STRATEGIC MARKETING IN THE NIGERIAN AUTOMOBILE INDUSTRY: A CASE STUDY OF PEUGEOT AUTOMOBILE NIGERIA LIMITED, KADUNA

BY

BELLO, OMOLARA ESTHER (MRS)

MBA/ADMIN/5119/91-92

A PROJECT SUBMITTED TO THE POSTGRADUATE SCHOOL,

AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL

FULFILLMENT OF THE REQUIREMENTS FOR THE

AWARD OF THE DEGREE OF MASTER OF

BUSINESS ADMINISTRATION (MBA) OF

AHMADU BELLO UNIVERSITY, ZARIA

DEPARTMENT OF BUSINESS ADMINISTRATION

FACULTY OF ADMINISTRATION

AHMADU BELLO UNIVERSITY

ZARIA, NIGERIA

JULY, 1995

DECLARATION

I hereby declare that this project has been written by me and it is the record of my own research work.

To the best of my knowledge, it has not been previously produced for a higher degree. I therefore solemnly accept any deficiencies whatsoever that may be contained in it.

All quotations are distinguished by quotation marks and the sources of information are specifically acknowledged by means of references.

BELLO OMOLARA ESTHER MRS		28/6/99
NAME OF STUDENT	SIGNATURE	DATE

DEDICATION

THIS PROJECT IS DEDICATED TO THE GLORY OF GOD, TO MY HUSBAND, ARCHITECT M.B BELLO AND TO MY CHILDREN - MUHAMMED, MANSUR AND MUNIR.

CERTIFICATION

This is to certify that this project entitled "STRATEGIC MARKETING IN THE NIGERIAN AUTOMOBILE INDUSTRY: A CASE STUDY OF PEUGEOT AUTOMOBILE NIGERIA LIMITED, KADUNA", is worthy of acceptance for the award of the degree of MASTERS OF BUSINESS ADMINISTRATION OF AHMADU BELLO UNIVERSITY, ZARIA and is approved for its contribution to advancement of knowledge and literary presentation.

Essiensak Jubau — 28/6/99
SUPERVISOR — DATE

14/05/2000
EXTERNAL EXAMINER — DATE
Professor Usman A. Zahradeen

HEAD OF DEPARTMENT — 4/9/00
DATE

DEAN, POST GRADUATE SCHOOL — 14/05/02
DATE

ACKNOWLEDGEMENT

I seize this opportunity to thank Mr. A.B. Akpan, without his inspiration and encouragement this project would not have been initiated. I am most grateful to my supervisor, Mr. Essienesak J. Ubom, for his invaluable assistance from the point of gathering resource materials to directing and reading through the project. Great thanks also to the management of Peugeot Automobile Nigeria Limited, Kaduna, my employer, especially Mr. Berriel, the assistant general manager commercial (network development and distribution), Malam Mailafia, the assistant general manager commercial (technical) and my boss Mr. Thiery Poirat, the assistant general manager purchase and local content development, for giving me the necessary support and providing data for the project.

Lastly, I am most indebted to members of my family for their undaunted support, understanding and cooperation throughout the entire period to make this project a reality.

Bello, Omolara Esther (Mrs.)

July 1995

ABSTRACT

This study was set out to establish the effect of marketing strategies on sales of Peugeot Vehicles in Nigeria and also to evaluate the market and customer in order to position the product alongside the derived most viable market segment(s) from the study.

The study consisted on one hand the application of primary data through personal interviews and use of questionnaires on the other hand, use of secondary data from company reports, related literatures, library journals and soon.

It was revealed that the existing strategies of Peugeot Automobile Nigeria Limited (PAN) had often been tied around the product (the marketing strategies employed had been more of product strategies) this perhaps is because the original designs are from France and product modification to meet Nigeria market had to be emphasised. Other constraints include economic factors such as foreign exchange; (unstable value of the Naira to the Dollar) which was required to procure over 60% of the input components and low family income.

Distribution was through accredited dealers, direct sales and staff sales. The market shifted from consumer to industrial buyer, production dropped to about ten percent installed capacity, competition waxed stronger with increased importation of new fully built up (FBI)) cars. However if the right strategies are put in place, Peugeot cars being the most widely distributed and most acceptable by Nigerians, PAN stands a good chance for market expansion, increased market share and to maintain market leadership position.

TABLE OF CONTENTS

TITLE PAGE	.....	i
DECLARATION	.....	ii
DEDICATION	.....	iii
CERTIFICATION	.....	iv
ACKNOWLEDGEMENT	.....	v
ABSTRACT	.....	vi
CHAPTER 1	.....	1
INTRODUCTION	.....	1
1.1 Definitions	.....	2
1.2 Statement of the problem	.....	6
1.3 Hypothesis	.....	6
1.4 Objectives of the Study	.....	7
1.5 Scope of the Study	.....	7
1.6 Significance of the Study	.....	8
1.7 Limitation of the Study	.....	9
1.8 Delimitation	.....	9
1.9 Methodology	.....	9
Reference	.....	10
CHAPTER TWO	.....	11
LITERATURE REVIEW	.....	11
2.1 Marketing	.....	11

2.2 Strategy 15

2.3 Marketing Strategy 15

2.4 Strategic Market Planning 17

2.4.i. Strategic options 21

2.4.ii. Market share 24

2.4.iii. Situation analysis 25

2.4.iv. Marketing welfare 26

2.4.v Assessing strategic market planning 30

2.5. The Marketing Environment 31

2.5.i. Opportunities and threats 32

2.5.ii. Environmental Scanning 33

2.6. Nature of Competition 34

2.6.i. Perfect Competition 34

2.6.ii. Monopoly 35

2.6.iii. Oligopoly 36

2.6.iv. Monopolistic Competition 36

2.7 Application Effectiveness 38

2.8. Barriers to Effectiveness 39

2.9. Peculiarities in the Automobile Market 40

2.10. Conclusion 41

References. 42

List of Tables 43

CHAPTER THREE 44

THE COMPANY: PEUGEOT AUTOMOBILE NIGERIA LIMITED (PAN)... 44

3.1 History and brief introduction 44

3.2 Organisational structure 48

3.3 Marketing objective of PAN 53

3.4 Marketing Strategies Employed 54

3.5 The Multinational Dimension 56

References 58

List of Tables 58

List of Figures 58

CHAPTER FOUR 59

DATA PRESENTATION, ANALYSIS AND INTERPRETATION 59

4.1. Sources of data 59

4.2. Data Presentation 61

4.3. Data Analysis 64

4.4. Test of Hypothesis 67

References 72

CHAPTER FIVE 73

CONCLUSION 73

5.1 Summary 73

5.2 Recommendation 73

Definition of Terms 77

Appendix A 78

Appendix B 79

CHAPTER 1

INTORDUCTION

The idea of marketing in itself and the adoption of marketing concept call for an extrovert approach to business. Expressed more specifically, it suggests a customer orientation for a company i.e having detailed understanding of the needs, wants and behaviour of the customers and the integration of all corporate activities in the market place, are the key to more profitable sales. This also implies that profitability of a company's operation can be more effectively improved if top management concentrates a higher proportion of its efforts in overseeing the marketing activities rather than other functional areas like production, finance, personnel, etc. However, customer orientation of the business does not mean that the firm should fragment its activities across a whole range of widely distributed customers. The range of possible customers needs to be broken down into groups whose members have similar buying characteristics. A firm can then select one or a number of these groups for which appropriate products, service and communication methods are developed.

The marketing strategies employed by each company depend on its marketing objectives. Peugeot cars have gained much popularity in the Nigerian market environment, in the past to recent times, such that in every ten cars six will be Peugeot, there is also a degree of customer loyalty.

1.1 **DEFINITIONS**

1.1.i. Marketing [1]

Marketing has been defined in several ways one of which is that marketing is "a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others", in other words marketing must be profitable or rewarding to both parties involved.

Marketing is the process of identifying needs and satisfying these needs with suitable goods and services through product design, distribution and promotion either as a business or a non-profit marketing organisation. The term marketing has no universal accepted definition.

1.1. ii. Strategy

Derived from Greek word strategos [2], meaning general in the military profession, it means planning steps to achieve set objectives.

Glueck and Jauch [3] (1984) explained it further as "a unified comprehensive and integral plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved" through proper execution by the organisation.

Sheikh Abdullahi [4] stated that "strategy is the combination of policy direction and attitude of an organisation that favourably distinguishes it from competitors

KASHIM IBRAHIM

and generally stimulates a cohesive drive towards success through the speed which the management does the obvious.

1.1.iii. Strategic Planning

It could be summarized as a plan of future action through which a strategic business unit as a division of a large company forms its own business strategies, strategic planning is therefore planning the future work of a company.

1.1.iv. Marketing Strategy

According to Kotler [5], it is the marketing logic by which the business unit hopes to achieve its marketing objectives. It further stressed that marketing strategies consist of specific strategies for target markets, marketing mix and marketing expenditure level.

1.1.v. Price

Money which has to be paid to buy something. That amount which the buyer gives up in exchange for something that provides satisfaction. However in non business transactions it may need other forms of value rather than money.

1.1.vi. Competition

Trying to do better than another supplier of goods or services or to win over some of its customers.

1.1.vii. Marketing Mix

The combination of activities involving Products, Price, Place and Promotion that a firm under takes, in order to provide satisfaction to consumers in a given market. All the elements of the marketing mix reinforce each other to create an overall effect.

1.1.viii. Product

– A Product is a bundle of benefits offered to satisfy needs. It can be regarded as a solution to a problem that confronts a customer.

It is also a combination of functional and psychological features that provide form utility, it may include goods, services, ideas, people and places.

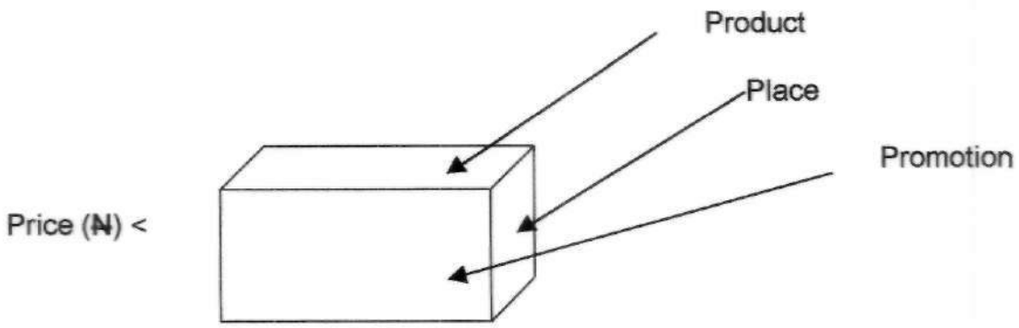
1.1.ix. Place (Distribution)

The process of making sure that a product is available when and where it is desired. Distribution provides time and place utility. It also involves the decision on how much inventory to hold, how to transport goods and where to locate warehouses.

1.1.x. Promotion

A broad term that refers to the entire field of sales communication and including advertising, personal selling, sales promotion and public relations.

The marketing management exchange equation[6]; the four P's



1.1.xi. Target Market

The process of developing and implementing a unique marketing mix aimed at a particular segment. In developing a marketing mix, it is necessary to choose which segment to appeal to and apply the most appropriate combination of the four P's. It is however essential that each target market is more or less homogenous in its ways and needs.

1.2. **Statement of the problem**

It will be in the right place to say gone are the days when automobile market was the sellers market, then any model introduced to the market would diffuse to fast that customers would still be demanding for more. Nowadays this is far from the case. The usual customer who used to be drawn from salary earners, generally referred to as civil servants, with commensurate earning power is no more able to purchase same car. He is now crying hard for an affordable car to emerge, notwithstanding the huge investment already entered into by the share holders of the existing automobile plants, in the case of P A N; Nigeria and France. Is the company making sales?. How was it able to survive inspite of the economic turmoil of the period?

1.3. **Hypothesis**

i. There is a relationship between earning power and the sales volume of Peugeot vehicles.

ii. There is a relationship between price and sales volume of the products regardless of the total production volume.

iii. Also, there is a relationship between the price and the target market.

iv. Furthermore there is a relationship between sales and production volume.

KASHIM IBR

1.4. Objectives of the Study

The study is aimed at;

i. Understanding the marketing strategies employed by automobile industries in Nigeria, and P A N in particular.

ii. To ascertain the need to incorporate appropriate marketing strategies into marketing planning.

iii. Determining the correlation of marketing objectives of PAN with the marketing strategies employed.

iv. To appraise effectiveness or otherwise of the various marketing strategies employed by PAN in relation to the marketing climate and the Nigerian environment.

v. Appreciating the company's market position in order to recommend improvements as deemed fit.

vi. To educate the inadequacies inherent in the present practice and make viable suggestions for better result.

1.5. Scope of the Study

Indeed the study is pertintent to the entire automobile industry in the country however, due to the disperse nature and proximity of the locations of the various factories, the study was conducted only of Peugeot Automobile Nigeria Limited, Kaduna, covering a period of four years and based on the assumption that it is an adequate representative of the entire industry.

1.6. **Significance of the study**

1.6.i. To The Organisation P A N

The significance is in the dimension of accessing where the company is in relation to where it is supposed to be. It is hoped that P A N will benefit from the discussions and suggestions to arrive at where it is supposed to be in the automobile market place.

1.6.ii. To Automobile Industry

The auto market of the industry has been shrinking due to mass importation of second-hand cars. It is hoped that this study will enlighten the industry on the best competitive marketing strategies most suitable to their market for sustainable growth.

1.6.iii. To the Researcher

The researcher might have fulfilled a requirement for a course of study in addition, it will enable a better understanding of the application of strategies under various challenges, towards better effectiveness.

