APPLICATION OF MARKETING STRATEGIES AND POLICIES IN THE MARKETING OF MICRO-COMPUTERS IN NIGERIA: A CASE STUDY OF A-Z COMPUTER WORLD LIMITED IKEJA, LAGOS

By

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DECLARATION

I hereby affirm that this project has been composed by myself and that it is a record of my research work. It has not been accepted in any previous application for a higher degree. All the sources of information are specially acknowledged by means of references.

Signature _____ Date _____

CERTIFICATION

This project by Maureen Nneamaka Ogbonna meets the regulations governing the award of Master of Business Administration Degree in Business Administration, Postgraduate School, Ahmadu Bello University, Zaria, and is hereby approved for its contribution to knowledge and literacy presentation.

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DEDICATION

This work is dedicated to Almighty God,

To my Grandmother,

To my Father, and

To the memory of my Mother
(May God Grant Her Gentle Soul Peace)

ACKNOWLEDGEMENT

All thanks to the Almighty God from Whose mercy, blessings and kindness I have abundantly benefitted all my life. To my father - Dr. D.O. Ogbonna and to my Late mother - Dr.(Mrs.) Stella Ogbonna, I can not express enough appreciation for their ever loving care. May God reward them abundantly and grant her gentle soul perfect peace.

I owe a debt to my supervisor, Mr. A.B. Akpan, who has been my lecturer since my undergraduate programme. He rendered invaluable assistance and his frank comments and advice provided the guide necessary for this work. To him, I am grateful.

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- M.N.O.

ABSTRACT

The world in general is in an information age. Decision making now is based on large volumes of data. The computer has come to stay as the fastest and most efficient means of processing data. The micro-computer in particular has been enjoying wide acceptance. In Nigeria, it has become so popular that even very large organizations that generate large volumes of data are switching to it due to the fact that on the whole, it is less cumbersome.

Because of the growing popularity of micro-computers in Nigeria, many computer marketing firms have sprouted up and more are being established. Even the great number of computer companies in existence to date can not satisfy the potential computer needs of the Nigerian market. However, the results obtained from this research have shown that the computer market in Nigeria is yet to stabilize as respondents could not tell. From the same research, it was also gathered that the computer market in Nigeria has a very bright future.

The purpose of this research is to assess the application of marketing strategies and policies in the marketing of micro computers in Nigeria

with the intent of proposing strategies that will lead to an effective manipulation of the necessary-resources for the achievement of efficient and effective services to the market.

To achieve this aim, A-Z Computer World Ltd. has been chosen as a case study because it possesses some interesting characteristics from which inferences can be drawn. In addition, forty questionnaires were distributed and ten (10) were returned. Also secondary data source as well as observations and measurements of existing situations have been used to obtain information.

The findings show that feasible marketing strategies and policies have been developed but the problem lies in the implementation which is a result of a number of constraints prominent among which is finance. Competition was hardly mentioned because though it seems there is proliferation of computer marketing firms, they are hardly enough to satisfy the needs of the market. The problem is that of over-concentration in a particular area - Lagos.

This study proposes appropriate measures to be taken to ensure adequate utilization of market

potentials and satisfaction of existing or actual market. Possible solutions to the problems have been advanced.

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3. Computer systems are very expensive.

4. In Nigeria, the level of computer awareness is still significantly low and for any meaningful gains to be realized by vendors, massive awareness creation strategies have to be undertaken.

In the business world today, it has been realized that the use of computer systems in general helps to improve the pace of production. When compared to the manual ways of doing things, the use of computers provide faster means of information processing which is crucial to businesses. Not only in the business sector are the uses of computers highly acceptable, in government establishments, educational and research institutions, the use of computers are increasing by the day. More and more reliance is being placed on the computer. However, this does not mean that the computer has not its own disadvantages.

Computer is the thing in fashion now; and not just "computers" but micro-computers because of its portability and adaptability. Despite all these wide acceptability of computer technology, many buyers face the predicament of the inability to view their information system as a total strategy able to impact the entire operation of their businesses. This amounts to capacity and capital wastage considering the

astronomical cost of obtaining, installing and maintaining computer systems in Nigeria.

Marketing policies and strategies of computer vendors should incorporate such elements that will bring proper awareness to buyers because a customer seeks maximum satisfaction or benefit when he sets out to purchase. The capability to integrate different elements from marketing, manufacturing, finance, administration and other areas is important if the users are to receive optimum return on their investment in computer technology (Barry D. Forrest, 1990).[14] Strong training and support, functions are key to success of a system marketing. Users must be trained before they gain access to new facilities and no systems should be introduced unless they could be supported.

A number of reasons have been suggested for the poor state of application of marketing policies and strategies in the marketing of micro-computers in Nigeria:

1. Sudden entrance and "too" quick adoption of the micro-computer technology which is relatively new in Nigeria. "Future shock" says Alvin Toffler, "is the stress and disorientation that we include in individuals by subjecting them to too much changes in too short a time (Toffler A. in Edu 1991).[11]

2. Lack of professionalism among many micro-computer vendors in Nigeria.

3. High prices: computers are imported and because of the predicament of the Naira in the international currency scene, coupled with government regulations, duties and charges, prices of computer systems, accessories and periferals are only affordable to a small sector of the Nigerian populace.

4. Dumping.

Adapting to new things does not come easy. Many people feel threatened by changes and their implications. There is this general fear that computers will cause mass unemployment and retrenchment. Even some executives feel threatened. As a result, it is very difficult selling the concept to them because they refuse to accept change due to the fear that their positions may become insecure. Thus they create tough time for marketers of computer product/systems and present such fronts that are very difficult to break. However, they are also aware of what their competitors are doing. If they see that their competitors are doing better with computer systems, they also feel threatened. Here, the persuasive tools of marketing yearn for application.

Many computer vendors lack the professional skills required for successful marketing planning and execution of computer marketing policies and strategies. As a result, the following situations arise:

i) Inadequate information provided to buyers and users.

ii) Poor definition of marketing objectives.

iii) Low level of computer awareness across the nation. In some cases, even where computers are available, they are subjected to gross-under-utilization.

iv) Failure of some micro-computer vendors to define what business they are actually in. Many of them dabble into every aspect of computer marketing even when they are ill-equipped. As a result, they end up providing unsatisfactory services.

High prices of computer systems scare away many people from making or even considering purchases. Marketers of micro-computer systems are faced with the challenge of the problem of convincing the purchasers that the cost involved in purchasing and installing complete computer systems is small compared to the long term gains, and moreover, the systems are easy to use (Barry D. Forrest, 1990).[14]

Dumping can be seen as a menace and as a strategy for marketing (to be discussed later). It is a menace because it has been responsible for many obsolete and substandard systems being brought into the country. Some buyers prefer to buy from the individuals that perpetrate the dumping activities because they usually sell at rock bottom prices. However, these people later discover their mistakes when they find out that they cannot use the systems, either because they cannot function at all or because they are not compartible with systems in common use here. Some still, are lacking in vital parts and so on. Micro-computer vendors are very much concerned because this activity is taking a significant toll on their sales figures vis-a-vis performance. As a measure to check it, an association of micro-computer vendors has been formed with the major aim of eradicating dumping or at least educating buyers on the dangers of patronizing the individuals involved.

1.2 Background Information

1.2.1 Computer and Its Development - What is a Computer?

"A computer is an electronic machine which by means of stored instructions and data perform rapid, often complex manipulations which can be stored as processed information and retrieved when the need arises".[11] It is a tool which can store, analyse,

manipulate and present data in a variety of ways. It has application in all spheres of human activities. The efficiency of computers in helping man to cope with the "information explosion" and to impose some order on complexity makes it a highly attractive device for a large number of organizations. "Business firms, schools, government establishments and agencies, churches, hospitals, research laboratories and law firms among others, even individuals all find uses for computers" (Irene Tavis, 1970).[30]

"The computer has excited the public's imagination and has generated both great fears and great hopes. The computer has become a symbol of all that is good and all that is evil in modern society".[30]

Computer Impact

The impact of computers can not be appreciated without some understanding of the society into which they are being introduced. The development of computer technology and application would not have been likely if ours were not a society that is knowledge oriented and concerned with innovation and planning.

"Our society may be characterized as a 'knowledge society' in two senses: First, the sources of innovation are increasingly derivative from research and development. Secondly, the 'weight' of a society, measured by large propositions of Gross

National Products and a large share of employment - is increasingly in the knowledge field" (Daniel Bell, 1968).[6]

Not only is the management of modern business corporations developing increasingly upon technically trained and highly specialized personnel, but throughout the occupational structure, education and training have assumed a new importance.

Phases of Computer Development

Computer development falls into four distinct phases. E.G. Boring (1950) has stated that there is a spiritof times which prepares a society for certain achievements.[7]

Phase I

The real dawn of computer age arrived with the construction of a machine which could control the entire sequence of calculations; reading in data and instruction at one point and printing results at another. The credit of this invention is due to Howard Aiken for his automatic sequence controlled calculator, completed in May 1944. The machine after a distinguished career was retired in 1959.

Phase II

A turning point in the history of computer development was marked by a memorandum written for

a U.S. Army control in 1946. In it, the author proposed a set of guidelines for the logical design of a computer. One of the most important components of their proposal was that of storing data and programmes in a common memory. All modern digital computers incorporate this stored programme concept first implemented on the Cambridge University Machine EDSAC in 1949. Burks, Goldstein and Von Newman also introduced the idea of special memory registers to serve special sequence control functions and to perform arithmetic operations in binary number systems. The machine that eventually emerged was called the IAS machine which subsequently became a standard for computers. It was combined with the punched-card handling machine developed by IBM to form IBM 701 (Pilyshyn, 1970).[27]

Phase III

In 1970, when the semi-conductor industry was still grappling with the complexities of the integrated circuitry, a bright engineer at Intel was asked to design a calculator with integrated circuits; fitting in all the mathematics and logic processing components into only eleven chip of silicon. Ted Hoff did even better. By crowding all the required circutry into a single silicon chip, he had at his finger tips the brains of a full-fledged computer - The Micro Processor, also called "the computer on a chip". Hoff's invention

revolutionalized the integrated circuitry industry. With the addition of other chips containing memory and programmes that tell it what to do, the micro-processor became the micro computer (Sloan, 1980).

Phase IV (Today's computers)

This period is known as the period of proliferation of micro-computers and great improvement in the computer technology. We now have not only micro, personal computers (PCs), there are also more advanced personal computers that have capacities for multiple usage - multi-users. These systems are becoming more and more compact with increasing power (Edu, 1991).[12]

According to David J. Pointon (1990),[25] the technology already exists to build inexpensive but increasingly powerful systems in the developed world. The cost of personal computers and other more powerful systems are falling rapidly while the power they provide is rising dramatically.

1.2.2 Emergence of Computers in the Nigerian Market

According to Om'te (1991),[10] there are three identifiable periods in the marketing of computers in Nigeria.

1. The first period witnessed the marketing of calculators, adding machines and

accounting machines by British firms in Nigeria during 1948 to 1969.

2. From 1970 to 1983, mini-computers and main-frames such as IBMS/630 and S/370 were introduced into the Nigerian market.

3. From 1984 to date, witnessed the proliferation of micro-computers and the multiplication of computer marketing firms in Nigeria.

The multinational corporations like National Cash Register (NCR), International Computers Ltd. (ICL) and others still dominate the scene. Indigenous firm such as Data sciences are however making their impacts though the majority of the computer firms are small time and constrained by inadequate funding.

1.3 Types of Computers and their various Applications

There are two broad categories of computers: Digital and Analog.

Digital computers perform calculations or operations on discret numbers held in a coded form such as binary notations.

