

MARKETING PLANNING PROCESS IN NIGERIAN MANUFACTURING COMPANIES

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Abstract

This study explores how Nigerian managers carry out their marketing planning tasks. The study begins with an overview of marketing planning.

This is followed by a review of previous studies done on the subject of marketing planning. An extensive review of the literature revealed that little empirical research on the development of the marketing plan has been done in Nigeria. As a result of this, the purpose of the study was to find out how Nigerian managers go about the work of strategizing. The study utilized semi-structured questionnaire and audio tape recorder as tools to generate data. Data was collected strictly from marketing personnel. The data was analyzed utilizing non-parametric statistics. The analysis of the data revealed that the marketing plan evolve through collective inputs from all staff in the managerial cadre. The analysis further reveal that the marketing plan is written in succession of draft first by lower level managers, reviewed by higher level managers, and revised by incorporating the suggestions of the higher level managers.

Introduction

The marketing plan is the most important operation document that any organization has. Because every organization must serve a clientele in the environment and since marketing is the bridge that relates the organization to its environment, the effectiveness of the marketing plan inevitably determines the effectiveness of the whole organization.

To develop effective marketing plans, it is important to have benchmarks or frameworks that will guide critical decisions. To provide such frameworks, academics and practitioners have approached the issue from two perspectives. The first may be referred to as normative or how it should be done approach. These include theoretical models and prescriptions contained in textbooks and journals. The second approach which is scantier is to empirically analyze how well run organizations carry out their marketing planning tasks. These are also normally reported in textbooks and journals.

Both approaches to knowledge generation in the area of marketing planning have helped to enrich and refine marketing planning procedures in the developed countries. Unfortunately, the same tradition has not been established in the less developed countries especially in the second category (i.e. empirical approach).

For Nigerian companies to be able to improve on their marketing planning practices, it is important that they understand how well run companies operating in identical environment carry out their marketing planning activities. This provides the rationale for the study.

Objective of the Study

The broad objective of the study is to examine the marketing planning procedures of Nigerian manufacturing companies. Specifically, the objectives are:

0. To find out the participants in the marketing planning process.
 1. To find out what the participants do.
 2. To find out how and when the participants do what they do.
 3. To find out the procedures through which the draft of the marketing plan must pass to gain approval.
4. To ascertain and isolate the problems militating against marketing planning.

Research Question

The guiding research questions for this study are:

0. Who are the participants in the marketing planning process?
 1. What do these participants do?
 2. How and when do these participants do what they do?

3. What are the procedures through which the draft of the marketing plan must pass to gain approval?
4. What problem militates against marketing planning?

Hypothesis

, The hypothesis to be tested states that:

Ho: There is no significant relationship in the marketing planning procedures of Nigerian companies.

Method

The Study

The exploratory nature of the study suggested the use of intensive examination of a limited number of manufacturing companies as the most efficient research strategy at this stage of knowledge. The researcher therefore sought a small sample of manufacturing companies likely to provide information about their marketing planning procedures.

Sampling and Sampling Technique

The sampling frame for the study was obtained from the Corporate Affairs Commission (CAC) - Lagos office. The frame consists of all registered manufacturing companies. From the frame, non-probability sampling technique was utilized to select the live manufacturing companies studied. Because Nigerian companies are still apparently suspicious of research activities due to industrial espionage, the names of the companies would be concealed for sake of confidentiality. The spread of the sample that emerged is shown below in Table I.

Table 1: Sample Distribution of Companies and their Classification by Industry

| Company | Classification by Industry |
|----------------|-----------------------------------|
| A | Food and Beverages |
| B | Food and Beverages |
| C | Food and Beverages |
| D | Chemicals |
| E | Chemicals |

Source: Survey data, 2002.

Note: All the companies are engaged in the manufacture of light consumer goods.

Data Collection

To generate the data, semi-structured questionnaire and in-depth interview of managers were utilized. The interview was recorded using audio cassette player.