1.6.iv. To The Student

Going through the study digestively, the student is expected to be enlightened of the aspect of strategic marketing as applicable not only to automobile marketing but to marketing of products and services as a whole.

1.6.v. To The Economy At Large

As supply is directly related to demand (economic law of supply and demand) it is expected that if the marketing strategies are focused on consumers needs and wants, that is consumerism or consumer orientation, then the company would realise increased sales volume, higher profits and further business growth.

1.7. **Limitations Of The Study**

1.7.i. The study could not be carried out in all automobile firms in Nigeria due to time and financial constraints as well as travel risks. Automobile firms are widely spread through the length and breath of the nation.

1.7.ii. Also it was not possible to reach all the accredited distributors of Peugeot vehicles, because they were widely dispersed across the country, therefore only distributors within Kaduna metropolis were studied.

1.8 **Delimitation**

The study was not intended to determine the understanding of strategic management in automobile industry, but to identify the key marketing strategies and their effectiveness. Also it was not intended to appraise the overall corporate performance.

1.9. **Methodology**

i. Survey method

ii. Collection of primary and secondary data.

References:

1. Kotler P. and Armstrong G. (1991) Principle of Marketing 5th Edition, Prentice Hall Inc., New Jersey, P.5
2. Kirkpatrick E.M. (1983)Chambers Twentieth century Dictionary W & R Chambers Ltd, Edinburgh, P.1278.
3. Glueck, W. and Jauch, R. (1984) Business Policy and Strategic Management, McGraw Hill Int. Book Company, Lisbon, P. 8.
4. Sheikh A. (1994) Opening Address at Top Management Seminar organised for P.A.N Staff, PANNEWS July/September 1994 P.16.
5. Kotler P. and Armstrong G. (1991), Principle of Marketing 5th Edition, Prentice Hall Inc., New Jersey, P.674.
6. Schewe C.D. (1987), Marketing Principles and Strategies, Random House Inc., P.32-37.

CHAPTER 2

LITERATURE REVIEW

2.1. Marketing [1]

According to historical development marketing was invented in Japan around 1650 by the first member of the Mitsuf family to settle in Tokyo as a merchant and to open what might be called the first departmental store. It seemed also that marketing appeared around the 19th century at the International Harvester Company between 1809 to 1884. The precise period that the concept of marketing was first conceived can not be determined. Some people argue that marketing is one of the oldest profession, while others are of the opinion that marketing began when mankind first engaged in barter trading, little or no exchange took place as societies and families were self sufficient in all their basic needs, as such there was no marketing during that period. As societies began to grow, the ideas of economic exchanges began to improve and hence the need for division of labour and specialisation.

As Clive Barwell[2] put it "marketing is the art of identifying, anticipating and satisfying customer needs and desires in the most profitable manner."

Adam Smith[3] in his wealth of nations noted that;

> "Consumption is the sole end purpose of all productions, and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer".

> The maxim is so perfectly self-evident that it would be absurd to attempt to prove it. But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer and it seems to consider production and not consumption as the ultimate and end object of all industry and commerce.

For instance, the disappearance of economic, social, political and technological conditions, which make possible an easy sellers market has brought about in many companies a complete re-orientation of business philosophies. There is gradual adoption of marketing concept, which starts with the consumer.

Michael Baker[4], in his 1979 edition of marketing, proposed that

> "If economies are comprised of people and we are endeavouring to allocate scarce resources in order to maximize satisfaction, then it is satisfaction of people at which we are aiming, being so it is important we determine first what people want and then allocate resources accordingly. In other words we must determine the nature and strength of demand and create supply of goods and service to satisfy these demands."

According to committee[5] on definitions, "Marketing is the performance of business activities that direct goods and services from the producer to consumer or user". What business activities are included in marketing still give a lot of room doubt?

It includes all activities not directly connected with producing the product, such as storage, grading, selling and all the efforts of wholesalers and retailers. Since this view caught off the aspect of design and production from the marketing function it is insufficient in its treatment. Another view to consider is;

(a) Delivery of standard of Living:

Paul Mazur put forward that "Marketing is simply the delivery of standard of living to society." A school of thought regarded it as a more modern day concept, but it agreed that, it failed to clarify the nature of the activities included in marketing. Simply as it may sound it does not reflect the dictate of the need and desire of the society on instance, one needs to stretch the imagination a little bit before everything comes into marketing sphere of operations.

On the other hand Busbirk[6] believed that the definition is consumer oriented, that is, stresses marketing's major function of satisfying society's desire for material goods and services also that product planning falls within this definition because a vital factor in delivering to society its desired standard of living is the interpretation of what products and product features it demands. In essence, this definition makes the entire firm a marketing organisation,

KASHIM

since its every action should be directed towards satisfying some desire of society. Lastly a look at the third view;

Generation of Revenue:

This took the approach to revenue generation from the viewpoint of the firm and states that" It is marketing responsibility to generate revenue at a cost which will allow a reasonable profit to be realised from operations'. Thus any activity connected with obtaining income is a marketing action. It is worthy of note that these income must be obtained at a reasonable cost. If the marketing man spends too much money on advertising, personal selling or the product a loss will be incurred. It is therefore not sufficient to generate revenue but to do so at a reasonable cost. A marketing manager is therefore visualised as one who enters into the market place and actually buys earnings with the money he spends for his products, salesmen, advertising, etc. he must rightly bargain with the public for these earnings to keep his business afloat. An effective flow of goods and services to desiring customers to generate profitable performance as satisfaction to the customers and tangible benefits to the organisation can be termed "Marketing".

2.2. Strategy[7]

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

Thomas (1977) Sees strategies as " the determination of basic long range goals and objectives and the adoption of courses of action with allocation of necessary resources." In short, strategy can be summed up to be operational tools supported with necessary resources to move the organisation from its present position to it predetermined goal called the future position while recognising the various environmental constraints. Thus strategies are used in combination with tactics to deal with the opportunities and treats that exist in the environment.

2.3. Marketing Strategy[8]

Since marketing is a function in an organisation, marketing strategy is thus a functional strategy and is therefore the means, methods and schemes designed by the organisation for operationalising its policies and pursuing its marketing objectives.

These strategies must be developed in a cost effective and objective effective manner. These strategies should also be within the resources and capabilities of the organisation. They should be flexible to accommodate changes occurring in the environment. All strategies must be clearly defined, encompassing their cost benefit implications for achieving the objectives for which they are developed, within a set goal.

As a guide, Unkelovarich[9] submitted that strategy is a systematic approach that permits the marketing planner to pick the strategically most important segmentation and then to design brands, products, packages, communication and marketing strategies around them. It informedly simplifies the setting of objectives.

According to Jerome[10] (1978) "top management myopia may straight jacket marketing. Assuming that it is the marketing manager's job to work within the framework of objectives provided by the top executives. But some of these objectives may restrict marketing strategies, perhaps to the detriment of the entire business." It is desirable therefore for marketing manager to participate in shaping the company's objectives.

In summary, marketing strategy is the strategy or plan for marketing activities, such statements as (i) what marketing strategies should be adopted to reach these long term objectives?, (ii) The marketing strategy was one of expansion through diversification and market development, show that there is a beginning i.e. planning process as well as an end, a period of assessment and score to each strategy to determine its effectiveness and take further decision to amend or maintain it.

2.4. Strategic Market Planning

The strategic planning process starts with the setting of objectives for the organisation as a whole and continues with the development of marketing goals that reflect these objectives. Strategic market planning is the managerial process of developing and implementing a match between market opportunities (unsatisfied

wants and needs) and the resources of the firm.

The strategic planning process provides specific steps, a means of coping with new problems before they even arrive.

The strategic planner conducts the situation analysis, beginning with an indepth look at the environmental trends that will affect the organisation.

For businesses to survive in a market, environmental factors have to be monitored more closely than before and to forecast trends in these factors more accurately. The strategic planner will be looking through the strategic window, greater attention should be given to analysing the firm's strength and weaknesses and finding the best way to utilise its distinctive resources and capabilities. Since business environment can change rapidly, firms must realise that opportunities are opened to them for only a short period and must be seized upon quickly whereby they concentrate on developing optional strategies that help in achieving the goals of the firm. The two steps: external and internal analyses are the cornerstones of strategic market planning, they provide information base from which the rest of the process follows. The situation analysis may also lead to adjustments in appropriate corporate or marketing objectives.

To arrive at the strategies to be employed therefore, several elements have to be considered. This consideration thus starts from the market planning, a stepwise approach which looks critically at the following: the firm itself, the available markets, the target market, the market environment, competition, the right marketing mix and other consequential factors.

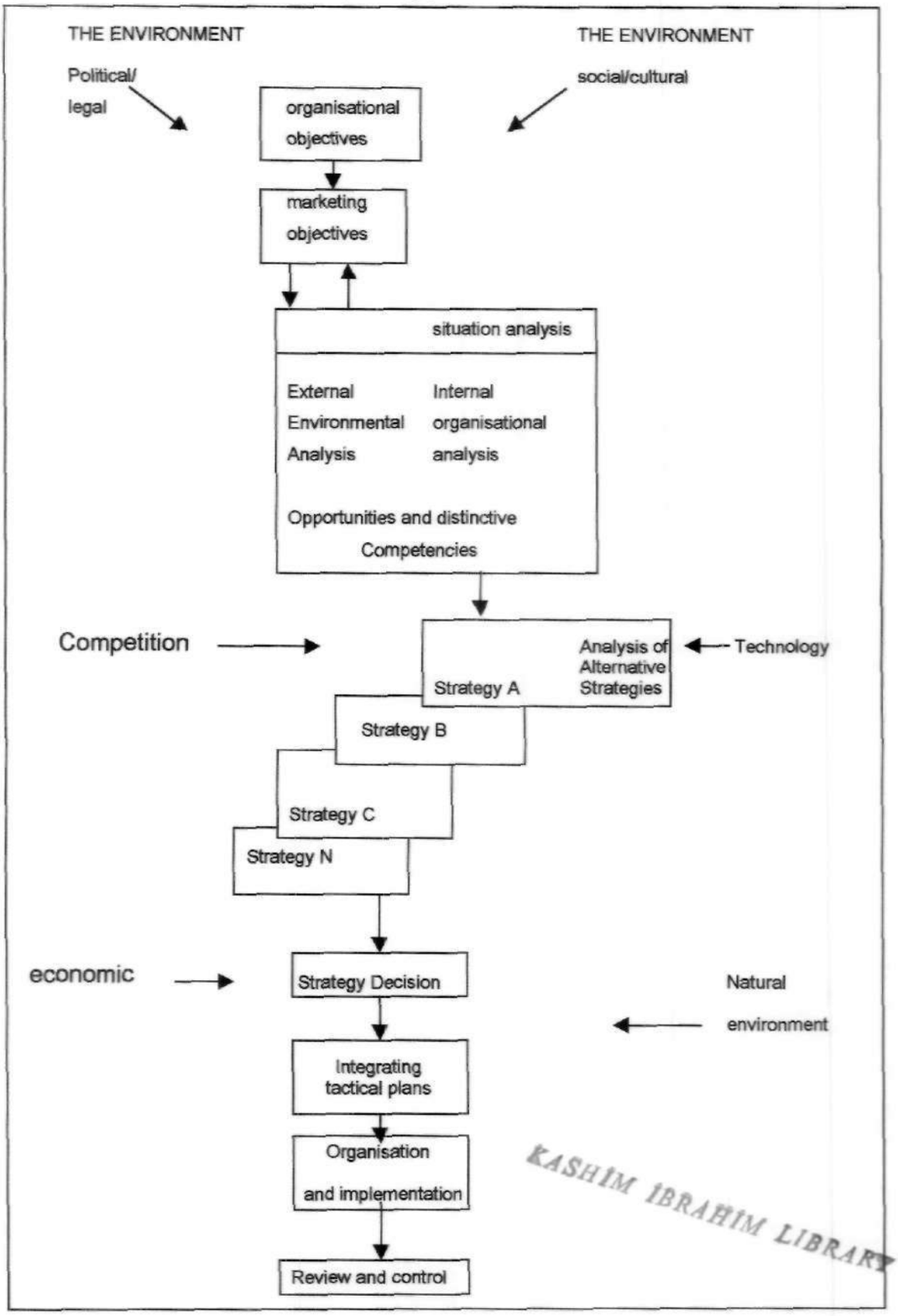
The designed schemes and manoeuvers to wager the company through the turmoil and environmental storms of its market are very critical to its success inspite of competition.

The planner generates alternative plans or strategic options. He chooses the best option or set of options that best suit each market opportunity with the strength of the organisation. From general corporate objectives arrive more specific marketing goals. These goals may focus on overall sales increases by product class, by geographic region or by some other customer grouping. Recent studies have also shown that increases in the market share generally lead to higher profits, i.e. market share improvement translates into higher sales volume and higher volume means lower production costs, hence higher profits. So marketing goals are often expressed in terms of improvement in the market share, or the percentage of the total market served by the company. Market share is the chief measure of how well an organisation is doing relative to competitors. However, goals must be consistent, it is not feasible for example to attempt to maximise sales and cut costs at the same time.

