

MARKET PENETRATION STRATEGY AS A MEANS OF ENTERING THE  
NIGERIAN TELECOMMUNICATION  
A STUDY OF MOBILE TELECOMMUNICATION NETWORK (MTN)

BY

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## CERTIFICATION

*This is to certify that this project titled Market Penetration Strategy as a means of entering the Nigerian Telecommunication, a study of Mobile Telecommunication Nigerian (MTN) written by GARBA, Kabiru Magaji meets regulation governing the award of the degree of Masters of Business Administration (MBA) of Ahamadu Bello University, Zaria and it is therefore approved for its contribution to knowledge and literary presentation.*

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## DECLARATION

I hereby declare that this project is the product of my personal research effort to the best of my knowledge it has been hither to submitted fir the award of any degree in any university or institute of learning.

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## DEDICATION

This project is especially dedicated to my late father Alh. Garba Magaji Danshagamu, and my mother Hajiya Salamatu Garba Magaji Danshagamu. Also to my loving wife Umma Sani Kabara.

## ACKNOWLEDGEMENT

All praises be to Allah, the most Beneficent, the most Merciful for guiding me through this programme and watching over me till this day.

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## **Abstract**

The research work examined Market Penetration Strategies as Means of Entering the Nigerian telecommunication Market, a study of MTN Nigeria.

The study is designed to examine more critically issues where the business formulate its growth strategy, by focusing on selling existing product into existing market and the various objectives it seeks to achieve. The objectives range from securing dominance of growth markets, restructuring markets by driving out competitors through aggressive promotional campaign, pricing strategy and the introduction of loyalty schemes to increase customer usage/patronage.

The chapter one forms the introductory aspect of the project work. The study also reviews the various works of different writers on the subject matter. In the course of the research, various instruments were employed in collecting both primary and secondary data. Data collected were analyzed by the use of tables, simple percentages and chi-square. Data were subject to rigorous analysis in other to determine the research hypothesis objectives.

The last chapter contains the Summary, Conclusion and Recommendations. Overall study aims to show how the company should maintain or increase market share of current products, by a combination of competitive pricing strategy i.e. Penetration pricing, advertising, sales promotion and personal selling.



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## CHAPTER ONE

### 1.0 Introduction

Nigeria is often identified as the fastest moving economy and one of the most advanced I.C.T market sectors in Africa. It has the largest population in Africa and Nigeria market's high level of sophistication markets it an exciting and attractive market in just four years, Nigeria has become the telecoms hotspot for both telecoms operators and equipment supplies. In 2004, Nigeria has about five million mobile lines and about one million five lines, compared with just about 450,000 lines a couple of years ago.

Neilson (2005) in his research on the Nigerian massive telecommunication opportunities observed that "Nigeria represents a telecommunication market of, as yet, almost untapped potential. His report tracks development and growth of the Nigeria telecoms sector from a scenario where the industry had been dogged by poor service and the lack of infrastructure and funds, with the incumbent network NITEL, the country's only carrier since 1993. However, the arrival of GSM network operators in the evolution of communications in the country.

Neilson conclude that although the mobile market has received the most media attention, and certainly has the greatest potential, the fact is that the entire Nigerian telecommunication is set for further dramatic growth, and has probably achieved less than a quarter of its ultimate potential as at the end of 2007. in this regard, this work look

at the strategies a firm/company need when it embark on market penetration.

Market penetration (also known as market share) is a term that was developed to permit businesses to know what percentage of all possible sales was represented by their actual sales. In common practice, one measure market penetration by measuring real sales of a given good for a given period and then comparing that total with the total of all sales of that specific good for that same period made by one owns company. Kobulricry and Stoffle (2004) observed “it is important to measure market because one’s own sales of a given period may go up, implying success, but actually not have increased as much as the total sales have increased. In this case one’s share of the market has fallen and one’s penetration has actually weakened”

Kotler (1991) describes “marketing as working with markets which means attempting to actualize potential exchanges for the purpose of satisfying human needs and wants” And in order to satisfy these needs and wants, certain things or activities must be carried out. Considering the day – to – day exchange process, which includes product planning, pricing, promotion and distribution?

One of the reasons behind the successful performance of telecommunication operators in Nigeria is the application of marketing strategies.

The Ansoff Growth matrix is a tool that helps businesses decide their product and market growth strategy. The Ansoff/market growth

matrix suggests that a business attempts to grow depend on whether it markets new or existing product in new or existing markets. The output from the Ansoff product/market matrix is a series of suggested growth strategies that set the direction for the business strategy.

This study will concentrate on a specific strategy; market penetration. According to the Ansoff matrix it is a name given to a growth strategy where the business focuses on selling existing products into existing markets. Market penetration on its own seeks to achieve four main objectives:

- Maintain or increase the market share of current products, this can be by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling
- Secure dominance of growth markets
- Restructure a mature market by driving out competitors, this would require a much more aggressive promotional campaign, supported by pricing strategy designed to make the market unattractive for competitors.
- Increase usage by existing customer, for introducing loyalty schemes.

This research work would be looking at preparing and applying effective marketing penetration strategies and this would be concerned on how a business competes successfully in particular market (telecoms) Also the strategic decision about the choice of product, meeting needs of customers, going advantage over competitors,

exploiting or creating new opportunities, identifying competitors strategies, objectives, strengths, weaknesses and reaction pattern.

An attempt will be made to examine the various market penetration strategies used by telecommunication operators with MTN Nigeria as a case study, in maintaining or increasing the market share of its current products, how it use the strategies to secure its leadership or dominance of growth market; how these strategies restructure a mature market by driving out competitors and how they use customer loyalty schemes to increase usage by existing customers.

Overall a market penetration marketing strategies is very much about “business as usual”. The business is focusing on markets and products its knows well. It is likely to have good information on competitors and customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research.

This research, synonymously, aims at analyzing the use of market penetration marketing strategies in the Nigerian telecommunication industry/sector, by focusing on the growth strategies where the business focuses on selling existing product into existing markets. In other words, we will seek to determine whether these selected market Penetration strategies have a significant impact on the company’s effort to enter, and dominate a market.

In the second chapter of this research work, relevant literatures of market penetration definitions, concepts, and strategies, with regard to market- penetration marketing strategy would be reviewed.

Also the hypotheses would be tested on a population size highlighted in our methodology in chapter three. However recognizing that companies do not randomly choose one mode of strategy over another, though most are universally acceptable strategies thanks to the endogenous concept of marketing. Results would be presented confirming that effective strategies is relevant to a successful market – penetration strategy in the Nigerian telecoms market and invariably ensure an effective market entry, dominance and survival.

Finally, we shall discuss the results, point out limitations of the study and suggest avenues for improvement and research.

## 1.2 **Statement Of The Problem**

Telecom business is the fastest growing area in Nigeria. The growth of telecom in Nigeria has exceeded all estimates and forecasts. The question is not where the demand is, but instead, how to meet the demand. But doing profitable and sustainable telecom business in Nigeria is not an all comer's affairs, it requires the right information and strategy.

Efficient and effective marketing strategy demands defining the business mission, analyzing the business's external opportunities and threats, analyzing the business's internal strengths and weaknesses, formulating goals, strategies, support programs, implementing the programs and gathering feedback and exercising control. These various dimensions concerns questions on the how, what, where, when, who, whom and why of those cognate issues which, if successfully

implemented and achieved will help in organizational success, growth and development. In addition to the relevant questions being asked about the marketing process of analyzing market opportunities, developing marketing strategies, manning marketing programs, which enables choosing the marketing mix (the four P's: Product, Price, Place and Promotion) and organizing and implementing and controlling the marketing effort.

Also important are those variables which are not under the control of marketing managers, but which substantially affect or determine organizational objective.

The main problem of this study is to access the market penetration strategies as a means of entering the telecoms markets. With four GSM networks, Nigeria is now the fourth largest mobile market in Africa and has experienced triple-digit growth rates every single year since 2000, while fixed lines and internet penetration are still low. The arrival of Globacom as a new entrant into the GSM space is expected to see MTN Nigeria communications and Econet (Now Vmobile) begin to sacrifice a small portion of their existing market share. Mtel, the mobile subsidiary of national network operator, NITEL is expected to grow its market share from 5% to 8% in the coming year and Globacoms, Glo mobile is expected to achieve a similar share of the market share.

However MTN despite of these adds remains the acknowledged market leader and this is because of its market oriented strategic

planning. MTN also has the largest share in the relevant product market. It usually leads the other networks in price change and promotional intensity. It is the appreciation of the market penetration strategies used by MTN and other networks that informed the study on the subject matter.

The following research questions will also be used to determine the marketing strategies and its applicability, effectiveness, benefits, problems and constraint encountered in the formulation and implementation of market penetration strategies in entering the Nigeria telecoms market.

1. To what extent is MTN Nigeria aware of the concept of marketing in formulating its marketing strategies, utilization, prospects and benefits?
2. What are the strategies used and to what extent are these strategies relevant in entering and gaining market share in Nigeria?
3. What are the roles of the strategies in achieving organizational values and objectives?
4. How does the environment necessitate marketing strategies usage for operators irrespective of the organization.
5. How does the applicability of marketing strategies ensure market penetration continuity and survival of companies as a going concern?
6. What are the likely problems encountered by Nigeria telecom operators in the course of implementing these strategies?

### 1.3 Hypothesis Of The Study

The objective of this research is to determine whether the way in which companies with regard to telecom operators choose to enter, grow, consolidate and exit a market. Thus the research focuses on the concept and strategies of marketing, with reference to the various ways a leader, challenger, follower and Nicher can penetrate a market.

#### **Hypothesis 1**

Ho: Launching of new products at a low price and high promotional level does not bring about fast market penetration and large market share in the Nigerian telecommunication market.

H: Launching of new products at a low price and high promotional level bring about fast market penetration and large market share in the Nigerian telecommunication market.

#### **Hypothesis 2**

Ho: Total quality management and customer satisfaction does not enhance mass-market penetration.