Analog computers operate on numbers represented [illegible] (Sloan 1980).[27]

However, the digital computer which is of interest to this study has three main types:

1. The Mainframe Computer

This is the largest and most powerful type of digital computer. It is the traditional computer commonly found in large establishments such as oil companies, examination boards and some big banks that handle extremely large volumes of data. In addition to handling large volumes of data, mainframe computers are capable of conducting time sharing and can support numerous users at any one time. However, it requires a sizeable commitment of resources to procure, install, run and maintain and it occupies a lot of space and requires substantial amount of cooling (Edu, 1991).[12]

2. The Mini Computer

This is the medium-sized computer, both physically and in processing capacity. It is more popular than the mainframe in Nigeria and has been installed in many medium sized banks, insurance firms, government parastatals and large manufacturing cooperations. It can also support many users and perform different jobs at the same time. In recent development in terms of application, the power of the mini is fast approaching that of the mainframe.

3. The Micro Computer

The micro computer is the smallest modern

computer available in terms of processing ability, storage and multi-user capabilities. Micro-computers popularly called personal computers (PCS) emerged from video game processors in the late 70s. They are regarded as computers for the business executives and professionals. This is the type of computer this research is interested in. Therefore it is pertinent to look at the different series of the micro computers.

1. The first PC series is known as XT meaning entry point technology. The serial code is XT 8088 or XT 8086. The number represents the micro processor capability. The memory size is 640KB (640 Kilo Byte). It usually has no internal storage facility for data except the stored-in instructions.

2. The improvement of XT resulted in AT (Advanced Technology series). The first in the series is AT 286. This is faster than XT with a memory size of 1MB (1 Mega Byte). Apart from word processing, other complicated software packages can be run on 286 systems and they usually come with hard disk.

Subsequently, the technology has advanced to even faster systems like 386 and 486 and there is even talk of 586. These systems have very large memory capacities and are called multi-users because

they have the capacity to support more than one user at a time. They are also called super micros. They are widely used in network stations for internal and external corporate computer communications.

Therefore, the scope and frequency of innovations and development in computer technology means that high technology is fast becoming indispensable to the advancement of every industry (Edu, 1991).[12]

All the categories and types of computer systems mentioned above are all marketed in Nigeria. However, the focus of this study is on micro-computers and thus references will only be made where necessary of the other types of computer.

Applications of Micro-Computers

Micro-computer technology finds applicability in many fields of human activities. In business, computers are used for various business activities such as:-

Finance: Banks, finance houses, insurance corporations have ready made software packages for their kind of business. Even though these packages or programmes are developed abroad, they are modified with the source code to suit our environment. For example, there are many banking software packages being used across the nation in

our various banks. Statistics have shown that banks that make adequate use of their computer facilities, provide more efficient and effective services.

Marketing: Computers are useful for determining distribution patterns, forecasting of sales, marketing planning. The use of computers in marketing has helped ease the problem of rigorous transportation net work planning and allocation of goods and services to various destinations and the monitoring of the movements.

Administration and Personnel: Data base packages have been developed for the processing of data concerning business contacts, employee particulars. Even pay roll packages exist now which have made easier the cumbersome task of manually developing them especially for very large organizations with thousands of workers in numerous branches, scattered in different areas.

In manufacturing, especially fabrication, such things as robotics are possible now because of computer technology. We now have what we call computer aided design and computer aided manufacture (CAD and CAM).

Apart from the business world, computer finds application in other areas such as government, educational and research institutions. For example,

in large bodies like JAMB, WAEC and other examination bodies, it would be very hard to handle the numerous data involved if computers were not available. In fact, it is because of computers that examination results from these bodies are published as early as they get published. One now can not think of JAMB without computers. JAMB has an extensive installation. There are three minicomputers installed, with more than 300 terminals or work stations. Despite these, some of its work is still subcontracted to other computer firms as bureau services.

In the educational institutions, computer has become a force to be reckoned with. There are computer centres in many of our universities which offer different courses on short term basis. However, many computers in Nigeria today are under utilized. The most common use they are put to is word processing which is just an infinitestimal function compared to the numerous tasks the computer can perform.

In the field of research, computer is widely used for data sorting, arrangement and analysis, especially where rigorous computations are involved.

1.4 Problem Statement

The micro-computer marketing faces many problems associated with applying marketing policies and

strategies in the process of trying to deliver satisfaction to the market. These problems are of two broad types - internal and external.

The problem of applying effectively and efficiently these marketing policies and strategies is wide spread and affects almost all the computer firms in existence, especially the more recently established ones, that are still learning the ropes.

Internal problems include: finance, management style, inventory control, to mention but a few.

External problems are largely centred on the actions of other computer firms, economic situation and all its implications.

This study addresses the problems highlighted above and attempts to tackle them within the frame work of "marketing appropriateness".

1.5 Aims and Objectives

The aim of this research is to determine the causes and effects of the problems highlighted in 1.4 above on the actual market and the tremendous potential market. This is hoped to lead us towards advancing policy implications and recommendations for improvement based on the achievement of the following objectives:

1. To obtain information on the computer vendor companies especially in the areas of marketing (sales, services, prices, inventory, coverage etc); finance and management.

2. To obtain information on the market (buying habits, preferences, vendor evaluation, current trends).

1.6 Scope of the Study

This study is limited to the appraisal of the application of marketing strategies and policies at A-Z computer world limited in its marketing of micro-computers. The findings will form basis for generalizing for the rest. The study only concerns micro-computers basically. However, references will be made to other aspects of computer technology only where strictly necessary.

1.7 Research Methodology

The research method used in this work is survey research method.

Data Collection

For gathering information for this study, two types of data sources have been exploited:

A. Secondary Source

This involves checking through past records of

the company and other related literature.

B. Primary Source

Data from this source have been generated through the following:

1. Questionnaire interview
2. Oral or personal interview
3. Measurements and observations

(1) is the major primary data source.

(2) serves as a follow up on questionnaire interview while (3) is meant to compliment (1) and (2).

Questionnaire Interview

There are two sets of questionnaires for this study - Questionnaires "A" and "B".

"A" contains questions pertinent to the company under study.

"B" contains a set of questions pertinent to the various companies that make up the market. That is the users (customers).

Sampling Technique

Purposeful sampling technique has been used for data collection. According to Babbie (1973), "purposeful sampling technique is a non-probability sampling technique in which variables in a population are singled out essentially because of certain

attributes the researcher would like to study or draw inferences from".[2]

Therefore, A-Z Computer World Limited has been chosen as a case study because I have been opportuned to work in the marketing department for a year. Within this year, I observed a lot of interesting phenomena as well as collected some documented information which will be incorporated into this study.

The establishments chosen have been chosen because of their connection with the company and because they span over several industries.

2. Oral Interview

For the purpose of obtaining relevant data for this research, oral interviews have been conducted as a back-up for scheduled questionnaire interview. Follow-up questions have been asked to obtain information which are not possible with the scheduled questionnaire.

3. Measurements and Observation

Apart from questionnaire and oral interviews, on the spot observations and measurements of existing situations have been used to support facts or data obtained from other sources earlier highlighted.

Data Analysis

The following tools of data analysis have been used.

1. Quantitative tools: Such as descriptive statistics which involves the use of mean, percentages and ratios represented in form of data matrix.

2. Qualitative tools: This involves verbal descriptive analysis used to support quantitatively derived information.

1.9 Justification of the Study

It is a well known fact that we are living in an "information explosion" age. All managerial decision making are based on large volumes of data which are processed into consumable information. The microcomputer and computers in general have come to stay as the most effective modern means of processing data into information. Subsequent developments have improved efficiency and effectiveness. For such an important information processing tool to perform the intended functions and deliver desired satisfaction, it is important that professionalism is given a prominent position in the marketing of it.

Secondly, not very much has been written on the subject matter and considering the importance of the subject matter, this is surprising.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 The Concept of Marketing

Marketing has been given many definitions according to individual authors' perspectives. For the purpose of this study, a widely accepted definition has been chosen. It is that given by a reknowned author of scientific marketing - William J. Stanton (1971).

According to Stanton, "Marketing is a total system of interacting business activities designed to plan, price, promote and distribute want satisfying goods and services".[28]

Nigeria as a developing country is yet to imbibe this scientific marketing practice because of our state of development which is characterized by political and economic instability as well as socio-cultural problems. As a result, marketing has not been accorded its full importance in every sector of the economy. Hence, marketing in developing countries is said to have two strikes against it: It is either ignored, attention shifted to production, finance and other activities presumed to contribute more towards development, or it is attacked as being a parasitic function; not only contributing nothing to the economic system but draining it of all its

vitality (Moyer and Hollander 1968).[19] However, there have been quite some significant changes in the marketing process in Nigeria. Many industries who were not aware of the importance of marketing are awakening to the reality that marketing is very very fundamental to any organization, be it profit or non profit.

Despite the importance of marketing, there have been many criticisms of it, especially in recent years. Among these criticisms is that which accuses marketing of providing and promoting products that offer only superficial satisfaction. The criticisms have been serving as lessons to marketers and this has brought on the realization that not only do they have to satisfy their customers' needs and wants, but they have also to consider the effects of their activities on the society. Thus, the task of marketing is growing by the day (Schew and Smith, 1980).[26]

The role of marketing in any economy can not be over emphasized. The processes involved in the distribution of goods from their points of production to those of consumption are managed, manipulated and controlled. This is the case not just with developed economies but is equally true of developing economies like Nigeria's. The equation of demand and supply, which is the basis for the distribution process is central to Marketing

and Economic Geography (dealing with locations). Usually, there is a spatial separation of supply and demand and the management of the processes which close this spatial gap is relevant to Marketing and Geography (John A. Dawson, 1979).[9]

Marketing therefore is a fundamental economic function which mediates between supply and demand or between production and consumption. For example marketing is responsible for the availability of computer equipment in Nigeria. Nigeria has not acquired enough technological expertise to produce modern computers. Our business men involved in marketing of computers usually buy in bulk from places of production/ supply (developed world) and freight them into Nigeria to be retailed to the final users. This is international marketing.

2.2 Strategy, Marketing Strategy and Policy

Strategy:

The term strategy is derived from the Greek word "strategos" - meaning general. In business, the term strategy refers to the actions by management to offset actual or potential action of competitors. According to Kenneth E. Runyon, "Strategy is used to describe how objectives are to be accomplished".[1] Thus, strategy statements are used to communicate principles used in selecting and/or utilizing

various company strategies - marketing strategy, production strategy and so on.

According to W.F. Gluek (1980), "strategy is a unified comprehensive, and integrated plan relating the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved".[1]

Richard Vancil of Haward University defines the concept of strategy as follows:- "The strategy of an organization is a conceptualization expressed or implied by the organization's leader of

1. The long term objectives or purposes of the organization.
2. The broad constraints and policies, either self-imposed by the leader or accepted by him from his superior, that currently restricts the scope of the organization's activities and
3. The current set of plans and near term goals that have been adopted in the expectation of contributing to the achievement of the organization's objectives."[1]

Marketing Strategy

According to Philip Kotler (1980),[1] marketing

strategy is defined as "a managerial process of analysing market opportunities and choosing marketing proportions, programmes and controls that create and support viable business that serve the company's purposes and objectives".

In agreement with Kotler's definition, Joseph C. Seibert (1973) emphasized that marketing strategy is concerned with the marketing mix. A given goal may be reached by various routes, using various combinations of the marketing mix. The marketing manager then comes out with a programme of actions known as the strategy.

Marketing has developed from buyer's orientation through seller's orientation, marketing orientation to socially oriented marketing.

According to W.J. Stanton (1981),[28] the growing discontent among consumers due to changes in our socio-economic and cultural goals during the 1960s has led to the rise of a popular social movement called "Consumerism". Stanton defined consumerism as the actions of individuals and organizations (consumer, government and business) responding to consumer dissatisfaction in exchange relationships.

Because of consumerism, businesses are now sensitive to their actions. This has led to the definition of societal marketing which states that

societal marketing concept is the management orientation which holds that "the key task of the organization is to adapt the organization to delivering the desired satisfaction more effectively and efficiently than its competitors in a way that preserves or enhances the customer's and society's well being.