Data Analysis

The data generated, which were general in nature was analyzed using multiple methods, first, the tape was transcribed. Second, the data were coded and presented in tabular form. To enhance interpretation of the data, ranks were assigned to some of the planning variables considered in marketing planning. The ranks helped to ascertain the relative importance of the variables and their relationships across industry using the Spearman rank correlation technique.

Literature Review

The marketing planning process is an orderly method for making clear what it is to be done? When it is should be done? Who is to do it? And how it is to be done? The process involves a systematic examination of a number interrelated elements which follow through some explicit and rational steps (Msheliza, 1991).

Most process models of marketing planning start with an assessment of the situation faced by a company to enable it ascertain its current position in its industry, where it wants to be and how it

should organize its resources to get there. This stage of the planning process is essential,

especially when we consider the increasingly hostile and complex environment in which companies operate.

Several internal and external factors interact in a baffling and complex way to impact on companies. Therefore, a company carrying out situation analysis will be faced by external and internal variables. According to Kotler (1991), the external variables are those external factors over which a company has no direct control. In assessing the external variables, customers are analyzed to determine how the market can be segmented and the requirements of each segment understood; competitors are identified and their individual strategies understood; environment trends (social, political, technological, and economic) affecting the market are isolated and predicted; and market characteristics in terms of the evolution, supply and demands, and their interaction understood (Hambagda, 1989).

On the other hand, assessment of the internal variables involves defining a company's strengths and weaknesses. The purpose of the internal analysis is to assess a company's resources as they relate to the environment and vis-a-vis the resources of competitors (Kotler, 2001).

The next stage of the planning process is the setting of marketing objectives. Marketing objectives are the ends toward which all marketing efforts are directed. According to Abell and Hammond (1978), marketing objectives defines the level of performance a company hopes to achieve at some future dates, given the realities of the environmental constraints and opportunities and the company's particular strengths and weaknesses. Unless this step of the planning process is carried out thoroughly, everything that follows will lack focus and cohesion. Against this backdrop, marketing objectives must be realistic and consistent within itself.

Kotler (2001) emphasized that marketing objectives should not only be consistent and realistic, but should be hierarchical and quantitative. This author advanced three reasons why companies should seek to perform the difficult task of formulating such objectives:

- Objectives define a company in its environment.
- Objectives help to co-ordinate decisions and decision makers.
- Objectives provide performance standards.

Hofer and Schendel (1978) had earlier stressed four components that should be common to all objectives; an indication of the goal sought; an index for measuring the company's progress towards it; a target to be achieved; and an appropriate time frame within which the target is to be achieved.

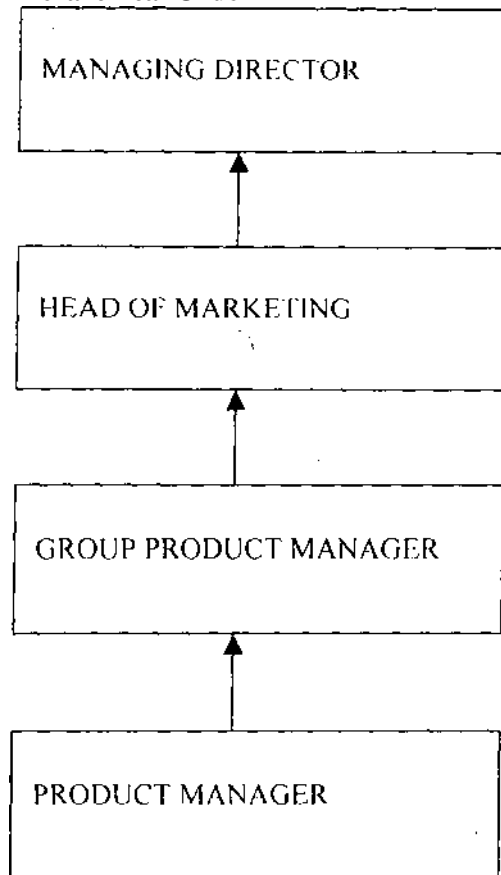
To achieve marketing objectives, marketing strategies must be developed. Marketing strategies are the means, schemes, maneuvers, and methods designed for accomplishing marketing objectives (Osaze, 1991). Thus, marketing strategies can either be offensive (proactive) or defensive (reactive). Offensive strategies are designed for growth-oriented objectives. Growth oriented objectives include market penetration, market development, and product development. On the other hand, defensive strategies concentrates on maintaining positions in established product-markets while paying less attention to new product development.

