DEVELOPING SUSTAINABLE STRATEGIES FOR THE MARKETING OF INDUSTRIAL STARCH IN NIGERIA: "A CASE STUDY OF RAPHY JAY AGRICULTURAL AND FOOD PROCESSING COMPANY"

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A PROJECT IN THE DEPARTMENT OF BUSINESS ADMINISTRATION SUBMITTED TO THE POST-GRADUATE SCHOOL IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, AHMADU BELLO UNIVERSITY, ZARIA.

SEPTEMBER 2000

DEDICATION

TO:

MY LATE MOTHER: MRS KEZIAH A. EDHERE,

MY JUNIOR BROTHER : PROSPER EDHERE,

AND MY DAUGHTER: FAITH OGHENEKARO EDHERE.

DECLARATION

I WISH TO DECLARE THAT, ASIDE THE USE OF JOURNALS, BOOKS FROM RELATED LITERATURE AND THE GENERAL REFERENCES MADE IN THE BIBLIOGRAPHY, ALL OTHER FACTS GATHERED WERE AT THE DISCRETION OF THE RESEARCHER, AND AS OF THE TIME OF CONCLUDING THIS PROJECT NO SIMILAR TOPIC HAS BEEN WRITTEN BY ANYONE.

RAPHAEL UJIROGHENE EDHERE

28:09:2000

CERTIFICATION

This project report entitled: DEVELOPING SUSTAINABLE STRATEGIES FOR THE MARKETING OF INDUSTRIAL STARCH IN NIGERIA: "A CASE STUDY OF RAPHY JAY AGRICULTURAL AND FOOD PROCESSING COMPANY" By EDHERE RAPHAEL UJIROGHENE meets the regulations governing the award of the degree of MASTERS IN BUSINESS ADMINISTRATION, of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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ABSTRACT

It is generally agreed by most marketing authors and professionals alike that the marketing of industrial products and services has its own special characteristics, and is often quite different from the marketing of consumer products and services, including consumer durables, even though these may also be very technical.

Be that as it may, the marketing of industrial products also varies according to different classes. It is this line of reasoning that prompted the researcher to undertake the study of developing sustainable strategies for the marketing of industrial starch, bearing in mind that industrial starch falls under the industrial product classification of raw materials. The case study for this research happens to be a small firm which under normal conditions may not survive where the big ones are showing great strength through massive advertisements, bulk purchasing of raw materials taking advantage of quantity discounts etc.

But the firm in question has been able to survive thus far by first identifying a market niche which it can profitably serve and

segmenting the market by usage segmentation. It is therefore of interest to investigate the development of the sustainable strategies of the firm for marketing it's industrial starch.

This write up constitutes five chapters. The introductory chapter deals with the objectives, problems, and scope of the study, research methodology as well as the definition of terms.

Chapter two deals extensively on the review of related literature. The major areas highlighted include the definition of marketing, strategy and comparing consumer and industrial marketing mixes. Other areas of interest are prodding into the various perspectives of sustainable competitive advantage and the various views of authors defining the industrial market.

Chapter three covers a brief historical account of Raphyjay Agricultural and Food processing Company, the case-study for this research work, the objectives of the company, the production facilities and processes involved in the manufacture of industrial starch. Also the company's marketing strategies are highlighted.

Chapter four consists of presentation of data and analysis. The major point here is the statement of hypothesis that the cost of personal selling is directly related to turnover levels, which was subjected to statistical test proof the validity of this statement. The research results obtained were interpreted.

Chapter five covers the research finds, recommendations and general conclusion.

From the test of hypothesis, it was found that changes in personal selling expenditure of firm have direct impact on the level of turnover.

It is thus recommended that the intensity of personal selling be encouraged since the regression model developed proved to be statistically reliable for the purposes of estimation. Finally the firm is encouraged to invest into developing better sustainable strategies of serving the market niche carved for itself so as to remain in business in the foreseeable future.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 GENERAL INTRODUCTION

Most authors of marketing and professionals in the field of marketing generally agree that marketing of consumer's products and industrial products differ markedly in very many ways.

This means that the strategies which may achieve visible positive results in consumer products marketing may not be applied in the same way in industrial marketing to realise the same degree of success.

The size of the firm comes to play when firms of various sizes are operating in the same industry. The strategy to employ in ensuring that the firm survives against big firms must take into account the use of market segmentation. In the process of actually segmenting the market, one may find a niche, which may be better served by a small firm.

It is this interesting feature of RaphyJay Agricultural and Food processing company that has propelled the researcher to investigate the process of systematic development of sustainable strategies for the marketing of the firm's industrial starch. Certainly the findings of this research may be of interest to other small firms operating and competing against bigger firms in the same industry.

1.2 STATEMENT OF THE PROBLEM

Industrial starch is one product that has wide applications in a whole range of industries in Nigeria. Although the production of starch is easily carried out given the presence of abundant fresh cassava tubers across most of the ecological zones of Nigeria, available technology, the marketing of the resultant product, industrial starch, has had a lot of attendant problems.

From general observations, it does seem as if most of these industrial starch-producing firms have been applying the production concept where producers process raw materials into finished products in the belief that there is a potential market for the product and that customers will after some time begin to buy.

The problem also is about the fact that some producers believe that they can also market industrial starch like any other consumer product. They therefore subject industrial products like starch to the same marketing strategies as consumer products and the end result is that of near total failure of the product.

Although there are certain factors common to both consumer and organisational buying behaviour, there are also numerous points of

difference. They fail to understand that there are certain features of organizational buying, which are not found in consumer marketing. Perhaps the problem could also be that all strategies evolved by these firms are rather focussed on the short term rather than developing a broad plan of action for using an organisation's resources to meet its long term goals and objectives. And because this is entirely lacking, the marketing of their products have tended to succeed for a while and then there is a quick reversal of events. The problem then boils down to one of developing sustainable strategies for the marketing of industrial starch such that the goals and objectives of the firm are not set aside, but are achieved.

1.3 OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

1. To determine the precise nature of industrial products.
2. To reveal facts about the industrial marketing process that will assist in the development of sustainable strategies for the marketing of industrial starch.
3. To determine factors that influence industrial buying behaviour of starch.
4. To determine who are involved in the buying process of industrial starch and the influence they command.

5. To highlight how industrial customers arrive at their decisions to buy.
6. To develop sustainable strategies for better marketing of industrial starch.
7. To understand the marketing functions of the firm and suggest ways and means to improve upon them.
8. To attempt to supply more information to draw the attention of industrial marketers of starch to marketing opportunities that exist and hence improve upon the marketing of starch and accomplish more in terms of sustainable marketing management.
9. To identify the company's marketing problems
10. To identify the company's strengths and weaknesses in the marketing of Industrial starch.
11. Making suggestions and recommendations that will enable the firm meet its goals and objectives, while serving its customers better.

1.4 SIGNIFICANCE OF THE STUDY

This research is important because it will assist in drawing a clear line of distinction between the marketing of industrial products on one side and consumer products on the other.

This study is also significant, as it will serve as a useful source of facts and information for the conduct of research on other industrial products.

Another importance derived from carrying out this study is that it will serve as a starting point for further research by other persons who might be interested in this area of study.

This study will also serve as a good source of reading material for both professional marketers and non- marketers alike.

1.5 LIMITATIONS OF THE STUDY

One of the limitations of this study is that there exist some degrees of inaccuracy due to the presence of human error, which can by no means be totally eliminated by the researcher. This is so much so because of the bias upheld by respondents in the filling of questionnaires.

Another limitation that confronted the researcher was lack of time as well as financial constraint, which led to the decision to restrict this study to the industrial market for starch that exist in Kaduna metropolis.

The unco-operative attitude of respondents to filling out the questionnaires in time largely caused undue delay in the progress of this research work.

1.6 SCOPE OF THE STUDY

This research covers only the marketing of industrial starch. It does not bother on the consideration of any other industrial product.

This research is limited to Kaduna, bearing in mind that availability of funds to the researcher was highly restrictive.

This study considers only the marketing of industrial starch of the company and tries not to dwell so much on other functional departments of the firm being used as a case study.
This research considers starch more as an industrial raw material rather than as a consumer product.

1.7 RESEARCH METHODOLOGY

A research work of this magnitude must make available reliable data and apply the use of relevant statistical analytical tools to ensure reliability and consistency of research results and findings.

It therefore follows that the method of data collection, delineation of research sample and data processing should be appropriate and reliable. The research population for the study, the process of sample selection and the methods of data analysis are explained.

