

## MARKETING RESEARCH IN NIGERIA: A SURVIVAL STRATEGY FOR SMALL AND MEDIUM SCALE ENTERPRISES IN A COMPETITIVE ENVIRONMENT

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### Abstract

A vast majority of small and medium scale enterprises are faced with challenges of taking decisions that will affect their uncontrollable and controllable environments and customers groups. These decisions are invariably surrounded by uncertainties and therefore risks. This study was aimed to examine how the application of marketing research could help small scale business firm to reduce such uncertainties and probability that the decision which management has to take will help attain the organization marketing objectives. The study has major objectives among others to evaluate the role of marketing research(MR) in decision making, trace the history of small such business in Nigeria. The study also identifies reasons for business failure in Nigeria such as management problems, inadequate raw materials, shortage of energy, poor rural infrastructure and Boko Haram incidences amongst others. Qualitative method of research was use. Secondary data collection was also used. The study reveals that though companies world-wide and in Nigeria cannot do without

marketing research, marketing firms have not cultivated the habit, which is due to some constraints which include among others lack of experienced trained research personnel, lack of funds as a result of relative small size of Nigerian business, difficulty in data collection, problem identification amongst others. Solutions are however, offered to identified problems such as constant research studies on marketing programs, government giving soft loan and tax holidays to small scale business, import relieves on raw materials, creating an enabling environment, etc. The writer concludes that small and medium scale enterprises should always conduct market research, before and after production for their survival, growth and sustainability, and also enable them to achieve their organizations profitability objectives.

**Keywords:** Marketing research, survival strategy, sustainability, small and scale enterprises(SMEs)

### **Introduction**

Many years back the seller oriented market prevailed over the consumer orientation. The main product during this period of production concept of marketing philosophy was prevailing giving little or no attention to the consumers.

The general assumption was that the product would surely find a needy market, hence no particular attention was given to the product packaging, labeling, branding, modification qualities and other features.

As time went on, many new products entered the market which brought about competition among available products. Consumers' sovereignty began to overtake its bearing base on good marketing research, quality and accessibility. In the era of marketing concept, a manufacturer determines first, the needs and wants of the consumer and tries their best to incorporate this into the company's policies and marketing programmes. As a result of the dynamic business environment today, different strategies are introduced to the market to

ensure continuous marketing operations. As new products are constantly being introduced into the market, marketing research is imperative. It is a powerful strategy of gather information about market trends and target markets.

No matter, no matter how well gifted with ‘hunches’ can do without information. The situation is made more complex due to the shifting consumer tastes and demands, competitors’ activities, emerging new products, changing technology, government regulations, economic environment and many other variables.

Marketing research can assist small and medium scale enterprises to handle these. In a competitive marketing environment, possession of timely, accurate, reliable and affordable information provides legitimacy to management decision that are meant to create top performing organizations. Such information also form the basis of all the diagnostic and prognostic efforts of the marketing manager. Agbonifoh, Ogwu, Nnolin and Nkamnebe, (2006) observed that problems can be anticipated, analyzed, and resolved or prevented only if accurate, reliable and relevant information can be obtained promptly from both internal and external sources. According to them, the overriding importance of marketing information should be so obvious that every trained marketing manager should make deliberate and sustained efforts to generate data, analyze, and use reliable marketing related information

Marketing research as defined by Agbonifoh et al (2006) is “a formalized means of obtaining information used in making marketing decision.”

In identifying problems, the marketing research department will typically be responsible for studies on market potentials, market share characteristics, sales analysis and short range and long range forecasting.

**Statement of Problem**

Small scale business in Nigeria and other developing nations hardly grow big business mainly because of lack of direction on the part of owners of the businesses.

Many businesses operate today with customer driven philosophy. They want to find out what their customers want and then provide that good or service. This Philosophy is called the marketing concept (Hatten, 2009).

