STRATEGIES FOR MARKETING SUGAR CANE PRODUCTS IN NIGERIA: A CASE STUDY OF NIGERIAN SUGAR COMPANY LIMITED BACITA

BY

IBRAHIM SALIHU IBRAHIM

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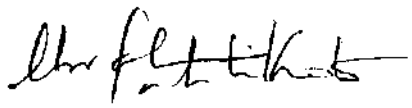
DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ADMINISTRATION
AHMADU BELLO UNIVERSITY
ZARIA

1998

DECLARATION

I hereby declare that this research project has been conducted solely by me Ibrahim Salihu Ibrahim. The work is neither a copy work or done by any other person than me. All information not original to this research have been duly acknowledge by way of references. All mistakes in thought that there were entirely my responsibility.

Ibrahim Salihu Ibrahim



Signature

CERTIFICATION

This project entitled "STRATEGIES FOR MARKETING OF SUGAR CANE PROJECTS: A CASE STUDY OF NIGERIAN SUGAR COMPANY LIMITED, BACITA. by Ibrahim Salihu Ibrahim meets the regulation governing the award of the degree of Masters In Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for it's contribution to knowledge and literary presentation.

Dr A. B. Hadi — 13/9/2002

Project Supervisor — **Date**

Chairman Supervisory Committee — Date

Member, Supervisory Committee — Date

External Examiner Professor U.A. Zakradeen — 25/12/2001

Date

Head
Dept. of Business Administration
Ahmadu Bello University, Zaria

Head of Department — 16-9-2002

Date

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Dean, Posgraduate School — Date

DEDICATION

This work is dedicated to my late beloved son Salihu Ibrahim Ibrahim.

ACKNOWLEDGMENT

In the name of Allah, the most gracious, the most merciful, I thank Allah S.W.T for affording me this unique opportunity to add yet another feather to the cap. He has generously given me in my academic pursuit. To Him be the glory.

There is no doubt that for any success achieved in life, two or more persons must have contributed towards that success. To this end therefore, I must first sincerely thank my supervisor. Mr. **A.B. Akpan for taking the pain to read, correct and counselling me in the course of this project.**

I should also seize this opportunity to appreciate the inspirations received from my late father Alhaji Salihu Ibrahim Koto as my late Uncle Alhaji Ibrahim Inuwa Mohammed Ibrahim for their guidance and encouragement given to me. I pray for Allah" continued mercies on their gentle soul Amin and grant them the most beautiful portion of Al-Jawat and other good souls when Allah has pleased to call to eternity the lecturers and authorizes of Ahmadu Bello University, Zaria. I say a big Well done to you all for the knowledge imparted within the duration of the course more grease to your elbows.

ABSTRACT

This study is concerned with the determination of the marketing strategies being used by Nigerian Sugar Company Limited Bacita in the marketing of sugar cane products which is their main source of income.

The study investigated the extent of which the performance of Nigerian Sugar Company Limited Bacita has been influenced by the strategy has adopted over the past six years. Both primary data (through questionnaires) and secondary data (published reports) were used in addition to interviews held with the principal officers in each of the functional areas of the company.

It was found that the effective performance of the company as indicated by this project covered by the period of study has been due mainly to the following strategies/policies and other innovations which the company had developed over these years.

i. Operation of an open door policy as a system that allows interested buyers to purchase consignments on availability at the time requested. The company operates this system as opposed to appointment of distributors where by only selected organisations and dealers would be privilege to buy sugar. This system equally allows for products spread and alleviate the suffering of the populate. Indeed, the distributorship system would not succeed in a situation where the company is involved in seasonal operation which makes difficult to keep customer allegiance/ public commitment during the off crop season. Here the company engage in dynamic retailing.

ii The price of sugar in the world market often determines the price of achieve by local sugar producers in Nigeria. In adopting this as a marketing strategy, the company usually starts production during period of high prices in the world market since virtually about 95% is imported. During this period the company market share is high bank there sugar product prices will be cheaper.

iii Yet another strategy adopted by NISUCO is that the company sell to a selected geo graphical markets due to resource constraints the desire for effective use of resources.

This system is aimed at distinguishing carefully among the region which the company might operate and chose those in which they could enjoy a comparative advantage. Over 80% of the company 50kg white granulated sugar is being sold at the Northern market mainly Kano. Maiduguri and Sokoto. The categories of those customers are Pharmaceutical Companies, Soft Drinks Manufacturers, Distilleries, Breweries, Bakeries, Confectionery Company, and individual organisations. Here the company has curve out a riche for its self.

iv. The Company also supply differentiated sugar products package into sizes to market to maintain marker presence and enjoy greater market share NISUCO uses this product strategy of filling the vacuum of degrees of variation and distribution created in the product market with different quantity price brands of sugar example are 50kg bag white granulated sugar deal for industrial manufacturing process, sweet cane sugar (both white and brown) in 500grams pack which is weal for domestic table use they are in 20, 40, or 50 sachets in a carton.

v. Pricing policy which is aimed at implementing various price tactic that are geared towards improving customer interest in the company's sugar products by providing price discount to customers that purchase sugar Cane products from N5 million to N10 million.

vi. New product features is introduced to broaden the line and improve brand image. Product like the Golden Brown Sugar which is not commonly use in Nigeria. Brown sugar is more nutritions than the white sugar which has been subjected to chemical process to arrive at its white colour. The company has been creating the awareness of the benefits of Brown Sugar.

vii. Promotion on new product like the Golden Brown Sugar in been focused on this specific product and its Unci attributes aimed at new customers who are easier to convince them switchers.

viii. A marketing system focusing is adopted to co-ordinating company effort and establish

co-operate and marketing departmental objective consistent with the company profit, growth, and social objectives.

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CHAPTER 1

1.1. INTRODUCTION TO MARKETING STRATEGIES

Today marketing managers are increasingly realising the wisdom and benefit of applying the systems concept to marketing. A marketing system is an interesting set of institutions, activities and flows designed to facilitate exchange transactions between an organisation and its marketing system within a framework of ever-changing forces that constitute the system environment.

A company success depends upon the ability of its marketing executives to manage its marketing system in relation to its external environment. Marketing can no longer survive in the increasingly competitive market place by relying only on such system as "give the customer what we wants" and rely on the product life cycle to guide your product decisions.

Marketing just like any business activities operates in an environments that change constantly. The rate direction and magnitude of change and effect of such changes on the company" marketing programmes must be studied and respond to appropriately. This is necessary because the environment as a constantly changing system, create opportunities as well as redeeming the attractiveness of future value of opportunities previous identified. Therefore a good understanding of environmental dynamics is a pre-requisite to sound management of environmental change, because opportunities result from such interactions.

A company is success depends upon the ability of its marketing executives to manage its marketing system in relation to its external environment. This means responding to changes in the environment, forecasting the direction and intensity of these changes and effectively using internal controllable resources (factors) in adopting to the changing in the external environmental.

Effective marketing ensure threat effective management and coordinating of the controllable and uncontrollable variables in marketing decision are put in places and named the "marketing mix". The elements of the marketing mix are product place, price and promotion and all these fit into the managerial responsibilities of marketers framework.

The discussion of the uncontrollable and controllable variables gives a complete picture of the marketer's environment in which he/she must develop and implement the marketing programme of the company. The marketing programme give the complete bundle of utilities as marketer offers to the market place. The marketing programme comprises of a list of events or tasks that marketers perform to provides that satisfaction they wish to exchange in the market place.

Moreover, for the past twenty years marketing has been dominated by the consumer orientation based on the vulnerable "Marketing Concept" the consumer orientation exhorted marketers to ascertain consumers need before attempting to produce and market goods for the public consumption.

While the consumer orientation contributed to our understanding of the marketing process, there was shift from the consumer orientation to the strategic orientation. Strategic orientation emphasizes that effective marketers must be aware of the needs of the consumers" as well as being bale to take cognizant of the challenges posed by competitors on the market place. Marketers must some how create a district competitive advantage in the market in order to ensure long run survivability.

To come out with such a competitive advantage marketers must eradicate the opportunities present in the market as then analyse the resources available to meet these opportunities. The strategies orientation acknowledges that there is a heightened level of competition for consumers attention and patronage.

Strategic marketing is planning as continuous process of making present entrepreneurial decisions systematically and with the present knowledge of their futurity, organising systematically the efforts needed to carry out these decision and measuring the results of these decisions against expectation through organised systematic feedback". If only deal with the future implications of the decisions which an organisation is taking today rather than future decisions.

In the process of effective strategic market planning, an organisation should be able

to provide adequate answers to the following question posed by Ansoft (1984).

a. What be our business?

b. What should our business be?

c. What will be our business have to be in future?

d. What kind of business should we seek to enter?

e. What are our goals and objectives?

Strategic marketing which involves planning the future destine of marketing has become extremely important in recent years. This future oriented process requires four areas of understanding. The first is environmental scamming in order to be able to establish feasible goals and objectives and organisation must first research its environment for opportunities that may be available for exploitation. The second is establishing goals and objectives to be achieve on the pursuit of the organisational purpose in the first and probably the most important step. It involves determining why the organisation is in existence in the first place, what purpose it was established to serve. The third being setting strategies which are the means, schemes and methods designed by an organisation for operationalising policies and pursuing objectives. This area emphasizes the identification of competitive strengths and weaknesses.

Finally, the fourth area of understanding is strategy implementation. It refers to action plans for carrying out the strategy. The tactics which should be cost-efficient and objective effects.

1.2 Historical Backgrounnd

Sugar is a strategic commodity. It is consumed as a food item in virtually all food, beverages and pharmaceutical industries. As income levels rise, the per capita sugar consumption also rises. Nigeria's annual sugar consumption has grown rapidly from 43,000 tonnes in 1955 to above one million tonnes in 1994, showing an annual average growth rate of 8%. The factors responsible for such rapid growth include growth in population, increase in per capita income, rapid urbanization, changes in taste and increased industrial use of sugar.

Local sugar production in Nigeria has not kept pace with the increase in demand. While the sugar consumption in Nigeria in 1994 was estimated at about one million tonnes per annum, local production accounted for only about 50,000 tonnes or 5 per cent of demand. The balance of 95 percent or 950,000 tonnes is imported at an approximate cost of 30 billion naira annually. Given the strategic importance of sugar therefore, it has become imperative that this precarious dependence on importation of sugar should be checked particularly since Nigeria has the potential to become a net exporter of sugar.

The Nigerian Sugar Industry is nearly forty years old. The Federal Government, having established the need for an indigenous sugar industry as against the total dependence on imported sugar, commissioned a general survey by sugar experts in 1956. The report of the survey resulted in the incorporation of the Nigerian Sugar Company Limited, Bacita in 1961. This was followed by the commissioning of the feasibility study of the then Numan Sugar Project, Adamawa State, Lafiagi Sugar Project in Kwara State and Sunti Sugar Project in Niger in State . The present local sugar production figure of about 50,000 tonnes is accounted for largely by the two sugar companies at Bacita and Numan. While a mini sugar plant was installed at Lafiagi in 1993 as an interim measure, a mini sugar plant is now being installed for Sunti by the National Sugar Development Council.

It is pertinent to note that the limited investment so far in the local sugar production has been undertaken only by Government. Private sector participation in the local sugar industry has been very minimal hence the slow development of the industry. The cane sugar industry is characterized by long gestation period. A large capital investment is required for estate development in terms of such infrastructure as roads, electricity, irrigation, housing, education and health-care facilities for staff. These are investments which private investors usually shy away from. It has thus become necessary that for the industry to grow, there creation of conducive environment for investment in the industry.

The attainment of self reliance by any nation requires a determined commitment to achieve self sufficiency in food and essential inputs for internal production. This engenders meaningful and sustainable progress which would ensure real political and economic development. Any nation that is dependent on imported goods, services and technologies cannot claim real independence.

This is more so if food also continued to be imported. It is in this light that the development of Nigerian Sugar Industry is viewed. The sugar cane and the sugar derived from it are essential materials for industrial development. Sugar is an inexpensive food item the consumption of which grows dramatically with economic improvement in the society and growth in population. Nigeria has the potential both in terms of land, water and human resources availability to produce sugar profitably for internal consumption and for export.

In line with Nigeria's current industrial policy, the thrust of the National Sugar Sub-sector policy shall be to accelerate the development and growth of the local sugar industry in order to achieve a target of at least 70 percent self-sufficiency in national sugar requirements by the year 2010.

The objectives of the policy shall be to:

(I) progressively reduce the level of sugar importation by increasing local production and to conserve foreign exchange;

(ii) encourage greater private sector participation in the local production of sugar;

(iii) popularise sugar processing technology in Nigeria;

(iv) develop the rural areas.

To sustain the Nation's Sugar Industry, Government shall:-

(I) create an enabling environment to facilitate the growth of the local sugar industry

(ii) ensure the availability of all necessary production inputs such as fuels and lubricants, fertilizers, chemicals and herbicides, steady power supply; and

(iii) protect sugarcane fields from flooding resulting from exigent management of our inland water ways.