The need for marketing strategies arise because managers need to develop a set of decisions and actions which lead to development of an effective marketing strategy or strategies to help achieve corporate goals and objectives.[1]

It could therefore be said that marketing strategy incorporates all the action programmes necessary to take care of internal and external factors involved in organizations towards achieving set objectives. According to Kotler (1980), a competitive marketing strategy would have to take account of the following factors:

i) The company's competitive size and position in the market

ii) The company's resources, objectives and policies

iii) The competitor's marketing strategies

iv) The target market's buying behaviour

v) The stage of the product life cycle

vi) The character of the economy.

These factors invariably dictate the kind of strategy to be formulated in a given situation.

Policy

Policies are often confused with strategies or the two are sometimes interchangeably used. To clear this confusion, a clear definition of policy is pertinent for the purpose of comparism with the meaning of strategy.

Policies are plans or general statements or understandings which guide or channel thinking and action in decision making. It is a standing plan used to guide specific actions.

Policies are needed by organizations to guide its operations and to simplify decision making; and to give predictability and consistency of action taken at different times by different people. They are usually formulated by the board for lower management to follow in performing functions. Policy also plays a vital part in spelling out, clarifying and testing strategy. A carefully selected policy sharpens the meaning of strategy and guides specific decisions in a direction that supports the strategy. Thus, there could be different policies - marketing policy, financial policy etc., depending on particular purposes for which they are intended.

Policies tend to predivide issues, avoid repeated analysis and give a unified structure to other types of plans, thus permitting managers to delegate authority while maintaining control. Policies exist in all levels of the organization and range from major company policies through major departmental policies to minor derivative policies applicable to the smallest segments of the organization.

2.3 The Marketing Mix Strategy

Marketing strategy is concerned with the development of the marketing mix. The firm is concerned with successfully matching its market offerings with market requirements.

The basic elements of the marketing mix are:

- Product
- Price
- Distribution or placement
- Promotion.

The marketing mix is the mixture of controllable marketing variables - the 4 Ps, that the firm uses to pursue the sought level of sales in the target market. These variables are "fine tuned" so that they are cost effective in reaching the marketing objectives. Every marketing strategy must have a marketing mix as well as a target market in which it would be applied. It is pertinent, considering

the importance of each of the marketing mix elements, to throw some light on the individual mix elements.

2.3.1 Product Policies and Strategies

A product is whatever one receives in an exchange. It is a complex of tangible and intangible attributes including functional, social and psychological utilities or benefits. A product can be an idea, a good, a service or a combination of the three (Pride and Ferrel)[1].

Buyers purchase satisfaction and benefit when they buy a product.

There are two categories of products:

1. Consumer products

These are products purchased to satisfy family or personal needs and can in turn be classified as follows:

- Convenience products
- Shopping products
- Specialty products.

2. Industrial products

These are products bought for use in industries for production of goods and services. They are classified into:

- Raw materials
- Major equipment

- Accessory equipment
- Component parts
- Process materials
- Supplies
- Industrial services.

Product Mix

A product mix is the full list of all the products offered for sale by a company. The structure of the product has dimensions of both breadth and depth. The breadth is measured by the number of product lines carried. The depth is measured by the assortment of size, colours and models offered within each product line.

Product line

This is a related group of products in a product mix. A broad group of products intended for essentially similar uses and possessing similar physical characteristics.

Product Policies

These are managerial guidelines regarding what products will be made or sold and what attributes these products will have. Such policies are end products of the organization's consistent and extensive customer and marketing orientation.

Product policies are important to organizations because an organization's product policy is

fundamental to the whole operation of the business. When an organization determines to produce a particular product or product group, it is this that decides the kind of industry it will belong to; the type of market it will serve and the nature and extent of the resources, methods and techniques it will employ. However, some organizations fall into trouble because they fail to properly define their mission (A.B. Akpan, 1991).

The Three Dimensional Product Concept

This includes certain explicit, implicit and external characteristics.

This implies that there are three basic parties involved as far as attaching characteristics or meanings to a product is concerned. This implies that views vary among these parties depending on how each perceives the product.

Explicit Characteristics

These may be objectively observed and are managed by the producing organization. For example physical construction of the product, packaging, brand name etc. A company's range of goods or services are meant in such a way as to:

1. Attract Prime Customers

That is those people who the producer or the

organization has in mind before designing the product or service and they hold the key to the success of the firm.

2. Sell the year round

Some products are seasonal. This notwithstanding, products within a range should complement each other so that when one is out of season, the other continues. There is a lot of benefits to be reaped - cash flow (continuous), maintenance of a company's presence in a trade or to customers.

3. Have fewer slow movers

Slow movers create problems to marketers. However, this can be countered by having some fast movers while maintaining a few slow movers because some of them can really bring in lump sums at a time.

4. Related services

For example in technical products like computer, the product is incomplete without installation, maintenance, repairs and training. They are all closely related in that they make a complete product.

Implicit Characteristics

These are customer centred and are inclusive of subjective qualities such as:

- Symbolism e.g. MBA programme is synonymous to better jobs which pay highly and which in turn give rise to higher living standards.

- Communication. Each product communicates information to the consumer. Marketers have a task of incorporating such desired information into products.

- Perception: A product becomes relevant when a customer perceives it the way the producer intends him to. This may mean acceptance and finally purchase. A product fails when it fails to attract target customers.

- Evaluation: This comes after trial. A product is rejected if it fails to provide the expected satisfaction.

External Product Characteristic - Societal Dimension

Some times, this conflicts with the managerial and consumer dimensions. For example, health warnings on cigarette labels, no smoking sign in public places, the propaganda that computer impact will put many people out of job, etc.

Product Strategies

To provide products that satisfy people in a firm's target market, a marketer must develop, alter and maintain an effective product mix.

Seldom can the same product mix be effective for long. In somecases, a firm needs to alter its product mix to counter competition.

1. Product Modification

This involves altering a product brand in order to give it a competitive advantage and it can take any of the following forms:

- Quality modification:

These changes are related to certain product attributes like durability,dependability. They are usually executed by altering materials and product processes.

- Functional modification:

These are changes that affect a product's versatility, effectiveness, convenience or safety and require redesigning the product.

- Style modification:

These changes are directed at changing the sensory appeal of a product by altering its taste, texture, sound, smell or visual characteristics.

2. Product Deletion Strategy

For effective maintenance of a profitable product mix, firms get rid of products that are weak in sales and costly to maintain.

3. Product Development Strategy

This involves a completely new product being designed and promoted. However, this exercise is widely acclaimed to be frequently expensive and risky and involves the following processes:

i) Idea generation
ii) Screening of ideas
iii) Business analysis
iv) Product development
v) Test marketing
vi) Commercialization

All the above product strategies exist bearing in mind that a firm either innovates or die. Therefore a constant review of products and target market preferences (which are very dynamic) is necessary to both counter competition and maintain or even improve a firm's performance in a given market.

Product Packaging

This involves the development of a container or graphic design for a product. A package is a vital part of a product. In computer manufacturing, packaging is very dynamic because of rapid development in computer technology. A package influences customers attitudestowards a product, which in turn influences their buying decisions.

Packaging Objectives/Functions

1. To protect the product from physical damage or tampering.

2. Convenience - This refers to size, shape and weight of a product which will affect portability and storage or even convenience of use and replacement rate.

3. Promotion - Packaging relates the first message about a product to a customer. A beautiful package in itself will draw a customer's attention and make him explore the more.

4. Differentiation and Identification - This is on the basis of size, colour, shape, smell, weight etc.

Product Branding

A brand is a name, term, symbol, design or a combination of these, that identifies a seller's product and differentiates them from the competitor's products (Stanton, W.J., 1971).[28]

A brand name is that part of a brand which can be spoken - includingletters, words and numbers.

A brand name is often a product's only distinguishing characteristic. Without a brand name, a firm could not identify its products. The element of a brand that can not be spoken, often a symbol or design is called a BRAND MARK.

A Trade Mark is a legal designation indicating that the owner has exclusive use of a brand or a part of a brand, andothers are prohibited by law from using it.

A Trade Name is the legal name of an organization such as A-Z Computer World.

Branding provides the following benefits:

- Ease of identification
- Quality evaluation
- Psychological reward

These three benefits and othersare accruable to the consumer.

Branding benefits to theproducer include:

- Facilitation of repeat pur chase
- Aids product introduction
- Facilitation of promotional efforts.

2.3.2 Pricing Policies and Strategies

The word price is used to describe the money value of an item with money being used as the common determinationof value.

In economictheory, the concept of price is of central importance as the mechanism through which supply and demand are adjusted, in order to ensure that resources are allocated to those uses which

will maximize overall satisfaction. Prices are very important to the marketer and businessmen in general because it is the only marketing strategy variable that generates income directly (Kuhlmeijer, 1975).[18]

According to Baker (1988), while price is a very flexible marketing tool, it is also very visible to both customers and competitors alike, to the extent that the distinguished economist - Fellner has described it as the "blunt instrument of competition".[5] Similarly, Wentz and Eyrich (1970), described price as "the single most important instrument of competition in a market economy".[32]

Pricing of products calls for caution because if a product is too highly priced, people will abandon it. On the other hand, if it is too lowly priced, people will underrate the value. However, in deciding what price should be placed on a product, a number of factors have to be put into consideration:

1. Pricing Objectives

Firms have their unique pricing objectives, but in general, it is clear that pricing objectives are but a means to an end and therefore should be synonymous to the overall objectives of the firm. Pricing objectives should be clearly stated because they have a direct effect on the pricing policies of the firm and price determination methods which are

employed.

2. Achievement of a Target Return

This is a profit oriented objective common to many firms and may be a certain return on sales. Some companies try to maximize their profit as short a time as possible by Skimming (setting high prices). This is usually done when there is no immediate anticipation of a competitor who is expected to set in later. So the purpose is to recoup as much profit as possible before competition sets in.

3. Maintenance or improvement of market share

Companies with this objective believe in long run profit and production is in large quantities with low prices.

4. Stabilization of Prices

This is common in industries that have price leaders. Here companies tend to avoid price wars because they want stable prices even when demand is declining. These companies have the objective of earning a reasonable profit in less prosperous periods while forgoing profit in times of short supply.

5. Meet or counter competition

Some times to discourage competition, some companies set low prices.

6. Profit maximization

This is any profit making organizations primary objective and they set about doing this by fixing prices to attain it.

Factors that Affect Pricing Decisions

Pricing in any way affect the relative ease with which ownership transfers are effected. The factors that affect pricing include:

1. Cost of production and marketing and other costs

The purpose of a firm will be defeated if in its pricing policy, it does not reflect those costs involved in production or in such a way that it covers all expenses and leaves some margin - profit.

2. Demand

In some cases, demand for products influence pricing. Normally prices are charged high when there is a great demand for a product especially when demand is lower than supply. The value the target market attaches to the product is very important. You determine if there is a price the market expects, then estimate the sale volume. This involves the consideration of demand elasticity of the product.

3. Competition

The prices and actions of competitors greatly

influences a company's pricing moves. Competition can come from the following sources:

- Directly similar products
- The available substitutes
- From unrelated items seeking the same consumer's patronage.

Strategic Pricing

There are six steps in the strategic pricing process:

1. Select target market - here, the firm determines the constitution of the market it sets to serve. Are they price sensitive or not.

2. Study consumer behaviour - Market research should be designed to reflect a picture of the target market.

3. Identify competition - Investigation should be carried out on what kinds of price, promotions and other marketing strategies these companies are using.

4. Assign price a role in marketing mix - This is dane after due consideration of the other non-price marketing strategies. The firm here desires the number of units that could be sold at various price levels. Competitive reaction of other firms to the pricing strategies is also anticipated.

5. Relate cost and demand - Cost will be estimated for producing the product at a number of possible levels of output.

6. Determine strategic price - Consideration here is on the overall objectives (satisfactory profits, share of the market, higher volume, ethical standards and so on).

