# *MARKETING STRATEGIES IN THE COMMUNICATIONS INDUSTRY*

# *A CASE STUDY OF ABG COMMUNICATIONS SYSTEM LIMITED*

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## APPROVAL SHEET

This project report entitled Marketing Strategies in the Communications Industries. A case study of ABG Communications Industry Limited by UMAR. MUHAMMAD BELLO meets the requirements governing the award of Masters Degree in Business Administration in the Faculty of Administration, Ahmadu Bello University, Zaria, and approved by its contribution to knowledge and literary presentation.

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## *DECLARATION*

*I hereby declare that this project is a product of my research workings, and has, to the best of my knowledge, never been published before. It has not been previously presented in any application for a degree. All works consulted have been acknowledged accordingly.*

*UMAR, MUHAMMAD BELLO*

*SEPTEMBER, 1995*

## *DEDICATION*

*This work is dedicated to my parents, brothers and sister(s) for being unrelenting in making me what I am; may the fruition be a source of pride to them:*

- *Late Alhaji Umar Bello (Died on 19/02/96 - 01 Shawwal 1416 A.H)*
- *Hajiya Safiya Umar Bello*
- *Alhaji Abdulmumini Umar*
- *Alhaji Hussaini I. Muhammad*
- *Hajiya Habiba Usman*

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I appreciate the assistance of the General Manager and the management staff of ABG Communications System Limited, Kaduna. I also express my gratitude to my good friend Uzairu Suleiman Tahir for the encouragement and support.

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I also express my gratitude to all those who directly or indirectly contributed to the success of this work particularly Mrs. Martina Adagadzu of Delivery Centre, Commercial Division, P.A.N. Ltd., Kaduna who did the typing job for me and also my colleagues at the M.B.A. class of 1993/94 session.

UMAR, M.B.

SEPTEMBER, 1995

*ABSTRACT*

*This study is concerned with the determination of the marketing strategies being used by ABG Communications Limited in the marketing of communications systems products which is their main source of income.*

*The study investigated the extent of which the performance of ABG Communications Limited has been influenced by the strategy it has adopted over the years it has operated. Both primary data (through questionnaires) and secondary data (published reports) obtained from the Company were used in addition to interviews held with the Principal Officer in each of the functional areas of the Company.*

*Communications industry business firms constitute important part of today's business system. Their role in our economic history cannot be overemphasized. Important, insightful techniques for examining a Company's competitive position, business strength and industry attractiveness and the make-up of multi-business corporate portfolios have come to the fore. Formal strategy evaluations and annual strategy reviews are growing in use.*

*Unfortunately, however, there have been inadequate publications to educate people and the few books on this subject are not simple enough,* to *be understood easily by people who are not specially trained in engineering. The inadequate publications in this sector of the economy has led to many research studies being conducted into its problems.*

*Improving the quality of the communications business, management will strengthen an important sector of the economy. It is for this reason that the focus of this study is upon effective management and proper use of their stated tactics/strategies in communications business firms.*

*The following strategies/policies and other innovations which the company had developed over these years.*

*i ) Marketing of satellite dish*

*ii) Marketing of communications equipments*

*iii) Marketing of cable satellite systems to subscribers.*

*iv) Marketing of solid aluminium dishes.*

*Emphasis is placed on those marketing strategies that are uniquely important to communications industry businesses in Nigeria.*

*Finally, suggestions and recommendations are made which if implemented, will help in marketing of communications business in Nigeria.*

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## CHAPTER ONE

1.1 Introduction

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F O O T N O T E S

# CHAPTER ONE

## 1.1 INTRODUCTION

Today's Marketing Managers are faced with unprecedented challenges and opportunities. No longer can marketers survived in the increasingly competitive market place by relying only on a few time honoured maxims such as "give the customer what he wants" and "Rely on the product life cycle to guide your product decisions". Marketing in today's turbulent environment requires a higher level of sophistication and sensitivity.

Fortunately, Marketing Managers have at their disposal the necessary resources to meet and overcome these challenges. In the academic realism of marketing, valid and applicable theories of marketing practice are being refined for eventual use by the marketing practitioners. Also more people with better qualifications are entering into the profession and quite often, graduates with high quality training are taken into the marketing discipline. It is pertinent to also note that the communications revolution has unlocked the doors to vast storehouses of information which Marketing Managers may employ to solve complex problems.

Moreover, for the past twenty years, marketing has been dominated by the consumer orientation. Based on the

vulnerable "Marketing Concept", the consumer orientation exhorted marketer to ascertain consumers' needs before attempting to produce and market goods for the public's consumption.

While the consumer orientation contributed a great deal to our understanding of the marketing process, in the 1980's there is a definite shift from the consumer orientation to the strategic orientation. The strategic orientation emphasizes that effect marketers must be aware of the needs of the consumers as well as being able to take cognizant of the challenges posed by competitors in the market place. Thus, marketers must somehow create a distinct competitive advantage in the market in order to ensure long run survivability.

To come out with such a competitive advantage, marketers must evaluate the opportunities present in the market and then analyze the resources available to meet these opportunities. Thus, the strategic orientation acknowledges that there is heigtened level of competition for consumers' attention and patronage.

Marketing strategies, which involves planning the future destiny of marketing, has become extremely important in recent years. This future-oriented process requires four areas of understanding. The first is the assessment of the changing environment and its impact on corporate business, goals and

*strategy. The second is the formulation of the business missions and objectives in the light of the changing environment, including such fundamental issues as what business you are in and what business you should be in. The third area of understanding relates to the formulation of a strategy to achieve the business mission. This area emphasizes the identification of competitive strengths and weaknesses. Finally, the fourth area of understanding is strategy implementation. This area often refers to the structural reward system and action plans for carrying out the strategy.*

## 1.2 STATEMENT OF THE PROBLEM

*Inspite of the fact that Nigeria is one of the third world countries, marketing of communications industry products is still one of the major problems facing the country today, observations have shown that this problem is due partly to the lack of executive personnel in the area of strategic marketing to participate in the fashioning of our marketing strategies and policies as it relates to communications industry products. This problem has attracted the attention of key actors in the communications industry and hence the need to find solution to it.*

*The research problem, therefore, is:- What are the marketing strategies for communications industry products?. This researcher shall address the issue with particular reference to ABG Communications Industry Limited.*

## 1.3 OBJECTIVES OF THE STUDY

*The objectives of this study are:*

*1) To high lights ways of marketing of communications products in Nigeria for effective geographical coverage and hence reducing communications products scarcity.*

*2) To determine factors that has made it possible for ABG Communications Industry Limited to operate profitably despite the uncertainties that surround the Nigerian communications industry.*

*3) To determine the extent to which marketing strategies of ABG Communications Industry Limited has contributed in reducing literacy knowledge and hence boast the sales of Communication industry in Nigeria.*

## 1.4 HYPOTHESIS

*The idea of hypothesis in generalisation or declarative statements which can be put to test or operationalised and after that the statements are confirmed or rejected.*

*The hypotheses to be tested in this study are as follows:-*

1. ABG has contributed to the industrial, economic and social development of Nigeria.
2. ABG has stimulated the growth of local private entrepreneurs in Nigeria particularly where it has branches.

## 1.5 SIGNIFICANCE OF THE STUDY

This study is of importance to ABG Communications Industry and other communications companies in particular and the country in general.

ABG Communications Industry Limited will find this study useful in developing an effective marketing strategy that would provide adequate geographical coverage in the marketing of communications industry products.

It is available to the Federal Government thereby ensuring proper policy formulation and implementation on domestic communications viewing problems in the country.

It is also useful to other communications industry companies that are looking for ways of developing an effective marketing strategy of communications industry products in Nigeria.

*SCOPE OF THE STUDY*

*The study covers the period 1976 to date. This period is significant for three reasons. Firstly, it witnessed the industrialization of Nigeria and technology advancement. Secondly, it marked the beginning of the low custom duty for imported goods to local industries in order to boost the nation's production machinery and thirdly, the period also witnessed alot of administrative reforms in terms of social and economic policy packages as enuciated by the various governments which affects directly and or indirectly the operations of the communications companies in general and ABG Communications Industry Limited in particular. For ABG Communications Industry Limited, the period witnessed the establishment of more branches to the existing ones and the introduction of certain aggressive marketing strategies with the objective of increasing market coverage and sales volume at the same time.*

*In terms of products, the study covers the marketing and installation of cable satellite system to subscribers, various communications equipments such as HF, VHF, UHF radios and satellite dish as well as other products which ABG Communications Industry Limited imported wholly and exclusively with 'no local inputs' from the Nigerian economy.*

It is pertinent to point out that in the course of this research work, marketing strategies being used by ABG Communications Industry Limited and their effect on the overall profitability of its operation will be examined. This will be through the performance of trend analysis using the annual reports and account of the company.

The scope of this study also extends to cover the activities of ABG Communications Industry in sixteen branches all over the nation and advancement of technology in Africa with the recent inauguration of ABG International - CAIRO EGYPT. The purpose of extending the scope of this study to cover these branches and ABG International - CAIRO EGYPT is to have a sort of representative sample of the overall marketing strategy of ABG Communications Industry Limited in the country.

## 1.7 LIMITATION OF STUDY

This area of research is to say the least very sensitive. This is due to the fact that it bothers on the very survival of the company both now and into the future and hence no staff of the company will allow any researcher access into their manuals where they have company policy well spelled out and other issues of strategic concern to the company expressly laid out.

Apart from the above, libraries are not well equipped for this type of research. Books in the area of strategic

marketing are in most cases not easy to come by.

There is also limitations as to time allowed to submit the research work and financial constraints have all hampered an effective indepth study of all issues that are supposed to have been covered in this research work.

Mention must be made of the uncooperative attitude of the staff of ABG Communications Industry Limited, which I used as my case study and some of the employees of the various branches visited. This is mainly due to the interpretation they have for the research work.

## 1.8 RESEARCH METHODOLOGY

In this research, two major types of data are used. These are primary as well as secondary data. The secondary sources of data are used in order to acquaint the researcher and the readers with the level and direction of academic works previously done on communications marketing strategies in Nigeria. These secondary source of data are as follows:- Journals, books, newspapers articles as well as relevant conference papers.

The primary data is obtained through personal observations as well as interviews with a number of high ranking ABG Communications Industry Limited officials at the Corporate Headquarters in Kaduna. Interview was also conducted with

Managers of some of ABG Communications branches all over the nation. Through these series of interviews and consultations, the researcher was able to obtain the latest strategies of communications products marketing as adopted by ABG Communications Industry Limited.

Also at the corporate headquarters of ABG Communications Industry Limited, I had detailed discussion with the General Manager, Personnel Manager, Marketing Manager and Engineering Department staff.

## 1.9 DEFINITION OF TERMS

Definitions of some terms used in this work are given below to avoid a situation whereby the reader will be enshrouded in novel vocabularies that hide the significance of the research work. Explanatory notes are also provided where appropriate.

*Planning*

Planning has been defined as making tomorrow's decisions today, or currently deciding where one intends to be at a future time and how to arrive there.

*Policies*

These are broad guidelines and procedures formulated by the board for lower management to follow in performing functions to which they apply. They could be personnel

policy, financial policy, product policy, pricing policy and production policy.

