

Marketing Effectiveness and Business Performance: The Study of Hospitality and Tourism Organizations in Nigeria

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BACKGROUND

The concept of marketing effectiveness has been extensively discussed because of its strong association with many valuable organizational outcomes such as stable, long-term growth, enhanced customer satisfaction, a competitive advantage and a strong marketing orientation (Nwokah and Ahiauzu, 2009). Despite the avalanches of studies on marketing effectiveness, there seems to exist a scarce literature on its conceptual measures. Kotler (1977, 1997) operationalised marketing effectiveness as Amalgam of five components, notably: customer philosophy, integrated marketing organization; adequate marketing information, strategic orientation; and operational efficiency. Later, Appiah-Adu et al (2001), Nwokah and Ahiauzu (2008,2009) adopted the earlier measures but further argued that, the basis of studying marketing effectiveness is to first identify the importance of studying the market, recognize its numerous opportunities, then selecting the most appropriate segments of the market to operate in and endeavoring to offer superior value to meet the selected customer's needs and wants.

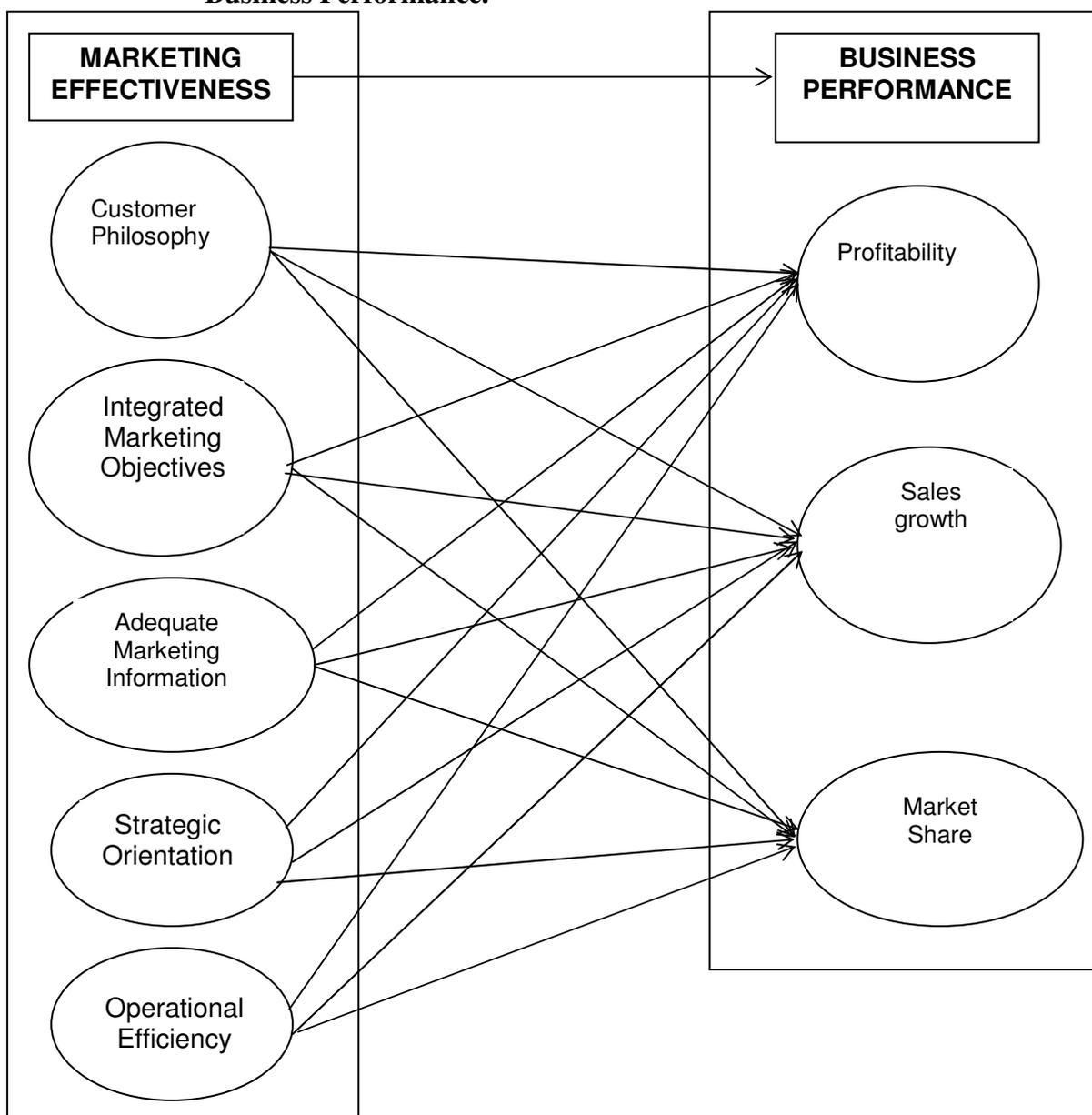
Nwokah (2008) in his study on Marketing in governance: leader-managerial practices for efficiency in competency-based administration and transformational marketing model argue that marketing effectiveness of a firm is achievable if the firm has suitable staff to enable it perform marketing analysis, planning and implementation. Sequentially, marketing effectiveness calls for management to have sufficient information for the purpose of planning and effective resource allocation to varying markets, products and territories (Nwokah and Ahiauzu, 2008, 2009). Marketing effectiveness is also contingent upon the adeptness of managers to deliver profitable strategies from its philosophy, organization and information resources.