(a). THE RESEARCH POPULATION

The research population comprise of all laundry houses operating in Kaduna metropolis. These laundry houses wash, press, and dry clean various kinds of fabrics. On the average, there is an estimated 100 laundry houses in Kaduna metropolis and all of them usually buy industrial starch as one of the vital raw materials for their production process.

(b). SAMPLING PROCEDURE

The simple random sampling technique was adopted in delineating the research sample as a measure of reducing bias in the representation of the entire research population. This was generally adopted so as to attain some reasonable degree of acceptability of this research work.

©. RESEARCH SAMPLE

Out of about 100 laundry houses in Kaduna metropolis, 45 of them were randomly drawn to form the research sample. These laundry houses differ

in their sizes of operations ranging from the large, moderately large, and the small outfits.

A research sample of 45 percent of the entire population should be significant enough in ensuring that research findings are far reaching.

(d). SOURCES OF DATA COLLECTION

The researcher employed the use of primary and secondary data in the course of carrying out this study.

The primary data was obtained from filled responses to administered questionnaires by mainly the Chief Executives and Managers of these laundry houses.

Secondary data were obtained from operating financial reports; feasibility reports and related marketing journals.

(e). INSTRUMENTATION

The major technique employed for data gathering in the course of carrying out this study was the questionnaire method.

THE QUESTIONNAIRE METHOD

Questionnaire is a systematic device for gathering responses to questions by using a form which respondents complete them-selves. The questionnaire is a structured, facilitative, comprehensive data-gathering tool. Thus, Usman . A. Zahradeen (1995) states that the essence is to ensure uniformity and consistency so that each respondent is asked the same set of questions and their responses can be more meaningful when

comparing them. Also respondents tend to be more objective as confidentiality can easily be built into the system.

The researcher took tme to construct the questionnaire based on the assumed scope of the study in very self-explanatory language so as not to receive ambiguous answers.

The researcher had the advantage of receiving all the completed questionnaires in English language as all the Chief Executives and Managers of these laundry houses are literate.

Some of the questionnaires were kept for as much as 30 days by the respondents and it was only through persistent regular calls, they were completed and collected.

The questionnaire for this study was structured to cover benefits sought from industrial starch by the laundry outfits; sources of awareness of industrial starch; factors influencing selection of a particular brand of industrial starch; benefits realised from useful business suggestions by industrial starch producers and suppliers; reciprocal business relationships that exist. Other important areas covered were how these laundry outfits would want their industrial starch packaged and why; to determine which member of the decision making unit is most influential in deciding the brand of industrial starch to purchase.

These questions were asked to reveal the desired level of these attributes, which offer this laundry houses the maximum level of satisfaction, for only when this is ascertained, that industrial starch producers/suppliers may

continuously strive to the level of customer satisfaction by employing carefully formulated marketing strategies to sustain the market.

(f). METHODS OF DATA ANALYSIS

The researcher applied the use of simple percentage point analysis of collated primary data obtained from field survey and presented in tabular forms for ease of comprehension and understanding. The tables formed were then analysed and described to provide an explanation for the pattern the data has taken. This was necessary to ascertain the degree of occurrence of certain factors, which influence the marketing of industrial starch in Kaduna metropolis.

In testing the only statement of hypothesis of this study, the researcher employed the use of the simple linear regression model of the form of

$Y = a + bX$.

Where :

Y = the dependent variable (Annual turnover of Sales)

a = a constant (the intercept on the Y-axis)

X = the independent variable (the annual cost of personal selling)

b = the slope or gradient.

Available literature seem to emphasize the use of personal selling in industrial marketing situations and thus the researcher sought to identify any significant relationship between annual turnover levels and levels of annual cost of associated personal selling.

1.8 DEFINITION OF GENERAL TERMS

INDUSTRIAL PRODUCTS:- These are goods and services that are bought to be used in producing other consumer or industrial products or in conducting an organisation's operations.

CONSUMER PRODUCTS:- These are goods and services that are bought to satisfy personal and household needs.

SEGMENTATION:- This is the process of disaggregating or dividing an entity into a number of smaller, discrete entities or units.

COMPETITIVE ADVANTAGE:-The simple idea of assessing a company's capabilities and market position by how they give it advantage relative to competitors.

BUYING CENTRE:- Refers to a group of people in an organisation who are involved in making organisational purchase decisions.

RAW MATERIAL:- This refers to farm products such as Sheep, cotton, eggs, milk, pigs, and natural products as coal, copper, iron ore and timber.

STRATEGY:- This means the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

PERSONAL SELLING:- This is the personal face- to-face selling opportunity between the customer and supplier.

L KASH

INDUSTRIAL STARCH:- *this refers to a polysaccharide consisting of* various proportions of two glucose polymers, amylose and amylopectin; uniformly white in colour and used in factories.

INDUSTRIAL MARKET:- this consists of individuals and firms that acquire goods and services to produce other goods and services to resell to other industrial users or to consumers and to run the organisation's operations.

Footnotes

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CHAPTER TWO

LITERATURE REVIEW

2.1 WHAT IS MARKETING?

Definitions of marketing abound, from the lengthy and all embracing academic versions to the short and snappy favoured by advertising executives.

Richard M.S. Wilson et al (9.1992), define marketing as the management process for identifying, anticipating and satisfying customer requirements profitably[1]. This definition according to them originated from the Chartered Institute of Marketing.

This 'process' definition can be compared with Drucker's (1973) definition of marketing orientation which he simply stated that:

"Marketing is so basic that it cannot be considered a separate function on a par with others such as manufacturing or personnel. It is first a central dimension of the entire business. It is the whole business seen from the point of view of its final result, that is, from the customers' point of view." [2]

A significant shift in emphasis since Drucker wrote this is to be found in the importance that is now attached to competitive position in a changing world. Thus the marketing concept is that managerial orientation which

recognizes that success primarily depends upon identifying changing customer wants and developing products and services which match these better than those of competitors according to Doyle (1990).

Alexander Hiam et al (14.1992) see marketing as the sum total of activities that keep a company focussed on its customers and, with good management and a little luck, ensure that the company's offerings are valued by its customers[3]. This seems to derive naturally from the sincere conviction that the customer is the most important person that determines the continued existence of a firm.

Schoelle and Guitinan define marketing as the process to planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives[4]. In elaborating the exchange function of marketing, they describe exchange as a process by which two or more individuals or organizations give and receive something of value.

E. Jerome McCarthy et al see marketing as been broadly divided into 2 classifications as micro marketing and macro marketing.[5] Their definition of macro marketing is the performance of activities that seek to accomplish an organization's objectives by anticipating customer or client needs and directing a flow of need-satisfying goods and services from

producer to customer or client. They also define macro marketing as a social process that directs an economy's flow of goods and services from producers to consumers in a way that effectively matches supply and demand and accomplishes the objectives of society. They argue that like micro marketing, macro marketing is concerned with the flow of need satisfying goods and services from producer to consumer. However, the emphasis with macro marketing is not on activities of individual organizations. Instead, the emphasis is on how the whole marketing system works. This includes looking at how marketing affects society and vice versa.

2.2 WHAT IS STRATEGY?

The word 'strategy' has become one of the most common and badly used words in business writing. Generally, everywhere we look, we see terms such as business strategy, corporate strategy, marketing strategy, strategic marketing, product strategy, pricing strategy, advertising strategy, and even discount strategy.

We are not helped by the original, flexible use of the Greek word strategos from which our word strategy derives. In its original form, it meant that the

art of the General or Commander – of –the armies. Now the word strategy is almost synonymous with 'important'.

According to Paul Fifield (6.1993), strategy in its strictest sense refers to means and not ends. [6] Strategy is all about how an organization will achieve its objectives. Best described as business strategy, the original meaning concentrated on how the key decision making unit of the organization or the board was going to marshal its resources in order to achieve its stated business objective.

At this point, it might be needful to stress the most significant aspects of strategy rather than continue to argue about what real definition of strategy should be .

Paul Fifield further states that the term strategy has several dimensions. He argues that since strategy is about marshalling the gross resources of the organization to match the needs of the market place and achieve the business objective, this cannot be a short-term activity. Every organization is complex and any change takes time to accomplish. Strategic decisions like the general choosing his battleground will have long-term implications.[7]

He also believes that strategy is not another word for important tactics. Tactics can be likened to manoeuvres on the field of battle and can be change as often as required in response to the changing situation faced

by the organization in its markets. No matter how important or critical the tactic under review, this does not make it a strategy.

Strategy is not top management's secret. Strategy is undoubtedly top management's responsibility to define and agree but not to keep as one of organization's most closely guarded secrets. Strategy is most effective when those that have to implement it not only understand it but also believe it and can see their own role in carrying it out. Despite management's traditional reluctance, communication is often the key to success and must be planned.