Table 2-1 The Basic Marketing Mix Decision Area

Decision Area	Components	Definition
Product	The product	The set of tangible attributes of the good, Service, person or idea that is being exchanged.
	Brand name	Words, letter, and/or numbers that may be spoken.
	Packaging	The activities that involve the designing and producing the container or wrapper for a product.
	Service	Activities, benefits or satisfactions that are offered or are with the connection with the sale of the goods.
	Warranty	A manufacturer's promise that product is fit for the purpose for which it is intended.
	Post-exchange Service	Activities, such as warranty service, that ensure customer satisfaction.
Place (distribution)	Channels of distribution	The route taken by the title to a product as it moves from the producer to the final consumer
	Physical distribution	The physical movement of goods from the point of production to the point of consumption.
Price	Pricing	Activities concerned with setting the price of a Product.
Promotion	Advertising	Non personal communication that is paid for by an identified marketer to promote a product or service.
	Personal Selling	Person to person communication between a marketer and members of the market.
	Public relations	Any communication created primarily to build prestige or goodwill for an individual or an organisation.
	Sales promotion	Promotion activities other than advertising, personal selling and publicity that stimulate consumer purchase and dealer effectiveness

Figure 2-1 The Strategic market planing process



KASHIM IBRAHIM LIBRARY

2.4.i. Strategic Options

A strategy provides some guidelines for competitive warfare that will direct the activities of the organisation.

It specifies a series of maneuvers designed to obtain a particular result. It is a blueprint for action.

Strategic options available to firms are quite enormous, however the outcome of the situation analysis and the planned goal will guide the choice of strategies to adopt. Among the choices are;

Generic Strategy – under which we find;

Low Cost Strategy:- A company that uses this definitely has access to the most modern production processes or low cost supply sources or usually high sales volume which also lead to more efficient production.

Differentiation Strategy[11]:- this emphases a company's unique features, "As the price of automobile has risen to unheard of heights, owners have flocked into garages and service centers to extent the life of their cars by the less costly alternatives represented by repair and part replacement, commonly referred to as maintenance culture. At the same time companies with unique features which include brand prestige (Mercedes Benz) ruggedness (Peugeot), durability (Michelin), advance technology (3M). Companies that are able to differentiate themselves from their competitors, through such features can gain a strategic advantage, in market share.

Focus Strategy :- here the company restricts itself to a small group of buyers.

Specific Strategies – applicable here are ;

Market leader Strategy:-

Here one firm has a domineering market share of specific market. Market leaders can take a defensive posture and protect their market share or take a more aggressive approach aimed at either increasing their total market or their relative market share. Some market leaders attempt to improve position by expanding their total market. The strategy can be to get new user or to promote new use for a product.

Another strategy is to seek greater usage of the product.

Defensive Strategy:-

This can be used to protect market share or aggressive strategy approach either at increasing the total market share or relative market share.

Flanking Strategy:- Each of the competitors product is flanked by two or more of the firm's brands.

Finally market leaders can attempt to take market share away from competitors. This strategy can become more expensive as an organisation's market share increases since more money and effort must be spent to pull held out customers away from other brands. Other ways by which market leaders have attempted to compete for market share are by offering a product innovation, targeting new market segments and by means of clever promotional efforts.

Challenge Strategy:

Direct Attack Strategy:-

Challengers are those firms that want to take market share away from the leaders, they can take on the leader in a direct attack. Example of this is Pepsi cola and Coca Cola.

Backdoor Strategy :- The challenger takes on another challenger of similar size. Thus in establishing a beachhead in the United States, Japanese automobile manufacturers focussed not on large luxurious gas guzzlers but rather on small fuel efficient models that would satisfy previously unserved segments of the American automobile market.

Guppy Strategy:- Here a challenger pursues smaller firms by buying up smaller regional competitors, thereby gaining market share.

Follower Strategy;

Me too:- The firm just follows the leader, this is applicable when the product is standardised (e.g. starch, cooking oils, waxed textile prints).

Nichers Strategy[11];

Nichers avoid direct clashes with larger competitors.

Focus Strategy: - The firm finds a match between their distinctive competencies and the requirement of a specific market.

End use[12]:- Some ways in which market nichers have chosen to specialise include end use, recently auto makers from South Korea, Japan, France and Germany have rushed into the American market, Nigerian market is not spared either, with small frill cars, in an attempt to fill the void left by Volkswagen

homely Beetle, the income level in a market can help richers to determine probable level of car ownership.

"In[13] the good old days, marketers of blue jeans advertised to the broad market because Jeans was the uniform, but times have changed and peoples' behaviours have changed, now nicher's strategies are making more sense.

Other strategies applied by nichers include customers group, specialty product, quality, service and price.

Why adopt or modify strategy?

Many reasons can be attached for existing or a proposed strategy, which can be any of the following

2.4.ii. Market Share

A marketer is always interested in what percentage of the market his organisation is serving and therefore will focus on improvement in market share. Market share is the chief measure of how an organisation is doing relative to its competitors.

Since the firm usually has many goals, (lets assume market share is one of them) those goals are usually given some kind of priority ranking. Clearly, some goals are more important than others. Also, some goals follow logically from other goals. To the extent possible, goals should be measurable so that management can monitor progress and must be achievable; unrealistic goals serve no purpose but to frustrate management. Alfred[14] (1969) stressed that "Study of market shares can be most effective aid to management diagnosis,

but only when properly evaluated and disoilminately applied."

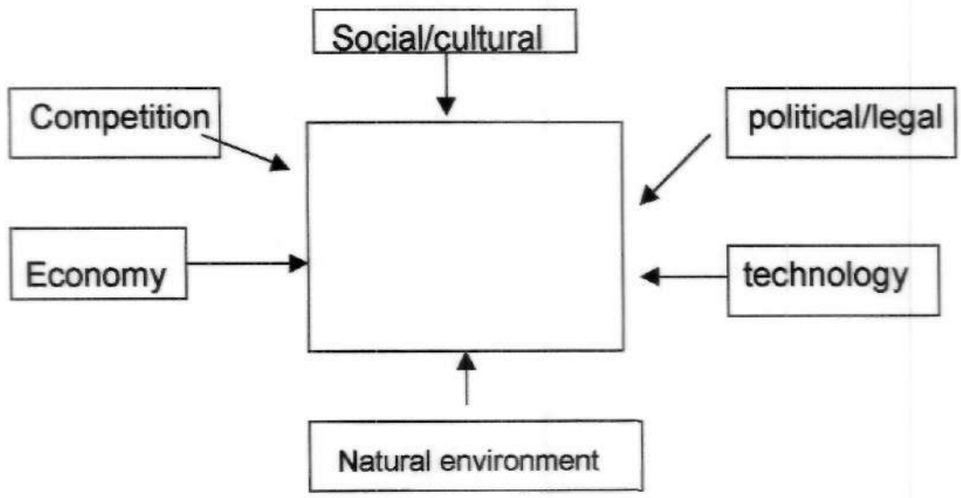
Management employs market shares

- to appraise performance
- to express market target
- to assist in forecasting sales.

2.4.iii. The Situation Analysis

In situation analysis planners analyse information about the firm's environment, especially its customers and competitors. This environmental scanning involves looking at the present state of the environment and forecasting trends in its various aspects. Planners also look inwards and analyse their organisation's strengths and weaknesses. Not only tangible, observable resources, but also intangible resources, such as skills of personnel and the company's image are stressed. The focus then shifts to matching the opportunities that exist in the environment with the strengths of the organisation.

Figure 2-2 The many environments of marketing



2.4.iv Marketing Warfare

In the 1980s an array of economic factors, including intense international competition, rapid technological change, low or no growth in many markets and deregulation have altered the nature of competition. As the chairman of Wendy's International Inc. told Business Week, "The main thrust today is taking business away from the competition, and that fact, more than any other, is modifying our business." This conditions have had the effect of making marketing largely a matter of trying to beat the competition; be it or not, it has generated greater challenges among firms, that is, marketing has become a form of warfare.

The marketing strategies and marketing warfare form two parallels, figure 2-3 and 2-4 make these parallels more explicit. They present attack and defence strategies in terms of focus, tactics and intended outcome. Military principles and maneuvers certainly are not the entire answer to strategic competition. Yet they do offer some insight into how an organisation might "invade" a competitor's territory or effectively "do battle" using propaganda (advertising) and intelligence gathering techniques (marketing research), all for the purpose of gaining a larger share of the market and increasing its profits.

Figure 2 - 3 Attack Strategies

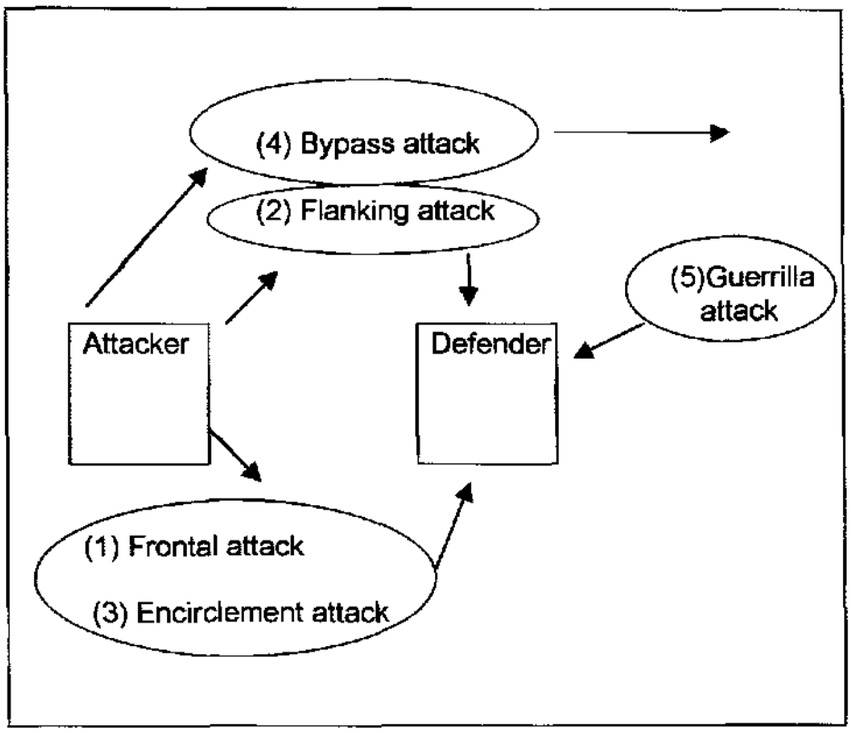


Table 2.2 Attack Strategies.

Strategy	"Enemy"	Tactics	Intended Outcome
Frontal attack	Attack the defender's strong point – markets primary in which the defender is doing well	Match the defender's Product/service offering on all points, including the offering itself, promotion, price, and *distribution*	To become the market leader in the defenders area of activity
Flanking attack	Attack the defender's weakness – markets in Which the defender is not doing well.	Serve market needs and wants that the defender has neglected or failed to serve, geographic areas where the defender is weak of non existent	To become dominant in a major portion of the defender's existing market
Encirclemant attack	Attack the entire scope Of the defenders Activities within a Market	Attack all of the defenders markets simultaneously with an array of products/ services as good as or Better than the defender's	To weaken the defenders morale, to weaken brand loyalty for the defenders product/service offering, and to make inroads on several of the defenders markets.
Bypass attack	Attack easier markets Than those served by The defender	Enter entirely new products markets or geographic Areas	To build a resource base and prepare for possible conflict *in the future*
Gurrilla warfare	Attack small, isolated markets that are less Well defended.	Make recurrent, limited attacks on Various markets Weapons may Include localized Promotional campaigns Price cuts, and legal action	To demoralize the defender and force it to make concession, thereby gaining a foothold in the defenders market.

Table 2.3 Defence Strategies.

Strategy	"Defender"	Tactics	Intended Outcomes
Positional defense	The defender's existing product / market	Build fortifications around the existing product through promotion, Price policies, etc.	To hold the line on the product/market
Flanking defense	Enter underdeveloped but promising market Segments	Analyze the market, identify promising segments, develop those segments	To head off the competition, by developing the new seqments first
Mobile defense	Switch focus from Specific product to Generic product Category –e.g, from Trucking to all forms	Expand marketing activities into generic product category	To develop strategic depth so as to better withstand attack and have various points from which To mount counter attack
Preemptive defense	Competitors who Represent a potential Threat	Employ any of the attack strategies listed previously (frontal, flanking, Encirclement, bypass, Guerrilla warfare)	To keep potential attackers off balance (A good offense is the best defense)
Counter offense	An attacking firm markets that are less Well defended.	Counter attack: meet the attacker head on with a Promotional campaign, product improvements and/or price cuts; invade the attacker's primary market or flanking.	To nulify the effect of the attack, put the attacker on the defensive, or defend its own market
Contraction defense	The firm's own market and market segments	Eliminate activities in troublesome markets segments or combine Various segments into	To consolidate the defender's strengths and make it less vulnerable to attack; to prepare for counter attack

Table 2-4

Strategy Assessment

Company	Strategy	Assessment
General Motors	Gain Market share by outspending U.S. competitors in the race or offer more fuel efficient, downsized cars.	Failed as import market share grew, modified strategy to pursue diversification.

2.4.v. Assessing Strategic Market Planning

The strategic market planning cannot be faulted for its logic. Following that process should allow companies to grow in the face of unprecedented environment problems. The recent commitment of large corporations to strategic planning has been used on the assumption that spending the time and energy to develop ways to cope with changes in the external environment would improve their effectiveness. Yet some cracks have appeared in strategic planning.

For one thing, the portfolio approach forces a company to place real emphasis on market share. As a result, many companies fell into the trap of spending too much time planning portfolios while paying too little attention to the day to day business of problematic SBUs into sound strong ones. Often planning and

operating positions have to be combined, thus "at General Motors in America, planning has become the responsibility of all managers, while at Avon Products those who succeed in thinking strategically and executing strategically are the people who are going to move ahead.'

