# INVESTIGATING THE EFFECTIVENESS OF STRATEGIC MARKETING ACTIVITIES OF MANUFACTURING COMPANIES IN NIGERIA

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*Abstract*

*This study investigated the effectiveness of strategic marketing activities of manufacturing companies in Nigeria. The main objective was to determine whether customers are satisfied dissatisfied with the effectiveness of the strategies adopted by the manufacturing companies in serving them. As part of the methodology, a questionnaire survey method (QSM) and focus group discussion (FGD) were conducted. Ninety six (96) marketing intermediaries responded to the questionnaires while, seventy five (75) customers in different locations across the six geo-political zones of the country participated in the focus group discussion. The data was analyzed using Chi-square and Descriptive Statistics to assess the satisfaction-rating in line with the objectives of the study. The result revealed that even though there are some complaints of incessant price hikes of some industrial and domestic products such as cement, fuel and kerosene, customers are satisfied with the effectiveness of strategic marketing activities of manufacturing companies in Nigeria as their products reach the right customers, at the right time, at the right price and at the right place using the most effective promotional tool in a profitable manner. The study recommended the need for manufacturing companies in Nigeria to pay adequate attention to their strategic marketing activities by ensuring effective implementation of sound marketing policies and strategies which will result in customer satisfaction and attainment of organizational goals more effectively and efficiently.*

*Key Words: Strategic Marketing, Manufacturing Companies, Effectiveness and Satisfaction.*

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## 1.1 INTRODUCTION

The changes witnessed in the Nigerian economy has affected the manufacturing sector with serious implications on the effectiveness of strategic marketing activities, hence the need to investigate the effectiveness of strategic marketing activities of manufacturing companies in Nigeria becomes very important as it is central to the survival of any marketing company. Manufacturing companies in Nigeria have invested huge resources in the implementation of strategic marketing policies in a bid to provide quality offerings to customers and remain competitive in the changing environment. In spite of the huge spending on strategic marketing activities, there are series of complaints by some customers on the effectiveness of the strategies adopted by the manufacturing companies; this informs the need for the study which focuses only on customers of the manufacturing companies (listed on the Nigeria Stock Exchange as at December, 2012) cutting across the six geo-political zones of the country.

## 1.2 Objectives of the Study

The main objective of the study is to investigate the effectiveness of strategic marketing activities of manufacturing companies in Nigeria. Other specific objectives are:

ii. To determine whether customers are satisfied with the marketing strategies adopted by the manufacturing companies

iii. To identify the factors responsible for general customer satisfaction

iv. To clarify service quality dimension in the context of manufacturers' claims.

## 1.3 Hypothesis Statement

*Null Hypothesis (Ho): Customers are dissatisfied with the effectiveness of strategic marketing activities of manufacturing companies in Nigeria.*

*Alternative Hypothesis ($H_1$): Customers are satisfied with the effectiveness of strategic marketing activities of manufacturing companies in Nigeria.*

## 2.1 LITERATURE REVIEW

## 2.2 The Concept of Strategic Marketing

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The term 'strategy' is a plan aimed at achieving a particular purpose (Kotler, 1991). It is used in many military formations across the world for planning and acquisition of the right skills to gain advantage in a war or other military situations. In marketing, it is widely used to describe a seemingly endless number of marketing activities. Today, everything in marketing seems to be strategy. There are product strategy, strategic pricing, strategic promotion, strategic distribution and strategic market penetration. In recent years, the appellation has appended to nearly every marketing action in order to make the ordinary sound modern and competitively inspired (Schnaars, 1998). Drucker (1966) proclaimed good strategic performance (effectiveness) as "doing the right things" and good operational performance (efficiency) as "doing things right".

The concept of strategic marketing is used in various ways. It is a deeply customer-oriented concept focusing on the top management's long-term vision for competitive advantage through product innovation, other functions being fully subservient to this process. While customers are at the core of all thinking, innovation orientation must stem from the company (Vassinen, 2006). Jauch & Glueck (1998) defined strategic marketing precisely as: "A unified, comprehensive and integrated marketing plan designed to assure that the basic objective of the enterprise are achieved". The three adjectives that Glueck used to define a plan made the definition quite adequate. 'Unified' means that the plan joins all the parts of an enterprise together; 'comprehensive' means it covers all the major aspects of the enterprise, and 'integrated' means that all parts of the marketing plans are compatible with each other for effective performance.

