

**CREATIVITY IN MARKETING SOFT DRINKS IN NIGERIA**

**A CASE STUDY OF NIGERIAN BOTTLING COMPANY (NBC)**

**KADUNA**

**BY**

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**OCTOBER, 1999**

## DECLARATION

I hereby declare that this project is original and a product of my research findings. All materials used here have been acknowledged accordingly in the reference and bibliography.

M. Sultan


Signed

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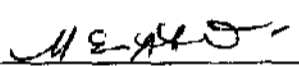
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**CERTIFICATION**

This Project "Creativity in Marketing Soft Drinks in Nigeria", a case study of Nigeria Bottling Company (NBC) Kaduna, by Rakiya, D.H.D. Moukarim meets the regulation governing the award of the Degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

  
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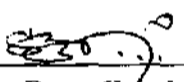
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## **DEDICATION**

This project is dedicated to late Hajiya Uma KalTum and to Yasmin, Al-Amin and Anwarr – the MBA babies.

## ACKNOWLEDGEMENT

A research work such as this would have been impossible through any singular effort. I hereby wish to make full acknowledgement of my gratitude first to Allah (subahanahu wa ta'ala) for making it all possible and to my Husband, Walid Shawkey Moukarim, for all the helps granted to me, then to my project supervisor, Mr. A.B. Akpan for all the helpful guidance and Aliyu Dada, Production Manager NBC, Kaduna, for the minefield of information.

I also owe a debt of gratitude to my entire family for bearing with me during the period. And to Allah for seeing me through from the beginning to the end.

## ABSTRACT

Creativity involves creation of new imaginative ideas to implement the marketing mix effectively, i.e. product, place, price, promotion. Creativity can be vital and resourceful, but it can also be complex. Most companies fails to realise what it entails, most are realising the global need to be creative in taking business decisions, because it can make or break you.

The need for creativity evolved out of economic pressures in the global markets forcing new market approach and new strategies. Thus, creativity plays a great role in an organisation's success, it is now regarded as a tool that must be sought in implementing a market plan.

The management team at NBC have continuously used the element of creativity to boost its success in the market arena and to forge ahead. This is why NBC today, the bottler's of Coca - Cola drink are step ahead of its competitors. Means and ways are constantly sought to boost the product image, prices are constantly adjusted to suit the consumer (after much research) and the product is promoted attractively, constantly, and always to influence the buyer's decision. Moreover, the product is placed anywhere the consumer might be, all these have influenced the market share of the product. It has enabled it cut the biggest share in the soft drinks industry world wide.

## TABLE OF CONTENTS

	Page
Title	i
Declaration	ii
Certification	iii
Dedication	iv
Acknowledgement	v
Abstract	vi
Table of content	vii
Bibliography	viii
<b>CHAPTER ONE</b>	
1.1 Introduction	1
1.2 Statement of the problem	1
1.3 Objectivity of the study	3
1.4 Significance of the study	3
1.5 Scope of the study	4
1.6 Research Methodology	4
1.6.1 Research instrument or tools used	5
1.6.2 Personal interview	6
1.6.3 Population and sample size	7
1.7 Limitation of the study	7

1.8 Definition of relevant terms	7
<b>CHAPTER TWO</b>	
2.0 Creativity in marketing	11
2.1 Distribution	12
2.1.2 Channels of Distribution	14
2.1.3 The role of distributive channels in creative marketing	18
2.1.4 Identifying major channel alternatives	19
2.1.5 Determining the major channel alternatives	21
2.1.6 Channel management decision	23
2.1.7 Physical distribution	25
2.1.8 Method of distribution	27
2.2 Promotion	29
2.2.1 The Purpose of promotion	
2.2.2 Promotion and Marketing	33
2.2.3 Promotion and strategic Marketing Planning	34
2.2.4 Determining the promotional mix	35
2.2.5 The promotional Budget	37
2.2.6 Regulation of promotional activities	39
2.3 Product	39
2.3.1 Classification of products	40
2.3.1.1 Consumer goods are classified into	41
2.3.1.2 Classification of business goods	42

2.3.2	Importance of product innovation	42
2.3.3	Development of new products	42
2.3.4	Stages in development of new products	44
2.3.5	Producers criteria for new products	46
2.3.6	Middlemen criteria for a new product	46
2.3.7	New product adaptation and diffusion	46
2.3.8	Product mix and product line	48
2.4	Price	51
2.4.1	Price determinants	54
2.4.2	Importance of price	55
2.4.3	Approaches to Product pricing	55
2.4.4	Method of setting price	56
2.4.5	Price cuts	56
2.4.5.1	Price increase	56
2.4.6	Factors affecting price setting	57
2.5	Creativity and the marketing mix	58

### CHAPTER THREE

3.0	Methodology	62
3.1	Justification	62
3.2	Research instrument or tools used	63
3.3	Personal interview	64
3.4	Research population and sample size	64

3.5	Sampling procedure	64
3.6	Justification for sample selection and sample size	65
3.7	STATISCAL TECHNIQUES USED	65
3.8	Background of the subject matter NBC, Kaduna	66

#### CHAPTER FOUR

4.1	Presentation and analysis of data	69
4.2	Analysis and interpretation of management questionnaires	69
4.3	Analysis and interpretation of dealer questionnaires	73
4.4	Analysis and interpretation of consumer questionnaire	77
4.5	Consistency of findings with the existing knowledge and view	81

#### CHAPTER FIVE

5.1	Summary	85
5.2	Conclusion	87
5.3	Recommendation	87

#### BIBLIOGRAPHY

Appendix	i	90
Appendix	ii	91
Appendix	iii	92

## CHAPTER ONE

### 1.1 INTRODUCTION

Modern marketing calls for modern firms to develop a good product, price it attractively and make it readily available to target customers. The company must design and disseminate information about the product existence, features and terms and how these will benefit the target market.

In marketing, there exist a set of tools to help communicate to the consumer and the customer alike what to buy. These tools are classified as the marketing mix i.e. the controllable variables in marketing product, price, place and promotion make --up the four P's of marketing.

Research has shown that for all the controllable variables to be viable and effective, certain factors must come to play. Such factors in order to be effective must be influenced by how innovative and or creative the managers are in implementing decisions in order to achieve best results. In order to achieve a far better advantage in the market, the managers have to constantly devise ways of different means of distribution, promotion, product presentation and pricing.

### 1.2 STATEMENT OF THE PROBLEM

Creativity in the marketing mix for a modern organisation must be vital and resourceful. It tends to open new avenues unexplored by the company, but it can also be complex. Most often, the creative aspect is ignored, or the company fails to understand what it entails. Where it is ignored, the company is bound to lose a great potential left unexplored and undiscovered. The competition might seek this avenue thus forging ahead

in undiscovered territories, leaving its competitor grappling in darkness because it failed to wake up to today's reality, the reality of creative thinking in taking business decisions.

Uncertain market arena, inflation, raw material costs, high interest rates, uncertain *forex market* are forcing companies to take drastic actions to keep their companies operational and at the same time make profits or break even. The Nigeria scenario serves as an adequate example. Companies have called up their creative departments to come up with substitute where the real thing cannot be financed in terms of raw materials, new market avenues, how to cut across the high exchange rate etc. Faced with governmental policies and increasing labour activities, distribution and material costs, these pressures it is opined has evolved the creative department and made it an area to be reckoned with and whose importance must not be ignored.

Economic and competitive pressures in the global markets force new markets approach and new strategies especially in the area of creativity. Taking the pressures into consideration, creativity has not been the traditional thinking of most conservative *organisation until such pressures forced it to evaluate its reasoning where creativity is involved or drown in the torrid waters of Nigeria businesses.*

In most organisations, creativity still remains ignored, where decisions are taken without recourse or exploration of other channels which could endeavour to make the implementation of such decisions quicker, effective and more efficient. However, literature on creativity approaches are now being introduced to give a new insight as to business approaches that would stimulate most business people to change their view on *creativity.*

### 1.3 OBJECTIVITY OF THE STUDY

There is no marketing job that can be done properly without a goal and this research study is not an exception. The main objective of this research study can therefore be briefly stated thus:

1. To determine the scope of its creativity and how it influences its marketing mix and its effects on the company's objective.
2. To find out the importance the company places the creative aspect of its product, price, distribution and promotion.
3. To examine its creative policy decisions.
4. To highlight areas where the creative aspects are ignored or deficient and to make recommendations that would help in improving the efficiency of creativity in the organisation.
5. Finally, based on my findings, any useful suggestions or recommendations, which might help the company, carry out an effective creative strategy and implementation of its creative policies.

### 1.4 SIGNIFICANCE OF THE STUDY

The significance of this study therefore is to determine the importance of creativity/creative reasoning on the marketing mix and its effect on sales.

As stated earlier, creativity plays a great role in an organisation's success. For long creativity has been ignored as trivial but it is now recognised as a policy that must be sought in trying to implement a marketing plan. Lack of creativity in an organisation

can break a company or limit its success. We also agreed that creativity encompasses new ideas, new avenues that a competitor could not have thought of, but which you have and which is deemed viable and profitable by the organisation.

However, many organisations handle creativity well enough, others ignore it. The most common mistake made where creativity is concerned is where one is viewed as artistic in order to be creative. This reasoning is wrong, because even the scientist is deemed creative in his work. Creativity involves explorations of channels undiscovered yet but with so much unbelievable potential enough to blow the mind as to all the untapped resources practically begging to be explored. Therefore, creativity should not be isolated on its own but must seek to encompass the marketing mix i.e. product, place, promotion and price.

#### 1.5 SCOPE OF THE STUDY

This project work will be concerned with how creativity can affect these controllable variables i.e. product, price, place and promotion. We will seek to find various working definitions of the variables and what creativity connotes; how it influences each of the variables and its overall effect on the sales figure of the company.

#### 1.6 RESEARCH METHODOLOGY

Marketing research is undertaken in an effort towards better comprehension of the problem of marketing. The quality of result depends upon the skills and judgement with which the marketing project is designed and implemented.

The methodology used in conducting this research includes the instrument to be used or tools, the population and its weight, sampling size, sampling procedures and statistical techniques. The statistical technique is used in this study to analyse the data and it is known as simple percentage average. However, where information cannot be quantified into figures descriptive method is used. The information for this research came from two sources, primary and secondary. The primary data collection techniques included personal interviews and observation.

The researcher made use of exploratory research and because of the fact that it focuses on one company, the case study method has been utilised. The general objective of exploratory research is to gain insight and gather as many information as possible about a problem with minimal cost and delay. During the course of exploratory research study, the researcher explored the limit and solutions to their problems.

The exploratory research is mainly used for formulating a problem for precise investigation or for developing hypothesis used in establishing data for further research. In view of these basic facts about exploratory research, the research of this study made use of it to gain an insight into creative marketing of NBC and to see how the marketing mix are carried out effectively and efficiently in Kaduna environment.

#### 1.6.1 RESEARCH INSTRUMENT OR TOOLS USED

The research instrument used in this study by the writer were questionnaires and personal interview. Questionnaires are a set of questions printed to be used as well as the instruction and provision for answers. Three sets of questionnaires were prepared. One

for the manufacturer, another for the dealers, and the third one for the consuming public. Four managers were interviewed i.e. The General Manager, Production Manager, Marketing Managers and the Sales Manager, and four copies of questionnaires were distributed to them and ten were distributed to the consumers within the factory and its environment. Consumers were advised to return the questionnaires to the factory and out of ten (10) copies of questionnaire distributed, seven were returned.

The questions on this questionnaires were structured and unstructured. The questionnaire also made use of open ended, multiple choice, and dichotomous questions. The questions centred around the four P's and their application in the company i.e. NBC, Kaduna. Finally, the consumers were asked to assess the performance of the company's product in terms of availability. It was also necessary to observe various departments in the factory. Two to three hours were spent in each department for the purpose of observing their mode of operation.

From the above, one can see that the information about the problems was obtained via questionnaires then analysed, and interpreted in order to make decisions more effectively.

#### 1.6.2 PERSONAL INTERVIEW

Some of the key executives management of the company that related to this project were seriously interviewed with the help of questionnaires. Those interviewed included the Sales representatives, Distribution Manager, Production Manager and Depot Superintendent.

### 1.6.3 RESEARCH POPULATION AND SAMPLE SIZE

Before any data to be collected for research work or study, it is highly important for one to know where the information is coming from. The source is known as population. The population consist of three categories, one of this are some key executives of the company management in Kaduna office, the company's dealers and the outlet customers.

### 1.7 LIMITATION OF THE STUDY

Like any other research, several constraints were encountered during this study:-

- (a) Halo effect and unco-operative attitude of questioned respondents
- (b) Lack of data from the regional office in Kaduna, data is moved to Lagos to prevent it falling into the hands of competitors
- (c) Outright rejection of giving information was also encountered, reason given was need to protect vital information getting across to its competitor.
- (d) Lack of transportation, movement of the officials from one location to another, location of the company also played a part in creating hitches in the project work.

