

**CONTEMPORARY MARKETING STRATEGIES AND  
PERFORMANCE OF AGRICULTURAL MARKETING FIRMS IN  
SOUTH-WEST NIGERIA**

**BY**

**ADEGBUYI OMOTAYO ADENIYI  
(CU03GP/0004)**

**MARCH, 2011.**

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**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE AWARD OF DEGREE OF DOCTOR  
OF PHILOSOPHY (Ph.D) IN MARKETING, THE DEPARTMENT  
OF BUSINESS STUDIES, SCHOOL OF BUSINESS, COLLEGE OF  
DEVELOPMENT STUDIES, COVENANT UNIVERSITY, OTA,  
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**MARCH, 2011.**

## CERTIFICATION

This is to certify that this study titled: “Contemporary Marketing Strategies and Performance of Agricultural Marketing Firms in South-West Nigeria” was carried out by Omotayo Adeniyi Adegbuyi, in the Department of Business Studies, Covenant University, Ota, Ogun State, Nigeria

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## DECLARATION

It is hereby declared that this research work titled “Contemporary Marketing Strategies and Performance of Agricultural Marketing Firms in South-West Nigeria” was undertaken by Mr. Omotayo Adeniyi Adegbuyi and is based on his original study in the Department of Business Studies, School of Business, College of Development Studies, Covenant University, Ota, under the supervision of Professor S. O. Otokiti and Professor. I.C. Achumba. The ideas and views of this research work are products of original research undertaken by the researcher, and the views of other researchers have been duly expressed and acknowledged.

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## **DEDICATION**

This thesis is dedicated to my Lord and Saviour **JESUS CHRIST** for remaining faithful to His Covenant.

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Omotayo Adegbuyi  
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## ABSTRACT

This thesis examines the application of Contemporary Marketing Strategies and their impact on agricultural marketing firms performance in South-West Nigeria. The study was carried out on established conceptualised Contemporary Marketing practice comprising of four different approaches - Transaction, Database, Analysis Interactive Mix and Network Marketing. The general objective of the study was to examine the application/adoption of Contemporary Marketing Strategies and the Performance of agricultural Marketing firms in Nigeria's buyer-seller relationships. Data for this research were obtained from both primary and secondary sources. Relevant published and unpublished literature provided the secondary data. The primary data were obtained through structured questionnaires (administered to sampled agricultural marketing firms managers involved in three major divisions of Industrial, Food and other Agro sectors in South-Western, Nigeria). One thousand one hundred and ten (1,110) copies of the questionnaire were administered, out of which eight hundred and eighteen (818) were collated for the analysis, representing 79 per cent return rate. To achieve the objectives of this study, four hypotheses were formulated. For the data analysis, the statistical test tools used included Analysis of Variance, Multiple Regression Analysis, and independent t-test. MS-Excel and SPSS 15.0 computer packages. The results showed that there is combined contribution of Transaction Marketing (arms-length, Marketing mix, functional Marketing and internal capacity) in predicting customers' acquisition. The study also revealed that there is significant difference in generating retainership capacity as well as improved market share between agricultural marketing firms with high adoption of database marketing and those with low adoption of database marketing. It was also observed that agricultural marketing firms with high and low use of face-to-face and dyadic relationship marketing have significant difference in sales value and volume. The results equally showed that agricultural marketing firms with high and low penetration of network marketing have significant difference in market share. Based on these findings, some recommendations were made that before embarking on expensive IT and data collection projects, managers should ask themselves basic questions like: how does Database Marketing fit in with existing and future marketing plans? What are the specific quantitative and qualitative benefits of Database Marketing system that will improve marketing productivity? What organizational changes will be necessary to accommodate a Database Marketing system? These questions are intended to provoke a situation review, which, if appropriate, evolves into a plan for Database Marketing systems development. If agricultural growth is to be stimulated and market created for our industrial products, if higher productivity, improved preservation, packaging, packing and labeling techniques should be encouraged in Agro-related industries, the decision of Contemporary Marketing should focus on customer's preferences/ optimal Transaction, Interactive mix, Network and Database Marketing. This would also engender maximum benefit of electronically-interactive relationships.



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# CHAPTER ONE

## INTRODUCTION

### **1.1 Background of the Study:**

The importance of the agricultural sector in developed and selected developing economies, including Nigeria, is generally well known. Most public policy makers, since independence, expected the agricultural sector to satisfy national food requirements, supply most of the agricultural raw materials needed by the manufacturing sector, provide adequate employment and income as well as earn substantial foreign exchange for the country (Daramola, 2004). All national development plans in Nigeria since 1962 recognised that planning can be used, among other things, to achieve a higher growth rate for the economy and ameliorate certain structural deficiencies inhibitive to development process (Otokiti, 2007). The various policies and measures designed for the actualisation of the objectives in various plans (1st Plan: 1962-1968; 2nd Plan: 1970-1974; 3rd Plan: 1975-1980; 4th Plan: 1981-1985, e.t.c.) included various attempts at raising the level of public sector participation in the Agro-sector and provision of basic necessities of life like food, opportunity for education, employment and reasonable health and sanitation condition, even distribution of income, change and amendment of social structure, community development and increased per capital income of the citizenry as well as better attitude to work and conducive environment for the citizens.

There was also the establishment of specialised agro-institutions responsible for loan management, input subsidies and producers' price setting through various marketing

boards such as Cocoa Marketing Board, Oil Palm Produce Marketing Board, Groundnut Marketing Board and the Cotton Marketing Board.

All these were followed in later years by the abolishment of commodity boards and the adoption of Structural Adjustment Programme (SAP) in 1986. In the same vein, a unified system of agricultural extension was adopted to quicken the dissemination of improved husbandry practices and research findings to farmers while more universities of agriculture and research institutes at national levels joined these establishments to broaden and strengthen agricultural research. The challenges received international attention, as more institutes of global reach were established. These included International Institute for Tropical Agriculture (IITA), Cocoa Research Institute of Nigeria (CRIN), Consultative Group on International Agricultural Research (CGIAR), National Horticultural Research Institute (NIHORT). The IITA is an international non-profit research for development organisation established in 1967 under United Nations Joint Collaborative Effort on Food Problem in Tropical Africa.

The CGIAR, established in 1971, is a strategic partnership, whose donors support 15 international centres, working in collaboration with several government and civil society organisations as well as private businesses around the world. The CGIAR generates cutting-edge technology to engender sustainable agricultural growth to the benefit of the poor through stronger food security, better human nutrition and health, higher incomes and improved management of natural resources.

CRIN, was established in Ibadan, Oyo State Nigeria, on December 1, 1964 as a *successor autonomous* research organisation to the Nigerian substation of the defunct West African Cocoa Research Institute (WACRI) (through the Nigeria Statute, Act No. 6 of 1950). This



was sequel to the establishment in 1944 of the WACRI headquarters at Tafo, Ghana with the responsibility of conducting research to facilitate improved production of disease-free, or disease-resistant cocoa. The NIHORT in Ibadan started out as the National Fruit and Vegetable Research and Development Centre (NFVRC) with the assistance of UNDP/FAO Project NIR/72/007. The centre metamorphosed into NIHORT through the Federal Government Agricultural Research Institute Establishment Decree Order No. 35 of June 1975. NIHORT has the mandate to research into the genetic improvement, production, processing and marketing of vegetables, fruits, citrus, ornamental plants, spices, dissemination of information and transfer of improved technologies on horticultural crops

In spite of these measures, the performance of this sector has generally been considered unsatisfactory and its expected contributions remained largely an expectation (Ukpong, 1993; Fu-lai, 2001; Agundu, 2001; Daramola, 2004; Forae, 2005).

Regardless of the above, various agricultural crops were cultivated to boost the effort and capacity of these marketing firms to contribute to national plans. The effect varies with the five regions of the world (Tropical, Equatorial, Temperature, Rolar and Atlantic) (Otokiti, 2004). Globally, the main agricultural crops according to Otokiti can be divided into three different sectors, namely:

- (i). **Foods Crops** in the forms of wheat, rice, maize, rye, oats, millets and barley;
- (ii). **Industrial Crops** comprising cotton, jute, hemp, flax, rubber and oil crop; and
- (iii) **Other Non-Continental Crops** like cocoa, tea, coffee, tobacco, sugarcane, groundnuts, sugar-beet, yams, etc.

Against these backgrounds, the focus of this thesis is to analyse the possible operations and strategies of agricultural marketing firms in these three sectors. These marketing firms play

significant coordinative and operational roles, and developmental marketing function toward their effect on economic development process.

In some countries, such as Austria, India and United States of America, these sectors make significant contributions to gross domestic product. Whereas in Africa, activities of agricultural marketing firms hardly account for more than 15 per cent of the gross domestic product (Forae, 2005). The nature and processes of agricultural marketing encompass on-farm and off-farm activities from the production to the commercialization of agricultural products, such as post-harvest handling, waste saving and seasonal crops management and preservation, processing, marketing, and related commercial activities. These are often confused with large-scale commercial farming. However, these activities are carried out by “agro-enterprises,” which are usually non-farm enterprises engaged in productive activities. Agricultural marketing therefore takes place within sections 0 and 1 of Standard International Trade Classification, (SITC), which is used for external trade statistics (export and import values and volumes of goods), allowing for international comparisons of commodities marketing operations and manufactured capacities.

Contemporary marketing activities have shown that the traditional principles of sales/personal selling seek to assist sales executives to “close a sale” (Pride and Ferrel, 2002). Hult et al (2007) stated that “. . . building one-to-one relationships with customers is the heart of business marketing.” Thus relational marketing is pivotal to bus-marketing strategy and contributes greatly to business performance (Nigam, 2001).

Another view of relationship marketing focuses on the use of technology to acquire, maintain and manage customers (Copulsky and Wolf 1990; Peppers and Rogers 1997). As such, it can be considered as an elaborate form of database marketing. Yet another

perspective considers the relationship more in terms of cooperation between the buyer and the seller. The role of the buyer is more involved and characteristic of a partner because of his/her involvement in the development and design of the products and services that are offered by the seller. The relationship in this buyer-seller dyad is based on the relational characteristics of promises, trust and personal interactions (Anderson and Narus 1990; Gronroos, 2004). The final perspective is an all-inclusive strategic view of relationship marketing, which includes databases, loyalty programmes, customised services, personalised relationships, strategic alliances (Kotler 1992; Morgan and Hunt 1994). Thus, available literature emphasises that relationship marketing offers a new paradigm for the field. An understanding of contemporary marketing will include the concept of relationships, transactional marketing, database marketing, interaction marketing, and network marketing (Kotler, 1992; Sheth, Gardner and Garrett 1988; Sheth and Parvatiyar 1995; Webster 1992, Brodie et al, 2007).

Coviello et al. (1997) attempt to resolve this issue when they examined a paradigm shift in marketing in terms of relationship marketing by pooling a variety of research streams on relational marketing and developing a classification scheme. Their research encompasses four types of marketing practices: Transactional Marketing, Database Marketing, Interaction Marketing, and Network Marketing. Transaction Marketing includes the management of the Price, Product, Place, and Promotion (4Ps) in order to attract and satisfy customers.

Database Marketing involves the use of technology-based tools to target and retain customer. The key to Database Marketing success is in managing data selection, data integrity, privacy issues, supplier relations, data analysis and application.

Interaction Marketing implies face-to-face interaction within the relationship. Thus, it is a process where individuals initiate and handle complex personal interactions. Marketing occurs at the individual level based on social processes and personal interactions. Relationships are established between individuals, and can occur in both a formal and informal manner, with the parties being mutually active and adaptive.

Interaction Marketing is truly “with” the customer in both a formal and informal manner. Both parties are mutually active and adaptive. Interaction Marketing is truly “with” the customer since both parties in the dyad invest resources to develop a mutually beneficial and interpersonal relationship. Interaction Marketing is not the responsibility of only the marketer, nor is those that engage in Interaction Marketing necessarily in the position of seller. Rather, this approach can involve a number of individuals across functions and levels in the firm, and may encompass both buying and selling activities (Coviello et al. 2003).

Network Marketing entails developing inter-firm relationships to allow for coordination of activities between multi-parties for mutual benefit and, resource exchange (Trott, 2005). There is little consensus on precisely what innovation network is or indeed when an innovation network is said to exist. However, there is some agreement that network is more than a series of supplier and customer relationship (Trott, 2005). Some networks have been described as federated in that a set of loosely affiliated firms work relatively autonomously but none the less engage in mutual monitoring and control of one another (Day and David 1999,). Other networks can be viewed more as a temporary web, in which firms coalesce around one firm or a business opportunity. For example, following most natural disasters

around the world, a collection of organisations, including emergency services, government departments, charities and volunteer group quickly work together as a network to tackle the immediate problems.

Other networks are sometimes referred to as strategic partnerships and usually evolve from long-standing supplier relationships. Through repeated dealings, trust and personal relationships evolve. For example, firms with an established track record in supplying materials or components to an agricultural marketing firm may well find themselves becoming involved in additional activities such as concept testing and product development. This may also include universities, government agencies and competitors.

Most scholars in marketing refer to successful organisations as those which efficiently correspond with their environment. The responsibility of this environmental contact typically lies within the domain of marketing operations and the development of appropriate marketing strategies. Consequently, this area of marketing received considerable attention in the last two decades both in the Marketing Literature and in the business world (Bolton et al, 2008). There are varied reasons attributable to the development, the dominant one being the dramatic changes in the overall business environment (Baker et al, 1999) of the company and country of operation and evaluation.

Allied to this relationship is the development in scholarship that presents a comprehensive participant implementation orientation in marketing. Thus marketing is presupposed as everyone's responsibility in satisfaction of needs (Greyser and Paul, 1999; Bolton, 2005). This, scholars suggest, must be reflected in the strategic orientation of the organisations; a proxy for market-based orientation. Empirical studies also supported the market orientation philosophy and that the organisation's marketing focus should enhance financial

performance and new product development (Cadogan and Diamontopoulos, 1999; Enright, 2001; Noble et al, 2002; Gray et al, 1999; Otokiti, 2004; Daramola, 2005; Greenley et al, 2004; Gary et al, 2006; G. Tomas et al, 2007).

Moreover, Hooley, Lynch, and Jobber (1990) provide further empirical evidence concerning the relationship between marketing strategy and corporate attitudes. They discovered that positive attitudes towards marketing's role in corporate affairs led to superior performance. This further confirms that marketing strategy has a central role in the business strategy dialogue (Slater and Olson, 2000). The implication is that top management personnel should not consider decisions regarding marketing strategy independently of their business strategies, because marketing strategy is uniquely able to assess the consumer's needs and the potential of the organisation for gaining competitive advantage, which ultimately guide the corporate or business mission (Wind and Robertson, 1983; Daramola, 2005; Hooley et al, 2001; Li 2000).

Contemporary and time-based marketing strategy is also considered as a directional variable in that it provides a business with the overall direction of various marketplaces over a period of time. This is a broad area and it is probably the most difficult, but the most important, for the managers to understand. One set of key issues is the relationship of contemporary marketing strategy with mission analysis; market definition; market segmentation; product differentiation and positioning; and matching marketing assets with customer needs (Piercy, 1992; Oghojafor, 1998). These are the most fundamental marketing questions concerning agro-marketing activities; however, the ones that were typically concrete structures for planning and decision on food policy are unfairly required. Thus research is almost inevitably in this area particularly market-led strategic change.

However, to establish a complete and successful marketing strategy for these sectors of top management, integration within production system is essential and should exist in the organisation (Leppard and McDonald, 1987:160).

Fostering a market orientation is the single most important factor in organisational readiness for database marketing (Seiler, 2000). Interaction Marketing examines the development of interpersonal and individual buyer-seller relationships. Network-Marketing focuses on the position of the firm in a connected set of inter-firm relationships. The hypothesis that these authors proposed is that transactional and relational marketing are not mutually exclusive; rather, they are parts of the same paradigm. Although each of these constructs is clearly different, the basis of the framework allows for marketing practice to be pluralistic, hence the constructs are not necessarily mutually exclusive. In other words, an organisation that practises Transaction Marketing could also practise other contemporary marketing practices such as Database, Interaction, or Network Marketing. They propose that the relative emphasis given to either one of these perspectives differ under different market conditions or business situations (Webster 1992). However, the exact measures of these contributions to specific organisation performance variable remain an issue of major concern in many developing economies. In particular, the expected sectoral analysis vis sector such as listed under SITC to which agro-sectoral marketing board belongs is our focus in this thesis.

## **1.2 Statement of Research Problem.**

Transaction Marketing (TM) has received considerable attention since the 1990s in developing countries as consumers have become more demanding in their exchanges from

firms, consequently intensifying competitive challenges (Pride and Ferrell, 2002). Market-driven potential of collective impact of TM activities is used to deliver enhanced value beyond customers' expectations and above firm's offering. The strategy of building strong customer relationships has been reportedly documented to have offered significant competitive advantage and responsive to direct invitation by competitors (Dinis, 2006).

However, estimating the future earning potential of a strong customer retention, market share, increase in sales, etc. is a complex and inexact process. Current marketing productivity metrics focus on past customer behaviour and current period marketing expenditures. Neither of these conventions provides accurate valuation of TM's contribution to firm performance. As a result, critique of this approach has demanded a review of marketing structure and strategies concerning transaction marketing's inability to demonstrate significant contributions to firm performance (Li, 2000). Consequently, research interests directed through "TM-mixture" in improving the measurability, predictive capacity and accuracy of marketing performance in recent years have called for additional investigation.

In past decades, the focus of research on marketing productivity has been on efficiency, and effectiveness based on control costs related to transaction marketing with its customer-centric emphasis. This represents an increased demand for effectiveness and impact of cost-led marketing efforts on customer responses based-expectation. Similarly, there is increased desirability to understand the impact of TM variables on customer behaviours and how these reflect on improved firm performance. There is the need for a study to examine the conceptual connections between the elements of TM marketing efforts and its productivity and how interconnectivity of transaction marketing elements can be utilised to



improve the contribution of Agro Industry marketing firms to industry performance in Nigeria.

The application of information technologies to agro-marketing is another relationship that is been investigated in this study. Thus, the increasing use of information technologies to support marketing processes has been reported as capable of reshaping buyer-seller interactions in agro sector. Thus, the applications of the interface of Agro-marketing companies' and their clients have shown increasing monopolistic tendencies in database literature (Gummesson, 2002). Similarly, Parasuraman and Grewal, (2000) observe that the disaggregated measurement of database marketing via information transaction components and economic space theory remained sub-optimally accounted for improved customer from volume to value.

Consequently, increasing competition and accelerating market fragmentation couple with lower information system costs have spurred many organisations into developing IT-based marketing strategies, which capitalise on the opportunities presented by powerful database injection. In addition, some organisations succeeded in disaggregated budgetary analysis of their marketing systems to achieve competitive advantage in marketplace. Conversely, others were inhibited by the intricate human, technical and organisational problems created by the mal-adoption of all or selected components of database marketing.

Conceptual contributions portray the use of IT as both proximate and ultimate conditions to the introduction of innovative model of customer's retainership as well as developmental profitability relationships with other clients. Again, empirical studies have clearly confirmed the capacity of IT in enhancing organisational performance in the form of increased sales volume and market share. However, evidence on its effects on new customer's multiplicity and retaining capacity of existing ones are not well documented.

In fact, studies on such concepts as IT-DBN-based customer generation and retaining capacity are at sectorial as against national level. Some other works differentiated labour inhibitive and capital intensity capacities between developed countries and developing once (Khanna, 1983; Otokiti, 2005).

The arrival of developmental marketing system in the 21st century brought dramatic changes in the marketing environment and engendered radical rethinking on marketing activities. This development, along with Market Life Cycle Theory, demonstrated the “customer-scarce hypothesis” and Human Resource (HR) relationship and increased interaction demand for marketing (Day, 2000). However, this “rethinking” has largely focused and is associated with marketing practice in developed and industrialised economies, and recently, the newly industrialised countries. A comparative position in developing countries showed that far less attention has been given to the synergy and multiplier effect of interactive marketing practice in the developing countries.

More importantly, evidence on structural change and competitiveness of Agricultural marketing firms in developed countries, reveals reasonable adoption of interactive marketing activities, in form of face-to-face, dyadic and relationship marketing. This is as against the position found in the developing countries, (including Nigeria). Consequently, more countries in developing markets now view these developments with great interest and seek additional information from empirical evidence of the industrialised countries. In addition to the above, the general arcession that for most developing, market maturity status, their commitments on customers need, expectation and service mix must occupy and attract significant budgetary position. Again literature shows that agricultural marketing firms in developing countries are yet to understand fully the complexities of customers needs and how services are designed and delivered to match the organisation’s

expected sales and volume of operations, all of which are possible through new customers, new products, new markets development and creativity. This research work intends therefore to evaluate the relationship between complimentary agro marketing strategies aimed at (i) analysing retainership relationship between costs of creating new ones; and (ii) examine the nature of market share from existing competitors and evaluate choices regarding the leverage on cost-oriented components of winning new customers from competitors and balancing this with retaining existing customers.

A fourth element of the constructs in contemporary marketing practices is Network Marketing, which is also known as, “Co-operate-to-compete hypothesis”. The Network Marketing represents a model where effective competitor requires participant to be effective co-operator. This is because, not all instances of firms co-operating with one another resort to sub-optimal competitive tendencies (Teck-Yong, 2005).

Marketing academics and practitioners have long been interested in the nature of Network Marketing (e.g. business-to-business (B2B) relationship (Dwyer, Schirr, and Oh, 1987). A recent study by Bolton et al (2008) shows how business customers’ evaluation of suppliers’ performance vary across different types of relationships. Similarly, research in services marketing has focused on cross-sectional studies of consumers and business customer switching behavior (e.g. Gawesh et al., 2000). In addition, Heide and Weiss (1999) found that a buyer’s decision to switch to a new vendor of a high-technology product depends on his or her perception of rapid technology change, prior experience with vendors, buying process formalisation and product characteristics. However, we could find no studies on the inter-firms relationship and its impact on organisation performance, particularly as related to increased market share. This study intends to fill this identified

gap by highlighting the importance of inter-firm and inter-sector relationships on increase agro firm market share of the food, industrial and continental sectors.

Despite the broad practices of Marketing into the food sector, and the particular relevance of Agriculture in a developing economy, no known attempt has been made to investigate, empirically, the relations of contemporary marketing strategies, and organisational performance in a developing country's agricultural marketing companies in Nigeria's buyer-seller relationships. This thesis intends to fill this intellectual omission.

### **1.3 Objectives of the Study**

The purpose of the study is to examine the application/adoption of contemporary marketing strategies and the performance of agricultural marketing firms in Nigeria's buyer-seller relationships.

Our objectives are as follows:

1. To ascertain whether agricultural marketing firms with high use of combined strategies of Transaction Marketing (TM) ( Arms-length, Marketing Mix, Functional Marketing and Internal Capacity ) would gain more customers than those not using combined transaction marketing strategies;
2. To determine if agricultural marketing firms with high adoption of database marketing will have high generating and retainership capacity and improved market share;
3. To find out whether agricultural marketing firms operating with the strategy of interactive marketing (the mixture of face-to-face and dyadic relationship) are likely to have more sales value; and
4. To know whether agricultural marketing firms with high penetration of network marketing will have greater market share.

## **1.4 Research Questions**

In order to achieve the objectives of the research study, the study raises the following questions:

1. To what extent do agricultural marketing firms with high use of combined Transaction Marketing strategies of (arms-length, Marketing Mix, Functional Marketing and Internal Capacity) acquire more customers than those not using combined TM strategies?
2. At what rate do agricultural marketing firms with high adoption of database marketing have high generating and retainership capacity and improved market share?
3. How will agricultural marketing firms with high mixture of face-to-face and dyadic marketing strategies have more sales value than the competitors?
4. At what instance will agricultural marketing firms with penetration of network marketing have greater share of the combined market?

## **1.5 Hypotheses Formulation**

To provide answers to the research questions, the following hypotheses were tested:

1. There is no significant combined contribution of Transaction Marketing strategies (arms-length, Marketing Mix, Functional Marketing and Internal Capacity) in predicting new customers' in agro marketing firms.
2. There is no significant difference in generating and retainership capacity and improved market share between agricultural marketing firms with high adoption of Database Marketing strategies and those with low adoption of Database Marketing.

3. Agricultural marketing firms with substantial adoption of face-to-face and dyadic relationship marketing will not significantly experience increase in sales value.
4. Agricultural marketing firms with high and low penetration of Network Marketing will not perform significantly different in organisational market share.

## **1.6 Significance of the Study**

A study of this kind is expected to make theoretical, methodological and practical contributions to agriculture marketing studies. Five stakeholders have been identified as focal interest in this research (export operators, EXIM banks, academics, practicing managers, participants e.t.c.). This research would be of importance to both export and import businesses and academics. Most researchers participating at global marketing companies and export drivers may find the findings of this research work essential for their investment portfolio, and the instruments for this research may be used in some developing countries of Africa that have embraced agricultural marketing strategies in their National planning system. Also, practising Nigerian export/import managers would find issues on contemporary marketing strategies useful for their plan mechanism and non-oil policy orientation. In addition, the work is likely to affect new development and creative policy related to managerial decisions on the findings and methodology of this research. It is hope that such practising Nigerian managers would improve corporate decision-making and performance, and contribute to the growth and development of the Nigerian economy.

## **1.7 Scope and Delimitation of the Study**

The study focused on the cross sectional examination of contemporary marketing strategy and performances of agricultural marketing firms in South- West Nigeria. However, our

study only covers three states in the South-West geo-political zone namely; Lagos, Ogun, and Oyo. The use of only three states out of six represented over 85 per cent coverage rate (Gold Star Publications, 2007) and therefore delimits possible generalisation of this research's finding. Within this area, there are three distinct ecological zones: the mangrove forest to the south, the rain forest in the middle belt and the savanna to the north. All these combined to represent a robust agro output. In fact the zone is well suited for production of food crops such as maize, cassava, rice, yam and plantain as well as cash crops like cocoa, oil palm, gum Arabic, rubber, coffee. This explains why majority of agricultural marketing firms are concentrated in these states. The target population of this study includes companies operating in the three states based on the report of major 5,000 companies in Nigeria, published by Gold Star Publications (2007). That the companies used for this study have representative offices in other states not included in its scope, led to the decision to use our representative states.