## 2.3 Marketing Effectiveness

Marketing effectiveness is defined as the optimizing quality of spending to achieve the desired results in a period of time (Solcansky & Simberova, 2010). It focused on marketing activities that can be implemented to improve short- term and long-term results. Short- term improvements are measured in terms of profit and long- term improvements are focused on improvement of the brand equity in the minds of company customers and improvement of the image.

## 3.1 RESEARCH METHODOLOGY

**Table 1:** The methodology adopted for the study

| 1. | Universe | Manufacturing Companies in Nigeria. |
|---|---|---|
| 2. | Sample Size | 75(FGD); QSM (96) |
| 3. | Sample Unit | Customers in the six geo-political zones |
| 4. | Sample Plan | Random Sampling (Purposefully Selected) |
| 5. | Sampling Tool | FGD & QSM |
| 6. | Sampling Method | Survey Method |
| 7. | Scaling Technique | 5-Point Likert Scale. |
| 8. | Research Type | Descriptive & Exploratory Research. |
| 9. | Data Collection Method | Primary Data, Secondary Data |
| 10. | Test Applied | Descriptive Statistics & Chi - Square Test. |

## 3.2 Sources of Data

Data is collected through both primary and secondary sources.

i. Primary data is collected through Focus Group Discussion (FGD) with customers and Questionnaire Survey Method (QSM) targeted at marketing intermediaries.

ii. Secondary data is collected with the help of internet, textbooks, newspaper, factsbook of NSE, company brochures, past research papers published in journals & magazines.

## 3.3 Test of Reliability and Scales used for the Study

Cronbach's α (alpha) is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric (intelligent & standard) test score for a sample of examinees. It was first named alpha by Lee Cronbach in 1951. The Cronbach alpha coefficient has values ranging from between 0 and 1, the higher the value the greater the

reliability. Values above 0.7 are generally accepted by scholars as a minimum level (Hatcher, 1994).

**Table 2:** Cronbach's Alpha Reliability Test for all Items

| S/N | Dimensions | Cronbach's Alpha | No. of Items |
|-----|-----------|------------------|--------------|
| 1. | Product Quality | 0.80 | 14 |
| 2. | Pricing Dimension | 0.72 | 4 |
| 3. | Place/Distribution | 0.79 | 13 |
| 4. | Promotional Strategy | 0.72 | 2 |
| 5. | Ethical Issues | 0.65 | 6 |
| 6. | Environmental Factors | 0.72 | 4 |
| 7. | Market Orientation | 0.82 | 5 |
|  | All other items (excluding Bio data) | 0.89 | 48 |

*Source: Researcher's Survey Data from SPSS output*

**Table 3:** Results of reliability test on the effectiveness of strategic marketing activities of manufacturing companies in Nigeria

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|----------------------------------------------|------------|
| .825 | .833 | 5 |

Table 2 shows the reliability assessment of our indicator variables using Cronbach Alpha. The Cronbach coefficients of the items in the instrument are above the rule of thumb cut-off mark of 0.70 and, therefore, the items are internally related to the factors they are expected to measure. The results of the Cronbach's alpha generated using the SPSS output for all dimensions are

summarized in Table 2. As can be seen from the reliability test  table all  the  items  for  each dimension  are high except 'Ethical Issues' dimension  which  was  0.65  which  is  even  close  to 0.7,  the  widely accepted limit for high reliability test.

## 4.1 RESULTS AND DISCUSSIONS

## 4.2 Focus Group Discussion (FGD) Analysis

A Focus Group Discussion (FGD) was conducted with different targeted groups of customers to clarify service quality dimension in the context of manufacturers' claims. This is necessary to enable us clarify strategy implementation issues in the context of manufacturers' claims. Thus, the focus group discussion focused on the factors responsible for general customer satisfaction or dissatisfaction in line with the objectives of the study. Cooper & Schindler (2006) and Malhotra & Birks (2007) emphasized that the appropriate number of a focus group should be between five (5) and twelve (12)  people and the people should be  purposefully selected, while the discussion  or interview should last for  usually  an  hour  or  two  hours. It is In view of this that focus group discussions  were  held  in  various  geo-political  zones  in  the  country  and  the  summary  of  the discussions is presented in Table 4.