### 1.8 DEFINITION OF RELEVANT TERMS

#### MARKETING:

Is the management function which organises and direct all the business activities involved in accessing and converting customer purchasing power into effective demand for a specific product or service and in moving the product or service to the final consumer or users so as to achieve the profit target or other objective set by the company.

**PUBLIC RELATIONS:**

Conscious effort to improve and maintain an organisation's relationship with such public as employees, customers, shareholder, local communities.

**PROMOTIONAL MIX:**

These are set of tools used by the manufacturer to persuade consumption habit. They are advertising, personal selling, sales promotion, publicity and public relations.

**MARKETING MIX:**

This is a concept of market strategy which is based on the product price, promotion, and place (channels of distribution) in an integrated market programme

**CONSUMER:**

The ultimate user of a product or service, the person who derives the satisfaction or the benefit offered.

**COMPETITOR:**

Business rival usually offering similar products or services.

**SALES FORCE:**

Group of employees of a firm (as salesmen) who sell or persuade buyers to buy the company's product or services, directed by national or regional sales manager.

**RETAILER:**

Independent trader operating outlet selling at retail to household consumer.

**WHOLESALE:**

Independent trader who sells at wholesales to other business organisation either for the purpose of resale or for business use.

**DISTRIBUTION:**

Means and activities involved in making the goods and services flow from the manufacturer or producer to the ultimate consumer

**DISTRIBUTION CHANNEL:**

The set of all the firms and individuals that take title, or assist in transferring title to the particular goods and services as it moves from the producer to the consumer.

**DISTRIBUTION STRUCTURE:**

All available arrangement in a particular industry to get products from the producer to the consumer.

**PRODUCT DISTRIBUTION:**

The tasks involved in planning and implementing the physical flow of materials and final goods from points of origin to point of use or consumption to meet the needs of customers at a point.

**PRODUCT:**

Anything that can be offered to a market for attention acquisition, use or consumption that might satisfy a need, it includes physical objects, service, persons, places, organisations and ideas.

**PRODUCT INNOVATION:**

A group of products within a product mix that are closely related either because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within the given price range.

## CHAPTER TWO

It is intended that this chapter as its name implies will try to give a number of definitions, real existing literature on the subject matter and other relevant areas that are closely related to the study.

### 2.0 CREATIVITY IN MARKETING

Marketing is many things. It is essential for the survival of most organisations; it is fast paced and dynamic; it is highly visible; it is rewarding to its successful practitioners and frustrating to the less fortunate; and sometimes it is controversial. But one thing you can be sure of, it is never dull!

There is more to modern marketing than learning what it involves. Much of the excitement of marketing is created by the context in which it occurs. Take the field of communications, for example, consider how recent developments in fibre optics electronic mail, cellular phones, the internet, and facsimile machines are changing our lives. Then multiply that impact by the changes in other areas such as manufacturing, agriculture, transportation and entertainment. Technology appears to be expanding at an increasing rate, and every development creates marketing opportunities.

The globalisation of business is another development certain to continue. What do these changes mean to marketers? Their jobs won't change, they will still decide what products to offer, set prices they think customers will pay, provide products where customers can conveniently find them, and design promotional messages to inform and persuade potential buyers, all these go on to the form the marketing mix. So we ask, what

role does creativity play in enhancing these variables thus making them an effective and efficient tool towards marketing.

We tend to associate creativity with the arts and to think of it as the expression of highly original ideas, however, it is not so, because in business originality is not enough. To be creative, an idea must also be appropriate – useful and actionable. It must somehow influence the way business gets done – by improving a product for instance, or by opening up a new way of approach to a process. Creativity therefore involves thinking imaginatively, and having experience and innovation.

Creative thinking refers to HOW people approach problems and solutions – their capacity to put existing ideas together in new combinations. This sort of skill depends quite a bit on personality as well as on how a person thinks and works.

Expertise and creative thinking are said to be an individual's raw material – his or her natural resources, but a third factor – motivation – determines what people will actually do. A marketer can have great outstanding educational credentials and a great facility in generating new perspective to old problems, but where the creative aspects is ignored, the organisation loses a potent competitive weapon: new ideas. It can also lose the energy and commitment of its people.<sup>(1)</sup>

## 2.1 DISTRIBUTION

According to FRANK “without an effective distribution system, a manufacturer or supplier cannot supply users or consumers, especially if they are scattered throughout an area, country or the world”<sup>(2)</sup>. He further said distribution is thus a major cost, and a

major portion of price. A mail order firm for example will have to recover the costs of carriage or postage and packing. Before any profit can be made, all costs have to be recovered and these will be paid by the customer in the price. The distributor has to regain all his cost in providing a warehouse, transport staff or shop through pricing.

Baker in his book stated that "it is generally agreed that the subject of marketing owes its origin to economists who inquire into the nature of the distributive process at the end of the last century. However, despite this early interest, it is only in recent times that the firm has turned its attention to the role which distribution has to play as an element of competitive strategy".<sup>(3)</sup>

Lazo, defined distribution as "the entire function of getting goods into the hands of the consumer"<sup>(4)</sup> This function includes transportation in the broadest sense, as well as the middlemen who handle the goods and help to transfer title to the goods.

According to Nwokoye "The task of distribution is to make goods physically available to buyers. This bridges the gap of space and time between production and use or consumption"<sup>(5)</sup>. He further said that distribution can be viewed as a strategic managerial system since it is one component of the firms marketing mix<sup>(6)</sup>. Thus, all the distribution decisions i.e. choice of channels, distributor selection, logistics decisions and so on, are made to be consistent with the other aspects of the marketing programme for the product. For example, a high quality, highly priced product may be selectively distributed through a limited number of outlets.

Stanton in his book said " The distribution of consumer products begins with the producer and ends with the ultimate consumer"<sup>(7)</sup>

Distribution is concerned with various activities necessary for the transfer of goods from the manufacturer to the consumer or user. It includes not only channels/physical distribution such as movements and storage of goods, but also the legal, promotional and financial activities involved in transfer of ownership.

According to Wilson Pys an unnecessary proportion of many companies expenditure is incurred in distributing their products. And as a major marketing operation, distribution must be oriented towards meeting consumer requirement and securing the attainment of profit/market share objectives. This should be achieved in the most efficient manner bearing in mind that customers services cannot be maximised simultaneously with the minimising of distribution cost.<sup>(8)</sup>

The creative thinking is called into play here to determine the best possible means of distribution to take, and if properly managed, distributive costs can be cut down by the creative process, and more so, more markets or new markets are penetrated by creation of a distributive network.

#### 2.1.2 CHANNELS OF DISTRIBUTION

According to Bell "The channel is a distributive system, composed of various Components linked together by one or more of the marketing flows"<sup>(10)</sup>. He said decisions about these system components comprise channel strategy. The channel provides the structure within which the rest of the marketing plan is levied out. However, the channel plan differs from an organisation plan in that it is essentially strategic. A

particular channel is selected because it adds to the achievement of certain marketing objectives.

Nickels, defined channel of distribution "as a social system made up of people in different organisation who must co-operate to create marketing exchanges. The greater the degree of co-operation and co-ordination in a channel, the more successful the total system will be" <sup>(11)</sup> He went further to say that often, marketers become concerned about managing materials flow to, through, and from their own firm and they neglect the inter firm relationships and agreements that keep goods moving freely from manufacturer to wholesaler retailer and to consumer. The entire system of firms involve in distribution is known as a distribution channel. <sup>(12)</sup>

Wright in his view said that <sup>(13)</sup> "marketing includes getting goods and services from where they are produced to where they are consumed. So that in a society that relies on mass production to satisfy its demands for goods and services, most products reach the consumer after passing through many steps from the raw material stage to the finished goods stage; producers to sales outlet; retail stores to the ultimate user i.e. the consumer. These individuals responsible for facilitating the flow of goods are called Middlemen. Wholesalers and retailers and the paths products take in moving from producers to ultimate consumers are the channel of distribution.

It was further averred that a channel of distribution is a sequence of marketing institutions, principally wholesales and retailers. Wholesalers buy from producers and sell to retailers or to firms purchasing goods for business purposes. Retailers buy for resale to

ultimate consumers for personal use. Marketing acts to close the gap separating procedures from consumers, advertising is the important tool in this gap filling process.

Giles stated <sup>(13)</sup> “The term channel of distribution refers to the system of marketing institutions through which goods or services are transferred from the original producers to the ultimate users or consumers”. He further said most frequently a physical product transfer is involved, but sometimes an intermediate marketing institution may take title to goods without actually handling them.

Generally, distribution is important to all manufacturing companies, as a result, all the activities involved in distribution are aimed at achieving effective sales for the company.

In another development, Lazo stated that <sup>(14)</sup> “the channels of distribution are the means employed by manufacturers and sellers to get their products to market and into the hand of users”. Channels are management tools used to move goods from production to consumption, they are the means by which title to goods is transferred from seller to buyer.

In essence therefore, channels are said to be tools employed to get the job done i.e. getting goods from the factory or place of production to the ultimate user i.e. the consumer. It is further natural to assume that cost accrued in the distribution process be paid by those who benefit from the service and in most instances, the ultimate consumer pays the price.

According to Stanton, <sup>(15)</sup> “ A channel of distribution (sometimes called a trade channel) for a product is the route taken by the title to the product as it moves from the

producer to the ultimate consumer or industrial user". He went further to state that channels always includes both the producer and the final customer for the product, as well as all middlemen involved in the title transfer. Even though agent middlemen do not take actual title to the goods, they are included as part of a distribution channel. This is because they play an active role in the transfer of ownership.

The channel for a product extends only to the last person who buys the product or service without making any significant change in its form. When its form is altered and another product emerges, a new channel is started.

Cundiff stated that <sup>(16)</sup> "A marketing channel or channel of distribution is a faith traced in the direct or indirect transfer of ownership to a product, as it moves from a producer to ultimate consumer or industrial users". He further commented that every marketing channel contains one or more transfer points at each of which there is either an institution or a final buyer, during marketing, in other words legal ownership of the product changes hands at least once.

Generally, legal title to the product passes from the producer to and through a service of middlemen (distributive institutions) before the consumer or industrial user finally takes possession. Transfer of ownership may be direct, as when an agent middleman does not take legal title but simply negotiates its transfer. From the producer's stand point, such a network of institutions used for reaching a market is a marketing channel.

Nwokey identified two major flows in the distribution channel <sup>(17)</sup> "flow of the title or ownership through the exchange sub channel; and the flow of the physical product

through the logistics sub channel". The prefix 'sub' is used to indicate that these sub channel are defined with respect to a given distribution channel, such as manufacturer to retailer to consumer. The exchange and logistics sub channels do not necessarily coincide, since title may flow one way and the physical product another way.

### 2.1.3 THE ROLE OF DISTRIBUTIVE CHANNELS IN CREATIVE MARKETING

Webster in his article <sup>(18)</sup> "The role of distributive channels in marketing says "channels of distribution helps to move goods from one place to another; hence, they add place utility. They bring the goods to the consumer in convenient shape, unit, size, style, and package; hence, they add convenience value. They make it possible for the consumer to obtain goods at a price he is willing to pay and under conditions which bring satisfaction and pride of ownership; hence they add possession value".

However, not all channels perform all these services with equal efficiency. Some cost more than others, this is where the element of creativity comes to play, because if the managers can work out a distributive channels which costs less than others, their services will be more efficient than others and more so cost less, their ability to render services will be greater than others, more value is added to the goods than their competitors. Manufacturers and sellers therefore have to constantly devise ways and review their channels of distribution with an eye to improving efficiency and reducing cost, that is creativity; the need to constantly review means and how to beat competitors and forge

ahead of others, being the leader, without this constantly changing landscape, the manufacturers will become stuck in the rut, with old fashioned ideas that do not and will not appeal to the society which in itself is not static and stagnant.

As the society is dynamic, the manufacturers and sellers have to also match up, forge ahead, create and look for further means to hold the attention and interest of its buyers.

It is essential to distinguish between the services rendered by the various channels of distribution and the cost of distribution. Many persons have glibly advocated eliminating the middlemen as the cure-all for rising cost of distribution. This is fallacious thinking because these critics confuse the function with the performer.

The function performed by the distribution channel must be functional if we are to get the goods from the furniture factory in Michigan for example, to the housewife in Boston, Massachusetts. Someone must handle, ship, package, transport, warehouse, store, sell, retail, and deliver the furniture before the consumer can use it. And of course, unless the consumer can use it, that is can get utility out of it – the particular item, whether furniture, gasoline or a head of lettuce, has little use to the consumer.