Ho: Total quality management and customer satisfaction does not enhance mass-market penetration.

### 1.4 Objective of the Study

1. To examine the relevant marketing strategies in the overall performance of operators in Nigeria
2. To determine the role of marketing strategies in entering the Nigerian telecom market

3. To critically analyze the strategies used in market penetration
4. To provide the basis for establishment of an effective strategy that will gain and consolidate market position in the telecom market.
5. To establish problems which constraint managers in the application of marketing strategies in market penetration and to suggest recommendation on how these problems can be tackled.

### **1.5 Scope Of The Study**

A lot will be discussed about marketing strategies and penetration strategies from the entry to the mature and declining stage. MTN's level of involvement and market in the telecommunication industry, how it uses the different strategies at different times to rise in all types position in the market.

### **1.6 Significance Of The Study**

As previously mentioned, ongoing liberalization of Nigeria's telecom sector has led to a multi-operator environment and skyrocketing investment. Hence firms willing to be of much impact by penetrating the market must take tremendous steps in creating strategies as they arise and are fore seeable. A research of this nature could be significant for a number of reasons.

1. It will create and reinforce the needed awareness of strategic management and formulating effective marketing strategies as a management concept that telecom operators should embrace in order to improve the quality of service.

2. It will highlight the roles of marketing strategies in penetrating the Nigerian market.
3. It will help telecom operators' identity marketing strategies as an important concept that can be applied for improve performance.
4. It will help firms to forecast into the future and reduce uncertainly associated with the Nigerian business environment.
5. It will help to establish industrial standards to measure performance of companies.
6. It will contribute to the body of knowledge and create room for future work.

#### 1.7 Limitation Of The Study

In the course of this research a number of constrains were encountered. First, the dearth of qualitative data to sift for formulation of problem and operational concept, testing the validity and reliability of the data, unwillingness of officials to release certain data.

The paucity of indigenouse literature as regards marketing strategies under the Nigerian environment poses a problem to the researcher.

Finally, a major limiting factor lies in the apathy of telecom operators to release necessary information relevant to their strategic management suspicion which surrounded the researcher that he may be acting on behalf of their competitors complicates these findings and no doubt question the use of officials data obtained. Nevertheless it

must be noted that this problem or issue of accuracy of research finding is or common problem.

Not withstanding all these limitations and difficulties, it has been possible to carry out a reasonably, pleasing and interesting research and that the findings of this research shall still remain valid.

## CHAPTER TWO

### 2.0 Literature Review

#### 2.1 Introduction

The essence of this chapter is to review some important literature that has some degree of relevance to the subject matter under study. As a result the view, idea, submissions, opinions and definitions of renowned authorities on the subject matter under study. As a result the views, ideas, submissions, opinions and definitions of renowned authorities on the subject matter would be highlighted. To this end, therefore, this chapter is divided in to different sub-headings to enhance the successful achievement of this study. The sub-heading are treated below.

#### 2.2 Marketing Defined

Marketing links two basic functions in the society, namely, those of production and consumption. As society become more complex, and the process of production and supply more different, so the means by which the community is supplied with the goods and services it demands has itself become more complicated and important.

Morder (1991) defines marketing as ‘an activity which is directed at satisfying the needs and wants of customers through ex-change processes which occur in the market’

The United Kingdom institute of marketing defines it as “the management process responsible for beatifying, anticipating and satisfying customer requirements profitably”

Ralph (1960) defines marketing as “the performance of the business activities that direct the flow of goods and services from producer to consumer or user”

According to Backman (1967) ‘marketing is the process, in which a society by which the demand structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion, exchange and physical distribution of such goods and services.

Holloway and Hancock (1968) see marketing as “those activities necessary and incidental to bring about exchange relationship”

Martin et al (1975) defines marketing as “the way in which financial and physical resources with the words of its customers”

In Rosenberg’s words (1977), marketing is “a matching process, based on goods and capabilities, by which a producer provides a marketing mix (products, services, advertising, distribution e.t.c.) that meets consumer needs within the limits of society”

According to Kotler (1991), “Marketing means working with markets, which means attempting to naturalize potential exchanges for the purpose of satisfying human needs and wants”. But in order to satisfy human needs and wants, certain things or activities must be carried out. Considering the day-to-day exchange process, these activities will include product, planning, pricing, promotion and distribution.

Put in another way, Kotler, believes that “marketing is a social and managerial process by which individual and groups obtain what they

need and want through creating and exchanging products and value with others”

The definitions of marketing rests on the following core concepts; needs, wants, and demands, products (goods, services and ideas) value, cost and satisfaction, relationships and networks’ markets, and marketers and prospects.

Since marketing is seen as a matching process and the satisfaction of needs and wants through exchange of products and value, it therefore appears natural that any mis-match will lead to and failure. It follows then that a business whether private or public exist by selling it s products and services. By doing this it seeks to achieve its profit and other objectives. To be able to achieve the marketer has to adopt a method of carrying out his/her marketing activities.

Therefore, the management and staff of any organization marketing department is responsible for a number of inter-related activities that enhance the organizations ability to achieve its objectives. These activities include but are limited to the following (Kotler 1991)

- Identifying market opportunity and needs
- Keeping abreast with relevant technological developments
- Managing its products/services
- Choosing and motivating channels of distribution
- Advertising and promoting its product/services
- Selling its products/services
- Setting prices and terms of supply
- Planning the marketing activities

### 2.3 The Marketing Concept

The marketing concept is a business philosophy that challenges the three concepts of production, product and selling/sales concepts.

Schnnors (1998) admits that the origin of the marketing concept lies with three prominent authors in the 1950's: (1) Peter Drucker in his landmark book "The practice of management" (2) John B. Mckitterrick of General Electric, and (3) Ted Levitt, the noted Harvard professor and author of the seminal article marketing myopia. According to Schnnars "all three agree that the purpose of business is to create satisfied customer".

The marketing concept could be seen to be a common sense customers to deliver the right goods and services more effectively than company's competitors. Kotler (1991), put this into two practical perspective namely; company management remaining sensitive to market needs and company management operating the enterprise in a market – oriented manner".

These constitute the two main areas of responsibility for the management in an organization. This is, more so, where the organization concerned is a service oriented one.

Kotler, therefore describes the marketing concept as "the most important managerial first within the organization responsible for understanding the needs and wants of consumers in the market and for adopting the operations of the organization to deliver the right goods and services more effectively and efficiently than its

competitors” According to Kotler, the premises of the marketing concept are: that organizations must find out not only the needs but wants; must adopt right at the beginning and not at the end of the production cycle; that is, every adjustment, both in name or slogan, or in machinery. Or men must be adapted to the needs of the customer right from the beginning. Effectively and efficiently have to do with profitability and met objectives, which will keep the organization in business to continue serving.

Most firm practice the selling concept when they have overcapacity. Their aim is to sell what they make rather than make what the market wants. Therefore it is often said that selling is only the tip of the marketing iceberg.

Peter Drucker, one of the leading management theorist, put it this way;

There will always, one can assume, be need for selling. But the aim of marketing is to know and understand the customer so well that the product or service fits him and sell itself. Ideally marketing should result in a customer who is ready to buy. All that should be needed there is to make the product or service available.

The marketing concept has been expressed in many colorful ways;

“Meeting needs profitably”

“Find wants and fill them”

“Love the customer, not the product”

“Have it your way” (Burger king)

“You are the boss (United Airways)

“Partner for profit” (Milliken Company)

Professor Theodore Levitt of Harvard drew a perspective contrast between the selling and marketing concepts; “selling focuses on the need of the seller, marketing on the needs of the buyer. Selling is preoccupied with the sellers need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it”

The marketing concept rest on four pillars; target market, customer needs, integrated marketing and profitability. According to Kotler (1997) “the marketing concept takes an outside – in – perspective. It starts with a well – defined market, focuses on customer needs, and integrates all the activities that will affect customers and produces profit by satisfying customers.

## **2.4 The Marketing Strategy**

The term “strategy” is widely used to describe a seemingly endless number of marketing activities. Today, everything in business seems to “strategy”. There are strategic pricing, strategic market entry, strategic advertising and probably even strategic strategy. In recent years, the appellation has appended to nearly every marketing action in order to make the ordinary sound modern and competitively inspired (Schnaars 1998)

### **2.4.1 Definition And Scope Of Marketing Strategy**

Johnson and Scholes (2003) define strategy as follows; “strategy is the direction and scope of an organization over the long – term, which achieve advantage for the organization through its configuration of

resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations”.

However, there is no consensus as to what a marketing strategy actually is. Instead there is a bewildering array of competing versions. The name “marketing strategy” is commonly used, but no one is really sure what it means.

One review of the history of marketing strategy found that the term “strategy” has been applied to at least three types of marketing issues each of a different level of aggregation.

- i. At the most macro level, marketing strategies focus on manipulation of the marketing mix variables – products, price, place and promotion. According to that definition, setting a strategy consists of selecting a price for a product, designing an advertising campaign, their deciding on a plan of distribution.
- ii. There are also marketing elements strategies, a more narrow concept that applies to individual elements of the marketing mix. There are “push versus pull” promotional strategies, “intensive, selective or exclusive” distribution strategies and “skinning versus penetration” pricing strategies.
- iii. Finally there are product market entry strategies, which include strategies for building, defending or harvesting market share.

Other authors prefer other definitions. Marketing textbooks often limit the scope and content to two elements.

- (a) picking a target market, and

(b) Selecting a marketing mix to serve that market

On the other hand, marketing management constantly have to assess which customers they are trying to reach, so that they can design products and services that provide better value (“competitive advantage”).

Marketing planning therefore focuses on the market environment facing the firm. Thus the emphasis is not only on projections but also on an in-depth understanding of the market environment, particularly the competitors and customers.

According to Martins (1975), “marketing planning is the systematic application of marketing resources to achieve marketing objectives. It is the means by which an organization seeks to monitor and control the hundreds of external and influences on its ability to achieve profitable sales.