2.3.3 Distribution policies and strategies

Physical distribution involves the actual movement and storage of goods after they are produced and before they are consumed. Its object is therefore, to get the right goods to the right places at the right time, for the least cost.

Designing the Physical Distribution System

In designing a physical distribution system, the following are taken into consideration (These involve the study of what consumers want in the form of service and what competitors are offering).

1. On time delivery.
2. The supplier's willingness to meet the consumers' emergency merchandise needs.
3. The care with which merchandise is delivered in good condition.
4. The supplier's readiness to take back defective goods and resupply them quickly.

5. The suppliers' willingness to carry inventory for the customer.

Distribution is a key policy element in the formulation of marketing strategies. It concerns how the product gets to the market. Shipment and warehousing might be through company owned distribution outlets (a company store, for example) or independent outlets. For example dealer's store. Delivery might be made to a central location or to decentralized destinations. In practice, the distribution system must satisfy the following important requirements: (1) The logistics of moving goods and services, and (2) the creation of a unique strategy that reinforces a substantial and sustainable competitive advantage (Collins and Devanna, 1990).[8]

According to Baker (1983),[4] "a marketer can either seek to work closely with intermediaries or else assume their functions and "push" his products through the channel or he can seek to establish a franchise with ultimate consumers and so "pull" his products through the channel". "Push" lays greater emphasis on personal selling while "pull" emphasizes on advertising and sales promotion" (Baker, 1988).[5]

Components of the Distribution System

Physical distribution is seen to consist of four

major components. These four elements are interrelated, and what is done in one area affects decision making in others.

1. Order processing - Involves receiving, recording, filling and assembling orders for shipment. Management here is concerned with whether the orders are properly filled, quality control and time taken to fill and dispatch orders. Orders are supposed to be sent in daily, weekly depending on the strategy or policythat any particular firm adopts. The order department is concerned with processing the orders and sending them to the warehouse. These days computers are used by many companies to expedite the order processing.

2. Warehousing - In order to efficiently meet demand and competition, warehouses must be established at strategic locations.

3. Inventory - It may seem reasonable to carry enough inventory to fill all consumer orders immediately but it is not cost effective as too much money would be tied down in inventory.

Inventory decision is a two-way decision process. That is, knowing when to order and how much to order. The point at which order is placed is called reorder level.

The order decision concerns how much to order.

Large orders mean that orders will be placed less frequently. This decision is influenced by order processing costs and the cost of carrying inventory.

Order processing costs should be compared with inventory carrying costs. Inventory carrying costs increase with increase in stock carried. Included in the carrying cost are:

1. Storage charge
2. Cost of capital
3. Taxes and insurance
4. Depreciation and obsolescence.

The optimal order quantity can be determined by observing how order processing cost per unit decreases with the number of units ordered because the order costs are spread over more units (Akpan, 1992).[1]

Transportation

Transportation decision in distribution of goods and services are very important. The transportation mode a company chooses will affect its product pricing, on-time delivery performance and the conditions of the goods when they arrive. These results also affect consumer's attitude towards the company.

Modes of Transportation

1. Rail

In Nigeria, rail roads are the cheapest and largest transportation carriers. Goods are transported cheaper by rail when they are more. Companies with common destination often combine efforts and ship their products by rail to take advantage of the cheap transportation.

2. Water

A substantial amount of goods are transported by ships, especially non-perishable, low value items. Though this mode is quite cheap, it is very slow and depends on weather conditions, so many people do not prefer it.

3. Air

Air carriers transport less goods with higher rates. It is an ideal mode of freighting especially where speed is required and distant markets have to be reached. Technical goods are usually air freighted.

4. Truck

A lot of shippers are increasingly using motor trucks. Motor trucks account for the largest portion of intra city as opposed to inter city transportation. Trucks are an efficient mode of transportation for short-hands of high value merchandise. Truck rates are higher than railway

rates in Nigeria and they offer faster services.

Distribution Intensity

It is essential for a manufacturer to also decide how many middlemen he should seek at both the wholesaler and retailer levels. Similar considerations must also be made considering the number of salesmen needed, the number of district sales managers etc.

There are three general degrees of distribution intensity:

1. Mass or intensive
2. Selective
3. Exclusive

Mass or Intensive Distribution

Mass distribution provides maximum sales exposure to a product. It is ordinarily adopted by manufacturers of convenience goods. A manufacturer of convenience goods must have his goods or products available in any store where the consumers are likely to seek them. In industrial marketing of products, intensive distribution is usually limited to operating supplies or other highly standardized items such as janitorial supplies, small tools and some lubricants.

Sellers here must constantly be alert to changes in consumer buying habits.

Selective Distribution

Some manufacturers instead of adopting intensive distribution, adopt the selective. That is they actually use more than one but less than all the intermediaries who are willing to carry the products. The reputation and abilities of local dealer however influence the selection. Selectivity of distribution is extremely important to the merchandizing of quality mens' wear, selective distribution lowers marketing costs. By limiting the number of accounts sold, total distribution costs can be lessened considerably and frequently, little volume is sacrificed (Buskirk)[1].

Exclusive Distribution

Here, the supplier or the manufacturer enters into an agreement with a particular wholesaling, middleman or retailer whereby the supplier will sell only to that wholesaler or retailer in a given market. Under these exclusive distributorship (with a wholesaler) or exclusive dealership (with retailer), the middlemen are sometimes prohibited from handling a directly competitive line of products.

2.3.4 Promotion Policies and Strategies

The promotion activities of any company consists of four elements:

1. Advertising
2. Personal selling
3. Sales promotion
4. Publicity

A fifth element which is public relations has recently been included (Schewe and Smith, 1980).[26]

Advertizing

"Because of its glamour and visibility perhaps, advertising is probably the best known of all the methods of promotion. It is an impersonal form of communication that is paid for by an identified sponsor and is relayed through the mass media - Newspapers, Magazines, Television, Radio, Direct mail etc."[26]

Personal Selling

This is person to person communication in which the receiver provides immediate feedback to the source's message through words, gestures, expression and so forth. Such instant feedback allows the source to make instantaneous changes in encoding to adapt the message to the receiver. Such items as the computer requires specialized sales people who know about both the technical and operational aspects of

the computer to market it. This is the best type of promotional strategy as personal contact is involved. These days, the specialized sales people use tools such as catalogues and video tapes for demonstration purposes.

Sales Promotion

People often confuse sales promotion with the broader term promotions, but sales promotion is simply one special type of promotion activities. "Sales promotions are those marketing activities other than personal selling, advertizing and publicity that stimulate consumer purchases and dealer effectiveness such as display, shows, demonstrations and various non-recurrent selling efforts not in the ordinary routine" (American Marketing Association, 1963).[26] This type of promotional activity is also useful in the selling of computers because a computer marketer has to go an extra length in Nigeria to convince people to buy since computer systems are quite expensive.

Publicity

Publicity is usually included within the public relations functions. It occurs when the organization has information dissemination about itself through the mass media but does not pay for it. In Nigeria, though, publicity is payed for since companies have to bribe the people concerned in one way or the other

to make a good presentation of them or their products.

Public relations is a promotion activity that aims to communicate a favourable image of the product or its maker and this is relatively a new addition to the marketing mix. Its importance however cannot be overemphasized, since it is very crucial that firms maintain a good image in the public's eye.

Determining the Promotion Mix

Most companies go beyong the effectiveness/ efficiency factors in determining which element of the promotion mix to use. The following factors are also used:

1. Life cycle stage:
   There are five stages in the product life cycle:
   1. Introduction
   2. Growth
   3. Maturity
   4. Saturation, and
   5. Decline. With each stage, the promotional emphasis changes (Rosenberg)[1].

During the introductory stage, the marketer must stimulate demand for the product. The objective is to create awareness and advertizing is the best means. If the product is to be "pushed" through the trade, personal selling is useful as well as trade

shows, fairs, conventions. Publicity is also useful.

At the growth stage, the marketer is also out for higher volume and a greater share of the market. At this point, the promotional mix demands increased advertising, only that the message has to change from information to persuation. Keen competition is likely at this stage so emphasis on the product's benefits is important. Creating selective demand is the aim of advertising at this stage.

During the maturity stage, a balanced promotion mix is what is needed to maintain sales level.

At the decline stage, new products overtake old ones which are finally abandoned. Unless sales can be revived by a change in the market or by repositioning the product, promotional expenditures are usually reduced substantially or eliminated at this stage (Schewe and Smith, 1980).[26]

Relative Advantages of Promotion Mix Elements

1. Type of product

When a product has a high unit value; example, computer systems, personal selling is desirable because computer systems are highly technical, needs installation, repairs and maintenance services. Thus it needs professional or highly specialized sales people.

2. Size of Budget

Small budget forces the company to use personal selling and publicity. For example non-profit organizations use volunteer "sales people" and special fund raising events.

3. Push and Pull Strategies

The push strategy is generally used in industrial marketing. The objective is to push the product through the market. In the pull strategy, mass communication is emphasized.

4. Organization Philosophy

In cases where some organizations have the policy of maintaining good relationship with their customers - even though the cost of doing so may inconvenience the company, they still go ahead to present calendars or other presents to all their customers. This is a form of creating a lasting reminder of the company's existence in the minds of such customers - this is a form of promotion.

Budgeting - The Promotion Mix

As Schew and Smith (1980) put it, "the ultimate objective of promotion is to build sales."[26] But the inherent problem is realizing how much to allocate to promotion efforts since each sale is the result of a complex interaction of all marketing activities.

According to Rosenberg,[1] the following are the common methods of setting a total promotion budget:

1. Percentage of Sales

A predetermined percentage of the firm's past sales revenue (or projected sales revenue) is allocated for promotion. This approach is simple to use but violates a basic marketing principle - which is that promotion is designed to stimulate sales. The reverse happens here - the less the sales, the less the promotional expenditures.

2. Competitive parity

This approach tries to see how much the competitor spends and then the company spends the amount.

3. All-you-can-Afford

The firm here spends all it can on promotion. There is a disadvantage here because, there is tendency that this strategy backfires. More so, the firm may end up spending more than it ought to spend.

4. Objective and Task

The marketer here first determines what it would like. He uses past experience as a guide to estimating what it would take to reach their promotional objectives.

CHAPTER THREE

A-Z COMPUTER WORLD LTD

3.1 Brief History of A-Z Computer World Ltd.

The original plan for setting up A-Z consisted entirely of a ware house space where computers would be stored and sold without other related services. The coming into the scene of Mr. O.A. Edu who is the Managing Director presently changed all that. Mr. Edu is a graduate of Geology with an MBA and a Masters in Computer Science.

The board of A-Z saw in him some potentials to be exploited and thus he was able to convince them to set up a "computer firm". A-Z came into being in May 1989 and started operations with quite some sizeable number of computer systems, assessories, peripherals and consumables. Before setting off, an extensive feasibility study was carried out and in the report, the objectives which culminated in the name A-Z were to provide services in all aspects of micro-computer marketing - sales, installation, maintenance, system development and training as well as consultancy services. Also A-Z aims at contributing to the efforts to create computer literacy in Nigeria. Above all, it aims to be a computer firm with a difference. A-Z also planned

to source its stock from U.S.A. and Japan or Taiwan. This is because it aims at selling at very competitive prices.

In view of the set objectives, A-Z was located at a glamorous part of Ikeja - Obafemi Awolowo Way (Upper). This area is highly valued and it attracts high rentage. This was hoped to help enhance A-Z's image. Also in line with aims and objectives, highly qualified staff was constituted. Thus A-Z started off with 8 members of staff. A computer scientist (M.D) 2 graduate engineers, a professional secretary, 2 computer operators, a receptionist (with experiences in computer operation) and a clerk. The capital base came up to ₦1.5m raised through equity participation.

