
Marketing Mix Strategies Performance: A Study of in SMEs in Rivers State of Nigeria

Ikegwuru Mac-Kingsley

Supply Chain and Logistics Management Studies

Department of Marketing

Rivers State University

Port Harcourt

bestvaluecrest@gmail.com

Innah Mina Pokubo

Department of Marketing

Captain Elechi Amadi Polytechnic

Rumuola, Port Harcourt

Minapokubo@gmail.com

Abstract

The paper investigates the effect of marketing mix strategies on performance of small and medium enterprises in Rivers State. A theoretical framework is developed to examine the association between marketing mix strategies and performance of Small and Medium Enterprises (SMEs) in Nigeria. The study adopted descriptive survey and exploration design methods for the collection of vital information from sample SMEs in Port Harcourt, Rivers State of Nigeria. Primary data were collected through the use of questionnaires administered to 210 Small and Medium Enterprises selected through a simple random sampling technique. The ANOVA was applied to data collected. Results revealed a significant relationship between marketing mix strategies and performance in SMEs in Rivers State of Nigeria. The study recommends that Nigerian SMEs should emphasize more on the marketing mix strategies that exerts maximum influence on performance and suggests that further studies be carried on other industries other than the SMEs Industry to verify the results of this study.

Keywords: Marketing mix, Marketing mix strategies, Performance, SMEs

1. Introduction

In Nigeria, it is estimated that 90% of all formal businesses are small, medium or micro enterprises (Rwigema and Karungu, 1999). The SMEs sector is one of the largest contributors to the Nigeria economy and is not only seen as an employment creator, but also functions as an absorbent of retrenched people emanating from the private and public sector (Ntsika, 2001). SMEs are critical to employment generation and economic growth, particularly in developing countries such as Nigeria with a high unemployment rate. Hence, they require the adoption of marketing mix strategies for survival in the highly competitive business landscape.

Cutler (2000) states that a set of marketing mix variables can be controlled by the marketing firms and institutions in their given market and its combination of elements are necessitated for the response. Components of the marketing mix are a set of marketing strategic tools for attaining the goals of an organization or institution (HaKansson & Waluszewski, 2005). The compositions of these tools are referred to as the marketing mix, which businesses require to obtain favourable response from their target market. Newson et al. (2000) remark that the concept of marketing

mix is defined as the organization's performance employing a set of controllable variables and uncontrollable factors of the environment.

Palmer (2011) notes that marketing mix strategy is a conspicuous concept in marketing. Over the recent years, the significant version of marketing mix concept is associated to the 4P's (product, price, promotion and place), The marketing mix strategies are anchored on these 4Ps, which delineates the direction of marketing efforts in order to generate a competitive advantage. Gronroos (2010) improved on the early version of marketing mix for the services from the 4Ps to the 7Ps. The additional 3Ps are people, physical and processes

The concept of marketing mix strategy therefore envelops a calculated and cautious choice of strategies and policies for organization Product, Price, Promotion and Place, as well as the farther 3ps for services namely People, Physical and Processes. All the components must be decently selected and mixed in right proportions in order to improve product or service and make it captivating to the customers.

There is immense literature on marketing mix strategies both locally and internationally. For instance, internationally a study was done on the impact of marketing mix (4Ps) on marketing audit and performance in Iranian SMEs (Mehrdad, Abbas & Seyed, 2011) and another study was done on the effectiveness of marketing mix strategies on the determinants of relationship between marketing mix strategy and drivers of export performance in foreign markets: An application on Turkish Clothing Industry (Erdil & Özdemir , 2016). Locally, a study was done on the impact of marketing strategy on business performance: A study of selected small and medium enterprises (Smes) In Oluyole Local Government, Ibadan, Nigeria (Gbolagade, Adesola, Oyewale, 2013) and another study was done on the effects of marketing strategies, 4Ps of marketing elements and firm resources on the performance of small and medium enterprises in Niigeria (Kuwu & Gakure, 2014). However, these studies did not outline the role of marketing mix strategies on performance, more specifically, in this case small and medium scale (SME,s) in Nigeria. This study therefore, examines the relationship between marketing mix strategies and performance of SME,s in Nigeria.

The study begins with an evaluation of previous literature on marketing mix strategies and performance. Hypotheses development is followed by the methodology. The study reported the research methodology and empirical results. Discussion is made upon findings and theoretical and managerial implications are reported.

