

Effects of Marketing Mix Strategy on Performance of Small Scale Businesses in Maiduguri Metropolitan, Borno State Nigeria

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Abstract
The study was designed to examine the effect of Marketing Strategy on Performance of Small Scale Business in Maiduguri, Borno State, Nigeria. The objectives of the study are to explore how Marketing mix elements are managed and they impacted on the performance of small scale enterprises in Maiduguri. Method of data collection consists of primary and secondary sources. Method of data analysis utilized was multiple regression. The study found that marketing strategy (product, price, promotion and place,) were significantly independent and joint predictors of business performance. Each one has its unique contribution and impact to the performance of the small Businesses. This also shows the importance of the marketing strategy no matter how small the Business may be. Its performance is proportionately depends and goes with the marketing strategy applied. The study therefore recommends that since small Businesses have high potential and opportunity for growth, instituting appropriate and adequate measures of marketing strategy in their Business practice will go a long way in Business success.
Keywords: Marketing Mix, Marketing Strategy, Small Scale Enterprises, Performance

Introduction

The current globalized marketing has made companies to see the internationalization of their activities as a way to remain competitive. Marketing strategy has become important tool globally for any organization to remain in competitive market environment and be stronger. Aremu and Lawal (2012) sees strategy as a pattern of resource allocation decisions made throughout an organization. This encapsulates both desired goals and beliefs about what are acceptable and most critically unacceptable means for achieving them. Strategy implies that the analysis of the market and its environment, customer buying behaviour, competitive activities and the need and capabilities of marketing intermediaries. Marketing strategy therefore, can be defined as a method by which a firm attempts to reach its target markets, Marketing strategy starts with market research, developing vision about the market(s), selecting market targets strategies, design positioning strategies, setting objectives and implementing the marketing programmes to meet the value requirements of the target markets (Mustapha 2013). It is a logic which customer needs, attitudes and competitors' products are assessed and continues through into advertising, promotion, distribution and where applicable, customer servicing, packaging, sales and distribution. Marketing strategy must focus on delivering greater value to customers and the firm at a lower cost (Chiliya, Herbst and Roberts- Combard 2009). Owomoyela, Oyeniyi and Ola (2013) also see marketing strategy as way of providing a quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and back it up with effective promotion strategy. Marketing strategy is a vital prerequisite of industry's ability to strengthen its market share and minimize the impact of the competition.

Small and medium enterprises (SMEs) are the engine of economy growth and development globally, Nigeria inclusive. By their very nature, SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development (Oyebamiji, Kareem & Ayeni, 2013). SMEs in developing countries, like Nigeria are struggling to survive under intense competitive environments both domestic and international. Small and Medium Enterprises (SMEs) in Nigeria have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Nigeria. They note that the situation has been of great concern to the government, citizenry, operators, and practitioners. These challenges could be as a result of perceived ineffective marketing strategy which is having negative effect on the organization's performance, product quality, customer satisfaction and profitability. Small and medium enterprises (SMEs) operators need to provide a quality product with good packaging that satisfies customer needs, offering affordable price and engaging in wider distribution and back it up with effective promotion strategy in order to survive the pressure from global market competitive environment.

This study will assess the effect of marketing strategy on the performance of small scale business in Maiduguri. Recently one will observe that SSEs have failed to live up to expectations and have been faced with a lot of challenges and difficulties. That Small scale Enterprises (SSEs) in Nigeria, and Borno state in particular have not seem to performed well due to some situational factors which insecurity is one and hence have not played the expected vital and vibrant role in the economic growth and development of Borno. It has been observed that the situation has been of great concern to the government, citizenry, operators, and practitioners. These challenges could be as a result of perceived ineffective marketing strategy to address these issues which may have resulted negatively on the organization's performance, product quality, low customer satisfaction, inappropriate and affordable pricing, ineffective promotion and distribution strategies in order to survive the pressure from global market competitive environment. Every enterprise's major reason for existence is to make profit. Firms therefore, face the challenge of knowing the appropriate type of strategy, which they could use for their product. Hence this study will assess the effect of marketing strategy on performance of small scale businesses in Maiduguri Borno State.