He further said that it is possible, of course, to eliminate an individual, such as a wholesale or a retailer middleman, and buy direct from the factory. But this means that the service transfer, storage, handling, and transportation has to be performed either by the manufacturer or by the consumer himself.

#### 2.1.4 IDENTIFYING MAJOR CHANNEL ALTERNATIVES

Kotler in his view of how channel alternatives are identified said, <sup>(20)</sup> “let us assume that a company has defined its target market and desired positioning, it should next attempt to identify its major channel alternatives”.

A channel alternatives is described by three elements:

- (1) The type of business intermediaries
- (2) The number of intermediaries, and
- (3) The terms and mutual responsibilities of the producer and intermediaries.

(A) Type of intermediaries:

The firm should first identify the types of intermediaries available to carry on its channel work. Sometimes a company is forced to choose, or invent a channel other than the one it prefers because of the difficulty or cost of breaking into the preferred channel.

(B) Number of intermediaries:

The number of intermediaries to use at each stage is influenced by the degree of market exposure sought by the company. Kotler distinguishes three degree of market exposure

##### 1. INTENSIVE DISTRIBUTION

Producers of convenience goods, and common raw materials generally seek intensive distribution – that is, the stocking of their product in as many outlets as possible. The dominant factor in the marketing of these goods is their place utility. The producers of cigarettes, for example, try to enlist every possible retail outlet and devise to

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create maximum brand exposure and convenience. This policy has culminated in the use of over one million outlets, which is about as intensive as distribution can get.

## 2. EXCLUSIVE DISTRIBUTION

Some producers deliberately limit the number of intermediaries handling their products. The extreme form of this exclusive distribution, the policy of granting a limited number of dealers, the exclusive right to distribute the company's product in their respective territories, it often goes along with exclusive dealings where the manufacturer requires the dealers not to carry competing lines. Exclusive distribution also tends to enhance the image of the product and allow higher markups.

### (4) SELECTIVE DISTRIBUTION

Between intensive and exclusive distribution stands an intermediate arrangement called selective distribution. Selective distribution involves the use of more than one but less than all of the intermediaries who are willing to carry a particular product. It is used both by established companies with good reputations and by new companies seeking to obtain distributors by promising them selective distribution. The company does not have to dissipate its efforts over a lot of outlets, many of which would be marginal. It can develop a good working understanding with the selected intermediate and expect a better than average selling effort. Selective distribution enables the producer to gain adequate market coverage with more control and less cost than intensive distribution.

### (C) Terms and responsibilities of channel members:

The producer must determine the mix of conditions and responsibilities to be

assumed by different channel members. The main elements in the “trade-relations mix” are the price policies, the conditions of sale, the territorial rights, and the specific services to be performed by each party.

#### 2.1.5 DETERMINING THE MAJOR CHANNEL ALTERNATIVES:

Kotler remarked that <sup>(21)</sup> “suppose a producer has identified several major channel alternatives for reaching the market and wants to decide which would best satisfy the long-run objectives of the firm, each alternatives should be rated against economic, control and adaptive criteria”.

Economic criteria:- Each channel alternative will produce a different level of sales and costs. The first issue is whether more sales will be produced through a company sales force or a sales agency. Most marketing managers believe that a company sales force will sell more because company sales representative concentrate entirely on the company’s products, they are more aggressive because their future depends on the company, they are more successful because customers prefer to deal directly with the company.

On the other hand, it is possible that the sales agency could produce as many sales as, or more sales than a company sales force. But this depends on how much commission the producer offers them in relation to the other product lines they represent or handle. Some customers may prefer dealing with agents who represents a large number of manufacturers rather than dealing with salesperson from one company.

Control criteria:- The evaluation must now be broadened by a consideration of the control aspect of the two channel alternatives. The use of sales agents can give rise to a

number of control problems. The central fact is that the manufacturer's sales agency is an independent business interested in maximising its own profits. The agent may not co-operate with the client's agents in an adjacent territory. The agent concentrates call on the customers that are most important to the agency in terms of the total customers who are most important to the client.

Adaptive criteria:- Each channel alternative involves some duration of commitment and loss of flexibility. A manufacturer who decides to use a sales agency may have to offer him a contract, during this period. Other means of selling, such as direct mail, T.V. home shopping, advertisement through media etc. becomes more efficient and faster in yielding profits but the manufacturer is not free to drop the sales agency.

#### 2.1.6 CHANNEL MANAGEMENT DECISION

After a company has determined its basic channel design, individual middlemen must be selected, motivated and evaluated.

Kotler in his view on selecting channel member said <sup>(22)</sup> "producers differ in their ability to recruit qualified middlemen for the purpose of channel operation". He further said some producers have no trouble finding specific business establishment to join the channel. Their proposal attracts more than enough prestige of the firm or because the specific product or line appears to be a good money maker. In some cases, the promise of exclusive or selective distribution will influence a sufficient number of middlemen to join

the channel. The main problem for the producer who can attract enough middlemen is one of selection. The producer must decide on what middlemen characteristics provide the best indication of their competency.

According to NBC, the criteria in selecting channel members includes:-

- (a) Financial well being of that particular middlemen.
- (b) Territorial coverage:- which territory is he able to cover.
- (c) The product lines carried by him:- what type of product is he carrying, are they similar to the company product.
- (d) Sale strength:- his ability to be able to do all the sales, the number of calls he can make to his customers within the journey circle.
- (e) Physical logistics capabilities e.g. transportation, warehousing. He should be able to have storage and specialise staff.

The second factor in channel management decision is motivation of channel Members. Middlemen must be motivated to do their best job. The factor and terms that lead them to join the channel provides some of the motivation, but these must be supplemented by continuous supervision and encouragement from the producer. The job of stimulating channel members to top performance must start with the manufacturers attempting to understand the needs and wants of the particular middlemen.

According to Mcuey<sup>(23)</sup>. The middlemen is often criticised by manufacturers “for failure to stress a given brand, or for the poor quality of his salesman’s product knowledge, his disuse of supplier’s advertising materials, his neglect of certain customers (who may be good prospects for his unrefined system of record keeping, in which brand

designations may be lost". However, what are the shortcomings from the manufacturer point of view may be quite institutable from the middleman's point of view.

More sophisticated companies try to forge a long term partnership with their distributors. This calls for the manufacturers developing a clear sense of what it wants from its distributors and what its distributors can expect from the manufacturer in terms of market coverage, product availability, market development, account solicitation, technical advice and services, and market information. The manufacturer seeks an agreement from its distributor on these policies and may set up compensation based on their adhering to these policies.

The manufacturer may adopt a variety of measures to build enthusiasm and excitement amongst the reseller and to assist them in performing their channel function efficiently. All these may be done to achieve effective sales.

The third factor is evaluating the channel members, the producers must periodically evaluate middlemen's performance against certain standards such as sales quota attainment, average inventory levels, customer delivery time, treatment of damaged and lost goods, co-operation in company promotional training programs.

According to Nwokoye "it is necessary that the manufacturer formally evaluate his distributors on a monthly, quarterly or annual basis". The most important factor in such an evaluation of course is through sales performance.

### 2.1.7 PHYSICAL DISTRIBUTION

After examining how companies select channels of distribution to carry out their Products to the final markets, it is crucial that the physical side of distribution is examined i.e. how companies arrange for the efficient storing, handling and moving of goods so that they will be at the place needed at the time needed.

According to Donald <sup>(24)</sup> physical distribution is “ a term employed in manufacturing and commerce to describe the broad range of activities concerned with efficient movement of finished product from the end of the production line to the consumer, and in some cases includes the movement of raw materials from the source of supply to the beginning of the production line.” These activities include warehousing, transportation, inventory, and order processing.

Mac Carthy viewed physical distribution <sup>(25)</sup> “as the transporting and sorting of physical goods within individual firms and along channel systems”. He went on to say that nearly half the cost of marketing is spent on physical distribution.

Physical distribution is very important to the firm and the macro marketing system, since goods that remain in the factory or on the firm really have no “use” at all. And possession utility is not possible until time and place utility have been provided. This usually requires the transporting and storing functions that are part of physical distribution. Mac Carthy stated that “the physical distribution concept says that all transporting and storing activities of a business and a channel system should be thought of as part of one system which should seek to minimise the cost of distribution for a given level of customers service”. <sup>26</sup>

It may be hard to see this as a starting development, but until just a few years ago, when the first progressive companies treated physical distribution function as desperate and quite unrelated activities. And they don't worry about the total cost of physical distribution because these cost were spread amongst various departments and sometimes not calculated separately.

According to Bell <sup>(27)</sup>, "physical distribution and logistics and terms frequently used interchangeably to refer to activities associated with the handling of goods". He further went on to say that physical movement and care of goods have always been important. Most trade involves the transfer of goods and the occasional holding of goods to increase their value. The specific relation of physical distribution to marketing has also long been recognised. Transportation and storage were amongst the various functions of marketing discussed in the earliest textbooks. But until recently only in certain kinds of firms was physical distribution a critical aspect of marketing management.

It has long been recognised that physical distribution is an important part of marketing. However until recently, the only companies that devote very much attention to managing the logistical aspect of their operations were those whose physical distribution cost were a substantial proportion of their total costs. This situation is now changing. The visiting cost of moving goods and of warehousing them have made managers more alert to the responsibilities of improving profits by controlling physical distribution outlay. At the same time, customers have become more insistent upon prompt, reliable delivery service.

According to Cunditt. Physical distribution as “ a critical element in distribution strategy is concerned with the actual movement and storage of products after their production and before their consumption”.<sup>(28)</sup> All producers, final buyers, and most middlemen perform physical distribution activities.

Once a firm has selected appropriate distribution channels, the next step is to design an operate a physical distribution handling system that will deliver goods and services to customer effectively.

#### 2.1.8 METHOD OF DISTRIBUTION

According to the British institute of sales promotion in their lesson principles of management asked a question as to “ which is the best channel I can use which will put my product into the hands of the ultimate consumers”.

The methods of distribution available are either direct or indirect. The direct method is to sell directly to the consumer through a manufacturer own retail shops, or in the case of producer’s goods, by direct canvassing of potential users. Indirect method however, makes use of the various types of middlemen engaged in distribution, and the manufacturer may sell directly to a retailer. The retailer may be in no contractual relationship with the manufacturer or he may be acting as an appointed agent, in which case the manufacturer may have some degree of control on the retailer. The other instances, the wholesaler may be in the form of merchants, middlemen or specialist nature, but operating independently of the manufacturer does the wholesaler.

The British institute of sales promotion says, "The basic distinction between direct and indirect method of distribution is therefore, that of control over the selling effort".<sup>(29)</sup> The more direct the method, and hence the shorter the chain between manufacturer and customer, the more effective the control. Products which call for a most intensive effort at the point of sales or a particular method or presentation to the potential user, will invariably be distributed directly or through a channel short enough for the manufacturer to be able to dictate the method or control effort. Example of this can be found in the distribution of consumable goods. The other fundamental distinction is one of economy of distribution costs. The more direct the method, the more costly it is per unit of product.

Always link the method of distribution to the type of product, which the firm is manufacturing. Note that the various methods of distribution offer varying degrees of control over sales to the manufacturer and some type of product require more control by the maker than others. It will pay for some products to be controlled to a greater degree by the manufacturer. Ask which method of distribution suits your product best, so that it may get into the hands of the final consumer.

From the review of the work of various authors, it could be seen that distribution is a major component of marketing mix, each author gave their own view on distribution in its totality. The researcher gathered the various authors' view and made comparison in order to select the most effective one. Wilsop's will be seen as most effective, he says apart from meeting consumer requirement, distribution is also oriented in securing the attainment of profit/market share objectives. This should be achieved in the most efficient

manner bearing in mind that customers' service cannot be maximised simultaneously with minimising of distribution cost.

Just as the marketing concept is receiving increasing recognition, a growing number of business firms are beginning to need the physical distribution concept. Physical distribution is an area of high potential cost savings, improved customers satisfaction, and competitive effectiveness. When order processors, warehouse planners, inventory managers, and transportation managers take decisions only within their own framework, they affect each other's costs and demand creation capacity but do not take them into consideration. The physical distribution concept calls for treating all these decision within a united framework. Then the important task becomes that of designing physical distribution arrangements that minimise the total cost of providing a given customer services.

## 2.2 PROMOTION

One problem continuously faced by marketers is deciding how much and what types of promotion to undertake on behalf of its product. These decisions are further complicated by the fact that there are many forms of promotion and no two marketing situations are exactly alike.