2. Statement of the Problem

SMEs are critical to employment generation and economic growth. More than 60% of the enterprises in Nigeria are small and medium and they account for about 65% of the Gross Domestic Product (GDP) (Inegbenebor 2006). In spite of the relevance of the effect of marketing mix strategies on the performance of small and medium enterprises, this concept is hardly studied in a given business context (Akwaja, 2005). To survive in the current competitive business setting, they require the adoption of the marketing strategies mix to enhance their operations. This study therefore, investigates the effect of the marketing mix strategies on the performance of small and medium enterprises in Nigeria.

3. Literature review and hypothesis

3.1. Evolution and meaning of the marketing mix

The concept of marketing mix was for the first time introduced by Neil Bvrdsn in 1950 and became known as the 4P's. In the early 1960s, McCarthy conflates marketing with four variables known as the 4P's classification that included: product, price, place and promotion. Borden (1965)

alleges to be the first to have used the term —marketing mix which was inferred to him by Culliton's (1948) description of a business executive as —mixer of ingredientsl.

McCarthy (2011) defines strategy as a direction and scope for an organization in meeting long term objectives by configuring its resources in the present dynamic business environment. Nagle and Holden (2012) note that strategy is a rudimentary concept in strategic management. Hence, the marketing mix strategies envelops all the reactions of a firm in guaranteeing that the target market positively affect their product demand. The marketing mix strategies are: product strategy, price strategy, promotion strategy, place strategy, physical strategy, process strategy and personnel strategy.

Product strategy: refers to all the goods and services that a company offers to the target market in order to satisfy their needs. Products are classified in two categories; tangible and intangible products (Kotler 2013).

Price Strategy: is regarded as a value placed on a product or a service. Pricing strategy offer captious evaluation on the price alterations in organizations and how this is affected by the target market (Chisnall, 2011).

Distribution strategy: aids in guaranteeing that a firm has supplied the customers with quality customer service that has an impact on the level of customer satisfaction (Palmer, 2011).

Promotion strategy: constitutes a number of elements that include personal selling, sales promotion, advertising, public relations and direct marketing, and they have an impact on the relationship of the customer and the firm that is indispensable towards enhancing the sales of a product or service (Lehtinen, 2011).

Physical strategy: Considers the appearance and physical environment which both substantiates and pledges quality. Physical surrounding and other visible cues can have a deep influence on the impression customers' form about the quality of the service they receive (Bitner, 2010).

Process strategy: is a process that helps in the design, development and implementation of the service management as the capability of an organization as well as strategic assets (Whetton, 2011).

Personal strategy: service marketing stresses on the role of Staff and in particular about the customer staff contact as a major component in the delivery of the high quality of the service and contribution to the customer satisfaction (Keller, 2013). Employees must accept or regard what they are doing and have a soft spot for their work before they can in turn provide good service to customers (Berry, 2013).

3.2. Performance

Performance is the extent to which organization meet their stated objectives. It is a measure of attractiveness of a firm. Balanced score card evaluates the performance of firms in relation to the finances, the customers, motivation and also learning as well as internal efficiency (Wongrassamee, et al., 2013). It anchored on the notion that firms require to evaluate their performance in respect of economic, environmental or the social added value. Firms need to utilize the shared value as an avenue to offer incentive to generate more profits and enhanced social benefits (Riordan et al., 2012).

4. Previous studies on Marketing mix strategies and performance

Mehrdad, Abbas and Seyed (2011) investigated the impact of marketing mix (4Ps) on marketing audit and performance in Iranian SMEs. The research is based on survey method and two structured questionnaire has been used. The sample fast was 100 while the Cronbach's Alpha is 91 out of 100. Marketing / sales managers, marketing experts were the universe of the study at Iranian SMEs. The results extracted from statistical analysis showed that there are impacts on marketing audit and performance through evaluation of each marketing mix elements.

Bahman, Nazari and Mostafa (2013). Examined the effect of marketing mix in attracting customers: Case study of Saderat Bank in Kermanshah Province. The Questionnaire which included 30 questions was used to collect information in this research. The reliability of the questionnaire was calculated using Cronbach's alpha, and a value of 0.882 was obtained, greater than 0.7 which is the reliability of the questionnaire. The population used in this study is the customers of Saderat Bank in Kermanshah Province, with at least one account, interest-free loans and savings. 250 questionnaires were collected by stratified random sampling. The work has one main hypothesis and 5 sub- hypotheses. Pearson correlation test was used to test the hypotheses. It was established that factors in the marketing mix have a significant positive effect in absorbing customers. That means the bank has a significant positive effect.