Literature Review

Concept of Marketing Strategy

The concept of marketing Strategy has gradually become an essential part of every enterprise of today. The concept of strategy is ancient and it comes from Greek word strategies, which means art of Army General. Effective Army Generals are needed to win battles and protect territories. Strategic Marketing is defined by Achumba (2000) as a chosen line of action selected by an organization for pursuing a marketing objective. Strategic marketing management can also be viewed as the art of formulating, implementing, and evaluating cross-functional decisions that will enable an organization to achieve its desired objectives. According to Owomoyela, et al. (2013) in Gbolagade, Adesola and Oyewale (2013), the aim of the development of an organization's marketing strategy is to establish, build, defend and maintain its competitive advantage. Managerial judgment is important in coping with environmental ambiguity and uncertainty in strategic marketing. It must be pointed out here that Marketing involves activities that provide satisfaction to consumers. It is a matching process. Marketers must recognize and understand consumers' needs and wants and then determine how best to satisfy them. Satisfaction becomes available through the process of exchange in the society. Marketing, with its emphasis on satisfaction, exists because society has needs that must be met and wants that must be satisfied. Thus, the goal of marketing is to facilitate exchange so that satisfaction is increased for all the parties involved (Ibidunni, 2010). Exchange requires two or more individuals or groups that have certain want satisfying products. In order for exchange to come about, each party must want what will be received more than what will be given up; that is, both parties must fell that their total satisfaction will be enhanced as a result of the exchange.

Concept of Small Scale Business

Aluko, Oguntoye, and Afonja (1975) in Oyebamiji, et al. (2013) characterized SMEs as follows: 1) The same manager or proprietor finds it difficult to raise short or long term capital from the organized capital market, instead relies on personal savings or loans from friends, relatives or money lenders. 2) The same manager/proprietor handles/supervises the production, financing, marketing and personnel functions of the enterprise. 3) The manager/proprietors vision is confined to the local community in which he carries on his line of business. There is little or no knowledge of the wider or distant markets. 4) The rate of business mortality is high probably because of strong mutual distrust and dominance of the sole proprietor which militates against the formation of partnerships or limited liability companies. 5) The enterprise is generally poorly equipped as the small scale industrialist feels reluctant to accept outside help owing to prejudice or fear that information about the enterprise might reach the tax authorities or a nearby competitor. 6) Little or no account of business costs or revenue is kept and the banking system is hardly utilized. The result is that banking facilities for business financing and expansion are extended to only very few of the industrialists. 7) The level of education of the proprietor is usually very low with a consequent low level of business management technique, skill or market information.

Marketing Strategies and Performance of SSEs

The relationship between strategy and performance has been substantiated at firm and functional levels (Walker 2004, Porter 1985), although there is often overlap between the two. They identified several generic strategic approaches and were developed and utilized as a theoretical basis for identifying strategic groups in industries. Porter's (1985) generic strategy typology also looks competitive and marketing dimensions and has been widely tested. According to Porter, a business can maximize performance either by striving to be the low cost producer in an industry or by differentiating its line of products or services from those of other businesses; either of these two approaches can be accompanied by a focus of organizational efforts on a given segment of the market. Presumably, differentiated businesses should emphasize marketing as a means of distinguishing their products and services from those of their rivals. Likewise, Porter's focus orientation is consistent with the marketing themes of product positioning and target marketing.

Walker (2004)outlined elements in the chain of marketing productivity model as follows: (1) marketing strategy and tactic such as loyalty program, cross selling and up-selling; (2) customer impact, such as customer awareness, customer association, customer attitudes, customer attachment and customer experience; (3) marketing assets such as brand equity and customer equity; (4) Market impact such as elasticity literally more small, the level of retention, larger loyalty and longevity of customers; (5) financial impact such as Return on Investment (ROI), Internal Rate of Return (IRR), etc. Craven (2009) stated that the performance marketing is the contribution of the implementation of marketing strategies and the creation of value on corporate profits measured by sales, operating profit, and market share.