2.5. The Marketing Environment

To add to the woes of the marketer, often these environmental forces are totally unpredictable. Consider this example: when the hit comedy movie Beverly Hills Cop was being filmed, one of the producers, an alumnus of Samuel C. Mumford High School in Northwest Detroit, suggested that the star, Eddie Murphy, wear a faded T-shirt with the legend Mumford physical education department In the movie, murphy, who played a detroit policeman, wore the T-shirt in many glamorous Beverly Hills locales.

The movie was the smash hit of the 1984 Christmas season, promoting Murphy's fans to besiege the Detroit high school with requests for its T-shirts. Mumford began selling 100 shirts a day, making $4 on each shirt. The high school used the funds to buy computers and improve its building. "The way things are going, we won't have another fund raiser car wash, or candy sale for the rest of the year"' said the assistant principal.

Not all promotional events have such a positive outcome. Example is the first Tylenol poisoning incident, which resulted in the deaths of seven in Chicago area in September of the 1982. Some still unknown persons place cyanide in Tylenol capsules. This clearly was not the fault of Johnson & Johnson, the

marketer of Tylenol. In fact, the American Federal Drug Administration cleared J & J of any wrongdoing. Yet the impact of this totally uncontrollable and unforeseeable disaster on J & J was devastating.

The brand was immediately recalled from the market, and it was not until the following January that triple-sealed tamper resistant package allowed Tylenol to return to drugstore shelves. The cost to J & J in lost profits was estimated at $50 million. Moreover, the company had to develop an entirely new marketing campaign to reestablish trust in the Tylenol brand. And as if that weren't enough, in 1986 there was another poisoning, forcing another defensive communication and ultimately, the elimination of capsules as a technique for packaging medicine.

2.5.i. Opportunity and Threats

The environment is made up of all the forces external to the organisation that influence the marketer's ability to plan and implement ways of satisfying its target market. Some environmental forces create opportunities; others constitute threats. Opportunities arise when environmental change results in an unsatisfied want or need.

Essentially, a threat is an unfavorable trend or situation that would result in reduced success if no forceful action were taken by the organisation.

The same external forces affect different marketers in different ways. Each is confronted with a unique set of opportunities and threats. And often there is only a limited period of time during which the organisation's distinctive competencies

match the opportunities provided by the environment. Marketers must be able to set and execute an appropriate strategy on short notice so that opportunities are not missed or the impact of the threats is minimized or averted. As an example, when word of the Tylenol poisoning cases first reached Johnson & Johnson, the company completely stopped advertising, withdrew all Tylenol capsules from the market, and told consumers about the situation through interviews in the mass media. Within two months, the company has begun an aggressive drive to revive the brand.

Strategic planners and marketing managers cannot ignore these key forces in their daily decisions. The forces in the environment have been referred to as "uncontrollable". By this we mean that marketers and planners cannot manipulate them to their own advantage. General Motors could not stop the energy crisis of 1973. Changes in birthrates affect companies like Procter & Gamble, with its disposable diapers, and Gerber Products Co., with its baby products and into insurance, printing, and meals for single diners. Its familiar motto "Babies are our only business" was changed to "Babies are our business – and have been for 50 years". In short, no one firm can control change in environmental forces.

473754

2.5.ii. Environmental Scanning

Effective organisations are constantly monitoring their environment an activity known as environmental scanning. Many companies have set up producers for collecting information about such external areas availability, recent and pending

legislation, patents applied for, competitors "actions, and other issues that might affect their future. For example, "Levis Stratus conducts environmental scanning at the international, domestic, and industry levels. It regularly gathers data on fashion trends in European markets as well as on tariff and imports policy. "Key international economic factors are tracked, such as world gross national product, world inflation, and share of domestic market compared to share of foreign markets. It is equally important to forecast changes in environmental conditions. Correctly anticipating the future can make the difference between disaster and appropriate, sometimes astoundingly profitable, action.

It is important to stress marketing focus on the market to be served. Without a firm grasp of the market's wants and needs, the organisation has little reasons for existence. It fits in then, that we begin our environmental analysis by looking at the market, that is, at the firm's social environment, legal/political, natural environment, available technology, economy and competition as shown in figure 2-1.

2.6. Nature of Competition

Competition forms a critical outlook in a firms bid to explore a market and it indicates the degree of freedom available to marketers in making their decisions.

2.6.i. Perfect Competition

The idea of perfect competition is based on four key assumptions. The first is that there are many buyers and sellers in the industry – so many, in fact, that no

one firm can influence the price of the product. Thus firms in a perfectly competitive industry are "Price takers". This characteristics of a perfectly competitive industry is also due in part to the next two assumptions: homogeneous products and perfect market information. It is assumed that the products of firms in a perfectly competitive industry are homogeneous, meaning that there is no difference between what one firm produces and what all the other firms in the industry produce. Thus, if one firm raises its price above the prevailing market price, its sales will drop to zero. Obviously, people will not pay more to one firm if they can get the same product at lower price from other firm. The next assumption is that there is perfect information within the industry. Competitors know what price other firms are charging, and consumers know what the market price of the product is. (In the real world, this assumption is that there is easy entry and exit from the industry. Thus barriers to entry, such as production start – up cost and government regulation, are minimal. Few real world industries satisfy all of these assumptions.

2.6.ii. Monopoly

Monopoly is the exact opposite of the perfect competition. In a monopoly, there is only one seller of a particular product. Thus a monopoly may set any price it chooses as long as it is above its operating costs and below the highest price that people will pay for the product. That price can be quite high, since in a monopoly there are few if any susbstitutes for the firms product. And monopolies naturally tend to charge higher, more profitable prices.

Entry into a monopolized industry is restricted, either by economic forces (in the case of so-called "natural monopolies") or by government regulation. In addition, a monopoly is assumed to have perfect information about the market in which it operates, however, the formation and existence of monopolies can be limited by a body of legislation.

2.6.iii. Oligopoly

An Oligopoly is characterized by the presence of few firms that account for a large percentage of the industry's sales. There are so few that each must consider the possible reaction of its rivals when it makes a change in its product in its product or its price. Since each seller markets the same or similar products. And if one seller lowers its price, all of its competitors will lower theirs as well.

There are often considerable barriers to entry into an oligopoly. The capital needed to enter the business may be substantial, and established firms may enjoy cost advantage due to mass production and specialization. Many of our most important industries are oligopolistic, notably the automobile, airline and metal product industries. Oligopolistic industries are particularly prone to price wars.

2.6.iv. Monopolistic Competition

Monopolistic competition is a hybrid of monopoly and perfect competition. Although there are many buyers and sellers in the industry, different firms produce different products, thereby providing different degrees of satisfaction.

KASHIM

For this, sellers can often charge a higher price for their products and buyers may often become brand loyal. Product differentiation may result from actual differences in the product, from differences in the image created by advertising, or from the unique-to-one firm convenience of having the item available at a certain place at a certain time.

Information flow is imperfect, and there are some barriers to entry and exit from the industry, examples of products supplied by monopolistically competitive industries include specialized automobiles, laundry detergents, restaurants, and television sets.

Companies in monopolistically competitive industries can use a variety of methods to differentiate their rather basic products. Competition also comes in many forms. Basically, any alternative satisfier of a want or need is competition. Take jogging shoes, for example. The need felt by most of the 20 million joggers in the United States is the need for exercise. Thus Nike, the industry leader, must consider bicycles, weights, aerobic dance classes, yoga, exercise salons, and other exercise alternatives as competitors: leather shoes versus nylon fabrics shoes, waffle trainers versus flat-soled shoes, and so on. And within each of these forms there are brand competitors: Nike, Adidas, Brooks, New Balance, Pony, Tiger. In Nigeria auto-market there are Peugeot, Volkwagens, Toyota, Hyundai, Daewoo, Honda, Datsun among others.

Marketers must know the number and size of their competitors as well as the tools they are using to compete. Many new entrants to a market attempt to gain inroads by offering their products at low prices, sometimes even at a loss.

Companies also compete by providing the cost advantage of mass production.

Large volume has led to low costs through more efficient production. Still other complete by lowering their cost in absolute terms.

2.7. Application Effectiveness

The chosen strategy need be evaluated prior and during implementation in order not to repeat failures that could be greater than already experienced, the strategy therefore need to be broken down into detailed operational plans in order to determine how well the organisation is performing periodically, there must be clear cut measurable objectives against which results can be measured. The periodic review of results against objectives, policies and strategies will reveal deviations from plans and direct if need be any corrective action that needs to be taken to bring the programme back on track. The effectiveness evaluation will reveal whether the strategies are inadequate for dealing with the established objectives and demands of the environment, an effectiveness evaluation like this should be aimed at better performance in the future, a periodic evaluation of strategies lead to constant modification in the interest of the overall corporate goal.

According to Bob Osaze[7]. An evaluation should answer the following questions;

a) Is the chosen strategy likely to work?

b) If so, will it work better than others?

c) Is the chosen strategy working in terms of the results expected?

d) Has the chosen strategy worked? If not, what went wrong?

e) Can changes be made new to put the plan back to track?

f) Should we modify, change our strategies in the light of new information?

Or should we maintain the current strategy because we believe it will work in the long run?

Are we achieving our desired production level?

g) Are our cost within control?

h) Is the market reacting positively to the product, service, price and promotional efforts?

i) What do the profit figures look like so far? Are they within expectations? Or too ambitious?

j) What is the impression of investment analysis regarding our performance so far?

k) Are our results so far within the framework of the budget?

2.8 Barriers to Effectiveness

Strategies are derived from objective and there are set plans for implementing the strategies – these plans are bound to be ineffective, if they have no consideration for the people who are supposed to implement them. So long as they perceive the plan as not assisting. More so, there are those within the organisation that once they perceive the plan as not assisting in the direction of achieving their own interest as well, they lose interest in it. Such people will need support and facilitation in achieving their own objectives while working towards the overall goal of the organisation through the plan. Hence plans must not justify organisation goals alone but also serve and be seen to serve the needs of the individuals who will be responsible for implementing them.

Inadequate information and ineffective communication can lead to misunderstanding of the motive, objectives and intention of a strategic plan. Many plans fail more also because of improper execution. Adequate information provision and effective communication will arrest these problems to a large extent.

2.9. Peculiarities in the Automobile Market

PAN employs many products and promotional strategies in a bid to create great demand for its products in the market place.

The company markets it's products through distributors located in different parts of the country and export to some of the ECOWAS countries.

All products can be identified under same brand name "Peugeot' with the "Lion" Logo in addition to the 3 digit figure with "o" in between two other digits i.e 504, 505, 205, the product is priced according to the total cost of the imported completely knocked down (CKD) parts the local content imput the overheads and a comfortable marging which follows reasonable discounts for its distributors.

2.10. Conclusion

The modern marketing management concept has brought with it the idea that sales volume alone is not a sound business objective. If only mandate given the sales manager was to go forth sell goods; he was given a few instructions concerning profit meaning that management assumed that profit was made through astute production rather than through shrewd marketing. It has been realised in recent times that sales alone is not the objective rather, it is profitable volume. Furthermore, today's marketing is customer oriented and takes its directions from the mandate of the markets.

Reference

1. Gilles G.B. (1990) Marketing 5th Edition Pitman U.K Pg. 3-6
2. Osaze S.B. (1991), Nigerian Corporate Policy and Strategic Management,
   centre for management development, Nigeria, Pg. 21-23.
3. Ibid.
4. Baker M. (1979) Marketing, Pg. 34-45.
5. Kurtz D.L. and Boone L.E. (1981), Marketing,
   The Dryden press, USA Pg. 6.
6. Bus Kirk R.H. (1976), Principles of Marketing Oak tree press, Texas, Pg. 4-6.
7. Osaze S.B. (1991), Nigerian Corporate Policy & Strategic Management,
   centre for management development, Nigeria, Pg. 88-90.
8. Schewe C.D. (1987), Marketing Principles and Strategies,
   Random House Inc. Pg. 33-75.
9. Unkelovarich Y. (1964) No. 64213 New Criteria for Market Segmentation,
   Havald business Review. Pg. 143-147.
10. McCarthy E.J. (1978) Basic Marketing, Irwin Inc. U.S.A. Pg. 53-77.
11. Rodney L.C. (1976) Survival and Success in a Shrinking Economy,
    Litton Educational Publishers, Inc. U.K. Pg. 225-229.
12. Mogride M. J. H. (1983), The Car Market Pion Ltd, London, NW2 SJN.
13. STANTON W.J. (1975) Fundamentals of Marketing 4th Edition,
    McGraw Hill Inc. U.S.A. Pg. 598.

14. Alfred R.O. (1960), Marketing Planning and Strategy Part 1, Havald Business Review President and fellows of Havald College U.S.A. Pg. 103-108.

List of Tables:

1. Table 2.1- The basic marketing decision area adapted from; Marketing – Principles and Strategies. Charles D. Schewe 1st Edition, Pg.35.
2. Table 2.2- Attack Strategies- Philip Kolter and Ravi Singh Marketing Warfare in the 1980's, Journals of Business Strategies, winter 1981. Pg. 30-40.
3. Table 2.3- Defence Strategies adapted from Philip Kolter and Ravi Singh, Marketing Warfare in the 1980's, Journals of Business Strategies, winter 1981. Pg. 30-41.
4. Table 2.4- Strategy Assessment. The NewBreed of Strategic planners Business week Sept. 17 (1984) © McGraw Hill Inc. Pg. 64-65.

CHAPTER 3

THE COMPANY: PEUGEOT AUTOMOBILE NIGERIA LIMITED (PAN)

3.1 History and brief introduction

1972: The federal government of Nigeria in pursuit of industrialization policy and in solving transportation problem in the country signed an agreement with Automobile Peugeot France to establish vehicle assembly plant in Nigeria.

Prior to this, SCOA was the sole importer and marketer of Peugeot brand of vehicles in Nigeria.