Kuwu and Gakure (2014) examined the effects of marketing strategies, 4Ps of marketing on medium and small scale enterprises in Nigeria. The study adopted descriptive survey and exploration design methods for the collection of vital information from sample SMEs in Nigeria. Primary data were collected through the use of questionnaires administered to 100 Small and Medium Enterprises selected through a multistage probability technique and a reports of operations over ten years period (2004 – 2014), chi-square and ANOVA were applied to data collected. Results confirmed positive effect between the dependent and explanatory variable.

Erdil and Özdemir (2016). Studied the determinants of relationship between marketing mix strategy and drivers of export performance in Foreign Markets: An application on Turkish Clothing Industry. Based on competition strategies theory, marketing mix strategy is added into the model and its mediating effect on export performance is studied. Variables in the proposed research model were measured by scales already existed in the literature. A questionnaire form is used both via e-mail or face-to-face interviews for gathering data in the survey. Data were collected from export based Turkish textile firms operating in clothing sector. Empirical results indicate that firm characteristics, environmental characteristics, international experience and international commitment are linked to higher levels export performance in Turkish clothing export firms. Another finding implies that marketing-mix strategy has a mediating effect on the relationship. The findings can be generalized only for that sector and provide export managers with useful insights. Another limitation is the restriction of antecedents of export performance to external environment and firm specific internal factors like international commitment and experience. Based on the review of literature, the following conceptual framework was developed:

