THE PROBLEMS OF DETERGENT MARKETING: A CASE STUDY OF LEVER BROTHERS NIGERIA LIMITED.

By

SULE MUSA GEGU

Being a Project in Partial fullfilment of the Requirements of the Post-Graduate School for the Award of the Degree of Master in Business Administration (M.B.A.) of the Ahmadu Bello University, Zaria.

Department: Business Administration

Faculty of: Administration.

September, 1985.

D E C L A R A T I O N

I hereby declare that this project has been written by me with most materials extracted from books, journals, Levernews, which have been acknowledged by way of references.

SULE MUSA GEGU

SIGNATURE

C E R T I F I C A T I O N

This Project Report entitled THE PROBLEMS OF DETERGENT MARKETING: A CASE STUDY OF LEVER BROTHERS NIGERIA LIMITED, By SULE MUSA GEGU meets the regulations governing the award of the degree of MASTER IN BUSINESS ADMINISTRATION (M.B.A.) of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

(Name and Signature)
INTERNAL EXAMINER. Date: _____

(Name and Signature)
EXTERNAL EXAMINER. Date: _____

(Name and Signature)
DEAN, POST-GRADUATE SCHOOL. Date: _____

D E D I C A T I O N

This project is dedicated to my Late Wife MAIMUNAT, for her then positive supports and encouragements and to my twinc children HASSAN AND HUSSEIN, that were born at the completion of my M.B.A. programme in July, 1984.

A B S T R A C T

This research work is concerned with the problems of detergent and as well as the marketing operations of the Lever Brothers Nigeria Limited, including the management of its distribution function.

The research was made possible through the review of the Levernews, Papers presented at Seminars, and as well as some business journals. Individual distributors of LBN and consumers of Omo detergent were interviewed and valuable information collected.

The research tried to identify factors responsible for the scarcity and high prices of omo detergent in the recent years and possible solutions that could arrest the situation suggested.

The hypotheses generated and tested at various stages of the research show that though the problem of detergent marketing in Nigeria is a production problem, the distribution system of the company (LBN) is equally faulty. It was further revealed that the traditional long chain of distribution system in a depressed economy as can be seen today is undesirable. Also, the hypotheses revealed that the promotional activities of the company has nothing to write home about. It was positively analysed that the company should concerntrate its advert on how consumers could economically use the product rather than creating more market that cannot be met.

The sale of detergent through supermarkets and co-operative stores has, however, Lned unmixed blessing, common charge levelled against those stores was that a fairly substantial percentage of detergent alloted to them whisked away to friends and relations of the management staff.

To stop these abuses associated with the scarcity of detergent, it was suggested that LBN should maintain and encourage the created selling centres so as to make the product available to all as an interim measure.

While the management should solicit positively for import licence to ensure continuous production, adequate attention should be paid to generating local raw materials locally. The distribution and promotional system of the organisation should be overhauled and desired system evolved in line with the country economic predicament so that omo detergent could be made available to all at the least available opportunity.

A C K N O W L E D G E M E N T

The writing and subsequent completion of this project was made possible with the assistance and advice given by various organisations and individuals. Although it is impossible to mention the names of all those who assisted me in this directions, however, the names of a few individuals deserve to be mentioned.

I am grateful to Dr. M.C. Kapoor and Mr. V. Janakiraman, Department of Business Administration, Institute of Administration, Ahmadu Bello University, Zaria, who offered alot of guidelines, directives and suggestions in the design and execution of this project.

Also, my sincere acknowledgement and gratitude is indebted to the Lever Brothers Area Sales Manager (North-West), Alhaji Umaru Yakubu; who despite his crowded programmes gave me audience. I am equally grateful to the entire staff of Lever Brothers Nigeria Limited (North-West) for the valuable information provided.

My special gratitude goes to the company's (LBN) distributors and consumers who responded to my questionnaires thereby providing the needed information.

Finally, I wish to express my appreciation to Mallam Abubakar Suleiman of the Business Administration Department A.B.U., ZARIA for his cooperation throughout my M.B.A. programme and his willingness to type out this project; and of course my sincere appreciation to my late wife MANIMUNAI for her then support and understanding.

I am grateful to all.

SULE MUSA GEGU.

TABLE OF CONTENTS

	Page
Title	i
Declaration	ii
Certification	iii
Dedication	iv
Abstract	v
Acknowledgement	vii
Table of Contents	viii
List of Tables	ix
Chapter One. INTRODUCTION.	
1.1. Importance of the Study	1
1.2 Objectives of the Study	4
1.3 Assumptions	5
1.4 Hypothesis	5
1.5 Research Methology	6
1.6 Limitations	8
Chapter two. LITERATURE REVIEW.	
2.1 Marketing Concept	10
2.2 The Marketing Mix	13
Distribution	14
Promotion	16
Pricing	18
Product	21
2.3 Meaning and Importance of Marketing Research in Business Organisation	22

Page

Management 23

Production 23

In the Field of Marketing 24

Finance 24

2.4 The Relevance of Marketing to Nigerian Economy 25

Chapter Three.

LEVER BROTHERS: THE COMPANY AND ITS PRODUCTS (OMO DETERGENT) 27

3.1 History of the Company 27

3.2 Raw Materials 32

3.3 Management of Marketing Operations of LBN North-West Area Office 32

3.4 Organisational Structure of the Kaduna Area Sales Department 35

3.5 The Marketing Activities of the Company 36

Chapter Four.

ANALYSIS OF DATA 43

4.1 Lever Brothers Nigeria Limited 43

4.2 Company's Distributors 51

4.3 Users of Detergent 57

4.4 Hypothesis Testing 61

Chapter Five.

OBSERVATION, RECOMMENDATIONS AND CONCLUSION 70

5.1 Observation 70

5.2 Recommendations 72

5.3 Conclusion 80

Page

Bibliography 83

Appendix A. 84

Appendix B. 90

Appendix C. 92

LIST OF TABLES

Page

Table 4.1 - Promotional Activities undertaken by the Company for Sales of Omo Detergent 55

Table 4.2 - Detergent Preference 57

Table 4.3 - Recommended Company Prices 58

Table 4.4 - Prices of Detergent in the Black Market in Naira 59

Table 4.5 - Adequacy of Raw Materials 62

Table 4.6 - The Distribution System of the Company 64

Table 4.7 - The Company's Promotional Activities 66

Table 4.8 - Consumers Responses 66

Table 4.8 - Activites of Middlemen 68

INTRODUCTION

1.1 IMPORTANCE OF THE STUDY

Both material and human resources have been directed in the recent time by the Federal and the State Governments, as well as by the organisations and private individuals to shift emphasis placed on agricultural economy to an industrial oriented economy. Prior to these developments, Nigeria had been predominantly agrarian with agriculture as the core of the economy. This sudden change for industrialisation has led to the various measures taken by the government towards ensuring a successful transformation from agricultural based economy to an industrial economy, hence the establishment of various Capital Projects such as Iron and Steel Industry, Oil Refineries, Proposed Liquified Gas Project, Petrol-Chemical Plant, National Fertilizer and many other similar projects. Some of these industries are aimed at producing raw materials for other industries that will produce for the basic needs of the society. An example of such basic product is detergent which is produced by the Lever Brothers Nigeria Limited. As it is known more than ever before that industrialisation cannot be achieved in isolation and therefore calls for a total mobilisation of both the public and private sectors of the economy hence the efforts of the Lever Brothers Nigeria Limited to produce both sophisticated items, as well as consumer goods as the country develops. The country's industrial sector was totally dominated by foreign expatriate firms before the advent of indigenisation decree which was closely followed by the ban on importation

of foreign goods. The objective of these foreign firms was to extract as much profit as possible without paying attention to whether or not the economy and the consumers were benefiting from their operations.

Unfortunately however, the objective of indigenisation decree is far from having been achieved as the Nigerian industrialists and traders in their life or death ambition to make quick and supernormal profits, resort to all sorts of antisocial methods of operations. One of the methods used by such persons is to manipulate the availability and supply of essential products with the view to create artificial scarcity thereby leading to high prices. It is therefore, the intention of the researcher to study the problems of marketing and distribution of one of such essential items viz, detergent in Nigeria, using Lever Brothers Nigeria Limited as the focus of this case study.

In the developed countries, marketing research has been given its proper place with the realisation that effective marketing decisions are based on sound information collected both from the internal as well as the external environments of the firm. Decision-making is basic to all functional and subfunctional areas. The situation however, is different in developing countries since in the case of most of the goods and services, there happens to be a sellers market, that is, whatever is produced is easily sold as the supply lags behind demand.

Naturally under conditions like this, emphasis is usually placed on the procurement and equitable distribution of essential goods to meet the needs of the consumers

especially of those who are vulnerable. The study will therefore focus on this very important aspect of distribution of such item by taking the case of detergent distribution as stated earlier since distribution sub-function is part of the overall marketing function, a critical review of the Management of the marketing operations of the Lever Brothers Nigeria Limited will be undertaken, that is such function in relation to detergent marketing will be examined in the context of the overall marketing function of the company.

Since the Government of the country is very seriously interested in the ordered and equitable distribution of such products in its territory, an effort will be made to study the role played by the Federal Government in ensuring a steady and equitable distribution of such product and also in relation to those aspects which impinge on the production and availability of detergents. This is to say the study will make a detailed investigation of all the related activities in connection with the supply and distribution of detergent to consumers in Nigeria. Channels and logistic aspects will be examined, however, such examination would essentially be both at the macro and micro levels but the discussion will be in the context of marketing of detergent by Lever Brothers Nigeria Limited as already stated earlier. That is, in the process, the role of both the government and the company in ensuring an equitable distribution of the product will also be examined.

To elaborate further on this inquiry, the study will seek to analyse the problems faced by the company in procuring the necessary raw materials for producing detergent in adequate quantities to meet the consumption needs of Nigerian buyers. Efforts will also be geared hopefully in making reasonable and objective recommedations regarding how the problems could be minimised. The reasonable interests of the company, would, however, have to be safe-guarded in making these recommendations.

1.2 OBJECTIVES OF THE STUDY

With the emphasis placed on the procurement and distribution of essential goods particularly the detergent in this period of shortages, the main objectives of the study may be spelt out as follows:-

(1) To undertake a critical review of the Management of the marketing operations of the Lever Brothers Nigeria Limited, especially in relation to the marketing of detergent by the company.

(2) To critically examine the distribution arrangements used by the company in reaching its numerous customers.

(3) Hopefully, to make recommendations on how to minimise the problem involved in the equitable distribution of the product through better planning and Management of the channels of distribution.

(4) The study will also try to analyse the problems faced by consumers in obtaining their required supplies of this item from the market.

1.3 ASSUMPTIONS

Assumptions are basic statements of facts upon which the research is based. The researcher has therefore made three basic assumptions and these are:-

(a) That inadequate channels of distribution coupled with lack of effective system of transportation brings about occasional scarcities of detergent in Nigeria.

(b) That despite the existence of a sellers market, the consumer satisfaction appears to be uppermost in the policy decisions of the Lever Brothers.

(c) That with increase in number of retail outlets and arrangement for direct sales to consumers, the problems faced by buyers will get minimised.

1.4 HYPOTHESES

Hypotheses "is a tentative theory or supposition provisionally adopted to explain certain facts and guides in the investigation of others.[1] Hypotheses are usually drawn from ideas developed or glimpsed in previous research studies or are derived from theory. It is a tentative answer to a question.

For this research, the following hypotheses were generated and tested. It is hoped that the testing of these hypotheses will enable us to find appropriate solutions to the problems. The following are the hypotheses.

---

[1] K.L. Mcgown: Marketing Research, Text and Cases, Winthroe Publishers, 1979; p.51.

Ho1. That Lever Brothers Limited is not able to produce detergent up to their installed capacity because of inadequate supply of required raw materials.

Ho2. That this present day distribution system of Lever Brothers does not help it to distribute its product product detergent which is in short-supply in an equitable manner.

Ho3. That the promotional activities of the company do not help the Nigerian consumers to minimise on the consumption of detergent.

Ho4. That middlemen further aggravate the short supply position of detergent in the Nigerian market and consequently affect the equitable distribution of the product.

1.5 RESEARCH METHODOLOGY

Since this study focuses on the management of the marketing operations of the Lever Brothers Nigeria Limited, including the management of its distribution function especially in relation to detergent, the research design used is that of exploratory research. This includes the search for secondary data requiring the review of mannuals, Levernews, files, brochures etc, of the company. It also necessitated the survey of knowledgeable persons connected with the company like salesmen, Sales Executives, Distributors, Dealers and other related functionaries. In addition, a case study method was also used to collect the required data from

the company. A case study involves intensive study of a relatively small number of situations. For example, the case under study necessitated the researcher to make a detailed investigation of the distribution system of the company, and also, case studies of related aspects like the procurement of raw materials by the company and the problems faced by the consumers in acquiring detergent.

