MARKETING STRATEGY EMPLOYED BY TOBACCO COMPANY AND THE PROSPECTS FOR GROWTH.

(A CASE STUDY OF BRITISH AMERICAN TOBACCO NIG. LTD ZARIA)

BY

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DECEMBER, 2002.

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A PROJECT SUBMITTED TO THE POST GRADUATE SCHOOL, AHMADU BELLO UNIVERSITY, ZARIA, IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTERS OF BUSINESS ADMINISTREATION (MBA).

DEPARTMENT OF BUSINESS ADMINISTRATION, INSTITUTE OF ADMINISTRATION A.B.U. ZARIA

DECEMBER, 2002.

DECLARATION

This work is the effort and result of my findings. I therefore declare that this project is a product of my research findings and all information or works consulted have been appropriately acknowledged in the references.

Consequently, upon the aforesaid, I take full responsibility for any error committed and/or omissions.

_____ _____ _____

Student Signature Date

CERTIFICATION

This project titled MARKETING STRATEGY EMPLOYED BY TOBACCO COMPANY AND THE PROSPECTS FOR GROWTH: A CASE STUDY OF BRITISH AMERICAN TOBACCO COMPANY, ZARIA, by ABDUL YEKINE EL-YAKUB meets the regulations governing the award of the Master of Business Administration (MBA) of the Ahmadu Bello University, Zaria and approved for its contribution to knowledge the literary presentation.

_____	_____	_____
Supervisor	Signature	Date
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External Examiner	Signature	Date
_____	_____	_____
Head of Department	Signature	Date
_____	_____	_____
Dean of Post Graduate Sch	Signature	Date

DEDICATION

This project work is solely dedicated to my beloved wife Barrister Maryam El-Yakub and daughter little Miss Nan A'isha El-Yakub.

ACKNOWLEDGEMENT

Glory be to Almighty Allah (SWT) for his mercies, on whose protection and guidance I solely relied.

I will begin by acknowledging the contribution of the Post Graduate School of Business Administration Department of Ahmadu Bello University, Zaria for considering me as one of the successful candidate offered admission of MBA programme among qualified thousands that applied.

A big thank you and appreciation to my project supervisor Dr. Akpan for his tireless effort and valuable time spent to make this study a reality for me.

Also acknowledged is the Head of Department Dr. Sani Abdullahi the MBA coordinator Mal. Bashir Dalhatu, the MBA lecturers and the supporting staff of the department who have contributed in one way or the other to make my dream achievable.

My profound gratitude and respect goes to Mal. Dahiru Ovoko for his brotherly and moral advise, who have contributed immensely to my success in life.

To my colleagues I say well done. It was a wonderful combination of professionals from various field of human endeavour having shared experiences together to overcome the stress associated with the MBA program. Finally, I seized this opportunity to pray for everyone and well wishers who have assisted me in pursuit of my career in life. God bless.

ABSTRACT

This research work is primarily concerned with the phenomenon of marketing strategies employed by Tobacco Companies and the prospects for their growth. A case study of the British American Tobacco Zaria, was undertaken with a view towards taking a critical analysis of the type of marketing strategies adopted by different brands of cigarette and of course to also examine the prospects the company has for growth and continuity.

However, a research study on British American Tobacco is incomplete without a flash back into the activities of Nigerian Tobacco Company Ltd, Zaria – a company that BAT has inherited. The research has evaluated briefly the marketing strategies employed by NTC before and the current strategies adopted by BAT. Attempt has been made with much emphasis on marketing strategies adopted by the present corporate management of BAT.

The British American Tobacco Company has completely deviated from the older marketing strategies of its predecessors (NTC) ranging from direct involvement of dealers in distribution channels to franchising and marketing executives penetrating nook and corners of their target market with a view to encouraging motivating and initiating outlets including attractive incentives.

Evaluation of the company's marketing strategies was undertaken and in the event a number of useful recommendations were analyzed and put forth to management, direct at enabling the firm to effectively market its wide range of cigarettes brands.

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CHAPTER ONE

1.1 INTRODUCTION.

Marketing is a common phenomenon, but it is quite complex and in fact an elusive subject matter. Marketing means different things to different people just as it affect everyone and is highly controversial. The activities of Marketing are so diverse that its sometimes difficult to say exactly what the term means. But however, the general consensus on marketing is that it is the performance of business activities which involves identifying, anticipating customs wants and satisfy them.

The economic health of any nation depends largely on the healthy marketing system, especially where a huge mass production system and its attendant mass distributions are involved.

The importance and relevance of marketing business, whether in private or public organization cannot be overemphasized. It is against this background that many scholars and practitioners alike began to research extensively on Marketing as a business of exchange transactions.

Strategy is define as "a unified comprehensive, and integrated plan relating the strategic advantages of the firm to the challenges of the environment" (W.F. Gluck 1980). From the definition above, one can

infer that strategy is a behaviour whose purpose is to achieve success for organizational goals in a competitive environment, chiefly rivals, market competitors, suppliers, customers, employees and even governmental unit.

The focus of this research work is on the marketing strategies employed by British American Tobacco Zaria and the prosperity for its growth. Marketing itself is a response to society needs. As society changes, so does marketing; as a society becomes complex so do the needs of its people.

Therefore, desired marketing strategies are required to cope with the dynamism of the society and their needs. For example, a marketer mush have a good knowledge of the behavioural sciences that deals with relationship among people which involves sociology, psychology and cultural anthropology. The way people responds as individuals and groups changes over time. More importantly the product under this research study is highly controversial world wide. In the civilized world, political and ethical actions sets legal boundaries for business like the marketing of tabacco products. All over the world, old laws are changed concerning the production, marketing and consumption of Cigarette, new laws are added and new interpretation are given to the existing laws.

However, decisions about what is acceptable behaviour form the ethical environment. Very often, a law is passed because a collective group thinking leads to the conclusion that a certain business practice is not ethical. For example several laws/decrees have either been passed or promulgated to ban or control Cigarette smoking all over the world.

British American Tobacco took over Nigerian Tobacco Company Zaria in the year 2000 B.A.T, ironically was the Parent Company if N.T.C Zaria up till the time the former took over N.T.C. unfortunately NTC's operations including Marketing had been at its best epileptic for the past one decade now; due probably to some factors that could be traced to poor quality of Nigerian made products, poor and inadequate marketing strategies and practices and alarming scale of smuggler's activities including high costs of production.

Nigeria Tobacco Company tailed out of Business not because people have stopped smoking but simply because they saw themselves as tobacco company and not Marketing Company that require sound marketing strategies including bench marketing. It is against the foregoing background and facts that makes a research of this kind more interesting and worthwhile. This research work is particularly informed by the researcher's inquisitive mind regarding the high

expectations upon the new company (BAT) which has to operate with the conditions attached and under a double standard policies and legislations of the Federal Government. Including very unstable economic environment. Therefore it is the considered opinion of the researcher that this study would go a long way in contributing in a number of ways to improvement of BAT marketing strategies and more importantly to knowledge as a whole.

Statement of Research Problem.

The main problem that this research study is set to address and find solution for is the lack of protection over the local industries which has always negated many marketing strategies that may be adopted. This lack of protection is evident in the way and manner the smugglers smuggles into Nigeria Foreign products like Cigarette unchecked and with impunity, and again the numerous and indiscriminate advertisement on our daily media (both print and electronic media).

And again another disturbing problem is the conflicting and confusing legislations on the manufacturers of tobacco products and the consumers as well. The advertising strategies employed by BAT have always been subjected to criticism from the public. The same advert that encourage people to smoke, that smoking is a way of life again

end up warning that "Cigarette Smoking is Dangerous to your Health".

Objective of the Study

The main objectives of this research study is to examine the marketing strategies employed by BAT in the marketing of its different brands of cigarettes and more importantly, to look into the prospect the company has its growth.

Essentially the research is aimed at finding out how BAT intends to use the current marketing strategies to carry the company along in the turbulent economy that is not only hostile to the trade practices but totally against smoking.

Furthermore, the researcher intends to introduce, if possible and considered necessary other strategies that could enhance the volume of scales as against what is currently obtainable in BAT.

Finally, to find out how the company hope to tackle the Government and Public 'double standard' concerning the need for a tobacco company in Nigeria and the prohibitive revenue accruing from their activities to your health; smokers die young" (Federal Ministry of Health).

Significance of the Study.

The study is quite significant because of the Nigeria's high drive for

industrialization and the crave for foreign investors to invade Nigerian Business environment.

The researcher study is significant more so as it intend to investigate the paradox surrounding the tobacco business. That is, the country like Nigeria that is aware of the health hazard in smoking will not let go the revenue that such industry could offer, and employment offered as well.

Research Hypothesis.

Two fundamental assumptions are postulated in this research study as follows:-

That the activities of the smugglers that smuggles foreign cigarettes into Nigerian market has been responsible for BAT's inability to achieve fruitful results from its Marketing Strategies hence, the company had bleak future prospects.

The Federal Government of Nigeria has always played a lip service to the issue of arresting the illicit activities of the smugglers. It has been observed that some prominent and wealthy individuals in Nigeria are not only sponsoring the smugglers, but connive with Government officials to break the law, against smuggling.

That the equivocal policies and legislations by the Federal Government of Nigeria regarding Tobacco Companies and smoking habit of some Nigeria Citizen have always cast doubt in the minds of the people as far as the activities of British American Tobacco (Nig) Ltd Zaria is concerned.

Because of the fear of violating the Federal Government Laws on Tobacco Advertisement, BAT is compelled to contradict itself in her advertising strategies, such contradiction can readily be noticed in their daily advertisement.

Scope of the Study

This research study pay particular attention to the marketing strategies employed by British American Tobacco (Nig) Ltd Zaria, and the prospect for their future growth.

Bearing in mind the nature of the topic for study and the circumstances surrounding the birth of BAT, the researcher has decided to briefly mention the Nigeria tobacco company LTD Zaria (the company that BAT took over from). The study therefore is limited to the period of 3 years; that is from the year 2000 to 2002.

Furthermore, the highlights of the study are limited to the strategic planning of marketing functions of BAT, the company's promotional and pricing strategies, advertising strategies, products

policies and development and including the packaging and labeling and physical distribution channels adopted.

The research study also attempt to examine critically what prospects BAT has on the face of turbulent economy like Nigerian's and the government's position about smoking that hardly can see any marketing strategies to a success.

Limitations of a Success

Any research study cannot be completely successful without at least some short-comings; but however, the magnitude of such shortcomings and intensity may differed depending on what the research intends to achieve.

First and foremost, the researcher encounters problems in the areas of data collection. Most of the information required to bring out a perfect study were considered classified documents by the British American Tobacco Company; and as such we hardly could gain access to them.

Notwithstanding, the above constraint, the researcher has tried as much as possible not to compromise the quality of this research study/work.