Marketing mix

This is the composite of the various marketing actions or forces that are utilized in a marketing campaign or effort. These mixes are related closely to strategy determination, because (1) the choice of feasible strategies is dependent on marketing forces that an organisation can use, while (2) the actual composition of the marketing mix is shaped by the particular strategy that has been adopted.

Strategy

Strategy has been defined by Hofer and Schendel (1978 p.13)[1] as "the major link between the goals and objectives the organisation wants to achieve and the various functional area policies and operating plans it uses to guide its day to day activities.

Other strategy experts generally agree that the process of goal formulation must operate prior to, but also be interactive with, the process of strategy formulation (AcKoft 1970, of Ansoff 1965, Glueck 1976, Newman and Logan 1971).[2]

Marketing

It is a social and managerial process by which individuals and groups obtain what they need and want through creating and

*enhancing products and values with others.*

*Objectives*

*This is defined as what management of a company wants it to be and what available resources will allow it to be.*

*Market*

*Market has been defined variously by different authors. According to William J . Stanton (1981 p.66)*[3] *"Market is defined as people with needs to satisfy, money to spend, and willingness to spend it." Philip Kotler (1980 p.21)*[4] *defined market as "the set of all actual and potential buyers of a product".*

*Target market*

*This is the served market and is defined as the part of the qualified available market the company decides to pursue. Successful marketing is generally marked by skilful matching of the firm's products or services against an appropriate or relevant market. This according to William T. Ryan (1981 p. 4),*[5] *The idea of target market is based on the concept of market segmentation the thought that any market with divergent demands will consist of number of smaller markets.*

*Market segmentation*

*Aaker and Day, defines market segmentation "as the development and pursuit of marketing programs directed at sub-*

groups or segments of the population that the organisation could possibly serve". The concept of market segmentation in Engel Fiorillo and Cayley's view is based on three propositions: that consumers are different. It is often easy to measure these differences in terms of age, income, religion and position in the life cycle. That differences in consumers are related to differences in market demand. It is often useful only from a practical view point to know that possession of a characteristic and subsequent behaviour are related. That segments of consumers are related within the overall market. The consumer differences of greatest interest are those which reveal or reflect basic underlying differences in consumer needs, wants and product preferences.

Physical distribution

This is the process of interpretation of an order to effect the movement of goods from the point of manufacture or storage to the consumer in accordance with company policy. It broadly covers all the events which occur between the end of a manufacturer's production line and the receipts of goods by his customer, and includes; warehousing and handling, documentation, packaging and transport.

Communication

Communication is a process which uses a set of symbols,

such as language, for conveying ideas from one person to another. Symbols challenge the user to select them with an awareness of what they will mean to the listener or reader.

Marketing strategy

Marketing strategy is the fundamental logic by which the business unit intends to achieve its marketing objectives. Marketing strategy consists of a co-ordinated set of decisions on "target markets, marketing mix and marketing expenditure level".[6]

A marketing strategy, according to Schewe and Smith is "a specific plan for allocating marketing resources to reach the marketing objectives".[7] Marketing strategy is different from marketing tactics which are the specific decisions and actions necessary for carrying out the strategy. The marketing resources refer to the product, price, place (distribution) and promotion. Proper allocation of these resources enables the organisation to successfully achieve its goals or objectives.

Philip Kotler, however, views marketing strategy as "a consistent, appropriate and feasible set of principles through which a particular company hopes to achieve its long run customer profit objectives in a particular competitive environment".[8]

A company's marketing strategy will have to take several factors into consideration: the company's competitive size and position in the market, the company's resources, objectives and policies, the competitor's marketing strategy, the target's buying habits, the stage of the product life cycle and the character of the economy.

For the purpose of this study, we shall adopt Philip Kotler's definition of marketing strategy which is " a consistent, appropriate and feasible set of principles through which a particular company", (whether big, medium or small) "hopes to achieve its longrun customer profit objectives in a particular competitive environment".

The marketing concept

It is necessary, at this point, to find out what this commonly used but yet, most frequently misunderstood term is. Marketing concept, according to Stanton is, "a philosophy of business which states that the customer's want satisfaction is the economic and social justification of a company's existence".[9] It is concept which sees the satisfaction of the consumer of goods and services as the key to satisfying the profit goals of the organisation.

Philip Kotler sees the marketing concept as "a management orientation that holds the key to achieving organisational

*goals consists of the organisation's determining the needs and wants of target markets and adopting itself to delivering the desired satisfactions more effectively and efficiently than its competitors".*[10] *Simply put, it is a customer-oriented philosophy which strives to satisfy the customer and in the process be able to achieve the profit motives of the company. The achievement of this noble objective of the concept lingers on intergrated efforts of the organisation, not just the marketing department (as policies of other departments have direct or indirect effects on the customer).*

*Marketing concept is, in essence, a way of thinking that embraces exchange activities conducted by individuals and organisations for the purpose of satisfying consumers and achieving the marketer's goals.*

*FOOTNOTE*

1. *Hofer and Schendel (1978) p.13*
2. *AcKoff 1970, Ansoft 1965, Glueck 1976, Newman and Logan 1971.*
3. *Stanton W.J. Fundamental of marketing 1981 p. 66.*
4. *Kotler P. Principles of marketing 1980 p. 21.*
5. *Ryan W.T. (1981 p. 4).*
6. *Kotler P. (1980) - Principles of marketing; Prentice-Hall international Edition, U.S.A. p. 107*
7. *Schewe, C.D. & Smith R.M. (1980) Marketing Concepts and Applications; McGraw - Hill inc. U.S.A. p. 550*
8. *Kotler. P. (1980) Marketing management planning, Analysis and control Prentice - Hall International Edition, Engelwood U.S.A. p. 272.*
9. *Stanton W.J. (1964) - Fundamental of marketing; McGraw-Hill Inc., U.S.A. p. 11.*
10. *Kotler, P. (1980) OP.CIT.*

# CHAPTER TWO

## L I T E R A T U R E  R E V I E W

2.1 What is marketing

2.2 The nature of strategic marketing planning

2.3 The marketing mix elements

2.3.1 Products

2.3.2 Price

2.3.3 Place

2.4 Promotions

2.5 Marketing Strategy

2.6 Marketing of services

F O O T  N O T E S

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 WHAT IS MARKETING

Marketing encompasses the activities of assessing public wants, tailoring and packaging a product to satisfy those wants, pricing and distributing it, and encouraging its purchase by informing potential buyers of its availability by use of personal selling, advertising and sales promotion. Essentially, marketing relates to all the activities that take place whenever goods and services are bought and sold.

Thus, in broad terms, marketing may be defined as: "a process that, within societal constraints, attempts to establish satisfying exchange relationships between people or organisations with diverse requirements and people or organisations that seek to satisfy these requirements".[1]

Kotler (1980)[2] asserts that various definitions of marketing have appeared through time:

"It has been described by one person or another as a business activity; as a group of related business activities; as a trade phenomenon; as a frame of mind; as a coordinative, intergrative function in policy making; as a sense of business purpose; as an economic process; as a structure of institu-

*tions; as the process of exchange or transferring ownership of products; as a process of concentration, equalization, and dispersion; as the creation of time, place, and possession utilities; as a process of demand and supply adjustment; and many other things".*

*Each of the above definitions only provide a useful and partial perspective as to what marketing is. He summarised by defining marketing as a human activity directed at satisfying needs and wants through exchange processes.*

*Marketing's good deeds have been described in various ways. William J. Stanton, in his book fundamentals of marketing wrote "Aggressive marketing policies and practices have been largely responsible for the high material standard of living in America. Today, through mass low cost marketing we enjoy products which were once considered luxuries and which are still so classified in many foreign countries".*[3]

*Sir Winston Churchill in his own view argues in favour of marketing as, follows:*

*"Advertising nourishes the consuming power of men. It creates wants for a better standard of living. It sets up before a man the goal of a better home, better clothing, better food for himself and his family. It spurs individual exertion and greater production. It brings together in*

fertile union those things which otherwise would not have met".[4]

Others take a dinner view of marketing contribution to society or its social and moral values to society.

Richard N. Farmer, Journal of marketing wrote, "For the past 6000 years the field of marketing has been thought of as made up of fast-buck artists, con-men, wheeler - dealers, and shoddy- goods distributors. Too many of us have been "Taken" by the tout or conmen; and all of us at times have been prodded into buying all sorts of "things" we really do not need, and which we found later on we did not even want".[5]

Another author, Sterling Hayden on the meaning and social worth of marketing wrote:

"What does a man really need? A few pounds of food each day heat and shelter, six feet to lie down in and some form of working activity that will yield a sense of accomplishment. That's all- in material sense. And we know it. But we are brainwashed by our economic system until we end up in a tomb beneath a pyramid of time payments, mortgages, preposterous gadgetry, play things that divert our attention from the sheer idiocy of the charade".[6]

Kotler (1980) summarised each of the above positions by maintaining that "Marketing makes a vital contribution to the advancement and satisfaction of human needs and wants. The

capacity of organisations to survive and prosper depends, on their ability to continuously create value for target market in a dynamic environment characterised by changing human needs and wants".[7]

## 2.2 THE NATURE OF STRATEGIC MARKET PLANNING

Planning is a dynamic process. It is not an activity that is static in any organisation. An indication of this is the number of ways in which planning is conducted and the many different terms used to describe it, including; "marketing planning", "market planning", "strategic market planning" and "strategic planning".

Strategic planning is inextricably interwoven into the entire fabric of management; it is not something separate and distinct from the process of management. Several years ago, the Conference Board based on the interview conducted among fifty Chief Executives about their roles in planning, come up with the impression that "Planning cannot be usefully distinguished from the rest of the management process".[8]

The researcher summarized the view of the executives in this way; planning cannot be disentangled from such management functions as organising, directing, motivating and controlling.

Egerton and Brown (1972) assert that "Although it is acknowledged that each of these functions or elements can be

*formally defined and contrasted with one another, in terms of the Chief Executive's daily, weekly, even annual routine it is not realistic from his point of view to break up his job into parts and examine each as a discrete phenomenon. For his role as planner is meshed with his role as organiser, director, and so on in seamless web of management; for instance, the thought he devotes to what might be termed planning questions, and decisions he makes about them, have implications for his exercise of control; and vice versa. It is the whole of his job that must be looked at, the interactions of the elements of the management process rather than the individual elements."*[10]

*The Conference Board survey was concerned with the Chief executives officers but their conclusion has relevance to all managers. In his words, he argued that no manager is fully discharging his or her responsibilities when strategic planning is neglected and that strategic planning is a function and responsibility of all managers at all levels in an organisation.*

*Years ago, the top management in most companies put much emphasis on operations. One of the major concerns of management at that time was how efficiently it could use the scarce resources at its disposal in producing goods and services at*

*prices consumers were willing and able to pay. If these tasks were done efficiently, it was believed; profits would be maximised. Though efficiency in the use of company scarce resources is still of concern to management, the ability of management to adopt to the turbulent and rapidly changing environment,internal and external is more critical to survival.*

*Robert E. Wood, Chief Executive of Sears, Roebuck and Company, succinctly captured this thought when he said; "Business is like a war in one respect, if its grand strategy is correct, any number of tactical errors can be made and yet the enterprise proves successful. A company with a brilliant strategy can still overcome its inefficiency in the use of scarce resources. The ideal situation, of course, is for an organisation to design brilliant strategies and to implement them efficiently and effectively".* [10]

*In a number of the larger organisations, the framework for formulating and implementing strategies is the formal strategic planning system. Strategy can be formulated with or without a formal system, however, either way, the processes of strategic planning are interwived with management.*

*In a book that sumamarized the lessons of experience of effective managers over a long period of time, Bower concluded that there are:*

*"Fourteen basic and well known management processes that make up the components from which a management system for any business can be fashioned --- Fashioning these fourteen components into a tailor made management system is the building job of every chief executive and every general executive. To support, follow and enforce the system is a vital part of every top manager's operating job - and of managers and supervisors at every level."*[11]

*These fourteen processes according to Bower are the following:*

1) *Setting objectives*

*Deciding on the business or businesses in which the company or division should engage and on other fundamentals that shall guide and characterize the business, such as continuous growth. An objective is typically enduring and timeless.*

2) *Planning strategy*

*Developing concepts, ideas and plan for achieving objectives successfully. and for meeting and beating competitors. Strategic planning is part of the total planning process that includes management and operational planning.*

3) Establishing goals

Deciding on achievement target shorter in time range or narrower in scope than the objectives, but designed as specific sub-objectives in making operational plans for carrying out strategy.