CASE STUDY

Advantages of A Case Study

(1) Inferences are obtained from study of an entire situation, an entity, rather than from study of one or several selected aspects alone.

(2) A case study is a description of real event or situations which makes more meaningful a research to find solutions to a problem(s).

(3) More accurate data are obtained, probably as a result of the longer, more intimate assumption of the researcher and respondent, the greater support that is normally developed between the end and the reduced relevance on formalised questions and answers.

Disadvantages of a Case Study

(1) Lack of Objectivity

Since the case studies involve detailed description of complete situations, it is difficult to develop formal methods of observation and recording. Informal methods tend to become more subjective rather than objective.

(2) The lack of objectivity is carried over into the analysis of case data.

For conducting personal interviews, draft questionnaires were developed for obtaining the required information. So far as the collection of information through questionnaire method was concerned, structured-non-disguised questionnaires were used. A structured-non-disguised questionnaire is so named not only because their languages, sequence, and in many cases responses and choices to the questions are predetermined, but also the fact that, the purpose of the study is disclosed to the respondents. No attempt is made to disguise the purpose of the study. The methods of communication used in handling structured-non-disguised questionnaire were mail, telephone and personal interview. The questions were used to obtain responses about beliefs, feelings, attitude. The problems faced by the researcher in collecting the data through the above approach was that, in some cases, the distributors and consumers were unable to provide the required information while in other cases, they were unwilling to furnish the researcher with the needed information.

Three separate questionnaires were developed and used. One for the Lever Brothers Officials, the other one for the distributors and dealers of the company, and the third one for the consumers and users of the detergent.[2]

1.6 LIMITATIONS

In the context of the limited time and scarcity of resources making the study as representative as possible, the research was confined mainly to the two states of Kaduna and Kano. There was no enough money to make all the necessary

[2]. See Appendixes A,B, and C for draft questionnaires.

travels for interview and observations.

Yet, another limitation encountered was the unwillingness and inability on the part of the staff of the Lever Brothers to make available the needed information and documents. Also, the not always satisfactory responses received from the questionnaires administered limited the scope and deapth of the study.

Faced with these problems, one cannot truthfully claim this to be a very exhaustive work. But be that as it may, it is the researcher's hope that this study will be contributive towards the improvement of the distribution system of the Lever Brothers Nigeria Limited, to better the services provided to the consumers.

Chapter Two

LITERATURE REVIEW

A reasonable approach in this study calls for an understanding of the relevant concepts from the field of marketing.

2.1 MARKETING CONCEPT

Different connotations have been attached to marketing by both scholars and practioners in the field of marketing. For instance, a salesman views marketing as selling, while to a departmental store manager it means retailing and merchandising. While these connotations are appropriate so far as their respective fields are concerned, but when viewed in the context of marketing field, they are inadequate.

Since marketing concept originated in the United States of America, it may be worthwhile to look at the definition as developed by the American Marketing Association (AMA). The AMA views marketing as the "performance of business activities that direct the flow of the goods and services from the producer to the consumer."[1] This rather restrictive definition of the association tends to suggest that marketing begins only after the goods have been produced. The above definition is inadequate and rather narrow when viewed in the present day context and the stage of development of the marketing discipline. As against this, a relatively modern marketing definition looks at marketing" as a total system of interracting business activities designed to plan, price, promote and distribute want, satisfying products and services

[1]. W.F. Stanton, Fundamental of Marketing McGraw-Hill, 1975, P.5.

to present and potential customers,"[2] in a way as to enhance the profit of the firm. By implication, this is a managerial definition and it cuts across the whole organisation, since marketing is directly responsible for such activities as selling, advertising, distribution and promotion, and indirectly responsible for production, and accounting. This is to say, marketing ascertains, creates and satisfies consumers wants.

Generally, marketing activities are concerned with the demand-fulfilling efforts of an enterprise. These activities obviously interract with one another as components of the total system by which a company develops and makes its products available, distributes them through marketing channels considered to be most effective. Specifically then, marketing is also defined "as the business process by which products are matched with markets and through which transfers of ownership are affected."[3] Matching of products with markets can only be possible through effective marketing management decisions and policies. To match products with markets demand adequate marketing research activities that will uncover the product characteristics wanted by the final buyers, thereby necessitating management translating these wants into product specifications. Also marketing management is responsible for the continual adjustment of marketing controllables for the company's products already in the market.

---

2. Ibid.

3. Richard R. Still & Edward Cundiff: Essentials of Marketing, 2nd Edition, p.3.

There are about four approaches to the study of marketing and these are:-

(1) The marketing of individual products and classes of products.

(2) The problems and operations of different marketing institutions.

(3) The activities performed in marketing.

(4) The decisions required in carrying on the marketing process.

From the point of product approach to marketing, description and analyses centre on the problems encountered in marketing a particular product. Under this approach, the sources and conditions of supplies, producers marketing organisations and policies, the different middlemen who help in distributing the product and the extent of the market are usually examined.

The institutional approach concentrates on description and the analysis of the different institutions engaged in marketing like, producers, wholesalers, agents, retailers and a host pf others. It pays attention to the problems and operations of each institution.

The functional approach breaks the marketing field down into the activities involved in the performance of marketing, that is, buying, selling, storage and transportation.

Finally, the decision-making approach conbines the characteristics of the other three approaches and seeks to relate them from the decision maker's viewpoint.

Two important concepts in marketing are 'market' and 'market segmentation! most problems in marketing therefore are either because a market is not properly analysed or that a particular product is not directed towards the right segment. It should be recognised while trying to solve problems in marketing that, markets rather than being homogeneous, are really heterogeneous. Buyers of a product are never identical in all respects. With the segmentation of market, management will effectively tailor marketing programmes unequally fitted for each segment.

Marketing as can be seen today starts with the germ of a product idea and does not end till customers are satisfied and for an organisation to be successful, its marketing programme must be geared towards maximising profitable sales in the long - run.

2.2 THE MARKETING MIX

Marketing mix comprises of distribution, product, pricing and promotion usually referred to as the 4^{Ps} of the marketing. It is defined as "the set of controllable variable and their levels that the firm uses to influence the target."[4]

The mix structure is among other things used by the management as a tool in taking vital and fundamental decisions as regards the operations of the enterprise. Hence marketing mix is at the core of every marketing programme and the problems of Lever Brothers also hang around the marketing mix components.

---

[4]. Philip Kotler: Marketing Management, Analysis, Planning and Control; 4th Edition, p.88.

DISTRIBUTION

Distribution is a very important area of marketing and is a logical end of the production processes. Usually, more actual effort needs to be put in the establishment and maintenance of distribution systems in developing countries than in any other area of marketing activity. This is more so because they are crical to the success of most endeavours. Two basic aspects of channel decisions place them among the most critical marketing decisions of management. The first is that "channels chosen for the company's products ultimately affect every other marketing decisions," and the second is that, "channel decisions involve the firm in relatively long run commitments to other forms." Channels provide the institutional linkage through which producers' products flow to the market. The choice of marketing channels is always not easy in marketing management decisions.

Secondly, the products nature, its unit value, its degree of differentiation from competative products may limit the number of possible channel alternatives.

Also, estimates of the sales volume and the cost could greatly influence channels decisions. A manufacturer could decide either to use mass or exclusive distribution. Mass distribution provides maximum sales exposure for a product, whereas exclusive distribution involves using a single middlemen. For the Lever Brothers, multiple channels and long channels are used to achieve mass distribution intensity. The number of channel members needed depends on the coverage desired and is in turn influenced by the nature of the product.

Therefore, distribution involves the movement of goods from the producer to the ultimate consumer. The movement of goods may be direct from the producer to the consumer or through various types of intermediaries or middlemen; depending on the perishability of the item, among other factors.

Channels of distribution perform such functions as creation of a place, ownership and time utilities. The goods on the shelves in the company's wherehouses for example are of no use if they cannot be moved to the point where the consumer will buy them. Ownership is created when a transfer of title is effected and by making the goods available when they are needed, thereby creating time utility. Channels of distribution do bulk purchasing, assume risks and break the bulk. That is to say, it entails the task of buying in large quantities from producers and storing it for the final consumers. It also involves risk bearing in terms of product obsolescene, robbery and fire outbreak, and other likely natural dissasters.

Lastly, it performs the functions of buying in large quantities and selling in bits as desired by the customers.

Richard Burskirk defines channels of distribution as " a network of institutions that have developed relationship with each other to facilitate the process of moving goods from the point of producer to their intended market."[5]

5. Richard Burskirk: Principles of Marketing, Dryden Press Hinsdale, 1975, p.302.

PROMOTION

The other important element of the marketing mix is "promotion." Promotion is any communication that is used to inform both present and potential customers about the products attributes and company activities for the purpose of stimulating their demand from customers. It should be understood at this point that sales do not occur automatically. Once products are developed, priced and distribution policies established, it becomes reasonable that customers are adequately informed before sales could be commenced.

This is moreso as the customers will like to know the product attributes and benefits to be derived from such products. Establishment of communication between the producer and the customer to provide these vital information regarding the products and the company is therefore of paramount importance in the present day business.

The gap between the producer and the consumer is usually bridged by the use of effective and positive promotional tool, as it draws attention, arouses interest, creates desire and induces favourable action on the part of the consumer. This is normally referred to as AIDA; promotion is used as a management tool to differentiate the company's product especially in a highly competitive market. It creates actual value for the producer and psychological and percieved value to the consumer. Good promotional programme is necessary for product rejuvenation in a situation where the customer's demand is dwindling and needs to be re-awakened.

Promotion embraces such activities as advertising, sales promotion, personal selling and publicity.

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. The above definition implies that advertising is paid for, it is a commercial transaction, and it is this which distinguished it from publicity, Also, advertisements are identifiable with their sponsor or originator.

Personal selling is the oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales. It involved sales call by a field sales representative. It is used for creating product awareness, arousing interest and developing reinforcement of the desired response.

Sales promotion is a short term incentive to encourage purchase or sales of a product or service.

Sales promotions are therefore marketing activities other than personal selling, advertising and publicity. Sales promotion stimulates consumer purchasing and dealer effectiveness, such as displays, shows, expositions and demonstrations. Scholars and practioners in the marketing field more often than not misconceive sales promotion as synonymous with advertising.

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 media or obtaining favourable presentation of it upon radio, television, or stage that is not paid for by the sponsor."[6] Some of the

[6] Philip Kotler: Marketing Management, Analysis, Planning and Control, 4th Edition, p.468.

write-ups and supplements that appear in the dailies as regards an organisation's activities and contribution towards the economy are examples of publicity. Publicity stimulates sales and simplifies advertisement task. A company and its products can come to attention of the public through being newsworthy. The seller pays nothing for the news coverage atleast directly.

PRICING

Pricing is one of the most critical marketing tools available to management but "tends to be relegated to a secondary role in the formulation of competitive strategies. This is more so because price is highly visible and readily understood by consumers and competitors alike, whereas other elements of the marketing mix are less capable of direct and objective assessment."[7] As a result of the worldwide, inflation, price has again attracted considerable attention and is now viewed by many marketers as the most important element in the marketing mix, following the product."[8]

The importance of pricing among other things is in connection with the determination of revenue and profit of an enterprise. It is needed by government and manufacturers to regulate production. Thus, low price stimulates and generates demand while a higher price reduces consumption. Lower price may also lead to maximisation of market share. Market segmentation is related to prices charged. The type

7. Michael J. Baker: Marketing on Introductory Text. Macmillan Press Ltd., 1979, p.243.

8. See "Pricing Strategy in an inflation Economy," Business Week, April 6, 1974, pages 43-49.

of price charged will determine the type of customers you get. Pricing affects the product attributes, for on the basis price, a producer will add more features to justify price.

Price can be used as a competitive weapon by charging low price to jerk out a competitor and later if the situation permits increase it.

Considering the objectives of the business, a company must be clear as to what it is that it is trying to achieve in the way of overall business and marketing objectives before it can set the price of a product. Each possible price has a different implication for profits, sales revenue and market share. A company's pricing objective may be to maximise profit in the short or long-run. Some companies seek to achieve a target return on investment while others may try to penetrate the market or maintain or increase their market shares. Acompany's market share sometimes is a better indicator of a corporate health as the size of a market share is mostly a determinant of an enterprises present and subsequent profit, margin. To meet competition, an enterprise will follow the line of other competitors by setting prices in line with them.

