

**IMPACT OF COMPETITIVE MARKETING ON
PERFORMANCE OF MULTINATIONAL AND
INDIGENOUS FOOD AND BEVERAGE
MANUFACTURING COMPANIES IN NIGERIA**

BY

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**BEING A THESIS SUBMITTED IN PARTIAL FULFILMENT OF
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CERTIFICATION

I certify that this thesis titled “Impact of Competitive Marketing on Performance of Multinational and Indigenous Food and Beverage Manufacturing Companies in Nigeria” is the original work of Mr. Ibidunni, Olanrewaju Samson and is hereby submitted for the award of the degree of Doctor of Philosophy (Ph.D) in Marketing. We also certify that this work has not been submitted for the award of Ph.D or any other degree in this or any other University before.

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DEDICATION

This work is dedicated to El-Shaddai God, who saw me through over thirty-five years of academic struggle to attain this height.

And to

my beautiful and ever loving wife, Deaconess Mopelola Morounmubo Ibidunni, who, for almost three decades, stands like a pillar behind me.

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ABSTRACT

The research study evaluated the impact of competitive marketing on the performance of multinational and indigenous food and beverage manufacturing companies in Nigeria. The study investigated how these companies utilized marketing orientation and practices, organizational structure and strategy, marketing strategies on acquisition of market shares, usage of marketing mix elements on returns on capital employed, and how the competitive use of these variables influence the perception of consumers. The research study was developed around the theories of connectionist, personality, innovation diffusion, and cost structure and business performance. These variables were used to evolve a detailed analysis of issues relating to product quality, organizational structures and management theories. Theoretical models were reflected and used in developing five different hypotheses that were investigated through the survey of forty multinational and one-hundred and twenty indigenous foods and beverage manufacturing companies which were respectively randomly selected. Copies of well structured questionnaire were administered to companies sampled. The validity and reliability of the instrument were measured at Cronbach's alpha of 0.69 and alternative form validity of 0.62. Five hypotheses were raised and tested at 0.05 significant levels. The findings revealed that marketing orientation adopted by multi-national companies (MNCs) yielded better performance than those of indigenous companies (INCs), the structure/strategy adopted by MNCs yielded better performance than those of INCs, marketing strategies adopted by MNCs yielded more market shares than those of INCs, MNCs use of elements of marketing mix yielded higher rates of returns on capital employed than that of INCs, and competitive use of these 4Ps for consumers' perception by MNCs yielded better performance compared to that of indigenous counterparts. The conclusion from the research findings showed that indigenous companies were unable to compete favourably because of their limited financial resources. It was recommended that indigenous companies should adopt competitive marketing, functional structure and strategy, with five marketing divisions, competitive use of elements of marketing mix, and embark on the production of food and beverages for export.

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LIST OF ABBREVIATIONS

- IMC = Integrated Marketing Communication.
- F&B = Food and Beverage Companies.
- FAO = Food and Agriculture Organizations.
- MNCs = Multi-national Companies.
- INCs = Indigenous Companies.
- R & D = Research and Development.
- QSRB = Quick Service Restaurant Business
- AMA = American Marketing Association
- DM = Direct Marketing.
- SWOT = Strength, Weakness, Opportunity, and Threats.
- OPMIC = Organizational Performance of Multi-national and Indigenous Companies.
- CMPMIC = Competitive Marketing of Multinational and Indigenous Companies.
- ROCE = Returns on Capital Employed.
- AFBTE = Association of Food, Beverage and Tobacco Employers'
- MNE = Multi-national Enterprises
- MAN = Manufacturers' Association of Nigeria.
- SITC = Standard International Trade Classification..

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study:

The concept of marketing competitiveness is highly synonymous with the theory of marketing evolution (Kotler, 2006). Robinson (1827) presented an elaborate disposition on the nature and structure of marketing system. Before then, there were only two market conditions explicitly recognized in literature. These market conditions divided market structure between perfect and monopoly markets; and succeeded in impressing that it is the market forms (intermediate) between pure competition and monopoly that are most commonly found in actual business world. Other factions of these divisions are well documented and include workable, effective and potential competitions. (Otokiti, 2000, and Varian, 1999)

With reports of the various successes and failures recorded by multinational companies in different continents of the world and in Nigeria particularly, it is necessary to attempt an extensive and intensive study of the strategies adopted in managing these multinationals companies that have resulted in their various successes and failures. Of great significance is the emergence of indigenous companies that are equally attempting either to expand or become multinational companies or grow to compete with the multinationals in food and beverage industry in Nigeria. This comparative study is thus essential, as it is capable of identifying the reasons for successes or failures of multinational and indigenous companies operating in Nigeria. Perhaps lessons could be learnt about the marketing orientation and practices, organizational structure and strategies (mother-daughter matrix), competitive marketing strategies and competitive use of the four elements of marketing mix of both the multinational and indigenous companies. A review of the various multinational companies in

Nigeria, for instance, reveals their widespread branches covering major cities in the six geopolitical zones with numerous widespread distributors, merchant-houses, and retailers. On the other hand, indigenous companies have very limited spread of operational bases and distributorship channels. This therefore informs the comparative nature of the research conducted and the analysis of these food and beverage companies.

According to Awodun (2007) in managing any organization, there are three conventional levels of management that constitute most hierarchical structure. These are the corporate level, the business level, and the functional level. These three levels are equally regarded as the strategic, operational and tactical levels respectively. At each of these levels, different types and sophistication of decisions are made but with diverse scope and intense. Decisions considered as strategic in nature usually required top-level management, large amounts of resource allocation, long-term prosperity, futuristic, multinational or multi-business consequences, and consideration of the external environment usually occupy important positions. For these reasons, Jones, et al., 1998; Harrison & Pelletier, 1998, 2000 asserted that top-level management or corporate managers are said to determine the right things to do, the middle-level management or functional managers do the right things while the low-level managers or functional managers do things right.

In a much recent neo-classical discuss, other variables in competitive system and pre-requisites listed against them are effective, potential, and workable competitions. All these are essential for optimal product mix, and provide general availability of necessary information about alternatives, presence of moderately large number of sellers, with each possessing capacity to survive and grow. Again, the preservative conditions to keep alive basis of these competition modes from others, include substantial independence of action whereby each seller is free to adopt own policy concerning production, pricing, and policy to modify changing conditions of demand and supply (Otokiti, 2004). The extent of competitiveness between these monopolistic firms necessitates attention to evaluate longitudinal operations of these enterprises via a comparative inter-firm analysis. This

analysis is designed along the long operating years of operations of the foreign companies as against the indigenous counterparts with shorter history, despite owning greater proportion of productive resources like land, labour and unprocessed raw materials are either not fitting into the business realm or are just struggling to exist. It must be mentioned that only Cocoa Industry Limited, amongst other local food and beverage companies has records of substantial longitudinal documentation.

Studies (Bennett, 2000, and Dollinger, 2003) have also shown that multi-national companies are indicative of superior performance when compared with their indigenous counterparts, even when the dates of establishment are not too different from the objectives of indigenous enterprises. The need therefore to appraise the modality of achieving corporate objectives between multi-national and indigenous food and beverage manufacturing companies becomes inevitable. With these performance indicators, the focus on these companies' 'game plan' called strategies regarded as the framework for managerial decisions (Goold and Campbell, 1987, Hax, 1990, Boarch and Arthur, 1995, and Manning, 2001), with the four elements of marketing mix viz: product, pricing, positioning, and promotion to highlight how the multinational and indigenous companies in the food and beverage manufacturing industry meet up their performance expectations, is the problem of this study.

1.2: Statement of Research Problem.

Nigeria is a country endowed with abundant human and natural resources (Emmanuel, 2003) which include expanse of fertile land, moderate plantation cum irrigation farming, extensive sea-coast, long irrigative water and mineral deposits, etc. This is in addition to geographically located oil-rich belt, gulf of Guinea that is typical of equatorial type of regions. All these notwithstanding, her performance or dismay performance and uncoordinated results in Agricultural production, with partial success in foods and industrial crops such as rubber, cocoa, dye; oil-seeds etc call for actionable research. It is against this background that

industrial enterprises are required to convert these resources for industrial usage; particularly as existing studies revealed that the global Agro-industrial linkage has been extensively documented in the literature of developed countries (Otokiti, 2004). Whereas their counterparts from developing countries are reluctant in making use of these abundant resources in enhancing food and beverage industry (Emmanuel, 2003). Consequently, they are associated with sub optimal establishment of autonomous indigenous enterprises that are attempting to effectively participate in the business of food and beverage products from the basis of agro allied capability.

For domestic or indigenous food and beverage companies to occupy their appropriate position in any developing economy, it calls for a mixture of industrial development that takes a comprehensive evaluation of essential elements of both an inward cum outward orientation of their production activities (Marketing Orientation). Here, the indigenous companies are expected, like in developed countries, to adopt and operate with marketing orientation and skill that can enable a rapid development of Nigerian industrial sector. The call for an effective mix within marketing orientation and practices involves the role of marketing, its concept and philosophies, understanding of the enabling environment for inward and exportable capacity, and market segmentation. The study of marketing orientation and practices incorporates the mix of marketing roles, marketing concept and its philosophies, marketing environment, and marketing segmentation (Lancaster and Massingham, 2001). This study, after extensive coverage of literature, revealed that multinational companies in developed countries have made use of marketing orientation and practices (Baker, 2000). However, the extent and quality of mix are unknown. The usage and adoption by their indigenous counterparts is also an important problem of this research. The relevance of marketing concept according to Ogwo (2000, p.14) is the ability of an organization to satisfy customers' needs, and that the aim must be reflected in everything the organization does. Incidentally, quite a number of the indigenous companies are reported to

have adopted marketing concept in their marketing operations. However, and until very recently, not many operators in indigenous industries see the significance of marketing practices as a basis of identifying the needs and wants of the consuming publics (Ogwo, 2000, p.14), hence their inability to produce and market goods at the right time, place, prices and quantities for the consuming publics. Ogwo equally reported that indigenous companies lack the deep knowledge of the divisions of marketing and their importance viz: marketing research, branding, promotion, marketing services and sales. In so many of these organizations, business tactics are traded with rather than use marketing orientation and practices to achieve organizational goals. (Curran and Blackburn, 1999 in Zontanos and Anderson, 2004).

Secondly, the types of organizational structure and strategies put in place by either multinational or indigenous industries are expected to determine the extent of activities and operation of the organizational participants in the food and beverage industry. In most cases, multinational companies adopt diverse and sophisticated strategies and structures that beget the basis of their system (Bennet, 2000). Existing literature has revealed that placement of multinational companies on the Nigerian Stock Exchange is a form of strategic/structural leverage whereby capital adequacy in form of funding and human resource development are ensured by these multinational organizations. On the contrary, one of possible explanations for the above lack of effective participation of indigenous food and beverage companies is the family based characteristic of its ownership. (Bennet, 2000) Bennet further indicated that the indigenous food and beverage companies are affected by the structures and development of major operators of these companies; particularly as they are located within the corridor of selected family members. Consequently, majority are either unwilling, unqualified or could not be listed on stock market. For these reasons, indigenous companies are denied the numerous benefits accruing from such institutional affiliation and the opportunity to transform into multinational status.

Thirdly, is the significance of marketing strategies of these two categories of food and beverage companies in determining their market shares in the industry? This is against the background that the food and beverage industry is characterized by monopolistic competition such that this industry is producing similar brands of products, and in some cases substitutes to other products. However, and depending on motive of an organization, the resources can be determined optimally and progressively by applying effective listing of marketing strategies viz: cost leadership, differentiation, focus, defensive, offensive, vertical integration, and first-mover strategies, and investigating to know which of these marketing strategies are normally used by the multi-nationals and their indigenous counterparts. And to what extent can these affect the operations of these companies (MNCs/INCs).

Fourthly, McCarthy (1964) regrouped Borden's twelve elements of marketing mix into what is now known as four traditional elements of marketing mix. They are products, price, place, and promotion. These are the mix that organizations either autonomously use to generate desired sales volume and turn-over, or use along with appropriate competitive marketing strategies to achieve the profit cum sales objectives or to earn higher volume of sales cum turn-over. The effective and efficient use of these elements could yield desired rate on usage of returns on capital employed. Existing practices have shown that multinational food and beverage companies (MNCs) expend extensive amount of fund on these elements differently. The practice of indigenous companies is also not too different. However, the structure and composition of these companies on the elements of marketing mix remained highly unknown. Consequently, the research is interested in the amount appropriated by each category of these companies.

To further enhance the performance and operational capacity of companies, the roles of consumer choice pattern cannot be under-estimated. Consequently, consumers are assumed as independent factors and are given the opportunity to determine and develop their perception towards the participants in the food and beverage industry and their products. A favourable image perceived towards these industry's participants for instance, would induce

consumers to patronize the company, make the marketers defend the products prices being charged, and stimulate consumers towards increased demand the companies' promotional messages. (Kotler). This is further translated to profitable relationship.

1.3: Objectives of the Study.

The objectives of this research study are as follows:

- i. To identify the marketing orientation and practices being used by multinational and indigenous companies in the food and beverages industry.
- ii. To explore the possible differences in organizational structures and strategies between multinational companies and indigenous companies and how these affect their respective performances.
- iii. To show how competitive marketing strategies are being used by multinational and indigenous companies in their respective markets and determine the input of their market shares within the industry.
- iv. To determine how the elements of marketing mix could be autonomously used to yield the desired rate of returns on capital employed.
- v. To show the effects of corporate image on food and beverage categories of organizations in the study vis –a- vis their industry's performance.

1.4: Research Questions.

The following statements reflected the research questions:

- i. To what extent does the marketing orientation and practices adopted by both the multinational and indigenous companies affect their level of performances in food and beverage industry?
- ii. Is there any significant relationship between the organizational structure and strategy adopted by the multinational and indigenous companies, and the determination of differential in their performances?

- iii. Why is it that despite familiar environment to indigenous food and beverage companies, multi-national companies come into the country and out perform their indigenous counterparts?
- iv. How do competitive marketing strategies adopted by multinational and indigenous companies account differently for their respective enhanced market shares?
- v. How would variables of marketing mix be used to yield the desired rate of returns on capital employed?
- vi. Is there a significant difference in the customer's perceived image and performances of multinational and indigenous companies?

1.5: Research Hypotheses.

The following null hypotheses were formulated for testing.

Hypothesis 1

The marketing orientation and practices adopted by multinational companies do not yield better performance than those of their indigenous counterparts

Hypothesis 11

The organizational structures and strategies adopted by multinational companies cannot be associated with better performance than the similar structures and strategies adopted by indigenous companies.

Hypothesis 111

Competitive marketing strategies adopted by multinational companies in different segments of the market are not responsible for their superior and enhanced market shares over and above indigenous counterparts operating in the same market segment of a nation economy.

Hypothesis IV

The usage of autonomous determinants of marketing mix (product, price, place, and promotion) by multinational food and beverage companies would result to increase and better returns on capital employed than their indigenous counterparts.

Hypothesis V

The favourable corporate image of multinational companies as perceived by consumers is not acceptable for better performance of these companies when compared to that of indigenous companies operating in the same business environment.

1.6: The Significance of the Study

The significance of this research study was drawn from the aforementioned objectives, research questions, and hypotheses such that when tested, they could assist in the following forms:

- i. Once competitive marketing is understood by the management and line-managers of multinationals and indigenous companies operating in Nigeria, they will be able to adopt the findings and recommendations for effective marketing planning, implementation and control of their operations.
- ii. The operators would learn and acquire for adoption, better and more viable types of organizational structure and strategies that will support their operational activities and strategies. With these structures and strategies in place Nigerian populace will be better served with more of the food and beverage products in every part of the country.
- iii. Federal and State governments would be guided on the appropriate policies to be formulated for effective emancipation of Multinational and indigenous food and beverage companies' operations in Nigeria which could lead to technological and scientific ways of tapping the abundant human and natural resources for the administration, distribution, and marketing of finished goods. This practice will assist development of small and medium enterprises in diverse areas of food and beverage, consequently the Nigerian economy will improve.
- iv. Academics would be able to use the gaps identified for criticisms, and propound further concepts and theories in the areas of competitive marketing and management (organizational structure/strategy)

v. Marketing consultants and researchers would be opportuned to understand the nature of competitive marketing, and possibly carry out further studies on it.

1.7: Operationalization of Research Variables

For competitive marketing, questions covered such components as marketing orientation and practices which comprise marketing roles, marketing concepts, marketing environment, market segmentation, company's structure, competitive marketing strategies adoptable during periods of free and short supply of products and the traditional four elements of marketing mix viz: product, price, place, and promotion, and corporate image.

On performance variables, concerning both multinational and indigenous companies questions covered such components as profitability index, market share, returns on capital employed, (ROCE), and annual growth of sales.

Mathematically we say $Y = f(X)$

Where Y = Dependent variables = Organizational Performance of multinational and Indigenous companies. (OPMIC)

X = Independent variables = competitive marketing practices of multinational and Indigenous companies. (CMPMIC)

OPMIC or $Y = y_1, y_2, y_3, y_4, y_5, \dots, y_n$

Where: y_1 = Company's profit.

y_2 = company market share in food and beverage industry.

y_3 = Returns on capital employed.

y_4 = Annual growth of sales,

CMPMIC or $X = f(a, b, c, d, e, f, g, \dots, n)$ or competitive marketing practices

a = Marketing orientation and practices.

b = Organizational structure and strategies.

c = Marketing strategies of companies.

d = Marketing mix

e = Corporate Image

1.8: Scope of Study

This study covered impact of competitive marketing on performance of multinational and indigenous food and beverage manufacturing companies in Nigeria. Particular attention however was paid to a comparative analysis of the performances of both multinational and indigenous companies in the industry.

Geographical spread: Most of the multi-national and indigenous companies producing food and beverage products are located in Lagos area, so this study concentrated mostly on Lagos State. However, quite some efforts were made to gather information from the operating companies in the West, Edo-Delta area, and East and Northern parts of the country during questionnaire administration, to reflect the general views from other parts of Nigeria.

Institution: Under the empirical findings in Chapter V of this study, three selected multinational and three indigenous companies in the food and beverage industry were presented respectively to show their performances in terms of turn-over earned for five years. They had been selected using stratified sampling method by dividing into groups the active population of 45 multinational companies, and 171 indigenous companies based on common characteristics (parameters) among each group. Two major parameters used were; firstly, their five years performances, (that is, 2001 – 2005) as published by the Nigerian Stock Exchange Reports (2006) for the multi-national companies; and the performance reports of the indigenous companies as revealed by their respective Annual Audit Reports, and secondly, analysis by Amanze (2006) in the “Manual of Nigeria’s Top 500 Companies in Nigeria” was chosen to substantiate the choice of the three multinational companies; while the Manual of Goldstar Publication (2006), “The Major 5000 Companies in Nigeria” was used to pick the three topmost indigenous food and beverage companies in Nigeria.

The multi-national companies are;

- i. Cadbury Nigeria Plc.
- ii. Nestle Nigeria Plc, and
- iii. Unilever Nigeria Plc.

The indigenous companies in the industry are:

- i. Consolidated Foods and Beverages Company Limited, Okokomaiko.
- ii. Cocoa Industry Limited, Ikeja; and
- iii. Lisabi Mills Nigeria Limited, Maryland.

Time Period: The display of operating period considered by this thesis for the two categories of the organizations was five years (i.e. 2001 – 2005).

People: The respondents were categorized into two groups as follows:

- i. Top executives, like Chairmen/persons, Managing Directors, and Executive Directors of Departments, Senior Managers like General Managers, Deputy General Managers of Departments, and Junior Managers like Managers of units in the food and beverage industry in the multi-national companies on one hand, and their counterparts in the indigenous organizations, on the other.

1.9: Limitation of the Study

The major limitation of the research faced comprises financial, the enormous financial requirement, the co-operation required from the selected respondents from the population of the study, and the time allotted to successfully executing a business research of this magnitude. All these were applicable to this research study, and the researcher, as the researcher could only undertake tour of limited areas in the South-west, Aba, in the East, and Jos, in the North-East. However, the impact of these was reduced because of the low financial assistance given by Covenant University, Ota, as Post-graduate Grants. Also the supports rendered by numerous captains of industry in the food and beverage companies, with the assurance that the results obtained would be relevant in solving most of the marketing challenges being faced by companies went a long way in alleviating the challenges faced by the researcher.

Another limitation was the secretive policy adoption of most companies' executives, hence inability of this researcher to obtain performance figures of most of the food and beverage

companies included in this study. Therefore, perception of the participants on performance was used.

1.10: Definition of Operational Terms

The following terms were used in the study:

- Marketing Mix = The set of controllable tactical marketing tools – products, price, place and promotion that the firm blends to produce the response it wants in the target market.
- Marketing Research = The systematic design, collection, analysis and reporting of data relevant to a specific marketing situation facing an organization.
- Brand = A name, term, sign, symbol or design, or a combination of these intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.
- Perfect Competition = A market structure characterized by an extremely large number of sellers, none of them is strong enough to significantly influence price or supply.
- Monopoly = This is a market structure where an organization offers a product that has no close substitute, which makes the organization the sole source of supply.
- Monopsony = This occurs when there is only one buyer of a commodity or service.
- Duopoly = This is an imperfect competitive environment with only two sellers or producers of a particular commodity.
- Monopolistic Competition = Market structure where a firm has many

Potential competitors and in order to compete, tries to develop a differential marketing strategy to establish its own market.

- Oligopoly = A competitive market structure where a few sellers control the supply of a large proportion of a product.
- Return on Investment (ROI) = A common measure of management effectiveness – the ratio of net profit to investment.
- Marketing Concept = The marketing management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do.
- Direct Marketing = Direct communications with carefully targeted individual consumers to obtain an immediate response and cultivate lasting customer relationship.

1.11: Organization of the Study

This research report was divided conventionally into five (5) Chapters. Basically, the first Chapter was the introductory Chapter where the background of study was presented. The research problems were stated along with the objectives of the research study. The research questions were presented and subsequently hypothesized into five clearly stated hypotheses. Dependent and independent variables were identified from the topic of the research study, and operationalized with their components spelt out. Also included in this Chapter were the significance, scope of study, limitation of the study, as well as the definition of operational terms.

Chapter Two was a review of selected relevant literature on impact of competitive marketing on the performance of multi-national and indigenous food and beverage manufacturing

companies in Nigeria. Following a purely conceptual and theoretical expositions, the Chapter considered the views of numerous scholars in marketing relating to marketing orientation and practices, organizational structure/strategy, marketing strategies, competitive use of elements of marketing mix, as they concern their contributions to performance of MNCs and INCs in Nigeria. Theoretical models adopted by this research, mostly from the other authors' works, while some were generated, assisted in enhancing the study. Gaps in literature were identified.

The third Chapter considered the research methods adopted in the conduct of this study. Here the theoretical framework leading to the five hypotheses were presented. The research design, namely the questionnaire, sampling frame, sampling technique adopted and data collection procedure and sources were discussed. Issues of validity and reliability as well as the statistical techniques used in the research were equally presented.

The findings of the study were presented and analyzed in the Chapter Four where basic facts and figures derived from the data analysis were subjected to detailed discussion using analysis of variance (ANOVA) tool. The five hypotheses were tested and the results were presented, and meaning given to them in form of interpretation. The implications of the activities and performances of the MNCs and INCs were variously examined.

Finally, the fifth Chapter presented the researcher's summary of his findings from the comparative analysis of the MNCs and INCs in Nigeria, conclusion on the use of marketing orientations and practices, organizational structure/strategies, marketing strategies, and competitive use of marketing mix elements, all to achieve better performance in food and beverage industry in Nigeria. The Chapter ended with general recommendations by the researcher, contributions of the study to knowledge, and suggestions for further research.

Each of the Chapters was followed with Chapter reference, while bibliography was included after Chapter Five. The appendix to the study was presented with the letter to respondents sequentially, to support the study and provide submissions presented in the body of the report.

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CHAPTER TWO

LITERATURE REVIEW

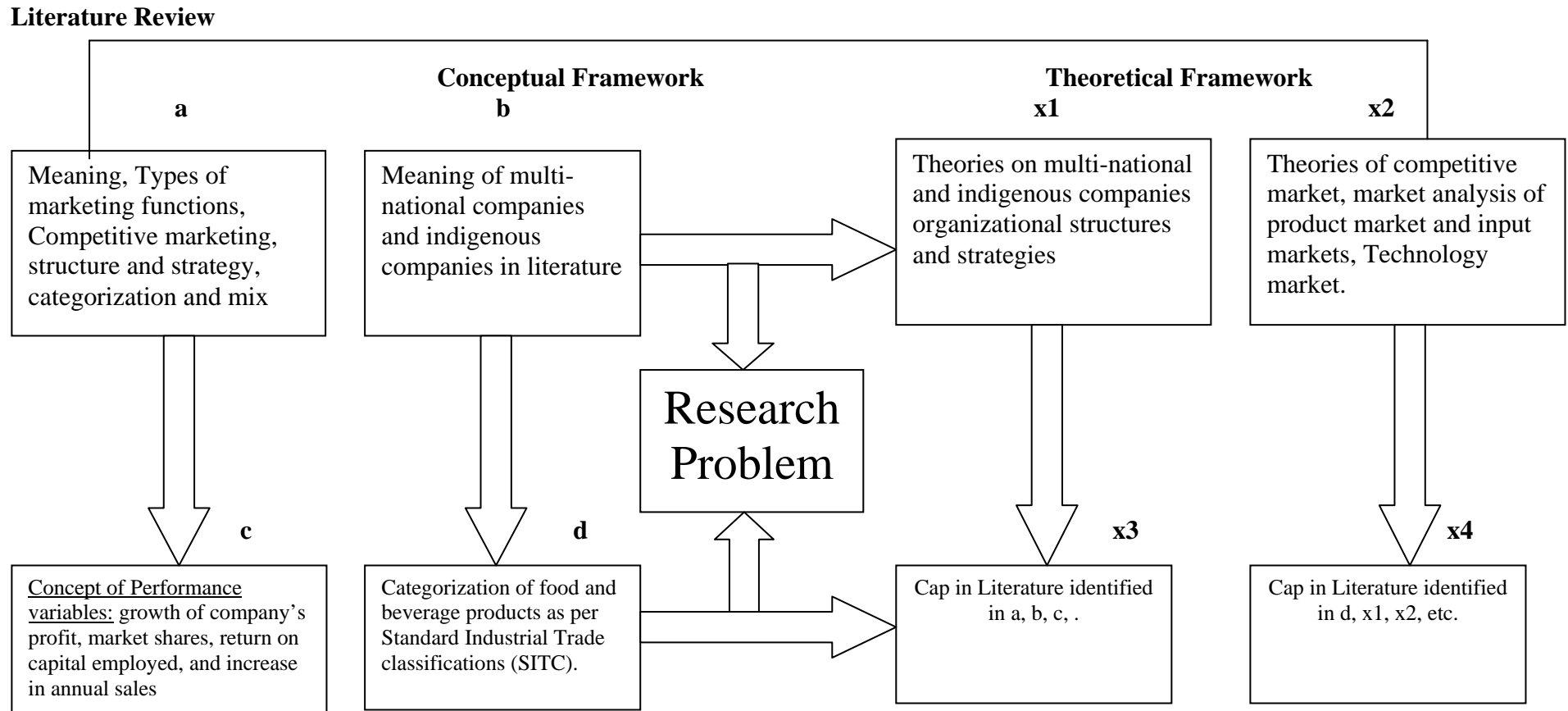
2.1: Introduction

This part of the research study reviews related literatures which obviously are not exhaustive, however those literatures that are functional, technical, and beneficial to this research have been reviewed with concise contributions of the authors. Also in operationalizing this research topic, the concepts of competitive marketing, and performance were holistically and respectively broken down into components. Components of competitive marketing comprise marketing orientation and practices, organizational structure and strategy, marketing strategies, effective use of marketing mix elements, and corporate image. Performance components consist of company's profit, company's market shares, returns on capital employed, and annual growth of sales. However, literatures were classified under conceptual and theoretical frameworks following the under-listed headings and based on variables, and issues in this research work. Finally, the gaps in literature identified were discussed.

2. 2: Conceptual Frame-work

The various elements discussed under this heading include competitiveness in marketing system, types of marketing functions, meaning of competitive marketing, marketing orientation, organizational structure and strategy, and importance of marketing strategies. It also covers conventional and new elements of marketing mix. Finally, the categorization of food and beverage products is also discussed. Below is the model of the literature review:

Fig. 2.1: Model of Literature Review on Competitive Marketing



Source: Model was developed by the Researcher with the assistance of the Supervisor

2.2.1: Competitiveness in Marketing System

Today's Nigeria is characterized by the desire for rapid industrialization and technical progress, thus the establishment of industries of different sizes, functions, and capacities. Many of these industries are participants within the various sectors of the economy. They consist of different shades and kinds such as the multi-national companies (MNCs), trans-national companies (TNCs), and indigenous companies (INCs). One of the major importances of this emerging sector is the nature of competition among them, and the determination of overall strategic structure responsible for both employment and locational factors of food and beverage companies at home and abroad. In support of the above, Bovee and Thill (1992) asserted that one of the most important aspects of the overall marketing environment is competition. He defined competition as the rivalry among sellers trying to increase sales, profits or market shares while addressing the same set of consumers. These scholars also gave three types of competition in the market environment. The first is direct competition between marketers of similar products, the second type of competition occurs between marketers where products can be substituted for one another, and the third type of competition is even more general, as it exists between marketers of dissimilar goods and services who are all competing for consumers' money and preferences. Bovee and Thill asserted that consumers enjoy virtually endless list of purchasing choices; but the marketing challenges by these three categories of competitions is usually to persuade the consumers to choose a specific type of product and a particular brand of family of slightly differentiated products.

In a similar vein, Stokes (2000) observed that most entrepreneurs in food and beverage industry would focus on on-going competitive pressures in their marketing activities. These on-going pressures on customers of food and beverage companies were also proclaimed as (Lumpkin and Dess, 2001, Moran and Ghoshal, 1999, Grimm and Smith, 1997, Covin and Slevin, 1991, Mises, 1949) critical for firms' growth and survival. Further on nature of

competition, Beverland and Lockshin, (2004, p.72) on their own, claimed that competitively aggressive firms stand a better chance of increasing their level of market share, which again corresponds with earlier work in this direction (Lumpkin and Dess, 2001; Ferrier et al, 1999; D'Aveni, 1994). Discussing the growth pattern and possible development trends between multi-national and indigenous companies, Adesina (2004, p.24) in Lagos, Nigeria, reviewed competition as an important part of industry development; and that developing countries would be better off if fair competition is allowed to be introduced into them. Customer Forum (2004, p. 42) culled from marketing warfare by Al Ries and Jack Tronta claimed competition in marketing is getting brutal; that the name of the game has become “taking business away from somebody else”. It went further by claiming that as companies experiment with different ways to increase sales, they are turning more to warfare strategies in general.

Porter (1998) in Nkamnebe (2000, p.11) remarked that the key to whether a nation is competitive in her industrial set-up is not the capacity of her trade, but whether it has a combination of trade and investment that reflect advantages. His submission was that countries with large stock of indigenous multinational corporations stand to attract greater advantage than those with less; more importantly as the globalization posture of present time continues to develop. Adindu (2005,;p.21) in Lagos, Nigeria, referred to competition in processed food industry, particularly in Quick Service Restaurant Business (QSRB) in Nigeria, simply as significant in view of the strategies and methods which the growing number of service providers were employing to win and retain the affections and patronage of customers in Nigeria market place in the last decade and half. He elaborated several distinct ways by which faces of competition have shown in the QSRB as involving a combination between increases in the sheer number of service providers from one reputable QSRB to another, and (ii) a sprinkling of barely visible one shop-operator in 1989s to large number in the 1990s. He claimed that the market had grown into one which is clearly

differentiated along vertical and horizontal fault lines. At the vertical levels, he observed that an industry hierarchy has emerged in which there is a clear leader in the form of an 800 pound guerilla which controls some 48% of the market, and submitted to lack of distinctive clear leader or positions of other players' in terms of their placement in the hierarchy. He observed the possible disposition on the position which could be adjudged by size of market share or span of brand equity. On the horizontal level, however he said significant differentiation could be introduced by QSRB market, with the niche having reared and becoming entrenched. Adindu (2005) further revealed that a lot of competitive edge on account of Africana offering was experienced and gained by some, while others have gained for certain unique product innovations.

2.3: TYPES OF MARKETING FUNCTIONS

2.3.1: Meaning of Marketing, and Marketing Management

Kerin, Hartley and Rudelins (2004) quoting American Marketing Association (AMA), (1985) defined marketing as a process of planning and executing the conception of pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals and organizational objectives. London Chartered Institute of Marketing, (2005, p.2) defined marketing as the management process responsible for identifying, anticipating and satisfying consumers' requirements profitably. Whereas, Stanton (1983) defined marketing as a total system of interacting business activities designed to plan, price, promote and distribute want – satisfying products and services to the present and potential customers profitably. In view of the above definitions, marketing is concerned with need identification and need satisfaction, having in mind the elements of the marketing mix, which encompass both tangible and intangible products. Beverland and Lockshin (2004, p. 19) claimed that marketing is a critical boundary spanning activity for organizations, and bringing the firms in constant and direct contact with customers, as also corresponds with the views of earlier

authors in similar directions (Moris, et al, 2002, Day 1999, and Morris et al, 1990) and in identifying sources of, and delivering customer value. (Flint et al, 2002).

Appiah-Adu and Singh (2004, p. 80) claimed that competitive environment of modern day business appears to demand the successful implementation of marketing, if a firm is to progress in its chosen market segments. They said marketing is considered as the driving force behind strategic planning and business operations, and thus, an integral part of organizational efforts. Consequently, over the last few years, they claimed that the concept of marketing effectiveness has received increased attention among academic researchers and business practitioners (Norburn, et al, 1990; Lai, et al, 1992; Ghosh et al, 1994; Dunn et al, 1994). That this steady stream of management literature has encouraged business executives to improve their marketing effectiveness because of its inherent association with organizational variables such as improved customer satisfaction; profit maximization; competitive advantage, and, organizational coordination (Kotler, 1977; Dunn et al, 1994; Webster, 1995). Specifically, it was suggested that marketing should be treated as a profession if firms are to enhance effectiveness, efficiency and competitiveness (Miller and Leptos, 1987). Moreover, others argue that the achievement of excellence requires a pivotal function for effective marketing capabilities (Hooley et al, 1994).

Kotler (1997) in Stokes (2000, p.50) defined marketing in term of four distinct elements, as also expressed by (Kohli and Jaworski, 1990; Webster, 1992) as follows, organizational philosophy of market orientation; guided by segmentation, targeting and positioning strategies, operationalized through the marketing mix, and underpinned throughout by market intelligence. However, according to Onah (2000, p. 2.) the word “marketing” is becoming an enigma. He asserted that marketing is a process that within societal constraints, attempts to establish mutually satisfying relationship, between people or organizations with diverse requirements. The practitioners are people or organizations that seek to satisfy these requirements (Inanga, 1985, p.145). Lastly, on the concept of marketing, Anyanwu (1995, p.

26) claimed that the concept of marketing refers to the application of marketing principles in the solution of problems facing various organizations and institutions, hence marketing is a pervasive societal activity that goes beyond the selling of tooth paste, soap and steel (Kotler, 1977, p. 93).

Ferrell and Pride (2002), on the other hand, defined marketing management as the process of planning, organizing, implementing, and controlling marketing activities to facilitate exchanges effectively and efficiently. Accordingly, they attempted to differentiate between marketing and marketing management, and observed that marketing has the programmes functions of product planning, designing, pricing, promotion, distribution and exchange; whereas, marketing management is responsible for the analysis, planning, implementation and control of these marketing activities for effective performance, growth, and sustainability. But Kotler and Keller (2006) put the definition of marketing management as the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering and communicating superior customer value. The duo claimed that marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. From Wikipedia (2008) marketing management is defined as a business discipline that focuses on the practical application of marketing techniques; and the management of a firm's marketing resources and activities. It was noted from this perspective that the scope of marketing management is quite broad, that the implication of such a definition is that any activity or resources of the firm used to acquire customers and manage the company's relationships with them are within the preview of marketing management.. McKenna (1991) expressed a similar opinion as the last two authors that marketing management encompasses all factors that influence a company's ability to deliver value to customers, that it must be all pervasive, part of everyone's job description from the receptionist's desk to the Board of Directors. Boone and Kurtz (2007) expressed definition of marketing management as the process of planning and

executing the conception, pricing, promotion (selling, advertising, public relations, sales promotions-coupons), distribution, research of ideas, goods, services, organizations and events to create exchanges, and to maintain relationships that satisfy exchanges that satisfy individuals and organizational goals.

2.3.2: What is Competitive Marketing?

The nature of competitive marketing was studied to involve the following: competitive advantage, competitive analysis, and competitive strategies. (Kotler, Bowen, and Maken, 2006, Kotler, 2001). Kotler and Armstrong (2006) referred to competitive advantage as a process of offering greater value to consumers either through pricing or costing of products and services, including the utility of operations that justify improved customer relationship. However, Lancaster and Massingham (2001) see competitive analysis as the systematic attempt designed to identify competition in order that marketing planners can develop and sustain superior competitive performance for the organization. Brassington and Pettitt (2003) introduced the directional motive and suggested that competitive analysis must focus on sectional overview of the market, and that specific product line and needs be made more pronounced. Consequently, organizations are expected to build stronger defence and sustainable competitive advantage to enable the organizations manoeuvre over and above the competitors, and to gain dominance in form of market shares. With these, changing economic environment will be expected to necessitate the design and analysis of competitive strategies to be adopted for manufacturing participants in food and beverage industry. This is because a product patronage is expected to attract category of competitors, and somehow influences the eventual success or otherwise of product policy. To this end, marketing strategies remain the means by which an organization sets out to achieve its marketing objectives. (Brassington and Pettitt, 2003).

Against this background, competitive marketing is referred to as the effective and dynamic ways of utilizing marketing programmes and strategies to achieve marketing goals; the instruments of which include package planning, product designing, pricing, promotion, and distribution. Inter-industry exchange of goods and services was later added with the objectives of achieving greater market shares. (London Chartered Institute of Marketing, (CIM), 2005, p.6). Delegge (2007, p.2) defined competitive marketing as the act of creating a dependable position against competitive forces by either defensive or offensive action. He claimed that firms should identify their strengths and weaknesses in the light of the various competitive forces facing them. Examples given are any imminent new entrants into the industry, or a major competitor integrates forward, or backward? Then the firm should devise a plan which may include: (i) Influencing the balance of competitive force through strategies moves and/or (ii) positioning the company as that its capabilities provide the best defence against the competitive force, and/or (iii) anticipating shifts by identifying the competitive forces and responding to them. In competitive marketing, Delegge asserted, firms must consider their strengths and weaknesses and in doing that, they should examine a competitor's background, strength and weakness, provide a valuable insight into their strategic thinking and actions. He examined a full range of areas, for example, manufacturing, technical and financial strength, in relationship with suppliers and customers, market and segment served, as well as the usual garnet of marketing activity. He stressed that it is particularly worth undertaking a detailed review of competitor's product range, identifying where it is weak and where it seems to be heading. Though, he claimed that the required information may not all be really available, shared customers or suppliers can be a useful source of information, but the organization might also have to make use of secondary data, especially sale report, exhibition, press cutting, and so on. The analysis of this information he said, should be considered in the content of critical success factors that evolve around technology, image, finance, service quality, distribution management or the skill of

the workforce each competitor can be rated on. This information can be used later to plan and launch an attack.

Eliasz and Spiegler (2008, pg, 1-5) on their own, presented a model of competitive marketing based on the notion that consumers are boundedly rational, and that firms use marketing tactics in an attempt to influence consumers' decision process. The standard model of consumer behaviour, they claimed, assumes that consumers apply well-defined preferences to perfectly perceive set of available alternatives. They retained assumption that consumers have stable preferences, but relaxed the assumptions that they have a perfect perception of what is relevant for their consumption problem, thus allowing firms to manipulate that perception. It was argued by them that in the modern market place, consumers face an overwhelming large variety of products, and therefore often use screening criteria, deliberate as well as unconscious, in order to reduce the number of "relevant" alternatives. The model of competitive marketing employed comprises; (i) products as attention grabbers, (ii) product positioning, (iii) packaging, (iv) advertising content; (v) argumentation by a salesperson; and (vi) search engine optimization. With these components, they claimed that consumers apply their preferences; not to the set of objectively feasible alternatives, but to a potentially smaller set which they constructed at an early stage of the decision process, that in marketing literature; is also referred to as "consideration set ".It was found out that components of competitive marketing are effective with consumers adding new products to their consideration set.

Bacak (2005, p.4) in his contribution on the analysis of competitive marketing, argued that it is an in-depth study of business competition and the markets available in order to ensure the advertising and public relations budget dollars are spent where they will be most effective. He further claimed that for executives to perform strategic planning for firms' future, it is imperative to know who the competition is, and exactly what managers are up against; to ensure that market share is sufficient for their firms' future. Increasing market share, he claimed, is the goal of any competitive marketing analysis. However, Laner (2001, pg. 25-

26) argued that the world in which law firms seek new and represent existing corporate clients is in flux. He claimed that the rules by which relationships flourish for years are changing and the means by which the firms secure business are also changing; therefore that firms need a clear understanding of the needs and wishes of in-house lawyers through competitive marketing. Konni, and Ochagwura (2005, pg. 62) in Nigeria, addressed benefits and problems of restructuring Nigerian Power System towards competitive marketing. They discussed that adequate price signals should be established as the base market development, and for the linkage between segments. They suggested that competitive exchanges should be stimulated, forcing perfect competition wherever possible and aiming at a close relationship between the bids and the real cost. For an industry like power supply, they argued, the introduction of competition certainly means a basic paradigm shift that is closed demarcation areas by the open electricity market.

2.3.3: Marketing Orientation

Lancaster and Massingham (2001) defined marketing orientation as a business orientation which focuses company efforts on the identifying and satisfying customer needs. They suggested that in order for a business to be successful, consumers and their needs must be placed at the very centre of business planning. As they claimed, developing marketing orientation takes a long process and needs to be thought of as a form of investment, which to a large extent is in changing the organization's culture so that common values relating to the need to highlight service to customers, and a concern for quality in all activities are shared throughout the organization. Five varieties of step to enhance the degree of marketing orientation of an enterprise were given by them as follows: (i) secure top management support, (ii) need to have a specific mission, with a plan associated with it, and the necessary allocation of resources to enable it to be executed, (iii) a task force should be set up as part of the plan to bring together managers from across the company, (iv) momentum of change can be maintained by continuously monitoring marketing performance to ensure that inertia does

not set in, and (v) ability to focus on customers, competitors, the changing environment, and the company's culture.

