ECONOMIC POLICY MEASURES ON MARKETING AND MARKETING PRACTICES AND THEIR IMPLICATION IN THE NIGERIAN ECONOMY.

(A CASE STUDY OF THE FOOD AND BEVERAGES INDUSTRY)

BY

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MBA/ADMIN/02491/1993-1994

AHMADU BELLO UNIVERSITY ZARIA (CONGO)
MBA FINAL YEAR PROJECT

AUGUST, 1998

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FINAL YEAR MBA PROJECT WORK.

SUPERVISOR.
MR. JOHN K. YERE

AUGUST, 1998.

DECLARATION

I hereby declare that this thesis has been written by me and that it is a record of my own research work. It has not been presented in any previous application for a higher degree. All quotations and sources of information are acknowledged by means of reference.



Mahmood Sani Galadanchi

CERTIFICATION

This project titled "Economic Policy Measures on Marketing and Marketing Strategies in the Nigerian Economy": by Mahmood Sani Galadanci meets the regulations governing the award of the degree of Masters of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation under Supervision of Mr. John K. Yere

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DEDICATION

This work is dedicated to the memory of my late brother, Saifudden Sani, who died last ten years (October 1988), that coincide with the exact month of the completion of this project (October 1998). May Allah (Subuhanahu wata'ala) forgive him and reward him with Aljannah (paradise) Ameen.

ABSTRACT

Before a nation as a whole could benefit from the wealth and the inventions which came to it as a result of the industrial revolution, it was necessary for people to realise that the sharing of opportunity is more important than the success of the individual. Therefore, every government must ensure that the resources of a nation are identified, monitored, regulated and harnessed such that whatever benefits thereof are shared by the populace.

Development is crucial to a nation because it forms the live-wire on which the society depends. And the economic aspect of development forms the "never-centre" that supplies the necessary "energy" on which other facet of development depend for sustenance. Therefore, any sound economic development would depend largely on how effectively and efficiently the society's human and material resources are managed. These resources (material) are no exclusive preserve of individuals or groups of individuals, but of the populace. Nevertheless, individuals and groups may be allowed to harness these resources to meet the society's material needs and wants while they make profit.

Ordinarily, these individuals and groups, if left on their own would engage in over exploitation of the resources and the consumers to the detriment of the macro-society. This tendency makes it mandatory on government to monitor and regulate the different economic activities and practices to ensure and guarantee profit to producers and maximum benefits to the consumers and the society in general. The government does this through a bunch of economic policy measures and guidelines. These measures and guidelines are reviewed occasionally depending on the trends in the global and national economies. Thus in 1982, the Shagari administration introduced the austerity measures geared toward a fast economic recovery. These measures were necessitated when the glut in the world oil market in 1981 mirrored the shortcomings of the economic policies being pursued by the government and the in preparedness of government to tackle realistically a fundamental economic problem. The measures were later replaced by the Babangida administration with the SAP: Structural Adjustment Programme.

The SAP measures made the Nigerian economic environment very turbulent and consequently affected firms and their marketing and marketing programmes.

This development occasioned high inflationary trends, full or partial closure of firms, capacity under utilisation, high cost of capital and production, diminishing purchasing power, low demand, and the use of both aggressive and dynamic marketing programmes and activities by producers to attract consumers to start purchasing their products. In other words, the measures are both opportunities and threats to firms, depending on their resources and ability to sense and respond to changes as they occur in the operation environment. This requires that a producer who wants to remain in operation as a going concern should constantly monitor the operating environment and respond accordingly.

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CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION:

Development in every facet of life is of great importance to the human society. It is in realization of this that governments take measures to ensure overall development of the society. One area the government does not relent efforts is economic development on which other aspects of development rest. The central economic process for society is how to reconcile the conflict between people's virtually limitless desires for goods and services and the scarcity of resources (labour, machinery and raw materials) with which these goods and services can be produced. Every group of people must solve three basic problems of daily living:- what goods and services to produce, how to produce these goods and services and for whom to produce these goods and services.

In attempt to solve these obvious problems, marketing and marketing practices play key roles in an economy as they determine what to produce, when to produce, where to produce, what quantity and quality to produce, at what price to sell it, how to distribute it and how to stimulate demand by way of a cluster of activities. It also involves how to source raw materials and other inputs at low cost of guarantee profit.

From a societal point of view therefore, economic policy measures are the forces that harness a nations resources and industrial capacity to meet that society's economic development needs. In the same way the society sees marketing and marketing practices as the forces that harness a nation's industrial capacity to meet the society's material needs. This calls for control to ensure healthy practices for the benefit of the consumers, government, society and produces and marketers who must operate at a profit.

Economic development which no doubt is the live-wire of any modern state is a major concern of every government. In this regard, governments make policies and take measures from time to time with a view to regulating and monitoring different economic activities and practices to measure healthy development.

In a bid to achieve a sound economic and social development, the Nigerian governments at different times have taken some measures designed to attack and remove or eliminate the fundamental structural distortions prevalent in the Nigerian economy since the 1970's. When we made significant progress in some sectors, others suffered draw backs. Instead of making the economy more self reliant, the policies pursued at the period made the economy more self reliant, the policies pursued at the period made the economy vulnerable to

further external shocks. Especially, price distortions created by highly over valued currency and inappropriate institutional arrangement led to inadequate pricing of agriculture based on wholesale imported inputs. The public sector involvement in economic activities became pervasive such that the sector accounted for about half of the GDP and two thirds of modern sector employment by 1980.

The apparent affluence at the time blinded us as a nation to the precarious economic situation we found ourselves. However, the glut in world oil market in the second half of 1981 mirrored the shortcomings of the economic policies being pursued and the un-preparedness of the government to tackle realistically a fundamental economic problem threatening our national life. It was thought at the time that the problems caused by the oil glut would be short lived but this was not to be.

Thus, in 1982, the Shagari administration introduced the austerity measured geared towards a fast economic recovery - By and Large, the austerity measures did not produced or seem to produce the desired results of revamping the economy. Therefore, the Babangida administration thought it is necessary to replace it with the structural adjustment programme "SAP" with a view to bringing sanity to the socio economic structure which by every indication had deteriorated considerably over the years.

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The policy measures taken between 1982 and early 1986 at best were in the form of intensified payments and trade control, the effects of which are so familiar that they do not need any elaborate enumeration here.

Suffice it to say that the control measures were not only largely unsuccessful, but also led to a situation of drastic short-supply of industrial inputs, plant closures, large scale retrenchment of workers, shortage of goods and price inflation even hyperinflation. At the same time, external debt increased rapidly through indiscriminate recourse to external borrowing and accumulated unpaid trade bills. Even then, debt service payments rose many folds from 1984/5 above the level in 1980. Our foreign creditors thus became inpatient with us and in consequence refused to grant us further credit and in exceptional cases where levels of credit were provided, they were given at prohibitive cost to the economy.

The first significant policy brought about SAP was the second tier Foreign Exchange Market (SFEM) which later metamorphosed to Foreign Exchange Market (FEM). FEM was put in place to control the foreign exchange transactions which brought new awareness for investments in the Financial Sector with attendant increase in income. Another significant policy brought about sap SAP to the Financial Sector was the deregulation of interest rates.

This policy encouraged increased of depositors and because of the attraction of more income to the depositors, at the same time banks and non-banks financial institutions were rejoicing from the increase in the evelof economic activities vis-à-vis increase in their income, the deficit sectors were crying because of the high increase in the interest they had to pay on borrowed funds.

The high cost of funds and foreign exchange caused a slow economic activities in the production sector.

The situation worsen to a point where manufacturing concerns were folding up, meaning that borrowed funds were not being utilised to generate enough funds for repayments of principal and interest. The few that managed to hang on have had earlier overhead cost increased a double fold, meaning that such cost had to be transferred to consumers whose income were dwindling at an alarming rate.

From the above, one can assert that the Nigerian economic environment has been turbulent and volatile with attendant implication on consumers behaviours, individual and market demand as well as determinant of demands, all which influence marketing environment is constantly spinning our new opportunities, in bad as well as in good years. To the marketing managers therefore, falls the major responsibility for identifying major

changes in the environment. The marketing environment also spins out new threats and firms find their markets collapsing. Recent times have been marked by many sudden changes in the marketing environment, leading Drucker to dub it an "Age of discontinuity" and Toffler to describe it as "a time of future shock". Layi Afolabi Monetary Eco (interview and publications Lagos) 1991.

Firms operating in an unstable economy like ours are constantly being influenced by their external and internal environment variables. Thus they have to constantly monitor the operating environment to identify changes that occur so as to design and implement a cluster of Marketing and Marketing activities desirable to remain in operations.

These measures introduced in the period under review rolled out surpasses for marketing operators and consumers, a situation so problematic and cost intensive to manage as they have to constantly review and redesign their marketing strategies to cushion the impact of these measures on their operations and consumption pattern. The implication of these measures on consumers and firms and the survival strategies adopted by producers and marketers is the concern of this study. The impacts on the economy shall be discussed somehow.

1.1 THE STATEMENT OF THE PROBLEM

Nigerian governments have taken economic policy measures over the time to ensure viable economic development. These measures had had to be reviewed occasionally for obvious reasons - inadequacies of earlier measures to correctly address both visible and latent institutional and structural defects prevalent in the economy. Thus, the main statement of the problem in this study is to carry out an appraisal of the economic policy measures under the period in review to identify their impact on marketing and marketing practices in the manufacturing sector and whether or not they have achieved what they (measures) were set out for.

1.2 PURPOSE OF THE STUDY

The purpose of this study is to carry out an appraisal of the economic policy measures under the period in review with a view to finding out their implication on marketing and marketing practices in the Manufacturing Sector of the Nigerian economy with particulars reference to the Food Beverages Industry.

It is also the intention of this study to identify the major impacts of these measures on the economy as a whole.

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1.3 OBJECTIVE OF THE STUDY

Reviewing major economic policy measures under the period in review (1986-1997). Also the study sought to achieve the following objectives.

a) Identify the implication of economic policy measures on marketing and marketing practices in the food and beverages industry.

b) Highlight trends in consumer behaviour and how producers could serve the consumer better.

c) Enable operators/potentials beneficiaries to identify the weaknesses and threats posed by these measures.

d) To suggest or recommend possible ways of improving the on measures for desired results.

1.4 SCOPE OF THE STUDY

All economic measures no doubt effect virtually all facet of our individual and national life. Thus, the standard of living we maintain is a function of these measures and therefore, calls for close monitoring and review in order to improve on them and achieve desired results. To highlight all the implications of these measures on the whole economy in one study such as this will not only be unrealistic but expensive, time constraining, energy sapping and even more so, leave the funding to serious doubt.

Therefore, the scope of this study will be limited to the food and beverages industry with emphasis on three firms (Nigerian Bottling Company Plc, Seven-Up Bottling Company Plc, and, the Nigerian Sweet and Confectionery Company Limited, all in Kano Metropolis) while the time perspective is 1986 to 1997.

1.5 SIGNIFICANCE OF THE STUDY

Economy is the live wire of a nation as generation to generation depends on if for survival. Therefore, the state of the economy and the measures taken at each point in time is of importance to the succeeding generations. The ability to be better able to tailor the economy to meet their needs depends largely on their knowledge of the economy in the past.

The Nigerian economy has in the past been an object of experiment in the political and economic laboratories by successive government without being able to diagnosis the problem inherent in the system.

As a result, measures were recommended and replaced in quick succession with non-being an elixir to our socio-economic problems. Rather the economy was left more institutionally and structurally defective.

The choice of the time perspective therefore is informed by the fact that, for the first time the government came out with a set of measures e.g. (SAP,

SFEM, FEM) to tackle realistically fundamental economic problems that threaten our nationhood. Moreso, the implementation of these measures involved the inadequacies of the earlier economic measures and the impact of current measures on the consumers, producers/marketers, organisation and the economy in general. This study is hoped would be eye-opener for further studies into Nigerian economy and the policy measures designed for economic activities.

1.6 LIMITATION OF THE STUDY

Carrying out any study, particularly one which boarders on national economic policy measures as this would certainly be construed by obvious factors. This is even moreso that the measures have spin out more socio-economic hardship than envisaged. Thus the following limitations are anticipated.

a) Time constraints given the time limit within which the study is to be completed.

b) In adequate funds to source all relevant data information.

c) Reluctant of respondent to give honest and timely information as required of them.

d) Delay and non-return of questionnaire by the respondent

e) Refusal to give and falsification of relevant date/information by Management of Firms understudy for fear of rivals and government taxation and other control measures and, of course inadequate library facilities.

1.7 HYPOTHESES

In the course of this study, hypotheses shall be formulated and tested to prove or disprove whether economic policy measures have implications on marketing and marketing in the Nigerian economy. The following hypotheses shall be tested.

H_o Economic policy measures influence consumer behaviour either negatively or positively.

H_1 Economic policy measures cannot influence consumer behaviour in any way.

H. o Economic policy measures do have implication on the Marketing and Marketing practices in Nigerian-economy.

H. 1 Economic policy measures do not have any implication on Marketing and Marketing practices in Nigerian-economy.

H. o Marketing Variables (mix) Product, Price, Place, Promotion can be used to reduce the effects of unfortunate economic policy

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measures on the organisation.

H_1 Marketing variables have no relevance in reducing the effects of unfavourable economic policy measures on the organisations.

1.8 DEFINITION OF TERMS

In reality there are no universally accepted definitions of terms different scholars, institutions, social groups, organisations, business men and women as well as students of management have had to define terms differently or rather variously depending upon their belief, comprehension, type and nature of organisation for the purpose of our study some key terms are defined below.

1. **POLICIES**: Are broad general guards to action that should help in attainment of objectives. Policies help in speeding up decision making by providing definite guards to follow. In this "Art of policy making" OVUORIE (1986) defined policy as "a guide for making administrative decision. It is an organisation's point of view and established manners of doing business and directing managerial actions.

2. **STRATEGY**: Refers to schemes, methods, manoeuvres which management hopes to deploy in order to move the organisation from its present position to arrive at target goal by the end of a specified period,

recognising that during the intervening period, a host of changes are going to take place in the operating environment; (Anao 1979)

3. **MARKET:** Consist of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want "(Kotler, Philip 1991).
4. **MARKETING:** Is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others "(Kotler, Philip 1991)" The performance of business activities that direct the flow of goods and services from producers to consumers or user" (American Marketing Association, 1960).
5. **MARKETING PRACTICES**: Refer to all the marketing programmes and strategies employed by organisations in order to exploit target markets in the most effective and efficient ways the purpose of achieving organisational goals.
6. **CONSUMER**: Refers to the final user of a product or services of an organisation. A consumer can be an individual or a house hold. Consumers vary tremendously in age, income, taste, mobility pattern, purchase pattern, educational level and so on. A consumer is found every where that people exist though a wide difference exists in the goods and services he consumes

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and the way he consumes them.

7. **CONSUMER BEHAVIOUR:** Refers to consumer response to a firm's product or service features, prices, advertising and so on. Consumer behaviour is a multi- variant function and has to do with how the consumer makes his purchase decision towards or about particular products or service. His decision to consume a product or service is informed by is knowledge and awareness of the existence of the product, its attributes, his purchasing power, taste, social group and cultural influence and so on.