There are certain pricing formulars that guide management decision in drawing a suitable pricing policy, and these are as follows:-

(a) Cost-oriented pricing

(b) Demand-oriented pricing

(c) Competition-oriented pricing.

Pricing based on cost is further divided into target pricing where the producer fixes a price to give him a target return on investment; and mark-up pricing which is determined by adding some fixed percentage to the unit cost. A great number of firms set their prices largely on the basis of their costs. By this method, all ell costs are included, including many times arbitrarily determined allocation of overhead costs on the basis of expected operating levels. Examples of cost-oriented pricing are mark-up pricing and cost-plus pricing. Both means the same thing with the difference that the term mark-up pricing is used in connection with the fixing of prices by retailers.

Demand oriented pricing is based on consumer perceptions and demand intensity rather than on cost basis. This system calls for higher price where demand is intense and low price where demand is weak, even though unit cost may be the same in both the cases. Price discrimination is also a texture of demand-oriented feature. It implies attaching various prices to the same product to different customers. This could be done on customer, product, place or time utility bases.

As regards competition-oriented pricing, most enterprises tend to reflect competitive situations and will set their prices on the basis of what the competitors are charging irrespective of the relationship between this price and its own cost and demand pattern.

PRODUCT

An important aspect of marketing is that, a firm should seek to determine the multi-dimensional nature of consumer demands and then deploy its resources in a most efficient and effective manner in creating products which will satisfy these demands. "Acceptance of this principle recognises that the firm's ultimate success, whether measured by total profits, return on investment, market share or any other criteria is largely dependent upon its product policy."[9] The whole operation of any business enterprise is built around its product policy. Product decisions will usually dictate the industry to which a company belongs, the market it will serve, the nature and extent of resources to be employed, and the method and techniques, to use in producing such products.

The word 'product' has several meanings. It has been defined "as anything that has been offered to a market for attention, acquisition, use or consumption; it, places, organisations and ideas."[10] We can distinguish product into three main aspects and these are the formal product, core product and augemented product. The formal product is a physical object or service offered for sale, Lipsticks, computers, educational seminars, political candidates, are all formal products. If a formal product is a physical object, it may be recognised by the market as having five characteristics, a quantity level, features, styling a brand name and packaging; while a service may be "some or all of these

9. Michael J. Baker; Marketing; An Introductory Text, Macmillan Press Ltd., 1979, p.199.
10. Philip Kotler; Marketing Management: Analysis, Planning and Control, Prentice-Hall Inc., 1980, p.351.

facts in an analogons manner."

The core product is essentially the utility or benefit being offered or sought by the consumer - for instance, a woman purchasing lopsticks is not buying a set of chemical and physical attributes for their own sake; she is bying hope. A marketer's job is therefore to sell core benefits, not product features.

The augemented product is the totality of benefits received or experienced by the consumer from the total product. For example, a computer has a whole set of accompanying service-instruction, canned soft ware programmes, programming services, maintenance and repairs, guarantees and so on. Augemented product is highly desirable as a competitive maneuver, as it gives the seller the opportunity to look at the consumer's total consumption pattern. This, according to Levitt, "the new competition is not between what companies produce in their factories, but between what they add to the factory out-put in the form of packaging, services, advertising, customer advice, financing, delivery arrangements, warehousing and other things that people value."[11] It is therefore the firm that develops the proper and right augemented product that will thrive in the competition.

2.3 MEANING AND IMPORTANCE OF MARKETING RESEARCH IN BUSINESS ORGANISATION

The definition of marketing research like any other in marketing varies from one person or group of people or organisations to another.

---

11. Theodre Levitt, The Marketing Mode, McGraw-Hill, 1969, p.2.

One school of thought defined marketing research as a formalised means of obtaining information to be used in marketing decisions. However, a standard definition adopted by the British Institute of Management goes further to define marketing research "as the objective gathering, recording and analysing of all facts about problems relating to the transfer and sale of goods and services from producer to consumer or user."[12]

Marketing research is usually concerntrated on a limited number of recurrent problems, often on a continous basis.

THE IMPORTANCE OF MARKETING RESEARCH IN BUSINESS

The importance of marketing research in business organisations can be seen in the following fields of our organisations.

MANAGEMENT

The marketing management executives use marketing research in relating to planning, organising, staffing, directing and controlling of the marketing activities. In taking decisions, the marketing executive has to define the problem to be solved, find alternative solutions, analyze and compare the alternatives, select the one to be followed and finally make the decision effective by taking action to put the decision into effect. The above processes are done through effective marketing research.

PRODUCTION

The production manager in his product design and development needs marketing research to find out needs and

12. M.J. Baker: Marketing:An Introductory Text; 1979; p.168.

desires of the consumers in a bid to satisfying these needs. Through marketing research the production manager will be able to know the types of products to produce, how to produce them, when to produce them and in what quantity to produce them for the present or potential customers.

IN THE FIELD OF MARKETING

Marketing research provides marketing information such as the demands and desires of the consumers, the prices the consumers can afford to pay, what they would prefer to buy and when and how they would buy. Marketing research helps us to identify marketing problems, such as those relating to competitors, scarcity of goods, hoarding and retioning of goods, etc. Marketing research also helps to identify the distribution channels suitable for the goods in question. The quantity and also prices of goods to be set for the consumers in the competitive markets are also decisions which marketing research helps to take.

IN THE FIELD OF FINANCE

The financial controller before embarking on any project, has to find out whether the project is viable or not. The viability of the project is known through effective marketing research.

Therefore, marketing research is as important as any other activity in the field of marketing for the successful pursuance of a business enterprise.

2.4 THE RELEVANCE OF MARKETING TO NIGERIAN ECONOMY

As a result of the continous existence and dominance of the sellers market in Nigeria, practitioners in the field of marketing have been blindfolded as to the importance of marketing in the economic development of the country. Such a situation leads to the misconception that whatever is produced will be consumed since the consumers are left without options.

This rather unfortunate situation, i.e., the neglected role of marketing, is not only peculiar to Nigeria but to most other developing countries of the world.

From the marketing point of view, the Nigerian Economy exhibits the requisite characteristics for marketing system to operate efficiently in the country. It has an expanding economy which calls for the need to market new and increasing number of products and services. Again, it operates a free enterprise system, hence competitive atmosphere is said to exist. That is marketing efficiency can be generated and made to contribute significantly to the economic growth if competitive situation exists in the business in general.

Because of the narrowness of marketing characteristics, the barter exchanges still feature prominantly in some rural areas of the country. It is the task of marketing to develop wider markets and extend marketing and distribution activities which will expand the scope of exchange transactions.

The development of new industries should go hand in hand with the development of new markets, otherwise the

output of such industries will be worthless without a ready market.

Marketing has the role of converting the latent purchasing power resulting through increased incomes into an effective demand. The change in attitudes can be brought about through aggressive advertising.

Provision of goods and services through the use of mass production and effective merchandising technique will go along way in eliminating the problems of scarcity and thus bring to minimal the gap between the rich and the poor.

Marketing as a multiplier of managers and entrepreneurs in wider-developed economy will as a matter of fact provide a useful training ground for the development of managerial and entrepreneurial talent much needed for the economic development in Nigeria.

Capital formation can be achieved through marketing effort aimed at shifting investors preference from trading to production and dissemination of investment opportunities. It is true that lack of technological know-how and apathy towards investment of funds in industry retards the development of the private sector in the country.

The Nigerian attitude to work and the overall national conciousness towards disciplined work leaves much to be desired. There is insatiable demand for affluence and conspicous consumption. Marketing hopefully should help in changing such values.

Chapter Three

LEVER BROTHERS
THE COMPANY AND ITS PRODUCT

The business of Lever Brothers was formed by Williams Hesketh Lever and his brother James Darcy Lever in 1885. Mr. William was born on the 19th September, 1851 at Bolton. He started his business as a dealer in assorted goods, engaged mainly in making and selling of soap. He remained in this business till he was able to accumulate enough capital to start a manufacturing business of his own. The Bar soap production was started in 1885 in Warrington.

In 1889, the business was moved to Port Sunglight. The Port then, was a centre for general merchandising and acquisition of raw materials, as it had easy accessibility to most parts of the world where the raw materials for soap were relatively cheaper and available in large quantities. To illustrate, Soloman Islands in pacific ocean and Belgian Congo (now Zaire) were frequently visited for raw materials. British West African Countries were also visited for raw materials. The basic raw materials used then was the Palm Oil which was produced in abundance in those good old days.

With a view to expand as well as to diversify, Niger Company was purchased for £8million sterling in the year 1920. The aim of this acquisition was mainly to facilitate acquiring of raw materials from British West African Countries.

Also, as a way of diversifying further their business, it was decided that the company be merged with a number of European firms with interest in various branches in Oil and

fats industry. The most important of these firms were Lever Brothers, Van Den Berghs and Jurgens, a well known Dutch Companies, makers of Margarine in business throughout Europe.

The reason why Lever Brothers, Jurgens and Vanden Berghs came to share a common destiny was that soap and margarine have the same basic raw materials, which could relatively be cheaper for them to acquire if they came together. Both were produced in different degrees of quantity and refinement, from oils and fats and have a mutual interest in oil milling and seed crushing.

The three businesses grew at a great rate. Each expanded in area of operation. Lever Brothers went to continental Europe and other countries overseas. All this time, the three businesses had been forming new companies or acquiring existing ones which could conveniently be carried on side by side with the manufacture of soap and margarine.

Both soap and margarine were produced on a large scale. Most of the other products which Lever Brothers, Jurgens or Van den Berghs came to make were suitable for large-scale manuracture Moreover, nearly all of them were everyday products used or consumed in the homes of millions, and distributed through more or less the same channels. The three businesses had their quarrels, for they were competing for scarce supplies of oil and fats, but a mutual respect predominated.

This situation in which they found themselves pointed logically to their coming together, it was simply a question of time before they did so.

The first step in the process of merger and amalgamation was in 1927 when Van den Berghs and Jurgens formed the margarine unie in the Nertherlands and margarine union in Britain. The final decisions to merge was taken on monday September 2nd, 1929 after series of tears negotiations.

Then on 1st January, 1930, Lever Brothers and its associated companies became members of the group, thus completing the amalgamation and the formation of UNILEVER. This formation of UNILEVER witnessed the beginning of actual diversification from purely merchandising to manufacturing business.

Today, Unilever is a group of over 500 companies carrying on a wide variety of business in more than 75 countries, employing over 300,000 people. The group has two parent companies, Unilever Limited, based in London, and Unilever N.V. in Rotterdan, (N.V. stands for Naamlote Vennootschap, or Limited Liability company).

So far as the establishment of Lever Brothers Nigeria Limited was concerned, it came into existence in the British West African Countries in the year 1929, soon after the formation of Unilever. The actual production in the Africa sub-region was started in 1934 by the West African Soap Company. It was Lady Kofo Abayomi which declared open the establishment of Van Dean Bergh in Lagos in 1954. Soon

awareness of the coming into existence of the company was created among the people, resulting in increased demand for the company's products. In order to meet the increased demand, a second plant was established at Aba in Imo State. Both the Lagos and Aba branches concentrated mainly on producing Bar Soap and this continued till 1958 when Sulphurex detergent was first introduced at the company's Apapa's branch.

It is the policy of the company to introduce more and more sophisticated items as the country develops industrially. Hence, in 1963, Tooth Paste and Astral Cream were introduced. While making profits, the objective of the company right from its infancy has been to develop the country industrially and make itself sufficient. It has been gathered that Lever Brothers Nigeria Limited will continue to play the supportive role by actively participating in the economic growth of the country thereby helping it to achieve its long dream of goal of self-sufficiency.

Later in 1971 the company introduced various fruit drinks like Three Top.

So far as the organisation structure of the company is concerned, it consists of various divisions and departments.

The basic objectives that guide the operation of the company are profitability and growth. It expects its employees to be honest, loyal, efficient and devoted to their organisation. The employees ability, merit and potential are used as the basis both for initial living as well as for

subsequent promotions.

Lever Brothers Nigeria Limited is today among the largest established and leading manufacturing and marketing companies in Nigeria. Over the recent years manufacturing capacity has been increased so that imports of finished products can give way to products made locally. Unfortunately however, the inability of the company to secure licences to import raw materials and spare parts and of course, the difficulties faced in researching into generating local substitute has negetively contributed to the short supply of detergent in recent time.

To compound the problem faced by the company was the oil market that remained depressed and export revenues from oil that kept falling throughout 1982. This forced the Government to introduce a second round of austerity measures in April, 1982 which resulted in further contraction of economic activities in the later half of 1982. The measures most effecting the company's operations were the review of import licence and the introduction of the interest-free compulsory advance deposits for raw materials and spare parts.

