UNIVERSITY OF ILORIN

PROBITAS DOCTRINA
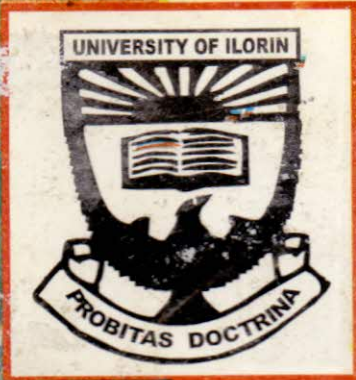
ADVANCES

IN

MANAGEMENT

A Publication of
The Department of Business Administration,
Univesity of Ilorin, Nigeria.

Advances

In

Management

SUBSCRIPTION INFORMATION

	NIGERIA		FOREIGN	
	Naira	Dollars	Pounds	Deutschmarks
Individual	N500	$30	£25	35
Library	N600	$35	£30	40
Students	N400	$25	£20	30

Subscription Procedures:

All Subscribers should send certified bank cheques or bank draft to

THE BUSINESS MANAGER,

Department of Business Administration, University of Ilorin, Ilorin, Nigeria.

CONTENT

ASSESSING MARKETING STRATEGIES IN MANUFACTURING FIRMS IN KWARA STATE.

BY: YUSUF, MUSTAPHA ISMAILA
Department of Management Studies, Kaduna Polytechnic, Kaduna, Nigeria.

Abstract

How best to operate in a tough business environment to achieve set goals is one of the most difficult problems confronting manufacturing firms in Nigeria. The prime focus of this study is to Assess Marketing Strategies in Manufacturing Firms in Kwara State. The objective of the study is to determine the optimal production level that maximizes returns in a multi product firm, examine if there is significant difference in the contribution of a multi product and a mono product strategy to a firm's sales growth.

This study sourced its data through primary and secondary means. The primary source was used to gather relevant data from the target respondents through personal interview while the secondary source made use of content analysis. The population of this study comprises all the manufacturing firms in Kwara State, out of which Lubcon Nigeria Limited was selected through random sampling. Hence, the management staff of Lubcon Nigeria Limited forms the sample size of this study. Descriptive statistics through differences of two means and independent t test were used to test the hypothesis.

The study discovered that there is a significant difference between the contribution of a multi product and a mono product marketing strategy as the computed t statistics (i.e. 7.43) falls in the rejection region at both 0.05 and 0.005 levels of significance. Based on it findings, it was recommended that the firm should concentrate it efforts not only in maintaining the existing products but also in developing new ones as this appears to be path way to its sales growth and a way of taking care of variations in customers' needs in the market place.

Introduction

Marketing strategies are the means by which a marketing goal is to be achieved, usually characterised by a specified target and a marketing program to reach

it (Babaita, 2003). In order to attain its objectives and growth potentials especially where there is strategic planning gap between desired sales and projected sales, manufacturing firms that desires sales growth in a tough operating environment like ours where environmental factors (such as changing consumer needs, technological changes and competition from local and foreign firms) are seriously affecting their operations need to develop variants of the present product or develop other new products that will meet the changing needs of the target market. Hence, the need for a firm to stand the competition, meet the dynamic needs of customers in the market or fill the gap between desired and expected sales may lead a mono product firm to later adopt multi product strategy as a path way to attain the firm's desire sales growth. Therefore, for marketing organizations to realize the stated marketing objectives they need to adopt an appropriate strategy such as multi product marketing strategy, which will serve as an antidote to business vulnerability to environmental risks. For instance, Gbadeyan (2000) observes that Tate Industries plc operational performance in sugar division was very low in the 1990 financial year. The non performance of this product which was almost a generic name for the firm, led the firm to introduce a new range of plastic kegs in 18, 25 and 30 litres capacity, new corn based product such as maize grits, improved brewer grits, couscous, and corn meal. It is in the view of this, the study sought to examine if there is difference between the contribution of a multi product and mono product marketing strategy to a firm's sales growth and the study specifically investigates the impact of multi product marketing strategy on the sales growth of manufacturing organizations in Kwara State.

The remaining part of this paper is divided into eight sections; section two discusses the objective of the study. Section three set out the study's hypothesis. Section four review existing literature on the subject matter and section five presents the methodology used in collecting the relevant data for the study. Section six discusses the result while seven deals with the findings. The final section draws conclusion and makes recommendations.