CHAPTER TWO

2.1 Literature Review

It is pertinent that a research of this nature should be examine some ideas, views and experiences of some scholars, researchers, journals and as well as policy documents relating to the subject matters under study.

Our concern here is no doubt to review the relevant literatures relating to potential marketing strategies that is capable of achieving the organizational objective.

2.2 Marketing and Marketing Strategy, What Marketing Means:

Marketing is the management function and process responsible for identifying, anticipating and satisfying consumers requirements profitably (Institute of Marketing).

John Wilmshurst sees marketing as a term used in different ways by different people. He identified three different ways in which people use the term:

That marketing is a description for some part of the company's organization or person's job title.

To describe certain functions within a company e.g. advertising.

To indicate a particular approach to business, or management attitude

in relation to customers and their needs.

Wilmshurst further listed among others, certain functions of marketing as follows: Marketing Research, Public Relation, Customers Enquiries, Advertising e.t.c. He said that marketing is too important an activity to be trusted to marketing departments alone. (John Wilmshurst 1979 pp 1&2).

His definition of Marketing are based on some premise:

i. Marketing starts with pre-production and ends with post productions.

ii. Marketing begins with the consumers and ends with the consumers.

iii. Marketing aim at maximizing profit for the firm.

However, the first academic definition in the world over that gain wide acceptance was the one put forward by the American Marketing Association. It defines marketing as "The performance of business activities that directs the flow of goods and services from producers to the consumers."

Marketing Strategy

A.B.Akpan (2002) in his book "Marketing Strategy concepts and Application". Describe strategy as "a derived from the Greek Word "STRATEGOS" meaning GENERAL in a military sense, it involves

the planning and directing battles or campaigns". According to him, in business or marketing sense however, it refers to action by management to offsets actual or potential actions of competitors".

Anao (1979) sees strategy as "schemes, methods to deploy in order to move the organization from its present position to arrive at its target goals by the end of specific period".

Dalton E. McForland (1974) analyzed different levels of strategies. According to him, "strategies are likely to exists at a number of levels in organization as follows: Competitive (Business level strategy; corporate level strategy and operational level strategy".

1. Corporate level strategy is concerned with what type of business an organization wants to do? And should be into; what product or product diversification to go into? This level is associated with senior management of large business that are likely to move around Geographical areas.

2. Competitive or Business Strategies level concerns the how to compete in a particular market where there are numerous competitors.

3. Operational Strategic level – This is concerned with how individual function of an Enterprise (Marketing Finance, Manufacturing etc) contributed to other levels of strategies. This level of strategy deals mainly with areas like: Market entry, Product mix,

Manpower and Investment plans.

Dalton went further to analyse the major factors that shapes strategies as follows: “opportunities identified in environment, organizations competence and resource capacities, threats to opportunities in environment, social obligations and ethical values, organization cultures, innovation, complacent or bearrocracy etc”.

2.3 The marketing Concept

William J. Stanton, a professor of marketing at the University of Colorado describe Marketing as “a concept based on two fundamental beliefs: first of all Company planning, Policies and operations should be oriented towards the customers, second, profitable sales volume should be the goal of the firm. In its fullest sense, the marketing concept is a Philosophy of business which states that the customers wants satisfaction is the economic and social justification of a company’s existence”.

Peter Drucker, the world’s leading writer on the whole field of management says: “it is the customer who determine what a business is. It is the customer alone whose willingness to pay for a good or service that concerts economic resources into wealth, things into goods. And what customers buys and considers value is never a product. It is always utility that is what a product or service does for

him because its purpose is to create a customer, the business enterprise has two and only this two basic functions, marketing and innovations; marketing and innovation produce results, all the rest are costs" (Drucked P.F. "Innovation and Entrepreneurship" Heinemann 1985).

According to Philip Kotler, Marketing concept is "a management orientation that holds the key tasks of the organization is to determines the needs and wants of the target markets to adopt the organization to deliver the desired satisfaction more effectively and efficiently than its competitors" (Kotler P: Marketing Management Analysis, Planning and Control, Prentice hall 1980).

However, the researcher so strongly belief that the above assertions are so perfectly self-evident that it would be unnecessary to attempt to prove them. In modern marketing Business, products are not designed before seeking market for them, rather the reverse is the case.

Nwokoye gives four ways in which marketing can proceed to meet the needs of its customers and yet achieve its objectives such as profit.

These includes:

Identifying customers needs.

Developing or acquiring the products to fill those needs.

Planning and organizing the marketing programme to bring to

customs in a manner that will achieve desired goals.

Carrying out post sales activities to ensure that products or services are satisfactory is use and also to understand customers reactions that will guide future improvement.

Really a good marketing concept will involve a broad definition of the product or services to keep abreast of environment changes as well as nursing its customers in the area of their needs, taste, preferences and affordability.

Ohuabunroa in his own view indicates that business and companies that must survive are those that put the customers in the fore front in all marketing decision.

John Wilmshurst, in his book the fundamentals and practice of marketing takes time to represent the views of the best known writer on the subject matter, Professor Theodre Levit of Harvard University. The reknown writer contends that "Every major industry was once a growth industry". But some that are not riding a wave of growth enthusiasm are very much in the shadow of decline. Others which are thought of as seasoned growth. Industries have actually stop growing. The Professor argued further "that in every case the reason growth is threathened, slowed or stopped is not because the market is saturated; it is because there has been a failure on the part of management. The

failure is at the top.

The professor draws a particular example of Railroad, which he said that the rail road did not stop growing because the needs for passenger and freight transportation declined, but that the rail roads are in trouble today not because the need was filled by others (car, trucks, airplanes), but because it was not filled by the railroads themselves. They allow others, take customers away from them because they assumed themselves to be in the railroad business rather than in the transport business. The reason why they defined their industry wrong was because they were product oriented instead of customer oriented.

Furthermore, Dr. Okoronkwo in his lecture materials for Chartered Institute of Administration, Marketing Management, has expressed the concept more colourfully when he said it is all about the followings:

Find wants and fill them

Make what you can sell instead of sell what you can make

Love the customer and not the product, all these are pointer that customers are the kings – the consumers are the most important.

He went further to analyze how marketing concepts could be a achieved:

Ensuring constancy in marketing efforts.

Obey consumers right

Diversification

Getting actively involved in maintenance, that is after sales services .

Again Dr. Okoronkwo contends that as beautiful as the concepts of Marketing appears to be, there are constraints and limitations which he has pointed out as follows:-

That mismanagement can render the concept unachievable.

That marketing concept is lost when certain functions of marketing are transferred to other department.

That unnecessary increased costs through extra marketing efforts will destroy the concept; for according to him consumption is the sole end and purpose of all productions, and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the customers.

Lack of suitable marketing personnel who are not committed to consumers sovereignty but profit oriented.

Lack of sufficient resources within the reach of the organization to sustain the activities of the marketing concept.

Strategic Marketing Planning

Busch and Houston (1985) in their book, defines strategic marketing planning as a process consisting of the following steps:-

a. Situation Analysis

b. Establishment of Objectives

Determination of Products Markets and Market Segmentation

Budget Determination

Management of the Marketing Programme and

Evaluation and Control.

Christopher Martins (1975) sees strategic planning as "the resources to achieve marketing objectives. It is the means by which organization seek to monitor and control the hundreds of external and internal influences on its ability to achieve profitable sales".

Christopher went further to say that "Strategy marketing planning is seen to provide an understanding throughout the organization of the particular competitive stance that an organization intends to take to achieve its objective. This helps managers of different functions to work together rather than to pursue their own functional objectives in isolation".

Anietie B. Apkan, representing Graven views (1982) defines strategic

marketing as a process of:-

a. Strategically analyzing environmental competitive and business factors affecting business units and forecasting future trends in business areas of interest to the enterprise.

b. Participating in setting objectives and formulating corporate and business unit strategies.

c. Selecting target market for the product markets in each business unit, establishing marketing objectives and developing, implementing and managing program-positioning strategies for meeting target market needs".

Graven contended further that "given the highly competitive and dynamic environment in which organizations operate, marketing planning becomes essential. Apart from helping to solve current needs of the organization towards the future, without some planning procedures, there is the danger that the organization will exhaust much of its energies pursuing unnecessary disputes whilst its marketing may become little or more than the coordinated mixture of interesting traits and pieces".

Hudson (1998) has similar views with Graven, He concluded in his views that "a marketing business that is confronted with the situation above will have those responsible for marketing to be forced to play

role of administrators reacting to problem, instead of acting to prevent problems".

David W. Cravens and Charles Jr. define strategic planning for a corporation as consisting of the steps shown as follows, starting with an objective assessment of the situation faced by the firm relative to opportunities and threats, a logical sequence of steps that leads to the preparation of strategic plans for the firm's unit.

Strategic Planning Overview.

Analyse the situation

Develop mission statement and objective

Determine composition of the business

Strategic analysis of business unit

Select business unit objectives and strategy

Prepare business unit strategic plans

Davidd Gravens further warned that "one real danger in marketing

planning is placing too much details in written plans, simplicity is clearly the best rule to follow. The plan should be used as an active management guide rather than as a reference book".

He presented an excerpt from critiques of a manufacturer's strategic plans.

The market opportunity analysis is weak and incomplete. Throughout the plans, more attention should be given to analysis and implication and less to description.

Akpan (2002) has enumerated major difficulties and problems in strategic planning. According to him, "difficulties and problems surely exists; as he put it: "the problem is that while as a process, it is intellectually simple to understand, in practice, it is the most difficult of all marketing tasks. The reason is that it involves bringing together into one coherent plan all the elements of marketing, and in order to do this, at least some degree of institutionalized procedures is necessary".

Stern (1967) has the opinion that "the sum of all those separate allocations should be as near optimal as possible" the main problem is therefore that of properly allocating marketing resources. It also identified that improper definition of company mission and goals is a major problem. For longer-range plans, the need to predict changes in

customers tastes and wants, changes in technology and changes in the economy also poses problems.

Stern (1967) further traces and advice against other pitfalls to effective planning as follows:

a. Do not rely blindly on mathematical formular and statistical calculation

b. Do not assume that the past trends can be extrapolated into the future.

c. Do not rely on insufficient sample sizes for statistical results. This is a technical matter and can be avoided by securing the service of a competent statistician.

d. Do not establish goals on the basis of current or part rates of growth unless there is good reasons to belief that these rates of changes will remain constant.

Anietie B. Akpan, representing Haas R.W. (1982:121) analysed by example the marketing plans.

□**Section**□Description□□1.□Table of Contents□A listing of what is

covered in the plan with corresponding page reference□□2.□Introduction□A brief statement of the purpose of the plan□□3.□Executive Summary□A brief summary of highlights of the plan□□4.□Situation Analysis□An analysis of the environment in which the plan will operate – A systematic review of past trends and present situation in which the company finds itself.□□5.□Market Segmentation□A definition of specific market segment to be focus upon in the plan.□□6.□Market Objectives□A statement of the objectives□□7.□Marketing Strategie□A development of strategies or cause of action that are to be employed in the areas of products, channels, promotion and prices to achieve the desired objective.□□8.□Marketing Programs□A schedule of tactics to be employed in each of the strategy stated in terms of activities, time frame, required reports and presentations, delegated responsibilities and the like.□□9.□Budgets□An analysis of required resources to implement the plan.□□10.□Control and evaluation □A development of some measures of criteria by which the plans performance may be judged so that corrective actions may be taken.□□Haas (1982) went further to enumerate various advantages gained from strategic marketing planning.