Businesses have not always concentrated their effort on what the market wants. There is need to find out the causes of business failure in Nigeria especially the small and medium scale enterprises (SMEs). Since the small scale Industries are major stake holders in economic development of any nation, there is the need to study the reasons for their failure in relation to marketing environment, one may ponder over what survival and sustainable strategies adopted by business organizations especially in this period of economic down turn

It has been observed by business analysts that most of our small scale industries usually do not conduct feasibility studies before starting their business. According to *Punch* (2010) a survey carried out by a business consultancy outfit Radat Business Logistics reported that 80 percent of small scale enterprises fail because of lack of business plan by owners. It is amazing to note that most new products are launched without some form of inquiry into customer needs and wants. It is against this backdrop that this study was undertaken to evaluate the impact of marketing research on the survival and sustainability of small and medium scale enterprises in Nigeria.

**Objectives of the Study**

The major objective of this study is to examine the impact of marketing research for business sustainability in a competitive marketing environment.

Other specific objectives include the following:

1. A historical perspective of small scale business in Nigeria.
2. The role of marketing research in decision making.
3. Reasons of business failure in Nigeria
4. Challenges of marketing research in Nigeria.
5. The way forward

### **Review of Related Literature**

#### **The concept and definition of Business**

Every person in a community or urban area is affected by business daily. Some organization maybe classified as clearly or purely business organization. Some are essentially not, while in some cases, the dividing line is drawn. Hornby (1995) in Igwegbe (2011) defined business as “the activity of making, buying selling or supplying things for money, commerce or trade, Onuoha, (1991) as cited in Igwegbe defined it as “a set of activities in which persons working alone or in group try to produce and distribute the goods which are important to the comfort and general well being of people and for the benefit of society in general at a profit. So business can be regarded as any activity engage by an individual or persons to produce, distribute any good or service capable of satisfying a need or want at a profit.

Based on the above definition of business, certain fundamental characteristics will be identified which distinguish a business from other activities. These include the following: the activity must aim at making profit, must be legal, must be producing goods and services that are not primarily for the sole consumption of the producer, etc.

#### **Historical Perspective of the Place of Small Businesses**

In the early stage history of Nigeria small scale business developed when people produced more products than they needed. They had to naturally exchange these surpluses with others who also were willing to dispose of their respective surpluses. Early entrepreneurship developed with trade by barter even the advent of any form of money.

Igwegbe (2011) said, for instance, if a farmer produced more food than he needed, he exchanged the surplus he had with what he had not but needed. Nigeria in the primitive era was engaged in entrepreneurship that was characterized by production or manufacturing in which case the produce most often started with a small capital most of it from his own savings.

A typical Nigerian entrepreneur is a self made man who might be said to have strong will to succeed. He might engage the services of others who will not incur much expense in salary, such as friends, mates, and relations among others.

### **Modern Stage**

Contemporary entrepreneurship in Nigeria started with the advent of colonialism according to Igwegbe (2011) when the colonizers brought in their wares and Nigerians became middlemen, engaging in retail trading or sole proprietorship business. Igwegbe highlighted some important factors that have in many ways discharged the flow of small business development in Nigeria as the system brought about by formal education. For many decades, formal education has been the preserve of the privileged. With formal education, people had the opportunity of being employed in the civil service because in those days the economy was large enough to absorb all Nigerians into the prestigious occupation. Igwegbe, further stated that this system made Nigerians to be dependent on the colonial master to supply her with the needed products. In addition, the agreement between Nigerian business managers and foreign entrepreneurs during the colonial era was very inimical and the competitive business strategy of the foreign entrepreneurs was ruinous and also against moral established standards by society. These foreign entrepreneurs according to him did not adhere to the principle of "live and let live". The refusal of the expatriates to utilize the services of local entrepreneurs inhibited their expansion and acquisition of necessary skills and attitude. As a result,

some business origins eventually folded up. Some businesses that folded, built up a resentments against business which become very demoralizing to other prospective entrepreneurs. Because of this, the flow of entrepreneur in the country was slowed down. As more people were being educated and the fact that government could no longer employ most school leavers, economic programmes to encourage individuals into private business and based on the self-reliant were initiated. Economic policy/activities were motivated towards encouraging individuals to be self-reliant. Some of these programmes initiated by the government were: open apprenticeship scheme, graduate employment programmes amongst others. These policies encouraged or make it easy for entrepreneurs to acquire the needed fund; E.g Peoples Bank of Nigeria; Fund for Small Scale Industries (FUSSI) Corporative Societies were also established.