Busch and Houston (1985), define strategic marketing planning as a process consisting of the following (a) situation analysis (b) establishment of objectives (c) determination of product markets and market segmentation.

Gravens (1982) in his book “strategic marketing defines strategic marketing as a process of: (a) strategically analyzing the environmental competitive and business factors affecting business units and forecasting future trends in business areas of interest to the enterprise (b) participating in setting objectives and formulating corporate and

business unit strategies (c) selecting target market for the product – market in each business unit.

In addition a marketing objective is what the organization wants to achieve in terms of sales volume, market share and so on. How the organization sets out to achieve this objective, is the strategy. An effective strategy statement should make reference not just to allocation of resources but also to time scales no matter broad.

## 2.5 **Market – Penetration**

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing marketing (Ansoff product/market matrix). The Ansoff Growth matrix is a tool that helps businesses decide their product and market growth strategy, it suggest that a business attempts to grow, depend on whether its market's new or existing.

According to Ansoff ( ) Marketing penetration seeks to achieve four main objectives;

- Maintain or increase the market share of current products – This can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling
- Secure dominance of growth market
- Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.

- Increase usage by existing customer – for example by introducing loyalty schemes

The concept of a “market” has traditionally been associated with the sale of goods and, further, to the location of the sale of goods... the physical market. Kobulnicky and Stoffle (2003) in their study on “market penetration in research libraries” wrote “the idea of the physical market lends directly to the set of consumers who are attracted to the physical space to consummate their purchases of those goods that are expected to be made available at that location those consumers then, by extension, become the market”. Furthermore they agreed that “as transportation developed, the physical market expanded into many physical sites and the “consumers as markets” expanded to be defined as the set of consumers of the several physical markets. Proceeding logically, as physical markets expand to near infinite sites, the concept of market becomes less than that of individuals attracted to physical sites and more one of the total set of individuals who are potential consumers of the goods no matter where offered”

Kobulnicky and Stoffle also defined “market penetration (also known as market share) as a term developed to permit businesses to know what percentage of all possible sales were represented by their actual sales” In common practice, one measures market penetration by measuring all real sales of that for the same period made by one’s own company. They stressed the importance of measuring market

penetration because “one’s sales of a given good may go up, implying success, but actually not have increased as much as the total sales have increased. In this case one’s share of the market has fallen and one’s penetration has actually weakened”

As earlier mentioned in the definition of market penetration, it is a name given to a “growth strategy”. Glueck (1980) described a growth strategy as “one that a firm pursues when;

1. It increases the level of its objectives higher than an extrapolation of the past level into the future. For example, it significantly increases its market share or sales objectives.
2. It serve the public in the same product/service sector or can add additional products/service sector.
3. It focuses its strategic decisions on major functional performances increases.

Overall market penetration marketing strategy is very much about “business as usual”. This is focusing on markets and product it know well, it is likely to have good information on competitors and on customer needs. It is unlikely therefore, that this strategy will require much investment in new markets research.

## **2.6 Marketing Strategies For Market Leaders Challengers, Followers And Nichers**

Marketing strategies are highly dependent on whether the company is a market leader, challenger, follower or nicher.

Kotlar (1997) described the market leader as a “company who has the largest market share in the relevant product market” He said for company to remain the dominant firm, the leader should engage in three activities;

- First, it looks for ways to expand total market demand by seeking new users, new uses, and more usage of its products.
- Second, it attempts to protect its current market share through a position, flank, preemptive, counter offensive, mobile, or contraction defence strategy. The most sophisticated leaders cover themselves by doing everything right, leaving no opening for competitive attack.
- Third, it may try to increase its market share. Such a strategy makes sense if profitability increases at higher market share levels and if the company does not have to worry about antitrust action.
- Kotlar also sees a market challenger as a company who “attacks the market leader and other competitors in an aggressive bid for more market share”.

He gave five types of general attacks a challenger can choose from; frontal, Flank, encirclement, bypass and guerilla. He noted that in terms of specific attack strategies, challengers can discount prices, produce cheaper goods, produce prestige goods, produce a wide variety of goods, innovate widely in product or distribution, improve services, reduce manufacturing costs, or engage in intensive advertising.

A market follower on the other hand is a runner-up firm (behind the market leader) that is willing to maintain its market share and not to rock the boat. Kotler noted that “even market followers must have strategies aimed at maintaining and increasing market share and expanding the market”.

A follower can play the role of counterfeiter, cloner, imitator or adapter.

Lastly, Kotler defined a “market nicher as a firm who serves small market segments not being served by larger firms”. While nichers have traditionally been smaller firms, several larger firms today are pursuing niche strategies. Kotler added that the key to” nichemanship is specialization, and nichers can select one or more of the following areas of specialization; end user, vertical level, customer size, specific customer, geographic, product or product line, product feature, job shop, quality/price, service, or channel”

## **2.7 Strategies in Various Market Stages**

The following Strategies are used by market leaders, challengers and nichers in different stages of a market life cycle.

### **Strategies for Market Emergence/Introduction Stage**

Pioneers are those companies that did most to develop a particular market sector in their early days. Typically, they have a substantially

higher market share than late entrants to the market. They take the greatest risk and are prone to failures than their conservative competitors.

Akpan (2003) in his opinion said “pioneers enjoy first mover advantages. These advantages if sustained through the growth stage and into the maturity stage of the product life cycle, can result in a strong share and substantial returns”

Kevin et al (1992) have provided the following sources of competitive advantage available to pioneers.

- (a) First choice market segment and positions: The pioneers are in a favored position to develop a product offering with attributes that enhance brand acceptability. In this case the pioneer’s brand can become a standard of reference customers use to evaluate other brands.

This makes it difficult for followers with other brands/products to convince existing customers that their new brands are superior to the older and more familiar pioneers. Followers will also find it difficult to differentiate their products in ways that are attractive to the mass – market segment. The only way out for them may be to target smaller peripheral segments or niche instead

- (b) Ability to define the ruler of the game: The pioneers dictate the rules of such variables as product quality, price, distribution; warranties after sales services, promotional appeals and budgets subsequent competitors must either meet or beat these

standards. If the pioneer's standard is high enough they may become reasonable entry barriers for potential competitors.

- (c) Distribution advantages: The pioneers still have the first mover advantage and the most options in assigning a distribution channel to bring new products and services to the markets.

This of remarkable advantage for industrial growth well thought out and timely channel options should end up with a network of the best distributors. This has the tendency of excluding late entrants from some markets. However, for consumer packaged goods attempts to slow the entry of late competitors by preempting distribution channels can be difficult. In any case the pioneers still has the competitive advantage of attaining more shelves facing as the product enter the growth stage.

- (d) Economic of scale and experience: The fist mover advantage gives the pioneer the ability to gain accumulated volume and experience and thereby lower per unit cost at a faster rate than followers.

The significance of this advantage is pronounced where products are technically complies and requires high development, casts or when its life cycle is likely to be short with sale increasing rapidly during the introduction and early growth stages.

- (e) High switching cost for early adopters: According to Kevin et al, "customers who are early to adopt a pioneer's new product may be reluctant to change suppliers when competitive products

appear. This is particularly true of industrial goods where the cost of switching can be high”.

- (f) Also Walker Jr. et al, are of the opinion that “a pioneering firm stands the chance for long term success in market – share leadership and profitability when
  - a. The new product market is insulated, from the entry of competitors, at least for a while by strong patent protection, propriety technology or substantial investment requirements.
  - b. The firm has sufficient size, resources and competencies, to take full advantage of its pioneering position and preserve it in the face of later competitive entries”.

#### 1. Mass Market Penetration

Walter jr. et al (1996) indicates that the “ultimate objectives of mass – market penetration strategy is to capture and maintain a commanding share of the total market for new products” Thus the greatest marketing task remain that of getting so many potential customers as possible to adopt the new product quickly in order to drive down unit cost and build a large contingent of loyal customers before competitors set in.

Mass – market penetration strategy holds reasonable success when entry barriers are high enough to delay the entry of competitors, thus allowing the pioneers more time to build volume, lower unit cost, and gain loyal customers, or when the

pioneers has strategic assets and skills that most potential competitors cannot match.

## 2. Niche Penetration

Akpan (2003) noted that “it is possible that when new product market expands quickly, a small firm with limited resources can become a successful pioneer. In this case, instead of the small firm pursuing the objective of capturing and sustaining a leading share of the entire market, it focuses its efforts on a single market segment”

## 3. Skimming And Early Withdrawal

Even if a firm has the resources and competencies necessary to sustain a leading position in a new product market, it may choose not to. Competition is usually inevitable and prices and margins tend to drop drastically after followers enter the market. This makes the pioneers pursue a skimming strategy while planning an early withdrawal from the market. Here the pioneers set high prices and engages in only limited introductory advertising and promotion to maximize profit and recover cost as quickly as possible (Akpan 2003).

According to Kotler (1998) “In launching a new product, marketing management can set a high or low level for each marketing variables (price, promotion, distribution, product quality). Considering only price and promotion, management can pursuer one of the four strategies”

**2.7.1 Rapid – Skimming Strategy** – Consist of launching the new product at a high price and a high promotional level. The firm changes a high price in order to recover as much profit per unit as possible. It spends heavily on promotion to convince the market of the products merits even at the high price. The high promotion acts to accelerate the rate of market penetration. This strategy makes sense under the following assumptions; a large part of the potential market is unaware of the product are eager to have it and can pay the asking price; and the firm faces potential competition and wants to build brand preference.

**2.7.2 Slow – Skimming Strategy** – Consist of launching the new product at a high price and low promotion. The high price helps recover as much profit per unit as possible, and the low level of promotion keeps marketing expenses down. This combination is expected to skim a lot of profit from the market.

This strategy makes sense when the market is limited in size; most of the market is aware of the product; buyers are willing to pay a high price; and potential competition is not imminent.