## **1.8 The Structure of Work**

This thesis is divided into five chapters. It presents the progression of the study from Background of Study through to Definition of Terms. Chapter Two contains a comprehensive review of literature related to the topic, in which concepts are drawn and theoretical framework developed to guide the investigation. Empirical review was included in this chapter. The research methodology developed on issues of methods design, instruments and strategies adopted on the investigation are in Chapter Three. The results of data collection, spreadsheet of responses and tabulation are presented in Chapter Four. Findings, recommendations and contribution to knowledge from the research questions and previously stated objectives are in Chapter Five. This chapter also incorporates

conclusions, implications of the results and contributions to knowledge. Finally, we include some suggestions on possible research areas which, built on the results of this study, could provide further contributions to knowledge in the field.

## **1.9 Definitions of Terms**

**Standard International Trade Classification (SITC)** is a product classification of the United Nations (UN) used for trade statistics of all economies sectors.

**Agricultural Marketing:** This involves on-farm and off-farm activities from the production to the commercialisation of agricultural products, such as post-harvest handling, processing, marketing and related commercial activities.

**Pre-Structural Adjustment Programme (PRE-SAP):** In order to reverse the worsening economic fortunes government embarked on an extensive structural adjustment programme which was put in place in 1986 with emphasis on expenditure reduction and expenditure switching policies as well as using the private sector as the economy's engine of growth via commercialisation and privatisation of government-owned enterprises.

**Marketing Boards:** Legal bodies set up by the government for procurement and processing, grading, e.t.c of agricultural produce from farmers and market them either internally or outside the country. Various Marketing Boards in Nigeria, include (i) Cocoa Marketing Board (CMB) (ii) Oil palm produce Marketing Board (OPMB) (iii) Groundnut Marketing Board (GMB) (iv) Cotton Marketing Board (CMB) among others.

**Agricultural marketing firms** consist of interdependent sets of enterprises, institutions, activities, and relationships that collectively develop and deliver material inputs to the farming sector, produce primary commodities, and subsequently handle, process, transport, market, and distribute food and other agro-based products to consumers.



**International Institute for Tropical Agriculture (IITA):** is an international non-profit research for development organisation established in Ibadan, Oyo State, Nigeria in 1967. IITA develops agricultural solution with partners to tackle hunger and poverty. Its mission is to enhance food security and improve livelihood in Africa through research-for-development.

**The Consultative Group on International Agricultural Research (CGIAR):** Established in 1971, as strategic partnership of 15 international centres, works in collaboration with hundreds of government and civil society organisations as well as private businesses around the world. It generates cutting-edge science to foster sustainable agricultural growth that benefits the poor through stronger food security, better human nutrition and health, higher incomes and improved management of natural resources.

**Cocoa Research Institute of Nigeria (CRIN)** established 1964, Ibadan. West African Cocoa Research Institute (WACRI) established through the Nigeria Statute, Act No. 6 of 1950. CRIN is mandated to conduct research on five crops, namely; cocoa, kola nut, coffee, cashew and tea across Nigeria.

**National Horticultural Research Institute (NIHORT):** The National Horticultural Research Institute (NIHORT) Ibadan, started as the National Fruit and Vegetable Research and Development Centre (NFVRC) assisted by UNDP/FAO Project NIR/72/007. Metamorphosed into the “National Horticultural Research Institute” (NIHORT) by the Federal Government Agricultural Research.

**Acquisition Performance:** This is perceived performance indicator that measures performance of organisations based on new customers generated, increase in sales growth and market share of such organisations.

**Retention Performance:** This is perceived performance indicator that measures performance of organisations based on customer retention ability of such organisations.

## **CHAPTER TWO**

### **LITERATURE REVIEW, CONCEPTUAL AND THEORETICAL FRAMEWORK**

#### **2. 0. Introduction**

A broad base of contemporary marketing strategy research is reviewed in this chapter to explain the foundations for this study in relation to existing body of knowledge in the field. The chapter comprises thirteen sections, representing a review of strategy research undertaken in both management and marketing. The first three sections reviews evolution of marketing in developing and developed countries from 1950 till 2000.

The fourth and fifth section reviews contemporary marketing practices, ranging from Transaction, to Network Marketing. Information Technology and contemporary marketing practices occupies Section Six.

The seventh section explicates Relationship Marketing and the Section Eight reviews empirical studies on Strategic Fit. The eighth section also includes discussions of strategy content studies that focus on the content of the strategy and its relationship with environmental factors and organisational performance, and of strategy process research, which emphasises the formulation process of the strategy.

The ninth and tenth sections describe the important roles of the marketing manager and marketing concepts in the organisation. It discusses the role of marketing managers in fitting organisation strategies to the environment, as they have a boundary-spanning role. It also discusses the development of a marketing concept within organisations.

Section Eleven discusses the barriers to contemporary marketing strategy implementation, realising that not all organisations implement a contemporary marketing strategy as

prescribed in the books, even though they know its potential benefits. The history, growth, use and potential of agricultural marketing system (agro-industries) in Nigeria are also reviewed in this section.

The thirteenth section deals with theoretical framework where two related theories to the study are reviewed (the Contingency and Commitment – trust theories). Finally, the chapter summarises some focal scholarly works and highlights their deficiencies.

## **2.1 CONCEPTUAL FRAMEWORK**

### **2.1.1 Meaning and Importance of Marketing in Nigeria**

#### **Definition of Marketing**

Marketing is a way or philosophy of life, a discipline as well as an organisational function. As a way of life, Marketing is as old as man in the society. But as a full-fledged discipline and major function of organisations, it is of recent antecedent when compared with the other members of the ubiquitous managerial sciences – Accounting, Finance, Administration, Insurance, and Banking, among others. It is interesting to know that since the past fifty years when management scholars started writing seriously on Marketing, there have been quite a lot of changes, growth, and refinement in the discipline. Modern Marketing as advocated and practised today is much broader and more pragmatic than the one (classical) in vogue fifty years ago (Hoskission et al, 2009). Even today, despite the advancement in knowledge and the adoption of the modern Marketing philosophy by successful organisations and economically developed nations, quite a large number of individuals and organisations still uphold the narrow tenets of the classical type of Marketing in all countries and industries.

The situation described above has engendered different definitions of Marketing by various scholars over time. A few of these definitions need to be considered. The American Marketing Association (AMA) in 1960 (Alexander, 1960:15) officially defined Marketing as:

*the performance of business activities that directs the flow of goods and services from producers to consumers or users.*

Four years after AMA gave its definition, the Marketing Faculty of the Ohio State University (USA) gave its own official definition in a broader manner. According to the Faculty (The Ohio State University, 1964:2), Marketing is:

*The process in a society by which the demands structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion and physical distribution of such goods and services.*

The two definitions above are now generally considered to be inadequate and outdated because of their narrow views about the scope of Marketing. They see Marketing as being concerned essentially with the (physical) distribution of goods. But physical distribution or the flow of goods is just one of the many activities of Marketing. Moreover, these definitions suggest to a very large extent that Marketing is only interested in tangible goods which have to flow or be transferred physically to buyers. Marketing is also interested in the satisfaction of people with non-physical products or services.

Equally no longer accepted are the definitions of marketing which lay emphasis on profitability. A good example of such definitions is that of the Institute of Marketing, London (1983: 17). According to the Institute, marketing is:

*The identification, anticipation, and efficient satisfaction of the wants and requirements of the customer at a profit to the firm.*

This definition, given by the London Institute of Marketing in 1983, is an improvement over the one given in 1965 by the Marketing Faculty of the Ohio State University (USA), which is also better than that of the American Marketing Association, formally released in 1960. Both the Institute's and Faculty of Marketing's definitions stress the satisfaction of customers' needs. Earlier scholars and practitioners, such as the AMA did not realise or lay emphasis on the satisfaction of consumers' needs or wants (Olakunori and Ejionueme, 1997). However, the emphasis on profit as a necessary goal or objective in Marketing (as shown in the London Institute of Marketing's definition) no longer enjoys wide acceptance among scholars and practitioners of Marketing. Modern marketers' view their profession, discipline or function through a broadened perspective which accommodates both profit and non-profit making organisations and endeavours. This means that though Marketing is a business, commercial activity or function, it is applicable in both profit and non-profit making endeavours.

Modern Marketing scholars and practitioners usually stress consumer satisfaction, universal application and the exchange process in their definitions of the field. However, they still use different terminologies to express themselves. A number of these modern and broad definitions of Marketing are stated below:

*Marketing is human activity directed at satisfying needs and wants through the exchange process (Kotler, 1980:18).*

*Marketing is the anticipation, management, and satisfaction of demands through the exchange process (Evans and Berman, 1985:10).*

*Marketing consists of the activities performed by individuals or organisations for commercial and non-commercial objectives, aimed at satisfaction through the exchange process of buyers' demand for products, services, people and ideas (Mentzer and Schwartz, 1985:4-5).*

*Marketing is the identification and satisfaction of people's needs through the exchange process (Olakunori and Ejionueme, 1997:2).*

*Marketing is an organisational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders AMA's most recent definition of Marketing as reported by Keefe 2004:17)*

A look at the five definitions above would reveal that the common threads running through them are “needs”, “wants”, “demand”, “satisfaction” and “exchange process.” We can therefore see that modern Marketing is essentially concerned with the performance of the activities that enable individuals or organisations to find what people need or want and satisfying them through the exchange process. This means that Marketing is not just the buying and selling or distribution of the goods and services that have already been produced. It precedes production; it is intimately involved in giving the pertinent information needed for directing production, helps to offer the desired goods and services to people for patronage, and goes beyond patronage to ensure that people are satisfied with the goods and services they have patronised.

Modern Marketing involves the performance of a broad spectrum of activities, right from the identification of people's needs through their satisfaction with the appropriate goods and services. It is a pervasive phenomenon and all personnel in an organisation must be

involved in it, since it is the life blood and major reason for the existence of the organisation (Anyanwu, 1995).

Marketing is universal. Its principles, concepts, and techniques are applicable everywhere and in all organisations. It is also dynamic. As a philosophy, Marketing is ever-growing and being continuously refined in order to ensure the satisfaction of man who is also dynamic. The changes in the definition of Marketing examined above attest to the dynamic nature of marketing thoughts. Even Kotler, whose modern definition of Marketing was presented in the early part of this section, refined his definition fourteen years later. His new definition (Kotler, 2003:13) reads:

*Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others.*

Marketing is a socio-economic activity. It is about people and how they interact to identify and satisfy needs. Consumers, whose needs have to be identified and satisfied, are at the centre of the activities of marketing. It is only when consumer's needs are properly identified and satisfied that marketing takes place.

### **2.1.2 Importance of Marketing**

Though Marketing is a seeming latecomer among the managerial sciences, it is increasingly being accepted and proclaimed as the most important task of any economic organisation and individual. The whole world is fast becoming a marketing world. The president of Pepsi-Cola of America once declared: "Our business is the business of marketing" (Stanton, 1984:16). Marketing is receiving such accolades today only because



of the important role people have come to realise it plays to the benefit of a nation, its organisations and its citizens.

### **Necessity of Marketing Functions**

People's need for goods and services cannot easily be satisfied unless marketing functions are performed. Except in situations where a people or organisation produce the goods and services they need by themselves and do not relate with others economically, they cannot do without buying, selling, transportation, storage and marketing information. Because of the necessity of marketing functions, everybody is involved in marketing (Akande, 2001).

### **Increasing Costs of Marketing**

It is increasingly costing more money to perform the functions of Marketing, such as transportation, storage, selling, buying, and provision of information about goods and services (Aderemi, 2003). These costs of Marketing which do not include profit or mark-up, sometimes account for up to 70 per cent of the total or unit cost of a product. These costs are not avoidable even where an individual decides to sell directly to the ultimate consumer (Ibidunni, 2004). They can only be reduced or transferred to others in the Marketing chain. Individuals and organisations which have to bear these costs have to show more interest in Marketing so as to be able to control them to their advantage.

### **Provision of Job Opportunities**

Marketing provides job opportunities for millions of people in Nigeria today. This is because about half of the country's population makes a living by carrying out retailing, wholesaling, advertising, personal-selling, public relations, transportation and storage activities. They are also involved in building or maintaining such marketing infrastructure as roads, airports, seaports, haulage trucks, warehouses and telecommunication network,

among others. It is gratifying to note that the number of jobs being created by Marketing has been increasing very fast in the country as the Nigerian economy develops. (Ibidunni, 2004).

### **Existence and Growth of Marketing-Related Industries**

High-growth industries like advertising, public relations, haulage, and marketing research solely derive their existence and growth from Marketing (Akande, 2001). If these industries are not important or productive, they would not be growing as they are today. Their existence, acceptance and growth give credence to the growing importance of Marketing in Nigeria.

### **Everybody's Involvement in Consumption**

Everybody is an actual consumer of one thing or the other at one time or the other. Everyone is also a potential consumer of virtually all types of goods and services. Marketing is all about consumers and the satisfaction of their needs for goods and services. Every organisation's personnel is also involved in the provision and distribution of goods and services meant for satisfying people's consumption needs. All these make Marketing everybody's business.

### **Impact of Marketing on People**

All over the world, Marketing activities affect people's beliefs, lifestyles, consumption and income. The types of products marketers help organisations to develop, the ways these products are promoted, priced, and distributed, and consumer's satisfaction or dissatisfaction with these activities go a long way in determining their consumption behaviour. The importance of Marketing can therefore, be felt by the extent to which it

affects people's beliefs, lifestyles, consumption and distribution of goods as well as services (Achumba, 1996).

### **Improved Quality of Life**

Marketing essentially helps to identify and satisfy people's needs. Because of this, many people can always trace their knowledge and persuasion to patronise the products they now feel much dependent upon to marketing-dominated stimuli like advertising, personal selling, and sales promotion (Asikhia, 2000). By presenting consumers with new, better, and different brands as well as options of products which meet their needs, helping them to easily obtain and safely enjoy these products, marketers help to improve consumers' awareness and quality of life (Dong-jin and Sirgy, 2004).

### **Universal and Pervasive Nature of Marketing**

Marketing principles and techniques are the same all over the world. Marketing is also pervasive. This means that it is applicable and beneficial to all individuals and groups or organisations, whether small or big, profit-oriented or not. This means that medical doctors, hospitals, clergymen, churches, civil servants, municipals, business organisations and all their personnel (irrespective of their departments and major or primary functions) can all apply the principles and techniques of Marketing to their benefits (Afolabi, 2006). Apart from consumer satisfaction, this is the major reason Marketing is making waves globally today.

### **Revenue-Yielding Power of Marketing**

Though all the activities of an organisation are important, Marketing is the most important. Through its revenue-yielding power, Marketing holds the major key to the survival and

growth of any organisation. While all other activities of an organisation generate costs, only Marketing activities bring in the much-needed revenues. Hence, Marketing has been described as the “lifeblood” of organisations (Ani, 1993). Any organisation that pays lip service to marketing is therefore doing so to its own peril.

### **Improvement of Product Quality**

In today’s age of intensive competition and marketing, organisations have seen the need to differentiate and promote their products more than ever before (Onah, 2004). This has necessitated the need for organisations to be identified with their own brands. For a manufacturer to identify its name with a product and not incur any disadvantage competitively, it has to ensure that the quality of the product is high. Thus, advertising one’s own brand, which began in the early part of this century (Stapleton, 1994:21) and which is fast becoming a vogue, compels manufacturers to improve on the quality of their products before offering them to the consumers.

### **Reduction of Product Prices**

Through its promotional tools of advertising, personal selling, sales promotion, publicity, and public relations and the satisfaction of consumers need, Marketing helps to create mass patronage and consumption for products (Odugbesan and Osuagwu, 1999). With an increase in patronage or its assurance by Marketing, manufacturers are able to mass-produce goods and services as well as achieve lower unit costs of production and price reduction than otherwise possible. Without the mass markets created by Marketing, computers, radios, newspapers, magazines and automobiles, among others, would have been selling at higher prices today. The storage and bulk transportation of goods also help

to reduce and stabilise their sites any time. Thus, Marketing helps to reduce and stabilise the prices of goods and services.

### **Promotion of Leisure and Non-Formal Education**

Most of Nigeria's electronic media houses, newspapers and news magazines which provide leisure and non-formal education to a large number of the country's populace today cannot operate successfully without the revenue they make from the marketing activity of advertising. By advertising and sponsoring programmes like sports, dramas, education in the media, marketing indirectly helps to promote leisure and non-formal education in the society (Baker and Holt, 2004).

### **Acceleration of Economic Growth**

Marketing encourages consumption by motivating people to patronise products created to meet their identified needs. When consumption increases production will increase in response to it. Thus, Marketing helps to increase the tempo of economic activities, create wealth for individuals and organisations as well as accelerates the economic growth of a nation. (Agbonifor et al, 1998) Thus if Marketing is encouraged by governments at all levels, Nigeria will witness rapid creation of wealth and economic development in the country.

### **Economic Resuscitation and Business Turnaround**

Marketing is one of the most beneficial means of achieving economic resuscitation and business turnaround when there is an economic downturn or recession. By practically adopting the modern marketing philosophy (consumer satisfaction through integrative effort), re-adjusting or fine-tuning its offering to meet consumers' changing taste or to

counter competition, developing new and better products and exploiting new markets at home/or abroad, industries and organisations can achieve economic resuscitation and business turnaround (Olakunori and Ejionueme, 1997:22-23). This is what the Nigerian banks and other financial institutions which underwent a serious recession in the early part of the first decade of this millennium are trying to do. They are now employing marketing techniques and the services of professional marketers to help bail them out of their economic distress.

## **2.2 The Evolution of Marketing**

Although we see Marketing as a Twentieth Century phenomena, much of what is recognised today as marketing practice existed long before its formal beginnings as a field of study. From the time of the ancient Greeks through the great economists of the 1700s and 1800s (including Smith, Malthus, Jevons, Ricardo, Mill, and Marshall), concepts such as markets, marginal analysis, value, production, humans as social and economic entities, competition, and the role of governments had already been raised and extensively debated (Wilkie and Moore 2003). In the nearer term, it is also possible to track Marketing's direct economic origins back through to the 'Physiocrats' of the Eighteenth Century and the 'Austrian School of Economics' at the end of the Nineteenth Century (Broeckelmann 2004) as well as its mercantile origins to Eighteenth-Century English entrepreneurs such as Josiah Wedgwood (1730-1795). Marketing, therefore, is as old as Commerce and has been practised for centuries. What the Twentieth Century brought that was new was an independent discipline and what might be called the specialist marketer (Ambler 2004). One undisputed fact about the birth of modern Marketing and its formative years is that it was largely North America-dominated. Unlike its precursor, economics, which was largely

of European origin and was to retain its internationalism, modern Marketing began, developed and flourished in the USA. While it is not that recognisable concept did not exist globally, it was in the USA that marketing was recognised early on as a subject worthy of academic endeavour. In United States, this young discipline benefited from that country's powerful sense of individualism and entrepreneurship, its exuberance and fierce competition (Witowski 2005). That the USA was to subsequently become the world's largest economy strengthened and consolidated its position in the world of Marketing. This heritage is the reason why, even in the current global commercial and academic marketplace, American Marketing Journals, and indeed American academics, still, dominate the discipline.

### **2.2.1 The Early Days**

To many scholars 'Modern Marketing' (e.g. Bartels 1976) began at the turn of the Twentieth Century, when more structured academic attention started to be given to the area of market distribution, a topic that was evolving and assuming great prominence in the marketplace (Wilkie and Moore 2003). Although it is acknowledged that Marketing grew out of the field of economics, modern Marketing owed much of its independence to its challenge of accepted economic tenets. Economic theorists had long held the view that value was created by production. Mass production capabilities required mass consumption which in turn required more complex and varied distribution systems and a more sophisticated understanding of tools to influence mass consumer demand (Wilkie and Moore 2003). By 1900 marketers were proposing that demand consisted of more than just the ability to purchase and that it also required desire on the part of the consumer. The suggestion was that desire could be increased and manipulated by factors (e.g. distribution,

advertising, etc.) other than the mere existence of supply (Bartels 1976) and value added beyond that of production (Wilkie and Moore 2003).

Earliest writings on marketing concentrated on the agricultural industry where the added-value of the distribution process was evident. Other discussions were in the field of advertising covering such subjects as advertising copy, layout, campaigns, principles and practice, economics and psychology (Bartels 1976). Value theory was another area of economic (and philosophical) thought built upon by early marketers. Value theorists investigated how people value things (positively or negatively), the reasons why they make such evaluations and use consumer choice as evidence of intrinsic value. By 1910 scholarly works relating to marketing research began to appear. The emergence of marketing research was itself the result of growing pressure to produce and apply accurate knowledge to the field and to bring the methods of science to the field of Marketing (Bartels 1976).

In the decade between 1910 and 1920, Marketing authors built upon Distribution Theory to develop their understanding of marketing. Until this time, what is now defined as Marketing had always been referred to as "trade," "distribution," or "commerce". Among highly influential writers of the periods Ralph Starr Butler and Arch W. Shaw are considered important to the development of the new Marketing discipline.

Butler (1882-1971) believed Marketing was all about co-ordination, planning and the management of complex relationships. Shaw (1876 - 1962) distinguished three basic business operations; production, distribution and facilitating functions or administration. It was Shaw (1912:708) who also first proposed the centrality of the customer when he wrote that *"the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them."*



It was also in this period that concepts later to become known as the Commodity Approach (focusing on all marketing actions involved in a particular product category), the Institutional Approach (focusing on describing the operations of a specialised type of marketing agency, such as a wholesaler or a broker), and the Functional Approach (focusing on the purposes served by various marketing activities) developed (Wilkie and Moore 2003). The Functional Approach in particular was to gain wide acceptance among Marketing thinkers and was valued as a means of defining and rationalising the field of Marketing and its numerous activities and for its usefulness in analysing Marketing problems (Fullbrook 1940).

The Marketing field also began to take on its own distinct academic identity when a number of U.S. universities independently began to develop new courses to examine various aspects of the Marketing system. Academic programmes including "*distributive and regulative industries*", "*the marketing of products*", "*methods of marketing farm products*", and "*mercantile institutions*" were early examples (Bartels 1951, 1988, Wilkie and Moore 2003).

By the third decade of the Twentieth Century, ideas were starting to coalesce around a number of tentative generalisations. In 1923, Fred Emerson Clark (1890-1948) produced *Principles of Marketing* (Clark 1923) in which he defined Marketing as "*those efforts which effect transfer in the ownership of goods*". Paul Dulaney Converse (1889 - 1968) in his book, *Marketing Methods and Policies*, (Converse 1922) distinguished between the functions of middlemen and the Marketing functions. Cherington (1920) added an important basis for future thought by asking whether marketing performance and societal welfare might be enhanced by focusing on the underlying functions of Marketing; probably

the first mention of social marketing. The ubiquitous AIDA (attention, interest, desire, action) model appeared in a publication by Strong (1925), albeit based on the idea of St Elmo Lewis writing towards the end of the previous century. The first doubts about the dangers of consumerism were also being discussed at this time largely in terms of moral degeneration (Fitchett 2005). There was also the debate about whether non-essential services could be eliminated and whether there were too many middlemen adding to costs (Wilkie and Moore 2003). Advertising was particularly singled out for criticism regarding its "*economic value*" (e.g. Moriarity 1923; Vaughan 1928) and whether it essentially caused prices to rise. There were also certain 'unorthodox' studies going on that were to become the bases for further evolution of marketing such as White's (1927) managerial proposal of a 'scientific marketing management', offering guidance to the companies who wish to understand Marketing (Skalen et al. 2005).

The decade 1930-1940 was characterised more by the development of existing concepts rather than the production of new ideas. Exceptions included Charles R Phillips whose book, *Marketing*, (Phillips 1938) was published toward the end of the decade. His text showed an interest in the consumer that went well beyond the study of buying motives to consider consumers as the driving force of the economy. There were also developments in theory designed to embrace what was called oligopolistic competition (Chamberlain 1933; Sheth et al. 1988; Waterschoot and Van Den Bulte 1992). In an oligopoly, firms operate under imperfect conditions and with a kinked demand curve. Following the fierce price competitiveness created by the sticky (i.e. inelastic) demand curve, firms utilise non-price competition in order to achieve greater revenue and market share. This theoretical insight later led marketing theoreticians (e.g. McGarry 1950; McKitterick; 1957; Alderson, 1957)

to create 'lists' of Marketing variables deduced from econometric, profit optimising equations.

In the 1940s, an increasing number of different approaches were being considered. New emphasis was given to the management of Marketing and more attention paid to the consumer viewpoint. Whereas early Marketing had focused on rural agriculture (e.g. Weld 1916), after 1945, topics such as the growth of the mass market, employment, consumer savings and industrial development (e.g. Hahn 1946; Grether 1948; Vance 1947) became subjects of discussions. The role of Marketing Theory as a science began to be seriously discussed.

### **2.2.2 Modern Marketing**

The 1950s was a watershed for Marketing thoughts as the mainstream debate became steeped in Science. In the early 1950s, Borden (1964) introduced the concept of the Marketing Mix, a list of 12 variables (product, price, branding, distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, fact finding and analysis) from which the marketer could blend the ingredients or variables of the mix into an integrated marketing programme. From the mid-1950s, interest in Marketing Management grew rapidly, effectively replacing the Functionalist School of thought. From the Marketing Management perspective, marketers were viewing the field from the standpoint of marketing practitioners in order to help them develop successful marketing programmes relative to what had gone before.

Marketing Management Theory suggests that it is less important to study and explain how Marketing as a practice functions than rather how Marketing should function (Skalen et al. 2005). The theory implies the integration of marketing activities and the downward

delegation of authority. The scholarly works at the time particularly emphasised problem solving and decision making. This move towards Marketing Management was, incidentally, to further increase the professional and vocational appeal of university Marketing programmes (Wilkie and Moore 2003). In a seminal work, McCarthy (1960) presented the "*Marketing Mix*", reconstructing Borden's original 12 variables into the '4Ps' model (Price, Product, Promotion and Place), Although this concept retained many of the key elements of the Functional School, it did shift the perspective firmly towards the Marketing Management approach. Ironically, McCarthy specifically denied that his lists of variables were intended as a definition of the scope of Marketing (Payne 1995; Duncan and Moriarty 1998). Rather, he presented the 4Ps as an aid to instruction and a starting point from which to construct a marketing strategy (Grönroos 1994 a,b). The 'mix' was not the only 'list' model proposed during this period, however, its inherent simplicity ensured the rise and rise of the model and its attendant Marketing Management Theory.