The major strategy by which Government intends to achieve the objectives of the sugar sub-sector policy is the establishment of the National Sugar Development Council. The National Sugar Development Council was subsequently established by Decree No. 88 of 1993. It has a Governing Board composed of representatives of the following bodies:

(I) Federal Ministry of Industry;

(ii) Federal Ministry of Agriculture, Water Resources and Rural Development;

(iii) Sugar Producers;

(iv) AFBTE of MAN;

(v) Federal Ministry of Finance;

(vi) Nigeria Customs Services, and

(vii) The outgrowers scheme.

The National Sugar Development Council shall have an Executive Secretary. The Chairman of the Board shall be nominated by the Minister of Industry. Also, the Federal Ministry of Industry shall be the supervising Ministry.

The Council is charged with responsibility for implementing the strategies:

(I) drawing up policy guidelines and action programmes on sugar development and providing guidance on the development of sugar estates and the organisation of sugarcane outgrower schemes to enhance viability of sugar plants;

(ii) resuscitate existing sugar companies to produce at optimal capacity and promote private development of additional medium sized sugar processing plants at sites already identified;

(iii) assistance to the production of sugarcane through outgrower schemes which will sell their sugarcane to the existing and new sugar processing mills;

(iv) promotion of private development of mini sugar plants at locations where sugarcane is heavily grown by local farmers;

(v) establishment of Sugarcane Development and Training Centre that will coordinate the provision of improved and high-yielding sugarcane varieties and training of skilled manpower for the expanding sugar industry.

(vi) coordination of and assistance in the provision of basic infrastructure such as irrigation water, road and electricity to various new sugarcane sites identified for development.

(vii) Advising Government on the rate of tariff to be charged on imported sugar based on improvement on local sugar production.

The main source of revenue for the Council shall be a levy on the CIF value of imported sugar. This levy should be 10% CIF of all imported sugar including raw sugar. In addition to

the levy, appropriate tariff of not less than 40% shall be imposed on all imported sugar.

The proceeds of the levy shall initially be domiciled in Council's Account with the Industrial Development Fund (IDF) for easier accessibility for Council intervention activities.

(I) The Council shall apply his fund to support the existing sugar estates to attain their installed capacities;

(ii) The Council shall also apply its funds for the development of support infrastructure for the new sugar estates in order to reduce the cost of sugar production and thus make it more attractive for private participation in the development of the sugar industry;

(iii) The Council shall operate a revolving loan scheme to assist private investors in the sugar industry to acquire sugar processing plant and machinery;

(iv) Council shall support sugarcane outgrower scheme around sugar processing mills with loans guaranteed by the mills for the purpose of supplying adequate sugarcane to the sugar processing factories;

(v) Since Nigeria has become a full member of the International Sugar Organisation (ISO), the Council shall promote and coordinate the implementation of the programmes of ISO.

(vi) The Council shall maintain a Sugar Research Training and Development Centre to coordinate research effort towards the development of new sugarcane varieties and indigenous technology for standardized production of local sugar plant and spare parts for the industry.

The two sugar producing companies are currently undergoing rehabilitation and expansion with loan finance provided by the African Development Bank. The Nigerian Sugar Company (NISUCO) would increase both its production and installed capacity by the year -2000 A.D. from about 30,000 and 35,000 tonnes per annum to about 65,000 and 80,000 tonnes of sugar per annum, respectively. Similarly, the Savannah Sugar Company (SSC) at Numan will increase its production and installed capacity by the year 2000 A.D. from about 20,000 and 65,000 tonnes per annum to about 50,000 and 100,000 tonnes of sugar per annum, respectively. These rehabilitation and expansion programmes should be completed by the year 2000 to achieve the expected targets.

The other two registered sugar companies, Sunti Sugar Company Limited and Lafiagi Sugar Company Limited are presently in a very high tempo of development. In addition, the mini

plant at Lafiagi would be replaced with a medium-size sugar factory to take advantage of its 7,000 hectares of potential plantation by 2002. This would enable the Company to increase its production to about 30,000 tonnes of sugar per annum from year 2005. The capacity utilisation at Sunti should also be increased to optimise the use of its 15,000 hectares of potential plantation. Sunti's output is therefore expected to increase to about 50,000 tonnes of sugar per annum from year 2005.

In spite of the anticipated increase in production from the four sugar companies, it is evident that a colossal deficit in sugar would still exist by the year 2000 if a determined effort is not made to redress the situation. Consequently. at least three new sugar factories of about 50,000 tonnes per annum at normal running capacity and about 70,000 tonnes installed capacity should be commissioned by year 2005 at the following sites:

(I) Lau in Taraba State;

(ii) Hadejia in Jigawa State; and

(iii) Papalanto in Ogun State.

The National Sugar Development Council shall facilitate the private development of mini sugar plant ranging from 30-500 TCD in areas suitable for sugarcane cultivation.

Target: By the year 2010, about fifty mini sugar plants of varying capacities shall be installed at suitable locations including the following:

30TCD

1.	Midland Sugar Company	- Agbede, Edo State
2.	Allied Sugar Company	- Girinya, Kogi State
3.	LAU Sugar Company	- Lau, Taraba State
4.	Crystal Sugar Company	- Agenebode, Edo State
5.	CECADA Nigeria Limited	- KALGO, Kebbi State
6.	Sahara & Savanah Nig. Ltd.	- Karfi, Kano State

100 TCD

1.	ULOMA	-	Imo State
2.	Ogidan-Lisa	-	Ondo State
3.	Shemankar	-	Plateau State

4. Dan-Sadau - Zamfara State

5. Illushi/Agenebode - Edo State

6. Adani - Enugu State

250 TCD

1. Gassol - Taraba State

2. Goronyo - Sokoto State

3. Katsina-Ala - Benue State

4. Dutsin-Ma - Katsina State

500 TCD

1. Mayo Inne - Adamawa State

2. Galala - Bauchi State

The National Sugar Development Council shall set up a Sugar Research, Training and Development Centre to coordinate research efforts towards the development of new sugarcane varieties and indigenous technology for standardized production of local sugar plants and spare parts for the industry. The organisation of training for the various cadres of staff in the industry will be another cardinal function of the Centre which should be situated in one of the existing sugar estates.

1.3 STATEMENT OF THE PROBLEMS

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The state of the Nigerian sugar sector which is characterized by idle capacity, low capacity utilization in most companies, declining profits, falling share prices in the stock exchange, retrenchments, closure and broken down machinery and infrastructure, depicts the crisis in the economy and the long abandonment by previous Government. The typical manufacturer is now faced with a catalogue of problems militating against the sector, these include frequent and unpredictable electricity stages, unstable exchange rate of the naira, scarcity and high price of petroleum products, high production cost, and low demand for finished products arising from declining income and high inflation.

The policy thrust had in the past tend towards liberalization which has exposed domestic sugar manufacturers to unfair competition from imports from countries with more

favourable environment for sugar manufacturing. This has resulted in low level development in contrast to the high resource endowment of the country.

The new democratic government is a more caring government and is conscious of the fact that ideals of democracy will only flourish on the bedrock of a strong and virile economy. Political stability depends largely on the extent to which the economic aspirations of the citizenry are met. The industrial blue print is therefore a refocus of the policies of government with the aim at removing the distortions affecting sugar industries and manufacturing. The problems associated with dumping either local and foreign are highlighted, so also the problems of tariff structure, energy crisis, and exchange rate amongst others.

Inspite of the fact that Nigeria has the potentials of producing her total sugar consumption requirement. Sugar marketing by NISUCO is still one of the major problems facing the company. Today observation has shown that this problem is due partly to the lack of executive personnel in the area of strategic marketing of our local sugar cane product to participate in the fashioning of our marketing strategies and policies as it relate to sugar cane products. This problems has attracted the attention of key actors in the local sugar producing industries and hence the need to find solution to it.

The research problem therefore is what are the strategies for marketing of sugar cane product? This researcher shall address the issue with particular references to Nigerian Sugar Company Limited, Bacita.

1.4. OBJECTIVE OF THE STUDY

The objective of this study are:

1. To high light ways of marketing of sugar cane products in Nigeria for effective geographical coverage and hence reducing local sugar product scarcity.
2. To determine factors that has made it possible for Nigerian Sugar Company Limited Bacita to operate profitably/unprofitably despite the uncertainties that surround the Nigeria Sugar Industry.

3. To determine the extent to which marketing strategies of Nigerian Sugar Company Limited Bacita has contributed in reducing locally produced sugar scarcity in Nigeria.

1.5 SIGNIFICANCE OF THE STUDY.

It is the aim of the researcher to explore the field of strategies adopted for marketing of sugar cane product in Nigeria by Nigerian Sugar Company Limited, Bacita.

This study is of the hope that the result might help and of importance to Nigerian Sugar Company Bacita and other sugar marketing companies in particular and the country in general.

Nigerian Sugar Company Limited Bacita will find the study useful in developing an effective marketing strategy that would provide adequate geographical coverage in the marketing of sugar cone products.

It is equally available to the federal government thereby ensuring proper policy formulating and implementation of domestic sugar consumption problem in Nigeria.

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

By the completion of this study, it is believed that the writer has complied with the part of the conditions to be fulfilled before the award of MBA in Business Administration.

1.6 SCOPE OF THE STUDY.

There are many sugar products producers in Nigeria, the researcher is only concerned with Nigerian Sugar Company Limited Bacita. Also the data collected and analysed are based on the information obtained from employees of the company.

The study covers the period of 1993 to date. This period is significant for some reasons. Firstly, it witnessed the expansion programme embarked upon the company. Secondly, it witnessed the a lot of administrative reforms in terms of social and economic

policy package as enunciated by the various governments which effects directly or indirectly the operations of the sugar companies in general and Nigerian Sugar Company Limited Bacita in particular. For NISUCO, the period witnessed the many expansion programmes of their cane fields, refurbishing of the aged plant and equipments rehabilitate the irrigation water supply system and the introduction of certain aggressive marketing strategies with the objective of increasing marketing coverage and sales volume at the same time.

In terms of products, the study covers the refined sugar cane products and presently the company markets the following range of products. While granulated sugar in 50kg bags ideal for industrial users, sweet cane sugar (both white and brown) in 500 grams pack ideal for domestic table use in sachets of 20,40,50 per cartons, molasses this is one of the by-product of sugar production and in mainly sued for production of portable and industrial alcohol for animal feed, soya beans in 50kg and 5kg bags sachets for baby food and milk production and finally workshops/foundry products.

It is pertinent to point out that in the course of this study, strategies being use by NISUCO Bacita and their effect on the overall profitability of its operations will be examined. This will be through performance trend analysis using the annual reports and accounts of the company between 1993-1999.

The scope of this research work also covers the activities of NISUCO outlets in Kano, Abuja, Lagos, Sokoto, Maiduguri. The purpose of extending the scope of this study to cover these cities is to have a sort of representative sample of the overall marketing strategy of NISUCO, Bacita in Nigeria.

1.7 RESEARCH METHODOLOGY

The researcher deals with the procedures used in the data/information collection. It described the method by which this data is used in conducting the research and stating reasons for using such method.

The collection of data for this work depends largely on the nature and scope of source

of information available. In the research work the two major sources of data are used and they are primary and secondary data. The research used the following source of information

a. Questionnaire
b. Personal Interview
c. Personal Observation
d. Documentation.

The primary data is obtained through personal observation as well as interview with a number of high ranking NISUCO, Bacita official at the company headquarter in Bacita. Interview was also conducted with the Liaison officers of NISUCO in Lagos, Abuja and Kano. Through these series of interviews and consultations the researcher was able to obtain the latest strategies of sugar can products marketing as adopted by NISUCO, Bacita.

Discussion in details were equally held the company's headquarter of NISUCO with the sectional head of each of department, such as marketing, accounting, personnel and industrial relation, advertising departments.

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1.8 LIMITATION OF STUDY

Project writing is a conscious effort made towards looking for problems and finding solutions to them and in so doing, one is bound to face some problems. In the course of data collection for this study, the researcher's seal and ability to gather up-to-date and reliable data were limited by the peculiar attitudes of the civil servants e.g getting them in the office is difficult.

Time is another constraint in carrying out this research to get accurate and up to date data that is needed. In sufficient concentration by the research, Lack of adequate time due to responsibilities, official and domestic duties to be discharged also posed problems in the standard production of the project.

The economic predicament in the country has also served as a constraint to the research work where there is limited resources at the disposal of the research work

extensively.

The wideness of the topic is also one of the constraints. It makes it difficult for the researcher to go into details in some of the areas of the project.

1.9 DEFINITION AND EXPLANATION OF TERMS

Planning:

Planning has been defined as a management function dealing with the mapping or programming of a course of action with regard to the activities of an organisation. The quality at the plant is a function of the information available, the length of the plan period, the quality of the for casting, the marketing strategy and the efficiency of organisation and co-ordinating of all of these factors.

The process of policy formulation, establishment of goals and objectives and the development of strategies are all subsumed under planning. In order words planning covers the whole process of determining what purpose to pursue and the means of attaining them as well as the mechanism for monitoring results. Gibson, Ivancevich and Donnely (1976) see planning as including those activities which lead to the definition of ends and the determination of appropriate means to achieve defined ends.

Strategy:

Strategies are means of operationalising a policy and for achieving some pre determined objective. According to Anao (1979), strategies are schemes methods, manovenures which management hopes to deploy in order to move the organisation from its present position to arrive at its target goals by the end of a specified period, recognising that during the intervening period a host of changes are going to take place in the environment.