Baker (2000) on his own, suggested that one of the distinguished features of marketing orientation is its focus on the market place, the environment, customers and their needs; including competitors and distributors. This view was strongly supported by other authors like (Adcock, 2000). But Dennis (2002) expressed that a deeper understanding of marketing orientation can be gained by contrasting the market-driven business with an internally orientated business, as in the following table 1 from Jobber (1995)

Table 2.1: Market-driven Business vis-à-vis an Internally Orientated Business,

MARKET-DRIVEN BUSINESS	INTERNALLY ORIENTATED BUSINESS
Customer concern throughout business	Convenience comes first
Know customer choice criteria and match with marketing mix	Assume price and product performance key to most sales
Segment by customer differences	Segment by product
Invest in market research (MR) and track market changes	Rely on anecdotes and received wisdom
Welcome change	Cherish status quo
Try to understand competition	Rubbish competition
Marketing spend regarded as an investment	Marketing spend regarded as a luxury
Innovation rewarded	Innovation punished
Search for latent markets	Stick with the same
Being fast	Why rush?
Strive for competitive advantage	Happy to be me-too

Source: "The Marketing Concept" By Dennis Charles (2002)

But Yuan (2008, p 1) claimed that an organization with a market orientation focuses its efforts on three functions viz: (i) continuously collecting information about customers' needs and competitors' capabilities, (ii) sharing this information across departments, and (iii) using the information to create customer value. Thompson (1998, pg. 297-298) in an hospital setting examined specific relationships between managed care activities and adopting high marketing orientation.: A survey of hospitals in a mid-Atlantic state was completed in which hospitals responded to items reflecting the five dimensions of marketing orientation as

developed by Kotler and Clarke (1987) and as elaborated by Naidu and Naryana (1991). In addition, specific information on managed care activities as carried out by the hospital's marketing function was obtained. Organizational and utilization data collected by the state cost review agency was merged with hospital respondent data to form a completed data set. Following Naidu and Naryana's previous research (1991), respondents' data was categorized into groups having either high or low marketing orientation, based on summative scores for the dimensions of marketing orientation. Those facilities having high marketing orientations are profiled in terms of their operating characteristics, and their managed care orientation. The total number of facilities in this study was 73. **PRINCIPAL FINDINGS:** There are significant differences between facilities having high and low marketing orientations. High orientation facilities tended to be larger in beds, spent more on marketing and public relations activities, and had a higher managed care orientation. The availability of a formal marketing department did not differentiate between high and low marketing orientation facilities. Similarly, ownership status was not significantly related to high marketing orientation. **CONCLUSIONS:** Hospitals vary in their marketing orientations, and hospitals having a high marketing orientation tend to be able to devote greater resources to the marketing effort. In addition, hospitals having a greater managed care orientation also have a high marketing orientation. However, in contrast to findings of previous research, study findings indicated that the presence of a formal marketing department is not significantly related to the existence of a high marketing orientation. **IMPLICATIONS FOR POLICY, DELIVERY OR PRACTICE:** Administrators needed to understand their marketing orientation, and those factors associated with a high marketing orientation. Hospitals can achieve a high marketing orientation regardless of the centralization of marketing tasks in a single department. Administrators should concentrate on enhancing their managed care orientations as this will contribute to a high marketing orientation.

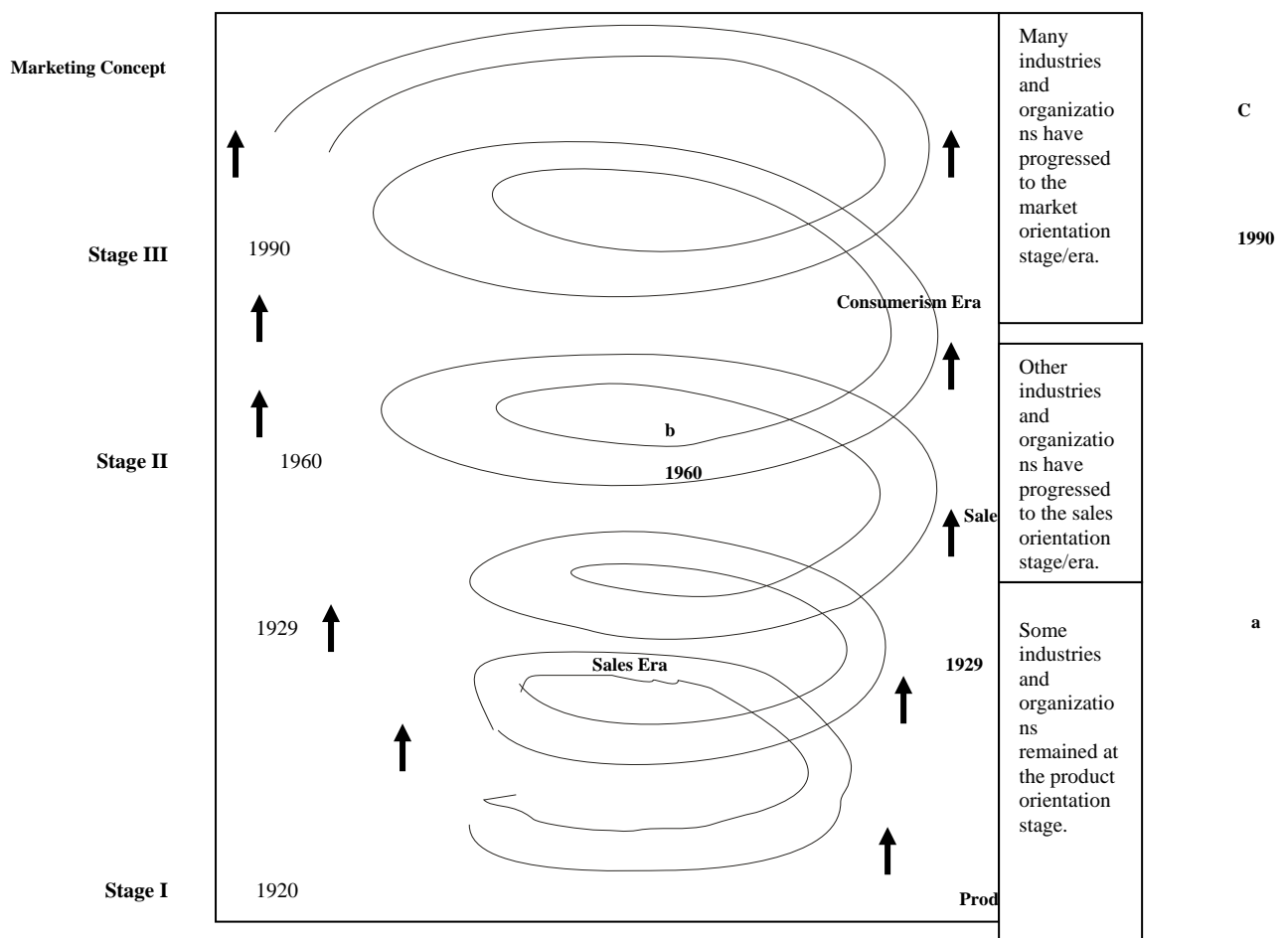
2.3.4: Evolution and Roles of Marketing

Doole and Lowe (2006) wrote that a business organization engaged in the production of tangible goods or services must employ aggressive marketing to drive its products to the target markets. That, it does not matter how quality and beautifully branded a product is, the roles being played by marketing today are tremendous viz: human satisfaction, creation of utilities, stimulation of demand, aid to competition, creation of links between market and producers, facilitation of exchange and profit generation. Kerin, Hartley and Rudelins (2004) supported these facts through their writings on why marketing is the driving force in the modern global economy. Three stages of the evolution of the market orientation which American manufacturers had to experience were identified as (i) the production era, (ii) the sales era, and (iii) the period of consumerism. The production era covered the early years of the United States up until the 1920s. During this period, goods were scarce and buyers were willing to accept virtually any goods that were available. The sales era, from the 1929s to the 1960s witnessed how manufacturers were in the habit of producing more goods than what buyers could consume. Competition became order of the day; more salespersons had to be engaged to find new buyers. Thus in this era, marketing became the motivating force among the existing firms in America. Other departments' functions that were formerly adjudged equal with marketing were assigned less significant role to marketing. Kerin, Hartley and Rudelins proclaimed some roles for marketing. Firstly, that domestically aggressive and effective marketing practice has been largely responsible for the high standard of living in the United States. Secondly, that marketing employs quite a significant population in its numerous divisions. These include retailing, wholesaling, transportation, warehousing, communication, and marketing research, and so on.

Thirdly marketing creates utility. The reason for a customer purchasing a particular product or service is the satisfaction to be derived from that product. The kinds of utility to be created are (i) form utility, which is associated primarily with production, (ii) place utility, which

exists when a product is readily accessible to potential customers, (iii) time utility, which means having a product available when customers want it, (iv) information utility, which is created by informing prospective buyers that a product exists. Under information utility also is image utility, which is an emotional or psychological type of information depicting a value buyers attach to a product or brand because of its reputation or social standing, and (v) possession utility, which is created when ownership is transferred to the buyer as a result of purchase of a product (Etzel, Walker, and Stanton, 2007). The third stage, that is, consumerism era emerged from 1960s, as a result of mounting pressures from consumers. Then relevance of marketing and its numerous functions in America and the business world birthed the era of marketing concept. Fig. 2.2 below is the model of the evolution of marketing in America.

Fig. 2.2: Modified 3-Stages of Marketing Evolution in United States of America.

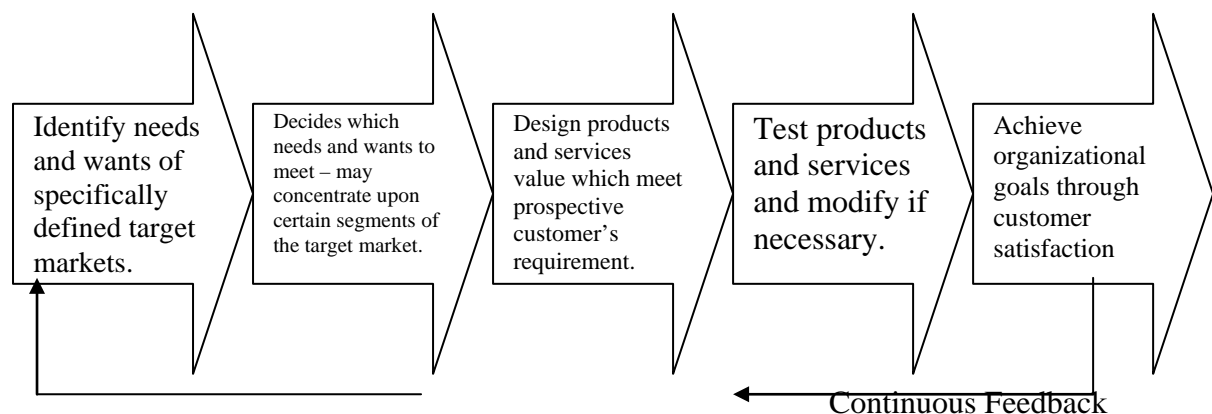


Source: Adapted from Etzel, M. J, et al (2007). Marketing. New York.

2.3.5: Marketing Concept:

Pelton, Strutton and Lumpkin (2002) revealed that the Vice President of Marketing at Pillsbury Robert Keith in 1951 introduced a seminar marketing principle to the business world; called the marketing concept. Pelton, Strutton, and Lumpkin said marketing concept holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering of desired satisfactions more effectively and efficiently than competitors do (Kotler, Armstrong, Sanders and Wong, 2002). They claimed that organizations that are marketing oriented in an industry must endeavour to pay attention to the changing needs and wants of the market place. The organizations must first of all be able to identify needs and wants of specifically defined target markets. Secondly they must decide which needs and wants to meet. In this dimension, they may concentrate upon certain segments of the target market. Thirdly, they may design products and services of value which meet prospective customers' requirements. Fourthly, they carry out products/services testing; and modify if necessary. Lastly by the aforementioned stages of marketing concept, organizational goals through customer satisfaction would have been achieved. Lancaster and Reynolds (2002) also gave their support on the above mentioned five stages that marketing orientated organization has to go through in the process of employing marketing concept.

Fig. 2.3: The Marketing Concept

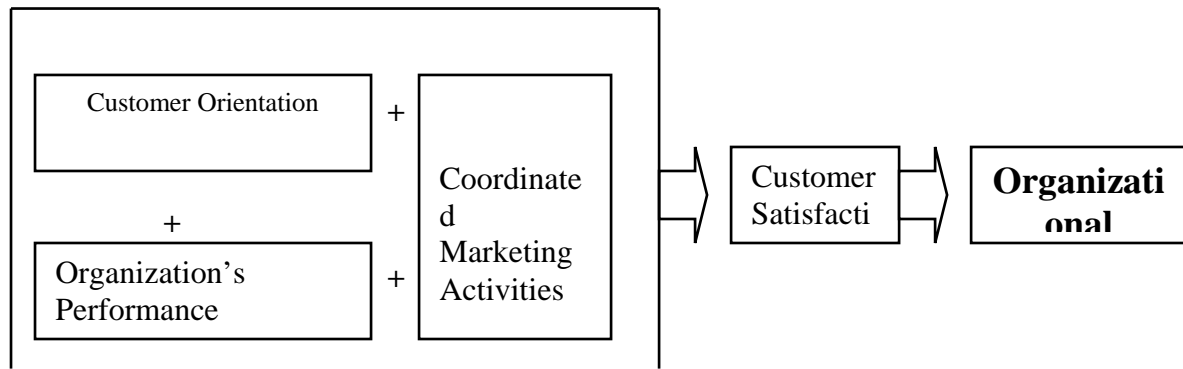


Source: Marketing: The One Semester Production, Lancaster and Reynolds, (2002).

Lancaster and Reynolds also supported that marketing concepts states that the identification, satisfaction and retention of customers is the key to long-term survival and prosperity. That marketing concept also makes use of other business philosophies to guide a company's marketing efforts. These are given as (i) production concept, which holds that consumers will prefer products that are widely available and inexpensive, (ii) product concept, which says that consumers will favour those products that offer the most quality, performance, or innovative features, (iii) selling concept which states that organizations must undertake an aggressive selling and promotion effort, if not; the consuming publics may not buy enough of the company's products, and (iv) societal concept, which is an idea that the organization should determine the needs, wants and interests of target markets, and ensuring that the desired satisfaction is delivered more efficiently and effectively than competitors in a way to improve or maintain the well-being of the society and market consumers.

According to the marketing concept, the customer is the nucleus of all marketing mix decisions. As such, organizations should only produce what they can market instead of trying to market what they have made. Rix (2004) contributing, also gave the definition of marketing concept as the basic idea behind all marketing practices - that sustainable success is dependent on being able to satisfy customers' needs and that this aim must be reflected in everything the organization does. He gave three requirements as desirable if a firm is to 'live up to' the marketing concept. They are: (i) all company planning and operations should be customer-oriented, (ii) all marketing activities in a firm should be coordinated, and (iii) customer-oriented, coordinated marketing activities are seen as a means of achieving the firm's own objectives.

Figure 2.4: Below is a Model of Marketing Concept.



Source: Marketing. A Practical Approach by Rix, Peter (2004).

With the model above, Rix is also emphatic that the effective use of marketing concepts as a philosophy of business guarantees satisfying customer's want; which consequently justifies the continued existence of the firm. Yuan (2008, p. 1) however argued that marketing concept is an attitude; and it's a philosophy that is driven down throughout the organization from the very top of the management structure. Yuan also proclaimed that marketing Concept communicates that "the customer is king," and everything that the company does focuses on the customer, hence the company makes every effort to best understand the wants and needs of its target market and to create want-satisfying goods that best fulfill the needs of that target market and to do this better than the competition. Mayer, and Green (2009, pg. 1-3) indicated three parts to the marketing concept. They are: (i) a *customer focus*: that marketing concept begins with the premise that the starting point for business decisions is the customer's needs and wants; and those needs and wants are carefully researched and thoroughly analyzed; then, goods and services are identified and/or developed to satisfy them (ii) a *profit goal*: by this marketing concept dictates that goods and services made available by a business must be produced and sold at a profit. They claimed that profit objective is integral to the survival and growth of the business. Without it, it was said the business would not be available to serve the needs and wants of customers, and (iii) a *total company effort*: they gave effective implementation of the marketing concept as requiring involvement of

employees from all departments at all levels of the business stressing that training must be provided and employees must be motivated to achieve the common goals of maximum customer satisfaction and profitability. The *marketing concept* as expressed by NETMBA (2007, p.1) is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition. According to NETMBA, today most firms have not adopted the marketing concept as other philosophies that once were predominant during different historical time frames. (NETMBA, 2007, Mayer and Green, 2009, Yuan, 2008, Rix, 2004) consented that while these alternative concepts of production, product, selling prevailed during different historical time frames, they are not restricted to those periods and are still practiced by some firms today, and that to better understand the marketing concept, it is worthwhile to put it in perspective by reviewing these philosophies. These authors also claimed that the use of these philosophies aids the organizations using them to achieve the goals of marketing concept more quickly.

Dennis (2007, p.1) in his views on marketing concept, claimed that for companies to achieve success, they must go further than mere customer satisfaction: they must do it better than competition....., and this is the 'approach or concept which can be used as the guiding philosophy for all of the activities of an organization. He expressed modern marketing concept as: the achievement of corporate goals through meeting and exceeding customer needs better than the competition.” In the contest of customers’ sovereignty, he further claimed that a business exists to add value (or profit) by satisfying them.

2.3.6: Marketing Environment

Jobber and Fahy (2003) claimed that marketing environment composes of the forces and actors that affect a company’s ability to operate effectively in providing products and services to its customers. They classified these forces into two: (i) micro-environment; also known as internal environment, which consists of the actors in the firm’s immediate environment that affects the firm’s capabilities to operate effectively in its chosen markets. Examples of these actors given are suppliers that deal

directly and indirectly, distributors, customers and competitors, and that all the forces are controllable; and (ii) macro-environment. According to them, micro tends to suggest small, but this can be misleading as micro describes the relationship between firms and the driving forces that control this relationship. It is a more local relationship, and the firm may exercise a degree of influence. But Kotler (2003) wrote that micro environment are generally audited by applying the 'Five Ms' which are Men, Money, Machinery, Materials and Markets, and that they are as important for managing change as the external. As marketers, he claimed, we call the process of managing internal change 'internal marketing.' He listed the factors to include the following with explanations:

Customers

Organizations survive on the basis of meeting the needs, wants and providing benefits for their customers. Failure to do so will result in a failed business strategy.

Employees

Employing the correct staff and keeping these staff motivated is an essential part of the strategic planning process of an organization. Training and development plays an essential role particular in service sector marketing in-order to gain a competitive edge.

Suppliers

Increase in raw material prices will have a knock on affect on the marketing mix strategy of an organization. Prices may be forced up as a result. Closer supplier relationships are one way of ensuring competitive and quality products for an organization.

Shareholders

As organizations require greater inward investment for growth, they face increasing pressure to move from private ownership to public. However this movement unleashes the forces of shareholder pressure on the strategy of organizations. Satisfying shareholder needs may result in a change in tactics employed by an organization. Many internet companies whose share prices rocketed in 1999 and early 2000 have seen the share price tumble as they faced

pressures from shareholders to turn in a profit. In a market which has very quickly become overcrowded, many will fall.

Another name given by Jobber and Fahy (2003) for macro-environment is external environment, with broader forces that affect not only the company, but also the other actors in the micro-environment. According to them, the marketing macro-environment consists of a number of boarder forces that affect not only the company, but also other actors in the micro-environment. Examples of these are economic, social/cultural, demographic, political/legal, ecological/physical, competitive, and technological forces. These shape the character of the opportunities and threats facing a company, and yet are largely uncontrollable. Jobber, and Fahy (2003) on competitive environment asserted that adopting marketing concept means that an organization must provide greater customer value than its competitors; that being good is not good enough if a competitor is better, and that it is impossible for an organization to develop strong competitive positioning strategies without a good understanding of its competitors and the strengths and weaknesses of the competitors. They gave three levels of competition existing, (i). direct competitors are firms competing for the same customers with the similar products (e.g. Grocery Stores), (ii) competition exists between products that can be substituted for one another (e.g. margarine for butter), and (iii) competition exists among all organizations that compete for the consumer's purchasing power (e.g. entertainment) According to them, these are uncontrollable forces, and they sharpen the character of the opportunities and threats facing a company.

Osuagwu (2006) in Lagos, Nigeria, on his own, said that marketing macro-environment consists of a broad set of factors that have a bearing upon the company, including economic, demographic, technological, political, legal, social and cultural factors. Together, he claimed that these factors of the environment form the uncontrollable factors of the environment, which in many ways act as constraints/enhancers on marketing practice. He retreated that external macro-environment consists of all the outside institutions and forces that have an

actual or potential interest or impact on the organization's ability to achieve its objectives: competitive, economic, technological, political, legal, demographic, cultural, and ecosystem. Though non-controllable, these forces require a response in order to keep positive actions with the targeted markets. An organization with an environmental management perspective, he argued, takes aggressive actions to affect the forces in its marketing environment rather than simply watching and reacting to it. But Bearden, Ingram, and LaForge (2007) proclaimed economic environment to include factors that affect consumer purchasing power and spending patterns, business cycles, inflation, unemployment, interest rates, income, and trends related to income levels and the production of goods and services. They argued that economic trends in different parts of the world can affect marketing activities in other parts of the world. Example given includes, changes in interest rates in Europe affecting the value of the dollar on world currency markets, which affects price, and subsequently sales, of American exports and imports. The economic component of any business environment, according to them, indicates how resources are distributed and used within the environment, and that economic environment includes inflation rates, employment rates, interest rates, level of consumer's income among others. They claimed that these factors have significant impact and implications for marketing practice, and that the rate of inflation, for example, will affect the general price level of goods and services, including the prices and rates charged for marketing of goods and services.

Armstrong & Kotler (2006) revealed that social/cultural forces are the most difficult uncontrollable variables to predict; and that it is important for marketers to understand and appreciate the cultural values of the environment in which they operate. They said cultural environment is made up of forces that affect society's basic values, perceptions, preferences, and behaviors. Onah (2000, p.6) in a lecture at Nsukka, Nigeria, on Nigerian marketing environment claimed that values and beliefs should include equality, achievement, youthfulness, efficiency, practicality, self-actualization, freedom, humanitarianism, mastery

over the environment, patriotism, individualism, religious and moral orientation, progress, materialism, social interaction, conformity, courage, and acceptance of responsibility. He further claimed that changes in social/cultural environment affect customer behavior, which affects sales of products, and trends in the cultural environment include individuals changing their views of themselves, others, and the world around them and movement toward self-fulfillment, immediate gratification, and secularism. He tried to explain the interface between social and cultural environment, saying that social environment includes all factors and trends related to groups of people, including their number, characteristics, behaviour and growth projections. That consumer markets have specific needs and problems, changes in the social environment can affect markets differently. That trends in the social environment might increase the size of some markets, decrease the size of others, or even help to create new markets. On the other hand, cultural environment refers to factors and trends related to how people live and behave, and these include values, ideas, attitudes, beliefs, and activities of specific population subgroups, that greatly affect consumers' purchasing behavior. Thus, he claimed marketers must understand important cultural characteristics and trends in different markets.

Lancaster & Massingham (2001) discussed that demographics tell marketers who current and potential customers are; where they are; and how many are likely to buy what the marketer is selling. According to them demography is the study of human populations in terms of size, density, location, age, sex, race, occupation, and other statistics, and that changes in the demographic environment can result in significant opportunities and threats presenting themselves to the organization. They highlighted major trends for marketers in the demographic environment to include worldwide explosive population growth; a changing age, ethnic and educational mix; new types of households; and geographical shifts in population. However, they said that distribution and growth rate of groups of people with different demographic characteristics should be of interest to marketers as they relate in

some way to purchasing behavior, because people from different countries, cultures, age groups, or household arrangement often exhibit different purchasing behaviours. A global perspective requires that marketers be familiar with important demographic trends around the world as well as within Nigeria.(Onah, 2000, p.8).

Davies, (1998) asserted that organizations must operate within a framework of governmental regulation and legislation, and that government relationships with organizations encompass subsidies, tariffs, import quotas, and deregulation of industries. According to him, political environment includes governmental and special interest groups that influence and limit various organizations, and individuals in a given society. Organizations, he revealed, hire lobbyists to influence legislation and run advocacy advertisements that state their point of view on public issues, and that special interest groups have grown in number and power over the last three decades, putting more constraints on marketers. He emphasized that public expects organizations to be ethical and responsible. Exploring the contribution of Onah, the major purposes of business legislation include protection of companies from unfair competition, protection of consumers from unfair business practices and protection of the interests of society from unbridled business behavior. Also that the legal environment becomes more complicated as organizations expand globally and face governmental structures quite different from those within the Nigeria. Davies said that political/legal environment encompasses factors and trends that relate to government activities and specific laws and regulations that affect marketing practice. It was said that it is highly imperative for marketers to understand specific political processes, laws, and regulations as well as important trends in each of these areas.

Achumba (2004) refers to technological environment as new technologies, which create new product and market opportunities, and that technological developments are the most manageable uncontrollable force faced by marketers. He emphasized that organizations need to be aware of new technologies in order to turn these advances into opportunities and a competitive edge. He claimed

that technology has a tremendous effect on life-styles, consumption patterns, and the nation's economy. He said that advances in technology can start new industries, radically alter or destroy existing industries, and stimulate entirely separate markets. The rapid rate at which technology changes, according to him, has forced organizations to quickly adapt in terms of how they develop, price, distribute, and promote their products. He analyzed technological environment to include factors and trends that relate to innovations which affect the development of new products or the marketing process. These technological trends, he claimed, can provide opportunities for new product development; affect how marketing is performed, or both. Also, he claimed that new technologies can spawn new industries, new businesses, or new products for existing businesses; hence marketers need to monitor the technological environment to minimize threats to their companies or industries, as new technologies can, after all, disrupt entire industries as well as enhance them. Apart from the micro and macro forces, Stone and Desmond claimed that there are also forces that make up the public environment. Public environment as indicated is made up of those forces and institutions that watch and serve as regulators of the activities of firms. Examples given are government policies and actions, interest groups in the firms' immediate and extended neighbourhood, activities of financial institutions as well as media. Public environment is classified into six as follows. (i) Government publics, (ii).Financial publics (iii) Media publics, (iv) Local public, (v) Citizen-Action public, and (vi) General public.

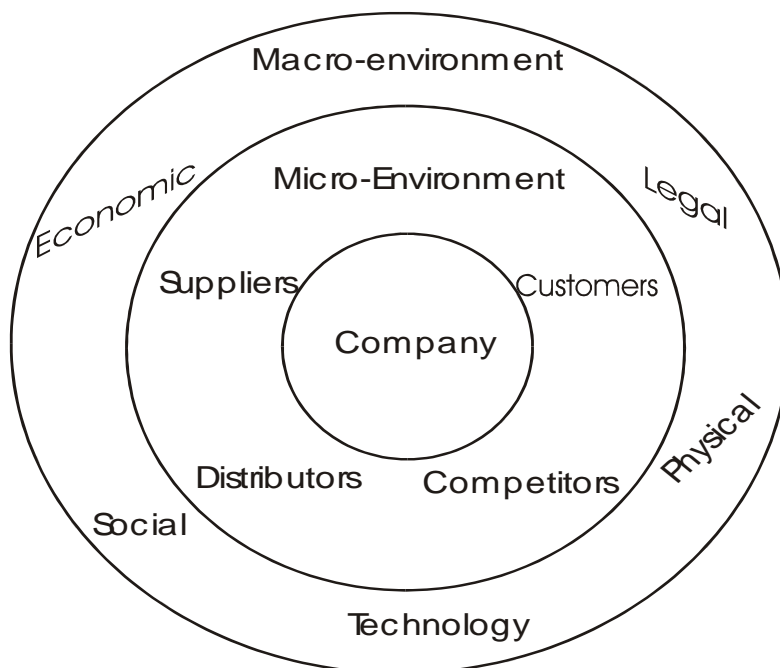
Media

For example, Kotler, (2003) asserted that positive or adverse media attention on an organization's product or service can in some cases make or break the organization. In the UK the adverse publicity the Millennium Dome has received has had impact on projected sales figures. Wharfedale who recently entered the DVD market has received many awards from industry magazine resulting in an increased demand for this product and most importantly an increased awareness of the Wharfedale brand. Consumer programmes on TV like the BBC's Watchdog with a wider and more direct audience can also have a very powerful and positive impact, forcing organizations to change their tactics. According to

him, the effective and efficient scanning of all these types of environment; and managing the activities therein would affect positively the growth of the business. Jobber and Fahy claimed that the ability of the management of an organization to study and conform to the happenings in both the micro and macro environment in which the firm is operating will yield better performance for the organization.

Below is the model of marketing environment.

Figure 2.5: Model of Marketing Environment.



Source: Foundations of Marketing By Jobber, D. and Fahy, J. (2003)

2.3.7: Market Segmentation:

McDonald and Dunbar (2004) said market segmentation, as a concept and technique, is also central to marketing culture. And they defined market segmentation as the process of splitting customers or potential customers in a market into different groups or segments. They gave limits on how to identify the appropriate objectives and strategies for these segments and how segmentation fits into the marketing plan. Also, Baker (2005) claimed segmentation to involve identifying homogenous buying behaviour within a segment (and heterogeneous buying between segments) such that each segment can be considered as a

target for a distinct marketing mix. According to him, this concept recognizes the fact that all customers are not the same with respect to their needs and wants. It therefore encourages marketers to decide which groups of customers or segments to serve, and on what basis. Baker gave market-based approaches to market segmentations as: demographic, geographic, psychographic, products and services, and channels. Whether by customer bases or by business to business bases, he emphasized, effective use of market segmentation enables marketers to develop marketing mix programmes which are more closely tailored to the needs of different customers. In addition to these, he claimed that market segmentation concept assists marketers in product targeting and positioning purposes. Dibb (2003) however emphasized the need to choose the base variables of demography, psychography, and behaviour that will truly discriminate between customer needs and buyer behaviour, and avoid a segmentation approach that is simple to apply but does not really provide the benefits of directing the marketing strategy. The implication of this according to Dibb, is that a simple variable approach is unlikely to add real value. However, Doole and Lowe (2006) gave the following key decisions in marketing segmentation process for effective performance:

- i. Choose the variable upon which the segmentation will be based. From these, create segments for the whole market, then profile the segments and understand their needs and expectations.
- ii. Targeting: Devise a targeting strategy by prioritizing the segments and deciding how many to serve.
- iii. Positioning: Understand the target segment perceptions by creating a positioning approach that meets the target segment. Perceptions and expectations; and designing and redesigning the marketing mix to meet the segment perceptions and expectation.

Market segmentation, as defined by Pine (1993), is the process whereby a company divides the market into distinct groups who have distinct needs, wants, behaviour or who might want different products and services. He claimed; despite that markets can be divided according to

a number of general criteria, such as by industry or public versus private rethought, industrial market segmentation is quite different from consumer market segmentation, as both have similar objectives. According to Pine, consumer-based market segmentation can be performed on a *product specific* basis, to provide a close match between specific products and individuals. He further asserted that the process of segmentation is distinct from targeting (choosing which segments to address) and positioning (designing an appropriate marketing mix for each segment). The overall intent, he said, is to identify groups of similar customers and potential customers; to prioritize the groups to address; to understand their behaviour; and to respond with appropriate marketing strategies that satisfy the different preferences of each chosen segment. Revenues are thus improved. Improved segmentation, with distinct segments, according to him, can lead to significantly improved marketing effectiveness; and can have different industry structures and thus have higher or lower attractiveness. With the right segmentation, the right lists can be purchased, advertising results can be improved and customer satisfaction can be increased. (Porter, 1985). However, for a successful segmentation, Steenkamp, and Tar (2002, pg. 185-213) supplied the following requirements (i) homogeneity within the segment, (ii) heterogeneity between segments, (iii) segments are measurable and identifiable, (iv) segments are stable over time, (v) segments are accessible and actionable, and (vi) target segment is large enough to be profitable. They also gave variables that could be used for segmentation as following viz (i) geographic variables comprising region of the world or country: East, West, South, North, Central, coastal, hilly, etc, (ii) country size/country size : metropolitan cities, small cities, towns, (iii) density of area: urban, semi-urban, rural, and (iv) climate: hot, cold, humid, rainy.

Continuing further, Steenkamp, and Tar (2002) listed demographic variables as age, gender comprising male and female, family size, family life cycle, education comprising primary, high school, secondary, College, Universities, and others, income, occupation, socioeconomic status, religion, nationality/race (ethnic marketing), and language. They

enumerated psychographic variables to include personality, life style, value, and attitude; while behavioral variables were given as benefit sought, product usage rate, brand loyalty, product end use, readiness-to-buy stage, decision making unit, profitability, and income status. The last variables given were techno-graphic variables which included motivations, usage patterns, attitudes about technology, fundamental values, lifestyle perspective. According to them some techniques used in identifying segments are made known. For example, they asserted that when numerous variables are combined to give an in-depth understanding of a segment, this is referred to as depth segmentation. When enough information is combined to create a clear picture of a typical member of a segment, this is referred to as a buyer profile. When the profile is limited to demographic variables it is called a demographic profile (typically shortened to "a demographic"). A statistical technique commonly used in determining a profile is cluster analysis. Other techniques used to identify segments are algorithms such as CHAID and regression-based CHAID and discriminate analysis. Alternatively, segments can be modelled directly from consumer preferences via discrete choice methodologies such as choice-based conjoint and maximum difference scaling

Top-Down and Bottom-Up Models of Segmentation

Day (1980, pg.85-105) described model of segmentation as the top-down approach when *the total population is first taken, and is divided into segments*. He also identified an alternative model which he called the bottom-up approach. In this approach, a single customer is started with, and builds on that profile. This typically requires the use of customer relationship management software or a database of some kind. Profiles of existing customers are created and analyzed. Various demographic, behavioural, and psychographic patterns are built up using techniques such as cluster analysis. This process is sometimes called database marketing or micro-marketing. Its use is most appropriate in highly fragmented markets. McKenna (1988) claims that this approach treats every customer as a "micro majority". Pine

(1993) used the bottom-up approach in what he called "segment of one marketing". Through this process mass customization is possible; he claimed

Using Segmentation in Customer Retention

Day (1980) further described how segmentation is commonly used by organizations to improve their customer retention programs and help ensure that they are focused on retaining their most profitable customers, and employing those retention tactics that are most effective at retaining these customers. Accordingly, he claimed that the basic approach to retention-based segmentation is that a company tags each of its active customers with two values: (i) first tag indicates whether the customer is worth retaining. This boils down to whether the post-retention profit generated from the customer is expected to be greater than the cost incurred to retain the customer, and (ii) for customers who are deemed "save-worthy", it's essential for the company to know which save tactics are most likely to be successful. He gave tactics commonly used to include providing "special" discounts or incentives and sending communications that reinforce the value provided by the service.

Process for tagging customers

The basic approach to tagging customers as propounded by Day is to utilize historical retention data to make predictions about active customers regarding: whether they're worth retaining, and what retention tactics to employ if they are worth saving. According to him, the idea is to match up active customers with customers from historic retention data who share similar attributes, in other words, this approach assumes that active customers will have similar retention outcomes as did their comparable predecessors. He concluded from a technical perspective, that segmentation process is commonly performed through data modeling techniques using cluster analysis. Lake (2003, pg. 1-3) on her own claimed that market segmentation is one of the steps that goes into defining and targeting specific markets, and the process of dividing a market into a distinct group of buyers that require different products or marketing mixes. She stressed that businesses that target specialty markets will promote its products and services more effectively than a business aiming at the

"average" customer, and that opportunities in marketing increase when segmented groups of clients and customers with varying needs and wants are recognized. Factors by which markets can be segmented or targeted were given as following: the bases for segmenting consumer markets include:

- Demographical bases (age, family size, life cycle, occupation)
- Geographical bases (states, regions, countries)
- Behavior bases (product knowledge, usage, attitudes, responses)
- Psychographic bases (lifestyle, values, personality)

That a business must analyze the needs and wants of different market segments before determining their own niche, and that to be effective in market segmentation the following characteristics must be obeyed by business organizations::

- Segments or target markets should be accessible to the business
- Each segmented group must be large enough to provide a solid customer base.
- Each segmented group requires a separate marketing plan.

In order for small businesses to gain knowledge and information on how to segment their markets, Lake (2003) suggested the following ways:

(i) Use secondary data resources and qualitative research, with resources for external secondary data: trade and association publications and experts, basic research publications, and external measurement services.

(ii) Conduct informal factor and cluster analysis by: watching key competitors marketing efforts and copying them, talking to key trade buyers about new product introductions, and conducting needs analysis from qualitative research with individuals and groups.

She gave many reasons for dividing marketing into smaller segments, (i) any-time there are significant, measurable differences suspect in the market, one should consider market segmentation. By doing so marketing will be easier, discover niche markets, and become more efficient with marketing resources.

NetMBA (2007, p.1) defined markets segmentation as the division of a market into different homogeneous groups of consumers. It stressed that rather than offer the *same marketing mix to vastly different customers, market segmentation makes it possible for firms* to tailor the marketing mix for specific target markets, thus better satisfying customer needs. That not is a factor that varies among groups within a market, but that is consistent within groups. Four primary bases on which to segment a consumer market were given as below: all elements of the marketing mix are necessarily changed from one segment to the next, as in some cases only the promotional campaigns would differ. Characteristics of a market segment are given as follows; measurable, accessible by communication and distribution channels, different in its response to a marketing mix, durable (not changing too quickly), and substantial enough to be profitable. A market can be segmented by various bases, and industrial markets are segmented somewhat differently from consumer markets, as described below.

Consumer Market Segmentation

A basis for segmentation

- Geographic segmentation is based on regional variables such as region, climate, population density, and population growth rate.
- Demographic segmentation is based on variables such as age, gender, ethnicity, education, occupation, income, and family status.
- Psychographic segmentation is based on variables such as values, attitudes, and lifestyle.
- Behavioral segmentation is based on variables such as usage rate and patterns, price sensitivity, brand loyalty, and benefits sought.

The optimal bases on which to segment the market depend on the particular situation and are determined by marketing research, market trends, and managerial judgment.

Business Market Segmentation

While many of the consumer market segmentation bases can be applied to businesses and organizations, the different nature of business markets often leads to segmentation on the following bases:

- Geographic segmentation - based on regional variables such as customer concentration, regional industrial growth rate, and international macroeconomic factors.
- Customer type - based on factors such as the size of the organization, its industry, position in the value chain, etc.
- Buyer behavior - based on factors such as loyalty to suppliers, usage patterns, and order size.

Profiling the Segments

QuickMBA (2007, pg. 1-4) identified market segments as being summarized by profiles, with descriptive names. From these profiles, the attractiveness of each segment can be evaluated and a target market segment selected.

It proclaimed that the purpose for segmenting a is to allow marketing/sales program to focus on the subset of prospects that are "most likely" to purchase company's offering, and if done properly this will help to insure the highest return for marketing/sales expenditures.

Category of Need

The first thing QuickMBA taught was to establish category of need that company's offering satisfies. The following classifications were given.

For businesses:

- Strategic – company's offering is in some way important to the enterprise mission, objectives and operational oversight. For example, a service that helped evaluate capital investment opportunities would fall into this domain of influence. The

purchase decision for this category of offering will be made by the prospect's top level executive management.

- Operations – company's offering affects the general operating policies and procedures. Examples might be an employee insurance plan or a corporate wide communications system. This purchase decision will be made by the prospect's top level operations management.
- Functional – company's offering deals with a specific function within the enterprise such as data processing, accounting, human resources, plant maintenance, engineering design, manufacturing, inventory control, etc. This is the most likely domain for a product or service, but must recognize that the other domains may also get involved if the purchase of the product or service becomes a high profile decision. This purchase decision will be made by the prospect's functional management.

For the individual consumer:

- Social Esteem or Pleasure – company's offering satisfies a purely emotional need in the consumer. Examples given are a mink coat or a diamond ring. There are some products that are on the boundary between this category and the functional category such as a Rolex watch (a Timex would satisfy the functional requirement and probably keep time just as well).
- Functional – company's offering meets a functional requirement of the consumer such as a broom, breakfast cereal or lawnmower.

Segmentation of Needs

The next step specified is to establish what the need is and who is most likely to experience that need. Accordingly, that segmentation will be determined by a match between the benefits offered by company's offering and the need of the prospect. Some "need" categories for **segmentation** specified include:

Reduction in expenses

Prospects might be businesses that are downsizing (right sizing), businesses that have products in the mature stage of their life cycle or individuals with credit rating problems.

Improved cash flow

Prospects might be businesses that have traditionally low profit margins, businesses that have traditionally high inventory costs or individuals that live in expensive urban areas.

Improved productivity

Prospects might be businesses that have traditionally low profit margins, businesses that have recently experienced depressed earnings or individuals with large families.

Improved manufacturing quality

Prospects might be businesses with complex, multi-discipline manufacturing processes.

Improved service delivery

Prospects might be service businesses in highly competitive markets, product businesses requiring considerable post-sale support or individuals in remote or rural areas.

Improved employee working conditions/benefits

Prospects might be businesses where potential employees are in short supply.

Improvement in market share/competitive position

Prospects might be new entrants to a competitive market.

Need for education

Prospects might be businesses or individuals looking for books on business planning, or seminars on Total Quality Management.

Involvement with social trends

Prospects might be businesses concerned with environmental protection, employee security, etc. or individuals who believe in say 'no' to drugs, anti-crime, etc.

Specific - relating to product/service characteristics

Prospects might be businesses or individuals interested in safety, security, economy, comfort, speed, quality, durability, etc.

Factors that segment prospects

The third step is, having determined the more general segmentation characteristics a more detailed analysis of the market should be determined. The following are some of the more typical segmentation categories specified:

For businesses:

This is especially beneficial for vertical market offerings.

Size - revenues, # employees, # locations

In general if company's offering is highly sophisticated, requires significant resources or provides greater value based on volume, and then the target should be the larger enterprises.

Job position/responsibility

Examples of offerings might be planning software for managers or cleaning agents for maintenance managers.

Climate

Examples of offerings might be dehumidifiers in areas near the ocean or snow plows in northern areas.

Time related factors

Some services in this category are vacation related industries in summer and tax planners in the spring.

Language

An example of a language specific service is a Spanish TV channel.

Status in the industry

You might want to target businesses that are the technology leader or revenue leader or employee satisfaction leader, etc.

Accessibility

To minimize promotion and sales expense you may want to target urban rather than rural or local rather than national prospects.

Future potential

A good example is how Apple Computer supplied products to schools at all levels to condition students graduating into the marketplace.