8. **FOOD AND BEVERAGES INDUSTRY**: Refers to those individuals or organisation that engage in the production and marketing of consumable goods or products such as foods, soft drinks, food drinks such as bournvita, pronto, ovaltine as well as confectioneries, food ingredients and so on.

9. **DEVALUATION:** Refers to an appreciable reduction by the government and by specified percentage, in the external value of a country's currency. It is a reduction in the fixed exchange rate maintained by the government, that is a reduction in the exchange rate, which the government commits itself to defend.

10. **INFLATION:** Refers to a rise in the average price of goods over time. Pure inflation is the special case in which all prices of goods and factors of production are rising at the same percentage rate.

11. **FOREIGN EXCHANGE MARKET** (FEM). Is the international market in which one national currency can be exchanged for another. The price at which the two currencies exchange is called the exchange rate. The exchange rate is the number of units of foreign currency that exchange for a unit of the domestic currency. A fall (rise) in the exchange rate is called a depreciation (appreciation).

12. **STRUCTURAL ADJUSTMENT PROGRAMME** (SAP) Refers to a cluster of economic policy measures or guidelines recommended by the government as necessary for revamping the Nigerian Economy.

13. **SFEM:** Refers to the Second Tier Foreign Exchange Market designed and charged with the responsibility of overseeing transaction in foreign exchange or currencies.

14. **CONSUMERISM:** "Is an organised movement of citizens and government to strengthen the rights and power of buyers in relation to sellers" (Kofler, Philip 1991).

FOOTNOTES

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CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

Every government desires to bequeath sound economic lagacies for the benefits of posterity. Begg, David K.H. et al (1987) defined economics as "the study of how society decides what, how and for whom to produce". Thus every group of people must solve three basic problems of daily living. What goods and services to produce, how to produce these goods and services and for whom to produce, these goods and services. To solve these obvious problems, individuals and group volunteer into diverse form of business to ensure steady availability of these desired goods and services with the aim of making profit. How they go about it and the resource employed become sources of concern to the government. For avoidance of suspicion and doubts, government monitors and regulates the attempt by the society to solve these basic problems of day living of a set of policies (political or socio-economic) David, Begg Stanley Fisher et al (1987).

Ovuorie (1986) define "Policy as a guide for making administrative decision or as an internal administrative law governing executive actions within the organisation". What then are economic policies? For operational definition, economic policies can be taken as a broad, general guide to actions that should help in the attainment of economic objectives; harnessing of a nation's resources, stimulating and sustaining general economic development for an infinite period of time. Thus economic policy measures are taken consequent upon trends in the economy. As these measures come into play, the economic environment become turbulent or rather volatile, making it imperative for marketing decisions, practices and strategies to be reviewed and redesigned constantly in order for marketing practitioners to keep afloat. Business Times 13th October 1986 (The art of policy making).

While these economic measure turn out to be threats to some firms/organisations, they are opportunities to others. For examples, it would be opportunities for firms that source high percentage of their raw materials and spare parts locally to remain in operation, and meet consumer demand of their products or services in an event of complete or partial ban on importation, high tariffs on importation, high foreign exchange rate, scarcity of foreign exchange, etc, as a result government measures at a particular point

in time. It would enable such firms to increase their market share and standing as well as reputation, for consumers world-wide prefer firms that meet their demand at all point in time regardless of policy measures and economic condition prevalent.

On the other hand, ice in an oven has a better chances of survival than firms that depends almost 100 percent on imported raw materials and spare parts for their operations. In fact, most of the firms that depended wholly on imported inputs either had to operate at low capacity or fold up completely when government banned the importation of certain categories of items in not too distant past in order to make firm more self-reliant on locally produced raw materials. It is in realisation of this that firms in the manufacturing subsector have had to go into local production of their raw materials and other inputs to remain in operation. This side corroborated by Bashorun A.A. Adesanya, former executive chairman (NBC), (NBC Annual Report 1993) in a speech at the 41st Annual General Meeting. He has this to say.

> "Our Subsidiaries are an important part of our business prodding, as they do, to the inputs to the business on the one hand, and serving a national need on the other."

Therefore, it requires that excellent companies take an "outside -inside" view of their business. These companies monitor the changing environment and continuously adapt their business to their best opportunities. To the

company's marketers falls the major responsibility for identifying major changes in the environment. The marketing environment is constantly spinning out new opportunities, in bad as well as in good years. The environment also spins out new threats and firms that fail to respond fast find their markets collapsing.

2.1 REVIEW OF MAJOR ECONOMIC POLICY MEASURES

Nigerian economic policy measures right from independence have reflected what obtained in Britain, her former colonial master. Before the discovery of oil and its allied products in 1965, the nation's major source of foreign earnings has been the agricultural sector. The revenue from oil saw Nigeria in an era of economic boom in the early 1970's but, however, towards, the end of 1970's and by the early 1980's, the glut in world oil market reflected the short comings of the economic policy measures being pursued and the long-run implications on the economy.

Alarmed by these trends, government introduced the austerity measures in 1982 geared towards a fast economic recovery. These measures which were to act as an elixir to the socio-economic structure did not improve the situation appreciably. By the end of 1985, it became obvious that nothing less than comprehensive structural adjustment would effect the desired turn-

around of the economy. It was in this light that the 1986 national budget set the tone for the two years structural adjustment (SAP) which was launched in July 1986. SAP was introduced to achieve the following objectives: To restructure and diversify the productive base of the economy in order to reduce dependence on the oil sector and inputs; to achieve fiscal and balance of payment viability over the period; to lay the basis for sustainable non-inflationary growth; to lessen the dominance of unproductive investment in the public sector; improve the sector's efficiency and intensify the growth potential of the private sector. (New Nigerian Nov. 9, 1987 P. 23).

In order to achieve these noble objectives, a shift in economic policies became inevitable. The main element of SAP envisaged not only strengthening demand management policies but also adopting measures to stimulate domestic production and broaden the supply base of the economy. Thus the adoption of a realistic exchange rate policy, rationalisation and restructuring of tariff to promote industrial diversification and increased trade and payments liberalisation, and abolition of complex administrative controls are therefore the key element of SAP.

Government economic policy measures in the 1980's were geared towards domestic price stability, promoting full employment, broadening credit facilities to the production sector of the economy and promoting non-oil

export and thereby diversifying foreign exchange earning. In pursuance of this, policy measures such as monetary , fiscal, exchange rate, pricing and income trade and commercial, industrial, agricultural, rural development etc., were set in motion to ensure the attainment of desired result.

MONETARY POLICIES

In the period under review, monetary policies were designed to stabilise the economy and mobilise financial savings for efficient allocation from the surplus sectors to the deficit sectors of the economy.

This was done by way of credit restriction and relation. Appropriate changes were also effected in the monetary policies circular No. 20 of January 1986 including the reduction of 10.0 percent to 7.6 percent in the ceiling imposed on the rate of credit expansion by the big and medium sized banks and later to 8.4 percent in 1987. This was however raised to 12.5 percent to relate the economy believed to be over heated by SAP. However, this was reduced to 10 percent as a result of the inflationary pressure believed to have been caused by the excess liquidity in the bank subsector. (CNB, Briefs 1994 August).

In 1989, measures were adopted to check credit expansion in the sub-sector.

These measures included the cancellation of all loans backed by foreign collateral's, withdrawal of government and quasi-government deposits from banks to C.B.N and raising reserve requirements of banks.

The interest rate deregulation was affected to attract foreign investors and encourage savings. In 1987, 1989 and 1990, interest rates were determined by the market forces and these rates have increased 32 percent and 34 percent and dropped later to about 28 percent. It was thought that the invisible hand will continue to rule the interest rates but this was not to be as government stepped in at the beginning of 1991 and decided that the maximum lending and saving rates by at 21 percent and 13.5 percent respectively.

While the immediate reasons for reduced interest rate might be to stimulate the deficit economic units to borrow for production purposes and thus be able to amortise. The lowering of savings rate might on the other hand discourage surplus economic unit from investing their funds in bank deposits. (CBN Brief Series August 1994).

The principal policy measures introduced under the emerging monetary policy frame work included the rationalisation of credit controls which led to the reduction of the former 18 sector-specific credit distribution targets to a two-sector categorisation, requiring 50 percent of credit to be channelled to agriculture and manufacturing and the remaining 50 percent to other sectors.

Further regulatory measures pertaining to liquidity and reserve requirements, which hitherto discriminated between commercial banks and merchant banks, were unified to give similar treatment to all licensed banks.

For instance, cash reserved and liquidity ration requirement were synchronised for the two types of banks while commercial banks were allowed to undertake the equipment leasing business, just like their merchant bank counterparts. (CBN Annual Report December, 1994).

2.3 TRADE AND COMMERCIAL POLICY

The adoption of trade and exchange liberalisation involving the establishment of a foreign exchange market (FEM), the elimination of exchange controls, quota restriction on imports and exports licensing, formed the cornerstone of SAP measures. This resulted in the reduction of prohibited import items from 74 to only 16, modification of the system of advance payments on import duties and overhauling of the custom and exercise duty schedules to provide incentive to the productive sectors. The previous requirements that Nigerian residents should surrender their foreign exchange earning stop the CBN was abolished.

Thus exporters and other foreign exchange earners are entitled to 100 percent of their foreign exchange earnings which they must repatriate and keep in

their domicilliary account on which they can freely draw to meet all eligible foreign exchange transaction under the SFEM.

With the introduction of SFEM; the 30 percent import levy introduced in January 1986 was abolished as superfluous. In recognition of the need to improve the financial liquidity of companies for trade and other purposes, a system of advance payment of import duties whereby importers were required to pay the appropriate import duty at the time letter of credit are opened, was revised. Under the revised system, only 25 percent of the assessed import duty need to be paid. The balance of 75 percent was to be paid when the goods actually arrive. (CBN Review August, 30 1993).

A related trade policy measures allowed exporters and producers to import raw materials and intermediate products for use in the manufacture of export products free of import duty and other direct taxes and charges. under the 1986 trade liberalisation policy, all regulations and controls and quantitative restrictions which prevented private sector participation in the country's export vested in the commodity boards for export of scheduled primary produce was abolished. In place of commodity board, export promotion incentives to boost non-oil export were being implemented. These incentives include a new export and rediscounting facility to assist private exporters, establishment of a duty drawback or suspension scheme, export development

fund, export credit guarantee and insurance scheme, export free zone and abolishing of the excise duties. This would reduce the high rate of inflation by 46 percent.

These was the abolition of export restriction although the ban on exports of grain and tubers still remained. (CBN Review August,30 1993).

2.4 FISCAL POLICY MEASURES

Fiscal policies were designed to improve the performance of the economy generally and boost government revenue in particular some of the existing fiscal policies were reviewed and rationalised in line with SAP, with a view to ameliorating the expected inflationary impact of SFEM. Besides the abolition of the 30 percent import levy and the reduction of the import prohibition list from 74 to 16, import and exercise duties were substantially reduced pending the results of studies commissioned for their further review and rationalisation in keeping with the regime of flexible exchange duties. Also, the deduction from workers salaries not exceeding N3,600 was refunded to them. (CBN Bullion Vol. 16 No.2 April/June 1992).

The government has embarked on expansionary socio-economic policies which led the government to take loans from both internal and external sources. With the collapse of the world oil-market, Nigeria was in liquidity

problem and this resulted in series of measures to curtail public expenditure. To reduce public expenditures in the mid 80's and early 90's, the following measures were taken - minimising the growth of public sector, wage structure employment and freezing wage increases, completing on going projects only on a basis of the economic vitality and higher completion probabilities. New projects were to be under taken on the basis of being instrumental to economic recovery of Nigeria and creating incentives to induce non-oil exports. (CBN Bullion Vol. 16 No.2 April/June 1992).

To further curtail public expenditures, government integrated key measures in SAP which included nationalisation of public service, commercialisation and privatisation of Parastatals, public corporations and institutions, focusing capital expenditure on infrastructural and social services primarily on maintenance and rehabilitation. The aim of the policy of privatisation and commercialisation of government corporations Parastatals and institutions is to further deregulate the economy and induce the private sector to play greater role.

The policy is geared towards implementation of four basic objectives; freeing government recurrent funds from privatised enterprise to other areas of priority; providing immediate funds from the sales of such corporations for government use in other area (N800 million) has being realised by divesting

78 percent of the 92 scheduled public enterprise; broaden the ownership structure of such corporations, and sustaining such enterprises. (CBN Bullion Vol. 16 No2 April/June 92).

2.5 INCOME TAX POLICIES

The tariff and personal income tax measures introduced during the SAP period were also part of the total fiscal policy packages. The workers enjoyed more personal income allowance in 1989, 1990,1991, 1992 and 1993 budgets. The 1991 tax policy packages were to ensure fairness in the system minimising disincentive to work, attracting and encouraging foreign and domestic investments, discouraging tax evasion and reducing "bottle neck" of tax collection. The 1992 tax policies were tax excess profit , taxes were to be removed from all companies and the funds to be used on research and development especially for souring of raw materials. The 1993 policy package contained further relaxation on the tax policy by the exemption of workers earning less than N5,000 per annum. This was to curtail the inflationary pressure particularly on the low income group.

The introduction of these packages caused many industries to either close down or produce at under capacity. From those that stayed afloat, average capacity utilisation was generally in the neighbourhood of 38 percent. Though

government tried to minimise the impact of SAP on the manufacturing sector by introducing the "Manufacturing in the Bond Scheme and Export Free Zone" these measure did not see the light of the day. CBN Bullion Vol. 16 No 3 July/Sept.1992

2.6 EXCHANGE RATE POLICY

Before the mid 80's Nigeria operated a fixed exchange rate which had to be adjusted periodically in accordance with the import weighted average of some currencies including the American Dollar, English Pound Starlings, German Mark, the Japanese Yen, the French Franc, the Dutch Guilder and Swiss Franc.

These were currencies that were imported in Nigerian Foreign trade. This system however led to the over-valuation of the naira in relation to foreign currencies. In 1980, the naira was exchanged for $1.78 and about pence. Under the fixed exchange rate, the allocation of foreign exchange was based on the import system and this was grossly abused, a situation that led to Naira over-valuation, economic distortion and in balance in the economic structure. The observed distortions included inefficient use of foreign exchange, relative attraction of imported goods, disincentive to exports and adverse terms of trade for non-oil products - agricultural and manufactured goods. To address this problem, SAP was introduced to restructure the economy. One of the

major steps was to make the naira exchange rate realistic and a stable level. In 1986, the Second Tier Foreign Exchange Market (SFEM) was put in place to ensure that prices of foreign currencies and the naira were determined by the market forces. The excessive demand for foreign exchange was supposed to be reduced by the realistic exchange rate of the naira but this was not the case in practice.

There have been series of changes in the foreign exchange market. The First Tier Market which only allowed payment for public sector debt services and the obligations to external creditors, international organisations, embassies, etc, was merged with second tier market into a single foreign exchange market (FEM) in July 1987.