**2.7.3 Rapid – Penetration Strategy** – Consist of launching the product at a low price and spending heavily on promotion. This strategy promises to bring about the fastest market penetration and the largest market share. The strategy makes sense when the market is large; the market is unaware of the product, most buyers are price – sensitive, there is strong potential competition, and the company’s

unit manufacturing costs fall with the company's scale of production and accumulated manufacturing experience.

- 2.7.4 Slow – Penetration Strategy** – Consists of launching the new product at a low. Price and low level of promotion. The low cost price will encourage rapid product acceptance and low promotion costs brings profit up. The company believes that market demand is highly sensitive to price but minimally sensitive to promotion. This strategy makes sense when the market is larger, the market is highly aware of the product, the market is price – sensitive, and there is some potential competition.

### **Strategies For Growth Markets/Growth Stage**

Managers according to Walker et al (1996) must consider how the market and competitive situations are likely to evolve and whether their firms can exploit growth opportunities to establish competitive advantage. The primary objective of the early share leader, usually the market pioneer in growth market is often that of share maintenance.

Kotler (1998) noted that “the growth stage is market by a rapid climb in sales. The early adopters like the product, and additional consumers start buying the product. New competitors enter the market, attracted by the opportunities for large – scale production and profit. They introduce new product features and expand the distribution chain”.

He added that “price remains where they are or fall slightly, depending or how fast demand is increasing. Companies maintain

their promotional expenditure at the same or a slightly increased level to meet competition and to continue to educate the market. Sales rise much faster than promotional expenditure do, causing a decline in the promotional – sales ratio.

Profits increase during the growth stage as (1) Promotion costs are spread over a large volume and (2) Unit manufacturing cost fall faster than price decline owing to the producer learning effect. The growth rate eventually changes from an accelerating rate to a decelerating rate. Firms have to watch for the onset of the decelerating rate in order to prepare new strategies .

During the growth stage, Kotler listed several strategies to sustain rapid growth as long as possible:

- It improves product quality and adds new product features and improves styling.
- It adds new models and flanker products (i.e product of different sizes, flavours and so forth that protect the main product).
- It enters new market segments
- It increases its distribution coverage and enters new distribution channels.
- It shift from product awareness advertising to product – preference advertising.
- It lower price to attract the next layer of price sensitive buyers.

## **Growth Market Strategies For Market Leaders**

The leader in this case is typically the pioneer or at least one of the first entrants, who developed the product market in the first instance. Akpan (2003), observed “the major objective of the leader is to maintain its leading relative share in the face of increasing industry rivalry as the market expands”.

Walker et al (1996) outlines a list of actions and their specific marketing objectives. The strategies involved here include:

### **a. Fortress or Position Defence Strategy**

Under the fortress or position defence strategy, the leader, tries to build an impregnable fortress capable of repelling attacks by current or future competitors. This strategy is an aspect of a leader's share maintenance effort. By sharing up an already strong position, the firm can improve satisfaction of current customers while increasing the attractiveness of the offering to new takers customers with needs and characteristics similar to those of the early adopters. The premise here is that both current and potential customers have relatively homogenous needs and desires and the company's offering already enjoys a high level of awareness and preference in the mass market. It has been observed that in most homogenous markets, a well implemented position defence strategy is likely the only strategy needed for share maintenance.

b. **Flanker Strategy**

The fortress strategy just discussed has an inherent shortcoming. A challenger might simply choose to avoid the leader's fortress and try to capture territory where the leader has not yet established a strong presence. To defend against an attack directed at a weakness in its current offering (its exposed flank) Walker et al suggest a leader develop a second brand to compete directly against the challenger's offering. According to Walker and his colleagues, a flanker strategy is always used in conjunction with a position defence strategy. It has also been observed that a flanker strategy can either be proactive or reactive.

c. **Confrontation Strategy**

A market leader who is faced with competitors insignificant price – cut, major new product or increase in advertising, needs to respond in order to minimize the threat. The response can take the following forms;

- i. Sit back and wait for the competitor to fail.
- ii. Attack the attacker's flank.
- iii. Develop a price movement in an attempt to cut off the attacker's operational base.

d. **Market Expansion or Mobile Strategy**

This strategy is a more proactive version of the flanker strategy. The leader is seen to defend its relative share of the market by establishing positions in a number of different market segments.

In doing this the leader wants to capture a large share of new customer groups who may go for differentiated offering.

The mobile defence strategy is based on the ideas discussed by Theodore Levitt in “marketing myopia” (1960), in that rather than become preoccupied with the defence of current products and markets through the proliferation of brands, the strategist concentrate union markets broadening and diversification (Wilson and Gilligan (2001) Akpan 2003).

e. **Contraction or Strategic Withdrawal**

Large companies sometimes recognize that they can no longer defend all of their territory. According to Kotlar (2005) “the best course of action then appears to be planned contraction (also called strategic withdrawal)” He further states that “planned contraction means giving up weaker territories and reassigning resources to stronger territories”

It is a more to consolidate competitive strength in the market and concentrate mass at pivotal positions.

**Growth Market Strategies For Followers**

There are basically two types of competitors in a growing product market. The first are those with the limited resources and competencies. These entrants may simply seek to build a small but profitable business within a segment of the larger market that pioneers have overlooked. These are the real followers in the real sense of following.

The second groups are the larger firms entering a product market shortly after the pioneer. Firm in this category have more grandiose objectives. Their major objective is to displace the leader or at least to become a powerful competitor within the total market. (Akpan 2003).

It may not be possible to attack all the competitors already in the market. Consequently, a challenge must decide which competitor if any to attack/target (Walker et al 1996). Several strategies exist; (Kotlar 2005):

a. **Frontal Attack**

In a pure frontal attack, the attacker matches the opponent's product, advertising, price and distribution. The principle of force say that the side with the greatest manpower (resources) will win. A modified frontal attack, such as cutting price vis-à-vis the opponent's, can work if the market leader does not retaliate and if the competitor convince the market that its product is equal to the leader's.

b. **Flank Attack**

The major principle of offensive warfare is concentration of strength against weakness. The enemy's weak spots are natural targets. A flank attack can be directed along two strategic dimensions – geographical and segmental. In geographical attack, the challenger spots areas where the opponent is underperforming. The other is to serve uncovered needs. Flank attacks are particularly attractive to a challenger with fewer

resources than its opponent and are much more likely to be successful than frontal attack.

c. **Encirclement Attack**

The encirclement maneuver is an attempt to capture a wide slice of the enemy territory through a “blitz”. It involves launching a grand offensive on several fronts. Encirclement makes sense when the challenger command superior resources and believes a swift encirclement will break the opponent’s will.

d. **Bypass Attack**

The most indirect assault strategy is the bypass. It means bypassing the enemy and attacking easier market to broaden one’s resource base. The strategy offer three times of approach. Diversifying into new geographical markets; leapfrogging into new technologies to supplant existing products.

e. **Guerrilla Warfare**

This consists of waging small, intermittent attacks to harass and demoralize the opponent and eventually secure permanent footholds. The guerrilla challenger uses both conventional and unconventional means of attack. These include selective price cuts, intense promotional blitzes and occasional legal actions.

The firm that pursues these market expansion strategies will strengthen its competitive position.

The firm in the growth stage faces a trade-off between market share and high current profit. By spending money on product improvement, promotion and distribution, it can penetrate/capture a dominant position. It forgoes maximum profit in the hope of making greater profit in the next stage.

Common sense and empirical evidence suggest that there are advantages in quickly entering and investing to build share in growth markets. The literatures reviewed outlined the objectives of early share leaders as well as the marketing strategies a company/firm might use either singularly or in combination to main a leading share position.

### **Strategies For Mature And Declining Markets**

Many marketing managers according to Walker et al (1996) seem to be obsessed with growth. But the biggest challenge for these managers in developed economies in future years will be making money in markets that grows slowly.

Akpan (2003) noted “the truth is that majority of product markets in those nations are in the mature or declining stages of their life cycles. With accelerating rates of technological and social changes walking to shorter life cycles, today’s innovations will move from growth to maturity and ultimately decline.

At some point, a product’s rate of sales growth will down, and the will enter a stage of relative maturity. The period normally lasts longer

than the previous stages and it poses formidable challenges to marketing management. According to Kotlar (2005) “Most products are in the maturity stage of the life cycle, and most marketing manager’s cope with the problem of marketing the mature product”

A primary marketing objective for all industry players here is to maintain or hold their existing customers; to sustain a meaningful competitive advantage that will help ensure continued satisfaction and loyalty of these customers.

Consequently, Walker et al (1996) noted that “milking or harvesting mature products/markets by minimizing short – run profit makes little sense, pursuing such an objective will mean withdrawing financial support from the product which can lead to premature losses of volume and market share and lower profit in the longer firm”. They further added “the business has to do everything possible during the early years of market maturity to maximize the flow of profit over the remaining life of the product”.

In the maturing stage, some companies abandon their weaker products. They prefer to concentrate their resources on their more profitable product and new products. Yet by doing so they may be ignoring the high potential that many old products still have. Kotlar (1996) prefer the following strategies of market, product and marketing mix modification:

(a) **Market Modification**

The company should expand the market for it, mature brands by working with the two factors that make up sales volume:

The company can try to expand the number of brand user in three ways;

- Convert nonusers: The Company can try to attract nonusers to the product. For example the key to the growth in the telecoms industry is the constant search for new users to whom GSM operators can demonstrate the benefit of using GSM lines rather than fixed wire or wireless lines.
- Enter new market segments: The company can try to enter new market segments – geographic, demographic, and so on – that use the product but not the brand. For example, MTN tries to cover new areas with no existing GSM coverage and also promote its prepaid/Pay-As-You-Go product to customer on business/post paid products.
- Win Competitors' Customers: the company can attract competitors' customers to try or adopt the brand. For example MTN Nigeria is constantly tempting Vmobile, Globacom and NITEL subscriber to switch to MTN, by throwing out one challenge after another.