### **The Role of Marketing Research to Business Enterprises**

A major goal of marketing is to identify and to satisfy needs of the various customer groups (ie consumers, employees, channels members, suppliers). To do this, marketing managers need information about the various customer groups, competitors and other forces, such as environmental trend in the market place.

Malhotra and Peterson (2006) posit that the task of marketing research is to assess the information needs and furnish management with relevant, accurate and reliable, valid and current information to aid marketing decision making. Companies use marketing research to stay competitive and to avoid high costs associated with making poor decisions based on unsound information. Sound decisions according to Malhotra et al (2006) are not based on gut feeling, intuition or even pure judgment. They are based on sound decisions.

### **Marketing Strategies for Small Business**

The growth of an economy depends on the contribution of all sectors particularly the small and medium scale enterprises. The idea of how

to establish a business is not as a major issue as the ingenuity to sustain the business and make it thrive and expand. Finance experts contend that one of the best ways to achieve business growth, most especially to this part of the world where conditions on loans for small-scale business owners are too stringent to be met, is through retained earnings.

Retained earnings, according to *Investopedia* an online financial dictionary, is the percentage of net earnings not paid out to individual but retained by the company to be reinvested in its core business or to pay debt.

It goes on to explain that in most cases, companies retain the culture of ploughing back profit holds the light for the survival of small-scale business operators, many businesses in Nigeria are yet to adopt this strategy.

In the opinion of Hatten (2009) the marketing strategy of small business should be decided in the early stages of the operation. The strategy should state what the person intends to accomplish and how they intend to accomplish it. He further suggested that the marketing section of the business plan is a good place for the small business owner to identify marketing strategies.

Hatten He posits that a good marketing strategy helps a business owner to be proactive, rather than reactive, in running one's businesses in such a way that the basic elements of marketing plan are realized namely: watching and understanding trends related to customers' suppliers, demographics and technology; possessing a vision that provides direction for business, and having an adequate and flexible organization.

### **An Overview of Marketing and Research**

Anyanwu (2013) holds that marketing is synonymous with customer well being in terms of delivering values at a reasonable cost which would guarantee the satisfaction of the customer. He posits that



marketing as a profession has reached advanced stage among the developed countries but it is still at the nascent stage among the developing and third world countries with attendant problems.

Every modern economy comprises households of consumers' business enterprises and non business organizations which interact constantly in the context of a dynamic environment. The economic interaction among these different entities results in the conception, development, production, distribution and consumption of goods and services. The purpose of these activities and goods and service is to satisfy human needs and wants. (Agbonifoh, Ogwo, Nnolin & Nkamnebe, 2006).

They noted that within an organization, a number of activities is necessary to generate, facilitate and direct the flow of goods and services. Marketing is combined with other organizational functions such as personnel functions, finance functions, production functions (in the case of a manufacturing concern) to serve customers better. Marketing seeks to satisfy the customers first by offering the right goods and services at the right prices with profit expectation as the end result.

Often times, in Nigeria as well as in most developing countries, this basic principle of marketing are not taken seriously by manufacturers and marketers. This is evident in the shoddy goods produced and sold as quality goods. Prices are hiked unnecessarily, advertisements are exaggerated, and sales promotion items are sometimes not redeemed as promised among others.

What then is the contribution of marketing research to reduce these problems so that customer's expectations will not only be met but also to delight them. It is against this backdrop that marketing research is imperative for the sustainability and survival of any business and by extension, the attainment of organizational profitability objectives.

## **Marketing Research and Definitions**

Businesses operate in situation of uncertainty; such uncertainties include time and space, inability to aggregate purchasing units, preferences and freedom of want in the producing sector (Anyanwu, 2016).

He sees research as "the finding or searching out something that can aid management in the solution of problems. In his opinion, research can be either simple or complex depending on the researcher's capability in terms of educational background, purpose of the research, its significance, experience, the funds and time available for research. He noted further that research is a systematic inquiry aimed at • providing information to solve managerial problems. It is necessary at this juncture, to look at the various definitions by various authors.

