manufacturing firms in Nigeria can be grouped into two—the traditional and the modern manufacturing firms. While the traditional firms may not seem to be organized to an outsider, they have always had marketing strategies that have led to their reaping high profit, increase in sales and gain in market share. The modern manufacturing firms seem to be the ones that lack organized and formalized ways of marketing their products—in some firms an accountant may be used to perform the job of a marketing manager, or even a personnel manager. However, over some years both types of manufacturing firms have demonstrated their ability to compete in the marketplace by recording increases in their production output.

The definitions for strategy, marketing concept and marketing strategy were presented. While the concept of strategy deals with the establishment of broad goals for the firm, the marketing concept deals with the satisfaction of the consumer and the realization of profitable value by the
seller as a result of the exchange relationship. Marketing strategy is defined as a formal action plan for the implementation of the marketing efforts of a firm.

The relevant literatures were presented. The literature review was divided into four sections to reflect the four marketing variables, that is, the four Ps. These are: Product, Place, Promotion and Price. To demonstrate their importance to marketing strategy, relevant scholarly books and literatures were reviewed. The literature showed models that can be used in each of the four marketing efforts variables to realize profit, increase sales and capture a larger market share.

The data collection method and forms for testing the hypotheses were presented in Chapter III. (See Chapter II for hypotheses.) Of the 350 questionnaires distributed to the manufacturing firms, 65 were returned but only 58 were usable.

To find what the importance of strategy facets is to marketing policy making in Nigeria, product effort and distribution effort were awarded the highest points; promotion effort and pricing effort were awarded the same points. The three hypotheses were refuted in the direction in which they were posited. Instead, the results of the test of Chi-square statistic confirmed what the literature review suggested. The importance of the facets of marketing efforts variables cannot be overemphasized. Every business management
requires a different mix of facets depending on what the competitive environment looks like and what the resources of the business are like.

**Conclusions**

In conclusion, the results of this research showed that the Nigerian manufacturers do employ marketing strategy efforts in the management of their businesses. However, the appearance of a lack of marketing strategy utilization is prompted by the seller's market and other market conditions which have made the manufacturers act as monopolists before the consumers. This was demonstrated in manufacturers' allocation of resources in such marketing activities as manufacturers' effort to develop and assist channels of distribution (see Figure 11), pricing according to competitive levels (see Figure 14), broadcast media advertising and special promotional activities (see Figure 8), as well as product research (see Figure 5). The low resource allocations to these activities confirms the reasons given in the literature survey, that manufacturers are enjoying a seller's market in the Nigerian market.

In a business organization in Nigeria, it is befitting for management to organize its present and future activities in such a way that will give a conducive atmosphere to the realization of the organization's goals and objectives. Such a conducive atmosphere can be enhanced by management's efforts to organize its activities. Systematic ways of
carrying out the organization's work can be documented with a view to adopting the same procedure if the condition and circumstances that gave rise to such a situation are once more present.

The growth and good performance of a manufacturing firm in Nigeria will depend on how the marketing managers and the rest of top management are able to integrate the marketing strategy efforts with other functional areas of the firm. Those firms that are able to recognize early enough the importance of the marketing strategy efforts will likely see their profit and market share grow in no distance a time. Those who are facing stiff competition in the marketplace and at the same time make use of an accountant or personnel director to perform both the task of an accountant or personnel director and marketing manager will sooner or later lose whatever market share they presently have.

As the economic development of a developing country like Nigeria will depend heavily on the activities of the private sector, the development of the market forces in such an economy will require sophisticated marketing strategies. This will bring about rapid economic development through the efficient handling of the product development, sales promotion, distribution of goods, and pricing.

Institutions of higher learning, governments and private organizations who have been lacking information on manufacturing activities will find it lucrative if ways and
means firms conduct their businesses will be systematically documented.

The regional economic cooperation that is currently existing among the West African countries needs marketing strategies that will give support to the production of better products and their subsequent distribution to the consumers.

In early 1992, there were proposals for an African Economic Cooperation. Such a cooperation, like the Economic Community of West African States (ECOWAS), will require the development of efficient marketing strategies that will address the economic and social needs of the sparsely and heavily populated African regions. As countless of concerned African leaders and scholars, such as Kwame Nkrumah, Ali Mazuri, and Adedeji have pointed out, the economic development of Africa will depend on the cooperative efforts the continent is able to muster. For a reasonable competition to come from the Nigerian manufacturing firms, successful marketing strategies that will lead to increase in market share, profitability of the firm and sales growth will be needed.