Another dimension, from which Fifield sees strategy, is that it is based on analysis and not straws in the wind. While tactics are properly based on short-term market developments, they can be either active or reactive in nature[8]. Effective tactics often depend on a rapid summing up of the market situation followed by the fast implementation. Strategy, on the other hand, is about the long term. Robust strategy must be based on much greater depth of analysis of the market place, and its key underlying trends. Strategic decisions based on inadequate analysis are unlikely to provide stable, long-term direction for the organization.

Another angle from which one can see strategy is that it is essential to an organization's survival[9]. If you don't know where you are going, then any road will take you there. A well thought out strategy will allow managers to

test actions and propose tactics against that strategy and the overall business objective to ensure the consistency which is essential to continued success. Without a clear guiding strategy, managers will continue to spend time and money agonizing over decisions that could be made in minutes if only they knew what their organization was trying to do. A well-communicated and understood strategy brings the organization together and provides a common purpose. If people and departments are not all looking in the same direction, they cannot help but be working against each other. This seems to mean that in the more competitive days ahead, it is less and less reasonable to expect customers to pay organizational inefficiency.

Schaun Tyson describes strategy as an attempt by those who control an organisation to find ways to position their business or organisational objectives so that they can exploit the planning environment and maximise the future use of the organisation's capital and human assets[10]. This definition is a little different from those found in most strategy textbooks, which usually define strategy as 'determining' long term goals, and adopting courses of action and allocating resources to achieve long term goals (chandler 1962), or as the process of deciding the basic mission of the company (Hofer and Schendel 1978)[11]. Thus Shaun Tyson believes that these other definitions do not give enough emphasis to the planning environment. According to him, the planning environment, that is those variables which influence plans but which are outside the direct control of

the organisation's management, is the setting, which managers must exploit.

Thus his working definition of strategy stresses the potential for making the most of the organisation's strengths, to survive and develop in that environment.

Robert M. Grant (1995) postulates that strategy is about winning and that the primary purpose is to confer success through guiding management decisions toward establishing and sustaining competitive advantage for the firm[12]. Yet, while a strategy can help achieve success, it does not guarantee it and that for strategy to contribute to success, it should have the following features.

1. Goals have to be simple consistent and long term
2. There has to be profound understanding of the competitive environment
3. Objective appraisal of resources
4. Effective implementation

2.3 THE INDUSTRIAL MARKET

Richard M. Wilson et al posit that the term 'Industrial market' is used to refer to individuals who and organizations which buy goods and services that are then used in the production of other goods, and services subsequently supplied to others[13]. As a group, it therefore includes agriculture, manufacturing, construction, transportation, communications,

banking, financial services, insurance, mining and so on. These markets typically possess a set of characteristics which are not shared with consumer markets and which have a series of implications for the way in which the marketing strategist needs to approach the marketing task. The most significant of these characteristics are:

1. the existence of a smaller number of buyers each of whom typically buys in larger quantities than in the case in consumer markets.
2. a (high) degree of buyer concentration, with a limited number of buyer often accounting for the bulk of purchasing within the industry.
3. geographical concentration;
4. close relationships between suppliers and customers, with products often being modified to fit the specific needs of the customer;
5. Inelastic demand, particularly in the short term;
6. demand is generally derived, with the result that the strategist needs to examine the secondary markets which influence the demand for the primary product;
7. professional purchasing which is performed by buyers who often work as part of a buying centre and who in attempting to satisfy particular performance or quality criteria employ a greater degree of overtly rational thinking than is generally the case in consumer markets;
8. reciprocal trading patterns often exist, making it difficult for new suppliers to break into the market.

According to Philip Kotler, (1993), the industrial market is made up of buyers from all the industries in agriculture, forestry, fishing, mining; construction; manufacturing; transportation; communication; Electric, gas, sanitary services; finance, insurance, real estate and services, except for wholesale and retail trade, government and non classifiable establishments[14]. He asserts very strongly that the industrial market is both the largest and the most diverse of the three major types of organizational markets. He argues succinctly that value added to a product as result of processing or manufacturing operations that caused a change in the product's form utility.

2.4 COMPARING CONSUMER AND INDUSTRIAL MARKETING MIXES

Guiltiman observes that because industrial buyers and ultimate consumers buy for different reasons, marketing mixes developed to serve them are typically different[15].

Most consumer products in Nigeria are produced in anticipation of purchase by consumers (speculative production) instead of being produced to individual customer specification. There are of-course, exceptions such as custom-built homes, commissioned artwork, and custom-made clothing.

Custom manufacturing (job order production), however, is much more common in industrial marketing. IBM's engineering, finance, and

marketing personnel may spend months developing a proposal for a data processing system tailored to the particular needs of a specific customer. The seller's ability to provide after-sale service is important to many consumers in buying home appliances and cars. But to industrial buyers the ability to provide after-sale service is critical.

He stresses the point that industrial buyers are typically concerned about a product's functional features, whereas consumers tend to be more interested in styling. A firm contemplating the purchase or leasing of a fleet of cars for its sales people is much more interested in maintenance contracts, mileage and repair history than is a person buying a car for personal use. Similarly, the role of packaging in the consumer market is essentially one of promotion. In the industrial market, it is essentially one of protection.

In consumer marketing, consumers typically buy products in retail stores – the buyer goes to the seller. In industrial marketing the seller, who is often the manufacturer, usually goes directly to the buyer. Generally, the larger the order size and the more complex the equipment, the more likely the buyer will buy directly from the manufacturer.

In terms of promotion, consumer product marketers such as Procter and Gamble and Gillette rely heavily on advertising in mass media-TV, radio, and mass-circulation magazines. Industrial marketers rely more on personal selling by their own sales forces. Industrial trade shows and

advertising in specialized media such as Hardware Age to promote their products. This promotion is usually targeted to users, influencers, gatekeepers, deciders, and buyers.

Many types to industrial products are bought infrequently. A bank, for example, does not buy a heating and air-conditioning system very often. Even many small items that are used daily are bought under supply contracts negotiated between the buyer and the seller. But the marketer cannot ignore these customers if the objective if sales growth is to be achieved. Therefore, sales calls are still needed. They keep customers informed of product developments and keep sales people up-to –date on potential buyers and their needs.

Many firms are centralizing the purchasing function. This has led some industrial marketers to reorganize their sales organizations. Instead of regional or district sales people calling on a firm's various plants, the central buying unit is serviced by a national account Sales person. Because the volume involved in such an account is much larger than that of a regional account, the national account sales person must be a dedicated professional.

Guiltiman opines in discussing the element of price that in many countries, consumers haggle over the selling prices of the products they buy[16]. This is much less common in consumer product marketing especially in the super stores. But seller-buyer negotiation of prices in industrial marketing is very common. Just as the product often is tailored to the individual

industrial buyer, so is the price. This may help the sales person create a differential advantage for the firm's total offering to the buyer. As has been noted earlier, leasing is also more common in industrial marketing. Robert J. Dolan (1995) says two important issues to consider when creating a pricing structure are whether to offer quantity discounts and whether to offer bundle pricing. He stated that quantity discounts are frequently offered in industrial selling situations[17].

2.5 SUSTAINABLE COMPETITIVE ADVANTAGE

Paul Fifield is of the opinion that the concept of sustainable competitive advantage is not a new idea and that it's origin can be found in the early origins of economics, basic marketing and in everyday common sense[18].

According to him therefore, if an organization is able to do something better than its competitors, it will make better profits. If an organization is only as good as everybody else, it will only make standard profits. If an organization is worse than its competitors at what it does, it will make inferior profits. This follows then that since the avowed aim of competitive strategy is to find ways of avoiding competition and making superior profits then, logically, the search must be for ways of achieving some form of advantage over our competitors, which will enable us to make better than average profits. Also since business and commercial activities need to be

directed at the longer term, the advantage itself must be sustainable over the long term to generate reasonable and consistent profit flows.

In discussing competitive advantage, Porter (1985), suggests that it grows out of the value of the firm is able to create for its buyers that *exceeds the firm's cost of creating it*[19]. *Value is what the buyer is* willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price. There are two basic types of competitive advantage: cost leadership and differentiation.

In searching for competitive advantage through the value chain, Porter also gives emphasis to the need to look outside the organization and to consider the value chains of supplier, distributors and customers, since improvements to each of these will also help in the search for an advantage. As an example of this, a supplier or distributor might be helped to reduce costs, with all or part of the savings then being passed to the company and used as another means of gaining cost leadership.