Promotion in whatever form it takes, is an attempt to influence, it is said to be that element in an organisations marketing mix that serves to inform, persuade, and remind the market of a product and or the organisation selling it, in the hopes of influencing the recipient feelings beliefs, or behaviour.<sup>30</sup>

Five forms make up promotions, and each has a distinct feature that determines in what situations it will be most effective.

- (1) **Personal selling**:- is the direct presentation of a product to a prospective customer by a representative of the organisation selling it. Personal selling takes place face to face or over phone, and may be directed to a middleman or a final consumer. We list it first because across all businesses, more money is spent on personal selling than on any other form of promotion.
- (2) **Advertising** is personal communication that the sponsor has paid for and in which the sponsor is clearly identified. The most familiar forms of Ads are found in the broadcast (TV and Radio) and print (newspapers and magazines) media. However, there are many other advertising vehicles, from direct mail to billboards and more recently, the Internet.
- (3) **Sales promotion** is demand-stimulating activity designed to supplement advertising and facilitate personal selling. It is paid for by the sponsor and frequently involves a temporary incentive to encourage a sale or purchase. Many sales promotions are directed at consumers. The majorities however, are designed to encourage the company's sales force or other members of its distribution channel to sell its products more aggressively. When sales promotion is directed to the members of the distribution channel, it is called trade promotion. Included in sales promotions are a wide spectrum of activities such as event sponsorships, contest, trade shows, in-store displays rebates, samples, premiums, discounts, and coupons.

- (4) Public relations encompasses a wide variety of communication efforts to contribute to generally favourable attitudes and opinions toward an organisation and its products. Unlike most advertising and personal selling, it does not include a specific sales message. The targets may be customers, stockholders, a government agency, or a special interest group. Public relations can take many forms, including newsletter, annual report, lobbying and support of charitable or civil events.
- (5) Publicity is a special form of public relations that involves news stories about an organisation or its product. Like advertising, it involves an impersonal message that reaches a mass audience through the media. But several things distinguish publicity from advertising. It's not paid for, the organisation that is the subject of the publicity has little or no control over it, and it appears as news and therefore has greater credibility than advertising. Organisations seek good publicity and frequently provide the material for it in the form of news releases, press conferences and photographs.

#### 2.2.1 THE PURPOSE OF PROMOTION

One of the attributes of a free market system is the right to use communication as a tool of influence. In our socio-economic system, that freedom is reflected in the promotional efforts of businesses to influence the feelings, beliefs, and behaviour of prospective customers.

Communication is seen “as a keen integral part of promotion communication is said to be the verbal or non verbal transmission of information between someone wanting to express an idea and someone else expected or expecting to get that idea” 33. Because promotion is a form of communication, much can be learned about structuring effective promotion by examining the communication process.

Creativity in communications tells us a lot about promotions, first that it can take many forms, messages can be physical (a sample, a premium ) or symbolic (verbal, visual), and there are a myriad of options within each of these categories. For example, the form of a verbal message can be factual, humorous, or even threatening.

Secondly, the number of channels or methods of transmitting a message are limited only by the imagination and creativity of the sender. Most promotional messages are transmitted by familiar channels such as the voice of a sales person, the airwave of radio, the mail, the side of a bus, or the lead-in to a feature in a movie theatre. Each channel has its own characteristic in terms of audience reach, flexibility, permanence, credibility, and cost. In selecting a channel, a marketer must have clearly defined objectives and a familiarity with the features of the many alternatives.

Third, how the message is decoded or interpreted depends on its form and the capability and interest of the recipient. In designing and sending messages, marketers must be sensitive to the audience. What is their vocabulary and level of verbal sophistication? What other messages have they received? What experiences have they had? What will get and hold their attention.

Finally, every promotion should have a measurable objective. The response and feedback provided by the recipients can be used to determine if the objective is accomplished. Feedback may be collected in many forms – changes in sales, recall of advertising messages, more favourable attitudes, increased awareness of a product of an organisation – depending on the objective of the promotion. For some promotional activities, the objective may be modest, for example, an increase in the audience's awareness of a brand. For others such as a direct-mail solicitation, the objective will be a particular level of sales. Without objectives, there is no way of evaluating the effectiveness of a message.

In economic terms, the purpose of promotion is to change the location and shape of the demand (revenue) curve for a company's product. Through promotion a company strives to increase its product's sales volume at any given price i.e. the firm seeks to shift its demand curve to the right, promotion is intended to make a product more attractive to prospective buyers.

A firm also hopes that promotion will affect the demand elasticity for its product.

#### **2.2.2. PROMOTION AND MARKETING.**

Promotion serves three essential roles – it informs, persuades, and reminds prospective customers about a company and its product. The relative importance of these roles varies according to the circumstances faced by a firm.

The most useful product or brand will be a failure if no one knows it is available. Because distribution channels are often long, a product may pass through many hands

between a producer and consumers. Therefore, a producer must inform middlemen as well as the ultimate consumers or business users about the product. Wholesalers, in turn, must inform retailers, and retailers must inform consumers. As the number of potential customers grows and the geographic dimensions of a market expand, the problems and cost of informing the market increase.

Thus, a major purpose of promotion is persuasion. The intense competition amongst different industries, as well as among different firms in the same industry, puts tremendous pressure on the promotional programs of sellers. In an economy of abundance, even a product designed to satisfy a basic physiological need requires strong persuasive promotion, since consumers have many alternatives to choose from, in a case of a luxury product, for which sales depend on the ability to convince consumers that the product's benefits exceed those of other luxuries, persuasion is even more important<sup>32</sup>

Consumers also must be reminded about a product's availability and its potential to satisfy. Sellers bombard the market place with thousands of messages every day in the hope of attracting new consumers and establishing markets for new products. Given the intense competition for consumer attention, even an established firm must constantly remind people about its brand to retain a place in their minds. It is unlikely that a day goes by, for example, in which you don't see some form of promotion (an ad, in-store display, counter sign, bill boards, or imprinted T-shirt) for Coca-Cola. In fact the company spends over \$95million a year on advertising for Coca-Cola alone. Thus, much of a firm's promotion may be invented simply to offset competitors marketing activity by keeping its brand in front of the market.

### 2.2.3 PROMOTION AND STRATEGIC MARKETING PLANNING

A company's personal selling, advertising, and other promotional activities should form a co-ordinated promotional program within its total marketing plan. These activities are fragmented in many firms, with potentially damaging consequences. E.g. Advertising directors and sales force manager may come into conflict over resources. But this wouldn't happen if the element comprising promotion were a co-ordinated part of a firm's overall strategic market plan.

To be effective, promotional activities must also be co-ordinated with product planning, pricing, and distribution, the other marketing mix elements. Promotion is influenced, for instance, by how distinctive a product is and whether its price is above or below the competition. A manufacturer or middleman must also consider its promotional inter dependence with other firms in the distribution channel. A product success could be closely tied to the performance of its dealer.

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### 2.2.4 DETERMINING THE PROMOTIONAL MIX

A promotional mix is an organisation's combination of personal selling, Advertising, sales promotion, public relations and publicity. An effective promotional mix is a crucial part of virtually all marketing strategies. Product differentiation, market segmentation, trading up and trading down and branding all requires effective promotion. Designing an effective promotional mix involves a number of strategic decisions as will be shown below.

Factors influencing the promotional mix:

These four factors should be taken into account when determining the promotional mix:

- (1) The target market
- (2) The nature of the product
- (3) The stage in the product's life cycle, and
- (4) The amount of money available for promotion.

Having understood the factors that influence the promotional mix, we turn our attention to a promotional campaign. In planning the promotional program for an organisation, management should think in terms of the campaign concept. A campaign is co-ordinated series of promotional efforts built around a defined theme a designed to reach an agreed upon goal in a specified period of time, in effect, a campaign is an exercise in strategic planning.

In developing a campaign, a company co-ordinates its advertising, personal selling, sales promotion, public relations, and publicity to accomplish an objective.

A company may conduct many types of promotional campaign, and even run some concurrently. Depending on objectives and available funds, a firm may have to visit

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<http://WWW.earthhest.com/>

local, regional, national and international campaigns are running at the same time.

Moreover, a firm may have one campaign aimed at consumers and another at wholesaler and retailers.

A promotional campaign begins with an objective, the campaign revolves around a theme or central idea. A campaign theme is simply the promotional appeals dressed up in a distinctive, attention – getting form. The theme being established, each of the

promotion – mix components is carefully co-ordinated in a strategy that is called integrated marketing communications. This means that:

- (a) The advertising program consists of a series of related, well-timed, carefully placed ads that reinforce personal selling and sales promotion efforts.
- (b) The personal selling effort is co-ordinated with the advertising program. The sales people must be fully informed about the advertising part of the campaign – the theme, media used, and schedule for the appearance of ads. The sales force should be prepared to explain and demonstrate the product benefits stressed in the ads. The sales people should also transmit the promotional message to the middlemen so that they can take part in the campaign.
- (c) The sales promotional devices, such as point of purchase display materials are co-ordinated with other aspect of the campaign. New display materials must be prepared for each campaign. They should reflect the ads and appeals used in the current campaign to maximise the campaign's impact at the point of sale.
- (d) Publicity and public relations efforts are scheduled to coincide with the other mix components and to emphasise the same theme.

The last step in a campaign is to evaluate the results. The outcome is compared with the objective to determine if the promotional effort is successful. Unfortunately, in evaluating promotion it is impossible to precisely separate the efforts caused by a campaign from what would have occurred without it. As a result it is impossible to determine exactly the value of a campaign with the results, a firm can decide if the

campaign was generally a success or a failure and identify ways of improving future efforts

#### 2.2.5 THE PROMOTIONAL BUDGET

There are four common promotional budgeting methods.<sup>33</sup>

(1) **Percentage of sales:-** is simple to calculate and this is the most widely used budgeting method. Moreover, it sets the cost of promotion in relation to sales income, making it a variable rather than a fixed expense.

A common approach for determining the sales base is to compute an average between the previous year's actual sales and expected sales for the coming year.

There are two important limitations of basing promotional expenditures on past sales. First, management is effectively making promotion a result of sales when, in fact, it is a cause of sales. Second, using the percentage of past sales method reduces promotional expenditure when sales are declining – just when promotion usually is most needed.

(2) **All available funds:-** a new company or firm introducing a new product frequently flows all available funds into its promotional program. The objective is to build sales and market share as rapidly as possible during those early critical years. After a time, management generally finds it necessary to invest in other things, such as new equipment, or expanded production capacity, so the method of setting promotional budget is changed.

(3) Follow competition:- a weak method of determining the promotional budget, but one that is used occasionally is to match the promotional expenditures of competitors or to spend in proportion to market share. Sometimes only one competitor is followed.

There are at least two problems with these approaches. First, a firm's competitors may be just as much in the dark regarding how to set a promotional budget. Second, a company's promotional goals may be quite different from its competitors because of differences in strategic marketing planning.

(4) Task or objectives:- the best approach for establishing the promotional budget is to determine the task or objectives the promotional program must accomplish and then decide what they will cost.

The task method management to realistically define the goals of its promotional program.

#### 2.2.6 REGULATION OF PROMOTIONAL ACTIVITIES

It is because the primary objective of promotion is to sell something through persuasion, the potential for abuse always exists. As a result, some firms must be discouraged or prevented from intentional or unintentional misrepresentation. In addition, some consumers, because they lack particular knowledge or skills, need protection from being misled. Thus, there is a need for regulation to discourage the occurrences of abuses and to correct those that do occur.

Regulations have been established by the federal government and most state and local governments in response to public demand. In addition, many individual businesses firms have established voluntary guidelines for their promotional activities.

### 2.3 PRODUCT

In a narrow sense, a product is a set of basic attributes assembled in an identifiable form. Each product is identified by a commonly understood descriptive (or generic) name, such as steel, insurance, tennis rackets, or entertainment.

In marketing, product is set to indicate that customers are not buying a set of attributes, but rather benefits that satisfy their needs. Therefore a product can be a benefit, something other than a tangible good, it can therefore be a service rendered.<sup>34</sup>

Furthermore, to expand our definition of product, we treat each brand as a separate product. So that Squibb's aspirin & Bayer aspirin are also separate products, even though the only physical difference may be the brand name on the tableted. But the brand name suggest a product difference to the consumer, and this brings the concept of want – satisfaction into the definition. Going a step further, some consumers prefer one brand (Squibb's) and others favour a different brand (Bayer) of a similar product.

A product is also referred to as any thing that is capable of satisfying a need or want, the product is therefore the basic ingredient in the exchange process, the expectation that satisfaction will be realised through exchange is what a product represents, thus a product is the focus bringing buyers and sellers together to make an exchange.<sup>35</sup>

Any change in a feature, (design, colour, size, packaging) however minor, creates another product. Each of such change provides the seller with an opportunity to use a new set of appeals to reach what essentially may be a new market.