Kotler (1988) as cited in Ibekwe (2018) defines marketing research as the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing problem facing a company. According to the new marketing research definition, approved marketing research is seen as a process of defining a marketing problem and opportunity, systematically collecting and analyzing information and recommending actions to improve organization marketing activities.

The American Marketing Association (AMA) in Ibekwe (2018) defined marketing research as "the systematic gathering, recording and analyzing of data about problems relating to the marketing of goods and services." A formalized process of supplying information to be used in marketing decision; these decisions may involve the future (planning) present environments (problem solving) control of performance, or-a combination of these.

From the above definition from AMA marketing is seen as the function which links consumer and public to the market, through information.

Marketing research (MR) helps to produce what it can sell rather than planning to sell what it can produce, marketing research is therefore needed for the identification and assessment of customer needs and to direct the firm's activities towards the satisfaction of those needs. Malhotra and Peterson (2006) in their opinion defined marketing research as the systematic and objective identification, collection, analysis, dissemination and use of information that is undertaken to improve decision making related to identifying and solving problems in marketing". This definition gives marketing research a broad scope that opens up a world of opportunities. Several aspects of the definition as seen by Malhotra et al are noteworthy: marketing research involves the identification, collection, analysis, dissemination, and use of information. Marketing research begins with the identification of or definition of the research problem or opportunity. Problems often lead to opportunities in business, so from a research perspective, the two words are used interchangeably. An investigation of both problems and opportunities follows the same research process. An examination of these definitions would reveal that marketing research is not a substitute for management decision but an aid to better decision.

### **The Scope of Marketing Research**

Summarizing the scope of marketing research according to Ibekwe (2018) adopting the marketing concept is the first step in generating a marketing culture. In her opinion, a marketing culture is a set of values and

- The purpose of any business is to react to its environment and create customers. These, environment and customers are to be identified. Marketing research solves the problem.
- Successful innovation is based on understanding both customers and the benefits those customers will receive from the innovation. This calls for marketing research.

- Success for any business comes from a careful monitoring of and long-term planning for changes in the firm's environment and its relationship with its markets.
- Through marketing research long range planning can be successful.

The decision by the management of an organization can be characterized by some form of uncertainties. To avert these uncertainties in decision making, organization's management need to device means of curbing uncertainties in decision making. One of these methods of averting uncertainties while making decisions in an organization is through marketing research. However, uncertainties in decision making are inevitable, but with a good application of making research such uncertainties could be revealed. All things being equal, a good marketing research will ensure that the decision made by the management is geared towards achieving the goal of the organization. Although, the decision made in the organization by the marketing managers are based on the information from marketing research expertise, such information in the real sense does not guarantee success thus, the definition of the marketing research.

### **Different between Marketing Research and Market Research**

Marketing research applies to every phase of marketing and it is not restricted to any particular area. Marketing research includes market research but it is not broader concept taking in customer/consumer research, competitor research, product, price, promotion and distribution research. Market research is concerned with finding out about the market, size; demographics, sales forecasts, market trend, segmentation studies amongst others. Market research is concerned specifically with markets while marketing research focuses on marketing processes.



**Source: Malhotra and Peterson (2006)**

Identify and finding solutions to customer needs (a primary goal of marketing) requires the integration of a wide range of factors, which includes decisions about potential opportunities, target market selection, market segmentation, planning and implementing marketing programs, marketing performance and control. These decisions according to Malhotra et al often result in actions related to product, pricing, promotion, and distribution. They marketing manager must also consider uncontrollable external factors that influence themarketing process. This includes general economic conditions, technology, politicalenvironment, competition and social and cultural change. Another factor in the mix is thecomplexity of the

various customers groups, consumers, employees, channel members and suppliers. The marketing manager must attempt to monitor and incorporate all these considerations. Marketing research removes some of the uncertainty and improves the quality of decision making in this highly complex environment, marketing research adds value to marketing decision making.