Ability to make a quick purchase decision

Targeting individual purchasers versus business committees can significantly reduce marketing expense and increase the probability of a quick close.

Access (or lack of access) to competitive offerings

Cable TV business's significant investment in their service delivery system has allowed a near monopoly for some time. IBM's service reputation insured minimal competition during the mainframe days.

Need for customization

Offerings such as police cars, busses for municipalities and specialized computer systems fall into this category.

Product or service application to a business function

Examples are data processing, accounting, human resources and plant maintenance.

For Individual Consumers:

Physical Size

Offerings might be big men's clothing, golf clubs for shorter players, etc.

Creation of or response to a fad

Examples are hula hoops, Jurassic Park T-shirts, pet rock, physical fitness, etc.

Geographic location

Marketers take advantage of location by selling suntan lotion in Hawaii, fur coats in Alaska, etc.

Time related factors

Manufacturers may be able to target vacationers in summer, impulse buyers during the holidays or commuters at 7AM.

Demographics/culture/religion

Ethnic products would fall into this category.

Gender

Product examples are scarves for women, ties for men, etc.

Age

Product examples are toys for children, jewelry for women, etc.

Social status

This could include country club memberships, philanthropic contributions, etc.

Education

Product and service examples are encyclopedias, scientific calculators, learning to read tools and financial counseling.

Avocation

This could include products for hunting, fishing, golf, art work, knitting, etc.

Special Interests

Manufacturers could target cat lovers, science fiction readers, jazz music collectors, etc.

Accessibility

Because the individual is more difficult to reach, marketers may want to segment by urban versus rural, train commuters, people who read Wall Street Journal, etc.

Access (or lack of access) to competitive offerings

Due to high investment capital requirements or timing of market entry you may be able to capture a significant market share in a specific geographical area. Examples might be a trash service, emergency medical support, etc.

Need for specific information

Based on features or content of your offering you can target a market segment. A product might be books on how to start a business or a service might be seminars on how to quit smoking.

Need for customization

Product/service examples are home decoration, fashion wear, personal portraits, etc.

Need for quality, durability, etc.

Product examples are mountain climbing gear, carpenter's tools, etc.

Degree of a product/service ingredient

Segmentation based on prospect preferences is common. An example is dark chocolate for some tastes, light chocolate for others.

2. 4: COMPANY'S ORGANIZATIONAL STRUCTURE AND STRATEGY

2.4.1: Meaning of Organizations

Johns and Saks (2005) defined organizations as social inventions for accomplishing common goals through group effort. And by social inventions, as explained, they meant that the essential characteristic is the coordinated presence of people, not necessarily things. Also, Anthony and Govindarajan (2001) defined an organization as an entity consisting of a group of people who work together to achieve certain common goals (in business organization, a major goal is to earn a satisfying profit). They claimed that organizations are led by a hierarchy of managers; with the Chief Executive Officer (CEO) at the top, and the managers of business units, departments, sections, and other sub-unity ranked below him or her in the organizational charts. As claimed, the complexity of the organization determines the number of layers in the hierarchy. Oyedijo (1995) observed that organization is the rational co-ordination of the activities of a number of people for the achievement of some common explicit purpose or goal; through division of labour and function, and through a hierarchy of authority and responsibility as earlier proclaimed in his work (Schein, 1970). Oyedijo gave five main characteristics that are common to all types of organizations as follows: (i) Purpose of objectives, (ii) Task or activity, (iii) Division of labour, (iv) Hierarchical structure of authority and responsibility, and (v) Input – output process.

2.4.2: Two Categories of Organization.

Griffin (1999) identified two categories of organization with their definitions as follows:

- (i). A domestic business firm acquires all of its resources and sells all of the it's products or services within a single country. Example is Consolidated Foods and Beverage Company Limited.
- (ii). A multi-national business firm has a worldwide marketplace from which it buys raw materials, borrow money, and manufactures its products and to which it subsequently sells its products. Also Itsede (2003), one time Director-General of the West African Institute of Financial and Economic Management, at a seminar showed multi-national companies as ventures that do not distinguish between domestic and global marketing opportunities and have a single management strategy that guides their operating companies throughout the world. As generally indicated by Itsede, multi-national companies have the following characteristics:
 - (i). They treat the various national markets in which they operate as if they are one.
 - (ii). they have a single management that guides all their various operating companies throughout the world.
 - (iii). they think and operate in a “geocentric” manner, that is, they are essentially world oriented in their approach to their marketing and planning. Also, Aremu, Olubamise, and Essienenkak (2006) claimed that multi-national company or enterprise (MNC or MNE) as terms used by some authors to mean an organization consisting of a parent company in a home country that owns relatively autonomous affiliates (such as branches, subsidiaries and associates) subsidiaries in various host countries.

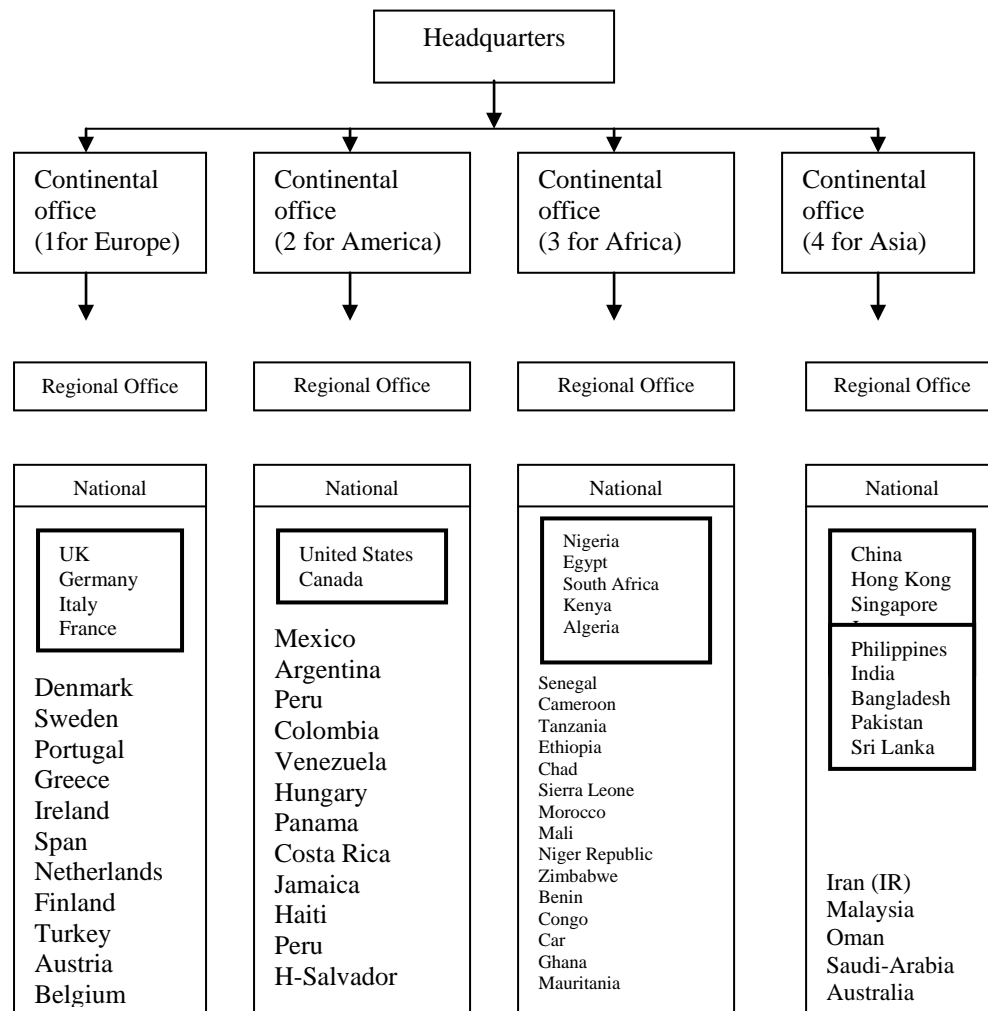
2.4.3: Organizational Structures:

Organizational structure however, according to Net (2008, p.1) is the way and method through use of a hierarchy that a group, business, organization, people or objects collaborate to achieve success on one common goal. Accordingly, the structure of business acts as the backbone and support concerning decision-making and other processes, and dividing early what type of organizational system to implement will help to ease the stress of the initial start-up. As claimed, either setting up a management team would work the best for the organization, or perhaps hierarchy of decision makers would work better. Burgelman, Christensen, and Wheelwright (2004) defined organizational structure as a framework for effective collaboration, accommodating the real and evolving interdependencies among new and existing businesses that complex-strategic integration initiative creates a repertoire of organizational – design options to augment the company's entrepreneurial capability.

Johns and Saks (2005) claimed that organizational structure specifies the roles, reporting relationships, and division of responsibilities that shape decision-making within an organization. They further explained how organizational structure coordinates group efforts effectively and efficiently to achieve organizational goals and accomplishments. They believe that to achieve the above, two very basic things must be done namely; the division of labour among its members, and the co-ordination of what have been divided.

Division of labour was given as follows: (i) vertical dimension of labour, and (ii) horizontal dimension. Vertical dimension is said to be concerned primarily with apportioning authority for planning and decision-making, while in horizontal division of labour, the basic tasks that must be performed into jobs and then into departments so that the organization can achieve its goals and the required workflow. Workflow, as stated by them, is the main basis for this division.

Fig. 2.6: shows a specimen of Organizational Structure Relating to Multinational Organization involved in International and Export Business.



Source: Otokiti (2004). International Marketing and Export Technique

2.4.4: Organizational Structure and Strategy

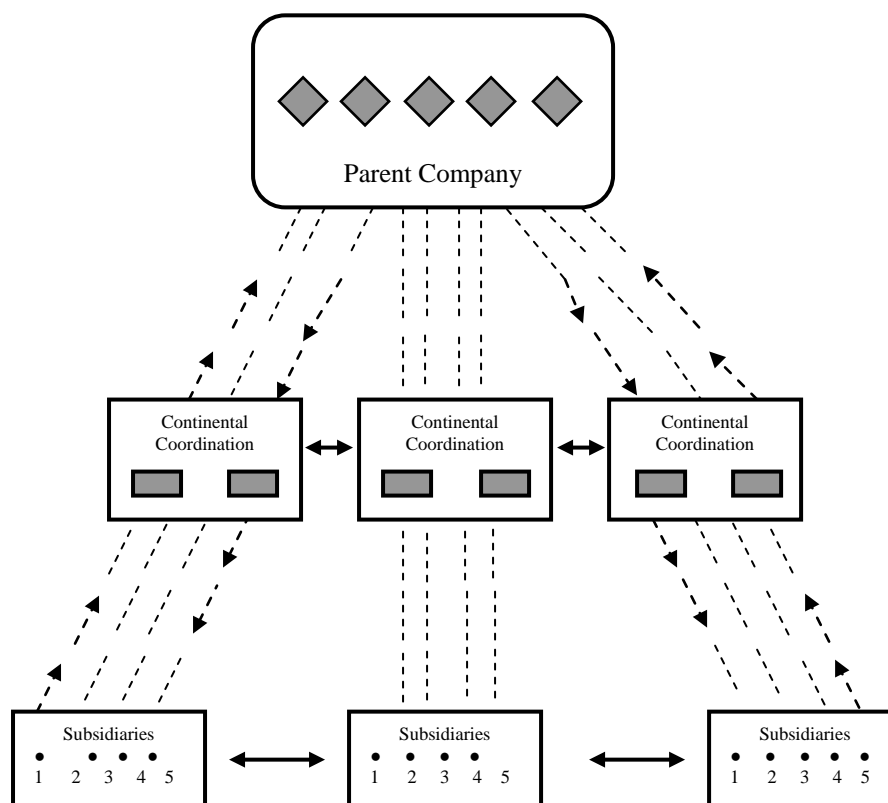
Awodun, (2007, pg. 70-72) agreed with Otokiti, (2004), on the type of organizational structure relating to the operations of multinational organizations. He applied the structure to Malaysians operations of multi-national companies regarding their international marketing and export management, and established mother-daughter relationship as a pre-requisite for great and continuous success at every continent and regions. Otokiti claimed that multi-

national companies are turning to the “transnational strategy” that combines global market power and superior internal efficiency, local sensitivity and differentiation, and worldwide innovation and diffusion (Barlett and Ghoshal, 1993, Harzing, 1999). Unlike “the United Nation model of multi-national management” which treats their foreign subsidiaries in a uniform manner,, transnational corporations experiment with ways of selectively varying the roles and responsibilities of their foreign subsidiaries to reflect the differences in external environments and internal capabilities (Barlett and Ghoshal, 1986, Harzing, 1999; Frost, 2001). As a result, within the transnational corporations, subsidiaries became capable of pursuing different strategic roles with their managerial discretion to support the overall corporate orientation. Three fundamental strategic roles for foreign subsidiaries are (i) “local implementers” (response to local environment), (ii) “specialized contributors” (integrate the competitive positions across national markets)’ and (iii) “world mandates” (manage local responsiveness and global integration simultaneously (Birkinshaw and Morrison, 1995). In Barlett and Ghoshal, (2002), development of the transnational solution, the multi-national company is referred to as that building strong local presence through sensitivity and responsiveness to national differences. The global company builds cost advantage through centralized global scale operations while the international company exploits parent company knowledge and capabilities through worldwide diffusion and adaptation.

In fulfilling the complex challenges of pursuing global integration and efficiency, local sensitivity and differentiation, and worldwide differentiation, foreign subsidiaries of a transnational corporation may assume varying strategic roles appropriate for its institutional context and internal capabilities (Barlett and Ghoshal, 1986, 1993). Variations in the strategic roles to be carried out by foreign subsidiaries will subsequently pose different headquarters’-subsidiary relationship contexts. A headquarters’-subsidiary relationship contexts is comprised of the following factors: (i) the locus of strategic control, (ii) the nature of dependency and interdependency, (iii) the presence of common values, (iv) the locus of decision-making, and (v) the focus of strategy (Barlett and Ghoshal, 1986, 1993).

The corporate link between a foreign subsidiary and its parents as well as its peer subsidiaries in other countries is concerned with the extent to which a foreign subsidiary is related to its parent and peer subsidiaries via sharing strategic resources and activities. As a result, management of multi-national companies resides at two different levels—headquarters (parent) and subsidiaries. Parent –level corporate management is concerned about how the parent firm’s rights, responsibilities, control, and power are distributed and monitored (Luo, 2005b, Luo and Zhao, 2004). Below therefore is a model reflecting the mother-daughter linkages.

Fig 2.7:..... Mother – Daughter Subsidiary Linkage Model

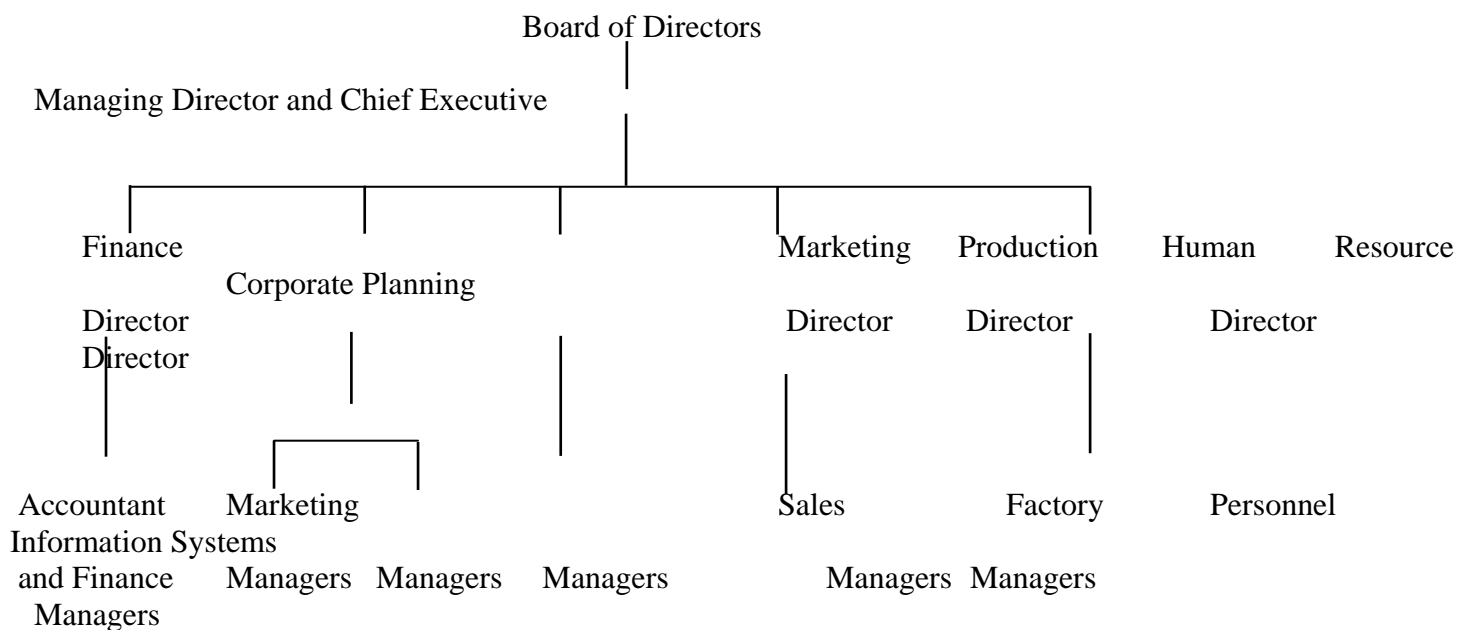


Source: Awodun, Muritala, (2007) A Comparative Analysis of Strategies for Managing Multi-national and Domestic Enterprises in Emerging Economies.

In another contribution, Shane and Glinov (2008) on their own defined organizational structure as the division of labour as well as the patterns of co-ordination work flows and formal power that directs organization activities, while Jones (2004) defined organisational

structure as the formal system of task and authority relationships that control how people co-ordinate their actions and use resources to achieve organizational goals. He explained further that the principal purpose of organizational structure is to control the way people coordinate their actions to achieve organization goals, and to control the means used to motivate people to achieve these goals. Hannagan (2007) in fig. 2.8 gave a specimen of a simple management organizational chart below.

Fig. 2.8: Specimen Company's Organogram.



Source: Management Concepts and Practices by Hannagan, Tim (2007).

Awodun (2007) agreed in his writing with Hannagan (2007), Burgemen Christensen and Wheelwright, (2004), Jones (2004), Otokiti (2004), and Peace 11 and Robinson (2003), that organizational structure is a response to contingencies involving environment, technology and human resources, evolving as the organization grows, and differentiates and lastly, it can be managed and changed through the process of organizational design. According to Gibson, Ivancevich, Donnelly and Konopaske (2003) said for an efficient organizational structure, synergistic approach could be employed. Gibson, Ivancevich, Donnelly and Konopaske (2003) talked of synergy as the relationships between all the parts of an organization,

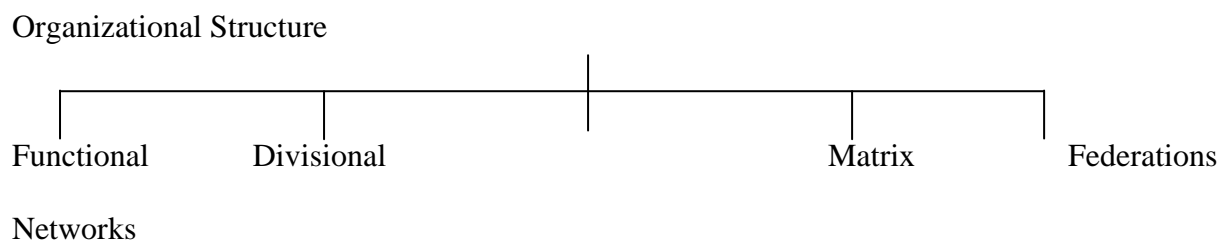
reflecting the concept that the whole is greater than the sum of its parts. By this, departments and units in a business are more productive when they work together than when they operate independently. Also, Rugman, and Verbeke (2006) revealed the argument of this particular study by saying that multinational enterprises have sophisticated global structures that form the basis of their organizing strategies. That the strategy sets out the plan of action, but the structure is critical in ensuring that the desired goals are met efficiently.

Pearce II and Robinson Jr. (2003) writing on “structuring an effective organization” gave organizational structure of today and tomorrow to reflect an external focus, flexible interaction, interdependency, and a bottom-up approach as few characteristics associated with strategy execution and success. They gave three fundamental trends driving discussion about effective organizational structures in the 21st Century as follows: (i) globalization, (ii) the internet, and (iii) speed.

2.4.5: Forms or Classification of Organizational Structure

\Price (2007, pg. 3-7) classified organizational structure into a number of types as reflected in the following model.

Fig. 2.9: Classification of Organizational Structure.....



Source: “Organizational Structure,” By Price Alan (2007, pg. 3-7)

Chart Designed by the Researcher

Price claimed that early organizational design divided enterprises into relatively simply parts, splitting them into defined activities such as production, marketing or personnel. **Functional organizations**, he claimed, have the advantage of being simple to understand with clear lines

of command specified tasks and responsibilities. He described divisional organizations as being split into self contained units, able to react to environmental changes as quickly as small companies. **Divisional organizations** are also described as **multidivisional or “m-form” organizations**, with the divisions encouraging team spirit and identification with a product or region. Managers are said to have control of all basic functions; hence can develop broad skills. Each division is said to likely have a devolved human resource function, but the divisional function may play a co-coordinating role, reconciling decisions taken at the corporate and business unit levels. Price gave **matrix forms** of management as an early form of “network” structure. They are said to focus on project teams, bringing skilled individuals together from different parts of the organization. Individuals were made to be responsible, both to their line manager and project manager involved. **Federations’ form** of organizational structure is said to be a loosely connected arrangement of business with a single holding company or separate firms in alliance. He explained that **networks and networking form** of organizational structure are employed in an analogous fashion being used in computing as it is not good for organizations to perform all the functions in-house. That business can concentrate on their individual strengths and work as alliance or business partners to provide a service or manufacture a product. However, **virtual organizations** are given as organizations which do not necessarily have any physical presence or performance, as they can be formed and reformed to meet the needs of new projects. E-commerce companies such as Amazon.com are given as example.

Allen, (1998) in his write up on ‘organizing process’ defined organizational structure as the formal decision-making framework by which jobs tasks are divided, grouped and coordinated. He further said that **formalization** is an important aspect of structure and it is the extent to which the units of the organization are explicitly defined and its policies, procedures, and goals are clearly stated. He identified two types of organization as follows:

- (i). Formal organization which he claimed can be seen and represented in chart form. That organization chart displays organizational structure and shows job titles, lines of authority, and relationships between departments.
- (ii). Informal organization, this he gave as the network, unrelated to the firm's formal authority structure, of social interactions among its employees. But Allen (1998) claimed two fold system classifications developed by Burns and Stalker (1985) in their study of electronics firms in the United Kingdom, as discussed below:
 - (i) The mechanistic structure, which is said to be the traditional or classical design, commonly formed in many medium and large size organizations. This form of structure is said to be rigid, has a well-defined hierarchal structure, and rely heavily on the formal chain of command for control. Examples given are bureaucratic organizations driven by a top-down or command and control approach, with functional division of labour and work specialization. That in a tall structure, people become relatively confined to their own area of specialization.

Organic structures, on the other hand, Allen went further, are more flexible, more adaptive to a participative form of management, and less concerned with a widely defined structure. The organic organizations are said to be open to the environment in order to capitalize upon new opportunities; have a flat structure with only one or two levels of management. They emphasize a decentralized approach to management which encourages high employee involvement to decisions.

Irani (2007, pg.1-4) disclosed that for every organization to be effective, must have an organizational structure. He gave another name for organizational structure to be organizational chart, and defined it as a form of structure that determines the hierarchy and the reporting structure in the organization. He gave his types of organization structure as follows:

1. **Traditional structure**, which he said are based on functional divisions and departments, the kind of structures that follow the organization's rules and procedure to the letter and they are characterized by having precise authority lines for all levels in the management. He gave three other types of structures under traditional structures as follows:
 - 1.1 **Line structure**: which he gave as the kind of structure that has a very specific line of command, hence approvals and orders come from top to bottom in a line. It is relevant in small organizations.
 - 1.2 **Line and Staff Structure**: is given to combine the line structure where information and approvals come from top to bottom with staff department for support and specialization. Irani claimed that line and staff structures are more centralized, with the managers having authority over their subordinate, but that staff managers have no authority over line managers and their subordinates. He said that decision-making process is slower in line and staff structure.
- 2.0 **Functional Structure**: The author claimed that this kind of organizational structure classified people according to the functions they perform in their professional life or according to the functions they perform in the organization.
- 3.0 **Divisional Structures**: are given as structures based on the different divisions in the organization. He divided them into three as follows:
 - 2.1 **Product Structure**: is given to be based on organizing employees and work on the basis of the different types of products.
 - 2.2 **Market Structure**: is said to group employees on the basis of specific market the company sells; and
 - 2.3. **Geographic Structure**: shows that large organizations have offices at different places following a zonal regional structure.
- 4.0 **Matrix Structure**: he claimed combines function and product structures, and is the most complex organizational structure.

2.5: Multi-national Companies' Operations

Navaretti and Venables (2006) asserted that multi-national companies or enterprises are either the heroes or the villains of the globalized economy. Governments compete fiercely for foreign direct investment by such companies, but complain when firms go global and move their activities elsewhere. Multi-national companies, as claimed are seen by some as threats to national identities and wealth and are accused of riding roughshod over national laws and of exploiting cheap labour. The emergence of multi-national companies as powerful actors of the international business environment inevitably means that an important part of 'going global' is to find ways of effectively manage and control business organizations in different host countries. The literatures on multi-national companies therefore focus on many operational aspects of multi-national business, such as entry strategies, growth, and knowledge spillover considerations (Driffield and Taylor, 2002, Lipsey, 2002, Alpay, et al, 2005, Osuagwu, 2006). Examining the process of change over time helps provide a clearer picture of ways firms make transactions (Ginsberg and Grants, 1985). Taking such a perspective promises not only to provide new insights on a critical periods of American business experience but also to have wider implications concerning the management of change. To analyze the consequences of new technologies, in international business, which make it possible to employ distant labour, Goyal (2007) model a developed country with high and medium-skilled labour interacting with an emerging market economy (EME) with medium-and low-skilled labour, typical of those of Nigeria. He discovered that expansion in labour supply induces medium-skill based technical change, which raises the demand for such labour. As a result, inequalities tend to fall in developed countries, skill premiums rise marginally developing countries, but equality rises because labour employed in the low skilled sector shrinks. Therefore, inequality falls across the countries since average wages, information and access rise in the developing countries.

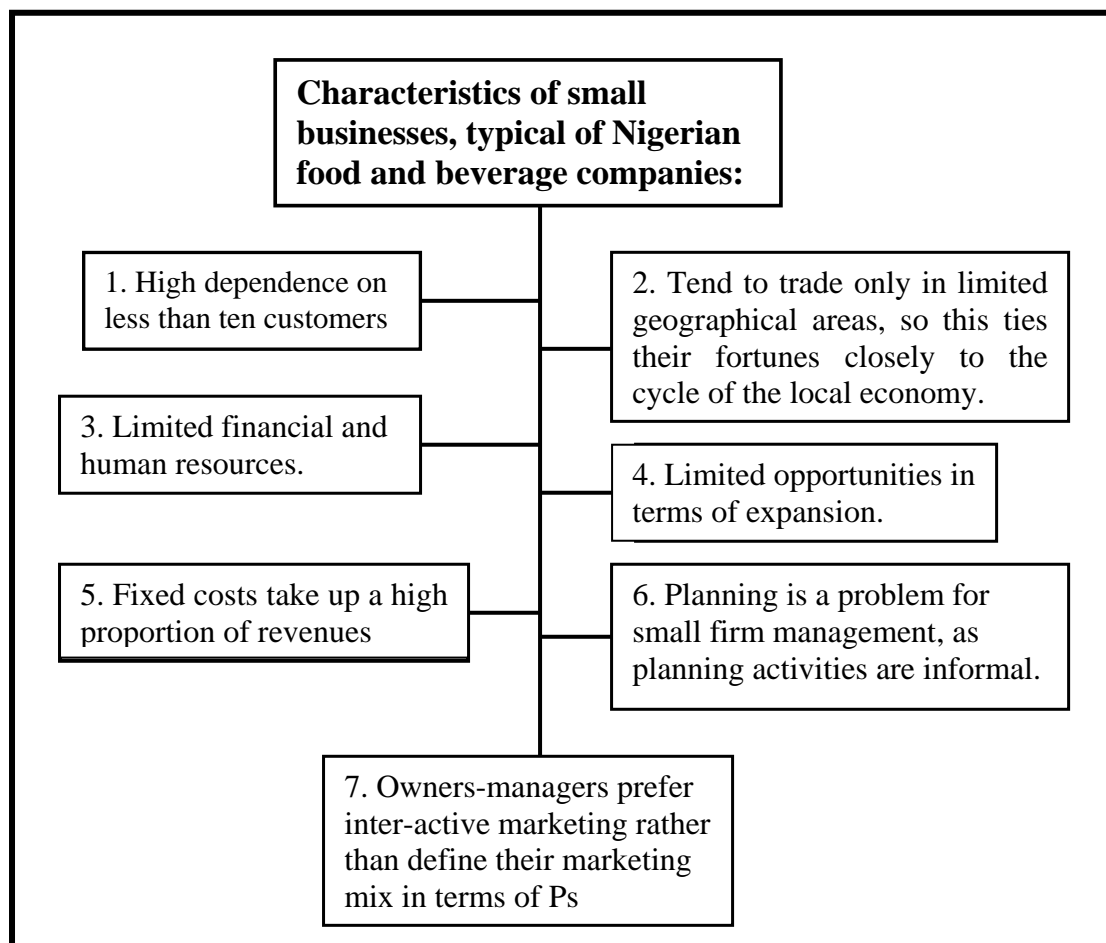
Subsidiaries with their own board of directors are generally not wholly owned by the parent multi-national companies. If a multi-national company participates in some ownership in a foreign enterprise but not to the extent that it actually controls the enterprise, then this foreign unit is not considered governance. First-tier governance influences the second-tier through ownership holding, operational co-ordination, corporate support and performance monitoring. Second-tier governance in turn channels back to the first-tier through advice provision, governance sharing, and information reporting and directorate expansion. In recent years, multi-national companies have extended their presence all over the globe, conducting a multitude of activities for a multitude of purposes. In doing so, multi-national companies have had to manage the various forces-geographic, product, market, and technology-that interact and become more complex on a global scale (Luo, 2005b)

In addressing the relationship between home and foreign market environmental congruence and overseas venture performance, Myers, Droge and Cheung (2007) using polynomial regression tested hypotheses regarding the home and overseas environmental congruence venture performance relationship, and the organizational factors which act as moderators of this relationship. They found out that traditional transaction cost and market replication theories fail to fully explain the value of environmental fit when matching overseas market with domestic market profiles. It was also discovered that the moderating effects of organizational factors on market congruence venture performance relationship are also counter-intuitive to traditional perspectives. Of particular interest is the issue of how multi national companies build and maintain an effective monitoring process in host countries. Given the particular difficulties that multi-national companies face in co-ordinating and integrating their world-wide operations, the monitoring functions of Boards of Directors in host countries attain particular importance (Aremu, 2000, Alpay, et al, 2005, and Otokiti, 2007). The connection between the parent country culture of a multi-national company and the degree and nature of global integration of managerial processes among its subsidiaries have been taken up by Egelhoff (1984), who asserted that the nature of control differed

among multi-national companies according to whether control was exercised through examining outputs or supervising managerial processes. Rosenzweig and Singh (1991) identified that a cultural reason was at the root of such a divergence namely the degree of uncertainty avoidance in the parent country. When uncertainty avoidance is higher, it is expected that global integration and headquarters' supervision of control structures and processes of multi-national companies' subsidiaries are more likely to take place, all else being equal.

Due to the above facts, multi-national headquarters have greater challenges in directly monitoring the processes and results of subsidiaries as compared to the ability of local firms owners and board of directors (who are able to maintain continuous involvement, both formally and informally, in the enterprise) to monitor their own processes and results. However, despite the familiar environment to indigenous food and beverage manufacturing companies particularly socio-economic and political environment, multi-national companies still come into Nigeria and outperform the indigenous counterparts. Some of the reasons as given by Suntans and Anderson (2004) are reflected in the figure below. It is also worth noting that while multi-national food and beverage companies adopted strong marketing orientation and practices alongside different marketing strategies, economy of scale, and also enjoyed movement of fund at global level, their indigenous counterparts anchored on soft side of marketing due to the weaknesses shown below.

Fig.2.10: Model of Small Businesses Characteristics



Model was developed by the Researcher with the assistance of the Supervisor

2.5: Employment Effects of Multi-national Enterprises by International Labour Organizations (ILO)

Hammar (1995) in Geneva, asserted that both the Social Summit in its Action Programme and the Report of the Commission on Global Governance "Our Global Neighbourhood",

emphasized the crucial role of enterprises for economic and social development in general, and for job generation in particular.

The International Labour Organizations, as a tripartite Organization, has worked closely with enterprises since its beginning, but to reinforce this cooperation, Hansenne (1991) decided to create an enterprise department and in 1994 to create a new post in his management team for "promotion and coordination of ILO activities directed towards enterprises".

In this situation, there was a need to find out, firstly, what enterprises and their organizations expected from the ILO and can contribute to the ILO, and, secondly, what the ILO can offer enterprises that is, there was a need for a "customer survey" combined with a "service inventory".

As has become evident during the work of the new ILO Enterprise Task Force, the ILO in its current and planned activities has very much to offer enterprises - be it technical cooperation, research or information. Moreover, as the International Labour Standards Department notes in its contribution, "Labour standards and enterprises are, quite naturally, very closely related" as "the enterprise is the basic unit in the market economy where it plays an unsurpassed role as an actor on the economic scene".

However, it is obvious that many of these enterprise-related ILO activities are not fully known to our tripartite constituents, or to enterprises. It is therefore hoped that this report will fill this gap, enabling our tripartite constituents and enterprises to be more aware of what the ILO has to offer in this field and consequently utilizing our services even better.

In this context, it is interesting to compare what enterprises would like to obtain from the ILO, and what the ILO has to offer: there is convergence in many fields, in particular as concerns technical cooperation, advisory services and exchange of information and this offers great hope for increased cooperation in the future.

2.5.1: International Labour Organizations Activities

Hammar (1995) further claimed that there are no activities specifically for enterprises in the programme, but this does not represent a shortcoming, in so far as all the department's

activities at some points and in some ways touch upon the work of enterprises or of employers' and workers' organizations in their dealings with enterprises or within the enterprises themselves. Labour standards and enterprises are, quite naturally, very closely related.

The enterprise is the basic unit in the market economy where it plays an unsurpassed role as an actor on the economic scene. It is at the enterprise level that products are developed, investments made, jobs created and income distributed. But the enterprise is not only an economic entity. It is also the place where living and working conditions are determined, where social and work relationships are organized, and where labour disputes arise and are settled. A number of legal rules must be applied to permit the enterprise function as profitably and competitively as possible, while at the same time protecting workers sufficiently to meet their basic need for dignity and security.

International labour law is one of the sources which give rise to these legal rules. The standard-setting activities of the ILO are thus of interest and concern to all enterprises, for whatever their legal status nature and field of activity may be these activities are bound to affect them either directly or indirectly. Balanced social and economic development is one of the basic objectives of labour regulation at the international level, and ILO standards provide a framework for the complementary economic and social functions of the enterprise. They define basic human rights which are applicable in all circumstances at the workplace. When examining the standards, which may have the objective of influencing the behaviour of governments, employers or workers, we can distinguish between protection standards, participation standards and standards for promoting social and economic policy objectives, although it should be remembered that all these standards are interdependent and complementary. Many of them explicitly or specifically refer to enterprises, industries, or employers' and workers' organizations: organizations are involved in all stages of the standard-setting process, thanks to the basic principle of tripartism.

The main objective as defined by the ILO programme and budget's major programme: International Labour Standards and Human Rights, is to promote universal acceptance of the ILO's standards and principles by its constituents, to serve the supervisory bodies for the application of conventions and recommendations, and to facilitate the co-ordination of

standard-setting activities with the other operational and promotional activities carried out by the ILO. While ILO has not, as mentioned above, had any specific activities planned especially for enterprises, it has from time to time collaborated with other departments or services in fields of interest to certain types of enterprise - for example, it helped prepare the discussion on the promotion of self-employment for the 77th Session of the Conference (1990) and, more recently, it assisted in proposing that the Conference include in its agenda for the 1997 Session the creation of jobs in small and medium-sized enterprises.

ILO has made, and is still making, a contribution to the office's activities for cooperatives as well. It has assisted in the preparation of a report for a meeting of experts on the impact of labour legislation, of industrial relations systems and of ILO standards on cooperatives and cooperative law, and has participated in the implementation of a programme aimed at fostering the development of cooperatives among indigenous and tribal peoples.

The department's main activities involve the supervision of the application of standards. While these activities are not especially aimed at enterprises, they do ultimately influence the way in which they operate. Their ultimate objective is either to guarantee compliance with certain standards applicable in the labour relationship or in the balance of power at the enterprise, or, more generally, to ensure that principles of social and economic policy are respected in practice. In the first case, the enterprise is the place where work contracts are fulfilled, and the State has a commitment to ensure that such contracts meet the relevant international standard. In the second case, the national measures taken to apply international standards influence the institutional framework and environment in which enterprises operate. Specifically, we may mention the monitoring of the application of ratified Conventions in export processing zones, or the role of a number of Conventions that are relevant to the application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

2.5.2: New Labour Standards Compliance Strategies: Corporate Codes of Conduct and Social Labeling Programs. Corporate Codes and Social Labeling Programs

Department of Human Resource and Skills Development (2008) emphasized that labour market regulation, traditionally understood, is a blend of specific rules negotiated by parties – either individually or collectively – to an employment relationship and general legislative imperatives that establish baseline entitlements to workers regardless of their bargaining power. In contrast, codes of conduct and social labeling programs rely “primarily on the participation and resources of non-governmental actors in the construction, operation, and implementation of a governance agreement.” As a result, they differ in three important respects from traditional forms of labour market regulation. First, they do not rely on an employment contract, a collective agreement, legislation, or the common law to produce norms to govern relations between employers and employees. Instead, the corporation itself is the entity responsible for the production of norms governing the workplace – either by voluntarily assuming the task of drafting a code to govern its affairs or adopting a code proposed by another institution or entity as its own. Second, codes of conduct and social labeling programs rely on internal or external systems of monitoring of compliance operated by non-state actors. Third, they rest on mechanisms of enforcement that rely on consumer, not state, power. Each of these differences presents challenges to efforts to harness their regulatory potential in aid of labour standards compliance.

Despite their unique features, as expressed, corporate codes of conduct and social labeling practices are not new. They first structured terms and conditions of work at least as early as 1899, when various apparel companies in the United States agreed to comply with safe labour conditions and be inspected by the National Consumers League (NCL), entitling them to advertise the NCL’s “White Label” on their garments. They received a measure of international attention in the 1930s, when the International Chamber of Commerce began to develop model codes relating to advertising and marketing practices.

In the 1970s, various international institutions began to explore innovative ways of promoting international labour standards in the context of transnational corporate production. In 1974, the UN Economic and Social Council established the United Nations Commission on Transnational Corporations (UNCTC). Its mandate was to address the political, economic, social and legal effects of transnational corporations, and develop initiatives that promote corporate capacity to contribute to global economic growth. To these ends, UNCTC began to

work on a model code of conduct that transnational corporations could adapt in their dealings with employees and other relevant enterprises and institutions.

In 1976, the Organization for Economic Co-operation and Development (OECD) published its Guidelines for Multinational Enterprises. The OECD Guidelines call on transnational corporations to voluntarily observe standards of employment and industrial relations no less favourable than those observed by comparable employers in the host country, respect employees' rights to representation, refrain from unfair influence in labour negotiations or during organizing campaigns, and negotiate constructively on employment conditions.

In the following year, the International Labour Organisation (ILO) enacted the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. The Tripartite Declaration provides guidance to states, transnational and domestic corporations, and workers' organizations on labour-related aspects of corporate social responsibility. It calls for commitments in several areas related to the employment relationship, including employment promotion, freedom of association and the right to organize, collective bargaining, equality of opportunity and treatment, security of employment, training, wages, benefits, and workplace health and safety.

Shortly after this initial burst of international attention on transnational corporate activity, non-state and state actors also proposed that transnational corporations respect international labour standards. Levi Strauss & Co., in 1991, is said to have been the first corporation to implement an individual code of conduct in the wake of these international developments. The United States Clinton Administration subsequently endorsed a code of conduct, drafted by a tripartite Apparel Industry Partnership and called the Workplace Code of Conduct, which allows the apparel industry to display a "no sweat" label. It covers a broad range of labor issues, including prohibitions on forced labour and child labour and commitments on freedom of association and collective bargaining, health and safety, and hours of work, and calls for periodic monitoring and inspection of foreign plants. Liz Claiborne, Nike, Reebok and others have agreed to adhere to its terms. The Partnership has evolved into the Fair Labor Association, which is the entity responsible for overseeing monitoring efforts. Other companies, such as Toys R US and Avon, have gone further by participating in the Council on Economic Priorities, an organization devoted to an international factory accreditation

system similar to the ISO9000 and ISO14000 operated by the International Standards Organization. The Council has established an accreditation agency and a set of standards, known as SA8000, that draw from core ILO conventions, prohibit forced labour, child labour and discrimination, and require a living wage with a complex formula for dealing with wage issues.

UNCTC eventually issued a draft code in 1982 and called on transnational corporations to respect human rights and fundamental freedoms in the countries in which they operate. UNCTC's draft Code referred briefly to human rights and fair treatment of workers in general terms, requiring little more than "transnational corporations shall respect human rights and fundamental freedoms in the countries in which they operate," and that "in their social and industrial relations, transnational corporations shall not discriminate on the basis of race, colour, sex, language, social, national and ethnic origin or political or other opinion." Because of its failure to forge a consensus among member states on a more detailed and aspirational set of commitments, UNCTC abandoned the project in 1992 and was subsequently merged with the UN Conference on Trade and Development.

In 1998, the ILO adopted the Declaration on Fundamental Principles and Rights at Work. The 1998 Declaration distills international labour law to a core set of labour rights that all states must comply regardless of their level of development or location in the international economy. Enshrined as core labour rights are freedom of association and the right of bargaining collectively, a prohibition of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment or occupation. Together with the ILO's 1977 Tripartite Declaration, the 1998 Declaration offers a promising international framework for states and corporations to develop voluntary codes of conduct and social labeling practices.