Thomas (1977) on the other hand sees strategy as "the determination of basic long range goals and objectives and the adoption of courses of action with the allocation of the necessary resources."

While Glueck (1984) defines strategy as a "Unified. Comprehensive and Integrated

plan relating the strategic advantage of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved.

Policies:

In his "Art of Policy Making: Ovuorie (1986) defines a policy as a guide for making administrative decisions. It is the organisation" point of view and established manner of doing business and directing managerial action. Essentially, a policy is "in internal administrative law governing executive actions within the organisation (Ovuorie, 1986). It is the function of the board and hop management to formulate and approve the overall corporate policy for the organisation as recommended by the chief executive.

Marketing:

Marketing spans a whole spectrum of activities ranging from the conception of a product ideas product planning, development and or processing, through product pricing, promotion and distribution, to transportation, installation, servicing of the fabricated or processed product, monitoring the performance of the product in the course of its use.

Marketing involves exchange as a process of commercial transfer of goods and services between individual or economic units. Martin Christopher et al defines marketing as "the ways in which an organisation matches its own human, financial and physical resources with the wants of its customers.

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Objectives:

This is defined as determine why the organisation is in existence in the first place, what purpose it was established to serve and what it expects to achieve periodically in trying to attain the organisational purpose. It involves that management should have a clear idea of what it expects in its operations how it can achieve them and whether it has the will and tenacity of purpose to keep at it unit the purpose is attained.

NISUCO, Bacita:

Means Nigeria Sugar Company Limited, Bacita.

Marketing Mix:

This is the unique contribution of controllable variable that gives marketer offers to consumers. A marketer is objective is to create a marketing mix that provides greater satisfication than a competitor does. The key to building the best marketing mix is knowing the desires of the people to be served. And the key to success lies in applying the philosophy of the marketing concept to the development of the marketing mix. It refers to the contribution of decision elements in a company is marketing programme.

Marketing as defined by American Marketing association (1960) is "the performance of business activities that direct the flow of goods and services from producer to consumer or user"

Market:

Market has been defined according to William J. Stanton (1981 page 65) as people with needs to satisfy money to spend and willingness to spend it. Beckman and Davidson defines it as marketing is the performance of all activities necessary for ascertaining the needs and wants of markets, planning product availability, effecting four stages of development.

The American marketing Association (1960) defines marketing as the performance of business activities that direct the flow of goods and services from producer to consumer or user".

Target Market:

This is the served market and is defined as the part of the qualified available market the company decides to pursue. Successful marketing is generally marked by skillful matching of the firm's products or services against an appropriate or relevant market. This idea of target market is based on the concept of market segmentation the though that any market with divergent demands will consist of number of smaller markets.

Market Segmentation:

Philip Kotter defines market segmentation as the sub dividing of a market into homogeneous sublets of customers, where any subset may conveyable be selected as a market

target to be reached with a district marketing mix. The concept of market Gegmentation in Engel, propositions: that consumers are different. It is often easy to measure these differences in terms of age, income, religion and position in the life cycles that differences in consumers are related to differences in market demand.

Refined Sugar Product:

These are the products that comes out of the refining process of the sugar cane by sugar industry. A sugar mill main product is sugar. The by-products are bagasse, molasses, filter mud and boiler ash.

Bagasse is the fibrous residue of the cane after crushing and is used as fuel for the boiler other uses are particle boards, pulp and paper, animal feeds, paper board.

Molasses is the final liquor in the crystallization stage and contains the non-sugar impurities as well as sugar.

Filter Cake: is the residuals after filtering clarified mud and contains a quantity of phosphate. It therefore has some value as fertilizer and because of its texture as a soil conditioner, animal feed, wax and fats production.

Physical Distribution:

Physical distribution comprises the set of tasks involved in planning and implementing the physical flows of materials and final goods from points of origin to points of use or consumption to meet the needs of consumers at a profit. It is basically involved with finding efficient ways to physical distribution is getting the right goods to the right places at the right time for the least cost. It provides the support necessary to carry out the distribution plan. While decision about the distribution channel are concerned with providing time and place utility.

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CHAPTER 2

LITERATURE REVIEW

2.1 What is Marketing

Marketing is characterized by interaction and information exchange between segments. Central to the entire field is the consumer-citized to whom the activities of marketing are directed. Marketing field is bounded both by the environment and by the limits imposed by the perceptions of the observe. In some companies marketing is still concerned with little more than sales force and advertising management in other firms marketing is an integrative corporate activity that provides the direction for corporate strategic planning.

The consumer has long been central in marketing though and practice, the "Customer is King" is not a net marketing concept. What is new in marketing through is increased recognition of the view that service to customer involves not only satisfying individual consumers but also fulfilling environmental and social concerns. The entire field of marketing therefore, revolves around under standing and serving the buyer in his dual role of consumer citizen.

Marketing as a summary may be defined as a social-economic and managerial process on the creation and delivery of want satisfying ideas, goods and services. The bases of effective marketing are identifying changing consumption requirements and managing organisational, efforts consumers. Marketing also includes the study of demand generating, temporal. Spatial and environmental forces influencing market transaction and the interacting forces influencing marketing transactions and the interacting efforts and consumption responses of sellers and buyers.

Marketing as defined by the American Marketing Association (1960) is the "performance of business activities that direct the flow of goods and services from producer to consumer or user" To understand this definition, we need to understand this definition, we need to understand the meaning of certain terms in this definition. The word Business means

the production and distribution of goods and services for a profit. This implied that marketing is undertaken by business organisation excluding governmental, charitable, religious, institutions. Also directing the flow of goods and services from producer to consumer means that marketing managers are only responsible for the flow of goods and services to consumers. It is assumed that whatever is produced will be sold. This view is contrary to what marketing is today. Today "marketing is more customer oriented than just producing. A marketer must know what his customer is need and desires are and then try to satisfy them. The above definition is regarded as a traditional one because its emphasis is only one way i.e. transfer of goods and services from producer to consumer. The above definition equally ignores the societal aspects, reaction from unions or buyers.

Kotler (1982) asserts that various definitions of marketing have appeared through time.

"It has been described by one person or another as a business activity, as a group of related business activities, integrative function in policy making: as a sense of business purpose; as an economic process; as a structure of institutions; as the process of exchanging or transferring ownership of products; as a process of concentration, equalization and dispersion; as the creation of time, place and possession utilises; as a process of demand and supply adjustments; and many other things" Each of the above definitions only provide a useful and partial perspective as to what marketing is. He summarised by detaining marketing a human activities directed at satisfying needs and wants through exchange processes.

Marketing is delegated the mission of performing business tasks leading to customer satisfaction and resulting corporate profit through the development and distribution of customer satisfactorily goods and services. This charge requires performance of business activities needed to identify the needs and wants of particular market segments to guide and deliver a flow of want satisfying goods and to maintain and expand customer markets for this flows. From a managerial view points, then marketing knowledge provides direction for corporate planning and operations.

An accepted marketing definitions is Beckman and Davidson, marketing is the performance of all activities necessary for ascertaining the needs and wants of markets, planning product availability.

Kilter (1980) summarized the definition of marketing by maintaining that marketing makes a vital contribution to the advancement and satisfaction of human needs and wants. The capacity of organisations to survive and prosper depends, on their ability to continuously create value for target market in a dynamic environment characterized by changing human needs and want"

2.2 THE NATURE OF STRATEGIC MARKET PLANNING

a. What is a Strategy?

For a policy to be meaningful, there must be some operational strategy that will translate it into courses of action. Strategies are means of operationalising a policy and for achieving some predetermined objectives, According to Anao (1979), strategies are schemes, methods, manoeuvres which management hopes to deploy in order to move the organisation from its present position to arrive at its target goal by the end of a specified period, recognising that during the intervening period a host of changes are going to take place in the environment.

The process of policy formulation, establishment of goals and objectives ans the development of strategies are all subsumed under planning. In other words, planning covers the whole process of determining what purpose to pursue and the means of attaining them as well as the mechanism for monitoring results. Gibsons. Ivancevich and Donnely (1976) see planning as including "those activities which lead to the defined ends. "Similarly, Taylor and Sparks (1970) argue that planning is the systematic exercise in determining the total resources of the organisation for the achievement of its quantified objectives within a specified time frame.

Strategic planning is defined by Peter Drucker (1974) as the "continuous process of

making present entrepreneurial (risk taking) decisions systematically and with the greatest knowledge of their futurity; organising systematically the efforts needed to carry out these decisions and measuring the results of these decisions against expectations through organised systematic feedback" It only deals with eh future implications of the decision which an organisation is taking today rather than future decisions. In the process of effective strategic planning, an organisation should be able to provide adequate answers to the following question posed by Ansoff (1984).

a. What is our business?
b. What should our business be?
c. What will our business have to be in future?
d. What kinds of business should we seek to enter?
e. What are our goals and objectives?
f. How should we go about achieving them?
g. Should we seek diversification? If so, in what areas? How vigorously?
h. Should we develop and exploit our present product-market position?
I. What feedback mechanism should be developed for ascertaining how well we are performing?
j. What corrective actions/adjustments, if any, should be taken?

Quite often, the major problem of corporate strategic planning begins with the improper definition of the business of the organisation. The definition of the business needs to be clear but as broad as possible to enable the development of effective implementation strategies. The major source of income of an organisation should define its business. A radio or television network, for instance, is not in the business of providing education, information and entertainment,; that would be a wrong definition of its business and would lead to the development of inappropriate strategies. The business of a radio or television station is selling advertising space/air time/commercials. It programmes are its strategies for attracting listener ship/commercial. Its programmes are its strategies for attracting listener

ship/viewship, a market sought by advertisers.

An organisation should also be able to redefine its business in terms of what it presently is. If the there is a disparity between what it is and what it should be then the need for a re-examination and readjustment would arise in order to complete effectively in the market. Furthermore, the organisation should give some thought to what its business will have to be in future in response to changes taking place in its competitive environment. It may have to change its structure, diversity or concentrate more on what it knows best.

On an organisation with foresight can effectively plan for changes that are expected to take place in the future and every organisation needs some amount of foresight.

Every PLAN should be flexible and as adaptive as possible to give room for changes likely to occur in the environment. A rigid plan creates planning shocks because it makes no allowance for possible planning errors arising from managerial mistakes, incomplete information and environmental changes. As Ansoff explains "if planning is triggered off by an event in the future in the course of executing existing plans, it could be termed adaptive planning. Underlying the whole idea of adaptive planning is the need to revise plans from time to time in the light of changing forecast of future events" On the other hand, an organisation may need to make alternative plans that it will have to put in motion if unexpected events in the environment occur. This type of planning is referred to as contingency planning. This is particularly useful and essential in an unstable political and economic environment where changes occur every so often.

The Nigerian Bottling Company is an example of the strategy of diversification in action. Again, strategy is important if an organsiation must compete effectively in an increasingly dynamic environment. In effect, companies need to focus on the issue of corporate strategic planning for the following reasons:

a. Conditions both internal and external to organisations change so quickly that corporate strategic management has become the only means of anticipating the future in terms of its threats, problems and opportunities.

b. Corporate strategic management has the unique quality of providing participants in organisation with clear, direction bound objectives and guides to action towards the overall goal of the organisation.

c. Companies that focus on corporate strategic planning and management have tended to be more efficient and effective than most, provided job satisfaction to their employees and reduced labour management problems (Glueck, 1980).

Seiner and Miner (1977) have identified five major approaches to corporate planning and decision-making:

Initiative Anticipatory: This approach does not favour long range planning in any sense. The Chief Executive just has a strong feeling that a particular alternative strategy is the right one in a particular circumstance and takes a decision accordingly.

The opportunistic approach is highly entrepreneurial in nature. It involves a constant search for new business ventures, new markets and new products to exploit. It also involves deferring commitment of resources until the opportunity arises.

Formal Structured: This approach follows a system and laid down explicit procedures. It would be highly bureaucratic and time-wasting especially in a dynamic business environment in the sense that it depends on set patterns of decision making from bottom and top where decisions and suggestions have to be refined and vetted at each level before a final decision is taken.

Incrementing: Incrementing is more and less negotiated decision which involves obtaining some agreement among all parties concerned with the decision to be taken. It is compromise or satisfactorily approach since it assumes that there is no right decision. Just like the intuitive-anticipatory approach, incrementing also lacks any objective framework and makes it difficult to identify responsibility for bad decisions. Parties to the decision constitute a gathering of people who singly can do nothing, but collectively decide that nothing can be done.

Adaptive: This is one of the most desirable approaches since it involves changing and

adapting strategies and tactics in accordance with decision maker's perception of existing socio-economic circumstances. It fully utilises the principles of environmental; scanning to ensure that the right decision is taken under the right circumstances.

No matter the planning approach adopted by an organisation "effective business planning depends on the total commitment by management at all levels; the depth of knowledge of the planner himself; the analytical ability of the planning staff to manipulate human variables and get people to think planning and act on plans" (Onouoha 1979). However, a major part of the success associated with effective corporate planning rests with the leadership of the organisation since planning is the primary concern of top management. As put by Myles Mace (1977), "effective corporate planning is not possible without the personal involvement and leadership of the Chief Executive".