The actual origin of the so called Peugeot vehicle was dated back to 1819 when the first gasoline engine was produced, preceding which were several incidences of growth starting from Mr. Jean Pierre Peugeot, the Peugeot root setting up a family weaving business and fulfilling a new need identified through series of product and market research regularly carried out by the company.

The advent of austerity measure in 1983, structural adjustment program (SAP) in 1986, second tier foreign exchange market (SFEM) and foreign exchange market (FEM) as well as parallel markets, coupled with the gradual erosion of potential customer earning which affected the economy of this nation did not spare PAN at all, the company was caught up in the web of it all and had the prices of its product shooting up as the foreign exchange rates went up.

KASHIM IBRAHIM LIBRA

The production capacity, which went down as low as 20 cars per day i.e. even below 10% installed production capacity. However, the company believed strongly in their strength which include installed facilities, skilled and well trained human resources, high customer loyalty and up to date technology.

In 1986, 505 was modified to carry new dashboard in response to prestige need and crave for Nigerian car, the 505 evolution was launched. By 1996, J5 bus was introduced as a contribution to solving the country's mass transit requirements. Between 1991 and 1994, a lot of product redesigns came up on the 504 series which gave birth to the 504 'Best line' and 504 'New line' for both the saloon and station wagon. The 504 station wagon also served hospital needs when kited as station wagon ambulance. By 1994, PAN had concluded arrangement to introduce a new product before end of 1995.

The new product, the Peugeot 306 shall serve as an opportunity to update technology in PAN production lines as well as those of its local manufacturing suppliers. It was expected to attract a high market response due to its up to date standard of design and adaptability.

Local Content Development

Today PAN had over sixty suppliers supplying over six hundred components for a local content of over 31% on the most developed model the 504 SR, known as the 504 Newline (NL) and 504 Bestline (BL).

The suppliers were located across the length and breath of the nation, the technology of the parts included; foundry, stamping, plastic, rubber transformation, foam, chemicals, lubricants, electronics and electrical. Some of the parts included; (see table 3.1 below), the components were manufactured for PAN to international quality standards and for use in the assembly of Peugeot cars. Through a deletion process, the developed components ceased to come along with the completely knocked down (CKD) parts.

For in - plant parts development, over 257 dies had been made in PAN to produce over 150 different body parts used in conjunction with the dies was the automatic punching machine. Also, precision machining process was established and applied on the following; engine flywheels, piston and sleeves, brake disc, brake drum, water pump and air – condition pulleys.

LOCAL PARTS	MANUFACTURING SUPPLIER	LOCATION
Engine flywheel (raw	Canplas	Lagos
Electrical harnesses	NOCACO	Kaduna
A/C Condensers	GACOL	Otta
Engine mounting and Aluminum supports	ACL	Otta
Plastic bumpers, side lining and Boot deflectors	Modant Limited Steyr	Lagos Bauchi
Floor and Boot carpets	NASCO	Jos
Fuel filters, Window winder crank	Monaplex	Lagos
Front grill, Fuel Monogrammes, filters	Chieme	Aba
Seat foam padding	ACI	Kaduna
Batteries	West African Batteries	Ibadan
	ABMI	Lagos
Safety belts	CCI	Asaba
Paints and thinners	CAPL, Berger, Peggy	Lagos
Glues and mastic	DVC	Lagos
Metal pre-treatment chemicals	DVC/Tridok	Lagos
Windscreen and other glasses	TSG/Isoglass	Ibadan
Balanced tyres and Rims	Michelin	Portharcourt
Radiators	Quality Radiators	Portharcourt
Fender inner frames, shock absorber reinforcement e.t.c.	Udofe Metals	Igara
Exhausted pipes, seat frames	SEP	Kano
Grease, Oils and Brake fluid	Total/Agip	Kaduna
Seat covers and other interior trimmings	Polyplast	Kano

Table 3.1

Pan Local Content Suppliers.
Source: Survey 1995

473754

Training and Manpower Development

The company owned an elaborate training centre headed by an Assistant General Manager – Training and Manpower Development. The centre had been described as one of the best in the country as the Director General – Industrial Training Fund, put it at a seminar organised for PAN top management staff in April 1994; "Peugeot Automobile Nigeria Limited, Kaduna, had remained one of the leading companies in the country that have embraced training and development as intergral part of their organisation's programme inspite of its international connection", (PANNEWS July/ September 1994).

In addition, PAN extended training to its numerous distributors by training their Technical Personnel and Managers as the need arose, (see appendix A). This had helped a great deal in ensuring easy service and maintenance of PAN vehicles nationwide.

3.2 Organisatonal Structure

The company's organisational structure could be viewed from two perspectives; the corporate structure and functional structure.

The Corporate Structure

In the corporate organisational structure (see figure 3.1), the Chairman was the head of the organisation next to him were other board members who served various functions, one of which was management of the company, this mandate fell on the Managing Director (MD) who was a board member as well as the Chief Executive Officer (CEO) of the company by function. Next in line was the

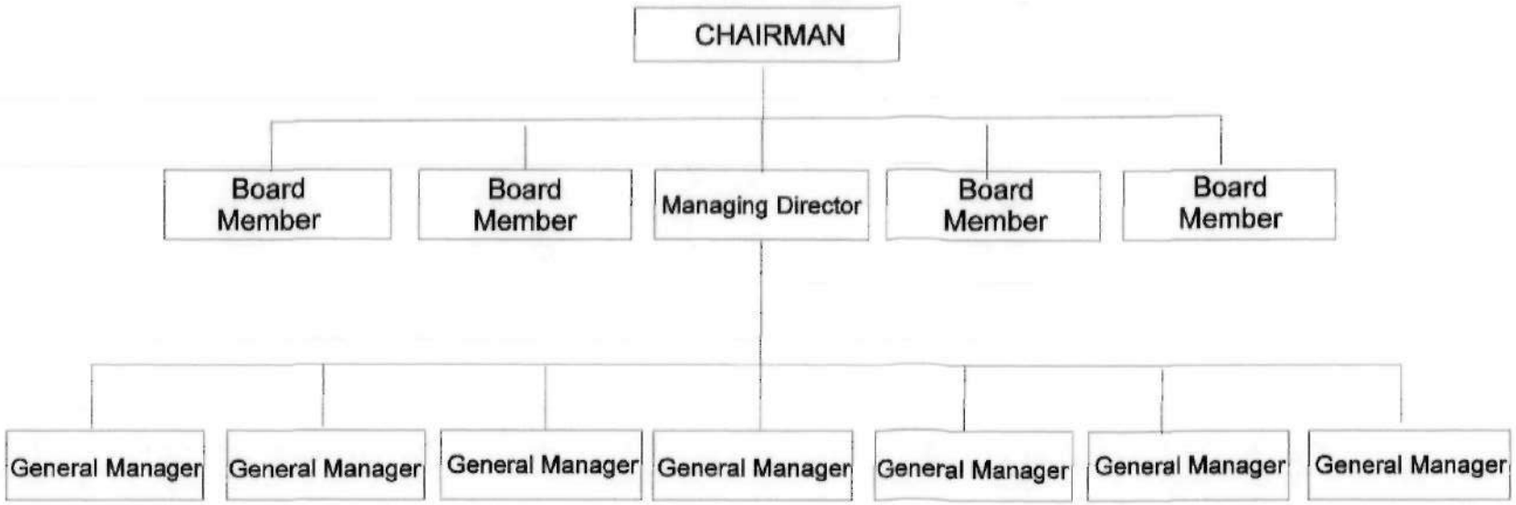
Deputy Managing Director (DMD) who was responsible to the Managing Director and all the heads of divisions were responsible to him. It is necessary to mention also that the structure on the corporate organisation chart was a reflection of the agreement of the share holders unto whom they entrusted the management of the firm at that time, while the Chairman was a Nigerian, the MD / CEO was French and the DMD was a Nigerian.

The positions of the General Managers (GM), were also shared among Nigerians and French, ably representing the Federal and State Ministries of Industries, the distributors and Automobile Peugeot, France respectively.

The functional Organisation

The mantle of all decisions fell on the MD assisted by the DMD, figure 3.2 shows the top down, the bottom up and lateral relationships existing among the key officers. In all, there were four divisions, some divisions appeared larger than others this was due to the number of sections and units that could accommodate their functions. In some cases, it was deemed necessary to separate somewhat related functions to avoid role and ethical conflicts as well as to foster better control and performance this could be found as the advertising and promotion section reporting to a head in the commercial division with the responsibility of promoting the product image while the public relation section was responsible to the head of personnel and administration with the specific responsibility to promote corporate image. The organisation charts were subject to the approval of the board of directors who should ratify or proffer modification most deemed fit to arrest the prevailing problems.

Figure 3.1 - **CORPORATE ORGANISATION CHART**



PEUGEOT AUTOMOBILE NIGERIA LIMITED
FUNCTIONAL ORGANISATIONAL STRUCTURE

Figure 3.2

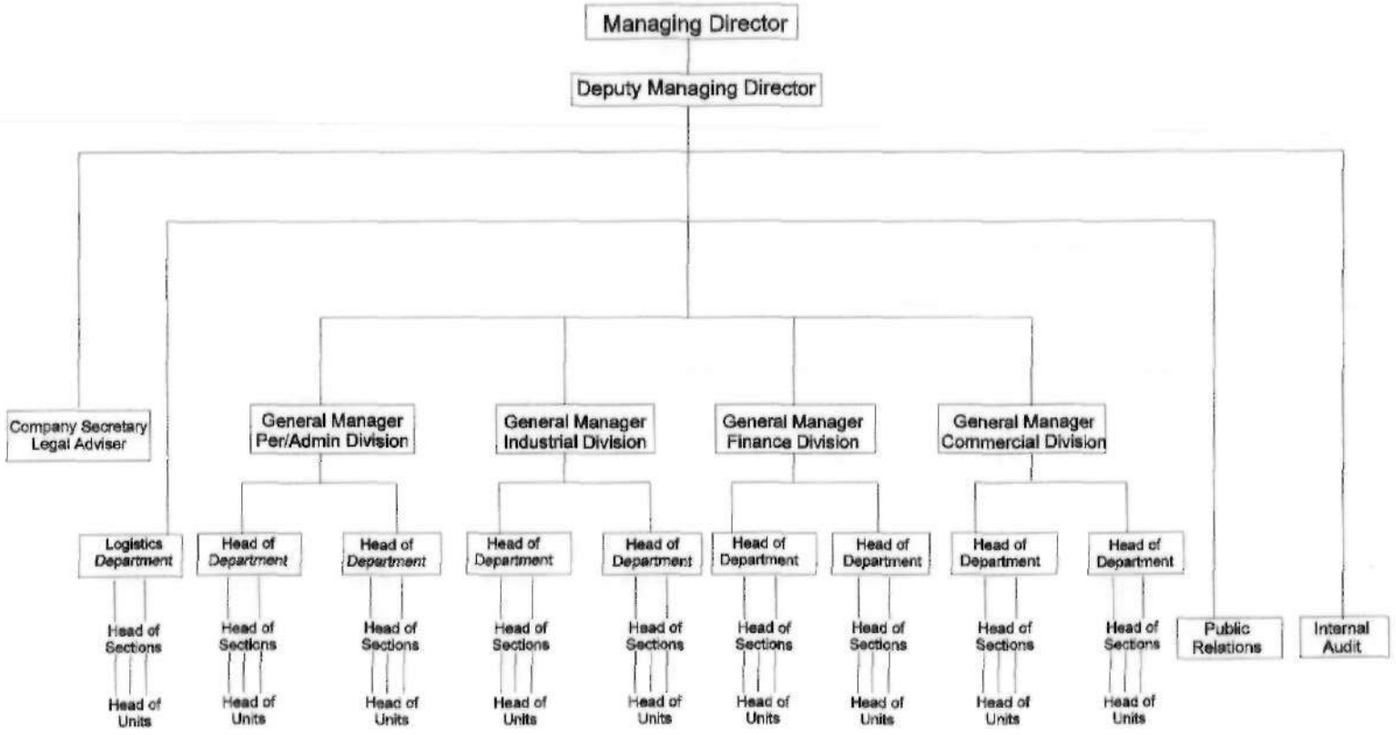
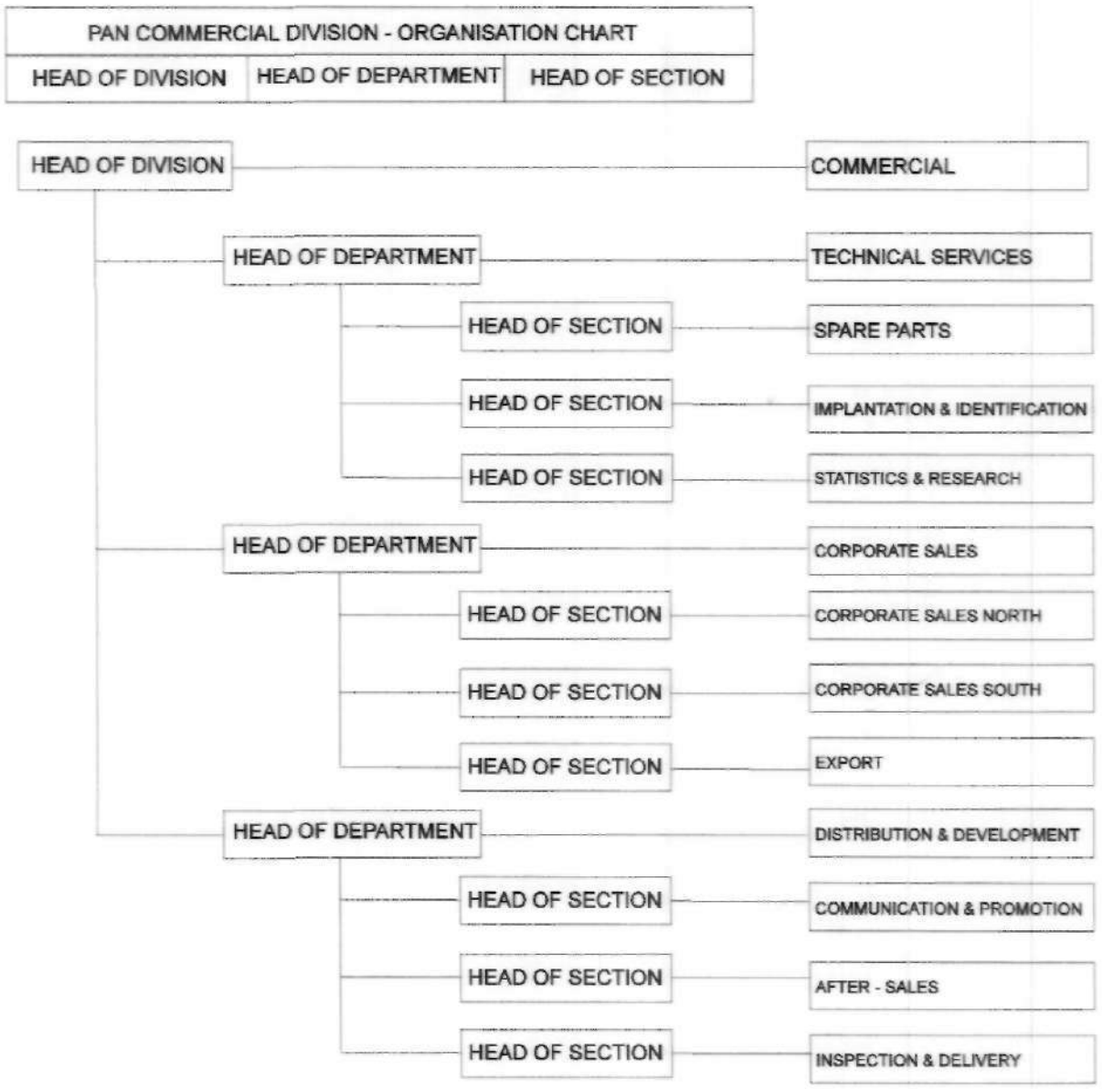


