

Full Length Research Paper

Extent of application of marketing mix strategy by small and micro scale enterprises in Osun State, Nigeria

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The purpose of this study was to examine the application of marketing mix strategy of small and micro scale enterprises in Osun State. The study sought to know the extent to which small and micro scale enterprises apply marketing mix strategies. The study was conducted on three purposefully selected areas of Osun State namely; Ile-Ife, Ilesa and Osogbo. Primary data were used for this study. The primary data were collected through the use of the questionnaire. Descriptive statistics such as frequency distribution, percentages, and arithmetic mean were used to present and analyze the data. The result of the finding revealed that enterprises in Osun State do apply marketing mix strategies and that majority of them apply them to a very high extent. About 72% (146) of the sampled population had high application. From the findings, the study concludes that small and micro scale enterprises in Osun State do apply marketing mix strategies and majority of the enterprises apply these strategies to a very high extent in their business operations.

Key words: Application, marketing mix, extent, strategy, small and micro scale enterprises.

INTRODUCTION

Developing effective strategies in this environment of constant change is key requirement for corporate success. Market-driven organizations develop closely coordinated business and marketing strategies which consist of deciding on the scope and purpose of the business, its objectives, and the initiatives and resources necessary to achieve the objectives (Cravens and Piercy, 2003).

The common marketing decision variables available are conveniently classified and identified as the 4Ps of marketing. These include product, price, promotion and physical distribution (place). The 7-Ps or extended marketing mix is marketing strategy tool that expands

number of controllable variables from the four in the original marketing mix model to seven. The traditional marketing mix model was primarily directed and useful for tangible products. The 7Ps model is more useful for service industries and arguably also for knowledge-intensive environments. The extended marketing mix comprises the 7Ps. These include product, price, promotion, place, people, process and physical evidence.

A marketing mix consists of controllable variables that the small and micro enterprises must combine to satisfy the target market. The right product for the target market must be developed. Channels of distribution must be strategized and monitored over time. The existence

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Table 1. Population distribution of micro and small scale enterprises.

Commercial towns	Population		Micro enterprises		Small scale enterprises	
	Total	Sample	Total	Sample	Total	Sample
Ile-Ife	338	108	248	80	90	28
Ilesa	256	82	223	72	32	10
Osogbo	198	64	180	57	18	7
Total	792	254	651	209	140	45

Source: Publication of Osun State Ministry of Commerce, Industry and Co-Operatives (2004).

of the enterprises' product must be communicated to the target audience through a combination of promotion mix and the right price should be set to attract customers and make profit.

In both developed and developing countries, the traditional sector which is made up of small and micro scale enterprises had served and continues to serve as the springboard for launching a vibrant modern industrial sector (Asaolu, 2001). Nigeria is naturally endowed with millions of acres of arable land, billion barrels of oil reserves, unexploited minerals, and a wealth of human capital. With Nigeria's abundant reserves of human and natural resources, the country has the potential to build a prosperous economy and provide for the basic needs of the population (Dionco-Adetayo, 2014). This is achievable only when there is a vibrant and performing micro and small scale enterprises strongly entrenched in the economy. The best way of explaining the role of small scale industries, stated Asaolu (2001), is to underscore its role in the economy of Nigeria. Such roles include the creation of employment opportunities, reduction of regional economic imbalance, mobilization and utilization of otherwise idle resources, development of entrepreneurship and serving as training ground for larger businesses. Other roles may include the conservation of foreign exchange and stemming of rural urban migration.

While these enterprises occupy an important place in the economy, it is discouraging to observe that many of them that enter the business world in Nigeria and in other parts of the world every year fail rather than succeed. While they remain significant contributors to the economic and social well being of all countries, they continue to be plagued by poor performance levels and high failure rates, despite government assistance and interventions.

Solutions to this failure rates have been proffered in areas of finance, educational level of owners with little or no effort taken to look in the area of marketing strategies of these businesses. This paper, therefore, investigated selected small and micro scale businesses in Osun State to ascertain the extent, if at all, to which they apply

marketing mix strategy in their business operations. The purpose of this paper, therefore, was to investigate the type of marketing mix strategies and the extent of their application by small and micro scale enterprises in Osun State using the following objectives;

1. To examine the type of marketing mix strategies employed by small and micro scale enterprises in Osun State
2. To investigate the extent of application of marketing mix strategy by small and micro scale enterprises in Osun State

Research hypothesis

The following research hypothesis was tested:

- 1) Ho: Small and micro scale enterprises in Osun State do not apply marketing mix strategies in their business operations.

RESEARCH METHODOLOGY

The study was conducted on registered micro and small scale enterprises in Osun State. The questionnaire was the instrument used for data collection. The population of the study consists of registered small scale and micro scale enterprises in three major commercial cities of Osun State totaling 792. The towns covered by the researcher are Ile-Ife, Osogbo, and Ilesa. The population frame was collected from Osun State Ministry of Commerce, Industry and Cooperative. A total of 254 enterprises were covered by the researcher. The sample size was arrived at in accordance with sample sizes recommended for different population sizes calculated at 95 percent confidence level (that is +/-5 percent margin of error) for works of this nature (Dionco-Adetayo,2003). Systematic random sampling was used in selecting every third enterprise. A total of 254 questionnaires were administered on the respondents. The respondents were only the owners/managers of the enterprise. Descriptive and non-parametric statistics were used to analyze the data and test the hypothesis.