Steps in the Strategic planning Process

Having defined what planning is the logical question is how does an organisation go about planning? Corporate strategic planning is a sit step process as presented in figure 6.

Planning basically is a question of establishing corporate objectives and using the WOTS system to pursue those objectives, WOTS is an acronym for weaknesses, Opportunities, Threats and Strengths. An organisation should be able to identify its weaknesses in order to correct them; scan the environment for opportunities to be exploited and threats to the effective exploitation of those opportunities; and finally established objectives. We shall now discuss in detail the steps in the planning process.

The establishment of goals and objectives to be achieved I the pursuit of the organisational purpose is the first and probably the most important step in the planning process. It involves determining why the organisation is in existence in the first place, what purpose it was established to serve and what it expects to achieve periodically in trying to attain the organisational purpose. Establishing goals and objectives is probably the most difficult step in planning. It demands that management should have a clear, idea of what it

expects in its operations, how it can achieve them, whether it has the resource capability and capacity to pursue them and whether it has the will and tenacity of purpose to keep at it until the purpose is attained. Establishing goals and objectives involves an appraisal of the present and potential resources of the organisation as well as the opportunities available in the external environment for exploitation.

Furthermore, the organisation must also determine the environmental threats to achieving its goals and objectives and determine if these can ne efficiently handled such that they do not jeopardize the attainment of the objectives.

Objectives must also be measurable to enable an objectives review of results and corrective action to be taken if and when any deviations occur. Furthermore, an objective must have a clear time frame during which its NON attaintment is expected. In other words, it must be time bound otherwise one cannot hold anyone responsible for its non attaintment since no time limit was set for its achievement.

Environmental Scanning: In order to be able to establish feasible goals and objectives, and organisation must first search its environment for opportunities that may be available for exploitation. It must scan the environment for resources that it will need to tap in exploiting the identified opportunities. The external environment also presents threats to the attainment of the organisations goals and objectives in the form of competition, government legislation, economic factors, political instability or social differences. Unless the organisation has thoroughly scanned its operational environment for opportunities, resources and threats to those opportunities, it is unlikely to succeed in achieving the goals for which it was established, it is unlikely to compete efficiently and in the extreme unlikely to survive for too long.

Environmental scanning is a continuous process since the environment is high dynamic and subject to frequent changes especially in developing countries. With time, opportunities might become threats, new threats may emerge or better opportunities may open up. An efficient and effective company will have a flexible and adaptable operational

plan to deal with changes occurring in its environment to advantage.

Appraising Resource Capabilities: Having established its goals and objectives and scanned the environment, the organisation now proceeds to evaluate the resources at its disposal for exploiting the opportunities and for containing the threats, Goals and objectives are a function of corporate resources capabilities. It is no us planning to achieve a particular objective without the necessary resources for pursuing it. If a company wishes to establish a ₦10 million subsidiary and all it can raise from its various sources of funds in ₦5 million, then its objective is not feasible. It must also have the skilled personnel and the time to pursue its objectives apart from the money and the physical assets.

In the functional area of Marketing, the Strategic advantage/strength factors include:

- establishing a strong market presence in the total market or key sub-market;
- an efficient and effective market research system;
- quality product/service mix;
- complete product service line;
- a strong new products/new service leadership;
- positive consumer attitude to the organisation's products and after sales service;
- efficient and effective product packaging;
- effective pricing strategy;
- efficient and effective sales force;
- efficient and effective channels of distribution.

Setting Strategies:

Strategies as earlier defined are the means, schemes and methods designed by an organisation for operationalising policies and pursuing objectives. They are alternative routes towards achieving objectives. The fourth stage in the planning process involves developing strategies and tactics which should be cost-efficient and objective effective.

Strategies must be designed to suit the objective to be attained and should be within the resources capacity of the organisation. Strategies should be flexible to accommodate changes occurring in the environment. But all strategies must be clearly defined in terms of their cost benefit implications. By all means, an effective strategy ensures that objectives are achieved at minimum cost, at the time scheduled for their achievement and that optimum benefits are derived therefrom. Whatever strategic options that a unit of the organisation chooses to adopt, it must be in line with the strategic objectives of other units not to result in conflict and be aimed at achieving the overall organisational purpose.

2.3 The Marketing Elements

Marketing Mix refers to the combination of decision elements in a company's marketing programme. The combination is determined and controlled by the marketing executives. These decisions elements are commonly known as the 4 ps. (product, place, promotion and price). Marketing mix is a unique combination of controllable variables that a given marketer offerers to consumers. A marketers objective is to create a marketing mix that provides greats satisfaction than a competitor does.

The key to building the best marketing mix is knowing the desires of the people to be served and the key to success lies in applying the philosophy of the marketing concept to the development of the marketing mix.

The marketing mix is the set of controllable variable and their levels that the firm uses to influence the target market, Kilter (1980). Some of the most important decisions to be reached by firms suppliers, manufacturers, as well as intermediate and retail trade businesses are those involving, the market mix. These decision can be identified along four general dimensions. These four dimension are as follows:

I. Organisating for product development and innovation (product)

ii. Ascertaining prices for products and or services price

iii. Selecting channels of distribution (place)

iv. Developing promotional programmes (promotions)

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

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

Goods and services flow through channel networks to various types of consumers, consequently, a business should think in terms of a series of marketing mix being developed and implemented. Suppliers provide raw materials (products) to manufacturers at negotiated prices which have been communicated (promotion). These materials are shipped via alternative transportation facilities the (channel).

Marketing mix decisions should be based on a integrated them product decisions necessary must be associated with channel, price and promotional considerations. Regard less of the level of the firm within marketing channel networks, marketing management decision area into the optional combination. Thus, whatever type of product of service that is being offered there will be some optimal combination of related marketing cost and revenue, of each firm within the network as a result of blending the various offerings, marketing environments decisions,. And planning come into shaped focus. In what follows, a detailed discussion of each element of the marketing mix be presented.

2.3.1 Product

A common definition most people give for a product is that it is "something we buy". An answer like this to a marketer is not complete marketers provide much more than just a stark-naked product. The primary objective is to provided satisfaction which can take any form.

Many other people think of a product as a tangible good - something physical like a loaf of bread, a car, sweet or pencil. Such people never think that services are also product.. For example, when one hire a doctor or a lawyer, such a person is actually buying products in form of services (knowledge and expertise). Likewise students buy a product when they enroll in school. They expect to receive benefits (satisfaction) in terms of knowledge that can be exchange later for a job and a standard of living.

A product is the basic ingredient in the exchange process. The expectation that satisfaction will be realized through exchange is what a product represents. Thus a product is the focus bringing buyers and a sellers together to make an exchange.

By the traditional approach, a product is the entire bundle of utility that is offered by a marketer to the market place. This bundle contains a potential for a satisfaction that comes in part from the tangible, objective features of the product.

Expand Approach: This approach see as a product as bundle of utility which must include every activity that a marketer performs to convey satisfaction from the first recognition of a market's need to the ultimate evaluation of the product by consumers. That is marketers must recognize and serve all steps in the exchange process. The expanded view of a product, recognizes each brand as being separate, therefore nay change in packaging brand name, colors, design etc - creates a new product.

As per the discussion above the product is view traditionally as goods or services that are exchange. This definition includes many things e.g. razor blades, plastic, food items, insurance policies, banking services etc.

The broadened view of the product is no longer confined to traditional goods and services marketing but it is also involved with such products as people, places, ideas, organisations, stores and even nations.

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Product Classification

There is need for the classification of products to be marketed since new products are identified, developed, discovered, invented or born every day. While each of these demands

a unique marketing mix, therefore, classifying them is for convenient marketing. There are several ways in which products can be classified.

1. By dividing them into durable and non durable categories. This classification reflects the expending of a product. For example, bread, clothing and magazines all have short life span and they are non durable products. While products like cookers, cars, refrigerators are durable products because they have a long life span.

While products are bought to satisfy wants and needs, satisfaction does not come only from the basic product. Other features that contribute to the full satisfaction of a consumer are:

1. Brands and Trade Marks: Brand is a name, term, symbol or design or a combination which is main to identify the goods or services of one seller or group of sellers and differentiate them those of competitors. A brand name consists of words, letters or numbers that cane be vocalized. e.g. Bayer, 3M, Sanyo etc. A brand mark is part of the brand coloring or lettering.

   Trade Mark is a legal terms, it refers to a brand that is given protection to one marketer.

2. **Labels:** is a product features that adds to the bundle of utility. A label supplies information about the product or its seller. It may printed as part of the packaging or a tag attached to the product. There is grade labels, information labels and descriptive labels.

3. **Packaging:** This includes all the activities in product planning that are related to designing and producing the container or upper for a product. Packaging also adds to the bundle of utility and is an important part of the marketing mix. Purposes of packaging is to hold the product and shield to protec it. It is also use form identifying the product, giving its brand name and information about how it performs. It is use as a promotional campaign tool.

Physical Characteristics.

Perhaps, the most obvious factor of a product is its physical properties. Satisfaction is derive from the fact that a product is made of plastic. Wood or some other materials processing a particular weight and consistency.

Services

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

Warrantive: is a manufacturer's promise that the product will perform its intended purposes. This also add an increment of psychological satisfaction to the bundle of utility. Consumers are assured that defective product will be fixed or replaced.

2.3.2 Price

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

Pricing on the other hand has been defined by E. Raymond Covey as " the art of translating into quantitative terms (i.e. Naira, Dollar, Pounds etc) the value of the product to customers at a point in time". The notion of value in this case is subjective and is basically determined by the customer value may be concern, such as the cost savings of replacing workout shoes with a new pair. It may be intangible, such as the owner's pride in having a new machine or car. The same product may have different values for two different customers or different values for some the customer overtime. For example owing a house may not interest a young person of 18 years old, but the time the person reaches 30 years of age, he or she's concern for a personal house will be more.

Certain situation give rise to pricing decisions;

These may include the following:-

a. When a company wants to introduce a new product or enter a new market with an old product.

b. When costs, demand, inflation render old prices inadequate.

c. When competitors initiate a price change.

d. When the firm produces several products that have interrelated demand and/ or cost

Major Pricing Decisions

Decisions on price are made in three major areas, namely:

1. What are the firm's pricing objectives?
2. What are the pricing policies?
3. What are the pricing procedures i.e. how are prices to be administered.

Pricing Objectives

Although the super ordinate goals of pricing may be to maximize the rate of return on the total assets of the firm, as Gabor (1977) points out such profit goals provides Criteria rather than explicit guidance for pricing. In any case, as Gabor mainframe. Mode approaches to pricing must recognize that business executives may be interested not only in profit but in factors such as prestige, social responsibility, reputation, price stability etc. Any set of operational objectives for pricing will fake account of such factors as together with objective in terms of earnings stream that is sought and the objectives emanating from the particular circumstances that given rise to the pricing decision.

The objectives of pricing can be placed under three main categories:

a. Sales objectives
b. Profit objectives
c. Competitive objectives

a. Companies do have different objectives setting one price or the other some of these are:-

I. Sales growth

ii. Growth and maintenance of market share

iii. Survival

b. **Profit Objectives**

Cost pressures have led more and more companies to see financial goals through pricing i.e. they have become increasing profit oriented.

Some of the profit objectives of pricing are:-

I. Profit maximization i.e. getting the highest profit possible.

ii. Target return on investment (ROI) i.e. the firm seek to regain a certain percentage of its investment.

iii. Cash flow or current revenue pricing i.e. the recovery of cash as fast as possible

Use by firms with cash flow problems or those not certain about the future.

c. **Competitive Objectives**

There are firms that consciously price their products to meet or prevent competitive. In most industries, there are price leaders and the other companies simply follow the leader in setting prices, this is mostly found in sealed bid contracts where the firm hopes to get the contract by offering a price it hopes to be lower than other bidders. Under certain condition (e.g. large potential market with few competition and less potential competition) a company may enter such a market with extremely low prices in order to discourage competitive.

Basic Price Determination

Price generally need to cover cost while the firm has to set a price that provide a coalition of support among interest group. Basically price may be determined by one or more combination of the following factors:

a. Buyer Demand: the traditional law of demand states that price reduction generate

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demand reduction, all other things being equal. However, not all products display this relationship. For some products the reverse is the case. Prices some times may reflects quality and other factors such as status, etc.

b. Competition: In a perfect competition market, buyers and exchanged are determined by that interaction i.e. demand and supply and hence equilibrium price. The monopolists inmost cases set their prices without regard for demand.

c. Cost: Prices are set to cover cost of producing and marketing the products. Cost are normally the major determines of product prices. Normally cost is established add a fixed percentage of mark up costs is added.

d. Economic Climate: Raw material and finished goods shortages create special problem for marketers. Pricing during periods of inflation also requires special attention. These situation also created added costs of production and this must be reflected on the prices charged. Also government fiscal/taxation policy etc.

e. Legal and Ethical Constraints: This set limits to the decision makers on pricing, these normally come from anti trust laws (i.e. laws that prevent unfair competition and the establishment of regulatory bodies such as Price control boar consumerism.

The ethical contraits borders on what price is judged reasonable or unreasonable, the problem is in determining at what point prices become unreasonable. Society "out cry" is often seen as indicative of unreasonableness. Also the activities of consumerism groups may point to a dissatisfaction with price and other marketing mix elements.