Figure 3.3

June 15, 1993



The Marketing Structure

The division was headed by General Manager (GM) commercial who reported to the DMD (figure 3.3). Next to the GM were three Assistant General Managers (AGM) heading three departments as follows;

1. Marketing / Technical Services
2. Corporate Sales
3. Network Developments and Distribution

Each department had several sections with each section headed by a Manager or Head of Section.

In addition the company had over 240 accredited distributors (dealers) all over the country as sales outlets for its products.

3.3. Marketing Objective of PAN

From the organisational structure of commercial division of PAN, one could easily say that the marketing objective of PAN was to meet the customer's need in terms of products, spare parts and aftersale services. To reach the customer at every nook and corner of the nation and even beyond the nation's boundaries (export). The above was just a rhetoric and the tools applied to meeting PAN's objectives. In actual facts the marketing objective was quantified and followed an annual pattern, it was tailored along the economic trend and reflected the corporate focus within the stipulated period. The survey discovered that marketing objective of PAN followed from the previous year's experience, the result of the various marketing research the company had conducted, the economic trends, political trend, competition and other consequential forces that

need to be considered. In 1994 for instance, the marketing objective of PAN was; to manufacture and sell 6000 cars.

The outcome was total production figure (1994) – 4,972 Units, total sales figure (1994) – 5,256 Units, adjustments were made sometimes when the demand moved beyond the previously earmarked objectives. The marketing efforts were aimed at achieving the desired target.

3.4. Marketing Strategies Employed

Product Strategy

PAN had emphasised greatly product redesign and differentiation strategies.

Product Redesign

This was modification of the original design from France to meet the taste of the Nigerian customer. It brought about products such as 505 Evolution (1988) and later, the Newline (NL) and Bestline (BL) versions of the 504 Salon and Station wagon series.

Differentiation Strategy

Full tropicalisation of PAN products gave it an edge over others. The company stressed this in most of its adverts by the use of slogans such as 'Built for Nigerian Roads' and 'The Car for Nigeria' e.t.c

Pricing Strategy

Meeting Competition

Pricing strategy was used by PAN to meet competition posed by imported new cars by other overseas manufacturers like Honda, Hyundai, Deawoo, Toyota,

etc. In this line taking the 504 GR/AC 1796cc for instance, in June 1994 was sold ₦ 550, 700 as against Toyota Corrolla 1587CC sold for ₦1, 109, 000 with a monthly average pricing increase of 10%.

PAN harrazedly shot up its price repeatedly towards the end of that year to ₦1, 055, 040. This strategy had worked for PAN as it then moved from making losses, as was claimed at the early to middle part of 1994 to making reasonable profit and generating enough revenue through sales for continuation of business. During this period, PAN had introduced competitive accessories to its range of vehicles against the imported new cars. This helped repositioning process alongside the imported new fully built up (FBU) models.

Promotional Strategy

Advertising

The 'push' strategy had tacitly been in place for as long as the market was the 'sellers market' and low competition, a turn of events set in with the economic recession which did not spare PAN's sales volume, the 'pull' strategy then came on stream with improved advertising budget.

Exhibition and Demonstration

PAN participated at all international trade fairs and carefully selected local fairs within the country as well as conferences and seminars related to automobile, examples were; workshops on automobile engineering, auto components, lubricants etc with display of some locally sourced components. Also the J5 bus was distributed widely as demonstration vehicles for sales prospects in the early 90s.

473754

Distribution Strategy

Using sales outlets through accredited distributors as major channel, with a network well distributed nation-wide already in place, these included; UTC motors, John Holt Allens motors, Leventis motors, SCOA motors, Mandillas motors e.t.c., as well as aftersales service and spare parts backup. The study revealed that most sales outlets had closed down due to declining sales, a backdrop of nation's economic recession, which undoubtedly required strategy modification.

3.5 Multinational Dimension

This was most obvious in the personnel structure of the company whereby there were positions occupied by expatriates representing the interest of a major shareholder and technical partner, Automobile Peugeot France. The representation covered many interests as follows;

1. The chief executive officer as managing director
2. General Manager industrial division heading engineering and quality control with functions including industrial methodology, production, materials and production control, purchasing and supply administration.
3. Assistant General Manager (AGM) network development and distribution with function including product advert promotion and marketing.
4. AGM budget otherwise known as budget controller in the finance division.

There were other positions such as AGM logistics and data processing and

technical advisers with the aftersales section and supply department. These expatriates while representing Automobile Peugeot France had to perform their various functions to ensure an effective and profitable running of the company.

References:

1. History of A.P. France (1986)

   A Seminar handout of PAN Training Centre. Pg. 1-2.

2. Product Knowledge and foundation of Corporate Success (1991)

   A training handout of PAN Training Centre Kaduna. Pg. 1.

3. Marketing Services for Survival (1988)

   A handout of in-plant workshop for senior/management staff by PAN Training Centre Kaduna.

4. PANNEWS April - June 1994. Pg.1.

5. Technological Developments in vehicle manufacturing in Nigeria (1993).

   A training handout presented by PAN MD at the National Seminar on Road Transportation and National Security in the third republic.

6. End of the year report (1994) of Local Content Development, PAN Ltd. Kaduna. Pg. 2-3.

List of Tables:

1. Table 3.1 - PAN Local Content Suppliers

List of Figures:

1. Figure 3.1 – Corporate Organisation Chart
2. Figure 3.2 – Functional Organisational Structure
3. Figure 3.3 – PAN Commercial Division – Organisation Chart.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Sources of Data

Primary data was sourced from three tier participants in the automobile market under study namely; the company P.A.N, main channel of distribution i.e. the accredited Peugeot dealers and lastly the users, including those who were presently using Peugeot cars and prospective users (appendix B).

Secondary data was sourced from records of marketing activities of Peugeot cars from P.A.N. Ltd. Kaduna such include, price lists, records of sales during the period under study importation statistics, P.A.N News bulletin, etc.

Data Collection Instrument.

Three separate questionnaires were developed and distributed jointly preferably to address marketers and consumers who were sometimes jointly represented. Where necessary, due to delay in response, personal interview was used to support the questionnaires.

Characteristics of Samples

The sample constituted of twenty five P.A.N marketing executives and other staff, ten accredited dealers as well as sixty five car users/ prospective car users cutting across various companies including; banks, industries, construction firms, insurance companies, government institutions and parastatals.

Data Collection Responses

Family income per annum	No. of respondents	Cumulative frequency	Percentage distribution
Over ₦300,000	24	24	26
₦201,000 –300,000	36	56	39
₦100,000–200,000	32	92	35
TOTAL	**92**		**100%**

Table 4-1: Distribution of family income by respondents.

Source: Survey 1995.

The 92% responses as indicated in figure 4-1 was accepted for the study due to adequate information supplied, over 90% of relevant information were supplied in most of the questionnaires.

Using the mean, average income earner from the respondents earned around ₦203,000 per annum and the same is the prospective PAN car user, the response further revealed low family savings of between ₦2,500 to ₦6,000 per month, which would be considered quite low regarding the prevailing price of a brand new car. The standard deviation σ was determined to further confirm the distribution and relationship of the sample to the mean σ = ₦8,590 was obtained, this indicated a close distribution of income around the mean earlier obtained i.e. (₦221,410 to 211,590) error of the mean determined for the survey

was $\sigma_{\bar{x}} = \frac{8590}{\sqrt{92}}$

= ₦895.57 which is less than ₦1000 per annum.

4.2. **Data Presentation**

The various data collected are summarized below.

Table 4 - 2 Effect of price of PAN cars on sales during 1991 - 1994

Source: Field work 1995.

NO.	YEAR	TOTAL SALES VOLUME(S) UNITS	CHANGE IN SALES (ΔS)%	AVERAGE PRICE PER CAR (P) ₦	PRICE CHANGE (ΔP)%
1	1991	13,350		173,767	
2	1992	11,756	- 11.9%	308,167	77.3%
3	1993	7, 873	- 33%	596,175	93.5%
4	1994	5,256	- 33.2%	1,563,868	162.3%

Where: $\Delta S\% = \frac{Sn + 1 - Sn}{Sn} \times 100$

And: $\Delta P\% = \frac{Pn + 1 - Pn}{Pn} \times 100$

Where Sn represents year under consideration
Sn + 1 represents the succeeding year

KASHIM IBRAHIM LIBRARY

TABLE 4 - 3 Respondents opinion of change in market segment patronage of P.A.N cars.

MARKET SEGMENT	PREVIOUS MARKET	PRESENT MARKET
Low income earners (< ₦100,000/annum)	Y	Z
Medium income earners (₦100,000- 300,000/annum)	X	Z
High income earners (> ₦300,000/annum)	X	Z
Government institution	X	X
Commercial fleet owners	X	X
Corporate bodies	X	X
Export	X	X

Response indicators X, Y, Z, used above are defined as follows;

X - Over fifty respondents agree.

Y - Not more than fifty respondents agree.

Z - Less than 10 respondents agree.

TABLE 4 - 4 Privately owned vehicle by respondent.

Source: survey 1995

NUMBER OF RESPONDENTS	FAMILY INCOME/AN (₦)	TYPES OF VEHICLES		YEAR OF LAST PURCHASE
		PEUGEOT	OTHERS	
32	100,000-200,000	5	26	1983 – 1994
36	201,000-300,000	7	36	1985 – 1994
24	> 300,000	12	18	1991 - 1994

TABLE 4 – 5 Comparisons of sales and production figures of P.A.N Cars between 1991 – 1994

Source: survey 1995

YEAR	SALES UNIT (S)	TOTAL PRODUCTION FIGURE (F)	ABSOLUTE DIFFERENCE d = (F-S)
1991	13,350	13,308	-42
1992	11,756	13,609	853
1993	7,873	6,807	1066
1994	5,256	4,972	284

4.3 **Data Analysis**

From table 4 - 2 was derived the histogram below using mid year as class boundary;

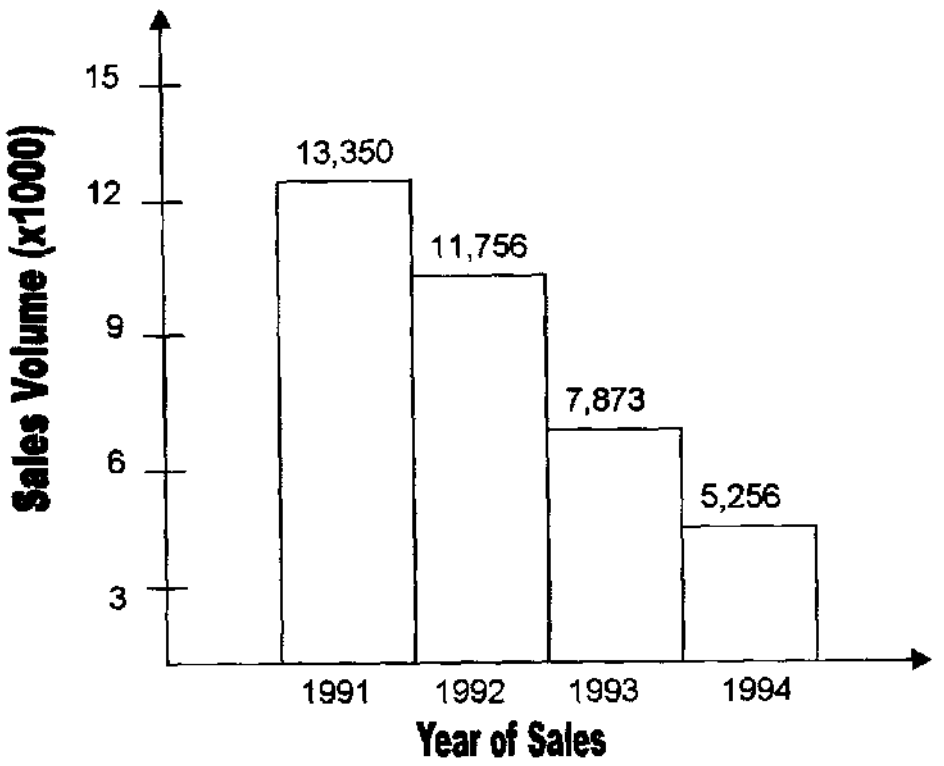


Fig. 4 - 1 Vehicle sales volume during year 1991 – 1994

Declining sales volume became clearer on instance, supporting the negative percentage change in sales observed in table 4 - 2 and table 4 - 3 along the histogram. Assuming 13,350 units as the reference cumulative total for all the sales in the entire market segment at any one year period the following table was derived.