The table shows the summary of the focus groups discussions held in the six geo-political zones of the country. The discussions drew a total of 75 participants (customers) which cut across the ten sub-sectors of the Nigerian manufacturing industry; these include building materials, construction, emerging markets, food and beverages, textiles, agriculture, domestic products and automobile, as well as petroleum and healthcare. The choice of the sub-sector is in view of their strategic importance to the economy (Borodo, 2008), participants were selected using purposive sampling technique. This was because the participants had to satisfy the criteria of eligibility before they could be selected.

**Table 4:** Summary of the FGD Held in the Six Geo-political Zones of the Country

| Sub-Sector | Geo-political Zones | No.  of  Participants (Customers) |
|---|---|---|
| Building Materials (BM) | North-East (NE) | 5 |

| | | |
|---|---|---|
| Construction (CO) | North-Central (NC) | 8 |
| Emerging Markets (EM) | South-West (SW) | 10 |
| Food & Beverages (FB) | North-West (NW) | 6 |
| Textiles (TE) | South-East (SE) | 8 |
| Agriculture (AG) | South-South (SS) | 6 |
| Domestic Products (DP) | North-West (NW) | 7 |
| Automobile (AU) | South-West (SW) | 9 |
| Petroleum (PE) | South-West (SW) | 8 |
| Healthcare (HC) | North-Central (NC) | 8 |
| **Total** | | **75** |

*Source: Survey Data, 2012*

As part of the criteria for the selection of the focus group members, major customers with adequate knowledge of strategic marketing activities of the manufacturing companies were invited across the six geo-political zones in the country. We invited 5 customers from the building materials sub-sector in the north- east; 8 from the construction sub-sector in the north central, 10 from the emerging markets sub-sector in the south-west and 6 from the food and beverages sub-sector in the north-west. Others include textile sub-sector in the south-east (8), agriculture sub-sector in the south-south (6), domestic products sub-sector in the north-west (7), automobile sub-sector in the south-west (9), healthcare sub-sector in the north- central (8) and another 8 from petroleum sub-sector in the south-west. The discussions were held from the 5th to 23rd December 2012 and lasted for sixty (60) minutes with participants in each group.

For the purpose of the study, the following data has been collected: The interpretation shows the responses from the total selected population:-
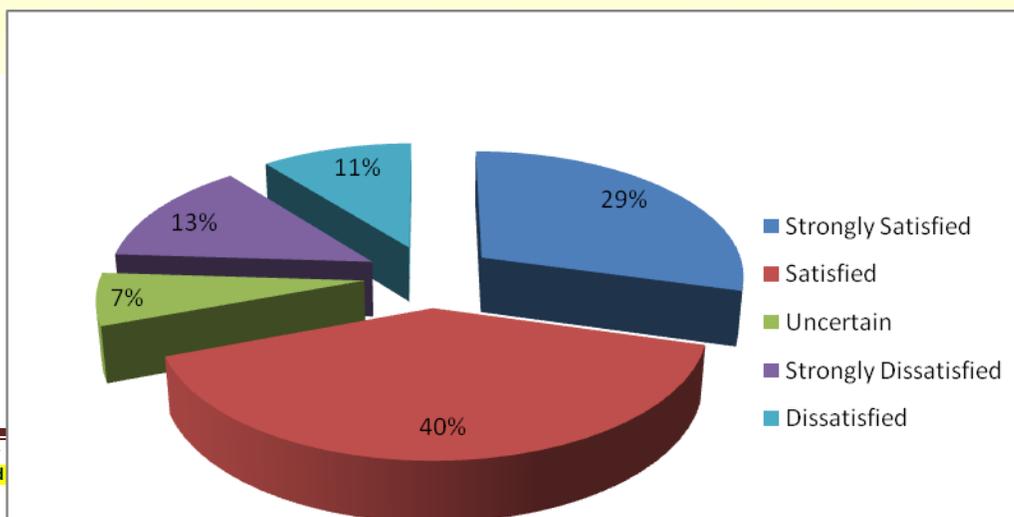
**Fig 1:** Responses from the Total Selected Population

Figure 1 shows the percentage distribution of responses, from the total population, 52 or 69 percent are satisfied with the strategic marketing activities of manufacturing companies in Nigeria while 18 or 24 percent of the respondents are dissatisfied with the strategies adopted by the manufacturers. Those that were uncertain were only 5 which constituted 7 percent of the targeted respondents.