In a nutshell, a product can be said to be a set of tangible and intangible attributes, which may include packaging, colour, price, quality, and brand, plus the sellers services and reputation. A product may be a good, service, place, person, or idea. In essence, then customers are buying much more than a set of attributes when they buy a product. They are buying want – satisfaction in the form of benefits they expect to receive from the product.<sup>36</sup>

### 2.3.1 CLASSIFICATION OF PRODUCTS

In order to design an effective marketing program products are divided into consumer and business products.

Consumer products are intended for personal consumption by households, while business products are intended for resale, for use in producing other products or for providing services in an organisation.

#### 2.3.1.1. CONSUMER GOODS ARE FURTHER CLASSIFIED INTO:

(a) Convenience goods:- a tangible product that the consumer knows enough about before going out to buy it and then actually buys with a minimum of effort.

Convenience goods typically have a low unit price, are not bulky, and are not greatly affected by fact and fashion, and are purchased frequently.

- (b) Shopping goods:- a tangible product for which consumers want to compare quality, price and perhaps styles in several stores before making a purchase, e.g. fashionable apparels, furniture, major appliances and automobiles.
- (c) Speciality goods: - a tangible product for which consumers have a strong brand preference and are willing to expend substantial time and effort in locating the desired brand e.g. expensive men's suit, stereo sound equipment. Etc. various brands such as Armani, Nikon, and BMW have achieved speciality goods status in the minds of some consumers.
- (d) An unsought goods:- is a new product that the consumer is not yet aware of or a product that the consumer is aware of but does not want right now. E.g. Video telephones electric car.

#### 2.3.1.2 CLASSIFICATION OF BUSINESS GOODS.

- (a) Raw materials
- (b) Fabricating material part
- (c) Installation
- (d) Accessory equipment
- (e) Operating supplies

### 2.3.2. IMPORTANCE OF PRODUCT INNOVATION

A business exists to satisfy customers while making a profit. Fundamentally, a company fulfils this dual purpose through its products.<sup>37</sup> New product planning and development are vital to an organisation's success. This is particularly true now given:

- (1) rapid technological changes which can make some product obsolete, and
- (2) the practice of many competitors to copy a successful product, which can neutralise an innovation products advantage.

### 2.3.3 DEVELOPMENT OF NEW PRODUCTS

It is often said that nothing happens until somebody sells something. This is not entirely true. First, there must be something to sell – a good, service, person, place or idea. And that something must be developed.

#### 2.3.3.1

There are three distinct categories of new products.

- (a) Products that are really innovative:- Truly unique. A recent example is a security device that electronically compares the shape of a person's hand with the image of a hand encoded on an identification card. Another example is a gadget developed by Hewlett Packard Co. that permits viewers to participate in "interactive" TV programs. Still-to-be-developed products in this category would be cancer cure and easily, inexpensively repaired automobiles. Any new product in this category satisfies a real need that is not being satisfied at the time it is introduced.

### 2.3.3.2

(b) Replacements that are significantly different from existing products in terms of form, function, and most important – benefits provided. Johnson & Johnson's Acuvue disposable contact lenses and Sharp Corp's 3 –inch thin TV that hangs on a wall like a picture are replacing some traditional models. Referring back to earlier examples, the electric car falls into this category.

### 2.3.3.3

(b) Imitative products that are new to a particular company but not new to the market.

Usually, annual models of autos and new versions of cereals are appropriately placed in this category. In another situation, a firm may simply want to capture part of an existing market with a “me too” product. To maximise company wide sales, makers of cold and cough remedies routinely introduce imitative products. Some of which compete with a nearly identical product from the same company.

Ultimately, whether or not a product is new depends on how the intended market perceives it. If buyer considers it to be significantly different from competitive products in some relevant characteristic (such as appearance or performance), then it is indeed a new product. 38 as in other situation, perception is reality.

#### 2.3.4 STAGES IN THE DEVELOPMENT OF NEW PRODUCTS

Guided by a company's new product strategy, a new product is best developed through a series of six stages. The formal development of new products provides benefits such as improved teamwork, less rework, earlier failure detection, shorter development times, and most important higher success rates.

At each stage, management must decide whether to proceed to the next stage, abandon the product, or seek additional information. At each stage of a new product development process, this is what happens.

- (i) **Generating new – product ideas:-** New product development starts with an idea. A system must be designed for stimulating new idea within an organisation and then reviewing them promptly. In one study, 80% of companies pointed to customers as their best source for new product ideas. A growing numbers of manufacturers are encouraging in some case, requiring – suppliers to propose innovations.
- (ii) **Screening ideas:-** At this stage, new products are evaluated to determine which ones warrant further study. Typically a management team relies on its experience and judgement (rather than statistical data) to screen the pools of ideas.
- (iii) **Business analysis:-** A surviving idea is expanded into a concrete business proposal. During the stage of business analysis, management :
  - (a) identifies product features
  - (b) estimates market demand, competition, and the product's profitability;
  - (c) establishes a program, to develop the product; and
  - (d) assigns responsibility for further study of the products feasibility.

(iv) **Prototype development:** If the results of the business analysis are favourable, then a prototype (or trial model) of the product is developed. In the case of services, the facilities and procedure necessary to produce and deliver the new product are designed and tested

(v) **Market test:-** Unlike the internal test conducted during prototype developments, market test involve actual consumers. A new tangible product may be given to a sample of people for use in their households ( in the case of consumer good) or their organisation (a business good).

Market – test findings, including sales and repeat purchases, are monitored by the company that developed the product and perhaps by competitors as well. The product design and production plans may have to be adjusted as a result of test findings.

Following market test, management must make a final “go-on-go” decision about introducing the product.

(vi) **Commercialisation:-** In this stage, full scale production and marketing programs are planned and then implemented. Up to this point in development, management has virtually complete control over product. However, once the product is “born” and made available for purchase, the external competitive environment becomes a major determinant of its destiny.

#### **2.3.5 PRODUCERS CRITERIA FOR NEW PRODUCTS**

When should a company add a new product to its current assortment of products?

Here are some guidelines:

- (1) There must be adequate market demand
- (2) The product must satisfy key financial criteria
- (3) The product must be compatible with environmental standards.
- (4) The product must fit into the company's present marketing structure.

#### 2.3.6 MIDDLEMEN CRITERIA FOR A NEW PRODUCTS.

- (1) Middlemen must have a good working relationship with the producer.
- (2) The producer and middlemen must have a compatible distribution policies and practices.
- (3) As in the case of producers, the product must satisfy key financial criteria.

#### 2.3.7 NEW PRODUCT ADAPTION AND DIFFUSION

The likelihood of achieving success with a new product, especially a really innovative product is increased if management understands the adoption and diffusion processes for that product. Once again it must be stressed that the organisation needs to understand how prospective consumer behave.

The adoption process is the set of successive decisions an individual person or organisation makes before accepting a motivation.

Diffusion of a new product is the process by which an innovation spreads throughout a social system over time. 39

By understanding these processes, an organisation can gain insight into how a product is or is not accepted by prospective customers and which groups are likely to buy

a product soon after it is introduced, later on, or never. This knowledge of buying behaviour can be valuable in designing an effective marketing program.

Product innovation is too important an activity to handle in an unorganised, non-chalant fashion, figuring that somehow the job will get done. What is critical is to make sure that some persons or group has the specific responsibility for new product development – and is backed by top management.

As the new project is completed, responsibility for marketing it usually is shifted either to an existing department or to a new department established just for this new product. In some cases, the team that developed the product may continue as the management nucleus of the new unit.<sup>40</sup>

Integrating new products into departments that are already marketing established products carries two risks, first executives who are involved with on going products may have a short – term outlook as they deal with day-to-day problems of existing products. Consequently, they may not recognise the long-term importance of new products and, as a result, neglect them. Second, managers of successful existing products often are reluctant to assume the risks inherent in marketing new products.

The first commandment in marketing is “know thy customer”, and the second is “know thy product”. The relative number and success of a company’s new products are a prime determinant of its sales, growth rate, and profits. A firm can best serve its customers by producing and marketing want – satisfying goods or services. The scarcity of some natural resources and a growing concern for our environment make social responsibility a crucial aspect of product innovation.

To manage a product effectively, a firm's marketers must understand the full meaning of product, which stressed that customers are buying want – satisfaction.

In deciding whether or not to add a new product, a producer or middlemen should consider whether there is adequate market demand for it. The product also should fit in with the firm's marketing, production, and financial resources.

### 2.3.8 PRODUCT MIX AND PRODUCT LINE

A broad groups of products, intended for essentially similar uses and having similar physical characteristics, constitute a product line, while a product mix is the set of all products offered for sale by a company.

The management's ability to bring attention to a product and to differentiate it in a favourable way from similar product goes a long way towards determining that product revenue. Thus, management needs to engage in positioning, which means developing the image that a product projects in relation to competitive products and to the firm's other products.<sup>41</sup>

For some products, the best positioning is directly against its competitors. This strategy is especially suitable for a firm that already has a solid differential advantage or is trying to solidify such an advantage.

Many strategic decisions must be made to manage a company's assortment of products effectively. To start, a firm must select strategies regarding its product mix. One decision is how to position the product relative to competing products and other products sold by the firm.

Another strategic decision is whether or how to expand the product mix by adding items to a line and /or introducing new lines. Altering the design, packaging, or other features of existing products is still another option among the strategies of selecting the best mix. The product mix also can be changed by eliminating an entire line or by simplifying the assortment within a line. Alternatively, management may elect to trade up or trade down relations to existing products.

Executives need to understand the concept of a product life cycle, which reflect the total sales volume for a generic product category. Each of the cycle's four stage – introduction, growth, maturity, and decline – has distinctive characteristics that have implications for marketing. Managing a product as it moves through its life cycle presents a number of challenges and opportunities. Eventually, a product category may lack adequate acceptance from consumers; at that point, all or most companies should abandon their versions of this product.

Effective product management involves developing and then monitoring the various features of a product – its brand, package, labelling, design, quality, warranty and post sale service. A consumer's purchase decision may take into account not just the basic good or services but also the brand and perhaps one or more of the other want – satisfying product features.

A brand is a means of identifying and differentiating the product of an organisation. Branding aids sellers in managing their promotional and pricing activities. The dual responsibilities of brand ownership are to promote the brand and to maintain a consistent level of quality. Selecting a good brand name – and there are relatively few

really good ones – is difficult. Once a brand becomes well known, the owner may have to protect it from product counterfeiting and from becoming a generic term.

Manufacturers must decide whether to brand their product and/or sell under a middleman's brand. Middlemen must decide whether to carry producers' brand alone or to establish their own brands as well. In addition, middlemen must decide whether to carry generic products. Both producers and middlemen must set policies regarding groups of products and branding for market saturation.

A growing number of companies are recognising that the brands they own are –or can be- among their most valuable assets. They are building brands equity – the added value that a brand brings to a product. Although it's difficult to build brand equity, doing so successfully can be the basis for expanding a product mix. Product with abundant brand equity also lend themselves to trademark licensing, a marketing arrangement that is giving popularity.

Packaging is becoming increasingly important as sellers recognise the problems, as well as the marketing opportunities associated with it. Companies must choose among strategies such as family packaging, multiple packaging, and changing the package. Labelling, a related activity provides information about the product and the seller.

Companies are now recognising the marketing value of both product design and quality. Good design can improve the marketability of a product; it may be the only feature that differentiates a product. Projecting the appropriate quality image and then delivering the level of quality desired by customers are essential to marketing success. In many cases, firms need to enhance product quality to eliminate a differential

disadvantage in others, firms seek to build quality as a way of gaining differential advantage.

#### 2.4 PRICE

A price as defined by R.K. Lere and J.P Mahajan (1983) is “ the exchange value of a good or services. It is the value of an item i.e. the amount of money for which the item can be sold. It is a measure of what one must give in exchange to obtain a particular product or service. <sup>41</sup>

Pricing on the other hand has been defined by E – Raymond Covey as “the art of translating into quantitative terms the value of the product to customers at a point in time.” <sup>42</sup>

Pricing has been called the most important business decision. Price is said to be one element in the marketing mix that determines the success or failure of a product. Due to the unquestionable importance of price in the marketing mix, Kotler said that “price is the only variable in the marketing mix that generates income, all others i.e. product, promotion, place, generates cost”. <sup>43</sup>

In making a pricing decision, price setters face many influences, a firms price can be influenced by e.g. psychological, sociological, economic and legal factors, and a firms attitude to price can be active or passive. Market forces determine price and individual buyers being small cannot influence it.