The marketing plan is not a luxury item for the industrial marketing

managers. Indeed, it is an absolute necessity if the manager is to implement marketing strategy with any degree of effectiveness. There are many advantages to be gained from marketing planning. Some of the major advantages are as follows:-

1. The marketing plan facilitates thinking both within and without the marketing department. The basic principles of sound planning degree of control over the future – by looking ahead and planning for the future then manager has more of a chance to react to change in logical and well reason manner.

2. The marketing plan provide for continuity in the marketing function since planning is not a one short but rather a continuous process, it forces the manager to consider both short and long run marketing decision, thus, enhancing continuity.

3. The marketing plan provide a working document for the implementation of marketing strategy – without such a written document, all involved may not see or understand responsibilities – there are advantages in having it in writing and for all to see.

4. The Marketing plan forces the manager to establish objectives for marketing directions.

5. The marketing plan also forces the manager to analyze the marketing situation – this provide objectivity and leads to more

realistic objectives.

6. The marketing plans priotise activities in the proper manner – sound marketing plan forces all marketing activities to be coordinated and integrated.

7. The marketing plan facilities control and evaluation – a sound marketing plans compels the manager to evaluate marketing performance in light of objectives to be achieved. As the scope and complexity of marketing responsibilities expand, it is more difficult for the integrated marketing efforts, which is the ultimate responsibility of the marketing manager. In short, a strategic marketing plan is necessary to implement a marketing strategy efficiently ion the industrial markets.

Product Policy and Development Strategy

E.C. Osuala: Fundamentals of Nigerian Marketing describe product "as something an organization market that will satisfy personal want or fill a business or commercial needs. It may be tangible or intangible, sought or unsought, inexpensive or expensive, simple or complex".

Giles (1980) defined product "as anything including actual product and all the peripheral factors that contributes to a customers satisfaction. For example, individuals who buys a coloured Television

set buy more than a tangible object to provide entertainment. The consumer also buy the engineering reputation of the firm, the guarantee, delivery services, the brand name and the prestige of owning the product. All these things are part of the product".

In his own views, John Wilmshurst contends that "if the product or services offered does not perform the required way, customers will not buy a second time, and the word will go round to the prospective customers so that they will not buy even once".

A.B. Akpan (2002) sees a product "as anything that is seen as being able to satisfy a need or want". He advanced a typical example of a product: "suppose one is thirsty, this state of felt deprivation can be expressed as a desire or want for water or soft drinks. Here the water or soft drinks is the want satisfying product. A product is also seen as a complex of tangible and intangible attribute, including packaging, volume, price, manufacturing and retails services, which the buyer may accept as offering satisfaction of wants or needs".

Product Policies

"Product Policies are managerial guides regarding what product will be made or sold and what attributes these products will have. Such services and products of the organization, consistent customer and marketing orientation (Akpan 1994). Management adoption of this

orientation recognizes the fact that the organization's ultimate success whether measured by total profits, returns on investment, market share or any other criterion; is largely dependent upon its product policy.

Infact, an organization product policies is fundamental to the whole operations of the business. When an organization determine to produce a specific product or groups of products, it is this decision which dictates the industry to which it belongs, the market it will serve and the nature and the extent of its resources, methods, and techniques it will employ. Very often this factor tends to be ignored, as most organization becomes inextricably linked with their product line. They fail to define their organizational mission effectively, and in a process find themselves serving a narrow market. Be it as it may, let us not hurry into saying that our companions have taken a narrow view of their market because they think in terms of their product offering (the form, style and quantities of which are determined overseas) rather than in terms of fundamental needs (indigenous needs) which these products strive to satisfy.

Hudsun (1998) explains that "marketers must therefore avoid viewing the product areas of marketing as a rigid or uncontrollable elements in the marketing mix. They must remember that, the more fact that they still have products or are still in business is because there are

customers out of their mailing demands. Once the product or service fails to fulfil a need in the market place, it's sales will decline and its marketability may be finished. Many of our firms sees their products as those activities that takes place in distribution, promotion, pricing, after the products or services have been developed. This is a faulty thinking because it depict a product rather than a market orientation. The manager must remind himself constantly that intelligent product strategy is dependent upon a good market input just as are the other three marketing sub-strategies of channels, promotion and price.

Cravens (1982) defines product strategy as "deciding how to position each product or combination of products against competition. This involves deciding quality, prices and features to be added.

Cravens analyzed his definition further in the following manner: Product Positioning Strategies Control: Positioning means different things to different people, to some it means the segmentation decision. To others, it is an image position. To others still, it means selecting which product features to emphasis.

Aaker and Shamby (1987) explains that "a product or suppliers have so many associations which combines to form a total impression. The positioning decisions involves the selection of the various association to be built upon and made prominent, and those association which are

to be removed are made less prominent. The positioning decision after a crucial strategic decisions for a company or brand, because the position can be central to customers perception and choice decisions.

Aaker and Shamby went further to analyze among others, different approaches to positioning strategies:

1. Positioning by Attributes: This is the most frequently used positioning strategy. It involves associating a product with an attribute, a product feature or customer's benefit. "consider imported automobiles, Datsun and Toyota have emphasized economy and reliability. Volkswagen has used a value for the money association, Volvo has stressed durability, showing commercials of crash tests and citing statistics on the long average life of their cars, Fiat in contrast has made a distinction effort to position itself as an European Car with European Craftsmanship; B.M.W has emphasized handling and engineering efficiency, using the tag line, the ultimate driving machine".

Some products have been positioning along more than two attributes simultaneously. Vaseline, is said to cure minor burns, minor cuts while also doubling as a body lotion as well as hair cream.

Aaker and Shamby note that it is always tempting to try to position along several attributes. However, positioning strategy that

involves too many attributes can be most difficult to implement. In their words, the result can also be a fuzzy, confused image.

2. Positioning by price and Quality: While many products categories emphasis services, feature or finance with the attendant high price, other brands emphasis price and value. However, there is danger that the quality message will conflict with basic price or value position.

3. Positioning with respect to Use: Here attempts is made to associate the product with a user or class of users. Cosmetics companies have successfully used well known models or personally to positioning their products. As auto – company can therefore use a well known transporter for this reason.

4. Positioning with respect to product class: In this case, positioning decision involves product class association. For in this case for example, PAN can position its cars against import.

5. Positioning with respect Competitors: an effective positioning with respect to competitor can be an excellent way to create a position with respect to an attribute, especially when the price or quality attributes here considered. Such positioning can be aided by comparative advertising, advertising in which competition is explicitly named and compare on one or more attributes.

Limitations of Product Strategy

A.B. Akpan (2002), has pointed out among others, problems that are associated with product strategy. According to him the following are prominent:

"Too much varieties, not enough assortment; reduced economics of scales, the danger of full time competition, trading down and trading up problems, blurring the product image, cannibalism, ineffective product positioning, undesired planned obsolescence and product pruning problems.

New Product Planning and Development Strategy.

According to Aaker, (1985) "Top management is ultimately accountable for the new product success records. It can not simply ask the new product manager to come up with great ideas. New product development work requires top management to define the business domain and product categories the company wants to emphasis. In one food company, for example, the new product manager spent thousands of Dollars researching a new snack idea only to hear that managing Directors says "drop it we don't want to be in snack business".

However, Schnaars (1998) contends that "traditional new product planning follows a completely different paths. It embraces extensive

market research, long hard times, and a lengthy sequence of steps". Schnaars pointed out that the basic philosophy is to go slowly and whittle a large number of potential new product ideas down to a small number's of likely to be successful product. The goal according to him is to avoid product failure and postphone heavy spending until it is clear which product will ultimately be a winner".

Booz, Allen and Hamilton (1968) proposed the most cited new product planning formulation. It contains many steps, the most important which are summarized here:

a. Idea Generation: Before the new product process can proceed, new product ideas are needed, ideas are generated with brainstorming, making unlikely product connections, and other creative approaches.

Stern (1969), on his own cautioned about this particular stage: "Among the myriad of new product ideas, selection of one or more promising ones must be made". That obvious problems exists in this screening phase: there is the tendency to drop good ideas and adopt bad ones. One way to reduce such problems is to establish a checklists".

b. Rating Product Ideas:- New product ideas are rated on the scale of 1 – 10 based on how well they meet the requirements.

c. Concept Testing:- Group Discussions are very necessary at this

stage. According to Oliver "group of about 8 (eight) consumers are conveyed to discuss the product or concept. To avoid confusion, packages and mock-up advertisement to convey a more meaningful impression of the products are designed. The discussions bring out the real meaning of the concept to the consumers. Advance warning may be desired because it were likely in unforeseeable circumstance with other concepts that the consumer held. There may be a possibility of the consumers disconcerted with what the company belief was the major feature and, instead focus on the minor dent. Concept testing is very useful, it is the first contact the product has with the market; New ideas concerning usage, design change and competitive stance may be sparked off".

d. Product Testing:- With the availability of proto-types, more meaningful evaluation are possible. Most products are dropped at this stage of being technically unfeasible. The main objective here is to see whether the product is technically feasible and will be commercially attractive. There includes both prototype development and branding and packaging.

e. Test Marketing: Here the marketers tried to measure the reaction of potential consumers to the real product. The goal of test marketing is to validate and extend the results obtained from proto-

type testing and early consumers research. It is mini launch, a last check against the financially high risks of a market wild introduction. Some companies do not test market. They stand the risk of loosing important distributors if they happen to launch a failure.

f. Commercialization:- After a new product goes through test marketing, many other activities are required before it is ready for full scale introduction to the market. Production capacity and inventories must be built. Production facilities must be completed, the quality control systems must be operationalized, inventory level established and attained with warehousing and shipping patterns established. Distribution and sales force must be finalized. This may include sales training and incentive program and a kick-off sales meeting. Product presentations may be made to member of key distribution channels. The advertising and sales promotion program must be completed. Budget must be finalized, advertisement must be selected and space time must be purchased in advertising vehicle. There may be general and trade – press conference and trade show exhibition (Koll at, Blackwell and Robertson).

The Product Life Cycle Concept.

It is a fact that every products has a limited life, and this fact is commonly expressed in the form of production – life – cycle. Products

during their existence go through the phases of life stages that can be indicated in the form of graph or curve.