According to Haghighinasab, Sattari, Ebrahimi and Roghanian (2013) in Ebitu (2016), performance can be measured based on growth, market share and profitability. The higher the indices indicates the greater the performance of the business and vice versa. Performance of SMEs has to do with both behaviour (activity) and results. This explanation covers achievements of anticipated levels as well as objective review and setting. When the behaviour of management is right, then the anticipated levels of output would be achieved and vice versa for failure. This is connected with the concept of customer orientation. It is a concept which transforms the marketing into potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two- way relationship between customers and the firm. When behaviours of management towards marketing strategies are geared on a right direction, then this positively affect the performance of SMEs. Some strategies which could affect performance of businesses are the product quality, pricing, marketing promotional communication and efficient delivery of goods and relationship marketing.

Product Strategy and Small Scale Enterprises Performance

Kotler and Armstrong (2013) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. Product influences have a significant impact on business performance (Gbolagade, et al, 2013). However, in all circumstances a product's quality should be consistent with other elements of the marketing mix. For example a premium based pricing strategy will require a quality product possibly branded to support the price change. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality and style. kotler, (2003) sees a product as about quality, design, features, brand name and sizes which influences purchase. Mustapha, (2013) also assert that product is the physical appearance of the product, packaging, and labelling information, which can influence behaviour whether consumers notice a product in-store, examine it, and/or purchases it. Prior researchers have clearly suggested that product influences have a significant impact on business performance (Owomoyela et al. 2013).

Pricing Strategy on Marketing Performance of Small Business

Kotler (2003) defines price as a cost of producing, delivering and promoting the product to be exchanged by the organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a products value. Price can be stated as the actual or total rated value of a product which is up for exchange; In a study by Owomoyela et al, (2013) they establish significant relationship between price and business performance. The price you set for your product or service plays a significant role in its marketability. Pricing for products or services that are more commonly available and acceptable to the market is more elastic, meaning that unit sales will go up or down more responsively in reaction to price changes Understanding how sensitive your market is to changes in price helps the marketer determine how much the price elasticity will raise the sales. Factors that influence price elasticity are supply and demand: the availability of the product or service and of good substitutes, their respective prices, and the extent to which the product or service is desired. If ample supply exists through competitors and substitutes, that puts downward pressure on your price. On the other hand, if demand is high for a product or service, exceeding what can be supplied through competitors and substitutes, price elasticity is high, meaning that you will have room to increase prices.

Price component can be controlled by the entrepreneur. Although there could be a number of value propositions; small businesses could find the greatest likelihood for business success by competing with high price, offering customers better value. For example, offering customers "more value" could be provided with increased levels of customer service, superior product knowledge, or developing key locations (including going to the customer). As an alternative, an effective market-entry strategy for a new business venture might be pricing at the high end, especially when the customer perceives the product or service to provide greater customer value. In some instances, a business owner might presume that their customers will always purchase on the basis of lower price. Contrary to that belief however, experience often shows that customers will often pay significantly higher prices for better service, better quality, preferred brand or image, and customer convenience.

Promotion Strategy and Performance of Small Scale Business

Promotion appears as an issue of how to create an optimal mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Small businesses that understand promotions as part of an integrated marketing campaign recognize the importance of this. Integrated marketing links public relations, advertising, direct marketing, and other marketing activities in a coordinated fashion. In the same vein, Zeithaml et al. (1995) in Gbolagade, et al. (2013) describe promotion as part of specific effort to encourage customers to tell others about their sundries. They also report that promotion appears as an issue of how to create an optimal mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Kotler, (2003) discovers that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective.

Meredith, Nelson and Neck (1991) stated that as small business grows, it must expand its markets, special sales promotions can provide the exposure that the product or service needs to increase sales in new markets. Also advertising can attract potential customers to the business. It is to be noted that most of the promotional activities by small business organizations involves the use of staff of the organization to make sales and make them regular customers. Ogundele (2000) reported that entrepreneurs of his study used selective appeal in advertising for example bakers have different handbills and labels attached to their bread for the purposes of promotion and differentiation. Gbolagade, et al. (2013) found that the relationship between promotion consideration and business performance is significant, but there relationship is negative. They further revealed that the relationship between promotion consideration and business performance is significant, but the relationship is negative. This may be due to the consumer perception that heavily promoted products could be problematic products- of poor quality, with passed expiry dates, and from clearance stocks. Consumers may also perceive that heavier promotions also mean that the products are sold at higher prices, which will turn-off consumers who are in the low-cost segment of the consumer market.