Price is also said to be an agreement between seller and buyer concerning what each is to receive, the device and mechanism for translating into quantitative terms, the

value of the product to the customer at a point in time. Others define price “as the amount of money which will be accepted in return for the legal transfer of a product or service”.<sup>44</sup>

Stanton, defines price as an offer or an experiment to test the pulse of the market”.<sup>45</sup>

Corey’s <sup>46</sup> sees it as the art of translating into quantitative terms the value of the product to customers at a point in time. It is also seen as “the amount of money (plus possible some goods) that is needed to acquire some combination of a product and its accompanying services”.<sup>47</sup>

In a planned economy, the central planning agency develops plans for allocating resources. In a market economy, the price system allocates resources i.e. price furnish the guide posts that indicates how resources should be used. Prices determines what products and services should be produced and in what amount, and how these products and services should be produced; and for whom the product and services be produced.

Therefore, price affect incomes and spending behaviour. For an organisation, profits are determined by differences between their revenue and their costs and their revenue are determined by multiplying price per unit sold by number of units sold. Price therefore influences what is to be bought and in what quantity.

The pricing strategy of a product can determine the success and failure, because price as a marketing mix is a major determinant of the organisational income. Often firm determine prices by making up cost figures supplied by the financial division and therefore are left with only their promotional and distribution decision.

But the constant changes in the global market have changed the systems thus putting additional burden on the profits of a firm.<sup>48</sup>

One question an organisation continuously faces constantly is “How does price fit into our marketing mix”. These questions are faced when the organisation introduces a new product or considers changing the price on the existing one.

Manroe gives a list of these six pressures as:

- (a) Faster technological progress:- technological progress has reduced the average age of products
- (b) Proliferation of new products:- products innovation has clearly resulted in a literal population explosion of new products.
- (c) Increase demand of services:- an increase in demand for services built into products.
- (d) Increase in both local and foreign competition.
- (e) Changing legal environment
- (f) Material shortages and inflation.

Dean J. pointed out that there are two essentially different pricing policies for a new product.<sup>(49)</sup> One of them results in a skimming price and the other is penetration. The former stands for a launching price set high above manufacturing cost that skim the cream of demand. An initial penetration price aims at large scale very early in the life of a product. It is for this reason that it has been given the name volume pricing.

A company's pricing policy is constantly being influenced by legal restrictions, and the final market price is always the net result of this different forces

So that the company's pricing policy is constantly affected by prices at which competitors offer similar goods and services, so that there is issue of comparative quality and price. The quality of some products can be readily and accurately measured and in such instances recognised. Hence, constant price variations are almost impossible, but where the quality of the products varies than a standard of differences in price should be expected.

So that the momentous decisions are taken when the introduction of a new product is under consideration. A company's pricing policy decision can therefore be because of:

- (1) Maximisation of profit (short-term)
- (2) Maintaining or improving market share
- (3) To achieve a target return on investment
- (4) To stabilise price
- (5) To meet or prevent competition

#### 2.4.1 PRICE DETERMINANTS

- (1) Estimating demand for the product.
  - Determine the price at which consumers consciously or unconsciously value the product.
  - Estimate sales volume of different prices.
- (2) Anticipate competitive reactions
- (3) Establish expected share of the market.

- (4) Selection of price strategy
- (5) Legal and ethical constraints e.g. laws that prevent unfair competition and the establishment of regulatory bodies such as Price control board consumerism, and ethical constraints borders on what price is judged reasonable or unreasonable, the problem would be to determine at what point prices become unreasonable.

#### 2.4.2 IMPORTANCE OF PRICE

Kotler, sets a fundamental reasons why price is essential.

- (a) Seller's consider price to be one of the key influences on buyers choice behaviour.
- (b) Prices is the only element in the marketing mix that creates sales revenue, others are costs.
- (c) Price are quantitative, unambiguous and undimensional other reasons by Staton are:
- (d) Price is a basic regulator of the economic system because it influences the allocation of factors of production.
- (e) Price of a product or service is a major determinant of the market demand for the item.
- (f) The price of a product also affects the firms market share.

### 2.4.3 APPROACHES TO PRODUCT PRICING

A product success at the market depends on the price in line with the stage which it finds itself. The stages as we know could be Introduction, Growth, Maturity, and decline stages. A new product with high price could be disastrous if it is above the price of a well-accepted better known competitors product.

At the introduction stage, management could either use intuitive, systematic or stimulation approach to determine price of the product.

Intuitive involves decision makers subjective assessment of information available which more by intuition than by design, a price can be set.

The systematic approach involves a sequence of steps such as estimation, demand, market target etc.

The stimulative approach determines new product price through mathematical model. As the product graduates from an introductory stage to growth stage, its demand also grows until it reaches maturity stage. A product at maturity stage finds it desirable if not necessary to review its past price decision and determines the desirability of a price change.

### 2.4.4. METHOD OF SETTING PRICE.

- (a) Cost – oriented – policy
- (b) Demand oriented policy
- (c) Competitive oriented policy

Changes in prices may come either through cuts or increase.

#### 2.4.5 PRICE CUTS

Kotler P. 18 identified circumstances that may lead a firm to do so.

- (a) Excess capacity
- (b) Family market share
- (c) Drive for dominance through lower costs.

#### 2.4.5.1. PRICE INCREASE

Upward price increase by many firms is often brought about by the following reasons.

- (a) Persistent world-wide cost inflation.
- (b) Over – demand

#### 2.4.6 FACTORS AFFECTING PRICE SETTING

Traditionally structured upper and lower limits which the marketing executive faces, the value of the product to the buyer constitute the upper limit while the cost of producing, promoting and distributing the product constitute the lower limit.

Apart from these limits, actual price of a product is affected by many combined economic and social factors. These factors can be internal or external.

Internal forces on price determinant are characterise as controllable, external forces can not be controlled in any significant manner. Combinations of these facts contribute in arriving at a final decision as to prices of the product.

Baker classified them into internal and external determinants.

**The external factors**

- (a) Structure of the market in which the organisation is selling his product into.
- (b) Demand can be related to pricing by considering the aggregate demand, buyers price acceptance and price elasticity of demand.
- (c) The firm's pricing policy can also be influenced by government policies.
- (d) When a producer makes a product, he has to take into consideration the needs and expectations of all various intermediaries firm in its distribution system.
- (e) Supplier's can have a significant effect on the price of a product.
- (f) Shortages, inflation and recession
- (g) Government rules and regulation

**The internal determinants**

- (a) The pricing policy of a company can be influenced by the nature and extent of its corporate resources.
- (b) Costs set a floor below which prices should not fall.

KASHIM IMAJUM IIR

**2.5 CREATIVITY AND THE MARKETING MIX**

Technology as we know it, is expanding at an alarming rapid rate, the job of Marketers will not change, they will decide what products to offer to the consumers, set prices they believe the customer will pay, provide products where customers can conveniently find them and go a step further to design promotional messages to inform

and persuade potential buyers, these products, price, promotion and place go on to form the marketing mix.

Creativity, as we understand it, is not just an approach to a problem, it is introducing new ideas towards the solution of a problem.

Thus, in taking distribution in the marketing mix, a lot of creativity is needed by marketing companies to achieve their goal. They do not just go by the book and follow procedure, they deviate, form devil-may-care schemes which just with one shot could yield tremendous returns, they formulate, juggle ideas to see which could yield more returns and or have the desired impact on its consumers and all in all, they innovate, because like all other companies, one has to believe in the motto “innovate or die” and this innovation one must understand is what creativity is all about.

Distribution as we understand it, is concerned with various activities necessary for the transfer of goods from the manufacturer to the consumer or user. It is said to include not only channels or physical distribution such as movements and storage of goods, but also the legal, promotional and financial activities involved in transfer of ownership. In considering this therefore, innovation helps the company to forge ahead, devising various distributive channels. Making an effective and efficient foray help to maintain a great market share, because there is no need to create a channel where distribution is inefficient. It leaves a vacuum, which may end up being filled by a competitor.

The company has to use its creative skills to stay ahead in distribution. It could use one way route technique as used by various bottling companies. This is a situation where the distribution agents follows the route as laid down for them on the routing

schedule, this route they follow only once in a day. However another strategy adopted is the back tracking system. This is an inventive method of distribution where the distribution truck goes the same route it came thus picking up orders it could have missed if it hadn't it back – tracked.

In the distribution of its products, companies are always on the lookout for new outlets of their goods and services. Where the company's distribution strategy is so effective that, the market cannot take further in – flow of goods. I.e. notice the introduction of mini –depot by NBC as an effective strategy.

Most creative aspects found are centred on promotions. Making use of its promotional departments, the company (NBC) has used trade fairs, lotteries, bonanza, seasonal greetings and the whole hog with the aid of technology at its disposal, the makers of Coca – Cola has opened a whole new world in advertising. Wherever an individual is located, he/she can not help but notice the Coca – Cola adverts, be it on a train, at the tube station, at the airport, in a cruise liner, one cannot escape the logo which seems to leapt out from every billboard, TV, Newspaper. It thus becomes imbedded in the subconsciousness of the consumer that it becomes more of a reflex to ask for a coke when refreshments are being offered.

Creativity where price is concerned is sensitive. Trying to be creative where the price of a product is concerned can make or break the product. A new product into the market with a low price strategy in order to penetrate the market can back – fire, because some other people tend to associate low price with poor quality and again a product with high price which does not give customer satisfaction will yield a low turnover.

However, what some companies effective strategy could be to introduce a sample of the products and determine consumer's reaction to the product, these are called sample goods and money spent on such promotional effort does not go towards contributing to the price of such products, such money is put under the Research and development department.

Creative marketing involves knowing the consumer and getting the product to suit the consumer. The product, its price, and method of distribution must all be considered with the consumer in mind. There is absolute no marketing sense in selling a satellite communication system to a Kankas wheat grower. It is immaterial that the product will be delivered right at his door step if he has no use for it. On the other hand, he would be terribly interested in the latest harvester for his wheat when it comes at a reasonable price he could afford.

Similarly, the bottlers at NBC in introducing a current new brand of 1 litre bottle took several of such factors into consideration. The consumers of the new product had to be taken into consideration i.e. where were the consumers found? (Lagos and Abuja were found to have the highest grade of consumers). How was the product to be gotten to them, was it cheaper to produce at this locations or was it easier to produce at a different plant and distribute to these locations, what about price, could such consumers afford the price stuck on the product?

Soft drinks companies no longer just seat back and wait for the consumers to come to them, they now go out seeking for consumers, enticing new consumers to their products, using all the four P's to its advantage, companies now use both clean and dirty

methods to forge ahead in the market. Both clean and dirty methods are seen as creative of course, because without lack of imagination the staff at NBC would not be able to record a greater sales figure than its competitors in the market.

Another creative promotional effort is the means by which the soft drinks are being presented, Coca – Cola, especially due to its marketability comes in different disposable and returnable containers. The disposable containers are designed for the fast – paced executives, teeming workforce, and moreover, diet – coke is directed towards a fast growing group of weight conscious individuals.

Tailoring a product to suit the consumer thus becomes a greater challenge for the current manager who must be aware of what the consumer will buy and will not buy.

## CHAPTER THREE

### 3. METHODOLOGY

Marketing research is undertaken in an effort to have a better understanding of the problems one faces in marketing. The quality of the results depends upon the skills and judgement with which the marketing project is designed and implemented.

The methodology used in conducting this research, includes the instrument to be used or tools the population and its weight, sampling size, sampling procedures and statistical technique. The statistical technique used in this study to analyse the data is the simple percentage average. However, where information cannot be quantified into figures descriptive method is used. The information for this research comes from two sources, primary and secondary. The primary data collection techniques included personal interviews and observation.

#### 3.1 JUSTIFICATION FOR APPROVAL USED.

The researcher made use of exploratory research and because of the fact that it focuses on one company, the case study method has been utilised. The general objective of exploratory research is to gain insight and gather many information as possible about a problem with minimal cost and delay. During the cause of exploratory research study, the researched explored the limit and found some solutions to their problems.

The exploratory research is mainly used for formulating a problem for precise investigation or for developing hypothesis used in establishing priorities for further research, the researcher of this study made use of it to gain insight into creative activities

and reasoning carried out by NBC in marketing its products Nation wide and especially in Kaduna.

### 3.2 RESEARCH INSTRUMENT OR TOOL USED

The research instrument used in this study by the writer were questionnaire and personal interview. Questionnaire is a set of questions printed out on paper with instructions and how answers should be produced. Two sets of questionnaire were prepared, one for the company, and the other for the consumers. Four managers were interviewed: The General Manager, Production Manager, Marketing Manager, and Sales Manager. Four copies of questionnaire were distributed to them and ten were distributed to the consumers within the factory and its environment. Consumers were advised to return the questionnaire to the factory and out of ten (10) copies of questionnaires distributed, seven were returned.