In a bid to get an outcome on the focus group discussion, descriptive statistics was used to analyze the satisfaction variables with a view to ascertain whether the customers are satisfied or dissatisfied with the marketing strategies as adopted by the manufacturing companies in Nigeria.

Table 5 shows a descriptive statistics for customer satisfaction variables. Each variable under study has likert-scale of 1 to 5 ranging from strongly dissatisfied to strongly satisfied. Customers were asked to rate their satisfaction with respect to manufacturers' product quality, pricing dimension, distribution and promotion, descriptive statistics were used to measure the satisfaction rating. Generally, the satisfaction rating signified that the targeted groups of customers were satisfied with the products quality, their pricing dimension, effectiveness of the distribution system and promotional strategies.

**Table 5:** Descriptive Statistics for Customer Satisfaction Variables

| Variable | N | Minimum | Maximum | Mean | Std. Deviation | Decision |
|---|---|---|---|---|---|---|
| Product Quality | 75 | 2.00 | 5.00 | 3.4667 | .82746 | Satisfied |
| Price | 75 | 1.00 | 5.00 | 3.8267 | 1.07015 | Satisfied |
| Place/Distribution | 75 | 4.00 | 5.00 | 4.1067 | .31077 | Satisfied |
| Promotion | 75 | 1.00 | 5.00 | 3.1733 | 1.32923 | Satisfied |
| **Valid N (listwise)** | 75 | | | | | |

*Source: Generated using SPSS 16.0 Output*

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From the table, the minimum and maximum value for satisfaction on product quality is 2 to 5 and the Mean and Standard Deviation is 3.4 and 0.82, respectively. The result shows that there was variety of opinion on that variable and the high standard deviation (0.82) signifies that the data are widespread; statistically, the high standard deviation implies that satisfaction on product quality is very high.

Price ranges from 1 to 5 and the Mean and Standard Deviation is 3.8 and 1.07, respectively. The result shows that there was variety of opinion on that variable and the high standard deviation (1.07) signifies that the data are widespread; statistically, the high standard deviation implies that satisfaction on the pricing dimension is very high.

Place or distribution range from 4 to 5 and the Mean and Standard Deviation is 4.10 and 0.31, respectively. The result shows that there was no variety of opinion on that variable and the low standard deviation (0.31) signifies that most respondents express close opinion; statistically, the low standard deviation implies that satisfaction on the effectiveness of the distribution system of the surveyed manufacturing companies can be described as very low.

Promotion range from 1 to 5 and the Mean and Standard Deviation is 3.1 and 1.32, respectively. The result shows that there was variety of opinion on that variable and the high standard deviation (1.32) signifies that the data are widespread; statistically, the high standard deviation implies that satisfaction on promotional effectiveness of the surveyed manufacturing companies is very high. At this juncture, there is need to test our hypothesis.

### 4.3 Test of Hypothesis

Chi-square test procedure tabulates a variable into categories and computes a chi-square statistic. This goodness-of-fit test compares the observed and expected frequencies in each category to test that all categories contain the same proportion of values or test that each category contains a user-specified proportion of values. In this instance, chi-square test could be used to determine whether or not customers are dissatisfied with the effectiveness of strategic marketing activities of manufacturing companies in Nigeria and the rating of product quality, price, place/distribution

and promotion from between the proportions of dissatisfied and satisfied respondents. Below is the result of the chi-square test.

*Chi-Square Test for the FGD Result*

**Effectiveness of Strategic Marketing Activities**

|  | Observed N | Expected N | Residual |
|---|---|---|---|
| Strongly Satisfied | 22 | 15 | 7 |
| Satisfied | 30 | 15 | 15 |
| Uncertain | 05 | 15 | -10 |
| Dissatisfied | 10 | 15 | -5 |
| Strongly Dissatisfied | 08 | 15 | -7 |
| **Total** | **75** |  |  |

**Test Statistics**

|  | strategic marketing activities |
|---|---|
| Chi-Square | 29.9[a] |
| Df | 4 |
| Asymp. Sig. | .000 |

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.