3.2 A-Z's Organizational Structure

The organizational structure of A-Z is quite simple. This is because A-Z is relatively a small organization when compared to giants like Data Sciences, NCR and others. The organizational structure of A-Z thus represents or reflects a simple line and staff organization.

At present, A-Z has staff strength of 23 directly. Indirectly, it shares wage earners like security men, cleaners and others.

At the top of A-Z's organizational structure is the board of directors, immediately below is the

managing director with the staff attached to his office. Reporting directly to the managing director are the line managers who supervise the line staff under them.

The Board of A-Z

A-Z is owned by equity participation. The members of the board of directors own different percentages of the entire share capital. The members are three in number including the Managing Director who was offered 10 percent of the equity as part of his conditions of service. However, the board is the highest decision making body in the company and directly interfers in the running of the business.

The Managing Director

He is also a board member as part of his conditions of service. He sees to the day-to-day running of the business but does not have absolute power. The board dictates to him.

The Line Managers

These are the heads of the respective departments in the company - marketing, systems maintenance or technical support, systems development and training, personnel and administration. Each manager has a minimum of first degree in the appropriate fields.

Office of the Managing Director

The accountant who is also the financial controller belongs here. He answers directly to the Managing Director and has his own small group of accountants under him. The MD also has a personal assistant/secretary who is a qualified secretary with HND. The personal assistant runs the office and has the office staff under her.

The Line Staff

These are professionals in relevant fields who serve under the various line managers. Many of them are youth corpers.

Pool Secretaries

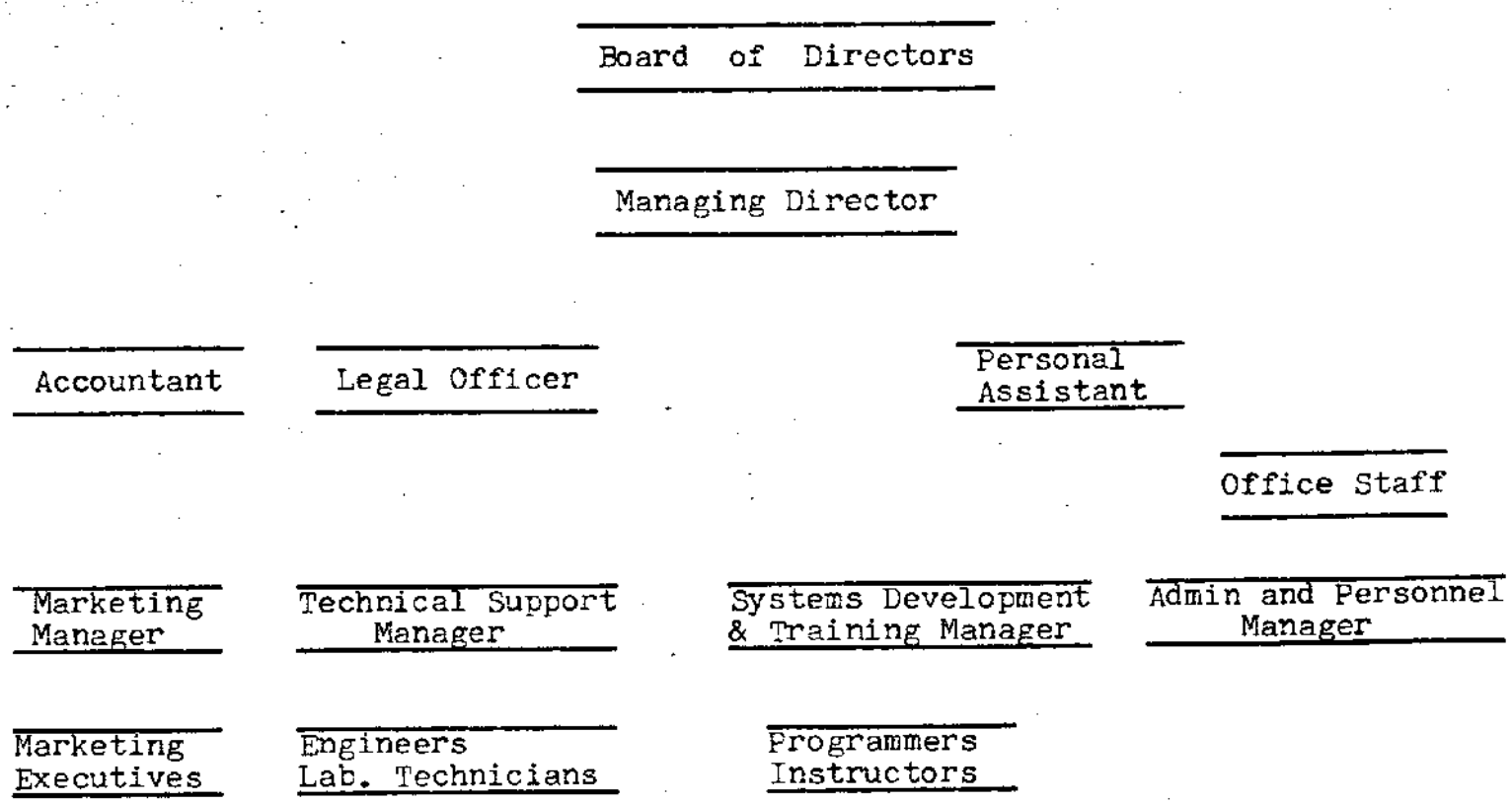
These are junior secretaries commonly located and who service all the line managers and the line staff. Basically, every one does his own job since there is a computer terminal to each staff. However, when work becomes voluminous, the pool secretaries help.

3.3 Marketing System at A-Z

Introduction

A-Z has a marketing department whose philosophy is geared towards customer orientation. This department is accorded most importance in the company because the bulk of earnings to the company is from

A-Z Organizational Structure



marketing.

3.3.1 Product Policies and Strategies

Procurement and Problems

Initially, in the marketing plan of A-Z, it was stipulated or stated that systems will be procured from the Far East countries - Taiwan, Japan and U.S.A. However, the first batch of systems and associated products were bought from England on borrowed money from A-Z's technical partner - Westac.

The company (A-Z) has since realized the blunder in this move since it has given rise to the following problems:-

1. Violation of the company's pricing objectives

Usually, with the fall in the Naira value, any item bought from England is usually very expensive after conversion. As a result, the systems and associated products bought by A-Z had to be highly priced and this meant pricing the company out of the market as the prices were too much above the competitors.

2. Inability to dispose of some of the articles considered unpopular in Nigeria.

3. Capital freeze

A-Z's capital was tied down in the large

inventory from England because of inability to dispose of them quickly.

4. Accumulation of payable interest on the borrowed funds

The funds for procuring the first consignment was borrowed in pound sterling. This was in 1989 when the interest rate was 25% (domestic) and the exchange rate was ₦15.7413 to £1. As of middle of 1992, nothing had been paid on both principal and interest and with the present (as at June 1992) 35.20 exchange rate, the company is in huge debt.

5. Selling at a loss

Because of the extremely high prices of the products, very few were sold and some eventually in February 1991 were advertized and sold at competitor's prices resulting to further losses. The rest (9 Amstrad Leter quality printer - considered unpopular in Nigeria because of its fragility) were still in store up till July 1992.

The company made another attempt at procurement after buying few systems from local dealers as customers requested, and reselling to them at small margins. However, this (undertaken in May 1992) has not been hitchfree. They purchased software programmes meant for local consumption together with systems and other associated products from USA. Because of the software, the whole consignment was

detained and as of July 1992, they had not arrived. Some systems were even not compatible with some of the customer's former systems and had to be replaced by the company (A-Z) from local sources.

Products Stocked

A-Z does not stock a particular brand of computer systems and associated products. It stocks across the several brands available.

Hard Ware

Computer systems - central processing unit, key-board, monitor (desk top computers).

1. XT 8086
2. AT 80286
3. Multiusers or super micros (AT80386, AT80486).

Printers

- Espson Apex 80 (Near letter quality-NLQ) printer
- Austrad 132 column (Letter quality) printer
- Epson 1050 132 column printer
- HP series 1 Laser printer
- HP series IIP Laser printer

Lap Tops

These are portable computers and they have ranges as desk top computers.

Software

- Educational software packages (Geography, Chemistry, Maths etc).
- Banking software (on request).
- Accounting softwares (Lotus, excell, etc.)
- Engineering software (tools, virus debuggers, etc.).
- Word Processing software (professional write, word star, word perfect, etc.).
- Data base software (Dbase series)

Consumables

- Printer catridges and ribbons
- Diskettes.

Spare parts: For the computer systems stocked.

The strategy used presently for procurement is based on customers' request.

3.3.2 Pricing Strategies and Policies

Pricing objectives

A-Z has the initial pricing objective of maintaining competitive prices while at the same time realizing moderate returns on sales. This objective is closely connected with the objective of disposing of consignments fast and turning cash around at a fast rate.

Pricing system/strategy

As stated in the A-Z company plan, before putting

a price on any of the items, the different costs involved have to be considered as well as the competitors prices. Computer buyers are very price sensitive and always scout around for the company that advertizes moderate prices. However, with the blunder committed during the first procurement, the above pricing objective could not be realized nor the pricing system followed.

Following the arrival of the consignment, and based on the currency (pound)sterling) with which purchases were made plus the interest charges on the loan, A-Z was forced to compute prices which when compared with the competitors' were so high as to become a huge problem to the company. (See pages 66 and 67 for computation of selling price for items).

Quoting system

A-Z has varying systems of quoting depending on who requests quotations.

1. For individuals

When quoting to individuals, too high margin is not attached to cost. The company makes up on maintenance agreement for which a fixed f[illegible] is collected depending on the number of syst[illegible]ms being quoted for.

COMPUTATION OF THE SELLING PRICES OF STOCK ITEMS - FIRST CONSIGNMENT
PURCHASES FROM ENGLAND IN 1989

ITEM NO.	ITEM DESCRIPTION	UNIT PRICE POUND£	NAIRA₦	COST OF FREIGHT ₦	COST AND FREIGHT ₦	DUTY	PORT CHARGES ₦	HANDLING FEES ₦	TOTAL COST
1.	AM.1640 DD	550.00	8,657.7	639.60	9,297.30	2,862.50	144.40	38.50	12,342.70
2.	AM.1640 HD	750,00	11,805.9	639.60	12,445.50	2,812.50	196.90	52.50	15,507.50
3.	PRINTER AM LQ5000	375.00	5,902.90	319.80	6,221.70	1,406.30	98.40	26.30	7,753.70
4.	EPLX80	150.00	2,361.20	159.90	2,521.10	562.50	39.40	10.50	3,133.50
5.	ZE181-2B	825.00	12,986.60	159.90	13,136.50	3,093.80	216.6	57.80	16,514.70
6.	ZE184-2B	825.00	12,986.60	159.90	13,136.50	3,093.80	216.6	57.80	16,514.70
7.	IBMPS2-30	699.00	12,003.2	639.60	11,642.80	2,621.30	183.60	48.90	14,496.50
8.	MOAT 20MB	1,150	18,102.5	639.60	18,742.1	4,312.50	301.90	80.50	23,436.9

ITEM NO	ITEM DESCRIPTION	TOTAL COST	INTEREST RATE 25%	BUILT-IN COST	PROFIT MARK-UP ON COST 60.6%	A-Z'S SELLING PRICE	COMPETITORS' SELLING PRICE
1.	AM 1640DD	11,542.70	2,885.70	14,428.40	9,619.9	24,046.30	21,538.00
2.	AM 1640HD	15,507.50	3,876.90	19,384.40	12,921.60	32,306.00	
3.	AM LQ5000	7,753.70	1,938.60	9,692.10	6,460.80	16,152.50	10,769.30
4.	EP LX 80	3,133.50	783.4	3,916.90	2,611.00	6,527.50	7,000.00
5.	ZE 181-2B	16,514.70	4,126.70	20,641.4	13,759.50	35,400.50	20,500.00
6.	ZE 184-2B	16,514.70	4,126.70	20,641.40	13,759.50	35,400.50	20,500.00
7.	IBMPS2-30	14,496.50	3,624.10	18,120.10	12,078.90	30,195.00	28,000.00
8.	MOAT 20MB	23,426.70	5,859.20	29,528.70	19,528.70	48,824.60	23,000.00

KEY

AM - Amstrad
EP - EPSON
ZE - Zenith
MO - Mobster

This refers to government and educational establishments. Here, prices are slightly increased for government establishments. Costs are attached to training. For schools, systems are quoted at almost cost price. The purpose of this is to create goodwill and appeal to parents through their children. This is regarded as a long term project.