Relative Sales Volume By Market Segment For Year 1991

Market Segment	Share of sales Volume (unit)	Relative Frequency	cumulative Frequency
Low income earners less than(₦100,000/an)	0	0	0
Medium income earners (₦100,000-300,000/an)	1,594	11.9%	11.9%
High Income earners (over N 300,000 /an)	3.883	29.9%	41.9%
Medium enterprises/ Commercial fleet owners	2,617	19.6%	60.6%
Government institutions, large corporate bodies and export	5,256	39.4%	100%
TOTAL	13,350	100%	

This revealed that the very important market segment for PAN products were the government Institutions and corporate bodies at the fore followed by high income earners then medium enterprises and commercial fleet owners.

This analysis further revealed that during the same period PAN had experienced loss of about 12% sales volume from medium income earners, 20% from high income earners and another 19% from medium corporate bodies and fleet owners. It was also observed that in the past about 41% of PAN sales were to individual buyers, while the remaining 59% was to corporate buyers. Figure 4- 2 below shows the decline in sales in relations with price increases.

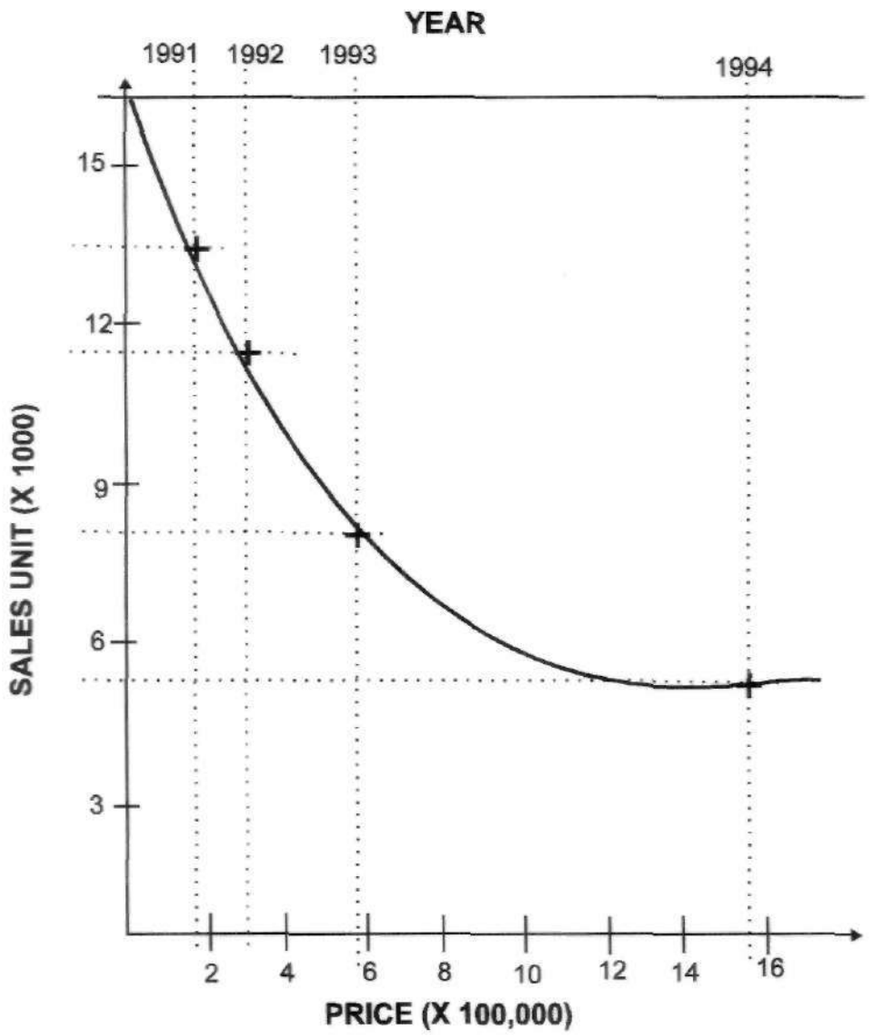


Fig. 4 - 2 Demand curve for PAN cars during 1991 - 1994

To stretch the economic law of demand a little bit more on how it affected production volume of PAN products as Table 4 – 5 revealed, production volume had been declining along with the declining sales. Demand, also serving as a major criteria in determining the marketing objective of PAN, as gathered from respondents, the marketing objectives indicated declining production volume, e.g -for 1994 the marketing objective was to manufacture and sell 6000 cars during which period only 4972 cars were produced, 5,256 cars were sold (balance was taken from inventory of cars brought forward from previous year). For 1995, the objective was to manufacture and sell 5000 cars, which showed PAN"s sensitivity and acceptance of declining sales. Between 1991 and 1994 however about 63% of sales volume had been lost to declining demand.

4.4 TEST OF HYPOTHESES

For this test the null hypothesis (H_O) was stated against the alternative hypothesis H_1 and statistically tested for.

Hypothesis 1

The first hypothesis was stated as;

Null Hypothesis:

H_O: There was no change in demand pattern from the determined market segment for PAN brand of vehicles between 1991 and 1994.

Alternative Hypothesis:

H_1: There was significant change in the demand pattern from determined market segment for PAN brand of vehicles between 1991 and 1994.

The chi - square was the statistical test used here, using 0.5 level of significance at 3 degree of freedom hence,

H_O: $X^2 < 7.8$ and $H_1 : X^2 \geq 7.8$

But the resultant X^2 = 12.24, which is higher than the 7.8 - the null hypothesis was therefore rejected and the alternative hypothesis was accepted.

HYPOTHESIS II

The composite desire for particular product as measured by how consumers choose to allocate their resources among choice of products in a given market known as demand, this product brought about the second hypothesis and it was stated as;

Null hypothesis.

H_O - That the price change is significant to the sales volume of PAN vehicles.

Alternative hypothesis -

H_1 - that price change is not significant to the sales volume of PAN vehicles.

After determining the expected link difference of sales volume in relation to price change as ≥43.6%, the hypothesis was restated as;

Null hypothesis H_O: $\mu \geq 43.6\%$

Alternative hypothesis H_1 $\mu < 43.6\%$

The student τ - test was applied to test the hypothesis, using 5% degree of freedom. The determined τ was 1.522 where as from the τ distribution table; critical value τ_O was given as:

H_O: $\tau_0 \geq 2.353$

But τ $= 1.522$

Hence τ_0 $> \tau = 1.522$

Therefore the null hypothesis was rejected and the alternative hypothesis was accepted.

This implied that price change is not exclusively significant on sales volume whereby demand of PAN products over the years had been inelastic and the demand did not follow the unitary elastic pattern.

This is further buttressed in the works of Aminu A. Musa (1994) "strategic advertising in Peugeot Automobile Nigeria Limited", where he observed a significant relationship between amount spent on advertising and sales volume highlighting the important role of advertising on sales volume besides prices of PAN products.

HYPOTHESIS III

This seeks to find out the influence of sales on production volume of the company.

The null hypothesis was stated as

H_O: There is a significant relationship between production and sales volumes of PAN vehicles. I.e.

H_0: $d_0 = 0$

The alternative hypothesis was given as

H_1 There is no significant relationship between the production and the sales volumes of PAN vehicles. I.e.

$H_1 : d_1 \neq 0$

An evaluation of the standard deviation for the quantity index for both production and sales during the four-year period using 1991 as base was performed and was found to be 0.56. The observed difference between the quantity index for production and sales was 0.008

Using the sampling distribution of the difference "d" to test the hypothesis, the observed difference 0.008 is 0.014 standard deviation above zero (0.008 = 0.014 x 0.56), since 0.014 is less than the 1.282 standard deviation at ten percent level of significance it showed that the difference is not significant, therefore, the null hypothesis was accepted.

$H_0 : \quad d \geq 0.014 \leq 1.282$

$H_0 : \quad d \neq 0 \geq 0.014 \leq 1.282$

Confirms that the production volume was significant to the sales, which was thereby translated into marketing objective as revealed by the study.

CHI-SQUARE FOR HYPOTHESIS 1 (X, 10^6)

Market Segment	Share of Sales Volume	Fo	fe	fo - fe	$(fo - fe)^2/fe$
LIE	0	0	0	0	0
MIE	11.9	1.594	.625	0.969	1.50
HIE	29.1	3.883	1.572	2.311	3.407
ME/CFO	19.6	2.617	1.030	1.587	2.44
GI/LCB	39.4	5.256	2.071	3.185	4.90
TOTAL		13.350			12.24

QUALITY INDEX FOR PRODUCTION AND SALES (1991 – 1994)

YEAR	QUANTITY INDEX AVERAGE SALES X_1	QUALITY INDEX AVERAGE PRODUCTION X_2	
1991	-	-	**Note:**
1992	0.88	0.947	**BASE = 1991 = 1**
1993	0.589	0.511	
1994	0.39	0.374	
Mean of Average	0.619	0.611	473754

SOURCE: Field work 1995

References:

1. J. C. G and COX E.D – (1974) STATISTICAL ANALYSIS FOR MANAGERIAL DECISIONS, Mc. Graw – Hill Books Inc. N.Y, Pg. 253 – 254 and 438 –508

2. PATCHETT I. S. – (1982) STATISTICAL METHODS FOR MANAGERS AND ADMINISTRATORS. – Van Voshrond Reinhold Comp. Incorporated, Pg. 234 – 246.

KASHIM IBRAHIM LIBRARY

CHAPTER FIVE

CONCLUSION

5.1. Summary

The study revealed that the company was not oblivious of strategic approach to marketing its products. The marketing strategies of the company were clearly observed as managed along the marketing mix and cut across the product, the price, distribution and promotion. However, efforts need be put in the areas of product as reavelved by the study, that products could have cut across most segments in the automobile market. The existing products were beyond the reach of certain segments that had to make do with lesser brands and categories sourced from other companies.

- It was also obvious from the study that PAN market had totally shifted from consumer/individual buyers to industrial buyers.
- The responsiveness of PAN to the changes in the automobile market was very low.
- The lost market segments was due to large disparity between the income of the affected group and the prices of new Peugeot vehicles.
- That input component prices both CKD and local content had significant contribution to the vehicle prices.

5.2. Recommendation

The study showed that PAN had vast opportunity yet to explore in the automobile market in Nigeria, the following strategies could be considered along with the existing strategies that PAN already had in place.

Focus Strategy

Here PAN will have to take close guard of the existing buyers i.e. the industrial buyers and provide the products and services in such a manner to ensure consistent loyalty, personal selling can prove effective.

Aggressive Strategy

This is an offshoot of market leader strategy identified earlier in the study. PAN can on adopting this strategy increase its total or relative market share by taking away market share from competitors. There will be need for money and effort to be spent in order to pull held-out customers away from other brands.

Attack Strategy

This is to be a complement on the former.

Bearing in mind that producers have a wide range of choices and are free to supply what they want as long as they act in accordance with the law and government regulations, PAN not being an exception. But for improvement on the present sales performance, it must translate what it knows about automobile market demand into the number and kind of products and services it offers.

As PAN has the management capabilities and economy of scale as some of its distinctive competences, the company can design schemes to strangulate "Tokunboh" vehicles market, strategic pull needs be applied whereby the products are encouraged from "been to" to "would be" at a lower cost. For example, if PAN sets up a section under its technical services whereby vehicles

used for a period of time could be exchanged after evaluation for new ones by just paying a difference, the old vehicle is put back to refurbished level and a period of auction systematically designed and communicated is set up so that the loss segments can purchase same at rate within their own capabilities and still stay as PAN loyal.

The above shall be borne in mind what shall be termed "system of trail" for each new vehicle sold, whereby the product's life is monitored as long (predetermined) as the market can still absorb it.

Thus targeting new market, market expansion will be the result, as implied by the following;

The Tactics

- Repurchase fairly used PAN vehicles
- Refurbish repurchased vehicles
- Auction to second hand vehicle buyers

The outcome

Second hand Vehicle market	New vehicle market
- Gain of tokunboh market share	- Faster diffusion through exchange
- Reduced importation of used vehicles	- Higher sales volume
	- Increased market share
	- Increased production volume hence better utilization of installed capacity.
	- Improved overall company performance

The farther the reach the faster the lost segments can be regained. However, there is need to first evaluate the viability of such an additional investment function in PAN business. What PAN should know as well is that it will through this means not only be attracting old loyals but the medium to promote its proficiency in technical assistance to its numerous industrial buyers. Refurbished car sellers may stir up competition with imported "Tokunbohs"

- The accredited dealers need be reoriented as the pull strategy need be applied strongly and consistently.