According to John Wilmshurst, "There are five (5) stages of a product life cycle as follows":

Stage 1: Development Stage:- Before sometimes long before a product reaches the market place there is a development phase – market research, product design, prototype building, plant laid down and feasibility studies etc, while costs can be very high, income will initially be nil and will probably grow only slowly. Profits are a long way off, yet many products are slow to catch on" and this part of the curve typically does not rise steeply.

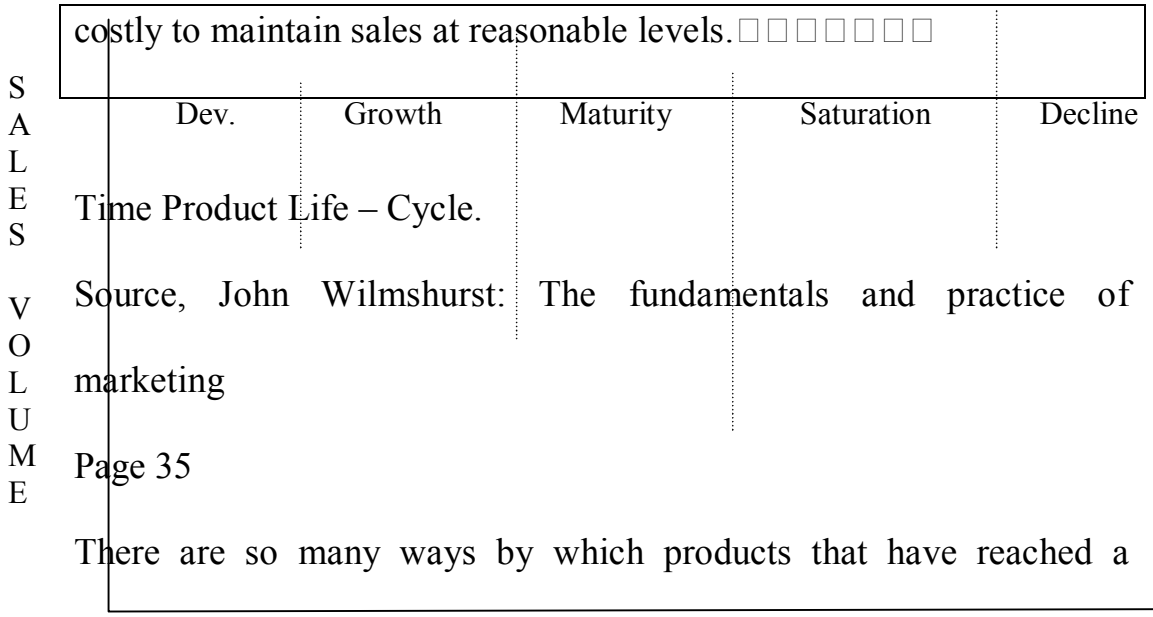
Stage 2, Growth Stage: During the growth stage phase, the product reaches general acceptance and sales increase steeply. Profit mount as development costs are recovered and unit decrease with greater volume of production.

Stage 3, Maturity Stage: As the product reaches maturity, initial demands is beginning to be satisfied, competitors may have arrived on the scene, and there will be greater reliance on replacement sales, sales increases more slowly and profits comes under pressure and may start to decline.

Stage 4, Saturation Stage: When the market is fully saturated, sales

will ‘peak off’ and profit decline still further.

Stage 5, Decline Stage: Finally, sales will go into definite decline and margins come under very severe pressure as it becomes increasingly costly to maintain sales at reasonable levels.□□□□□□□



Time Product Life – Cycle.

Source, John Wilmshurst: The fundamentals and practice of marketing

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There are so many ways by which products that have reached a maturity stage can be revived. According to Rosemberg (1977) “there are several ways to modify a product at this stage: it can be called “New and Improved” even after a small change. Generally product modification can be grouped into four categories. Those are dimensional changes, quality, style changes and socio-economical changes.

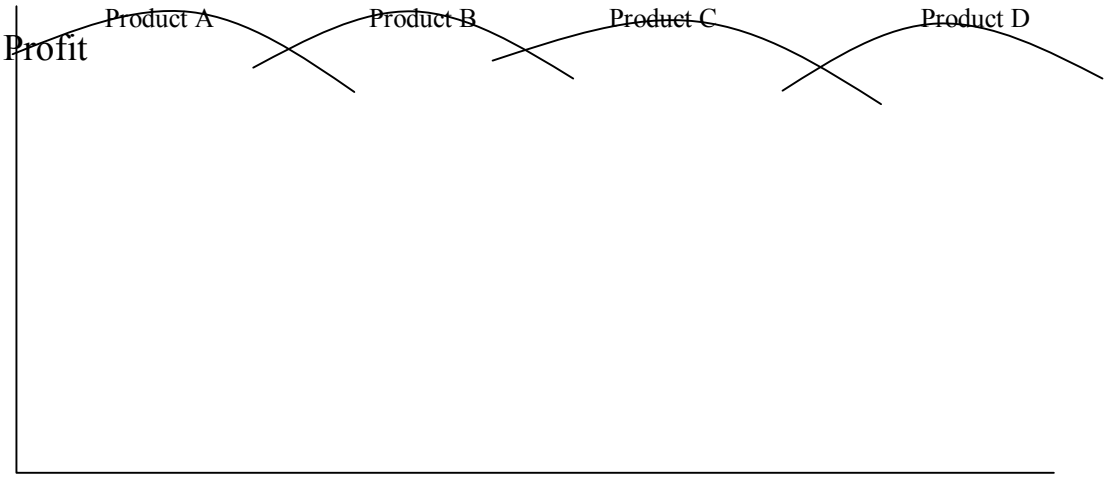
A.B. Akpan however, condemn a situation where “ many managers hang on to a product even when that product is making marginal profits”. According to him this may not be the right thing to do. Because market opportunities may be missed, valuable materials may be squandered, company’s morale, customer confidence and image

may be suffering Akpan viewed that product abandoned will be the answer. Wilmshurst has this to say on such stages of a product "that the wise course in marketing management is to plan for a succession of product rises to fill the gap". He however pointed out that there is nothing fixed about the lengths of its various stages. It has been suggested that the length of the cycle is governed by the rate of technical change, the rate of market acceptance and the ease of competitive entry".

Peter Drucker has drawn attention to "the need to keep all products under review to ensure that not too high a proportion are at the end of their life-cycle". He describes the following six categories:

1. Tomorrow's breadwinners – New products or today's breadwinners modified and improved.
2. Today's breadwinners – The innovation of yesterday.
3. Products capable of booming net contributors if something drastic is done.
4. Yesterday's breadwinners – Generally products with high volume, but badly fragmented into specials small orders and the like.
5. The 'also rans' – Generally, the high hopes of yesterday that, while they did not work out well, nevertheless did not become outrightly failures.

6. The failures



Effect on total profit of a succession of product.

Source, John Wilmshurst: Fundamentals and practice of marketing page 37 (1979).

Product Life – Cycle and Diffusion

O.Hudson (1999) sees product life cycle versus Diffusion as closely related. According to her "A new product that is introduced into the market must overcome or dismantle existing purchase patterns. The innovative consumers adopt it first, then a whole lot of followers. If the product is accepted the sales curve rises higher and faster until it levels off as the proportion of new buyers to regular user decreases, if competition enters the market, the time needed to reach this peak may be shortened. Eventually the sales of the product decline as new products replace it".

She went further to describe behavior of some products that such products is called FAD "A fad is a special kind of Plc that come and go real fast. They just hit fast, peak fast and fade fast. Such products or services includes among others MEN high heel shoes and some hair style". Again, she advised that "New products represent money invested now with the hope of profits later looking at the PLC concept closely, the smartest thing for management would be to shorten the expensive introductory stage and keep the profitable growth and maturity stage going as long as possible". O. Hudson also suggested some remedial product strategies that can tackle product when entering decline stage.

Adding New Products

Modifying Present Product

Abandoning Old Products

Rosenberg's view (1977) as represented by A.B. Akpan (2000) in his book: "marketing strategy, concepts and application" had the same opinion concerning strategies for declining products. According to Rosenberg, product modification strategy has to do with several ways; "it can be called 'New Improved', even after a small change. Generally product modification can be grouped into four categories.

Product Branding Strategy

Rosenberg (1977) described brand name as "part of product identification". In formulating strategy for branding, marketers must make decision concerning their product awareness. He went further to describe more precisely that brand and "a name, term sign, symbol or design or combination of them which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors".

From the definition of branding he went further to enumerate the importance of branding as follows:

Pricing Strategy

"Price is the value of a product or service expressed in terms of Naira or Kobo, while pricing is the art of translating into quantitative terms (Naira and kobo) the value of product or service to the customer at a point in time" (A.B. Akpan 1995). That "the notion of value here is that flexible and objective and is basically determined by customers". Value may be concrete such as the cost saving of replacing a worn-out type with a new one. It may be intangible such as the owners' pride in having a new car. The same product may have a different value of the same customer over time. Having a sport car to a 19 year old, but by the time the person reaches 25, he or she may be more concerned with economy or safety".

He also discussed the main objective of pricing. “A firm may go for more than one objective at the same time”. While it pursue maximizing profit in the short and long way, it may also wish to maintain good relationship with labour, Government and the customers. It may wish to build a new image for the entire company over the face of decreasing profits. The firm’s pricing decisions will reflect the following objectives.

Hudson (1998) looking at business motives generally, said that: “Every company no matter the size strives to maximize profits. There is nothing wrong with this, only the term “Profit Maximization has an ugly connotation. Each time the term comes up, it starts sounding like profiting high prices and monopoly. According to her, “what actually makes profit maximization useful from the economic point of view can be seen in this explanation. “If profit becomes unduly high because supply is short in relation and supply. No monopolistic situation can exist indefinitely. People suddenly find substitutes. A clear example is the current bread market with the rising prices of a loaf of bread, consumers readily find ‘solace’ in beans cakes”

ii. Large Rate of Return on Investment: Many firm have a predetermined level of profit an more towards it. This is generally known as the target rate of return on investment. This serve as a

guideline for judging improvement especially in a new product line. The actual market conditions in each industry indicate the target rate".

iii. Satisfactory Profits: Some firms are not interested in maximizing profit or in target rates. Instead they seek a satisfactory level of profits. Prices are determined from costs so that a satisfactory return on investment is forthcoming what is considered satisfactory may change with internal needs for increased production, stock levels shareholders pressure and other external needs like pressure to clean up the environment".

Forces Shaping Pricing

Akpan (2002) analyzed two forces (internal and external forces) shaping pricing: "Internal pricing considerations such as pricing objectives, product characteristics and cost can be controlled by the firm itself. By contrasts, the external forces such as suppliers, competitors and legal and ethical constraints cannot be controlled in any meaningful way". According to him four distinct areas comes to mind. "Objectives, organization, marketing mix, (product, price, place, promotion) and product differentiations".

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He sees external forces to comprise: Demand, suppliers, competitors, Distribution, Economic Conditions, Inflations, Recessions, Shortages, Government, Ethical consideration etc.