HACIOGLU and GÖK (2013) note that marketing effectiveness is not synonymous with profitability. The premise is that levels of return on investment, sales, market share and others depend on marketing effectiveness. Therefore our purpose in this study is to examine the relationship between marketing effectiveness and Business performance. In doing this specific attention will be focused on the relationship between the five concepts of marketing effectiveness identified in the literature (consumer-philosophy, integrated marketing efforts, marketing information, strategic orientation and operational efficiency) and the associated metrics for Business performance. Thus, the study will attempt to answer the following research questions

- What is the relationship between customer philosophy and business performance?
- Is there any link between integrated marketing objectives and business performance?
- To what extent does adequate marketing information influence business performance?
- Is there any significant relationship between strategic orientation and business performance?
- What is the relationship between operational efficiency and business performance?.

Figure I illustrate the operational conceptual framework. This is proposed based on the review of the relevant literature of the two constructs. It is developed based on Kotler's (1977, 1997) conceptualization of marketing effectiveness. Kotler (1997) has conceptualized and grouped marketing effectiveness into five constructs: customer-philosophy, integrated marketing efforts, marketing information, strategic orientation and operational efficiency. The hypothesized relationship between Kotler's (1977, 1997) five Marketing Effectiveness constructs and business performance are shown in figure I

Figure 1: Operational Conceptual Framework of Marketing Effectiveness and Business Performance.



Base on figure 1, we hypothesized thus:

- H_{1a}: Customer – philosophy has a significant relationship with organizations profitability.
- H_{1b}: Customer – philosophy influences sales growth of corporate organizations.
- H_{1c}: Customer philosophy has a direct link to organizations market share.

- H_{2a}: Integrated marketing objectives have a significant relationship with organizations profitability.
- H_{2b}: Integrated marketing objectives influences sales growth of corporate organizations.
- H_{2c}: An integrated marketing objective has a direct link to organizations market share.

- H_{3a}: Adequate marketing information has a significant relationship with organizations profitability.
- H_{3b}: Adequate marketing information influences sales growth of corporate organizations.
- H_{3c}: Adequate marketing information has a direct link to organizations market share.

- H_{4a}: Strategic orientation has a significant relationship with organizations profitability.
- H_{4b}: Strategic orientation influences sales growth of corporate organizations.

- H_{4c}: Strategic orientation has a direct link to organizations market share
- H_{5a}: Operational efficiency information has a significant relationship with organizations profitability.
- H_{5b}: Operational efficiency influences sales growth of corporate organizations.
- H_{5c}: Operational efficiency has a direct link to organizations market share

Methods

This study adopted a causal research design. The purpose of a causal research study is to establish the presence or absence of a cause - effect relationship between variables. Thus, in this work, two variables: marketing effectiveness and business performance were studied. Marketing effectiveness is the independent variable (cause) and the business performance is the dependent variable (effect). Therefore, causal research design is most appropriate for this kind of study.

Sampling

The population of this study will constitute all the 16 Hospitality organizations listed in 2014 edition of Nigerian stock exchange facts book. Hospitality and Tourism organizations are chosen because it is about the most comprehensive and dynamic section in the manufacturing sector in Nigeria (Nwokah, 2008) with high level of relevance to the study of marketing effectiveness concept. Since it may not be possible to collect data from every member of a research universe, researchers employ a random selection. The ultimate purpose of survey research is to select a set of elements from a population in such a way that the descriptions of those elements (statistics) accurately describe the total population from which they were selected. The sample frame of this study will be drawn from 2014 edition of Nigerian Stock Exchange gazette. The Nigerian Stock Exchange gazette is chosen because Hospitality and Tourism organizations listed are publicly quoted companies with re-challenging responsibility and performance to their corporate stakeholders including shareholders and customers. The sample size will be made up of all the sixteen Hospitality and Tourism organizations listed in the 2014 edition of Nigerian Stock Exchange gazette. To obtain reliable data for this study, the key informant approach will be used. Therefore, the key informants in each of the Hospitality and Tourism among the sample size constituted the respondents. With key informant approach data were collected from a senior marketing manager and nine senior managers from other departments in information pertaining to the construct under study. Therefore ten sets of questionnaire were distributed to a company making a total of eighty (160) sets of questionnaire distributed.