The main objectives of exchange rate policy in Nigeria are to preserve the value of the domestic currency, maintain a favourable external reserves position and ensure price stability. Exchange rate policies applied in Nigeria have traversed two main mechanism - the fixed and flexible regains. Between 1960 and 1986, the fixed exchange rate system was pursued. The inability of the system to achieve the major objectives of exchange of exchange rate policy led to the reversal of policy in September 1986 with the floatation of the naira. The flexible system continued until January 1994 when the fixed

exchange rate system was introduced with the pegging of the naira relative to the USA Dollar. Some of the main instruments used in pursuit of the objectives were: maintaining parity with British Pound Sterling and the U.S. Dollar, Fixing the naira exchange rate independently with the dollar and sterling, (depending on their strengths) and the use of discretion.

In recognition of the role of appropriate exchange rate in the recovery of the ailing economy, the Federal Government in 1994 outlined new broad policies to stabilise and shore-up the valve of the naira. Among other policy measures, the naira exchange rate was pegged at N21.9960 to the U.S. Dollar. The Current policy is aimed at instilling sanity into the foreign exchange market and encouraging increased activities in the productive sectors of the economy. It is also envisaged that more funds would be made available through the official channel in order to create employment opportunity and more goods available at affordable price. (CBN Bullion Vol. 16 No 3 July/Sept. 92).

2.7 EXCHANGE RATE MANAGEMENT

Consequent upon the recession in the Nigerian economy from about 1982, a recession triggered by the collapse of the world oil market, the monetary authorities became alarmed of the inevitable consequences of the over-valuation of the naira and of the need to devalue it. The exchange rate of the

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naira to the dollar was still below N0.70 for $1.00. In the meantime, the country's total outstanding debt was on the increase from N500 million in 1970 to about N2.331 billion in 1981 and about N10.081 in 1993. At this stage it became clear that some drastic measures had to be taken regarding the naira exchange rate. A deliberate policy was therefore embarked upon to depreciate the naira administratively. The exchange rate management became characteristics by the "Crawling Peg" approach to depreciation. Not only had the country's total external debt risen more than four fold between 1981 and 1983, the total external reserves declined at an alarming rate from about US $ 8.5 billion in May 1981 to about U.S $ 2.5 billion at the end of that year and U.S. $1.53 billion or N1.03 billion at the end of 1982 (Democrat Weekly 14th Jan. 1990).

The balance of trade was in deficit every year from 1981 to date. From a favourable trade balance of over N2.0 billion during 1982. There was a balance of payment deficit of over N3.0 billion in 1981 and has increased tremendously between then and now. The economic balance sheet of the country was indeed dismal. The evidence of an over- (valued currency was overwhelming and the consequences frightening). (Democratic)

2.8 MOVEMENT IN THE NAIRA EXCHANGE RATE

During the first quarter of 1986, the exchange rate of the naira to the dollar was almost one to one. The official exchange rate policy seemed to have been more active in the second quarter with the effective depreciation of naira which then exchanged in June for N1.1872 to the dollar. The attempt by the government to re-value the naira was expressed in the 1986 budget and the introduction of SAP packages towards the end of June 1986 led to further depreciation of the naira in the third quarter. With SFEM coming into the operation in September, the average exchange rate of naira to U.S dollar decline during the fourth quarter to N2.3826, fluctuating from N2.0593 in October to N2.5954 in December, Manufacturing Association of Nigeria (MAN), and genuine traders as against speculations felt, and still feels, that N2.5 and N3.0 to the U.S Dollar would be damaging to the economy. (CBN Annual Report Dec. 94). Except on every rare occasion, the naira has consistently suffered a depreciation in its value.

This is corroborated by the ever high inflationary trend in the economy. The economy is thus characterised by low output of industrial items of quality and quantity. At the end of 1987, the naira was devalued by 37.71 percent compared with it level in December 1986. The comparative devaluation rates were 22.17 percent and 29.93% for 1988 and 1989 respectively. The devaluation of naira from June (N1.0 = $0.8423) and December 1986 (N1.0

= $0.1319) was about 84.34% and about 86.81% since January 1986 when pressure was still being exerted on the Nigerian government by the (IMF) Internationally Monetary for a three stage approach to the devaluation of the naira by 60% in fact, since then the naira has not appreciate much up to date. However, the deregulation policy stance was modified in the 1994 Federal Government Budget with the naira exchange rate fixed at N22 to the U.S $1.0 and has remained almost so to the date of official rate.

In 1989, FEM and Autonomous markets were merged to further establish the exchange rate. Bureaux de change were introduced to increase the number of authorised forex dealers as an attempt to minimise the black market operations and improve the efficiency of the FEM. The federal government was to support the foreign exchange market with $1 billion and $3 billion in 1986 and 1987 respectively and the actually supplied to the market stood at $290.3 million, $192.2 million and $239.9 million on a monthly average in 1986, 1987 and 1988 respectively. The inflow stood at a monthly average of $75.9, $90.3 and $103.6 million respectively in the same periods. Thus the foreign exchange offered was only a fraction or better put, (a drop of water in an ocean) of the market demand. In 1990, the average yearly demand in Nigeria was in the region of $15miion while government funding was less

than $3 billion; a situation which created a demand gap that push up prices. (CBN Annual Report 1994).

2.9 DEVALUATION AND THE GROSS DOMESTIC PRODUCT

The improved growth rate for 1988 and 1989 were 14.16% and 3.92% respectively. However, when account is taken of the population growth rates averaging about 3% per annum and annual inflation rates of between 40 and 50%, the growth rates since the introduction of SAP and the massive devaluation of the naira will be found to be actually negative in real terms. And the general decline in per capital income resulting from unemployment and low production activities is manifested by the fall in the standard of living. (CBN Annual Report 1994).

The rapid fall in the standard of living as reflected in the level of per capita income was first noted in a 1987 world bank report, in which it was revealed that the living standard of most Nigerians had fallen significantly and that per capita income had declined from 800 dollars in early 1980's for less than 400 dollars in 1987. The fall in the level of income is even more drastic and apparent when the per capita is given in US dollars. For instance the dollar per capita income of Nigeria which stood at $778 in 1985 dropped to $359 in 1986 and to $194 eighteen month after the commencement of the rapid devaluation of the naira through the operations of (SFEM). By 1989, as result

of even more substantial devaluation of the naira, the per capita income had fallen further to $108. There have not been any encouraging improvement in the per capital income since then to date.

2.10 DEVALUATION AND PRICES

The most significant and socially relevant indicator of the impact of devaluation is the movement in the prices of goods and services, that is the impact on the rate of inflation. The multiple increase in the prices of goods (food, clothing, building materials), utilities (transport, post, electricity, water, telephone) cost of services like education and health are the most telling pieces of evidence against the economic policy measures in the period under review. Inflationary pressure intensified from 1995 to date. Date from the federal office of statistics (FOS) shows that average all-item composite consumer price (CPI) in 1996 stood at 2,040.4 (1985 = 100). This implied an inflation rate of 72.8% compared with 57.0%in 1995.

The overall increase in the general price level was accounted for a combination of factor such as the initial substantial depreciation of the naira exchange rate and the legged effects of upward adjustments in the prices of petroleum products in 1995. The situation was aggravated by high import duties, the Value Added Tax (VAT) and seasonal shortage of food items

occasioned by massive smuggling of food items across the boarder to neighbouring countries for higher earnings. (CBN Briefs 1994 Series).

2.11 DEVALUATION AND THE MAJOR PRODUCTIVE SECTOR OF THE NIGERIAN ECONOMY

It is obvious that following the introduction of SAP and the devaluation of the naira, the prices of some agricultural crops, rose, as did initially, the income of farmers. But once the inflationary consequence of devaluation started to catch up in context of subsidy withdrawal on factor living seeds, and fertiliser, the farmers begin to experience a diminishing income. The cost of other non-farm goods and services also turned the term of trade against the rural producers. Another dimension of the problems faced by the farmers, is the smuggling of Nigerian foodstuffs to neighbouring countries e.g. Cameroon, Chad, Niger and Benin. Those engaged did so in order to be able to earn CFAS, the convertible currency of Francophone African Countries which has appreciated considerably since the policy of devaluation of naira started with SAP. No commodity better illustrates the consequences of devaluation for Nigeria's agricultural sector or rural commodity than cocoa. According to the patron of the farmer (Ondo State), cocoa that sold at about N25,000 per tonne in March dived so low to N3,500 by the end of the year. The other important productive sector that has suffered tremendously from

the devaluation of the naira is manufacturing. The immediate impact of the rapid depreciation of the naira against the currencies of Nigeria's major trading partners such as European community USA and Japan, is the decline in the level of capacity utilisation, some of the other problems that are confronting the manufacturing sector are frequently highlighted in the report of (MAN). The problems include. (Daily Times Mon. July 20 1987).

a) ***Capacity of Utilisation:*** From the various reports of (MAN), the level of industrial capacity

b) utilisation was put at an average of 30%, in 1987, 6.7% in 1988, 40.7%and in 1989, 31.07%.

c) The figure for 1990 was 7.0%. Those of 1991 to 1997 can be better imagine than described.

Domestic Demand: The drastic devaluation of the naira resulted in sharp increase in the cost of machinery and equipment, industrial raw materials, and other inputs necessary for sustaining factory production.

This in turn meant that prices of manufactured goods rose steeply, thereby adversely affecting the domestic demand for industrial products. Many manufacturers became saddled with unsold stocks of goods and consumer purchasing power swindling alarmingly.

Smuggling: According to MAN, the period since the introduction of SAP has been characterised by wide-scale smuggling, especially of wheat flour, vegetable oils, rice etc. The banks speculators and traders were the main beneficiaries of the economic policy measures in the period under review. The prevailing situation in the bankruptcy sector which is forcing - "cash strapped Anambra motor manufacturing company (ANAMCO) to look beyond its primary business of vehicles (Mercedes components) assembly for survival" represents the experience of most manufacturers. (Daily Times Mon. - July 20 1987 P.23).

According to Ahlbrecht of ANAMCO; banks were no longer willing to sell foreign exchange to manufacturers who are mostly out bided by traders who only buy and sell articles without much overhead commitments. moves by ANAMCO parent company Duimler Benz of Western Germany, since 1986 to enter into trade pact with the federal government in which fuel would exchange to CKD (Completely knocked down parts) had been blocked (Ahlbrecht, 1989).

Clearly, if manufacturing sector has to be made to continue to operate in an environment where banking practices are hostile to genuine productive investments, then the slow pace of de-industrialisation which was already noticeable in the pre-SAP period will be accelerated. The slow down in

tempo of activities in industrial sector since 1991 continued in 1996. The overall index of industrial production estimated at 128.7 (1985=100), declined marginally by 0.4% relative to decrease of 1.9 and 3.3% in 1995 and 1994, respectively, and the average decline of 0.2% between 1991 and 1996. at 136.3 (1985=100), the index of manufacturing fell by 5.5% compared with decline of 0.9 and 14.2% in 1995 and 1994, respectively and the average decline of 3.2% in the preceding five years. As in the previous years, the decline in manufacturing output was attributed to low capacity utilisation occasioned by high production costs and low consumer demand resulting from low purchasing power. The element of these cost were in respect of utilities, increasing in tariffs, and private provisioning of services. Others included high cost of overhead, transportation, rising cost of raw material input, machinery and equipment and spare parts, occasioned by sharp depreciation of he naira change rate.

A CBN survey conducted nation-wide showed that the only manufacturing sub-group which operated above 50% of its installed capacity was tyre and tubes (63.3%) fourteen sub groups operated between 50% and 30% of their installed capacity. For example soft drink (42.1%) vegetable oil and grain mills product (36.1%), etc. The remaining fifteen subgroups operated below

30%, namely, sugar and cocoa confectionery (25.2%, meat and dairy products 5.5%) etc. (CBN Briefs Aug. 1994).

2.12 PRICING AND INCOME POLICY

The SAP has the adoption of appropriate pricing policies especially for petroleum and public enterprise goods and services. Before the deregulation, there was gradual movement towards the reign of market forces. Thus, in 1986, the price of petrol was increased from 20 kobo to 30 kobo per litre and subsequently to 42 kobo per litre for commercials vehicles and 60 kobo per litre for private vehicles. On the ground of difficulties of operating discriminating prices between two markets, a uniform price of 60 kobo per litre was adopted in 1990 and in 1994,it was increased to N11 per litre. In spite of the adjustment in prices, government still feels that there are subsidies on petroleum products. Today there is still speculations of further increase in the price of petroleum products. This has grossly resulted in storage's of fuel and artificial scarcity leading to hyper-inflation in the economy.

The consequence of the deregulation on the pricing policy is that both private and public enterprises have the freedom to set their prices and as such prices increase many folds at short intervals. However, government has not totally divorced itself from regulating pricing strategies of both private and public enterprises as witnessed in the recent past by government intervention in the

increases in domestic airfare by the private and national carriers (Nigerian Airways). The income policy was stagnated between 1982 and 1987 as there was need to reduce public sector expenditures. However, following the substantial increase in the cost of living, the federal government announced a comprehensive review of salaries and fringe benefits for public service workers. The qualifying period for the payment of pension and gratuity was reduced from 15 years to 10 years in the case of pension and 5 to 10 years in the case of gratuity. The maximum pension rate after 35 years of service was also increased from 70% to 80% percent.

2.13 INTEREST RATE POLICY

A significant policy brought about by SAP to the banks was the deregulation of interest rates. This policy encouraged increase in deposits and because of the attraction of more income to the depositor, banks income increased at the same time by more than five fold. While the surplus sector of the economy and banks were rejoicing from the increase in their income, the deficit sectors were crying because of the high increase in the interest they had to pay on borrowed funds. The high cost of funds and foreign exchange caused slow economic activities in the production sector. The situation worsened to a point where manufacturing concerns were folding up on daily basis, meaning that borrowed funds were not utilised to generate enough funds for repayment

of principal and interest. However, the ceiling on bank lending rates was removed, but banks, as performance enter on were not to observe a minimum spread of 5% between their average cost of funds and their maximum lending rate.

2.14 EVOLUTION OF MARKETING

Ordinarily, market and marketing are taken "a place where goods are bought and sold" and "buying and selling process" respectively. The two concepts mean much more than lay man see them. In professional and technical terms, a market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want" (Philip Kotler, 1991).

On the other hand, marketing is seen as "a social and managerial process by which individuals and groups obtain what they need and want through creating, offering , exchanging products of value with others" (Philip Kotler, 1991). It can therefore be seen as that process by which goods and or services provided within an economy get to the final consumer/users who have money and willingness to buy from a cluster of goods/services available at a particular time period.

Marketing is as old as the human society but has metamorphosed from the

primitive form to a modern form with a more sophisticated characteristics. Marketing grows as the economy of a nation develops.

The need of marketing arises and grows as the society moves from an economy of agriculture and individual self sufficiency to an economic built around division of a labour industrialisation and urbanisation.

The evolution and development of marketing can be traced through five main stages, viz.: subsistence stage, production stage, sales or exchange stage, marketing and human era.