There are needs for marketing strategies that will address competition from foreign made goods. Nigerian manufactured products, such as shoes, food, textile and rugs, just to mention a few, face stiff competition from imported ones.
An effective sales promotion strategy and pricing method will get the attention of Nigerians away from their insatiable preference for foreign goods. With the abysmal state of streets and highways, telephone and railways in Nigeria, any investor that wants to realize profit, gain market share and sales growth, needs to have a good distribution mix strategy incorporated into the rest of the company's marketing mix strategies.

What we have provided as a result of this study is an awareness for manufacturing firms and other industries to see the need for incorporating marketing mix strategies in the running of their businesses. Such strategies, when created, should not be a bible for the firm, but a temporary guide that can be modified or amended as conditions and the economic environment change. We hope that scholars, firms and government institutions will carry out studies in more specialized areas of marketing strategy such as sales promotion or distribution or the marketing strategy of a particular company. Such information, if available, will solicit the interest of others in more scholarly studies and will go a long way in helping the Nigerian economy.

Recommendations

The nature of the Nigerian economy needs the type of business activities that will boost the well-being of the populace. Studies are needed in Nigeria from academic institutions, scholars who are outside academic institutions,
and government ministries, to document the activities of the marketing efforts. This will enable present and future firms to know the winning strategy to be adopted when necessary. It will also help to know which marketing practices were failures. In a developing economy like Nigeria, waste of resources is not needed, the country needs as much as it can secure from utilizing its resources efficiently and judiciously.

Most businesses in Nigeria are family businesses and as such, need to document the method of their operations so that successors of the original owners will know how the businesses were made successful. Company executives who are responsible for marketing departments should be aware of the changing environment of the Nigerian economy. It will be suicidal for any management to assume that any marketing strategy can always be applied at any time. Marketing strategy should be studied on a case by case basis.

We hope that circumstances arising out of competition in the marketplace will enable the Nigerian firms to devise methods for dealing with marketing problems so that they may achieve growth in market share, profitable opportunities, and the competitive edge against their competitors.
APPENDIX

General Information

Different products sometimes require different marketing strategies. Please select one particular product (or a closely related line of products) for which your marketing policies and activities (promotion, pricing, distribution, product development) are similar and which is important in terms of its contribution to total sales volume or to profits. Please indicate your product choice below.

Specific product or product line

Select a market for the product chosen above; industrial market, general public (household consumers);

(a) industrial market
(b) consumer market

Characteristics of Your Product and its Market

This section refers to certain factors concerning the product and market selected above. In the following questions, the term "consumer" refers to the person or company who uses your product in the form that it leaves your factory. For example, the consumer of a home mixer is the housewife, the consumer of a service is the person or company for whom the service is performed.

Please circle the number which best approximates the nature of the product and market that you selected.

Level of Comprehension: What is the level of comprehension and knowledge that the consumer has in regard to your product, and particularly its want-satisfying power. This includes the consumers' comprehension of the products composition, function, application and its ability to satisfy wants and needs.

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<th>2</th>
<th>3</th>
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<tr>
<td>High Comprehension &amp; Knowledge</td>
<td>Moderate Comprehension &amp; Knowledge</td>
<td>Low Comprehension &amp; Knowledge</td>
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Product Complexity: How technical is the above chosen product? For example, paper for wrapping packages usually is
not considered a technical product. However, paper for insulation in electric transformers is considered technical in nature.

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<tr>
<td>Highly</td>
<td>Technical</td>
<td>Semi</td>
<td>Technical</td>
<td>Non</td>
<td>Technical</td>
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**Value of Typical Purchase:** What is the value of the typical purchase by the consumer? Please estimate this value by multiplying the average price of the product times the typical quantity bought by the consumer in a single transaction.

Estimated Typical Purchase Naira ............................

**Buyer Effort:** What is the effort of the buyer - the amount of time expense, and consideration which the typical consumer puts forth in purchasing the product? This includes searching for alternative sources of supply, seeking specific brands, obtaining price information and evaluating technical aspects of the product in relation to the use to which the product will be put.