Pricing Psychology

Kotler (1992) said that the final price set on a product must take the psychology of the buyer into consideration. According to him four distinct pricing psychologies can be distinguished as follows:

a. Odd-Even Pricing : Many sellers believe that buyers favour odd pricing over even pricing. Instead of pricing a television set at ₦800.00, the seller will price it at ₦799.95 or ₦795.00. Presumably the buyer sees this as a discount from the full prices.

b. Pricing Lining: This occurs when manufacturers offers product services at a limited number of prices (known as price lining) this instead of selling men's hats at many different prices, the manufacturer may decide to sell the hast at only three prices: ₦10.00,

₦20.00, ₦30.00. pricing lining is effective because the price line and the associated levels of qualities becomes distinct in the minds of consumers. One price may stand for economy choice, another for medium quality product, and the third for the most prestigious and luxirous model. This device helps reduce pricing decisions and makes retailers inventory control much simpler.

c. Prestige Pricing: Buyers often associate price with quality especially for the product that they cannot easily evaluate wate-on blood tonic although the highest priced continue to outsell the lowest priced brands consumers indicating that people take its price to be a sign of high quality.

d. Promotional Pricing: Buyers are crazy about special or low prices that indicate that they are receiving a bargain. Supermarkets and departmental stores will often price a few of their normal mark up or even below costs. They are used to attract customers to the store. Sellers will also use special event pricing in conjunction with sales seasons and special situations to draw in more customers.

2.4 Promotional Strategy

In the words of Kotler (1991), promotion "consists of communications that inform potential consumers of the existence of

products and persuade them that those products have need satisfying capabilities".

According to Kotler, there are three views of promotion: "the consumers, the marketers and the society". He said that the consumer perceived promotion as a vehicle through which to get information about products. The information is said to relate to the levels of total product. Consumer want to know the benefit he will derive from a particular product. Consumer always want to know the level of service he will be given and the warranty for shopping specialty products, location and the product prices.

John Wilmshurst (1979) represented a quotation by John Winkler: Sales promotion ca n be described as the historical arm or marketing strategy and operation". In his view, John Winkler uses the above quotation to refer particularly to "the sometime frantic efforts to persuade customers to buy one brand rather than another". According to him, premium offers, gifts competition and trading stamps are typical manifestations.

Ray Willsmer says that 'sales promotion could just as easily be called 'merchandizing' below the line activity, non-medua advertising

and activities like circulating magazines, special discount, exhibition and 'bribery'.

Wilmshursts represent what G.B. Giles refers to consumer promotion strategies in the following headings:

a. Special Price Sales

b. Free Sample Distriuibution

c. Premium Offers

d. Contests

e. Point of Sale Demonstration

f. Coupon Offers

g. Provisions

h. Free Sample Distribution

g. Provision

h. Free Sample Distribution

i. Special Quantity Rate Terms etc.

j. Give away such as calendars, diaries, pens, calculators, envelop openers.

k. Sponsorship of sporting events and educational activities.

He finally concluded that promotional strategy is aimed to give a short term boost to sales of a particular product. Changes concentrated at the point of sales and very ad-hoc in nature.

2.7.1 Promotional Mix

Rosenberg (1977) sees "promotion as activities of companies that are usually classified into five basic categories".

- Advertising (any special form of non-personal presentation and promotion ideas, goods, or services by an identified sponsor.
- Personal Selling: Oral presentation in a conversation with one or more prospective purchases for the purpose of making sales.
- Sales promotion: Those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and exhibitions demonstration and various non-recurrent efforts not in the ordinary routine.
- Publicity (non-personal stimulation of demand or a product, service, or business unit by planning commercially significant news about it in a prohibited medium or obtaining favourable presentation of it upon radio, television.

- Public Relation (it is a promotional activity that aim to communicate a favourable image of the product on its marketer and to promote good will (Hiam and Schewe 1992).

Rosenberg (1977) went further to examine the various factors in determining the promotion mix as follows:

a. Life-Cycle Stage: (Publicity if often used at the introductory period as it works to dismantle resistant and negative attitudes to the new idea. While during the growth period the marketers is all out for higher volume and a greater share of the market. The promotional mix at this point demand increased advertising. In the maturity phase, a balanced promotional mix are used to maintain the sales level. During the decline stage, new product overtakes the old ones, which are finally abandoned.

b. Type of Product: When a product has a high unit value, personal selling is most desirable e.g. real estate, automobiles e.t.c.

c. Size of Budget: Where the budget is small, the company resorts to personal selling and publicity. However, a non-profit organization may use volunteer "sales people" and special fund raising events.

2.7.2 Product Distribution Channel Strategy

Peter R. Attwood (1983) sees physical distribution as “a matter of economic priority on a national scale and its importance is increasing”.

According to him, in the past cost reduction effort tended mainly to be directed to the control of direct labour and production plant costs in manufacturing and processing. But modern techniques, such as value analysis, have demonstrated the relative economic significance in the different functional areas. And that in the more progressive firms, top management is now directing attention to the greater economies to be derived from well planned warehousing and transportration.

Having described distribution system as a “whole range of operations and movement of goods between the producers and the consumers; Attwood, summarized the whole range of distribution system in a working definition as “management function that is responsible for the provision of goods and services in the right time, at the right place, in the right quantities and the economic costs”.

He went further to add that “Distribution system can be greatly affected by both internal; and external changes, often outside trhe control of management. According to him, internal changes are growth, change in commodity mix, technological opportunity and rationalization after takeover or merger, while external changes can be caused by National and

International legislations, technological development, competitors' activities and market shifts.

A.B. Akpan (2002), enumerated physical Distribution problems ion Nigeria:

1. Distribution bottleneck occurs as a result of poor physical distribution infrastructures. This result in price inflation.
2. The roads are generally bad. Our railway system is oriented towards evacuation of export goods. No attempt has been made to serve domestic need.
3. People ate yet to practice modern inventory management, insufficient storage facilities and storage methods. Spoils and waste of products are permanent features and tend to be high.
4. With exceptions to our harbours very few warehouses have sophisticated materials handling equipment. Specialized storage equipment. Specialized storage structures like silos and tanks are very few.
5. Poor communication and cordinations are very permanent features of our physical distribution.

CHAPTER THREE

Research Methodology

3.1 Introduction

Quite a number of methods and techniques have been used by various researchers in the cause of their research works. However, this research work has used a combination of primary data and secondary data.

3.2 Primary Data

The phrase, primary data means 'original' or the 'earliest'; therefore, primary sources of data are those data obtained from the original source. That is not from second hand source like journals or documents. In particular the personal interview and questionnaire methods have been employed in this research work. The methods are used and justified by the fact that the anticipated respondents are not only enlightened but also the researcher has access to them. The researcher has chosen personal interviews, among others for the good reason that it will allow for prompt and face-to-face interaction with the respondent hence, there will be immediate reply to whatever questions raised and some likely doubts may be clarified instantly.

Questionnaire

This is another primary data collection method. The questions were constructed carefully in simple and without ambiguity. Some questions are closed, ended while others are open – ended in nature.

Close-ended structures are used because some responses do not requires elaborations, while the opened-ended is used because some questions are better answered with at least little elaborations. The close-ended types are quite more as it restrict and limit the respondent who may wants to engage in trivialities.

3.3 Secondary Date

These are data derived from sources other than primary sources. The term 'secondary' means, coming after. These includes the use of relevant journals, textbooks published by authorities in the field of marketing and some other related documents on the research topic.

However, for the purpose of this research, the following secondary sources of data are used:

a. Textbooks: Quite a number of textbooks published by renown authors were reviewed during the course of this research work. Relevant document in the field of marketing business, finance,

political economy and other documentaries related to this work were reviewed.

b. Documents: The researcher had gone through write-ups like magazines, journals, newspapers, manuals from within and without the organization under review (BAT).

The use of secondary data as a technique towards achieving good research of this nature becomes imperative for the following advantages;

- Availability of information data concerning the subject matter were readily available both from the company and outside too.
- It is less expensive since it is not from original source.
- Time is saved too

Such information are however not without some elements of misrepresentations. But the researcher has tried to identify and correlate the less doubtful ones.

3.4 Sample Selection

The intention of this research work is to assess the marketing strategy employed in marketing Tobacco like Cigarette and the British American Tobacco (Nig) Ltd was chosen for this study

This choice of this area of product marketing (Tobacco) was informed by the controversies involved in the smoking habit of some citizens in the society.

3.5 Chapter Arrangement.

The whole of this research work are arranged in five (5) main chapters. Chapter one highlights background information about the subject matter, this chapter also attempt to bring out the significance of the research study, as well as the limitations and making hypothesis.

Chapter two (2) is devoted to the review literatures which reveals much of universal concepts in marketing, pricing, promotion, distribution channels, competitors strategy e.t.c.

The third chapter deals with the research methodology by which the research was carried out. This chapter disclosed that both primary and secondary data were used. These includes questionnaires administered of the company, some middle manager, operatives, dealers, retailers as well as views of some smokers of cigarette were considered.

Chapter four (4) is on the presentation of data collected and their analysis were made. Here, the form of table matrix were used in the analysis of the various responses as a result of questionnaires administered and personal interviews conducted.

Finally, Chpater Five (5) centers on the summary of the entire research work, as well as conclusions. The researcher, after the facts and figures derived from the study has made some key relevant recommendations which hopefully, will make meanings not only to the company under study but also other researchers, scholars and the like who may eventually lay hand on this piece of work.

3.6 Historical Background and Development of British American Tobacco (Nig) Ltd.

As earlier pointed out, the historical development of Bat can never be complete without first looking back to Nigerian Tobacco Company Plc, Zaria, being a Company that British American Tobacco was part and has taken over from.

Nigerian Tobacco Company Ltd, Zaria, developed from a based import trading. Its existence can be dated back to 1912 when all tobacco products and brands were imported and sold by various trading companies.

In 1912, the Bristish American Tobacco Company, BAT in London established depots and sales organization in Nigeria to handle distribution of its own products. A pilot factory was later established at Oshogbo in the present Oshun State in 1933 to manufacture cigarette from imported leafs. In

1937, the first full scale factory was opened in Ibadan in Oyo State and subsequently the Port Harcourt factory was opened and followed by Zaria Factory in 1959.

In 1951, the Nigerian Tobacco Company Ltd, was incorporated to BAT. In 1960, NTC Ltd, became a public company when in May that year, BAT offered for sale to the public in Nigeria some of the ordinary shares of stocks of the company. By December 1980 the number of NTC stockholders in Nigeria stood at about ₦50,000. this made NTC then to be one of the first few publicly quoted Nigerian Company by the Nigerian Stock Exchange. By the same year the company's paid-up share capital stood at ₦50,000,000. NTC activities were spread over the whole company.