Equally, an organization might work closely with its suppliers to ensure that particular levels of quality or service are achieved. Marks and Spencer, for example, has traditionally worked very closely with its suppliers to ensure, that quality levels are

maintained. In this case, the rationale is that of achieving a competitive advantage.

Although the value chain is generally recognized to be a useful framework for searching systematically for greater competitive advantage, its usefulness in practice has been shown to vary from one industry to another. Recognition of this has led the Boston Consulting Group to develop a matrix in which they distinguish between four types of industry. The two dimensions they identify in doing this are concerned with the size of the competitive advantage and the number of approaches to gaining advantage. He identifies four types of industry on these bases.

A volume industry is one in which organizations can typically gain only a few, but generally large advantage. The stalemated industry means that there are few potential competitive advantages and those that do exist are generally small.

A fragmented industry is one in which companies have numerous opportunities for differentiation, although each is of limited value. While the specialized industry is one in which the opportunities for differentiation are numerous and the pay offs from each can be significant.

In developing a sustainable advantage Richard M. Wilson et al assert that the problem faced by many companies, therefore, is not

how to gain a competitive advantage, but how to sustain it for any length of time[20]. Most marketers are for example; fully aware of the profit potential associated with a strategy based on, say premium quality or technological leadership. The difficulty that is all too often faced in practice, however, is how to guard against predators and capitalize on these benefits over the long term. The question faced by many marketing strategists at one time or another is therefore how best to sustain a competitive advantage. In discussing this, Wensley (1987), has suggested that there are three possible approaches[21].

1. advantages residing in the organization;
2. advantages stemming from specific functional areas.
3. advantages based on relationships with external entities.

For Davidson however, the eight most significant potential competitive advantages are[22]:

1. a superior product benefit such as the application by the Japanese of solid state technology in televisions in the 1970s,
2. a perceived advantage: Marlboro, with its aggressively masculine image featuring Cowboys, holds a 22 percent share of the US cigarette market, the brand is well marketed but there is no reason to believe the cigarettes are objectively superior in consumer acceptance;

3. low cost operations as the result of a combination of high productivity, low overheads, low labour costs, better purchasing skills, a limited product range, or low cost distribution;
4. legal advantage in the form of patents, copy right, sole distributorships, or a protected position;
5. superior contacts;
6. superior knowledge as the result of more effective market research, a better understanding of costs or superior information systems;
7. scale advantages;
8. offensive attitudes or as Procter and Gamble label it, an attitude of competitive toughness and a determination to win.

Richard M. S Wilson et al therefore reported that a fundamental understanding of the significance of competitive advantage has long been at the heart of Marks and Spencer's strategies[23]. He stated that the company has concentrated on developing a series of competitive advantages which taken together, represent a strong selling proposition, provide consumers with a powerful reason to buy, and put competitors at a disadvantage.

In discussing sustainability of strategies of marketing Paul Fidield states that if we view the competitive advantage over the long term, it is quite clear that a number of what might be considered to be competitive advantages are very dubious[24]. For example, financial

strength, with the efficiency of modern capital markets, it is now relatively easy for organizations of all shapes and sizes to raise extra capital should it be required. The increased mobility of labour markets makes it difficult to build competitive advantage in personnel and managerial strength. Increasingly, rapid in technology can render even patented technical processes obsolete long before the expiry of patent protection. Distribution advantage is also more prone to attack from competition than in the past. New product development is another area where competitive advantage may not be sustainable over the long term. There are so many organizations that were extremely innovative with products but soon lost control of the markets, which they in fact created.

To this extent, he views the area of sustainable competitive advantage as being critical for the overall success of the organization through the medium to long term. This to him is important because it gives the organization the opportunity of imposing its will on the competitive market place, of choosing how it is going to compete and on what grounds. He further stated that if *an organization gets its sustainable competitive advantage right*, then you will be working in what Hugh Davidson calls "an offensive marketing organization" [25], in other words you will be taking control of your destiny.

2.6APPROACHES TO SEGMENTING INDUSTRIAL MARKETS

Richard M. S. Wilson et al have observed that although much of the work that has been on segmentation analysis over the past 20 years has been focussed on consumer markets, many of the variables such as benefits sought, geography, and usage rates can be applied with equal validity to industrial markets[26]. Recognizing this, a number of writers, including Cardozo (1983), and Bonoma and Shapiro (1983) have concentrated on demonstrating, developing and refining their applicability.

Cardozo has identified four dimensions which can be used either separately or collectively to classify organizational buying situations[27].

1. familiarity with the buying task and in particular whether it is a new task, modified rebuy or straight rebuy;
2. the type of product and the degree of standardization;
3. the significance of the purchase to the buying organization;
4. the level of uncertainty in the purchase situation.

Baker (1985), has argued that these last two factors are of particular significance in that they reflect the fact that buyers too try to segment potential suppliers by developing assessment criteria and establishing formal vendor rating systems[28]. This general line of thinking has been developed by Johnson and Flodhammer

(1980) who, in arguing that the need to understand buyers' needs is as important in industrial markets as in consumer markets, have suggested that 'unless there is knowledge of the industrial user's needs, the manufactured product usually has the lowest common denominator – price. Quality and service are unknown qualities[29]. A slightly different line of argument has been pursued by Bonoma and Shapiro (1983) who have concentrated on developing a classification of industrial segmentation variables and listing the questions that industrial marketers should pose in deciding which customers they want to serve[30]. A summary of these questions in deciding order of importance is given below.

Demographic

Industry: On which industries that use this product should we concentrate?

Company: On what size of company should we concentrate?

Location: in which geographical areas should we concentrate our efforts?

Operating variable

Technology: which customers' technologies are of the greatest interest to us?

User status: on which types of user (heavy, medium, light, non-user) should we concentrate?

Customer capability: should we concentrate on customers with a broad or a narrow range needs?

Purchasing approaches

Buying criteria: should we concentrate on customers seeking quality, service, or price?

Buying policies: should we concentrate on companies that prefer leasing, systems purchases, or sealed bids?

Current relationships: should we concentrate on existing or new customers?

Situational factors

Urgency: should we concentrate on customers with sudden delivery needs?

Size of order: should we concentrate on large or small orders?

Applications: should we concentrate on general or specific applications of our product?

Personal characteristics:

Loyalty: should we concentrate on customers who exhibit high or low levels of loyalty?

Attitudes to risk: should we concentrate on risk taking or risk avoiding customers?

2.7TYPES OF INDUSTRIAL BUYING AND THE INDUSTRIAL BUYING PROCESS

Much of the research conducted over the past 25 years into the nature of the industrial buying process has made explicit of implicit use of the categorization first proposed in 1967 by Robinson, Faris and Wind[31]. They suggested three distinct buying situations or buying classes, each of which requires a different pattern of behaviour from the supplier.

The first of these is the straight rebuy which is the most straight forward and it describes a buying situation where products are reordered on a largely routine basis, often by someone at a fairly junior level in the organization. Among the products ordered in this way is stationery. Here, the person responsible for the ordering simply reorders when stocks fall below a pre-determined level and will typically use the same supplier from one year to another until either something goes wrong or a potential new supplier offers a sufficiently attractive incentive for the initial decision to be reconsidered. The implications of this sort of buying situation are for the most part straight forward and require the supplier to maintain both product and service quality. Perhaps the biggest single problem in these circumstances stems from the need on the part of the supplier to avoid complacency setting in and allowing others to

make an approach, which causes the customer to reassess the supplier base.

The second type of buying situation is the modified rebuy. This often represents an extension of the straight rebuy and occurs when the buyer wants to modify the specification, price, or delivery terms. Although the current supplier is often in a relatively strong position to protect the account, the buyer will frequently give at least cursory consideration to other possible sources of supply.

The third type of buying situation is the new task buying. This is said to be the most radical of the three and provides the marketing strategist with a series of opportunities and challenges. The buyer typically approaches the new task with a set of criteria which have to be satisfied, and in order to do this will frequently consider a number of possible suppliers each of whom is then faced with the task of convincing the buyer that his product or service will out perform or be more cost –effective than the others. The buyer's search for information is often considerable and designed to reduce risk. Where the costs are high there will typically be several people involved in the decision, and the strategist's task is therefore complicated by the need not just to identify the buying participants, but also their particular concerns and sphere of influence. In doing this, the strategist should never lose sight of the significance of

attitudes to risk and the ways in which individuals may work to reduce their exposure to it.

Chisnall (1989), has commented that ' A buyer's professional activities may be tempered by the fundamental instinct he has for survival and for enhancing his career'[32]. This point has been made by McCleland (1961); 'A great part of the efforts of business executives is directed towards minimising uncertainties[33].