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<tr>
<td>Great</td>
<td>Effort</td>
<td>Moderate</td>
<td>Effort</td>
<td>Little or</td>
<td>No Effort</td>
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**Buying Motives:** What are the consumers' motives for buying the product? The two extreme types of buying motives are those which are operational and those which are socio-psychological. Operational buying motives are those reasons for purchase directly related to the anticipated physical performance of the product, such as productivity, durability, efficiency and profitability. Socio-psychological buying motives comprise those reasons for the purchase which are only indirectly related to the anticipated performance of the product, but are directly related to the consumers social and psychological interpretation of the product. Example of sociopsychological buying motives are the customers' image of the product in terms of prestige, social popularity, sexual appeal, youthfulness, recreation and fashion.
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<tbody>
<tr>
<td>Operational Buying Motives</td>
<td>Equally Strong Operational and Socio-Psychological Buying Motives</td>
<td>Socio-Psychological Buying Motives</td>
<td></td>
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**Characteristics of the Marketing Program**

In this section of the study, please estimate the relative importance of the basic elements of the marketing strategy for the product and market you have selected. In each question, you are given 100 points to allocate among the elements of your marketing strategy. Please use your judgment to allocate these 100 points to the elements in relation to their contribution to the success of the product in the specific market you have selected.

I. Product Effort: Includes product planning, product research and development, product testing and the service accompanying the product. Considering your specific PRODUCT EFFORTS, please allocate 100 points among the following subordinate areas according to their contribution to the total product program.

- Market research relating to product planning and development and product testing. .............
- Technical research, development and laboratory testing of new products. .............
- Product research relating to development of product styling and fashions. .............
- Presale service such as product application engineering. .............
- Postsale service such as product installation, maintenance and guarantee service. .............
- Others (please specify) ........................................

......... 100 points
II. Sales Effort includes such areas as sales management, personal selling, advertising, promotional programs, and all other forms of marketing communications with regard to the SALES EFFORT for your selected product and market. Please allocate 100 among the following facets of this major policy area according to their relative importance.

Product branding and promotional packaging. ............

Printed media advertising in newspapers, magazines and brochures. ............

Broadcast media advertising on radio and television. ............

Sales management and personal selling including all sales management activities (eg. training, supervision etc.) and the sales effort of your company management personnel. ............

Special promotional activities such as promotional warranties, trade shows, dealer aids, and product displays. ............

Others (please specify) ..........................................

............

100 points

III. Distribution includes the selection, coordination and evaluation of channels, transportation, warehousing and inventory control. Please allocate 100 points among the following facets of distribution according to their relative importance.

Transportation ............

Warehousing and Inventory Control ............

Determination of basic channels of distribution to be utilized ............

Selection of individual establishments within the basic channels ............

Manufacturers efforts to develop and assist the channel of distribution ............

............

100 points
IV. Pricing Strategy includes price determination, pricing policies and specific pricing strategies over which you exercise some degree of control. Please allocate 100 points among the following possible facets of PRICING STRATEGY according to their importance in your marketing program.

Cost-plus desired profit or standard cost pricing

Pricing according to competitive levels - pricing at the prevailing competitive price

Pricing at a certain percentage above or below competitors prices

Pricing according to what the market will bear - price - based on estimated value of the product to the consumer

Pricing based on governmental rules and regulations

Others (please specify)

100 points

Please allocate 100 points among the following four major policy areas according to their relative importance in your marketing strategy.

Product Efforts includes product planning, product research and development, product testing and the services accompanying the product

Sales Efforts includes sales management and personal selling, advertising, promotional programs and all other marketing communications

Distribution includes the selection, coordination and evaluation of channels, transportation, and inventory control

Pricing strategy includes price determination, pricing policies and specific strategies over which you exercise some degree of control

Others (please specify)

100 points
To aid in further data interpretation, please complete the following. All information will be completely confidential, utilized only in classification of your earlier responses into categories for analysis.

1. Name and address of person completing this questionnaire (optional but necessary if complementary copy of the research is desired).

2. Title of Person completing questionnaire

3. Approximate sales volume of the product or product line during the last fiscal year (Naira and Units).

4. Please indicate your approximate market share for this product or product line in the market you specified (if unknown, please estimate).

<table>
<thead>
<tr>
<th>Market Share</th>
<th>Percentage</th>
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<tr>
<td>less than 5%</td>
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<td>5% to 15%</td>
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<tr>
<td>15% to 25%</td>
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<td>25% to 35%</td>
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<tr>
<td>35% to 45%</td>
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<tr>
<td>45% or more</td>
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</table>
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