4) Developing a company philosophy

Establishing the beliefs, values, attitudes and un-written guidelines that add up to "the way we do things around here."

5) Establishing policies

Deciding on plans of action to guide the performance of all major activities in carrying out strategy in accordance with company philosophy.

6) Planning the organisation structure

Developing the plan of organisation - the "harness" that helps people pull together in performing activities in accordance with strategy, philosophy and policies.

7) Providing personnel

Recruiting, selecting and developing people including an adequate proportion of high calibre talent to fill the position provided for in the organisation plan.

8) Establishing procedures

Determining and prescribing how all important and recurrent activities shall be carried out.

9) Providing facilities

Providing the plant, equipment and other physical facilities required to carry on the business.

10) Providing capital

Making sure the business has the money and credit needed for physical facilities and working capital.

11) Setting standards

Establishing measures of performance that will best enable the business to achieve its long terms objectives successfully.

12) Establishing management programs and operational plans

Developing programs and plans governing activities and the use of resources which - when carried out in accordance with established strategy, policies, procedures and standards, will enable people to achieve particular goals. These are phases of the total planning process that includes strategic planning.

13) Providing control information

Supplying facts and figures to help people follow the strategy, policies, procedures, and programs; to keep

alert to forces at work inside and outside the business; and to measure their own performance against established plans and standards.

14) Activating people

Commanding and motivating people up and down the line to act in accordance with philosophy, policies, procedures and standards in carrying out the plans of the company.[12]

It is the above fourteen processes, without exception, that are in one way or another embodied in a formal strategic planning process.

George A. Steiner (1979)[13] emphasised that managerial responsibilities and actions for some of the processes extend beyond the planning process. The point being made by the above fourteen processes is that dominant management processes are elements of or rely heavily upon strategic planning which also incorporate marketing which is one of the functional areas of any business.

In the midst of the confusion as to what strategic market planning is, Steiner (1979) describes strategic planning by first stating what it is not.

"Strategic planning is not forecasting product sales and then determining what should be done to assure the fulfilment of the forecasts with respect to such things as material

*purchases, facilities, manpower, and so on. Strategic planning goes beyond present forecast of current products and markets and asks much more fundamental questions such as: Are we in the right business? What are our basic objectives? When will our present product become obsolete? Are our markets accelerating or eroding? For most companies, there is a gap between an objective forecast of sales and profits and what top management would like sales and profit to be. Taking this statement to be true, then it can rightly be said that there is a gap to be filled by strategic planning.*

*Strategic planning is not an effort to replace managerial intuition and judgement.*

*Strategic planning is not a simple aggregation of functional plans or an extrapolation of current budgets. It is truly a system approach to maneuvering an enterprise over time through the uncertain waters of its changing environment to achieve prescribed aims.*

*Strategic planning is not an attempt to blue print the future. It is not the development of a set of plans that are cast in bronze to be used day after day without change into the far distance future.*

*Strategic planning does not attempt to make future decisions. Decisions can be made only in the present".*[14]

*Redford (1980) also describes what strategic planning is by first stating what it is not.*

*Strategic planning is not necessarily long term in nature. It is not an activity that is performed only at fixed intervals. It does not necessarily reduce or eliminate risk.*

*Strategic planning in its best form allows considerations of a wide range of activities, stimulates discussion of matters vital to the future of the organisation, and encourages communication between the individuals involved.*

*A strategic market plan may be thought of as involving four sets of related decisions.*

1) *Defining the business*

*Each manager responsible for an organisational components or a strategic business unit (SBU) within the company must decide "What business am I in?" The definition must state:*

a) *Product and market scope; in terms of which customers are to be served, which customers functions or needs are to be satisfied, and what ways ("technologies"), are used to satisfy the functions.*

b) *Product and market segmentation; this is whether and how the firm recognizes difference among customers in terms of their needs and the ways they are satisfied.*

*Strategically, definitions that may be successful at one point in time may be lee appropriate at another, as the process of market evolution takes place. Thus, business definition is not a static, but a dynamic decision making process.*

2) *Determining the mission of the business*

*Performance expectation in terms of sales growth, market share, return on investment must be determined for each business. Determining the mission calls for a careful analysis of market opportunities and company capabilities as well as a regards for overall corporate objectives. It involves making a trade-offs among potentially conflicting objectives in the short-term when profit, cash, growth and market share gain cannot be achieved at the same time.*

3) *Formulating functional strategies*

*Functional strategies such as service, physical distribution, research and development, manufacturing and marketing has to be formulated once the business has been defined and the mission appropriate to the defined business determined. The above process is interwoven since questions of business definition and mission require some implicit assumption about the functional strategies.*

*4) Budgeting*

*Finally, the determination of resource allocations and budgets for carrying out the plans terminates the planning cycle. Specific financial decisions are made at this stage, balance sheet and cash flow statements are projected.*

*A strategic market plan is a plan of all aspects of an organisation's strategy in the market place as distinct from a marketing plan which deals in the main with delineation of target segments and the product, communication channel and pricing policies for reaching and servicing those segments the so-called marketing mix.*

*Effective strategic market planning is based on two important ingredients. First, market opportunity has to be analysed and the company's capability to take advantage of the opportunity has to be assessed. Secondly, an understanding of the behaviour of cost is necessary.*



*Abel and Hammond (1979) argued that, in conducting market opportunity analysis and assessing a company's capability to take advantage of the opportunity, five basic analytical building blocks are required for a successful strategic market planning.*

1) Customers must be analysed to determined how the market can be segmented and the requirements of such segmented market.

2) Competitors must be identified as well as an understanding of their strategies.

3) Environmental trends affecting the market must be isolated and forecasted.

4) Market characteristics in terms of supply and demand, and their interaction must be understood.

5) Internal company characteristics must be audited to establish how company strengths and weaknesses relate to market requirements.

Customers analysis, competitor analysis, environmental trend analysis, and internal company self assessments are the necessary activities that must be embarked upon in market opportunity analysis.

Customers analysis is undertaken in the interest of the overall corporate objective since not all customers have the same needs for a product or service being rendered by the company. The strategic implication of this is that a company may choose to serve different customer segments with its offering in the market place. This is the basis of customer segmentation which is the division of a market into groups of

customers having similar needs. This needs must be interpreted very broadly, to include other features apart from the product characteristic. Customers differ in their need for information, technical support, service, distribution, and a host of other "non product " benefits that are part of their purchase, Abel and Hammond (1979).[17] Market segmentation is one of the most important aspects of strategic market planning.

In analysing the customers, answers to questions relating to what, how, where and who are sought to determine customer's characteristics and buying behaviours. Such questions are:

WHAT

- Benefits does the customer seek?
- Factors influence his demand?
- Are his important buying criteria?
- Risks does the customer perceive?

HOW

- Do customers buy?
- Do customers use the product?
- Much are they willing to spend?
- Much do they buy?

WHERE

- Is the decision made to buy?
- Do customer seeks information about the product?
- Do customers buy the product?

WHO

- Buys the company's product and why?
- Buys the competitor's products and why?

WHY

- Do customers buy?
- Do customers choose one brand as opposed to another?

Competitors analysis seek to identify how the market is currently being served and what potential gaps still exist to be exploited. Competitors analysis serve to reinforce the analysis of customers, just described and also serve as the basis for identifying areas of relative strength and weakness and hence potential market opportunity yet to be exploited.

Understanding a competitor's strategy helps in understanding the buying behaviour and identify the particular class of customer to whom the strategy appeals, Abel and Hammond (1979). In analysing the competitors, answers are sought to questions such as:

Who are the present competitors and potential new entrants and how do they compete?

Present competitors are those that define their activities similarly to those line of businesses a particular company is currently serving and those competitors that define their activities different from that in which a company is presently engaged in.

*Analysing how the competitors compete has to do with competitors' current strategy, how they are performing and their strengths and weaknesses.*

*An examination of the competitor's strategies is based upon the steps in the strategic decision process, Abel and Hammond (1979). According to Abel, these decisions process are:*

- *How is the competitor defining the business in terms of customer groups, customer functions, and technologies, and how vertically intergrated is the competitor.*
- *What mission does this business have in its overall portfolio of businesses? Is the business being managed for return on investment market share, growth, or for sales. What goals does the company appear to have for each major segment of the business.*
- *What is the competitor's marketing mix, manufacturing policy, research and development policy, physical distribution policy, purchasing policy, etc.*
- *What is the size of the competitor's budgets and how are they allocated.*

*In analysing the competitor, its actual performance should be ascertained as closely as possible. This is done using sales, growth, market share, return on investment and cash flow as parameters.*

Analysis of a competitor's strengths and weaknesses should include a comparative assessment of such factors as products and product quality, dealers and distribution channels, financial capabilities, management and human resources, and marketing and selling capabilities.

The theory of modern marketing holds that the key to an organisation's success is the ability to make timely and appropriate adoptations to a complex and dynamic environment. The marketing environment is the totality of forces and institutions that are external and potentially relevant to the firm, Kotler (1980).[19] The environment that surrounds a firm provides many opportunities and constraints. It is dynamic, some times rendering what is successful today as a failure in a future time period.