During the subsistence period, the world economy was agrarian nature and produced what they actually wanted for personal consumption. There was no specialisation and the mode of production was very eroded in nature. Exchange of goods and services were mainly by barter, a process that facilitated marketing them. he production stage was noticed around the 1920's when firms were production-oriented, that is, they devoted their energies, resources and efforts in the production of a single item or rather their effectively and efficiently at few units. Marketing activities like advert, marketing research, sales analysis and market segmentation were virtually unknown and the training of sales persons was done by the personnel department.

The sales stage was experienced between 1920's and the 1950's when there

were many surpluses and the problem was how to sell them. Selling and sales management were given more attention and importance.

Marketing activities like market research, advertising and sales promotion were recognised, implemented and put under the sales manager. The marketing era was noticed around the 1950' upward when the world economy was affluent. There were many items in surplus and the purchase power of consumers increased.

Business firms started to embrace the marketing concept which include customer orientation, profit orientation and integrated marketing activities.

The human era emerged between 1970's and now. In this period, there is maturity and societal orientation in real business with great concern for the management of materials both in marketing and consumption.

Firms no longer produce only to satisfy consumers or customers but concerned with other institutions or codes that influence them. Government also play active role in monitoring and directing the activities of firms by economic policy measures and guideline to ensure healthy marketing practice.

2.15 MARKETING STRATEGIES

As the human era emerged and progresses, human needs and wants increased, calling for needs/wants - satisfying goods and services to be made readily

available by firms to justify their economic and social existence. Thus marketing and marketing activities become more complex with government economic policy measures and ever changing consumer behaviour contributing to these complexities.

To surmount these complexities and remain in operations, firms employ different strategic approaches in the development of marketing activities which are directed towards satisfying the customer, and, by so doing effect quick sales volumes, increase profits and take advantages of marketing opportunities.

Marketing activities in general are directed towards influencing or inducing consumers to select a product or service of a particular company when they enter into the market instead of the product competing in the market.

Consumer behaviour is complex and therefore requires each marketer to understand the nature of his target market before he could effectively embark on the meaningful and successful marketing operations.

Company planners must not only formulate the brand business strategies to help the company achieve its objective but also must plan marketing strategies and factors for specific products.

A marketing strategy according to Philip, Kotler (1991) comprises the broad principles by which marketing management expects to achieve its business

and marketing objectives in target market. It consist of basic decision on marketing expenditures, marketing mix, and marketing allocation. (Philip Kotler 1991).

2.16 MARKETING MIX

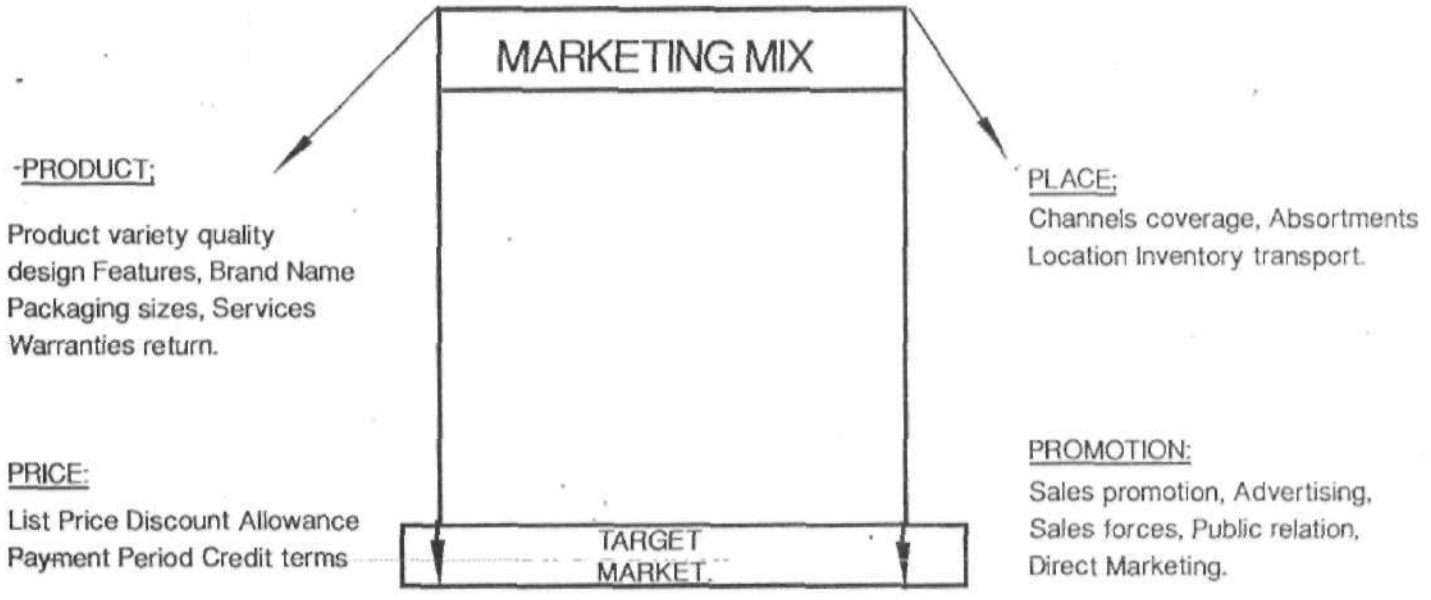
This is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.

There are literally dozens of marketing mix tools. However, McCarthy popularised a four-factor classification of these tools called the four Ps; Product, Price, Place (i.e. distributions) and Promotion. The particular marketing variables under each 'P' are shown below.

Instrumental to the achievement of the objectives of marketing mix is the application of the communication mix which has as its major elements, promotion, sales, promotion and advertisement.

Theoretically they have common objectives; to influence/induce present and potential consumers so as to continue or start purchasing the firm's product of service at some price. Practically they employ slightly different methods through a range of activities. The application of communication mix is informed by management orientation that assumes the consumer may either not buy or buy enough of organisation's products unless the organisation

MARKETING MIX ILLUSTRATION



SOURCE, PHILIP KOTLER

THE FOUR P's OF MARKETING MIX

makes a substantial efforts to stimulate their interest in its products. The underlying assumption are; consumers can be induced to buy more of product through various stimulating devices; consumers have the tendencies to resist buying those things that are not essential things; consumers can be constrained from buying more of product by dwindling purchasing power; consumers are spread over wide geographical areas and cannot be reached directly by the producers. Thus, the organisation's task is to organise a strong sales/marketing department as a key to attracting and holding customers. From the above, modern business calls for more than developing a good product pricing it attractively, making it accessible to target customers. Companies must also communicate with their present and potential customers. Thus to communicate effectively, companies engage sales promotion specialist to design sales incentive programmes; advertising agencies to develop effective advertisement, and public relations firms to develop corporate image. Marketing activities in general are directed towards influencing consumers to choose from a wide range of products in the market. Marketing Mix therefore can be selected from a great number of possibilities. Marketing Mix decisions must be made for both distributions channels and the final consumers. The company can offer mix of products. services and prices and utilise a promotion mix of sales promotion, advertising, sales force,

public relations, directs mails, etc. to reach the distribution channels and the target market or consumers. Not all marketing mix variables can be adjusted in the short run. They vary in their adjust. Typically, the firm can change it price, sales force size and advertising expenditures in a short run. It can only develop new products and modify it distribution channels in the long run.

2.17 TRENDS IN CONSUMER BEHAVIOUR

A consumer is the final user of a product or service of a firm or an organisation. Consumer behaviour can thus be seen as his response to a firms products or service features, prices, advertising, and so on consumer behaviour is a multivariate function and has to do with how the consumer makes his decision towards that purchase of particular products or services. His decision to consume a product or service is informed by his knowledge and awareness of the existence of the product, its attributes, his purchasing power, taste, influence or the social group he belongs, cultural influences and so on.

Consumers are all around us and there exist a wide difference in the goods and services they consume and the way they consume them. The consumer behaviour or purchase decision and highly influences by ultural, social

personal and psychological factors. These factors are "uncontrollable" by the market but must be taken into account.

There is no major difference between the behaviour of a consumer in Nigeria and his counterparts in other part of the world. Thus consumers are universal. Therefore, in every world of business, the marketing concept is based on the consumer oriented marketing. The consumer as the final point of production thus becomes the king, hence, the popular marketing slogan "the consumer is the king". The ultimate is relatively free to consume what he pleases, so the only determinant of the consumption power is his income. Because of this the manufacturers/markets find both profit and justification for their existence in satisfying consumers wants, that is, for the fact that the consumers wants this product, that is why the producers produce it.

Understanding the buying behaviour of the target market is the essential task of marketing managers under the marketing concept, particularly as the knowledge of buying dynamics of consumers is instrumental to the success of the marketing decisions and practices of the practitioners to establish the relationship between marketing stimuli and consumer response. Thus the increasing resort to consumer research by marketers and producers. The company the understands how consumer will responds to different product features, prices advertising appeals and so on, will have an enormous

advantage over its competitors.

As a result of the growing recognition of the relationship among consumers and producers, a good marketer of his product or service must of necessity understand the psychological, sociological and physiological aspects of the consumer as these will aid the producer to know how he behaves.

Psychological, sociological and physiological variables may persuade some consumers not to or buy a certain item and a marketer should consider all these factors while drawing his master plans and strategies on how to get his consumers.

In the light of the present socio-economic situation, the trends in consumer behaviour in Nigeria can be describe as a series of events in which the conditions of one time period are the primary determinant of the activities and considerations of the time period. Hence, as the consumer changes in order to hit into government economic policy measures, so should marketers change and modify their existing plans and strategies in order to meet up with both the policy objectives and also the consumer needs and wants.

To determine the true position of the behaviour of a Nigerian consumer, one question that begs for an answer is, with the present economic condition, limited income and unlimited and insatiable wants, what should the consumer

buy from the vast sources of goods available to maximise the satisfaction of those for whom he purchases such as his family?. The obvious consumers problem is further complicated by such factors as many choices of products open to him the variety of goods he must buy to maintain the high standard of living, uncertainty as to exactly which products will be given the latest amount of satisfaction to those for whom purchases, the need to purchase many goods before a want for them actually develops, and the desire to keep the inventory of product held in the house at a minimum, and still meet personal or family wants as they arise.

To solve this problem, there is the need to look into the behaviour of the consumer. The decision of a consumer as to what goods or service to buy depends on rational behaviour of the consumer. The rational behaviour of a consumer emphasis on the habit is based on a long time experience of the consumer and the product, while impulse is based on the initiative of the consumer. Emotion sometimes play a role on the choice of a product by a consumer.

Although international factors play a role with the condition of the Nigerian economy between 1985 and 1997, one can assert that the majority of consumers attempts to balance their buying needs, their wants and the products available and the prices of the product in a logical manner. The

impulse, desire or consideration that makes a buyer to buy a product depends on the consumers motive or buying habit. The buying habit of a consumer refers, to how, when and where he buys, while his motives determines why he buys a product or service. The product motive, that is, those impulse, desire and consideration explaining why consumers buy a certain product, and the patronage motive, that is those impulses, desires and consideration that determine why a consumer buys from a particular firm are the two major characteristics that form the basis of a consumer behaviour. At this point one may ask, why is the knowledge of the consumer behaviour important to producers or marketers? In view of this, theory of business cycle is important. The business has two obvious cycles While the "upswing" implies economic boom, the "downswing" is the period of economic recession. For a producer to always remain in the upswing an adequate knowledge of the consumer of his product must be known, and in order for the producer to surmount the downswing period, a true knowledge of the consumer of his products is imperative. Thus in a consumer oriented market like ours, a neglect of the consumer will always see the product on the downswing in the business.

Therefore, policies strategies and plans for every producer should be centre

on the consumer, for if the producer produces without the consumers knowledge, the product is likely to be a market failure. But does this necessarily make the consumer a king? With reference to the period in review, the prices, without actually consulting the consumers. It is thus a seller's market. Most of the products offered to the consumer cannot meet up with the taste of the consumer and even adverts on some of the products are just false of what the product is. This is why consumerism, that is, the coming together of consumers to form a full force and act to protect themselves against the producers is the order of the day. It is also because of this development that the government has to formulate and implement policy measures to monitor and regulate marketing and marketing practices in Nigeria to protect with consumers and producers. A review of government economic policy measures can give insight into measures that either support consumers or producers or both. Others no doubt have pure negative effects on both consumers and producers.

APPRAISAL OF OVERALL ECONOMIC PERFORMANCE IN THE PERIOD UNDER REVIEW

The major economic problems especially price distortions created by a highly over valued currency and inappropriate structural and institutional arrangements informed the various economic measures taken in the period

under review in order to revamp the economy. So far these measures have not achieved complete desired results as the economy is still very much characterised by high and rising inflation rate persistent depreciation of the naira exchange rate and high interest rate in the money market. Others included the deterioration of balance of payments, high unemployment rate and unsatisfactory economic growth performance as well as factory closure. Available data showed that the policy measures introduced between 1986 and 1991 performed below expectation. This is corroborated by the fact that gross domestic output (GDP) in 1991 grew by 4.4%, indicating a significant slow down when compared with rates of growth of 8.3% and 5.2% registered in the two preceding years, respectively, which were in themselves not impressive. Also inflationary pressures which dampened significantly in 1990 intensified, as the inflation increased from 7.4% in 1990 to 13.0% in 1991. There was improvement in the macro-economic environment in 1995 when compared to 1994 and 1993 respectively. However, the situation was far from ideal as some key indicators did not show desired trends. While monetary expansions conformed largely to specified targets, the fiscal operations of the federal government resulted in much lower deficit, reflecting the improved budgeting discipline and performance during the year. As a

result of these, the inflationary pressures, which initially mounted during the first half of the year, abated in the second half, but settled at a rate exchange rate stabilised at a relatively depreciated level, while the equilibrium in the balance of payment persisted. As a result of the deferment of external debt service obligations falling due during the year, external debt increased. Overall economic performance remained unsatisfactory even though the economy recovered slightly.

FOOTNOTES

CHAPTER TWO

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17. Ibid Weekly, 14th January 1990 page 9.

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20. Ibid December 1994 page 10.

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22. C.B.N. Briefs 1994 op. cit. page 12.

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24. Ibid Monday, July 20th 1987 page 23.

25. Ibid Monday, July 20th 1987 page 23.

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28. Ibid - 1991 page 368

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30. Ibid 1991 page 68.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The topic of the project/study " Economic Policy measures on marketing and marketing practices and its implication in the Nigerian economy; a case study of food and beverages industry. " Sound interesting and thought provoking as a result of the impacts of government economic measures on economic activities in recent time and heated debates that have accompanied them. The topic thus touches on a major sector of the Nigerian economy and therefore requires a comprehensive souring of data/information to elicit whatever implication that the inherent in or manifest of government economic policy measures with regard to producers and their activities and the consumers response to these activities or marketing programmes.

Many source of data/information collection for a study of this nature abound, however, three major sources were applied in this study. These include primary and secondary sources as well as interviews.

In other words, questionnaire was administered and interviews conducted.

Also, many printed materials such as text, magazines, dailies, periodicals, companies annual reports and reviews, etc. were extensively consulted.

Location of the study, population of the study, sample size of design, research designs, data collection procedures and data analysis techniques of the study are discussed.

It is however, pertinent to point out that it is not possible to study all firms within the food and beverages industry. Therefore, three companies (Nigerian Bottling Company, Seven-Up Bottling Company and the Nigerian Sweets and Confectionery Company) of the whole lot are selected for the purpose of this study.