In addition to the 4Ps/Marketing Mix, a number of concepts still prominent today were developed at this time, including market segmentation (Smith 1956) and brand image (Gardner and Levy 1955). In time, these were to become the basis of what would later be called 'modern' Transactional Marketing (Takala and Uusitalo 1996; Kotler 1992; Aijō 1996). Kotler (1967) summed up how the thinking of the period was applied when he characterised Marketing as a decision-making activity designed to satisfy the customer, at a profit, by targeting and making optimal decisions on the various elements of the mix.

The 1960s saw the emergence of new conceptual and methodological perspectives on managerial decision-making, social and behavioural patterns, qualitative analysis, systems structure and behaviour, environmental constraints, comparative analysis, international

markets and physical distribution (Bartels 1976). A major external factor that was to have an immense effect on Marketing was the rapid development of computer technology. This tool enabled researchers to undertake sophisticated modeling of complex marketing problems. Reflecting this development Bass et al, (1961) published *Mathematical Models and Methods in Marketing* which was quickly followed by other texts on this subject matter (e.g. Frank et al, 1962; Buzzell 1964; Kotler 1971). This measurement tool allowed companies to analyse consumer preferences and buying intentions, as well as measure how they may react to changes in existing products/services or product introductions.

The topic of consumer behaviour was developing during this period. However, not all of this consumer behaviour research necessarily fitted comfortably with the now dominant managerial approach (Wilkie and Moore 2003). The Fast Moving Consumer Goods (FMCG) consumer markets, where relatively low-valued products were sold to mass markets using mass media, still dominated Marketing thinking. The 1970s saw debate concerning the breadth of Marketing thought as Marketing thinking was applied to ideas, places and people in addition to products and services. Not-for-profit and Societal Marketing came to the fore although Marketing boundaries continued to expand, so apparently did the gap between academics and practitioners.

Services also began to slowly emerge as new sub-discipline reflecting the changes in western economies. What initially appeared to be separate lines of thought developed from this service Marketing research into areas such as relationship Marketing, quality management, market orientation, supply chain management, resource management and networks (Vargo and Lusch 2004). Out of these, it was the concept of Relationship

Marketing that began fully to take shape and become a major marketing stream of research in the late 1980s and 1990s.

Relationship Marketing research continued to develop a wide range of concepts and theories in a number of business sectors and disciplines. Concepts such as retention, loyalty, commitment, trust, mutuality, reciprocity, structural bonds and attraction were central to understanding relationships (O'Malley and Tynan 2003).

Despite the enormous level of hype surrounding the emergence of Relationship Marketing (RM) as a "*new marketing paradigm*" (e.g. Kotler 1992; Gronroos 1994a) or as a paradigm shift (Sheth and Parvatiyar 1993; Gronroos 1994a; Morgan and Hunt 1994; Gummesson 1987; Buttle 1997), widespread calls for detailed research on relational strategy implementation had not generally been followed up (Saren and Tzokas 1998). By the new millennium therefore, RM did not appear to have led to any significant change in marketing practice (Fichett and McDonagh 2000). During the early part of the Twenty-First Century other concepts seemingly related to Relationship Marketing were appearing in scholarly works. These included Customer Relationship Management, Data-driven Marketing, Micromarketing, One-to-One Marketing, Loyalty (or Loyalty-Based) Marketing, 'Segment-of-One' Marketing, Wraparound Marketing, Customer Partnering, Symbiotic Marketing, Individual Marketing, Relevance Marketing, Frequency Marketing, Integrated Marketing, Dialogue Marketing, Permission Marketing and Interactive Marketing. Most noticeable of all was the rise of Customer Relationship Management (CRM) as a distinct, albeit ill-defined, concept. Although CRM was said to have apparent theoretical connections with RM, the term itself emerged from the Information Technology (IT) vendor community in the mid-1990s (Payne and Frow 2005) and was used to refer to

data collection and those activities surrounding the management of the customer-firm interface (Boulding et al, 2005)

### **2.2.3 Contemporary Marketing Thoughts**

Marketing entered the new millennium battered and, perhaps, showing its age. It is difficult to establish in which precise direction it was going, not so much because of a 'mid-life crisis' but because many 'concepts-in-use' needed time either to develop or work their way out of the system before their true effect may be known. In addition new business practices are proliferating on the internet which, some would say, has been the single greatest test of Marketing since the industrial revolution.

Contemporary Marketing Theory is, according to O'Driscoll (2004:7), "*a current robust conceptualisation of Marketing that reflects and codifies existing and emergent 'best practice' in the marketplace*", although it might be argued that few concepts in the Social Sciences can really be described so clinically. Some old debates linger on in the contemporary Marketing field. The academic-practitioner divide arguments are "*old, recurring and endless*" (Levy 2002:299), Today's practitioners are merchants concerned more with making the right decisions at a particular point in time than the managerial implications of scientifically derived and manipulated research.

In one contemporary interpretation, the use of the scientific method is attacked for its inability to enrich research and extend knowledge. Postmodern Interpretivism, a major movement across a wide range of subject areas, has itself entered the sphere of Marketing, championed primarily by Stephen Brown.

Brown (2006) has been clear in pointing out that "*PoMo Marketing*" is not itself a concept but a critique. It does not provide an alternative to existing Marketing but seeks to point

out that something is wrong with established ideas and understanding. Postmodernists see their responsibility as upsetting the status quo and challenging Marketing's cosy, self-defined lives (Thomas 2006). Postmodern Marketing challenges the *"certainties, uniformities and ambiguities of the modern era"* (Brown 2006:212) in a similar vein but perhaps without the philosophical baggage of *"Critical Marketing"* as conceived by Hastings and Saren (2003) questions the processes and outcomes of Marketing. This is directly associated with an increased interest in 'Social Marketing' with its roots in the 1920s and a significant revival in the 1970s with such associated themes as 'De-Marketing'. Social Marketing advocates the application of Marketing to enhance social as well as commercial ends and frequently deals with behaviours which require a long-term effort to change (e.g. diets, smoking, drugs, etc). Where Postmodern Marketing is critical of the doctrine of Modernity, Hypermodernity asserts that key aspects of modernism remain valid especially in relation to science and the scientific discourse (Arnould and Tissier-Desbordes 2005). The vision of Marketing as an organisational philosophy (as promoted by Relationship Marketing and NDL scholars) is in conflict with the notion that Marketing should be viewed from a functional perspective (associated with CRM). The distinction between philosophy and function is further blurred when a claim is made for the need to develop a *"strategic role for Marketing, if the Marketing function is to withstand marginalisation forces in organisations, and if control over the role of Marketing expertise is not to be forfeited"* (Katsikeas et al. 2004:574).

In conclusion, one can say that the long hunt for marketing excellence has thrown up many theories, ideas, concepts and perspectives. The notion that progress is made with each decade and that we stand on the shoulders of those marketing giants before us seems a



lame argument in the first decade of the Twenty-First Century when some feel Marketing's day has passed and that we should give it "*the dignified burial it deserves*" (Holbrook and Hulbert 2002:725). It could be argued that early Marketing was designed to cope with a particular situation in a particular marketplace. Marketing grew as a discipline in the U.S. because it was required to satisfy the ambitions of mass producers and the needs/desires of an increasingly affluent population. It did not grow up in the same way in Africa because the economic conditions and commercial imperatives were not the same. When European markets began to resemble U.S. markets, interest grew and Marketing ideas were imported from the USA. However there was, never the homogeneous marketplace that Levitt (1983) predicted and so when markets began to diverge it caused strains within Marketing's traditional paradigm.

### **2.3 THE PHILOSOPHIES OF MARKETING MANAGEMENT IN NIGERIA**

Marketing Management is concerned with the analysis, planning, organising, execution, and control of a firm's marketing programmes aimed at identifying and satisfying the needs of consumers through the exchange process (Baker et al, 1999). In the formulation and execution of a firm's marketing programmes, the interest of the parties at large and the organisation itself is important (Bello, 1986). One of the major problems of management is the determination of the relative weight to be given to serving the interests of these parties. The decision taken in this regard would reveal the type of orientation or philosophy upheld by management at any given time. Six alternative philosophies compete to guide the decision of management. These are as follows (Kotler, 1994; Siu, 2000; Olakunori and Ejionueme, 1997; and Spencer, 2008:

1. The Production Philosophy

2. The Product Philosophy
3. The Selling Philosophy
4. The Marketing Philosophy
5. The Societal Marketing Philosophy
6. The Customer Philosophy

### **The Production Philosophy**

The Production Philosophy essentially entails concentrating on the activities that would help in making goods and services available at cheaper prices. This usually requires an enlargement of production facilities in order to reduce unit production cost through volume. The assumptions usually held by the organisations and individuals who adopt this philosophy are as follows:

- i. Consumer's primary interests are the availability of product at low prices;
- ii. Consumers are highly price-sensitive and do not pay much attention to the non-price differences that exist within a given product class; and
- iii. The major task of the organisation or business should be a continuous reduction in costs through improved production methods and improved distribution efficiency.

The assumptions above hold true more where and when abject poverty prevails. Because of a serious lack of the means to meet their needs, the people in such circumstance concentrate on essential needs and use price as their major evaluative criterion to decide what to buy. This situation exists in most developing countries today. Perhaps this explains the proliferation of cheap but poor quality goods in Nigeria today.

In an era of scarcity and poverty, people may give preference to cheap articles or any item that can just help them survive. However, when their situation improves, they would often change and demand some better or different items (Iyiegbuniwe, 2005). It appears that people generally like to show off through the types of products they buy or the amount they pay to obtain them. Because of this, consumers generally do not like to be associated with “general” and cheap products, except when they are forced to do this by their purchasing power or the non-availability of better products. Rather, we often want things that are special and personal.

### **The Product Philosophy**

The Product Philosophy is concerned with using high quality as a means of competition. It therefore emphasises the turning out of the best product. While Production Philosophy emphasises giving priority to production, Product Philosophy concentrate its resources on offering to the market products that are technically perfect, reliable, long-lasting and appealing. The basic assumptions that influence the adoption of this type of philosophy are as follows:

- i. What consumers buy is the product itself, and not necessarily the solution it would provide to their problems;
- ii. What primarily appeals to consumers in a product is its quality;
- iii. Consumers actually know the differences in the features and quality levels of competing brands of products;
- iv. Quality is the main evaluative criterion used by consumers’ in choosing among competing brands; and

- v. Continuous product improvement should be the main task of the organisation for it to be able to attract and retain consumer's patronage.

Though the organisations run on the Product Philosophy feel they are improving on Production Philosophy, they usually over-stress the issue of quality while neglecting the other important factors which influence product patronage. They usually feel that the whole world should beat the bush to their doorsteps, since they have succeeded in building "the best mouse trap", following Emerson's counsel (Olakunori and Ejionueme, 1997:44). But they are usually disappointed that this hardly happens. Very often, the customer services that are offered along with a product, its availability, economy, appearance, and price are the main factors that influence decisions. However, the product concept is not much visible in practice in Nigeria. Generally, firms in Nigeria only pay lip service to high quality. They hardly give any attention to it in practice. Poor quality of products is one of the major constraints of made-in-Nigeria products in both local and international markets.

### **The Selling Philosophy**

The Selling or Sales Philosophy is concerned with making use of any available means to achieve an organisation's competing goals of turning its already-produced goods and services into sales revenue. This usually entails hard-selling goods to consumers. The main goal of Selling Philosophy is the satisfaction of the firm's need for a higher level of sales, irrespective of how it is achieved and whether or not buyers find the goods and services they purchase useful or satisfactory. To achieve their selfish end of aggressively turning their products into sales revenue, firms predominantly use the promotional tools of sales promotion and personal selling.

Selling Philosophy is influenced by the following assumption:

- i. Consumers normally try to resist buying the products which they consider non-essentials;
- ii. Consumers tend to buy only those things they are much aware of;
- iii. Consumers can be influenced to buy more through the means of promotion; and
- iv. The organisation's task is to build an aggressive sales-oriented department as a means of attracting and retaining customers;

A large number of business organisations in Nigeria uphold the Selling Philosophy (Adeleke, 2001). They produce goods without making prior effort to ensure that there is an existing demand for it or that there would be a demand by the time they finish production. When they get to the market and discover that consumers are not interested in the product for whatever reason, they begin to compel them to buy. For some time now, there has been a mounting increase in the stock of unsold goods in the warehouses of many big manufacturers in Nigeria. In order to dispose of their stock of unsold goods, many of these manufacturers have resorted to drastic price-reduction (Price war), sales promotion, and direct sales through the use of salesmen who call on individuals to buy or take the goods to open (collective) markets to attract patronage.

Majority of the traders found in the collective markets, street shops, highways, shopping centres, and other places in the country are ardent practitioners of the Selling Philosophy. They feel people would not buy unless they are compelled to do so. They therefore resort to subtle force to attract patronage. They beg or cajole customers to enter their shops or pick their goods. They sweet-talk and make untrue or exaggerated claims about their products performance, and sell at bargain prices. But once customers pay for these goods or services, they are not allowed to return them even when the product is an outright failure

fake, wrong choice, defective, and/or has not been used at all. They always ensure that they print the caveat emptor warning on their cash receipts: “Goods once paid for and delivered cannot be returned,” in order to give themselves adequate legal protection in the event of litigation by customers. But customers usually do not see this warning until they have paid for the goods and taken delivery of them. This is unethical. Actually, the adoption of the Selling Philosophy usually leads to unethical practices in marketing. The bad reputation acquired by marketers in different places over the years has mainly been due to the practice of the Selling Philosophy.

### **The Marketing Philosophy**

Marketing Philosophy is a managerial orientation that makes an organisation to put the interests of consumers before those of other parties it needs to satisfy in its activities (Meziou, 1999). This simply means that what the consumer wants is what determines what the organisation produces. To this effect, an organisation that is practising Marketing Philosophy would not produce or offer anything for sale until it has confirmed through marketing research what consumers want in terms of products, price, promotion and distribution. The goal of the organisation is therefore, the satisfaction of consumer’s needs and wants. The main assumptions that underlie this philosophy are as follows:

- i Consumer’s needs can be used as bases for grouping them into different market segments;
- ii Consumers would be attracted more to the products of organisations that come closest to satisfying their specific needs in any market segment; and
- iii The task of the organisation is to first conduct a research before choosing its target

market and the matching marketing programmes that would help it to effectively attract and retain customers.

Marketing Philosophy is actually a new orientation in business. It is a post-Second World War development. Its adoption has actually revolutionised the value system of many organisations globally. Rather than putting its emphasis on production, product, sales, themselves, or the society at large, such organisations focus their attention on the consumers whose needs give the matching order on what should be produced and sold. Organisations practising Marketing Philosophy have the fundamental belief in the “sovereignty” of the consumer. They provide and satisfying the needs of the consumers without questioning their wisdom (Siu and Kirby, 1999).

The practice of Marketing Philosophy entails that an organisation gives priority attention to the identification and satisfaction of the consumers needs. This is the goal of modern Marketing. For an organisation to be able to achieve this goal well, it must ensure that all its personnel are consumer-satisfaction conscious. This means that irrespective of their assignment or position in the organisation, all the personnel must join hand in contributing towards the satisfaction of the consumer’s needs. This makes marketing the major activity of every member of the organisation.

Marketing Philosophy had not been a popular philosophy among business managers in Nigeria until recently (Achumba, 2004). The practice had always been for organisations to either struggle to get their products to the market or to produce before thinking about how to sell. In the first instance, since Nigeria is a developing economy, scarcity of many essential goods and services prevails. This creates a seller’s market situation. Because of this, many manufacturers feel their main duty is to make goods available in adequate

quantities so that they can go round at prices below those of competitors. But with the situation of growing affluence and competition as well as increasing cost of production in the country, such organisations have come to realise that they cannot afford to remain population-conscious.

Secondly, because of the inadequacy of knowledge about marketing methods and the lack of any serious form of competition in the country in the past, people produced in anticipation of demand without any serious form of research to establish the level of demand (Asika and Osuagwu, 1997). Unsold stocks were easily disposed through promotion. But it is now arduous to achieve any significant level of patronage through selling tactics in the country.

A new wave of marketing or consumer satisfaction consciousness is sweeping through the country. The present distress as represented by the problem of low patronage and stock-piling of unsold stock and the increasing competition in the market is making a large number of organisations to shift emphasis from themselves to the consumer of their product.

### **The Societal Marketing Philosophy**

Though Marketing Philosophy appears to hold a lot of benefits for consumers and the organisations practising it, it has major deficiency. It does not consider or put any check on the possible side effects of consumer satisfaction on the present and long-run welfare of the consumers themselves as well as the society at large. If the marketing concept is adhered to very strictly, it would be discovered very soon that some of the products which consumers desire are indeed injurious to them and/or the society in which they live. For example, the production, promotion, and sale of such goods as tobacco and hard drugs are generally



done in order to satisfy the needs of some people in the society. It is therefore, in line with the marketing concept or philosophy to give consumers as much of these goods as they desire. However, it is generally known that the consumption of these goods or the unbridled satisfaction of consumers needs for them can have disastrous effect on the income and future health of the consumers, the health of their family members and the public who are forced to inhale tobacco smoke and put up with the anti-social behaviour of some smokers. This highlights the truth in the dictum: “one man’s meat is another man’s poison.” What holds for the consumption of tobacco and hard drugs also hold for many other goods and services.

The Societal Marketing Concept or philosophy was evolved in order to checkmate the possible negative effect of unbridled practice of Marketing Philosophy on the future welfare of the consumers and the society at large (Ford, 1984). It is essentially an extension of Marketing Philosophy. It emphasises the satisfaction of consumer’s needs, subject to the protection or assurance of the long-term welfare of consumers and members of the public. The following are the assumptions in the mind of management when it favours the adoption of the Societal Marketing Concept:

- i. The needs or wants of consumers do not always agree with their long-run welfare and / or the society’s long-run interest;
- ii. Consumers will favour those organisations, which are interested in their presents as well as long-run welfare and the long-run welfare of the society; and
- iii. The task of the organisation is to satisfy its customers’ needs in such a way as to promote their long-term welfare and the society’s interests as the means of attracting and retaining customers.

Societal Marketing Philosophy is not in much practice in Nigeria (Nwokoye, 1996). Two factors account for this. Firstly, Marketing Philosophy, which serves as the foundation of Societal Marketing Philosophy, is yet to gain popular acceptance in the country. Most organisations (whether profit-making or non-profit making) are still practising the production and selling philosophies and are yet to see the need to focus on the satisfaction of the needs of consumers.

Secondly, Nigeria is still a developing economy; hence the focus of its government is the mobilisation of both foreign and local entrepreneurs to invest in manufacturing and provision of services that can help to move the nation forward industrially. The thinking is that laying emphasis on the long-term welfare of consumers and the interest of the society might discourage investors.

Today, Nigeria serves as the dumping ground of all kinds of used and discarded items from all over the world. These second-hand or “second-new” goods are popularly called *Tokunbo*, as they come from abroad. It is really degrading to Nigeria’s image among the comity of nation as the country wants to be ranked among the 20 developed nations of the world by the year 2020. Especially is this so as Nigeria wants to be seen as the pride of the black race, and not the dumping ground for all used and discarded goods from all over the world.

Some of the second-hand goods (such as used clothes and vehicles) also pose dangers to the health of their users and others in the country. Economically, second-hand goods drive away new ones from the market, just as bad money drives good one out of circulation. People patronise second-hand goods because they are cheap and solve immediate problems. The local manufacturing of new product (and their improvement and perfection)

is hindered when there is too much preference for second-hand alternatives, as we see in Nigeria today. Through this means, the nation's industrial growth is hampered and the competitive edge of its economy in the global market is weakened. This is one of the reasons for the current mounting stock of unsold goods in the country.

For decades now the crude oil exploration companies operating in Nigeria have continued to flare its natural gas, just because it is cheaper for them to do so and pay the stipulated fine than for them to process it into a sellable product. This wasteful practice is not fair to future generations of Nigerians. The Premium Motor Spirit (PMS), otherwise known as petrol, and diesel used by motor vehicles in the country are known to be heavily leaded. The unburnt gas emitted by the vehicles using them and the second-hand vehicles with old engines constitute great health hazards to Nigerians. A general adoption and implementation of the Societal Marketing Philosophy in Nigeria would help to solve these problems.

A few organisations in Nigeria are indeed practising the Societal Marketing Concept. However, some are doing so only in obedience to legislation in their area of business. It is its believe in and the practice of the Societal Marketing Philosophy that makes the Nigerian National Petroleum Corporation (NNPC) to educate from time to time the consumers of its products on how they can economise the use of fuel and avoid the fire outbreak some of these products could cause. The telecommunication companies which inform subscribers of telephone usage are also involved in Societal Marketing Concepts in that regard. It is now a common thing for tobacco manufacturers and marketers in Nigeria to inscribe on every packet of their cigarettes and display on every items used for promoting their products the inscription. "The Federal Ministry of Health warns that

tobacco smokers are liable to die young”. Though they do this in obedience to the law, it is a form of Societal Marketing Concept’s activity.

### **The Customer Philosophy**

The Customer Philosophy is actually a new orientation in business. Today many organisations are moving beyond the Marketing Philosophy to the Customer Concept. The ability of a company to deal with customers one at a time has become practical as a result of advances in factory customisation, computers, the Internet, and database marketing software (Mattsson, 1997).

The main assumptions that underlie this philosophy are as follows:

- i). Organisations collect information on each customer’s past transactions demographics, psychographics, media and distribution preferences;
- ii). These organisations hope to achieve profitable growth through capturing a larger share of each customer’s expenditure by building high customer loyalty and focusing on customer lifetime value; and
- iii). This philosophy works best for companies that gather a great deal of individual customer information, carry a lot of products that can be cross-sold, carry products that need periodic replacement or upgrading, and sell products of high value.

The foregoing explication has presented a historical overview of the evolution of Marketing in the Nigeria, from just after the Civil War until the present. In general, companies have determined that, in order to be successful, they must become less internally focused and pay attention to the customer. This trend in company thought has extended to the point where many firms now see themselves as long-term partners with

their customers. As information technology becomes more advanced, marketers will become more acutely aware of their customers' needs and more quickly able to provide goods and services to satisfy those needs.

## **2.4 Contemporary Marketing Practices**

In Marketing scholarship, Transaction Cost Analysis and Relationship Marketing are two separate paradigms. According to El-Ausary (2005), the determining factors of relationalism in any exchange are social norms such as solidarity, mutuality, flexibility and bilateral power. The focus is not simply on the exchange, but on the process involved in maintaining the relationship. He also states that exchanges are relational in nature and the governance structures range along a continuum from discrete transactions to highly relational exchanges. This is in contrast to the transaction cost perspective of Bush et al. (2007), which examined how organisations are governed in order to protect their self-interest by engaging in discrete transactions and through vertical integration.

Relationship Marketing is of particular interest because companies are placing value on establishing longer business relationships. Since borders are being eliminated, companies realise that in addition to building partnerships, managing a network of relationships should be a key part of their strategic plan. There has been considerable discussion amongst academics and managers as to whether or not the transactional model of marketing is still relevant.

There are three perspectives on the issue of Relationship Marketing. The first approach adds a relationship dimension to the traditional marketing management approach. Pels et al. (2000) refer to it as the 'marketing mix-plus' perspective. The next perspective suggests moving away from Transactional Marketing to a new Relational Marketing paradigm

(Piercy 2004; Shertell and Bejoiu, 2007). Both academics and managers have had considerable discussions as to whether or not the transactional approach is still relevant. The final view is that transactions and relational exchanges exist at opposite ends of a continuum (Gronroos 2002).

The Contemporary Marketing Practices (CMP) group proposes a new paradigm. The group recognises the limitations of the three perspectives above because of their failure to recognise that the contemporary business environment allows for more than one approach. The CMP group stresses the importance of the role of environmental factors, the buyer and seller perception of it, and the impact of the environmental factor on the exchange. The focus of their studies is on the different ways marketing is practised in the contemporary environment. Their main argument is that both Transactional and Relational marketing can be practised together. This challenges the traditional view of the transaction approach. Instead of viewing the transaction approach as a discreet and separate approach to Relationship Marketing, they view it concurrent and in a continuum with Relationship Marketing. Brookes, Coviello, Brodie and Little (2004) and Coviello and Brodie (1998) go on to propose that relationship marketing has three dimensions: Database Marketing, Interaction Marketing and Network Marketing.

In their 1997 work, Coviello, Brodie and Munro developed a classification scheme that organises the various views. This classification scheme was derived from their research that focused on relational exchange and management issues. In their analysis, they identified two general perspectives: Transactional Exchange and Relational Exchange. Encompassed within the two perspectives are four distinct types of marketing: transaction Marketing, Database Marketing, Interaction Marketing and Network Marketing (p. 509).

**2.4.1 Transaction Marketing.** Transaction Marketing can be described as having an economic transaction focus (Li and Nicholas, 2000). It is categorised as a transactional exchange. The parties involved are the firm and the buyers in the general market. The pattern of communication is firm “to” market. The best way to describe the contact is arms-length and impersonal. The relationship is discrete in terms of duration and formal. An active seller and passive buyers describes the balance of power.

Transaction Marketing involves a firm attracting and satisfying potential buyers by managing the elements in the marketing mix. This approach involves creating discrete economic transactions that are generally treated in isolation, at arms-length, and in the context of a formal, impersonal process. Following from this, buyers in the market are passive in the communication relationship. The seller actively manages the exchange, and manager’s communication “to” buyers in the mass market. At a managerial level, managers focus on marketing a product/brand to an identified group of customers. Marketing activities are usually relegated to customers. Marketing activities are usually relegated to functional marketing areas, and manager’s focus on developing internal capabilities related to the marketing mix. Co-ordination with other functions in the firm is limited, and the planning horizon for this type of marketing is generally short-term.

**2.4.2 Database Marketing.** The next element is database marketing. The focus here is on information and economic transaction. A firm and buyers in a specific target market are the parties involved. The communication pattern is firm “to” individual. The contact is personalised yet distant. The duration is both discrete and over time. Although the

relationship is formal, it is personalised via the use of technology. The balance of power can be described as an active seller and passive buyers.