MEASUREMENT INSTRUMENT

Marketing Effectiveness: The study began with the traditional western definition of marketing effectiveness. To determine if Nigerian managers also view marketing effectiveness as made up of the same five concepts as proposed by Kotler (1997, 1997) customer-philosophy, integrated marketing efforts, marketing information, strategic orientation and operational efficiency. A total of 20 items will be chosen to test marketing effectiveness using Cronbach Alpha scores from the original studies as the basis for selection. The questions will be grouped in constructs from the previous studies and no mixing of question will take place. Three of the questions will deal with customer-philosophy, three with integrated marketing efforts, three with marketing information, three with strategic orientation and three with operational efficiency. The wording for these questions is adapted primarily from the Appiah-Audu et al (2001) instrument which validated the Kotler (1997) constructs in the European context. Consequently, the marketing effectiveness construct in this study will be measured by Kotler's (1977,1997) scale. A five-point scoring format (1 = strongly disagree, 5 = strongly agreed) will be employed for all 15 items.

Business Performance: Although, performance can have a variety of meanings (e.g. short or long-term, financial organizational benefits), it is broadly viewed from two perspectives in the previous literature. First, there is the subjective concept, which is primarily concerned with performance of firms relative to that of their competitors. The second method is the objective concept, which is based on absolute measures of performance. The study will adopt a triangulation of both concepts as the result of one will be used to compare to the other. This method has been used by Agarwal et al (2003). For subjective measures we assumed that company information is usually classified as highly confidential in Nigeria, therefore respondents may be reluctant to provide hard financial data. Therefore, in the subjective measures, each respondents in the study will be asked to rate in a five point Likert scale his/her company's current business performance relative to competitors and as it affects the marketing effectiveness variables with respect to sales growth, profitability and market share.

A total of 9 items will be used to measure the relationship between marketing effectiveness variables and performance indices. For objective measure, our respondents' firms' financial statement for five years from 2001 to 2006 as listed in the 2006 edition of Nigerian Stock Exchange gazette will be used.

VALIDITY OF RESEARCH INSTRUMENT

The validity of an instrument refers to the extent to which it measures what was intended to measure. The validity of the scales to be utilized in this study will be assessed for content and construct (convergent) validity. A measure can be said to possess content validity if there is general agreement among the subject and researchers that constituent items cover all aspects of the variables being measured; thus content validity depends on how well the researchers create items that cover the content domain of the variables being measured (Nunnally, 1978).

Content validity will be enhanced via the conventional process for measure development. The marketing effectiveness and business performance scales will be tested for construct (convergent) validity. A measure can be said to have construct validity if it measures the theoretical construct or trait that it was designed to measure.

RELIABILITY OF RESEARCH INSTRUMENT

After the completion of the survey, the reliability of the scales will further be examined by computing their coefficient alpha (Cronbach Alpha). Scales will be considered reliable if it is found to exceed a minimum threshold of 0.7 suggested by Nunnally (1978).

METHODS OF DATA COLLECTION

A survey questionnaire will be developed for this study to measure the study constructs. Given the nature of this study and the data generation requirements, it is considered that responses should be elicited from a source knowledgeable in the firm's marketing activities so as to limit measurement error. In this regard, the head of marketing and four other staff in the executive cadre in each sampling unit will be treated as the key informants. A total of 80 copies of questionnaire will be distributed.

A personal / hand delivery survey will be administered following the principles of the Total Design method with pre-notification correspondence. The research instrument will be developed using measures from the extant literature. Given the preferred conceptualization of marketing effectiveness by Kotler (1997) over other alternatives and the apparent superiority of their measures (Gabel, 1995), this battery will be used to capture firms' level of marketing effectiveness. The complete Kotler (1997) scale will be used, in preference to the abridged Appiah-Adu (2001) scale, given the fact that the researcher wish to capture all elements of marketing effectiveness conceptualized by Kotler (1997), which also provides the benefit of drawing some comparison with other, related studies adopting these same measures. Following the protocol recommended by Kotler (1997), respondents will be asked to assess the extent to which their firm placed a high priority on a set of marketing related practices against a five point scale coined by "strongly disagree" (1) – "to strongly agree (5). For business performance, the financial statements (2010-2014) of Hospitality and Tourism firms listed in the 2014 edition of the Nigerian stock exchange facts book was used.

METHODS OF DATA ANALYSIS:

To analyze our data, SPSS for windows version 20.0 will be used. Useable returned questionnaire will be used in this work. Raw data will be put into the spread sheet of the SPSS and will later be transformed to obtain the sum of the values of customer-philosophy, integrated marketing efforts, marketing information, strategic orientation and operational efficiency as well as the elements of business performance. A multiple regression will be carried out to obtain our r^2 value, standard deviation and sum of the mean. First, the sum of the square of market orientation was regressed to the sum of the square of business performance to obtain the r^2 values. To test our stated hypotheses the nonparametric (Spearman Correlation) will be used.

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