3. Corporate bodies

Here prices are highly inflated, especially for training and maintenance. High level lobbying is what can earn contracts irrespective of how much is quoted.

3.3.3 Promotion Policies and Strategies

Promotion objectives

As is with all firms, the objective for promotion at A-Z is to stimulate more sales by appealing to people or creating awareness through the various promotional mix elements.

1. Advertising

Though A-Z needed awareness from the public badly, due to its initial predicament (refer to computation of selling prices on page 6 it was at a loss on what prices to advertize as its prices were too high. After due consultations it carried

out its first advertisement in February 1991 when a decision was made to cut down prices to the market level. This achieved positive result in the sense that many of the "ill-fated" systems were sold even though at painful losses. At least it provided the company with some cash at hand.

Subsequent advertisements were carried out all in the newspapers (Guardian and Concord) which provided more positive results. However, A-Z did not undertake any elaborate advertisements for the following reasons:-

1. It could not afford it.
2. It had little to advertise elaborately for - in terms of inventory.

Though the training department was adequately equipped, not much action had been going on there because the company had been busy grappling with its inventory/stock problem. However, just one advertisement in The Guardian newspaper got A-Z more people for training than they could cope with. The income from training kept the company afloat until they could borrow money to travel and purchase more systems.

Personal selling

The primary mode of promotion at A-Z as in most computer marketing firms is personal selling.

This is because of the highly technical nature of computer equipment. Sales are often/usually accompanied with installation and training and later on maintenance and repairs. This means that marketers or sales people of computer equipment must be highly specialized and conversant with the technicalities involved in computers and associated products.

Secondly, the sales people must be well informed and convincing. At A-Z, though the sales people are professionals, they still encounter problems in selling the concept of microcomputer adoption. Many reasons have been advanced for this by some of the sales people:-

1. High cost of acquiring the systems
2. Conservatism

Note: During data analysis, the above reasons will be proved or disproved.

Sales people earn commissions on sales.

This is however not constant and this is the greatest problem the company has because inconsistent payment of commission create laxity amongst sales people. They are not adequately compensated. If they were, A-Z would need to spend less on advertising as it is.

Sales Promotions

A-Z does little of sales promotions because it lacks the funds to carry them through. However, the premises of A-Z helps promote the image of the company. The office design and stores display are very appealing. However, A-Z has grand sales promotion plans for when it can afford the funds needed.

Publicity

A-Z has been getting a lot of publicity due to its location (Obafemi Awolowo Way, Ikeja). This area is considered high class next to Allen Avenue and mass media agents are always attracted to the area. As a result, A-Z entertains many reporters daily though it is not to all that it grants interview. The bottom line is that it is in one news item or the other.

Another source of publicity is A-Z's affiliation to micro computer vendors association of Nigeria. A-Z's Managing Director was the Chairman in 1990 through 1991. This association during this period was constantly in the news and mentions were always made of the Managing Director and A-Z.

In February 1991, A-Z was invited by Raw Materials Research and Development Council (RMRDC) to carry out exhibition and deliver a lecture on Computer Aided Design and Computer Aided cture

(CAD and CAM) in Engineering fabrications. This was at the annual conference of African Regional Centre for Engineering Development and Management held at the Centre's building at Ile-Ife.

The exposure A-Z got from this was tremendous and A-Z still enjoys it to date. While it did not pay even for transportation, it was payed some money by RMRDC for making an appearance.

3.3.4 Distribution

All A-Z's products are imported. A-Z does not maintain intermediaries. It does straight selling whether in bulk or in pieces.

Transportation of products from the points of purchase

A-Z as already mentioned, buys from abroad. It ships most of the consignments by water because of the relative low cost involved but in another way, this mode of transportation is costly to A-Z because the transportation by water is slow and takes more than one month to finally get stock to the warehouse. However, A-Z fills the time by purchasing systems locally and reselling at low margins. It avoids transportation by air freight because of the cost.

It is unfortunate that A-Z has not realized that in the long run, it is cheaper for it to transport its stock by air freight for the following reasons:

1. On-time delivery to both A-Z and its customers.
2. Less chances of damage done to systems or missing parts resulting.
3. Keeping abreast with technological developments in computer technology.

Warehousing

A-Z maintains a warehouse where consignments are stored. The warehouse is fully air-conditioned with adequate lighting.

Inventory decisions

A-Z buys in bulk. That is why it always has the problem of tying down capital but buying in bulk is in line with its sales objectives. It has a problem however with deciding on stock level and reorder level. It seems to be in the habit of waiting till the stock is exhausted before making fresh orders. It's greatest constraint is finance.

3.4 Sales Out Lets

A-Z has a policy of diversifying its sales out lets. It sells through the following outlets:

1. Individuals

This involves low unit sales (1 system, 2 or more) but most times not more than 3 (three) systems

at a time. Most of the time, these individuals do not really care about other things that go with the computer. They comprise parents purchasing for their children; small business buying for their office use (in which case purchase of systems is accompanied only by purchase of a printer).

2. Institutions

Here, the major focus is on secondary schools. In 1992 A-Z approached Lagos state Ministry of Education to obtain an approval to commence computer education in Lagos state secondary schools.

The project out lay had 12 major schools as pilot schools after carrying out a feasibility study.

The following cost out lay was presented to the Ministry:

	ITEM	QTY	UNIT COST ₦	TOTAL COST YR1 ₦	TOTAL COST YEAR2 ₦
A1	AT 80286	10	14,000	140,000	?
2	Printers	1	6,000	6,000	?
3	Software			2,000	?
B	RUNNING COST				
4	Maintenance	10	2,500	25,000	25,000
				148,000	25,000+?
	Lab Preparation				
5	Furniture			2,000	500
6	Burglary proof			2,000	
7	A/C-2H/P	1	6,000	6,000	
8	Carpet		2,000		
	Sub Total		12,000	5,000	
	Running Cost				
9	Lab Assistants				
	Remuneration	2	400	9,600	9,600
	Insurance	10	500	5,000	5,000
	Consumables		1,000		
	Contingencies		10,000		
			37,600	15,100	
	Grand Total		210,600	40,100	

This cost was computed in 1991 and based on 1,000 students in each school. The minimum cost per AT286 computer possible was quoted. This was considered a long term project. Thus the profit was not expected to materialize till after 1 year.

The project was approved and till date, about three schools are now operating computer laboratories. Efforts are continuously being made to get the others to start.

3. Corporate Sales

This involves selling to large corporate bodies like banks.

Most recently, A-Z has been handling large computerization contracts involving large and financially bouyant organizations. For example A-Z computerized the new Triumph Merchant Bank headquarters and still handles their consumable supplies. To these corporate bodies, the highest prices quotable are always used. Even large amount of money is charged on training of the personnel. Getting contracts like this depends largely on lobbying power.

4. Bulk Selling to Other Local Vendors

This is still a plan and has not really materialized. A-Z's concentration is still on the 3 items mentioned above.

3.5 Technical Support

No computer company is complete without technical support. Sales of computer systems and associated products have to be augmented with installation, maintenance and repair services and training. It is only then that sales are completed.

A-Z has 3 engineers in the technical support department. They make rounds of all the customers to ascertain whether their systems are working fine or whether there are problems to be solved. Apart from augmenting sales of computer systems, technical support generates considerable revenue by scouting for customers and signing maintenance agreements with them independent of computer system sales. There are fixed charges for the different computer system parts, printers and other associated products.

Systems technical support is very important to sales and is indispensable most times. Bad maintenance or technical support image can adversely affect sales.

3.6 System Development and Training

At A-Z, this department has come to assume great importance as one of the major revenue generators of the company. It was relatively obscure formally, only serving as sales support

but now, when products are not available, some times when stock ordered is being awaited, the training department is quite busy. Some times, they even have more customers than they can cope with.

The only set back is that the personnel in that department are inadequate. As a result, personnel from other departments have to help out when the need arises.

CHAPTER FOUR

4.0 DATA ANALYSIS

4.1 Questionnaire 'A' Analysis

Questionnaire 'A' contains a set of questions specific to A-Z computer world Ltd. This has been prepared to support historical data which has been presented in Chapter three with on the spot observations and measurements.

The analysis of questionnaire 'A' will be mostly descriptive. This questionnaire was prepared and administered in July 1992.

1. Size

A-Z by the size of its capital base (about ₦2m) is a small private limited liability company financed by equity share capital and loans. The average monthly sales is about ₦600,000.

2. Credit facilities

A-Z accepts part payment and charges interest on the lagged amount.

3. Qualification for a professional

The minimum acceptable academic qualification for a professional at A-Z is Bachelor's Degree. This is considered by the company as a base level. To the company, it is easier and more rewarding to deal with

professionals due to the ease of managing them.

4. Information System

Being a small company with only one location and with a work force less than 30, there is ease in processing and disseminating information. An assessment of the information system at A-Z shows that it is good. This is not to say that hitches do not exist here and there.

5. Customer Support Policy

A-Z has a strong customer support policy. It is because of this that it maintains or rather insists on maintaining professionalism in all its operations. When you step into A-Z, you cannot fail to be impressed by several things.

1. There are a number of computers set aside for demonstration purposes and for soft ware finals which are attractively displayed. The customer can see what he wants to buy before paying.
2. The appearance of the personnel - There is insistence on corporate appearance and prompt service.
3. The interior decoration at A-Z is very impressive.
4. A-Z is located at a glamorous part of Ikeja.

In as much as the above are desirable, they are hardly enough for generating desired returns. A year's observation and participation in the company has adequately equipped me for analysing the real A-Z.

Though A-Z has viable plans and strategies, it is yet to put them in practice. The following are A-Z's faults and constraints.

1. Finance

There is serious financial constraint. The directors are computer illiterates and are not too aware of what computer marketing entails. As such, they are often suspicious and consequently reluctant to release money. There would have been no need to borrow if they had contributed needed funds. Their attitude is not surprising since they are not marketing oriented.

2. Lack of autonomy (Given to the MD)

The managing director has his hands tied by the directors to whom he often reports before carrying out any plan. Even the monthly salaries have to be signed by the chairman before payment is effected. This has often brought about angry protests from the employees for salaries some times are delayed about one week because the director could not be located. Also, many feasible and seemingly excellent projects have been discouraged by them. In fact,

that A-Z has been able to come this far is because of the patience and perservarance of the managing director who is also lucky to have some real loyal staff.

3. Unfortunately, the company as a whole seems to be snobbish. Their claim to customer satisfaction is not universally applied. They go to extra lengths to satisfy only some categories of customers. Sometimes, they are even rude to some.

4. Inadequate compensation of sales people

A-Z's system of compensating sales people is very inadequate. Though in the grand plan of the company, it was stated that they earn commission on sales apart from regular salaries. This is not so. After sales have been completed, one reason or the other is given for failure to pay compensation or commissions. Considering the strain involved in convincing someone to buy, this treatment is hardly appropriate and this has created a kind of laxity on the sales people. A-Z practically depends on advertising on newspapers to generate sales while it would have done better if it concentrates more on other planned strategies.

Having analysed the above, the claim by A-Z that their most effective strategy is ensuring customer satisfaction at all times is highly disputable.

5. Effects of Current Economic Situation

Pricing: Prices are affected by the prevailing exchange rate. That is they are ever increasing. Sales are lower as a result.