Database Marketing involves businesses using a variety of information management tools or techniques to develop and manage longer-term exchanges between the company and its targeted customers (Lewington et al, 1996). In this type of marketing, the focus is still on the market transaction, but now involves both economic and informational exchange. A marketing specialist relies on information technology to form a type of relationship, thus allowing firms to compete in a manner different from mass marketing. More specifically, the intent is to retain identified customers over time. Communication patterns are generally driven and managed by the seller. Marketing is still “to” the customer rather than “with” the customer. Exchanges are not close, and are both facilitated and personalised with technology. They do not generally involve on-going interpersonal communication and interaction between individuals. The exchange is discrete, although they endure over time. Managerial investment for Database Marketing is in the tool or technique, and supporting technology and information (Rust and Zeithaml, 2004). In this type of marketing, the managerial focus widens to include both the product/brand and specifically targeted customers.

Database Marketing has proven to be an interesting practice. Although initially considered a part of relational exchanges, Coviello, Brodie and Munro (1997) put this Marketing practice within the Transactional Exchange paradigm. As an example, the “communication pattern’ dimension shows that communication shifts from firms “to” markets/individuals in Transaction and Database Marketing to individuals/firms “with” individuals/firms in Interaction and Network Marketing.



Similarly, the “duration” of exchange for both Database and Transaction Marketing is essentially discrete, and “managerial investment” is in the form of internal Marketing assets. As such, although scholars have treated Database Marketing as a relationship building tool, this approach to marketing seems to fit more appropriately within the conceptual realm of transactional exchange rather than relational exchange. This classification of marketing practice allows for an array of approaches to the market. At times the approach in the buyer/seller exchange is more transactional and other times more relational. It is important that there is a match in the exchange situation.

### **Achieving Competitive Advantage Using Database Marketing**

The most commonly claimed competitive advantage from effective use of Data Base Marketing (DBM) is its ability to segment customers into homogenous groups (Blois 1996; Sherrell and Bejoiu 2007). Defining needs of differing consumer types is a fundamental responsibility of marketers, with most DBM protagonists accepting Bush et al. (2007) contention that "Market segmentation is a crucial marketing strategy". Several papers demonstrate how the segmentation capabilities of DBM may be used to improve marketing productivity.

Li and Nicholas (2000) explain how industrial marketers analyse their marketing database to determine trade-offs between price and service in mature markets. Their matrix approach analyse product pricing in relation to customer servicing costs with the objective of identifying profitable micro segments. They argue that their analysis contributed to management's understanding of segment behaviour, enabling them to develop new account management policies to improve profitability. Baer and Brown (2007) explained how *Farm Journal* exploits the segmentation capabilities of DBM to customise their publication to the specific interests of current and potential customers. *Farm Journal's* database drives

a selectronic binding process that collates articles and targeted advertising into each copy of the magazine. These examples demonstrate how effective segmentation may benefit marketers and their customers.

Marketing programmes designed for specific segments may project an image of personal service. Customised services are an integral part of the customer relationship building process (Hiscorbe 2001). Nath (2008) cites numerous examples of customer loyalty and retention programmes aimed at the frequent user, while Sultan and Rohn (2004) describe a DBM system designed for Huggies, a disposable nappy which collects data about expectant mothers. All of these examples use segmentation and personalised communications to build brand image, loyalty and awareness.

Another route to gaining competitive advantage is the creation of customer databases for market research and experimentation (Antonio and Gregono 2005), Market tests can be used to reveal actual consumer responses to alternative marketing mix variables; this kind of feedback may yield more reliable insights into customer behaviour than surveys or qualitative research.

Applying statistical techniques such as Cluster Analysis and Automatic Interaction Detector (AID) to customer databases may further enhance marketers' understanding of customer groups. Sensibly rationalising customer profiles and behaviour may assist in developing quantitative marketing models. From these DBM models, managers are able to generate and evaluate a wide variety of marketing scenarios, creating a "marketing workbench" (Slater et al 2006) for heuristic problem solving. Short et al. (2007) laboratory research indicates that predictive decision-making skills can be enhanced when managers combine intuitive skills with database models. Blending DBM with direct marketing methods allows marketers to test the effects of different marketing mixes on specific

segments. Assessing the outcomes from alternative marketing programmes is an important feature of DBM, Enlightened direct marketers use DBM to support their marketing research, because it is "... characterised by measurability and accountability ..." (Bolton et al. 2008). Accurate measurement provides feedback about the responses of different customer segments to alternative marketing mix scenarios and could help improve the accuracy of marketing models.

Scholarly publications extolling the virtues of DBM rarely articulate the problems that managers face in justifying, implementing and maintaining these complex systems. Failure to recognise and overcome these barriers may prevent organisations from realising the true potential of DBM.

### **2.4.3 Interaction Marketing**

In Interaction Marketing, there is an interactive relationship between a buyer and seller (Sultan and Rohn, 2004). The individual buyers and sellers form a dyadic relationship. The communication pattern can be described as individuals with individuals across organisations. The duration of the relationship is continuous, ongoing and mutually adaptive, although it may be short or long-term. There are both formal and informal exchanges at both business and social levels. The balance of power between the buyer and the seller can be described as mutually active and adaptive. Another way to describe it is as interdependent and reciprocal.

While Database Marketing involves a certain type of relationship that is distant and personalised, Interaction Marketing implies face-to-face interaction within relationships. Marketing occurs at the individual level based on social processes and personal interactions. Relationships are established between individuals, and can occur in both a

formal and informal manner, with the parties being mutually active and adaptive. Interaction Marketing is truly “with” the customer in both a formal and informal manner. Both parties are mutually active and adaptive.

Interaction Marketing is truly “with” the customer since both parties in the dyad invest resources to develop a mutually beneficial and interpersonal relationship.

Interaction Marketing is not the responsibility of only the marketer, nor are those that engage in Interaction Marketing necessarily in the position of the seller. Rather, this approach can involve a number of individuals across functions and levels in the firm, and may encompass both buying and selling activities (Coviello et al. 2003).

#### **2.4.4 Network Marketing:**

Network Marketing can be described as the connected relationships between firms (Rocks et al, 2005). There are multiple parties involved. These include the seller, buyers and other firms that have an impact (directly or indirectly) on the relationship. Firms communicate with companies involving individuals. The contact can range from impersonal to interpersonal and distant to close. The relationship is continuous and can be described as stable yet dynamic. This relationship can also be short or long-term. Network Marketing can be formal and informal at both business and social levels. In terms of the balance of power, all firms are active and adaptive.

Network Marketing is developing inter-firm relationships to allow for coordination of activities between multi-parties for mutual benefit, resource exchange. There is little consensus among scholars on precisely what innovation network is or indeed when an innovation network is said to exist, but there is some agreement that network is more than a series of supplier and customer relationship(Trott, 2005). Some networks have been

described as federated in that a set of loosely affiliated firms work relatively autonomously but none the less engage in mutual monitoring and control of one another (Day and David 1999,).

Other networks can be viewed more as a temporary web, in which firms coalesce around one firm or a business opportunity. For example, following most natural disasters around the world, a collection of organisations, including emergency services, government departments, charities and volunteer groups quickly bind together as a network to tackle the immediate problems.

Other networks are sometimes referred to as strategic partnerships and usually evolve from long-standing supplier relationships. Through repeated dealings, trust and personal relationships evolve. For example, firms with an established track record in supplying materials, components, e.t.c., to an agricultural marketing firm may well find themselves becoming involved in additional activities such as concept testing and product development. This may also include universities, government agencies and competitors.

Finally, the framework describes Network Marketing as occurring across organisations, where firms commit resources to develop a position in a network of relationships. This is generally accomplished through business and social transactions overtime resulting from the development and maintenance of individual, interaction-based relationships. Therefore, Network Marketing encompasses relationships at both the individual and firm levels. Because the relationships are part of a larger network, there is much variety. They can range from interpersonal to impersonal; have varying levels of power and dependence, as well as degrees of communication. This approach may be conducted at a general

management level by members of other functional areas in the organisation performing marketing duties, or from outside the organisation. Relationships may be with customers, distributors, suppliers, competitors, and so on.

#### **2.4.5. Classifying Marketing Practices**

The classification scheme developed by Coviello et al. (1997) and operationalised by Brodie et al. (2007) and Coviello et al. (2002) is based on a synthesis of both the European and North American academic marketing literature, and draws on the service, interaction, channels, and network streams of research. The framework was developed by systematically examining how previous researchers conceptualised Marketing, and more specifically Relationship Marketing. Special attention was given to the way the publication defined and used various terms associated with Marketing. In addition, a number of interviews with marketing practitioners were used to refine the framework. The framework distinguishes between Transactional Marketing (TM), Database Marketing (DM), Interaction Marketing (IM) and Network Marketing (NM). Succinctly, these are:

- *Transaction Marketing*: managing the marketing mix to attract and satisfy customers;
- *Database Marketing*: using technology-based tools to target and retain customers;
- *Interaction Marketing*: developing interpersonal relationships to create cooperative interaction between buyers and sellers for mutual benefit; and
- *Network Marketing*: developing inter-firm relationships to allow for coordination of activities between multiple parties for mutual benefit, resource exchange, etc. Nine dimensions (see Table 2.1) define these four aspects of marketing practice.

**Table 2.1. Thirty Six Interrelationships of Marketing Contact and Activities**

	<b>Transaction Marketing</b>	<b>Database Marketing</b>	<b>Interaction Marketing</b>	<b>Network Marketing</b>
Purpose of Exchange	Economic Transaction	Information and Economic Transaction	Interactive Relationships Between a Buyer and Seller	Connected Relationships Between Firms
Nature of Communication	Firm to Mass Market	Firm to Targeted Segment or Individuals	Individual “with” Individuals (across organisations)	Firms “with” Firms (involving individuals)
Type of Contact	Arms-Length, Impersonal	Personalised (yet distant)	Face-to-Face, Interpersonal (close, based on commitment, trust, and cooperation)	Impersonal-Interpersonal (ranging from distant to close)
Duration of Exchange	Discrete (yet perhaps over time)	Discrete and overtime	Continuous (ongoing and mutually adaptive, may be short or long-term)	Continuous (stable yet dynamic, may be short or long-term)
Formality in Exchange	Formal	Formal(yet personalised via technology)	Formal and informal (i.e. at both a business and social level)	Formal and informal (i.e. at both business and social levels)
Managerial intent	Customer Attraction (to satisfy the customer at a profit)	Customer Retention (to satisfy the customer, increase profit, and attain other objectives such as increased loyalty, decreased customer risk, etc)	Interaction (to establish, develop, and facilitate a cooperative relationship for mutual benefit)	Co-ordination (interaction between sellers, buyers and other parties across multiple firms for mutual benefit, resource exchange, market access, etc)
Managerial focus	Product or Brand	Product/Brand and Customers (in a targeted market)	Relationships Between Individuals	Connected Relationships Between Firms (in a network)
Managerial Investment	Internal Marketing Assets (focusing on product/service, price, distribution, promotion capabilities)	Internal Marketing Assets (emphasising communication, information, and technology capabilities)	External Market Assets (focusing on establishing and developing a relationship with another individual)	External Market Assets (focusing on developing the firms position in a network of firms)
Managerial Level	Functional Marketers (e.g. Sales Manager, Product Development Manager)	Special Marketers (e.g. Customer Service Manager, Loyalty Manager)	Managers from across functions and levels in the firm	General Manager

Source: Adapted From Coviello et al. 1997: 2000

From Table 2.1 above, it can be seen that Transaction Marketing is defined as focusing on the exchange process between customers and suppliers, and is centered on discrete economic transactions. While the single transactions may continue over time, they are largely treated in isolation, at arm’s length and mainly in the context of formal, impersonal processes. Database Marketing involves both economic and information exchange. In this case, relationships do not generally involve ongoing interpersonal communication and interaction between individuals, but some attempts to “personalise” the relationship, through the use of technology are made.

While Database Marketing involves a distant form of relationship, Interaction Marketing implies face-to-face interaction within the relationship. Thus, it is a process where individuals initiate and handle complex, personal interactions. The totality of relationships in a market or industry (i.e., the multiple, networked relationships between firms) is the focus of Network Marketing.

It is important to note that the classification scheme does not assume that the four aspects of marketing are mutually exclusive. It allows for pluralistic patterns. More importantly, emphasis is placed on identifying dimensions relevant to actual marketing practice, rather than replicating all theoretical constructs underlying the nature of relationships per se.

#### **2.4.6 Relationship Marketing**

Relationship Marketing (RM) has been variously defined, depending on the interests and perspectives expressed. These definitions are either theoretical or practitioner-oriented. Generally, Relationship Marketing deals with identifying, establishing, maintaining, enhancing and, when necessary, terminating relationships with customers, clients and other stakeholders for mutual benefits via exchange, relationship and fulfillment of promises (Gronroos, 1994a). Harker (1999) listed 26 definitions of RM and posits that Gronroos's (1994b) definition of relationship marketing is "the best". Also, Harker (1999) isolated the primary constructs of relationship marketing to include creation (i.e. attracting establishing, getting), developing (i.e. sustaining, stabilising, keeping), interactive (i.e. exchanging, mutuality, cooperative), long-term (i.e. lasting, permanent, retaining), emotional content (i.e. commitment, trust, promises), and output (i.e. profitable, rewarding, efficiency).

Furthermore, the goals of Relationship Marketing have been seen to include the creation and sustenance of long-term relationships between an organisation and its customers and



clients (Rapp and Collins, 1990). According to Christopher et al. (1991), Relationship Marketing is an approach which integrates marketing, customer/client service and quality; emphasises on customer/client retention; an orientation on product or service benefit; a long-term scale; a high customer/client commitment and contract; and the managerial culture that quality is everybody's concern in the organisation. Therefore, the evolution of Relationship Marketing and the advocacy of extending it to the management of exchange processes within the consumer market (as opposed to industrial market) means that there is an increased interest in the treatment of consumers as individuals rather than as groups (Sheth and Parvatiya, 2002; Long et al., 1999; Chattopadhyay, 2001; Gronroos, 2002; Rao and Perry, 2002; Sheth, 2002; Durkin and Howcroft, 2003; Rashid, 2003; Singh, 2003).

Relationship Marketing is often proposed as a solution to the critique that most marketing theories and approaches appear to be more suited to large companies than small enterprises. It is remarkable that although numerous authors now use the term Relational Marketing (RM), few provide a definition for it. Indeed, Achumba (2000) posits that the perception of RM varies between authors.

McKenna (1991) provides a useful overview, which highlights a more strategic view of Relationship Marketing. He emphasises putting the customer first and shifting the role of marketing from manipulating the customer, to genuine customer involvement. Berry (1983), in somewhat broader terms, also has a strategic viewpoint on Relationship Marketing. He stresses that attracting new customers should be viewed only as an intermediate step in the marketing process. Developing closer relations with the customers and making them loyal are equally important aspects of marketing. Berry (1983) was among the first to introduce the term "Relationship Marketing" as a modern concept in marketing. He suggested that this "new" approach should be defined as attracting,

maintaining and enhancing customer relationship. Some authors such as Achumba (2004) argues that a company's very survival will depend on moving very close to customers, fully understanding customer needs and wants, building a relationship and thus developing an attitude of consistent customer dedication.

Achumba further highlights characteristics of Relationship Marketing thus:

- It focuses on partners and customers rather than on the company's products;
- It puts more emphasis on customer retention and growth than on customer acquisition;
- It relies on cross-functional teams rather than on departmental level work; and
- It relies more on listening and learning than on talking.

A small firm's marketing advantage, in contrast to a large firm, is precisely these close relationships between entrepreneurs and customers. We noted earlier that small firms often have a narrow customer-base and that customers are usually concentrated in a local market. This often translates into shorter lines of communication between the enterprise and its customers. Entrepreneurs consequently often know their customers personally and the result of such close relationship interactions leads to several benefits, including customer loyalty and higher levels of customer satisfaction.

Another aspect that helps cement the relationship between the entrepreneur and the customer is the flexibility of the small firm, which are usually more flexible in responding to customer inquiries (Carson et al, 1995).

Finally, one of the biggest advantages for the small firm is easy access to market information. Entrepreneurs are close to their customers and market, and also close to their staff. The entrepreneur usually gathers information in an informal manner and prefers face-

to-face communication in doing so. As a result, entrepreneurs can access vital, timely and inexpensive market information. Furthermore, such close relationships allow them to use the information gathered to make better informed marketing decisions. Empirical facts have shown that although many small firm entrepreneurs do this, they do it unconsciously. Nonetheless, the ability to gather and use information in this manner gives the small firm a critical advantage over a large company (Stokes et al., 2000).

## **2.5 INFORMATION TECHNOLOGY AND CONTEMPORARY MARKETING PRACTICE**

The past few decades have seen the growing ubiquity of information technologies (ITs) into both private and business lives. IT's rapid development and deployment are due to a number of related factors, including the convergence of four IT streams (computers, consumer electronics, telecommunications and software); unprecedented increases in the performance levels of core technologies (memory, processing speed and transmission capacity); developments in master databases and complex decision support systems; and increased collaborative networking capabilities (Coviello, Milley and Marcolin (2001). IT developments are providing impressive gains to users, ranging from continuous price/performance improvements to the creation of new forms of IT-enabled interactions and relationships between participants, such as via the Internet and digital mobile communications.

For some, the claim that "the Internet changes everything" has become a metaphor for a possible IT-led marketing transformation. The extent to which information technologies are reshaping marketing practices has become the subject of intense discussion. What is perhaps most challenging for many marketers is that they are accommodating the impacts of IT developments at the same time as they grapple with efforts to build a more relational

approach to their marketing practices. These two issues are not mutually exclusive for, as Gummesson (2002, p. 12) says, “IT has a lot in common with RM,” adding, “Just like in RM, the heart of IT is relationships, networks and interaction” (p. 102). For example, in an examination of the scholarly publications on the impacts of information technologies on marketing, Coviello, Milley and Marcolin (2002) note that the Internet creates new opportunities for firms to engage in “IT-enabled interactivity,” that is, “the creation of electronic dialogue with customers to allow for not only personalisation but customisation, and as such, enhanced customer relationships” (Deighton 1996, p. 151).

Based on researcher’s interpretation of extant publications, four different schools of thought pertaining to the impact of IT-enabled interactivity on contemporary marketing have been identified. That is, the advances in interactivity enabled by IT offer a supporting tool for marketers, a new channel, an opportunity for revolutionising the organisation, or some balance of these. These schools of thought seem to mirror the views of Orlikowski (2000), who suggests that IT can play three roles within organisations: inertia, application, and change. The “inertia role” occurs when IT reinforces and *preserves* the status quo in that it is simply applied as a tool in the current business. The “application role” is when IT reinforces but *enhances* the status quo, and the “change role” occurs when IT *transforms* the status quo; that is when IT is treated as a philosophy, infusing every business consideration. Each of these roles reflects a different level of IT integration in the organisation. Considering the various marketing approaches outlined in this paper, one can see how these three IT roles could lead to different scenarios for an organisation. Table 2.2 illustrates these different scenarios through examples of predominant technology within Transaction, Database, Interaction, and Network marketing, and under the IT roles of inertia, application, and change.

**TABLE 2.2**  
**Example of IT Assuming Different Roles in Marketing Practice**

<b>Role of IT</b>	<b>Approach to IT</b>	<b>Transaction Marketing</b>	<b>Database Marketing</b>	<b>Interaction Marketing</b>	<b>Network Marketing</b>
<b>Initial Role</b>	IT as a reinforcing tool	Transaction processing	Database	Interactive catalogue site Two-way	Simple document exchange through e-mail Intranet/Extranet
<b>Application Role</b>	IT as an enhancing tool	Buy/sell transaction	Data Mining	Technical chat	Sophisticated rooms for information on Individuals. Exchange between Groups.
<b>Change Role</b>	IT as a transforming philosophy	Not possible	Not possible	Not possible	Not possible

Source: Coviello, Milley and Marcolin, (2001)

Overall, we see that all four marketing approaches can employ IT as a tool in the inertial role using a wide variety of technologies. Furthermore, all can create a situation where IT is an application that enhances the status quo. Now, we consider these points in greater detail. First, we argue that all five approaches can treat IT as a reinforcing tool in an inertial role. In this context, Transaction Marketing employs technology to process the volumes of transactions that are at the heart of this approach. Database Marketing employs database technology to capture and organise customer information. Interaction Marketing can employ a range of technologies including two-way email communication to support the person-to-person interaction that drives this practice. Finally, Network Marketing also employs a variety of technologies, such as intranets/extranets, to support its network of group interactions.

Second, we argue that all four marketing approaches have the ability to use IT to extend or enhance the existing business model. This does not, however, change the basic business approach or structure. For instance, Transaction Marketing can automate the buy-sell transaction process, but is often limited in its electronic reach and maintains its basic business processes. Database Marketing enhances the business by moving into data mining

and trying to sell more to the existing customers, while Interaction and Network Marketing expand the use of IT by more fully automating the interaction and communication between individuals or within groups. This can range from using chat rooms to seek/provide advice on technical matters, to multiple networked firms negotiating/brokering complex decisions through sophisticated information exchange in, for example, an electronic auction site. Note that where IT is cast in a change or transformational role such that it is the core philosophy underlying the marketing structure and all related processes. Technology is now considered for what it is capable of doing in general, and not just how it can support or enhance current marketing processes. The broader capability of IT is harnessed and exploited, and not ignored as is often the case when IT is cast in an inertial or application role. Business processes are constantly rethought and reconsidered. The Staff is encouraged to consider problems or opportunities more broadly and encompass far-reaching networks if it serves a broader purpose.

The shift in focus to harnessing technological capability and transforming marketing practices is a difference in magnitude from the other roles for technology, and defines the role of IT as a change agent (Rebolledo and Ricard, 2005). The other marketing approaches are not able to reach this status as any shift in focus would abandon their roots. Basically, they would become e-Marketing. Following from the above, we believe that only firms employing e-Marketing have the potential to fundamentally change their business model. At the same time, however, it is possible to employ e-Marketing and *not* transform the organisation. Thus, not all companies will necessarily progress through Orlikowski's (2000) three stages. Rather, we argue that while some firms will move from inertial to application and to transformation, others will not. Thus, while some firms will

use IT to "change" their business model, others will use IT-enabled interactivity to only enhance their business processes and yet others may use it to essentially maintain the status quo.

Furthermore, this decision may be based on strategic considerations. Like Orlikowski (2000), we also believe that some firms will apply IT in a combination of roles, thus achieving a balance based on different business or market requirements. We believe that the extent to which this occurs is likely to be influenced by a number of factors, including the nature of the product, that is, the extent to which the product has a physical form and presence for the customer versus the extent to which it can be represented as digital data (Peterson, Balasubramanian, & Bronnenberg, 1997; Sahay, Gould, & Barwise, 1998).

## **2. 6. PERSPECTIVES ON MARKETING STRATEGY RESEARCH**

As seen in the field's literature, marketing scholars utilise the Contingency Theory for theory building. Zhonga et al (2004) highlight the common use of the theory in the contexts of marketing organisations, strategic marketing, and marketing behavior. Hitherto, scholars in Strategic Marketing deployed the theory to investigate environmental influences on marketing strategy. However, considering the important role of marketing strategy to achieve superior performance in the current turbulent business environment, marketing strategy researchers need to expand their research focus to encompass not only environmental impacts on the content of marketing strategy but also to take account of the influence of environment on the process of marketing strategy formulation and implementation. As with strategy research in general therefore, studies of marketing

strategy, based on their focus, can be classified into content and process studies. The following section discusses them in detail.

### **2. 6. 1. Marketing Strategy Content Studies**

Besides their contribution to the selection of appropriate product-market combinations (Jemison, 1980), marketing researchers also contributed work on the importance of product life cycle in strategy making. As indicated by Anderson (1984), strategy should fit with the product life cycle to gain better performance. They found difference determinants of return on investment (ROI) in the growth and maturity stages of product life cycle. While marketing variables determined the ROI in the growth stage, industry variables influenced the ROI in the maturity stage. Product competition and efficiency variables affected the ROI in both stages, even though the effect was much higher in maturity than in the growth stage.

In addition, researchers also investigate environmental and organisational influences on the selection of marketing strategy. Burke (1984) reveals that market attractiveness and managers' reward systems are positively associated with build strategy, but entry barriers and synergy had a negative impact on it. This indicates that managers might choose a build strategy when the market is profitable, has good future prospects and is easy to enter. This intention might be enhanced when the reward system for the managers emphasise short run organisational performance. Since implementing a build strategy might require many resources, it would lead to low levels of organisational synergy. On the other hand, managers might select a hold or pull back strategy when they perceive that the market is not buoyant. Lisa (2003) discovers that increases in resource constraints amplified competitive intensity. Lisa also discovers that this increase in competitive intensity makes



organisations emphasise non-price marketing strategy, though it does not lead to a better performance. Lusch and Laczniak argue for an insignificant relationship between marketing strategy and performance, because a more intensive competition market forces most organisations to engage in intensive promotion and new product development, which suppressed short-term performance.

McDaniel and Kolari (1987) investigated the relationship between strategy types and marketing strategy orientation. They discovered significant differences in marketing orientation between Defenders and Prospectors, as well as between Defenders and Analyzers. Prospectors and Analyzers employ more proactive marketing strategy than Defenders. They engage in more activities geared towards new product development, promotion, and marketing research than Defenders. McKee, Varadarajan, and Pride (1989) found similar results. They discovered significant differences in marketing tactics among Reactors, Defenders, Analyzers and Prospectors. Organisations with more adaptive strategy types might focus more on marketing efforts. Prospectors, for example, tended to use more scanning and product development efforts than the other strategy types. However, there were no differences between Defenders and Analyzers. Significant differences only existed between Defenders and Prospectors (Rajaratman and Chonko, 1995). Defenders tended to organise their marketing department on more functional structure than Prospectors. Rajaratman and Chonko (1995) also indicated that centralisation of power seems to exist in Reactors, but not in the others. Prospectors tended to develop a more specialised organisation structure and seek greater market penetration and product development. They expended greater effort in marketing than Defenders, Analyzers and Reactors. In relation to marketing effort, Defenders spent more significantly than Reactors.

Finally, they revealed that Reactors had lower performance, either in term of earning/sales growth rate or return on sales/ investment than the other three types of business strategy. There were no differences in performance among these three.

Marketing researchers have also investigated the importance of the role of marketing strategy in exporting organisations. Makhija (2003), for instance, discovered that export marketing strategy was the key success factor of export performance in term of export sales, growth, and profits, while market and organisational factors only influenced export sales. Makhija also indicated the existence of inter-correlation and association among variables, especially in regard to the characteristics of firms and their markets. This meant that even though those variables did not have any significant relationship with export performance, they still had an indirect influence on it.