On the other hand volume can also be increased by convincing current brand users to increase their annual usage of the brand with these strategies.

- More Frequent Use: The Company can try to get customers to use the product more frequently. For example MTN try to get it

subscribers to make more calls by offering item bonuses on recharge cards.

- More Usage per Occasion: The company can try to interest users in using more of the product as each occasion.
- New and More Varied Uses: The company can try to discover new product uses and convince people to use the product in more varied ways

(b) **Product Modification**

Manager tries to stimulate sales by modifying the product's characteristics through quality improvement, feature improvement or style improvement.

A strategy of quality improvement aims at increasing the product's functional performance – durability, reliability, speed, taste.

A strategy of feature improvement aims at adding new features (for example size, weight, materials, additives, accessories) that expand the product's versatility, safety or convenience. This strategy has several advantages. New features build company image of innovativeness and win the loyalty of certain segments who value these features

And the strategy of style improvement aims at increasing the product's aesthetic appeal. The periodic introduction of new car

models amounts to style competition rather quality or feature competition.

(c) **Marketing – Mix Modification**

Product managers might also try to stimulate sales by modifying other marketing – mix elements. They should ask the following questions:

- Prices: Would a price cut attract new buyers and users? If so should the list price be lowered, or should prices be lowered through price specials, volumes, or early purchase discount, freight cost absorption or easier credit terms? Or would it be better to raise the price to signal higher quality?
- Distribution: Can the company obtain more product support and display in the existing outlets? Can more outlet, be penetrated? Can the company introduce the product into new distribution channels?
- Advertising: should advertising expenditures be increased? Should the advertising messages or copy be changed? Should the media mix be changed? Should the timing, frequency, or size ads be changed?
- Sales promotion: Should the company step up sales promotion – trade deals, cents – off coupons, rebates, warranties, gift and contests?
- Personal selling: Should the number or quality of sales people be increased? Should the basis for sales force specialization be

changed? Should sales territories be revised? Should sales force incentives be revised? Can sales – calling planning be improved?

- Services: Can the company speed up delivery? Can it extend more technique assistance to customer? Can it extend credit?

Kolter summarized the debate on which tools are more effecting in the mature stage. He started by asking “would the company gain more by increasing it advertising or sales – promotion budgets? Some say that sales promotion has more impact – at this stage because consumers have reached equilibrium in their buying habits and preferences, and psychological persuasion (advertising) is not as effective as financial persuasion (sales – promotion deals). Brand manager use sales promotion because its effects are quicker and more visible to their superiors, but excessive sales – promotion can hurt the brands image and long-run profit. Performance. And a major problem with marketing – mix modifications, especially price reductions and additional services, is that they are easily initiated by competitors”.

In declining markets/stage, the sales of most product forms and brands eventually decline. The sales decline might be slow or rapid. Sales decline for a number of reasons, technological advances, shift in consumer tastes, and increased domestic and foreign competition. All lend to overcapacity, increased price – cutting and profit erosion According to Kotler (2005) “as sales and profits decline, some firms withdraw from the market. Those remaining may reduce the number of products they offer. They may redraw from smaller markets

segments and weaker trade channels and may cut their promotion budget and reduce their prices further.

Harrigom (1980) in a study of company strategies in declining industries identified five decline strategies available to the firm.

- Increase the firm's investment (to dominate the market or strengthen its competitive position).
- Maintaining the firm's investment level until the uncertainties about the industry are resolved.
- Decreasing the firm's investment level selectively, by dropping unprofitable customer groups, while simultaneously strengthening the firm's investment in uncreative niches.
- Harvesting ("milking") the firm's investment to recover cash quickly.
- Divesting the business quickly by disposing of its assets as advantageously as possible.

In his summation on the decline stage Kotlar (1998) noted "the product enters a decline stage in which little can be done to halt the deterioration of sales and profits. The company's task is to identify the truly weak products, develop for each one a strategy of continuation, focusing, or milking and finally phase out weak products in way that minimizes the hardship to company profits, employees and customers".

From the foregoing, it can be seen that like products markets evolve through four stages; emergence; growth, maturity and decline. The new market emerges when a new product is created to serve the needs

of a latent market. Competitors enter the market, leading to market growth. Growth eventually shows down and the market enters maturity; in this stage the market undergoes increasing fragmentation until some firm new attributes – that consolidate the market into fewer and larger segments. The market for the present technology will ultimately decline upon the discovery of superior technologies.

## **2.8 Customer Satisfaction, Value And Retention**

It has been observed that starting in the late 1980s, customer satisfaction turned from a water curiosity into a mainstream craze. Schnaors (1998), has noted that companies in virtually every industry recognized that they could gain competitive advantage by keeping customers happy, or even delighted. Companies embraced the idea that satisfied customers were more loyal, less likely to switch to a competitor who offer lower prices, and could spread favourable word – of – mouth communications.

Schnaar, notes that the craze for satisfaction grew out of the total quality management (TQM) movement of the 1980s, and that as the 1980s faded, it became clear that merely providing customers with products that were reliable and durable was not enough. The search for quality evolved into the search for total customer satisfaction.

### **2.8.1 Customer Value And Satisfaction**

According to Kotlar (2005) “customers will buy from the firm that they see as offering the highest perceived value; customer perceived value. (CPV) is the difference between the prospective customer’s evaluation of all the benefit and all the costs of an offering and the perceived alternatives. Total customer value is the perceived monetary value of the bundle of economic, functional, and psychological benefits customers expect from a given market offering.

Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, using and disposing of the given market offering”.

He explains “that buyers operate under various constraints and occasionally make choice that give more weight in personal benefit than to the company’s benefit. However customer perceived value is a useful framework that applies to many situations and yield rich insights. First the seller must assess the total customer value and total customer cost associated with each competitor’s offer in order to know his or her offer rates in the buyer’s mind. Second, the seller who is at a customer perceived value disadvantage has two alternatives; to increase total customer value or to decrease total customer cost. The former calls for strengthening or augmenting the offer’s product, services, personnel, and image benefits. The later calls for reducing the buyer’s costs by reducing the price, simplifying the ordering and

delivery process, or absorbing some buyers risk by offering a warranty”

Again Kotlar described total customer satisfaction by measuring “whether the buyer is satisfied after purchase depends on the offer’s performance in relation to the buyer’s expectations.”

In general, he defined satisfaction as a person’s feeling of pleasure or disappointment resulting from company a product’s perceive performance or (outcome) in relation to his or her expectations”. He explains that “if performance falls short of expectations, the customer is dissatisfied. If the performance matches expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted”

Kotlar also analyzed that the link between customer satisfaction and customer loyalty is not proportional “suppose customer satisfaction is rated on a scale of one to five. At a very low level of customer satisfaction (level one), customers are likely to abandon the company and even bad-mouth it. At levels two to four, customers are fairly satisfied but will still find it easy to switch when a better offer comes along. At level five, the customer is very likely to repurchase and even spread good – word of mouth about the company.

High satisfaction or delight creates an emotional bond with the brand or company, not just a rational preference.

## 2.8.2 Attracting And Retaining Customers

In addition to partners; stakeholders, resources processes e.t.c, many companies are developing stronger bonds with their, customers – called customer relationship management (CRM). Kotlar (2005) defined it as the process of managing detailed information about individual customers and carefully managing all the customer “touch points” with the aim of maximizing customer loyalty”

According to Gitomer (1998) “Today’s customer are becoming harder to please, they are smarter, more price conscious, more demanding, less forgiving, and they are approached by many more competitors with equal or better offer. The challenge is not to produce satisfied customers; other competitors can do this. The challenge is to produce delighted and loyal customers”

Companies seeking to expand their profits and sales must spend considerable time and resources searching for new customers.

Unfortunately, most marketing theory and practice center on the art of attracting new customers rather than on retaining and cultivating existing ones. A company would be wise to measure customer satisfaction regularly, because the key to customer retention is customer satisfaction.

According to Kotlar (2005) “A highly satisfied customer stay loyal longer, buys more as the company introduces new products and upgrades existing products, talks favorably about the company and its products, pays less attention to competing brands and is less sensitive

to price, offers product or service ideas to the company, and costless to serve than new customers because transactions are routine”

According to the U.S office of consumer affairs (1980) “some companies think they are getting a sense of customer satisfaction by tallying customer complaints, but 96 percent of dissatisfied customers don’t complain many just stop buying the best thing a company can do is to make it easy for the customer to complain”

However listening to complaints is not enough, the company must respond quickly and constructively to the complaints.

Albrecht et al (1985) observed “of the customers who register a complaint, between 54 and 70% will do business again with the organization if their complaint is resolved. The figure goes up to a staggering 95% if the customer feels that the complaint was resolved quickly. Customers who have complained to an organization and had their complaints satisfactorily resolved tell an average of five people about the good treatment they received”

### **2.8.3 Total Quality Management**

One of the major values customers expect from vendors is high product and service quality. Most will no longer accept or tolerate average quality. If companies want to stay in the race, let alone be profitable, they have no choice but to adopt total quality management (TQM)

Kotlar (2005) defined TQM as “organization wide approach to continuously improving the quality of all the organization’s processes, products, and services”

According to GE’s former chairman, John F. Welch Jr., “Quality is our best assurance of customer allegiance, our strongest defence against foreign competition, and the only path to sustained growth and earning”

Akpan (2003) give this important clarification, “TQM is a comprehensive system for achieving continuous improvement in customer satisfaction. It is a philosophy of total integration of the business to achieve the required result. The goal is to achieve greater efficiency and effectiveness, lower operating cost, and increased market share. TQM practices focus on satisfying customer needs”.

The American Society for Quality Control defined Quality “as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs” Total quality is the key to value creation and customer satisfaction. Total quality is everyone’s job, just as marketing is everyone’s job. This idea was expressed by Beckham (1992); “marketers who don’t learn the language of quality improvement, manufacturing and operations will become as obsolete as buggy whips. The days of functional marketing are gone. He can no longer afford to think of ourselves as market researcher, advertising people, direct marketers, strategist – we have to think of ourselves as customer satisfiers – customer advocates focused on whole processes”.