LBN is therefore mounting a major search to substitute imported raw materials with those locally available. Though the substitution of imported raw materials with the local ones will not be a smooth running task. The company should be well prepared in terms of personnel, capital and material cost.

3.2 RAW MATERIALS

The availability of raw materials in right quantity at the right time and of right quantity play an important role in the effective functioning of a company.

Needless to mention that the present economic recession and the restrictions placed on the importation of some required raw materials has had impact on the performance of the company. Before the recession, the company was meeting its needs of raw materials like Palm Oil, Vegetable fats, Animal fats, Chemicals by importing them both from near and far countries like Ivory-coast, Indonesia, Zaire and a number of European countries. Faced with this situation, Lever Brothers Nigeria Limited as one of the leading manufacturers of detergent, and conscious of its social responsibilities has taken steps to find out local substitutes for some of the raw materials which it was earlier importing.

3.3 MANAGEMENT OF MARKETING OPERATIONS OF LEVER BROTHERS, KADUNA AREA OFFICE

Before discussing the management of the marketing operations of Lever Brothers, North West Area Office, Kaduna we shall very briefly give an overview of the approach which may be used in managing this function.

"Management is the entrepreneurial agent that interprete market needs and translates them into meaningful products and

services."[1] To execute this uphill task necessitates the use of strategic management and marketing processes by management. The strategic management process consists of the key steps taken at the corporate and divisional levels to develop long-run strategies for survival and growth. This process provides the context for the strategic marketing process, which consists of the steps taken at the product and market levels to develop viable marketing policies and programmes.

The strategic management process consists of defining the company's purposes, objectives, growth strategies and portfolio plans. A clear statement of company's purpose provides employees with a shared sense of responsibility, opportunity, direction, significance and achievement. It should define the company's business domain, preferably in market oriented terms.

Strategic management thus calls for developing a set of objectives, such as growth in sales and market share, profitability and innovation to support the company's purposes. These objectives should be hierarchical, quantitative, realistic and consistent.

To achieve growth, the company must identify market opportunities where it should enjoy differential advantage over competitors.

Also, strategic management must define for each strategic business Unit in the company's portfolio, whether that strategic business unit be built, maintained, harvested

[1] OGAN, H.I., Management of the Marketing Function in Nigeria Airways, September, 1983.

or divested. Within this context, the strategic marketing process can be developed and applied.

The first task consists of identifying, assessing and evaluating market opportunities. The next obvious step is to examine the product/market structure and identify the best target market. The third step in the series is to decide on the best competitive position for the company within that target market, as well as the best mode of entry and timing.

The fourth step calls for designing an appropriate marketing organisation, information system, planning system and control system to operate within that market. The fifth step calls for developing long-range and annual marketing plans that sepcify sales goals, marketing expenditures, marketing mix and marketing allocation. The final step calls for implementing and controlling the marketing plan so that the marketing objectives are achieved. In addition, management must carry out profitability, efficiency and strategic control.

It is in the context of this brief background that we shall try to examine functioning of the sales and marketing activities of the Lever Brothers Nigeria Limited.

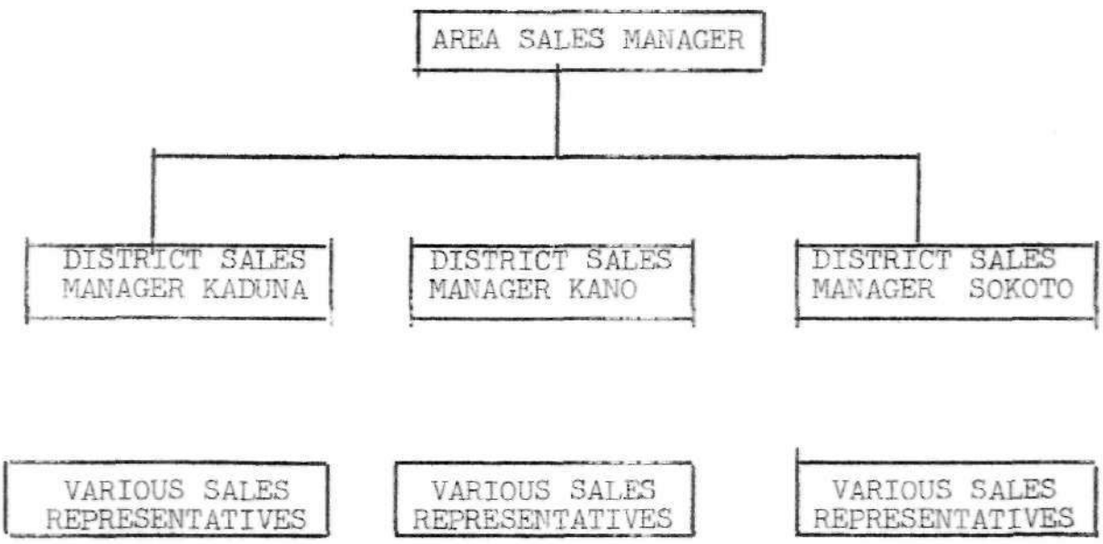
MARKETING OPERATION OF LBN

The North-West Area Office in Kaduna engages only in the sales and marketing operations. The objectives sought to be achieved by the branch in relation to this activity consists of achievement of sales targets, maintenance of the company's market share and also its planned expansion, profitable sales

growth and continued consumer satisfaction as well as the development of distributors and dealers.

In the past years, that is, prior to the nationwide scarcity of raw materials and spare parts, accomplishing the above named objectives was a herculean task mainly because of the proliferation of a number of detergent companies and also of mass importation of various kind of detergents mainly from the West European Countries. As a result of the reason given above, the company did not fully succeed in achieving its goals.

ORGANISATIONAL STRUCTURE OF
THE KADUNA AREA SALES DEPARTMENT



The chart above represents the organisational structure of the LBN regional sales department at Kaduna. The organisation of the sales department is based on regional orientation and the sales function has been divided on a geographical basis. The overall boss of the sales department

as shown in the chart is designated as Area Sales Manager. He is responsible for the smooth running of the North West Zonal Area Office which is based on Kaduna. It is his responsibility to ensuring the achievement of the company's objectives as spelt out earlier. He reports to the General Sales Manager at the Lagos Head Office. Reporting to him is the District Manager who controls directly the sales representatives functioning in his area. For ensuring effective sales and distribution of company's products, markets are segmented and individual sales representatives are assigned to particular markets, and they are in turn charged with the responsibility of ensuring the growth and development of such markets and also of regularly reporting to the District Sales Manager bpth about the sales made as well as about the changing market position in their area of operation.

3.5 THE MARKETING ACTIVITIES OF THE COMPANY

Considering the various definitions of marketing, one can say that marketing activities hang round the marketing mix-that is a set of controllable variables which marketers use to influence consumers response. Among these variables are marketing research, product development, pricing packaging, distribution, advertising and sales promotion. It is in the context of this over view that the marketing activities of LBN will be discussed.

It is the sales department that undertake the marketing of detergents that is both Omo and Surf, with greater emphasis placed on distribution, promotion function and

also on continued feedback of marketing information to the Head Office. Detergent being a convenience item requires blanket distribution. This has therefore necessitated the company to employ the services of various intermediaries to reach their target consumers.

BROAD OBJECTIVES OF LBN SALES DEPARTMENT

The broad objectives sought to be achieved by the sales department are:

(i) To ensure that omo is constantly in stock at all trade levels both in width and depth, to meet the ever increasing consumer demand.

(ii) Trade Target. The achievement of this objective will step in part from effective distribution of the various pack sizes through the right trade channels, as set below:

(a) Supermarkets and self service outlets. These outlets are expected to stock and sell the Giant, Large and Medium Pack sizes only, as the clientele for these outlets are the more sophisticated established omo users.

(b) Retailers - Open market, Urban and Rural: A large proportion of our sales trade are made in the urban and open markets. The retailers in these markets were therefore encouraged to stock the medium, 50gm sachet and the large packs in that order of importance. The Giant pack will also be represented to help more consumers up to this pack. In the rural markets, emphasis was placed on the 50gm sachet and medium packs.

(c) Town Shops and Kiosk: The clientele for these outlets is similar to (b) above; except that they are located mainly in residential areas and serve as impulse buying points. All the four pack sizes could therefore be sold regularly by these outlets.

(d) Wholesalers: LBN Distributors and sub-distributors: These outlets serve as the primary stock-holding points for the distributive trade. It is therefore important that all the main selling pack sizes of omo, 50gm sarchet, medium and large packs are stocked and sold by these outlets. However, to cater for supermarkets and superetters in the urban towns who do not receive direct supplies from LBN, and to ensure penetration into the urban open markets, the Giant pack is also sold to the distributors in the main capitals.

Specific Objectives

(i) The primary objective of the sales function is to maximise the sales of the company's omo detergent through ensuring maximum width and depth of distribution and the good merchandising and display of the product in all relevant retail outlets in urban markets throughout the North-West district with the area office in Kaduna.

(ii) Ensure maximum distribution of the omo detergent to all distributors.

(iii)Ensure that omo is constantly in stock at all trade levels both on width and depth to meet the ever increasing consumer demands.

- To further boost the growing sales of the popular giant pack.
- To maintain the medium pack as the leading selling pack.
- To strengthen omo's frachise in the North-West which is for now seriously threatened by Elephant and BPH's Brytex.

(iv) To build the sachet as a viable starter pack, moving it from an estimated 10% share of omo sales in 1981 to 20% in 1984.

(v) To further boost the growing sales of the bigger packs (Giant and family) from 14% in 1981 to 1984 to atleast 25% within 5 years.

(vi) To maintain the medium pack as the leading selling pack.

(vii)To strengthen omo's franchise in the North which is seriously threatened by PZIL's Elephant and BPSDL's Brytex.

The above set objectives can only be achieved perhaps in a normal market situation. It is important however, to note that achievement of the objective of the sales force is crucial to the achievement of the overall company objectives. To accomplish this noble ideas every support is therefore given by all areas of the company, viz:

From the personnel	-	people
From Technical	-	Good Quality products
From Financial	-	Work Capital and Credit for customers.
From Commercial	-	Transport and Warehousing
From Marketing	-	Advertising and promotions.

All these benefactors demand returns from sales division irrespective of the situation of the Nation's economy. But the objective of the sales force is to deliver the goods; for "come RAIN COME SUN THE SALES FORCE IS ALL OUT TO ACHIEVE GREAT HEIGHT. NOTHING HAPPENS UNLESS WE MAKE IT HAPPEN."[2]

The North West Area market is broken into seven M.D.S. depots viz., Kaduna, Minna, Kano, Sokoto, Gusau, Zaria and Nguru. Distributors are appointed to operate in these districts to create and sustain awareness of Lever Brothers image as well as of its branded products. As brand-oriented producer and marketer of detergent, the company tries to ensure that its products get to the majority of the consumers including the vulnerable sections of the society.

The company takes into consideration when appointing its distributors factors like applicants knowledge of the area, adequacy of capital, resources possessed by him, past experience, storage facilities and availability of trained staff to man various needed positions in a distributor's

[2] Lever News, 1981, p.2.

office. Among its distributors are both the private individuals and merchant houses like John Holt Ventures, Leventis, G.B.O. and Challarams. The diagram shows the different points through which company's products move from its various plants to consumers.



From the diagram above, it can seen that the company maintains long distribution channels thereby creating loopholes for the distributors and dealers to manipulate the available short supplied goods leading to artificial scarcity and high prices. Long distribution chains will neither help the company nor the consumers in a sellers market like Nigeria.

The North West Area Office of the company has been entrusted with the responsibility of the development and control of the distributors so employed by the company. To motivate the distributors the profit margin is always built in between the price at which detergent is sold to them and the recommended price at which they are asked to sell it further.

Prices are usually determined in Lagos, the company's head office. The distribution of the price list to the distributors and retailers is the responsibility of the area Office, in this case Kaduna. Distributors are expected to always stick to the recommended prices of omo to ensure the availability of this basic item at reasonable prices to Nigerians.

Since the beginning of the economic recession in the country, distributors are allocated Omo based mainly on their past performance.

As a way of keeping abreast with the market situation, the Area Office submits a comprehensive report to its Head Office. Usually, the reports are about the competitors position, consumers complaint, distributors activities and general market problems and the likely suggested solutions. Policies and actions are taken based on the feedback received from the various Area Offices.

Chapter Four

ANALYSIS OF DATA

The present chapter first analyses the data collected from the required sources, viz; the Lever Brothers Nigeria Limited (LBN), the distributors of detergent and the consumers. The data was collected as discussed in an earlier chapter on the basis of structured non-disguised questionnaires which were developed for this purpose. The method of communication used was through personal interview. In conducting such interviews, the researcher probed for additional information when ever deemed necessary.