This general theme has been examined in detail by Cyert and March (1963), who in their behavioural theory of the firm identify four types of buying determinants: individual, social, organizational, and environmental[34]. Within this framework, they then distinguish between 'task' and 'non task' factors. Task factors are for the most part rational and include price, delivery, quality, performance levels and so on. The non-task factors include personal values, and political, cultural and social elements, as well as the personality traits of the decision maker.

Although identifying and analysing the impact and relative importance of these 'soft' elements is difficult, their effects should be neither be underestimated nor ignored.

Guiltinan and Schoell in discussing the types of industrial buying, classified it into three buy classes which are the three types of buying situations (1) new task (2) modified rebuy, and (3) Sraight rebuy[35].

In new task buying, the organisation faces a new need or problem and the buyer gathers information from vendors who can offer products to satisfy the need or solve the problem. This type of buying decision is complex and involves extensive problem solving. New task buying is common when a firm begins production of a new product. In such cases the reputations of potential suppliers are the major factor in choosing suppliers. Those with problem-solving sales personnel have the upper hand. New task buying involves more time than the other two buying processes, and more people usually participate in the buying decision.

The buyer in modified rebuy buying seeks to modify product specifications, delivery schedules, prices or suppliers. Rival suppliers that can offer products and customer support services that better match the buyer's needs can take business from the present supplier.

Straight rebuy buying means buying a product that has been purchased before with satisfactory results from an established vendor. Rival suppliers have a tough time taking business from such an entrenched supplier.

Thus they suggest that industrial marketers must tailor their marketing efforts to the type of buying situation they face. An "in" supplier (a vendor that is currently supplying the buyer) in a new

task situation has an established relationship with the buyer and is in a better position than "out" suppliers to anticipate the buyer's problems and requirements. An "in" supplier in a modified rebuy situation should try to change the buying situation to a straight rebuy by providing superior service. An 'out' supplier would want to prevent this by presenting the buyer with innovative solutions to problems. An "in" supplier in a situation may retain that status by continued good service and responsiveness to changing requirements. An "out" supplier has the difficult task of demonstrating to decision makers that it has the capabilities that merit its consideration as a potential supplier.

The industrial buying process as suggested by Guiltinan and Schoell applies primarily to new task buying[36].

Modified and straight rebuys generally do not involve all these steps because they require less extensive problem solving. The steps are called buy phases. Buy phases are the problem-solving steps used by industrial buyers primarily in new task buying. (1) recognizing a need; (2) specifying the need; (3) searching for potential suppliers; (4) inviting, acquiring and analysing vendor proposals; (5) selecting the vendor and placing the order, and (6) following up.

Need recognition is the starting place in the procurement process. It can result from internal or external developments. Internal stimuli

typically include: the decision to develop a new product, and the recognition that this will require new equipment or materials; machine breakdowns; the belief on the part of the purchasing manager that better prices or quality can be obtained from an alternative supplier; curiosity, and organizational policy decisions. External stimuli include: the launch of a new product by a competitor; advertisements; sales representatives; and ideas that emerge as the result of trade shows.

The recognition of a problem is then followed by a general need description in which the buyer identifies the characteristics and quantity of the products required to overcome the problem. This leads to the development of product specifications and subsequently to a search for suppliers.

The question of precisely how buyers select suppliers has been the subject of a considerable amount of research with some to the most significant findings emerging from the work of Dempsey (1978), Cunningham and Roberts (1974), Lehmann and O'shaughnessy(1974) and Green, Faris and Wind (1968. Dempsey, for example, in a survey of purchasing managers found the 20 most important selection criteria to be (1) delivery capability (2) quality (3) price (4) repair and after sales services (5) technical capability (6) performance history (7) production facilities (8) help and advice (9) control systems (10) reputation (11) financial

position (12) attitude towards buyer (13) compliance with bidding procedures (14) training support (15) communications on the progress of the order (16) management and organization (17) packaging (18) moral / legal issues (19) location (20) labour relations[37].

Cunningham and Roberts' research highlighted a series of similar factors: delivery reliability; technical advice, test facilities, replacement guarantee; speed of quotations; ease of contact; and a willingness/ ability to supply a wide range[38].

Lehmann and O'shaughnessy's findings were again broadly similar, although they introduced an additional element in the form of the type of buying situation. This led them to suggest that[39]:

1. for routine order products delivery, reliability, price and reputation are extremely important;
2. in the case of procedural problem products (e. g computers and other types of office machinery) the important criteria are technical service, supplier flexibility, and product reliability;
3. for political-problem products which are capable of creating organizational rivalries, the most important attributes are price, the reputation of the supplier, product reliability, service reliability, and supplier flexibility.

2.8 MARKET – NICHER STRATEGIES

Philip Kotler and Gary Armstrong (1997), write that almost every industry includes firms that specialize in serving market niches. They hold the view that instead of pursuing the whole market, or even large segments, these firms target sub segments or niches[40]. They stress the point that nichers are often smaller firms with limited resources and that it is also possible for smaller divisions of larger firms to pursue niching strategies. And those firms with low shares of the total market can be highly profitable through smart niching. They cite an example of a study that revealed that some mid sized companies are highly successful because these companies niched within a larger market rather than going after the whole market. A case in point is A. T.Cross, which niches in the high price pen and pencil market. It makes the famous gold writing instruments that many executives own or want to own. By concentrating in the high-price niche, Cross has enjoyed great sales growth and profit.

Wilson et al (1992) stress the point that niching is particularly advantageous in industries in which competition is intense and the costs of achieving a prominent position are disproportionately high[41]. Therefore the advantages of niching could be very considerable, since if properly done, it is not only profitable, but also avoids confrontation and competition. They believe that the

attractiveness of a market niche is typically influenced by several factors, the most significant of which Kotler (1988), identifies as follows:

1. It is of sufficient size and purchasing power to be profitable;
2. the niche has growth potential;
3. the niche is of negligible interest to major competitors;
4. the firm has the required skills and resources to serve the niche effectively;
5. the firm can defend itself against an attacking major competitor through the customer good will it has built up[42].

They also state that specialization is at the heart of effective niching, but that it could prove dangerous if the market changes in a fundamental way either as a result of greater competition or an economic down turn that would leave the nicher exposed.

Biggadike (1977), in a study of 40 firms that entered established markets found that the majority chose to concentrate upon narrower product lines and narrower market segments than the rather better established incumbents[43].

Wilson et al have identified several guidelines in terms of how market nichers operate. These include:

1. specializing geographically;
2. specializing by the type of end user;
3. specializing by product or product line;

4. specializing on a quality/price spectrum;
5. specializing by service;
6. specializing by size of customer;
7. specializing by product feature.

Kotler opines that niching carries some major risks[44]. For example, the market niche may dry up, or it might grow to the point that it attracts larger competitors. The remedy to this problem by many companies is the practice of multiple niching. Therefore, by developing two or more niches, the company increases its chances of survival.

FOOTNOTES

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18. Paul Fifield pp 45.

19. Michael E. Porter, 'Competitive Advantage', Free press New York U.S.A 1985. P.13.

20. See Richard M. Wilson et al p.56

21. Ibid.

22. Ibid.

23. Ibid.

24. See Paul Fifield p.47

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26. See Richard M. Wilson et al p.135

27. Cardozo, R., 'Situational segmentation of industrial markets', European Journal of marketing, Vol. 14, no. 516

28. Michael J. Baker, 'Marketing: An Introductory Text: MACMILLAN PRESS LTD.,(1996) Sixth Edition pp. 174-179.

29. H. G. Johnson and A. Flodhammer, 'Industrial Customer segmentation', Industrial Marketing Management (July, 1980) pp 201-5.

30. See Guiltinan and Schoell pp. 304

31. Ibid

32. Ibid

33. Ibid.

34. Ibid

35. Ibid

36. See Philip Kotler pp. 345

37. Ibid.

38. Ibid.

39. Ibid.

40. Philip Kotler and Gary Armstrong, 'Marketing Management

41. See Wilson et al pp. 234

42. See Kotler pp.234.

43. Ibid

44. Ibid

CHAPTER THREE

3.0 BACKGROUND OF THE COMPANY

3.1 BRIEF HISTORY

RaphyJay Agricultural and Food Processing Company was registered as a Partnership on the 4th day of December 1996 under the registration of Business Names Act, 1961.

It was registered to carry out the following activities:

1. General farming (livestock and crops)
2. Food processing
3. Marketing of farm products and processed foods
4. Export of farm products and processed foods
5. Importation of farm and food processing machinery
6. General Agricultural Consultancy
7. Manufacture of Animal Feeds
8. Sales of animal health drugs.