In 2000, the OECD revised its 1976 Guidelines for Multinational Corporations. The 2000 Guidelines now include recommendations in relation to the ILO's core labour rights as set out in the 1998 Declaration. Thirty-eight states – which represent the source of most of the world's foreign direct investment and are home to most major multinational enterprises – have committed themselves to promote these guidelines among multinational enterprises operating in or from their territories. The OECD Guidelines include a monitoring mechanism

consisting of domestic institutions appointed by adhering states, charged with promoting the Guidelines and contributing to the resolution of issues relating to their implementation in specific instances.

In 2003, four years after its launch of the Global Compact, the UN reentered the regulatory scene by publishing what have become known as the “UN Norms.” Adopted by the United Nations Sub-Commission on the Promotion and Protection of Human Rights, the UN Norms seek to provide a universal framework for corporate responsibility to guide existing voluntary initiatives. They call on transnational corporations and other business enterprises not to rely on forced or compulsory labour, and to respect the rights of children to be protected from economic exploitation, provide a safe and healthy working environment and adequate remuneration, and ensure freedom of association and collective bargaining. They also call on transnational corporations and other business enterprises to “adopt, disseminate and implement internal rules of operation in compliance with the Norms,” and report on their compliance. They also recommend monitoring and verification by the United Nations and other relevant international and national mechanisms. Finally, they call on states to “establish and reinforce the necessary legal and administrative framework for ensuring that the Norms and other relevant national and international laws are implemented by transnational corporations and other business enterprises.”

Most codes of conduct, however, are the product of individual corporations, and they have proliferated in recent years. In a recent global survey of 500 of the largest corporations, 98% of respondents reported operating in accordance with a code of conduct, and close to two-thirds of respondents indicated that they adopted it in the 1990s. Corporate codes typically involve voluntary, written commitments by the corporation to observe certain standards in their relations with their employees and customers. They may purport to govern a wide variety of concerns, including corporate ethical responsibility, transparent business practices, respect for the rule of law, environmental protection, and labour standards. The scope of protection offered to workers varies from corporation to corporation depending on its size, the sector to which it belongs, and its proximity and sensitivity to consumer choice.

As the foregoing implies, codes of conduct may be either *model* or *operational*. *Model codes*, such as the OECD Guidelines and the UN Norms, are typically produced by international

institutions, governments, and Non Governmental Organizations, although they can also be produced by industry or business associations and trade unions. A model code is generally designed to provide a benchmark of what constitutes corporate social responsibility in general and the terms and conditions of work in particular. It then serves as a potential guide or precedent that corporations can adapt in light of their specific needs and circumstances. Model codes also promote the use of consistent terms and benchmarks for the assessment of corporate behaviour throughout the industry, sector, or target group of firms at which it is aimed. An *operational code* is a code that a company, enterprise association, or government, either unilaterally or after negotiations with relevant stakeholders, has implemented in its relations with its workers, customers, suppliers, and business partners. Commitments made in an operational code can apply directly to a corporation, or through a “subscription” system, such as that provided to the US apparel industry by the Fair Labor Association.

Social labeling programs – at least those sponsoring *independent labels* – often involve a high degree of NGO participation and leadership. They have also been developed and administered by unions and other workers’ organizations, industry or enterprise associations, or hybrid partnerships of one or more of those actors. As well, brand names may acquire sufficient public association with socially responsible conduct so that they operate like independent social labels. Institutions, retailers or private-label manufacturers may license the use of their logos or trade names to contractors who meet preset standards typically detailed in the licensor’s code of conduct.

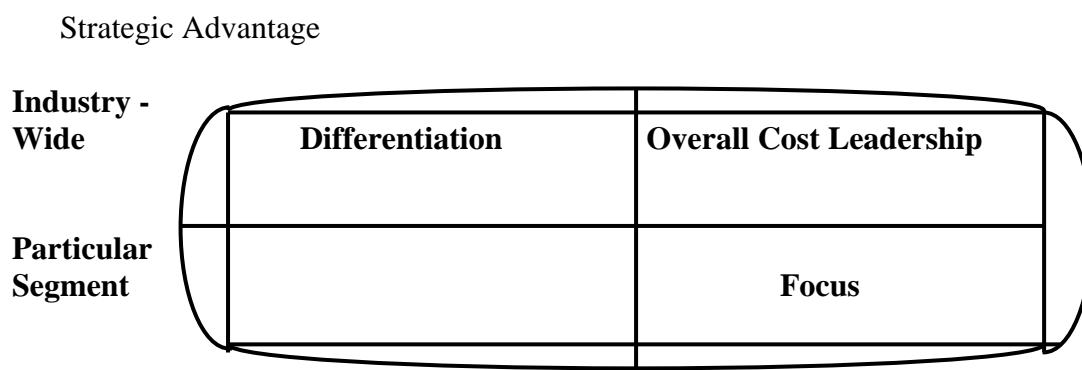
Single enterprises and partnerships between industry and government may also develop social labels for products, using slogans and symbols distinct from brand names, and applying them to outsourced operations with external suppliers. Some labeling programs operate with specific codes of conduct to guide enterprise efforts to obtain a license or the use of a label. Operating costs may be subsidized by producers or distributors, or by importers who pay levies on labeled products. Some of these costs typically are passed on to the consumer or, in programs run by individual enterprises, absorbed in some internal way.

2.6: Importance of Marketing Strategies

Marketing strategies, according to Lancaster and Withey (2005) represent the overall thrust of a company's marketing activities with three facets. They gave the first facet, the growth strategies of marketing penetration, market development, product development, and diversification, the second facet of marketing strategy is to determine how a company will compete in the turbulent business environment. This category of types of competitive strategies in marketing was proposed by Porter.(1998). He referred to these strategies as “generic” strategies, and they are (i) cost leadership strategies (ii) differentiation strategies and focus strategies, and the third facet of marketing strategies as given by Thompson and Stickland (2003) are (i) defensive strategies (ii) offensive strategies (iii) vertical integration strategies, and (iv) first mover strategies; which they claimed are being used amongst competing organizations during different periods of product supply situations viz: ample supply of product situation, short supply of product situation, period of recession, and period of inflationary situation.

Below are Porter's (1998) postulated three potentially successful generic approaches to out-perform other firms in an industry.

Fig. 2.11: Shows the Model of Michael Porter's Three Generic Strategies.



Source: Porter M. E. (1998): Competitive Strategy: Techniques for Anglicizing Industries and Competitors Cost Leadership Strategy

2.5.1: Cost Leadership Strategy

- Porter (1998) propounded that cost leadership strategy emphasizes efficiency and if a firm can achieve and sustain overall cost leadership, it will be an above-average performer in its industry, provided it can command prices at or near the industry average. He claimed

that by producing high volumes of standardized products, the firm hopes to take advantage of economies of scale and experience curve effects. The product is often a basic no-frills product that is produced at a relatively low cost and made available to a very large customer base. Maintaining that this strategy requires a continuous search for cost reductions in all aspects of the business, the associated distribution strategy is to obtain the most extensive distribution possible, while promotional strategy for use often involves trying to make a virtue out of low cost product features. Condition given to be successful using this strategy usually requires a considerable market share advantage or preferential access to raw materials, components, labour, or some other important input. Without one or more of these advantages, the strategy can easily be mimicked by competitors. However, he expressed the benefits that will accrue from successful implementation of this strategies as (i) process engineering skills, (ii) products designed for ease of manufacture, (iii) sustained access to inexpensive capital, (iv) close supervision of labour, (v) tight cost control, and (vi) incentives based on quantitative targets.

But Porter enumerated the risks associated with a cost leadership policy which include:

- Technological change that nullifies past investments or learning.
- Low-cost learning by industry newcomers or followers, through imitation or through their ability to invest in state-of-the-art facilities.
- Inability to see required product or marketing change because of attention placed on cost; and
- Inflation in cost that narrows firm's ability to maintain enough price differentials to offset competitor's brand images or other approaches to differentiations.

However, low cost leadership is attached to a disadvantage which is less customer loyalty (Porter, 1985, Thompson and Stickland, 2003, Brassington and Pettitt, 2006). Relatively low prices will result in creating a negative attitude towards the quality of the product in the

mindset of the customers (Miller, 1992). Customer's impression regarding such products will enhance the tendency to shift towards a product which might be higher in price but projects an image of quality. Considering analytical in depth view regarding the low cost strategy, it reflects capability to generate a competitive advantage but development and maintenance of a low cost base becomes a vital, decisive task. Several commentators have questioned the use of generic strategies claiming they lack specificity, lack flexibility, and are limiting. In particular, Miller (1992) questions the notion of being "caught in the middle". He claims that there is a viable middle ground between strategies, and many companies, for example, have entered a market as a niche player and gradually expanded. According to Baden-Fuller and Stopford (1992) the most successful companies are the ones that can resolve what they call "the dilemma of opposites".

2.5.2: Differentiation Strategy

Porter discussed differentiation strategy to involve creating a product that is perceived as unique, and that the unique features or benefits should provide superior value for the customer if this strategy is to be successful. Further supporting his views, because customers see the product as unrivaled and unequaled, the price elasticity of demand tends to be reduced and customers tend to be more brands loyal, hence this can provide considerable insulation from competition. To maintain this strategy, he said that the firm should have: strong research and development skills, strong product engineering skills, strong creativity skills, good cooperation with distribution channels, strong marketing skills, incentives based largely on subjective measures, be able to communicate the importance of the differentiating product characteristics, stress continuous improvement and innovation, and attract highly skilled, creative people. However, he gave a disadvantage that there are usually additional costs associated with the differentiating product features and this could require a premium pricing strategy.

2.5.3: Focus strategy or Market Segmentation Strategies

Porter, on this strategy claimed that the firm concentrates on a select few target markets, and by focusing marketing efforts on one or two narrow market segments and tailoring marketing mix to these specialized markets, the needs of the target markets can met better. The firm typically looks to gain a competitive advantage through effectiveness rather than efficiency, as he interchangeably called it niche strategy, or market segmentation strategy. More importantly, he said, it is most suitable for relatively small firms and has much in common with guerrilla marketing warfare strategies.

2.5.4: Offensive Strategy

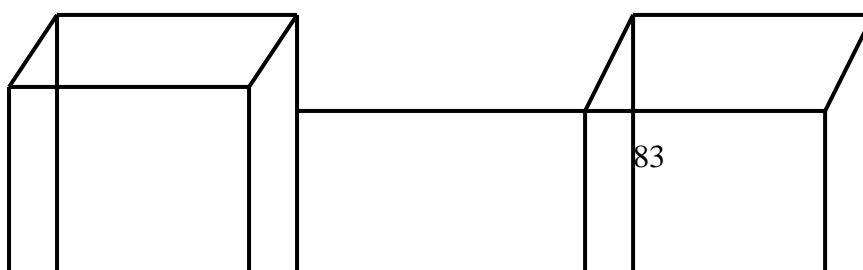
Thompson and Stickland (2003) gave hints on offensive strategy to be of high risk, but with a high potential pay off if it succeeds. It was stressed that a company using it must be with a high degree of innovation, a strong marketing element, which can recognize new market opportunities, and an effective production element, which can rapidly change the new product ideas into actual commercial products. A good example was the offensive attack on “Indomie” Instant food in 2004. The “attackers” could not substantiate their efforts hence, Indomie foods came on stream stronger. It is not always advisable in marketing practice.(Adesina, 2004)

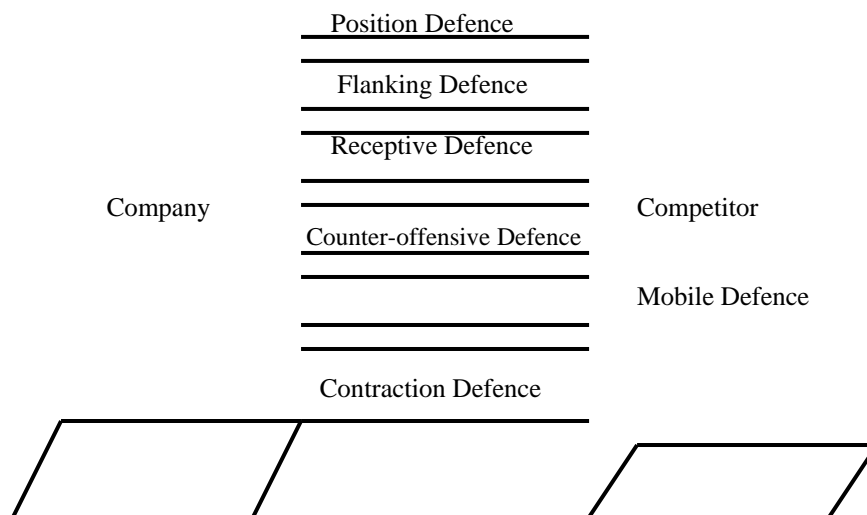
2.5.5: Defensive Strategy

Thompson and Stickland (2003) also expressing their views on defensive strategy, said that it is a low risk, low pay-off strategy, and company using it must be an established one, with an established market share. It has to be able to maintain profit levels, even when involved in heavy price competition, through low manufacturing costs. It must also be technologically driven in terms of production and other operations internally and externally. They claimed that it is particularly good for a marketing oriented company. Fig 2.11 shows different defensive strategies that a company could use.

Fig 2.12:

Defensive Strategies





Source: Kotler, P. (2003): Marketing Management, Analysis, Planning and Control, 8th Edition

2.5.6: Vertical Integration Strategies;

Vertical integration strategy according to Thompson and Stickland means that a company is producing its own inputs (backward or upstream) integration. Conversely, if is disposing of its own outputs, it involves forward or downstream integration.

Giving credence to vertical integration, it is said to be another potential growth direction approach, and a company using it has desire to strengthen the competitive position of its original or core business. Other reasons for pursuing a vertical integration strategy are revealed by Achumba (2000) as follows:

- (i). Enables the company to build barriers to new competitors.
- (ii). Facilitates investments in efficiency.
- (iii). Protects product quality.
- (iv). Improve scheduling.

2.5.7: First Mover Strategies

(Thompson and Stickland, 2003, Blythe, 2003) gave explanation of these strategies as being the first organization to launch into a new market, the advantage of creating a lead, which other have to follow. It was claimed that the organization must be strongly endowed in the field to enable it to be the first mover of the product or service. However, it also carries the greatest risk in terms of possible failure in the market, though possibility

of gaining an unassailable lead must be offset against the dangers of making a fatal mistake in the early days of an unknown market. Hint on one given measure to take is that the company must stay ahead of the competition throughout or risk paving the way for its competitors to beat it later. But Porter, (1998) asserted that apart from the general outlays of marketing strategies given, there are specific strategies being used by organizations in an industry, depending on the respective status as:

- (i). Market leader
- (ii). Market challenger
- (iii). Market follower
- (iv). Niche

The above views are corroborated by the following authors in their respective works:

George and Robin (1988) who claimed that competitive marketing strategy consists of moves to attract customers, withstand competitive pressure, and strengthen firms' market position.

Kotler and Singh (1981, p.30) in MacDonald and Neupert (2005, pg.295-302) claimed ideally, that marketers like to avoid battle with a competitor, as it is generally easier and less costly to grow your customer base by attracting new customers than fighting to take customers from another company. As market growth shows, however, companies have to pursue their profitability through market share gains rather than through market gains. When this happens, successful marketing will require devising competition centered strategies, not just customer-centered or distribution strategies”.

MacDonald and Neupert said that despite the existing of numerous typologies for business strategies, and noting the absence of a typology that specifically addresses opponent centered marketing strategies, explored how the ground and terrain typologies from Sun Tzu's The Art of War can serve as a starting point for developing such a marketing strategy typology. The result of the application of Sun Tzu's discussion of ground and terrain marketing is a parsimonious typology for classifying competitive market situations. They claimed further

that strategies typologies have been influential in business research and practice for many years. In marketing, the geography of the battle includes variables that interact within the customer market; the company, the competition, and the customer. “Sun Tzu was most likely one of the first military theorists to contemplate the characteristics of terrain and systematically develop principles for coping with difficulties and strategies (Sawyer and Sawyer, 1996). The duo proposed six types of terrain and nine varieties of ground to serve as a useful typology for classifying types of competitive marketing situations.

2.5.8: Six Types of Terrain in Competitive Marketing Situations

- i. **Accessible terrain**, this they claimed refers to markets that are equally accessible to both you and the enemy; in other words, no one producer has a large enough hold on the market to prevent another from entering.
- ii. **Entering terrain**: In this situation, a market may look desirable and attainable because of the lack of market leader. According to Griffith (1963) entangling in a terrain that is easy to reach but difficult to exit.
- iii. **Indecisive terrain**: is shown that competing parties have a good idea of the environment to be dangerous, therefore hesitate to go forward first in that case, a clearer understanding of consumer preferences and competitor intentions is known, then you can attack with a more focused force.
- iv. **Constricted terrain**: is explained to allow the first mover has a tremendous advantage over the actions of competitors that come late to the market, provided they recognize the strategic situation. In a business context, constricted ground according to them is akin to a market that can be protected by barriers to entry. These barriers may be associated with distribution, advertising, customer perception, supply, patents, etc.
- v. **Precipitous terrain**: is given as a ground where you should expect to be attacked by competitors because of the desirable nature of the market. If you are not the

first mover, you should make the competitor think that the market is not that desirable and try to get them to talk to attack you in a less desirable position.

- vi. **Distant terrain:** according to the authors, refers to a market that is far from you but close to the competitor. The same is true of your market relative to the competitor. In this situation, it is very difficult to get the competitor to attack you in your home market or position of strength and unwise for you to attack in theirs.

A Summary of Six terrains and Sun Tzu's Prescription for Dealing with each Situation is presented below in table 2.2.

Table 2.2..... Sun Tzu's Six Varieties of Terrain

Sn.	Variety of Terrain	Business Example	Prescriptions
i.	Accessible the most quick as	Internet companies, Price line, Yahoo, Pets.com, e-Toys	Create a foothold in desirable segments as possible.
ii.	Entangling that	Kmat and JC Penney/Sears	Make sure that new investments pay off so failure will not kill you in both markets.
iii.	Indecisive competitors to enter strike once market	AT & T and DSL	Encourage first But be ready to you see the reaction of consumers. Second to strategy.
iv.	Constricting externalities protect	Nike and Foot locker	May use network and barriers to entry to hold on market.
v.	Precipitous attack and Draw making market is	Boeing Vc Airbus	Be prepared for the avoid being drawn off. off Competitors by them think another better.

**Source: MacDonald and Neupert (2005) “Sun Tzu’s Six Varieties of Terrain,”
Journal of Strategic Marketing, Vol. 13, No. 4. December**

2.5.9: Nine Varieties of Ground for Types of Competitive Marketing Situations

MacDonald and Neupert also discussed nine varieties of ground propounded by Sun Tzu to succeed in the Art of War. They revealed that Sun Tzu recognized the impact of corporate psychology on strategy and strategy implementation; because as people implement strategy; their psychological state is obviously an important component of success. If they are loose in the face of a real threat, the best laid plan will fail and even a resource-rich incumbent can be beaten by a small start up. Hence, the nine varieties of ground are dealt with in the context of their relationship to customer markets as follows:

i. Dispersive Ground

Quoting Griffith, “when a Feudal Lord fights in his own territory, he is in dispersive ground”. Dispersive ground is defined as your home territory. That fighting in your home territory is thought to be advantageous, Sun Tzu points out that it could also be a disadvantage as employees may lack focus because of family distractions, hence incumbents may be much more vulnerable than they think. Sun Tzu’s prescription for the incumbent is not to fight in dispersive ground.

ii. Frontier Ground

Frontier ground is given that a firm is dabbling into a new market but has not made a real commitment to moving forward. The position is dangerous to the firm as a mixed message is being given to the employees. They are not sure if they should harden their resolve to take on competitors, but they realize that “it will be difficult to advance but easy to turn back” (Sawyer and Sawyer). However, Sun Tzu prescription for frontier ground is not to stop; and does not mean that managers should remain committed to a flawed or failing strategy.

iii. Key Ground

Key ground essentially said to refer to markets that prove dangerous to both you and your competitors. It is a ground essentially considered by both management and employees; and it lies at the heart of your existence, therefore it is recommended that you should fight to the death to defend it. It is noted according to Sun Tzu that it is better to yield the competitor's key market and then try to entice them into fighting in another area where you are strong.

iv. Communicating Ground

This is said to be common ground markets that are equally accessible to both you and your competitors. According to them, there are no natural barriers to entry, and it is not difficult to get the consumer's attention as they are not committed to any one product. Leaders of firms in this strategic situation should endeavour to coach their employees to be defensive in heart and be ready for attack; not allowing your forces to be violated because of lack of communication with the market.

v. Focal Ground

It is said that occupying focal ground will give the first mover access to other adjoining markets if the firm recognizes the situation. Sun Tzu suggests that the firm needs to forge strong alliances with partners if it wants to leverage its position in the adjoining markets.

vi. Serious Ground

As revealed, Sun Tzu's prescription for doing battle in serious ground is to plunder for provisions. In terms of business, provisions are represented by suppliers, channel partners, access to parent company resources, etc.

vii – ix Entrapping, Encircled, and Death Ground

The final three types of ground are treated to represent a progression in the strategic situation in which the firm becomes more susceptible to attacks from competitors. In

the progression from entrapping ground to death ground, the firm's options are said to become more limited and the likelihood of failure increases. It is claimed that in entrapping ground, the firm is distracted from its large goals and the resulting lack of focus makes them vulnerable up to serious threat by competitors. Firms in entrapping ground still have a number of options for moving away from dangerous situation despite their precarious position.

viii. On the other hand, firms in encircled ground are in a vulnerable situation.

It is a ground to which access is restricted, where the way out is tortuous, and where a small enemy force can strike the large one (Griffith).

ix. Death Ground

Death ground is said to have a strategic situation that the only alternative to success is complete failure. The consumer has lost confidence in the company and competitors are in extremely dangerous positions. Sun Tzu's revealed prescription for dealing with entrapping, encircled, and death grounds entails creating a corporate focus that screens out distractions and gets the firms back to track. Below in table 2.3. is the summary of the nine varieties of ground and Sun Tzu's prescriptions for dealing with each of them.

Table 2.3..... Sun Tzu's Nine Varieties of Grounds

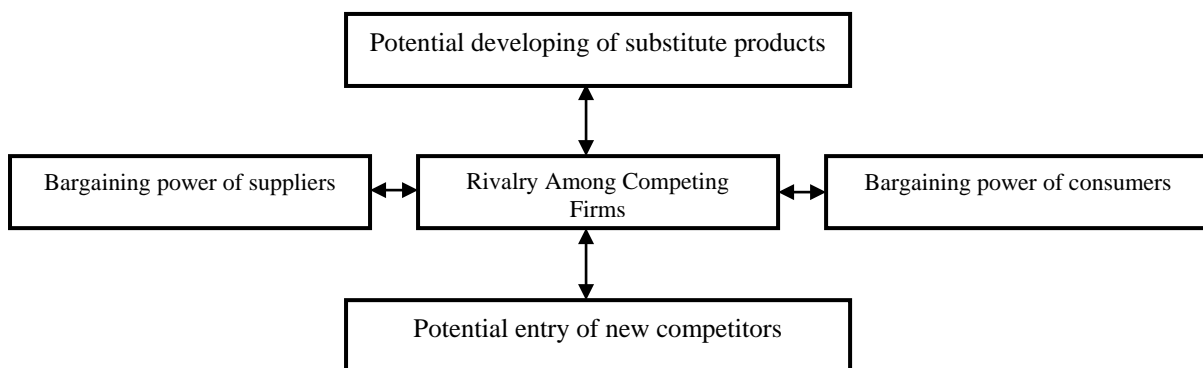
Sn.	Variety of Grounds	Business Example	Prescription
i.	Dispersive Ground	Big three automakers	Do not fight
ii.	Frontier Ground	Volkswagen	Do not stop
iii.	Key Ground	Michelin and Good Year	Do not attack
iv.	Communicating Ground	Internet search Engine	Do not allow them to
	block		your communication.
	Focus on		defense.
v.	Focal Ground	Amazon	Form alliances
vi.	Serous Ground	Microsoft X-Box	Gather and plunder
vii.	Difficult Ground	Kodak	Keep going.
viii.	Encircled Ground	Nissan	Devise stratagems

Source: **MacDonald and Neupert (2005) “Sun Tzu’s Nine Varieties of Grounds,” Journal of Strategic Marketing, Vol. 13, No. 4. December.**

2.5.10: Competitive Analysis

David (1997), on his own, introduced a model of competitive analysis for developing strategies in many industries. According to him, intensity of competition among firms in an industry is highest in lower-return industries. He expressed the nature of competitiveness as claimed by Porter (1998) in a given industry as a composite of five forces as in the fig. 2.12 below.

Fig 2.13..... The Five – Forces Model of Competition



Source: David, Fred, R. Strategic Management. (1997), 6th Edition.

1. Rivalry among competitive firms.
2. Potential entry of new competitors.
3. Potential development of substitute products.
4. Bargaining power of suppliers.
5. Bargaining power of consumers.

Brassington, and Pettitt (2006) referred to competitive analysis as a systematic attempt to identify and understand the key elements of a competitor’s strategy in terms objectives, strategies, resources, allocation and implementation through the marketing mix. That a sound understanding of these areas enables stronger defence to be built, while sustainable

competitive advantage to is created and, not least provides a foundation for out measuring the competition to gain share or market position.

Knopp (2008, pg.3-4) writing on a similar issue claimed in his paper that in a dynamic competitive environment, the decision to enter the market should be timed to balance the risk of premature entry against the missed opportunity of late entry. That the choice of market entry time is one of the major reasons for new product success or failure, noting risks and opportunities of a new product vary due to changes in the general economy, changes in customer preferences, and evolution of the industry's life-cycle.

2.5.11: Competitive Advantage

Lambin (1995) expressed his views on competitive advantage as the characteristics or attributes exhibited by a product or brand that lend it some superiority over its immediate competitors. In this respect, Grant, (1995) stresses that when two firms compete; one firm possessing a competitive advantage has the ability to obtain a higher performance than the other rivals. Coyne (2001) however, claimed that the foundation of competitive advantage is a product and/or service that provide value to the business and customers. According to him, success depends not only on the choice about commodity to produce, but also on choices about the style of the commodity, the quality of its materials, the sizes, the colours, the packaging, and the selling effort. Ferrier, et al (1999) supported Coyne's position by asserting that multi-national organizations, at various segments of the market having adopted the concepts of market segmentation, targeting products positioning, relationship marketing, and consumerism, are better placed for good performance, growth and sustainability. Dube and Renaghan, (1999 pg.28-33) viewed competitive advantage as the value an organization is able to create to differentiate itself from its competitors. But Kin and Oh (2004. p. 66) are of the opinion that the competitive advantage of an organization is the result of the resources that the organization has developed internally.

2.5.12: Developing Marketing Strategies

KnowThis.com (2008, pg. 4-6) revealed that the most important concepts of marketing planning process is the need to develop a cohesive marketing strategy that guides tactical programs for the marketing decision making areas. Two levels to strategy formulation are identified: General marketing strategies, which set how marketing will achieve its objectives and (ii) Decision area strategies; which are used to achieve the general marketing strategies by guiding the decisions within important marketing areas (product, pricing, distribution, promotion, target marketing). Different general marketing strategies given are as follows:

- (i). **Market Expansion:** This strategy looks to grow overall sales in (a) existing products, and (b) in new products.
- (ii). **Market Share Growth:** This looks to increase the marketers overall percentage or share of market. This strategy, as claimed, often relies on aggressive marketing tactics; as this can only be accomplished by taking away sales from competitors.
- (iii). **Niche Market:** As explained, is smaller in terms of total customer and sales volume, but obtains a commanding position within a certain segment of the overall market. The strategy is seen to have the product viewed as being different from companies targeting the larger market.
- (iv). **Status Quo:** This strategy is explained to maintain the marketer's current position in the market, such as maintaining the same level of market share.
- (v). **Market Exit:** In this scheme, the product is removed from the organization's product mix. This is said could be accomplished in two ways: (a) selling the product to another organization, and (b) eliminating the product.

On the other hand, B to B (2008, pg .4-9) asserted that generic marketing strategy can be categorized in a number of ways: (a) strategies based on dominance – in the scheme, forms are classified based on their market share. Four types of market dominance strategies are given as follows: Leader, challenger, follower, and Niche. On the other hand, Porter (1998) asserted strategy on the dimension of strategic scope and strategic strength. His strategic

scope refers to the breadth of market penetration, while strategic strength refers to the firm's sustainable competitive advantage. He felt the following three types of strategy are important: Cost leadership, Product differentiation, and market segmentation.

Innovation strategies are also given; that these deal with the firm's rate of new product development and business model innovation. Three types of innovation strategies are given as follows: (i) pioneers, (ii) close followers, and (iii) late followers.

Growth Strategies: Four different schemes by which a firm can grow are also revealed as follows: (i) horizontal integration, (ii) vertical integration (iii) diversification (or conglomeration), and (iv) intensification.

Aggressiveness Strategies: It is given that the scheme demands whether a firm should grow or not, and if so, how fast. The strategies here are divided into (i) building, (ii) holding, and (iii) harvesting; and they use the categories of four players as follows: (i) prospector, (ii) analyzer, (iii) defender, and (iv) reactor.

Warfare Based Strategies: are also given as schemes that draw parallels between marketing strategies and military strategies. These warfare strategies are grouped into the following (i) Offensive marketing warfare strategies (ii) Defensive marketing warfare strategies (iii) Flanking marketing warfare strategies, and (iv) Guerilla marketing warfare strategies.

Petzer, Steyn and Mostert (2008, pg. 2-6) focused on hotels; utilizing competitive marketing strategies in order to attract customers. According to them, service organizations such as hotel to acquire customers, it is important that marketing strategies be deployed to improve its own ability; to compete with other hotels, gain a competitive advantage and thus retain a greater number of customers. This position was supported by (Anderson and Vincze 2000, p.76, Chaharbagh and Lynch, 1999.p.49; Hill and Jones ,2002, p.123; Hitt, Ireland and Hoskisson, 2001, p.5; Kurtz and Clow 1998, p.308; Ma .1999, pg.259 and 261 ; Passemard and Kleiner 2000,p.12).

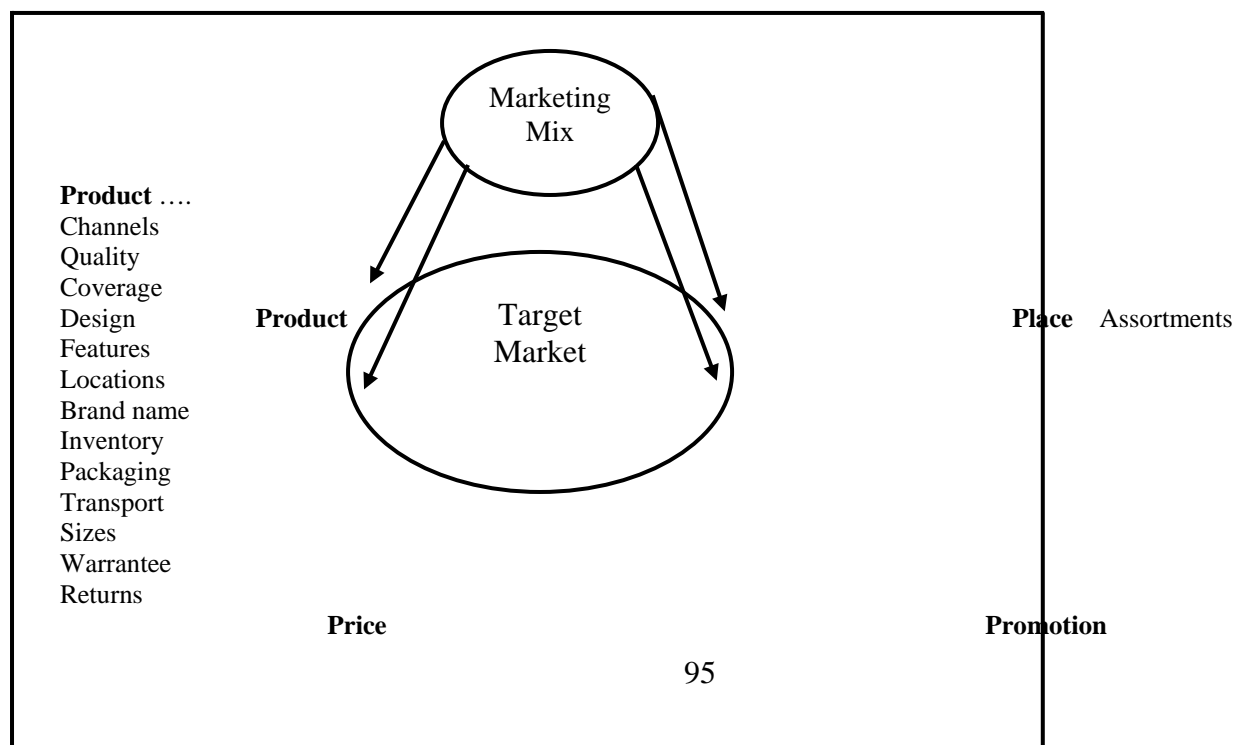
Bacak (2005, p. 8) claimed the purpose for competitive marketing strategy is win market shares away from other players in the market; within the industry. He gave the procedure in

developing competitive marketing strategy as (i) truly analyze the firm's strengths and weaknesses, (ii) need unbiased sources willing to compare one's firm and the competition, (iii) employ market researchers, (iv) use surveys, (v) form focus groups to obtain completely unbiased opinions on what one is doing right and wrong and how competition stacks up to ones business. After all these, he continued, (vi) measure your strengths and ensure these strengths are maintained or improved upon, identify your weaknesses and create a **plan** to improve those areas significantly, (vii) after implementing the plan, go back to unbiased researcher and obtain another comparison to ensure that the implementation of the strategic plan has been effective.

2.6: CONVENTIONAL AND NEW ELEMENTS OF THE MARKETING MIX

Goi (2005, p.8) defined marketing mix as the set of the marketing tools that firms use to pursue their marketing objectives in the target market; the view which was earlier expressed by (Kotler, Ang, Leong, and Tan, 1999). Gronroos (1999) agreed with the claim of Goi that in 1964, McCarthy (1964) finally regrouped Borden's 12 elements of marketing mix to the 4Ps as shown in fig. 2.13 below.

Figure 2.14: McCarthy, Jerome 4Ps of Marketing Mix.



List price
Discount
Allowances
Payment period
Credit terms

Sales promotion
Advertising
Sales force
Public relations
Direct marketing

Source: Adapted from Kotler, Ang, Leong and Tan (1999).

Also, Gronroos (1999) noted how, around 1960s, the marketing mix model became established as the unchallenged basic model, and how the application of the 4Ps best fitted the huge mass markets of consumer package goods.

Palmer (2004) claimed that product, price, place, and promotion are set of controllable variables that marketers use to develop marketing plans and programmes, and they can be used to develop both long term strategies and short term tactical programmes.

2.6.1: Product, the first element of Marketing Mix

Rich and Eppinger (2003) defined a product as something sold by an enterprise to its customers. According to them, product is agreed to be the most important in the marketing mix elements that sustains a competitive advantage for an organization and it is the first of all decisions that involves planning what products and services to offer to the market.

Hutches (2002, pg.304-315), on his part, defined product, service, or program as something of value seller is offering the customer, client, or pack visitor. He claimed a product, service or program to include both tangible and intangible elements. That the tangible are those things that the customer can see, touch, feel, taste, or smell while the intangible includes such things as the image of the offeringwhich includes the image of the organization making the offering, the psychological aspects of pricing, etc. He claimed further that these are things which have values and are balanced against the value the seller expects to receive from the target consumer. He gave six components of a product are highlighted below:

- ◆ **Service:** Visitor centers are providing an information service.

- ◆ **Package:** The container.
- ◆ **Brand:** All of the Image attributes that are associated with the product.
- ◆ **Product Item:** A distinct unit within a product line that is distinguishable by size, price, appearance, functions, or some other attributes.
- ◆ **Product Line:** A group of products within a product mix that are closely related; and
- ◆ **Product Mix Assorted:** The set of product lines, and items that an organization offers its target markets.

Osuagwu (2002) claimed that product portfolio is widely used in the identification and selection of product/market opportunities. He further said that this explains the product/market combinations in terms of company's capabilities and profit contributions defined by the ever-changing market conditions. Among the attributes to study in a product he gave are the quality, the design, the features brand name, the packaging, the size, the warranties and the returns. There are also eight known strategic and tactical programmes for managing a product on the product-life-cycle.

2.6.2: Price, the second element of Marketing Mix

Monroe (2003) defined price as the amount of money we must sacrifice to acquire something we desire. He considered price as a formal ratio indicating the quantities of money (or goods and services) needed to acquire a given quantity of goods or services as signified in the formula below:

$$\text{Price} = \frac{\text{Quantity of money or goods and services received by the seller}}{\text{Quantity of goods and services received by the buyer}}$$

Goi claimed that price is the second element of marketing mix, it is the value attached to a product or service, and it is the only element of the marketing mix that generates revenue to the organization, hence is directly related to profits. According to him, however beautifully made and packaged a product is, will not gain entry into the market if the price is not attractive. He gave the following attributes of price as follows: list price, discounts,

allowances, payment periods, and credit terms. Best (2005) proclaimed that setting acceptable prices of products is a motivation to consumers and prospects to patronize the company's products, hence the growth of the company's profit. According to him, growth of company's profit is one of the corporate objectives that an organization will always aspire to achieve all the time. He further claimed that profit on every product is measured and determined; considering many variables particularly those socio-economic variables that have to do with the real income of customers. Customer's satisfaction of a product is a key marketing performance metric, and consistent profitability to an organization is a result of customer-focused organization and customer satisfaction and customer loyalty.

Best reiterated that the effective ways by which product, price, place, and promotion, that is, the four traditional elements of marketing mix are managed by an organization would determine the rate at which set profits would be achieved on every product. The product strategies, pricing policies and strategies, distribution policies and strategies, and promotional strategies that are customer-focused would yield customers' satisfaction hence build customers' loyalty. The result of all there is consistent achievement of the set profits. He gave another aspect of growth in profit as customer retention: "An organization should endeavour to retain its numerous customers for a very prolonged time, irrespective of the market situation. In less competitive markets, customers are more easily retained with poor levels of customer satisfaction because there are few substitutes, or to switch to any other competing brands may cost more. But in highly competitive markets with many choices of other brands, high levels of customer satisfaction may not ensure against customer defection. The consequences of this is that a business that retains greater percentage of its customer each year than the previous year (i) will reduce the cost associated with customer dissatisfaction and existence, (ii) will not have to spend as much on marketing efforts to attract new customers, (iii) will retain customers produce a higher annual revenue and margin per customer than those that were lost; and (iv) have total profits of the business increase".

Marketing Teacher Ltd (2008, p.6), on their own, defined pricing as ways by which to price a product. The first four as revealed form the main pricing policies /strategies as shown below:

- **Premium Pricing:** That is, giving a high price where there is uniqueness about product or service.
- **Penetration Pricing:** Is explained be set artificially low in order to gain market share.
- **Economy Pricing;** Given as a no frills low price, in which the costs of marketing and manufacture are kept at a minimum.
- **Price Skimming:** Charging a high price because a substantial competitive advantage is being enjoyed.

Other approaches to pricing as given by Marketing Teacher Ltd are as follows:

- Psychological Pricing:** Is an approach used when the marketer wants the customer to respond on an emotional, rather than rational basis.
- (v). **Product Line Pricing:** It is giving on the basis of a range of products or services; the pricing reflects the benefits of parts of the range.
 - (vi). **Optional Product Pricing:** As explained, companies will attempt to increase the amount customer spend once they start to buy.
 - (vii). **Captive Product Pricing:** Charged where products have complements, companies will charge a premium price where the consumer is captured.
 - (viii). **Product Bundle Pricing:** Sellers combined several products in the same package; this also serves to move old stock.
 - (ix). **Promotional Pricing:** Pricing to promote a product.
 - (x). **Geographical Pricing:** It is giving as where there are variations in price in different parts of the world.

But Kotler and Armstrong (2004) define pricing as basically setting a specific price for a product or service offered in a simplistic way. (Lazer, 1971) wrote on pricing that normally, it has been taken as a general law that a low price will attract more customers. He argued that the claim may not be valid as customers do not respond to price alone; they respond to value

too; so a price does not necessarily mean expanded sales if the product is not fulfilling the expectation of the customers.

2.6.3: Place, the third element of Marketing Mix

Bowersox and Closs, (1996) gave 'distribution' as another name for place. According to them, it is the third element of the marketing mix, and it encompasses all these decisions and tools which relate to making products and services available to customers. With different classes of consumers' available, they said that place could be categorized into open market, merchant houses, institutional houses and direct delivery. Decision for distribution could be physical or direct, but in the case of marketing, we are concerned about physical distribution of the finished products to the consumers (customers). They gave attributes of place to comprise channel coverage, assortments, locations, inventory and transport. They also disclosed that there are four distribution channels useable in either good or service industry. They are (i). Zero channels, (ii). One-channel, (iii). Two-channels, and (iv). Multiple channels for distributing goods and services.

2.6.4: Promotion, the fourth element of Marketing Mix

Mathouse and Blattberg (2005, p.4) writing under types of marketing investments, said that communication is not the only form of discretionary marketing investment; claiming that Collinger (2002, p.32) defines surprises and delights as the "unexpected and unpromised benefits that enhance the product and service; giving further examples of how products/services are promoted, they said that hotels might unexpectedly leave a bouquet of flowers, bottle of wine, or some other gifts in the room of a best customer. Hotels might occasionally upgrade best customers to a large room, or some catalogue companies send an unexpected holiday gift to their best customers. Goi said that making the products or services known to the prospective customers is the prerogative of promotion, the fourth element of marketing mix. Fill, (2006) claimed that promotional elements, or what is commonly referred to now as Integrated Marketing Communication comprise advertising, sales promotion,

personal selling (sales force), public relations and direct marketing, and direct marketing. He said further that in some cases, agencies, media houses, trade publications, magazines, newspapers and company's representatives are in use under promotion.

2.6.5: Context of Service Marketing:

Booms and Bitner (1981) suggested additional 3Ps in the context of service marketing. These they gave as people, physical evidence, and process with the under -mentioned explanations.

People, as an element refers to all people directly or indirectly involved in the consummation of a service. The attributes of people include personnel training, discretion, commitment, incentives, appearance, interpersonal behaviour, attitudes, other customers' behaviour, degree of involvement, and customer contact. These are participants.

Process, as an element, is all about the procedure, mechanisms and flow of activities by which the services or products are consumed. The attributes of process include the policies, procedures, mechanization, employee discretion, customer involvement, customer direction, and flow of activities.