Infiltrate Government Decisions

- Another question that comes to mind is to ask if the company's mission is;

(a) to market Peugeot products profitably in Nigerian market

or

(b) to produce and market Peugeot products profitably in Nigeria.

If (b) is presumably considered to be stronger in relation to (a), even though, the demand evaluation in the study indicated no significance on profitability. Then local content development effort on PAN is highly vital, as the components soar along with time and reflect equally on the vehicle prices beyond the reach of over 40% of its previous customers, it would be right for PAN to signify extra-ordinary interest and strategically manipulate government decisions and programs in the industries of hope namely; the petrochemicals and steel rolling mills and other areas of relevance.

473754

Definition Of Terms:

1.	C.F.O. -	Commercial Fleet Owners
2.	E.T.C. –	and so on
3.	G.I. –	Government Institution
4.	HIE –	High Income Earners
5.	i.e. –	that is
6.	I.T.F. –	Industrial Training Fund Organisation
7.	J and J –	Johnson and Johnson Co. Inc. U.S.A.
8.	LCB –	Large Corporate Bodies
9.	LIE –	Low Income Earners
10.	Ltd –	Limited
11.	ME –	Medium Enterprises
12.	MIE –	Medium Income Earners
13.	P.A.N. –	Peugeot Automobile Nigeria Limited
14.	S.B.U. –	Strategic Business Unit

PAN distributors out with resolution

THE End of Year General Meeting between members of PEUGEOT DISTRIBUTORS ASSOCIATION and Management of PEUGEOT AUTOMOBILE NIGERIA LIMITED took place in Lagoon Restaurant, Lagos on 2nd December, 1992.

The meeting was aimed at reviewing 1992 marketing year, the achievements and lapses.

The following resolutions were jointly issued after the meeting:

1. To appeal to the Federal Government of Nigeria as a matter of urgency to control the indiscriminate importation of substandard vehicles most of which are not tropicalized and are outdated and the spare parts for most of them not available in this country, not even in their country of origin.

The house considered the idea of free market concept with poor quality products as unfair and destructive to our economy.

2. The need to protect local assembly plants who have invested heavily and maintain very large labour force both in their plants and their networks.

3. That the Federal Government should back up strongly the Standards Organization of Nigeria (SON) to check influx of fake spare parts that have contributed to various road accidents in the recent past leading to loss of lives and property.

4. That Peugeot Automobile Nigeria Limited (PAN) should intensify its leading efforts to improve sourcing of local content in order to continuously reduce the cost of their vehicles.

5. That PAN should continue to support Distributors in the area of manpower development by training, so that they can meet up with even growing challenges in present competitive situation.

6. That PAN should keep direct sales to a minimum of channelling whenever possible, the orders through their Distributors who were appointed to cover the whole country in terms of sales and after sales support.

7. That members of the Distributors Association should develop their workshops to offer after services so as to maintain vehicles on road.

8. That Distributors should maintain a high standard of services for the satisfaction of customers (in public relations, advertising, sales, pre-delivery, after sales and spare parts.

From page 16

List of J5 bus course beneficiaries in 1992 "J5 effective driving" for 1992

S/N	NAME OF PARTICIPANTS	PROFESSION	EMPLOYER
1	Okon Bassey Edim	Driver	Akwa Ibom Transport, Uyo
2	Uduak Bassey Ukpong	"	" " " "
3	Jonah A. Etukudoh	"	"
4	Mathew A. Eneyo	"	"
5	Abatcha Ali	Driver	Borno Express Maiduguri
6	Bashir A. Umara	"	"
7	Ahmadu Sidi	"	"
8	Ali Uba Sule	"	"
9	Mohammed Isa	"	"
10	Mohammed A Goni	"	"
11	Michael Ogbonna	Driver	Chidi Ebere Transport.
12	Sunday Umesiri	"	"
13	Etheibert Ukachukwu	"	"
14	Yusuf Mohammed	Driver	Yobe Line, Yola
15	Abacha Kole	"	"
16	Ibrahim Bala	"	"
17	Gbadamasi Haleru	Driver	Katsina Transport Authority
18	Hamza Ishayaku	"	"
19	Hassan Sabo	"	"
20	Ibrahim Lawal	"	"
21	Dalha Umaru	"	"
22	Lawal Tsiyaku	Driver	Nigeria Postal Services, Kaduna.
23	Jacob Ishaya	:	"
24	Cletus Maaeze	"	"
25	Vincent Olokwu	"	"
26	Adamu Zakari	"	"
27	Umoru Garba	"	"
28	John Acholo	"	"
29	Simon Bako	"	"
30	Philip S. Odeh	"	"
31	Peter Geowan	Driver	Nigerian Army 1.Div. Kaduna
32	Musa Usman	"	"
33	Anyo Kachina	"	"
34	Joshua Jegede	"	"
35	Jacob Agboola	"	"

J5 bus effective driving 1993

S/N	NAME OF PARTICIPANTS	PROFESSION	EMPLOYER
1.	Buba U. Dahiru	Driver	Nigeria Airways, Kano
2	Adamu Abu	"	"
3	Ugbogu Harrison	"	Nig. Airways, Port Harcourt
4	Jaja Nathan Miller	"	"

J5 Bus Maintenance 1992

S/N	NAME OF PARTICIPANTS	PROFESSION	EMPLOYER
1.	Emmanuel Achebe	Mechanic	Nig. Army 1Div. Kaduna
2.	Cyprian Agbo	"	"
3.	Augustine A. Enoh	"	"
4.	Ibrahim Ali	"	"
5.	Alfred F. Keluru	"	River State Transp. P/Harcourt
6.	Etefia Isong	"	"
7.	Essien P. Ufot	"	Akwa Ibom Transport, Uyo.
8.	Amos S. Adegoke	"	Owena Mass Transport, Akure
9.	Babatunde I. Ajayi	"	Owena River Basin, Akure.
10.	Sunday A. Adeogun	W/shop Mgr.	Ogo Oluwa Kita, Osogbo
11.	Rafiu Salawu	Mechanic	Kwara State Transp. Ilorin
12.	Abdullahi M. Kudu	"	"
13.	Frederick Ezinoh	"	Amazu Motors, Umuahia
14.	Mainema Saidu	"	Kaduna State Transp. Kaduna.
15.	Shehu Mustapha	"	"
16.	Charles Okocha	"	Mandilas Motors, P/Harcourt
17.	Emmanuel Uwah	"	Savannah Sugar Comp. Yola
18.	Haruna K. Usman	"	Borno Express, Maiduguri
19.	Musa J. Baba	"	Kogi State Transp. Lokoja
20.	Augustine C. Otobo	"	P. N. Emerah, Onitsha.

APPENDIX B

Department of Business Administration
Institute of Administration,
Ahmadu Bello University Zaira.
Date:-

Dear Sir / Madam,

RESEARCH QUESTIONNAIRE

I am conducting a research on Marketing Strategies of Automobile Industries in Nigeria in partial fulfillment for the award of a masters degree in Business Administration by the Ahmadu Bello University Zaria.

I assure you that your responses shall be treated in strict confidence and only be used for none other than academic purposes.

Thanking you in anticipation of your esteemed cooperation.

Yours sincerely,

Bello Omolara (Mrs.)

RESEARCH QUESTIONNAIRE SUBJECT: MARKETING

1. Company name:.....

2. Company Business:.....

3. Position of respondent:.....

Managing Director [ ], Gen. Manager [ ], [ ],Sales Manager [ ], Others [ ].....

4. Mention 4 Brands of cars you market as new cars..(1),.....

(2).....(3).....(4).....

5. For the Peugeot Brand, give the models you market in decreasing order of sales volume in unit (e.g- A < B = C < D).....

.....

6. Please complete the tables below;

6.i,

YEAR	SALES VOLUME IN UNIT/MODEL			
1991				
1992				
1993				
1994				

6.ii,

YEAR	TOTAL SALES (VEHICLES)	
	UNIT	NAIRA
1991		
1992		
1993		
1994		

7. If you also import cars, complete the table below for all new cars imported during same period.

YEAR	TOTAL IMPORTED NEW CARS (UNIT)
1991	
1992	
1993	
1994	

8. How do you participate in determining your customer s desire?.....

.....

9. What strategies have you adopted for marketing of Peugeot cars especially?

.....

.....

10. What are the major constraints encountered in marketing considering 9. above, select below and discuss briefly.

473754

[ ] Finance .....

[ ] Competition.....

[ ] Product design.....

[ ] Warehousing .....

[ ] Distribution.....

[ ] Others .....

11. Our present market consists of;

a.[ ] Government institutions, b.[ ] Corporate bodies, c. [ ] Commercial fleet owners,

d.[ ] High income earners, e.[ ] Medium income earners, f.[ ] Low income earners.
(>N300,000/an) (N300,000-100,000/an) (<N100,000/an)

g. [ ] Export.

KASHIM IBRAHIM LIBRARY

12. Our past market consisted of ; (from a - g above) .....

13. We expect our future market to consist of; (from a-g above).....

14. Discuss briefly how you think the present situation can be improved

.....

.....

.....

.....

TO CONSUMERS

RESEARCH QUESTIONNAIRE SUBJECT: MARKETING

1, RESPONDENT- [ ] MALE , [ ] FEMALE. NATIONALITY.....

2, OCCUPATION:- SELF-.....SPOUSE-.....

3, AGE GROUP:- [20 - 29], [30 - 39], [40 - 49], [50 - 59], [60 - 69].

4, FAMILY INCOME (Salary plus other sources)/MONTH-.....

5, AVERAGE MONTHLY FAMILY SAVINGS-.....

6, TOTAL NUMBER OF CARS IN THE FAMILY:- [ ] 1, [ ] 2, [ ] 3, [ ] 4 , > 4.

7, NO. OF PRIVATE CARS:- ....., NO. OF OFFICIAL CARS:-.....

8, YEAR OF LAST NEW CAR PURCHASED:-(1) OFFICIAL-.....,(2) PRIVATE-.....

9, AVERAGE MAINTENANCE COST / MONTH:-(1)PRIVATE.....,(2)OFFICIAL.....

10,i, BRANDS OF CARS OWNED.....

10,ii, NUMBER LOCALLY MANUFACTURED..[ ] 1, [ ] 2, [ ] 3, [ ] 4, [ ] > 4.

10,iii, " IMPORTED NEW .[ ] 1, [ ] 2, [ ] 3, [ ] 4, [ ] > 4.

10,iv, " IMPORTED SECOND HAND .[ ] 1, [ ] 2, [ ] 3, [ ] 4, [ ] > 4.

11, FAVOURITE BRANDS AND MODEL(S).....

12, REASON FOR YOUR FAVOURITE CHOICE OF CAR :- [ ] COST OF MAINTENANCE, [ ] AESTHETIC VALUE, [ ] ENGINEERING QUALITY, [ ] STATUS QUO, [ ] COST PRICE, [ ] SPARE PARTS AVAILABILITY, [ ] OTHERS ,PLEASE SPECIFY.....

.....

473754

1. Company name:.....

2. Company Business:.....

3. Position of respondent:.....

Director [ ], Gen. Manager [ ], AGM. [ ], Manager [ ], Senior Officer [ ],Other [ ].

4. Function of respondent:.....

Marketing [ ], Production [ ], Personnel [ ], Finance [ ], Technical [ ], Others [ ]

5. How long have you been on 4 above?.....Year: 0-1 [ ], 1-2 [ ], 3-5 [ ],>5 [ ]

6.i, Is your company wholly or partly Nigerian?.....

6.ii, If partly Nigerian,give the ownership structure ;

Nigeria [.....%] Foreign Partners [.....%] Others [.....%].

7. Is marketing function centrally coordinated by the foreign headquarters?. a.[ ] Yes, b

a. Yes [ ], b. No [ ].

8. Indicate the company s staff strength in figures below;

Entire Company....., Production Dept.....

Marketing Dept.....

9. Give a list of your present product line in order of decreasing relative importance of sales in the past one year;(e.g. A>B=C>D etc.)

.....

10. State briefly the Marketing Objective Of your Company for ;

Year 1994	Year 1995
.....	.....
.....	.....
.....	.....

11. Please complete the tables below:

11.i.

YEAR	AVERAGE PRICE/UNIT/PRODUCT			
	504GRAC	504NL	504SWORD	505GR
1991				
1992				
1993				
1994				

473754

11.ii.

YEAR	SALES		TOTAL PRODUCTION FIGURE
	UNIT	REVENUE N	
1991			
1992			
1993			
1994			

12. Our present market consists of;

a.[ ] Government institutions, b.[ ] Corporate bodies, c. [ ] Commercial fleet owners,

d.[ ] High income earners, e.[ ] Medium income earners. f.[ ] Low income earners.
(>N300,00/an) (N300,000-100,000/an) (<100,000/an)

g. [ ] Export.

13. Our past market consisted of ; (from a - g above) .....

14. We expect our future market to consist of; (from a-g above).....

15. At what stage of the product does the marketing dept. get involved?.

a.[ ] Concept,b.[ ] Design, c.[ ] Market testing, d.[ ] Research and development,

e. [ ] Production, f. [ ] Sales, g. [ ] Others.....

16. What motivates new designs / design modification.....

.....

.....

17. What type of competition exist in your type of market?.....

.....

18. What promotional methods are currently being adopted by the company?.....

.....

.....

19. What do you consider as the major constraints to the marketing of your products?

.....

.....

20. What strategies are presently being adopted, considering, the current sales volume in unit and in Naira as well as the market share?.....

.....

.....

.....

.....

21. Discuss briefly how you think the present situation can be improved

.....

.....

.....

.....