Objectives of the Study

The central focus of this study is to critically examine the impact of multi product marketing strategy on the sales growth of a manufacturing organisation that was hitherto practising mono product strategy, hence the following specific objectives are sought;

a.   To examine the difference between the contribution of a multi product and a mono product marketing strategy to the sales growth of Lubcon Nigeria Limited.

b.   To offer recommendations on strategies to use to further boost sales and other marketing activities .

Statement of Hypothesis

This research is based on this hypothesis which will guide and direct the enquiry into the problem under investigation. The following hypothesis is formulated to be tested in the final analyses

H_0:   There is no significant difference between the contribution of a Multi product marketing strategy and a mono product marketing strategy to firm's sales growth.

H_1:   There is significant difference between the contribution of a Multi product marketing strategy and a mono product marketing strategy to firm's sales growth.

Literature Review

The concept of strategy has been adopted from the military and adapted for use in business. Reviews of what noted writers have to say about strategies suggest that the adoption was easy because the adaptation was modest. In business, as in military, strategy bridges the gap between policy and tactics. Together, strategy and tactics bridge the gap between end and means. This section of the study reviews various definitions of strategy for the purpose of clarifying the concept and placing it in context.

Definition of Strategy

Strategy has been viewed in different ways by various authorities. Chandler (1962) sees strategy as the determination of the basic long-term goals and objectives of an enterprise and adoption of courses of action and the allocation of resources necessary to carryout these goals.

Appleby (1992) observes that strategies are the broad programmes of activity to achieve organisational objectives. They are a guide as to how resources are to be deployed to achieve objectives.

To Baker (1982) strategy is the pattern or plan that integrates an organisation's major goals, policies, and action consequences into a cohesive whole.

Porter (1986) argues that strategy is about competitive position, about differentiating yourself in the eyes of the customers, about adding value through a mix of activities as different from those used by competitors.

A cursory look at the above views suggests that strategy is normally used to denote the broad overall concept of business operation which firm usually put together in their bid to out perform competitors and satisfy their customers in the market.

Meaning of Marketing Strategies

Since it has been established that strategy is the game plan through which firms intend to attain their stated goals. Then marketing strategy has been view in the following ways.

Marketing strategy in the views of Brearden, Ingram and Laforge (1995) consist of selecting a market and developing a marketing mix to satisfy that market needs. A target market is a defined group of consumers or organisations with whom a firm wants to create marketing exchange. While marketing mix on the other hand is the overall marketing offer to appeal to the target market.

Kotler (1990) defines marketing strategy as the broad principles by which the business unit expects to achieve its marketing objectives. It consists of basic decisions on total marketing expenditure, marketing mix, and marketing allocation.

Berkowitz, Kerin and Rudelius (1997) posit that marketing strategy is the means by which that marketing goal is achieved - usually characterized by a specified target market and a marketing program to reach it.

According to Bovee, and Thill (1992) marketing strategy is the overall plan of choosing a target and succeeding within it through products, pricing, distribution and promotional choices. That is, a company with strong marketing cultures develop strategies that are built around satisfying their customers. Bovee and Thrill further observed that the first step in developing marketing is to research the market thoroughly and pick out groups of target customers. The second step is to create the marketing

mix, a sort of recipe for success that is periodically updated to meet changing market.

From the above definitions of marketing strategy one can construe marketing strategy to mean an overall plan of an organisation to achieve it marketing objectives.

Classification of Marketing Strategies

Marketing writers have classified marketing strategies in many ways among these are the following;

Porter in the views of Kotler (2003) and Kazmi (2003) has proposed three generic strategies that provide a good starting point for strategic thinking. These are;

i) **Overall cost leadership strategy:** That is, a firm should work hard to achieve the lowest product and distribution costs so that it can price lower than its competitors and win a large market share,

ii) **Differentiation strategy:** That is, a firm should concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market,

iii) **Focus strategy:** That is a firm should focuses on one narrow market segment which it gets to know intimately and pursues the target segment.