The questions on the questionnaires were structured and unstructured. The questionnaire also made use of open ended multiple choice, and dichotomous questions. The questions centred around the distribution channels, and their application in the company, the price strategy's and different avenues of promotions used for the product.

It was also necessary to observe various departments in the factory. Time was spent in each department for the purpose of observing their mode of operation. But from the above one has to understand that through the questionnaire information about the problems were obtained, it has to be analysed and interpreted in order to make an effective understanding.

### 3.3 PERSONAL INTERVIEW

Some of the key executive management of the company that related to this project were seriously interviewed with the help of questionnaires. Those interviewed included sales representative, distribution manager, sales manager, production manager, consumers were also interviewed by the researcher.

### 3.4 RESEARCH POPULATION AND SAMPLE SIZE

Before any data can be collected for research work or study, it is very important for one to know where the information is coming from. The source is known as population.

Population is the set of all objects (units) or observation about which conclusions are to be drawn and such population must be clearly defined. Based on these facts the population consists of two categories. One of these are the key executives of the company's management here in Kaduna and the other, are consumers of the product also based in Kaduna.

As regard the management, a sample size of 10 people from Kaduna were taken. In the consumer's category, 10 customers were taken as sample size.

### 3.5 SAMPLING PROCEDURE

The method used for the purpose of this research project is random sampling, where each of the units in the has an equal change of being chosen in the sample, and the type adopted is the stratified random sampling.

### 3.6 JUSTIFICATION FOR SAMPLE SELECTION AND SAMPLE SIZE

The total population of the study includes the sales and also the consumers of the company's products. For the fact, that a sample should be representative of the population with respect to those characteristics that are important to the study, the researcher has therefore adopted strategic random sampling to justify this fact. This type of sampling was used by the researcher due to the varying nature of the total population as stated above. This sampling method also enabled the researcher to truly represent the universe in the sample selected, because it enabled the researcher to categorise the population according to its varied nature.

A sample size of (10) was drawn from sales and distribution department, (4) higher executives and (8) officers, this so as to help the researcher identify how the company has been making use of its creative policies.

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### 3.7 STATISTICAL TECHNIQUE USED

The basic technique used in this study to analyse the data collected is called Statistical technique known as a simple percentage average. However, when information cannot be quantified into figures, descriptive method is used.

Example:

If the total of 50 respondents were interviewed and if these varied view were as follows:

Yes = 20

No = 30

To get percentage of these views – the following working which requires some variations in promotion, price and channels of distribution depending on their nature and help.

Yes =  $20/50 \times 100 = 40\%$

No =  $30/50 \times 100 = 60\%$

Therefore, No carries the major consensus.

### 3.8 BACKGROUND OF THE SUBJECT MATTER:

#### NIGERIA BOTTLING COMPANY, KADUNA.

Nigeria Bottling Company Plc or NBC as it is popularly known is situated at No.2 Inuwa Abdulkadir road, Kaduna. South industrial area, Kakuri. The company established its office here in Kaduna in 1980. The company's number one product is the Coca – Cola drink. This soft drink was first made on 8<sup>th</sup> May, 1886 by Dr. John Styth Pemberton at his home in Atlanta, Georgia, USA. The name Coca – Cola was given to this drink by Frank M. Robinson, Dr. Pemberton's partner and bookkeeper. He also designed the flowing script that distinguishes the famous trademark. The Coca – Cola contents remain a secret as they have been for over 100 years. The formula known as MERCHANDISE 7X is kept in a Special Security Vault in a bank in the United States.

Coca – Cola first came to Nigeria in 1953 when the Nigerian Bottling Company opened its first plant in Lagos. Other drinks made by NBC include Fanta Orange, Fanta Ginger Ale, Fanta tonic, Fanta Soda, Fanta Chapman, Sprite, Krest bitter lemon, Soda Tonic and Eva Table water.

NBC has helped to develop other industries such as Delta Glass Company, which produces soft drink bottles, Crown Products Limited which manufactures bottle crowns;

Benin Plastic Company which manufactures of carbon dioxide ( $\text{CO}_2$ ) gas used for making soft drinks.

## **CHAPTER FOUR**

### **4.1 PRESENTATION AND ANALYSIS OF DATA**

A survey was conducted by the researcher at NBC's office in Kaduna, the product itself, its distribution outlet, the price attached to the products, promotional activities that surrounds the products, the consumer of the products, all these were touched in order to obtain a full picture of the company's marketing skills of its product.

The aim of this chapter is to analyse and interpret the data obtained from the questionnaires checklist sent to the company's management here in Kaduna district office, its dealers and their customers alike with the purpose of knowing if the company's creative marketing skills is effectively managed. For the purpose of analysis, the researcher found it necessary to tabulate the data and the opinion of the respondents in the following sequence and form.

The part one of the analysis dealt with the management of the company i.e. NBC while part two dealt with the dealers of the product, while part three paid attention to the consumer of the product.

### **4.2 PART ONE**

#### **ANALYSIS AND INTEPRETATION OF MANAGEMENT QUESTIONNAIRES**

The management questionnaire dealt with the way and manner in which the company has managed to use creativity in implementing some of its marketing strategies towards achieving its objective of a great percentage in the market. The most effective

way of getting its product to the consumers and customers were tabulated, described, analysed and interpreted as follows: the first question that came up for analysis was:

#### QUESTION 1

**How many product lines has the company pertaining to soft drinks?**

A total of 14 people which included 4 executives and 10 officers that were sampled all concurred to having 10 product lines, they are:

- (1) Coca – Cola
- (2) Fanta Orange
- (3) Fanta Ginger Ale
- (4) Fanta Tonic
- (5) Fanta Soda
- (6) Fanta Chapman
- (7) Sprite
- (8) Krest Bitter Lemon
- (9) Krest Soda
- (10) Krest Tonic

This above information shows that the company has a wide range of products mix, which requires some variations in promotions, price, and channels of distribution depending on the nature of the drink and the target market. With the knowledge of the company's line of products, it is essential to find out how these product mix are distributed, promoted and priced. What role creative marketing has played in order to

ensure that the product gets to the ultimate and potential consumer because it is one thing for a company to have a broad line of products and it is another thing to effectively and efficiently get this product to their various points of consumption. This must be done in the most effective way in order to be in line with one of the company's goal of profit maximisation.

#### QUESTION 2

What channels of distribution is the company using for distributing these products lines and what influence has its creative policies played in its marketing scheme.

The impression gained from the various consumers given by the executives of the company showed they were not in consensus as to the distribution channels used, but what they agreed to and which the sales executive was quick to point out was that, they have to be creative in order to beat their competitors, and so channels are constantly being changed (reason given for lack of executive consensus), this is in addition of the volume of different demand of the product. That she added was the key to the success of her department, the need to constantly change and devise methods of operations, the most recent being night time distribution.

#### QUESTION 3

Does the company rely solely on its employee's for creativity or does it sometimes call in outside help for added input?

There was an unequivocal agreement that outside input is necessary especially where the company needs to launch a new product into the market. The promotional

department needs the help of outside perspective for added fresh input. They were also quick to point out that they are creative in their own way especially during the brainstorming sessions.

#### QUESTION 4

Does the company have any criteria for selecting its dealers?

The information gotten shows that 14 individuals of the total population are of the opinion that the company has a criteria for selecting its channel members. Amongst these criteria are as follows:

- (1) Good financial background
- (2) Product knowledge of the company
- (3) Experience in related field of business
- (4) Clear record of dealership in previous related field if any.

All of these criteria are of tremendous importance to the company for instance, adequate financial background will eliminate a situation of insolvency on the part of the dealers, product knowledge will aid the dealers to position the company products to the large market and do a better job of marketing the product effectively plus the added benefit of a cold storage system helps promote the product effectively. Also past experience in a related field of business will guide the dealers on how such business is managed and what is required of them as dealers.

#### QUESTION 5

Are orders supplied on schedule?

This question is only concerned with the distribution manager as well as the depot supervisor due to the fact that they are directly in charge of meeting orders. They responded that the company is actually meeting its capacity their loading vehicles (a total of seventeen) are on the road to constantly meet their schedules, thus they have to constantly juggle the time table to ensure that orders are made on schedule. Although they experience the hitches that occurs once in a while, they have had no serious complaint so far.

This response suggests that an important distribution problem does exist which may be detrimental to the realisation of the company's distribution objectives if it is allowed to persist without a solution. For instance, a faulty transportation can affect the dealers, which can lead to unsatisfaction of the consumers which will invariably affect the company's goal of profit making.

#### QUESTION 6

How does management go about implementing decision?

The response gotten shows that creativity would thrive in this criteria especially since split minute decision are taken as to purchase of broken parts of machinery, location of equipment and where to buy it, finance is readily made available so management uses its wits and sharp mind in order to stay ahead and anticipate problems that might come up any time of the day.

## PART TWO

### 4.3 ANALYSIS AND INTERPRETATION OF DEALER QUESTIONNAIRES

This section focuses on the dealer's opinion on how they feel about the company's Product, price, promotional incentives and its channels of distribution.

Their views are crucial since they are actually involved in getting the product from the point of production to the ultimate consumer.

#### QUESTION 1.

Why are you involved in marketing NBC products and not some other company's?

The response from 10 dealers constituting 100% of the total sample received expressed the opinion that they prefer NBC soft drinks because of its marketability, it is easily sold out and demand are quick to come in, they also added that they are motivated to buy from NBC because of the following incentives:

- (a) Short term credit facilities
- (b) Maintenance of their outlets at the company
- (c) Promotional incentives i.e. cold storage systems, umbrella, openers, coolers plates etc.
- (d) Target selling coupled with financial reward.

This shows that NBC's marketing team have devised ways to encourage more dealers of their products and bring in new ones to deal with their products and bring in new ones to deal with their products. They have since recognised that there is a high demand for their products and thus sought avenues to make sure it gets to the final consumer.

QUESTION 2

Where do you, as a dealer get your supply of NBC's products?

The response shows that 10 dealers constituting 100% of the total sample received their supply of the product from the company. If they get their supplies from the company, how often are such orders placed?

QUESTION 3.

How often do you place order for supply.

- (i) Every week
- (ii) Every two weeks
- (iii) Every two weeks and above.

Table I showing order placement rate by dealers.

Suggested Answer	Total Response	Percentage
Every week	6	60
Every two weeks	2	20
Every two weeks and above	<u>2</u>	<u>20</u>
	<u>10</u>	<u>100</u>

The above response indicates that 6 dealers representing 60 percent of the total sample outlet places orders in every week while two dealers constituting 20 percent of the sample places orders in every two weeks and two dealers which constitutes 20 percent of the total population sampled places order in every two weeks and above.

This shows that 60% sampled outlets are fast selling because no dealers will place order for supplies when he still has some stock left unsold. On the whole, the company

has 80% outlets who are fast selling. Coca – Cola has utilised this advantage by making sure that it meets constant changing demand for its products.

The production team makes sure that its machinery are in top shape to maintain the demand and are always working round the clock to sustain its outlets.

#### QUESTION 4

Have you experienced at any time shortage of the product at a point in time at your station?

Table 2 shows the effect of lack of prompt supply of the product to the dealers by the company.

Suggested Answers	Total Responses	Percentage
YES	6	60
NO	<u>4</u>	<u>40</u>
	<u>10</u>	<u>100</u>

The responses above indicates that 6 outlets representing 60% of the total population sampled have experienced shortage of products in their outlets due to lack of prompt supplies, while 4 outlets constituting 40% of the sampled population said that they have never experienced such situation. This shortage experienced by 60 sampled population is due to company's inability to meet dealer's orders. And if dealers have been experiencing these shortcomings due to company's inability to meet orders, what incentive do they receive from the company.



satisfaction. It is therefore necessary to evaluate whether its creative policies have contributed towards consumer's satisfaction. In order to achieve this task, the researcher interviewed the customers with the aid of some questions, which are analysed and interpreted below;

**QUESTION 1**

**Do you buy your product from NBC Kaduna?**

**Yes No**

**Table 1: showing sources of customer's purchase of products.**

<b>Suggested Answers</b>	<b>Total Response</b>	<b>Percentage</b>
<b>Yes</b>	<b>48</b>	<b>96</b>
<b>No</b>	<u>2</u>	<u>4</u>
	<u>50</u>	<u>100</u>

From the table, it has shown that 48 consumer representing 96% of the total sample population said that they always buy their products from NBC, Kaduna. While 2 consumers representing 4 percent of the entire population sample said that they don't buy their product from NBC, Kaduna. This shows that NBC has a strong number of loyal customers which must be retained to boost their profitability objective and the only way this could be done is to satisfy them.

## QUESTION 2

How did you come across NBC products?

Various options given included promotional efforts i.e. advertisement, sales promotions, sample etc.