The data collected from these sources will first be analysed. Subsequently an attempt will be made to prove or disprove the hypotheses developed for the purposes of this study.

4.1 LEVER BROTHERS NIGERIA LIMITED

A brief history of the company has already been given in an earlier chapter dealing with the setting up and subsequent development of the company in the later part of the 19th century. The main objective of collecting data from the company was to study the problems of detergent marketing in Nigeria and hopefully to find solution to the recurrent problem of imbalance between the supply and demand of this item and also its equitable distribution amongst the different sections of the society especially the vulnerable sections.

A. SHORTAGE OF DETERGENT IN NIGERIA:

i. Availability of Raw Materials and Spare Parts

One of the questions asked during the interview was "what factors have led to the recent shortage of omo detergent in Nigeria"[1] In providing answers to the above question, a number of reasons were listed for the shortage of detergent in Nigeria. One of the important reasons given was the problem of getting the required raw materials and spare parts in adequate quantities and at the right time. It was also mentioned that the Federal Ministry of Commerce did not grant the company i.e., LBN enough foreign exchange to import adequate raw materials for continous and uninterrupted production.

ii. Research and Development Efforts

It was further mentioned by its officials that the company had not done enough in terms of research and development to get the raw materials produced locally. The occassional efforts made by the company to get the raw materials produced locally were often hampered by inadequacy of required resources like skilled personnel, capital, plant and equipment. The researcher was to understand that despite the problems faced by the company, efforts were being made more than ever before to ensure the availability of basic raw materials from the local sources.

[1]. See Appendix A for draft Questionnaire.

iii. Use of Long Channels of Distribution

Another factor that has been responsible for the short supply of detergent is the use of traditional long channels of distribution by the company. To elaborate, the product passes through many hands before it reaches consumers. In the process, distributors and dealers are many times either able to create artificial scarcities or widen the imbalance further between supply and demand, thereby reaping unearned profit from such situations.

iv. Enforcement and Policing

Most officials of the company also admitted that the company lacks an effective machinery for ensuring the observance of recommended prices. It was also mentioned that large retail outlets like Leventis, John Holt, GBO and a host of others were diverting part of their supplies to their friends, relatives and other known faces.

v. Steps taken to Solve the Problem

However, to solve the problem of scarcity of detergent in Nigeria, lately the company had taken some of the following steps:-

1. Serious research studies have been instituted to get a raw materials locally produced in sufficient quantities to ensure the continous production of detergent.
2. Appeals have also been sent to the Federal Government to grant the company adequate import licences to enable it import the required raw materials and spare parts.

3. Steps have also been taken by the company as a short-term measure to sell the product directly to the consumers in the created selling centres through the company's sales representatives.

One other question asked from the officials related to the transportation arrangements made by the company ensuring effective distribution of detergent during this period of scarcity.

B. TRANSPORTATION ARRANGEMENTS

To meet the problem of transportation, it was mentioned that the company had acquired enough trailer vehicles to move whatever was produced at its two plants at Aba and Apapa to the various depots located throughout the country. This was in addition to the hired vehicles which the company was using for the same purpose. Smaller vehicles were also used by the company's sales representatives for direct sales to consumers in the created selling centres. Further, for ensuring the availability of detergent to most of the consumers, distributors were also required to keep enough vehicles for distribution purposes. It may also be mentioned that detergents are never supplied to the distributors directly from the plants producing them as that would be both time consuming and costly. Instead, the company has located depots in major towns and cities throughout the country, and distribution is made from such depots. This aids quick and timely delivery of the product to distributors as well as to other institutions.

C. DEMAND AND SUPPLY POSITION

So far as the supply and demand position of detergent in Nigeria was concerned, the Area Sales Manager of the North-West Division, where this study was conducted revealed that the present supply of detergent in Nigeria was 40,000 tons per annum as against the present total demand of about 70,000 tons per annum, that is, the supply fell short of the demand by about 30,000 tons. He further opined that detergent shortages with its associated problems would continue for at least the next five years or so if adequate and timely steps were not taken to generate enough raw materials locally. He also mentioned that the demand would further increase to about 100,000 tons during the next five years. He was also of the opinion that the government should encourage small-scale industrialists to go into the business of producing detergent. Detergent manufacturing does not require any complex technology and can easily be handled by small-scale industrialists. Besides encouraging the small-scale industrialists in other ways, governments may also make available both long and short term loans at reasonable interest to such producers.

D. DISTRIBUTION- RELATIONSHIPS AND FUNCTIONING

The officials of the company admitted during the course of the interview that as a result of intermittent production of detergent, the distributors had not been regularly and adequately supplied with the item during this time period. As stated earlier, the inadequacy of production was because of the fact that the company was not able to import raw

materials and spare parts in enough quantities. It was further revealed that in consequence, machines and equipment remained idle for certain months resulting in short supplies of detergent for the Nigerian market.

It was the practice of the company to appoint competent and experienced distributors for distributing its products. Such distributors were usually thoroughly screened before they were given distributorship of the company. A number of factors were taken into consideration in screening such applicants, like past experience of the distributors, availability of necessary resources like capital, warehousing facilities trained personnel in areas like Account keeping and storage work, and adequate fleet of vehicles. One of the conditions which the distributors were required to observe in the selling of the company product was adherence to the recommended prices.

The company also keeps adequate vigil in seeing to it that the conditions spelt out by it at the time of agreement with the distributors were duly observed. Some of the measures taken by the company in enforcing its conditions ranged from suspension of defaulting distributors to the ultimate expulsion in case of repeated non observance. As measure of continuous supervision by the visiting sales manager of the company, the distributors were required to keep duplicate copies of invoices and receipts in connection with sales made by them.

The researcher was further told by the officials of the company that LBN was doing its best to live up to its

social responsibilities, in the case of distributing the limited supplies of this basic item in equitable manner. They complained that their efforts in this direction were often sabotaged at the channels levels. Some of the channel members at the retail level even went to the extent of mixing sand and other substances with the company's detergent. This became possible as LBN was also selling its brand of detergent i.e. Omo in large sized sachet. These adulterators mixed sand etc in converting this omo contained in large sized sarchets into small sized packets. As a result, the company found that some of its consumers were now shifting their loyalties to other brands available in the market. Furthermore, many of the distributors were also using omo beit to sell their other slow moving items. Obviously, all such activities both on the part of the distributors as well as other channel members were making things difficult for the company and the consumers. The company's good name and image were also been particularly tarnished in the process.

E. NEW ALLOCATION SYSTEM

Faced with these problems of unpatriotic behaviours on the part of the channel members and the inability of the company to do effective policing work, it has now developed a new system of allocation of detergent and its consequent distribution. Under this new system, the company salesmen have been authorised to make direct allocation to various public institutions like hospitals, schools, ministries and other parastatals. Also, the company has started distributing detergent directly to the members of the public that is, the final consumers.

So far as the allocation of this item to the distributors is concerned, the company has become very strict and allocates the supplies of detergent only to those distributors who co-operate with the company in distributing this item to final consumers in a fair and equitable manner. That is, they do not indulge in all those undesirable and unpatriotic activities which we have listed earlier.

F. NEW STRATEGIC SOLUTION

Lever Brothers Nigeria Limited has also developed some new strategic solutions to cope with the problems of recurrent imbalances between supply and demand so far as this basic item is concerned. The following are the solutions:-

(1) Selling centres have been created by the company for making direct sales to consumers. The objective of creating such centres is to help consumers buy at recommended prices and of right quality. It is also hoped that such centres besides improving availability of the product would also help in minimising the hoarding of the product and thereby avoiding creation of artificial scarcities in the market.

(2) An important caveat has been introduced by the company that no consumer would be allowed to make bulk purchases of detergent. The obvious purpose of this is to discourage the extent possible hoarding on the part of the consumers and also to prevent its black marketing by some of them.

(3) Another important step introduced by the company is the frequent and continous inspection of the distributor sales books by the visiting officials of the company. The objective of such inspection is to ensure that company recommended prices and other conditions are adhered to.

4.2 COMPANY'S DISTRIBUTORS

As earlier indicated Lever Brothers Nigeria Limited has entered into relationship with a number of distributors for the distribution and sale of detergent throughout the country. In selecting its distributors the company takes into consideration a number of factors and also requires the observance of certain terms and conditions throughout the duration of contract. Some of those factors and conditions are:-

(1) Distributors experience in the sale of similar products as well as his knowledge of the proposed area of operations.

(2) Adequacy of capital possessed by such distributors, not only for meeting the requirement of initial deposit with the company, but also for carrying out the necessary operations in connection with the sale and distribution of detergent.

(3) Ownership of adequate number of vehicles for facilitating the distribution of the product among the later stage channel members.

(4) Possession of adequate warehousing and storage facilities.

The company on its part tries as much as to provide the necessary supports and incentives to its distributors. The incentives are as follows:-

(a) Increased credit limits, and cheque facilities have been allowed to a greater number of the distributors to help increase stock levels. To illustrate, the company gives 30 days credit facilities for the payments of the amount due to the goods purchased by the distributors. However, the distributors are required to settle the account and pay the balance due from them at the end of the month. In other words the credit is not ordinarily extended beyond the expiring of one month from the date of transaction. The distributors earn their profit in the price at which they receive the goods from the company and the price at which they are permitted to resell such goods.

(b) With the expected increase in supplies of omo stocks dated 1980 on words, the trade was planned to pressurize through a series of tactical trade deals and sales houses, to facilitate quick turnover of stocks through the trade to customer. However, the present economic recession has temporary forced the company to drop the incentive to the customers.

(c) Through personal selling, distributors are constantly reminded by the sales force of the benefits to the feature of the trade educational effort.

(d) In line with the company new itinerary and collate system, both direct and indirect distributors are called on regularly by the field sale force to carry out, inter alia, displays and merchandising of omo. Increased use of itinerary was equally planned to make of merchandisers in the leading supermarkets and self service outlets, and in the modernised open markets, ensuring that omo's share of the available shelf space is commensurate with its market position.

(e) Efforts are being made to give priority attention in the delivery of stock ex-depot to customers to avoid out of stock positions. In this connection, the company's new policy of providing trnasport for ex-depot deliveries has been of great benefits.

To achieve this policy, a new rebate structure with a minimum scale of 30% irrespective of purchases, and a maximum scale of 5½%, had been introduced for the distributors. In addition, there is a retail margin of 11% approximately. The distributors are also granted rebates which carry with the quantity of goods purchased by them. To achieve this policy, one of the objectives for granting such rebates is to help the distributors to meet transportation and the storage cost required to be incurred by them. When the distributors were asked by the input of services and facilities provided by the company in exchange for the output services to be rendered by them, the answers in most cases were that the distributors felt satisfied with the company.

However, with the difficulties the company has encountered in recent times, coupled with scarcities of omo, some of the incentives have been withdrawn.

Notwithstanding the fact that the distributors were by and large satisfied with what the company provided them with, there were certain problems which made them unhappy. One of such problem was of inadequate supplies of Merchandise to them. The problem got compounded by the fact that many a times after travelling long distances from their areas of operation to reach the company's depot on the scheduled date of collection of the merchandise, they were told that the supplies were not available. This naturally resulted in increasing their overheads. Not only this, many a times the company's salesmen also disposed of their allocations on the pretext that the distributors failed to turn up on the alloted day. In this, they felt the high handedness on the part of the company salesmen.

On their part, to help the company get over the problem of inadequate supplies of detergent, they even wrote to the Federal Government to provide the company (LBN) with required import licences for raw materials and components to enable it to engage in continuous production.

The distributors also wanted the company to restrain their salesmen from disposing of the supplies meant to be allotted to them, where for some reasons they failed to be present on the scheduled date of allocation of the quota earmarked for them. The distributors were also questioned if they were satisfied with the promotional activities

undertaken by the company for promoting detergent in the Nigerian markets. The responses of most of them were that promotional activities were adequate and omo was regularly being advertised through radio and television as well as through important newspapers and magazines.

Table 4.1

Promotional Activities Undertaken by Company for Sales of Omo

Distributors Response Regarding Adequacy of Such Activities.

Cities		Adequate	Inadequate		Total
	No.	%	No.	%	
Kaduna	15	75%	5	25%	20
Zaria	10	91%	1	9%	11
Kano	20	80%	5	20%	25
Total	45	80%	11	20%	56

Source: Computed from Questionnaires.