The company did not commence operations until January 1995. The Directors were able to identify industrial starch as a raw material, which has vast applications in Nigeria and thus commissioned a Consultant to write a feasibility Study for the establishment of a pilot production unit in Kaduna.

What gave rise to this proposal is the fact in the Niger Delta Area of Nigeria, the indigenes are generally known to grow a lot of cassava from which edible starch is extracted for human consumption.

There is a period within each year usually between June and July when as the floods begin to set in, early maturing varieties of cassava are harvested in large quantities and converted to cassava starch and garri. At this time, supplies of these products tend to rise to such levels that the excess supply leads to a sharp drop in prices. The directors having observed this general trend from year to year had to think along the line of converting this surplus starch to a form in which it could be readily accepted by a vast array of industries that utilize starch as a raw material for their processes.

Upon studying the feasibility report turned in by the consultant, the Directors decided to commence investment into the starch processing unit in January 1995 and completed the first phase by June 1995.

3.2OBJECTIVES OF THE COMPANY

The objectives of RaphyJay Agricultural and Food Processing Company are as follows:

1. To achieve a reasonable return on shareholders' investment through increased sates and higher profits.
2. To produce the best quality industrial starch in Nigeria.

3. To capture the entire industrial laundry segment of the starch market in the Northern States of Nigeria.
4. To declare dividends to shareholders annually
5. To distribute, market and sell starch and starch related products in Nigeria.
6. To capture about ten percent of the domestic market for starch in Nigeria.

3.3 PRODUCTION FACILITIES AND PROCESSES

The production unit consists of the following processes:

1. Raw material intake:- The raw material for the firm's production process is semi processed starch obtainable from the Niger Delta area of Nigeria.
2. Dryer:- The wet starch usually of about 35 % moisture content is fed into the dryer to reduce the moisture content to about 8%. In this state, it can be preserved for about 2 years.
3. Pulveriser:- The dry starch is fed into pulveriser to bring it to a powdery consistency.
4. Sifter:- This process eliminates most of the larger particles and chaff of cassava strands and ensures uniform consistency.
5. Packaging:- This ensures that the processed laundry starch is packaged into units desired by customers. Currently, the company

packages in 500 grams, 1 kilogram, 2 kilogram and any other units demanded by consumers.

3.4 MARKETING STRATEGY OF THE COMPANY

RaphyJay Agricultural and Food Processing Company is a very small production and marketing firm serving a small segment to the entire starch market.

Management divided the industrial starch market into several segments based on the uses of starch and the geographical areas.

The company identified several uses for industrial starch as follows:

1. the textile industry uses starch for the sizing of textile materials;
2. the paper industry uses starch for the hardening of paper;
3. adhesive industry uses starch for gum production;
4. starch is used for industrial/domestic laundry.

Of these several uses, the company selected the industrial/domestic laundry market segment because of the fact that it has a higher price per unit and therefore has a better profitability potential.

COMPETING PRODUCTS

The company's direct competing products are:-

1. Robin Starch
2. Robvins starch

3. Garden starch
4. Instant spray starch
5. Imported brands of starch.

ECONOMIC AND MARKETING ENVIRONMENT

The economic environment especially in the 1990's essentially has been harsh. Inflation has been on the high side and general level of disposable incomes has not kept pace with it.

Consequently, consumer purchasing power has been weakening steadily. However, the Federal Government's salary and wage increase of over 350% in 1999 has raised the earning level of Federal Civil Servants but they remain an insignificant proportion of the entire Nigerian consumer market.

The marketing environment has been largely competitive with all industrial/ domestic starch producers striving to increase their market share.

MARKETING STRATEGY

The marketing strategy is hinged on a holistic approach considering the application of all the elements of the marketing mix.

1. PRODUCT

The company ensures that it's industrial starch is of the highest quality bearing in mind that industrial laundry firms use it on fabrics of mostly the upper class of society who can afford the services.

In this respect, the company's industrial starch is processed in such a way that it is fresh, and has no offensive odour and would remain dry and store for long time. Long shelf life and good keeping characteristics is one way of ensuring a strong competitive posture for "Karo starch". The company uses well-designed polythene bags for packaging it's produced starch.

2. PRICE

The company charges premium price for it's high quality industrial starch. This is to enhance the status of the product for mostly high quality fabrics. However, because the market leader, Robin Starch charges the highest price per gram for its product, the company adjusts it price to reflect industrial package sizes for the laundry segment and therefore lowering the cost per unit, achieving a lower price per unit to increase acceptability and penetration of the laundry market segment.

The company allows quantity discounts as well for very reasonably large orders. Price discounts is also used to induce the possibilities of cash sales.

3. PLACE

The company encourages a single channel between it and the industrial laundry firms to reduce the unit price of it's product to the final consumers.

The locational advantage is evident as the production facility in Kaduna which is central. All major cities and towns in the Northern States can easily be reached. The Company emphasizes a policy of direct delivery to the final consumers. Stock levels are moderate so as not to experience stock out situations, which could encourage brand switching by the firm's customers.

4. PROMOTION

The company does not engage in any form of advertising because it has been able to identify its customer the industrial laundry firms.

Sales promotion is considered to be fairly important and therefore the company does this by way of giving out free samples.

Publicity is also viewed to be vital in reaching the customers of the firm by engaging in write ups that favourably project the firm's image and its products good light.

PRESENT MARKETING STRATEGIES

The company is currently using the following marketing strategies to ensure growth in the company's sales.

1. Expansion: The Company is currently expanding the production capacity of its industrial starch facility by acquiring more drying units and pulverisers to cope with expanding market opportunities.
2. Diversification: The Company is presently formulating a new food product "Best Vita", which has about 15% composition of edible starch.

Although this product has a lower margin of profit of about 20%, it presents another form of enlarging the sales and consumption of the company's major product, which is starch.

FUTURE STRATEGIES

The company is considering investing into a new breakfast cereal that will engage the under-utilized capacity of the firm's production facilities with very little additional investment in new facilities.

Thus with the introduction of this new product in the near future, this will no doubt increase the capacity of the firm to achieve its growth objective.

CHAPTER FOUR

4.0 DATA PRESENTATION AND ANALYSIS

4.1 OBSERVED TYPES OF INDUSTRIAL STARCH IN KADUNA METROPOLIS

The researcher sought to establish the various types of industrial starch observed by the laundry houses, which are currently in the Kaduna metropolis market, and their relative proportions in which they have been observed.

The responses from them were collated and expressed as percentages of total respondents.

Table 4.1

Table Showing type of observed and percentage of industrial starch

TYPE OF STARCH	NO. OF POSITIVE RESPONDENTS	OBSERVED PERCENT AGE
CASSAVA STARCH	40	88.89%
CORN STARCH	5	11.11%
POTATO STARCH	0	0%
TOTAL	45	100%

4.2 OBSERVED DEGREE OF AWARENESS OF INDUSTRIAL STARCH BRANDS

Here, the researcher sought to determine the observed degree of awareness of the various brands of industrial starch by the laundry outfits in Kaduna metropolis. Their responses were collated and analysed in table 4.2 below.

Table 4.2

Table showing the degree of observed percentages of industrial starch

BRANDS	POSITIVE RESPONDENTS	OBSERVED PERCENTAGE
Robin Starch	25	55.55%
Robvins Starch	3	6.67%
Garden Starch	3	6.67%
Instant spray Starch	8	17.78%
Karo Starch	6	13.33%
TOTAL	45	100%

4.3 PROPORTION OF DECISION MAKING UNIT WHO DECIDE ON BRAND OF INDUSTRIAL STARCH TO PURCHASE

The researcher sought to determine the percentage of each member of the decision-making unit (DMU) who are actually involved in deciding what brand of industrial starch should be purchased for their production system. The decision makers were determined to the Managing Director, Managers, Operatives and the Purchasing Officers. The responses of the laundry outfits to this question in the questionnaire was collated and analysed in table 4.3.

Table 4.3

Table showing proportion of Decision makers on industrial starch

DECISION MAKER	POSITIVE RESPONDENTS	OBSERVED PERCENTAGE
Managing Director	25	55.55%
Manager	10	22.22%
Operatives	7	15.55%
Purchasing Officers	3	6.67%
Total	45	100%

4.4 DEGREE OF FACTORS INFLUENCING PURCHASE OF INDUSTRIAL STARCH

The researcher having identified various factors likely to influence the purchase of industrial starch by the laundry houses, sought to determine the degree of prevalence of these factors in the research sample.