It is however hoped that the result of the study would be taken as representatives are more or less influence by the same economic measure.

LOCATION OF THE STUDY:

The three companies (NBC, 7UP and Nicco) produce and market their products throughout Nigeria. For effective coverage of the country vis-à-vis their product objectives, they have had to set up plants and depots at different locations. For example, NBC the soft drinks and industry leader in the sub-sector has 21plants and well over 100 depots. The Seven-up company has 12 plants and depots spread all over the country, while the Nigeria Sweet and

Confectionery Company has one plant located in Kano and one depot in Lagos.

Due to the wide spread of plants/depots location and activities of NBC and Seven-up, to reach the various locations for data/information for this study is practically impossible as a result of the present economic hardship coupled with the time constraints imposed for the completion of the result of this study. Therefore, Kano has been chosen as the main center or location for the study where every data/information for this study would be source from the companies and consumers by a combination of questionnaires and interviews. printed texts and other related materials were consulted too.

POPULATION OF THE STUDY

Population is very instrumental in any research work as it constitutes who, or what to be studied. The population could be things, as for example, plants / equipment, electricity supply, etc. It could be people as for example, management, managers, sales force, sales representatives, consumers, etc. It could also be institutions as for example, banks, insurance firms, food and beverage industry, etc. Thus the population for this study comprised people and institutions, that is, management, staff and consumers and manufacturing industries, particularly food and beverage industries.

The population of the study by every standard is large enough for study but due principally to financial and time constraints the whole population could not be studied. Therefore, for the population to be portable for easy handling by the researcher and for the result of the study to be meaningful, we have seen it absolutely necessity to study a sample of the members.

For the purpose of the study therefore, the population is made up of food and beverage industry with particular reference to NBC, Seven-up and Nicco as well as management and staff of the companies and few consumer and distributors, all within Kano metropolis.

SAMPLE SIZE

The population under study is relatively small, and like we said earlier the populations for study can be made up of people, things and institution or a combination of them. The population of our study is the entire management and staff of the three companies, all in Kano metropolis. However, only some members of the population will be studied. The sample, thus comprised of management, line managers, (such as marketing manager, production manger, purchasing manager, cost and management accountant, etc) sales representatives and sales force of the three companies who are quite aware of the changes taking place in respect of marketing and marketing programmes in their organisations and the reasons or factors responsible for the changes.

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Since three companies are under study, the sample size of 60 respondent is considered adequate. These 60 respondents would come from three companies within the food and beverage industry. The size would enable the study to be generalized on the population.

The choice of this group or target sample is informed by their knowledge of the government economic policy measures in the last fire years, and even more so, that they have been involved in the design and formulation and execution of marketing policies, programmes and strategies of their organisations in a bed to exploit the positive aspects of the measures to their advantage or arrest or reduce the effects of the negative aspects on their activities.

However, some consumers and distributors outside the three companies would be interviewed with a view to sampling their views and experiences in light of the marketing and marketing practices of the companies in the last three to five years consequent upon the economic policy measures prevalent. It is also hoped that the views and experience of the consumers/distributors would throw more light on the implication of these economic policy measures on the marketing programmes of the companies and the major impacts on the economy is general in the recent times.

It is pertinent to point out at this juncture that the sampling procedure applied in the choice or selection of the respondents and companies for this study is purely judgmental, that is, the choice was based on the discretion of the researcher, even though there are other sampling procedure at his disposal, this however will not in any way influence the outcome of the result or the result of this study.

RESEARCH DESIGN

There are different methods of research design at the disposal of a researcher or investigator. Among these are the survey research, experimental research, descriptive research, observation etc. For the purpose of this study, the survey method of research is used. The adoption of this method is informed by the fact that the topic of the study has profound effect on the general economic condition vis-à-vis the living standard of the people. This phenomena has generated a lot of heated debates and write ups by many well informed individuals and groups such that virtually every sequent of the society can talk about the policy measures and their impacts on the general economic activities. Thus it is hoped that by the use of this method, survey, there would be interest and positive response from the respondents; a situation which will

facilitate early compilation and presentation of the result of the study. This is in no way to say that the methods has no limitations. In fact its limitation abound.

The use of this method will entail collecting data/information in the field regarding the implication of the economic measures on producers and consumers. The method will involve direct interviewing of a sample of customers/consumers and administering of questionnaire on the staff and management of the firm concerned. Their involvement in the daily activities of their organisations will make their response highly indispensable to the outcome of this study.

DATA COLLECTION PROCEDURES

Data/information for a research or study may be obtained through a variety of techniques. One or a combination of these techniques can be used. However, for the purpose of our study, three major techniques of data collection were applied. These are the primary and secondary sources. Put the other way, these involve filling out a questionnaire by person (respondents) study or documents and interview of persons.

PRIMARY SOURCES OR QUESTIONNAIRE

The use of this method or technique involved the application or administration of questionnaire. For our study, the questionnaire consisting of 25 items was

drafted and distributed to the sample groups or selected respondents. The items included both demographic variable such as age, sex, educational level, as well as variable specified in the hypotheses. Most of the items are close-ended, but there are some open-ended questions as well. The questionnaire was targeted at the same group made up of management, Line managers and sales representatives of the companies under study. They were requested to responds mainly to question concerned with the economy policy measures as it affected their organisation and the survival strategies they have had to adopt to keep afloat. Questions on the major impacts of the economy measures on the economy in general are contained. Respondents were also asked to comment on the policy measures and to make suggestion on how to improve on them for desired results.

A total of 60 questionnaires were distributed to the sample group in the three companies, and 55 responses were obtained, indicating 91.67% response. Five of the questionnaires were returned blank, representing 8.33 percent. This brings the total to 100%.

The break down of the 60 questionnaires applied in the three companies stands at 20 questionnaire to each NBC, Seven-up and Nicco Sweets. Twenty responses were obtained from NBC and Seven up respectively.

While 15 were obtained from Nicco Sweet with 5 returned blank. Thus 33.33% responses were obtained from NBC and Seven-up respectively and 25% from Nicco Sweets, bringing the total of questionnaires respondent to represent 91.67%. The remaining five questionnaires not responded to represent 8.33% bringing the total to 100%. Details of the questionnaire analysis is presented in the next chapter.

SECONDARY SOURCES OR STUDY DOCUMENTS

This involved the systematic examination of documents such as books journals, magazines, newspapers, etc. for data/information for this research. The companies annual reports, publications as well as CBN annual reports and economic reviews were extensively consulted, particularly that the contemporary nature of the topic and the heated debate that emanated from government economic policy measures afforded many informed individuals the opportunities to express opinions and make suggestion on the economic measures and their applicability to the Nigerian economy.

Thus the use of this methods provided invaluable data which facilitated the smooth and quick completion of this research work, and, even more so, give credence to the result of the study. Details of the outcome of such consultations will also be contained in the chapter on data analysis or

presentation.

THE INTERVIEW METHOD

A part from the use of questionnaire and the study of documents, interviews were also conducted with the companies management, managers, sales representatives, distributors, customers, and consumers as the main respondents or interviewees. Interview is very instrumental in this type of work. This is because we require data/information from the respondents who have expert knowledge not only of the state of operations cum marketing practices of their organisations, but, also of such government policy measures that affect commercial and industrial undertakings within the economy. Facts from consumers who are often at the receiving end of producers marketing programmes also would give more meaning to the result of the study. Thus draw from the report of knowledge and experience of both companies. Staff and consumers with respect to marketing programmes of firms in recent times becomes imperative, hence, the application of interview for data collection for this study.

At this point of fact, asking a list of questions of this nature to any group of people other than experts would result not only in biased and inaccurate responses, but could far more so render the research enterprise suspect. Such

question put to theme (respondents) are not contained here in details but are very relevant and the responses threw more light on the implications of the economic policy measures on producer and consumers alike.

However, they (respondents) were asked to comment on the measures and their implementation and to make suggestion as to how to improve on them for the benefits of producers and consumers and the economy in general. Their responses are varied but were in any case blended and the main points or ideas summarised to form part of the recommendation necessary for desired results. Details of the outcome of the interviews will also be contained in the next chapter (Data analysis and presentation).

DATA ANALYSIS

In any meaning research, data/information obtained through a number of data-collecting techniques make no meaning in themselves. This vast away of numeral information collected through a variety of data-collecting technique have to be reduced to such a size and shape that it can be more easily comprehended to ensure the extraction of new meaning from it.

Therefore, the researcher needed those technique that will make him better able extract from the data information that was not apparently there before and which would enable a summary description of the subject studied. For the purpose of this study both quantitative and qualitative techniques of data

analysis were applied, that is, while the analysis of some of the questions in the questionnaire are done in percentage terms, others are not because they involved expression of opinion or making of comments and recommendation which vary tremendously. However, care was taken to balance such comments and opinions in the data presentation.

FOOT NOTES

(CHAPTER 3)

1. N.B.C Annual Report 1993 1 – 7
2. 7Up Annual Report 1993 Page 1 – 5

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

INTRODUCTION

In the preceding chapter, the methods of data collection for this study as well as techniques of data analysis were discussed. The data information collected were in three forms, viz., use of questionnaire, interviews and the study of documents texts, companies annual reports, CBN annual reports and economic reviews, etc. The summary of the questionnaire is presented in tabular form as shown below.

Also, in this chapter, the data information so collected in the previous chapter is analyzed, evaluated and the hypotheses tested with the aim of establishing link between the hypotheses and the actual results obtained through the application of questionnaire, interviews and the study of documents.

The presentation of information in the chapter will be in the following format: Synopsis of the Firm (CBN, Seven-up and Nicro) understudy the summary of the questionnaire in tabular form: Data analysis and presentation, and testing of hypotheses.

4.1 BRIEF SYNOPSIS OF THE THREE FIRMS UNDERSTUDY

Business organisations exist for the purpose of producing and marketing of goods and services that the meet the needs and wants of the consumer so that their prime objectives of profit and wealth maximization can be attained in a more effective and efficient way. The attainment of this objective depends to a large extent on the economic policy measures prevalent in the operating environment and the way the Firms respond to the changes they (measures) bring about. Thus the synopsis of the firms under study becomes imperative and indispensable to the result of this study.

A. THE NIGERIAN BOTTLING COMPANY PLC (NBC)

NBC was incorporated as a private company in November 1951, to establish and operate factories for the bottling and distribution or marketing of soft drinks in Nigeria, particularly the world famous Coca-Cola.

The company has its operation spread throughout Nigeria with 21 factors located variously at Apapa, Ikeja, Ibadan, Kano Benin City, Jos, Eungu, Kaduna, Port-Harcourt, etc. NBC also is the leader in the soft drinks industry in Nigeria and its major products include such brand names as Coca-Cola, Sprite, Fanta orange, Koest, Fanta Chapman and a host of others. It is the Sole bottler and distributor in Nigeria for the Coca-Cola Export Corporation

and the Coca-Cola Company of Delaware, USA.

The company has some subsidiaries and associated companies among which are Apapa chemical industries Ltd., crown products Ltd., Vakey Food (Nig.) Ltd., continental Can Ltd., and others.

The NBC is publicly quoted and listed on the Nigerian Stock Exchange. It has 60 percent Nigerian Equity Share, which the others 40% is Foreign owned.

NBC has contributed in no small measure to the overall development of the Nigerian economy.

THE SEVEN-UP BOTTLING COMPANY PLC

The Seven-up Bottling Company Plc was incorporated in Nigeria in 1960 to produce and market soft drinks in Lagos. At the moment the company has its activities spread throughout Nigeria with 12 plants of Ikeja, Ibadan, Aba, Benin City, Kaduna, Kano etc., and also with over 100 depots at different locations.

The company took a new stride in 1989 by acquiring all the Pepsi-Cola production plants from John Holt Ltd., at a blanket price of #30million.

All properties including machines were taken over with the plants based in Kaduna, Kano, and Lagos.

With the acquisition of the plants, the company has increased its production

brands to compete effectively with the NBC, bottles of the Coca-Cola drinks. This management has the blessing of Pepsi-cola International (New York) who are the parent brand owners and major suppliers of concentrate.

The company is principally engaged in the bottling and marketing of aerated mineral. Its brands cover the lemon-lime, Cola and orange segments with the popular brand names "7-up", Pepsi", Cola" "Mirinda", Teem lemonade" and Crush". Seven-up Company is owned by El-Khalili (rebanese) family. It has 60% foreign equity while, 30% is for the Nigerian public and the remaining 10% as employee share holding.

The company is publicly quoted and listed on the Nigerian Stock Exchange. Its contribution to the Nigerian economy is enormous.

C. THE NIGERIAN SWEET AND CONFECTIONERY COMPANY LTD.

The Nigerian Sweet and Confectionery was incorporated as private company in 1959, to operate confectionery factories in Nigeria and has only a factory in Kano. It has distribution channel in Kano and Lagos. It's major product limes were sweets and chewing grins. The products brands of the hard boiled sweets are cough drops, cream toffee, clear mints, cello fruits and butter scotch and the gum includes the chewing and bubble gums.

Nicco has a subsidiary that produces chewing gums: Soccer Chewing Gum

Enterprise Ltd., also bused in Kano. It sources 80% of its raw materials from wide range of suppliers from foreign counties.

Nicco is not quoted on the Nigerian Stock Exchange. It has 100% equity share owned by a group of Sudanese who now claim Nigerian Nationality.

The contribution of Nicco to the Nigerian economy is great and it plays a role industry leader in the confectionery sub-sector of the economy.

4.2 DATA ANALYSIS AND PRESENTATION

The analysis of the questionnaire is presented in table form and the approach is on the basis of each item in the questionnaire. Data/information from study of documents will be merged (where necessary) with responses from respondents to form the summary of the implications of the economic policy measure on "Marketing and Marketing Practices" in the industry between (1986 to Date). Both the positive and negative inputs of these economic measures on the economy in general in the period under review will be shown in summary form.

Table. 4.2.1 Comparison of Age.

AGE	NBC	7UP	NICCO	TALLY	%
16-25	5	6	3	14	25.45
26-35	7	5	5	17	30.91
36-45	8	9	7	24	43.64

Source: Survey Data

Table 4.2.1 above shows the age, bracket of the respondents and the number of respondents in each bracket from each of the three companies (NBC, 7UP and Nicco). The table shows that 14 respondents forming 25.45% are in the age bracket of 16-25 years, 17 respondents representing 30.19% are in the bracket of 26-35 years, while 24 respondents forming 43.64% fall within the age bracket of 36-45 years.

Analysis of the responses therefore shows that the respondents are young and vibrant persons who should be conversant with marketing and marketing practices in the industry as well as the impacts of the economic measure on both producers and consumers.

They (respondents) are not only employees of the firms under study but also consumers of products of the food and beverage industry. They are therefore, in a better position to comment on the policy measure and how they affect

marketing activities in the industry.

Table. 4.2.2 Comparison of Sex.