However, Nigerian Tobacco Company pioneered the tobacco growing on a commercial scale in 1934, when following the setting up of the pilot factory in Oshogbo, the company did a survey of likely means of growing tobacco crops. Tobacco growing was first concentrated around Oshogbo in Oyo State of Nigeria. However, with rigid growth and expansions of NTC and due to larger market share for its products the farming of Tobacco crops were soon extended to other areas like Iseyin and Ago-Are both in Oyo State and later extended to northern Nigeria. Sokoto, Kano, Maiduguri and Zaria.

The Port Harcourt factory was closed down since 1983 and Ibadan factory closure followed in December 1995, leaving Zaria Factory alone for operation.

However, the British American Tobacco (Nig.) Ltd. Acquired the ownership position of Nigerian Tobacco Company on 5th October 2001. the present company took over with the name British American Robacco (Nig) Ltd and registered under the Companies and Allied Degree Matters of 1990.

The British American Tobacco Company (Nig.) Ltd as earlier pointed out was a share holder in NTC Plc, Zaria with a share capital of 60% gave them the right to buy over the remaining share capital of 40% as a result of operational losses and huge liabilities incurred by NTC Plc.

During the take over exercise, each shareholder was paid 20% above their initial share holding as agreed upon by the shareholders during one of their annual General Meetings where the decisions to finally sell the company to B.A.T.N.L was taken.

The new company has its Head Office in Lagos with regional offices at Zaria, Enugu, Port Harcourt and Ibadan.

The domestic brand are still produced in Zaria factory while the recently commissioned Ultra-modern factory at Ibadan will produce all the international brands with effect from first quarter of the year 2003.

CHAPTER FOUR

Data Presentation and Analysis

4.1 Introduction

The chapter deals with the presentation and analysis of the data obtained from fieldwork. The data collected are analyzed in tabular form using percentages.

The chapter is divided into three distinct sections as follows:

- ❖ Presentation and Data analysis
- ❖ Discussion of findings, and
- ❖ Text of hypothesis.

4.2 Presentation and Data Analysis

The data as presented here are as result of various response from questionnaires served and administered. The relevant information were mainly obtained from the staff of B.A.T (Management and Non-management alike).

As a result, 40 questionnaires were administered to 40 respondents. The distribution of questionnaire and the reason for the reasonable population chosen was informed by the need to establish different view and opinion as regards the strategies employed by the company in the marketing of its various brands of cigarette.

Below are the various responses as shown on the following tables:

Table 1.

Are you aware of any marketing strategy of the company?

CATEGORY OF RESPONDENT	RESPONSES	NO OF RESPONDENTS	PERCENTAGE
SENIOR MANAGEMENT	YES	5	12.5
MIDDLE MANAGEMENT	YES	20	50.0
OTHER STAFF (A) SENIOR STAFF (B) JUNIOR STAFF	 YES NO	 5 10	 12.5 25.00
		40	100

SOURCE: Field Work

Table 1 above shows that both members of staff of senior and middle management cadres are conversant with the existence of marketing strategy(s) of the company. On the other hand, Ten (10) out of fifteen (15) other members of staff especially the junior staff are not aware of the existence of the company's marketing strategy, while five of them, especially the senior staff members are conscious of the company's

marketing strategy(s), their responses represent 12.5 of the total number of the respondents interviewed.

Table 2

What can you say are the strategies adopted by the company in selling its cigarette product?

Category of Respondents	Responses	No respondents	Percentage
Senior Management	Segmentation Strategy Differentiated Marketing Strategy	5	12.5
Middle Management	Pricing Strategy Target Marketing Strategy	10 10	25.00 25.00
Other Staff: (a) Senior Staff (b) Junior Staff	 Promotional Strategy Don't Know	 5 10	 12.5 25.00
		40	100%

Source: Field Work

The table above shows that most of the respondents attested to the fact that the company adopts variety of strategies in selling its product. However, the understanding of the type and nature of strategy adopted by the company

is not homogenous but heterogeneous. Similarly 25% mainly junior staff do not even understand the type of strategy the company is using.

Thus, Table above depicted that all the respondents, i.e Five (5) from the Senior management Cadre, representing 12.5 of the total respondents confirmed the existence of the following strategies in use by the company viz:

1. Segmentation Strategy
2. Differentiated Strategy and
3. Target Marketing Strategy.

Among the respondent from the middle management cadre, Ten (10) out of Twenty (20) representing 25% of the respondents believed the existence of one strategy i.e. the pricing strategy, while the other ten (10), yet representing 25% of the respondents also agreed that target marketing strategy exist in the company. This is corroborating one of the views of the senior management.

Among the other staff cadre, precisely senior members of the company representing 12.5 of the respondent agreed the company6 adopts promotional and pricing strategies in the sale of its cigarette product. While the other staff cadre, who are the junior members of the staff, representing 25% of the respondent did not know the type of strategy that is being put into operation by the company.

Table 3:

Does the strategy/ Strategies adopt has adopted has any impact on the sale?

Category of Respondents	Responses	No Respondents	Percentage
Senior Management	Yes	5	12.5
Middle Management	Yes	20	50.0
Other Staff: (c) Senior Staff (d) Junior Staff	 Yes I don't know	 5 10	 12.5 25.00

Source: Field Work.

The table above shows that the thirty (30) of the respondents that cut across all the staff cadres representing 75% of the total respondents agrees that there is an impact of the strategy on the sale of cigarette product, while ten (10) of the respondents from other cadre especially the junior staff cannot comment on its impact from the negative or positive perspective, as they claimed not to have known the type of strategy that is being put into use by the company.

Table 4.

Do you notice any decrease in the sales of the cigarette product despite the strategies?

Category of Respondents	Responses	No Respondents	Percentage
Senior Management			

Yes□5□12.5□□Middle Management□Yes□20□50.0□□Other staff

Senior Staff

Junior □Yes

Yes

Yes□

5

10□12.5

25.00□□□□40□100□□

Source: Field Work

The table above shows that the total respondents representing 100% regardless of their cadre agreed that they have witnessed a decrease in the sales of the cigarette product.

Table 5:

What can you account as the factors responsible for the low sales of the company's cigarette product?

Category of Respondents□Responses□No Respondents

□Percentage□ □Senior Management□- Technology

- Competition

- Liquidity□5□12.5□ □Middle Management□- Low quality

- Low Consumer

Demand□20□50.0□ □Other staff

Senior Staff

Junior □- Competition

- Low quality

- Socio Cultural

- Liquidity

- Religious□

5

10□

12.5

25.00□□□□40□100□□

Source: Field Work

Table 5 above show factors adduced to be responsible for the sharp decreable in the sales of cigarettes product by the company.

The staff members of the senior management cadre advanced reasons as follows:-

Technology – 12.5% of the senior interviewed perceived the problem from the point of view of deficiency in both machinery equipment and human technological deficiency and obstacles. This they attributed to the lack of employment of the present equipment to meet up with the modern day, technology, especially in respect of fine turning the process of operation, in order to meet up with the taste of consumers or customer satisfaction. Similarly in respect of human resource, the company heavily blamed for not taking care of their staff development and research, with a view to keeping staff up-to date in the current trend of tobacco manufacturing so as to counter the threats posed to it, by the influx of foreign cigarettes into the country.

Competition – the senior management cadre attributed the dwindling in the sales of the cigarettes product of the company to the persistent smuggling of the foreign cigarette into the country. They agreed that they are not facing

serious challenges from within but from outside, due to lack of effective protection of the local manufacturing concerns by the Federal government.

Liquidity- it is confirmed by the senior management cadre that as long as foreign brands of cigarettes are allowed to be smuggled into the country , the cash inflow of the company will continue to reduce drastically to the extend of affecting their operations.

All the respondents in the middle management cadre , representing 50% of the total respondents interview acknowledge the sharp reduction in sales to the following factors-

Low quality :- that the quality of cigarettes they manufacture are of sub-standard compared to those smuggled into the country. This they corroborated with the change in the customer preference or taste of the foreign cigarettes to the locally manufactured. This has tremendous impact on the sales.

Low consumer demand: That the low sales recorded cannot be unconnected with the influx of foreign cigarettes into the country. This view also corroborates the position of the senior management as aforesaid.

At the level of other staff, both senior and junior staff members confirmed the existence of low sales but differ in their reasons.

Senior staff members representing 12.5% of the respondents from the other staff cadre, attributed the decrease in sales to the following reasons:

Low Quality: That the sub-standard quality cigarettes produced by the company is a major hindrance to the maintenance of its hegemony in the cigarette manufacturing, with the attendant result of low sales. This view supports the position of the middle management, as recommended.

Socio-cultural: that socio-cultural factors are playing a pivotal role in reducing the volume or size of smokers, consequent upon which is affecting the level of sales. The respondent attested that some social classes of individual are discarding the idea of smoking as no longer the vogue, while others, due to the taste of the social class, they do not patronize products made locally, including cigarettes. Similarly, as culture is not homogenous but relative, thus, some cultural groups regard smoking as a taboo while to others is not forbidden.

The rest of the other staff cadre, the junior staff, representing 25% of the other cadre respondents buttressed their reasons as:-

Liquidity:- That the inability of the company to realize what it used to obtain as proceeds from the sales of cigarettes is no longer tenable. This attributed to the shift in patronage of consumers from locally manufactured cigarettes to the smuggled foreign manufactured cigarettes. This assertion corroborates the position of the senior management cadre.

Religious:- That certain practices frawn at cigarettes smoking while others consider cigarettes smoking as an ambiguity – which ever the situation,

belief practices are said to be attributing in the decline in sales of cigarettes product.

Table 6.

Does low sale affect the company's volume of production?

Category of Respondents□Responses□No Respondents

□Percentage□□Senior Management□Yes□5□12.5□□Middle

Management□Yes□20□50.0□□Other

Staff:□Yes□15□37.7□□□40□100□□Source: Field Work

Table 6, has revealed that 100% of the respondents confirmed the fact that the low sales being experienced by the company is attributing to the fall in the volume of production. Subsequently there exist under capacity utilization, as the machines are not put into use, as r4equired under a normal operational circumstances.

Similarly, the company does not encoverate stock-piling of its product, in anticipation of prospective buyers.

Table 7.

Is there any effect in the Federal Ministry of Health campaign against smoking on the company?

Category of Respondents□Responses□No Respondents

□Percentage□□Senior Management□Yes□5□12.5□□Middle

Management□Yes□20□50.0□□Other staff

Senior Staff

Junior □

Yes

Yes□

5

10□

12.5

25.00□□□□40□100□□Source: Field Work.

Table 7 above had sampled the views of respondents on whether there is any effect(s) in the Federal Ministry of Health Campaign against smoking on the company.

100% of the respondents all categories of members of staff attested to the fact that the campaign against smoking being mounted by the Federal Ministry of Health has negative effect on the totality of operation of the

company.

Table 8.

What is the effect(s) of Healthy Campaign against the company?