The collated results and analysis are presented in table 4.4

Table 4.4

Table showing the degree of observed factors influencing purchase of industrial starch

FACTORS	POSITIVE RESPONDENTS	OBSERVED PERCENTAGE
PRICE	10	22.22%
QUALITY	15	33.33%
PROMPT DELIVERY	9	20%
STORABILITY	5	11.11%
DISCOUNTS	6	13.33%
FREE SAMPLES	0	0%
TOTAL	45	100%

4.5 ANALYSIS OF SOURCES OF AWARENESS OF INDUSTRIAL STARCH

The researcher sought to establish from the research sample the sources of awareness of industrial starch by the laundry outfits operating in Kaduna metropolis. The respondents' responses and analysis is presented in table 4.5.

Table 4.5

Table showing analysis of source of awareness of industrial starch

SOURCE OF AWARENESS	POSITIVE RESPONSES	OBSERVED PERCENTAGE
ADVERTS	5	11.11%
PERSONAL SELLING	40	88.89%
TOTAL	45	100%

4.6 ANALYSIS OF REASONS FOR USING A PARTICULAR BRAND OF INDUSTRIAL STARCH

The researcher having identified some reasons why these laundry houses may prefer certain brands of industrial starch, tried to find out the degree of prevalence of these factors obtainable in the research sample. The results and analysis are presented in table 4.6.

Table 4.6

Table showing the degree of prevalence of reasons for using a particular brand of industrial starch

REASONS	POSITIVE RESPONDENTS	PERCENTAGE
Better Price Offering	12	26.67%
Better Quality	20	44.44%
Good fragrance	5	11.11%
Reaction to advert	8	17.78%
TOTAL	45	100%

4.7 ANALYSIS OF BENEFITS FROM USEFUL BUSINESS SUGGESTIONS OFFERED BY INDUSTRIAL STARCH SUPPLIERS

The researcher sought to determine the proportion of laundry houses, which have benefited from useful business suggestions given to them by industrial starch suppliers. The collated responses from the respondents and the resultant analysis is summarised in table 4.7.

TABLE 4.7

Table showing the proportion of laundry outfits which have benefited from useful business suggestions by industrial starch suppliers.

CLASSIFICATION OF RESPONDENTS	NO. OF POSITIVE RESPONDENTS	OBSERVED PERCENTAGE
BENEFICIARIES	30	66.67%
NON BENEFICIARIES	15	33.33%
TOTAL	45	100%

4.8. STATISTICAL TEST OF HYPOTHESIS

The alternate hypothesis that the cost of personal selling is directly related to the level of turnover of the firm was subjected to statistical test by applying the simple linear correlation and regression analysis and a t-test as a basis for either accepting or rejecting the hypothesis.

The simple regression model of: Y = a + bX, was run using the statistical package for social sciences (SPSS).

The monthly turnover levels and the cost of personal selling for the year 1998 provided the data for the analysis as presented in table 4.8

Table 4.8

Table showing monthly turnover and cost of personal selling for the year 1998

MONTH	TURNOVER	COST OF PERSONAL SELLING
January	N50, 000	N4,000
February	60,000	4,500
March	70,000	5,000
April	75,000	6,000
May	45,000	3,000
June	40,000	3,000
July	35,000	2,000
August	30,000	1,000
September	25,000	2,000

The calculated t is 5.613 while the significant t is .002.

Thus the regression equation determined is

Y = 12805 + 9.27X

Where Y = monthly turnover

X = monthly cost of personal selling

These results can be seen in the computer print out in appendix II.

4.9. INTERPRETATION OF RESEARCH RESULTS.

The analysis of the observed types of industrial starch in Kaduna showed that cassava starch has the highest proportion of 88.88% as indicated by the majority of the respondents, followed by cornstarch with 11.11% of the research sample. None of the respondents recorded having noticed the presence of potato starch in Kaduna market.

The analysis of the degree of awareness of the various brands of industrial starch is as follows: 55.55% of the respondents indicated been aware of Robin starch, 6.67% Robvins starch, 6.67% Garden starch, 17.78% instant spray starch, while Karo starch recorded 13.33% by the total number of respondents. Robin Starch is the most noticed brand in the market and this may not be unconnected with the

October	30,000	3,500
November	40,000	5,000
December	80,000	7,000

Source: Extracts from financial records of RaphyJay Agricultural and Food Processing Company for the year 1998.

4.8.1 RESULT OF SIMPLE CORRELATION ANALYSIS

The correlation coefficient between monthly turnover and the cost of personal selling is 0.8712 as can be seen in the SPSS computer printout in appendix I.

4.8.2 RESULTS OF SIMPLE LINEAR REGRESSION ANALYSIS

The regression coefficient R^2 was computed as 0.75904.

The value of b which is the coefficient attached to the variable personal selling, X· the independent variable is 9.27; whereas the constant , a, the intercept on the Y-axis was computed as 12804.878049

The standard error of b, which is the slope is 1.651347.

fact that it is strongly advertised using radio and television media as well as by use of billboards.

Karo starch, the brand of RaphyJay Agricultural and Food Processing Company had a low percentage of 13.33% , typically low because this represents the proportion of the respondents which have been reached only through personal selling efforts and introductions of new customers by existing loyal customers.

A critical look at table 4.3 reveals that Managing Directors have been indicated by 55.55% of the respondents as those who decide on the brand of industrial starch to purchase by these laundry houses. This is followed by their managers, which have been attested to by 22.22% of the respondents. The Operatives represent the next in order of influence by 15.55% of the total respondents. Purchasing Officers represent the least influential as indicated by 6.67% of the sample population. Thus the Managing Directors are far more influential when it comes to final decisions of which industrial starch brand to purchase.

Of the several determining the purchase of industrial starch by the laundry houses, quality of product ranked highest as revealed by 33.33% of the respondents. This is followed by price at 22.22%, prompt and reliable delivery by 20% of the respondents. Quantity discounts was represented by 13.33%, while the influence of free

samples of industrial starch, as a factor influencing the purchase of any brand is non-existent at 0%.

About 88.89% of the research sample have indicated that personal selling was their source from which they became aware of most industrial starch brands, while 11.11% of them said advertisement of industrial starch over the print and electronic media was their source of information. Thus personal selling seems to be a very useful strategic tool in the marketing of industrial starch.

Of the many reasons why laundry outfits select for use a particular brand of industrial starch, 44.44% of the respondents indicated better quality as the most potent factor. Better price offering was indicated by 26.67%; followed by reaction to advertisements by 17.78% and lastly 11.11% of the total number of respondents said good fragrance is the most decisive factor to consider.

About 66.67% of the respondents have been beneficiaries of useful business advice and suggestions offered them by industrial starch suppliers, while 33.33% said they have never been beneficiaries. Thus there seems to be a strong indication of reciprocal business relationships between industrial starch suppliers on one hand and their customers on the other.

The correlation coefficient between monthly turnover and cost of personal selling at 0.8712 meant it was positive and significantly close to one. This signified that the two variables increased or decreased *together proportionately*.

The R^2 value of 76% indicates that 76% of the observed variations in monthly turnover were explained by changes in levels of monthly cost personal selling. At this level, it is safe to say that the regression model , Y = 12205 + 9.27X , is reasonable reliable for the purposes of estimation and projection.

The analysis of variance tests (ANOVA) results in a significant F = 0.002, which is less than alpha, is equal to 0.05 or 0.01. This implies that we are liberty to reject the null hypothesis that all the population regression coefficients are zero. This is an indication of the validity of the developed regression model and its suitability for the purpose of estimation.

CHAPTER FIVE

5.0 SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION.

5.1 SUMMARY OF RESEARCH FINDINGS

The researcher in the course of carrying out this research established the following research findings.

(i) The marketing of consumer products substantially differs from those of industrial products. For in stance, whereas in the packaging of consumer products, advertising the product is paramount, for industrial products, it is merely the protection that is strongly emphasized.

(ii) Whereas consumer products marketing emphasize the use of advertisement as major promotional tool, personal selling has been proved to be a major strategic too in industrial products marketing. This fact is buttressed by the fact that in the regression model developed as Y =12205 + 9.27X; changes in the levels of expenditure of personal selling was proved to be directly proportional to changes observed in the levels of monthly turnover. Thus this seems to justify the use of personal selling strategy by the firm.

(iii) RaphyJay Agricultural and Food Processing Company produces a high quality grade industrial starch, though in small quantities, through the use of locally developed technological process which offers it a serious cost advantage over other producers and suppliers.