SEX	NBC	7UP	NICCO	TALLY	%
MALE	15	17	12	44	80
FEMALE	5	3	3	11	20

Source: Survey Data

The above table shows the sex of the respondents and the number of respondents under the Sex classes in each of the companies. An analysis of the table reveals that 44 respondents representing 80% are males and 11 respondents forming 20% are females. The table further shows that both sexes that make-up the sample of the study have been consulted.

Thus, the table has the added advantage of seeking the opinion of the two Classes of sex and the responses and the result thereof can be taken as representative of the entire population. It further gives credence to the result of the study and eliminating any question of discrimination against any gender.

Table. 4.2.3 Comparing the Impact of the Economic Policy Measure.

YEAR IN COMPARISON.	NBC	7UP	NICCO	TALLY	%
0-5	3	5	4	12	21.82
6-10	13	14	8	35	63.63
11-15	4	1	3	8	14.55

Source: Survey Data

The table above seeks to know how long the respondents have been in their respective companies and to be used to assess the response of the respondents on the impact of the economic measure on the activities of their organisations. The table shows that 12 respondents representing 21.82% have been in their companies for a period between 1 and 5 years, while 35 respondents, representing 63.63% have spent a period of between 6 –10 years, and 8 respondent, representing 14.55% have been in the company for between 11 and 15 years. In all, about 78.18% of the respondents have spent at least 6 years with the companies and would have been very conversant with the policy measures and their implications on the operating environment in general and their companies in particular. 14.55% of the respondents have spent at least 11 years with the company under review. Therefore, they would be informed about the policy measure before the introduction of SAP and

hence would be better able to comment on the trends in the industry in the Pre-SAP and SAP periods. This has the added advantage of giving credence to the findings of this study.

Table 4.2.4 Classification of Qualification

QUALIFICATION	NBC	7UP	NICCO	TALLY	%
1ST DEGREE & ABOVE	15	14	5	34	61.82
HND	1	3	-	4	7.27
OND	3	3	4	10	18.18
G.C.E.	1	-	6	7	12.73

Source: Survey Data.

The table above shows the qualifications of the respondents and the number of respondents with each qualification in each of the companies. The table reveals that a total of 34 respondents, representing 61.82% have first degree and above, while 4 respondents representing 7.27% have HND. Therefore, it can be asserted that 69.09% of the respondents are quadrate and its equivalent and above, while 10 respondents forming 18.18% have OND and 7 respondents representing 12.73% have GCE. Therefore, 30% have OND and below.

The graduates and those with equivalent qualifications can be assumed to be

very conversant with government economic policy measure and their impacts on the operating environment vis-à-vis the activities of producers/marketers and consumers responses. Their responses would contribute immensely to the result of the study.

Table 4.2.5 Management Position

POSITION HELD	NBC	7UP	NICCO	TALLY	%
MANAGEMENT	6	5	3	14	25.45
MANAGERS	10	9	4	23	14.82
SALES REPS.	4	6	8	18	32.73

Source: Survey Data.

Table 4.3.5 shows the position held in the companies by the respondents and the numbers of respondents in each position in each company. The breakdown shows that 14 respondents, indicating 25.45% held management positions and 23 respondents, representing 41.82% hold position of line managers, while a total of 18 respondents forming 32.73% are sales representatives.

Without doubt, management designs policies and set company's objectives and mangers design and implement functional strategies while the sales representative implement the formulated strategies in order that the

company's products reach the target market effectively and efficiently. From the analysis every group under study is adequately represented and since they are actively involved in the day to day marketing activities of the companies, stand a better chance to comment and make recommendation on the policy measure and how to improve on them for better result. This would give credence to the findings of this study as a sound and worth while academic exercise.

Table 4.2.6 Government Economic Policy Measure

OPTIONS	NBC	7UP	NICCO	TALLY	%
YES	20	20	15	55	100
NO	-	-	-	-	-

Source: Survey Data.

The table above seeks to know if respondents are aware of the government economic policy measure in the last five years. The table reveals the numbers of respondents in each company who are ware of the measures. The table further shows a total of 55 respondents, representing 100% claimed awareness of the policy measures. A breakdown shows that 20 respondents from each of NBC and 7UP, represent 36.36% respectively and the 15 respondents from Nicco stands for 27.27%, bring the total to 99.99% (100%).

The respondents confirmation of knowledge of economic measure in the last five years therefore, makes their responses to other questionnaire items tenable and relevant to the research findings. It thus becomes the basis for further analysis of their responses on marketing and marketing policies in the light of economic measures in play.

Table 4.2.7 Impact of Economic Policy Measure On Different Opinion

Options	NBC	7UP	NICCO	TALLY	%
a) Revamp the Economy	20	20	15	55	100
b) Help Consumers To Get Goods	-	-	-	-	-
c) Help The Industry To Produce	-	-	-	-	-
d) Others	-	-	-	-	-

Source: Survey Data.

The question on which table 4.2.7 above is based seeks to know from the respondents what in their opinion the economic measures are aimed at. Answers lettered "a – d" were provided. The table shows that all respondents responded to answer letter (a), which says that the measures are geared towards revamping the economy which had deteriorated considerably over

the years for effective performance. The 100% response or rather, the over whelming support for the particular answers shows that the respondents are usually aware of government economic policy measure and what they are out to achieve. Thus their responses to other questionnaire items are instrumental to the finding of this study.

Table 4.2.8 Impact of Economic Policy Measure Such On The Activity Of The Company's.

OPTIONS	NBC	7UP	NICCO	TALLY	%
YES	20	20	15	55	100
NO	-	-	-	-	-

Source: Survey Data

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The question on which table 4.2.8 is based seeks to find out from the respondents whether the economic policy measures have any impact on the activities of their organisations. The table shows a 100% response in the affirmative, that is, acknowledge that the measures have impact on the marketing and marketing activities of their organisation. This goes to corroborate the fact that the respondents are very much aware of changes in their organisations' operating environment and the source/factors responsible for such changes or trend. Their responses therefore can be taken as true reflections of experience of both producers and consumers consequent upon

the economic policy measures.

Table 4.2.9 Form Of Impact of Economic Policy Measure On The Organisation.

OPTIONS	NBC	7UP	NICCO	TALLY	%
POSITIVE	2	1	1	4	7.27
NEGATIVE	2	4	1	9	16.36
MIXED BLESSING	16	15	11	42	76.36

Source: Survey Data.

The question on which table 4.2.9 is based seeks to find out the form of the impact of the policy measures on the organisation. The table shows that 4 respondents, representing 7.25% are of the opinion that the measures have positive impact on their organisations, while 9 respondents, representing 16.36% believe the impact is negative and 42 respondents, indicating 76.36%, see the impact as mixed blessing, that is, the impact contains both positive and negative elements. This confirms the earlier assertion that economic policy measures, as they come to play, can be opportunities of firms and also as threats and sometimes as both opportunities and threats. This requires that management should closely monitor the operating environment and act accordingly. Unless determined effort are made, producers can get caught up in complex policy cobweb and out of business in

less than no time or adjust at a prohibitive cost to management.

Table 4.2.10 Believe In The Consistency Of The Measure.

OPTIONS	NBC	7UP	NICCO	TALLY	%
YES	-	-	-	-	-
NO	20	20	15	55	100

Source: Survey Data

The question which Table 4.2.10 above is based seeks policy measures that have been consistent. The table reveals the number of respondents from each company who believe the measures have not at all been consistent. There was an overwhelming (100%) opinion that the measure were not consistent and that the inconsistencies have created more social-economic problems than the measures themselves. One of such problems is said to be the lack of long term corporate planning and comprehensive marketing programmes by producers and marketers for fear of abrupt policy changes that have characterized the Nigerian economy since the early 1980's.

Table 4.2.11 Impact of the Economic Policy Measure On The Organisations Corporate Planning

OPTIONS	NBC	7UP	NICCO	TALLY	%
YES	20	20	15	55	100
NO	-	-	-	-	-

Source: Survey Data.

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The question on which Table 4.2.11 is based seeks to find out if the economic measures effect organisations corporate planning. The table shows that there was a 100% response as to the fact that the policy measures effect corporate planning of organisations. This is to say that every respondent from each of the firms under study is of the opinion that corporate planning (strategies and long term planning) were affected by the high degree of inconsistencies of government economic policy measures. Corporate polices and strategies need adequate time for implementation and assessment of operations in order to build on strengths, take opportunities, overcome weakness and tackle threats, realistically. This has so far failed in our operating environment in the past few years due largely to the rapidity with which policy measures are renewed and replaced. This development no doubt has created more than enough economic problems than the measure were intended to address.

Table 4.2.12 Different Forms Of Majors effecting The Different Organisations.

Options	NBC	7UP	NICCO	TALLY	%
a) Marketing of Products	12	13	8	33	60.00
b) Capacity Utilisation	7	7	3	17	33.91
c) Retrenchment of Workers	1	-	3	4	7.27
d) Other Effects(Specify)	-	-	1	1	1.82

Source: Survey Data.

The question on which Table 4.2.12 above is based seeks to find out from the respondents in what way the measures affect their organisations most. The table shows that 33 respondents, representing 60% are of the opinion that the measure affect the marketing of their products, while 17 respondents, representing 33.31% are of the opinion that the measures lead to capacity under utilization (this would have been that of top management and marketing specialists). 4 respondents, representing 7.27% believe that measures lead to retrenchment of workers and 1 respondent, representing 1.82% sees the effect in the light of marketing of products, capacity under utilization and retrenchment of workers. One can further infer that the response of 7.27%

would have come from those with GCE qualification who are very conscious of their job, hence their perception of the impact of the policy measures on retrenchment. From the analysis, one can assert that the marketing of products and capacity under utilization are the two major areas where organisations feel the impact of economic measures most.

Table 4.2.13 Major Sources of Raw Materials.

Options	NBC	7UP	NICCO	TALLY	%
a) Important	8	5	2	15	27.27
b) Local Production	2	-	-	2	3.64
c) Both a) and b)	10	15	13	38	69.09

Source: Survey Data.

The question on which table 4.2.13 is based seeks to find out from respondents the major sources of their raw materials. The table shows that 15 respondents, representing 27.27% see the major source of raw materials as importation, while 2 respondents, indicating 3.63% see it as local production and 38 respondents, representing 69.09% see it as either local or imported. From the analysis conclusion can be drawn that any economic measure that

have adverse effect on any major source of supply of raw materials can spell doom for producers and consumers as well. For example, this development can result in closure of firms or capacity under utilization thereby leaving the consumer stranded or to afford to get the products or substitute at higher prices. And for those whose raw material are banned from importation the policy only covered producers that have already been monopolists in the system.

Table 4.2.14 Ways In Which The Measure Affect The Organisations

Options	NBC	7UP	NICCO	TALLY	
a) Exchange Rate Policy	18	17	13	48	87.27
b) Fiscal Policy	-	1	1	2	3.64
c) Monetary Policy	2	2	1	5	9.09
d) Others(Specify)	-	-	-	-	-

Source: Survey Data.

Table 4.2.14 is based on a question, which seek to find out from the respondents as to which of the measures affected the organisations most. The analysis shows that 48 respondents, representing 87.27% opined that the

Exchange Rate Policy affect their companies most. This response must have been borne out of the high cost of importation experienced by virtually all importing firms in the period under review.

Two (2) respondents, representing 3.64% point to fiscal policy and this border on taxation especially the advent of VAT (Valve Added Tax) in 1995, while 5 respondents, representing 9.09% were of the opinion that the monetary policies affected them most. This assertion is however not unconnected with high cost of capital which characterized the Nigerian money market in the recent past, where funds are loaned to producers at prohibitive cost to the detriment of consumers who have to bear the cost as reflected in the prices of goods/products.

Table 4.2.15 Economic Policy Measure's Effect On The Consumer.

OPTIONS	NBC	7UP	NICCO	TALLY	%
YES	18	19	13	50	90.91
NO	2	1	2	5	9.09

Source: Survey Data.

Table 4.2.15 is based on a question which seek to know if the respondents are aware whether these measures affect the consumers of their products. The table shows that 50 respondents, representing 90.91% opined that the measures affect the consumers of the organisation products, while 5

respondents, representing 9.09% claimed that they are not aware. Those aware are possibly top management and marketing specialists who are conversant with demand trends, investment cost returns thereof. Those not aware might possibly be production crew. Conclusion can therefore be drawn that the economic measures have tremendous effects on the consumers whose purchasing power has been significantly eroded by tax policies, devaluation and the inflationary trends. This is corroborated by NBC: " our products reach into the homes and daily lives of all Nigerians and the impact of the economy on our consumer is severe. The past year has been the cost of living for every Nigerian increase considerably, such that the disposable income for non-essential goods has shrink. This has impacted on the soft drink market where growth in consumption, while still positive, as been at its lowest level in three years" (Bashorun, A. A. Adesanya, Executive Chairman, 1993). "NBC Annual Report 1993".

Table 4.2.16 Impact of the policy measure on their consumers

Options	NBC	7UP	NICCO	TALLY	%
a) Tax(Fiscal) Policy	4	5	2	11	20
b) Exchange Rate Policy	17	14	13	44	80
c) Interest Rate Policy	-	-	-	-	-
d) Other(Specify)	-	-	-	-	-

Source: Survey Data.

Question on table 4.2.16seeks to find out from the respondents which of the policy measures affected consumers most. A look at the table shows that a total of 11 respondents, representing 20% point out that the tax policy in the form of VAT affected them most. It further shows that 44 respondents, representing 80% are of the opinion that the exchange rate policy affected them most. One can therefore assert that the exchange rate policy has profound effects on the consumers than any of the other policy elements. High exchange rate gives rise to high production as well as marketing cost which are eventually passed to the consumers, a situation that has given rise to high prices of virtually all goods and services in the Nigerian economy.

The use of aggressive and dynamic marketing programmes by firms in recent time to induce consumers who have learnt to use their dwindling hard earned income on strictly essential goods is a confirmation of the above assertion.

Table 4.2.17 Impact of foreign exchange on their consumers

Options	NBC	7UP	NICCO	TALLY	%
a)Reduced Purchasing Power	4	14	10	43	73.18
b) Reduction in Prices of Products	17	-	-	-	-
c) Increase the Purchasing Power	-	-	-	-	-
d) Other(Specify)	-	6	5	12	21.82

Source: Survey Data.

The question on table 4.2.17 seeks to know how the measures (Exchange rate policy) affect the consumers. An analysis of the table shows that 43 respondents, representing 78.18% have it that it reduces that purchasing power of consumer, while 12 respondent, representing 21.82% believe it increase the prices of products, a situation that has put most of the essentials of life out of the reach of most Nigerian families. The high rate of inflationary

trends in the economy validates the assertion. The low demand for goods and services as well as aggressive marketing programmes embarked upon the producers to induce consumer to buy more of companies products affirm that consumers purchasing power is down below acceptable level.

Table 4.2.18 Impact Of Policy Measures On The Demand of Company policies.

OPTIONS	NBC	7UP	NICCO	TALLY	%
YES	20	20	15	55	100
NO	-	-	-	-	-

Source: Survey Data.