Strengthening Makhija's findings, Cavusgil and Zou's (2004) discovered that product adaptation, support to foreign distributors/subsidiaries, international competence and commitment enhanced the performance of export ventures. They also found out that the internal and external organisational environments influenced export marketing strategy. The most critical determinant of strategy was the technological orientation of an industry. It significantly determined all variables of the marketing strategy. Export market competitiveness also affected the strategy variables, except for price competitiveness. This indicated that managers did not use price as a weapon in coping with market pressure.

In addition, organisational international competence and experience with the product determined product and promotion adaptation. Management commitment to the venture affected only the support given to distributors and subsidiaries. And, whereas product uniqueness determined product and promotion adaptations, the only effect of cultural specificity of product was on product adaptation. To succeed in entering global markets,

entrepreneurship became a key orientation, especially for small and medium organisations (Knight, 2008). Such organisations made some preparations before entering the international market. They performed such activities as international market research, commitment of appropriate resources, and the adaptation of product and marketing dimensions. In addition, organisations employing a marketing leadership strategy tended to respond to Globalisation by being sensitive to its imperatives, modifying marketing and other strategies as needed.

In conclusion, to gain superior performance organisations should fit their marketing strategy to the current market environment. Centralisation of power impedes the ability of organisations to be more adaptive and leads to lower performance Orlando (2005) Rajaratman and Chonko, 1995). To be sensitive to environmental changes, organisations should employ a decentralised marketing structure. This enables marketing managers to easily adapt to environmental changes, and to achieve strategy – environment fit. Table 2.3 below presents empirical evidence on marketing strategy content research.

**Table 2.3: Summary of Selected Empirical Studies on Marketing Strategy Content**

Authors	Subject/Research Method	Variables studied	Analytical Tools	Key Findings
Anderson (1984).	1,234 industrial manufacturing companies in PIMS data base.	Product life cycle (growth, maturity).	ANOVA and Multiple Regression Analysis.	Many strategy variables significantly correlate to superior performance.
Burke (1984)	86 marketing managers. Data were collected through questionnaires	Environment variables (market attractiveness, relative competitive strength, level of uncertainty, exit, and entry barriers).	MANOVA, ANCOVA, Multiple Discriminant Analysis.	Environment and organisational factors influence managers in selecting their marketing strategy.
McDaniel & Kolari (1987)	279 marketing managers of U.S. banks. Mailed questionnaires were used to collect data.	Marketing environment, strategy types.	Cluster, Multiple Discriminant Analyses, MANOVA, ANOVA.	Significant differences in marketing orientation between Defenders and Prospectors, as well as between Defenders and Analysers.
Madsen (1989)	134 managers of Denmark industrial companies. Mailed questionnaires were used to collect data	Market and organisational characteristics, export marketing strategy, and export performance	ANOVA and Multiple Regression Analysis	Export marketing strategy is the key success factor of export performance in term of export sales, growth, and profits.
McKee, Varadaraj and Pride (1989)	333 managers of U.S. Banks. Data were collected through mailed questionnaires	Market environment /validity, organisation strategy type.	ANOVA and Non-Parametric Test of Correlation Analysis	Significant differences in marketing tactics among Reactors, Defenders, Analysers, and Prospectors.
Lisa (2002)	103 executives of fortune 500 companies. Data were	Resource constraints, Structural fluctuations,	Structural Equation Modeling (LISREL)	Association found between resource constraints and structural fluctuations.

	collected by mailed questionnaires.	Competitive intensity, marketing strategies (product, promotion, & distribution), performance		
Cavusgil and Zou (2004)	202 marketing managers of U.S. Exporting companies. Data were collected through indepth interviews.	Industry characteristics, Market characteristics, Organisational characteristics, product characteristics.	Exploratory, Confirmatory Factor, and Path Analyses	Product adaptation, support to foreign distributors/subsidiary, international competence, commitment to export venture enhance the performance of export ventures.
Rajaratnam & Chonko (2005)	410 marketing managers of service organisations. Data were collected through mailed questionnaires	Organisation structure, marketing organisation, growth strategy, strategic orientation, and performance	ANOVA and MANOVA	No difference between Defenders and Analysers in organising the marketing department. Significant differences only exist between Defenders and Prospectors: Defenders tend to organise their marketing departments on a more functional structure than do Prospectors.
O'Sullivan D & Abela A.V (2007)	45 executives of MNCs in Turkey. Data were collected through interview in 1988 and 1994. Target market	Similarities, standardised marketing strategy, marketing structure (the degree of centralisation of decision-making), and performance.	Structural Equation Modeling	The contingency model of target market similarities (TMS), standardised marketing strategy (SMS), marketing structure (CS), and performance relationship is significant for both periods of time.
Knight (2008)	216 CEOs of small and medium enterprises (SMEs). Data were collected through mailed questionnaires.	Globalisation, entrepreneurial orientation, marketing strategy (product specialisation, marketing, and quality leadership), technology acquisition, globalisation response, internationalisation preparation, and performance	Factor, Correlation, and Multiple Regression Analyses.	Entrepreneurial orientation correlates to all of the marketing strategies: product specialisation, marketing, and quality leadership, especially for SMEs working in high globalisation environment. In addition, new technological acquisition associates with these strategies

**Source:** Compiled by the Researcher from selected Journal Articles.

## 2. 7. ROLES OF THE MARKETING MANAGER AND MARKETING

### CONCEPT IN ORGANISATIONS

Organisations must fit with their environment or they fail (Azzoline and Khare 2005). However, making the organisation fit to its environment depends on the top managements' perception of the environment, as top management makes strategic decisions based not on the environment itself, but on their perceptions of environmental realities. The effectiveness of strategic decisions therefore, is subject to the match of top managements' perceptions of environment and resources capabilities to their realities (Antonio and Gregorio, 2005; Allio, 2005). To increase the match of these perceptions to their realities, top management should improve the quantity and quality of the environmental information (Powell, 2002). However, in a complex and dynamic organisational environment, top

management cannot detect, interpret and handle the environmental changes by themselves (Wan and Hoskissan, 2003), as their information capacity and the time available do not enable them to do so. They must rely on their middle managers' support for all strategic information (Bargal and Sharma 2008). The middle managers' inputs will expose top management to the strategic issues through the viewpoints of those closer to the actual operations of the organisation.

Since middle managers can direct and influence top managements' strategic decision-making by presenting the strategic issues in appropriate ways, they have to compete with the other managers to attract the top managements' attention (Doherty and Delener, 2001). However top management will not place equal value on the strategic issues provided by their middle managers. As asserted by Dibbs (2005), those coalition participants who provide crucial resources would have more influence and control over the organisation. In other words, some departments or sub-organisations will be more influential than others, as they are seen as being critical to the success of the organisation as a whole. For example, the increase of unionism in the 1930's enhanced the role and influence of industrial departments in large corporations.

From this perspective, a manager who is responsible for the marketing area would play a crucial role in providing strategic information to top management to satisfy long-term needs of customer coalition. In other words, a marketing manager can persuade top management to implement a marketing concept (Anderson, 1984). The marketing concept posit that the key to profitability is not current sales volume, but long-term customer satisfaction.

The only valid definition of business purpose is to create a satisfied customer, and in doing so, any business enterprise has two basic functions: marketing and innovation (Dinis,

2006). Top management is responsible for creating this environment, viewpoint, attitude, and aspiration. These expressions of marketing concept indicate that the executive must put customer's interests as top of the firm's priorities. Its product should be tailored and modified in respond to changing customer needs. Profit is not the objective; it is just the reward for creating satisfied customers (Li, 2005).

The Marketing Concept became popular in business in the 1960s. Evidence indicated that both large and medium manufacturing firms, to a large extent, adopt it (Herche, 1994). There was an inclination that large firms were more fully committed to adopting and implementing the Marketing Concept than small and medium ones. Similarly, consumer goods' firms tended to adopt and implement the Marketing Concept to a greater degree than industrial ones (Menon et al, 1999). However significant variations in the response pattern among practitioners and academicians indicated that few firms were able to implement the Marketing Concept on a day-to-day basis. Banerje (2001) reported that many firms' moves to become more marketing-oriented fell into the "trappings" of Marketing rather than the substance. There was no fundamental shift in thinking and attitudes throughout the firm, and this was what was needed to ensure that everyone in every functional area placed paramount importance on being responsive to market needs. If there was no change in thinking and attitude, even most highly developed marketing operation could not produce any real result.

These inappropriate implementations of the Marketing Concept not only generated unintended results but also caused some criticisms of the pertinence of the concept. Beal et al. (2000) suggested that the businessman's operational interpretation of customer orientation had not approached the philosophical meaning of providing customer satisfaction. It appeared that customer orientation had meant little more than looking to the

customer for guidance as to what can be sold for profit. This implied that customer knowledge was simply a means to persuade or even to manipulate the customer.

The Marketing Concept was also blamed for the lack competitiveness of American businesses. The implementation of the concept had led American businesses to cut their Research and Development (R&D) investment, resulting in the slow death of product innovation. The concept had diverted attention away from product and its manufacture to market research, advertising, selling, and promotion, to the detriment of product value (Bourgeois, 1985).

The emergence of the corporate strategic planning concept further reduced the adoption of the Marketing Concept in organisations. The fundamental purposes of strategic planning were to maintain the competitive strength of the firm and to improve its internal efficiency, whereas the corporate objectives were mostly focused on the achievement of certain returns on investment and market share (Rust et al, 2004). Stratis and Powers (2001) considered that this concept viewed market opportunities in terms of the market's growth rate and the firm's ability to dominate its chosen market segments. In other words, it defined market as aggregations of competitors, not as customers.

In addition, Stratis and Powers (2001) believe that the Strategic Planning Concept not only shifts the management focus on to customers, but also removes the marketing role in strategic decision-making. This belief is based on Rusts classification of "Marketing Strategy" as an operation decision, not a strategic decision. In Rust's opinion, strategic decisions involve the selection of product-market mix, products to be offered, and markets to which the products were to be sold. He did not consider those decisions to be Marketing decisions because he defined Marketing as a broad activity concerned with creating

product acceptance, advertising, sales promotion, selling, distributing the product (including transportation and warehousing) contract administration, sales analysis, and very importantly, servicing the product (Rust et al, 2004). This made the role of Marketing setback to its traditional that is, merely creating demand for the products. Therefore, it was not so surprising when Stratis and Power (2001) found that many qualified marketing executives prefer to move into a strategic planning position than to stay in marketing one. They also discovered that marketing people failed to think creatively to provide proper stimulation and guidance for Research and Development (R&D) and product development. Marketing people did not like to take risks and were unable to approach problems in an innovative and entrepreneurial fashion. Stratis and Powers (2001) believed that these problems arose because of pressure of short-term sale volume and financial results on marketing people.

Bruning (1994) noticed this lack of strategic orientation of marketing in the early 80's. He asserted that marketing does have a rich basis for hypothesising about strategic situations and a growing body of techniques to explore these hypotheses. Most reported studies, however, involved ad hoc problem-oriented research, with little attempt to integrate and extend the relationship to other situations. Bruning posited that many marketers were scientists in the solving problems at brand, or, occasionally, at product level, but not in the theory-building sense.

Supporting this position, Percy and Rich (2004) stated that marketing discipline was dominated by Marketing management, which was fundamentally concerned with the design of Marketing programmes and did not focus on the mission of a firm nor on how to gain competitive or consumer advantage. They identified seven limitations within the



Marketing discipline that should be addressed and corrected. These included a fixation with the brand as the unit analysis, the interdisciplinary isolation of Marketing, the failure to examine synergy in the design of the Marketing programme, Marketing's short run orientation, lack of rigorous competitive analysis, the lack of international orientation, and the lack of an integrated strategic framework. Similar concern was also voiced by Percy (2006), who argued that marketers were too slow in addressing some of the important issues of the past decade, and tended to stay too long with outmoded characterisation of strategy processes and issues.

However, environmental changes in the 80s influenced the implementation of the Corporate Strategic Planning concept. The resulting changes could lead to the future business environment being characterised by an unprecedented level of diversity, knowledge richness, and turbulence (Polonsky, 2000). The main cause of these environmental changes was the rapid proliferation of technology. Manufacturing firms must modify their production systems and patterns with new technology. In some cases, the new technology shortened the product's market life cycle. Technological development has moved the world toward a borderless marketplace. In other words, it has created global competition. Finally, technology, especially new information technology, has made consumers better informed, more knowledgeable, and more sophisticated in their choice processes (Coviello et al, 2001; Rebolledo and Ricard, 2005).

The concept of Strategic Planning could not cope with these environmental changes. The adoption of the concept has made firms become large, bureaucratic and hierarchical organisations, and hence unable to change quickly. To cope with environmental changes, many firms developed new organisational forms. These new organisations emphasised partnership between firms, multiple types of ownership and partnering within the

organisation, teamwork among members of the organisation, and often place less emphasis on formal contracting and managerial reporting, evaluation, and control. In addition to providing flexibility and acceleration in responding to environmental changes, the purpose of the new forms of organisation was to build long-term strategic alliances and customer relationships (Samli, 2006).

Also, the discovery of the importance of product quality in determining profitability was another factor that makes the concept of corporate strategic planning to become outmoded. It was found that the higher prices associated with higher product quality did not deter market penetration. Thus quality had a positive effect on return on investment indirectly through its influence on market share (Al-Khatib, et al, 2002). This discovery did not only force reinterpretation of Profit Impact of Marketing Strategy (PIMS) data that emerged as a quality strategy model but also drove the emergence of Total Quality Management (TQM) which was a concept and tool for getting all employees focused on continuous product or service improvement in the eyes of customers (Polonsky, 2001).

The radical changes in business environment and the discovery of the strategic role of quality have led to a rediscovery of the Marketing Concept. As indicated by Samli (2006), many firms such as General Electric, GTE, 3 M, Hewlett-Packard and Ford have redesigned their marketing organisations. Harris and Ruefli (2000) restated the importance of customer satisfaction and the Marketing Concept. They claim that marketing is not a function, but a way of doing business. Meanwhile, Moller (2006) suggests re-definition of Marketing's role in this new business environment. He believes that Marketing operates on three distinct levels of strategy: the corporate, the business or SBU and the functional or operating level. He also identified three dimensions of Marketing - Marketing as culture, Marketing as strategy, and Marketing as tactics. He further explained that though each

marketing dimension was found at each level of strategy, the emphasis accorded the separate dimensions of marketing varied with the level of strategy and the level within the hierarchy of the organisation.

Percy (2006) viewed the future role of Marketing from a different standpoint. He contended that there could be changes in the role of Marketing in the future. Marketing would become a functional fiefdom if there was no significant change in organisational structure and Marketing was already a lead function. However, Marketing would become a subordinate function if the organisation successfully implemented a hybrid structure with a strong process orientation. In this situation, Marketing is likely to occupy a subordinate role in sale support activities or as a participant in core process teams. However, if the organisation successfully executes a hybrid structure and maintains a strong marketing orientation, Marketing would hold a central guidance function.

Finally, in the current complex business environment, marketing people must be critical and creative in implementing their roles. As emphasised by Harris and Ruefli (2000), the marketers must be the integrators, both internally by synthesising technological capability with market needs and externally by bringing the customer into the company as a participant in the development and adaptation of goods and services. It is a fundamental shift in the role and purpose of Marketing: from manipulation of the customer to genuine customer involvement; from telling and selling to communicating and sharing knowledge; from last-in-function to corporate-credibility champion. This shows that the marketers must advance their capability to promote their important role. They must not only be able to maximise their customers' satisfaction, but also give a better return on investment for their companies. Evidence indicates that when marketers increase their knowledge and skill related to the product, service delivery, and financial accountability, Marketing

become a best function to manage the relationship between the organisation and its consumer (Moorman et al, 2005). The main barrier to the Marketing Concept implementation is not non-acceptance of the concept by top management but rather poor image, complacency, poor integration, and lack of a secure knowledge base of marketers themselves (Caviello et al, 2001).

However, customer orientation is too important to be left only to the Marketing people. Delivering superior value to customers is the ultimate responsibility of every person in the organisation. If this does not happen, the value of the firm is diminished. Marketing specialists are needed to keep the entire organisation focused on the customer (Webster, 1997).

## **2.10. ORGANISATION'S PERFORMANCE**

The constantly changing business environment requires firms to strive for superior competitive advantages via dynamic business plans which incorporate creativity and innovativeness. This is essentially important for their long-term sustainability. Undoubtedly, the marketing manager's input plays a significant role in enhancing firms' competitiveness (Barney, 1995). Substantial studies have been carried out on marketing management and their implications on firm performance are evident widely. Obviously, marketing management enhancement will result in greater competitiveness and performance (Agarwala, 2003; Garavan et al., 2002).

Meanwhile, there is a significant relationship between innovativeness and firm performance under the Marketing Concept Philosophy (Lumpkin and Dess, 2005). In relation to this, the definition of firm performance could vary. Nonetheless, some clear definitions of firm performance in the context of Marketing Concept enhancement could be

put forward. In some cases, financial performance measures such as percentage of sales resulting from new products, profitability, capital employed and return on assets (ROA) (Selvarajan et al., 2007; Hsu et al., 2007). Besides, return on investment (ROI), earnings per share (EPS) and net income after tax (NIAT) can also be used as measures of financial performance (Grossman, 2000). Interestingly, researchers also tend to benchmark managerial accounting indicators against the financial measures in five dimensions: 'workers compensation' (workers' compensation expenses divided by sales); 'quality' (number of errors in production); 'shrinkage' (e.g. inventory loss, defects, sales return); 'productivity' (payroll expenses divided by output); 'operating expenses' (total operating expenses divided by sales) (Wright et al., 2005).

On the other hand, firm performance can also be measured using 'perceived performance approach' (also referred to as subjective performance measure) where Likert-like scaling is used to measure firm performance from the top management perspectives (Selvarajan et al 2007).

## **2. 9. BARRIERS TO THE IMPLEMENTATION OF CONTEMPORARY MARKETING STRATEGIES.**

As discussed in the previous section, organisations that engage in contemporary marketing planning might achieve better performance than those which did not, especially in a highly competitive and changing environment. Implementing contemporary marketing planning is a multidimensional activity, which includes information inputs and analyses, planning frameworks and techniques and managerial behaviour, amongst other things. Some of the evidence also indicate that implementation of contemporary marketing planning is not as straightforward as prescribed in the books. Vorhies (1998), for instance, pointed out that

only 38 per cent of Dutch organisations described themselves as marketing-oriented companies. These organisations made annual and long-range marketing plans, and have better performance than those that did not.

Similarly, Vorhies and Morgan (2005) reported that while most Australian companies recognised the need for formal planning, not all use it. Due to the low overall awareness and usage of planning tools, McColl-Kennedy et al. posited that managers might make decisions intuitively, rather than take time to discuss and plan formally. Meanwhile, Greenley and Bayus (1994) discovered that only small numbers of the United Kingdom and U.S. companies they studied could be described as sophisticated marketing planning decision-makers who used marketing strategy as prescribed by experts. Most organisations appeared to be unsophisticated, marketing planning decision-makers that tended to ignore planning techniques and organisation information inputs, and used standard computer software in the planning process, whereas the others are classified as information seekers and “gut feeler” organisations. Many published works reported failures in implementing strategic marketing planning Goldsmith (2004); Harris and Ruefli (2000). In general, McDonald (1996) identified two common barriers-cultural, a lack of belief in marketing planning; and cognitive, a lack of knowledge and skill.

### **2. 9. 1. Cultural Dimension**

Quite often, when an organisation introduces strategic changes to improve its performance, it fails to achieve the desired result. This does not necessarily mean that the changes are theoretically wrong or bad. Rather it might be that the changes do not fit in with employees’ expectations and beliefs. As a result, the employees are not motivated and may even sabotage the implementation of the changes (Hoskissan et al, 2000) and Ruefli (2000)

argue that even managers might fail to initiate strategic marketing planning when it does not match with organisational “mind set” or culture. Coviello et al (2001) assert that an organisation is not simply a conglomeration of people and resources; it embodies a set of values and assumptions, which generates organisational culture and climate. Organisational culture could be the major strength of an organisation when it fits the strategies. However it could also be the main weakness when it prevents organisations from meeting competitive threats or from adapting to environmental changes. This indicates that to smoothen the process of strategic changes, managers should first understand the peculiar ways the organisation operates or find out the reasons - which might be perfectly good ones - why employees acted in the way they did. In other words, understanding the organisational culture would provide for the managers an unfolding context of inertia and facilitated the execution of the changes (Gerard, 2005). This perspective is based on the premise that organisational changes cannot occur unless people or members of the organisation change (Schneider, Brief, and Guzzo, 1996).

Strategic changes are only effective when they are associated with changes in the psychology of employees. To change organisational culture is always a challenging and difficult task for the managers. Goodwin and Wright (2001) distinguished between organisational culture and climate. They define organisation culture as the pattern of shared values and beliefs that helped individuals understand organisational functioning and thus provided them with the norms for behavior in the organisation, while organisational climate related to an organisation’s members’ perceptions about the extent to which the organisation was currently fulfilling their expectations.

The climate of an organisation is inferred by its members. Such inferences are based on the policies, practices, procedures, and routines that they are subject to, as well as the kinds of

behaviors that are expected, rewarded, and supported Simberova (2007). Organisational culture and climate are interrelated. Simberova (2007) argues that culture resides at a deeper level of psychology than climate, as culture is concerned with the embedded values and beliefs of its members. In other words, climate is more tangible than culture. Schneider et al. (1996) posited that culture could be changed through a focus of climate. Altering everyday policies, practices, procedures, routines, and reward systems could impact on those values and beliefs of organisation members that constituted the culture. A T & T demonstrated these changes when attempting to sell specialised services. The changing mission could not be realised simply by sending the employee to school, or by hiring new staff. The change was successfully implement only as it was backed up by modifying organisational structure and building new roles, new incentive systems, and new reward and punishment structures into operations (Hoskisson et al, 2000).

Moreover, Coviello et al (2000) believe that a strategic marketing planning process embodies a set of values and assumptions. It was not merely a sequential step of actions. Organisations that successfully implemented a planning process run on democratic principles, promote openness and commitment to the organisation, and have a collaborative climate as well as a true concern for providing customer satisfactions. This indicates that to gain a sustainable competitive advantage and to cope with environmental changes, the implementation of the marketing planning must be backed up by an innovative culture and climate. The term “innovative culture and climate” refers to the extent to which organisations emphasise inventiveness, openness to new ideas, and quick response decision-making (Menon et al, 1999). Top managers of organisations trying to implement marketing planning, therefore, should create the culture and climate needed for



the planning process. Without such conditions, strategic marketing planning is never likely to come to fruition.

### **2. 9. 2. Cognitive Dimensions**

Another barrier to contemporary marketing strategy implementation may possibly arise from managers' lack of knowledge about marketing strategy. Marketing managers often interpret marketing strategy as having to do with the financial budget or sales forecasting. Consequently many so-called marketing strategies have little or no strategic content (Piercy, 2006). This may be the result of managers' confusion between marketing function and marketing concept, and between marketing strategy and marketing tactics (McDonald, 1996).

Marketing concept is a philosophical approach to managing an organisation, rather than a series of functional activities. Moreover, marketing strategy differs from marketing tactics. Marketing strategy focuses more on the quest for long-term competitive advantage and consumer advantage in the context of the organisation's mission and corporate goals while marketing tactics concentrate more on the design of marketing mix ingredients and requirements for operating marketing programmes (Jinetcu, 2004; Wan and Hoskinsson, 2005).

Lack of marketing skill also inhibits marketing strategy implementation. In order to analyse their business environments, marketing managers can use a variety of analytical techniques, such as Ansoff Matrix, Market Segmentation, Product Life Cycle Analysis, Portfolio Management, Strengths Weaknesses Opportunities and Threats (SWOT) Analysis, and Profit Impact of Marketing Strategy (PIMS) Analysis. Research has shown that these techniques can help managers to develop strategic marketing planning. Utilisation of suitable techniques can reduce any inclination a manager might have towards

an irrational economic approach or unstructured judgmental processes that may be inconsistent with profit maximisation, and hence can improve the plan credibility (Piercy and Rich, 2004).

However, evidence showed that a gap existed between theory and practice. For example, Greenley and Bayus (1994) discovered that only a small number of U.S. and UK companies could be described as sophisticated marketing planning decision-makers. Except for this small group, few companies seemed to use the decision-making techniques advocated in prescriptive publications. Similarly, Reid (2000) found that most respondents tend to ignore the analytical technique. They did not even know the names when questioned about their familiarity with such techniques as Ansoff Matrix, PIMS, Experience Curve among others. This lack of utilisation of appropriate marketing techniques might cause the failure of a marketing strategy to realise its intended results.

Problems of understanding may be the main cause of failure to use available marketing tools. Such problems could be related to the complexity of the tools themselves or their application. Portfolio planning models, for example, are inhibited by difficulties in measurement of market growth rates and relative market shares. Bhattacharya and Xueming (2006) identified four different definitions of market growth and market shares. Market growth could be defined as real market growth, market growth, forecast real market growth, or forecast real short and long-term market growth. Market share can be described as a company's share of the served market, the company's share versus big three competitors, a company's share versus that of the largest competitor, or share index. The classification of any business into a specific portfolio position such as "dog" or "star" is very sensitive to the selection of the measurement definition. Consequently, as

demonstrated by Fodness (2005), different matrix methods are likely to generate different recommendations for the same situation.

Managers also have similar problem when applying Product Life Cycle (PLC) analysis. Defining the product class (market) to which the product belongs is also fraught with difficulties. Its definition is a key point in PLC analysis. Teck-Young (2005) claims that it is pointless for the manager to draw a PLC of his/her product without drawing a life cycle of its product class. Teck-Young (2005) further suggest that both academicians and practicing managers must understand not only the analytical techniques themselves but also the nature of interrelationship among them. This suggestion arose for two reasons. Firstly, misunderstanding of the techniques led to their being misused. Secondly, there was no single technique on its own that could solve the complexity of marketing problems. Teck-Young believes that some inputs could be used in some models/techniques and outputs of one model could be used as inputs to others. This integration of some models would of course raise another dimension of complexity. However, the availability of computer-based expert systems could overcome human weaknesses in dealing with complexity.

Srivastar and Syngkon (2007) and Stathakopoulos (1998) indicate that the use of an expert system could improve managerial decisions and organisational performance. They believe that this system does not exclude the manager's judgment and intuition, which were still very important as personal inputs and control elements in decision-making. They emphasise, however, that the manager's judgment needs to be continually augmented, refined and updated with current conditions.