*Chi-Square Test for the questionnaire survey*

**Effectiveness of Strategic Marketing Activities**

|  | Observed N | Expected N | Residual |
|---|---|---|---|
| strongly disagreed | 5 | 19.2 | -14.2 |
| Disagreed | 2 | 19.2 | -17.2 |
| Uncertain | 6 | 19.2 | -13.2 |
| Agreed | 49 | 19.2 | 29.8 |
| strongly agreed | 34 | 19.2 | 14.8 |
| **Total** | **96** |  |  |

**Test Statistics**

|  | strategic marketing activities |
| --- | --- |
| Chi-Square | 92.646[a] |
| Df | 4 |
| Asymp. Sig. | .000 |

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 19.2

The asymptotic significance (Asymp. Sig) with value 0.000 from both the focus group discussion and questionnaire survey analysis as above shows that the chi-square result is significant; implying that the null hypothesis is rejected and alternative hypothesis accepted which say that Customers are satisfied with the effectiveness of strategic marketing activities of manufacturing companies in Nigeria.

**4.4 Major Findings**

Most of the targeted customers for the focus group discussion and questionnaire survey in the six geo-political zones of the country agreed that the strategic marketing activities adopted by the manufacturing companies in Nigeria are effective as the products reach the right customers, at the right time, at the right place and at the right price using the most effective promotional tool in a profitable manner. Respondents expressed satisfaction with the qualities, pricing dimensions, distribution and promotional strategies of the products produced by manufacturing companies in Nigeria except in cases where some insignificant percentage of customer groups in the building materials and petroleum sub-sectors complain of incessant price hikes, particularly on prices of cement, fuel and kerosene. Other complaints include sub-standard health facilities in the healthcare sub-sector and ineffective distribution system in the petroleum and agric sub-sectors which is marred by diversions and hoardings of their products. The study found that implementation of sound marketing policies and strategies are the most important factors responsible for total customer satisfaction.

**5.1 SUMMARY, CONCLUSION & RECOMMENDATIONS**

**5.2 Summary of Findings**

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1.  Customers are satisfied with the effectiveness of strategic marketing activities of manufacturing companies in Nigeria.

2.  The satisfaction rating signified that customers were satisfied with the products quality, their pricing dimension, effectiveness of the distribution system and promotional strategies.

3.  Satisfaction on product quality is very high as significant percentage of customer groups are highly satisfied with the product quality and other features.

4.  The study found that satisfaction on the pricing dimension is very high.

5.  The effectiveness of the distribution system of the surveyed manufacturing companies can be described as very low.

6.  Satisfaction on promotional effectiveness of the surveyed manufacturing companies is very high.

7.  It is found that implementation of sound marketing policies and strategies by the manufacturing companies in Nigeria are the most important factors responsible for total customer satisfaction.

### 5.3 Conclusion

From the above analysis, it is concluded that customers are satisfied with the effectiveness of strategic marketing activities of manufacturing companies in Nigeria. From the findings of the study, there is a sufficient evidence to show that implementation of sound marketing policies and strategies by the manufacturing companies in Nigeria are the most important factors responsible for total customer satisfaction. Therefore, the study concludes that strategic marketing activities of manufacturing companies in Nigeria are effective as the products reach the right customers, at the right time, at the right place and at the right price using the most effective promotional tool in a profitable manner by providing the needed satisfaction to customers more effectively and efficiently.

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**5.4 Recommendations**

1. Manufacturing companies in Nigeria should pay adequate attention to their strategic marketing activities by ensuring effective implementation of sound marketing policies and strategies which will result in total customer satisfaction and attainment of organizational goals more effectively and efficiently.

2. Manufacturing companies should improve on their promotional activities and enhance the effectiveness of their distribution system; this will afford them the opportunity to achieve deeper market penetration thereby remaining competitive in the industry.

3. Appropriate pricing strategies should be adopted by the manufacturing companies in line with the ethical provision without using price to exploit customers. This will go a long way in addressing problems of price hikes in the building materials, health, agric and petroleum sub-sectors.

4. In a bid to remain competitive in the industry, manufacturing companies should always use the right distribution channels which will afford companies the opportunity of delivering the right goods and services to the right customers at the right time and at the right place using the most effective distribution channel.

5. Manufacturers should know that the success of any strategy implementation lies in the quality of the executors and their ethical behaviour. Implementers should be ethical in their conduct and must possess the requisite skills, attitudes, capabilities and experiences to implement any strategy.

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