Environmental analysis involves the scanning of the firm's environment in which it operates for possible changes in economic, social, political and technological variables. Environmental analysis was defined by the Coca-cola company as "a scan of markets and technology for enough in the future so that actions can be taken ____ rather than reactions", Abel and Hammond (1979).[20]

The analysis of the economic variables consider such economic factors as the interest rates, number of people holding jobs, personal income, gross national product (GNP)

and government spending. Social and political changes analysis consider such factors as changes in family life styles, improved living standard, defence spending, government's regulatory policies, fiscal and monetary policies, and industrial policies while the analysis of technological changes consider such factors as innovation, sensitivity to all these environmental influences is essential to strategic market planning. The process of analysing the environment must identify key changes, in particular those that could "make" of "break" the business, Abel and Hammond (1979).[21]

Internal company assessment has as its objectives the extent to which the company is equipped to take advantage of the opportunity. The assessment required here is similar to that of competitor analysis. Internal company self-assessment involves the analysis of historical strategy, performance, strengths and weaknesses and possible response patterns. It assess the relevance and adequacy of company resources for an identified opportunity and if not adequate what can be done to obtain the necessary resources.[22]

Abel and Hammond (1979) used the term "Strategic window" to describe the fact that there are often only limited periods when the "fit" between the "key requirements" of a market and

*the particular competences of a firm competing in that market are at an optimum. Investment in a product line or market area has to be timed to coincide with periods in which a strategic window is open, that is, where a close fit exists. Divestment should be considered if, during the course of the market's evolution, changes in market requirements outstrip firm's capability to adopt itself to the new circumstances.*

*Relating market opportunities with company capabilities is a pre-requisite to defining the business, determining what an appropriate "mission" should be, and what functional strategies and budgets are necessary. Basically, effective strategic market planning is the matching of opportunities with internal company capabilities. The process is the dynamic one because as markets evolve, new opportunities continually present themselves and existing opportunities decline. For organisational effectiveness to result, the organisation must plan in order to anticipate such opportunities and to assemble ahead of time the resources and skills required to take advantage of them.*

## 2.3 THE MARKETING MIX ELEMENTS

*The marketing mix is the set of controllable variables and their levels that the firm uses to influence the target market, Kotler (1980). Some of the most important decisions to be reached by firms supporters, manufacturers, as well as inter-*

*mediate and retail trade businesses are those involving the market mix. These decisions can be identified along four general dimensions. These four dimensions are as follows:*

1. *Organising for product development and innovation (product).*
2. *Ascertaining prices for products and/or services (price).*
3. *Selecting channels of distribution (place).*
4. *Developing promotional programmes (promotions).*

*These four categories become the market offerings, or the mix of marketing instruments, for each firm in each channel network. Every firm has a mix of products and services offered for sale to individuals, other business institutions and government. The degree and level of marketing performance, as well as the ability to adopt to actual changes, depend on the manner in which each marketing mix dimension is evaluated and implemented.*

*Despite the fact that each firm is responsible for its own unique marketing mix, general concepts regarding the approach to developing the mix can be used. These general concepts are based on the following considerations:-*

*Goods and services flow through channel networks to various types of consumers, consequently, a business should*

*think in terms of a series of marketing mixes being developed and implemented. Suppliers provide raw materials (product) to manufacturers at negotiated prices which have been communicated (promotion). These materials are shipped via alternative transportation facilities (the channel).*

*Marketing mix decisions should be based on an intergrated theme, product decisions necessarily must be associated with channel, price, and promotional considerations. Regardless of the level of the firm within marketing channel networks, marketing management constantly is struggling with the problem of blending the marketing decision areas into the optional combination. Thus, whatever type of product or service that is being offered, there will be some optional combination of related marketing cost and revenue for each firm within the network. As a result of blending the various offerings, marketing environments, decisions, and planning come into shaper'focus. In what follows, a detailed discussion of each element of the marketing mix will be presented.*

### 2.3.1 PRODUCTS

*A product is anything that can be offered in the market for attention, acquisition, use or consumption. It is clear from the definition that in a broader sense, a product is a combination of tangible and intangible characteristics of*

attributes in the buyer's mind. The importance of product management is intensified, if you consider that a firm's ability to serve and satisfy customers with products is its primary, social and economic reason for existence. For example, when you want a soft drink, you may buy a coke, or pepsi-cola or one of several other well known brands.

In some sense, your choice represent a set of tangible, physical characteristics:-

- a glass bottle or aluminium can then be identified by the manufacturer's brand name.
- a bottle or cup which can be purchased in one of a number of retail outlets, including supermarkets and gasoline stations.
- a product promoted on television, over radio and in thousands of points of purchase displays.

In a second sense, the choice goes beyond a physical product that has been advertised through a number of media. The choice may include a set of intangible and sociopsycological attributes:-

- Preference for a particular "satisfying" taste from one drink as constrasted to others.
- A sense of "belonging" in a social context, to be identified with a particular age group by drinking the

soft drink that appeals to that group.

- A psychological image that one brand is "better" than other brands in terms of taste, package, price and other factors.

Physical characteristics

Perhaps the most obvious factor of a product is its physical properties. Satisfaction is derived from the fact that a product is made of plastic, wood or some other material possessing a particular weight and consistency.

Services

Performance of services may be the only "product", a particular business offers. Management consultants normally furnish little in the way of physical products. In actual sense, all products provide services. Beside performing their major functions, products also provide associated services.

Packaging

In many cases, a package is impossible to separate from the physical product. This statement can only make sense to anybody when one tries to visualise a quart of milk that is not in some kind of container. Before a premature conclusion is reached, however, it is important to examine the functions packaging can perform. Three factors should be considered when determining how much to spend on packaging. First, it is

possible to reduce the cost of distribution by appropriate packaging. Secondly, a container can provide increased satisfaction to the customer and lastly, a package may help promote a firm's product.

Assortment

Product assortment refers to all the products a manufacturer or middleman offers for sale as it relates to its breadth and depth. The fact that a company provides these alternatives means a great deal to his customer. An example of product assortment can be seen where industrial supply houses maintain stocks of infrequently purchased materials to increase the satisfaction of intermediate customers. There is also the case of large conveniently located shopping centres with stores carrying relatively broad lines of merchandise.

Branding

A brand is a name, term, symbol or design assigned to a product or group of products. Its primary function is to provide a symbol for communication. Branding enables easier evaluation of the relative product merits. Once having experienced satisfaction with a particular product or service, a shopper can minimize his/her decision making by associating previous satisfaction with the brand.

It is essential that companies place considerable value on their brand names. Through branding, they can communicate and promote various differential aspects of their products and encourage repeat purchasing and brand loyalty.

A particular problem of brand management is that a product name may become a generic term. This happens when consumers insist on assigning a firm's brand name to a kind of product. What this means in effect is that a business may no longer legally restrict other firms from using this term.

Besides determining the specific name to assign to a product, a decision to maintain a policy of individual or family branding must be made. Along with these facets, a product management, promotion, distribution, and price also must be considered. It is important to recognise that all of these ingredients combine to represent the product in the consumer's mind.

### 2.3.2 PRICE

Price is value expressed in terms of the monetary medium used. Pricing in most cases is the responsibility of the sales or marketing department with the approval of top management.

Pricing of individual products and services is of significance to the Marketing Manager and hence the strong

need why considerable attention should be paid to this aspect of the marketing mix. Basically, price represents the amount of money that buyers, in the process of exchange, will pay for goods and services that sellers are offering for sale.

Before any product can be marketed, it must have a price. Not every producer is in a position to set his own price. Normally this is done by the government or its approved agent or board. The price at which a product is sold has implication in terms of the demand for it. Though in certain economy, it is the government that set prices, but here we will assume that the producer can set prices, or he makes the pricing decision even though the freedom to set prices is circumscribed by certain other forces outside the market control.

Where the seller can set price, the pricing decision is critical, since even modern price differences can have a dramatic effect on profit and a price at odds with the rest of the marketing mix can spell disaster. This is because what is being priced is not simply a product but a bundle of benefits as reflected in the product, its promotion image and its method of distribution. A firm that fails to recognise that it is pricing an offering and not just a product can be stampeded into reducing price when buyers and sales people complain about rival brands being cheaper.

*The following aspects of pricing are important as an element of the marketing mix:-*

*i) The role of price*

*ii) The various objectives that guide pricing strategies and methods*

*iii) The factors and variables that enter into pricing decisions.*

*THE ROLE OF PRICE*

*Price reflects market valuation*

*In any market exchange, each party offers a benefit to induce a response. The greater the response to the seller's offering vis-a-vis equal or lower priced competitive offering, the greater the relative valuation of the seller's offering. The aim of the seller is to maximize that valuation relative to costs. Exchange can be viewed as one way of controlling behaviour. The seller controls behaviour by making his offering as irrestible as possible, while the customer controls the firm's action through the price he/she is willing to pay. The value put on the firm's offering by the market is indicated by consumers responsiveness to changes in price and this in turn depends on the availability of acceptable substitutes.*

*Consumers have a price range within which the product must fall for them to buy it. The first question generally asked*

by consumers is the product's price to establish whether further inquiries are merited.

Price plays dominant role in the marketing mix

Price is one of the major elements of the marketing mix. Generally, though pricing decisions have to be carefully co-ordinated with decisions on product, promotion and distribution.

The framework for such co-ordination is the segmentation strategy, since the chosen market segments give overall direction in determining the mix. Thus, the luxury segment of consumer markets suggest a quality, branded product, appeals and media that capture the luxury image and a high price to match.

PRICING OBJECTIVES

Relating to customer and market orientation

Although the super ordinate goal of pricing may be to maximize the rate of return on the total assets of the firm, as Gabor (1977) prints out such profit goals provides criteria rather than explicit guidance for pricing. In any case, as Gabor maintains, modern approaches to pricing must recognise that business executives may be interested not only in profit but in factors such as prestige, social responsibility, reputation, price stability, and so on. Any set of

operational objectives for pricing will take account of such factors together with objectives in terms of earnings stream that is sought and the objectives emanating from the particular circumstances that give rise to the pricing decision.

Relating to financial needs

Firms are usually concerned with achieving a certain level of earnings within some particular time period. Since pricing can influence differences in cash flows or earnings streams within some time period, firm may explicitly or implicitly set one of the following financial goals as the aim of pricing:-

i) a goal of immediate earnings

ii) a goal of steady earnings

iii) a goal of high future earnings

Relating to the market situation

OXENFELDT (1983) hits that he terms 'price setting occasion'. These are triggering events giving rise to a changed market situation and to the need for specific situational objectives. Thus we may find new rivals entering the market, rivals reducing / increasing prices, cost and primary demand on the increase / decline or we may simply intend to introduce a new product or a new model.

Although price setting occasions are many and varied, they

point to the adoption of one or more of the following competitive goals:-

i) attracting new buyers via market penetration

ii) covering existing users via brand switching

iii) retaining customers via ensuring repeat purchase.

Factors in pricing

There are two sets of factors in considering pricing:- People and cost. Pricing generally need to cover costs, while the firm has to set a price that provides a coalition of support among interest groups so as to achieve pricing objectives.

Price and price changes affect many different groups not just those in the seller's firm and potential customers but also distributors, suppliers, and competitors. Each of these groups has different values, interest and beliefs about the goodness of the price in relation to their own goals. As with all social behaviour, pricing decisions are influenced by norms and rules developed from past practices.

Some of these factors affecting pricing are briefly discussed below:-

Customer considerations

Price expectations: In any pricing decision, one must start with the market and the price expectations of potential

customers. If a product is developed to fit some market segments, it will be produced with some price range in mind - there are few markets often pay new for a product than they expected or than they consider reasonable simply because there is an absence of acceptable substitutes. Customer trade-offs against price:- If a product is looked at as bundle of benefits, then it is important to know the customer's trade-offs between extra benefits and high price. Extra benefits can be in the form of additional attributes. What must be emphasised is that such trade-offs do occur, suggesting that consumer loyalty, if it happens at all, can be traded at a price.

Competition

The price setter must gauge the effect of price on the behaviour of current and potential competitors. At some high price level new entrants are tempted into the market and customers are tempted to switch. The limit price is the highest price that can be set without attracting entry. Where the price setter is concerned about possible entry into the market, some attempts must be made to assess the limit price. The switching price is the highest price that can be set without customers being tempted to switch to:-

i) direct competitors

ii) other segments of the market

iii) substitutes from other industries.

Co-ordinated prices

One of the problems that relates to the behaviour of both buyers and competitors is the problem of co-ordinating prices of a firm's products that are either substitutes or complimentary. For substitutable products, the sales of one falls when the price of the other is reduced.