## **2.10: THE HISTORY, GROWTH, USE AND POTENTIAL OF AGRO-INDUSTRIES IN NIGERIA**

Agriculture involves the cultivation of land, raising and rearing of animals for the purpose of food production for man, feed for animals and raw materials for industries. It also involves cropping, livestock, forestry and fishing, processing and marketing of agricultural products (Anyanwu et al, 1997). Before the colonial era, rural Nigeria had a fairly complex organisation (Anyanwu et al, 1997). Then, the social organisations were predominantly peasant communities producing a variety of commodity mostly to satisfy their needs with little surplus for exchange with other commodities in the community. Trading among the various communities was broadly based on barter terms and agriculture included provision of food crops for subsistence. The coming of the colonialists introduced money economy into the peasant communities. This provided an incentive for the peasant farmers to produce more cash crops for sale and eventually export to Western Europe.

According to Anyanwu et al, (1997), oil palm products alone accounted for 85 per cent of the total volume of exports in 1929. According to Johnston (1970), the growth between 1929 and 1945 was a difficult one for the export sector. The Great Depression of the 1930s in Europe and America was marked by fluctuation in world commodity prices especially primary commodity price. This disturbance lasted till the end of the war. Although the volume of Nigeria's export commodities increased during this time, the value did not increase proportionately to the volume. According to Reynolds (1975), there was another period of export boom for Nigeria between 1945 and 1954. The world economy was just recovering from the effect of the Second World War and the demand for primary products like cocoa to revitalise the industries of the advanced countries destroyed during the war

also increased. There was an increase in the prices of primary products. The threat of another world war with the outbreak of the Korean War in 1950 was another factor that led to the fast rise in prices of commodities. Nevertheless, after 1954, another period of price instability took over the export boom.

Before 1940, the export of crops was in the hands of a few foreign firms. During the Second World War, the West Africa Produce Control Board (WAPCB) was set up to deal with food exports. After the war, separate marketing boards were set up in Nigeria, Ghana, Sierra Leone and the Gambia. In Nigeria, four commodity marketing boards were set up: the Cocoa Marketing Board in 1974; the Oil Palm Produce Marketing Board; the Groundnut Marketing Board; and the Cotton Marketing Board, all in 1949. The Ghana Cocoa Marketing Board came into being in 1947 while the Sierra Leone Produce Marketing Board and the Gambia Oilseeds Marketing Board were set up in 1949. In 1954, the four Nigerian marketing boards became regional ones and handled a variety of goods. In 1970 each state had its own marketing board except some northern states which had a joint marketing board.

### **2.10.1 Functions, Operations and Importance of Marketing Boards**

#### **Functions of Marketing Boards**

Their three main functions are:

- a) To market export crops;
- b) To stabilise price of producers; and
- c) To promote economic development.

## **How Marketing Boards Operate**

Under the Marketing Board System, licences are issued to producers to buy export crops from growers (Ogwo 1984). These traders act as agents for the marketing board and are responsible for the delivery of crops to the port of shipment. The agent pays growers prices fixed by the board. The board also decides how crops are to be graded and what each grade will cost. The agents are paid a commission for their work. This payment covers the agent's costs, such as insurance, the cost of bags and the cost of transport.

Before the buying season for each of the crops under their control, the marketing boards usually announce a fixed minimum price payable to producers. Agents have to pay this price throughout the season. Only occasionally is the price changed during the season. The marketing boards are responsible for the sale of crops to buyers overseas. A marketing board's profit depends on the price paid for crops overseas, and the price it has paid to producers. From this gross profit, the agent's commission, administrative costs and export duties have to be deducted, leaving the board with the net profits.

## **Responsibilities of Marketing Boards**

- a) To stabilise producer prices. They do this by putting their revenue into special fund, called Stabilisation Fund; when prices fall, money from the Fund is used to keep prices up to protect farmers' incomes;
- b) To finance research and improve marketing facilities; and
- c) To provide loans and grants on behalf of the government.

Whether the marketing boards make profit or not depends on price fluctuation at the world market and prices paid to producers locally.

## **The Importance of the Marketing Boards**

The following are the importance of marketing board according to Lapenu (2000).

- a) The export of crops is done in an orderly and efficient way.
- b) Farmers know what prices they will receive and can plan their output.
- c) The marketing boards have encouraged cooperative marketing societies, thus reducing the monopoly powers of the big foreign export companies.
- d) The boards try to keep prices stable within crop seasons and from year to year.
- e) By grading crops, farmers are encouraged to produce higher grades, thereby increasing their incomes.
- f) The collection of export duties is made easy because exports are centralised through the marketing boards.
- g) The marketing boards provide valuable investment capital for the government. Some of the boards have used their profits to set up subsidiary firms in the fields of banking, agriculture and real estate.

The main criticism of the marketing boards is that they have been used as instruments for taxing farmers extensively.

### **2.10.2 Functions, Operations, Importance of Indigenous Agro Processing Industries**

In Nigeria, the dominant strategy of industrialisation has been import substitution (Otokiti, 2004). Efforts have been made to produce many consumer goods instead of importing them. One rationale for the adoption of this strategy was to encourage domestic production of these consumer goods (by importing components and engaging in final assembly) and thereby “industrialise from the top downwards with a view to producing intermediate and capital goods. This strategy resulted in the emergence of protected enterprises, including

agro-based industries, which were not based on national factor endowments, with the result that their products were not only “new” and appealing to the Nigerian populace but often shifted demand away from their traditional counterparts and substitutes.

Two examples of this type of industrialisation in Nigeria according to Ayoola (2001) can be illustrated. Firstly, many food processing industries have created or introduced completely new food products. Notable among these are wheat flour milling, confectionary manufacturing, brewing, sugar, beverage and tobacco industries. Their products were not only new, and initially solely dependent on imports for their major inputs, but they successfully crowded out their domestic substitutes from the food baskets of many households. The second example consists of food processing, packaging and preserving industries such as rice and corn milling, vegetable oil, cassava, yam, spice, flavour producing and meat. Some of the products of these industries initially faced stiff competition from indigenous products and also from imports (Ojo, 1991).

The result was that most products from the agro-allied industries could not compete with the cheaper imported counterparts and that affected their growth considerably. Besides, availability of cheap imports led to the neglect of indigenous agro-allied industries products. For instance, the advent of beer, and other alcoholic drinks witnessed a decline in the acceptability of palm wine, local gin and other related alcoholic drinks produced locally. Also, the low rate of growth engendered by policy measures in the sector may be partially understood in the context of the country’s agricultural system. The Nigerian system of agriculture is based on numerous small farms. A 1970/71 rural survey indicated that about 55 per cent of all producing farms were smaller than 2.5 acres and that 82 per cent of all farms had less than 5 acres (IMF, 1975). Even for tree crops, which are often grown on large-scale plantations in other parts of the world, small holdings are the rule in



Nigeria. The small farmers, each working a tiny parcel of land with hand hoe and machete, are responsible for about 90 per cent of all production.

Thus, a major factor which undermines agricultural growth in Nigeria is the low level of application of modern farming technology, inadequate cultivation of high-yielding seeds and seedlings and low productivity owing to dominance of peasant farmers and their reliance on rudimentary farm implements.

Other features of the sector include undercapitalisation, resulting in low yields and declining output, etc. For instance, the sector's share in the GDP was 64.1 and 47.6 per cent in 1960 and 1970, respectively. But it slumped to 30.8 per cent in 1980, before gradually rising to 40.4 percent by 1998. Furthermore, between 1970 and 1980, aggregate index of agricultural production recorded a negative annual growth rate of 2.6 per cent. Given these shortcomings, various policies and programmes were initiated to enhance productivity and boost agricultural output. Some of these include extension services designed to reach the rural farm populace with subsidised modern farm inputs, access to credit facilities, rural infrastructure, as well as guaranteed producer incomes through marketing arrangements. To implement these policies and programmes, specialised agencies such as the River Basin Development Authorities, Agricultural Development Projects and the Nigerian Agricultural and Cooperative Bank were established.

### **2.10.3 Types of Agro-Processing Industry**

A common and traditional definition of agro-processing industry refers to the subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector (Anell and Bonnedahi, 2003). Agro-processing industry thus engages in transforming products originating from agriculture, forestry and fisheries. Indeed, a very

large part of agricultural production undergoes some degree of transformation between harvesting and final use. The industries that use agricultural, fishery and forest products as raw materials comprise a very varied group. They range from simple preservation (such as sun-drying) and operations closely related to harvesting to the production, by modern, capital-intensive methods, of such articles as textiles, pulp and paper.

The food industries are much more homogeneous and are easier to classify than the non-food industries since their products all have the same end use (Armah and Kennedy, 2000). Most preservation techniques, for example, are basically similar over a whole range of perishable food products, whether they be fruit, vegetables, milk, meat or fish. In fact, the processing of the more perishable food products is to a large extent for the purpose of preservation.

Non-food industries, in contrast to the food industries, have a wide variety of end users. Almost all non-food agricultural products require a high degree of processing. Much more markedly than with the food industries, there is usually a definite sequence of operations, leading through various intermediate products before reaching the final product. Because of the value added at each of these successive stages of processing, the proportion of the total cost represented by the original raw material diminishes steadily. A further feature of the non-food industries is that many of them now increasingly use synthetics and other artificial substitutes (especially fibres) in combination with natural raw materials.

Another useful classification of agro-processing industry is in upstream and downstream industries. Upstream industries are engaged in the initial processing of agricultural

commodities. Examples are rice and flour milling, leather tanning, cotton ginning, oil pressing, saw milling and fish canning. Downstream industries undertake further manufacturing operations on intermediate products made from agricultural materials. Awoyemi and Adekaye (2005). Examples are bread, biscuit and noodle making, textile spinning and weaving, paper production, clothing and footwear manufacturing, as well as rubber manufactures.

A further specification is related to the nature of the production process which, in many cases, can range from craft to industrial organisation. For example, in some developing countries the same good may be produced both by handloom weavers working in their own home and by large textile factories which have sophisticated machinery and complex systems of organisation and produce a range of industrial products for the domestic and external markets. In such cases, it can be misleading to define agro-processing industry on the mere basis of the goods produced because only the second method of production mentioned has industrial characteristics.

Today, however, it is becoming even more difficult to provide a precise demarcation of what should be considered an agro-industrial activity: the impact of innovation processes and new technologies suggests a widening of the range of agro-industry (Baourakis et al, 2002). Inputs that could be considered, including biotechnological and synthetic products, for example. This implies that agro-industry today continues to process simple agricultural goods while also transforming highly sophisticated industrial inputs that are often the result of considerable investments in research, technology and innovation.

Corresponding to this growing complexity of inputs is an increasing range of transformation processes, characterised by physical and chemical alteration and aimed at improving the marketability of raw materials according to the final end use. All these factors – the growing complexity of inputs, the impact of innovation processes and new technologies, the sophistication and the growing range of the transformation processes – make it increasingly difficult to draw a clear distinction between what should be considered strictly industry and what can be classified as agro-industry.

According to the traditional classification of the UN International Standard Industrial Classification of All Economic Activities (ISIC), which is quite rigid but useful for statistical purposes, agro-industrial production is present in many manufacturing sectors: 3.1 Manufacture of Food, Beverages and Tobacco; 3.2 Textile, Wearing Apparel and Leather Industries; 3.3 Manufacture of Wood and Wood Products, including furniture; 3.4 Manufacture of Paper and Paper Products, Printing and Publishing; 3.5.5 Manufacture of Rubber Products. Although this thesis is about all these areas of agricultural market firms, it focuses on the particularly important group of food crops, industrial crops and other crops.

**TABLE 2.4**  
**Share of agro-industries in total manufacturing value added in selected country groups, 1980 and 1994**

Country groups	Food, beverages, tobacco	Textiles, clothing, leather, footwear	Wood products, furniture	Paper & products, printing	Rubber products	All agro-industry (3.1-3.4, 3.5.5)

	(3.1)		(3.2)		(3.3)		(3.4)	(3.5.5)				
	1980	1994	1980	1994	1980	1994	1980	1994	1980	1994	1980	1994
<b>Industrialised countries</b>	<b>13.3</b>	12.6	8.3	5.7	3.6	3.1	7.9	8.9	1.2	1.1	34.3	31.4
<b>EC</b>	11.9	13.5	8.5	<b>6.0</b>	<b>3.7</b>	3.4	6.8	7.6	1.3	1.1	32.2	31.6
<b>Japan</b>	11.3	9.4	7.2	4.3	4.4	2.3	8.8	9.2	1.4	1.2	33.1	26.4
<b>North America</b>	13.7	11.9	6.4	4.8	2.8	3.0	11.4	11.3	1.0	1.1	35.3	32.1
<b>Eastern Europe and CIS</b>	20.8	<b>20.5</b>	<b>14.4</b>	13.7	2.7	3.2	2.2	1.8	1.4	1.1	41.5	40.3
<b>Developing countries</b>	18.2	17.7	15.2	11.4	2.8	2.2	4.3	4.6	1.5	1.7	42.0	37.6
<b>NIEs</b>	15.1	14.5	15.0	10.8	2.4	1.6	4.5	5.0	1.6	1.8	38.6	33.7
<b>Second-generation NIEs</b>	<b>23.5</b>	19.7	16.2	13.0	3.2	3.8	3.3	3.8	2.0	2.2	48.2	42.5

*Note:* ISIC classifications in parentheses. At constant 1990 prices. 1993 for developing countries. NIEs = Argentina, Brazil, Mexico, former Yugoslavia, Hong Kong, India, the Republic of Korea, Singapore and Taiwan Province of China. Second-generation NIEs = Morocco, Tunisia, Chile, Turkey, Indonesia, Malaysia, the Philippines and Thailand. *Source:* UNIDO. 1997. *International Yearbook of Industrial Statistics 1997*. Vienna.

#### 2.10.4 Developmental Role of the Agro-processing Industry

Theoretical and empirical studies of the structural changes that accompany the development process have revealed a number of constant patterns. The most basic is a secular decline in the relative weight of the agricultural sector *vis-à-vis* non-agriculture as per capital income increases. This relative decline is observed as a fall in the share of agriculture in value added, employment, trade and per capital consumption. This goes together with a drop in the share of primary agricultural production in the value of the final product, and with a parallel increase in the value added to agro-processing industry.

These observations have engendered the popular prescription that development necessarily involves a transfer of resources out of agriculture and that this is largely coterminous with industrial development. More recently, however, the development debate has increasingly focused on the far more relevant issue of whether and how the agricultural sector can be expected to make an optimum contribution to the overall process of economic growth. This question can be asked both regarding the size and functioning of the agricultural sector itself and regarding its links with the rest of the economy. More specifically, it can be argued that the development of agro-industry, for those countries with a comparative advantage in this sector, may contribute to achieving the proper balance between agriculture and industry.

A precise theoretical rationale for emphasising the role of agro-industry during the process of development is provided by Hirschman's linkage hypothesis, (Chadee, 2002) which postulates that the best development path lies in selecting those activities where progress will induce further progress elsewhere. Thus, an activity that shows a high degree of interdependence, as measured by the proportion of output sold to or purchased from other industries, can provide a strong stimulus to economic growth. While the issue of linkages will be discussed in some details later, the general observation can be made here that, because of its high degree of interdependence with forward and backward activities, agro-industry can play a very important role in accelerating economic activity.

#### **2.10.5 Potential of Agro-Industry in Developing Countries**

The potential for agro-industrial development in developing countries is largely linked to the relative abundance of agricultural raw materials and low-cost labour in most of them (Idachaba, 1981). The most suitable industries in such conditions are indeed those that

make relatively intensive use of these abundant raw materials and unskilled labour and relatively less intensive use of presumably scarce capital and skilled labour.

Many of the industries using agricultural raw materials have in fact those characteristics that make them particularly suitable for the circumstances of many developing countries. Where the raw material represents a large proportion of total costs, its ready availability at a reasonable cost can often offset such disadvantages as a lack of infrastructure or skilled labour. Furthermore, for many agro-industries, a small plant may be economically efficient, which is another important factor in developing countries where the domestic market is limited by low purchasing power and sometimes by the small size of the market itself.

The factors that determine the most economic location for an agro-industry are complex (Damisa, 2007). Generally transport is a main factor. Most agricultural products either lose weight and bulk in processing, meaning they can be transported more cheaply after they have been processed, or they are perishable and so can be more easily transported in processed form. The situation is also affected by labour supplies and the availability of power and other infrastructure, but industries based on these products can often be set up economically in the area where the raw material is produced (Fuller et al, 2001). They can therefore, contribute to the relief of the rural under-employment which is characteristic of developing countries.

There are, however, exceptions. For most grains, shipment of the raw material in bulk is frequently easier, while many bakery products are highly perishable and thus require production to be located close to the market. Oilseeds (except for the more perishable ones such as olives and palm fruit) are also an exception and can be transported equally easily and cheaply in raw form or as oil, cake or meal, so there is more technical freedom of

choice in the location of processing. The same is true for the later stages of processing of some commodities. For example, while raw cotton loses weight in ginning, which is consequently carried out in the producing area, yarn, textiles and clothing can all be transported equally easily and cheaply.

Where there is a high degree of technical freedom in the choice of location, industries have frequently tended to be located in proximity to the markets because of the more efficient labour supply, better infrastructure and lower distribution costs in the large market centres. With production for export, this factor has often tended to favour the location of processing in the importing country. This tendency has been reinforced by other factors, including the need for additional raw materials and auxiliary materials (particularly chemicals) that may not be readily available in the raw material-producing country; the greater flexibility in deciding the type of processing according to the end use for which the product is required; and the greater regularity of supply and continuity of operations that are possible when raw materials are drawn from several different parts of the world.

However, with improved infrastructure, enhanced labour efficiency and growing domestic markets in the developing countries, there is increased potential for expanding such processing in the countries where the raw materials are produced (Epperson, 2006). In addition, with growing liberalisation of world trade, more developing countries will be able to take advantage of lower labour costs to expand their exports of agro-industrial products. One further aspect of importance for the location of agro-industries would appear to be the possible existence of economies of scale. Where there are considerable economies of scale (as in the production of rubber tyres and pulp and paper), large markets are of course



essential. The size of market needed for economic production in such cases may be far in excess of the domestic market in individual developing countries, where it is limited not only by the low level of per capital income but also by the frequently small size of the total population.

However, although in most agro-industries average costs of production can be reduced as the scale of plant is increased, the importance of economies of scale should not be exaggerated. The lower cost of production with a large-scale plant results not only from the spreading of capital and other overhead costs, but also from the frequently smaller labour requirements per unit of output in the larger plant, an aspect which is of less importance in developing countries where labour costs are low (Enwere, 2005).

#### **2.10.6 The Specificity of Agro-Industry**

Processing is only one link in a continuous chain between raw material production and final consumption (Donvier and Pravat, 2002). The specificity of agro-industry *vis-à-vis* other industrial sub-sectors lies largely in the biological nature of the raw material. The raw materials used by agro-industry are generally characterised by the seasonal nature and the variability of their production as well as by their perishability. These aspects put particular demands both on the organisation of agro-industrial activities and on the agricultural base producing the inputs, thereby adding to the need for a close integration of raw material production and processing.

Crop and livestock production cannot be controlled with great accuracy and tends to vary sharply from year to year owing to the effects of weather and pests and diseases. It is possible to some extent to reduce these fluctuations through the better use of soil and water resources and control of pests and diseases. It is generally in the interest of the processing

enterprise, which requires as regular a supply of raw material as possible, to ensure or promote implementation of these measures by producers.

Furthermore, for most crops, production tends to be concentrated in a particular season. It can therefore, be advantageous for processing enterprises, particularly those engaged in canning and freezing, to promote the production in a particular area of a suitable range of crops and varieties maturing in different seasons in order to keep processing facilities in operation for as long as possible. The perishable nature of many crop and livestock products also requires close contact between the producer and processor as well as advance planning to keep losses to a minimum.

However, the most impelling reason for the necessity of this close contact arises from the possibility of controlling the quality of the raw materials. Their quality can be influenced by such factors as the choice of seed; the application of fertilisers; the control of weeds, pests and diseases; and sorting as well as cleaning. Processors are interested not only in obtaining uniformity in the quality of their raw material supplies, but in some cases their needs are quite specific. Particular varieties of some crops (for example, tomatoes, apples and pears for canning) have long been grown for processing, but the need for such varieties is increasing as food technology develops more advanced processes. Often there are specific requirements for such factors as shape, size, texture, colour, flavour, odour, acidity, viscosity, maturity, specific gravity, soluble solids, total solids and vitamin content (Goel and Bhaskaran, 2007).

The initiative for the introduction of different varieties and practices has usually come from the processing enterprises. As a result, for some commodities, especially fruit and

vegetables for canning and freezing, raw material production and processing are increasingly "vertically integrated" in the developed countries through various forms of contract farming. In the developing countries, the large-scale plantation production of such crops and sugar, coffee, tea, sisal and rubber is based on the vertical integration of raw material production and processing.

### **2.10.7 Linkage Effects**

From the point of view of development strategy, one of the most important features of any industry is the degree to which it is able to generate demand for the products of other industries. This phenomenon is known as linkage. An industry may encourage investment both in subsequent stages of production by "forward linkage" and in earlier stages through "backward linkage" (Grannis et al, 2001).

The establishment of certain primary processing industries can lead, through forward linkage, to a number of more advanced industries. Forest industries are particularly valuable as a base on which other industries can be established in this way. Once paper and paperboard production has been started, a large number of conversion industries can emerge, such as the manufacture of paper bags, stationery, boxes and cartons, wooden containers, furniture and a wide range of timber products. There are many other examples. Products such as vegetable oils and rubber are used in a wide variety of manufacturing industries. Based on the preparation of hides and skins, tanning operations can be started, as can the manufacture of footwear and other leather goods.

The development of agro-industries also has many beneficial feedback effects on agriculture itself (Heinman et al, 2001). The most direct one is, of course, the stimulus it

provides for increased agricultural production through market expansion. Often, in fact, the establishment of processing facilities is itself an essential first step towards stimulating both consumer demand for the processed product and an adequate supply of the raw material. The provision of transport, power and other infrastructural facilities required for agro-industries also benefits agricultural production. The development of these and other industries provides a more favourable atmosphere for technical progress and the acceptance of new ideas in farming itself.

The capacity of agro-industry to generate demand and employment in other industries is also important because of its growing potential for activating "sideway linkages", that is linkages that derive from the use of by-products or waste products of the main industrial activity. For example, animal feed industries can utilise several agro-industrial by-products, such as whey, oilseed presscakes and blood, carcass and bone meal. In addition, many industries using agricultural raw materials produce waste that can be used as fuel, paper pulp or fertiliser. Idisi (2005) is of the opinion that recycling and biological agriculture are two activities that go together to respond to the idea of a sustainable form of exploitation of natural resources within an efficient industrial context.

An effect that is sometimes overlooked is the substantial increase in employment that may result from setting up an industry using a raw material. Even if the industrial process is itself capital-intensive, considerable employment may be generated in providing the raw material base.

Finally, agro-industry gives rise to a demand for a wide variety of machinery, equipment, packaging materials and intermediate goods used in the processing itself.

### **2.10.8 The Agro-Processing Industry in the Process of Development**

The role of agro-industry as a sector of the economy has multiple facets and changes in the course of development. In the early stages of growth, industrial processing of agricultural products tends to be limited to a few export crops, while the majority of agricultural products are consumed after minimal forms of processing that are performed entirely within the agricultural sector. Ilorah (2000) argued that upstream processing industries prevail in their more primitive form, such as rice and flour milling, oil pressing and fish canning. An example of this stage would also be the plantation economy, where agro-industry and primary agriculture appear as a vertically integrated activity, with upstream processing taking over the agricultural base through a production system that is often founded on forms of disfranchisement of labourers and small cultivators.

Other cases of apparently more diversified agro-industrial activities, based on fruits and vegetables or livestock products, may be equally primitive in their organization, the low degree of value added produced and the lack of linkages both with the chemical and mechanical industries and with marketing and financial services (Ilorah, 2002). Such is the case in Nigeria where, in spite of the growth of vegetable and fruit production and the related transformation industry, primary agriculture still accounts for almost 90 percent of the intermediate goods purchases of the industry, while a longer chain of links has developed only for livestock-related products. Similarly, a large share of agricultural raw products in total intermediate purchases characterises most agro-industrial production of tropical beverages and other products originating from plantation crops, as well as vegetables, fruits, tobacco and livestock in the first stage of domestic industrial development.

Even in the case of limited backward linkages outside agriculture, food processing in the early stages of development can be an important direct complement to agriculture as a source of employment for seasonal labour. It requires very little investment and provides ample opportunities for expanding value added by using under-employed resources as well as for improving incomes and nutrition. Cottage industries of various forms are found in almost all areas where agriculture is sufficiently diversified, and there is scope for extending the range and timing of production both for dietary reasons and as a hedge against uncertainty. The off-farm employment opportunities provided by food processing may thus represent the first instrument of time-smoothing in the labour market and, as such, is an important factor of capital accumulation in rural areas.

Iyaha (2003) pointed out that Morocco provides an example of a more advanced stage of development of agro-industry, characterised by some more sophisticated downstream industrial activities, but where off-farm employment nevertheless remains the industry's main engine of growth. In that country, the presence of a well-developed food preserve industry for tomato sauce, fruit juices and other canned fruit ensures stronger links with sectors other than agriculture, both as providers of inputs (chemicals, glass, aluminum and paper) and as dependent sectors of further processing (marketing services). The food industry in Morocco is estimated to purchase only about 70 per cent of its raw materials from agriculture, while the final product sold to the consumer and exported in increasing quantities contains more than 45 per cent of non-agricultural products.

A further stage of development of agro-industry as a producer of food and beverages can be observed in a number of middle-income countries such as Turkey, Argentina and Chile.

This stage is characterised by full development of the forward linkage chain, with several marketing and other services incorporated in the final product, and product innovation prevailing over process innovation to provide a competitive advantage and sources of growth to the firms in the market. The linkage with the marketing chain tends to be well established, with both organisational and financial links between the producers and the retail outlets. The pace at which new products are introduced is extremely high, and this testifies to the importance of product innovation in this phase of the industry cycle.