The survey as already stated earlier was conducted in Kaduna, Zaria and Kano cities. In terms of percentage, 80% of the company's distributors felt satisfied with the promotional activities of the company for the sale of omo in the Nigerian markets. These percentages however, vary in the three cities as is clear from the table above. The maximum number of distributors who felt satisfied with the promotional activities of the company was in Zaria. More specifically in terms of absolute number of 15 distributors out of 20 in Kaduna felt satisfied about the promotional activities of the company. In Kano, the number of distributors satisfied was 20 out of 25. Those who were not satisfied

300216

RECEIVED

however argued that in period of shortages like this, the company should not stimulate demand further instead it should try to educate consumers through its promotional activities how economical use of detergent could be made by them.

When asked about their social responsibility to the public of not necessarily sitting tight over the stock of omo thereby creating artificial scarcities in the market and also of equitably distributing the product to all sections of the society, their reactions was that in pronouncing judgement on their activities, distinction should be made between the hoarding of goods for the purposes of profitering and keeping of stocks at reasonable levels to ensure a fair and equitable distribution of goods on a continuous basis. It was argued by them that they should not be pressed to sell the whole of their supplies as soon as they arrive. To press them to sell, in their opinion, will create glut and scarcities conditions alternately. In other words, based on their experience, they should be left to exercise judgement with regard to the release of stock from time to time so that detergent and item of daily necessities were available to consumers on a continuous basis. There was also this loud thinking on the part of some large-sized distributors that they should have central warehouses of their own from where they could dispatch stock of omo (and also other goods carried by them) to their branching to facilitate continuous feeding of the market. What they meant was that arrangement

like this should not be treated as hoarding on their part. Even distribution of goods at reasonable prices was in their opinion and important function to be exercised by them.

4.3 USERS OF DETERGENTS

To get better insight into the marketing of detergent by Lever Brothers Nigeria Limited, the researcher also interviewed 288 consumers in Kaduna, Zaria and Kano cities. The study confirmed the general impression that Omo, the company's brand of detergent was the most preferred brand under normal market situations. But during periods of scarcities for obvious reasons, the consumers tend to accept whatever brand he could get.

Table 4.2

DETERGENT PREFERENCES

City	Brand Names: Omo		Surf		Elephant		Appollo		Total
	No.	%	No.	%	No.	%	No	%	
Kaduna	50	50%	10	10%	30	30%	10	10%	100
Zaria	30	40%	-		40	53%	5	7%	75
Kano	60	53%	3	3%	40	35%	10	9%	113
TOTAL:	140	49%	13	5%	110	38%	25	9%	288

Source: As in Table 4.1 above.

The above table summarises the brand preferences of detergent in the 3 cities of Kaduna, Zaria and Kano. As is clear from the table and as also stated earlie. Omo was the most preferred brand, followed by Elephant, so far as the overall ranking was concerned, but when examined with reference to each of the above cities it was found that

Elephant ranked first, followed by Omo in the city of Zaria. But in Kaduna and Kano cities, it was omo which was clearly preferred vis-a-vis other brands. Further as is obvious from the above table, the main competitor of Omo was Elephant in all the three markets. It may be mentioned here that Omo and Elephant are produced by large-sized companies viz:, LBN and P.Z., 'New Appollo' is also produced by International Equitable Association Ltd., a medium sized company with production facilities located at Aba, Imo state.

The researcher also collected data regarding the prices at which the different brands sell in the market during normal time periods, that is, when there are adequate supplies of this product in the market. The data with regard to the prices at which different brands of detergent sell when the product is in short supply was also collected. The following tables Nos.4.3 & 4.4 summarise the above details.

Table 4.3

RECOMMENDED COMPANIES PRICES

LBN		PZ	
Omo	Omo	Elephant	Elephant
Medium	Giant	Medium	Giant
22.47	24.59	22.47	24.59

Source: As in Table 4.1 above

The prices above are per carton. As at the time the research was conducted, the prices of Omo and Elephant were the same.

Table 4.4

Prices of Detergent in the Black Market-in Naira

Town	Omo Medium	Omo Giant	Elephant Medium	Elephant Giant
Kaduna	55	58	53	56
Zaria	52	56	57	60
Kano	55	58	53	56

Source: As in Table 4.1.

Detergent being a convenience item sells through different types of channels ranging from street hawkers, way sides kiosks to sophisticated large-sized stores like Supermarkets. The objective is to make the product as widely available as possible, i.e. in terms of efforts required to be put in by the consumers, it should necessitate minimim of his time and effort. During periods of short supply of the product, the petty retailer who get his supplies from dealers at inflated prices has also to sell it at a still higher price to get his margin of profit. One of the reasons why the price shoots up during periods of scarce supplies is the stretching of channel chain as a result of the entry of 'fair weather' or seasonal traders into it. However, when it comes to supermarket and co-operative shops the length of the channel remains the same, i.e., it does not get stretched as a result of the new entrance in it. As a result, these large-sized retailers are able to market detergent at the company's controlled prices. Such stores have also to maintain their image in the eyes of consumers. It is because of this reason that during periods of shortages most of the consumers switch over their patronage to these stores. So far as employees of government, parastatals and recognised

institutions like schools, hospitals are concerned, they get their supplies direct from quota alloted to them by the companies concerned under the direct allocation scheme.

The sale of detergent through supermarkets and co-operative stores has, however, not remained an unmixed blessing. Anumber of abuses have crept in over a period of time as a result, the arrangement has come in for a lot of criticism from different quarters. A common charge levelled against these stores is that a fairly substantial percentage of the detergent allotted to them is whisked away to the friends and relatives of the management and other employees of the se concerns. That is, only a part of such supplies is distributed to the genuine unconnected buyers who are lucky ehough to be shopping at the time when the stores decide to distribute detergent. Another evil which is fanned by such an arrangement is that women and other unemployed persons queue up as and when they get a hint of such sales at these retail stores. One of the important effects of all these as reported to the researcher by the consumers, has been that all those consumers who are in a position to pay inflated prices, of course not willingly now buy their requirements of detergent from the open small retailers including kiosks. This they do because they are not in a position to afford the time and efforts required in purchasing detergent from the supermarkets and co-operative stores. Some of such consumers however, resorted to buying their requirements occassionally from the created 'selling centres' where direct sales to consumers are made.

In answer to the question put to the consumer regarding suggestions which they had to offer for improving the distribution of detergent to them, it was mentioned that, one, the number of retail outlets be increased, two, to the companies producing detergent should arrange sales of the product direct to consumers through channels like created 'selling centre! The consumers also felt that the government should provide required import licences to such manufacturers to enable them import necessary raw materials and spare parts enabling continuous and adequate production of this item by the company.

4.4 HYPOTHESIS TESTING

In the context of the above analysis of data collected from Lever Brothers Nigeria Limited, distributors and consumers, an attempt will now be made to prove or disprove the four hypotheses developed for the purposes of this study. Those hypotheses together with their rationale have already been spelt out earlier in the introductory chapter. We shall now examine these hypotheses as below.

Ho_1 That Lever Brothers Nigeria Limited is not able to produce detergent up to its installed capacity because of inadequate supply of required raw materials.

For the purpose of testing the above hypothesis, the table below presents the relevant data collected from the company. The data in the case of the company was collected from the Area Sales Manager, District Sales Managers, Salesmen including the office salesmen functioning at the three places

from where the data was collected, viz., Kaduna Area Office, Zaria Sales Office and Kano District Sales Office.

Table 4.5

Adequacy of Raw Materials

Town	Adequate Raw Materials		Inadequate Raw Materials		
	No. of Responses	Percentage	No. of Responses	Percentages	Total
Kaduna	5	20%	20	80%	25
Zaria	2	22%	7	78%	9
Kano	1	6%	15	94%	16
TOTAL	8	16%	42	84%	50

Source: As in Table 4.1.

As is cleared from the table above 42 i.e., 84% of the functionaries in the area of sales thought that the availability of raw material was inadequate as a result of which the company was not able to produce enough detergent to meet the need of the Nigerian consumers. Most of the 16% of the functionaries who thought that raw materials availability was adequate were salesmen who because of their being in the less knowledgeable than their seniors.

As such the above hypothesis get proved that Lever Brothers Nigeria Limited was not able to produce detergent at its installed capacity because of inadequate supplies of required raw materials. It had already been mentioned earlier that LBN was importing some of the required raw materials from countries like Ivory Coast, Indonesia, Zaire and European countries. Earlier the problem of foreign exchange was not so acute and the company able to secure the required licences for importing raw materials and spare parts from

outside. Needless to mention that it was the inadequate supply of foreign exchange which was really responsible for imbalances between supply and demand of this important basic item of consumption. And this period of imbalance was highly sufficient to produce substitute indigeneous raw materials. The company had however, not been able to generate till date substitute local raw materials, notwithstanding its investment in some of the researches undertaken for this purpose. The company has however, invested more money in new areas of research studies to produce substitute local raw materials in view of acute foreign exchange situations which has arisen in the last three years or so.

The shortage of raw materials is to an extent that the company is able to work only below 40% of its installed capacity. When the total production of detergent at present by all the companies in this field is taken into consideration its adds up only to 40,000 tons per annum as against its current total demand of about 70,000 tons per annum. In other words the supply falls short of demand by about 30,000 tons. So far as the future estimates of demand for detergent for the next five years are concerned they have been put in the neighbourhood of 100,000 tons by the company.

HYPOTHESIS NUMBER TWO

Ho_2 That the present day distribution system of Lever Brothers does not help it to distribute its product detergent which is in short supply in an equitable manner.

Table 4.6

The Distribution System of the Company

Town	Appropriate Distribution System		Inappropriate Distribution System		Total
	Number	Percentage	Number	Percentage	No.
Kaduna	3	12%	22	88%	25
Zaria	3	33%	6	67%	9
Kano	2	12.5%	14	87.5	16
Total	5	10%	45	90%	50

Source: As in Table 4.1

From the table above 45 persons or 90% of those interviewed agreed that the present distribution system of Lever Brothers Nigeria Limited was inappropriate in the context of the present day distribution needs of the country and it was this inappropriateness which was responsible to some extent creating and aggravating occasional scarcities of this basic item. Some of the respondents were also of the view that traditional long channels of distribution were inappropriate in the present day economy situation of the country. For testing the above hypothesis the data was collected from the officials of LBN in Kano, Kaduna and Zaria sales offices.

It was pointed out that one of the problems which worked against the distribution system of the company was hoarding of the item by the distributors of the company for the purpose of profitearing. That is the distributors manipulated the available supplies of detergent to create artificial scarcities in the market resulting in high prices.

The activities of "seasonal petty traders" in the distribution of detergent further compounded the problems. Needless to mention, most of the traders are not amenable to any discipline and as such can't be controlled. They buy their requirements from distributors and dealers and not from the companies producing detergent.

Efforts to distribute detergent by the producing companies through the big retail outlets like Leventis, Challarams, John Holt and a host of others have also not yielded the desired results. The marketing personnel of these outlets are generally bribed by market women and the stocks at these outlets are purchased by them for resale later at higher prices through various small and wayside outlets. It was also gathered that senior Management staff in some of these department stores arranged for their relatives to bulk-purchase detergent stocks at controlled prices through the "back-door" method, again to be resold later at higher prices.

The problem of scarcity also gets aggravated because of the inadequate coverage of the market i.e., there are certain areas which are not serviced by these middlemen. These middlemen are able to earn enough through hoarding and profiteering by selling their product in established markets only and don't try to extent their coverage in other markets which are not corrently being served to increase their turnover and consequently their profits.

HYPOTHESIS NUMBER THREE

Ho_3 That the promotional activities of the company do not help the Nigerian consumers to minimise the consumption of detergent.

Table 4.7

The Company's Promotional Activities.

Responses From the Company's Officials

Town	Promotional Activities Help Minimise Consumption rate		Promotional Activities Total Do not help Minimise Consumption rate		
	Number of Respondents	Percentage	Number of Respondents	Percentage	Number of Respondents
Kaduna	20	87%	3	13%	23
Zaria	7	64%	4	36%	11
Kano	10	63%	6	37%	16
Total	37	74%	13	26%	50

Source: As in Table 4.1

Table 4.8

Consumers Responses

Town	Number	Percentage	Number	Percentage	Total
Kaduna	70	70%	30	30%	100
Zaria	50	67%	25	33%	75
Kano	73	65%	40	35%	113
Total	193	67%	95	33%	288

Source: As in Table 4.1

From the tables above the hypothesis proved that promotional activities undertaken by the company help to minimise consumption rate of omo detergent among the consumers.

The result from the administered questionnaires, coupled with the responses received from the personal interviews conducted, also revealed that the company was trying as much as possible within its available resources not only to promote their products at this time but also to educate the users on how the product, omo detergent could be used economically.

Consumers interviewed regarding the promotional activities of the company (LBN) were of the opinion that omo detergent was constantly advertised through mass media like the radio, television, billboards and also through some major newspapers. Personal selling by the company's salesmen and representatives was also adequately carried out by the company as revealed by the responses received.