### **Decision to Conduct Marketing Research**

Despite the benefits inherent in marketing research, the decision to conduct research is not automatic, rather it should be guided by a number of considerations, including the costs versus benefits, the resources available to conduct the research, the resources available to implement the research findings and management's attitude toward research. Marketing research should be undertaken when the expected value of information it generates exceeds the costs of conducting the marketing research project, Malhotra and Peterson, (2006).

The resources, especially time and money, are always limited if either time and money is not available in adequate amounts to conduct a quality project, the project, probably should not be undertaken. Likewise, a firm may lack the resources to implement the recommendations arising from the findings of marketing research. In that case, spending the resources to conduct the research may not be warranted. Also, if management does not have a positive attitude toward research, then it is most likely that the project report will gather dust if the research is conducted. Other instances that may warrant not conducting a marketing research is if the required information is already available within the organization, the decision for which the research is to be conducted has already been made.

The causes of failure in a small-scale business in Nigeria Igwegbe (2011; Adirika(2009)

Igwegbe (2011) opined that the causes of small scale business failure could be remote and immediate. He identified five different causes of

business failure including; management problems; financial problems; infrastructural problems; technological problems; and social problems.

### **Problems of Small Scale Enterprises**

The industrial problems in our business environment which greatly affect our small scale businesses in Nigeria include: Nigerian factor/federal character; Inadequate raw materials and the implications of this for management practice in banking and other businesses; Shortage of energy; Unemployment situation; Unstable religious divergences; insecurity challenges; unstable monetary system; dishonesty of the masses and many forms of falsifications; government inconsistent regulations. (Achubam, 2008)

In addition to the above there are various industrial problems and social ills-dishonesty which pervade our business environment and militate against the efforts of most Nigerian business individuals 419 businesses are examples of this assertion in Nigeria.

### **Challenges Facing Marketing Research in Nigeria**

According to Ibekwe (2018) some of the problems encountered by Nigerian researchers among others are: lack of a scientific training in the methodology of research; lack of insufficient interaction between the university research departments and business establishments, government departments and research institutions; the attitudes of business units to supply the needed information for researchers; lack of proper identification of research problems in various disciplines which are of immediate concern to the industries; there does not exist a code of conduct for researchers and inter-university and inter department; the difficulty of adequate and timely secretarial assistance, including computer assistance; lack of opportunities for growth; the caliber of research staff this system breeds contributes to poor research outcomes; and error in survey.

## **Summary, Conclusion and Recommendations**

### **Summary**

It is obvious that market research neither makes decisions nor guarantees success. Marketing managers should seek the help of marketing research experts so as to specify alternatives. Recognition of the environment in which marketing takes place guarantees a greater satisfaction of consumers of goods and services. It is imperative for the small and medium scale enterprises to fully incorporate the idea of marketing research before production and after production. This will go a long way in enhancing customers' satisfaction, loyalty, and retention which will invariably impact on business profitability and sustainability.

### **Conclusions**

Small scale businesses constitute a vital engine in the economic development of any nation, given enough motivations, abilities and congenial environment by the government including adoption of such monetary and fiscal policies that will stimulate the economy and make raising capital easier coupled with provision of adequate infrastructural facilities such as cheap and regular public power supply to bring cost of doing business to a desirable level. The present economic development stage in which Nigeria as a nation finds herself is crucial since it is evident that a virile, robust private sector is essential to complement efforts of the public sector in terms of employment generation and poverty reduction to enhance overall socio economic development of Nigeria.

Although marketing research will never remove the uncertainty inherent in the competitive business environment but it will help to increase the probability that the decision management takes will enhance the realization of organizations' objectives.



## Recommendations

The following recommendations were made.

- There should be constant research studies on marketing programme before and after production.
- Government at all levels should provide enabling environment for small and medium scale enterprises in order to encourage them.
- Government should give soft loan and tax holidays to newly established businesses especially small and medium enterprises.
- Government should provide import duty relieve on raw materials for local production for effective business.
- Management executives should change their mind set towards research and the misconception that marketing research (MR) is nothing but fault finding operation.

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