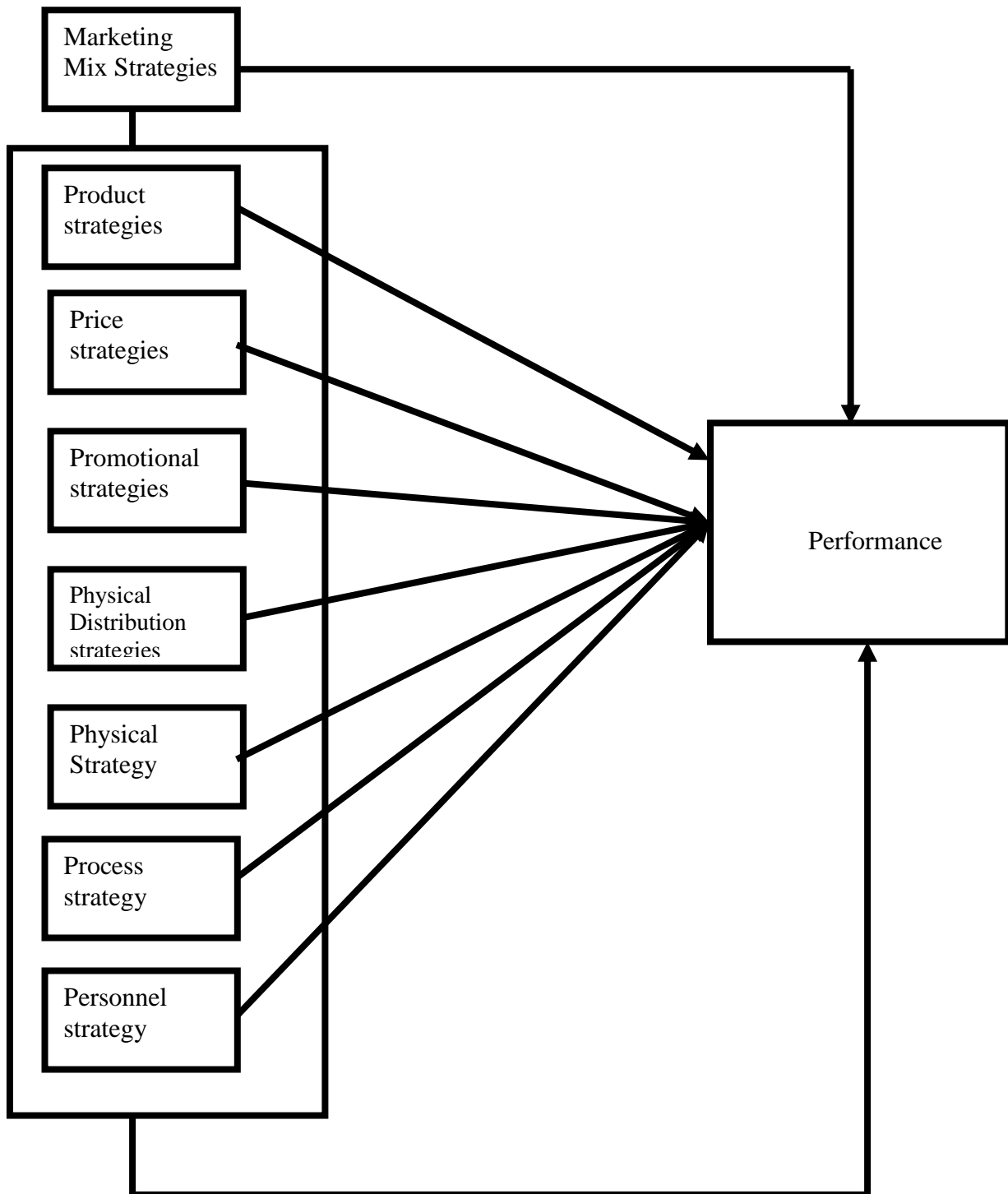


Figure 1: Operational framework of Marketing Mix Strategies and Performance
Source: Adapted from McCarthy (2011).

Based on the foregoing, the following hypothesis was formulated:

H₀: There is a significant relationship between marketing mix strategies adoption and performance of SME,s in Nigeria.

5. Research Methodology

The survey design was adopted in this study as a means of gathering information from a group of people under study. The study adopted a simple random sampling technique to choose 210

SME,s in Rivers State. The Pearson’s product moment coefficient technique was used to test the hypothesis while, the ANOVA technique was used to test for the difference in mean between marketing mix strategies and performance of SME,s.

6. Analysis

The researcher used ANOVA to test for the for the difference in mean between marketing mix strategies and performance of SME,s. The results were presented in Tables 1 and 2.

Table 1: Relationship between Marketing Mix Strategies and Performance (N=210).

	Marketing Mix Strategies	Performance
Marketing Mix strategies	1	.9988
Sig. (2-tailed)		.0000
N	210	. 210
Performce Pearson’s correlation	.9988	1
Sig. (2-tailed)	.0000	
N	210	210

**** Correlation is significant at 0.01 level (2-tailed).**

Table 1 shows that the correlation coefficient between marketing mix strategies and performance is $r=0.99$ implying there is a very strong positive correlation. This implies that an increase in the usage of marketing mix strategies has significant association with performance. The study also employed ANOVA to test for the difference in mean between marketing mix strategies and performance of SME,s. The results were presented in table 2.

Table 2: One way ANOVA for the difference in mean between marketing mix strategies and performance of SME,s (N=210).

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	653335.73606	1	65335.72605	1278.48183	.0000
With in Groups	1533, 07394	209	511.02465		
Total	6548687999	210			

a. dependent variable: Performance

b. Predictor: Marketing Mix Strategies

Table 2 shows that there is difference in mean between marketing mix strategies and performance $F(dfB,dfw) = F(210,1) = 1278.48183, p < 0.05$. Significant value is 0.01, $r(1,159)$.. This agrees with the correlation result in table 1.

7. Discussion of the Findings

The study findings established that marketing mix strategies enhances performance. In addition, the study revealed that marketing mix strategies is critical in enhancing performance of SME,s in Nigeria. In conjunction with the study findings, Kurtz and Boone (2011) comment that effectiveness of marketing mix strategies impacts on the level of the application of strategies that affects performance of firms. Also, in line with the above findings, are the findings of Taiwo (2010) who substantiated that strategic marketing practices have a significant impact on performance variables and that they interact with the different components of the marketing mix to facilitate performance.

8. Conclusion and recommendation

The results indicate that marketing mix strategies has significant relationship with performance. It means that the study's hypothesis is supported and there are relationships between all the components of the marketing mix strategies studied. This study has proven justifiably that the marketing mix strategy is a veritable substance linked with performance in SME, The study recommends that Nigerian SME,s should emphasize more on the marketing mix strategies that exerts maximum influence on performance.

9. Limitations of the study

This study was limited to SME,s in Nigeria. Thus the findings on the marketing mix strategies on performance are limited only to these firms, and as such they cannot be generalized as remedies to other firms.

10. Suggestions for further study

Further study should be carried out to determine the other factors that can enhance performance of SME,s other than marketing mix strategies. Research can also be carried on other industries other than the SME,s Industry to verify the results of this study. The study confined itself to the marketing mix strategies applied by SME,s. This research therefore can be replicated on other organizations in the same industry.

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