On the other hand Peterson (1982) posits that formulation of marketing strategy involves consideration of the following;

i) **The Target Consumer:** That is Marketing efforts are more likely to be successful if they are aimed at particular customers, rather than at the public at large.

ii) **Determining Consumer Desires:** That is effective marketing strategy requires a knowledge of consumer desires (i.e. needs), and the benefits that consumers are seeking.

iii) **Designing the Marketing Mix:** That is coming up with marketing efforts (i.e marketing programmes) to meet the specific needs of each segment identified.

In a related work, Kotler (1980) and Baker (1982) identified three basic marketing strategies that a firm must consider in selecting the market segment it wishes to serve. These strategies are;

a) **Undifferentiated strategy:** That is a situation in which one offer and marketing mix is used for the entire market.

b) **Differentiated strategy:** This is a situation in which a firm goes after several markets with a different marketing mix for each segments.

c) **Concentrated strategy:** This is a situation in which a firm put all its marketing efforts into one segment and develop offer and marketing mix.

According to Yusuf (2006) Multi product marketing strategy is a system of operation in which manufacturing firms produce and market two or more product categories or variants of a particular product category. For instance, Nigerian Bottling Plc operates a multi product strategy by producing and marketing the following variants of soft drinks Coca-Cola, Fanta Orange, Fanta Lemon, Fanta Gingerale, Krest etc. Also Kaduna Polytechnic offers many courses (i.e. product) such as Higher National Diploma in Business Administration, Marketing, Computer and many other courses. This opinion was also maintained by Doraszelske and Drangaska (2005) when they said that extending product lines to target more narrowly defined consumer segments has been a

favourite strategy, of Brand Mangers for years. Popular buzzwords like one-on-one marketing and niche marketing underline its importance.

Methodology

The population of this study comprises all the 59 registered manufacturing firms on the list of Kwara State ministry of Industry as at 2006. However, the sample size of the study was limited to all the 38 manufacturing firms in the three Local Government Areas (i.e. Ilorin West, Ilorin East, and Ilorin south) within the State capital. The choice of the Local Government Areas was based on the fact that sixty five percent of these manufacturing firms in Kwara State are located in these Local Government Areas. Eventually, Lubcon Nigeria Limited was selected from the sample size through random sampling. Hence, Lubcon Nigeria Limited was used as a case study.

Data were collected through primary and secondary sources. The primary data were collected from five management staff of Lubcon Nigeria Limited who are functional heads of their respective departments (i.e Marketing, Finance and Admin., Manufacturing, Personnel and Audit) through a multiple choice questionnaire which were administered on them and simple descriptive statistic table was used to present their responses. While the secondary data were obtained through content analysis, that is, the examination of the company sales records for the first four years of the company's existence as a mono product firm (1995-1990) and the first four years of the company's transformation to multi product firm (1999-2002) using a 16 points quarterly revenue data of the company understudy.

The analytical technique employed in this study is difference of two mean. This study employs the student Test Statistic (t) to determine if the sales revenue generated from multi product marketing strategy is significantly more than the sales revenue derived from mono product marketing strategy, that is, if the introduction of additional products has positively contributed to the sales revenue of the firm under investigation. The two sales revenues are related so the study makes use of dependent sample means in its computation and note differences of the two dependent means. The test is carried using the formula stated below:

$$t = \frac{d}{sd/\sqrt{n}}$$

If the difference in the sales revenues of this two is not significant, the mean difference will be zero. But if the difference is significant, the mean will be greater than zero. This is the crux of the test.

The hypothesis is tested at 0.05 and 0.005 level of significance. This means that we are allowing the chance of rejecting wrongly the null hypothesis by at most five percent and half percent respectively.

Decision Rule

If the computed t statistic is greater than the critical (tabulated) t statistic, we should reject the null hypothesis that there is significant difference between the contribution of a multi product and a mono product marketing strategy to a firm's sales growth.

The number of items involved is 16 quarterly data, hence the degree of freedom is $n - 1 = 16 - 1 - 15$ degrees of freedom. The critical t value at 0.05 and 0.005 are 1.75 and 2.947 respectively. Thus, if the computed t statistics is above 1.75 we reject the null hypothesis at 0.05 level of significance and if it is above 2.947, we should reject the null

hypothesis both at 0.05 and 0.005 level of significance.