- Consumer's behaviour perceptions
- Channels of distribution stages markup discounts
- Research and development costs.

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Pricing Policies

Pricing policies represent guidelines or rules which marketers follow when making strategies and tactical pricing decisions. They are general rules intended to keep an organisations decision in line with its objectives. Pricing policies should be therefore result

in a conscious price setting that helps the firm to reach its objectives. General pricing policies are:

a. The skimming policy - setting a high level price.
b. The penetration policy - setting low level price.
c. The prestige pricing policy - high price starts.
d. The price leader policy
e. The customary policy - low or high as the case may be
f. The survival policy - pricing out of business or go staying in business

Pricing Procedures

There is a wise spread agreement that actual price setting should be based on three factors:

a. Cost
b. Demand
c. Competition

Based on the above factors, there are major pricing procedure.

1. Cost orientated pricing procedure

By this prices are set on the basis of costs.

Among some of the method under cost oriented pricing is mark up pricing and cost plus pricing. In all these cases price is determined by adding some fixed percentage to the unit cost. Retailers use mark up. Another cost oriented pricing is the target pricing. The firm determine the price that would give it a specific target of return on its total cost at a given standard volume.

Types of Demand Oriented Pricing are:

a. **Perceived Values Pricing** - What customers perceived the value of the product to be.
b. Demand - differential pricing or price discrimination this is a situation where a product, or service is sold at two or more prices that do not reflect a proportional

different in marginal cost. IT takes various form e.g. Product form basis and on customer basis - different customers pay different prices for same product. It could also be on place basis and time basis.

3. Competition Oriented Pricing: Prices are charged mainly based on what competition are charging. The price charged may not necessarily be the same with competitors prices. The company may on the basis competition decides to keep its prices lower or higher than competitors.

Among the types use under this procedure are:

Going-rate-pricing - using for the industry.

Sealed Bid Pricing - Charged based on what competitors are likely to charge.

2.3.3 Place

Distribution Channel (Placement)

Placement as one of the elements of the marketing mix consists of both channels of distribution and physical distribution. Distribution produces satisfaction in the marker place. It involves the physical movement of products to ultimate consumers or users. It is the distribution that provides time and place utility. By place utility, the product is made available to the consumer as the right place of location and by time utility is making available the product at the right time.

By channels of distribution means the routes that goods take in their progress journey from producers to consumers. These channels of the demand and the competition among sellers.

Channels of distribution for consumer goods differ from those of industrial and commercial goods.

Role of Distribution Channels

Creating Purchase Opportunity

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

Promotional Role:

One of the rules a channel plays is in terms of its promotion effort. Where there is doubt about a channel "ability to undertake the requisite promotion, the manufacturer may help. The promotional at the point of sale can activate latent demand, while habits and picking behaviour can each be effected by novel distributor promotions.

Service Role:

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

I. Advice on the suitability of a product for some application.

ii. Provision for speeding servicing and repair

iii. Provision credit and other financial assistance to purchase the product

Channel of Distribution on Strategies and Decisions

This channels of distribution is the means b which products and services are made available to customers in the market place. It is "an organised network (system) of agencies and institutions which with users and users with producer in order to accomplish the marketing tasks". The channel is an integrated system made up of participants that accomplish different marketing functions through specialization of tasks and allocation of various responsibilities.

The Need for middlemen

The relative economics, technical knowledge and experience inherent in specialization of functions that must be performed in linking products with markets brings about the need for different types of channel institutions such as processors retailers, and other intermediates. Why is the producer generally willing to delegate some of the selling job to intermediaries? The advantages are as follows:

1. Many producers lack the financial resources to embark on a programme of direct marketing.
2. Direct marketing would require many producers to become middlemen for the complementary products of other producers in order to achieve mass distributional efficiency.
3. These producers who have the required capital to develop their own channels often can earn a greater return by increasing their investments in order aspect of their business.
4. The use of middlemen largely boils down to their superior efficiency in the performance of basic marketing tasks and functions Marketing intermediaries, through their scale offer the producer more than he can usually achieve on his own.

The functions of selling intermediaries therefore are to assemble the lines of many producers into an assortment of potential interest to buyer and to break bulk so as to meet the scale of need of the customer.

Nature and Types of Marketing Channels and Intermediaries

Marketing channels can be characterized according to the number of channel levels. Each institution beginning with the producer, that takes little, ownership or selling responsibility constitutes a level. The number of levels in the channel make up its length.

a. Producer selling directly to consumer
b. A three level channel contains one intermediary. In consumer markets this

intermediary is typically a retailers in industrial markets he is often a sales agent or buyer.

c. A level channel contains two intermediaries. In consumer markets they are typically a wholesaler and a retailer. In industrial markets they may be a sales agent and a wholesaler.

d. A five level channel contains three intermediaries. An example is found as the meat packing industry where a jobber usually intervenes before the wholesalers and retailers. The jobber buys from wholesalers and sells to the smaller retailers who generally are not serviced by the large wholesalers.

From the producer's point of view, the problem of control increases with the number of levels even through the producer typically deals only with the adjacent level.

Types of Channel Flows.

While there is an inclination to focus on the flow of the actual product or service through the channel system certain other flows also take place as the product/service moves. These are:-

Much grief can be avoided if standards of performance and functions are agreed upon at the beginning between the producer and their channel members. The areas posing the greatest need for explicit agreement inventory levels, customer delivery time, treatment of damaged a lost goods, cooperation in company promotional and training programme and middlemen services owed to the customer.

When gaps in channel performance are identified the natures and extent of the corrective action will very depending upon the scrubbiness of the problem. This can rage from revisions in policies and procedures, increased motivational efforts and other modification such as replacing channel participants. The extreme cases it may be necessary to change the entire channel system.

Physical Distribution Decisions.

Physical distribution comprises the set of tasks involved in planning and implementing the physical flows of materials and final goods from points of origin to points of use or consumption to meet the needs of consumers at a profit. It is basically involved with finding efficient ways to the goods to the customers. The objective of physical distribution is getting the right goods to the right places at the right time for the least cost. The attempt is to balance the level of service to customers (i.e. the speed of filling and delivery normal order, the care with which merchandise is delivered, the suppliers readiness to take back defective goods and resupply quickly, the provision of installation and repair services against the cost of doing so.

Physical distribution, or logistics, provides the support necessary to carry out the distribution plan. While decisions about the distribution channel are concerned with providing time and place utility. It is the logistical system that is responsible for actually moving products in a way that accomplishes this goals. Thus as effective physical system can make important additions to the bundle of utility that buyers consider as well as being an excellent means for an individual firm to create a competitive differential for its product. In fact a survey of industrial purchasing agents shows that physical distribution ranked second only quality, as a factor in their buying decision.

Ensuring that the objective of physical distribution is achieved is not an easy task, because the development of the logistical system is complex and costly. In fact, consumers spend 25% of every Naira goes to pay the costs of distributing products. Physical distribution adds to consumers satisfaction and improved standard of living by ensuring that the right products are available, when consumers wants them in the right place and at its right time.

Emphasis, have been made on the fact that a business is a system, that marketing is a system and that the channel of distribution is a system. Likewise, physical distribution is a system, one that calls, for the movement of products to bring about time and place utility.

Furthermore, this logistical system is not confirmed to the manufactures consumers distribution channel. It also include the movement of raw materials (such as farm products, cotton etc) from originators to processors at the manufacturing level. And the physical distribution includes the movement of finished products from producers to consumers.

2.3.4 Promotion

Marketers don not promote simply to inform, educate and entertain. They communicate to influence and encourage buyers to accept or adopt goods, services and ideas. The company that can establish a reputation for trust worthiness, progressiveness and social responsibility starts with an advantage over other firms in the minds of actual and potential customers.

Promotion according to P. Kilter involves all the tools in the marketing mix whose major role is persuasive communication.

The promotional mix comprises of:

Advertising

Personal selling

Sales Promotion

Publicity

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To accomplish the promotional objective, marketers must take decision in five key areas:-

1. Target audience - who is are the target audience
2. Desired behaviour - what is the desired audience behaviour
3. Message - what message should be developed
4. Media - what media should be used
5. Source attribute - what source attribute should accompany the message.

Advertising

Advertising is a non personal means of presenting information to a selected audience. It is normally paid for by an identified sponsor, it consists of those activities by which visual

or oral messages are addressed to selected publics for the purpose of informing and influencing them to buy products and services to act or to be inclined favourably toward ideas, person, trade marks, or institutions features. In contrast with publicity and other forms of progranda, advertising messages are identified with the advertiser either by signature or oral statement.

Advertising activities include the following form of messages: Messages carried on newspapers and magazine, on out door board, on street cars, buses and trains, cards and posters, in radio and television broad casts, and in circular of all kind, whether distributed by Mail, by person, through tradesmen, or by inserts in packages dealers help materials and motion pictures used for advertising etc.

Labels, tags and other literature accompanying, merchandise are also deemed advertising. Writers sometimes exclude those activities. Some of the activities exclude area:- offering of premium to stimulate sales, the use of exhibitions and demonstration at fairs, shows and conventions; the use of samples, and the so called "publicity activities" involved in sending out new releases. Likewise, excluded from the category of advertising are the activities of personal selling forces. Advertising effect takes sometimes to materialize.

Purpose of Advertising

Many companies have their own individual objectives in using advertising. The main objective of advertising in most cases is to inform and sell. These apart there are other reasons for advertising and these are:-

1. To remind customers and potential customers constantly of the availability of the existing products and companies and how they compare with other products and firms.
2. To create awareness of and build consumer interest in new products, new technology and new companies.
3. To reduce customers dissonance (state of anxiety that arises when a person has once

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or more ideas that conflict with other ideas or beliefs held) and eliminating some dissatisfaction.

4. To resell products and ideas. This help in supplementing the efforts of the sales persons. Advertising include a state of mental readiness to buy.
5. To alert and sensitize all members of a marketing channel (e.g. retailers and wholesalers) to products, product improvements, special promotions and other features in a company's operation.

Personal Selling

Personal selling has several forms, such as sales call by a field representatives, assistance by a sale clerk (retail selling) etc.

Personal selling is an oral presentation in a conversation with one or more prospective purchaser for the purpose of making sales.

Personal selling can be used for many purposes, such as creating product awareness, arousing interest, developing preference,. negotiating prices and other terms, closing a sale and providing post transactional reinforcement.

Personal selling has certain distinctive qualities as a component of the promotional mix, these are:-

1. Personal Confrontation - personal selling involves an alive, immediate, and interactive relationship between two or more persons.
2. Cultivation - Personal selling permits all kinds of relationships to spring up ranging from selling relationship to deep personal friendship.
3. Response - Personal selling, contract with advertising makes the buyer feel under some obligation for having listened to the sales talk or using up his time becomes a necessity for the person to respond even if it is just a polite thank you.

Publicity

Publicity is a non-personal stimulation of demand for a product service or business unit by planting commercially significant news about it in a published medium or obtaining favourable presentation of its upon radio, television or stage that is not paid for by the sponsor.

A company and its products can come to the attention of the public through being newsworthy. Here the sellers pay nothing for the press receive the results of free publicity can sometimes be spectacular.

Qualities of Publicity

1. High Veracity - News stories and features seem to most readers to be authentic media originated reports.
2. Off-guard - Publicity can reach many potential buyers who otherwise avoid salesman and advertisement.
3. Dramatization - Publicity has, like advertising a potential for dramatizing the company or product.

Sales Promotion

Sales promotion are those marketing activities, other than personal selling, advertising and publicity, stimulate consumer purchasing and dealer, effectiveness, such as displays, shows and exhibitions, gifted games demonstrations and various non recurrent selling efforts.

Sales promotion is a catch-all for various promotion that are not formally classified as advertising, personal selling or publicity. These tools are directed at consumers, the trade or the manufacturer's own sales forces. Sales promotion is an ad hoc collection of sales tools used for short term sales stimulus.

With its professionalization in recent years couple with the present world wide economic recession, sales promotion is increasingly viewed as a true auxiliary and support activity for advertising and personal selling, the effect of sales promotion are often more immediate and measurable than those of advertising.

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CHAPTER THREE

3.1 BRIEF HISTORY OF NIGERIAN SUGAR COMPANY LIMITED BACITA

The Nigerian Sugar Company, Bacita is an indigenous National Company involved in the production of sugarcane and the manufacture of sugar. The company is situated at Bacita in Kwara State: 30 kilometres from Jebba and 120 Kilometres North of Ilorin, the Kwara State Capital. To date, about planted with an average production of 30,000 tonnes of sugar annually within the past 20 years. Production have varied from a low of 16,400 tonnes in 1983/84 to a high of 35,084 in 1973/74 production season.

Today, the Company maintains a production level of 3,000 permanent staff and 2,500 seasonal workers. Over 100,000 Nigerians derive their means of livelihood from the Company.

In 1956, the Nigerian Government decided to look into the possibilities of local production of sugar to reduce the level of foreign dependence on the commodity. In pursuance of this objective, Bookers Mc-Connel limited, A British Sugar Manufacturing Company was contacted to carry out the survey. The experts ultimately selected Bacita, a place which fulfills the necessary conditions for a sugar cane plantation. The Federal Government accepted the report of the experts in 1959 and a Nigerian Sugar syndicate was set up to carry out detailed investigation into the possibility of sugar production in the area recommended. Following the success of the trial cane plots after three (3) years of study, the report that recommended a large scale commercial sugar project at Bacita was accepted. The syndicate report also recommended the formation of a company to be known as the Nigerian Sugar Company Limited and the company was subsequently incorporated on October 27th 1961.