Physical Evidence, as an element, relates to the environment in which the service or product is delivered. These also include tangible goods that help to communicate and perform the service.

The interface of the 3Ps as given by Booms and Bitner with tangible goods was given by Fifield and Gilligan (1996) who identified the extra 3Ps of people, process and physical evidence to work for finished goods. By this, 7Ps were accepted as elements of marketing mix for both goods and services. Tables 2.4 and 2.5 showing these are respectively given below.

Tables 2.4 and 2.5:
Mix.

Showing the Analysis of 7Ps of Marketing

Table 2.4

Product	Price	Place	Promotion
<ul style="list-style-type: none"> - Quality - Features & option - Style - Brand name - Packaging - Warranty - Service level - Other services 	<ul style="list-style-type: none"> - Level - Discount & Allowance - Payment terms 	<ul style="list-style-type: none"> - Distribution channel - Distribution coverage Outlet locations: <ul style="list-style-type: none"> - Sales territories - Inventory levels & locations - Transport - Carriers 	<ul style="list-style-type: none"> - Advertising - Personal selling - Sales promotion - Publicity
Adapted from: Kotler (1976); Raffia and Ahmed (1995)			

Table 2.5: Modified and expanded for services						
Product	Price	Place	Promotion	Participants	Physical Evidence	Process
<ul style="list-style-type: none"> - Quality - Brand name - Service line - Warranty - Capabilities - Facilitating - Goods - Tangible clues - Price - Personnel - Physical Environment - Process of service delivery 	<ul style="list-style-type: none"> - Level - Discount & Allowances - Payment terms - Customer's own perceived value - Quality / price interaction - Differentiation 	<ul style="list-style-type: none"> - Location - Accessibility - Distribution channel - Distribution Coverage 	<ul style="list-style-type: none"> - Advertising - Personal selling - Sales promotion - Publicity - Personnel - Physical Environment - Facilitating goods - Tangible clues - Process of service delivery 	<ul style="list-style-type: none"> - Personnel - Training - Discretion - Commitment - Incentives - Appearance - Interpersonal behaviour - Attitudes - Other customers: - Behaviour - Degree of involvement - Customer / customer contact 	<ul style="list-style-type: none"> - Environment - Furnishing - Colour - Layout - Noise level - Facilitating goods - Tangible clues 	<ul style="list-style-type: none"> - Policies - Procedures - Mechanization - Employee discretion - Customer involvement - Customer direction - Flow of activities
Adapted from Booms and Bitner (1981); Raffia and Ahmed (1995)						

Source I: Kotler (1976); Raffia and Ahmed (1995)

Source II: Booms and Bitner (1981); Raffia and Ahmed (1995)

2.6.6: Evolving Elements of Marketing Mix

Additional four (4Ps) elements were introduced by Low and Tan (1995) in Goi, by propounding power, public relations, physical facilities, and personnel and process management to add to the existing 7Ps, thus making 11Ps. According to Goi, they are all internally controlled by the system power elements.

Power Element:

Low and Tan described the power elements as the ability of the organization to dominate the sources of raw-materials, finance and the industry in terms of pricing and other activities happenings in there. In this regard, the organization is a giant or one giant to be reckoned with. Other attributes of power are logical selection and maintenance of a clear aim, maintenance of fields force morale, offensive action, concentration of force, economy of effort, flexibility, cooperation, good administration and originality of outputs.

Public Relations Element: This is revealed as how the consuming publics perceive the organization. The company's products may be good, but how does the public conceive of the organization itself at all times.

Other attributes of public relation elements given are press release, corporate communication, lobbying, news conference, special events, press and crisis management and personal influence.

Physical Facilities: This element, according to them, is talking about equipment and machineries for production. The more current and modern the facilities are, the better for the organization to meet the demands in terms of taste, time, quality and number or quantities of products being produced. In this regard too they claimed, is the rate of automation being employed for production. A higher percentage of automation means more products being achieved per a period of time, and the less the cost of production, hence competitive pricing and vice versa could be charged.

Personnel and Process Management element: This element is said to introduce the importance or role the staff, both of junior, senior and executives would be playing in the process of manufacturing, transferring and exchanging of the products and services to the consumers at the marketplaces. Personnel are vital, according to them from the beginning to the end. Other attributes of this given are leadership, job design, motivation, compensation and reward, communication in human resource and career planning and management (Olise, 2005)

2.7: Market Share of Company's Product:

Market share of a product as defined by Best (2005) is the percentage of current market demand obtained by a business. According to him, market share is used by businesses to determine their competitive strength in a sector as compared to other companies in the same sector, and it also allows organization to accurately assess their performance from year to

year noting if a particular company is closing better or worse compared to other companies in the same industry. In the contents of this study, he claimed, there are four basic marketing logic ways by which an organizational can improve on its market share (i) a company's product can be improved upon than those of competitors, (ii) prices of product can be changed or special incentives, such as discounts on sales can be offered to buyers, (iii) alternatively, new methods of distribution of company's products can be introduced so that people or consumers can purchase in more places, finally, organizations can advertise and promote their products in order to create awareness for the products. According to Best, the first step in developing a good estimate of sales of a product is to develop a good estimate of market demand. Market demand sets an upper limit on sales. He claimed that what this means is that if a business has a 100 percent market share of a product, then its sales equals the total market demand. Consequently, a business's sales are equal to the product of its market share and market demand. That is:

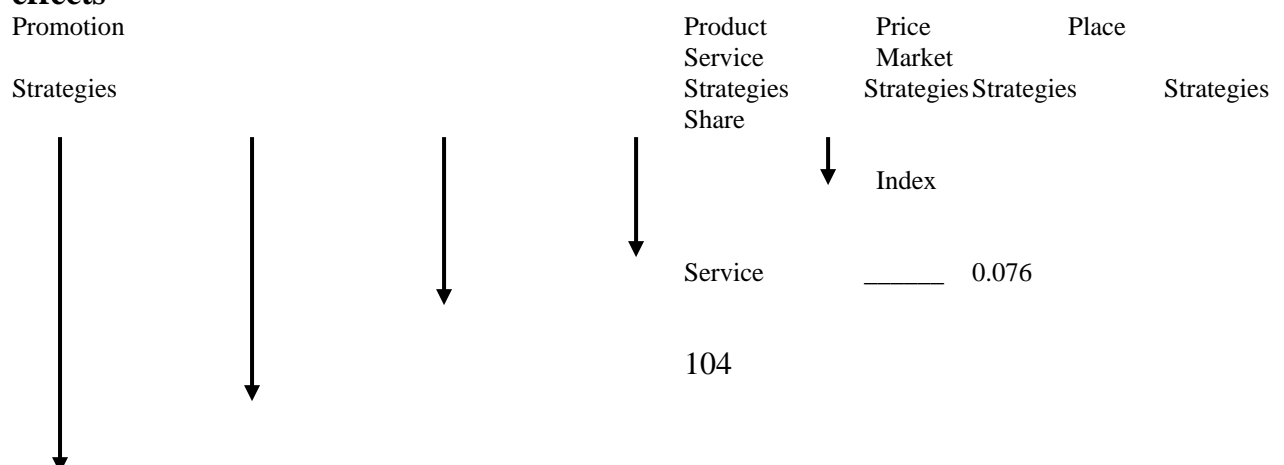
$$\text{Volume (Units)} = \text{Market Demand (Units)} \times$$

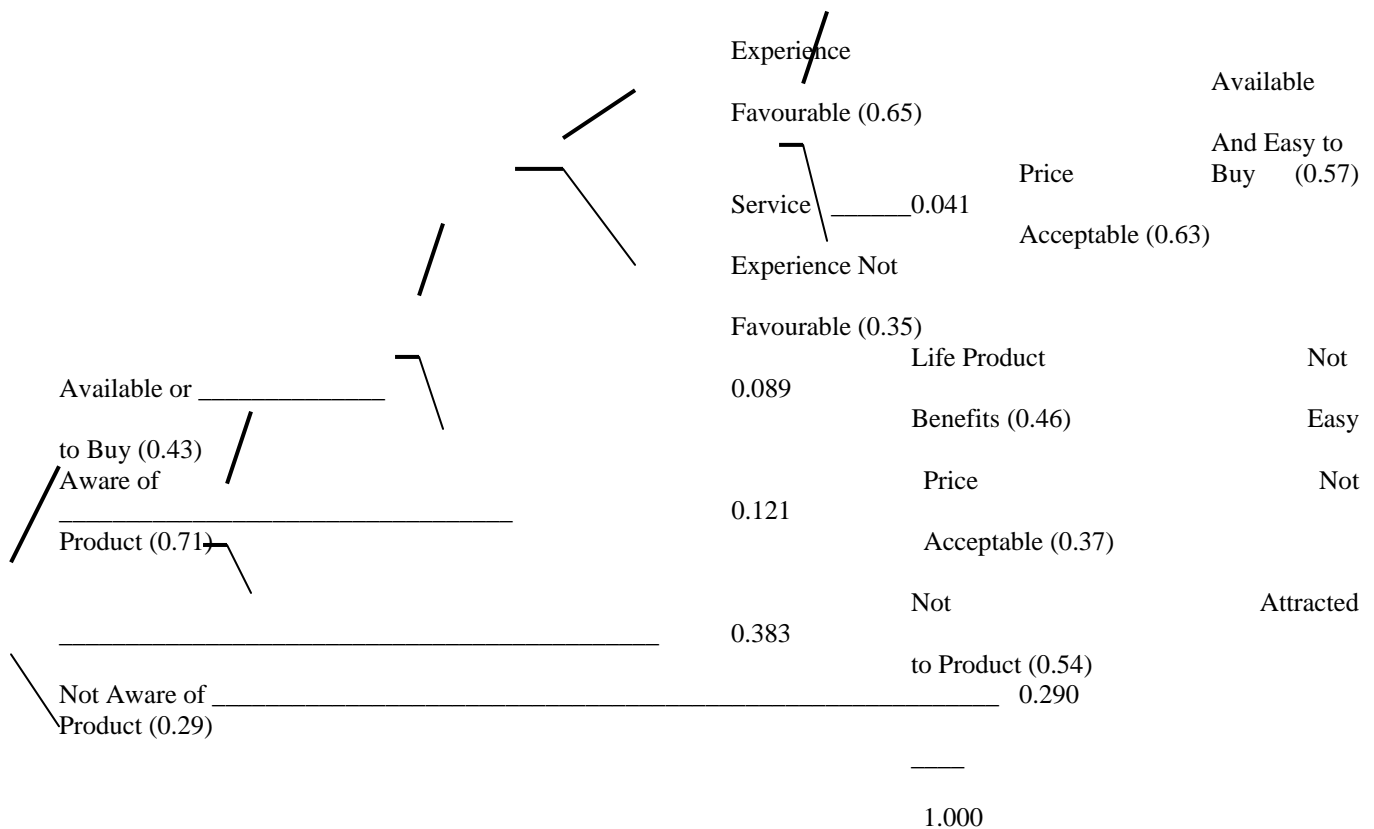
Market Share.

Graphically, Market share = Promotion x Product x Price x Place x Service.

Fig 2.15: Market Share Development Tree

Fig –2.14--- shows the share development path tracing a hierarchical market share effects





— Share Development Path

The Marker Share index is derived by multiplying all terms along given path.

Source: Market-Based management, Strategies for Growing Customer Value and Profitability by Best, J. Rogers (2005).

Best gave explanations on the roles of marketing mix elements in acquiring market shares as follows:

- ✓ **Promotion** strategies intend to create awareness of a product and its benefits.
- ✓ **Product** positioning strategies build around benefits designed to create product attractiveness and preferences.
- ✓ **Price** strategies are designed to enhance intentions to buy based on a price that creates an attractive customer value.
- ✓ **Place** strategies ensure that there is adequate availability and service to facilitate purchase.
- ✓ **Service** strategies are included to enhance customer satisfaction and retain customers.

that leads to a particular level of indexed market penetration. Each share effect is derived from marketing mix elements for a given group of target customers.

As shown in figure 2.14 above, each of these marketing mix factors creates a direct impact on target customer response and share development. In managing market share, he said, business must develop a successful strategy for each element of the marketing mix.

But Sliden (2007, p. 1) defined market share as the portion or percentage of sales of a particular product or service in a given region that are controlled by a company. With illustrations to pass his opinions on market share across, he argued, If, for example, there are 100 widgets sold in a country and company A sells 43 of them, then company A has a 43% market share. He also calculated market share using revenue instead of units sold. "If company A sold widgets for a total cost of \$860 and the people in the country spend a total of \$2,000 on the same widgets, then the market share is $\$860/\$2,000$ or 43%." According to him, the two different methods of calculating market share won't always provide the same answer, because different companies may charge slightly different prices for the same type of widget. Sliden said that market share is used by businesses to determine their competitive strength in a sector as compared to other companies in the same sector, and it also allows organizations to accurately assess performance from year to year. He argued that if sales is only used to measure performance, then the market conditions are not taken into account; hence that may have improved or decreased sales. Sales may have gone up because of increased popularity of a company's type of widget, or they may have gone down because of a drought or recession. Since those factors are beyond ones control, they don't give meaningful information about how organizations are actually doing as companies in terms of improving your businesses. By measuring market share, management can see if an organization is doing better or worse compared to other companies that are facing the same challenges and opportunities that you are. He enumerated four basic techniques by which an organization can improve market share; as shared by Best viz: improve your product so that it is better than your competitors or you can change the price or offer special incentives for buyers, such as discounts or sales. Alternatively, you can find new methods to distribute your

product so people can buy it in more places. Finally, you can advertise and promote your product. However, Sliden argued that increased market share is not always the best solution for businesses, as it might not be profitable if it is associated with expensive advertising or a big price decrease. He claimed that a company may not be able to meet the demand of an increased market share without huge investments in new equipment and employees. In some cases, he said, it can be to a company's advantage to decrease market share, if the lower costs of lower market share can improve profitability. Managing market share, therefore, is a very important aspect of managing a business. However, Schwalbach (2008, p.2) said that market share reflects the current competitive position a company attains in the market. He claimed that companies with high market shares are considered to satisfy customers' needs better, and therefore, enjoy a competitive advantage vis-à-vis their smaller counterparts. This view was supported by earlier authors like Porter, 1980, Buzzell and Gale 1987, and Marshall, 1987.

2.8: Returns on Capital Employed on the Marketing mix Elements:

Bennett (1997) gave definition of gross capital employed as fixed assets plus current assets. According to him, net capital employed comprises fixed assets plus current assets less current liabilities. He further claimed that the return on capital employed is an overall measure of efficiency and as such is commonly used to compare firms and industries. Often, he said that low-risk firms in stable industries have lower- than –average values for this ratio.

According to Best, (2005) another name for return on investment is return on invested capital, and it is a common floor – pricing approach, internally generated but needed to achieve desired return on investment. The formula he gave as usually used to calculate returns on capital employed or returns on investment is =

$$ROI = \frac{\text{Return on Investment} = \text{Volume} \times \text{Price} - \text{Volume} \times \text{Unit Cost} - \text{Manufacturing Expenses} - \text{Operating Expenses}}{\text{Investment}}$$

He retreated that return on capital employed (ROCE) is used in finance as a measure of the returns that a company is realizing from its capital employed, and it is commonly used as a measure for comparing the performance between businesses and for assessing whether a

business generates enough returns to pay for its cost of capital. Furthermore he said, it is the ratio of money gained or lost on an investment relative to the amount of money invested; and with reasonable returns on capital employed overtime, the company will experience growth. This view was also supported by Jones and George (2003) who stated that return of capital (ROC), or return on investment (ROI), or simply rate of return (ROR) is the ratio of money gained or lost on an investment relative to the amount of money invested , and it measures how well managers are using organization's resources to generate profits.

2.9: Company's Image for Good Performance:

Belch and Belch (2004) talked of company's image as the way by which members of the public identify with the policies, products and procedures of an organization with the public interest, which earns public understanding and acceptance. Also Mariaty (1994) asserted that since integrated marketing communication is focused on the total corporate or brand image, it is important to turn to public relations for more global understanding of how impressions are created. Public relations as an element of IMC have the fundamental and primary role of projecting a very good image of the organization as well as its products or services. Graham (2004) gave a hint on PR as a planned and sustained effort to establish and maintain goodwill and mutual understanding between an organization and its target market. Tools of public relations as given by Okigbo (1994) are news conference, press release, special events, press and crisis management and personal influence. Others are lobbying, counseling and corporate communication. The major objectives of PR as enumerated by Osuagwu and Eniola (1998) are:

- To have the company accepted as a good corporate citizen (by participating in social activities).
- To identify the company with education.
- To humanize corporate business.

- To counteract damaging rumours or negative publicity, the products / services or activities.

They also gave methods of evaluating public relations effectiveness, which they claimed include:

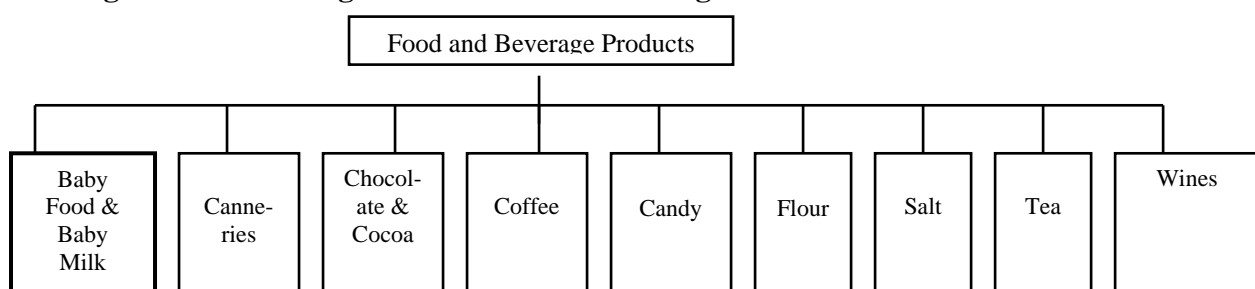
- Frequency or number of exposure
- Awareness / comprehension / attitude change of members of the public towards the company and its products or services, and
- Customer size and type.

2.10: Global Categorization of Food and Beverage Products

For effective comparison of multi-national and indigenous companies, the products selected (Food and Beverages) can be given a global categorization. The works of Vankatesh, Nenpane and Agarwal (2003) in Malaysia, Efenbo (2006) gave nine stages categorization of food and beverage products, and Food and Agriculture Organizations (FAO, 1993), on agriculture and food, were used as basis for our discussion. As per FAO disposition, food in cereals covers wheat and flour, bulder, ice, coarse grains and component of blended food. FAO reference was adopted for our food and beverage classification. Based on the above categorization, this research study will be dealing with the organizations that produce the following products within the frame of:

- (i.) baby food and baby milk, ii.) chocolate and cocoa, iii) coffee, and iv.) tea out of the following classification

. Fig. 2.16: Sub-Categories of Food and Beverage Products.



Source: Model was developed by the Researcher with the assistance of the Supervisor

2.11: Theoretical Framework:

Studies on marketing orientation and practices have been undertaken by different scholars (Corporate Differentiation).

2.11.1: Brown (1995), propounded a theory on two types of Corporation: those with a marketing department, and those with a marketing soul. Using 'fortune 500, it revealed that those organizations having marketing department are the top performing companies, while those companies with a marketing soul possess business traditions of the past; and they are fast disappearing.

Simon (1996) also noted that many of the firms in his sample of 'hidden champions' do not have marketing departments. These firms were reportedly sharing two main traits. One, they are very close to their customers, and that all employees recognize their role in serving the customer. Secondly, they focus in solving customers' problems through innovation, and providing additional customer value. These two traits are some of the essentials of marketing orientation presented in Simon theoretical presentation.

2.11.2: However, Freudian propounded another marketing base theory of Personality.

He related this theory to needs, wants, and value (Freudian, 1939)(1858-1939):

in Achumba (2006)

One major contribution of Freud theory of personality, according to Achumba (2006), is that a consumer is an object, both individualistic and gregarious; and that from an individualistic point of view; it is something which has physiological and psychological needs. He elaborated that physiological needs are of infinite variety, such as the need for food, warmth, etc, but that psychological needs are restricted to three main types. They are ego bolstering, ego defensive, and affectoral. Thus, these are instinctive needs- the id of Freud which supported the claim that individual also possesses five senses, intelligence and a personality.

In addition to this, Freud identified individual goal-needs satisfaction processes and presented a need-want transfiguration mechanism, which he linked to value desired. Thus Freud identified this value as super-ego influencing parameter towards goals attainment.

2.11.3: Basic Functions of Marketing: Arch .W. Shaw's (1912) Functional Approach of Marketing:

Shaw (1912) in his work, "Some Problems in Market Distribution" originated the functional approach to marketing. Also (Converce, 1945. p. 18, Faria, 1983 p. 162, Hunt and Goolsby, 1988, p. 36) contributed their views on this theory. Shaw (1912, p.731) used the term "general functions" to refer to acts or services performed by middlemen as a universal law of marketing. And to study such marketing problems, Shaw advocated what he called the "laboratory method," which included the use of observation, statistics, comparison, and an historical perspective. The product of such a scientific method would be general principles, exemplified by the functions of middlemen. These two traits are part of the essentials of marketing orientation.

2.12: Some Theories on Organizational Structure and Strategies

2.12.1: Likert, Rensis, (1971) (The Central Role of Work Groups).

Likert (1971) wrote on the importance of work groups for individual performance. According to him, every person desires to achieve and maintain a sense of personal worth. But the response one gets from the people to whom one is closed also determines the satisfaction he gets. Therefore people tend to behave in ways that are consistent with the goals and values of their work groups in order to obtain recognition, support, security, and favourable reactions from such groups. Likert therefore concluded that management will make full use of the potential capacities of its human resources only when each person in an organization is a member of one or more effectively functioning work groups that have a high degree of group loyalty, effective skills of interaction, and high performance goals.

2.12.2: The Systems Approach:

The System approach, also called the Structure-Functional approach was developed from the writings of Chester Bernard (1938) by some eminent scholars including Katz and Kahn (1966). The system approach sees organizations as systems. System theories are based on the view that it is not appropriate to examine individual parts of the organization, but both formal and informal relationships between and among sub-systems within the organization. System theories suggest that both the interaction between the parts (internal) of the organization and the relationship between the organization, and its environment should be considered in decision making process.

2.12.3: Typical Stages in Development Of Multi-national Companies By Phataric (1985)

Phataric (1985) asserted that no single multi-national company today ever rose up at inception and just became one; each of them according to him, went through typical stages in development towards attaining this status. Some skipped one or several of the stages as he enunciated stages 1-7 in fig.2.16

Fig. 2.17: A Stage-by-Stage Diagrammatical Presentation of MNC Evolution

					Stage 7: The parent organization considers the benefits of integrating the various operations in different countries. (This is assuming that the firm has gone through the above stages in several countries). On the other hand, Zontanos and Anderson (2004) gave the following on the characteristics of small business, typical of Nigeria food and beverage companies: i. High dependence on less than ten customers. ii. Tend to trade only in limited geographical areas, so this ties their fortunes closely to the cycle of the local economy. iii. Limited financial and human resources. iv. Limited opportunities in terms of expansion. v. Fixed costs take up a high proportion of revenues.
				Stage 6: A manufacturing facility is established in the market abroad. Now the firm has a subsidiary abroad that manufacturers and sells the products.	
			Stage 5: The firm now decodes to produce the product in the market through contract manufacturing and/or assembly operations.		
		Stage 4: An oversea sales subsidiary is established, which is similar in operation to an oversea branch. The difference between the two is that the sales subsidiary is incorporated and domiciled in a foreign country, and hence enjoys greater autonomy than a sale branch			
	Stage 3 The firm establishes a sales branch abroad to handle sales and promotional work in given market. The manager of the sales branch is directly responsible to the home office. The sales branch sells primarily to middlemen in the foreign country.				
	Stage 2 As sales of the products increases abroad, the firm begins to sell directly to an importers or buyer located in the market abroad. The firms established an export department or division in the home country to handle the exports.				
Stage 1 The domestic firm begins to export it products abroad through marketing middlemen in the home country. The middlemen could be export merchants, domestic based international agent, wholesalers or cooperative exporting organization.					

Source: Model was developed by the Researcher with the assistance of the Supervisor

2.13: Theories on Strategies

2.13.1: Sudharshan Theory of Two Strategic Groups in Industries

Based on Hunt (1972) study at the U.S. major household appliance industry, Sudharshan (2002) propounded the theory of strategic groups. Hunt observed that producers in particular industry differed in the range of products offered, minimizing costs and price, and the type of distribution channels used. Sudharshan suggested that the most vigorous competition occurs between firms in a “strategic group which use similar approaches to attract customers viz: similar product line, breadth, the product benefit offered, and distribution channels. Also using Porter’s (1985) study along, Sudharshan claimed that based on the above observations, Porter concluded that two types of strategic groups exist in most industries. One group (the D-group) contains firms that emphasize marketing to develop highly differentiated products (types of offering) and the second group of firms provides in undifferentiated product (U-group), often forsaking marketing and providing private labels for other firms (different forms of relationships), and emphasizes manufacturing to minimize costs. For sustainable competitive advantages, the firms in the D-group emphasize a customer loyalty advantages, whereas firms in the U-group emphasize a cost advantage..

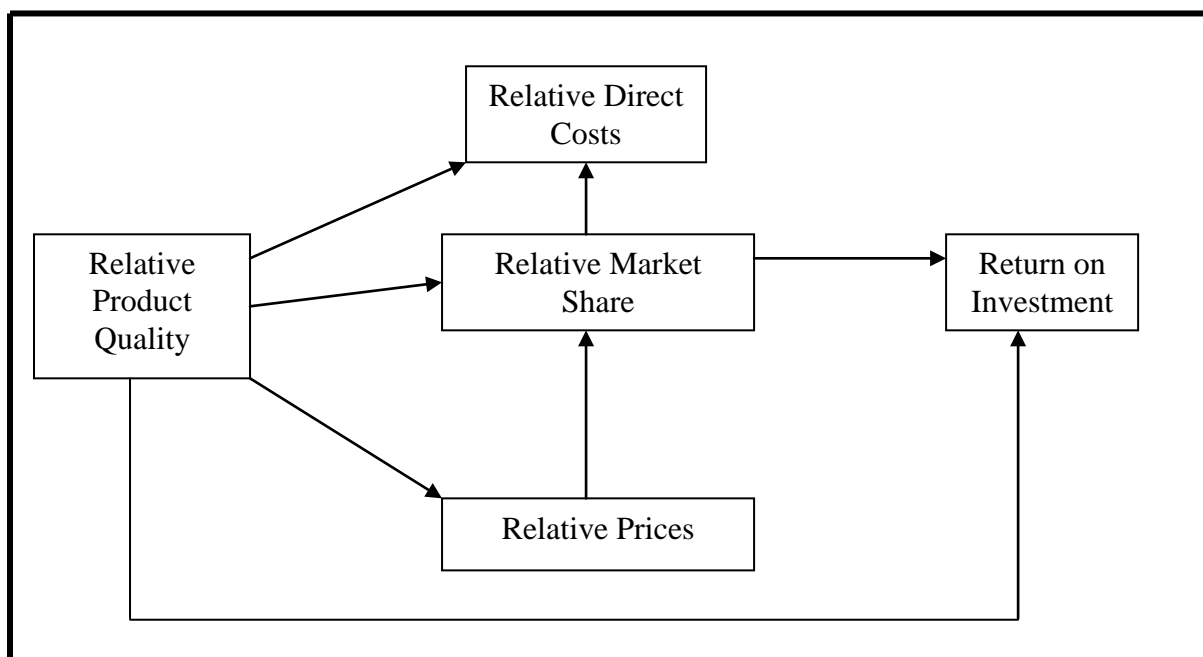
2.13.2: Cost Leadership & Product Differentiation Strategies: Empirical Study of Cost, Quality and Business Performance’ By Phillips, Chang, and Buzzell (1983)

Phillips, Chang and Buzzell (1983) in an Empirical Study of Cost, quality and business performance used the profit impact of market strategy (PIMS) database to make a detailed analysis of issues related to product quality. To examine these uses, they investigated the following viewpoints about quality, cost, and performance:

H₀: Product quality does not directly impact Returns on Investment (RO1)

H₁: Product quality has a direct impact on Return on Investment (RO1)

Fig. 2.18: A Simplified version of the Phillips, Chang, and Buzzel Model.



Source: Marketing Strategy: Relationships, Offerings, Timing & Resource Allocation, Sudharshan, (2002).

In their model, relative product quality affects relative direct costs (B_2), market share (B_3), and prices (B_4) and has a direct effect on return on investment (B_i). Relative market share affects costs (B_6) and, because of experience curves, return on investment (B_5). Costs affect return on investment (B_7) and prices (B_8). Finally, prices affect market share (B_9).

The first viewpoint, H_0 suggests a strong relationship between product quality and market share; thus B_3 will be positive and significant. The improvement in market position will result in a direct positive effect on return on Investment ($R01$), B_5 , and an indirect effect through lowering costs B_6 .

In the second viewpoint, H_i , there will be a strong direct relationship between product quality and return on Investment. Thus B_1 , will be a strong direct relationship between product quality and return on investment. Thus B_1 will be positive and statistically insignificant. In addition, B_4 will be positive and significant because higher product quality leads to higher prices, but higher prices may result in lower market share; so B_9 will be negative and significant.

2.13.3: Offensive and Defensive Competitive Strategies

(Kotler, and Singh, 1981, James, 1984, and Ries and Trout 1986) drew an analogy between Military warfare and competitive battles in the market place. Their basic contention given is that lessons for the conduct of business strategy can be learned by a study of warfare and the principles developed by military strategists.

2.13.4: Porter's Theory on Competitive Behaviour:

Porter (1986) examined the nature of competitive behaviour among industrial organizations when assumptions about homogeneous firms and customer are relaxed. According to him, this branch of economics recognizes that all firms are not alike and that customers are not the same. The dominant industrial organizations paradigm is the structure – conduct – performance (SCP) linkage. The paradigm suggests that a firm's performance results from competitive interactions (conduct in the marketplace) and that conduct is determined by the structure of the industry in which the firm competes. Within industrial organizations, performance is defined as providing benefits to consumers. Some aspects of social performance are allocating resources efficiently across firms, minimizing costs, and providing innovations.

2.13.5: Relevance of Industrial Organizations Paradigm to Competitive Evolution. (Porter, 1986)

This comprises the following:

(i) Objective Profit versus Social Welfare

While most researches on industrial organizations focus on improving social welfare by reducing firms' profits to a fair, and competitive level, managers are interested in improving their firms' profits.

(ii)

Unit of Analysis --- Firm versus Industry:

Research on industrial organizations is concerned with industry profits. The theory assumes that all firms within an industry are identical except for differences in size. Therefore while research on industrial organizations generally adopts the industry as a unit of analysis, managers are only interested in the problems facing an individual firm; and

(iii)

Static versus Dynamic Perspective:

Also, research on industrial organizations focuses on the relationship of industrial structure and performance, ignoring the dynamic competitive process (the conduct) that resulted in these relationships. Managers, on the other hand, are interested in the dynamic marketplace. They want to alter the existing situation – raise entry barriers, gain market share, and develop a sustainable competitive advantage.

2.14: Theories of Marketing Mix:

2.14.1: Product, Price, Place, and Promotion (Connectionist Theories). (Chisnall, 1997)

Marketers rely on Connectionist theories when it comes to product, place and promotion as elements of marketing mix. Two objects are connected by the prospect of a reward being given as a result of certain action. Alternatively, some punishment may follow in specific situations.

2.14.2: Product and Place:

The theory on product is called pleasure pain; and the most popular ones are Pavlov's famous experiments on conditioned reflexes in dogs. He was able to get dogs salivate by ringing a bell, signifying the availability of food (Products) at a time, even when no food was available. The food (products) must have been attested to be of required quality, and a place Thorndike postulated into the behaviour of cats enclosed in puzzle boxes from which they could escape by clawing at a string or lever in order to obtain food. He enunciated the 'law

of effect' which states that the creation of a strong stimulus-response association depended on the effects (reward or punishment) that followed the respond.

Hull extended the 'law of effect' relating it closely to motivational factors. He claimed that both association and selective trial-and-error learning occur because they are able to satisfy needs.

2.14.3: Promotion:

Skinner developed theory of conditioned reflex by distinguishing between responses to stimuli (elicited) and an activity actually taking place in terms of purchases (emitted responses). For instance, an advertising message of a food and beverage company is offering a man a new brand of milk drink at a special price may induce him to ask for the product at UTC's Store. However, the stimuli-response model was popularized in advertising business by John B. Watson. (Chisnall,1997).

2.14.4: Pricing:

Ansoff (1981) justified the objective of pricing for profit maximization. He postulated that (i) a human being performing any economic activity rationally aim at utility maximization. Utility can be measured in terms of profit. Thus profit maximization is justified on the ground of rationality.

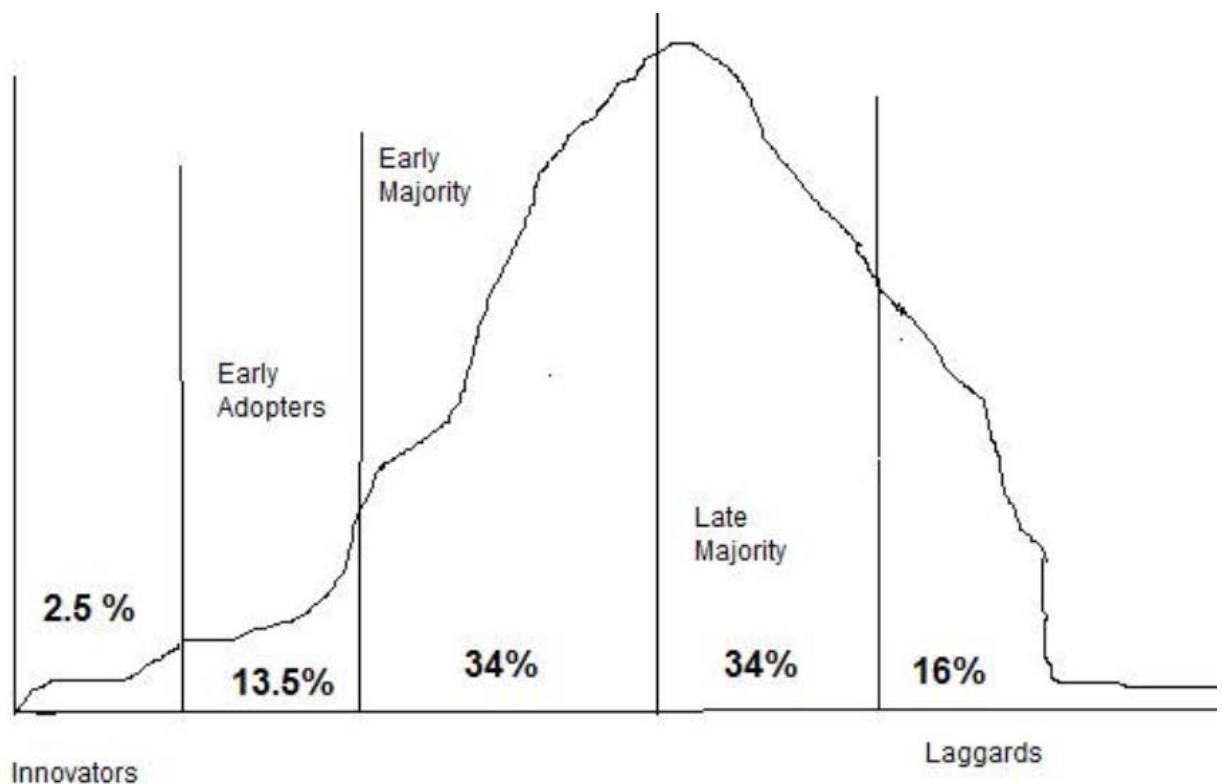
(ii) Profit maximization ensures economic survival; and social welfare.

2.14.5: Multi- Step Flow Theory or Diffusion Innovation Theory

Rogers (2008, pg. 1-2) propounded diffusion or innovation theory based on the idea that certain individuals are inevitably more open for new product adoption than others. He focused his diffusion research on five elements as follows:

- i. Characteristics of an innovation which may influence its adoption;
- ii. Decision-making process that occurs when individuals consider adopting a new idea, product or practice’
- iii. Characteristics of individuals that make them likely to adopt an innovation;
- iv. Consequences for individuals and society of adopting an innovation; and
- v. Communication channels used in the adoption process.

Fig. 2.19: Rogers Adoption/ Innovation Curve



Source: Everest Rogers (2008, pg 1-2) “Innovation Adoption Curve,’ Executive Fast Track Vol 10 No 1

Rogers categorized consumers into five groups with the kinds of people as follows:

Innovators: who he said are brave people, prepared to pull the change with communication mechanism.

Early Adopters: he called them respectable people, opinion leaders who try new ideas, but in a careful way.

Early Majority: who he said are thoughtful people, careful but accept changes more quickly than average people do.

Late Majority: This category he said are skeptic people who will use new ideas or product only when the majority are using it; and

Laggards: Rogers called these people fractional people who love to stick to ‘‘old ways’’ or old products. he said that they are critical about new ideas and will only accept it if the new idea has become mainstream or even tradition.

He emphasized the significance or usage of innovation adoption theory that

- i. Marketers can easily remember it
- ii It is not advisable to quickly and massively convince the mass of a new controversial idea but it is better to start first with convincing the innovators and the early adopters.
- iv. The categories and percentages can be used as a first draft to estimate target groups for communication purposes.

2. 15: Gap in Literature

2.15.1: Studies on Competitive marketing.

The past studies of various researchers on this concept were based on theoretical analysis which was not subjected to empirical analysis. Most studies were not subjected to field survey to get opinions of consumers and other stakeholders in the areas of study. Also diverse interpretations of marketing programmes were expressed to mean competitive marketing; (Laner, 2001, Eliaz, and Spiegler, 2002, Bacak, 2005, Konni and Ochagwura, 2005, and Delege, 2007) whereas this study adopted and relied on the definition of competitive marketing as given by the London Chartered Institute of Marketing (2005) in

the limited areas of study. The analyses and recommendations of these studies, mostly foreign, have never worked in Nigeria. For these reasons, this work was set to fill the gap.

2. 15.2 Development of Elements of Marketing Mix

Viewing the stages of the development of the four marketing mix elements from Borden's to McCarthy (1964), as also supported by Kotler, et al, 1999 and Palmer, 2004, it was found out that the four elements did not cover services as intangible products under service marketing. It is so much believed today that the 4Ps, that is product, price, place and promotion are only applicable to physical or tangible products while the additional 3Ps, that is people, process and physical evidence as suggested by Booms and Bitner (1981) are only applicable to intangible products. However, this study reveals the works of Fifield and Gilligan (1996) as interface of tangible goods and intangible goods (services) leaving semi-finished goods and raw materials out. Therefore, as expressed by Goi (2005, p.8), the researcher supports the view that the initial 4Ps of McCarthy ought to cover both tangible and intangible products.

2. 15.3: Organizational Structure and Strategies

Based on the views of Johns and Saks, 2004, Anthony and Govindarajan, 2001, Schein, (1970) in Oyedijo, 1995, Share and Glivov, 2008, Otokiti, 2004, Awodun, 2007, Hannagan, 2007, and Gibson, et al, (2003) synergistic approach should be employed to achieve efficient organizational structure. However, all the arguments of these erudite scholars are supportive to the structures of big -time organizations, or multi-national companies. Small and medium sized businesses with their unstructured features, according to Suntans and Anderson (2004) possess limited resources; hence opportunities for growth are rear to come by.

Phataric (1985) specified seven developmental stages by which domestic firms undergo to attain multinational status. But the characteristics of small businesses as given by Suntans and Anderson (2004) make it almost impossible for them to grow and attain multi-national status.

2. 15.4: Marketing Strategies

Kotler and Singh (1981), Porter, (1985), and George and Robin, (1983) all expressed their views on the importance of competitive strategies as moves to attract customers, withstand competitive pressures, seek new edges in market places, and strengthen firms' market positions. Also, all of the different marketing strategies propounded, apart from the niche business strategies (Griffin, 1999) are being utilized by multinational companies to the expansion of their market shares. The researcher is of the opinion that all categories of organizations in an industry should be able to adopt marketing strategies to the development and growth of their organizations as their potentials could carry them.

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CHAPTER THREE

RESEARCH METHOD

3.1:Introduction

In this section of the research work, attempt is made to describe the methodology and framework used in attaining the stated objectives of the study, how the research hypotheses were empirically determined, the research design adopted, the study population/sample frame

and its characteristics, and the types of sampling techniques used in this study. Also, types and sources of data were identified and procedure in testing these hypotheses and accomplishing the study objectives were defined. Concise efforts were made too to describe the choice of research instrument, questionnaire design, methods of data measurement, data collection techniques, and tabulation, analysis, and presentation of data.

3.2: Research Methodology

The methodology of carrying out research is regarded as the process of arriving at empirical solution to problems of investigation. This was carried out through the Collection, Organization, Planning, Analysis, and Interpretation of the data used. There are usually three approaches usually and commonly in use. They are (a) Survey Method, (b) Experimental approach, and (c) Ex-post facto. Of these three, the methodology adopted for this study is survey method. This is justified on the ground of its capacity for collecting large data and because it could make use of interview schedules or questionnaire focusing on very large population. This allows the researcher to create information for precisely answering the how, what, who, where and when questions concerning market factors and conditions. Besides, the data structures created through the survey method when considering the whole population helps the researcher to make inferences about the target population as a whole. The data generated was therefore be analyzed in many different ways according to the diversity of the operationalized variables.

3.3: Research Design

Research design is usually the plan, pattern and process consisting of the step by step adopted in carrying out the research. It is a guide to the researcher, starting with the problem definition, the design of research methods, design of sampling, design of measurement and scaling, and design of questionnaire as a measuring instrument or scale which is tested for its

validity and reliability, design of analysis, design of presentation or research results, and lastly referencing of the cited works. (Asika, 2004). For this present work on food and beverage of multi-national and indigenous companies in Nigeria, our research process incorporates analysis and choice of population, sample size determination, sampling techniques used in selecting the sample, the research frame and instrument, sources of data, and the inclusion of validity and reliability test. We have also incorporated industry based classification with the use of Standard International Trade Classification (SITC).

3.4: Population of the Study

The population of the research study was classified into two groups as follows:

Group 1: This is the part one segment of the population, and is comprising of direct marketing and operational participants (using the organization structural model of Otokiti (2005) such as Top Executives of marketing organizations, the Marketing Managers, Brand and Product Managers, Promotional Managers, Marketing Services Managers and Sales Managers. These participants were sourced from Multi-national food and beverages directory. The total companies from which we drew was (45) forty-five companies.