Discussion of Result

Summary of Research Questions

| Variables	No. of Responses	%of Responses
1. When did you join the employment of Lubcon Nigeria Limited?		
(a) 1-5 years	4	80
(b) 6 years and above	1	20
2. Which Department are you?		
(a) Marketing.	1	20
(b) Finance & Admin.	1	20
(c) Personnel	1	20
(d) Manufacturing	1	20
(e) Auditing	1	20
3. Since the adoption of multi-product strategy, how many products has Lubcon Nigeria Limited added to its product mix?		
(a) 1-5	—	—
(b) 6-10	5	100
(c) 11-15	—	—
4. How many factories has Lubcon Nigeria Limited established after the adoption of multi product strategy?		
(a) 1 factory.	—	—
(b) 2 factories.	5	100
(c) 3 above factories.	—	—
5. How many sales outlet(s) has Lubcon Nigeria Limited established since the adoption of multi product operation?		
(a) 1-5	—	—
(b) 6-10	4	80
(c) 11- above	1	20
6. Which promotional mix element do you use most in communicating with your target audience?		
(a) Advertising	5	100
(b) Sales Promotion	—	—
(c) Personal Selling		—
(d) Publicity		—
7. Is the market for your range of products competitive ?		
(a) Competitive	4	80
(b) Not competitive	1	20

Source: Field survey

A total of five questionnaires were administered to the management staff of the case study. The percentage of questionnaires that were completed and returned were 100%. From the analysis 80% of the respondents said they joined the company between 1-5 years ago while 20 said he has been on the company's employment for the

past six years. Furthermore, 20% of the respondent confirm that they are the Head of their respective departments (i.e. Marketing. Finance & Admin., Personnel, Manufacturing and Auditing.). The result further shows that the respondents unanimously agreed that their firm has introduced between 6-10 products since its transformation to a multi product operations as all the respondents affirmed this. Also, the analysis shows that the Firm under investigation has established two factories as 100% of the respondents confirmed in their responses.

The result of analysis depicts that the firm had opened up more sales out lets. This is because 80% of the, respondents maintained the position that the firm has established between 6-10 sales outlets, while 20% of the respondents said the firm has established 11- above sales out lets. As regards the promotion tool(s) being used. An overwhelming 100% of the respondents agreed that the firm is using advertising. The final question sought to know from the respondents whether the market for their firm's products is competitive .80% of the respondents affirmed that the market for their product-is competitive while the remaining 20% of the respondents maintained that the market is not.

The study makes use of 16 sample quarterly sales revenue data for the first four years of the company's operation as a mono product marketing firm. This is compared with the firm's first four years after transformation to multi product marketing strategy. The degree of freedom to be used is therefore $(n-1) = 15$ degree of freedom. At 0.05 level of significance the critical t statistic is 1.75 while at 0.005 level of significance the critical values are demonstrated graphically below:

Acceptance Region
0.05

Rejection Region

1.75 Critical t value

Acceptance Region
0.005
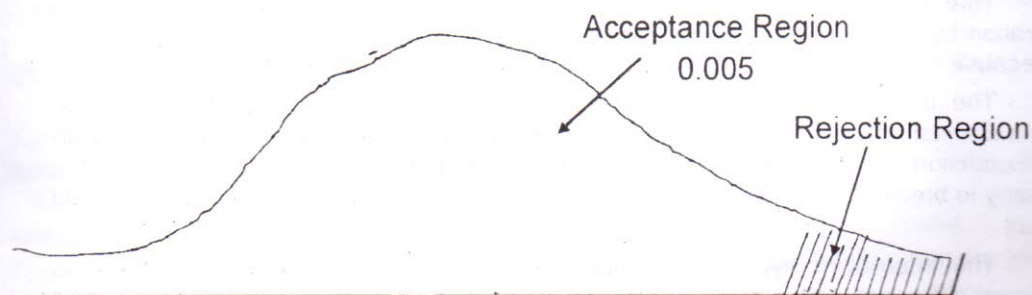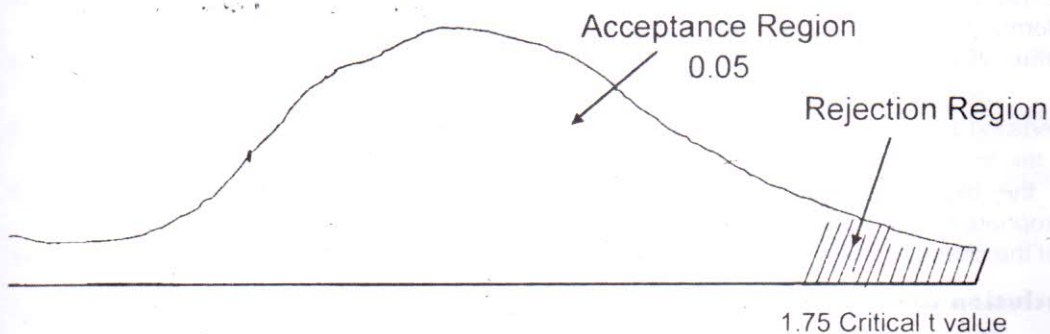
Rejection Region