Finally, for high-income areas such as the European Union (EU) or the United States, the mature stage of the food industry still appears to be very dynamic. While the backward and forward links do not go much beyond what has already been achieved by third-stage firms in middle-income countries, a separate series of linkages develops through the production of specialised machinery and process innovation. Because of their size, market leadership and degree of internationalisation, the food-producing companies located in the high-income countries are often instrumental in setting the base for a whole technology of processed food production. The areas involved range from the planning and quality control of agricultural products and other raw materials, to the design and manufacture of machinery, specification and monitoring of the production cycle and the provision of specialised financial and other services.

Thus, the multiplicative power of the agro-processing industry throughout the economy through the linkage effects appears to be an important factor of growth both for developing and developed countries. An additional reason why agro-industries are especially effective in activating demand from the upstream and downstream sectors lies in the position of food in the consumption chain. Thus, even at a relatively low level of

sophistication with limited backward and forward linkages, agro-industries may still be particularly effective in channeling increased global demand into increased output. This is so because, at the earlier development stages, a high share of private expenditure is directed towards cereals and other staples and, later on, as development progresses, towards fruits and vegetables and other food products whose income elasticity is relatively higher (Januszewska and Vianene, 2005). At later stages of development, it is the growing integration of the producing sectors that mainly ensures the capacity of food production to activate the rest of the economy, although the contribution of consumption to the industry multiplier remains sustained through diversification and growth of products with higher income elasticities.

An important feature of agro-processing industries is that they are a major source of employment and income, thus providing access to food and other necessities to large groups of population. They are, therefore, essential elements in the attainment of food security goals.

#### **2.10.9 Evolution of Technology and Food Consumption Patterns**

Additional factors shaping the future of agro-industrial production and trade are developments occurring in technology and food consumption patterns, most noticeably in the industrialised countries (King, 1996). In this respect, technological development in agriculture is going through a transition phase of great interest. On the one hand, improvements in production techniques based on traditional chemical and mechanical innovations have permitted exceptional increases in yields and large improvements in quality, mainly concerning product homogeneity and lack of physical defects. On the other hand, more recent trends in agricultural research and technology point to different models,



based mostly on innovations of a biological and biotechnological type as well as on modern processing technologies.

Thus, while, historically, productivity growth and price gains achieved through processing innovations have been paramount in primary agriculture, and have been easily transferred to the agro-industrial sector, product innovations are also beginning to materialise. Although the resulting improved variety and quality of final products do not necessarily go hand in hand with lower costs, the innovations promise to increase efficiency in agro-industry and, through the correspondent increase in demand for agricultural inputs by the processing industry, they can contribute to mitigating the tendency towards price decline facing primary producers.

Parallel to technological development, patterns of food consumption in industrialised countries are evolving (Larson, 2005). Between 1969-71 and 1990-92 the share of cereals, sugar and roots and tubers declined at the global level, while that of livestock products, fish and vegetable oils and fats rose (UNIDO, 1997). However, there were significant variations in the patterns among country groups and regions. In the developing regions, for instance, the increased share of animal products was most evident in East and Southwest Asia, followed by South Asia and Latin America and the Caribbean countries, whereas a similar increase did not occur in the Near East and Africa. The variations were equally significant between developed and developing countries. In the example of sugar, the overall reduced share reflected a marked decrease in the developed countries' share, as that of the developing countries increased.

In industrialised countries, two different types of force are shaping food consumption patterns, which final effects on the quality, composition and geographical allocation of production are difficult to predict. One is represented by an increasing concern for health and fitness. This was one reason for the marked decline in per capital food consumption of sugar. Also, while the consumption of livestock products has increased significantly over the past decades, the relative importance of these products is progressively decreasing, even as a premium is put on products such as vegetable products and fruits which, until only recently, were considered complementary in nature and largely of lower value relative to animal products. Matter (2005) opines that these trends are expected to continue in future years, as shown by the example of European countries.

Fish and other marine and water products, the supply of which is enhanced and enlarged by the growth of aquaculture and other farming techniques, have also become choice foods in the diet of higher-income earners in the developed countries. Another aspect of this tendency is the revaluation of those characteristics of food products that can be traced back to an "original" or "natural" pattern of production. In addition, another biological agriculture, which appeals to environmentalist attitudes and value judgments' of intrinsic characteristics of food, is part of the tendency, as is the trend towards more nutritious products, which also possess other desirable dietary properties. These changes in the dietary patterns of middle-income brackets in developed countries mark a transformation of attitudes which is likely to have profound implications for food production patterns.

On the other hand, modern food production technology tends to multiply the variety of products derived from original, natural products. A proliferation of goods that

incorporate innovations in form, colour, organoleptic and conservation properties is flooding the supermarkets and presenting consumers with alternative choices (Gielen and Dekinmp, 2007). The return to "naturalness" and the artisanal nature of original food is thus matched, somewhat paradoxically, by an increase in the artificial nature of these new products, especially the more industrially sophisticated ones. The challenge to the food industry, in this case, is to try to reconcile the two tendencies through processing and product innovation.

An important issue is the extent to which changes in consumption patterns and the growing importance of transformed or processed food in total food consumption may affect consumer safety. In general, the contribution of agro-food industries to raising the quality, variety, nutritional value and safety of food cannot be overstated. However, risks of food infection may arise at all the stages of the food industry chain— production, transformation, packaging, storing and transport. Also, if inadequately controlled, the growing sophistication of the product, with the addition of preservatives, additives and other substances that may enhance its market value, may be a source of greater risk for consumers. A further factor affecting food quality and safety is the intensification of trade in food products, resulting from the general process of interdependence of agro-food systems and factors such as shifts in tastes and preferences towards well-publicised imported products, and greater demand for convenience foods.

Intensified trade flows, however, raise the potential of exposing consumers in one part of the world to the food quality and safety problems of other regions. Rapid transport and increased shelf-life technology may allow for contaminated products to reach their

intended destinations more quickly and remain on the market longer, thus affecting greater numbers of consumers. These problems raise the importance of adequate food standards and mechanisms for the rigorous vigilance and monitoring of the quality and safety of processed foods, of both domestic and foreign origin (Nair, 2008).

## **2.11 THEORETICAL FRAME WORK**

### **2.11.1 The Contingency Theory in Management**

The Contingency Theory has been widely accepted in management discipline since the early 60s. The theory emerged from the criticisms of the classical theories that advocates “one best way” of organising and managing organisations. Contingency Theorists posit that there is no one best way to organise different organisations working in different industries and conditions. The appropriate management style and organisational structure depend on the environmental context of the organisation concerned.

One of the most influential studies in the emergence of the Contingency Theory is the work of Burns and Stalker (1971). They investigated the relationship between internal management practices and the external environment factors of 20 industrial organisations in the United Kingdom to discover its effect on economic performance. They found two different management practices in use, which they classified as “Mechanistic” and “Organic” systems. The Mechanistic System was appropriate for organisations that operated under stable conditions. These organisations employed routine and well understood technology. Tasks and duties of employees were clearly defined by heads of departments. Communication within such organisations was designed vertically and its content tended to be instructions from superiors.

The Organic System, on the other hand, was more suitable for organisations that worked under an unstable, changing environment. The system enabled the organisations concerned to adapt to environmental changes. It did not pay much attention to rules and procedures. To cope with the changes, the organisations used lateral communication, which resembled consultation rather than vertical command, hence the span of supervisory control was much wider than in the mechanistic model.

Burns and Stalker emphasised that each system is appropriate under its own specific conditions. Neither system was superior to the other under all situations.

Similar results were also found by Woodward (1985). She investigated the relationship between technology and organisational structure of successful organisations in South Essex, England. Based on the techniques of production and the complexity of the production system, she classified the organisations into three groups. These are small batch and unit production (e.g. the custom-tailoring industry); large batch and mass production (e.g. standard gasoline engines industry), and process and continuous production (e.g. chemicals industry).

Woodward pointed out that successful organisations in different industries with different technologies were characterised by different organisational structures. For example, she discovered that successful organisations engaged in small batch and unit production had wider spans of supervisory control and fewer levels of hierarchy than did successful organisations with process and continuous production. This indicates that a bureaucratic mechanistic system is appropriate for organisations operating in stable conditions such as the chemical industry, while the organic system is suitable for organisations working under dynamic conditions, such as the custom-tailoring industry.

This influence of the environment on organisations was highlighted further by Chandler (1972). He conducted a comparative study of U.S. firms, holding the simple premise that organisational structure followed, and was guided by, strategic decisions. From this study, he discovered that environmental changes, such as changes in population, income, and technology, provided new strategic choices for the firms. The choices included expansion in the production volume, geographic expansion (market diversification), and product diversification. A new strategy called for a new or modified structure to cultivate the opportunities effectively.

Throughout his study, Chandler pointed out that different strategies and environments required different organisational structures. Centralised organisation, for example, seemed to be only appropriate for firms operating in a relatively unchanging environment. However, when the environment changed rapidly, this structure did not enable the management to respond to the environmental changes quickly and hence could not facilitate effective realisation of the opportunities available. In such an environment, firms that employed a decentralised structure ended up with better performance.

Lawrence and Lorsch (1987) and Thompson (1987) further worked on and refined the theoretical foundation of the contingency perspective. Lawrence and Lorsch (1987) studied the state of differentiation and integration in organisational systems in the plastic, food, and plastic container industries. These industries represented the high, medium, and low rate of growth, technology and market changes successively. They found that successful firms in each industry had a different degree of differentiation. The degree of differentiation in the plastic industry tended to be higher than in the food industry. The lowest degree of the differentiation was found in the plastic container industry, since it had the most stable environment. The successful firms in the three industries also attained a

higher degree of integration than the less successful ones. The study revealed that the more differentiated an organisation, the more difficult is to achieve such integration.

Furthermore, successful firms in each industry employed different modes of integration, consistent with their environments. The plastic container industry, for example, used hierarchy to resolve conflicts. In those industries operating under less stable conditions, however, conflicts were resolved well by appointing skilled personnel or project teams. This seminal work of Lawrence and Lorsch refined the Contingency Theory by demonstrating that different markets and technological environments require different kinds of organisations, and that sub-units or functional departments within an organisation might be managed in different ways due to variations resulting from their sub-environments.

In addition, Thompson (1987) provided the foundation of the theory by integrating and expanding the previous studies. He categorised the two modalities considered by previous works as “closed system”, which sought uncertainty by only considering few variables controllable and correlated with goal attainment, and “open system”, which included uncertainty by acknowledging the interdependency of the organisations to their environments to survive. Using Parson's (1970) three distinct levels of organisational responsibility and control (technical, managerial, and institutional), he integrated the two systems to develop what he considered a newer tradition. Thompson believes that a technical function should operate under certainty to achieve the desired outcomes by reducing the number of variables operating on it. The institutional level, on the other hand, dealt largely with environmental elements uncontrollable by the organisations. It was best served by open management to acknowledge the influence of environmental factors and to face up to the inevitable resultant uncertainty. Thompson suggests that the managerial level

should mediate these two extreme levels by resolving some irregularities coming from external environments, and pushing the technical core for modifications as environments changed.

In his newer tradition therefore, Thompson conceives complex organisations as open systems faced with uncertainty that were at the same time, subject to a rational criterion for certain needs. Like Lawrence and Lorsch (1987), he considers technology and environment as the major sources of uncertainty. He further argues that differences in those dimensions resulted in different structures, strategies, and decision processes.

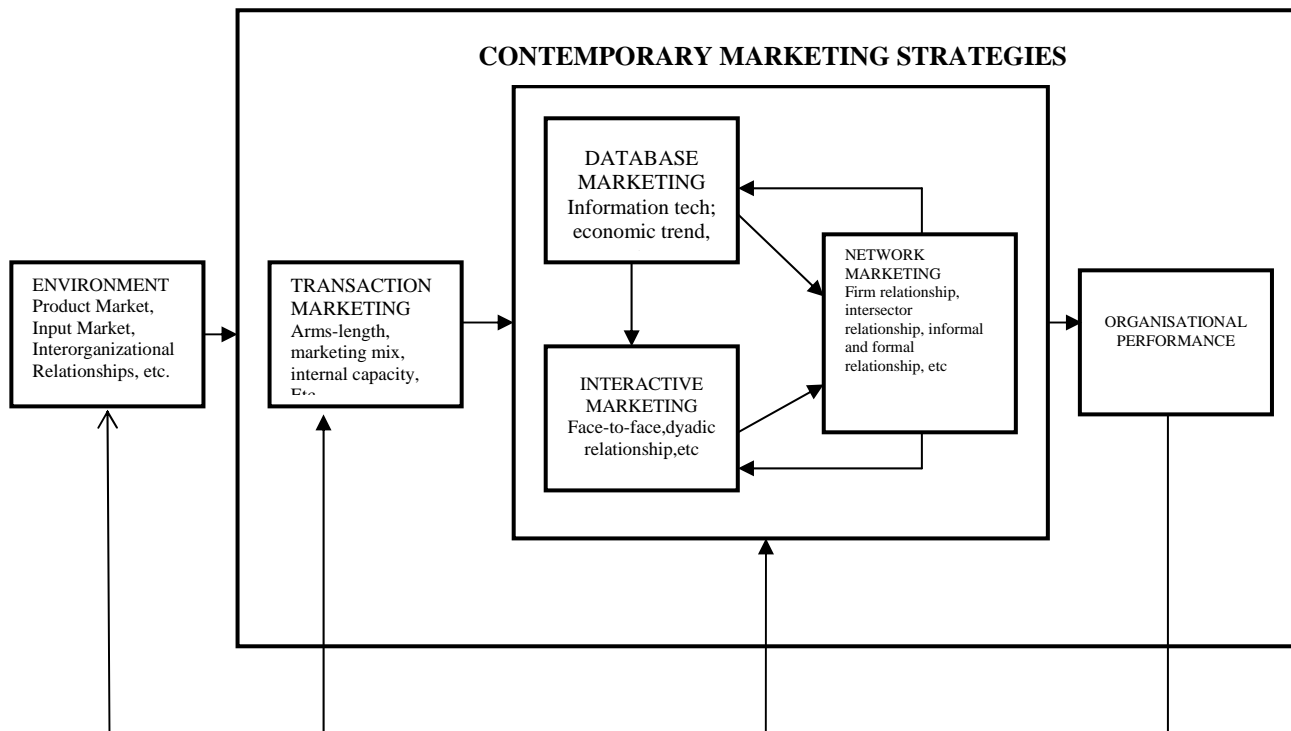
Based on the above study and others, Kast and Rosenzweig (1987) define the Contingency Theory as a mid-range theory between two extreme views, which state, on the one hand, that universal principles of organisation and management exist, and on the other, that each organisation is unique and each situation must be analysed separately. The theory views an organisation as a system composed of sub-systems and delineated by identifiable boundaries from its external environment. It underlines the multivariate nature of organisation and attempts to understand how organisations operate under varying conditions and specific circumstances. Kast and Rosenzweig further emphasise that ultimately the theory is directed toward suggesting organisational designs and managerial practices most appropriate for specific situations.

Since then, the Contingency Theory has become popular in management research. Galbraith (1993) asserts that this popularity could be attributed partly to the assumptions that there is no one best way to manage an organisation and that any one way of organising is not equally effective under all conditions. Criticisms and suggestions from some writers, such as Miller (2000), Schoonhoven (2000) and Tosi and Slocum (2000), further enhanced the theory in terms of the conceptualisation of variables and the specificity in the



relationships among them. In addition, the availability of statistical tools for multivariate analysis facilitated the proliferation of its application. The theory is not only used for research and theory building in the fields of organisation theory, strategic management, and organisational behavior, it is also utilised in marketing (Zeithaml, Varadarajan, and Zeithaml, 2001). It enables researchers and managers to understand organisational needs and to provide the basis for detailed organisational analysis, which facilitates description of detailed patterns of organisational relations. Such analysis will generate possible solutions to the arising problems (Morgan, 2005).

**Fig 2.1 Conceptual Framework of the Integrative Contingency Theory**



**Source: (Schoonhoven, 2000) Redesigned by Researcher**

Figure 2.1 depicts the conceptual framework of the “integrative contingency theory”. The figure shows various components that should be taken into account when organisational comparisons are made. Our purpose is not to “prove” or

disprove the model but to provide a theoretically sound framework for approaching the study of organisations in a holistic way.

The first component includes environmental variables. i.e., variables which describe the characteristics of various aspects of the external environment an organisation faces. These include product markets, input markets and relationships with other organizations with which the organization interacts in its attempt to survive within a given domain.

The variables included in the second major component of this framework are named transactional marketing indicators. Transaction Marketing includes the management of the Price, Product, Place, and Promotion (4Ps) in order to attract and satisfy customers.

The third component of the framework describes the framework as database marketing which involves the use of technology-based tools to target and retain customer. The key to Database Marketing success is in managing data selection, data integrity, privacy issues, supplier relations, data analysis and application.

Another component in the framework is interaction marketing which implies face-to-face interaction within the relationship. Thus, it is a process where individuals initiate and handle complex personal interactions. Marketing occurs at the individual level based on social processes and personal interactions. Relationships are established between individuals, and can occur in both a formal and informal manner, with the parties being mutually active and adaptive.

Interaction Marketing is truly “with” the customer in both a formal and informal manner. Both parties are mutually active and adaptive. Interaction Marketing is truly “with” the customer since both parties in the dyad invest resources to develop a mutually beneficial and interpersonal relationship. Interaction Marketing is not the responsibility of only the marketer, nor are those that engage in Interaction Marketing necessarily in the position of seller. Rather, this approach can involve a number of individuals across functions and levels in the firm, and may encompass both buying and selling activities (Coviello et al. 2003).

However, the last component of the framework is known as network Marketing and this entails developing inter-firm relationships to allow for coordination of activities between multi-parties for mutual benefit and, resource exchange. There is little consensus on precisely what innovation network is or indeed when an innovation network is said to exist. However, there is some agreement that network is more than a series of supplier and customer relationship (Trott, 2005). Some networks have been described as federated in that a set of loosely affiliated firms work relatively autonomously but none the less engage in mutual monitoring and control of one another (Day and David 1999,). Other networks can be viewed more as a temporary web, in which firms coalesce around one firm or a business opportunity. For example, following most natural disasters around the world, a collection of organisations, including emergency services, government departments, charities and volunteer group quickly work together as a network to tackle the immediate problems.

### **2.11.2 The Concept of Organisation – Environment Fit**

The central theme in most contingency studies is the fit between the organisation and its environment to improve effectiveness. However, in early contingency studies the concept of fit was understood and discussed implicitly. They postulated the organisation – environment relationship using phrases such as “congruent with”, “matched with”, or “contingent upon” (Venkatraman and Prescott, 2000). Aldrich (2000) is one theorist who explicitly states and popularises this concept. He posits that organisational forms must either fit their environmental niches or fail. Using Campbell's (1999) population ecology, rooted in the theory of biological evolution, he developed what he called “population ecology” or the natural selection model.

Through this model, Aldrich endeavoured to explain changes in organisational forms by focusing on the nature and distribution of resources in an organisation’s environment. He defines organisational forms as specific configurations of goals, boundaries, and activities, and classifies distribution resources into six dimensions: capacity, homogeneity-heterogeneity, stability-instability, concentration-dispersion, domain consensus-dissensus and degree of turbulence.

Various combinations of these dimensions and other constraints created environmental niches for organisations. Organisational forms were managed in order to exploit the environmental resources within a niche. Aldrich posits that the process of organisational change meant organisations were moving toward a better fit with the environment. He examined this movement (organisational change) under three stages: variation, selection, and retention. The general principle that variation generates new material from which environmental selection is made, while retention mechanisms preserve the selected form.

Moreover, Aldrich (2000) pointed out the importance of environmental selection relative to intra-organisational factors as a critical difference between his model and the more traditional view. He acknowledged the possibility of exercising strategic choices, but argued that at least three environmental conditions limit the decision makers to realise the choices. First, organisations could not exploit many opportunities due to economic and legal barriers. Second, individual organisations did not have enough power to influence the environment. Third, the distortions of the decision-makers' perceptions of the environment limited the possible range of truly strategic choices. These limitations severely constrained the decision-makers' ability to change either their environmental niches or their organizational forms.

Finally, Aldrich concluded that the natural selection model was a general one, which may be applied to any situation where the three stages are present. When the three conditions were met, an evolution of better fit to the selective system became inevitable. He emphasised that a better fit did not mean that there is only one fit. Selection was a matter of relative superiority over other forms.

Unlike Aldrich (2000) who analysed the concept of fit at the macro/industry level and downplayed the manager's role in choosing strategies to attain organisational fit, Chakravarthy (2002) explores the concept at the micro level and believes that the latitude for experimentation available to managers determined the ability of organisations to achieve a fit. He argues that constant pressure on short-term performance could make the managers overlook strategic goals. In addition, the extent of financial risk allowable for managers could determine whether or not they can be proactive in anticipating the

environmental changes. The greater the risk allowable for managers, the more proactive strategies could be explored, and vice versa.

Chakravarthy (2002) also discovers that information-processing ability of organisations, and their material resources, such as input material, finance and technology, also determines the adaptive abilities of the organisations. Organisations which have high adaptive abilities may prefer to take proactive strategies, while low adaptive organisations are more likely to choose defensive strategies.

The above phenomena indicate the existence of disagreements among scholars with regard to organisational adaptation, which leads to two contradictory schools of thought: Environmental Determinism and Strategic Choice Voluntarism. The Determinism School believes that organisational life is determined by intractable environmental constraints. It cannot easily adapt to different niches since environmental factors such as macroeconomic, social and political forces overpower strategic management action in the long run. On the other hand, the Voluntarism School considers the environment as the domain in which the managers define and enact their strategies. Astley and Van de Ven, (2003). Hrebiniak and Joyce (1995) argue that the environment and managerial choice are not mutually exclusive. The two factors interacted with each other, and could be the independent variables in the process of fit. Combining these two factors in a diagram, Hrebiniak and Joyce (1995) identified four quadrants representing four possible conditions faced by organisations. The first quadrant denotes a condition with low strategic choice and high environment determinism, and is similar to the underlying assumptions of the Determinism School. In this condition, managerial action is obviously limited and constrained by the environment. Organisations under such conditions must fit or they would be selected out by the

environment. These include companies operating in perfectly and imperfectly competitive industries.

The second quadrant is characterised by high levels of both strategic choice and environmental determinism. Under these conditions, many external forces affected and constrain decision-making. Nevertheless, the organisations concerned benefit from the availability of choice. Large companies in highly regulated industries and multi-product or multi-divisional companies with little market and technological relatedness are typical examples of organisations in the second quadrant.

In direct contrast to the first, the third quadrant represents conditions with high strategic choice and low environmental determinism. Like the school of strategic choice, organisations working under these conditions could deliberately define and enact policies and strategies, and otherwise influence their particular environmental domain. The lack of environmental constraints makes it easier for them to introduce innovations and engage in proactive behavior.

Finally, the fourth quadrant stands for a low level in both strategic choice and environmental determinism. These conditions indicate that the organisations could not capitalise on even a benign and munificent environment, due to lack of innovation, proactive behaviour, internal capabilities, or inappropriate competencies.

Hrebiniak and Joyce (1995) emphasise that the process of adaptation is dynamic. The position of an organisation might shift as a result of strategic choices or external environmental changes. Through their organisational control over scarce resources, managers are still able to exercise their strategic choices, although the nature and impact of the actions would vary according to organisation-environment context.

This view supports the concept of fit proposed by Miles and Snow (2004); a concept based on the actual process of fit. Miles and Snow (2004) define “fit” as a process or a state - a dynamic search that seeks to align the organisation with its environment and to arrange resources internally to support that alignment. They considered the basic alignment as strategy and term the internal arrangement as organisational structure and management process. Their framework consisted of four main possibilities, which include minimal, tight, early, and fragile fits.

Based on a previous study of Snow and Hrebiniak, (2000), Miles and Snow concluded that organisations operating in a competitive environment called for minimal fit to survive. They found only organisations classified as Defenders, Prospectors, and Analysers operated their strategy effectively, since they met the requirement of minimal fit, while organisations grouped as Reactors were generally ineffective because their strategies were poorly articulated, unsuitable to the environment, or misaligned with organisational structure and management systems. Unless these organisations were protected by government regulations, they have to adjust their behavior or fail.

In addition, unlike the minimal fit, which did not guarantee an excellent performance, organisations achieving tight fit could achieve outstanding performance. Referring to the works of Drucker (1990) and Peters and Waterman (1993) who studied many successful companies in the U.S., Miles and Snow (2004) concluded that excellent performances of these companies are the result of the achievement of tight fit both externally with the environment and internally among strategy, structure and management process. In these conditions the strategy, structure, and process were well understood by all members at all level of the organisation. Every member, from front office to top managers, clearly



comprehended their roles and responsibilities in the attainment of the ultimate goals of the organisation.

However, the tight fit is not straightforward and easy to achieve. It involves complex and long processes. It is usually preceded by an early fit, that is, the discovery and articulation of a new organisational form. Miles and Snow (2004) assert that not all inventions could provide organisations with competitive advantages over a considerable period of time. Some innovations, such as patenting a particular product or technology, novel product design or developing new distribution channels, can only offer organisations temporary competitive advantages, because sooner or later, competitors can imitate or improve upon the innovation, which makes the advantages disappear. Success in inventing a new organisational form, on the other hand, could enable an organisation to hold the competitive advantage in the longer term. Competitors would have some difficulties or at least will take a long time to copy the new form completely.

Miles and Snow illustrated the success of General Motors, Sears Roebuck, and Hewlett-Packard in applying new forms of divisional organisation structure as part of their diversification strategies. A new structure facilitated General Motors' steady improvement in its profit, even in the Depression and World War II, and such innovations had delivered sustained achievement to Sears Roebuck and Hewlett-Packard. Since any environment is dynamic and always changing, it is always possible for the degree of organisation – environment fit to weaken. Miles and Snow (2004) emphasise that organisations must adjust their strategies, structures, or processes in response to environmental changes.

However, some organisations might be unable or unwilling to adjust themselves to extreme environmental jolts. In such conditions, the deterioration of fit could actually lead to a

misfit. Miles and Snow further stated that the external business environment was not the only the cause of declining fit, but an organisations' internal processes could instigate the decline. For example, the failure of managers to follow deliberate changes in strategies with appropriate structural and managerial adjustments could produce misfit. This could happen when the managers did not comprehend the strengths and limitations of alternate organisational forms. They might develop voluntary changes in internal structure and management process without considering their effects on strategy and market responsiveness in the long run.