Marketing manager in the telecommunication industry have two responsibilities in quality centered company. First they must participate in formulating strategies and policies designed to help the company win through total quality excellence, second, they must deliver marketing quality alongside production quality. Each marketing activity – marketing research, sales training, advertising, customer service, and so on – must be performed on high standards.

## **2.9 Profile And Marketing Strategies Of MTN Nigeria**

The GSM revolution began in August 2001 and changed the face of information and communications Technology in Nigeria. Deregulation of the telecommunication sector lead to the introduction of major Global System of Mobile Communications (GSM), mobile phone providers MTN Nigeria, V-mobile, Globacom and Mtel.

Since the GSM launch, mobile telephony has rapidly become the most popular method of voice communication in Nigeria. Growth has been so rapid that Nigeria has been rightly described in various for as “one of the fastest growing GSM markets in the world”

MTN Nigeria Communication Limited is part of the MTN group, African’s leading mobile telephony company. Incorporated in Nigeria on November 8, 2000 as a private company it secured a license to operate digital (GSM) telephony on February 9, 2001, from the Nigerian Communication Commission. On August, 2001, MTN emerged as the first to make a call on its GSM network in the new

disposition. Thereafter, the company launched full commercial operations beginning with Lagos, Abuja and Port Harcourt.

At the launch of its network, MTN used the rapid – skimming strategy, by launching the new products at high price and a high promotional level. This strategy was useful because a large part of the market were unaware of the product and those who were later aware of it and are willing to pay a high price. The emergence of Mtel and Globacom forced MTN to change its strategy to Rapid penetration, by quickly launching products at a low price and spending heavily on promotion.

As the market leader of the Nigeria telecommunications market, with over 6 million subscribers, MTN is currently using the fortress or position defence, flanker and market expansion strategies to counter challenges from followers and challengers such as V-mobile and Mtel, and Niche such as Globacom.

MTN leads the industry with services availability such as Pay-As-you-Go (prepaid), Business time (postpaid), Booster card (costs reduction) as well as an array of value added services that include short message service (SMS), International Roaming, Wireless Application Protocol (WAP) MTN ringtones, MTN directory enquiries and Remote interactive Voice Response (RIVR).

MTN's product and services are made available to customer through a wide range of distribution channels; friendship centers, nationwide network of dealership, banks, catteries, petrol stations and neighborhood stores.

MTN Nigeria is 77.67% owned by Mobile Telephone Networks International (MTN International) with the balance of 22.47% shareholding residing in the hands of Nigerian partners.

## CHAPTER THREE

### 3.0 Methodology

#### 3.1 Introduction

In this chapter we shall discuss the research design, area of study, sampling technique and population sample, instrument for data collection, validation for instrument used and plan of analysis of data generated in the study.

#### 3.2 Method Of Investigation And Justification

The type of approach adopted for collection of relevant information for the purpose of this research work is multi-dimensional. It is a combination of exploratory and descriptive methods. Exploratory method ensure a comprehensive and critical search for relevant information for this study. The descriptive method enables the researcher to fully interpret and describe the relationship between the variable of the prevailing practice at MTN.

#### 3.3 Sources Of Data

The sources of data comprises both primary and secondary sources of data. The information from the primary data comprise only responses in the questionnaire administered on and collected from respondents in the company and customers. Two sets of questionnaire were used for the study.

The secondary data, were sources from relevant text books, journals, magazines, newspapers, periodicals and other publication.

Observations and discussions with colleagues were also another source of important information.

### **3.4 Techniques Of Data Collection**

The questionnaire will be administered to the subjects using face – to – face technique. Responses will be recorded by ticks or written details in the boxes or spaces provided.

### **3.5 Sampling Procedure Employed**

The researcher employed the use of random sampling. The selection was made carefully in such a way that the necessary information required can be obtained from the staff and customers alike.

#### **3.5.1 Population Of The Study**

Research population is the universe where as research population can be defined as the total number that forms the universe. The population for this research work consists of the average number of customers of MTN, Kaduna territory, the staff and management of the organization.

#### **3.5.2 Sample Size**

The sample size for this study consist of 220 people consisting 20 management staff and 200 customers of MTN, Kaduna territory.

### **3.6 Reliability Of The Instrument**

The reliability of the instrument is to be determined by test-retest technique. A gap of four weeks will be given between 1<sup>st</sup> and 2<sup>nd</sup> test. This is to ensure its reliability over time.

### **3.7 Method Of Data Analysis**

The data will be analyzed using simple percentages to answer the researcher questions where possible and Chi-square ( $\chi^2$ ) will be used to test the hypothesis of the study since there are two variables drawn from the independent sample each of which is categorized in two ways e.g. “Yes” or “No”, the data is non-numerical and represented in frequencies and they are easy to compute and interpret since no sophistication in mathematics and statistics is required but it is sometimes unusually long and tedious to calculate.

## CHAPTER FOUR

### 4.0 Data Presentation And Analysis

#### 4.1 Introduction

The purpose of this chapter/ section is to critically analyze and examine in details the market penetration strategies of MTN Nigeria as a means of entering the Nigeria Telecommunication market.

In this analysis the market penetration strategies are analyzed and examined. This chapter has presented and analyzed the data collected for the study. The presentation and analysis were based on the responses collected from the respondent i.e management staff and customers of MTN Nigeria.

#### 4.2 Data Presentation And Analysis

Q4. What is the mission statement of your company?

Responses range from the following:

Professionalism, action oriented, sincerity, striking to the knitting, innovations, organization, and never giving up.

Q5. Do the above determine your organizational objectives and strategies?

**Table 4.1: Organizational Objectives And Strategies.**

Options	No of Respondents	Percentages
Yes	53	81

No	5	7.65
No idea	7	10.77
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

From the above table, 81% of respondent agree that their objectives and strategies are derived from the mission statement of their company, 7.66% says no and 10.77% says no idea.

Q6. Is your business/ company a Limited Liability Company?

**Table 4.2: Limited Liability Company**

Options	No of Respondents	Percentages
Yes	65	100
No	-	-
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The table shows that all the company staff agrees that the company is a limited liability company.

Q7. What are the long term objectives of your company?

The following are their responses:

- To carry on a growing and profitable nationwide expansion in the communication industry.
- To maximize the wealth of its current shareholders.
- To expand and consolidate it presents leadership in the sector.
- To achieve a market growth which would enable it satisfy its growing number of customer through total quality management (TIN).

- To achieve a high return on investment.
- To maintain and improve strong customer loyalty

Q8. Are you aware of the marketing concept known as market penetration?

**Table 4.3: awareness of market penetration**

Options	No of Respondents	Percentages
Yes	47	72.31
No	18	17.69
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The table above shows that 72.31% of the respondents are aware of the concept of market penetration while 18% says they are not aware.

Q9. If the answer to Q8 is yes, to what extent does your company apply the market penetration strategies?

**Table 4.4: extent of applying market penetration strategies**

Options	No of Respondents	Percentages
Always	41	63.08
Sometimes	15	23.07
Never	9	13.85
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The table above shows that 4.4 indicate that 63.08% of the respondents say that their companies always apply the market penetration strategies, 23.07% say sometimes and 13.85% say that they never apply it.

Q10. Does your company undertake elaborate strategic planning process?

**Table 4.5: elaborate strategic planning process**

Options	No of Respondents	Percentages
Yes	42	65
No	23	
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

Majority of the respondent agree that their company undertake an elaborate strategic planning process.

Q11. Are market penetration strategies relevant to the successful entry and performance of your company in the Nigerians Telecoms industry/ market?

**Table 4.6: The relevance of market penetration strategies to MTN's performance and penetration.**

Options	No of Respondents	Percentages
Yes	57	87.69
No	8	12.31

<b>Total</b>	<b>65</b>	<b>100</b>
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Source: field survey 2005

From the above table, it shows that majority of the respondents believe that market penetration strategies are relevant for the performance of their company.

Q12. Why do you think that market penetration strategies is relevant for the successful penetration of the telecom market?

**Table 4.7: That market penetration strategies is relevant for the successful performance of an organization.**

<b>Options</b>	<b>No of Respondents</b>	<b>Percentages</b>
Provides guidance for management decision making	8	12.31

Enables companies to recognize and respond to competition.	13	20
Provide organization with sustainable competitive advantage.	6	9.23
Provide rationale for evaluating competing request for expansion	3	4.62
All of the above	35	53.84
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The above table shows that 8 respondents (12.31%) replied that it provides guidance for management decision making. 13 respondents representing 20% indicated that it enables organizations to recognize and respond to competition. Also 6 respondent representing 9.23% replied that it provides organization with sustainable competitive advantage, 3 respondents or 4.62% indicated that it provides rationale for evaluation competing request for expansion, while a total of 35 respondents representing 53.84% indicated all of the above option.

The researcher was of the opinion that judging by the responses on the table, it is sine qua non to the successful performance and penetration of every organization and the telecoms market. The researcher concludes that the failures and abysmal performance recorded in the telecoms companies in the past is due to their management apathy to the application of market penetration strategies in their marketing/ operations.

Q13. What is MTN's market position?

**Table 4.8: market position**

<b>Options</b>	<b>No of Respondents</b>	<b>Percentages</b>
Market leader	65	100
Market challenger		
Market follower		
Market Nicher		
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The above shows that all the respondents describe MTN as the market leader.

Q14. What marketing penetration strategy did MTN use to enter the market?

**Table 4.9 Marketing Entry Strategies**

<b>Options</b>	<b>No of Respondents</b>	<b>Percentages</b>
Rapid skimming strategy	13	20
Slow skimming strategy	8	12.31
Rapid penetration strategy	3	4.62
Slow penetration strategy	6	9.23
All of the above	35	53.84
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The above table shows 20% of the respondents agree that MTN entered the market with its products with a high price and a high promotional level.