From the viewpoints of the consumers and the officials of the company (LBN), the public was constantly informed through mass media on how omo detergent could be minimally used.

HYPOTHESIS NUMBER FOUR.

Ho_4 That middlemen further aggravate the short supply position of detergent in the Nigerian market and consequently affect the equitable distribution of the product.

Table 4.9

Activities of Middlemen

Town	Activities of Middlemen worsen the short supply of detergent		Activities of Middlemen do not worsen the short supply of detergent		Total
	Number	Percentage	Number	Percentage	
Kaduna	75	75%	25	25%	100
Zaria	55	73%	20	27%	75
Kano	83	73%	30	28%	113
Total	213	74%	75	26%	288

Source: As in Table 4.1

From the above table, out of a total of 288 consumers interviewed, 213, i.e. 74% of them were of the opinion that the activities of middlemen worsened the short-supply situation of omo detergent in the Nigerian market, The conclusion emerged not only from the data received by administering the questionnaires on consumers in Kano, Zaria and Kaduna but also as a result of the personal observation made at the points of purchase viz:, open market, supermarkets and similar other places of purchase by the researcher. It was also revealed to the researcher that middlemen manipulated the available supplies of scarce commodity thereby creating artificial scarcities leading to high prices. As has already been mentioned earlier, the traditional long channels of distribution in this trade made the control of dealers particularly petty traders very difficult. In reality it was impossible to control them as the company had no mechanism to discipline them because they did not directly deal with the company. Apart from hoarding of omo indulged by the dealers, the scarce product (omo) is also used by such dealers including supermarkets to sell other sticky products

i.e., the products which are not so fast moving. The resultant effect is that, consumers are further subjected to hardships during this period of sky-rocketting prices.

To compound the problem further, it has been reported recently that omo detergent was being mixed with other substances like sand thereby lowering its quantity. The resultant effect is that, the rate consumption of omo is being reduced further thereby affecting the turnover of the company. Also, the consumers are switching to the use of bar soap, soda and similar other substitutes.

Finally, though the company is being forced to use mostly the traditional long channels to distribute its omo detergent as required by a convenient goods (like detergent), which is not very suitable in a depressed economy like this, the company is however, doing its best to prevent such abuses associated with the metod and distribute its product in as equitable a manner as possible.

Chapter Five

OBSERVATION, RECOMMENDATION AND CONCLUSION

5.1 OBSERVATION

Like any other organisation, Lever Brothers Nigeria Limited is faced with a lot of problems among which have been highlighted in the course of the research.

One of the problems is the ever increasing demand for the omo detergent and the inability of the company to cope up with the production and equitable distribution to all classes of consumers. The study revealed that Lever Brothers Nigeria Limited production capacity falls short of the demand. It now produces below 40% of its installed capacity as against the present demand for omo detergent, which can be met only if the plant produces at 70%.

The production cost of the company has tremendously increased. This could be attributed to the difficulties the company faces in acquiring import licences and also the jump in cost of raw materials. Most of the raw materials are imported and this affects the Unit cost of production.

From the view point of consumers, the distribution of omo detergent is inadequate. Most of them complained of hardships encountered in purchasing omo. The channel of distribution itself leaves much to be desired. Artificial scarcities are created by the middlemen. Distribution problem is further compounded by dealers who are in the habit of selling their collection paper to less previlleged retailers thereby contributing negetively to distribution

1. Business Times, 1st June, 1981, page 22.

efficiency.

"Advertisement is one of the indispensable tools for promoting sales. And realising the existence and emergence of substitutes for omo in the detergent industry, we can see the need for adequate promotions." From the study conducted, it was revealed that the company still need more efforts in its promotional activities. This is apparently to keep its omo detergent as brand leader in the market and also to counter any likely stiff competition that may result from the 'good weather' industrialists that have been attracted in recent time into detergent business.

Providing convenience for the consumer is the sole responsibility for the marketing department. This could be done by further producing the product in various sizes to make purchasing relatively easy for consumer. In a situation where consumers are subjected to various forms of hardships, hampers effective marketing.

Finally, it was also observed that imposing price control in a depressed economy as witnessed today in Nigeria will be ineffective. In the end, prices will be controlled by the laws of supply and demand. Ever the most rigidly controlled totalitarian regimes such as Russia, price control has been ineffective. Profiteering and corruption are rife in the Eastern bloc countries. Nigeria does not have the physical means of controlling prices and I doubt that it would be thought desirable from a political, an economic or a social point of view to create a vast army

of enforcement officers, Instead, efforts should be geared towards generating local raw materials to enable detergent companies step up their production capacity, so as to satisfy effective demand; as well as stimulate the importation of detergent to supplement the local production as a temporary measure; pending when the local manufacturers of detergent will assume full and mass production for all classes of consumers at reasonably low prices.

5.2 RECOMMENDATIONS

The recommendations presented below are the outcome of the findings, interpretations and the judgement of the investigator. The recommendations should be viewed as a set of our economic strategy and implementation components altogether.

The discussions about strategic market planning, including effective distributions of scarce commodity like detergent had been about techniques to facilitate the most important organisational decision making process. In a depressed economy as witnessed in Nigeria today demands that business organisations irrespective of the type of services offered to the society should be able to meet the requirements of its target market. The goal of modern business therefore is not merely to make products but to create sales and customers from which profits will ultimately arise. Anything that contributes to that goal is the legitimate concern of the marketing executive. The marketing concept teaches that in order to be successful, a business must consider its customers, their needs and desires,

likes and dislikes, habits and attitudes at every stage and level of business operations. Thus, in the context of Lever Brothers Nigeria Limited, the overriding marketing objectives in this period of scarcities and shortages is to maintain its market share, increase retail outlets, make sales of its products direct to consumers as much as possible.

The target customer approach that is, the understanding of the person for whom the services are being developed in other words, the person who is expected to buy the services, is a very important concept in marketing. The master plan for a marketing strategy must always begin with the study of the customer. It is concerned with the demand fulfilling efforts of an enterprise to make its products available to all classes of customers and at a price that most could make effective demands and purchases.

Generally therefore, marketing starts with the germ of a product idea and does not end till customers are satisfied and for an organisation to be successful, its marketing programme must be geared towards maximising sales in the long-run. A basic tool of marketers therefore, is to determine the needs and wants of a target market and produce high quality products to satisfy the market.

Also, effective distribution system and price stability are important not only to industrialists but to wholesale and retail distributors and consumers. It is important to manufacturers to see that their products are readily available at all strategic areas so as to achieve market

exposure. A manufacturer may spend a lot of money in advertising his product through media houses without achieving effective result, if the goods are not strategically placed in all areas of the country, in other words, if the market is not properly covered. There are people who ask why LBN could not be the distributor of its omo detergent? The answer to this question lies in the division of labour and specialisation which are crucial in achieving efficiency and consequent success in business operations.

The advantages of specialisation include the following:-

(a) It leads to greater efficiency

(b) It makes the distribution of goods cheaper

(c) It is convenient to the consumer in that the commodities required can be brought to his door step.

It is therefore, as a result of the above mentioned advantages of specialisation that LBN engages only in manufacturing and sales to distributors. Effective distribution and price control of omo detergent in these lean times and the astonishing rate of inflation in the country today is most appropriate.

Generally, there are two main channels of getting goods from producer to and consumers. These are the direct and indirect channels. In the direct distribution system, the producer sells wares directly to the consumers, eliminating in the process the activities of third parties. In recent times, LBN has been forced to make direct sale to consumers at the designated centres as temporary measures.

An indirect distribution system demands the presence of various agencies or third parties who serve as link between the manufacturer and consumer, The Lever Brothers maintain the traditional indirect distribution system involving the distributors and or dealers, sub-distributors, attaches and retailers.

Much as people would like to make their purchases from the departmental store, it was discovered during the course of the study that more often prices were generally higher at the stores (department) than other retail outlets. This was not only because of the administrative and other overhead costs, but that market women bribe top marketing personnel in the department stores to buy the omo detergent at controlled prices and to resell them at escalated prices. Also, it was revealed that senior management staff in the department stores arrange for their relatives to bulk purchase at controlled prices through the 'back door.'

In addition to above problem, other major problems discovered during the course of research are as follows:-

(a) Lack of foreign exchange thereby leading to inadequate import licences to import the required raw materials and component parts.

(b) Lack of effective distribution by the LBN leads to manipulation of available scarce commodity (detergent) by the officials of the company, large sized retail outlets viz; Leventis, Kingsways, John Holt and so on.

(c) The antisocial and selfish activities indulged by the distributors, sub-distributors and retailers have seriously led to the scarcities of omo detergent.

Making critical of the above problems, one would conclude that the present situation of detergent scarcity is really a production crisis. Bearing in mind the above conclusion therefore, the following are some of the recommendations that could help offset the problems.

(1) The Federal Government should grant adequate import licences to LBN and as well as other manufacturers to enable them import the required raw materials and components parts at the right time to step up the production of detergent.

(2) Considering the importance of omo detergent in millions of Nigerian homes, and also to effectively meet up the demand, state governments should be allowed to import detergent as an interim measure to supplement the efforts of LBN in providing the product to all classes of consumers.

(3) Government should organise co-operatives society principally to make detergent get to grossroot easily and at reasonably low price. In most cases the cooperative shop price is lower than the market price, since the essence of co-operative body is to provide services to the members and not to make profit.

Unlike the middlemen, what co-operative society needs is a little margin above the cost price to enable the 'body' operate efficiently.

(4) The Government departments responsible for regulating prices must liase with organised private sector like Lever Brothers before deciding on the maximum selling price of various sizes of omo detergent. All costs which bring the goods to location must be taken into account, including such things as financial costs, transportation expenses, etc.

(5) The problem of inadequate supply can be tackled by researching into generating local materials and spare parts so as to meet up the excess demand, Good enough, the step taken by the Federal Government to set up petrol-chemical industry will go along way in solving the problems faced by detergent industries in Nigeria. Without local substitute of raw materials, efforts of LBN to positively contribute to industrial development of the country will prove abotive.

(6) The distribution system which had been proved inadequate should be overhauled. The traditional long channel of distribution maintained by the company is grossly inappropriate in a depressed economy as being witnessed in Nigeria today.

The existing distribution system (long chain) was designed for normal market conditions under which it can be relied upon to perform its functions creditably. Some elements of distribution channels are parasitic and can be dispensed with. The independent wholesalers serve no purpose in a shortage situation. Hoarding by the middlemen can be checked by involving the salesmen to make direct sales to the retail outlets. This could take various forms among which is to directly involve petty traders, that is, retailers can be used with circumpection where they are located in a lockable and identifiable stall in a main market. Such retailers should be allocated to be serviced by a specific distributor whose sales to the retail trade could be controlled, thus making it his/her responsibility to ensure retailers in his/her charge sell at controlled prices.

(7) The reward for distribution services should be adequate. On no account should government pressure distribution companies to sell below cost or make avoidable losses, e.g. expecting companies to sell omo detergent in Lagos at the same price as in Kano or Maiduguri, ignoring factors which contribute to distribution costs e.g. transport.

(8) There is need for LBN to also police their sales force and distributors to ensure absolute honesty, integrity and fair play. Allocation system must be agreed on clearly expressed criteria and strictly followed.

(9) LBN should pay greater desirability of packaging in smaller quantities. This is to ensure that all category of consumers can afford detergent of various sizes.

(10) As more than ever before, LBN should consider the possibility of a Zerolevel or direct distribution of omo detergent to consumers in a period of severe shortage as experienced today. Some skeletal sales made direct to consumers at the "created selling centre" by the company is highly commendable.

(11) The personnel policies and motivational tools should be reviewed so as to reduce labour turnover which is a characteristic feature of the wholesaler's organisation. The Management of LBN pays more attention to the hygeine factors- salaries, working conditions, level of administration, which temselves are not motivators, neglecting what Herzberg described as motivators responsibility, achievement, advancement and work itself. Finally, the company's effort to achieve price stabilisation will remain utopia as long as the company maintain the traditional long channel of distribution.

> Omo has been overpriced in many retail outlets because it has to pass through many hands before it gets to the final consumers.

However, efficient distribution systems themselves do not necessarily dictate or determine prices. Detergent shortages is a problem of production crisis. Adequate supply is the answer to the problem of effective distribution and price control both of which will come through on their own unaided once supply is sorted out. I reiterate once again that if government consider detergent as essential commodity and give adequate import licences for their raw materials importation, production and supply of omo detergent will substantially increase and prices will tumble fast. For example, prices of omo medium which in January/February 1984 was ₦3.50 is now around ₦1.00. With further help from government, I strongly believe it will be reduced even further to the official price of 65k. The problem of detergent marketing in Nigeria will come to be a past history if the above recommendations are considered important and therefore timely implemented.