Category of Respondents□Responses□No Respondents

□Percentage□ □Senior Management□Low Sale

Public Image

Economy□5□12.5□ □Middle Management□Loss of employment

Low sales

Decrease in consumer demand□20□50.0□ □Other staff

Senior Staff

Junior □Loss of employment

Low sales

Loss of employment

Decrease in consumer demand.□

5

10□

12.5

25.00□□□□***40□100***□□Source: Field Work;

It is evident from the table above that the respondents have attributed the effects of the health campaign against smoking by the Ministry of Health of variety of Factors.

12.5% of the five (5) member of staff of the senior management cadre attributed the effects to the following.

Low Sales: That the already low sales the company is experiencing due to the influx of the foreign cigarettes is further aggravated by the health campaign, which is continuously discouraging and threatening existing and potential smokers from patronizing their cigarettes product. Certainly, once the volume of smokers decreases, it will affect the revenue that accrues to the company.

Public Recognition: That one of the repercussions of health campaign syndrom is the image with which the public will be projecting at the business of the company. Due to the campaign, the company is seen as inflicting sickness and causing, it is contested that the causes of sickness and death might not be attributed to the consumption of locally made cigarettes. Thus they advocated the ban on the smuggling of foreign cigarettes into the country.

Economy: The consequences of the health campaign is viewed from the nations economic perspective. That if the company continue to record low

sales due to poor turn-over occasioned by the health campaign syndrome, it will affect the amount of tax payable to the government, which in turn will decrease the sartorial contribution i.e. of manufacturing concern to the Gross National Produced (GNP).

Sequel to the aforementioned assertion, they call on the Federal Government to intensify its campaign against the importation of smuggling of foreign cigarettes and extend its health campaign to other hazardous product such as breweries and some pharmaceutical product, that are equally dangerous to mankind.

Twenty (20) respondents, representing 50% of the total respondents from the middle management cadre described the effect of the health campaign as disastrous to their existence as employees of the company.

The attributed the health campaign as being capable of throwing them out of their jobs. They explained that, if the company is not selling its products i.e. cigarettes which is the backbone of its business and revenue ultimately it would not have sufficient funds to take care of the existing or potentials employees. Instead, a substantial number of the employees will be laid off and avenues for fresh employments will be closed.

They (middle management) described the health campaign as having caused the company to be realizing low sales. They attributed the low sales to decrease in demand of the cigarette product, as a product of health campaign

the middle management cadre shares the same views with their counter parts the senior management cadre, in aspect of consequence of low-sales caused by the health campaign.

In the category of other staff five (5) senior staff of the company representing 12.5% of the total respondents corroborated the views of the middle management in respect of loss of employment as one of the effects of health campaign against smoking by the Ministry of Health.

Similarly, the health campaign against smoking is seen as impacting on the low sales of the company. The senior staff opined that a large number of smokers have either stopped or reduced their smoking habit due to the health campaign, which affects the volume of sales. These views also corroborate the position of the middle management on the same issue.

The junior staff members who constituted 25% of the total respondents attested to the fact that the health campaign syndrome by the Ministry of Health has to a larger extent contributed in the loss of jo9b of several junior members of staff. This is connected with the insolvency of the company to allowances, among others – these views corroborate the positions of middle management and senior staff members.

The junior staff of the company also confirmed that the health campaign has brought about decrease in the patronage of cigarette product as the demand for the product by consumers sharply dropped. The position supports the

views of the middle management.

Table 9.

Can you say that presently BAT is covering all its marketing zones adequately.

Category of Respondents□Responses□No Respondents

□Percentage□□Senior Management□No□5□12.5□□Middle

Management□No□20□50.5□□Other staff

Senior Staff

Junior □

No

Don’t know□

5

10□

12.5

25.00□□□□***40***□***100***□□Source: Field Work.

Table 9 above has the negative responses from the respondents regarding the coverage of all market outlets of the company's cigarette product by the company itself.

All the categories except the Junior Staff cadre confirmed that the company is not covering the marketing zones adequately as the case hitherto.

The position of the junior staff in respect of the question cannot be far-fetched. This is in view of their status in the company, consequently upon which, their response might not be in the same manner as their counter-parts in the other categories.

Table 10.

What do you foresee as the reason(s) responsible for the inadequacy?

Category of Respondents□Responses□No Respondents

□Percentage□□Senior Management□Govt. Campaign Negative Public Image□5□12.5□□Middle Management□Lack of enough retail outlets negative public image.□10

10□25.0

25.0□□Other staff

Senior Staff

Junior □Govt. campaign No means of transportation Don't know□5

10□12.5

25.00□□□□***40***□***100***□□Source: Field Work

From the above table, respondents have advanced various reason as regards the inadequacy of coverage of the marketing zones.

The senior management category, representing 12.5% of the total respondents explained their reasons as follow:

Government Campaign: That the Federal Ministry of Health campaign against smoking has enormously made the company reduce its operations in some zones that adhere to the campaign, consequent upon this scenario, the company is experiencing low volume of sales and of course income.

Negative public image: That the Federal Ministry of Health is persistently campaigning against smoking, it has succeeded in creating a bad image to the company. Consequently, in some marketing zones, their habit and mentality toward cigarette smoking has changed which the respondents described as catastrophic to the sales of the cigarette product.

At the level of the middle management, 25% of the respondents attributed the inadequacy of the coverage to lack of retail outlets which they described as one of the major hindrances that some marketing zones are experiencing.

On the other hand, 25% of the respondents from the middle management, representing ten (10) of them attributed the inadequacy of the coverage of

the marketing zones to negative public image. Their position and views corroborate, that of the senior management on the same issue.

The senior staff members representing 12.5% of the total respondents associated the inadequacy to the Federal Ministry of Health campaign against smoking. They explained that the print media are pushing it across all the nook and cranies of the country. Thus some marketing zones are experiencing reduced activity.

Similarly, they connected partly another reason for the inadequacy to lack of enough means of transportation, that will physically move the product from the production center to the marketing zones. They attributed the reason to the liquidity problem the company is facing due to reduced activity.

Ten (10) Junior staff representing 25% of the total respondents cannot comment on whether there is any reason behind the inadequacy, which corroborates their position in the table 10,as they are not aware whether the making zones are adequately covered by the company.

table 11.

Will there be any effect (s) on the company if the Federal Government ban the importation of foreign cigarettes?

Category of respondents. Responses No of respondents

Percentage Senior management Positive 5 12.2 Middle management. Positive 20 50.0 Other staff:

Junior staff

Senior staff

Positive

Positive

5

10

15.5

25.00 40 100

Source: Field Work

The above table describes the general agreement by the entire respondents, irrespective of their position in the company.

Similarly, they connected, partly another reason for the inadequacy to lack of enough means of transportation, that will physically move the products from the production center to the marketing zones. They attributed the

reason to the liquidity problem the company is facing due to reduced activity.

Ten (10) Junior staff members representing 25% of the total respondents cannot comment on whether there is any reason behind the inadequacy, which corroborates their position in table 11, as they are not aware whether the marketing zones are adequately covered by the company.

Table 12:

Will there be any effect (s) on the Federal Government ban the importation of foreign cigarettes?

Category of respondents.□Responses □No of respondents □Percentage□ □Senior management □Positive□5□12.2□ □Middle management.□Positive□20□50.0□ □Other staff:

Junior staff

Senior staff□

Positive

Positive □

5

10□

15.5

25.00□□□□40□100□□

Source: Field work

The above table describes the general agreement by the entire respondents, irrespective of their position in the company that the placement of ban on the importation of foreign cigarettes will bring about positive development i.e. prospects to the company. In other words, the responses of the respondents on this issue is 100%.

table 13.

Do you support the company going into other business(s)?

Category of respondents.□Responses □No of respondents

□Percentage□□Senior management □Yes□5□12.5□□Middle

management.□Yes□20□50.0□□Other staff:

Junior staff

Senior staff□

Yes

Yes□

5

10□

12.5

25.00□□□□40□100□□Source: field Work

The response to the aforementioned question by the respondent was 100% positive. This is to buttress the fact that all the category of staff would want to see that the company engages into other viable business as opposed to mono manufacturing of cigarettes.

Table 14.

What type(s) of business do you suggest the company should go into other than manufacturing cigarettes?

Category of respondents.□Responses □No of respondents □Percentage□□Senior management □Growing tobacco for export leasing the company i.e. equipment leasing □5□12.5□□Middle management.□Engage into farming activity exportation of tobacco.□20□50.0□□Other staff:

Junior staff

Senior staff□Engage in farming activity & exportation of tobacco.

Exportation of tobacco□

5

10□

12.5

25.00□□□□40□100□□Source: Field Work

Members of the senior management representing 12.5 of the respondents suggested that the company could go into other areas of business other than cigarette manufacturing, these areas are:

Growing tobacco for export: That in view of the company's huge investment in the growing in the country couples with the vast land it has been utilizing for the same purpose and the large number of tobacco farmers at its disposal, the company could produce sufficient commercial quantity for export. This is described as another source of earning exchange, in view of its status as a multinational Tobacco Company.

Equipment Leasing: That because of the sophisticated nature of the company's machinery and equipment, and the possibility for their convertibility, the company could lease them to interested organizations, individual that it deems will make best use of them. In this aspects other fixed assets are included e.g. earth moving machines, vehicles, landed property, among others.

The middle management staff, constituting 50% of the respondents viewed the situation from the following perspectives:-

Engaging in Farming Activity: that with the company's huge investment in farmland, equipment and tractors e.t.c. it could engage into growing grains such as sorghum, maize, cowpea e.t.c. which it could use to feed the local

industries and probably export. This is suggested as a means of diversifying its operations.

Exportation of Tobacco: The respondents viewed this area as a potential source of earning revenue by the company. This same is shared by the members of the senior management. It is in consideration of the company's experience, resources (human and material) as well as its contact with the outside world.

The senior staff respondents, constitution 12.5 of the respondents corroborated the suggestions proffered by both the senior and middle management, that the company should engage in the areas of farming activity and exportation of tobacco.

The junior respondents, constituting 12.5% of the respondents suggested that the company should also diversify into exporting tobacco, as an additional way of sourcing revenue to enhance its operation domestically. This was considered sequel to the solid asset base of the company.

DISCUSSION OF FINDINGS – PROBLEMS AND PROSPECTS OF MARKETING CIGARATTE – A CASE STUDY OF BRITISH AMERICAN TOBACCO COMPANY, PLC, ZARIA.

The researcher's findings from the field work relating to the problems and prospects of marketing cigarette, a case study of British American Tobacco Company Plc, Zaria, shows that the company has been in the business of

tobacco processing and cigarettes selling for a long period of time. This is in cognizance with the age distribution i.e length of service of the respondents drawn from the company, as shown in Table 3,4,5.

Table 3,4 and 5 have depicted a scenario which showed that the respondents are aware of the variety marketing strategies of the company, promotional strategy and target strategy. However, they failed to make an identification of the type of strategy to be adopted at different points in time. Especially at this critical period the company is undergoing similarly, depending on the circumstances none of the aforementioned strategies might serve as panacea to the predicament the company or similar company facing. Thus, both endogenous and exogamous could be of relevance when strategizing.