It was gathered that promotion does play a great role in influencing consumer buying behaviour. Again a total of 90% of consumers attribute their knowledge of NBC products through promotions and the remaining 4% say they do not allow promotions to influence their buying pattern.

## QUESTION 3.

Have you had any experience of shortages of NBC's products?

Table 2 showing the experience of consumers of NBC, Kaduna.

Suggested Answers	Total Response	Percentage
Yes	40	80
No	<u>10</u>	<u>20</u>
	50	100

The information above indicated that 40 consumers representing 80 percent of the entire sampled population are of the opinion that they have one time or other experience scarcity of NBC products. While 10 consumers, representing 20% of the sample population said that they have never experienced such a situation with NBC. This goes on to substantiate what was said earlier about the faulty transportation system, thus, NBC has been ineffective in making available its goods at all times.

#### QUESTION 4

How often does this occurs?

- (i) Very often
- (ii) often
- (iii) not often

Table 3 showing how often the product scarcity has occurred.

Suggested Answer	Total Response	Percentage
Very often	-	-
Often	5	10
Not often	<u>35</u>	<u>70</u>
	<u>40</u>	<u>100</u>

The above information has shown that out of 40 customers who have experienced no products with NBC, 35 customers of this number representing 70% of the sample said that they do not often experience this kind of situation while 5 consumers representing 10% said their own is often. This shows that non availability of the product is not always often, but it could be formidable situation because such an occurrence can make logical customers to change places where they usually obtain their products. When this kind of a situation arises, there is bound to be some reaction from consumers.

#### QUESTION 5.

What is the image you have of NBC Kaduna both as a consumer and as a customer?

The following responses were gathered from that question.

- (1) A company that is renowned in the soft drink industry, that carries a brand name i.e. Coca-Cola that is favoured the world over.
- (2) A company with a good public relations team that are constantly in the forefront of news (good and bad).
- (3) A company with good quality products.
- (4) A company that carries a wide range of drinks.
- (5) A major player in the soft drinks industry.

In the course of presentation, analysis, and interpretation of data from the respondents, the researcher made some necessary discussions and came up with many finds. Which facilitate the discussion of the research in this chapter. Some of these findings were found to be consistent with existing knowledge and reviews in the previous chapter.

#### 4.5 CONSISTENCY OF FINDINGS WITH THE EXISTING KNOWLEDGE AND VIEW.

It was noted from the beginning of this research that proper organisation of the Company's marketing mix activities were responsible for its success. The responsibility of the management in initiating creative means of carrying out the marketing mix has

clearly indicated their views on the need for the company to maintain its number one reach.

To my understanding, the promotional programmes evolved by the company as discovered from the management, both creative and otherwise was deemed satisfactorily as gleaned from the results, and a very encouraging one. Creative marketing skills used by NBC include free samples, price off, competitions and use of coupons. The determination of the best promotional method will obviously depend on the organisation's appraisal of the various methods embarked upon, before a single one can be considered as the best and all these will no doubt be associated with the situation of the market during which the research was carried out.

However, knowledge acquired has indicated that creative marketing in an effective means of inducing increased purchase of the product which will automatically lead to in sales and volume and an increase in the company's profit turn over in the long run. It has helped to boost total sales of the company, creating a good image as well as enhancing the general awareness of the public of the product existence in the market.

During the course of investigation, it was discovered that the company has sound criteria for selecting its dealers who will take up the responsibility of running its outlet depots. These criteria was based on the followings:

- (a) **Good financial background**
- (b) **Production knowledge of the companies product lines**
- (c) **Experiences in related field of business.**
- (d) **Clean record of dealership in previous related field if any.**

These above criteria are quite sound because it gives the company some protective cover against risks. I.e. adequate financial background will eliminate the situation of dealer insolvency, product knowledge will aid the dealers on how to position the company's product line to the target market and will be able to do a better job of marketing the product efficiently, past experience in a related field of business will guide the dealers on how such business is managed and what is expected of them as dealers and a clean record of dealership in related field on the other hand will give the company the confidence of dealing with clean and honest dealers.

Apart from the above, research also indicated that the company has a good control over its dealers despite the fact that they (the dealers) are semi – independent traders. A good control of the company's channel members will help the company to effectively achieve some if not all its distribution goals and objectives for which the channel was designed to achieve.

In order to achieve its distribution goals, semi depots have now being created all to achieve a good distribution network and to meet demands for its product. The company uses the following method of control to monitor the activities of the channel members through:

1. Regular visit to its outlet depot
2. Price control
3. Regular checking of weekly and monthly sales record
4. Dealers are not allowed to carry competitive brands

These control tools are to ensure that its creative policies are carried out to the letter in order to meet its marketing objectives and goals.

It was reviewed in chapter two that it is very essential that middlemen of the company's distribution channel be controlled so that it will be able to achieve its distribution objective. This was Giles contention (1975:133). In essence this aspect of management channel of distribution was found to be consistent with the existing knowledge and view already reviewed in chapter two.

It was also discovered during the course of research some other findings which were found to be inconsistent with existing knowledge and views that were reviewed in chapter two of this research work. One of these findings is that NBC Kaduna has a faulty transportation system. This is as a result of the break down of some of the transportation facilities such as loading vehicles meant for moving products (minerals) from their point of origin to the company's outlets. If the transportation system was well planned and effectively managed, few breakdown of vehicles meant for distribution will hardly affect flow of products from the company to its dealers.

Research again noted that dealer's orders were not met on schedule. These are dealers who have outlets with a high product turn over, because from the analysis and interpretation of data in chapter 4, it was shown that 8 outlets which constituted 80% of the sample are fast selling because orders are placed in every one to two weeks interval despite the high rate of competition in soft drinks company. The company's inability to meet orders of its dealers was as a result of a poor transportation system.

The researcher discovered that amongst the company's objective include the following:-

- (a) To make the product available to the customers at the right time and place.
- (b) At the right quantity and quality
- (c) At the right affordable price.

In essence, this will lead to customer's satisfaction, but the researcher found out that these important distribution objectives are yet to be achieved because respondents response when analysed and interpreted shows that 40% customers interviewed by the researcher representing 80% of the total population were of the opinion that they had one time or the other experienced non-availability of the products within the company's outlets. This was so serious that a substantive number of customers contemplated changing from one product line to another.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION.

#### 5.1 SUMMARY

The research findings from the study undertaken sees the overall performance of the creative marketing as it helps in achieving the company's declared objective of carrying out the programme in order to increase its sales volume and at the same time penetrating into the soft drink market to capture more market share as well as capitalising and exploiting its existing market potentials.

The effectiveness and success of its creative marketing policies was due to its proper planning, organisation, timing of the policies, that is, the right time of implementation of a new creative marketing strategies was that of a more sales and enticement of newcomers to purchase the company's products and possibly become loyal to the brand.

However, the success of a marketing policy though playing a big role towards the success of company, other factors that come into play should not be ignored. The management behind these policies also has a role to play, if they don't then it is "innovate or die".

#### 5.2 CONCLUSION

In the past, creativity in marketing has been ignored, it is now safe to say that it is an integral part of marketing. There has now been a great progress in recent years as the

complexity of the market has increased. Creativity is now regarded as an integral part of marketing.

It is essential to know how the products of the company are distributed, promoted and priced. What sorts of incentives the company has to fall back to in order to make sure that the product gets to the ultimate and potential consumers. And this we understand must be done in the most effective way in line with the companies' goal of profit maximisation.

The criteria for selection of its dealers are also crucial to the smooth running of the company's products. An adequate financial background is said to eliminate a situation of insolvency, knowledge of the product, and benefit of a cold storage system will help promote the product effectively.

Creativity is given an arena to work in NBC because there are no bureaucratic bottlenecks to slow down processes, decisions are taken and are acted upon decisively.

NBC's marketing team are constantly devising ways to encourage more dealers of their product and to bring in new ones, they have incentives to entice the dealers like the short – term credit facilities, promotional incentives, maintenance of their outlets etc. the team have since recognised the fact that there is a high demand for their products and thus sought means by which the product will get to the final consumer.

However, no matter how hardworking and creative they are, dealers have complained about shortages in supply of the product and where this problem is shown to be consistent, dealers find it trying and tend to be to switch over to another brand of product.

It was discovered also that a great percentage of the populace by the NBC brand of products. This shows that NBC has a strong number of loyal customers, which are retained by promotional incentives given out once in a while to create the psychological reassurance that NBC product's is indeed a friend.

Promotions, is already discovered plays a great role in influencing customer decisions and NBC is no exception. A great percentage of the populations are again influenced to buy NBC products especially the drink Coca – Cola through the advantages of promotions.

NBC is therefore deemed to be a crucial player in the soft drinks industry and a force to be reckoned with by its competitions.

### 5.3 RECOMMENDATION

In order to keep up with fierce competition that exists in today's current dynamic turbulent environment, NBC will need to make certain changes and adaptations in its systems. These changes and adaptations in its systems. These changes although sometimes slight in nature will go a long way to change the overall impression of the company.

- (a) TRANSPORTATION:- Without the movement of the goods from point of production to where the consumers can get them, sales cannot be achieved and even with the best creative marketing, goods tend to acculate in storage area when they cannot be quickly disposed of, this also create hitches in production output. NBC has to therefore haul its transportation system in order to meet up with demands for its goods.

Distribution of the goods therefore must be quickly and timely. The introduction of mini-depots by the organisation has gone in some ways in reducing the need to ply some channels frequently. But this should not be seen as the ultimate solution in its distribution strategy. More trucks mean more routes to ferret out and new customers to seek.

- (b) **PUBLICITY:-** When embarking on a promotional activity, NBC has to have a wide coverage in its publicity, i.e. apart from using Newspaper as a source of media coverage, NBC has to go further to utilise Television and Radio in order to reach a far wider audience. Research has shown that where it embarks on a promotional activity, only its consumers and customers are aware of it, therefore leaving out the could-be consumer in the dark.
- (c) **IMAGE:-** NBC must be on its toes constantly in order to maintain and at the same time improve the image. The bottlers of the Coca-Cola drink have in recent time been faced with spats of legal battles concerning its contents. In order to ensure the loyalty of its consumers, it has to go the extra mile to ease their fears about the reliability of its products and the likelihood of such occurrences nil.
- Apart from the incentives to its dealers and Bonanza to its consumers, NBC must also improve its image by contributions to sport, youth championship, handicap games, and offers scholarships to students should not be left out.
- NBC's presence must also be felt within the environment within which it operates.
- (d) **SECURITY:-** In order to maintain its machinery and working environment; to meet the demands of its customers and consumers, security should be seen and

taken as a top priority. Attention of a consumer is bound to divert to other sources where another brand can be gotten. Neglect of security puts management efforts into array, cases of theft of ice-boxes are frequent especially during the trade fairs, dirty competition still takes place amongst the bottles world wide and NBC is no exception.

- (e) **LOYALTY**:- The loyalty of a workforce cannot be ignored. The loyalty of the workers in NBC should also be gotten by incentives to the workers in order to motivate them moreover, motivational incentives is an aspiring tool for inducing people or for channeling behavior towards goals i.e. encouraging workers to perform other duties in a desired manner so that the organisational objectives and goals can be achieved.
- (f) Fast selling outlets should be detected. In this instance, it is to enable the delivery trucks know where to deliver and when.
- (g) In promotional activities where consumer wins certain benefits, NBC should try to be flexible in awarding rewards to its consumer. Monetary payments in place of gifts like fridges or trips abroad should be made where consumer so demands for it.



## APPENDIX II

### DEALER QUESTIONNAIRE

Dear Sir/Madam.

I am a post-graduate student in the department of Business Administration Ahmadu Bello University Zaria, carrying out research work on the effect of creativity in marketing soft drinks, a case study of Nigeria Bottling Company (NBC) Kaduna.

Please assist in filling these questionnaires. The information given here will be treated as strictly confidential.

1. Why are you involved in marketing NBC's products and not some other Company's?
2. Where do you as a dealer get your supply of NBC's product?
3. How often do you place order for supply
  - i Every week
  - ii Every two weeks
  - iii Every two weeks and above
4. How do you experience any shortage of the product at a point in time?
5. As a dealer, what incentives do you receive from the company from selling their products?

## **APPENDIX III**

### **CONSUMER QUESTIONNAIRE**

Dear Sir/Madam,

I am a post-graduate student in the Department of Business Administration, Ahmadu Bello University, Zaria, carrying out research work on the effect of creativity in marketing soft drinks, a case study of Nigeria Bottling Company (NBC) Kaduna.

Please assist in filling these questionnaire, the information given here will be treated as strictly confidential.

1. What image do you perceive when you see an advertisement for Coca –Colas?
2. How did you come across NBC's products?
3. Have you ever experienced a shortage of NBC's products?
4. How often was the occurrence?

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