Group 11: This represents the second part of the study population, and is comprising of the domestic operators of the food and beverage companies, who were identified as producing similar but differentiated products. These participating companies were obtained from the directory of Association of food and beverages companies in Nigeria. From these, selected officers for interview were drawn. The figure of these indigenous companies was given as 171. From the multi-national and indigenous participants, a total of 216 (45 + 171) food and beverage companies constituted the population of this study. However, out of forty-five (45) multi-national companies, forty (40) companies were selected, and out of two-hundred and seventy-one (171) indigenous companies, one-hundred and twenty (120) companies were selected.

These sets of executives and managers were chosen because they are involved in the determination of their companies' marketing goals, objectives and strategies that eventually led to attainment of organizational goals.

3.5: Sample Size Determination

According to Adedayo (2000) a sample is that part of a population and thus consists of any sub-group drawn from the target population. Asika (2004) defined elements of the population as the individual items or subjects that make up the target population and they are the objects that possess the information sought by the researcher. Also Asika (2004) claimed sample size to be the number of elements that are included in the sample. The sample size for each set of the two groups of respondents were determined using Yard's formula, which is concerned with the application of normal approximation with 95% confidence level and 5% error tolerance. In determining the sample size this research study, the researcher adopted the statistical formula postulated by Guilford and Fruchter (1973) as following.

The population statistical formula is as follows:

$$n = \frac{N \dots \dots \dots}{\sum [(1 + N (e^2))]}$$

where:

n = The desired sample size to be determined

N = Total population.

e= Accepted error limit 0.05 on the basis of 95% confidence level.

To determine the sample size for multi-national companies, the total number registered is 45,

N = 45

E = 0.05

n = sample size

Substituting from above n = $\frac{45}{1 + 45(0.05^2)}$ = $\frac{45}{1 + 1.125}$ = $\frac{45}{2.125}$

$$1 + 0.1125 \quad 1 + 45 (0.05)^2 \quad 1.1125$$

= 40 samples.

To determine the sample size for indigenous companies, the total number registered is 171, the sample size goes as follows

The population statistical formula is as follows:

$$n = \frac{N}{\sum [(1 + N (e^2))]}$$

where:

n = The desired sample size to be determined

N = Total population.

e= Accepted error limit 0.05 on the basis of 95% confidence level.

Where for (Indigenous Companies)

N = 171

E = 0.05

n = sample size

$$\text{Therefore } n = \frac{171}{1 + 171 (0.05)^2} = \frac{171}{1 + 171 (0.0025)} = \frac{171}{1 + 0.4275} = \frac{45}{1.4275}$$

= 120 samples.

Therefore the total population sample selected was addition of 40(multi-national companies) + 120 (indigenous companies) = 160 food and beverage companies.

Forty (40) operational multi-national companies, out of forty-five, while one-hundred and twenty (120) indigenous companies, out of one-hundred and seven-one (171) were randomly selected for the convenience of coverage. In all one hundred and sixty (160) sample size, from the two hundred and sixty seven (216) registered multinational and indigenous companies producing food and beverage products with the Manufactures Association of Nigeria (MAN) as at 2006 were used.

3.6: Sampling Techniques

These are techniques which are used in selecting samples from a given population. It is not easily possible or practicable to make use of the whole population of this study. In the course of this study, six methods of probability-sampling generally recognized in the literature were examined. According to Adedayo (2000), sampling techniques available in research are: simple random sampling, stratified sampling, systematic sampling, multi-stage sampling, cluster sampling, and quota sampling. However, simple random sampling method was chosen and used in the selection of multi-national and indigenous companies' population sample of 40 and 120 respectively. The researcher adopted simple random sampling because of the homogeneous characteristics of population of study, that is, top executives, senior and junior management staff of 45 and 171 food and beverage companies in Nigeria, and the ease of use of table of random numbers. Also, each element of the population has an equal chance of being selected and representational.

Simple random sampling technique was adopted in this study, and the procedures for the selection followed indicated that:

A- 45 registered multi-national companies were numbered 1 to 45, and

B-171 registered indigenous companies were numbered 1 to 171

-On the table of Random Numbers, I started counting at the second line; moving horizontally to the right, hence, I obtained the sample figures of 40 for multi-national companies, and 120 indigenous companies respectively.

3.7: Sample Frame

Sample frame, on the other hand, is made up of complete list of all units in the population under study, and it determines the structure of enquiries (Kumar, 1999). A sample frame has characteristics that can be identified in every single unit and include any elements in a sample. It is a representative of the population, and the sample sizes were determined from simple random sampling for multinational companies, that is 45 companies, and 171 target

population of indigenous companies. The sample frame available was 216 registered companies.

3.8 Research Instrument

One type of research instrument, questionnaire, was chosen because of the nature of this study. A well structured questionnaire was developed and used to gather information from the top executives, senior, and middle management staff of the two categories of the foods and beverage producing companies in the country.

The questionnaire for the food and beverage companies was divided into three sections, A-C

- i. The first two sections, A-B, contained questions on the objectives of the research study as outlined in chapter one of this research study , while the third section, C, contained questions on the background information about the organizations and the respondents respectively. Views relating to age, sex, educational qualifications and years of experience of the particular respondents were required; while the date of establishment, incorporation, status, share capital, number of employees and the food and beverage products being produced by the organization were demanded for.
- ii. 5-points summated rating scale (Likert scale) was used with calibration of Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD). Values of 5, 4, 3, 2 and 1 respectively were assigned in a descending order to each calibration in measuring the responses. Likert scale was used so as to enable us compare easily responses among individual respondents on one hand, and responses between groups on the other hand.

For pre-test, both the multi-nationals and indigenous organizations chosen in the industry had had their selected staff interviewed.

The same questionnaire for the categories of respondents was divided into three sections, A-C. Section A contained statements on the roles of marketing, marketing concept, marketing environment, company's structure, and market segmentation. While the statements relating to marketing orientation and practices took care of the first hypothesis, those on company's structure took care of the second hypothesis. Section B containing statements about the appropriate usage of marketing strategies at different product supply situations resulted in the extent of market shares accruing to the organizations.

This took care of hypothesis three. Also section B used statements on the traditional four elements of the marketing mix viz: product, price, place, and promotion, to solve the rest two hypotheses respectively. Statements on the competitive use of the marketing mix elements yielded high and impressive returns on capital invested on products, pricing, place (Distribution), and promotion to the organizations. This took care of hypothesis four. Lastly, statements on the customers' perception of the companies' image as a result of the use of product, price, place, and promotion as marketing mix elements yielded high performances to the organizations.

3.9 Administration of Research Instrument

- i. The eight-hundred copies of the questionnaire were administered among the 160 companies; out of 216 registered food and beverage companies in the industry. Research assistants were engaged, and supervised through coordinated effort. So personal contact method was used both for the distribution and retrieval of the questionnaires.

The distribution of the research assistants was as follows:

1. Lagos Area	=	3
2. Western Area	=	2
3. Edo-Delta Area	=	1

4. Eastern Area	=	2	
		5. North-Eastern Area	= 2
		6. North-Western Area	= 2
	<u> </u>	Total	12 +
	<u> </u>		

myself = 13

The research assistants were graduates of Business related discipline and marketing, and they were trained on this special research assignment for the purpose and significance of questionnaire administration. Hausa speaking research assistants were engaged for the northern parts of the country.

For Lagos and Western/Edo-Delta parts of Nigeria, Yoruba, and Delta indigenes were respectively engaged while Ibo speaking men were engaged for the Eastern area. By this, the issue of language barrier was minimized. In all ten (10) men, and two ladies (2) were involved in the questionnaire administration along with the researcher. Remuneration to them was attractive, hence encouraged them on the assignments. Maximum of two weeks were allotted for the administration of the questionnaire, by which time they were collected back in all the centers enumerated above.

3.10: Sources of Data

The two sources by which data were collected in this study are:

- i. Secondary sources as listed below:
 - Covenant University Library
 - Manufacturers' Association of Nigeria
 - Nigerian Stock Exchange Annual Reports, 2001- 2006
 - Food and Beverage Producing Companies Manuals (Indigenous and Multi-nationals).
 - Association of Food, Beverage and Tobacco Employers' Manual (AFBTE), 2006.

- Internet facilities; and
- ii. Primary sources, as listed below:
 - Top executives, Senior and Mid-management Staff of Multinational companies on one hand, and their Counterparts of Indigenous companies in food and Beverage industry in Nigeria, on the other.

Information from the secondary sources included the big and small manufacturing companies involved, respective years of establishment of the firms, food and beverage products being produced, and status as to their enlistment on the Nigerian Stock Exchange, the shares capital, and individual performances from 2001 through 2005.

Also, information from the primary sources was gathered via well-structured and tested questionnaires to the chosen respondents. The questions were tailored towards solving the research problems.

3.11: Method of Data Presentation and Analysis

The data collected from these companies were classified into specific observed trends, and relationship were identified and subjected to interpretation.

Descriptive and statistical analyses were used in analyzing the data collected with the aid of Statistical Package for Social Sciences (SPSS). Descriptive analysis enabled us to calculate the frequency distribution of the variables and their respective percentages.

Statistical analysis, on the other hand, enabled us to calculate the Analysis of Variance (ANOVA), which was used in testing the five stated hypotheses. All the steps recommended in using ANOVA were observed; as they enabled us to analyze the degree of variance between dependent and independent variables used in the study. The five hypotheses earlier formulated constituted the basis of arrangement of tables for analysis. The hypotheses were structured to focus on the operational variables used in designing the research questions.

3.12 Validity of Research Instrument – Questionnaire:

Validity is defined by Anderson (2004) as a judgment about whether the data really provides evidence on what it is supposed to be about the research instrument used.

Convergent validity was assessed with Pearson correlations comparing instrument subscale and total scores with MS-C and IES subscale and total scores. Estimates of discriminate validity were derived through r tests for non-independent correlations that facilitated statistical comparisons in correlations between scales that assess similar constructs (e.g., PCL and IES) and scales that assess distinct constructs (e.g., PCL and CES-D). It revealed 0.84. To assess the construct validity and unidimensionality of the scale, a principal components factor analysis with varimax rotation was performed on the six items. The factor analysis revealed four factors explaining about 77.8% of the total variance and corresponding with the three proposed sets of complementary resources, respectively. Internal Construct Validity refers to the number of distinct constructs measured by an instrument. This is referred to as the dimensionality of the instrument, and is concerned with the validity of the scoring keys. In the Competitive marketing questionnaire there are three parts, each of which measures multiple constructs. These are: marketing orientation, organizational structure, and use of marketing mix elements. Criterion-related validity was used to support the construct validity of this instrument which is the most fundamental form of validation and the only type of evidence necessary for determining the validity of an instrument.

3.13: Reliability of Research Instrument

On the other hand, **reliability**, according to Owojori (2002) is defined as the degree to which a test consistently measures whatever is measures. The more reliable a test is , the more confidence we shall have the scores obtained from the administration of the test are essentially the same scores that would be obtained if the tests were re-administered. Also, Asika (1991) gave the definition of reliability in statistical form as $XR = 0$, that is, the extent to which a measure is free from random error. That if $XR \neq 0$, the measure is unreliable. Both authors (Owojori and Asika) differently outlined three principal methods of testing reliability of a research instrument. They are:

- i. Test-re-test method

- ii. Equivalent or Multiple-form method, and
- iii. Internal consistency method; which also consists of two types as follows:
 - (a) Split-half method, and
 - (b) Co-efficient Alpha otherwise known as Cronbach's Alpha method.

These three major categories of reliability were measured for this instrument: test-retest, equivalent form, and internal consistency. Each measured consistency a bit differently. Test-retest measured consistency from one time to the next. Equivalent-form measured consistency between two versions of an instrument. Internal-consistency measured consistency within the instrument (consistency among the questions).

To ensure test-retest, the instrument was given twice to the same group of people. The reliability was the correlation between the scores on the two instruments. If the results were consistent over time, the scores should be similar. The trick with test-retest reliability was determining how long to wait between the two administrations. One should wait long enough so the subjects won't remember how they responded the first time they completed the instrument, but not so long that their knowledge of the material being measured had changed. Considering this fact the test-retest was carried out within two weeks interval. The result yielded 0.69.

To ensure equivalent-form (parallel or alternate-form) validity, two different versions of the instrument were created. The researcher assumed both measured the same thing. The same subjects completed both instruments during the same time period. The scores on the two instruments were correlated to calculate the consistency between the two forms of the instrument and the $r = 0.62$.

The internal-consistency of the instrument split half method was used. A total score for the odd number statements was correlated with a total score for the even number. The Spearman-Brown prophecy formula was applied to the correlation to determine the reliability. The result revealed 0.67. Cronbach's Alpha was equally used because the items on the instrument were not scored right versus wrong, Cronbach's alpha is often used to measure the internal

consistency and the result yielded 0.69. The items on the instrument were not factorized because the items did not reflect interdependency.

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CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF RESULTS

4.1. Introduction

This study investigated the impact of competitive marketing on performance of multinational and indigenous food and beverage manufacturing companies in Nigeria. In achieving this objectives, the study evaluated the processes of competitive marketing of two types of companies in relations to their performance, identified organizational structures and strategy associated with management responsiveness for higher performance, and explored the extent at which the use of competitive marketing strategies ensure more market shares accrue to the companies. This study further investigated the competitive use of product, price, place, and promotion as the elements of marketing mix in relation to returns on capital employed, and corporate image. The data collected from these companies were classified into specific observed trends, and relationship were identified and subjected to interpretation. The five hypotheses earlier formulated constituted the basis of arrangement of tables for analysis. Hypotheses were structured to focus on the operational variables used in designing both the research questions and hypotheses. Also shown in this chapter are the number of registered members of food and beverage companies, their geographical spread in Nigeria, and questionnaire distribution/ response rates of multinational companies and those of indigenous companies respectively.

From table 4.1 below, total number of functional multinational and indigenous food and beverage companies registered with Manufacturers' Association of Nigeria, as at 2006, was

216; while the number of the two categories that registered with the Association of Food, Beverage and Tobacco Employers at the same period was 205.

The registered figures of food and beverage companies as at 2006 are reflected as follows:

Table 4.1: Registered Members of Food, Beverage and Tobacco Companies in Nigeria.

SITC Classification	SECTORAL GROUP	MAN	AFBTE
0	Beer	15	13
3	Fruit Juice	12	10
0	Soft Drinks & Carbonated H ₂ O	14	13
4	Flour and Green Milling	20	26
0	Industrial Fish & Shrimp Trawling & Processing	9	9
4	Dairy Products	22	30
6	Biscuit and Bakery	10	4
6	Sugar	5	2
8	Distillery and Blending	15	11
1	Cocoa and Chocolate	8	5
4	Vegetable and Edible Oil	14	12
0	Poultry	55	69
1	Tobacco	5	3
4	Animal Feeds	12	8
	Total	216	205

**Sources: (i) Manufacturers' Association of Nigeria's (MAN) Annual Report, 2006.
(ii) Association of Food, Beverage and Tobacco Employers' Report, 2006.
(AFBTE)
(iii) S.I.T.C Classification; Compiled from Otokiti (2005)**

Note: Key on SITC classification:

0: represents Food and Live animals

1: represents Beverage and Tobacco

3: represents Minerals, Fuels, Lubricants, and Related Materials.

4: represents Animal and Vegetable Oils, Fat and Waxes

6: represents Manufactured goods.

8: represents Miscellaneous Manufactured Articles; Building Materials, etc

The reason for the disparity is that membership of AFBTE is not compulsory, even though as a producer of food and beverage products, it is not so with Manufacturers' Association of

Nigeria. Also the SITC Classification of food and beverage products is indicated as applicable to this study.

Table 4.2: Harmonized Geographical Spread of Registered Food and Beverage Companies in Nigeria.

Region	Multinational Companies	Indigenous Companies	Total	Percentage Contribution
Lagos	34	102	136	62.96
West	2	10	12	5.56
Edo/Delta	-	10	10	4.63
East	2	21	23	10.65
North-East	5	9	14	6.48
North-West	2	19	21	9.72
Total	45	171	216	100

Source: Sources: (i) Manufacturers' Association of Nigeria Annual Report, 2006.

From the table 4.2 above, as at 2006, it was found out that there were 45 multinational companies, and 171 indigenous food and beverage manufacturing companies registered with Manufacturers' Association of Nigeria (MAN). However, Lagos with a total of 136 companies controls 62.96% of the nation's food and beverage business. Eastern area has 23 (10.65%) companies, and North-western area has 21(9.72%) companies, North-eastern area has 14(6.48%) companies, Western area has 12(5.56%) companies, and Edo/Delta area has 10(4.63%) companies.

Distribution of Questionnaire:

Eight copies (8) of the questionnaire were administered in each of the selected companies of multi-national and indigenous; though adjustments in terms of approximation have to be made on the number of questionnaire as the situation dictates. In that case, explanation(s) will follow, To multi-national companies, $40 \times 8 = 320$ copies of questionnaire, but 300 copies were administered, while to indigenous companies, $120 \times 8 = 960$ copies of questionnaire were divided into two, and approximated to 500 copies that were administered.

Three hundred (300) copies of the questionnaire were administered to the multinational companies all over the country in August, 2007, as analyzed below, while analysis on responses is also given.

Table 4.3: Questionnaire Distribution/ Response Rates of Multinational Companies.

Region	Distribution	No. Returned Questionnaire	No. Used Questionnaire	No. of Unused Questionnaire	% of Used Questionnaire to Distribution	% To The Nation
Lagos	245	187	176	11	71.84	82.63
West	10	8	8	-	80.0	3.76
Edo/Delta	-	-	-	-	-	-
East	10	7	5	2	50.0	2.35
North-East	25	21	17	4	68.0	7.98
North-West	10	8	7	1	70.0	3.28
Average % Response	300	231	213	18	71.0	100

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.3 above shows the distribution/general response rates nation-wide of our questionnaire from the senior staff of multinational companies. Western area had 10 copies of the questionnaire administered. 8 copies (80.0%) were returned and all the eight were used. Lagos, the target sales area, had 245 copies of the questionnaire administered. 187 were returned and 176 (71.84%) copies could only be used; 11 copies were not properly filled. North-west sales area had 10 copies of the questionnaire, 8 copies were returned while 7(70%) copies were good for use; 1 copy questionnaire was not properly filled. North-east sales area had 25 copies administered, 21 copies were returned while 17(68.0%) copies were used; with 4 copied rejected as a result of improper filling. Eastern sales area also had 10 copies of the questionnaire administered. 7 copies were returned, 5(50.0%) copies only could be used while 2 copies were rejected due to improper filling. It is worth of note that Edo/Delta area had no record of any multinational company. In terms of the respective area contributions to the 213 national figures, Lagos had the highest, 82.86%, North-east area had 7.98%, West area had 3.76%, North-west area had 3.28%, and East area had 2.35%.

From table (4.2) above, 120 copies of the questionnaire were picked and allocated to areas for administration; to the senior staff of the registered indigenous companies based on the respective percentage contributions to the 171 national figures.

Table 4.4 below shows the analysis of indigenous companies registered with Manufacturers' Association of Nigeria (MAN)

Table 4.4: Analysis of Registered Indigenous Companies and their Percentage Contributions.

	Indigenous Registered Companies	Percentage Contributions
Lagos	102	59.65%
West	10	5.85
Edo/Delta	10	5.85
East	21	12.28
North-East	9	5.26
North-West	19	11.11
Total	171	100

Sources: (i) Manufacturers' Association of Nigeria Annual Report, 2006

Table 4.4 above shows the registered figures by areas; of indigenous companies and the percentage contributions of each region to 171 total national figures. The percentages were used to allocate the selected 120 copies of the questionnaire which were selected by random sampling method. As earlier stated, approximately half of 960 copies of questionnaire, which were rounded up to 500 copies, were distributed among the 120 indigenous food and beverage manufacturing companies. The analysis of distribution and responses by areas is given below.

Table 4.5: Questionnaire Distribution/ Response Rates. (Indigenous Companies).

Region	Distribution	No. of Returned Questionnaire.	No. of Used Questionnaire.	No. of Unused Questionnaire.	% of Used Questionnaire to Distribution	% To The Nation
Lagos	315	208	202	6	64.13	62.35
West	25	20	19	1	76.00	5.85
Edo/Delta	25	19	16	3	64.00	4.94
East	60	38	36	2	60.00	11.11
North-East	25	20	20	-	80.00	6.17
North-west	50	35	31	4	62.00	9.57
Average% Response	500	340	324	16	64.80	100

Source: Researcher's Analysis of Field Survey, 2007/2008

The table 4.5 above reveals very good responses by areas based on their respective strengths. All areas responded positively with North-East area recording 20(80.0%) copies of good and usable questionnaire out of 25 copies administered. Western area had 25 copies administered, 19(76.0%) copies were used out of 20 copies returned, 1 copy could not be used as a result of wrong filling. 315 copies of the questionnaire were administered in Lagos area. With 208 copies returned, 202(64.13%) copies were used with 6 copies rejected as a result of incomplete and improper filling. In Edo/Delta area, 25 copies of the questionnaire were administered, 16(64.0%) copies were found useful out of the 19 copies were returned, 2 copies were found half-filled and 1 copy partially blank. North-west area had 50 copies of the questionnaire administered, 35 copies were returned, 31(62.0%) copies could only be used leaving 4 copies which were not properly completed. Eastern area recorded 60 copies of administered questionnaire, 36 (60.0%) copies could be used out of 38 copies returned, while 2 copies were found not properly completed. In terms of the respective area contributions to the 324 national figures, Lagos had the highest contribution of 62.35%, followed narrowly by East sales, 11.11%, and North-west, 9.57%. However, the North-east sales had 6.17%, with West accounting for 5.85%, and Edo-Delta, 4.94% only

Demographic and Socio-economics Characteristics of Respondents:

According to table 4.6 below, majority of participants in the sample were senior managers, 248 (46.2%) and managers, 202 (27.6%); while 87(16.2%) were general managers. In terms of gender, 429 (79.7%) were male and 108 (20.1%) were female. Similarly, 395 respondents representing 73.6% were between the ages of 36-45; whereas 71(13.2%) respondents were between ages 26 and 35, and 71(13.2%) were 46 years and above. Regarding working experience, 395(73.6%) respondents possessed 11 to 15 years working experience, 71(13.2%) respondents possessed 6 to 10 years, and 71(13.2%) respondents also possessed working experience of 16 years and over. In terms of nationality, 535 (100.0%) respondents were Nigerians, while 2 (0.4%) were foreigners. 475(88.5%) respondents had worked in

marketing department, while only 62(11.5%) respondents did not. All the respondents worked both in marketing sub-sets as promotion and sales. Majority, 279(52.0%) respondents worked in promotion division, while 258(48.0%) worked in sales division. Lastly, in terms of qualifications, majority 372 (69.3) respondents possessed first degree, while master's degree holders were 165 (30.7%).

Table 4.6: Demographic and Socio-economics Characteristics of Respondents

Position	Freq	%
General Manager	87	16.2
Senior Manager	248	46.2
Manager	202	37.6
Total	537	100.0
Gender.		
Male	429	79.9
Female	108	20.1
Total	537	100.0
Age		
26-35yrs	71	13.2
36-45yrs	395	73.6
46 yrs and above	71	13.2
Total	537	100.0
Working experience		
6-10yrs	71	13.2
11-15yrs	395	73.6
16years and above	71	13.2
Total	537	100.0
Nationality		
Nigerian	535	99.6
Foreigner	02	0.4
Total	537	100.0
Work in marketing Department before		
Yes	475	88.5
No	62	11.5
Total	537	100.0
Where Respondents have worked		
Promotion	279	51.
Sales	258	48.1
Total	537	100.0
Highest Educational Qualification		
Degree	372	69.3
Masters	165	30.7
Total	537	100.0

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.7: Perception of Respondents on Kinds of Company and Positions in the Industry.

Nature of Companies		
Public Limited Liability	213	39.7
Private Limited Liability	121	22.5
Public Sector	65	12.1
Private Venture	136	25.7
Total	537	100
Types of Company Respondents were Located.		
Multinational	213	39.7
Indigenous	324	60.3
Total	537	100
Respondents and Kinds of Company		
Manufacturer	469	87.3
Manufacturer & Exporter	68	12.7
Importer	-	-
Total	537	100
Respondents Revelation of Company's Position		
Market Leaders	66	12.1
Market Followers	338	63.1
Market Challengers	133	24.6
Niche	1	0.2
Total	537	100

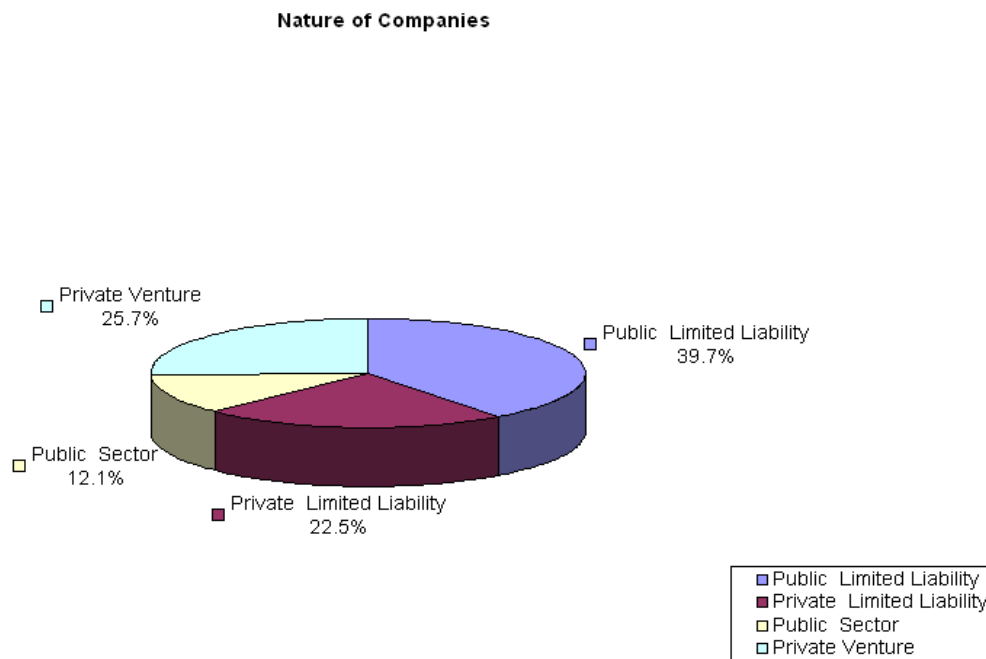
*Note: Public Sector here comprises those food companies established and been managed by governments all over the country.

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.7 above, on the perception of respondents concerning their companies can further be sub-divided to reveal respondents' location, respondents' kind of company and perception of company's position in the industry. Thus the data was structured on the basis of mode of legal operations, coverage, and nature of business and the positions of their organizations in the market. Five hundred and thirty-seven participants represented the size of respondents, out of which 213(39.7%) of these respondents were from public limited liability, 121 (22.5%) from private limited liability, 65 (12.1%) from public sector and 136 (25.7%) private ventures. Participants respondents from multinational companies accounted for 213 (39.7%) and 324 (60.3%) from indigenous companies. On the basis of kinds of company the respondents were drawn, 469(87.3%) were from purely manufacturing companies and 68 (12.7%) from companies engaged both in manufacturing and export operations. There were no respondents drawn from purely importing companies. The positions of the companies where the participants were drawn from indicated that majority were from companies whose

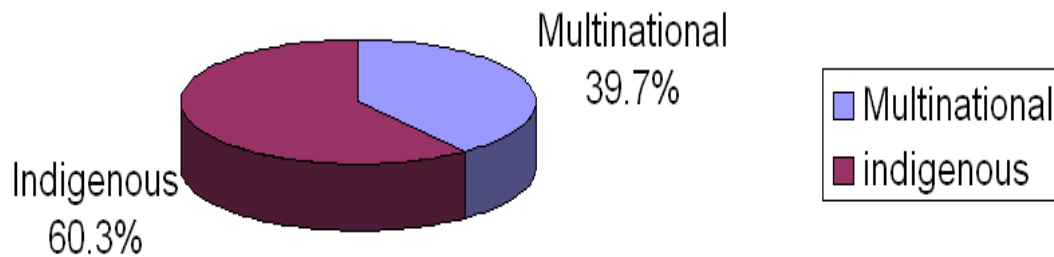
status can be classified as market followers, 338 (63.1%), market challengers, 173(24.6%) and market leaders, 66(12.1%), while a negligible percentage 1(0.2%) were from niche companies.

Chart 1: Pie Charts Showing Companies' Nature, Type and Percentages



Four classifications of food and beverage companies were sourced. It was revealed that greater number of respondents, 213 (39.7%) were in the services and participated from public limited liability companies. Private ventures, mostly family based, accounted for second best group of food and beverage companies; whereby 136 (25.7%) respondents participated in the research study. The third group, private limited liability companies which are medium scale, accounted for 121 (22.5%) respondents that participated in the research. On the other hand, public sector which comprises food and beverage companies established and being managed by governments all over the country accounted for 65 (12.1%) respondents that were involved in the research study.

Types of Company



The comparative nature of this study was responsible for the two types of food and beverage companies sourced. It was therefore not surprising that multi-national companies (Public limited liability) accounted for 213 (39.7%) respondents, while indigenous counterparts (combination of private limited liability, public sector, and private venture companies) had 324 (60.3%) respondents participating.

4.3 Structural Presentation of Variables

The variables presented in tables 12 to 29 can be structurally represented as follows

Model 4.3.1: Marketing Orientation and Practices Model

$$MP' = \beta_1 + \beta_2 + \beta_3 + \beta_4$$

Where β_1 = Marketing role

β_2 = Marketing concept

β_3 = Marketing Environment

β_4 = Marketing Segmentation

Therefore

MNCs as $1 = MP_{MNCs}$

$$MP_{MNC} = \beta_1 + \beta_2 + \beta_3 + \beta_4 \text{ -----equation-1}$$

Where $\beta_1 = \Sigma (y_1 + y_2 + \dots y_8)$,

$$\beta_2 = \Sigma(t_1 + t_2 + \dots t_7),$$

$$\beta_3 = \Sigma(u_1 + u_2 + \dots u_{10}),$$

$$\beta_4 = \Sigma(p_1 + p_2 + \dots p_6)$$

$$\text{INCS as } 2 = \text{MP}_{\text{INCS}}$$

$$\text{MP}_{\text{INCS}} = \beta_1 + \beta_2 + \beta_3 + \beta_4 \text{ -----equation-2}$$

$$\text{Where } \beta_1 = \Sigma(y_1 + y_2 + \dots y_8),$$

$$\beta_2 = \Sigma(t_1 + t_2 + \dots t_7),$$

$$\beta_3 = \Sigma(u_1 + u_2 + \dots u_{10}),$$

$$\beta_4 = \Sigma(p_1 + p_2 + \dots p_6)$$

Model 4.3.2: Organisational Structure Model

Two Types of Organisational Structures were identified, namely

(i) Vertical Organisational Structure (VOS), and (ii) Horizontal Organisational Structure (HOS)

VOS = $3(X_1) + 2(X_2) + \dots (X_n)$ where there are three structures

HOS = $X_1 + X_2 + \dots X_n$ where there are three structures

Model 4.3.3: Marketing Strategies Model:

The marketing strategies model was observed from two perspectives namely:

(i) during free supply of products amongst the manufacturers of food and beverages – dfss,

(ii) during period of short supply of products as observed by these companies through the responses associated to these companies.=dst.

(a) Therefore, the Marketing Strategy (MS) based on dfss is represented as -Ls+dfs +fs +des +ofs.

(b) Whereas Marketing Strategy based on dst is represented as follows:

$$\text{Ls}_1 + \text{dfs}_1 + \text{fs}_1 + \text{des}_1 + \text{ofs}_1.$$

$$\text{Marketing Strategies (MS)} = \underline{\text{Ls} + \text{dfs} + \text{fs} + \text{des} + \text{ofs}} + \underline{\text{Ls}_1 + \text{dfs}_1 + \text{fs}_1 + \text{des}_1 + \text{ofs}_1}$$

$$= (L_s + d_{fs} + f_s + d_{es} + o_{fs}) + 2 (L_{s_1} + d_{fs_1} + f_{s_1} + d_{es_1} + o_{fs_1}) / 2$$

Where:

L_s = Cost leadership strategy during free supply of products

d_{fs} = Differentiation strategy during free supply of products

f_s = Focus strategy during free supply of products

d_{es} = Defensive strategy during free supply of products

o_{fs} = Offensive strategy during free supply of products

L_{s_1} = Cost leadership strategy during product shortage

d_{fs_1} = Differentiation strategy during product shortage

f_{s_1} = Focus strategy during product shortage

d_{es} = Defensive strategy during product shortage

o_{fs} = Offensive strategy during product shortage

Summary Explanation on Model Specification:

Marketing roles had eight items which specified various roles marketing plays in effective realization of organizational goals; for example in human satisfaction, creation of utilities, demand stimulation, managing competition, creation of link between organizations and distributors, facilitation of exchange, and profit generation. **Marketing concept** had seven items which revealed the identification of customers' needs, products for satisfying the needs, products offers that attract customers, identifying different classes of consumers, improved production techniques, pursuit of distribution efficiency, and societal concept.

Marketing environment had ten items with integrated marketing programmes, support of suppliers and customers, patronage of media houses and financial institutions, economic factors, NAFDAC certification, legal factors, competitive factors, technological factors, cultural factors, and social factors.

Company structure had eight items such as task and psychological supports to workers, delegation of duties, allowed authority and responsibilities, span of management, functional specialization, operational organic form of structure, workers endowed to act officially

within the scope of their delegation, and systems flexibility. **Market segmentation** had six items as follows benefits derivable, geographical characteristics, demographic characteristics, product positioning, adoptable strategies, and evaluation of segments.

On the Company's earned profits, Company's acquired market shares, and Returns on capital employed, products, price, place, and promotion were four elements of marketing mix used for their assessment.

On Company's image: product, price and promotion were the three elements of marketing mix used, and

Marketing strategies: had five items each for two different periods of product supply. Period of free product supply had five items strategies as cost leadership, product differentiation, focus, offensive, and defensive strategies. On the other hand, period of short supply of products had five item strategies as cost leadership, product differentiation, focus, defensive, and first-mover strategies.

Table 4.8: Summary of Mean and Standard Deviation of Marketing Roles of both Multinational and Indigenous Companies (MNCs_N= 213, INCs_N= 324) wf = 5.0

Items	N	Mean	Std. Deviation	Mean MNCs	Mean INCs
In the last two years the way we marketed our products resulted in customers' satisfaction	537	3.9199	0.93397	3.73	2.68
Marketing activities created utilities to clients	537	3.8063	0.95794	3.62	2.26
Marketing activities stimulated apparent demands	537	3.8361	1.02358	3.64	3.04
Marketing activities of our company aided management of competition	537	3.5959	1.02334	3.51	2.06
Marketing activities facilitated relationship between distributors and our Company.	537	4.0652	0.95292	3.98	2.46
Marketing activities adopted by our Company facilitated exchange of products	537	3.6331	1.07093	3.64	2.42
Marketing activities facilitated direction of investment into our Company.	537	3.2700	1.10109	3.42	2.54
Marketing activities operated by us contributed to our profit generation	537	3.5158	1.23091	3.21	2.42

Source: Researcher's Analysis of Field Survey, 2007/2008

Note: MNC_N = Number of Participants from Multinational Companies, INC_N = Number of Participants from Indigenous Companies

Table 4.8 above shows the total number of participants from multinational and indigenous companies, the total statistical means and the mean associated with each of the companies. In the analysis of data, the means of multinational companies were higher than those of indigenous companies in all the items presented under marketing role. This implies that in the perception of the respondents,, marketing roles on multinational companies were geared towards customers' satisfaction, creation of utilities, and stimulation of apparent demands, and other marketing orientation and practices observed.

Table 4.9: Summary of Mean and Standard Deviation of Marketing Concept of both Multinational and Indigenous Companies ($MNC_N = 213$, $INC_N = 324$) wf = 5.0

Items	N	Mean	Std. Deviation	Mean MNCs	Mean INCs
Consumers are grouped on the basis of needs	537	3.3520	1.22206	3.24	2.62
Consumers tend to support our product in satisfying their needs	537	3.5158	1.17667	3.33	2.16
Products we offer attract consumers	537	3.5940	1.24252	3.34	3.14
Different products are available to satisfy different classes of Consumers	537	3.4227	1.30659	3.41	2.16
Improved production techniques are given priority	537	3.6238	1.13953	3.58	2.42
Consumers are satisfied through distribution efficiency	537	3.6834	1.11317	3.64	2.22
We are involved in corporate social responsibility	537	3.2179	1.22132	3.14	2.54
Valid N (list wise)	537	3.3520	1.22206	3.21	2.42

MNC_N Number of Participants from Multinational Companies . INC_N Number of Participants from Indigenous Companies

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.9 above is designed to measure participant's perception of company's policy on marketing concept via the attributes of customer's satisfaction, products attractiveness, corporate and social responsibilities. The analysis shows the total number of participants from multinational and indigenous companies whose summation of the mean of each of these companies are shown. It reveals that, the mean of multinational companies are higher than those of indigenous companies in all the items presented under marketing concept. This implies that the perception of the participants of marketing concept of multinational

companies compared to indigenous was better geared towards customers' satisfaction, attractive products, corporate and social responsibilities; and so on for better performance.

Table 4.10 below reveals the total number of participants from multinational and indigenous companies, the total summation of mean of each of the companies. The two classes of mean presented an interesting result; unlike the first two variables, the multinational and indigenous companies, each recording mean above 3,00, had other departments co-operating with their respective marketing departments in ensuring that quality products were supplied to the consumers.

Table 4.10: Summary of Mean and Standard Deviation of Marketing Environment of both Multinational and Indigenous Companies (MNC_N= 213 INC_N= 324) wf = 5.0

Items	N	Mean	Std. Deviation	Mean MNCs	Mean INCs
Other departments in the company co-operate with marketing department to ensure quality products are exchanged with consumers.	536	3.0616	1.13810	3.42	3.31
Suppliers and customers have been so responsive to support Company's distribution policies.	537	3.1024	1.10576	3.46	2.08
Some task environmental factors that influence our Company include media houses and financial institutions.	537	3.5400	1.12750	2.04	3.06
Management is sensitive to how government economic policy affects the Company's business.	537	3.6927	.97573	2.04	3.06
Our products are certificated by Regulatory agencies e.g NAFDAC	537	4.2458	.93597	3.04	3.00
Our products are produced in adhering to the allied laws and regulations	537	3.9926	1.02576	3.04	2.84
Our products are seen as superior by our competitors	537	3.5512	1.19298	3.44	2.06
Company employs high technology in producing our products.	537	3.7747	.84612	3.14	3.18
Cultural beliefs of consumers are considered in the process of branding our products.	537	3.0689	1.04064	3.04	2.24
Social status of consumers are considered when packaging our products	537	3.1546	1.91624	3.04	2.24

MNC_N Number of Participants from Multinational Companies. INC_N Number of Participants from Indigenous Companies

Source: Researchers Analysis of Field Survey, 2007/2008

Also, the suppliers and customers to the two categories of food and beverage products relatively supported them in ensuring success of their operations. Generally, the managements of the organizations monitored the events within the internal environment. Indigenous companies earned more patronage of task environment and were more sensitive to how the economic policies of the government affected their businesses than the multinational companies. The two groups of companies had high representation of NAFDAC approval. Finally, most of the products from multinational companies were seen as superior; even by their competitors, while it was not so for indigenous counterparts.

Table 4.11: Summary of Mean and Standard Deviation of Market Segmentation of both Multinational and Indigenous Companies (MNC_N= 213 INC_N= 324) wf=5=0

Items	N	Mean	Std. Deviation	Mean MCs	Mean ICs
We identify market segments in relation to benefits, behavioural, and consumer characteristics.	537	3.5270	1.09089	3.52	2.26
We segment the market based on geographic characteristics of potential buyers.	537	3.4302	1.10598	3.43	2.36
Demographic characteristics of the population are paramount in our market segmentation policy.	537	3.0074	1.16540	3.00	2.06
We target segments for positioning any of our newly introduced products.	534	3.7303	1.00203	3.73	2.00
For optimal sales and territorial coverage, we develop and adopt relevant strategies to suit specific segment of our market.	537	3.0056	1.14033	3.00	2.08
Periodically, we evaluate segments to ensure continuous effectiveness of our segmentation policy.	537	3.5270	1.09089	3.52	2.26

MNC_N Number of Participants from Multinational Companies. INC_N Number of Participants from Indigenous Companies

Source: Researcher's Analysis of Field Survey, 2007/2008

From table 4.11 above, it is evident that the total number of participants from multinational and indigenous companies on the basis of the summation of mean and the mean of each of

the companies are more served between 3.0 and 3.5 for multinational than indigenous companies. More importantly, the means of multinational companies were higher than indigenous companies in all the items presented under market segmentation.

This implies that in the perception of the participants on market segmentation, multinational companies compared to indigenous, were more sophisticated and effective on consumer characteristics, geographic characteristics, demographic characteristics, products positioning, strategy development, and evaluation.

Table 4.12: Summary of Mean and Standard Deviation of Organizational Structures of both Multinational and Indigenous Companies (MNC_N= 213 INC_N= 324

Items	N	Mean	Std. Deviation	Mean MCs	Mean ICs
Our Company's organization systems provide both tasks and psychological support to the workers	537	3.2365	1.20553	3.42	2.31
Delegation of duties by the superior officers to their subordinates is encouraged, hence, initiates management and fosters better relationships	537	3.5047	1.05115	3.46	2.08
Management allows departments in the company some authority and responsibility relating to their functions	537	3.3110	1.16307	3.04	2.36
For effective performance of tasks at each level, span of management (supervision) is limited to maximum ten subordinates.	536	3.2425	1.19067	3.64	2.06
Functional specialization enables Company's workers to develop specialized skill and knowledge to achieve set goals	537	3.5754	1.13886	3.62	2.26
Marketing departments of our Company operates organic form of structure in order to meet with the dynamic nature of the business environment.	537	3.0149	1.16372	3.64	3.04
Company's authority gives workers power to act officially	536	3.2015	1.17628	3.51	2.06
Systems rules and procedures of operations are at times made flexible for managers.	537	3.1117	1.15682	3.98	2.46

MNC_N Number of Participants from Multinational Companies. INC_N Number of Participants from Indigenous Companies

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.12 above shows the total number of participants from multinational and indigenous companies, the total means and the mean of each of the companies. The means of multinational companies were higher than indigenous companies in all the items presented under organisational structures. This implies that in the perception of the participants; organisational structures of multinational companies compared to indigenous were more sophisticated in terms of allotment of responsibilities, authority decentralization, delegation of duties, functional specialization, span of management, and mechanistic and organic structures.