Promotion: More and more reliance is being placed on promotion especially advertising to beef up sales. The company is experiencing cash liquidity squeeze. It lacks the facilities for wider national coverage. However, the strongest strategies employed presently is advertising, rock bottom pricing, other incentives like programmes and application packages are added to entice customers. This results in lower and lower profit margins.

4.2 Questionnaire "B" Analysis

This questionnaire contains a set of questions relevant to organizations other than computer firms. The purpose of this questionnaire is to verify the claims made by computer vending firms as they serve these firms.

Quantitative tools of analysis will be dominant. Out of a total of forty questionnaires administered, only ten (10) were filled and returned. The companies range from financial institutions to service firms and the analysis will be based on the ten (10).

1. Possession of Computer Systems

Company Code	Do	Do not	No. of Computers	Impact High	Impact Low
1. Financial	1	-	2	1	-
2. Pharmaceuticals	-	0	0	-	-
3. Recreation	1	-	3	-	-
4. Insurance	-	0	0	-	-
5. Construction	1	-	1	1	-
6. *Advertising & Public Relations	1	-	0	1	-
7. +Equipment & Service	-	0	0	1	-
8. Law firm	1	-	3	-	-
9. Merchant Banking	1	-	1-10t	1	-
10. Merchant Banking	1	-	10 NNW	1	-
	= 7	= 3			

* = Company 6 uses computers - in fact the bulk of its work is computer based (being an advertising company but it does not possess a computer system.

+ = Company 7 is in the process of acquiring.

Company 2 realizes the need for computers. As stated by them - "we need computer to keep our stock and yields records up to date at any given time and for accounts". It can not acquire computer systems because it considers itself not financially ok to do so.

Company 4 is considering full scale computerization but presently uses word processors.

In all the firms, there is computer awareness.

Note: 1. 1-10t means that the firm has one multi-user system with 10 terminals.

2. 10NNW means that the firm has 10 personal computers connected in a Novell Net Work arrangement.

The trend here is that the younger companies possess more computer systems especially the last two which are fully computerized. Data shows that cost is the main constraint but through observation, it was deduced that conservatism is the main constraint on the older companies. The executives in these companies are older and more old fashioned and afraid of change. In the younger companies, there are young executives who are ambitious and adventurous and eager for changes.

2. Size, Age, Worth of the Companies.

Company Code	Age (Yrs.)	Capital Base	Turn over (annual)	Branches (No.)	No. of Computers
1	1	₦5m	₦17m	1	2
2	24	-	22.5m	2	0
3	1yr 6 mths	10m	50m	2	3
4	12	.5m	6m	5	0
5	7	.1m	1.5m	1	1
6	6	-	-	1	0
7	9	2m	12m	3	0
8	5	5m	-	1	3
9	3	40m	-	3	10-10t
10	1	50m	-	1	10-NNW

3. Organizational Structure and Strategies

All the ten (10) organizations observe the hierarchical reporting method and value information technology a lot and all claim that customer satisfaction is the mainstay of their businesses.

However, through, observations, it was gathered that in most of these organizations, the need for increased customer orientation notwithstanding, the customer is really not given the desired treatment. There is this general dichotomy among customers as perceived by the firms. That is valuable and non-valuable customers. This sweeps across the industry and the reason for treating the so-called non-valuable customers shabbily. They are considered not worth much in patronage.

4. How are customers impressed by the possession of computer systems? To all the companies, their customers are impressed and they have made several comments showing the extent of the impression as shown in the table below:

Company Code	Impressed	Not impressed	Comments
1	1	-	Seriousness, effectiveness, satisfaction.
2	-	-	Not yet tried.
3	1	-	High corporate profile.
4	1	-	Reliability in output.
5	1	-	Makes customers willing to pay more, tells on the size and capital.
6	1	-	Modernization and efficiency.
7	1	-	High impression of an efficient innovative and serious minded organization.
8	1	-	They freak out.
9	1	-	Bank that is serious.
10	1	-	Shows that we are serious minded.
n = 10	= 9		

90% of the firms acknowledged the effectiveness of computer systems in creating positive impression on the customers.

5. Acquiring Computer Systems and Vendor Evaluation Weights (Vendor Evaluation)

Company Code	Price (2)	Size (1)	Success (3)	Reputation (5)	Service (4)	No. of Computers
1	2	-	-	5	4	2
2	-	-	-	-	-	0
3	-	-	-	5	-	3
4	-	-	-	-	4	0
5	2	-	3	5	4	1
6	-	-	-	5	4	0
7	2	1	3	5	4	0
8	2	-	-	-	-	3
9	-	-	3	-	4	10-10t
10	2	-	-	5	4	10-NNW

50% will consider price
10% will consider size
30% will consider success
60% will consider reputation
70% will consider service

This shows that customers are indifferent to price so long as the vendor's reputation is good and standard services are rendered.

Size of the vendor firm is of minute importance having scored only 10%.

Success is synonymous to reputation and services rendered.

6. Likely Budgets for Computer Systems

Company Code	Likely Budget ₦	Comments
1	120,000	Needs to expand existing computer facilities.
2	No idea.	-
3	-	Reasonable.
4	200,000	For maximization of benefits.
5	300,000	Due to financial strength of the company.
6	-	-
7	250,000	Based on present volume of business.
8	-	Already computerized
9	1,000,000	All equipment purchased off share.
10	2,000,000	Full utilization of capabilities.

The trend above shows the capital intensive nature of acquiring computer facilities. No facility worth having should cost the company less than ₦100,000 depending on size and volume of operation.

7. Future of micro-computer market and rate of growth.

Company Code	Rate of Growth		Future			
	Slow	Fast	VB	B	E	U
1	-	1	1	-	-	-
2	-	-	-	-	1	-
3	-	1	1	-	-	-
4	1	-	1	-	-	-
5	-	1	1	-	-	-
6	-	-	-	1	-	-
7	-	-	-	-	-	1
8	1	-	1	-	-	-
9	1	-	-	-	1	-
10	-	1	1	-	-	-
	= 3	= 4	= 6	= 1	= 2	= 1

VB = Very Bright
B = Bright
E = Encouraging
U = Uncertain

The table above indicates that there is a very bright future for micro-computer marketing. There is some degree of uncertainty as to whether the market is growing fast or slowly.

8. Problems encountered with vendors

90 per cent of the firms admitted that they have a problem of inefficient maintenance and repair problems. According to them, delays in replacing parts are very serious.

4.2 Buyers be aware

Buying a computer system - steps to making the right choice:

People buying computer systems should be careful. Nowadays, virtually everybody is selling personal computers. However, not every one selling cares to analyse your needs and ensure that you are getting the right system for the right value.

This portion is set out in logical sequence, to advice you on the main steps which need to be taken to help avoid excess expenditure and other problems:

Basically, the micro-computer comprises of the following:

1. Hardware
   a) Key board (input device)
   b) Visual display unit (output device)
   c) The central processing unit (processing device)
   d) The printer (also an output medium, gives you the hard copy of the information.

2. Software

This consists of all different programmes that are available to bring the computer to life. Computers are very reliable. If properly programmed, with accurate data, computers can safely be assumed not to make mistakes in processing.

3. Staffware

This refers to the people who will actually operate the computers. A computer system is only as good as the person who operates it.

The Need for a Computer

Most companies these days feel inadequate if they do not possess a computer system. In as much as a computer is very helpful and generally timesaving, some businesses can still survive without it. Therefore, while considering whether to get a computer system, one should be rational and really evaluate the benefits derivable to the business vis-a-vis the planned investment outlay.

Points to Consider

a) One has to consider the fact that it may take as much time to feed business information into a computer as it takes to write it into a clerical set of records. However, once it has been fed into the computer, there will be no need to repeat it. Only updating may be carried out.

b) The time and labour currently being expended by clerical staff, while compiling and analysing schedules required to run the business may be put to better use, if it is left to the computer. The computer will use less time than it is done manually.

c) The computer needs a very tidy and disciplined

environment, to get the best from it. If it is given inaccurate information, it will return inaccurate or jumbled up answers or solutions.

Breakdown

Once all requirements for the proposed computer system are known, a list of possible vendors should be compiled. Always seek advice from appropriate quarters. Attention should be given to various aspects like; the user, and the kind of work that will be done.

It is better to acquire a computer that will not become obsolete but will be expandable if and when required. The cost must also be required.

Guidelines:

1. It is adviceable to buy both hardware and software from the same supplier.
2. Choose suppliers that have standard packages because tailor made packages can be expensive to develop and maintain - and are prone to errors.
3. Use industry standards to place value: For example, for word processing, such popular names as wordstar, wordperfect, multimate, professional write are popular software for wordprocessing.

The User

The number of users is very important: The number

of people will help determine whether a single PC is required or a multiuser.

All these considerations must be considered if a wise choice is to be made.

CHAPTER FIVE

5.1 Current Trends in Micro-Computer Technology

Developments in micro-computer technology are so fast that before a new development is exported to Nigeria and other developing countries, new developments later than it are already being used in the developed countries.

Desk top micro-computer systems are getting smaller and smaller in size with more powerful components. In the developed countries, while computers are advancing technologically, their costs are reducing.

Comparism between prices in the developed countries and prices in Nigeria.

Developed countries $		Nigeria ₦
At 286 with:-		
40MB hard disk		
16MHZ Clockspeed		
IMB Memory		
101 Keyboard		
Colour monitor	$925	32,000
AT 386 with all the above and:		
60MB Hard Disk		
2 floppy Drives		
25MHZ Clockspeed	1,800	50,000

to mention but a few. The reason for the great disparity in price is that vendors buy, convert the cost into Naira value and add their margins.

The cost of transporting systems into the country is getting higher and higher while the exchange rate keeps rising.

There are laptop computers that can fit into brief cases and just weighing few pounds. These are called power note books. Recently, a new innovation has been added where a sensitive notepad is attached to the computer so that the user writes on the note pad and the message gets transmitted into the computer. This saves time taken to feed the message into the computer via keyboard.

5.2 Conclusion

In the data analysis, it was clear that the future of micro-computer market is very bright. This calls for more effective customer oriented marketing strategies to be developed by micro computer vendors in order to gainfully exploit this opportunity. It is not merely enough to plan. The most important thing is to execute.

In as much as finance is a major constraint on the performance of computer firms, poor execution of marketing policies and strategies still remains a prominent deterent factor.

Finally, micro-computer firms are plagued by problems created by the economic crisis as in other industries. As a result, they are not able to apply

appropriate marketing policies and strategies.

5.3 Recommendation

Computer vendors must by now know how hard it is to sell the concept. This knowledge should serve as a guiding policy towards developing effective marketing strategies to serve the market. The most important consideration should be the customer who is the reason for the company being in business.

Effective marketing strategies include sound inventory planning. This will ensure that stock is always available and that too much stock is not in store at any one time.

Despite the bitter bite of the economic crunch, the computer vendors should adopt "Dumping" as a strategy to boost adoption rate because in as much as the benefits of computers are widely known, some conservative company executives still refuse to purchase.

"Dumping" entails in this context, a strategy of introducing computers into the market at very low prices even at losses to the vendors. For this strategy to work, vendors must come together and plan. The low prices will prevail for some time, after which increases in prices will be introduced gradually at a pace not easily felt - just as Volks Wagen of Nigeria did in the 70s. Bettle cars are so ubiquitous that

even if the company had lost in the beginning, what it has gained in return has more than compensated for the losses.

Finally, more attention should be paid to sales people ensuring adequate and timely compensation to them. This will make them more willing to work.

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APPENDIX I

QUESTIONNAIRE A

COMPUTER MARKETING FIRM:_____

QUESTIONNAIRE NO.:_____

This questionnaire has been designed for the purpose of collecting information for a research programme titled "The Application of Marketing Strategies and Policies in the Marketing of Micro-Computers in Nigeria: A Case Study of A-Z Computer World Ltd., Ikeja", which is a part fulfilment of the requirements for the award of the Master of Business Administration (MBA) degree of Ahmadu Bello University, Zaria.