5.3 C O N C L U S I O N

A combination of factors, principal amongst which are the fluctuating growth of money in circulation, high cost of credit and bank loan and the economies of elasticity of demand, make trading a very complex activity in Nigeria.

Therefore, in order to maximise returns on investment the trading community, professional wholesalers, retailers, emergency contractors and adventurists alike tend to look for opportunities to maximise their gains in addition to covering their cost of operation. Products in short supply like detergent become hot favourities for these traders to compete desperately and in most cases ending up exploiting end users and thereby contributing negetively to marketing efficiency.

To join the committee of industrial nations, both the State and Federal Governments are striving hard to shift emphasis placed on agricultural economy to an industrial oriented economy. Good enough, the country is blessed with abundant natural and human resources. Backed up with the research undertakings, the economy will definitely witness a successful transformation from an agricultural base to industrial economy.

The major problems of detergent marketing centre around the marketing mix-distribution, promotions, product itself and the price. On this premises, four problem areas were enuciated and formulated into working hypotheses which were tested in chapter three of this project.

Some of the problems of detergent marketing discussed during the course of the study had earlier been highlighted. They include the ever i creasing demand for omo detergent, the inability of the company to produce at the installed capacity, lack of mechanism to control

the distributors to sell at recommended prices, the inability of the government to grant Lever Prothers adequate licences to import the required raw materials and component parts etc.

To offset these problems, I suggest the following steps be implemented.

(1) Grant enough licences to LBN to import raw materials in adequate quantities so as to enable them step up production.

(2) The company should overhaul its distribution systems to suit the present economy realities.

(3) Direct sales to consumers should be encouraged beyond draw board and decisions.

Conclusively it should be noted that an improvement and constant innovation either in a sellers market or affluence society is advocated and worthwhile for organisational continuity, as any organisation devoid of innovation is not likely to survive. It is therefore, hoped that the marketing and distribution operations of Lever Brothers Nigeria Limited will be greatly enhanced if the above recommendations are timely implemented and other companies in detergent industry will find them worthy of emulation.

B I B L I O G R A P H Y

1. BOYD, B., Marketing Management and Administrative Action, Second Edition, 1968.
2. BECKMAN, D., Marketing, seven edition, 1957.
3. BAKER, M.J., Marketing: An Introductory Text, 1979.
4. BURSKIRK, R., Principles of Marketing, 1975.
5. BOYD, West Fall, Marketing Research Text and Cases, 3rd Edition, 1972.
6. DIRKSON, Kroeger, Nicosia, Advertising Principles Problems and Cases, 5th Edition, 1972.
7. KELLEY, Lazer, Managerial Marketing, Policies, Strategies and Decisions, 1973.
8. LEVITT, Theodre, The Marketing Mode, 1969.
9. LUCK, Wales, Taylor, Marketing Research, second Edition, 1952.
10. McGOWN, K.L., Marketing Research Text and Cases, 1979.
11. OGAN, H.I., Management of the Marketing Function in Nigeria Airways, 1983.
12. KOTLER, P., Marketing Management, Analysis, Planning and Control 4th Edition, 1980.
13. KOTLER, P., Marketing Decision Making: A Model Building Approach, 1974.
14. ROBERT, Ferber, Statistical Techniques in Market Research, 1949.
15. STILL, Cundiff, Essentials of Marketing, 2nd Edition, 1978.
16. STANTON, W.F., Fundamentals of Marketing 2nd Edition, 1975.
17. WALTERS, Sweet, Suider, Marketing Management Viewpoints, Commentary and Readings., 2nd Edition, 1970.
18. WESTING, Albaum, Modern Marketing Thought, 3rd Ed., 1964.
19. Business Times (Various Issues).
20. Holt News Vol.7, No.1 February, 1985.
21. Levernews Vol. xxiv No.17 July-August, 1984.

A P P E N D I X A

QUESTIONNAIRE FOR THE MARKETING/SALES OFFICIALS OF LEVER BROTHERS NIGERIA LTD

Name .....

Address: .....

Status Position: .....

In answering the questions, additional papers could be used when necessary.

(1) Name the plants or factories where detergent is produced by your company? .....

.....

(2) What factors have led to the recent shortage of detergent in Nigeria? Please specify .....

.....

(3) What channels arrangements you use for marketing detergent in Nigeria? Please list .....

(a) .....

(b) .....

(c) .....

(d) .....

(4) Have you developed any additional arrangement for equitably distributing detergent under the present condition of its being in short supply? .....

(5) If Yes, Please describe the additional arrangement made:- .....

.....

.....

(6) What transportation arrangements you use for distributing detergents in Nigeria? Please list.

(a) ..... (c) .....

(b) ..... (d) .....

(7) Do you supply detergents to channel members from the plant(s) producing them or from warehouses or both from plant(s) and warehouses? Please check.

(a) Plant(s)

(b) Warehouses

(c) Both.

(8) What is the present total supply of detergent in Nigeria? Please specify.

.....

.....

(9) What is the present demand for detergent in Nigeria? Please specify:

.....

.....

(10) Have you any estimates of future supply and future demand of detergent in Nigeria? Please explain:

.....

.....

(11) Are you able to supply detergent to your distributors regularly and adequately? (a) Yes ☐ (b) No ☐

(12) If No, Please give reasons. .....

.....

.....

(13) What is the total number of distributors for detergent in Kano and Kaduna states?

.....

.....

(14) What are the terms and conditions under which you sell detergent to your distributors? Please specify:

.....

.....

(15) What are the factors you consider in determining your prices? .....

.....

(16) Are your distributors satisfied with these terms and conditions of distributorship?: .....

.....

(17) What methods do you explore to exercise supervision and control over your distributors? Please specify:

.....

.....

(18) Which are the other large sized companies in Nigeria which are producing detergents? Please name them:

.....

.....

(19) What type(s) of problem at the channels level is your company facing in equitably distributing the limited supplies of detergents to consumers/users?

.....

.....

(14) What channels do you use in selling detergent? Please check:-

(a) Whole sellers ☐ (c) Direct to Consumers ☐

(b) Retails ☐ (d) Any other ☐

(15) What are the terms and conditions under which you sell detergent to your dealers? Please specify:- .....

.....

.....

(16) What are the factors you consider in determining your prices? .....

.....

.....

(17) Are your customers satisfied with these terms and conditions of sellers/buyers relationship? .....

.....

.....

(18) What do you suggest the company should do to help your problems? Please explain:- .....

.....

.....

(19) What do you suggest the government should do to help solve the problems you face?

.....

.....

.....

(20) What changes if any, you have made in the system of allocation and distribution to meet the problem of equitable distribution of detergents in Nigeria? Please describe .....

(a) System of allocation .....

(b) System of distribution .....

(21) Have you taken any regulatory steps at the level of channels to ensure fair distribution of detergent to Nigerians?

(a) Yes ☐ (B) No ☐

(22) If 'yes' what are these steps?

.....

.....

(23) Are you able to ensure fair distribution of detergent to Nigerians consumers?

(a) Yes ☐ (b) No ☐

(24) If 'No' what problems are you facing to ensure equitable distribution of this products to Nigerians?

.....

.....

(25) What are some of the abuses which have developed in the distribution of this product during this period of shortage? Please explain:

.....

.....

(26) How in your opinion, these abuses should be remedied ?

.....

.....

.....,

(27) How are you planning to solve this problem at your level, both in the short run as well as the long run?

(a) In the short run .....

(b) In the Long run .....

(28) How long do you think this problem of shortage is likely to continue?

(a) For about a year .....

(b) For two to three years .....

(c) For Five years .....

(d) Any other estimate .....

(e) Don't know .....

(29) What in your opinion should be done at different levels to ensure equitable distribution of this product? Please explain:-

(a) At the level of the distributors .....

(b) At the level of the dealers .....

(d) A t the level of the consumers .....

(d) Any other level .....

A P P E N D I X B

QUESTIONNAIRE FOR DISTRIBUTORS/DEALERS

Name: .....

Address: .....

In answering the questions, additional sheet of papers could be used when necessary.

(1) Are you selling detergent?

(a) Yes ☐ (b) No ☐

(2) From where do you get your supplies of detergent?

(a) Lever Brothers ☐ (c) Major Distributors ☐

(b) P.Z ☐ (d) Any other arrangement ☐

Specify .....

(3) What factors the manufacturers considered in pffering distributorship to you? Please specify .....

.....

(4) What facilities the manufacturers provides to you under the distributorship agreement? Please describe:

.....

.....

.....

(5) Are you satisfied with these facilities?

(a) Yes ☐ (b) No ☐

(6) If 'No', in what respect are you dissatisfied?

.....

.....

(7) Which brands do you stock? Please check:

(a) Omo ☐ (c) Elephant ☐

(b) Surf ☐ (d) Apollo ☐

(8) What problem(s) do you face in getting your supplies from the company? Please check:- .....

.....

(9) Have you any suggestion to help solve these problems?

(a) Yes ☐ (b) No ☐

(10) What are your suggestions? Please explain briefly:-

.....

.....

(11) What are the problem(s) are you facing in disposing off detergents? Please describe:- .....

.....

.....

(12) Are the promotional activities of the large-sized manufacturers of detergents adequate in this period of short supplies? Please explain:

.....

.....

(13) If 'No', what forms of promotional activities do you suggest should be emphasized? Please describe:-

.....

.....

A P P E N D I X C

CONSUMER QUESTIONNAIRE:

Name: .....

Address: .....

Occupation: .....

(1) How many are you in your family?

.....

(2) How many of you are the earning members in your family?

.....

(3) What is the income range of the earning members of your family? .....

.....

(4) Do you use only detergent for cleaning your clothes?

(a) Yes ☐ (b) No ☐

(5) If 'No' what other cleaning products you use for cleaning clothes?

(a) Bar Soap ☐ (d) Sunlight soap ☐

(b) wasing soda ☐ (e) others, Please specify.

(c) Black soap ☐

(6) If you are using more than one cleaning material, i.e. bar soap, washing soda etc., besides detergent, for what type of clothes do you use detergent? Please list.

(a) Shirts ☐ (d) Children's clothes ☐

(b) Trousers ☐ (c) Bedsheets ☐

(e) Any other ☐

(7) How long, have you been using detergents?

(a) for about a year ☐

(b) for about two to three years ☐

(c) for more than five years ☐

(8) How often do you buy your requirements of detergent?

(a) Daily ☐ (d) Monthly ☐

(b) Weekly ☐ (e) Quarterly/six monthly ☐

(c) Fortnightly ☐ (f) Yearly ☐

(9) Who buys detergent? Please check:

(a) Self ☐ (c) Relations ☐

(b) Wife ☐ (d) House boys ☐

(10) Where do you purchase your detergent? Please check:-

(a) Open Market ☐ (d) Supermarkets ☐

(b) Co-operative shop ☐ (e) Others ☐

(c) Kiosks ☐ Please specify.

(11) What factors attract you most to the source of purchase? Please check:-

(a) Nearness ☐ (c) Credit facilities ☐

(b) Availability ☐ (d) Cheaper price ☐

(12) Do you buy on the base of cash or credit? Please specify:-

.....

.....

(13) How much detergent do you at a time?

(a) Single packet ☐ (c) In dozens ☐

(b) Number of packets ☐ (d) In cartons ☐

(14) If detergent is available freely, which brand would you buy? Please check:-

(a) Omo ☐ (d) Surf ☐

(b) Elephant ☐ (e) Appollo ☐

(c) Britex ☐

(15) Besides your favourite brand, which other brand(s) do you buy? Please check:-

(a) Omo ☐ (d) Apollo ☐

(b) Elephant ☐ (e) Britex ☐

(c) Surf ☐

(16) In what respect do you think your favourite brand scores over the other brand(s) which is/are your second choice?

(a) Sad ☐ (d) Economical ☐

(b) Price ☐ (e) Cleaning pourer ☐

(c) soft on hands ☐ (f) Aroma or smell ☐

(17) What problem(s) do you face in buying detergent?

(a) Non availability ☐

(b) High prices ☐

(c) Any other ☐

(18) What suggestions would you like to offer to solve the above problem(s)?

(a) Establish co-operative shops ☐

(b) Eliminate wholesellers ☐

(c) Establish price control board ☐

(d) Establish more retail outlets ☐

(e) Encourage direct sales by manufacturers ☐

(f) Any other ☐

(19) What are your general comments about the steps taken by the following large-sized manufacturers for distributing detergents equitably among consumers/ users?

(a) Lever Brothers Nigeria Limited

(b) P.Z. Nigeria Limited

(c) Britex.