Presentation and Data Analysis

The Participants in the Marketing Planning Process

The participants in the marketing planning process in Nigerian manufacturing companies include the managing director, the marketing manager, the group product manager(s), and the product manager(s). this is shown hierarchically in Figure 1.

Figure 1: The Participants in the Marketing Planning Process in Hierarchical Order



Source: Survey Data, 2002.

When and What the Participants Do

The various activities the participants in the marketing planning process do is succinctly summarized in Table 2.

Table 2: When and What the Participants Do What They Do

| Period of Time Before Plan Approval | Activity | Purpose |
|--|---|---|
| Approximately 17 weeks to plan approval | Company reviews the current market situation | To ascertain the competitive position of its products. |
| Approximately 14 weeks to plan approval | Top management liaise with line managers | To determine the broad objective for the year under |
| Approximately 12 weeks to plan approval | Head of marketing communicates broad marketing objective to the marketing | To facilitate the establishment of marketing objectives |
| Approximately 9 weeks to plan approval | Product manager(s) starts draft of product plan | Not slated |
| Approximately 7 weeks to plan approval | Review of draft starts | To ensure that draft is consistent with the broad marketing objective |
| Approximately 4 weeks to plan approval | All review of the draft ends | Not stated |
| Approximately 4-0 weeks to plan approval | Draft with the managing director | To approve the draft |

Source: Survey data, 2002.

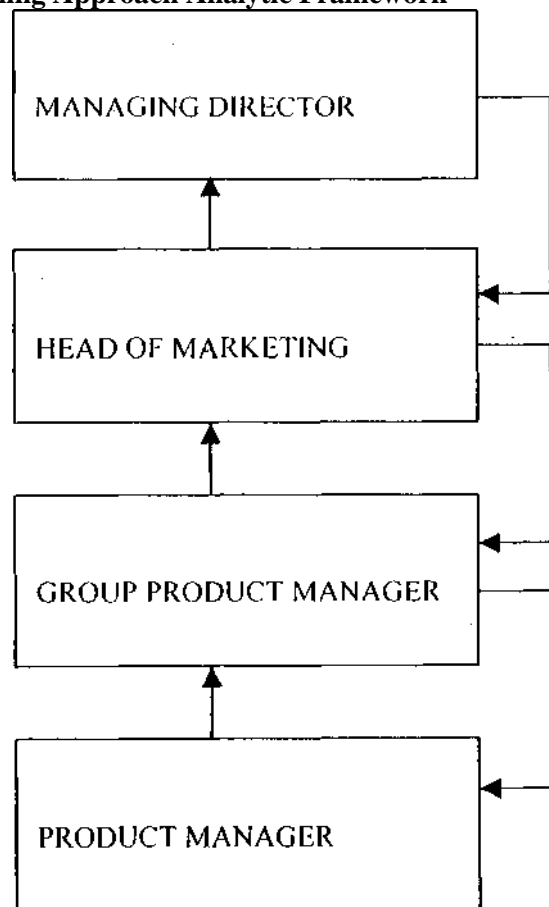
Marketing Planning Process in Nigerian Manufacturing Companies

The Procedures Through which the Draft of the Marketing Plan Must Pass to Gain Approval

In developing the marketing plan, the product manager(s) first formulate draft of plan for product(s) under their control. The draft contains items such as volume objectives, margin objectives, and marketing support objective. After the completion of the draft by the product manager(s), the draft moves to the group product manager(s). The group product manager(s) collate the items in the draft for individual product to see if they satisfy the objectives for each product category.

From the group product manager(s), the draft moves to the head of marketing who in turn review the draft to see if it is in consonance with the overall marketing objective for the year under consideration. If the objectives contained in the draft are not at variance with the overall marketing objective, it moves to the managing director for approval. However, if there are areas of inconsistencies, the draft goes back to the head of marketing down to the product manager(s) and the process starts all over. See Figure 2 for the marketing planning approach analytic framework.