Other factors affecting pricing decisions are internal company functions, distributors, Government, cost and break-even analysis.

### 2.3.3 DISTRIBUTION CHANNEL (PLACE)

Distribution is the transfer of goods from where they are produced to where they are ultimately consumed or used. Certain factors have made it difficult for producers to sell directly to the consumers. Middlemen are in most cases preferred by the manufacturer for convenience purposes.

Even if the firm's offering vis-a-vis competition is right for the segment in terms of product, proposed advertising and price, no sales occur unless arrangements are made that allow the customer to purchase and receive the product when needed and ordered. Ensuring that a product is made conveniently available is not enough. If buyers are to be retained as

future customers and sales are to be high, certain pre-and-post-sale services as well as promotional activities may need to be provided by the channel.

A distribution system is the network of people, institutions or agencies involved in the flow of a product to the customer, together with the informational, financial, promotional and other services, associated with making the product convenient and attractive to buy and re-buy.

The selection of a distribution system is a key decision area as it usually bonds the firm long term, involves heavy investment and can be the deciding factor in determining the success or failure of a marketing strategy. Infact, it is not common for a firm's marketing thrust to lie with the distribution system it has developed and, in certain cases the distribution system may be so superior vis-a-vis competitor's that it constitutes the critical advantage for the business.

## ROLES OF DISTRIBUTION CHANNELS

### Creating purchase opportunity

If a product is to sell, it must be made readily available to the target market. Place utility is the function most commonly associated with distribution channels. If segment penetration is the path to growth, extensive distribution is required to reach as many in the segment as possible.

*Promotional role*

*One of the roles a channel plays is in terms of its promotional effort. Where there is doubt about a channel's ability to undertake the requisite promotion, the manufacturer may help. The promotional role of distributors is very important. Promotion at the point of sale can activate latent demand, while habits and pricing behaviour can each be affected by novel distributor promotions.*

*Service role*

*There are certain services, which are frequently an integral and necessary part of a firm's offering, that are best provided by the channel - for example*

*i) Advice on the suitability of a product for some application.*

*ii) Advice on storing, or selling the product*

*iii) Provision for speedy servicing and repair*

*iv) Provision of credit and other financial assistance to purchase the product.*

*Channel Distribution strategy*

*The channel distribution strategy is a broad conception of how resources are to be developed to build a channel linking the producer to the consumer / user to ensure that the product and associated services are made available to the target*

segment. The distribution strategy involves:

i) Determining the objectives to be achieved by the channel system.

ii) Selecting the type of channel system whether for example, to sell direct or through channel intermediaries.

iii) Determining whether a policy should be followed of selling to all outlets within a channel or to a selected or exchange few.

iv) Selecting the individual channel member when a policy has been adopted of selecting just a few outlets within a channel.

Physical distribution

Logistics management seeks to minimize the total cost from inception of raw materials to the delivery of the finished product to the customer. The study of physical distribution has become a fertile field for management science in the use of simulation and linear programming to minimizing costs of distribution. In general the sources of cost saving arise from:-

i) Reduction in inventories

ii) More efficient methods in material handling, better warehouse layout and simplification of order

processing and

iii) More efficient service in terms of minimizing out of stock occurrences, enabling expanded market coverage by reduced freight costs and reducing the customer's own inventory requirements.

## 2.4 PROMOTION

The term promotion embraces influence, processes exerted by the sellers on the potential buyers of the products." Like the marketing mix, promotional mix has four elements. These are personal selling, advertising, sales promotion and publicity. This means that whenever and wherever a product is produced, it should be priced, promoted and distributed to the ultimate end users. These activities are interdependent.

Richard E. Stanley, (1977) writing on the role of promotion in business says that ".... manufacturers are capable of producing for more goods than can be effectively absorbed by existing markets. The problem is no longer the production of the goods themselves but their effective marketing. Consumers must be made willing to constantly improve their standards of living by purchasing more and better products if the economy is to continue to expand. One of the major ways in which this can be done is through the more effective utilization of the tools of promotion". The

implication of this is that marketers do not promote simply to inform. educate and entertain, they communicate to influence and encourage both current and potential buyers to accept or adopt the products or services being offered by the company.

Although reference was made to this aspect of the marketing mix earlier, it is important to view some of the problems and subsequent decisions that must be made regarding marketing communication within channel networks. Here, emphasis will be on the following:-

1. Advertising and paid form of no personal presentation and promotion of ideas, goods and services by an identified sponsor.
2. Personal selling; oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales.
3. Sales promotion: those marketing activities, other than personal selling, advertising and publicity, that stimulate.consumer purchasing and dealer effectiveness.
4. Publicity: non personal stimulation of demand for a product, service, or business unit by planting commercially significant news about it in a published medium not paid for by the sponsor.

The task of promotional programmes is to communicate

*product-place-price information to consumers, industrial and governmental markets. How effectively this communication process is accomplished may well be the most crucial factor of marketing management in channel networks. How the consumer perceive and react to these messages is of great importance to the manufacturers and retailers of those goods and services.*

*Promotional activities are but one phase of the total demand stimulation process in consumer, industrial, and government markets. As has been the case with product, channel, and pricing problems and decisions are affected by many environmental conditions - such environmental conditions are:*

*i) Consumer and industrial markets - Here the market should be assessed so that the communications will be acknowledged and will result in purchase of goods and services.*

*ii) Market structure - with market segmentation and product differentiation strategies being utilized by producers and retailers, competition between industries as well as among firms has increased intensity our time.*

*iii) Technology - the advances made in technology put pressure on firms to develop new products. With such*

introduction. an usually high promotional expenditure becomes a necessity if the product introduced must be sold.

iv) Legal and ethical constraints - Promotional campaigns are also constrained by the legal and ethical factor operating in a particular environment. Promotional strategies of the cigarette manufacturers which used to engage in television and radio advertising have been seriously challenged by the society. Television commercials pertaining to external care (cosmetics) and internal care products have, from time to time, been attacked on ethical grounds.

## 2.5 MARKETING STRATEGY

A marketing strategy is "a consistent appropriate, and feasible set of principles through which a particular company hopes to achieve its long-run customer and profit objectives in a particular competitive environment".[23] Communications industry can develop these sets of principles - unique to their industries - which can be employed over-time in achieving their customer and profit objectives.

The scope of possible marketing strategies is wide. Marketing and product strategies are inter-related. They are both developed in response to consumer demand.

*Pricing strategy is of great significance to a communications industry and most often it is the responsibility of top management or the proprietor. Some of the commonly considered strategies for pricing new products are:-*

*i) Gets as much profit as soon as you can i.e. skimming strategy.*

*ii) Set a price that will discourage the advent of competition.*

*iii) Recover your development costs within a specified period.*

*iv) Set a price that will yield your "regular" rate of return.*

*v) Set a price that will win the speediest acceptance of the product i.e penetration strategy.*

*vi) Use the product to enhance the sale of entire line rather than to yield only a profit itself.*[24]

*A communication industry's marketing strategy will have to take several factors into account including:*

*i) The firm's competitive size and position in the market;*

*ii) The firm's resources, objectives and policies;*

*iii) The competitors' marketing strategies;*

*iv) The target market's buying behaviour;*

v) The stage of the product's life cycle; and

vi) The character of the economy.[25]

The economic environment within which the communications firm functions is constantly changing. This change affects he products and / or services being provided by a particular firm. Only by watching this often-gradual change closely can an industry assess the impact upon his firm in terms of both dangers and opportunities. On the basis of such observation and analysis, the manager can then decide upon proper action to cope with the situation.

The sum total of all marketing activities is to increase sales and make profit. This can be accomplished by:

i) Finding out what the customers need;

ii) Choosing the product or service you can offer to satisfy their needs;

iii) Promoting and advertising the goods or services;

iv) Selling the goods or services by placing them in the market; and

v) Making a profit at the end of the whole process.

Systematic corporate and marketing planning based on an innovative perspective geared towards competitive action places the communications industries on an outstanding advantage. The corporate strategic plan is the master plan that

*provides guidance to all managers about the direction in which the firm wants to go and the height it wants to attain. This plan sets the boundaries for all other planning. Functional strategy should be developed from grand strategy. Marketing strategy should be based on corporate marketing objectives and should be implemented by a co-ordinated marketing action programme. The ideal marketing strategy would achieve what military strategists refer to as "a perfect economy of force". In economic terms, this would be the optimal strategy; that is, all resources of the firm, including personnel, would be utilized so that it would be impossible to improve the efficiency of one part of the operation without decreasing the effectiveness of others. With perfect economy of force, the firm would correctly allocate resources, including money, to all marketing elements. But because of the nature of consumption and competition, particularly the uncertain human elements, perfect economy of force represents an ideal rather than a practical planning goal.*

*Generally, people like something a little bit different from what their friends have, but not too different! People change their ideas slowly and like things which they know of and have grown up with. If you make something too different, only a few people will buy it. This is a lesson for communications industries to learn.*

## 2.6 MARKETING OF SERVICES

Some people might argue that there is no such thing as service marketing, but only marketing in which the service element is greater than the product element. We do recognise that there is both a product component and a service component in the sale of most, if not all, goods. However, many service organisations (such as insurers, consultants, and barbers) do not think of themselves as producers or sellers of goods. They see themselves (as do most of their customers) as providers of services.

In theory, product marketing and service marketing are essentially the same. In each case, a marketing program is built around the parts of the marketing mix - the product (service), the price structure, the distribution system, and the promotional program. Moreover, there often are substantial similarities in practice. At the same time, however, significant differences do exist between product marketing and service marketing. The strategies and practices used in conventional product marketing often are inappropriate for service marketing. Service marketing often calls for a different approach.[26]

### What services are

Services are those separately identifiable, essentially, intangible activities that provide want - satisfaction, and

*that are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods. However, when such use is required, there is no transfer of the title (permanent ownership) to these tangible goods.*[27]

*Now let´s elaborate a bit on that definition, to reduce any possibility of confusion:*

- *We include such activities as medical care, entertainment, and repair services (but not the medicines or repair parts purchased).*
- *We exclude credit, delivery, and other services that exist only when there is the sale of a product or another service.*
- *The consumer of a service can take only temporary possession or make only temporary use of any goods required in the production of the service.*

*We rarely find situations in which services are marketed without any product involvement whatsoever. Most products are accompanied by services, and most services require supporting products. It is this product - service mix that really is growing in importance in our economy.*

*We are concerned primarily with the services marketed by businesses or professional firms with profit-making motives - Commercial services - in contrast to those of non business*

*organisations.*

*The growth of business services may be attributed to the fact that business has become increasingly complex, specialized, and competitive. As a consequence, management has been forced to call in experts to provide services in research, taxation, advertising, labour relations, and a host of other areas.*

*The rate of growth has not been uniformed for all categories of consumer services. As disposable personal incomes have increased and life-styles have changed, the demand for some services has grown relatively faster than for others. Attendance at movies declined as people tuned to television.*

*Characteristics of services*

*The special nature of services stems from several distinctive characteristics. These characteristics not only create special marketing challenges and opportunities, but they often result in marketing programs that are substantially different from those found in product marketing.*[28]

1. *Intangibility: Since services are essentially intangible, it is impossible for customers to sample - to taste, feel, see, hear, or smell - services before they buy them. This feature of services places some strain on*

a marketing organization. The burden falls mainly on a company's promotional program. The sales force and advertising department must concentrate on the benefits to be derived from the service, rather than emphasizing the service itself.