The question on table 4.2.18 seeks to know whether these economic policy measure affect the demand for companies products. The table shows a 100% response on the affirmative. To give credence to the overwhelming response, NBC has this to say. The increase in the price necessitated by the higher input cost brought pressure to bear on consumers' income and expenditure showed in the first part of the year (NBC Annual report, 1993 P 5) from the above, one can assert that demand was significantly affected as consumers logically would use their meagre resources on goods that are most crucial to them and easily affordable. The aggressive application of varieties of promotion mix elements and heavy advertisement in both print and electronic media are all

occasioned by drastic fall in the demand for companies products.

These marketing programmes no doubts are directed towards making loyal consumers to continue to buy or potential consumers to start buying companies products.

Table 4.2.19 The Economic Policy Measure Affect On The Marketing Programmes Of The Organisations.

OPTIONS	NBC	7UP	NICCO	TALLY	%
VARIED RESPONSE	20	20	15	55	100

Source: Survey Data.

The question on which table 4.2.19 is based seeks to know from the respondents as to the form (s) these measure affect marketing programmes of the organisations. They (respondents) were expected to freely express themselves. The table shows a 100% response from the companies and varied responses. However, the responses have been summarized and the main point to the use of prices, smaller or economy size products and other promotional activities. Many consumers inducing programmes have been in use by both NBC and 7UP in their Fight for a larger shore of the soft drink market.

The corroborate this, NBC has this to say: " we have accelerated the pace of improving and expanding our distribution fleet, merchandising equipment and point of sale materials to outlets. The introduction of vending bicycles has

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enhanced availability, over 100 new trucks were fielded to augment our growing fleet and over 3,000 coolers were loaned out. The fielded of electric coolers has boosted the sales by our customer". This shows the extent to which marketing programmes of firms are affected by the measures. (NBC Annual Report1993).

Table 4.2.20 Survival Strategies Adopted By The Firms To Reduce The Influence OF Measure Their Organisations.

Options	NBC	7UP	NICCO	TALLY	%
a) Aggressive Marketing Activity	20	20	15	55	100
b) Passive Marketing Activity	-	-	-	-	-
c) Wait For Consumers	-	-	-	-	-
d) Other Measures	-	-	-	-	-

Source: Survey Data.

Question on table 4.2.20 seeks to find out the survival strategy adopted by Firms to reduce the influence of the measures on their programmes. The table shows a 100% response in favour of the use of aggressive marketing. From the table one infer that producers can no longer wait for consumers to come knocking at their doors as was the case during the direct sales area. It further

shows that producers have to lure consumers into purchasing their products if they must survival in the present harsh operating environment. This development gives credence to the marketing slogan. " The consumer is the King".

Table 4.2.21 Nature Of The Competition In The Industry. -

OPTIONS	NBC	7UP	NICCO	TALLY	%
HEALTH	18	17	15	45	81.82
CHALLENGING	-	3	-	6	10.91
DYNAMIC	2	-	2	4	7.27

Source: Survey Data.

The question an which table .4.2.21 is based seeks to know the nature of competition in the industry. A glance at the table shows that 45 of the respondents, representing 81.82% see the competition as health, while 6 respondents indicating 10.91% point to a challenging situation and 4 respondents, representing 7.27% see it as dynamic. From the above, one can draw a conclusion that the competition though health, it is also challenging and dynamic. This is even more so when one consider the colossal amount firms commit to the various survival strategies they have had to adopt in recent time.

Table 4.2.22 Basis Of Competition In The Industry's.

OPTIONS	NBC	7UP	NICCO	TALLY	%
PRODUCT QUALITY	6	4	4	14	25.45
PRICE	-	-	-	-	-
PROMOTION MIX	-	-	-	-	-
OTHER	14	16	11	41	74.55

Source: Survey Data.

The question for table 4.2.22 seeks to find out from the respondents the basis of the competition in the industry. The table shows that 14 respondents, representing 24.45% see the competition on the basis of product quality, while 41 respondents, representing 74.55% see it on the basis of product quality, price and promotional mix activities. This assertion seems tenable when one considers the different marketing programmes that firms engage in, in order to reach consumers, stimulate and hold their interest so that they could continue to buy their products.

Table 4.2.23 Impact Of Exchange Rate On The Firms Production Cost.

OPTIONS	NBC	7UP	NICCO	TALLY	%
VARIED RESPONSE	20	20	15	55	100

Source: Survey Data.

Question on which table 4.2.23 is based seeks to know how the interest/exchange rates affect firms production cost. There were no answer options so the respondents freely expressed their opinion in varied firms. The table shows 100% responses and the overwhelming majority point to high cost of raw materials, spare parts, services charges and cost of capital. Conclusion can therefore, be drawn that these policy elements have been key factors, responsible for the numerous socio-economic problems we now face as a country.

Table 4.2.24 Cost Difference Incurred.

OPTIONS	NBC	7UP	NICCO	TALLY	%
YES	20	20	15	55	100
NO	-	-	-	-	-

Source: Survey Data.

Table 4.2.24 is based on the question which seeks to know whether producers pass on adequately the cost they incur to the consumers. The table shows a 100% response, that is, there was an overwhelming opinion that cost is adequately passed to consumers, a situation which has resulted in higher cost of goods, large unsold stocks in warehouse and aggressive promotional activities to stimulate demand. From the above one can conclude that cost

incurred by organisations are adequately passed on to consumers who have no option but to buy goods at such prohibitive costs if they must sales by their needs and wants as they arise.

Table 4.2.25 Major Impact Of The Economic Policy Measure on The Economic.

Options	NBC	7UP	NICCO	TALLY	%
Higher Cost Of Capital	-	-	-	-	-
Inflationary Trend	-	-	-	-	-
Low Capacity Utilisation	20	20	15	55	100
Closure Of Firms	-	-	-	-	-
Higher Rate Of Retrenchment	-	-	-	-	-
Low Purchasing Power	-	-	-	-	-

Source: Survey Data.

The question on which table 4.2.25 is based seeks to identify the major impact of the economic policy measures on the economy. The table shows a 100% response and that all options as indicated on the table are major impacts of the policy measures on the economy. As a matter of fact, various

documents have confirmed the above variables as impacts of the economic measures on the economy in general.

MARKETING AND MARKETING PRACTICES IN THE INDUSTRY (1986 TO DATE: IMPLICATIONS)

Without doubt, marketing and marketing practices in Nigeria have taken a different dimension since the SAP policy measures came into play in 1986. Before then producers produced and marketed all sorts of products. They never had make much efforts to induce consumers to buy or purchase their products. The consumers on their own part bought goods freely without inducement and the purchasing power was high.

However, things changed soon when policy elements in SAP were being implemented.

The implications are numerous. The trade and commercial policy measures which allowed oil and allied products marketers to retain 100% of their forex while those in the food and beverage industry were at the mercy of the CBN to determine their forex rate greatly affected the cost of their imported raw materials.

For example, the late release of the forex to firms led some firms to collect their raw materials at a time when the inflation had severely diminished the valve of their raw materials. The obvious implication was the decline in the

purchasing power of their consumers. Demand of goods also declined significantly such that firms had to device other cost intensive marketing strategies in order to break-even: (7UP Annual Report and Account March 1991).

Also, the ban on importation of certain raw materials and semi-processed materials spelt doom for companies that depended wholly on such materials. This resulted in closure of firms and shortage of products of such firms. Record has it that over 1000 firms were in operation in Kano between late 1970's and early 1980's but now less than 100 are functional. This has the implication of high rate of retrenchment of workers and diminishing purchasing power vis-à-vis standard of living. It also has consequence of making the few firms in operation to operate what is called " a seller's market" a situation where the producer produces what he likes and sells at the prices he likes without regard for the consumer who has no option but to buy if he must survive. But how long the seller's market can survive in the face of trends in the Nigerian economy is a question that begs for an answer.

The exchange rate policy had tremendous effects on the food and beverage industry. The high exchange rate invariably led to increase in cost of production, which the producers pass on to consumer. This in turn has

occasioned high prices of virtually all manufactured goods or products. The implications are that consumers no longer go for these goods as was the case in pre-SAP period. Demand for the product is consequently down, a situation that gave rise to aggressive marketing and promotional activities by firms in order to stimulate demand for their products. They have had to change their existing marketing policies and strategies to cushion the effect of the measure on their activities. Consumers had to change brand loyally and producers have to go all out to maintain their existing customer if they cannot secure new ones. This is corroborated by the massive and aggressive use of premium offers, contests, coupon offers and frees samples distribution method of consumer promotions by Cadbury, PZ and Food specialties of Nigeria, in order to win back their consumers. This development has demonstrated that consumers can reign supreme this time around, that is, it is now a consumer market, hence the consumer is the king.

The fiscal policy that left the consumers with more money to spend in order to reduce the impact of the inflationary rate on consumers has not made things easier for both consumers and producers. The implication here is that prices of commodities rise geometrically while income increase arithmetically. Monetary and fiscal policy has a great implication on food and beverage producers as well as on consumers. The deregulation of lending rates of

banks could not allow manufacturing industries in the food and beverage sub-sector the opportunity to barrow. This in effect reduced the quality and quantity of products and placed the little produced at unaffordable price to the consumer. Since the consumer has not got enough to spend and prices of products are very high, it becomes imperative for the firms to find new strategies for reaching and inducing consumers to patronize their products if they should remain in operation.

The devaluation of the name has made matters worse for both producers and consumers. Prices of both imported and locally produced goods have sky – rocketed. New machines cannot be bought with ease and even spare parts for old machines are very expensive resulting in high cost of products. This cost is transferred to consumers who hardly can bear it. In as far as the naira remains at a falling rate, the producers and consumers will still find it difficult to survive. If, in the long run, the government can take bold step to appreciate the naira value, then there is hope for improvement in the marketing and marketing practices within the economy.

The pricing and income policies are all centred on how other fiscal policies can revamp the economy.

With the current pricing policy where government increase the prices of its

products and services, means that private enterprise are meant to increase the prices of their products and services too. This is a situation that will worsen things for the consumers. With this trend, the consumers and producers will depend on government policies for their marketing decisions and practice to determine the long-run and short-run implication on their operations. On the short-run the pricing policies will benefit the consumers but the producers will still depend on government sponsored producers in order to survive. In other words, the long-run effect will depend on how the fiscal policies can leave enough income for the consumer to spend on the producers products.

In the new dispensation, armchair marketing has given way to dynamic marketing, intense competition innovation, intensified marketing and public relation efforts have been the order of the day. In the process the firms are positioning themselves for the fierce competitive environment through computerization, new products, better packaging of old products and products realignment and other incentive packages. To corroborate this, the NBC has this to say: " With continuos increase in demand from both customers and consumer, we have accelerated the pace of improving and expending our distribution fleet, merchandising equipment and point-of-sale materials to outlet. The introduction of vending bicycles has enhanced availability. Currently, we are undergoing a truck modernization programme

to improve our distribution service to dealers. This year, over 100 new trucks were fielded to augment our growing flect. Over 3,000 coolers were loaned out this year to dealers as part of our cold drinks programme. The fielding of electric cooler has boosted the sales by our customers" (Annual report 1993). The SAP measure thus become a pointer that time has come for the manufacturers to lure and entice consumers through other methods apart from price competition to win their loyally. This phenomenon has led different manufacturers to revolutionize marketing techniques. For example. Since 1987, the seven-up Nigeria Plc has spent a colossal amount of money in campaigning to increase the volume of sales of its products in a strategy know as" The Seven-up Money shower" According to Mr. Faisal- El Khalil, the campaign alone cost 7UP about #1.2 million in the first Seven weeks in both electronic and print media.

This development has demonstrated a more dynamic technique of marketing products unlike when some manufacturers sit down and fold their hands while waiting for the hungry consumers to queue up their products as witnessed during the direct sales era. It is now the buyers market and the consumer is the king.

The implication of the economic measure on the producers and consumers,

put in a nutshell, is that producers are compelled embrace marketing management which had long been neglected and the consumers have taken their pride of place in the marketing process. The consumer can tremendously influence producers in his marketing decisions and programmes. The era of impulsively in consumer purchasing is over for his purchase decision has become a multivariate function.

Presently with galloping rate rather, galloping and run away inflation in the country coupled with the outrageous devaluation of the naira under SFEM operations, the real or market values of all motor vehicles, equipment and machinery both old and new have gone up tremendously. With this development it is only imperative or appropriate that every insured assets should be revalued by their owners. But knowing that revaluation will lead to a higher Premium, most people prefer to leave their assets, especially vehicle covered at the amount it was first insured even at renewal. However, those corporate bodies that revalue their assets at higher premiums have had their overhead cost increased. Consequently this is transferred to consumers of both consumable and non consumables items; a situation that makes the item unaffordable to them. Consumers on their part had or have to consider their preference, taste choice, time of purchase, purchase or repurchase consideration and above all whom to purchase from. This development has

without doubt pulled out virtually all firms from their shells to design dynamic marketing mix and pursue aggressive marketing strategies for survival in the face of stiff and cut-throat competition in the marketing environment.

MAJOR IMPLCATIONS/INPACTS OF ECONOMIC MEASURES ON THE ECONOMY

The economic measures under the period under review no doubt is mixed blessing to the Nigerian economy. This to day that the measures have their attendant benefits and problems. These are worthy of note.

Benefits: The relative ease of access to foreign exchange by price movers of the economy has brought about increased capacity utilization in a number of industries compared to the situation during the exchange control and import licensing regime when letters of credit facilities were blocked by overseas correspondent banks because of our adverse financial credibility.

There has been a boost to non-oil exports since October 1986. Apart from the traditional export crops such as cocoa, rubber, palm produce, groundnut etc., a number of other items such as fruits, textiles, beer, bitumen, urea/ammonia have actively been exported. More importantly farmers have experience a boost in revenue because of the enhanced income (in naira) that the farmers have received since the inception of the FEM.

The FEM has imposed greater responsibility and discipline on entrepreneurs

in their investment decision and production processes. The resultant effect is that they now strive to be more efficient in the use of scarce resources and install adequate quality control procedures since the market has shifted from what used to be a "Saller's Market" to a "Buyer's Market". Moreover, the high cost of imported industrial inputs has led to identification of efforts to source raw materials and other inputs locally.

There has been a significant improvement in the allocation of scarce resources not only in terms of foreign exchange (at least 60 percent of foreign exchange allocation in FEM has always gone to the manufacturing sector) but also in domestic expenditure pattern.

Government revenue both at federal and state levels has significantly improved since the commencement of FEM. Also, with the current tariff regime and Import Duty Report System, government revenue has been greatly enhanced. Import duty evasion/avoidance has been considerably reduced.

Since the introduction of the FEM, some of the factors contribution to increases in the cost of production have been removed. These include: exchange control and its costly bureaucratic processes, procurement of import licenses and excessive confirmation charges of letters credit.

Above all, Nigerians have had to lean to imbibe maintenance culture, which

hitherto was alien to us.

Great care is being taken of valuables and the people more prudent in their spending pattern.

Problems: Inflationary tendency - the prices of a number of imported goods and some locally produced commodities have increased partly due to the speculative activities of traders and partly as a consequence of the substantial increase in the cost of foreign exchange and burrowed money or funds from the financial sub-sector of the economy. The increases cover a wide range of items including the so-called luxury items and essential goods as well as services. However, it should be noted that there was a decline in inflation rate in the country in 1990 and 1991. Importation of finished goods, increased importation of finished goods has been of some concern to local manufacturers because such importation is considered detrimental to local industry and employment. The main reasons for the influx of finished goods into the country have been attributed to the tariff structure. It should be noted however, that some of the items (e.g. pharmaceutical, spare parts etc.) are in short supply and are essential to the country.