Figure 2: The Marketing Planning Approach Analytic Framework



Source: Survey data, 2002.

Strengths and Weaknesses Analysis

In developing the marketing plan, manufacturing companies pay strong attention to their strengths. Strengths are used to exploit opportunities in the marketplace. The ranks of the strengths factors analyzed by companies is shown in Table 3.

Table 3: Summary of Strengths Factors

| Factors | Food and Beverages Ranks (R ₁) | Chemicals Rank (R ₂) | (R ₁ -R ₂) | (R ₁ - R ₂) ² =d ² |
|-------------------------|--|----------------------------------|-----------------------------------|---|
| Price competitiveness | 1 | 1 | 0 | 0 |
| Customer service | 11 | 9 | 2 | 4 |
| Product line assortment | 4 | 4 | 0 | 0 |
| Sales force quality | 3 | 3 | 0 | 0 |
| Company reputation | 10 | 7 | 3 | 9 |
| Distribution exposure | 2 | 2 | 0 | 0 |
| Sales force size | 9 | 11 | -2 | 4 |
| Brand reputation | 6 | 8 | -2 | 4 |
| Channel loyalty | 7 | 5 | 2 | 4 |
| Product packaging | 8 | 10 | -2 | 4 |
| Brand reputation | 5 | 6 | -1 | 1 |
| | | | | ∑d ² = 30 |

Source: Survey data, 2002.

Table 3 shows the summary of the ranks of the strength factors analyzed by manufacturing companies prior to marketing plan development. The table reveals that the most considered factors were:

- Price competitiveness.
- Distribution exposure.
- Sales force quality.
- * Product line assortment.

Testing the Hypothesis

The test statistics is defined mathematically as:

$$r_s = 1 - \frac{6\sum d^2}{N(n^2 - 1)}$$

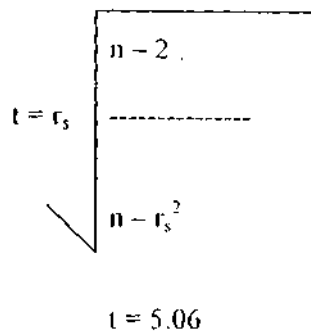
Where r_s = Coefficient of Spearman rank correlation

d = Difference in ranks

n = Observe parameters

r_s = 0.86

The coefficient of the Spearman rank correlation shows high relationship between the strength and weaknesses factors. However, to determine the strength of the relationship, the Spearman correlation coefficient is converted to t-statistics using the formula:



Degrees of freedom = $n-2 = 11-2=9$

The critical value of t for $\alpha = 2.262$.

Thus $t = 5.06$, $t_{0.05} = 2.262$ at 9 df

Decision

Reject H_0 at a 0.05 and accept H_A : that there is significant relationship in the marketing planning procedures of Nigerian manufacturing companies.

Management Policy Implications

The planning implications resulting from the findings are numerous and diversified. First, the analysis suggested that product manager(s) decisions should be the most dominant in the marketing plan since they are uniquely positioned between the external environment and the company. Second, Nigerian companies should take care in blending together their short, medium, and long range plans in order to remain strategically focused. Finally, Nigerian companies should be more conscious and systematic in evaluating these factors: price competitiveness; distribution exposure; sales force quality; and product line assortment. This is so because strengths in these factors give companies competitive edge in today's hyper-competitive markets.

Conclusion

The study focused on how Nigerian managers carry out their marketing planning tasks. The analysis carried out revealed that manufacturing companies do not have marketing planning department solely vested with the responsibility of developing the marketing plan, rather, marketing plan in manufacturing companies evolve through collective inputs from all staff in the managerial cadre. The analysis also revealed that the marketing plan written in draft and successively higher marketing personnel reviews the draft before it gains approval.

Finally, the product managers are increasingly providing information and insights for the development of the marketing plan because they are uniquely positioned between the external environment and the company. However, their viable inputs to the marketing plan is thwarted by excessive review as the draft of the marketing plan moves progressively upward to the managing director for approval.

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