Table 4.13: Summary of Mean and Standard Deviation Using Marketing Mix Elements of Multinational and Indigenous Companies. $MNC_{SN} = 213$, $INC_N = 324$

		N	Mean	Std. Deviation	Mean MCs	Mean ICs
Annual Growth of Companies Profits.	Product	537	3.5140	1.14128	3.06	2.08
	Price	537	3.1564	1.12706	3.01	2.36
	Place	537	3.3557	1.16147	3.22	2.36
	Promotion	537	3.3371	1.19701	3.06	2.01
Accrued Market Shares of Companies.	Product	537	3.3687	1.12219	3.53	3.31
	Price	537	3.3259	1.14928	3.45	2.08
	Place	537	3.3501	1.16717	3.64	3.06
	Promotion	537	3.3	1.25740	2.24	3.06
Accrued Returns on Capital Employed.	Product	537	3.4209	1.09006	3.00	2.08
	Price	537	3.2365	1.05711	3.12	2.16
	Place	537	3.4525	1.15338	3.42	2.18
	Promotion	537	3.4637	1.09233	3.44	2.26
	Use of Modern Technology	537	3.5214	1.14116	3.00	2.04
Perceived Companies Image.	Product	537	3.5531	1.19914	3.00	2.18
	Price	537	3.2886	1.13152	3.22	2.16
	Promotion	537	3.3352	1.16515	3.24	2.16

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.13 above shows the total number of participants from multinational and indigenous companies, the total means and the mean of each of the companies on the use of marketing mix elements showing (i) Growth rates of the companies' profits, The means of multinational companies were higher than those of indigenous companies in the use of product, price, promotion and place to attract higher profits for their respective companies. This implies that in the perception of the participants, there was higher annual growth profits with the use of the elements of marketing mix in multinational companies compared to indigenous ones.

(ii) Accrued market shares: the mean of multinational companies was only higher than that of indigenous companies on the price element of the marketing mix. On the product and distribution elements, indigenous companies had 3.31 and 3.306 means respectively. On promotional elements, indigenous companies had mean of 3.06, higher than 2.24 mean of the multinational companies. In this contest, it shows that the totality of the indigenous organizations now appreciate and employ promotional elements as tools for propagating their products to potential buyers also. However, the general perception of the participants relating to market share is that multinational companies had more market shares as a result of the better use of product, price, promotion, and place as elements of marketing mix compared to indigenous companies.

(iii) Returns-on-Capital Employed: The means of multinational companies were higher than those of indigenous companies in all the items presented under investment management. This implies that in the perception of the participants, with the effective use of product, price, promotion, and place as marketing mix elements in relations to capital employed on the elements, multinational companies had better returns on capital employed to utilize the marketing elements compared to their indigenous counterparts.

(iv) Perceived Company's Image: With the use of marketing mix elements viz: product, price, and promotion by the two categories of food and beverage companies, the means of multinational companies were higher than those of indigenous companies. This implies that in the perception of the participants, multinational companies have better company image as a result of better use of the 4Ps marketing mix elements; compared to indigenous companies.

Table 4.14: Summary of Mean and Standard Deviation of Marketing Strategies of both Multinational and Indigenous Companies during Period of Ample Supply of Products (MNC_N= 213 INC_N= 324

Items	N	Mean	Std. Deviation	Mean MCs	Mean ICs
Our organization uses of cost leadership strategies anytime a brand is in ample supply in order to maintain a leadership position in the industry.	537	2.8321	1.14784	3.24	1.82
We use product differentiation strategy to market most of our products during free supply situation in order to satisfy different classes of customers	537	3.2626	1.17338	3.12	2.16
Focused strategy is used to position our different brands during ample supply situation.	537	3.5028	1.06176	3.44	2.26
We avoided the use offensive marketing strategy in popularising our products in the time of ample supply situation.	537	3.4972	1.09973	3.42	2.18
We supported our products with defensive marketing strategy in ensuring their survival in the free supply situation.	537	3.3147	1.14427	3.22	2.16

MNC_N Number of Participants from Multinational Companies INC_N Number of Participants from Indigenous Companies

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.14 above shows the total number of participants from multinational and indigenous companies, the total means and the mean of each of the companies. The means of multinational companies were higher than those of indigenous companies in all the items presented under the use of marketing strategies during the period of free supply of products. This implies that in the perception of the participants, multinational companies used cost leadership, product differentiation, focused, offensive, and defensive marketing strategies more competitively during free supply of products compared to their indigenous counterparts in the last five years.

Table 4.15: Summary of Mean and Standard Deviation of Marketing Strategies of both Multinational and Indigenous Companies during Period of Product Short Supply.
(MNCs_N= 213 INC_N= 324

Items	N	Mean	Std. Deviation	Mean MCs	Mean ICs
Our organization uses cost leadership strategies anytime a brand is in short supply	536	2.9218	1.13189	2.64	1.82
We use product differentiation strategy to market most popular products during short supply situation	537	3.3147	1.13773	3.12	2.16
Focused strategy is used to ensure that most essential products get to the target markets during product shortage.	537	3.6313	1.03393	3.44	2.26
Defensive marketing strategy is being used to protect the corporate image during product shortage situation.	537	2.8659	1.11498	3.22	2.16
First-mover strategy is used to maintain the patronage of our products during product shortage.	536	2.9218	1.13189	2.84	2.16

MNC_N, Number of Participants from Multinational Companies INC_N Number of Participants from Indigenous Companies

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.15 above shows the total number of participants from multinational and indigenous companies, the total means and the mean of each of the companies. The means of multinational companies were higher than indigenous companies in all the items presented under marketing strategies. This implies that in the perception of the participants, multinational companies adopted better use of marketing strategies during short supply of products compared to their indigenous counterparts. However, of particular reference must be made to the 2.84 mean for multinationals and 2.16 mean for indigenous responses on the use of First-mover strategy during products short supply situation. This scenario showed that whichever organization that first introduced a brand; in most cases, has a better grip of the techniques by which to market it during the short supply situation.

Test of Hypotheses

Hypothesis One: The marketing orientation and practices adopted by multinational companies do not yield better performance than their indigenous counterparts.

Table 4.16: Mean and Standard Deviation of Marketing Orientation and Practices Adopted by Multinational and Indigenous Companies' in Relation to their Attained Performances

Items	Freq	Mean	Standard deviation
Marketing orientation and practices adopted by multinational companies	213	88.43	2.68
Marketing orientation and practices adopted by indigenous companies	324	46.24	0.84
Multinational companies' performance	213	68.20	0.22
Indigenous companies' Performance	324	26.12	0.96

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.16 above shows the difference between means of marketing process and practices; and resultant performances of multinational and indigenous companies. Multinational companies with mean of 88.43 and standard deviation of 2.68 adopted marketing orientation and practices more than indigenous ones that had the mean of 46.24 and standard deviation of 0.84. Equally, the performances of the two indicated that multinational companies with a mean of 68.20, and a standard deviation of 0.22 performed better than indigenous ones that had mean of 26.12 and standard deviation of 0.96. The question now is, was the difference significant enough or was it as a result of sampling error? The answer is presented in table 4.17 below.

Table 4.17: Summary of Analysis of Variance on Marketing Orientation and Practices Adopted; and Performances Attained by Multinational and Indigenous Companies.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	94.136	22	4.279	4.708	.000
Intercept	944.876	1	944.876	1039.581	.000
Marketing orientation and practices	12.322	4	3.081	3.389*	.009
Company Types	19.015	1	4.754	5.230*	.000
Marketing orientation and practices * Company Types	36.096	4	2.578	2.837*	.000
Error	467.175	514	.909		
Total	7505.000	537			
Corrected Total	561.311	536			

*Significant at 0.05 two tailed test Output table 4.15 gives the analysis of variance summary table.

Source: Researcher's Analysis of Field Survey, 2007/2008

In the table 4.17 above, the first column describes each row of the ANOVA summary table. In this study, there are four rows. The row labeled with one of the Independent Variables; that is marketing orientation and practices corresponds to the between-groups estimate of variance for the main effect of those dependent variables likewise the row labeled with the other independent variables and types of company. This corresponds to the between-groups estimate of variance for the main effect of independent variables. The row labeled with both IVs is separated by a *,. Marketing orientation and practices, and * types of company. This corresponds to the between-groups estimate of variance of the interaction effect of the two independent variables on the dependent variable. The row labeled Error corresponds to the within-groups estimate of variance. The Sum of squares column gives the sum of squares for each of the estimates of variance. The sum of squares corresponds to the numerator of the variance ratio. The third column gives the degrees of freedom for each estimate of variance. The degree of freedom for the between-groups estimate of variance is given by the number of levels of the IV - 1. In this study there are five levels of the marketing orientation and practices independent variable, so there are $5 - 1 = 4$ degrees of freedom for the between-groups estimate of variance for the main effect of marketing orientation and practices on performance. There are two levels to the types of company variable, so there are $2 - 1 = 1$ degrees of freedom for the between-groups estimate of variance for the main effect of types of company. The interaction degree of freedom is given by the product of the main effect degrees of freedom. Thus the interaction effect has $1 \times 4 = 4$ degrees of freedom associated with its between-groups estimate of variance. The degrees of freedom for the within-groups estimate of variance is calculated by subtracting one from the number of people in each condition / category and summing across the conditions / categories. The final row gives the (corrected) total degree of freedom which is given by the total number of scores - 1.

However in interpreting these figures, the marketing orientation and practices adopted by multinational and indigenous companies culminated into significant difference in performance at $f_{(4, 537)} = 3.389$, at 0.05 significant level. The fact that these two organizations are significantly different in operation equally contributed to significant difference in performance at $f_{(1, 537)} = 5.230$, at 0.05 significant level. In testing the first hypothesis which combines the two variables together and states that the marketing orientation and practices adopted by multinational companies do not yield better performance than indigenous companies, the findings indicated that there is a significant difference in performance at $f_{(4, 537)} = 2.837$, at 0.05 significant level. The above implies that the first hypothesis is rejected and alternative hypothesis retained; which means that the marketing orientation and practices adopted by multinational companies yielded better performance than those of indigenous companies.

Hypothesis Two: The company's structure adopted by multinational companies does not yield better performance than that of indigenous companies

Table 4.18: Mean and Standard Deviation on Company's Structures Adopted and Performances attained by Multinational and Indigenous Companies'.

	Freq	Mean	Standard deviation
The company's structure adopted by multinational companies	213	68.40	1.18
The company's structure adopted by indigenous companies	324	42.64	1.22
Multinational companies' performance	213	68.20	0.22
Indigenous companies' Performance	324	26.12	0.96

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.18 above shows the difference between means of company's structures and resultant performances of multinational and indigenous companies. Multinational companies, with mean of 68.40 and standard deviation of 1.18 had a better structure than indigenous ones; with mean of 42.64 and standard deviation of 1.22. Equally, the performances of the two indicated that multinational companies with mean of 68.20 and standard deviation of 0.22

performed better than the indigenous ones that had mean of 26.12 and standard deviation of 0.96. The question now is, was the difference significant enough or was it as a result of sampling error? The answer is presented in table 4.19 below.

Table 4.19: Summary of Analysis Of Variance On Company's Structure Adopted and Performance Achieved by Multinational Companies and Indigenous companies.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	284.808	9	31.645	34.515	.000
Intercept	1787.508	1	1787.508	1949.598	.000
Company Types	19.015	1	4.754	5.230*	.000
Company's structure	22.767	4	5.692	6.208	.000
Company Types * Company's structure	16.386	4	4.097	4.468	.001
Error	483.185	527	.917		
Total	6748.000	537			
Corrected Total	767.993	536			

a R Squared = .371 (Adjusted R Squared = .360)*significant at 0.05 two tailed test

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.19 above shows the company's structure adopted by multinational and indigenous companies culminated into significant difference in their level of performance at $f_{(4, 537)} = 6.208$, at 0.05 significant level. The fact that these two organizations are significantly different in operation equally contributed to significant difference in performance at $f_{(1, 537)} = 5.230$, at 0.05 significant level. In testing the second hypothesis which combined the two variables together, the company's structure adopted by multinational companies yielded better performance than that of indigenous companies. The findings indicated that there was a significant difference in performance at $f_{(4, 537)} = 4.468$, at 0.05 significant level. This implied that the first hypothesis was rejected and alternative hypothesis retained; which meant that the company's structure adopted by multinational companies yielded better performance than that of indigenous companies.

Hypothesis Three: The marketing strategies adopted by multinational companies do not yield more market shares than those of indigenous companies

Table 4.20: Means and Standard Deviations of Marketing Strategies Adopted and the Extent of the Market Shares Attained by Multinational and Indigenous Companies.

	Freq	Mean	Standard deviation
Marketing strategies adopted by multinational companies	213	61.34	1.14
Marketing strategies adopted by indigenous companies	324	44.28	1.42
Extent of market shares attained by multinational companies	213	68.20	0.22
Extent of market shares attained by indigenous companies	324	26.12	0.96

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.20 above shows the difference between means of marketing strategies and resultant market shares controlled by multinational and indigenous companies. Multinational companies, with the mean of 61.34 and standard deviation of 1.14 effectively used marketing strategies better than indigenous organizations, with the mean of 44.2 and standard deviation of 1.42. Hence, the performances of the two indicated that multinational companies, with the mean of 68.20 and standard deviation of 0.22 performed better than indigenous ones, with the mean of 26.12 and standard deviation of 0.96. The question now is, was the difference significant enough or as a result of sampling error? The answer is presented in table 4.21.

Table 4.21: Summary of Analysis of Variance on Marketing Strategies Adopted and Attained Market Shares by Multinational and Indigenous Companies.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	240.973	9	26.775	26.774	.000
Intercept	3479.758	1	3479.758	3479.629	.000
Company Types	19.015	1	4.754	5.230*	.000
Competitive marketing strategies	5.148	4	1.287	8.287	.004
Company Types *	10.742	4	4.624	2.685	.031
Error	527.019	527	1.000		
Total	6748.000	537			
Corrected Total	767.993	536			

R Squared = .371 (Adjusted R Squared = .360)*significant at 0.05 two tailed test

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.21 above shows the marketing strategies adopted by multinational and indigenous companies culminated into significant difference in performance at $f_{(4, 537)} = 8.287$, at 0.05 significant level. The fact that these two organizations are significantly different in operation equally contributed to significant difference in performance at $f_{(1, 537)} = 2.685$, at 0.05 significant level. In testing the third hypothesis which combined the two variables, the marketing strategies adopted by multinational companies yielded more market shares than those of indigenous companies. The findings indicated that there was a significant difference in performance at $f_{(4, 537)} = 2.685$ at 0.05 significant level. This implied that the third hypothesis was rejected and alternative hypothesis retained; which meant that the competitive use of marketing strategies by multinational companies yielded more market shares than those of indigenous companies.

Hypothesis Four: The Multinational companies' adoption of marketing mix in the form of Product, Price, Place, and Promotion does not yield higher returns on capital employed on the marketing mix elements than their indigenous counterparts.

Table 4.22: Mean and Standard Deviation on the Use of Marketing mix Elements, and the Returns on Capital Employed by Multinational and Indigenous Companies.

	Freq	Mean	Standard deviation
Marketing mix elements adopted by multinational companies	213	42.64	0.42
Marketing mix elements adopted by indigenous companies	324	28.46	1.64
Returns on capital employed on 4Ps by multinational companies	213	61.34	1.14
Returns on capital employed on 4Ps by indigenous companies	324	44.28	1.42

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.22 above shows the difference between means of returns on capital employed and resultant performances of multinational and indigenous companies. Multinational companies, with the mean of 42.64 and standard deviation of 0.42 earned higher returns on capital

employed on the four elements of marketing mix than indigenous companies that had mean of 28.46 and standard deviation of 1.64. Equally, the performances of the two indicated that multinational companies with the mean of 61.34 and standard deviation of 1.14 performed better than indigenous ones with the mean of 44.28 and standard deviation of 1.42. The question now is, was the difference significant enough or was it as a result of sampling error?. The answer is presented in table 4.23.

Table 4.23: Summary of Analysis of Variance on the Adoption of Marketing mix in form of Product, Price, Place, and Promotion and Returns on Capital Employed by Multinational and Indigenous Companies.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	240.973	9	26.775	26.774	.000
Intercept	3479.758	1	3479.758	3479.629	.000
Company Types	2.823	1	2.823	2.843	.092
4Ps of Marketing mix	28.489	4	7.122	7.172	.000
Company Types * 4Ps of Marketing mix	11.107	4	2.777	2.796	.026
Error	523.309	527	.993		
Total	7357.000	537			
Corrected Total	698.004	536			

R Squared = .250 (Adjusted R Squared = .237)*significant at 0.05 two tailed test

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.23 above shows the Competitive use of marketing mix elements of product, price, place, and promotion by multinational and indigenous companies culminated into significant difference in returns on capital employed at $f_{(4, 537)} = 7.172$, at 0.05 significant level. The fact that these two organizations are significantly different in operation equally contributed to significant difference in returns on capital employed at $f_{(1, 537)} = 2.843$, at 0.05 significant level. In testing the fourth hypothesis which combined the two variables together stated that the multinational companies' use of the elements of marketing mix yielded higher returns on capital employed than those of indigenous companies. The findings indicated that there was a

significant difference in returns on capital employed at $f_{(4, 537)} = 2.796$ at 0.05 significant level. This implied that the third hypothesis was rejected and alternative hypothesis retained which meant that the Competitive use of marketing mix elements as adopted by multinational companies yielded higher returns on capital employed than those of indigenous companies.

Hypothesis Five: Favourable corporate image of multinational companies' as perceived by consumers does not yield better performance than that of indigenous companies

Table 4.24: Mean and Standard Deviation of Corporate Image and Performances of Multinational and Indigenous Companies.

	Freq	Mean	Standard deviation
Perceived corporate image of multinational companies	213	22.12	0.42
Perceived corporate image of indigenous companies	324	12.32	1.54
Multinational companies' Performance	213	68.20	0.22
Indigenous companies' Performance	324	26.12	0.96

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.24 above shows the difference between means of corporate image and resultant performances of multinational and indigenous companies. Multinational companies, with a mean of 22.12 and standard deviation of 0.42 had better corporate image than indigenous ones with means of 12.32 and standard deviation of 1.54 as perceived by consumers. Equally, the performances of the two indicated that multinational companies with the mean of 68.20 and a standard deviation of 0.22 performed better than indigenous ones with the mean of 26.12 and a standard deviation of 0.96. The question now is, was the difference significant enough or was it as a result of sampling error? The answer is presented in table 4.25 below.

Table 4.25: Summary of Analysis of Variance of Perceived Corporate Image of Multinational and Indigenous Companies.

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	240.973	9	26.775	26.427	.000
Intercept	3479.758	1	3479.758	4179.421	.000
Perceived corporate image	2.823	1	2.823	4.746*	.042
Company Types	19.015	1	4.754	5.230*	.000
Company Types * Perceived corporate image	11.107	4	2.777	6.224	.026
Error	523.309	527	.993		
Total	7357.000	537			
Corrected Total	698.004	536			

a R Squared = .250 (Adjusted R Squared = .237)*significant at 0.05 two tailed test

Source: Researcher's Analysis of Field Survey, 2007/2008

Table 4.25 above shows the perceived corporate image of multinational and indigenous companies culminated into significant difference in performance at $f_{(4, 537)} = 4.746$, at 0.05 significant level. The fact that these two organizations are significantly different in operation equally contributed to significant difference in performance at $f_{(1, 537)} = 5.230$, at 0.05 significant level. In testing the last hypothesis which combined the two variables together and stated that favourable corporate image of multinational companies' as perceived by consumers did not yield better performance than that of indigenous companies. The findings indicated that there is a significant difference in performance at $f_{(4, 537)} = 6.224$ at 0.05 significant level. This implies that the fifth hypothesis was rejected and alternative hypothesis retained which meant that favourable corporate image of multinational companies' as perceived by consumers led to better performance than that of indigenous companies.

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CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1: Introduction

The main aim of this study was to investigate the impact of competitive marketing on performance of multinational and indigenous food and beverage manufacturing companies in Nigeria. This chapter however, discusses both the theoretical and empirical findings of this study. The results of this study presented were discussed. The hypotheses stated for the study guided the arrangement of the discussions. This is followed by the conclusions that were drawn from the findings. Recommendations and suggestions for further study were included.

5.2: Theoretical Findings:

The review of related literatures covered in this study revealed the following findings:

5.2.1: Marketing Orientation and Practices:

Roles of Marketing

The views expressed by Ferrell, and Pride (2002), Stanton (1983) and Chartered Institute of Marketing, London (2005) on the roles of marketing supported marketing concerning need identification, and need satisfaction, and they corroborated the findings as revealed by this study on the roles of marketing. Respondents in multinational and indigenous food and beverage companies; with the average of 3.59 and 2.49 respectively and the total average mean of the sum of the two categories of respondents at 2.91 certified that marketing performs the roles of customer satisfaction, creation of utilities, and stimulation of apparent demands.

Marketing Concept

On marketing concept, the average mean response rates of multinational and indigenous staff were 3.36 and 2.46 respectively, while the mean average of the sum of the two categories of respondents was 2.91. This certified that marketing concept assists the grouping of consumers in segments based on their needs, makes product offers that attract and satisfy the consumers, helps to offer different brands to different classes of consumers, assists in improving production techniques, pursues distribution efficiency, and assists in contributing to social development of the communities. All these were corroborated by Rix (2004) and Pelton, Strutton, and Lumpkin, (2002) who jointly stressed the principle behind marketing concept that the customer is the nucleus of all marketing mix decisions. Rix particularly, in one of his three requirements for marketing concept, claimed that company planning and operation should be customer-oriented.

Marketing Environment

On the micro and macro environment, the average mean response rates were 2.97 to the staff of multinational companies, while 2.71 was that of indigenous companies' staff. The mean average of the two responses added together was 2.84. By this, it certified that the two categories of food and beverage companies were linking up with their internal and external environment relatively; hence other departments within the organizations, suppliers, customers, media houses and financial institutions were being audited from time to time by the organizations. Managements of the multinational and indigenous companies were sensitive to government economic policies as they affected marketing operations. The socio-cultural, technological and law/regulations and political environments were always being scanned.

These were corroborated by Jobber and Fahy (2003), who claimed that marketing environment, composes of forces and actors that affect a company's ability to operate

effectively in providing products and services to its customers. They categorized them into micro (internal) and macro (external) environments.

Market Segmentation:

The average mean response rates of multinational and indigenous companies staff on market segmentation were 3.29 and 2.16 respectively, while the average mean of the sum of the two responses was 2.73. This actually showed the relevance of market segmentation in the orientation and practices of marketing in terms of identifying market segments in relations to benefits, behavioural and consumer characteristics, segmentation based on geographic, demographic, and product positioning. Also, strategies for penetrating the segments were developed; while periodic evaluations of the segments were adopted for continuous effectiveness. All these were corroborate by McDonal and Dunbar, (2004), Baker (2005), Dibb (2003) and Doole and Lowe (2005) who unanimously agreed market segmentation to involve the process of splitting customers or potential customers in a market into different groups or segments. Dibb emphasized the need to choose the base variables of demography, psychography and behaviour that will truly discriminate between customers' needs and buyers' behaviour.

Generally, the above components of marketing orientation and practices were corroborated by Brown's (1995) theory of "fortune 500" which showed that of the two types of corporation, those with marketing departments are the top performing companies, while those without are fast disappearing from business arena. Freud (1858 – 1939) theory of personality, on the other hand, identified individual (consumer) to have needs that he desires to satisfy. The consumer goes a long way in ensuring that the needs are met.

5.2.2 Organizational Structure:

The average mean response rates of the multinational and indigenous companies staff on organizational structure and strategy were 3.54 and 2.33 respectively while the average mean for the sum of the two response rates was 2.94, This confirmed that a good organizational

structure does the following: provides both task and psychological support to workers, allows delegation of duties, executives allow departments in the companies some authority and responsibilities, exercises span of management, allows functional specialization, allows marketing departments separate organic form of structure, and allows flexibility in the rules and operations of the systems.

All these were corroborated by Jones (2004) who gave the principal purpose of organizational structure as to control the way people co-ordinate their actions to achieve organization goals. Konopaske (2003) talked of organizational structure, as a synergy whereby departments and units in a business are more productive when they work together than when they operate differently or independently. The system approach of Bernard (1938) and others viewed that an organization is a system. Woodward (1958) in her socio-technical system approach classified differences in organizations in terms of organizational technology, mass production system, and continuous production with complex and automation orientation system.

Phataric (1985) also supported Best by giving seven stages of development of organization from an embryonic stage through to a multinational status. According to Phataric, going through these stages is natural through the acquisition of market share over a period of time, though one or two stages could be skipped.

5.2.3: Marketing Strategies Adoptable to Achieve More Market Shares

On acquiring more market shares through the use of product, price, place, and promotion, respondents rated multinational companies average mean of 3.22 while indigenous companies were rated average mean of 2.88. However, the total average mean of the sum of the two categories of respondents was 3.05. This therefore showed that the effective use of products, price, place and promotion in the course of marketing operations would yield more market shares to an organization. This was corroborated by Best, (2005) who defined market share of a product as the percentage of current market demand by a business; and that market

share is being used to determine their competitive strength in a sector as compared to other companies in the same sector. Best gave a graphical definition of market share as:

$$\text{Market Share} = \text{Promotion} \times \text{Product} \times \text{Price} \times \text{Place} \times \text{Service}$$

5.2.3.1: Market Strategies Adoptable During Period of Ample Supply of Products:

On the types of marketing strategies being used by the food and beverage manufacturing companies during ample supply of product situation, respondents in multinational companies gave the average mean of 3.29, while respondents in indigenous companies gave the average mean of 2.12. The total average mean of the sum of the two categories of respondents was 2.71. However, this response rate showed that the different types of marketing strategies being effectively used during the free supply of product situation were helping the companies, during this period of very keen competition, to grow, develop, and be sustainable. These were corroborated by George and Robin (1988) who claimed that strategy is about seeking new edges in a market while showing the erosion of present advantages. Porter (1985) in Thompson and Stickland (2003) gave five competitive marketing strategies of (i) low cost leadership; comprising differentiation and focus as the three generic strategies, (ii) offensive strategies, (iii) defensive strategies, (iv) vertical integration strategies, and (v) first mover strategies, that will always do the winning image in the market place.

5.2.3.2: Market Strategies Adoptable During Short Supply of Products Situation

On the short supply of product situation, respondents in the multinational companies gave their consent on the market strategies being used with the average mean of 3.05, while the respondents in indigenous companies gave the average mean of 2.11. The total mean of the sum of the two categories of responses was 2.58; which was an indication of a good support that different marketing strategies were still adoptable to support the good performance, growth and sustainability of food and beverage manufacturing companies during period of

short supply of products. This was corroborated by Kotler and Singh (1981), James (1984), Reins and Trout (1986) who drew an analogy between military warfare and competitive battles in the market place. In other words, whatever be the situation, short or free supply of product, a business concern should learn a study of warfare in order to be sustained. Also, Lancaster and Massingham (2001) gave ten principles of marketing warfare by which to survive in all situations of product supply.

5.2.4: The Use of Product, Price, Place, and Promotion to Earn Returns on Capital Employed:

With the effective use of product, price, place and promotion to earn better returns on capital employed, respondents in multinational companies gave the average mean of 3.20, and respondents in indigenous companies gave the average mean of 2.14, while the total average mean of the sum of the two categories of respondents was 2.67. The response rate therefore supported the literatures that the effective use of product, price, place and promotion would make the organization to earn set returns on the capital employed. This was corroborated by Phillips, Chang, and Buzzell (1983) in an empirical study of cost, quantity and business performance, where they used profit impact of market strategy (PIMS) database to make a detailed analyses of issues related to product quality: as it directly impact on returns on investment. It was found out that relative product quality affects positively relative direct costs, market share and prices. Furthermore, Best gave another name for return on investment as return on invested capital or return on capital employed (ROCE). Alile (1996) supported these findings by defining return on capital employed as a ratio which indicates the efficiency and profitability of the capital investments of a company. Jones and George (2003) stated that return of capital measures how well managers are using organization's resources to generate profits.

5.2.4.1: Growth of Company's Profit Using Product, Price, Place, and Promotion:

The four traditional elements of marketing mix, product, price, place, and promotion were adjudged by the respondents to have supported the annual growth of profits of the food and beverage organizations by giving the average means of 3.09 to the multinational and 2.20 to indigenous companies; and the average mean of the sum of the two categories of companies' management staff responses as 2.65. This claim was corroborated by Best (2005) saying that the growth of company's profit is one of the corporate objectives that any organization will always pursue and that the effective ways by which product, price, place, and promotion, as the traditional elements of marketing mix, are managed determine the rate at which set profits would be achieved on every product.

5.2.4.2: The Effective Use of Product, Price, and Promotion to Earn Favourable Corporate Image;

On the perception of consumers towards the companies in the food and beverage industry, respondents in multinational companies gave the average mean of 3.15 while respondents in indigenous companies gave the average mean of 2.17. The total average mean of the sum of the two categories of respondents was 2.66. Hence, this response rate confirmed that the effective use of product, price, and promotion would assist consumers to develop positive image towards food and beverage manufacturing company. This was corroborated by Belch and Belch (2004) who talked of a company's image as the way by which members of the public identify with the policies, products, and procedures of an organization with the public interest, which earns public understanding and acceptance. Graham (2004) also gave a support by saying that a favourable corporate image is a planned and sustained effort to establish and maintain goodwill and mutual understanding between an organization and its target market.

5.2.4.3: General on Product, Price, Place and Promotion

Hunt in 1972 as recorded by Sudharshan (2002) in the concept of strategic group, observed that producers in an industry differed in the range of products offered, minimizing costs and price, and the type of distribution channels used.

5.3: Empirical Findings:

From the five statements of hypotheses set, based on the objectives of this study, the following decisions were scientifically arrived at.

5.3.1: Hypothesis one

The null hypothesis one which stated that “the marketing orientation and practices adopted by multinational companies do not yield better performance than those of indigenous companies” was rejected. This implies that the marketing orientation and practices adopted by multinational companies yielded better performance than those of indigenous companies. Findings have indicated differences in marketing orientation and practices adopted by multinational and indigenous companies. Marketing strategies of multinational firms have been reported (Buzzell, 1968; Keegan, 1969; Hovell and Walters, 1972; Ozsomer and Prussia, 2000).. For the most part, the literature has characterized marketing strategy from one of three perspectives (Zou and Cavusgil, 2002). The most common characterization of marketing strategy is along the standardization-adaptation dimension (Jain, 1989). From this perspective, marketing strategies are differentiated according to the degree of standardization (vs. adaptation) pursued with respect to one or more of the marketing mix elements (e.g., product, price, place, and promotion). Conversely, an adaptation strategy is characterized by the tailoring of marketing mix elements to the needs of each market. A second way of characterizing marketing strategy adopted by multinational companies stems from the concentration--dispersion perspective (Roth, 1992). This perspective, rooted in Porter's (1986) analysis of international competition and most recently reflected in Craig and

Douglas's (2000) theory of configurable advantage This is reported to be concerned more with the geographic design of the international marketing organization. The underlying premise of this perspective is that a multinational firm should seek an optimal geographic spread of its value-chain activities such that synergies and comparative advantages across different locations can be maximally exploited. International marketing strategies, then, are differentiated according to the extent to which one or more aspects of the marketing value chain are consolidated or 'concentrated' at particular geographic locations, vs. being scattered or 'dispersed' across various country markets. A third characterization of international marketing strategy is concerned with how competitive marketing activities across country markets are orchestrated. This perspective, referred to here as the integration--independence perspective, is heavily influenced by the competitive 'warfare' description of Hamel and Prahalad (1985). The key question here is whether a multinational firm treats its subsidiary units as stand-alone profit centers (i.e., independently), or as parts of a grander strategic design (i.e., as integrated units). Accordingly, international marketing strategies should be differentiated according to the degree of consultation and integrated action across markets, and the willingness to which a performance outcome in any one market is sacrificed in order to support the competitive campaigns in other markets.

However, recent studies have revealed complex interactions among types of firm, products, consumer characteristics, marketing and performance (Smith and Cooper-Martin 1997; Theodosiou and Leonidou 2003)). The findings showed that: marketing orientation and practices adopted by multinational are positively related to performance. Other findings indicated that advance selling adopted by multinational firms is more profitable than spot selling because it can increase sales when buyers are uncertain about their future valuations. Shugan and Xie (2000) proved that advance selling can produce greater profits than spot selling.

5.3.2: Hypothesis Two

The null hypothesis two which stated that “the organizational structure and strategy adopted by multinational companies do not yield better performance than those of indigenous companies” was rejected. This implied that the organizational structure and strategy adopted by multinational companies yielded better performance than those of indigenous companies. Several empirical studies have concluded that an organizational structure and strategy are indeed important elements in companies' success formulae. For example, Hooley and Lynch (1985) gave evidence that the level of organizational structure is positively related to company effectiveness, while Hart (1987) and Baker, Hart, and Black (1988) reported that more successful companies have well defined organizational structures, in sharp contrast to less successful companies. Focusing on small firms, Dolinger (1984, 1985) found a positive relationship between the unstructured organizational patterns and small firm financial performance.

Despite these studies which appeared to support the link between organizational structure and performance, a number of researchers argued that to look for a direct relationship is to oversimplify the issue of how information is used within companies (Piercy, 1983, 1985). Specifically, the investigation of the use of information and its eventual impact on company performance is argued to be confounded by a host of organizational factors such as power and politics, organizational structure and interactions, as well as senior management factors (Deshpande, and Zaltman, 1982).

5.3.3: Hypothesis Three

The null hypothesis three which stated that “the marketing strategies adopted by multinational companies do not yield more market shares than those of indigenous companies.” was rejected. This implies that the marketing strategies adopted by multinational companies yielded more market shares than those of indigenous companies. There were indications in the earlier studies that marketing strategies adopted by multinational

companies yielded more market shares than those of indigenous companies. For example, some evidences suggested that large banks used new lending technologies as marketing strategies to "harden" their credit information about small businesses. An example was small business credit scoring, a new technology in the 1990s in which the personal credit and payment history of the small business owner was combined with data about the business and entered into a loan-repayment prediction model. The research indicated that large banks adopted this technology earlier than small banks (Akhavein, Frame, and White 2005) and used it to expand their lending to small business borrowers, particularly to firms that were likely to be relatively opaque--credits of under \$100,000 with relatively high interest rates and poor risk ratings on average and often located outside the bank's local markets (Frame, Srinivasan, and Woosley 2001, Frame, Padhi, and Woosley 2004, Berger, Frame, and Miller 2005). This in return expanded their market shares. Some researchers using 1990s data also suggested that a greater local market share for large banks is associated with lower interest rates on small business loans by both small and large banks (Berger, Rosen, and Udell, 2007) which were used as marketing strategy. This was consistent with more aggressive competition in markets with greater shares for large banks, which may adversely affect the performance of small banks through lower interest revenues and reduced their market shares. Multinational firms used new technology to attract or maintain market shares by providing higher quality services to consumers. The literature suggested that consumers value dense branch networks, both locally and over larger geographic areas (Dick, 2002). For example, banks with the largest shares in local markets also tend to be the highest quality providers, with the most dense and largest branch networks, as well as engaging in higher advertising and providing bigger branch staffs (Dick, 2007).

Multinational firms were also well ahead of indigenous firms in adopting Internet websites--first informational sites and then later sites that allow consumers to make transactions on-line (Courchane, Nickerson, and Sullivan, 2002, Furst, Lang, and Nolle, 2002). These

transactional websites appear to complement the already more extensive branching of Multinational firms. Thus, this present finding provided additional evidence that the marketing strategies adopted by multinational companies yielded more market shares than those of indigenous companies.

5.3.4: Hypothesis Four

The null hypothesis four which stated that “the multinational companies’ use of product, price, place, and promotion as the elements of marketing mix does not yield higher rate of returns on capital employed on the marketing elements; than that of indigenous companies in the dynamic business environment.” was rejected. This implied that the multinational companies’ use of the elements of marketing mix yielded higher rate of returns on capital employed than that of indigenous companies in the dynamic business environment. The earlier studies have reported reasons to support this finding.

The asymmetries in resource endowments across national boundaries were some of the reasons why multinational companies’ use of elements of marketing mix would yield more returns on capital employed (Hymer, 1960; Kindleberger, 1969). Firms operating in foreign markets face disadvantages viz. a viz. local competitors, such as the latter's greater familiarity with local conditions, political and exchange risks and the travel and communication costs incurred in conducting foreign business (Caves, 1971). Consequently, multinational companies possess competitive marketing strategies which enable them to overcome these disadvantages and generate economic returns over and above their opportunity costs when used in foreign markets (Graham 1978). Thus, the unequal distribution of advantages between firms in different countries is itself a sufficient condition for foreign direct investment (Hymer, 1960). Particular firm-specific advantages which have been identified in the literature include knowledge, information or techniques (Caves, 1971), technological expertise or entrepreneurial skills (Graham, 1978), ownership of a brand name,

possession of special marketing skills, patented technology, favourable access to sources of finance, team-specific managerial skills, plant economies of scale and economies of vertical integration (Kindleberger, 1969). Hymer (1960) noted that the kinds of abilities that lead to international operations will most often be possessed by only a few firms, given that if many firms possess these abilities, then they are probably not too difficult for local competitors

The main testable predictions that distinguish between the performance of multinational and indigenous firms in the same markets is the use of competitive marketing. For example, technological progress in the 1990s significantly improved the performance of large multi-market banks relative to small, single-market banks. As a result, a greater presence of large, multi-market banks should have exerted more competitive pressure and had more deleterious effects on the performances of small, single-market banks. The more intense competition from large, multi-market banks in the second time period may be manifested in decreased revenues for small, single-market banks (e.g., lower fees or rates on loans, lower fees on deposits) and/or increased expenses (e.g., higher rates on deposits, additional expenses on advertising or quality to retain customers). Profit efficiency studies and other studies including revenues revealed that multinational firms increased profits and revenues through improved risk-expected return frontiers and marketing strategy (Berger and Mester, 2003).. Other research suggested that multinational firms may have also gained relative to indigenous firms in terms of revenues. (Akhavain, Berger, and Humphrey, 1997, Hughes, et al. 1999).

In addition to the above, one study using profit efficiency ranks revealed an increase in the ability of multi-bank holding companies to control their affiliate banks between the 1980s and 1990s (Berger and DeYoung, 2006). Thus, the research on both cost and revenue performance suggested that technological change coupled with marketing strategies might have benefited large banks more than small banks, consistent with the efficiency hypothesis.

5.3.5: Hypothesis Five

The null hypothesis five which stated that “The favourable corporate image of multinational companies as perceived by consumers does not yield better performance as compared to that of indigenous companies..” was rejected. This implied that the favourable corporate image of multinational companies as perceived by consumers yielded better performance compared to that of indigenous companies. Performance measurement in business research has always proved to be a troublesome issue. Absolute performance figures, such as return-on-investment (ROI), sales volume and market share are notoriously difficult to compare between firms of different sizes, operating in different markets, using different accounting standards and defining their markets in different ways. In addition, it has been argued that new strategies and competitive realities mandated a move away from a sole reliance on financial-based measures to other variables such as quality, manufacturing effectiveness, innovation and customer satisfaction (Eccles 1991; Kaplan and Norton, 1992). However, it is recognized that all measures have their specific strengths and weaknesses (Doyle, 1994) and that measurement efforts should be appropriate given a chosen strategy (Eccles, 1991). Therefore, this study asked respondents to judge the performances of the firms used. . The earlier studies have reported reasons to support this finding.

5.4: Performance Indices of Multi-national vis-à-vis Indigenous Organizations in Food and Beverage Industry, (2001 – 2005):

The multi-national organizations, having gone through some or all of the Phataric 7-developmental stages enumerated above, it is therefore not surprising for the performance indices of our selected companies as revealed below in table 5.1. Analysis in table 5.1 below supported our findings on the performances of the food and beverage companies in Nigeria. Consolidated foods and beverages Company Limited, a member of Doyin Group of Companies was conveniently selected as an indigenous company for this analysis.

Table 5.1: Performance Indices of Multi-national and Indigenous Companies In Food and Beverage Industry In Nigeria: Comparative Analysis (2001 – 2005)

	COMPANY & STATUS	PERIOD (₦'000)				
Sn	Multi-national	2001	2002	2003	2004	2005
1.	Cadbury Nigeria Plc	13,246,408	16,014,709	20,576,177	22,152,651	29,454,185
2.	Nestle Nigeria Plc	14,146,932	19,578,894	24,631,949	28,461,078	34,335,891
3.	Unilever Nigeria Plc.	15,203,511	19,003,356	23,693,923	28,576,997	33,390,940
Indigenous Organizations						
1.	Consolidated Foods & Beverage Company Ltd.	2.05b	2.21b	1.95b	2.26b	1.65b
2.	Cocoa Industry Limited	3.46b	3.99b	3.05b	4.23b	3.67b
3.	Lisabi Mills Nigeria Ltd	125m	138m	159m	140m	180m

Sources: (i) The Nigeria Stock Exchange Fact Book, 2006 – For the Multi-national Companies, and (ii) Direct from the Companies' Audited Books, (2001-2005) – For the Indigenous Companies. (Disclosure for the three indigenous F & B companies' performance was anonymous).

From table 5.1 above, the analysis of the sales figures of the three indigenous food and beverage manufacturing companies selected revealed 2001 to 2005 sales performance for the companies. 2004 sales figures of the three companies were adjudged the highest of the five years presented hence were used for comparison with the 2004 sales performance figures of the three multi-national companies. The highest sales figure of 2.26b in 2004 for Consolidated F&B Company Ltd. represented 4.7% of 22.153b of Cadbury Nigeria Plc, 5.3% of 28.4616 of Nestle Nigeria Plc and 5.3% of 28.577b of Unilever Nigeria Plc; all of the same year, 2004. On the whole, the performance of indigenous organizations was very negligible in relation to those of multi-nationals as 5.3% performance was the highest attained. Concluding, review on company's structure and strategy, the above relative details showed the great impact of synergetic structure on the performance of the companies.