2. Inseparability: Services often cannot be separated from the person of the seller. Moreover, some services must be created and dispensed simultaneously.

From a marketing stand point, inseparability frequently means that direct sale is the only possible channel of distribution, and a seller's services cannot be sold in very many markets. This characteristic also limits the scale of operation in a firm.

As an exception to the inseparability feature, the service may be sold by a person who is representing the creator-seller.

3. Heterogeneity: It is impossible for a service industry, or even an individual seller of services, to standardize output. Each "unit" of the service is somewhat different from other "units" of the same service.

The service company should, therefore, pay particular attention to the "product planning" stage of its marketing program. Form the beginning management must do all it can to ensure consistency of quality.

4. Perishability and fluctuating demand: Services are highly perishable, and they cannot be stored. Unused electric power, empty seats in a stadium, and idle mechanics in a garage all represent business that is lost forever. Furthermore, the market for services fluctuates considerably by season, by day of the week, and by hour of the day.

There are some notable exceptions to this generalization regarding the perishability and storage of services. In health and life insurance, for example, the service is purchased. Then it is held by the insurance company (the seller) until needed by the buyer or the beneficiary. This holding constitutes a type of storage.

The combination of perishability and fluctuating demand offers product - planning, pricing, and promotion challenges to service company executives.

Channels of distribution for services: Traditionally, most services have been sold directly from producer to consumer or industrial user. No middlemen are used when the service cannot be separated from the seller or when the service is created and marketed simultaneously. But it also enables the sellers to personalize their services and to get quick, detailed customer feedback.

The only other frequently used channel includes one agent middleman. Some type of agent or broker is often used in the marketing of securities, travel arrangements, entertainments, and housing rentals. Sometimes dealers are trained in the production of the service and then are franchised to sell it.

The location of the service seller, or the seller's agent, should be conveniently accessible to customer traffic, because many services cannot be delivered to the customer.

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# CHAPTER THREE

3.1 Brief history of ABG Communications Industry Limited.

3.2 Organisational set-up.

3.3 Staff training and welfare.

3.4 Marketing System in ABG Communications Limited.

3.5 The marketing Strategies of communications industries.

# CHAPTER THREE

## 3.1 BRIEF HISTORY OF ABG COMMUNICATIONS INDUSTRY LIMITED

The letters ABG are derived from the name Alhaji (Dr) Bawa Garba, the sole proprietor of ABG Group of Companies.

ABG single handedly set up Arewa Commercial Institute in 1966 which was later approved under the Educational Law of Northern Nigeria, Section ten (10) as an "Advancement class." The school which had less than 50 students in 1966 has grown to above 2,000 students in 1972 offering all commercial subjects ranging from English, Shorthand etc. The institution is still yielding more graduates up to date.

ABG who was already initiated in the act of business transaction became exposed to invaluable experience and at a later date he incorporated his first company known as AREWA ADVANCEMENT ENTERPRISES LIMITED in 1972.

The company was marketing office equipments following an agreement in 1976 with UTC Nigeria Limited which confirmed the company as Sales Representative in the Northern Region to market OLYMPIA products with locations at Kaduna, Kano, Zaria and Maiduguri.

In 1978, the company started importing ORMIC, Audio Visual equipments and in order to serve the entire nation, it appointed UTC (Nigeria) Limited as the distributor in the

*Southern part of Nigeria.*

*Industrialisation of Nigeria and Technology Advancement wouldn't have made a head-way without the active participation and contribution of indigenous investors. This was encouraged by the Murtala regime which embarked on low custom duty for imported goods to local industries in order to boost the nation's production machinery.*

*In view of the above, ABG ELECTRONICS MANUFACTURERS LIMITED wa incorporated in 1978 with technical partnership of the famous German Company BOSCH GROUP which owns BLAUPUNKT.*

*The company then started assembling Blaupunkt Coloured television, with SKD (Semi Knocked Down) components and later advanced to CKD (Complete Knocked Down) components by 1981. SKD/CKD Video Recorders and car radios were later introduced.*

*In 1985, ABG MAGNETIC TAPES INDUSTRIES LIMITED was incorporated for the production of Video Cassettes, both VHF and Bitamax and had installation capacity of 80,000 per month that is 960,000 per annum with a high quality and professional staff.*

*As the business takes good shape, another company was incorporated in 1987 by name ABG COMMUNICATIONS LIMITED. The company is carrying on the business of sales, services, installation and general engineering including marketing and*

*installation of cable satellite system to subscribers, and also various communication equipments such as HF, VHF, UHF radios. The company has a production factory for satellite dish in Kaduna and Lagos for the fabrication of fibre glass and solid aluminium dishes with 80% local contents for satellite dish and 20% from foreign partners.*

*This technology was duged from an imported complete satellite T.V. system in 1982 and has served as a challenge to Nigerian Engineers. After creating room for competition in the country, we should also note that it has immensely contributed to Nigeria's technological advancement and most particularly, it is of educational benefit to higher institutions of learning, and the Nigerian public in general.*

*ABG Communications Limited jointly owned with the American HERO COMMUNICATIONS INC and ABG COMMUNICATIONS LIMITED in Miami, Florida have set a cable system and a cellular telephone system in Nigeria. This has given opportunity to thousands of Nigerians in the sixteen (16) branches all over the nation and advancement of technology in Africa with the recent inauguration of ABG INTERNATIONAL CAIRO, EGYPT which manufactures satellite dish. It is one of the locations ABG COMMUNICATIONS LIMITED intends to open hands in its plan to expand in all over the African Continent.*

ABG Communications Limited is one of the co-sponsors of the Nigerian Open Golf Championship at the Kaduna Golf Club, Kaduna and it chips in support annually towards the Nigerian Polo Tournament. Other sponsorship programmes are implemented on an ad hoc basis.

Another important aspect of ABG's social responsibility programme is its annual donations worth thousands of Naira to Associations for the handicapped and Voluntary Organisations devoted to the development and growth of the Youth nationwide.

## 3.2 ORGANISATIONAL SET-UP

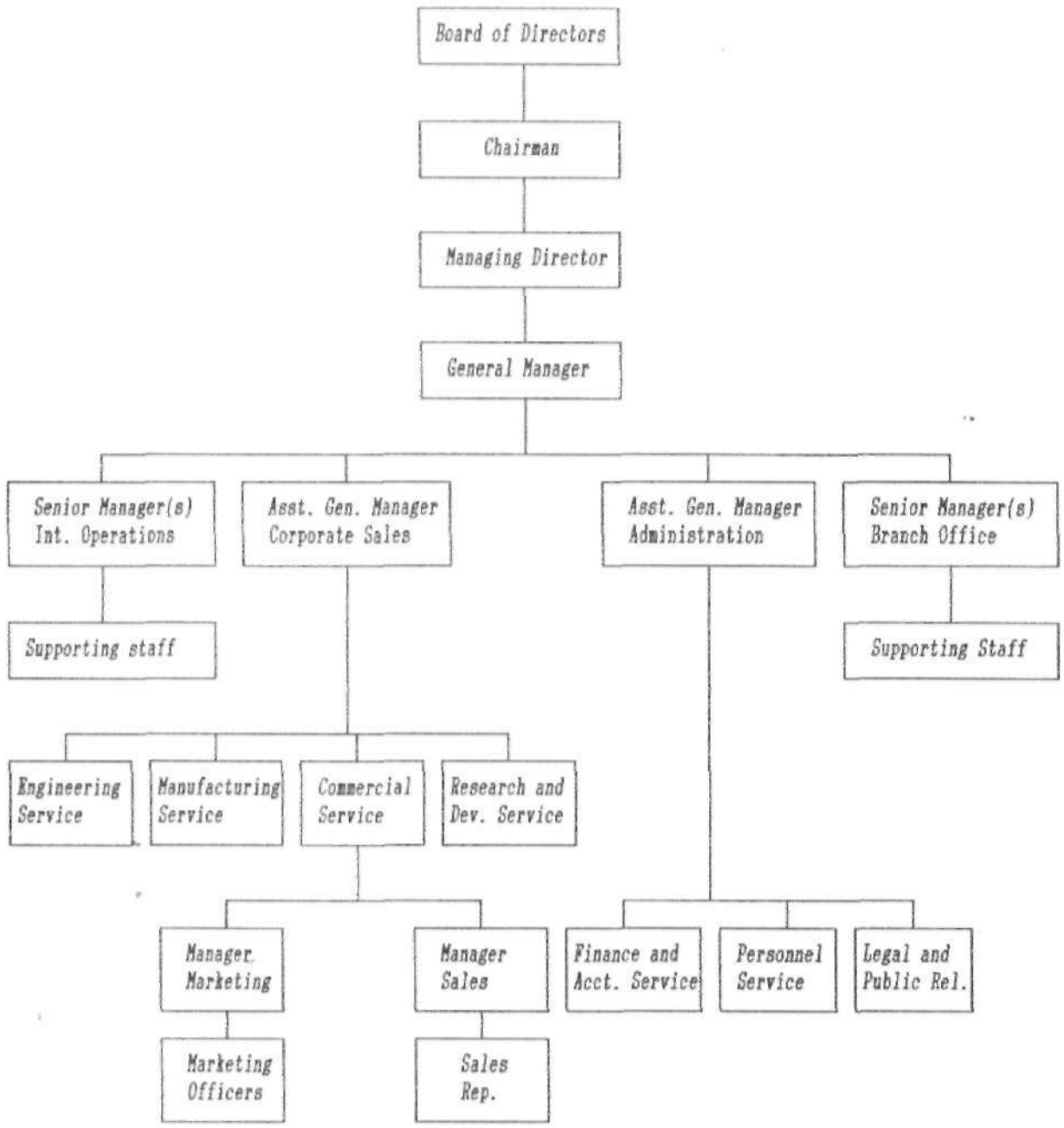
The write-up being concerned with marketing strategies ABG Communications Limited uses in marketing its products, the organisational structure of the company will be viewed from the perspective of the marketing department, and hence emphasis will be on the functions of this department. Although other departments within the company's organisational structure will be mentioned, they will not be discussed in detail.

In ABG Communications Limited, the marketing department is headed by an Assistant General Manager, Corporate Services who reports to the General Manager who then reports the Managing Director. The Assistant General Manager who with his supportive staff takes supportive responsibilities for all the

*marketing matters. In marketing department of ABG Communications Limited, it is a group of personnel with some professional bodies that come together as a decision making unit to formulate the marketing programmes of the organisation.*

*ABG Communications Limited has 16 branches all over the country with the recent opening of International Office in Cairo, Egypt and the branches are headed by a Manager who reports directly to Assistant General Manager to facilitate quick response to changes in market situations. The Branch Managers have under their portfolios, Assistant Managers (Marketing) who report directly to them.*

*Head office personnel in marketing department provide support services in form of opinion pool survey and rendering general professional advice. To a large extent, the branch office administrative is fairly autonomous as the branch managers have an expenditure limit of Two hundred thousand naira (N200,000) on a monthly basis (see attached appendix).*


Board of Directors
Chairman
Managing Director
General Manager
Senior Manager(s) Int. Operations
Asst. Gen. Manager Corporate Sales
Asst. Gen. Manager Administration
Senior Manager(s) Branch Office
Supporting staff
Supporting Staff
Engineering Service
Manufacturing Service
Commercial Service
Research and Dev. Service
Manager Marketing
Manager Sales
Finance and Acct. Service
Personnel Service
Legal and Public Rel.
Marketing Officers
Sales Rep.