From the data collected and analysed (appendix)

2.947 Critical t value

d= 107.76,   sd = 58   n= 16

$$t = \frac{107.76}{58/\sqrt{16}} = 7.43$$

The computed t statistic falls in the rejection region both at 0.05 and 0.005 levels of significance. We therefore reject the null hypothesis and conclude that there is significant difference between the contribution of a multi product marketing strategy and a mono product marketing strategy to a firm's sales growth. This is because the mean differences of the revenue derivable from both sources are collectively greater than zero as shown by the t-statistic which is significant at a level of half percent.

Findings

Firstly, the study discovered from the differences of means t test statistics which was employed to determine if there is significant difference between the contribution of a multi product and a mono product marketing strategy to a firm's sales growth and this shows that multi product marketing strategy significantly contribute to a firm's sales growth than mono product marketing strategy. This is because the computed t statistics (i.e. 7.43) falls in the rejection region at both 0.05 and 0.005 levels of significance. The study further discovered that Lubcon Nigeria Limited has established two more factories and more sales outlets since the company transformed from mono product operations to multi product operation. The company now has 15 area offices spread all over the country.

Also, the revealed that products in the Lubcon Nigeria Limited's product mix are nine (9) in number and these products are; Motorlube HD50, Super XV 20W50, Performa XV50, Adrenalin 20W50, Diesellube HD40, Ultral XT80, Hydrais HW 22-150, Lubmar MDF40, and Lubgear EP 68-460.

Also, it was discovered that the firm under investigation is essentially using advertising to promote its marketing activities and the research survey equally reveals that the firm is facing a very stiff competition especially from the major marketers of oil (i.e. the big names) and that Lubcon is only surviving through the adoption of appropriate marketing strategy such as mufti product marketing strategy which craves to meet the changing needs of customers.

Conclusion and Recommendations

The study draws the following conclusion

That multi product marketing strategy enhances the magnitude of revenue generation by any firm from the different products in the company product mix. This is so, because revenue generation is a function of the quantity of products sold.

The upsurge in the revenue generation and by inference profit of Lubcon Nigeria Limited makes it possible for the company to channel such returns to growth and expansion. That marketing research ability of Lubcon Nigeria Limited led the company to break new grounds in transforming its operation from mono product to multi product.

The alternative hypothesis should be accepted which implies that there is significant difference between the contribution of a multi product marketing strategy and a mono product marketing strategy to firm's sales growth.

In line with the findings of this study, the following recommendations were made to Lubcon Nigeria Limned upon which generalization can be drawn by companies in

similar industries.

Since it has been proven statistically that multi product marketing strategy contributes significantly to firm's sales growth than mono product marketing strategy and that multi product marketing strategy has significant impact on the firm's growth and expansion, it is indeed strongly recommended that Lubcon Nigeria Limited should marshal its high order skill not only in maintaining the performance of the existing products but also in developing new products in line with changing needs of customers in the market place.

As an independent oil producing and marketing company competing with major oil marketers, the company should equally channel high order skill of its management in formulating and implementing appropriate marketing strategy that will ensure efficient manipulation of the marketing mix elements to increase the firm's market share so as to be able to stand and survive the competition from the big competitors.

The management of the company should take a bold step further in their promotional activities, that is, from only bill board advertisement and Television program sponsoring to other promotional mix elements such as sales promotion, trade shows, Television adverts, Newspapers adverts, Radio adverts, and trade exhibitions and all these should be combined to stimulate more sales.