Table 1 shows the population distribution of the enterprises in the three cities of the study.

The marketing mix strategies were product, pricing, promotion and distribution. To determine how often a marketing mix strategy is

Table 2. Distribution of respondents on marketing mix strategy adopted by the enterprises.

Variables	Frequency	Percent
Product Strategy	35	17.0
Pricing Strategy	23	11.5
Promotion Strategy	75	37.0
Distribution Strategy	70	34.5
Total	203	100

Source: Author's Research Survey, 2010.

Table 3. Application of Marketing Mix Strategies.

Level of application	Frequency	Percent	Mean score
Low (0-4)	18	9	0.1
Average (5-8)	41	19.5	0.2
High (9-12)	144	71.5	0.7
Total	203	100	

Source: Research Survey, 2010.

applied, the total grade weight was divided by the number of variables. The interval below describes how level of application was chosen after division of the total grade weight by number of variables.

$$X = \frac{\text{Total Grade Weight}}{\text{Number of Variables}}$$

For $1 < X < 2$ = Never
 $2 < X < 3$ = Rarely
 $3 < X < 4$ = Sometimes
 $X \geq 4$ = Frequently

Therefore, any enterprise that used the four variables – product, price, promotion and distribution frequently had a total of 16 weights which is considered to be applying the variables highly.

Descriptive statistics were used in the presentation and analysis of data. The descriptive statistics used were contingency tables, frequencies, percentages and the arithmetic mean.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Marketing mix strategy

Objective 1 which sought to investigate the type of marketing mix strategies used by micro and small scale enterprises in Osun State was achieved using questions on the type of marketing mix strategy used by the enterprises. This was described and analyzed in Table 3.

The data in Table 2 showed that all the enterprises adopted the four marketing mix strategies namely product, pricing, promotion and distribution. It showed that 37% use more of promotion while 34% use more of distribution. Only about 11% percent use more of pricing strategy and 17% use more of product strategy. This is

shown by the number of owners that use a particular mix strategy by showing each mix variables preferred by owners of enterprises.

This result agrees with World Bank (2008), that small and micro scale enterprises provide goods and services tailored to local needs and at cost that are affordable to local people. The implication of this is that other pricing strategies may not be considered except to enter the market at prices affordable by local people. Benevides (1992) also noted that for this sector of the economy, equipment for production purposes are often second hand and the manufacturing process is most often than not inefficient compared to other sectors of the economy. This may explain the less emphasis paid to product as a marketing strategy.

The extent of application of marketing mix strategy

Objective 2 which sought to investigate the extent of application of marketing mix strategies by small and micro scale enterprises in Osun State was achieved using the questions on extent of application of marketing mix strategies by small and micro scale enterprises which was described and analyzed in Table 3.

The data in Table 3 showed the analysis of the extent to which the small and micro scale enterprises in areas of investigation apply marketing mix strategies. The data revealed that 9.0% of the enterprises with mean score of 0.1 had a low application of marketing mix strategies, 20% with mean score of 0.2 had an average application and 71% of the enterprises with mean score of 0.7 had a high application or made high use of marketing mix variables.

This result showed that a high number of micro and small scale businesses are involved in the application of marketing mix strategies. Based on this, the null hypothesis was rejected and the alternate accepted. As such small and micro scale businesses apply marketing mix strategies in their business operations. This finding goes to buttress previous research findings that noted that small businesses can significantly add to the economic growth of a nation if they consistently progress in capital accumulation and profit generation, which are greatly hinged on profitable customers' satisfaction, which is in turn a function of the marketing decision of the businesses (Bamgboye, 1994; Anyanwu, 1995; Atijosan, 1996, 2000).

Conclusion

The extent of application of marketing mix strategies by small and micro scale enterprises in Osun State was investigated and was considered to be high considering that majority of the enterprises (71.5%) investigated applied the variables frequently. About 57 enterprises (28.5%) of the total respondents had low and fair

application, while 146 enterprises (71.5%) applied the variables frequently. However, it was noted in the study that only about 11% percent of the enterprise owners use pricing strategy and 17% use product strategy. This is shown by the number of owners that use a particular mix strategy by showing each mix variables preferred by owners of enterprises. The implication of this is that owners of enterprises in this class of industry may not be aware of the different pricing strategies available for use in their businesses which may explain their less use of the strategy. Also in this class of industry equipment for production purposes are often second hand and the manufacturing process is most often than not labour intensive and inefficient compared to other sectors of the economy. This may explain the less emphasis paid to product as a marketing strategy.

Based on the above findings, the study concludes that small and micro scale enterprises in Osun State do apply marketing mix strategies and majority of the enterprises apply these strategies to a very high extent in their business operations.

RECOMMENDATIONS

Based on the finding of the study and the subsequent conclusion drawn from it, the following recommendations are made. For the business enterprises to harness the best out of these strategies, they must employ a more systematic and coordinated approach to the application of the strategies. Specific resources must be allocated for the use of these strategies, they must be monitored and evaluated on timely basis and the best combination of them for each enterprise must be adapted.

Enterprises are advised to continue the application of product and promotion mix strategies while they study pricing and product mix strategies to find out how best to use them to bring about balance in the usage of all the marketing mix strategies for better business operations.

Conflict of Interests

The authors have not declared any conflict of interests.

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