5.5: Conclusion from the Findings:

The evidence from the findings suggested that multinational firms and indigenous have comparative advantages in adopting marketing strategies using different technologies. Multinational companies appeared to specialize in competitive marketing that are based on

"hard" quantitative information. In contrast, indigenous counterparts tended to use traditional methods of marketing, which is based on "soft" information culled from close contacts by marketing department rather than agents. Among the many empirical findings supporting the use of the different technologies are studies showing that multinational firms, relative to indigenous firms, tended to base their marketing research about the market rather than trial and error (Cole, Goldberg, and White, 2004) and tended to have shorter, less exclusive, less personal, and longer-distance associations with the consumers (Berger et al, 2005). Reasons for the different technologies may include economies (diseconomies) of scale in processing hard (soft) information, difficulties in quantifying and transmitting soft information through the communication channels of large multinationals (Stein, 2002), agency problems in handling soft information in large organizations with many managerial layers (Berger and Udell, 2002), and organizational diseconomies for multinationals in providing relationship services along with the wholesale services to corporate customers (Williamson, 1988). Specific findings from this study are enumerated below:

- (i) The marketing orientation and practices adopted by multinational companies yielded better performance than those of indigenous companies
- (ii) The organizational structures adopted by multinational companies yielded better performance than those of indigenous companies.
- (iii) The marketing strategies adopted by multinational companies yielded more market shares than those of indigenous companies
- (iv) The multinational companies' use of product, price, place, and promotion as the elements of marketing mix yielded higher rate of returns on capital employed than that of indigenous companies in the dynamic business environment.
- (v) The favourable corporate image of multinational companies as perceived by consumers yielded better performance compared to that of indigenous companies.

5.6: Implication of the Findings

Marketers usually succeed by providing superior products and other distinctive functional benefits. Today, this is no longer enough, for such benefits can readily be imitated; in the food and beverage industry. For instance, quality and performance increasingly meet--and are perceived by consumers to meet--uniformly high standards. Today's marketers must therefore find new ways of differentiating their products and services. All organizations face an external business environment that constantly changes Onah (2000, p.4). Sometimes these changes are slight; for example, minor amendments to regulations, or a new firm entering the market as a 'small player'. At other times, however, changes in the environment may have important consequences on an organization; for example, new technologies, changing consumer tastes, or a merger between two large competitors. Changes in the business environment create both opportunities and threats to an organization's strategic development, and the organization cannot risk remaining static. It must monitor its environment continually in order to: build the business, develop strategic capabilities that move the organization forward, improve the ways in which it creates products and develops new and existing markets with a view to offering its customers better services. Anticipating competitors' actions and reactions to the organizational' moves may be the key determinant of success for any marketing strategy. One competitor may reduce the price of its product, undermining pricing strategy. Another may decide to offer new products and services, possibly over the Internet that has the potential to completely undermine an existing strategy. The question is why indigenous firms in Nigeria failed to employ competitive marketing as indicated by the findings of this study? The reasons are provided below:

Marketing in Nigeria has always been mistaken for selling. The need for marketing has never been widely acknowledged and the skill levels have never been high. The structure of the Nigerian economy did not favour the development of a strong marketing capability either. Nigeria is, from a trade perspective, an economy dominated by primary production, both

agricultural and mineral. A focus on commodities that were pulled out of the ground or cultivated led to an emphasis on growing and grubbing more efficiently rather than segmenting, developing new product and service mixes, and providing reliable supply. The proliferation of government controlled marketing bodies had the effect of limiting the influence of markets by formation of selling cartels, rather than market creation and satisfaction. While the economic and structural environments did not lend themselves readily to marketing, neither did the emerging cultural understanding of what it meant to be Nigerian.

Another reason for an historical lack of emphasis on marketing in the Nigeria environment was educational. While marketers may have seen themselves as experts in ensuring alignment between the offerings of the organization and the needs of the consumer, largely through market research and focusing the resources of the firm to meet identified needs, the general public perception was much less flattering. To the public, marketing was seen as manipulative and exploitative. To fellow managers, marketers were seen as extraneous to real, tangible value creation; a group that refuses to be accountable but still insists on its own importance. The environmental context in which these views were held meant that the communication problem that the marketing discipline had in marketing its own value was a reasonably awesome one.

Changes in the structural context as well as changes in the economic context will also favour the adoption of a stronger marketing orientation by Nigerian firms. For example, the move to tourism as a key export industry has already led to an increase in the marketing sophistication of Nigerian industry and a greater sensitivity to understanding the needs and values of its target markets, as well as the imperative of adapting services to meet them. That value can come in part from every stage of the value chain, but not equally. For example, it could be argued that the country is already well served at the primary industry level with very efficient agricultural and extractive sectors that leave little opportunity for increased leverage. Value

may be added further down the channel however, either by additional processing or by branding. This study argues that these economic and structural forces towards the adoption of competitive marketing will put considerable pressure on the cultural and educational governors slowing its use. Competitive marketing can help in this process. Many of the criticisms that have been leveled at it have had some foundation in-tact. To the public, the more marketing is seen to understand customer values and help companies deliver to them what they want rather than being manipulative and dishonest, the less will be social resistance to a more marketing oriented society. To business leaders, managing to the rallying call of 'If you can't measure it you can't manage it', the more accountable marketing can make itself in calibrating its effectiveness, the easier will be the case for using it as a central strategy.

5.7: Contributions to Knowledge

The contribution of this work to knowledge is a tripod analysis from conceptual contribution to literature to specific structural and operational strategies of multi-national and indigenous companies in order, not only to perform, but gain competitive edge most times. This study in its embodiment as scientific enquiry can be seen as contributing immensely to the field of marketing; employing the knowledge of management to substantiate its stand, thus aiding the operators of food and beverage companies, federal and state governments, academia, and marketing consultants in Nigeria in the following ways:

- (i) The work succeeded in operationalizing the descriptive participants in food and beverage industry all over Nigeria, as consisting of the multi-national and indigenous companies in every region of the country.
- (ii) The dynamics of multi-national companies viz-a-viz their indigenous counterparts was significant and dramatic in competitive use of marketing strategies, the elements of marketing mix at different segments of the market; based on the socio-economic and political situations in the areas.

(iii) Of great importance also are the structure, strategies, performance and fit. In fact, the performance variables were more revealing and required additional efforts from participants in indigenous companies.

(iv) The research has equally provided an empirical database in the operations of multinational and indigenous food and beverage companies in Nigeria; on which bases academics, governments, marketing and management consultants could build upon.

(v) The study also gave insightful information concerning indigenous food and beverage companies in Nigeria as most of them trade the business rather than marketing it. The models employed in this research can further be developed into useful theories to assist the development and growth of indigenous food and beverage companies..

(vi).The study, in addition, tried to highlight five divisions of marketing viz, marketing research, branding, promotions, marketing services and sales as marketing practices; where all encompassing functions are interchangeably required for better result, while additional 4Ps elements of marketing mix suggested by Low and Tan(1995), in all making 11Ps were projected to bridge the gap between tangible and intangible products.

(vi) From the analysis of the responses, some results obtained showed that indigenous companies that first developed local food and beverage products adopted “First mover” strategies earned higher results than multinational companies that later introduced substitute brands. This showed that Nigerian consumers and the Nigerian economy could be emancipated with the use of the research findings.

This thesis therefore calls for urgent government policy intervention, academics’ attention, and marketing and management consultants’ interest to lift the stage of Nigerian indigenous food and beverage companies above infancy.

5.8: Suggestions for Further Research

What this research study has done is to reveal numerous research opportunities in the field of marketing, particularly focusing on the development of Nigeria’s food and beverage industry.

Opportunities for research also abound in the contents of inter-relationship between marketing and management programmes to achieve performance of the sector of the economy. Multi-national companies from developed countries already possess managerial capacity; coupled with sophisticated structure/strategy, are daily exporting them to the budding of Nigerian economy that is yearning for development. Unfortunately, for lack of adequate funds, technology, and right training, the operators of indigenous food and beverage companies are incapacitated in tapping abundant natural resources the nature endows them.

From the types of companies sourced, this study revealed the performance ratio of MNCs to INCs operating as 1:5, yet multi-national companies were found to dominate the industry with their brands of foods and beverages. Research is therefore revealing business opportunities, hence there is the need to intensify efforts on studying the path for growth both for MNCs but particularly the INCs.

Marketing is still relatively new among the numerous operators of indigenous companies. There's need by the academics/researcher to popularize its concepts, philosophies, and other practices. Of specific interest to this researcher will be the following research interest:

- Marketing and Competition: Insight into Today's Business
- Challenges of Marketing for the Development of Food and Beverage Industry.
- Management Challenges of Food and Beverage Marketing Companies in Nigeria.
- Competitive Advantage: Opportunity for Greater Market Share.
- Competitive Use of Marketing mix Elements: Survival Tools for Small and Medium enterprises in Nigeria.
- Market Segmentation: Focus Strategy for Market Penetration of Small and Medium enterprises.
- Structure and Strategy Adoption: Policy for Achieving Marketing Goal.

Lastly, future researchers that are interested in this area of marketing may adopt the use of secondary data for the measurement of performance.

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APPENDIX 1

QUESTIONNAIRE

ON

IMPACT OF COMPETITIVE MARKETING ON PERFORMANCE OF MULTINATIONAL AND INDIGENOUS FOOD AND BEVERAGE MANUFACTURING COMPANIES IN NIGERIA

Department of Business Studies

Covenant University

P. M B. 1023, Ota. Ogun State

June 28, 2007.

Dear Respondent,

DOCTORAL QUESTIONNAIRE

Mr/ ibidunni Olarenwaju Samson, a research student of the above named university is undertaken a research project titled “Impact of Competitive Marketing on Performance of Multi-national and Indigenous Food and Beverage Manufacturing Companies in Nigeria.”

You, as one of the multi-national or indigenous company’s management staff, have been carefully selected, having met certain selection criteria, to participate in the study. Your completion of this questionnaire in its entirety will be very much appreciated.

We are aware that some of the information required are confidential, we promise to take every precaution to protect you and your company. All responses are entered into databank in coded forms with the company identities known only to the researcher. No response of any two individual persons or companies will be disclosed to each other or any external report except for the restatement of responses sent back to each respondent, if so required. We will appreciate you return this questionnaire filled and if possible with a copy of organizational chart showing basic structure of your company.

Thank you for your co-operation and anticipated response.

Yours faithfully,

Professor Otokiti Sunday Oyewole,

Researcher’s Supervisor

QUESTIONNAIRE

ON

IMPACT OF COMPETITIVE MARKETING ON PERFORMANCE OF MULTINATIONAL AND INDIGENOUS FOOD AND BEVERAGE MANUFACTURING COMPANIES IN NIGERIA xv+(FOR SENIOR STAFF)

Section A

Please to the statement below, kindly indicate by marking X whether you “Strongly Agree”, “Agree”, “Undecided”, “Disagree” or “Strongly Disagree”.

Marketing Roles

1. In the last two years, the way we marketed our products contributed to human satisfaction.

Strongly Agree Agree Undecided Disagree Strongly Disagree

2. In the last five years, our marketing activities created utilities.

Strongly Agree Agree Undecided Disagree Strongly Disagree

3. In the last five years, the way we marketed our products stimulated demand.

Strongly Agree Agree Undecided Disagree Strongly Disagree

4. In the last five years, our marketing activities aided us in managing competition.

Strongly Agree Agree Undecided Disagree Strongly Disagree

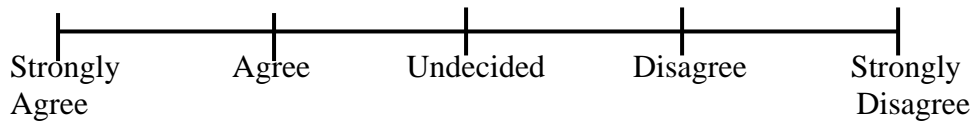
5. In the last five years, marketing was responsible for the creation of links between us and distributors.

Strongly Agree Agree Undecided Disagree Strongly Disagree

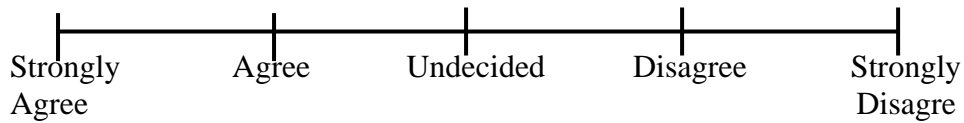
6. In the last five years, the way we marketed has been responsible for the effective facilitation of exchange.

Strongly Agree Agree Undecided Disagree Strongly Disagree

7. In the last five years, our marketing programmes facilitated direction of our investment.

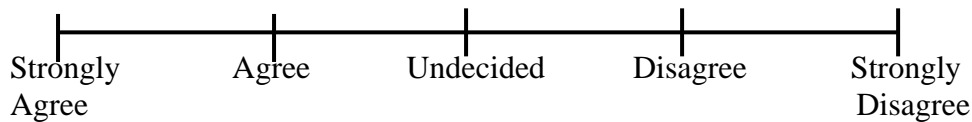


8. In the last five years, the way we marketed our products contributed to profit generation.

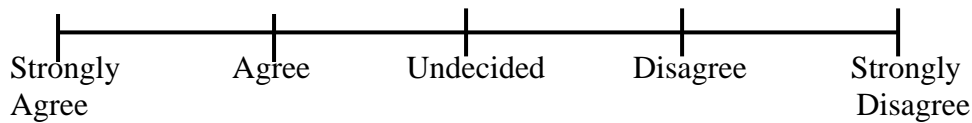


Marketing Concept.

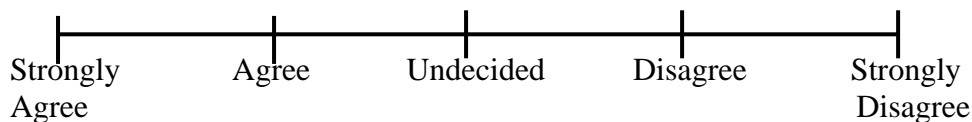
9. In this company, consumers are grouped into market segments based on their needs.



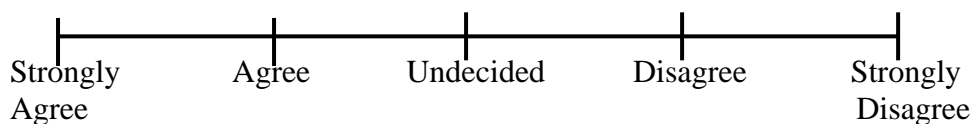
10. Our consumers tend to support our products in satisfying their needs.



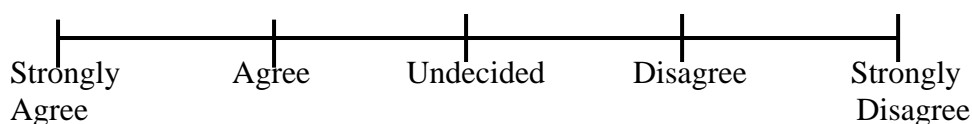
11. In our target markets, we make product offers that attract our consumers.



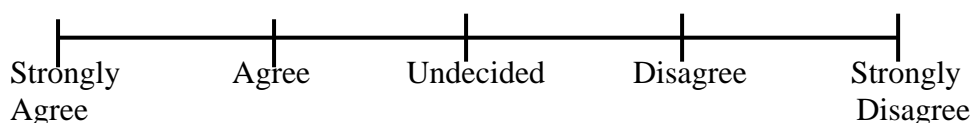
12. We have different product brands to satisfy our different classes of consumers.



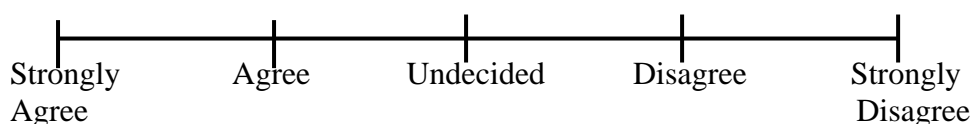
13. In this company, we give priority to improved production techniques.



14. In this company, we pursue distribution efficiency in order to satisfy our customers.

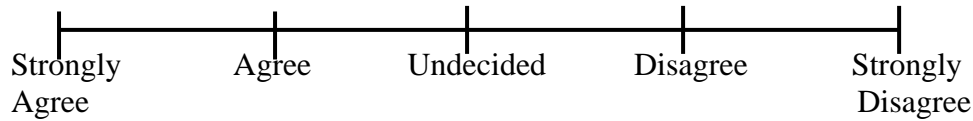


15. In the last five years, our company has contributed immensely to the social development of the community in which it is located.

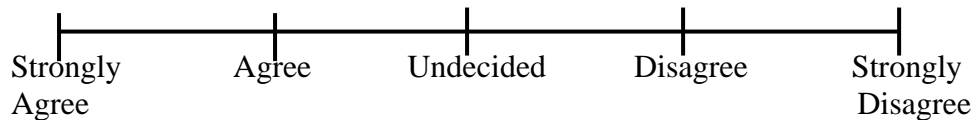


Marketing Environment

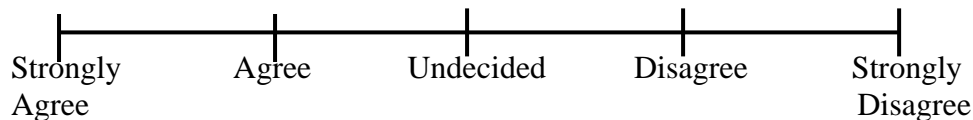
16. Other departments in the company cooperate with the marketing department to ensure quality products are exchanged to consumers.



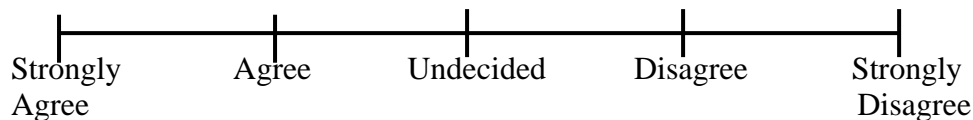
17. Suppliers and customers have been so responsive to support the good policies of our company.



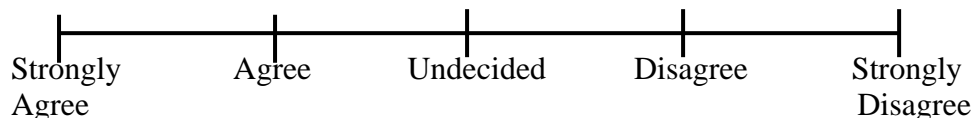
18. Reputable media houses and financial institutions are some task environments been patronized by our company.



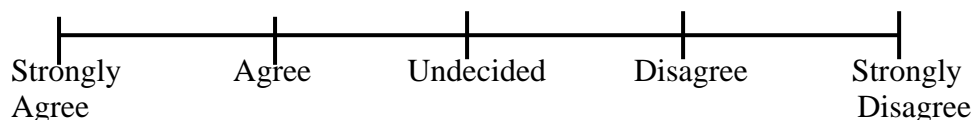
19. Management is sensitive to how government economic policy affects the company's business.



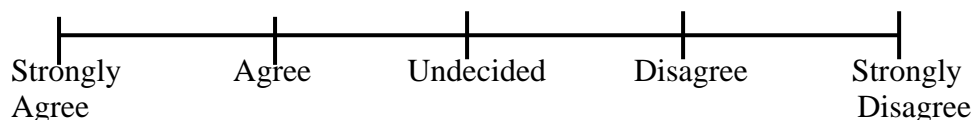
20. All our products carry NAFDAC certification.



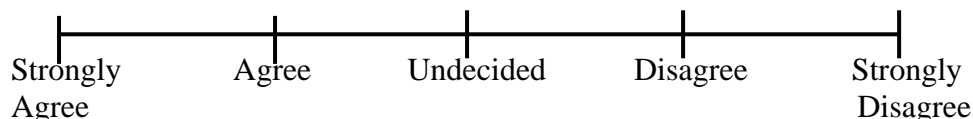
21. Our products are produced satisfying the allied laws and regulations.



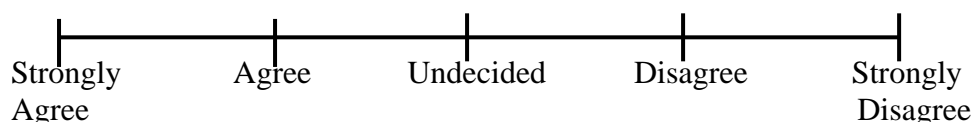
22. Even our competitors seem to believe that our products are of high quality.



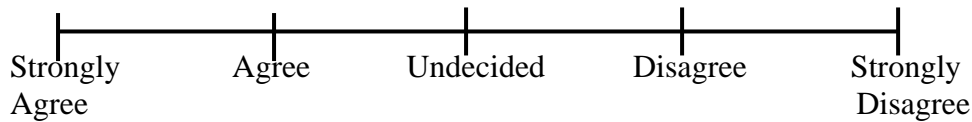
23. Our company employs high technology in producing its products.



24. Cultural beliefs of consumers are considered in the process of branding our products.

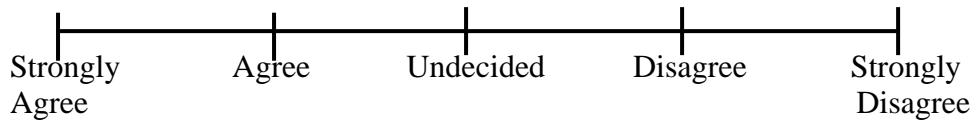


25. Social status of consumers is considered when packaging our products.

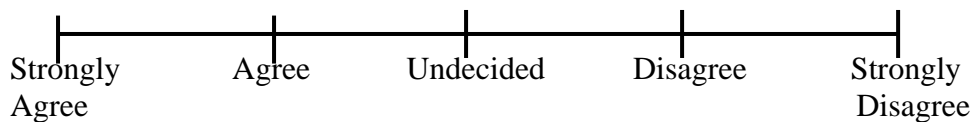


Complexity of Our Company Structure.

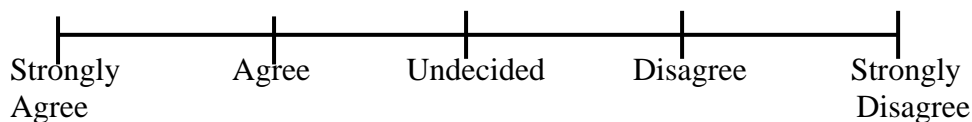
26. Our company organization systems provide both task and psychological supports to the workers.



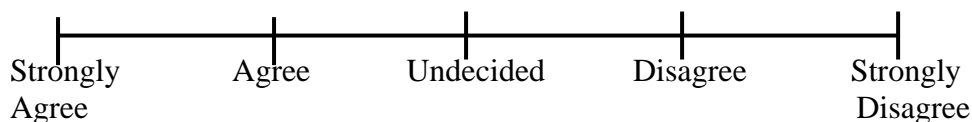
27. Delegation of duties by the superior officers to their subordinates is encouraged hence management initiates and fosters better relationships.



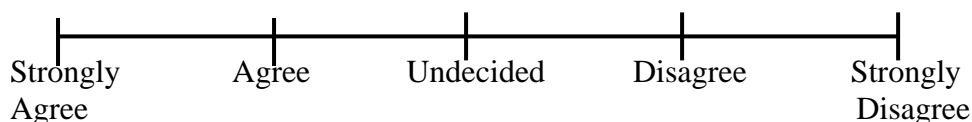
28. To an extent, executives allow departments in the company some authority and responsibilities relating to their functions.



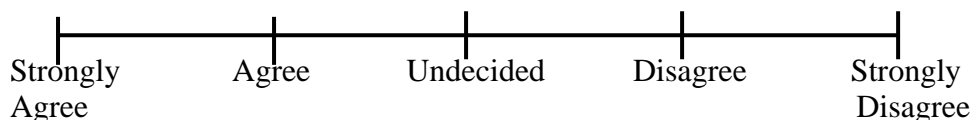
29. For effective performance of tasks at each level, span of management (supervision) is limited in size and number



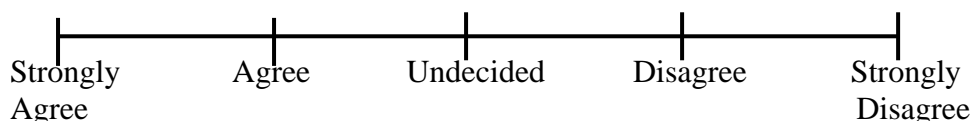
30. Functional specialization enables company's workers to develop specialized skill and knowledge thereby achieves set goals



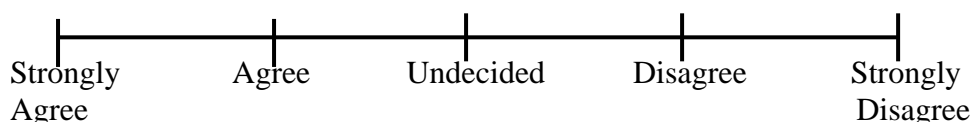
31. Marketing department of our company operates organic form of structure in order to meet the dynamic nature of the business environment.



Company authority gives workers power to act officially within the scope of their delegation.



32. Systems rule and procedures of operatives are at times made flexible for managers.



Marketing Segmentation

34. We identify market segments in relation to benefits, behaviour and characteristics

Strongly Agree Undecided Disagree Strongly Disagree

35. We segment the market based on geographical characteristics of potential buyers

Strongly Agree Undecided Disagree Strongly Disagree

36. Demographic characteristics of the population are paramount in our market segmentation policy.

Strongly Agree Undecided Disagree Strongly Disagree

37. We target segments for positioning our newly introduced products

Strongly Agree Undecided Disagree Strongly Disagree

38. For optimal sales and territory coverage, we develop and adopt relevant strategies of the market.

Strongly Agree Undecided Disagree Strongly Disagree

39. Periodically, we evaluate the segments to ensure continuous effectiveness.

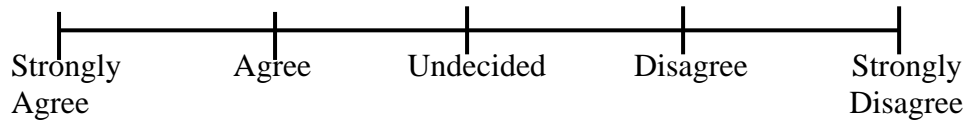
Strongly Agree Undecided Disagree Strongly Disagree

Section B

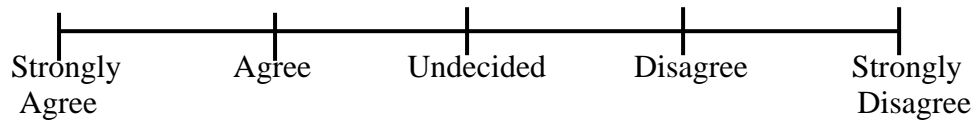
This section is on the importance of Marketing Mix Elements to our Organization Objectives. Indicate your opinion by marking X whether you “Strongly Agree”, “Agree”, “Undecided”, “Disagree” or “Strongly Disagree”.

Annual Growth of Company’s Profits.

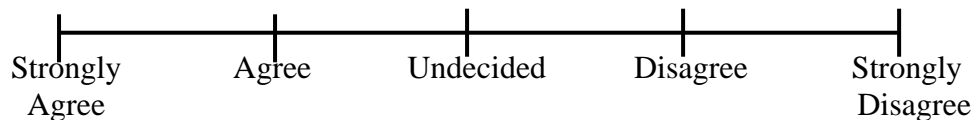
- 40 In the last five years, the effective management of our quality products attracts optimal sales volume and higher profit levels.



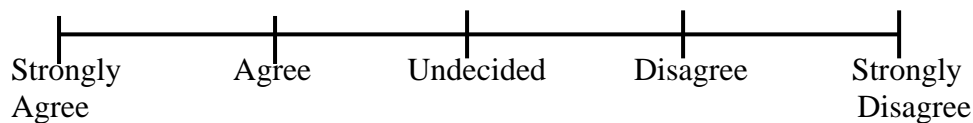
41. Acceptable prices of our products attract bumper patronage and earn desired profits.



42. Appropriate promotional messages lead to consistent patronage of our products, culminating in desired profits.

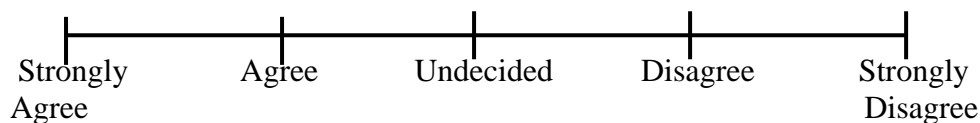


43. Our efficient distribution systems create awareness and purchase of our products; hence, company earns desired profits.

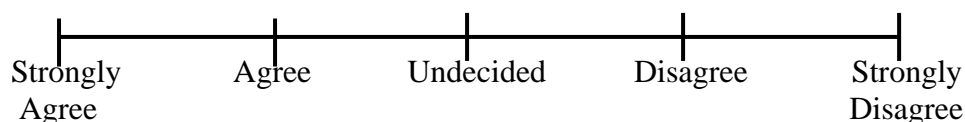


Market Shares.

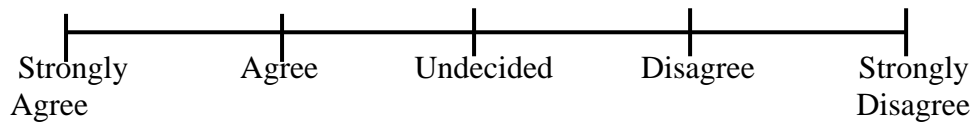
44. In the last five years, effective management of our quality products helps attain consumers’ brand loyalty of the products. This has consistently expanded our market shares in the industry.



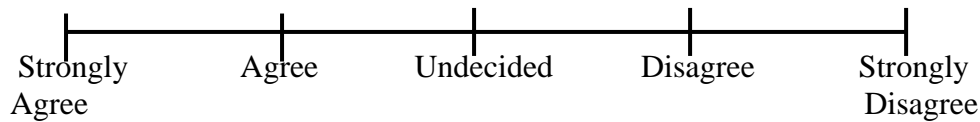
45. Acceptable prices of our products create attractive value and purchases. These gestures have expanded our market share.



46. The use of the appropriate promotional elements creates the awareness and encourages purchase of our products by consumers; consequently expanded our company's market share.

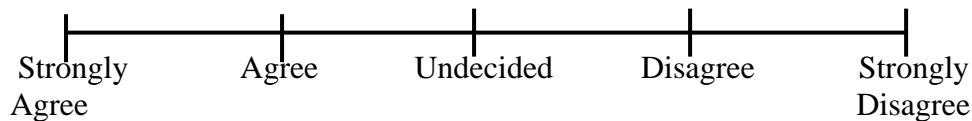


47. Our distribution strategies of intensive, selective and extensive ensure adequate availability to facilitate purchase of our products; thereby expanded our market shares.

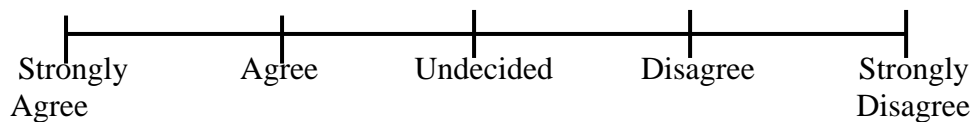


Return –on-Capital Employed

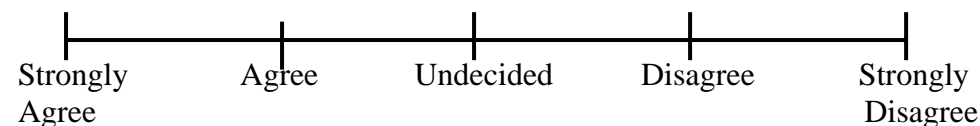
48. In the last five years, the ample demands of our quality products yielded optimal revenue, hence earned the desired returns on capital employed.



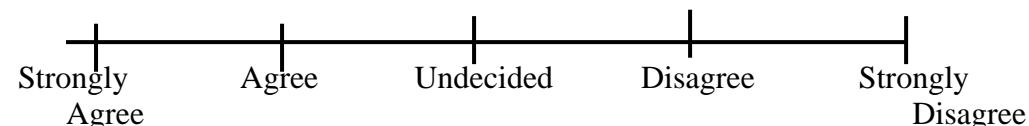
49. Acceptable prices being charged assisted the purchase of our products; hence the accrued revenue generates the desired returns on capital invested.



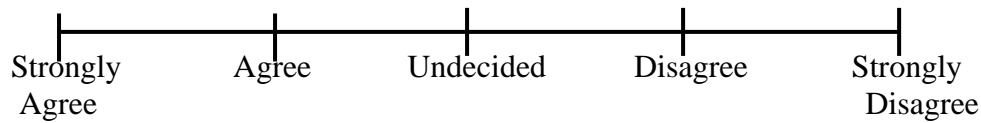
50. The use of appropriate promotional messages at segments of the market created consumer's awareness and patronage of our products, hence accounts for desired returns on capital employed on the products' advertisements.



51. The use of the appropriate channels of distribution created awareness and purchase of our products, consequently; off-take of the products; culminated into good returns on capital employed.

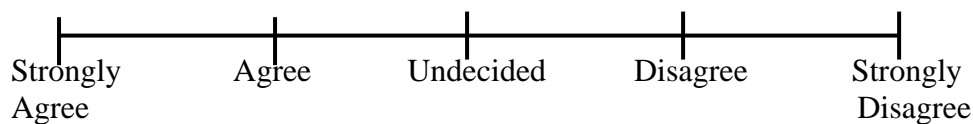


52. Simple and modern technological process of production aids good returns on investment to our company.

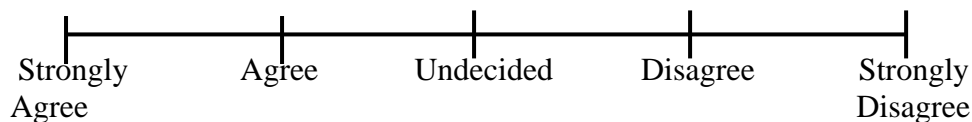


Company's Image

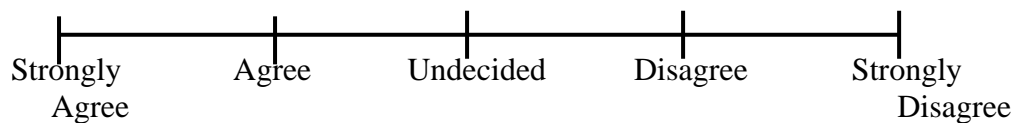
53. In the last five years, consistent high quality products being offered to the market were responsible for the good image developed towards our company by consumers.



54. The acceptable prices of our products promoted the good image of the company.



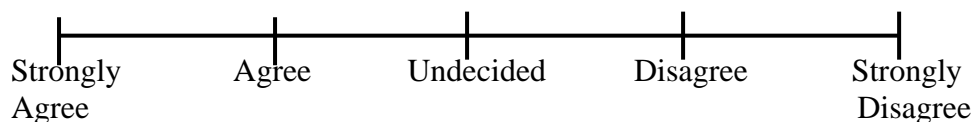
55. Promotional messages encourage the consumers and stakeholders develop good image towards our company.



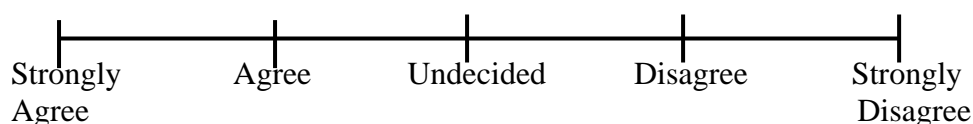
Competitive Marketing Strategies

During Period of Boom or Ample Supply of Products:

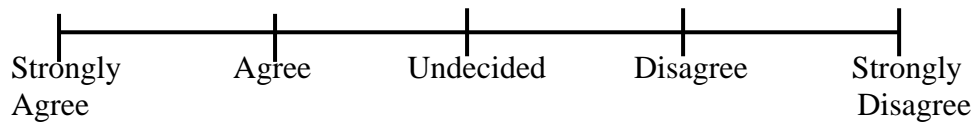
56. In the last five years, our organization has used cost leadership strategy anytime a brand is in ample supply situation; in order to maintain leadership position in the industry.



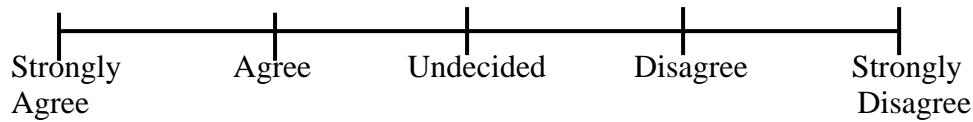
57. The use of product differentiation strategy has assisted the organization in satisfying the needs of different classes of customers during ample supply of products.



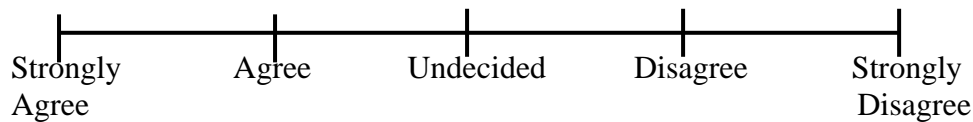
58. In this organization, focused strategy is used mostly to position different brands during ample supply of products.



59. During ample supply of products, this organization avoids the use of offensive marketing strategy in popularizing its products.

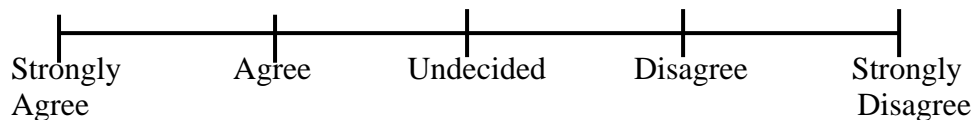


60. This organization uses defensive marketing strategy to ensure continued survival of its products during ample supply of products.

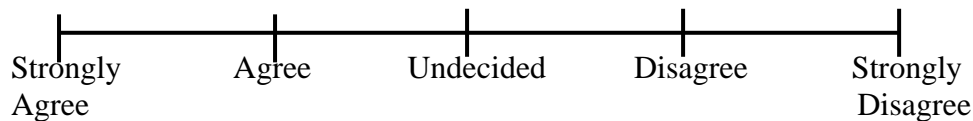


During Period of Product Shortage:

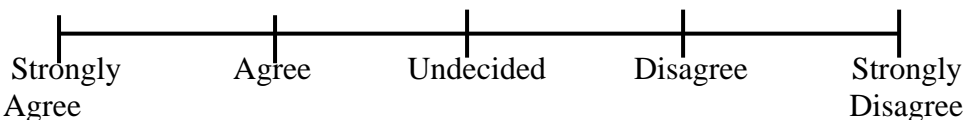
61. This organization uses cost leadership strategy anytime a brand is in short supply.



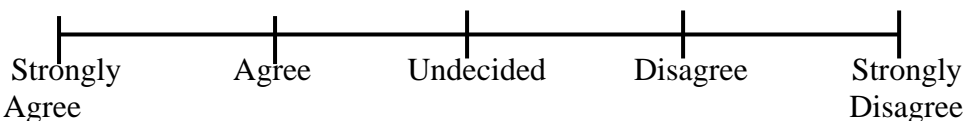
62. This organization uses product differentiation strategy to market the most popular products during short supply situation.



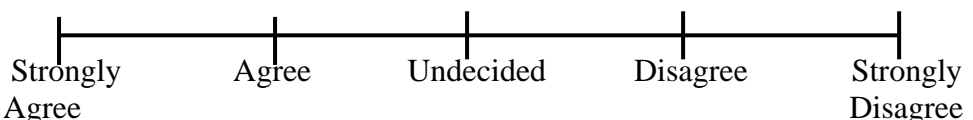
63. During short supply situation, this organization uses focused strategy to ensure that essential products get the target markets.



64. This organization mostly uses defensive strategy to protect the corporate image during period of products' shortage.



65. In this organization, first mover strategy is used to maintain the patronage of our products during short supply situation.



QUESTIONNAIRE

ON

COMPANY BASED DATA

SECTION C

Background Information

This section aims at exploring information about your Company and Yourself respectively.

Company Classification Data

1. Status of Company (Please tick (✓))
 - ☐ Public Limited Liability
 - ☐ Private Limited Liability
 - ☐ Public Sector
 - ☐ Private Venture or Sole Proprietorship
2. Kind of Company is:
 - (i). ☐ Multi-national
 - (ii). ☐ Indigenous
3. State which category your company belongs:
 - ☐ Manufacturer
 - ☐ Manufacturer and Exporter
 - ☐ Importer
4. Year in which your Company commenced operation
 Year in which your Company was incorporated
 Year of enlisting on the Nigerian Stock Exchange
 Number of Employees
 Amount of Authorized Share Capital ₦
5. Which of the following is your Company's position or status in the Food and Beverage Industry in Nigeria?
 - ☐ Market Leader ☐ Market follower
 - ☐ Market Challenger ☐ A Niche
6. Names of Brands of Food and Beverage Products being produced in your company in order of acceptability.
 - (i).....
 - (ii).....
 - (iii)

- (iv)
- (v)
- (vi)
- (vii)

7. Indicate 1, 2, 3, 4, 5, 6 your most important market regions in order of potentials.

- ☐ Lagos ☐ East ☐ North–West ☐
- ☐ South–West ☐ North–East ☐

8. Does your company export some of the food and beverage products? ?

- ☐ Yes ☐ No ☐

9. If yes, to which part of the globe?

- ☐ Western Market ☐ Europe ☐ Eastern Bloc ☐ Within Africa Only

10. If no, why? Please tick (✓) as appropriate.

- ☐ Not enough production. ☐ Cannot meet export criteria
- ☐ No vision for export yet. ☐ Not Interested.

About the Respondent

Instruction: Please tick (✓) as appropriate.

1. Position in the Organization

- Chairman / M.D. ☐ General Manager ☐
- Deputy M.D. ☐ Senior Manager ☐
- Executive Director ☐ Manager ☐

2. Sex: Male Female

- ☐ ☐

3.Age:

(a). Under 25 years

(b). 26 – 35 years ☐

☐

(c). 36 – 45 years

☐

(d). 46 years and above

4. Working Experience so far.

- (a). Less than 5 years ☐ (b). 6 – 10 years ☐
- (c). 11 – 15 years ☐ (d). 16 years and above. ☐

5. Length of service in this very Company.

- (a). Less than 5 years (b). 6 – 10 years
- (c). 11 – 15 years (d). 16 years and above.

6. Nationality Nigerian ☐ Foreigner ☐

7. Have you had opportunity of working in all the units of marketing department?

- (a). Yes ☐ No ☐

8. If yes, which other units or sections?
- | | |
|--------------------------|--------------------------|
| <input type="checkbox"/> | Research and Development |
| <input type="checkbox"/> | Branding |
| <input type="checkbox"/> | Promotion |
| <input type="checkbox"/> | Marketing Services |
| <input type="checkbox"/> | Sales |
| | Others |
- (Name)

.....

9. Highest Educational Qualification.
- | | | | | | |
|--------|--------------------------|--------------------------|--------------------------|---------|-----------|
| Degree | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Masters | Doctorate |
|--------|--------------------------|--------------------------|--------------------------|---------|-----------|

10. Professional Qualification(s) (please specify).

In Marketing

In Food Technology

Others

THANK YOU FOR YOUR TIME AND THOUGHTFUL CO-OPERATION