Distribution Strategy and Small Scale Business Performance

McCharty, Perreault and Cannon (2011) define place as any way that the customer can obtain a product or receive a service. They also defined distribution as another name for place. According to them, it is the third element of the marketing mix, and it encompasses all decisions and tools which relate to making products and services available to customers. Kotler and Armstrong (2013) also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers. Owomoyela et al. (2013) agreed that place has significant effect on business performance Many businesses effectively leverage the place component of the marketing mix through effective use of location variables.

Methodology

The population of the study comprises of all small scale enterprises within Maiduguri metropolitan. The stratified sampling technique was used to group respondents into three main trade areas of Retailing, Personal services and repairs and production. This accounts for the total number of sample size to 200 drawn purposively from different locations and based on the stratum identified. Multiple regressions were used to analyse the data collected. Both primary and secondary data were used to collect relevant data.

Result and Discussions

Table 1: Zero Order Correlation Coefficient on Effects of Marketing strategy on Small Scale Enterprises in Maiduguri

S/No.		Mean	SD	1	2	3	4	5
1.	Small Business performance	2.625	0.486*		0.422	0.030**	0.449**	0.603**
2.	Product	2.576	0.496		-	0.087**	0.488	0.357*
3.	Promotion	2.956	0.493			-	0.087	0.053
4.	Place	2.615	0.488				-	0.502
5.	Price	2.673	0.471					-

Source: researcher's computation *P < 0.05, **P <0.01

Table 2 **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.682a	.465	.432	.36673	2.585
a. Predictors: (Constant), Product, price, Promotion, Place					

Key: *P<.05, **P<.001 The result in table 1 shows that the effects of business performance and product offered to the market, , price, promotion, place strategies of the product were positive and significant (r = 0.422; df = 3, 197; p<.05; r = 0.449, df = 3, 197, p <.01; r = 0.603, df = 3, 197, p <.01;) respectively. This result implies that when high quality product is produced by business organizations, appropriately priced and promoted, efficient distributed will lead to higher business performance, in term of profitability, increase market share, customer satisfaction and market expansion. However, the relationship between business performance and promotion was negative but significant(r = -0.030; df = 3, 197; p<.01).

This study shows that product strategy performance has impact on business performance in term of profitability, increase market share, customer satisfaction, market expansion etc. This is because customers evaluate product attributes such as quality, features, design and styles, either rationally or emotionally before buying. When there is conformity between the features and the needs satisfaction of the customer, there is tendency for repeat purchase and positive word of mouth relationship.

Effect of promotion on business performance is very significant, in that promotion is about communication which brings about and creates awareness, interest and trial. Entrepreneurs have not been critical on mass promotion for instance media advertising at this level because of interpersonal link and network which promotes word of mouth communication. This may be due to the heavy expenses on promoting products which is always minus to the organisation. Place consideration is seen to be another factor having an impact on business performance. This simply means the location, accessibility and channel of distribution employed by business organization is a major concern. The study also indicates that price consideration has a significant positive impact on business performance. This is because many Nigerians" consumers are motivated to buy products at lower prices. The customer base at the low price segment always buys for products that offer value for money.

Conclusions and Recommendations

The study found that marketing strategy (product, price, promotion and place,) were significantly independent and joint predictors of business performance. Each one has its unique contribution and impact to the performance of the small Businesses. This also shows the importance of the marketing strategy no matter how small the Business may be. Its performance is proportionately depends and goes with the marketing strategy applied. The study therefore recommends that since small Businesses have high potential and opportunity for growth, instituting appropriate and adequate measures of marketing strategy in their Business practice will go a long way in Business success. This is also coupled with the emerging economic nature of the country which if marketing strategy is properly utilized, there is no doubt for improved performance.

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