Your cooperation will be highly appreciated as it will greatly contribute to the success of this research.

1. As computer marketing firm, what aspect of micro-computer marketing is your main concern? (Please tick as appropriate in the box(es) provided).

   a) Hardware sales ( )
   b) Software development and sales ( )
   c) Hardware, software development and sales ( )
   d) Peripherals and consumables ( )
      i) Training ( )
      ii) Systems development ( )
      iii) Maintenance and repairs ( )

2. How long has your company been in operation?

   _____

   _____

3. Do you market specific brands?

Yes ( ) No ( ) (please tick)

If yes, please name the brand(s)

- -

4. Do you have branches elsewhere in Nigeria?

Yes ( ) No ( )

If yes, please indicate where:- - - - - - - - -

- -

Scope of Operation (Size)

5. Within what category would you place your company in terms of size? (Please tick) ( )

a) Large (more than ₦10m annual turnover) ( )

b) Large (more than ₦5m annual turnover) ( )

c) Medium (below ₦5m annual turnover) ( )

d) Small (about ₦3m annual turnover) ( )

e) Any other (indicate)- - - - - - - - - - - - -

6. What categories or category of firm(s) do you serve?

a) Financial institutions ( )

b) Medical and pharmaceutical institutions ( )

c) Educational and research institutions ( )

d) Government establishments ( )

e) Individuals ( )

f) Service and product firms ( )

g) Others (please indicate)- - - - - - - - - - -

7. How would you assess your performance? (Please check as appropriate)

A. In terms of sales returns and turn over:

a) Very successful ( )

b) Successful ( )

c) Average ( )

d) Manageable ( )

e) Not too good ( )

If (e) please briefly state why: _ _ _ _ _ _ _

_ _

_ _

B. In terms of customer satisfaction (please check).

a) Very efficient ( )

b) Efficient ( )

c) Averagely good ( )

d) Not bad ( )

e) Unsatisfactory ( )

8. What areas does your company cover in Nigeria?

_ _

_ _

9. What are your main sources of financing?_ _ _

_ _

_ _

10. What problems do you encounter with the source(s)?

_ _

_ _

11. What is your average monthly sales?

(a) No. of units sold_ _ _ _ _ _ _ _ _ _ _ _ _

(b) Value of sales _ _ _ _ _ _ _ _ _ _ _ _ _ _

Please give a few reasons for your answers:_ _

_ _

_ _

_ _

12. What are your sales terms?

Example - any credit facilities to customers:

- -

- -

- -

13. How and from where do you procure your systems?

- -

- -

14. How efficient is the source in contributing to your offering prompt and satisfactory services to your customers?

- -

- -

15. Do your customers have particular preferences in terms of brands and models?

Yes ( ) No ( )

If yes, what are the common brands prefered?

- -

ORGANIZATIONAL STRUCTURE

16. What is the pattern of reporting and control relationships in your organization?

- -

- -

17. Does your organization insist on maintaining professionalism in all its operations?

Yes ( ) No ( )

If yes or No, please briefly state reason:

- -

- -

- -

18. How many computer experts are employed in the organization?

- -

19. What to your organization is the minimum acceptable academic qualification for a professional?

- -

- -

20. Do you agree that it is easier and more rewarding to deal with professionals?

Yes ( ) No ( ) please briefly state a reason:_ - - - - - - - - - - - - - - - - - -

_____ -

21. How would you assess information system in your organization? (Please check as appropriate)

a) Excellent ( )

b) Very effective ( )

c) Good ( )

d) Average ( )

22. As a computer marketing firm, how has the computer helped in your operations (as a practical basis for convincing customers to buy)? State in a few sentences.

- -

- -

MARKETING STRATEGIES

23. What is your firms disposition towards customer satisfaction?

- -

- -

24. Does your firm engage in bulk buying?

Yes ( ) No ( )

If yes, how does it affect your final price to the customers. If no, why? (Please briefly state).

- -

- -

25. What are your marketing strategies toward maintaining customers?

- -

26. Do you advertise?

Yes ( ) No ( )

What is your favourite medium and why?_ _ _ _

—— -

27. How do you value before and after sales services? (Please check as appropriate)

a) Indispensable ( )

b) Very important ( )

c) Important ( )

d) Helps ( )

e) Can do without them ( )

28. What is your view of the future of the micro-computer market? (Please check as appropriate)

a) Very bright ( )

b) Bright ( )

c) Good ( )

d) Fair

e) Not encouraging

Please briefly state reason for your answer. Note: The answer you give will be regarded as a forecaste for the future based on present trends:

- -

- -

29. Do you think the computer market is competitive?

Yes ( ) No ( )

Why? _

_ _

_ _

INPUT RESOURCES

30. What is your capital base? _ _ _ _ _ _ _ _ _ _

_ _

31. Are there prospects for future capital expansion (Please check as appropriate).

Yes ( ) No ( )

32. What is your staff strength?

_ _

33. Do your staff participate in any training programme(s)?

Yes ( ) No ( ) (Please tick)

If yes, how effective has it been? _ _ _ _ _ _

_ _

_ _

EFFECTS OF CURRENT ECONOMIC SITUATION

34. What are the effects of the present economic situation on your business activities in the areas of?

a) Pricing _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

_ _

b) Promotions _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

_ _

c) Customer patronage _ _ _ _ _ _ _ _ _ _ _ _ _

_ _

d) National coverage (distribution of services)

- -

- -

35. What has been the overall effect of the recent deregulation excercise on your performance?

- -

- -

- -

36. What are the effects of duties and tariffs on your operations? (Please briefly state):

- -

- -

37. What other government legislations directly on indirectly affect your business?

- -

- -

38. In the face of the economic drisis at present, what strategies are you employing to keep consumers aware and interested despite astronomical prices?

- -

- -

- -

39. What assistance to do render customers especially those with low ability to purchase (finance?)

- -

- -

40. Do you think you have derived valuable benefits from the Structural Adjustment Programme (SAP).

- -

- -

APPENDIX II

QUESTIONNAIRE B

ORGANIZATION:_____

QUESTIONNAIRE NO:_____

This questionnaire has been designed for the purpose of gathering information for a research programme titled "The Application of Marketing Strategies and Policies in the Marketing of Micro-Computers in Nigeria: A Case Study of A-Z Computer World Ltd., Ikeja, which is a part fulfilment of the requirements for the award of Master of Business Administration (MBA) degree of Ahmadu Bello University, Zaria.

Your cooperation will be highly appreciated as it will greatly contribute to the success of this research.

1. In what category of business does your organization belong? (Please check as appropriate).

   a) Financial institution ( )
   b) Government establishment ( )
   c) Other product or service organizations ( )
   d) Educational institution ( )
   e) Medical or pharmaceutical institution ( )
   f) Others (please indicate)_ _ _ _ _ _ _ _ _ _

2. Do you use computers in your business operations?

   Yes ( ) No ( ) (Please tick)

   If yes, please state briefly the impact of computers on your management and overall organizational effectiveness.

   _____ _____

- -

- -

If no, what are your reasons?

- -

- -

3. What is the nature of your product(s) or service(s)?

- -

- -

4. Do you feel computer is relevant to your organization? (Please state a few reasons).

- -

- -

5. How would you categorise your operations in terms of size (Please check as appropriate).

a) Large with nationwide network ( )

b) Large with partial national coverage ( )

c) Medium with some branches ( )

d) Medium with few branches ( )

e) Small with few branches ( )

f) Small with one or no branch ( )

6. What is your capital base? - - - - - - - - - - -

- -

7. How long have you been in business? - - - - - -

- -

8. What is your annual turn over? - - - - - - - -

- -

9. If you have computers, do you have a separate computer department and about how many computers do you have in operation?

- -

ORGANIZATIONAL STRUCTURE AND STRATEGIES

10. What is your pattern of organizational reporting and control relationship? (Please briefly state)

- -

- -

11. Does your organization value information technology?

Yes ( ) No ( )

How important is it to the organization?

a) Indispensable ( )

b) Very important ( )

c) Relevant ( )

d) Not necessary ( )

12. What is the size of your customer patronage (check appropriately)

a) Large ( )

b) Medium ( )

c) Ok ( )

d) Small ( )

13. How do you keep records and how effective is your method? (Please briefly state).

- -

- -

14. How valuable is customer satisfaction to your organization?

- -

- -

15. Do you think possession of computer systems has any impression on customers?

Yes ( ) No ( )

If yes, what form does the impress ake?

- -

16. If you have computer(s) what is the level of computer awareness among your staff?

- - - -

What features will you base your choice on?

a) Size ( )

b) Successful installations ( )

c) Reputation ( )

d) Price ( )

e) Services rendered ( )

f) They are my friend's vendors ( )

g) Other reasons (please indicate)_ _ _ _ _ _ _

- -

23. Would you or did you seek expert advice before purchasing or when you purchased?

Yes ( ) No ( )

Please state a brief reason:_ _ _ _ _ _ _ _ _ _ _

- -

24. What do you feel about prices of computer equipment in Nigeria now?

- -

- -

How would it or has it affected your computerization decisions?

- -

- -

25. Would you rather travel out to buy your computer systems? Please state a reason for your answer.

- -

- -

- -

26. How would you rate prices of computer systems in Nigeria? (Please check as appropriate).

a) Extremely expensive ( )

b) Expensive ( )

c) Moderately expensive ( )

d) Relatively moderate ( )

If (a) and (b), what do you think are responsible for it?

- -

- -

27. Do you consider trends in the computer technology developments too fast for the Nigerian market?

Yes ( ) No ( )

Please briefly state reasons:_ - - - - - - - - - -

- -

- -

28. Are you aware of the term "dumping" in the micro-computer market?

Yes ( ) No ( )

If yes, what do you feel about it?

- -

- -

29. How did you (if you have computer systems) or how would you (if you are proposing to buy) prepare your employees for this change (introduction of computers)?

a) Trained staff prior to installation ( )

b) Information properly passed through the

rank ( )

c) Asked staff to get themselves prepared at

their own expense ( )

d) Any other (please indicate)_ - - - - - - - - -

If you already have computers, do you still have typewriters in your organization?

Yes ( ) No ( )

If yes, give a reason for retaining and using them in spite of the computers:

- -

- -

30. How long do you think typewriters in general will last considering the rate at which organizations, individuals and other establishments are adopting computer technology?

a) Not very long ( )

b) Not long ( )

c) End is in sight ( )

d) Will still remain ( )

e) Cannot phase it out ( )

31. What type of computerization or level of computerization have you achieved?

a) Simple (one or two systems) ( )

b) More than 2 systems ( )

c) Multi-user systems with terminals ( )

d) Mini or mainframe systems ( )

e) Systems for area network ( )

i) local network ( )

ii) inter area network ( )

32. What do you think the future of micro-computer market is like in Nigeria?

a) Very bright ( )

b) Bright ( )

c) Encouraging ( )

d) Uncertain ( )

33. Do you agree with the estimation that by the year 2,000, almost every establishment with typewriters now will have computer systems in their place?

Yes ( ) No ( )

If no, please briefly state reason:_ _ _ _ _ _ _

- -

- -

34. What specific problems do you encounter when purchasing your computer systems?

- -

- -

35. What problems do you have with maintenance and repairs?

- -

- -

36. How has the present economic recession affected your organization?

- -

- -

37. Has the economic recession also affected your budget for computerization?

Yes ( ) No ( )

38. What specifically (what kind of services) do you expect from your vendor(s)? (Please briefly state).

- -

- -

39. Do you think Nigerian micro-computer vendors emphasize professionalism?

Yes ( ) No ( )

Any other (please indicate)_ _ _ _ _ _ _ _ _ _ _

- -

40. How fast or slow do you think our micro-computer market is growing (please give a reason for your answer)

- -

- -

- -