12.31% think it is at a high price and low promotional level, 4.62% say it is at a low price and high promotion, 9.23% agree that it is at a low price and low promotional level. While a total of 53.84% indicated all of the above option.

Q15. What is MTN's current market share?

**Table 4.10: current market share**

Options	No of Respondents	Percentages
40%	47	72.31
35%	12	18.46
25%	6	9.23
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The above table shows that a total of 72.81% of the respondents replied that MTN has 40% shares, 18.46% replied 35% while 9.23% think it has 255 of the market share.

Q16. How does MTN ensure customer satisfaction?

**Table 4.11: Customer Satisfaction**

Options	No of Respondents	Percentages
Quality service	8	12.31
Price reduction	3	4.63
Added value service	6	9.23
All of the above	13	20
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The above table shows that 8 respondents representing 12.31% said. It is through quality service, 3 respondents representing 4.62% said it is through price reduction, 6 respondents believe it is through added value services. While 13 respondents representing 20% indicated the all of above option.

Q17. How would you rate the level of MTN customer satisfaction?

**Table 4.12: Level Of Customer Satisfaction**

Options	No of Respondents	Percentages
Satisfactory	47	72.31
Average	6	9.23
Poor	12	18.46
<b>Total</b>	<b>65</b>	<b>100</b>

The above shows that a total of 47 respondents representing 72.31% replied in the affirmative, while 6 respondents or 9.23% replied it is average. Also, 12 respondents representing 18.46% maintained that the level of customer satisfaction is poor.

Q18. How can customer retention can be achieved.

**Table 4.12: Customer Retention**

Options	No of Respondents	Percentages
Improve services	35	53.84
Low tariff	6	9.23
Price reduction	8	12.31
Added value services	3	4.62
All of the above	13	20
<b>Total</b>	<b>65</b>	<b>100</b>

Sources: Field survey 2005

The above table shows that 35 respondents representing 53.84% indicated improved services, 6 respondent representing 9.23% replied that low tariff is more effective. Also 8 respondents representing 12.31% chose the price reduction option, 3 respondents representing 4.62% said it is added value services. However 13 respondents choose all of the above option as the best way t achieve an effective customer retention.

Q19. Do you agree that market penetration strategy will help your company achieve it corporate objectives?

**Table 4.13: Market Penetration Strategies And Corporate Objectives.**

Options	No of Respondents	Percentages
Yes	52	80
No	13	20
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

Most of the respondents 80% agreed that market penetration strategies would help their organization to achieve its corporate objectives?

Q20. How does a market penetration strategy ensure the growth and survival of your company?

**Table 4.14: Market Penetration, Growth And Survival**

Options	No of Respondents	Percentages
It helps establish strategies objectives and performance target.	7	10.77
It defines the organization strategic mission and target market	9	13.85
Without a strategy the organization is like a ship without a rudder	6	9.23
All of the above	43	66.15
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The table above shows that 7 respondents or 10.77% indicated that it helps to establish strategic objectives and performance target for the organization. Also, 9 respondents representing 13.85 indicated that strategic management helps to define the organization strategic mission and target market, 6 respondents or 9.23% stated that without a strategy an organization is like a ship without a rudder, while 43 respondents representing 66.15% indicated all the above. The implication of the responses is that they believe that all

the option indicated on the table are relevant for the continuity and survival of the company.

Q21. Do you think that there are management problems that impede on the progress and efficient application of the marketing concept?

**Table 4.15: Management problems**

Options	No of Respondents	Percentages
Yes	52	80
No	6	9.23
No idea	7	10.77
<b>Total</b>	<b>65</b>	<b>100</b>

Source: field survey 2005

The table above shows that 52 respondent representing 80% replied in the affirmative. On the other hand 6 respondents or 9.23% replied negatively 10.77% maintained “No idea” response.

The researcher was of the opinion that judging by the magnitude of respondents who replied positively to the question, it is evident that there are management problems that impede on the progress and efficient performance of the company.

Q22. If yes to the above question what are these problems?

1. Poor Managerial Know-How
2. Poor Leadership Qualities
3. Inability Of Managers To Plan Strategically
4. Lack Of Managerial Inability And Competence

5. Lack of competitive ability to outmaneuver competitors as the reasons why some managers fail to achieve the corporate goals of their organization.

Q23. Do you think that total quality management and customer satisfaction greatly enhance mass market penetration?

Table 4.18: Total Quality Management and Customer Satisfaction.

<b>Options</b>	<b>No of Respondents</b>	<b>Percentages</b>
Yes	57	87.69
No	8	12.31
<b>Total</b>	<b>65</b>	<b>100</b>

From the above table 57 respondents representing 87.69% felt that total quality management and customer satisfaction are factors that greatly contributed to the company's effectiveness and efficiency in penetrating the telecommunications market, 8 respondents or 12.31% said otherwise.

Q24: How do market penetration strategies have the growth and survival of your company.

Table 4.19 Market penetration growth and survival

Options	No of Respondents	Percentages
It helps to establish strategies objectives and performance target	7	10.77
It defines the organizational strategic mission and target market.	9	13.85
Without a strategy the organization is like a ship without rudder.	6	9.23
All f the above	43	66.15
<b>Total</b>	<b>65</b>	<b>100</b>

Source field survey 2005,

The table above shows that 7 respondent or 10.77% indicated that it helps to establish strategic objectives and performance target for the organization. Also 9 respondent representing 13.85% indicated that strategic management helps to define the organization Strategic Mission and target market 6 respondents or 9.23% stated that without a strategy an organization is like a ship without a rudder, while 43 respondent representing 66.15% indicated all the above.

The implication of their responses is that they believe that all the options indicated on the table are relevant for the continuity and survival of the company.

Q25: Do you agree that lunching a product at low price and high promotional level/brings about fast market penetration and large market share?

Table 4.20 price and Promotion

Options	No of Respondents	Percentages
Yes	49	75.39
No	16	24.61
<b>Total</b>	<b>65</b>	<b>100</b>

Source field survey 2005

The above table shows that 49 respondents representing 75.39% agreed in the affirmative. However 16 respondents representing 24.61% disagreed.

#### 4.3 Test of Hypotheses

Hypothesis

Q25: Do you agree that launching a product at a low price and high promotional level. Level brings about fast market penetration and large market share?

##### Null Hypothesis

Ho: launching a product at a low price and high promotional level does not brings about fast market penetration and large market share?

##### Alternative Hypothesis

Hi: launching a product at a low price and high promotional level brings about fast market penetration and large market share?

**Table 4.20: 2 by 3 Contingency Table**

Responses	Senior	Middle	Lower	Total
Yes	24	16	9	49
No	8	5	3	160

<b>Total</b>	<b>32</b>	<b>21</b>	<b>12</b>	<b>65</b>
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Source: field survey 2005

From table 4.20: Above, the observed frequency is represented by “D” and the expected frequencies is represented by represented by “B”

“D” observed	“B” Expected
24(49 x 32)/65	24.12
16(49 x 21)/65	15.83
09(49 x 12)/65	09.05
08(16 x 32)/65	07.09
05(16 x 21)/65	05.02
03(16 x 12)/65	02.95

$$X^2 = \frac{D - B^2}{B}$$

$$X^2 = (24-24.12)^2/24.12+(16-15.83)^2/15.83+(9-9.05)^2/9.09+(8-7.9)^2/7.9+(5-5.2)^2/5.2+(3-3.0)^2/3$$

$$= 0.006 + 0.0018 + 0.0003 + 0.0013 + 0.0077 + 0.000 = 0.0117$$

The contingency table is 2 by 3, hence the degree of freedom is calculated as follows:

$$(P - 1) (q - 1) = (2 - 1) (3 - 1) = 1 \times 2 = 2$$

The test would be computed using 5% significant to determine the critical value of chi-square, the value of  $X^2_{0.05} = 5.99$  under 2 degree of freedom. Since  $0.0117 < 5.991$ .

The alternative hypothesis is accepted

## Hypothesis II

Q23. Do you think that total quality management and customer satisfactory greatly enhance mass market penetration?

### Null Hypothesis

Ho” Total management and customer satisfactory do not enhance mass market penetration.

### H1. Alternative Hypothesis

Total management and customer satisfactory enhance mass market penetration.

Table 12: 2 by 3 contingency table

Responses	Senior	Middle	Lower	Total
Yes	29	17	11	57
No	4	2	2	8
<b>Total</b>	<b>33</b>	<b>19</b>	<b>13</b>	<b>65</b>

Sources field survey 2005

Table 16 above indicated the observed frequency represented by “D”. The next calculation will be the expected frequencies represented by “B”

“B” Observed	“B” Expected
$29(57 \times 33)/65$	28.94
$17(57 \times 19)/65$	16.66
$11(57 \times 13)/65$	11.40
$04(08 \times 33)/65$	04.06

$$02(08 \times 33)/65$$

$$02.34$$

$$02(08 \times 33)/65$$

$$01.60$$

$$\begin{aligned} X^2 &= (29-28.94)^2/28.94 + (17-16.66)^2/16.66 + 11-11.4)^2/11.4 + (4-4.06)^2/4.06 + (2- \\ & 2.34)^2/2.34 + 2-1.6)^2/1.6 \\ & = 0.001 + 0.0069 + 0.140 + 0.0009 + 0.0494 + 0.1 = 0.1713. \end{aligned}$$

The contingency table is 2 by 2, hence the degree of freedom is calculated as follows:  $(p-1)(q-1) = (2-1)(3-1) = 1 \times 2 = 2$

The test would be completed using 5% significance to determine the critical value of chi-square, the value of  $X^2_{0.05} = 5.991$  under 2 degree of freedom since  $0.1713 < 5.991$ .