Bookers (Nigerian) Limited a subsidiary of Booker McConnel (UK) served as the Managing Agents for the Company from September 17th 1963 until 1st November,

"Technical Advisers" by 1973, when Nigerians had assumed full responsibility for the Management of the company.

Plantation

The sugarcane plantation at Bacita presently occupies an area of about 5,600 hectares and produces from it 300,000 tonnes of sugar cane per annum. A field expansion programme of 2,000 hectares has commenced and will bring the total plantation to 7,600 hectares with an annual yield of 550,000 tonnes of canes.

Outgrowers Schemes:

An outgrowers scheme was inaugurated in 1977/78 season with the aim of increasing cane production and promoting socio-economic development. These include private farmers around Bacita Estate, Sunti Sugar Company in Niger State and Lafiagi Sugar Company in Kwara State. During the 1989/90 production season cane supplied to the Factory by these outgrower farmers was 5,319 tonnes, Lafiagi Sugar Company 3,850 tonnes, and Sunti Sugar Company 5,580 tonnes.

In 1971 the African Development Bank (ADB) gave a loan for the expansion of the Estate. This project was successful and enabled the production to increase and it has remained generally high ever since.

In 1988, the African Development Bank (ADB) was approached to finance another expansion of Bacita Estate. This was approved and a detailed approval of the project by the Bank was under-taken in April, 1989.

The project aims to rehabilitate the irrigation water supply system and the existing 5,600 hectare of Estate. The area irrigated will be expanded to 7,600 hectares by the development of adjacent areas of 2,000 hectares for sprinkler irrigation. The existing factory will be refurbished and expanded to increase its milling capacity from a nominal 2,400 to 4,000 tonnes of cane per day..

The project finance will be provided from two sources. The African Development

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Bank and the Federal Government of Nigeria. This will also enable for the implementation of the project over a three to five year period.

The Nigerian Sugar Company Limited, Bacita has after several years of sugar production, commenced diversification in 1990 into the production of Soya Beans. This follows earlier trials of Soya Beans cultivation on the estate in 1987 and 1988 and further trials in 1989. The results showed that commercial production of Soya Beans on the Estate is viable. The Management therefore decided that 500 hectares of Soya Beans be planted annually until a targeted area of 2,000 hectares is achieved.

Apart from the production of spare parts for the factory and field equipment, the Factory Workshop/Foundry produces spares for Nigerian Paper Mill Jebba, Guinness Plc, Oyo State Water Corporation and other Industries and Government parastatals in order to generate funds for the Company. The foundry has also been able to produce and sell several Central Tilting Crucible Furnaces, and Lift-out crucibles furnaces.

Plan is underway to expand the facilities of the Foundry and workshop to meet 80% of the Factory and Field Spare parts requirements.

Company's Product Range:

Presently the company markets the following range to products.

(a) White Granulated Sugar: In 50kg bags ideal for Industrial use.

(b) Sweet Cane Sugar: (Both White and Brown) in 500 grams packs ideal for domestic table use. These are in 20,40 or 50 sachets cartoons.

© Molasses: This is one of the by products of sugar production and is mainly used for the production of portable and Industrial alcohol for animal feed.

(d) Soya Beans: In 50kg bags and 5kg sachet for baby food and milk production.

(e) Workshop/Foundry Products: This includes Tilting Furnace. Lift-out Furnace, Rice Fan, Maize Shellers. Groundnut Cracker, Manufacture of impeller, pumps and spare parts.

Dynamic Management and a committed work force are the major factors seeing the company through the developmental height it has attained. The Company has on five (5) occasions won the Nigerian Standard organisation award for quality. Our name is a mark of excellence and we shall strive to maintain it.

Building The Factory

The planning of the sugar factory started right from the beginning of the project. Fletcher and Stewart subsidiary of Booker Mc Connel were invited to submit recommendations and estimates in 1960. The Bacita was designed to handle 2,000 tonnes of cane every 24hours and to make from this up to 30,000 tonnes of white sugar by the re-melt Fletcher and Stewart had drawn up designs which were approved, and work started immediately on the construction of the factory. The factory was completed by the end of 1964 and opened on February 20th 1965. The buildings and their contents cost ₦ 5,000,000.00.

Share Holders

The share holders and representatfon on the Board of NISUCO and shown in table 1 below:-

Table 1

Share Holders ad Representation on the Board of the Board of NISUCO

SHARE	ORGANISATION	NUMBER OF DIRECTORS
30.8%	Northern Nigerian Investment Limited	3
26.8%	Kwara State Government	3
19.7%	Federal Ministry of Finance	3 (including Chairman)
4.4%	ODUA Investment Limited	1
10.4%	Nigeria Investment	1
0.6%	Anambra State	0
0.7%	Cross River State	0
0.5%	Rivers State	0

0.6%	Imo State	0
06.0%	Tate & Lyle Holding Limited	0
	Total	**11**

3.2 Organisational Set--up

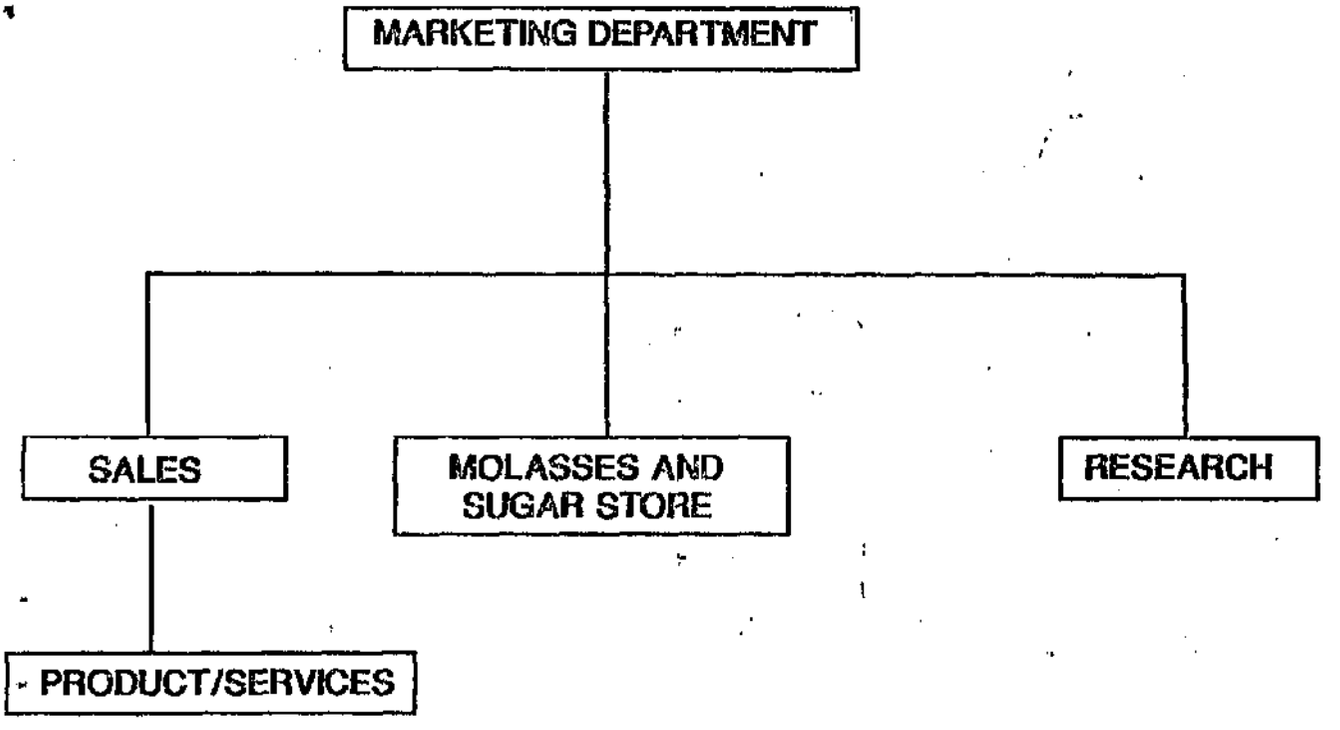
The write-up is being concerned with the marketing strategies NISUCO uses in marketing of its products, the organisational structure of the company will be view from the perspective of the marketing department, and hence emphasis will be on the functions of this departments. Although other departments within the company" organisational structure will be mentioned they will both be discussed in detail.

In NISUCO the marketing department is headed by a Commercial manager who reports directly to the managing director. Next to the Commercial Manager is Senior Marketing officer who takes supportive responsibilities for all sales business matters of the Company. In the marketing department, the principle of decentralization of authority is fully applied. In other words, NISUCO has three Liaison officers headed by Liaison officers. These three liaison officers report directly to the Commercial manager (marketing) in matters regarding marketing so as to facilitate quick response to changes in the marketing situations.

Next to the Senior marketing officer is the assistant marketing officer, under his port folio, sales supervisor and senior marketing clerk, who reports directly to the Assistant marketing officer. The ware house is headed by Assistant to the Assistant marketing officer. In the ware house. The ware house supervisor takes order from the Assistant ware house officer and report directly to him. Checkers, operators and labourers who works directly with the ware house supervisor

NIGERIA SUGAR COMPANY LIMITED, BACITA

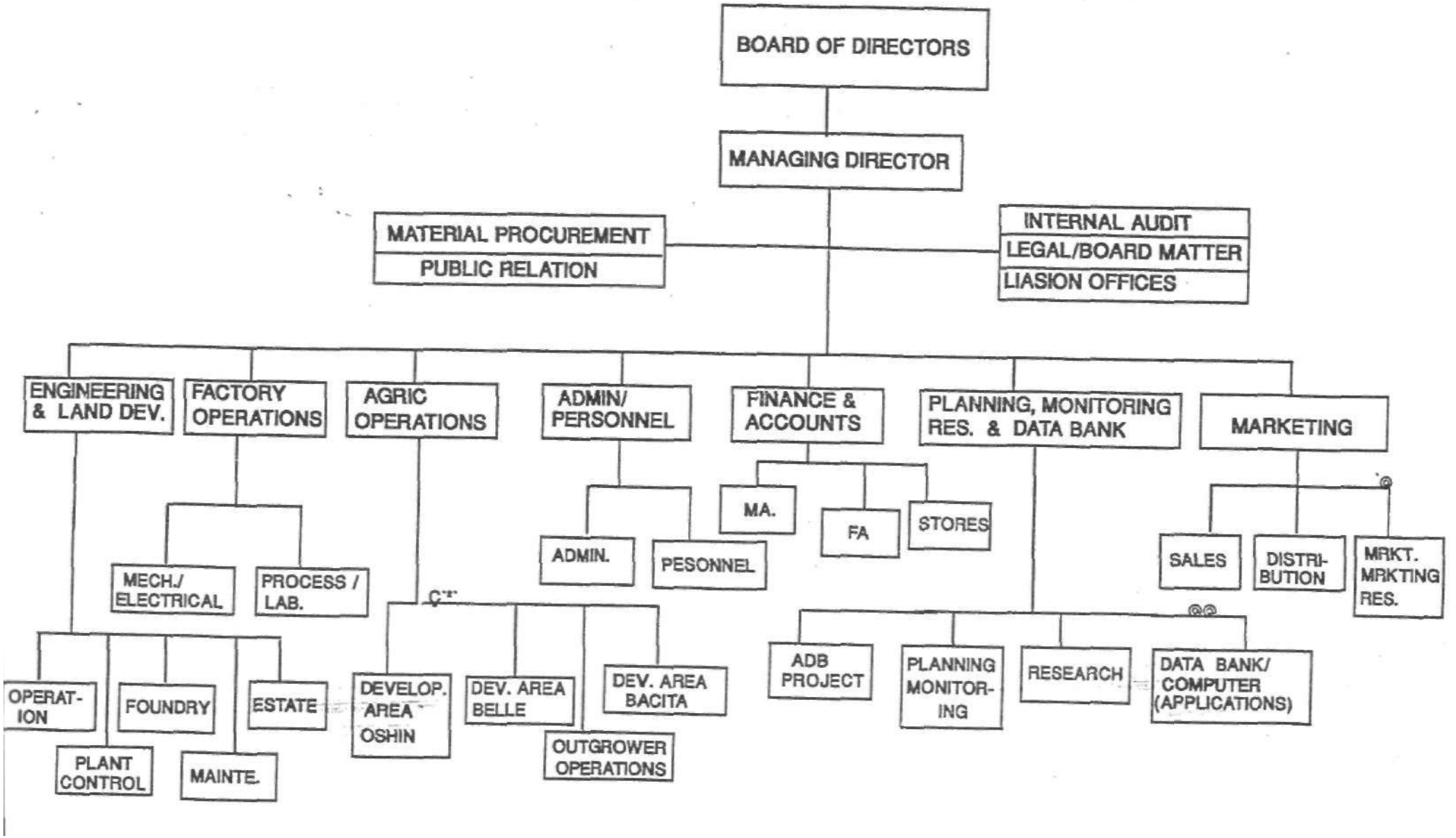
ORGANOGRAM FOR MARKETING DEPARTMENT



★ SUGAR
★ MOLASSES
★ GUEST HOUSE (Mgt)

NIGERIA SUGAR COMPANY LIMITED, BACITA

ORGANOGRAM FOR CORPORATE STRUCTURE



3.3 Marketing System in Nigerian Sugar Company Limited, Bacita.

Marketing:

When NISUCO was established and commenced production, Messrs Tate & Lyle were the sole marketing agents for its products which at that time was mainly 50kg bags sugar in October 1973, Amalgamated Distributors Limited (ADL) was appointed as major dealer for the Northern State.