## 3.3 STAFF TRAINING AND WELFARE

In ABG Communications Limited, staff are recruited primarily for a probational period of six (6) months after which based on merits they are posted to where they can fit best for the betterment of the business. Also after two (2) years of working experience, they are sent outside the country particularly in Germany to get more specialised in their field of operation. But as at now, there is an embargo on oversea training due to the present economic crunch faced world-wide, staff are now trained by professionals internally.

Staff do enjoy medical, transport, loan, salary increment and bonus facilities.

Shares of the ABG Communications Limited can also be issued to Managers and staff based on the yearly performance recorded following a yearly projection of market in each of the branches after the fulfilment of their budget.

## 3.4 MARKETING SYSTEM IN ABG COMMUNICATIONS LIMITED

The entire ABG Communications Limited is made up of two departments:-

i) Marketing Department

ii) Sales Department.

The marketing department takes responsibilities for the marketing of ABG Communications industry's products through

its branch network nationwide. The Kaduna International Trade Fair which ABG is known to be its founding father has played key role in the development and penetration of the business both nationwide and internationally. Other sources such as electronic and printed medias are also not left behind.

The company markets the following products through its Head office and branch offices:-

i) Cable Satellite system

ii) Communications equipments such as HF, VHF, UHF Videos and radios

iii) Production of satellite dish.

The company regards the whole land area of Nigeria as its broad market. Therefore, promotes making trade-off decisions on the basis of "What's best for the organisation as a whole".

The sales department takes responsibilities for the sales of ABG Communications Industry's products through its branch network nationwide. The company do sell it products through some promotional activities that it embarks upon. In ABG Communications Limited, individuals or corporate bodies buy the products directly in order to boost sales.

It is in this department that corporate bodies or individuals that buy the products will know their file numbers and registration numbers in order to know how much the user is

supposed to pay at the end of every year. In essence, that the users of ABG Communications Cable Satellite system are made to understand that at the end of every year, the subscribers have to pay their subscription fees that will enable ABG Communications remit its overseas office.

Sales department staff are being given a range of projection by which each branch office is expected to attain, if by chance any branch is able to exceed its projection, the difference between the projected and the actual, a certain percentage will be allocated to the staff of that branch in order to boost their moral.

In Sales Department there are some incentives given to the customers for quick response:-

i) Bulk purchase discount

ii) Subscription fees discount (depending on the amount of years you are able to settle your subscription fees)

iii) Seasonal discount (Sallah, Christmas etc).

It is in sales department that all the systems equipments of ABG Communications are being sold and installations of equipments are directed. Sales Department in collaboration with the Engineering services service and maintain the sold equipment in case of any fault detected. Sales department and Engineering department have alot of power in ABG Communications because if any subscriber fails to settle his subscription

fees, then the two departments can decord his line. This was made easy because of high technological advancement of the company which was made simple through their computer network to easily decord the subscriber's line.

The systems are just like telephone systems which if failed to pay for subscriptions fees you can easily be decorded. Infact, with the recent introduction of the high and sensitive computer, subscribers find it difficult to do anything Nigerian factor. This is to say that there is checks and balances among the departments.

## 3.5 THE MARKETING STRATEGIES OF COMMUNICATIONS INDUSTRY

In Nigeria, the communications industry is undergoing an existing, yet difficult transformation. With the number of communications industries increasing at a fast rate in recent years, competition in communications industry has heightened and will continue to heighten. Under this condition, it is only those communications industries that can work hard that will survive. To raise sales, the industry now device various attractions and market stratification strategies to enable them design and target appropriate products to the right customers.

For these reasons the communications industry has to pursue the market essentially through geographical expansion,

market penetration, new products development, market leader strategies and market challenge strategies.

Let us now consider each one of the above.

Geographical expansion

Initially, ABG Communications was known for sales of communications equipment like television, videos etc, but with the introduction of Trade Fairs in every corner of Nigeria, the industry won the market through active participation in the trade fairs. With its head office located in Kaduna and branches situated in strategic parts of the country, in order to attract customers. But with the competition from new communications industries, ABG Communications have sought to make their presence felt in most parts of the country.

Market penetration

This is the most popular strategy prevalent among communications industries. It aims at attracting new customers from the market that the industry is already in. With the intense competition within the industry today, communications industries now devote more time towards studying the needs of both existing and potential customers. Advertisements and promotions are being extensively used to promote corporate image and sell services.

Advertising has continued to remain the dominant form of

*marketing strategy being adopted by communications industries because, by acquainting the customer with the value of products or services, it widens the market and improves the chances of acceptance of the products or services.*

*New product strategy*

*In addition to providing their normal services, ABG Communications Industry has introduced some new product services like ABG Computerise decorder system.*

*Market-leader strategy*

*This is a strategy usually employed by ABG Communications industry in order to have access to all nooks and corners of the country for the market of its products and services. ABG Communications Industry tries to establish its position through aggressive marketing, advertising and promotional wars.*

*Market-Challenger strategy*

*The market-challenger strategy is usually pursued by the runner-up communications industries apparently with a view to increasing their market shares. The marketing strategy is usually aggressive with the runner-up communications industries either capitalising on the discovered weaknesses of the big communications industries.*

*It is worthwhile to mention at this juncture that the*

*marketing function to be found in communications industries normally focuses on the following areas:*

- *Customers behaviour, attitude and segmentation;*
- *Location and distribution;*
- *Advertising, promotion and publicity;*
- *Pricing;*
- *Defining marketing strategies, administration and controlling the marketing programmes; and*
- *Marketing research that attempts to collect, investigate, analyse and interpret marketing developments.*

## CHAPTER FOUR

4.1 Data Analysis

4.2 Marketing of Satellite Dish

4.3 Marketing of Communications Equipments

4.4 Marketing of Cable Satellite Systems to Subscribers

4.5 Fabrication of Fibre Glass and Marketing of Solid Aluminium Dishes

4.6 The Role of Communications Industry

4.6.1 Providing Technical Innovation

4.6.2 Providing Employment

4.6.3 Providing Competition

4.7 Marketing Strategies

# CHAPTER FOUR

## 4.1 DATA ANALYSIS

Forty-five questionnaires were administered to the study sample which comprises of the subscribers of the company products and the principal staff of the marketing department that are actually concerned with the marketing of the communications products and the strategy and policy formulation for the achievement of the above.

Thirty out of the forty-five questionnaires sent were returned which amounted to 66.67% while 15 or 33.33% were not responded to. A total of 600 questions were responded to. Based on the responses to the questionnaires sent out, and the interviews and discussions held with the Principal Officers of ABG Communications System Limited, and the consumers of the communications equipments, some strategies / tactics have been identified as being used in the marketing of communications systems products.

These are:-

a) Marketing of satellite dish

This system has some training officers and their activities are co-ordinated and headed by a field marketing co-ordinator. These personnel are to implement

various tactics that are geared towards improving customer service.

b) Marketing of communications equipments

This strategy is mainly aimed at promoting systems equipments sales.

c) Marketing of Cable Satellite systems to Subscribers

All the functional heads of departments implement this tactic to ensure excellent operations of company's product with the aim of boosting company's image and as an innovation to their company's range of products.

d) Fabrication of Fibre glass and marketing of solid aluminium dishes

This is an additional revenue stream to the company. It is a strategy of conscious utilization of particular target market for the development of solid aluminium dishes operations.

The following became apparent from the analysis of the questionnaires.

The company produces and markets various types of products such as, communications equipment, cable satellite, satellite dish and solid aluminium dishes. The buyers of the company's products are individuals as well as corporate bodies and some community organisations. The company has some form of

customer's policy with respect to communications equipments.

Though the company's communications equipments and satellite dishes products are determined by the forces of demand and supply, that of cable satellites are aimed at through the internal working of the company. In this case, the prices are recommended by the personnel of Commercial department for the General Manager's approval and in arriving at the above appropriate prices by management, discount provision is normally made by the Chairman or made for "bulk purchases. There is a limit on the discount allowed to both buyers of the product for bulk purchases and corporate bodies.

The company uses a single channel of distribution for their products, that is, from the company directly to the user of the product. The system of transportation being used by the company is through direct delivery, that is, when delivery is made, the buyer is attached with the Maintenance Department personnel who will install the equipment for the buyer at a place specified by him in his address. Preference is given to the existing customers but products allocation is given to all customers as long as receipt of payment is presented by the customer concern.

The objectives of packaging in the promotional activities of ABG Communications Systems Limited is mainly undertaken to

improve or enhance on the existing market. It is also designated to attract and retain both present and potential customers.

On the issue of advertising strategy of the company, it uses both electronic and non-electronic media. Opinion survey and tele-marketing are used in generating feedback from the customers. Normally, it is what the company can afford at a particular point in time that determines advertising expenditure and the nature of advertisement is both concentrated and intermittent.

The organisation of the sales force of the company is a decentralized system of sale administration with branch sales personnel being to a large extent autonomous.

## 4.2 MARKETING OF SATELLITE DISH

The marketing of satellite dish has some training officers who are mostly specialist in their field of jobs, their activities are co-ordinated and headed by a Field Marketing Co-ordinator. These personnel are to implement various tactics that are geared towards improving customer's service at all ABG Communications system Limited branches nationwide.

The marketing of satellite dish was designated to encourage and support the drive for continuous improvement within the company. The satellite dish operates with quality

tool techniques and concepts that has the following characteristics inbuilt within it.

a) a unique quality approach, idea or practice

b) an innovative opportunity

c) an approach where the form reflects certain values inherent in the quality process.

Some of the features of satellite dish are that the user will be opportuned to catch and watch stations of his own choice as long as the user's satellite dish can reflect. Some of the problems encountered by the users especially Northern part of the country is the high breeze and wind during the rainy season. With the satellite dish, the user has no limit, that is to say, he can tune to any channel provided his satellite dish can catch the station. Infact, this is one of the first products that ABG Communications Limited was known with.

## 4.3 MARKETING OF COMMUNICATIONS EQUIPMENTS

The communications equipments systems has proved to be indispensable in charting ABG Communications Limited marketing direction. The various tactics have turned to be fundamental in formulating strategies in consumer marketing.

The communications equipments that are being featured in these systems are as follows; HF, VHF, UHF radios and video sets. These equipments brought alot of successes to ABG

*business process, most of the equipments being displayed by ABG has its name tagged on it, ranging from all sorts of video, television and radio, infact, it is a household name in most places where it has branches. They made the communications equipments in such a way that it can be operated manually or by remote control.*

## 4.4 MARKETING OF CABLE SATELLITE SYSTEMS TO SUBSCRIBERS

*ABG Communications Limited, the marketing of cable satellite systems to subscribers as part of its strategies for marketing of communications products rolled out in 1989 with overwhelming success. A key factor contributing to its success was the strong emphasis placed on the importance of employee contributions towards "Total customer services / satisfaction" goals. Along with the company's previous programs, the cable satellite systems to subscribers has attracted the attention of its competitors who are currently developing similar programs.*

*In addition to the cable satellite's continuing commitment of customer's satisfaction / service, the program is also being expanded to include the areas of customer, optimization, people and environment.*

*The features of the Cable Satellite Systems include seven (7) channels to your disposal, that is, the subscriber can*

watch two news stations, one sport station and the remaining four stations are movies channels. In the news stations, you have Cable News Network (CNN), and Sky News station, the sport station have only Eurosport station while the movies include; Sky Movies, Sky one, Middle East station etc.