The Alternative Hypothesis is accepted.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

The essence of this last chapter is to present the summary of the finding from the study as it concerned the subject matter; market penetration strategies as a means of entering the Nigerian Telecomm market. After the finding recommendation were earlier drawn for the study. In the course of this study, interesting observation was presented below as findings.

Market penetration refers to the name given to a growth strategy where the business focuses on selling its products into existing markets.

This study introduces the research topic by discussing the background of the study, aims and objectives of the study, statement of the problem, significance of the study among others.

The theoretical framework for marketing concept, its definition and the link between strategic planning and marketing was outlined and described. Suffice it to restate that marketing strategies are the set of objectives, policies and rules that guide overtime, the firms marketing effort, its level mix and allocation partly independent and partly in response to changing environment and competitive conditions.

As a process, it must encourage participant continuity, communication, delegation flexibility and feedback in managerial task of ensuring that long range goals and objectives are attained through the commitment of resources.

Also, it reviews some solient literatures that have some degree of relevance to growth strategies used from the emergence to the matured/ declined stage. As a result of the views, ideas, submission, opinions ans definition of renowned authorities on the subject matter were highlighted, as a result of the chapter was divided into different sub heading to enhance the successful achievement of this study.

The study also dealt with the research methodology, it discussed the research design, area of study, population, sample and sample technique or method, instrument for data collection, validation of instrument and plan of analysis of data generated in the study. The data collected for the study were presented and analyzed with the use of simple percentage and chi-square was used to test the hypothesis of the study.

## **5.2 Conclusion**

From the findings, it was revealed that majority of the respondents about 87.69% believed that the test of hypothesis, it also revealed that launching a product at low price and high promotional level brings about fast marketing penetration and large market share. These include that it provides guidance for management decision making, enable to recognize and respond to winds of change, provides rationale for evaluating competing request for investment and provides organizations with sustainable competitive advantage.

The study also showed that 72.31% of the total respondents agreed that organization such as conglomerate would always perform

abysmally if they fail to apply the concept of marketing in their operations.

It was noted from the study that 60% of the respondents agreed that some managers have failed to achieve their corporate objective/goals because of the ability of these managers to plan strategically, lack of competitive ability to out maneuver competition and poor managerial competence are among the management cadre of some of these companies.

From the study, it was observed that majority of the respondents about 75.38% and also the hypothesis II revealed that total quality management and customer satisfactory greatly enhance mass market penetration.

The study reveals that the major ways in which market penetration ensures the continuity and survival of companies include that it help to establish marketing strategies such as rapid skimming, slow skimming, rapid penetration and slow skimming strategies. It also helps to establish strategic objectives and performance targets, defines the organization's business and mission and acts as a ship rudder for an organization.

It also noted from the study that majority of the respondents admitted that organization were bound to perform abysmally if they fail to recognize the roles and application of market penetration strategies in their operations.

From the study, I was observed that 80% of the total quality management is an effective tool in ensuring customer loyalty, retention and satisfaction. The study also revealed that there are management problems associated with the progress and efficient performance of the company.

### **5.3 Recommendation**

As a result of the findings of the study, the researcher was inclined to make the following recommendations:

1. The company should maintain or increase the market share of current products. This can be achieved by a combination of competitive pricing strategy i.e. penetration pricing, advertising, sales promotion and perhaps more resources dedicated to personal selling.
2. Use the return on investment pricing method to determine the price of a product based on the return on the amount invest in a product.
3. In order to make a profit, a business should ensure that products are priced above the average cost. In the short term, it may be acceptable to price below total cost if this is the marginal cost of production so that the sale still produces a positive contribution to fixed cost.
4. If the business is a monopolist, it then can set any price. At the other extreme, if a firm under conditions of perfect competition, it has no choice and must accept the market price reality is usually some where in between. In such cases the chosen price

needs to be very considered relative to those of close competitors.

5. Consideration of customer expectation must be addressed. Ideally, a business attempt to qualify its demand curve to estimate what volume of sales will be achieved through prices.
6. The company must ensure that its possible pricing objectives include
  - To maximize profit
  - To achieve a target return of investment
  - To achieve a target market share
  - To match the competition, rather than lead the market
7. Apply the “full cost plus pricing” method this seeks to set a price than takes into account all relevant cost of product. The advantage of using “cost price pricing” are:
  - Easy to calculate
  - Price increases can be justified when cost rise
  - Price stability may arise if competitors take the same approach
  - Price decision can be made at a relatively junior level in a business based on formulas.
8. Apply the “return on investment” pricing method. This determines the price of a product based on the return on the amount invested in a product. The use of this method has the following advantages:

- Consistent with other performance measures e.g return on investment
  - A suitable method for market leaders which are able to set a price which competitors follow
  - A relevant price method for new product particularly those which have a substantial investment.
9. In determining its mark up percentage, the company should take note of these influences:
- Nature of market- a mark up should reflect the degree of competition in the market.
  - Bulk discounts- should volume orders attract a lower mark up than single order?
  - Pricing strategy- e.g. skimming, penetration.
  - Stage of the product in its life cycle products at the earlier stages of the life cycle may lower mark up percentage to help establish demand.
10. The company should restrict a mature market by dividing out competitors: This will require a much aggressive promotional campaign, supported by a pricing strategy designed to the market unattractive for competitors.
11. Increase usage of its product by existing customers by introducing loyalty schemes.

12. The company should continuously seek competitive advantage over competitors by offering customer value, either by means of lower prices or by providing greater benefits and services that are at higher prices. The following strategies can be used:
- Differentiation- this strategy involves selecting one or more criteria used by buyers in a market and their position the business uniquely to meet those criteria.
  - Cost leadership- the objective of this strategy is to lower-cost producer in the industry.
  - Differentiation focuses- this aims to differentiate within just one of a number of target market segments.
  - Cost focuses- here the company seek a lower cost advantage in just one or small number of market segment.
13. The company should adopt the process of identifying “best practice” in relation to its product, it is called bench marking”. The objective of bench marking is to understand and evaluate the current position of an organization in relation to the “best practice” and to identify areas and means performance and improvements.
14. The company should embrace relevant information technology as this will help the organization to enjoy the following benefits,

reduction in the cost, speedy operation, accurate data processing etc.

15. There is need to encourage employees by regular and adequate training and retraining of employees since this will enhance their productivity level and ensure efficiency in their performance as this will help the organization to achieve their objectives.

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**Appendix 1**  
**Questionnaire**

Dear Sir/madam,

I am a post graduate student of the Business Administration Department, Faculty of Administration, Ahmadu Bello University. Zaria, currently carrying out a study on “Market Penetration Strategies as a Means of Entering the Nigerian Telecommunication Market”. A study of Mobile Telecommunication Limited (MTN).

Your company is my selected case study. I wish to request your assistance in filling this questionnaire as objectively as possible.

I undertake that any information given will be treated with strict confidentiality and will be used purely for the purpose of this academic research work.

Thanks for your cooperation.

1) What is your highest educational qualification?

- a) PHD, MSC, MA
- b) BSC
- c) HND
- d) OND
- e) A Levels

2) What is your positive in the company?

- a) Senior level management
- b) Middle level management
- c) Lower level management

3) For how long have you being working with the firm?

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Q4. What is the mission statement of your company?

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Q5. Do the above determine your organizational objectives and strategies?

a) Yes / / (b) No / /

Q6. Is your business/ company a Limited Liability Company?

a) Yes / / (b) No / /

Q7. What are the long term objectives of your company?

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Q8. Are you aware of the marketing concept known as market penetration?

a) Yes / / (b) No / /

Q9. If the answer to Q8 is yes, to what extent does your company apply the market penetration strategies?

a) Always / / (b) Sometimes / /  
(c) Never / /

Q10. Does your company undertake elaborate strategic planning process?

a) Yes / / (b) No / /

Q11. Are market penetration strategies relevant to the successful entry and performance of your company in the Nigerians Telecoms industry/ market?

- a) Yes / / (b) No / /

Q12. Why do you think that market penetration strategies are relevant for the successful penetration of the telecom market?

- a) Provides guidance for management decision making
- b) Enables companies to recognize and respond to competition.
- c) Provide organization with sustainable competitive advantage.
- d) Provide rational for evaluating competing request for expansion
- e) All of the above

Q13. What is MTN's market position?

- (a) Market leader (b) Market challenger
- (c) Market follower (d) Market Nicher

Q14. What marketing penetration strategy did MTN use to enter the market?

- a) Rapid skimming strategy (b) Slow skimming strategy
- c) Rapid penetration strategy d) Slow penetration strategy
- e) All of the above

Q15. What is MTN's current market share?

- a) 40%      b) 35%      c) 25%

Q16. How does MTN ensure customer satisfaction?

- a) Quality service      b) Price reduction  
c) Added value service      d) All of the above

Q17. How would you rate the level of MTN customer satisfaction?

- a) Satisfactory      b) Average      c) Poor

Q18. How can customer retention can be achieved.

- a) Improve services      b) Low tariff      c) Price reduction  
d) Added value services      e) All of the above

Q19. Do you agree that market penetration strategy will help your company achieve it corporate objectives?

- a) Yes / /      (b) No / /

Q20. How does a market penetration strategy ensure the growth and survival of your company?

- a) It helps establish strategies objectives and performance target.  
b) It defines the organization strategic mission and target market  
c) Without a strategy the organization is like a ship without a rudder  
d) All of the above

Q21. Do you think that there are management problems that impede on the progress and efficient application of the marketing concept?

a) Yes / / (b) No / / No idea / /

Q22. If yes to the above question what are these problems?

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Q23. Do you think that total quality management and customer satisfaction greatly enhance mass market penetration?

a) Yes / / (b) No / /

Q24: How does market penetration strategies have the growth and survival of your company.

- a) It helps to establish strategies objectives and performance target
- b) It defines the organizational strategic mission and target market.
- c) Without a strategy the organization is like a ship without rudder.
- d) All f the above

Q25: Do you agree that lunching a product at low price and high promotional level/brings about fast market penetration and large market share?

a) Yes / / (b) No / /