However, with the growth of the company and the increase in the company's product range, a nucleus marketing department was created to market the company's products which apart from the 50kg bags granulated white sugar now includes NISUCO Sweetcane sugar, either 40 x 500 gms or 20 x 500 grm, cartoons, molasses, soyabeans and foundry equipment.

In order to allow for products spread and alleviate the suffering of the populace, the company decided to introduce an open door policy, a system that allows interested buyers to purchase consignments on availability at the time of request. The company operated this system as opposed to the appointment of distributors whereby only selected organisations and dealers would be privileged to buy sugar. Indeed, the distributorship system would not succeed in a situation where the company is involved in seasonal operations which makes it difficult to keep customers' allegiance public commitment during the off crop season.

Over 80% of the company's 50kg white granulated sugar is being sold at Northern markets mainly, Kano, Maiduguri and Sokoto and the categories of these customers are pharmaceutical companies, soft Drinks Manufacturers, Distilleries, Breweries, Bakeries, Confectionery Companies and Individual organisations.

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Company's Product Range

(a) White granulated Sugar 50% bags ideal for industrial manufacturing process.

(b) Sweet Cane Sugar (both white and brown) in 500 grams pack which is deal for domestic table use. They are in 20, 40 or 50 sachets in a carton.

© Molasses which is one of the by products of sugar processes is mainly used for the production of portable and Industrial alcohol Yeast production and for animal feed.

(d) Soya Beans in 50 kg bags and 5 kg sachet for baby food and milk production.

(e) Workshop/Foundry Products which includes Tilting Furnaces, Lifts-out furnace Rice, Fan, Maize Shellers, Groundnut, Cracker, Manufacture of impeller, pumps and spare parts.

The entire marketing system operated by Nigerian Sugar Company Limited Bacita is made up of:

1. Commercial Department
2. Retail Marketing Section

The retail marketing section takes responsibilities for the marketing of Nigerian Sugar Company Limited Bacita products through its retail out let network in some state of the Federation. The real outlet five classified into two major categories. Customers owned locations and the company owned locations. Currently, the company has only four major locations in various state of the federation and ten customer developed locations.

Apart from the network of outlets as a form of reaching the Customers, the company also retail sales through the cooperative shop available in the factory site. Here customers interested in smaller quantities can go and buy their needs for house hold table consumption.

33.1 Dealer Owned/Developed Location:

The Retail Outlets: These type of locations are built by individuals business men but under this categories, the individual business men but under this category, the individual entrepreneur do not sign any trade dealership as such with the company because as earlier said the company operates an open door policy, which is a system that allows interested buyers to purchase consignments on availability at the time of request. The company operated this system as to the appointments of distributors whereby only selected

organisation and dealers would be privilege to buy sugar. Indeed, the distributorship system would not succeed in a situation where the company is involved in seasonal operations which makes of difficult to keep customers allegiance/public commitment during off crop season so here what the company only do is to recognize these categories of major buyers of sugar product from the company since they buy the bulk of their products during production season. All business relationship is observed based on this arrangement. The main features of this arrangement is that the customer purchase the quantity of product from the company by applying tot he company through the commercial manager. Approval is sort from the managing director for quantity and after which the entrepreneur will pay by Bank draft for equivalent quantity to approved against each customer. This major customers enjoy the monopoly of the products to a large extent.

The company regulate the open market selling prices of sugar product. This means that each marketer (competitor) is compelled to sell at a uniform selling price. Since the imported sugar cane cheaper than the locally produced sugar. majority the imported sugar are prominent in the South and Eastern part of the country. The cost of transportation from the ports to the extreme northern part of the country is high as such the prices will be higher than the locally produced sugar.

The main marketing tools remain the provision of competitive customer margin and all other services performed to these category of customers.

Flexibility in customer margin is conditions to changes in cost structure as determined by the sugar company in general NISUCO also promote flexibility in these dealer. Margin buy reacting to competitive dealers margin review so as to attract or retain the patronage of these class of trade. Dealer margin is an on going bases subject principally to changes in price of imported sugar products and what competitors offer similar category of business in their marketing system.

Currently, as a result of high cost of locally produced sugar compare to the imported ones, NISUCO some times collect advance payment from their dealers pending when supply

will be made to such categories of dealers. The dealers so affected are usually offer trade discount for providing the company such advance payment for sugar produced. This system enhance the liquidity of the company molasses. This is the final liquor in the crystallization stage and contain the non-sugar impurities, as well as sugar which is however not commercially extractable. Yearly average production is 13,000 tonnes. 75% of molasses produced is used or sold by Nigerian Yeast and Alcohol Manufacturing Company Limited (NIYAMCO) Bacita to produce portable industrial Alcohol. The remaining 25% is sold to local distillers, to NNPC for carbon black manufacture, pharmaceutical for drugs and research institutes for animal feeds.

Soya Beans, is another product produced by NISUCO. After several years of sugar cane production, NISUCO commenced diversification into the production of soya bean. The company is targeting annual area of 2,000 hectares to be cultivated from 500 hectares the product is usually sold baby food producers.

Workshop/Foundry products. Apart from the production of spare parts for the factory and field equipment, the factory workshop/foundry produce spare part for Nigerian paper mill Jebba, Guinness Nigeria Limited, Oyo State. Water Corporation and other industrial parastatals in order to generate funds for the Company the Company has also gone ahead to produce and sell several content Titang Crucible furnaces, and lift-out.

Sales of molasses is not only Limited to dealer owned locations alone as independent marketers and molasses resellers with relevant permit are also entitled to purchase and enjoy the incentive discount. Such discount is subject to a continuous review depending on what competitors offer in this respect of molasses sales.

Sales personnel, including relevant head office staff conduct regular market survey on a regular basis together competitive practice regarding pricing, branding, Sales promotion etc so to be able to respond adequately to these changing variables in the market to enhance the company market position in this regard. See appendix

NISUCO various product position viz-a-viz competitors. The market survey is a

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general marketers strategy that is applicable to all segments of NISUCO crucibles furnaces to industries government institutions plan is underway to expand the facilities of the foundry and workshop to meet 80% of the factory and field spare parts requirements.

3.5 Commercial Department

The commercial departments is involved principally in the marketing of sugar cane products (sugar, molasses, soya beans and foundry equipment) to industrial customer and individual organisation. The industrial customers are pharmaceutical companies, soft drink manufacturers, Distilleries, Breweries, Bakeries, Confectionery companies and individual purchase sugar product by making payment in advance tot he company and conception is usually given to them first and equally trade discount is allowed to such customers.

3.6 Recent Product Development by NISUCO

I. Soya Beans:

The Nigerian Sugar Company Limited Bacita has now after several years of sugar production of soya beans. The first trial of soya beans cultivation on hectares of land on the estate was carried out and a total of 10 tons of soya beans was realized from the first trials. The second trial on a total area planted was 30 hectares at Bacita and Lafiagi and 24.5 tonnes of soya beans was harvested. The management has therefore decided that subsequently too hectares of should be planted annually until a targeted area of 2000 hectares is achieved. The diversification when completed will result in about ₦20 million foreign exchange saving for the country.

ii. Workshop/Foundry Products

Apart from the production of spare parts for the factory and field equipment, the factory workshop/foundry produces spare for Nigerian Paper Mill, Jebba, Guinness Nigeria Plc, Oyo State, Water Corporation and other industrial parastatals in order to generate funds for the company. They have also gone ahead to produce and sell several central Tilting Crucible Furnaces, and by lift-out Crucibles furnaces to industries and governments

institutions, plan is under way to expand the facilities of the foundry and workshop to meet 80% of the factory and field spare parts requirements. Total Capital outlay for the project is put at ₦12.5million. A total saving over $0.3 million dollars annually.

CHAPTER FOUR

4.1 Data Analysis

Forty questionnaires were administered to the study sample which in all comprises of the operators of the company owned retail outlets, dealers owned retail outlets and the principal staff of the marketing department that are most active with the marketing of sugar cane product and strategy and policy formulation for the achievement of the above.

Thirty five of the forty questionnaires distributed were returned which amounted to 88% percentage while 5 or 12 percentage were not respondent to A total of 700 questions were responded to by the principal staff of NISUCO and the response tot he questionnaires is briefly analyzed in the table below:

Questionnaires items	Yes Response	% of yes response	No Response	%of No Responses
1	30	86%	5	14%
2	29	83%	6	17%
3	33	94%	2	6%
4	31	89%	4	11%
5	3	9%	32	91%
6	5	14%	30	86%
7	32	91%	3	9%
8	6	17%	29	83%
9	30	86%	5	14%
10	33	94%	2	6%
11	29	83%	6	17%
12	2	6%	33	94%
13	31	89%	4	11%
14	29	83%	6	17%
15	30	86%	5	14%
16	32	91%	3	9%
17	31	89%	4	11%
18	4	11%	31	89%
19	30	86%	5	14%
20	32	91%	3	9%

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A look at the questionnaire items 1-4 above shows that the company's packaging and brand names has significant influence on the marketing of the company's produce product item five of the questionnaire attempt to verify the major customers of this company this gives a negative response of 91% because the industrial consumers in addition to the ones mentioned in questionnaire consume bulk of the company products. Also, questionnaire item six (6) shows high "no" response of 86% which indicate that the company does not have any customers policy.

In summary the remaining questionnaire items relating to the marketing of the company's products have either been highly negative or positive as a result of non-impressive performance in organizing its marketing strategies. Base on the five general strategies have been identified to be operated in the marketing of sugarcane product. They are

- Operation of an open door policy system
- The price of sugar in the world market
- Selected geographical marketing strategies Adopted
- Differentiated sugar products package sizes.
- The pricing policy system

Details of the itemized marketing strategies on typed page

a. **Operation of an open door policy system:**

This system allows interested buyers to purchase consignments on availability at the time requested. The company operates this system an opposed to appointment of distributors so as to allows for products spread and alleviate the suffering of the populate. Since the distributorship system can not succeed in a situation where the company is involved in seasonal operational. Its becomes difficult to keep customers allegiance during the off crop season.

In operating this system the principal staff are involved in general and their work are coordinated and headed by the marketing manager this personnel are to implement the

system to ensure that sugar products are made available to interested customer when products are requested for.

b. **The Price of Sugar in the World Market:**

Often determine the price achieve by local sugar companies in Nigeria. In adopting this as a marketing strategy, the company usually starts production during the period of high prices in the world market during the period of high prices in the world share is usually high since sugar product prices will be cheaper locally. This strategy is usually adopted to promoted the company sugar sales since the imported subsidized sugar are usually cheaper compare to the locally produced ones.

c. **Selected Geographical Market Strategies Adopted:**

This strategy is adopted by NISUCO to market its sugar products due to resource constraint and desire for effective uses of resources. Here the company choice the region which they will have comparative advantage over 80% of the company 50kg white granulated sugar is being sell at the Northern marketers. The operations to implement this tactics is to ensure that the company explore areas they have comparative advantages over importer sugar.

d. **Differentiated Sugar Products Package Sizes:**

This system is adopted by the company to maintain greater market presence and enjoy greater market share. Since the products are packages into different size, quantity, price and brand of sugar.

e. **The Pricing Policy System:**

It is aimed at implementing various prices tactic that are geared towards improving customers interest in the company's sugar product by way of discount on quantity purchased and by providing sugar products unto different package size.

Presently, the Company markets and produces the following range of products such as white granulated sugar in 50 kg bags ideals for industrial users, sweet can sugar (both white and brown) in 500 grams packs ideals for domestic table use these are in 20, 40 or 50

sachets in a cartoons, molasses which is a by-products of sugar production for production of portable and industrial alcohol for animal feed, soya beans in 50kg bags and 5kg sachets for baby food and milk production and finally workshop/foundry products. The categories of the company customer/buyer are pharmaceutical companies, soft drinks manufacturer, distilleries, breweries, bakeries, confectionery as individual organisation.

The price of sugar in the world market often determines the price achieved by local sugar producers in Nigeria where virtually the total sugar for consumption in imported. High prices are witnessed by the company whenever there is a shortfall in production in the world market and conversely a sharp drop in sugar price when surplus in production is recorded. This is the cyclical nature of sugar price. The other inter. play are value of the Naira as well as healthy cost accounting.

In all, sugar and other related sugar products prices are determined by through internal arrangement within the company. The prices are recommended by the marketing manager in conjunction with the accounts department and finally ratified by the managing directors. Discount is usually provided to customer that are involve in bulk purchases usually over ₦5 million worth of goods inform of cash discount or quantity discount and without limit.