Business Failures: The high cost of foreign exchange and burrowed funds for current transactions, the heavy burden of settlement rate for pre-SFEM transaction and current credit squeeze have compounded the problems of a

number of business firms, especially those that depend largely on imported inputs. This situation has therefore, exacerbated the unemployment situation in the country.

Higher Interest Rates: As a result of the de-regulation in the financial market, there had been high interest rates. The high cost of funds has constrained the ability to favours for investment in productive and manufacturing sector. The high interest rates also increased the cost of production and the price of goods.

This factors have aggravated the inflationary pressure.

In summary the address of Mr. A. A. Abilogun (Former Chairman, Lever Brothers Nigeria Limited) to the shareholders at the annual general meeting held in mid 1987 will suffice. " The SAP which was rightly introduced by the Federal Military Government in 1986 and SFEM in particular had brought along a number of inevitable but adverse consequence for industries in general. Investment costs and production costs have increased. Furthermore the need for industries of source their raw materials locally has in some eases called for further investment in plants or equipment. With naira vastly depreciated, the cost of such investment has become very prohibitive in naira terms. The increased cost of raw material due to loss in value of the naira has

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led to astronomical increases in the cost of finished goods. With the lowering of the purchasing power of consumers generally the demand for even essential commodities has been consistently below acceptable minimum levels expected to sustain business, the direct effect of this situation is that installed capacities of factories are now being grossly under-utilized, a situation leading to full and partial closure of factories for months or years in some instances"

HYPOTHESIS TESTING

In chapter one of this project, there are some basis assumption borne in mind of whose purpose of testing this project was concerned and therefore in this part of the project, the testing of these assumption are made as follows.

Hypothesis One: Economic policy measures do have implication on marketing and marketing practices in the Nigeria economy. This hypothesis was proved to be true because producers/marketer and consumers have confirmed the impact of these measure on their marketing programmes and their purchase or repurchase decisions and considerations. To support this hypothesis, the project has bought the views of staff of the three companies (NBC, 7UP and NICCO) consumers by the application of questionnaire and oral interviews. There was a 100% response to the fact that the economic

measure affect the marketing and marketing activities of firms within the economy. The various literature consulted also confirmed the implications of these measure on marketing activities of firms generally, hence the aggressive resort to dynamic marketing programmes by marketers.

Therefore, the assumption as far as this project or study is concerned is true that economic policy measures do have implications on marketing and marketing practices in the Nigeria economy. Thus the assumption that the measures have no implication on firms marketing activities is disproved as not true.

Hypothesis Two: Economic policy measures can influence consumer behaviour either positively or negatively. This hypothesis is also true since logically, for example, the consumers before 1985 had high purchasing power and bought from a variety of goods at low prices and at will, but, since the inception of the present economic measures, could hardly buy items due to their high cost and the consumers diminishing purchasing power. Consumers now buy those items that are strictly essential to them and after much reflection or purchase decision and considerations. The 100% response to this item on the questionnaire is a confirmation of the assertion, which was further, corroborated by literature. Thus producers/marketers have become ever more innovative in influencing and inducing consumers to continue to or

to start buying their products through a cluster of activities. Therefore, there is no basis for the assumption that the economic policy measure cannot in any way influence consumer behaviour.

Hypothesis Three: Marketing variables (product, price, place and promotion) can be used to reduce the effects of unfavorable economic policy measures on the organisation. The hypothesis when tested also proved to be true as there was a 100% response to the use of aggressive marketing programmes/activities as strategy for survival in the light of the harsh economic measures in play. Marketing activities of NBC and 7UP all point to the use of price, economy, size products, distribution channels and host of promotional activities as means of reaching and influencing the target markets to patronize their products in order that they can remain in operation. Therefore, there is no basis for the assumption that marketing variable are of no relevance in reducing effects of economic measures on firms activities.

FOOTNOTES

CHAPTERS FOUR

1. N.B.N Annual Report 1993 Page 8.

2. Ibid. 1993 page 5

3. Ibid. 1993 page 9

4. CBN Annual Report and Statement of Account, December, 1991 page15.

CHAPTER FIVE

This concluding chapter of the project comprises summary, conclusion and recommendation in this serial order.

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5.0 SUMMARY

Development is very important to every government and to the society in particular because it forms the live-wire on which the society depends. The economic variables of development form the nerve centre that supplies energy to other facet of development for sustenance. Any variable economic development will depend very largely on how effectively and efficiently the human and material resources of he society are managed. The natural endowment (material and mineral resources) of any human society is not an exclusive preserve of individuals and groups are allowed to harness a nation's resources in order to minister to the society's materials needs while they make profit.

The profit motive in harnessing these resources has led the individuals and groups, or neither, put the other way, firm and organisation's to aggressively engage in different economic activities in order to meet the numerous and

ever changing needs and wants of the consumers. The different buying and selling activities as well as a host of strategies employed to stimulate and sustain viable economy is better known as marketing and marketing practices. Thus marketing and marketing practices play crucial roles in an economy. They determine what to produce, what quality and quantity to produce, at what price to sell, to whom to sell, how to distribute it and how to stimulate and maintain demand for these goods ad services.

One major consideration of the produce is how to source raw materials and other inputs at low cost to ensure profit.

Ordinarily, these individuals and organisations, if left on their own would engage in over-expatiation of these resources and consumer, and more so, leave the society more naked and wretched. This is to that the operators would benefit to the detriment of the larger society. Therefore, it becomes imperative for government to monitor and regulate the management of the resources and practices to guarantee profit to producers and maximise profits, to consumers and the society in general. The government does this through policies an guidelines. For example, the Shagari administration in 1982 introduced the austerity measures geared towards a fast economic recovery. There seemed to be hope of success in the implementation of these measures and therefore had to be replaced by the Babangida regime in 1986 with the

"Almighty SAP"

As the measures were being implemented, the operating environment becomes turbulent with attendant implications on producers, consumers and the society. These measures brought about high inflationary trends, high cost of production, capacity under utilisation, closure of firms, just to mention but a few.

Nevertheless, the measures can be said to be both opportunities and threats to firms depending on their resources and ability to sense and respond to the changes that occur. Firms therefore are being constantly influenced by their internal and external environmental factors or variables. While management of firms are better able to influence their internal environmental variables, it is not so easy with the external environmental variables.

To achieve their profit motive, management have to constantly sense and monitor the operating environment in order to identify the changes that occur and to design and implement a bundle of marketing programmes desirable to remain in operations. Firms that fail to sense and respond to changes in the operating environment early enough or at all become "sick children" of their industries, and die agonising industrial death, leaving bitter taste in the mouths of their parents. What a miserable death!

5.1 CONCLUSION

It is pertinent to note that before a nation as whole could be benefit from its natural endowment and the wealth which it came as a result of the industrial revolution, as well as the marketing revolution, it was necessary for people to realise that the sharing of opportunity and resources is more important than the success of the individuals. This has informed government economic policy measures whole primary objectives is the mobilisation and harnessing of resources to attain an increasing in welfare through the maximisation of employment possibilities and earned income. This has failed so far in Nigeria. It has instead led to a decline in real terms of earned income among the rural and urban population and therefore to a general fall in the standard of living of most peoples. The conclusion is that, so, far, the bunch of policy packages has failed as means for reviving the economy and putting it on the path of growth and development.

This trend has rather created more than enough socio-economic problems for producers and marketers as well as the ultimate consumers. Cost of production has sky-rocketed and the demand for goods and services has significantly declined, a situation that has occasioned constant review of policies and strategies in producers in order to carry the consumers along. Consumers are therefore at the mercy of producer who must have to survive

the avalanche of change in the operating environment.

Therefore, the short-term adjustment measures and the more legitimate long-term requirements on the economy need be reconciled. No matter how will formulated a policy may be, the attainment of its objectives depends most crucially on its faithful implementation. Then there's the need for the establishment of a carefully selected committee whose membership should be drawn from the vibrant sectors of the economy that have a direct and visible stake in the successful implementation of the policy package. No government policy package per-se is bad, but, the failure or success depends on the implementation strategies adopted.

5.2 RECOMMENDATIONS

The underlying philosophy and objectives of any economic policy measures are rooted in the desire to monitor and regulate the socio-economic activities such that the nation's resources are effectively and efficiently harnessed for benefits of the masses.

Thus the prime objectives of any worth while economic policy package is to achieve a comprehensive development. But sometimes these measures tends to create more socio-economic problems than they are out to achieve both in the short-run and long-run.

Therefore, policy formulators should carry out a surgical operation of the various economic policy measures to be recommended in order to identify their short-run as well as long-run implications. Where the adverse effects tends to outweigh the good side, then there is the need for a rethink.

Every programmed needs adequate time to mature and yield desired results. Any change or dilution of the programmes before the needed maturity periods will severely create further problems. It was observed that the policies in the period under review were characterised by inconsistencies in policy to be able to harvest the desire results.

Exchange rate consistency and its availability on regular basis play crucial roles in every economy.

Movement in exchange rate in Nigeria since 1985 has been erratic and hence a major source of concern to producers, investors and consumers Our development objectives and effort without doubt have been frustrated and stagnated by this trend, what is important is not necessarily the level of exchange rate stabilising of N10 is calculated using PPP (Purchasing Power Parity) and weighted in relation to the currencies of our major trading partners is recommended.

1. Increasing the availability of Foreign exchange to private sector will be crucial to a revival of the industrial sector. The firm should be on

policies aimed at ultimate reducing the dependence of industrials on imported input. A well articulated tariff policy could also be utilised to this end, along side the removal of the severe macro-economic distortions. If devaluation is likely to frustrate and stagnate our development effort as its already doing, then policy ought not to resort to devaluation as an adjustment policy instrument, especially when there is no basis for determining by how much the currency should be devalued and what the economic environment that can guarantee its effectiveness should be. It should by now be obvious to government and monetary authority in Nigeria that FEM and devaluation as they are presently being managed is not serving the development objectives of the Nigerian economy. It is therefore necessary to make some changes and fast too.

Priority should be given to upgrading rural infrastructure (e.g. feeder road, electricity and water) and extension services, rather than relying only fertiliser subsidies and concentration on road in urban centres only. The economic environment is ever changing and constantly spinning out new opportunities, in bad as well as in good years. It also spins out new threats and firms find their market collapsing as a result. Therefore, companies

marketers should employ the use of marketing intelligence and marketing research and development to track the changing environment. They should erect early warning system to be able to revise their marketing strategies in time to meet new challenges and opportunities in the environment. They should always see the consumer as the king and treat him as such to secure his loyalty to their products and services. The marketer also needs a sound knowledge of those factors that influence the consumer behaviour. Consumer market and consumer buying behaviour have to be understood before sound marketing plan can be developed to meet his needs and wants.

The consumer should see himself as a king before the producers and marketers of goods and services and compel them to treat him as such by the buying behaviour he puts up. Consumer should come together by way of consumerism to act as a formidable force to check the manipulative and exploitation practices of marketers, and even moreso, to ensure that government passes relevant consumer legislation. In fact, consumerism should be made the order of the day.

Perhaps the course, of overriding importance, policy consistency and transparency across the whole gamut of activities affecting the industrial sector from procurement of foreign exchange to the clearing of goods at the ports, are crucial factors in promoting and sustaining industrial recovery in

1996 and beyond. In general, it should be noted that policies involving a high degree of bureaucratic input and discretion tend to favour the informal sector over the formal sector. The implementation of such policies general run counter to the declared goals of transparency and accountability, thereby improving the ability of genuine industrialists to contribute fully to make the investments which are necessary to the up-liftment of the Nigerian economy. The above recommendation should be viewed with every attention they deserve and put into action to revert the economy to the path to quick recovery. It is hoped that these recommendations if implemented would act as elixir to the numerous socio-economic crises that have bedevilled the Nigerian economy for sometimes.

APPENDIX I

QUESTIONNAIRE

This questionnaire is part of the research work in meeting the requirement of my project that will help in obtaining appropriate information and data, that will be used in compling a project under Ahmadu Bello University Zaria in partial fulfilment of the requirement for the award of the Degree of Master of Business Administration.

1. AGE
   - 5 - 15 YEAR
   - 16 - 25
   - 26 - 35
   - 36 - 45
   - 56 - and above

2. SEX
   - Male
   - Female

3. How long have you been in the company ?
   - 0 - 5 years
   - 6 - 10
   - 11 - 15
   - 16 - and above

4. Please, indicate your educational qualification.
   a. First degree
   b. H.N.D
   c. O.N.D
   d. G.C.E

5. Please, state position/post held.

   _____

   _____

6. Are you aware of government economic policy measures in the last five year ? YES NO

7. What are these measures aimed at ?
   a. Revamp the economy for effective performance
   b. Help consumers to get goods
   c. Help the industries to produce at full capacity
   d. Other objective (please, specify) ----------

Do these measures have any impact on the activities of your organisation ? YES NO

9. In what form is the impact on your organisation ?
   Positive Negative Mixed blessing

10. Are these economic policy measure consistent ?
    YES NO

11. Do these measure affect your corporate planning ?
    YES NO

12. In what way do the measures affect your organisation most ?
    a. Marketing of the products
    b. Capacity utilisation
    c. Retrenchment of workers
    d. Other effects (please, specify)----------

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13. Which of these is your major source of raw materials ?
    a. Importation
    b. Local production
    c. Both a and b above

14. Which of these measures affected your organisation most ?

a. Exchange rate policy
b. Fiscal policy
c. Monetary
d. Others (please, specify) ----------

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15. Are you aware if these measures affect the consumers of your products ? YES NO

16. If yes, which of these affect them (consumers) most ?

a. Tax (fiscal) policy
b. Exchange rate policy
c. Interest rate policy
d. Other (please, specify) ----------

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17. How does it affect the consumers ?

a. Reduced the purchasing power
b. Reduction in prices of products
c. Increased the purchasing power
d. Other ways and effects (please, specify) ----------

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18. Do these measures affect the demand for your products ?
YES NO

19. In what form do these measures affect your marketing program?

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20. If negatively, what survival strategy do you adopt to reduce the influence of the measure on your performance ?

a. Aggressive marketing activities
b. Passive marketing activities
c. Wait for consumers/distributors to come for your products
d. Other measures (please, specify) ——————————

_____

21. How is competition in the industry ? a. Healthy
b. Challenging
c. Dynamic

22. What is the basis of the competition ?

a. Product quality
b. Price
c. Aggressive promotional mix
d. Others (please, specify) ——————— 476067 ———————

_____

23. How do the interest/exchange rate affect your production cost ?

_____

_____

24. Do you pass on the cost your organisation incurs adequately to the consumers ? YES NO

25. What are the major impact of the economic policy measures on the economy ?

a. High cost of capital
b. Inflationary trend
c. Low capacity utilisation
d. Closures of firms
e. High rate of retrenchment of workers
f. Low purchasing power
g. Other impacts ——————————

_____

Thank you for responding to the questionnaire.

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