Table 6 and 7 have clearly shown with the aforementioned strategies of the company, the sales volume of the company has not increased instead, it is on the decrease. The respondents attested that the causes of the state of technology, low quality, competition, how consumer demand, socio-religio-cultural and liquidity.

With these easons described as the causes of the decrease in sales, the company to our belief could withstand some problems especially if it improves the quality of the cigarette, it will increase the demand of the product by local consumers and compete favourably with the foreign cigarettes.

Furthermore, the information gathered by the researcher reveales the mentality of Nigerians on the superiority of foreign product over their locally made.

The 100% of the respondents from the categories used table 8 have agreed that low sales of cigarettes product inhabits high volume of production. Thus, the low capacity utilization of the company is embedded in the low sales, thus, production is dependent on sales.

Information gathered by the researcher in table 9 clearly shows that the low sales syndrome is not connected with insufficient raw materials. This is because about 97% of the raw material requirement of the company is sources locally, while only 3% of it is obtained through importation.

The picture depicted here is that there is absolute reliance on the local raw material by the company. Thus, by so doing, it is conserving its foreign exchange for other purposes. Similarly, the company is enhancing the income base of the producers of raw materials, by patronizing what ther are producing i.e. tobacco leaves.

However, while respondents from the cadres of senior management, middle management and senior staff are aware that the problem of low sales does not emanate from raw materials sourcing their sources parts at the junior level, cannot ascertain that causes of the problem. This has buttressed the level of awareness of staff about the company's problem, so as to appreciate

the predicament the company is facing.

On the effect of Federal Ministry of Health campaign against smoking, 100% of the respondents agreed that is mimical to the company, as shown in table 10 and 11.

The respondents attributed, the effects of the campaign to the following – low sales, public image, economy, loss of employment and decrease in consumer demand. On the other hand, they failed to reason on the health hazard associated with smoking cigarettes, be it foreign or locally manufactured.

Similarly, reasons advanced by the respondents that the foreign cigarettes contain more nicotine content than the locally processed, cannot hold water-tight. This is because, whatever is the type of cigarrete, it must contain the nicotine content, which is hazardous to mankind.

The data in table 12 and 13 in respect of market coverage by the company, 10-0% of the respondents are of the view that the company is not covering its market zones adequately. They advanced reasons such as lack of adequate transportation vehicles to cover the zones efficiently, no retail outlets for tabacco products government campaign (Federal Ministry of Health), negative public image and many other problems that crop-up from time to time.

Data from table 14 had shown that 100% of the respondents are of the

opinion that if the government bans the importation of foreign cigarettes, it will give high degrees of ray of hope to the company.

This position failed to see that most of the foreign cigarettes found, in the country are not imported but smuggled into the country. Therefore, it is not the importation per say, that they should be against at, but the smuggling aspect.

Respondents from all cadres in table 15 forsee prospects on the ban of importation of foreign cigarettes in different wisdom-increase in sales, employment opportunity, increase in revenue to the nation, increase in the company's activity, job security and many prospects.

The data collected in table 16 reveals that 100% of the respondents agreed to the company diversifying its tentacle of business, in order to beef-up the deficiency it is experiencing in respect of sales. This is a solid confirmation by the employees that the company is no longer making it as it were hitherto.

The respondents i.e. 100% of them suggested possible areas that the company could diversify into, in table 17. these areas are, growing tobacco for export, equipment leasing, engage in general farming and many other productive ventures that will improve its revenue base.

CHAPTER FIVE

5.1 Summary

The essence of this research work is to examine the marketing strategies employed by the British American Tobacco (Nig.) Ltd. Zaria and the prospect for growth.

The health of any nation is usually measured by its industrial success and the British American Tobacco (BAT) is not left out in economic health of Nigeria because of its immense contribution to what can be expressed as an economic indicator (employment and revenue yielding potentials). B.A.T. took over the Nigerian Tobacco Company Plc (NTC), after which the later had reached a saturation stage of apparent decline.

Ironically enough BAT was part and parcel of NTC. So the problems that incapacitated the later are not new to BAT. The management has much laculean task before it can find its footing in the industry.

By implication, the British Tobacco (Nig.) Ltd, Zaria had existed with NTC both in management and operation before the take over. Our findings have shown that cigarette smoking has never been much accepted in any society world over. But in some of the part of the world, there are manufacturers of cigarettes of numerous brands and in their varying qualities. And as it would be expected this industry has to contend with so many opposing forces in the form of complaints and government campaign against cigarette production

and smoking and worse still the "cut deep" attitude of community and government on the profit accruing to this industry.

The significance of this study can not be over emphasized, since the study is coming at the time when the Nigerian Government is soliciting foreign investors to come into Nigeria to invest. The British American Tobacco (Nig) Ltd, is a Multi-National Organization. The renewed position BAT is a partial fulfillment of the economic policy of the Federal Government. Under a deregulation economy, the company has to grapple with so many problems ranging from Government Legislation against cigarette production and smoking, to the fragile economic environment.

The year under study (2000 – 2002) has proved that BAT no doubt, inherited a company that was at a serious decline stage. The study has covered major areas of marketing strategies product strategy, pricing strategy, competitors of the company. The various responses from questionnaires served particularly in the areas of marketing strategy employed have shown that the company is aware of the importance of

still grapping with "teething problems".

2. The ultra-modern factory still under construction at Ibadan is expected to engage in the production of international brands of cigarette on completion. But the company is yet to take off. As a result of the foregoing, the foreign brands of cigarette imported by the company meets with the fierce activities of smugglers.

5.2. Conclusion

The major problem confronting BAT is that of competitors. The essence of marketing strategy is for the management to put up action aimed at offsetting actual or potential actions of competition.

Unfortunately, the major competitors BAT has are those operating illegally (Smugglers) of cigarette into the country. Our study has put so many strategies and machinery into motion to arrest the situation. However, it may be too early to assess the success achieved so far since a strategy must involve time frame.

The only local manufacturer of cigarette that compete with Bat is international Tobacco (former Philip Morris) which for years now has become decline in tobacco business. This is a great opportunity for Bat to acquire as much as possible market share for cigarette products.

Notwithstanding the teething problem, the company is facing now, there

seems to be a reasonable prospect for growth. This is as a result of government's desire to welcome foreign investors into Nigeria. Birstish American Tobacco Company has the potentials for achieving economic of large scale of its sustainability and economic contribution to Nigerian economy.

5.3 Recommendations

Having studied the efforts of British American Tobacco (Nig.) Ltd, Zaria (BAT) towards satisfying its market and thus, the customers of its brands of cigarette produced, the researcher considered it necessary to offer some recommendations.

These recommendations are aimed at improving the performance of BAT, hence, they will enhance the marketing strategies employed in the moment. In the light of the findings discussed in Chapter Four and the conclusion drawn in the preceding section of this chapter, the following recommendations are made by the researcher:

1. That the British American Tobacco Ltd should as a matter of routine, review strategies adopted periodically as a result of competition in the market.
2. All products advertisement should be made to highlight the products features so as to educate consumers to be able to differentiate their genuine stocks from counterfeit.

3. In order for the company to register its presence well enough in tobacco industry, it should make a serious review of import strategies of its international brands – Benson & Hedges, Rothmans, St. Morris among others.

4. The company should rather hasten the completion of its ultra-modern factory at Ibadan to embark on production of international brands and stop importing cigarette. By this measures, the agents of the Federal Government will be able to apprehend smugglers of international brands of cigarette.

5. From our findings, it is obvious that BAT has taken it upon itself to assist the Federal Government to track down the smugglers of cigarette into Nigeria, by ways of sea patching its security men to borders to monitor smugglers and report to Government security agents. This step is highly commendable. We advise that the company should sponsor informats within the country to report and question dealers of foreign made cigarettes as to the source of brands in their stock.

That the company should enhance its current contingency arrangement to arrest the incidence of the shortages of their brands of cigarette among dealers and brokers. A marketing strategy can yield success if the product in question is quite available as and when needed by customers and consumers alike.

BAT is slow in improving pricing strategy which is inherited from NTC Plc,

Zaria. The pricing system has been that low quality cigarette smoking habit has no direct correlation with price. The pricing strategy should be high enough, since many smokers are known to stick to their brands no matter the cost. The pricing strategy of the company has been that cheap and of course psychologically consumers sees cheap price to mean low and poor quality. We also recommend that the company should diversify its product line to include non-smoking crops in order to gain more acceptance from even the non-smokers. The Federal Government has for long been paying lip-services to agricultural sector. BAT is a multinational organization has the resources and potentials to help the country realize the agricultural dream.

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A**PPENDIX**

Questionnaires Administration for management and non-management of British American Tobacco Nigerian Ltd, Zaria.

1. What is your name? (optional)_____

2. What is your educational achievement?

   a. Primary [ ]

   b. Secondary [ ]

   c. University [ ]

   d. Others (specify please) [ ]

3. What position do you hold in this company? _____

   _____

4. How long have you been a staff of the organization (BAT)

   _____

5. Are you aware of any marketing strategy adopted by your company?

   a. Yes [ ]

   b. No [ ]

6. What are those strategies if any?

   Segmentation Strategy [ ]

   Differentiation Strategy [ ]

Pricing Strategy [ ]

Promotional Strategy [ ]

Target Market Strategy [ ]

Don't Know. [ ]

7. Does the strategies adopted has any impact on the sales volume?

Yes [ ]

No [ ]

Don't Know [ ]

8. Do you notice any decrease in sales volume in spite of the strategies adopted?

a. Yes [ ]

b. No [ ]

9. In your view, what do you think is responsible for low sales volume?

a. Competition [ ]

b. Liquidity Problems [ ]

c. Low Quality of Product [ ]

d. Religious Belief [ ]

10. Does low sales volume affect the company's volume of production?

a. Yes [ ]

b. No [ ]

11. Does the Federal Ministry of Health campaign against smoking has effect on the company?

a. Yes [ ]

b. No [ ]

12. What are those effects of negative campaign on the country if any?

a. Low sales volume. [ ]

b. Low of employment. [ ]

c. Low of Profit. [ ]

13. Is BAT covering adequately its marketing share?

a. Yes [ ]

b. No [ ]

c. Don't Know

14. Give reasons for inadequacy if yes in question (9) above.

a. Effect of government campaign [ ]

b. Lack of enough retail outlet [ ]

c. Poor distribution system [ ]

15. Will there be any effects on the company if the government decide to ban importation of foreign cigarettes?

a. Positive effect for the company [ ]

b. Negative effect for the company [ ]

c. Don't know [ ]

16. Do you support that the company should embark on diversification into other businesses?

Yes [ ]

No [ ]

17. What type of business would you recommend for your company other than production of cigarette?

a. Growing tobacco for export [ ]

b. Growing food crops [ ]

c. Don't Know [ ]