Reference

Appleby, R.C. (1987) .Modern Business Administration .4th edition, London. English Language Book Society/Pitman.

Babaita, I.S. (2003) "The Marketing Strategy Concept: Classification and Application" In *Element of Marketing.* 21-8 Olujide, J.O. and Bamiduro, (eds)

Baker, M. J. (1982). Marketing New Industrial Products and Market Development. Pengium: Hormondsworth Press.

Berkowitz, E.N. Kerin, R. A. and Rudelius, H. W. (1997). *Marketing.* 5th edition, London : Irwin McGraHill.

Brearden, W.O. , Ingram, T. N. and Laforge, R.W. (1995). Principles and Perspectives. Chicago : Richard D. Irwin Inc.

Bovee, C.L. and Thill, J.V. (1992). *Marketing.* New York: McGraw -Hill.

Chandler, A.D. Jr. (1962). Strategy and Structure. Cambridge: The M.I.T. Press.

Doraszelki, U. and Draganska, M. (2005). Marketing Segmentation Strategies of Multi product firms. Goggle Search Engine, ddoraszelki @ Harvard Edu.

Gbadeyan, R.A. (2000). "The Marketing of a New Products and Product Failure" In *Element of Marketing;* 1, 95-109 Olujide, J.O. and Bamiduro, (eds).

Kazmi, A. (2003). *Business Policy and Strategic Management.* Tata McGraw Hill

Kotler, (1990). Marketing Management: Analysis, Planning, Implementation and Control. 6th Edition, New Delhi: Prentice Hall.

Kotler, P. (2003). *Marketing Management.* 11th edition. New Delhi : Prentice Hall of India.

Olujide, J.O. and Aremu, M.A. (2004) "Strategic Role of Marketing in The Nigerian Banking Industry" *Advances in Management.* 4,(1) 149-159

Porter Michael (1986). Competitive Strategy Techniques for Analysing Industries and Competitors. New York : Free Press.

Peterson, R. (1982). Marketing : A Contemporary Introduction. Florida; Robed E. Krieger Publishing Company.

Yusuf, M. I. (2006). Impact of Multi Product Marketing Strategy on The Sales Growth of Manufacturing Organisations ; A case Study of Lubcon Nigeria Limited, Ilorin. Unpublished M.Sc. Thesis Submitted to The Department of Business Administration, University of Ilorin.

Uche, Obike (2005). Unilever Defies Tough Operating Environment, *Thisday Newspaper*; Vol. 11, No. 3676, P. 32.

APPENDIX

16 Quarterly Revenue Generation Data Points for the Two Eras (Mono & Multi Product) (N 000,000)

QUARTER	MULTI PRODUCT	MONO PRODUCT	DIFFERENCES Of d	DIFFERENCE SQUARED d2
1	44	8	36	1296
2	55	9	46	2116
3	61	10	51	2601
4	56	9	47	2209
5	67	10	57	3249
6	94	11	83	6889
7	106	12	94	8836
8	91	13	78	6084
9	112	15	97	9409
10	144	16	128	16384
11	167	19	148	21904
12	134	17	117	13689
13	161	21	140	19600
14	217	25	192	36864
15	256	28	228	51984
16	26	208	182	33124
			$\sum d = 1724$	$\sum d^2\ 236238$

SOURCE: Lubcon Nigeria Limited

There is n-1 degree of freedom and d is the mean of differences of the pairs, sd is the standard deviation of the differences between the paired or related sales revenues.

n is the number of paired observations

$$sd = \sqrt{\frac{\sum d2 - \frac{(\sum d)^2}{n}}{n-1}}$$

$$\underline{d} = \frac{\sum d}{n} = \frac{1724}{16} = 107.75$$

$$sd = \sqrt{\frac{\sum d^2 - \frac{(\sum d)^2}{n}}{n-1}}$$

$$sd\ \sqrt{\frac{236238 - \frac{(1724)^2}{16}}{16-1}} = \sqrt{\frac{50.477}{15}} = 58$$

$$t = \frac{\underline{d}}{sd / \sqrt{n}}$$

$$\frac{107.76}{58\ \sqrt{16}} = 7.43$$