(iv) The firm has determined a small niche in the starch market which is represented by the laundry houses which it supplies this high grade industrial starch on a sustainable basis due to its acceptability arising from its superb quality.

(v) Far more than any other reason, these laundry houses select the use of industrial starch brands based mainly on the premise of better quality. Thus the only way this can be judged by them is that fabrics laundered using a particular brand should at least not produce any offensive odour afterwards.

(vi) The researcher determined that reciprocal business relationships between industrial starch suppliers and these laundry houses are an important factor for sustainable marketing of industrial starch. An instance cited by a director of one these firms might drive home this point. The Director

found out that the business name "Corporate Cleaners" of one his customers did not match his former structure serving as a collection point for both dirty and laundered fabrics. Upon advising the managing director of the laundry house concerned, the advice was taken and major renovation was embarked upon to enable the structure truly corporate. By this singular action, sales increased by almost 300% and unit prices for each grade of fabric were increased without a significant drop in sales volume.

(vii) Cassava starch seems to be the most readily available industrial starch followed by cornstarch while potato starch does not seem to be available in the Kaduna market.

(viii) Most of the laundry houses are very aware of the presence of Robin starch in the market while a very low proportion of them have heard about Karo starch, which is the brand, produced by Raphyjay Agricultural and Food Processing Company.

(ix) The production and supply of industrial starch by the firm is still been carried out on a very low level. The reason being that there is no intention by its management to invite

investors to provide funds for expansion of present facilities and the market so as not to expose the secret technology developed by its current owner.

(x) Although Karo starch, the industrial starch brand produced and marketed by RaphyJay Agricultural and Food Processing Company is not advertised, the market niche which it serves understands the brand that it meets the high quality standard required by the customers who patronise the services of laundry houses in Kaduna metropolis.

(xi) The Managing Directors of laundry outfits represent the highest proportion of the decision-making unit (DMU) taking final decisions on the purchase of industrial starch. This may be so because industrial starch to a large extent determines the quality of most finished fabrics from these laundry houses. Thus the quality of the brand of the industrial starch may serve a "make or mar" situation for them. And this may explain the reason why Chief Executives of these laundry outfits often get involved in taking a decision as this. But in some cases when the Managing Directors may be out of town or busy with some other assignments, their managers take full responsibility for placing orders for industrial starch.

5.2 RECOMMENDATIONS OF THE STUDY

The following recommendations have been suggested by the researcher to assist in sustaining the industrial market for "Karo starch" produced and marketed by RaphyJay Agricultural and Food Processing Company.

(i) The firm should adopt a strategy to grow slowly in size. In this respect, growth could be properly managed by ploughing back part of profit. This seems to be a better option than asking for partners to invest funds for expansion of production facilities to increase current production levels. In Nigeria, most partnerships have been proved to be unworkable as these are always ridden with suspicion and cheating and unending cases in the law courts.

(ii) The firm should expand the market in Kaduna metropolis as there is still a market opportunity not yet exploited. In a situation where there is an estimated number of 100 laundry outfits and only about 45 of them have been involved in this research, while just a sizeable number are aware of "Karo starch" leaves much to be desired in terms of effective coverage of the market niche identified by the firm. Thus the firm should do its best in reaching out to remaining proportion of this market niche.

(iii) The firm should continue to utilize the personal selling strategy to reach out to the uncovered proportion of the market niche. The need to do this is due to the fact that this study has determined a very high correlation between cost of personal selling and turnover.

(iv) The firm should while using the personal selling strategy target mainly the Managing Directors who have been proved to take major decisive actions on the brand of industrial starch to buy. Following the fact that the quality of Karo starch is high, there should be favourable decisions to buy it where there does not exist any form of bias.

(v) The firm should continue to maintain its present high quality of industrial starch and through it's own little way of encouraging research, surpass it if possible. As this quality measure seems to be the most important attribute desired by these laundry houses, all efforts must be made to sustain it.

(vi) The firm may adopt the use of giving quantity discounts to its customers as a way of expanding the demand for karo starch. However, this is only possible after it has ensured that the quality of starch sold is consistently high. Only then, is this strategy expected to create an impressive impact.

(vii) The Managing Director of RaphyJay Agricultural and Food Processing Company should either personally patronise the

services of his customers for his industrial starch or encourage his friends, relatives and well-wishers to do so. This to a large extent will establish the process to reciprocal business relationships, which has been identified in this study to be an important factor in industrial selling situations. Also, the Managing Director and his agents could identify ways and means by which the businesses of these laundry houses could improve and suggest it to them. If business improves for these laundry houses, they are likely to demand for more industrial starch which will eventually lead to higher turnover levels for the firm. This is simply logical.

5.3 CONCLUSION

This research work presents a vivid illustration of how even small firms can survive against the large ones by adopting nicher strategies. RaphyJay Agricultural and Food Processing Company is currently doing this with the marketing of its industrial "Karo" starch to laundry houses in Kaduna metropolis.

However, this study has revealed that there is an unexploited opportunity for the firm to take maximum advantage of and consolidate its present position in the market and even improve upon by adopting some of the recommended strategies. Among the strategies suggested include growing slowly but steadily in size; encouraging greater use of personal selling strategy by maintaining and improving product quality where possible; and encouraging useful business partnerships with its customers.

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OUTPUT OF THE CORRELATION AND REGRESSION ANALYSES CARRIED OUT ON THE TABLE MARKED "CASE2"

- - Correlation Coefficients - -

	COSTPERS	TURNOVER
COSTPERS	1.0000	.8712
	(12)	(12)
	P= .	P= .000
TURNOVER	.8712	1.0000
	(12)	(12)
	P= .000	P= .

(Coefficient / (Cases) / 2-tailed Significance)

" . " is printed if a coefficient cannot be computed

* * * * M U L T I P L E R E G R E S S I O N * * * *

Listwise Deletion of Missing Data

Equation Number 1 Dependent Variable.. TURNOVER

Block Number 1. Method: Enter COSTPERS

Variable(s) Entered on Step Number

1.. COSTPERS cost of personnel

Multiple R .87123

R Square .75904

Adjusted R Square .73495

Standard Error 9652.49873

Analysis of Variance

	DF	Sum of Squares	Mean Square
Regression	1	2934959349.59350	2934959349.59350
Residual	10	931707317.07317	93170731.70732

F = 31.50087 Signif F = .0002

---------- Variables in the Equation ----------

Variable	B	SE B	Beta	T	Sig T
COSTPERS	9.268293	1.651347	.871230	5.613	.0002
(Constant)	12804.878049	6916.300827		1.851	.0938

End Block Number 1 All requested variables entered.

b x + a

$\hat{Y} = 9.27X + 12804.87$

$\hat{Y} = 12805 + 9.27X$

$\hat{Y}$ = turnover

X = cost of Pers. Sell.

APPENDIX II
DEPARTMENT OF BUSINESS ADMINISTRATION
INSTITUTE OF ADMINISTRATION
AHMADU BELLO UNIVERSITY
ZARIA

QUESTIONNAIRE FOR LAUNDRY HOUSES.

Instruction: Please, tick the appropriate options.

1. *Registered Name of your business*.....
2. When was it registered?.....
3. Do you use 'Karo' starch in your process?.....
4. How would you rate the quality of Karo starch?

   Low ☐

   Average ☐

   High ☐

5. How would rate the present price of karo starch for its quality relative to other available Industrial starch brands?

   Low ☐

   Average ☐

   High ☐

6. What are the factors which influenced your buying karo starch and in what degree?

   Price ☐

   Quality ☐

   Prompt delivery ☐

   Storability ☐

   Discounts ☐

Fragrance ☐

Free sample ☐

7. What other brands of starch do you use? Or have you tried?

Robin starch ☐

Garden starch ☐

Yomis starch ☐

Instant spray starch ☐

Fresh wet starch ☐

Others (specify) ☐

8. What was the reason for using that particular brand?

Better price offering ☐

Better quality ☐

Good fragrance ☐

Reaction to advert ☐

9. Who has the authority to order for industrial starch in your organisation?

Managing Director ☐

Laundry manager ☐

Store Officer ☐

Sales outlet manager ☐

10. In terms of influence, which of the officers above has the greatest influence in determining What price, quantity and brand of starch to be purchased?.....

11. Do you consider the visits by salesmen as vital?
Yes ☐

No ☐

12. State why?.....

13. During such visits have you ever benefited from any useful business suggestions?

Yes ☐

No ☐

14. What factors do you consider as important with respect to the packaging of starch?

Good protection for the product ☐

Good and attractive design ☐

15. Which do most of your customers prefer?

Perfumed starch ☐

Starch without perfume ☐