The channels of distribution system use for the range of NISUCO sugar products are three (open market system, retail outlets and sundry customers). Sundry customers are institutions company that buys sugar products from NISUCO they are NIAMCO Bacita pharmaceutical companies soft drinks manufacturers, distilleries, breweries, bakeries and confectionery company. While retail outlets are the cooperative store situated right at the company site, other are outlet both owned/developed by the NISUCO company and those owned by buyers of NISUCO sugar products that is the business men that buys in bulk for resell, while the open door policy is a system that allows interested buyer to purchase consignments on availability at time of request.

NISUCO does not operate selective system of distribution of its products but over the years. Due to patronage 50kg seems to get more customers from the north while molasses

has more customers from the south of Nigeria. The system of transporting sugar product in usually by individual making freight arrangement to where respective location. While transportation to those outlets owned by the company are usually by the owned company trucks.

The packaging objectives in the promotional campaigns by NISUCO is intended to burden and enhance on the existing market share of the sugar cane products. (Sugar, molasses). The total national sugar consumed in Nigeria is 95% imported from the world sugar market. However, NISUCO tries to package its sugar into different sizes to attract and retain both present and prospective/potential customers and to make it affordable to the general populace and to create more patronage to there products.

NISUCO adopt advertising strategy of by using both electronic and non-electronic media (Television, Radio and Newspaper). The company nature of advertisement is intermitely used and engagement in sales promotion usually depends on competitions made of advertising and availability of the product range. The expenditure on advertising by the company is normally based on what it can afford at any material time.

The sales forces of the company is centralized system of sales administration. Since the company does not have much developed out lets. It has four company developed location of sales outlets. Previously, there was no much competition as regards sugar sales, since the market is readily available as such the sales force is not well developed.

4.2 Field Marketing System (FMS)

Though, it is difficult to point at any organized field marketing system in NISUCO. They are liaison offices which is headed by liaison officers which among other things help in the marketing of the sugar cane products. Both the company owned retail outlet and the dealers owned retail outlets combined to form the marketing system of NISUCO.

The company's production and sales table between 1992 - 1999 is shown below:

SEASON	PRODUCTION OF WHITE SUGAR	PRODUCTION OF BROWN SUGAR	SALES OF WHITE SUGAR	SALES OF BROWN SUGAR
1992/1993	17,167.15	845.90	17,303.35	
1993/1994	17,308.70	914.65	16,949.30	853.30
1994/1995	9,496.10	4,974.05	6,688.85	4,550.45
1995/1996	6,943.40	809.50	1,503.60	789.05
1996/1997	1,507.60	3,347.70		2,491.80
1998/1999	986.05	1,938.30		

Key: All the figures above are in metric tonnes

As the combine company's owned retail outlet and dealers owned retail outlet will not be enough tactics to be employed in the marketing of company's products if the company is operating at full capacity. Organized marketing system of sugar cane products is required if government intend expand sugar production in the country. NISUCO which is the case study of this research work has the highest production capacity that is why a specific marketing procedure should be developed.

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4.3 Molasses Marketing System (MM)

The Sales of Molasses has proved to be the most competitive and indispensable product of NISUCO. This is so because there is a lot of physical contact with customers. Also, prices of this produce are usually reduced to attract market. Molasses marketing depend largely on the selling skills of NYAMCO, Bacita Nigerian Yeast Alcohol Manufacturing Company and individual marketing outfit. Some of these individual retail outlet are as follows:

Location	Retail Outlet
Lagos	Spark light industries
Lagos	Wiloko
Lagos	Ben Clever Nigerian Enterprises
Ibadan	Thomas Osemua

Ibadan	Tayo Thomas
Warri	Ezekiel Ejouwo
Warri	Wilson E. Moni
Warri	Benjamin Kekporo
Warri	Julius Apoi
Warri	Betty Nigeria Limited
Onitsha	Mozonnel Chemical Product Limited
Enugu	Mrs. S.U. Nwosu
Numan	Alfa Distillers
Numan	Emmanuel Diakpomerer
Moluri	Johnson Enas
Kano	Kasco Limited

Reduction in prices of Molasses attracts competition which give room to advertisement which is usually placed to promote the sale of the product in some part of the country.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The objectives of this study strategies for marketing sugarcane products in Nigeria are as follows:

I. To discuss the methods of marketing of sugarcane products in Nigeria

ii. To determine despite uncertainties that surround the sugar industry in Nigeria factors that made it possible for NISUCO to operate profitably.

However the study has shown that NISUCO goals in Marketing of its products is that allows interested buyers to purchase consignments on availability at the time of request. The Company operated this system as opposed to the appointment of distributors where by only selected organization's and dealers would be privilege to buy sugar cane products. The seasonal operation of the company makes its difficult to keep customer" allegiant/public commitment during the oft crop season.

Over 80 percent of the company 50kg white granulated sugar is being solo at Northern markets mainly. Kano, Maiduguri and Sokoto. This strategy of marketing in the greater percentage of its sugar product in the north is to increase profitability maximize return on capital employed and rationalizing sugar in this region since most imported sugar are south in the south.

Presently the company markets the following range of products.

a. White granulated sugar 50kg bags ideals for industrial man.

b. Sweet cane sugar (both white and brown) in 500grams pack.

c. Molasses which is a by products of sugar processes.

d. Soya beans in 50kg bags and 5 kg sachet

e. Workshop/Foundry products which includes tilting furnaces, lift-out furnace

etc.

The Company customers/buyers of its products range are pharmaceutical companies, soft drink, manufacturers, Distilleries, Breweries, Bakeries, Confectionery companies, individual organisations, Nigeria yeast and alcohol manufacturing company and the company does not have any customers policy.

The prices of the company refined sugar product often determined by the price of sugar in the world market that is the world market price determines the price to be achieved by local sugar producers in Nigerian, where virtually the total sugar for consumption is imported. The other inter-plays are value of the Naira as well as the Custom duty. The Company makes provision for discount on bulk purchase of its products.

The three channels of distribution use by the company in the marketing of its product ranges are three (open market system retails outlets and sundry customers).

The packaging objectives of the company is to adopted to promote sales of the Company products and to equally attract prospective Customers with a view to patronize NISUCO products while the packaging of molasses does not require any form of packaging. NISUCO package design and shapes in colours with NISUCO logo to attract customers. The 50 kg bags are equally beautiful and protects its content to last longer without spoilage.

The organization of the company's sale force is centralized system of administration with the commercial/marketing manager heading the department. The company does not have field sales men but however the two most senior officer go round the market from time to time to conclude sales arrangements while product allocation are done by NISUCO by the type of Customers that apply for a particular product, geographical areas and finally type.

NISUCO uses about eight general strategies/tactics in the marketing of sugarcane products they are:

I. Operation of an open door policy

ii The price of sugar in the world market determines the price achieve by local sugar producers in Nigeria.

iii. Product sales to selected geographical market.

iv. The company also sells differentiated sugar products package into sizes.

v. Pricing policy aimed at implementing various price tactic.

vi. New product features is introduced to burden the line and improve brand image.

vii. Promotional of new product like the golden brown sugar.

viii. Marketing system focusing is adopted.

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5.2 CONCLUSIONS

Strategies for marketing of sugarcane products is an unavoidable function of the supply system. Marketing being a supply centre need a service that help in the utilization of the resources judiciously, planning what to involve how to be involved method of supply/resource profitably. Marketing contribute immensely to an organisational success and profit so also strict compliance to marketing functions principles and practice bring a tremedious gain to the organization. Marketing has to exist on a comfortable background to be able to operate well. There are sets of rules to follow in marketing job to achieve good result and success. However NISUCO still continues to operate as it its has no stated mission.

The resultant effect of Government control on all aspect of the company" activities has positive or negative effects in the proper functioning of the company and the marketing department in particular. The government provides funds for the running of the company therefore, they monitor the progress of the company to ensure they get value for there investment.

The effectiveness of some of the tactics used by company are not well defined and the criteria for measuring such effectiveness are not well spelt out.

Finally most of their strategies/tactics used by NISUCO place emphasis on the following:

I. Emphasis is placed on operation of an open door policy. Rather then having numerous appointed distributor/dealers.

ii. Products sales to selected geographical products available virtually every where in Nigeria.

iii. Promotional system adopted/use by the company is effective. Since most of the sugar consumed in Nigeria is imported. A lot of more promotional advertisement should be encouraged to inform people about the quality of NISUCO product at all time or more vigorously.

5.3 RECOMMENDATIONS

Marketing is an important aspect of any business and the success of a company mostly depends on its marketing activities. It is not enough to produce goods and services and make them avaiable to the consumer. It is equally essential that markets are predetermined and a basic need converted into positive demand.

The prime task of marketing management therefore, is the planning and implemention of marketing strategies to achieve maximum consumer satisfaction. For a company to really come up with an effective marketing strategies, then answer to the question "what business can take the form of whether to expand internationally. In defining the business, the market to be served must be segmented and considerations should be given to the extent its offerings should reflect differences among such segments. Differentiation is a double - edged sword; by tailoring the offering to more prescisely meet the needs of each segment, a firm also seek to differentiate itself from its competitors.

Having network of retail outlets come next after answer have been sought to the question "what business are we in? For the development of an effective marketing strategies, the company must have suitable retail outlets nationwide. With the present 30 States of the federation, 1 recommend that the company should have 2. retail outlets in each state capital and 1 in each of the local government.

After a through research on the strategies for marketing of sugarcane product in Nigeria, the researcher is recommending the followings.

I. Although the study of the research proved that marketing strategies is being performed in (NISUCO) the organization, but the atmosphere in which the function is being performed does not allow for the best result that could have been achieved. Organization should create a formidable sales force with enough personnel to pursue market aggressively for the best result instead of allowing the operation of open door policy. The sales force should be well organized.

ii. Adequate compensation should be worked out for the company's personnel commesurate with what obtaines in the private owned sugar industry.

iii. A well developed maintenance squad should be organised to be paying regular visit to each of the retail outlets. The maintenance squad should be charged with the responsibility of ensuring that the dispensing pumps in each of the station do not ever/under measure, and also to rectity other technical problems with the pump from time to time.

iv. The personnel of the company ranging from senior managers to junior staff should be made to undergo house and overseas coursed respectively.

v. The company should urgently look into the existing retail outlets structure with a view to increasing their number. This is important as some state/local government do not have even one retail outlet.

vi. Finally, decentralization of her activities should be considered for easier decision making.

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APPENDIX I

QUESTIONNAIRE

DEPARTMENT OF BUSINESS ADMINISTRATION

AHMADU BELLO UNIVERSITY, ZARIA

Topic: Strategies for Marketing Sugar Cane Products in Nigeria: a Case Study of Nigerian Sugar Company Limited Bacita

This study is concerned with the determination of the strategies for marketing of petroleum products in Nigeria. You as an employee of Nigeria Sugar Company Limited Bacita would help in no small measure if you could spead some time to complete this questionnaire as honestly as you can do no write your name.

QUESTIONAIRES FORMAT

You are kindly requested to respond to the following questionaire items. This instrument is intended to be used purely for research purpose only. All information given will be treated confidentially. Thanks for your cooperation.

SECTION "A'

PERSONAL DATA

NAME:.....

DESIGNATION:.....

DEPARTMENT:.....

SEX:.....

AGE:.....

YEAR OF SERVICE:.....

SECTION 'B'

Please thick 'yes' or 'No' to the following questions. Yes [ ] No [ ]

1 Is the packaging objective of your company meant to promote sales and attract prospective customers Yes [ ] No [ ]

2. Does the package design and shape of your products improve yours sales?

Yes [ ] No [ ]

3. Have there been any noticable benefits derived from the type of brand names used by the company Yes [ ] No [ ]

4. Did you agree that among different products marketid by the company are ?

- White granulated Sugar
- Golden Brown Sugarr
- Molasses
- Foundry Equipment

Yes [ ] No [ ]

5. The local shops/supermarkets, food manufacturers and the wholesale are your major

customes? Yes [ ] No [ ]

6. Do the company have any customer policies?

Yes [ ] No [ ]

7. Have the company guaranttee any form of feedback from the customers?

Yes [ ] No [ ]

8. Did you agreee on the Managing Directors office, Accounts and Marketing Department to determine the prices of the Company's products?

Yes [ ] No [ ]

9. Does the company offer discounts?

Yes [ ] No [ ]

10. Is the cash discount operated by the company better than any other form of discounts?

Yes [ ] No [ ]

11. Does the direct purchase system which the company operates better than issuance distributorship Yes [ ] No [ ]

12. Have there been any form of selective marketing system in the company?

Yes [ ] No [ ]

13. Did you agree that transporting the company's products by land/road is better than any other form of transportation?

Yes [ ] No [ ]

14. Is the use of both print and electronics media necessary for the advertisement of the company's products?

Yes [ ] No [ ]

15. Does the company own a warehouse or they rent?

Yes [ ] No [ ]

16. Does the advertisement Expenditure of the company depends on what she can offer?

Yes [ ] No [ ]

17. Is the advertisement of the Company's product intermittent?

Yes [ ] No [ ]

18. Does the use of the company's field salesmen necessary?

Yes [ ] No [ ]

19. Did you agree that product allocation depends on Geographical areas, types of customers and types of products?

Yes [ ] No [ ]

20. Is continous sale promotion important for the marketing of your products

Yes [ ] No [ ]