## 4.5 FABRICATION OF FIBRE GLASS AND MARKETING OF SOLID ALUMINIUM DISHES

ABG Communications Systems Limited introduced solid aluminium dishes, a convenience system concept as another marketing strategy adopted to further enhance the marketing of its communications products. The ABG fibre glass and solid aluminium dishes give the users and other customers opportunity of buying the items for their own use. The fabrication of fibre glass and marketing of solid aluminium dishes concept also serves as an additional revenue stream for the company. The concept is part of its ongoing programme towards improved quality service and increased customer satisfaction at its branches nationwide.

The fibre glass and solid aluminium dishes has the following as its distinguishing characteristics:-

a) a visually appealing internal graphic package

b) a visually appealing external graphic package

c) a consistent pattern of product arrangement

d) a customer-oriented operating hows

e) a high quality standard for all

Categories of products on display .

The increase in the number of fibre glass and aluminium dishes will improve profits as merchandising could then be more effective through bulk purchase of products and redistribution. Advertising and promotions will be cheaper and more productive. The impact on customers will be greater and the turnover per branch will improve astronomically.

## 4.6 THE ROLE OF COMMUNICATIONS INDUSTRY

Everyday, and in every part of the country, people are in the process of planning or operating new business. Many of these businesses may not succeed. Others, however, represent well conceived ideas that are developed by entrepreneurs who have the experience, the resources and determination to make their businesses succeed. As these well-prepared entrepreneurs pursue their individual goals, our society benefits in many ways from their work and activities.

The development of communications businesses is considered very vital by developing countries as this can help them achieve the much needed rapid industrialisation. Much importance is attached by various governments with the recent implementation of decree to back it to the development of

communications industry businesses of the significant role they play in the industrialised countries. A similar structure is equally appropriate in developing countries.

### 4.6.1 PROVIDING TECHNICAL INNOVATION

Inventions and innovations are among the foundations of any economy. In the United States, for example, the increase in the productivity that has characterised the two hundred years of her history is all rooted in one principle doctrine - new ways of doing a job with less effort, at a lower cost. According to the U.S. Office of Management and Budget, more than half of the major technological advances in the United States originated with individual investors.

In Nigeria, as well as in many developing countries, there are instances of similar indigenous technological innovations which have originated from individual investors.

### 4.6.2 PROVIDING EMPLOYMENT

Communications Industries have come to be known a source of technical jobs. They employ some non-government workers in most countries and this trend seems to be on the increase. Communications Industries are thus capable of reducing the present unemployment problems in Nigeria. Infact, it has gone a long way towards doing so. Therefore, if problems of un-

employment are to be resolved, it is likely that we must depend on communications industries as one of the principal factor of solution.

### 4.6.3 PROVIDING COMPETITION

In a business where there is competition, alot will try to win the market by becoming more efficient and more responsive to consumer needs. ABG Communications Limited through its marketing concepts was able to win the market within which it operates. But a number of communications industries, each competing in its own was able to identify its customers' needs and wants. With the competition, alot were able to be aware of the socio-economic development and also enlightment about human rights.

## .7 MARKETING STRATEGIES

It will not be an over-statement to say that any businessman who operates not on the basis of sound information and judgement, but on mere intuition, is counting disaster. Likewise, any marketing strategy that is not based on a thorough knowledge of consumer (market) is bound to fail. Though some firms or businesses have thrived under this condition without recourse to sound marketing strategies, they have benefited only from the benevolence of the economy -

scarcity or seller's market condition which is a very temporary state. An increase in production removes that benevolence and business failure is inevitable. Examples abound of a high failure rate of businesses in industries which have become competitive.

The key to the success of any strategy used in the adaptation of the tools that the firm uses to meet the needs of each customer unit served. Any attempt to apply one strategy or set of strategies across all customer groupings will alienate some consumers. This is because consumers differ in their tastes for products, the way they perceive and interpret messages, the way they react to prices (whether high or low prices) and in where they go to buy their products. This is due to the fact that they have different cultures, incomes, value systems, locations, life styles, motives, etc.

The necessary strategies that could be employed by communications firms in Nigeria, among others include market segmentation strategy, product strategy, distribution strategy, pricing strategy, promotion, specialization.

# CHAPTER FIVE

## SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

5.2 Conclusions

5.3 Recommendations

# CHAPTER FIVE

## SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 SUMMARY OF FINDINGS

This study has been carried out to examine the issue of marketing strategies in the communications industry, a study case of ABG Communications Limited, strategies that can be employed to survived and succeed vis-a-vis their competitors in a rapidly changing business, economic and social environment such as Nigeria.

In chapter one of this study, attempt was made at examining the background of the study and some definitions of key terms used in the study. The objectives of this study among others are:

i) To highlights ways of marketing of communications industry products in Nigeria for effective geographical coverage.

ii) To determine factors that have it possible for ABG Communications Limited, to operate profitably despite the uncertainties that surround the Nigerian communications industries.

Also the purpose of this study was clearly stated in these findings.

*In chapter two, we examine and reviewed related literature on the four P's (price, promotion, place and product) and also marketing strategies.*

*Strategy, in the broadest sense, is a dynamic action-oriented blue print to accomplish company visions, business goals and fundamental objectives. Strategy is the catalyst, the main thread and thrust of the business. Most importantly, it is the bonding agent that provides the systematic directing force to actualise desired relationships between the firm and the environment. Strategy is divided into concepts of grand strategy and functional, that is marketing strategy.*

*We noted that marketing strategies should be based on corporate marketing objectives and should be implemented by a co-ordinated marketing action programme. The ideal marketing strategy would achieve what military strategist's refer to as a perfect economy of force.*

*In chapter three, historical background of the case study was highlighted, also some of their marketing tactics and functional personnel were discussed in the chapter. The study has shown that ABG's mission in the area of marketing has been total marketing network planning that is geared toward a systematic analysis, rationalization and optimisation of the marketing investment chain for increase profitability and*

maximum return on capital employed.

The company produces and markets the following product class:

i) Installation of cable satellite system to subscribes;

ii) Fabrication of fibre glass;

iii) Solid aluminium dishes: and

iv) Various communications equipments.

The buyers of the company's products are individuals and corporate bodies.

Finally, in chapter four, we analyse the findings we received from the respondents. The prices of the company's products are determined by the forces of demand and supply, and management respectively. In the case of some products, provision for discount is normally made for bulk purchases.

The company uses one channel of distribution in the marketing of its products, that is, direct from the company to the customers. The advertising expenditure is determined by what the company can afford at a particular point in time and the extent of competition at that time.

In the findings, the role of communications industry was highlighted which include among others providing technical innovation, providing employment and providing competition.

We noted some of the marketing strategies in the communications industry.

We also noted some strategies/tactics that the communications industry use in marketing of its products. These are:-

i) marketing of satellite dish

ii) marketing of communications equipments

iii) marketing of cable satellite systems to subscribers

iv) fabrication of fibre glass and marketing a solid aluminium dishes.

## 5.2 CONCLUSION

In concluding this study, it is imperative to highlight some of the limitations encountered in the cause of the research. A major handicap is that there have been inadequate publications to educate individuals and corporate bodies. The few books on this subject are not simple enough to be understood easily by people who are not specially trained in the engineering.

The inadequate publications in this sector of the economy has lead to many research studies being conducted into its problems. But the complex nature of the communications business itself has always made research into the area quite difficult.

Despite ABG's mission of total marketing network planning geared towards a systematic analysis, rationalization and optimization of the marketing investment chain for increased profitability, the company still continues to operate as if it doesn't have any stated mission.

Government's control of certain aspects of company's activities has made it difficult for the smooth functioning of the marketing department.

Absence of well spelt out criteria for measuring the effectiveness of some of the tactics the company presently uses has also made it difficult for the tactics to achieve the desired objectives.

Finally, most of their strategies placed emphasis elsewhere rather than on the following:-

i) Consumer market analysis which should be updated;

ii) Technical services support are not provided; and

iii) Seminars are not organised to educate customers.

## 5.3 RECOMMENDATION

Here, attempt is made to suggest and recommend certain actions necessary for the development and implementation of strategies by communications business in Nigeria.

*Marketing is an important aspect of any business and the success of a company mostly depends on its marketing activities. It is not enough to produce goods and services and make them available to the consumer. It is equally essential that markets are predetermined and a basic need converted into positive demand. According to the marketing concept, organisation's key task is to determine customer needs and wants, and adopt their organisations to delivering the desired satisfactions more effectively and efficiently than its competitors. The prime task of marketing management therefore, is the planning and implementation of marketing strategies to achieve maximum consumer satisfaction.*

*Strategy should be developed from the result of a process of analysis of objectives and incorporation of a maximum application of imagination and creativity in the process.*

*The strategy or strategies to be adopted by the firm should be clearly identified. It should be written and communicated to the employees without ambiguities; that is, it should be clearly understood.*

*For a company to really come up with an effective marketing strategies, then answer to the question "What business are we in?" must be sought as a starting point of the strategic market planning process. Descriptions of product*

and served market together encompass three dimensions:-

i) The customer group dimension, or who is being served;

ii) The customer function dimension, or what need is being satisfied: and

iii) The technology dimension, or how customer functions are being satisfied.

The strategy chosen should be consistent with the environment of the enterprise. Any strategy which is inconsistent with the environment is not likely to succeed. For instance, a strategy that flies in the face of a government regulations, an obvious advantage of a competitor, or a hostile labour union, is not consistent with the environment. The strategy should be consistent with:-

i) The internal strength of the firm

ii) Objectives, policies and resources of the firm

iii) Political, economic, legal, socio-cultural and ethical considerations

iv) The personal values of entrepreneurs and employees.

But, where there is inconsistency, other alternatives should be considered.

The organisation and the employees should understand the many different approaches to developing strategies and know when and how to apply each technique to solving the problem at hand.

Timing should be attached to the strategy and should not be open-ended. This is essential because an open-ended strategy without action may give competitors time to counteract it, or may result in its erosion in a way that can dilute its success or result in its failure.

Strategy formulation should be a continuous process or exercise in the firm and not one done on a cyclical time schedule. Strategy development or formulation may be incorporated in the annual planning as well as at other times.

Strategy should be aimed at, or tailored to fit a particular situation, the specific target market, industry and management. With the present 30 states of the federation, I recommend that the company should have at least one (1) branch in each state capital and two (2) branches in selected Local Government in each state. One (1) branch should be allocated in Abuja, the new Federal Capital.

In general, the following are my recommendations towards effective and efficient marketing of communications products in Nigeria.

i) Adequate compensation should be worked out for the company's personnel commensuration with what obtains in competiting industry.

ii) A well developed maintenance squad should be organised. The maintenance squad should be charged with the responsibility of ensuring equipments of the customer and other technical problems.

iii) The personnel of the company ranging from the senior Manager downward should be made to undergo in-house and overseas courses respectively.

iv) An effective promotional mix which includes advertising, sales promotions, publicity and personal selling should be developed to educate consumers.

v) Finally, decentraliztion of her activities should be considered for easier decision making.

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