Similarly, managers who did not fully understand the alternate forms might regularly make minor changes to accommodate demands for which the systems were not designed. However, as this happens over time, the changes might gradually unravel the entire system. These phenomena indicate that the organisation's fit may be quite fragile in relation to changes in the external environment and to unintended internal unravelling. In addition to the process of fit in regard to voluntarism-determinism, some scholars also criticised research on the concept of "fit" with regard to its lack of conceptualisation and its simple bivariate approaches.

Basically the need for conceptual clarification in the early development stage of the concept is emphasised. Van de Ven (1999), for example, identified four different conceptual meanings of fit, which could alter the essence of Aldrich's (2000) concept of the relationship of organisation and environment. Similarly, Schoonhoven (2000) argued the need to develop a more detailed specification of fit. In the absence of this kind of specificity, researchers tend to present different ideas of "fit" such as contingency, consistency, match, congruence, or alignment, which, in turn, result in inconsistent

outcomes and hampering of the theory building process (Drazin and Van de Ven, 2005; Fry and Smith, 2005).

Moreover, as organisations faced many contingency factors, it was not possible to use simple bivariate approaches to analyse them and to make an accurate conceptualisation of fit. Organisations did not only try to fit their strategies to the environment, but also attempted to fit the strategies to their unique competencies. This indicated the multiple dimensionality of the concept of fit, which therefore, needed more than simple bivariate approaches (Zajac, Kraatz, and Bresser, 2000).

To overcome the above handicap Venkatraman (2000) proposed six different concepts of fit. By reviewing research on strategic fit, he developed concepts of fit-based relationships in terms of the degree of specificity of functional form and the choice of anchoring specification. These included fit as moderation, mediation, matching, covariation, profile deviation, and as gestalt. The concepts not only described the relationship between two variables, but also portrayed the relationships among multiple variables. For example, fit as moderation or mediation considered only two variables, while fit as covariation, profile deviation and gestalt involved multiple variables.

In addition, Venkatraman also offered possible analytical tools for each concept, to provide a link between the concepts and theory testing. Finally, he encouraged the use of multiple concepts of fit to gain more useful and powerful operationalisation, data collection and analysis as well as interpretation of the results.

### **2.11.3 The Commitment – Trust Theory**

Drawing on the political paradigm, Thorelli (1986) asserts that “power is the central concept in network analysis” because its “mere existence” can “condition others.”

Contrariwise, keeping in mind that roughly one-third of such ventures are outright failures (Sherman, 1992) Morgan and Piercy (2004) argue that what should be central to understanding relationship marketing is whatever distinguishes productive, effective, relational exchanges from those that are unproductive and ineffective – that is, whatever produces relationship marketing successes instead of failures. Though there are many contextual factors contributing to the success or failure of specific relationship marketing efforts, this thesis is of the theoretical view that the presence of relationship marketing commitment and trust is central to successful relationship marketing, not power and its ability to “condition others.”

Commitment and trust are “key” because they encourage marketers to (1) work at preserving relationship investments by cooperating with exchange partners, (2) resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners, and (3) view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically (Morgan and Piercy, 2004). Therefore, when both commitment and trust – not just one or the other – are present, they produce outcomes that promote efficiency, productivity and effectiveness. In short, commitment and trust lead directly to cooperative behaviours that are conducive to relationship marketing success.

For any potential exchange, trust will be critical if two situation factors are present; risk and incomplete buyer information. Most potential sales transaction presents some degree of risk and uncertainty to the potential buyer (Hawes et al., 1989). Without some degree of trust, the perceived risk may be too great for the transaction to occur (Bello, 2009).

More specifically, trust becomes important in an exchange where there is a high level of performance ambiguity and where poor product performance will have a significant

influence on the value derived by the buyer (Singh and Sirdeshmukh, 2000). In such circumstances, trust acts as an information resource that directly reduces the perceived threat of performance ambiguity. Trust enables buyers to adopt schemes which leave them free to act without trying to process more information than they are capable of handling (Tomkins, 2001) or where it proves difficult or impossible to acquire information about future events (Selnes, 1998).

Anderson and Narus (1990) view trust as the belief that the partner will perform actions that will result in positive outcomes for the firm and not to take unexpected actions that may result in negative outcomes. Moorman, et al. (1993) define trust as the willingness to rely on an exchange partner in whom one has confidence. While both of these definitions view trust as a behavioural intention that reflects reliance on the other partner, both definitions, in part, capture quite different aspects of the construct.

Nigeria, like any other developing country, is characterised by a dual economy, low rate of economic growth, rapidly growing population and low levels of per capita income, illiteracy, low labour productivity, poor infrastructural facilities, lack of capital, unsatisfactory quantity and quality of food intakes, high infant mortality rates, low life expectancy, high level of poverty, paucity of public facilities, subsistence farming, high level of corruption, poor electricity supply and inadequate means of communication and transportation (Frank, 1966; Kaynak, 1978; Samli and Kaynak, 1984) Also, Nigeria, like other developing countries, is a producer of raw materials, purchases finished and industrial goods, and receives less than adequate remuneration for its goods in commercial transactions. As in many other developing countries, especially those in Africa, the rural, traditional, mostly private agricultural sector in Nigeria is peopled by small-scale, poor farmers and informal traders (Canagarajah and Thomas, 2001).

## **2.12 SUMMARY OF FOCAL LITERATURE AND ITS GAPS**

Contingency Theory is a very popular approach for research in the fields of organisation theory, strategic management, organisational behavior, and marketing (Zeithaml et al., 2001). The theory enables researchers and managers to provide the basis for organisational analyses, which generate possible solutions to the arising problems. The fit between organisation and its environment is the central theme of contingency studies (Venkatraman and Prescott, 2000).

However, there is a dispute among scholars about the influence of environment on organisations, particularly concerning matters related to the strategic role of managers in their efforts to adapt their organisations to the environment (Astley and Van de Ven, 2003). Some scholars believe that the environment determine the organisational life and constrain the managers face to exercise their strategic choices (Aldrich, 2000). Whereas others are of the view that managers might still have the capacity to exercise their power and enact their strategic choices to handle the organisation in line with its environment (Chakravarthy, 2002).

In an effort to resolve the dispute, Hrebiniak and Joyce (1995) claim that the environment and the managerial choice are not mutually exclusive. The two factors interact with each other and could function as independent variables in the process of fit. Because of this, managers might face four different situations in their organisations. They might confront a combination of low strategic choices and high environmental determinism, a situation, which is similar to the underlying assumption of the Determinism School. They might face a combination of high strategic choices and low environmental determinism, a situation reflecting Voluntarism's assumption. They might also have to deal with a mixture of high strategic choices and high environmental determinism, or a blend of low strategic choices

and low environmental determinism. These different possibilities show that organisational adaptation is a dynamic process, which is supported by Miles and Snow (2004) who defined “fit” as a dynamic search that sought to align the organisation with its environment and to organise resources internally to support the alignment.

Apart from the above dispute and its solution, the concept of fit also becomes the central trust in strategy research because the main task of the managers is to develop and utilise a strategy to fit their organisation to its environment. Basically, both studies on strategy in general and studies on marketing strategy can be classified into two different schools: Content and Process (Jemison, 2001; Rajagopalan and Spreitzer, 2005). Studies in Strategy Content emphasises the exploration of external environment’s influence upon the strategic choices, organisation’s structure, and performance. This is understandable because most of these scholarly works emerged from industrial organisation studies, which promote how industries influence the strategic choices of the organisations (Porter, 19891).

Studies in Strategy Content indicate that environment factors such as stability of industry (Hambrick, 2003), technological changes (Dvir, et al., 2003), complexity, dynamism, and hostility (Lou and Park, 2001; Tan and Litschert, 2004) determine the strategy selected by the organisations. Studies in Marketing Strategy Content also revealed similar results. Burke (2004) and Cavusgil and Zou (2004), for instance, submit that market attractiveness influence marketing managers in setting up their marketing strategies. While technological changes in the industry determine all elements of marketing strategy, competitive intensity influences almost all of marketing strategies, except the pricing one (Cavusgil and Zou, 2004; Lusch and Laczniak, 2000). This indicates that the organisations do not use price as a competitive tool but emphasise non-price marketing strategies to cope with the competitive pressures.

In addition, to deal with a turbulence environment, the organisations should employ decentralised structure to enable the marketing managers to adapt any environmental changes easily (Ozsomer and Prusia, 1999; Rajaratman and Chonko, 1999). In general, Content Studies state that to gain superior performance, the organisations must fit the strategies to their environment (Venkatraman and Prescott, 2000). Misfit between the strategy and organisation structure to their environment might lead to inferior performance (Naman and Slevin, 1999).

In contrast to the Strategy Content, studies on strategy process concentrate on the strategy or marketing strategy decision process. Most of the studies consider environmental influences implicitly, as part of the context of the decision process (Rajagopalan et al., 2000). This might be due to the fact that administrative behaviour studies, which primarily focus on the decision processes of the strategy being formulated and implemented, contributed more to the existence of this school of thought (Jemison, 2001). Several studies on strategy process show that speed of decision making is a crucial determinant to gain better performance, especially for organisations working under unstable environment (Eisenhardt, 1999; Frederickson and Mitchell, 2004; Judge and Miller, 2001). Decision making process might be accelerated through authority delegation to the functional manager. This authority delegation could eliminate political behaviour among middle managers (Bourgeois III and Eisenhardt, 1998). At the same time, it might also encourage them to participate in the strategy making process, which in turn might make them to implement the strategy (Floyd and Wooldridge, 2004).

In addition, studies in marketing strategy process revealed similar findings. John and Martin (2004) show that formalisation of strategic marketing planning might increase the credibility and utilisation of the marketing strategy. This formalisation might reflect the



participation of top management in the planning process and cooperative organisational climate (Chae and Hill, 2007). It might also eliminate interdepartmental conflicts (Morgan and Piercy, 2004), and facilitate better coordination of decisions throughout the organisation (Menon et al., 1999).

Finally, the formalisation of strategic marketing planning might likely attain superior performance (Lysonski and Pecotich, 2002), provided that it could anticipate the unexpected and lay contingency plans accordingly. On the contrary, centralisation of strategic marketing planning could hamper the credibility and utilisation of marketing strategy (John and Martin, 2004). It tends to create interdepartmental conflicts, which not only reduced the quality of marketing strategy formulation and implementation (Menon et al., 1996) but also decreases the performance of the organisation (Morgan and Piercy, 2004). Furthermore, Noble and Mokwa (1999) posit that commitment of marketing managers to marketing strategy determines the success of contemporary marketing strategy implementation.

This commitment could increase when the managers perceive their roles to be significant for the success of strategy implementation, and when they are convinced that the marketing strategy fits to the broader strategic direction of the organisation. In conclusion, studies on strategy and marketing strategy process show that the internal structural fit might facilitate organisations to attain superior performance. However, most of these studies concentrate on the process of strategy formulation. They tend to overlook the process of strategy implementation, assuming that the implementation could be straightforward (Noble, 1999). Meanwhile, Sashittal and Tarkersley (1997) have shown that formulation and implementation of the strategy interact with each other to cope with the environmental

changes. They also point out that marketing managers must improvise their marketing strategies and implementation to fit day-to-day market changes, and to attain their marketing objectives. Consistent with the important role of middle managers, especially the boundary spanning managers, in current complex and dynamic business environment (Barlett and Goshal, 2005; Dutton et al., 2007; Floyd and Wooldridge 2004; Schilit, 1987), marketing managers as the boundary spanners might provide top management with strategic issues regarding customers and competitors. These managers might also persuade top management to implement marketing concept, which aims at long-term customer satisfaction, and not current sales volume, as the key factor to profitability of the organisation (Anderson, 2002; Drucker, 1969; Levitt, 1990).

Marketing managers therefore, must be critical and creative in implementing their roles. Most importantly, they must be the integrators between organisation and its customers (McKenna, 1991).

However, implementing marketing concept or strategic marketing planning is not an easy task. McDonald (2006) identifies two common barriers in the implementation of marketing planning. These include cultural and cognitive barriers. The marketing planning is not simple sequential step of actions. It represents a set of values and assumptions. To execute the planning process successfully, an organisation must promote managers empowerment, encourage openness and commitment to the organisation as well as advocate a collaborative climate and a true concern for providing customer satisfaction (Leppard and McDonald, 2001). Similarly, marketing managers must have good marketing skills and capabilities to analyse business environment. The use of appropriate marketing techniques, such as PIMS, SWOT Analysis, PLC Analysis and market segmentation could force marketing managers to use unstructured judgmental process that may be inconsistent with

profit maximisation (Piercy and Morgan, 2004). Without the existence of these two conditions, the strategic marketing planning might not attain the intended results.

So far we have shown that studies on strategy research, specifically on Marketing, concentrate on two different aspects. Content School emphasises their investigation on the fit of the organisation to its external environment, whereas Process School places more attention on internal fit of the organisation to achieve superior performance. However, most studies representing both schools focus on strategy formulation. They tend to ignore strategy implementation, assuming that it is a simple aspect. Meanwhile, empirical findings indicate that most strategy failures are caused by bad implementation or behavioural problems in the organisations (Heyer and Lee, 2002; Perlitz, 2003). Bonoma (2004) even stated that inappropriate strategies but excellent implementation would end up with better results than excellent strategies but poor execution.

Considering that organisations should attain both external and internal fit to achieve superior performance, and that at the same time the processes of strategy formulation and implementation are not separable activities, there is a need for an integrative approach that incorporates both schools of thought. An integrative approach enables researchers not only to analyse the environmental factors that influence the content of the organisation's strategy but also to investigate the process through which the strategy is formulated and implemented to attain superior performance (Jemison, 2001; Paine, 1999; White and Hammermesh, 2001). The emergence of this approach is based on the idea that the formulation and implementation processes influence the content of a strategy; meanwhile, the processes themselves are determined by previous strategic decisions (Jemison, 2001).

This thesis uses an integrative approach for the following reasons:

- It can eliminate the weaknesses of the content and process approaches in theory building and testing when they are applied individually (Blair and Boal, 2001);
- It provides a more comprehensive framework (Adeyemi-Bello, 2000); and
- It enables the researcher to investigate issues related to strategy content, contemporary marketing strategy formulation and implementation processes, and to explore how these factors may influence performance (Varadarajan and Jayachandran, 2004).

With the above considerations therefore, this study investigates how external environment and internal organisation conditions may affect the formulation of contemporary marketing strategy. It also explores the important role of marketing managers in the processes of marketing strategy formulation and implementation to gain superior performance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter the methodological approaches used to answer the research questions and achieve the objectives of the study are discussed. As previously stated, the primary objective of this research is to examine the practice of contemporary marketing strategy on performance of agricultural marketing firms. It is against this background that the various methodologies adopted for this study are presented below. This chapter covers the research methods and strategies, the population of study, research design, sample and sampling procedure, research instruments and procedures of data collection as well as tools for data analysis.

#### **3.2 Research Design**

Traditionally, three methods are commonly in use, namely, survey research, experimental and Ex Post facto. However, additional non-conventional research methods commonly in use include non participant and participant observation, action process, axitology, (Otokiti, 2005). The work also observed that depending on the objectives of the research and associated problems, research work necessitates the use of one or a mixture of two or more methods. This research therefore adopted a mixture of methods. In this study, two of the hypotheses used warranted quantitative techniques while two others are responsive to qualitative analysis. The selections and subsequent mix of strategies gave credence to research methods adopted, hence, survey, observation and ipso facto methods were considered as appropriate at firm and enterprise level analyses. This approach was based

on (i) the acceptable and generability of survey method used in the research (Asika, 1991) (ii) applicability and need for large standardised data (Dellon 2005) (iii) precise despondence on the sectoral questions associated with research questions and objectives used in this study (Daniel and Terrel, 2006).

In addition to the above, both survey and ipso facto adopted offered high capacity of accuracy, while data collected were amenable to advance statistical techniques, multivariate analysis of variance (ANOVA) as applicable to the four constructs of Transaction, Database , Interaction, and Network Marketing. Within different sections of the study, these methods permitted for flexibility of moderating factors that were not directly observable within the internal environmental characteristics of the top executive segment of the survey. Finally, the complexity of information required from different agricultural marketing firms in the survey warranted the adoption of strategies and multiple questions techniques.

### **3.3 Population of the study**

Population is usually seen as a census of all items or subjects that possess the characteristics of the phenomenon being studied. Our survey population of this study included the accessible population of the three analytical sectors of the research, namely, the population of manufacturing firms in South-West Nigeria, agricultural marketing firms within the scope of our defined structure and the population of the participants in the survey frame.

For the first category we have six (6) states, namely, Osun, Ekiti, Ondo. Ogun, Oyo and Lagos, while the population of agricultural marketing firms is as contained in Goldstar Publication (2007) which was given as 2,550 firms from the six states listed above.

This figure represented approximately 61 per cent of all agricultural marketing firms practising in the country (Goldstar Publication, 2007). The list of samples of agricultural marketing firms in South West Nigeria as per SITC classification is provided below. However, three participants from each of the 370 organisations were randomly sampled from 2,550 marketing managers and this accounted for 1,110 participants.

**Table 3.1: Sample Size: Coverage of Agricultural Marketing Firms in South-West, Nigeria**

	Standard International Trade Classification (SITC coding)	.00	.01	.02	.03	.04	.05	.06	.07	.08	.09	others	Total
0	Food and live animals	150	200	75	70	50	80	35	110	50	70	60	950
1	Beverages and tobacco	150	25	35	20	100	40	150	70	45	55	60	750
2	Crude materials inedible, except fuel	-	-	-	-	-	-	-	-	-	-	-	-
3	Mineral fuels, lubricant and related materials	-	-	-	-	-	-	-	-	-	-	-	-
4	Animal and vegetable oils fat and waxes	10	10	60	16	20	40	14	10	10	35	25	250
5	Chemical and related products	20	30	16	40	3	7	5	2	10	10	7	150
6	Manufactured goods	17	8	70	4	13	14	40	25	4	35	20	250
7	Machinery and transport equipment	2	4	4	6	4	5	7	5	5	6	2	50
8	Miscellaneous manufactured articles; building materials	-	-	-	-	-	-	-	-	-	-	-	-
9	Commodities and transactions not classified	13	15	21	14	16	17	15	15	12	6	6	150
<b>Grand Total</b>		<b>362</b>	<b>292</b>	<b>281</b>	<b>170</b>	<b>206</b>	<b>203</b>	<b>266</b>	<b>237</b>	<b>136</b>	<b>217</b>	<b>180</b>	<b>2550</b>

**Source: Field Survey, 2009/2010**

### 3.4 Sampling Frame

Sample frame is the list of sampling entities and properties used as the basis of analysis such as organisation, state, institutions, people, executives and others. By considering sample frame as an outline description of population (Zikmund, 2000) in this work, we have adopted sample frame as initial factor of survey research because it is expected to give a rapid picture of close representation of the observable in the study population (Fawole, Odejide and Olayinka, 2005). The target population (census) of our study was all

Agricultural marketing firms with administration and operating frame work in the six states of Nigeria.

### 3.5 Sample Size Determination

A sample is a representation of the population of study (Otokiti, 2005). Since it was not feasible to get the required information from all units of the populations particularly where the population is large, we therefore determine the sample size using two methods Statistical and Table Formula-to overcome the problem of inadequate representation. The two methods used are as follows;

- Type A – Slovin’s formula
- Type B – Cochrans (1977) formula.

Basically, Slovin’s Formula (1960) (as cited in Guilford and Fruchter, 1973, is concerned with the application of the normal approximation with a 95 per cent confidence level and 5 per cent error tolerance.

The formula is given as follows:

$$n = \frac{N}{1 + N_e^2}$$

- Where:
- N = Population
  - e = Desired margin of error (percentage allowance for non-precision because of the use of the sample instead of the population).
  - n = The sample size.

$$\therefore n = \frac{5000}{1 + 5000_{e(5\%)}^2}$$



$$\frac{5000}{1 + 12.5} = \frac{5000}{13.5} = 370 \text{ firms}$$

For the purpose of validity as earlier mentioned, another method to determine the sample size is the Cochran's Formula. According to him, the continuous component of sample size formula is the estimation of variance in the primary variables of interest in any study. The four ways of estimating sample size determination of a population involved the methodology of taking the sample in two steps and using the results of the first step to determine how many additional responses are needed to attain an appropriate sample size based on the variance observed in the first step data. Thereafter, the study adopted the pilot study using data from previous studies of the same or a similar population. The study also estimates the structure of the population. The study however considered two key factors of margin of error (0.03 and 0.05 as the case may be), and the Alpha Level, which is the level of acceptable risk to the researcher in a way that the true margin of error exceeds the acceptable margin of error.

Barlett et al (2001) improved on the Cochran's (1977) model by developing a table for determining the minimum returned sample size for a given population size for continuous and categorical data. The table specified lengthy calculation exemplified in Cochran's (1977) model. It recommends that if the margin of error shown in the table is appropriate for a research study, the sample size would need to be calculated if the error rates are not appropriate. The table was created based on margins of error of 0.03 for continuous data and 0.05 for categorical data with appropriate population and sample size, and Alpha Value.

**Table 3.2: Minimum Returned Sample Size Table for Continuous and Categorical Data**

S/N	Population Size	Sample Size					
		Continuous data (Margin of error = 0.03)			Categorical data (margin of error=.05)		
		Alpha=.10 t=1.65	Alpha=.05 t=1.96	Alpha=.01 t=2.58	Alpha =.10 t=1.65	Alpha =.05 t=1.96	Alpha =.01 t=2.58
1	100	46	55	68	74	80	87
2	200	59	75	102	116	132	154
3	300	65	85	123	143	169	207
4	400	69	92	137	162	196	250
5	500	72	96	147	176	218	286
6	600	73	100	155	187	235	316
7	700	75	102	161	196	249	341
8	800	76	104	166	203	260	363
9	900	76	105	170	209	270	382
10	1000	77	106	173	213	278	399
11	1,500	79	110	183	230	306	461
12	2,000	83	112	189	239	323	499
13	4,000	83	119	198	254	351	570
14	6,000	83	119	209	259	362	598
15	8,000	83	119	209	262	367	613
16	10,000	83	119	209	264	<b>370</b>	623

Source: *Bartlett, Kotrlik and Higgins (2001)*

In determining the sample size appropriate for this study, the Barlett et al model was used. The research sought to define sample of Agricultural marketing firms such that at least 95 per cent level of confidence was obtained as probable error of using a sample did not exceed 0.05. The sample size was obtained from the Agricultural marketing firms across the six states in the South-West geopolitical zone. However, the sample size of Agricultural marketing firms used was determined from a population of 2,550 Agricultural marketing firms according to Gold Star Publication (2007).

According to Barlett et al (2001) model, the appropriate sample size for a population of ten thousand across the thirty-six states will be three hundred and seventy (370), from the minimum returned sample Table for categorical data (see Table 3.2) which means we will use 370 Agricultural marketing firms across the six states.

### 3.6 Sampling Technique

The sample size for this study is made up 370 agricultural marketing firms, out of which 1,110 participants i.e. three personnel from each firm (top executives, senior and junior management staff) were randomly selected. Stratified sampling technique was used to select participants by taking a series of simple random samples from each stratum due to need of "on location" analysis. Three strata were therefore identified as agricultural marketing firms of food crops, industrial crops and other non conventional crops. In the first strata of stratified random sampling, which made the agricultural marketing firm of food crops, 31 per cent representing 115 firms, were randomly sampled, 16 per cent was randomly selected from agricultural marketing firms of industrial crops, representing 59 firms and 53 per cent, representing 196 from agricultural marketing firms of other non conventional crops were selected. The areas where sampled firms are located is presented below.

**Table 3.3: Agro-marketing Firms and Local Government coverage**

S/N	Lagos State	Ogun State	Oyo State
1	Apapa	Ado – Odo / Ota	Ibadan North
2	Oshodi – Isolo	Ikenne	Ibadan Central
3	Surulere	Odogbolu	Ibadan North West
4	Lagos – Island	Odeda	Ibadan South West
5	Ikeja	Ifo	Ibadan South East

*Source: Field Survey, 2009/2010*

In Table 3.3 above, sampled agricultural marketing firms were randomly selected from the five local government areas of Lagos, Ogun and Oyo states which constituted our study frame. The local government were purposively selected as representative of 20, 20, and 33 local government areas in the three states indicated in the table (from left to right) based on agricultural marketing firms available in these states, the level of proximity and limited by concurrency of firms to be included in the study, based on need to certify ethical consideration.

### **3.7 Methods of Data Collection**

A mixture of methods of data collection such as personal interview, questionnaire, telephone, mail and the Internet were adopted for this work. Taking the design of this study into consideration and after assessing various research questions and hypotheses, the use of well structured questionnaire was adopted for respondent at firm level. Survey research method was used through the distribution of copies of questionnaire to solicit information from the respondents. Thus, the work enhanced adequate uniformity of responses. The survey of the agricultural marketing firms was implemented from January to May 2009. This researcher contacted all targeted firms and employees through face to face interview, supplemented with telephone to determine the appropriate contact persons and confirm addresses for pilot study. Advance letters were sent to all identified employees. Two weeks after the advance letters were mailed, 30 copies of the questionnaire were sent to two establishments for our study.

### **3.8 Research Instrument**

Mixture of research instrument, involving the use of interview and questionnaire, were chosen because of the nature of this study. A well structured questionnaire was developed and used to gather information from executive, senior, and junior management staff of the

three categories of Agricultural firms in the three states in the South-West (Lagos, Ogun and Oyo states).

### **The Questionnaire**

The questionnaire for the agricultural marketing firms employees was divided into four major sections of A, B, C and D.

**Section A** contained questions on the demographic profile of the respondents and their organisation in terms of age, gender, civil status, educational attainment, position in the company and length of the service in the company. In addition, respondents were asked to list at least five managerial problems confronting contemporary marketing strategies in their respective companies and the associated solutions to the listed managerial problems. These listed managerial problems and their associated solutions were used to discuss the research findings.

**Section B** contained questions on the objectives of the research study, which concerns how marketing is practised in the organisation and information about the primary customers. In Section B of research instrument, the respondents were provided with five-point Likert Scale thus: (1) “Strongly Disagree (SD)” (2) “Disagree (D),” (3) “Undecided (U),” (4) “Agreed (A)” and (5) “Strongly Agree (SA)”.

**Section C** contained questions on the adoption of technology by the organisation. Also, Section C has a five-point Likert Scale thus: (1) “Strongly Disagree (SD)” (2) “Disagree (D),” (3) “Undecided (U),” (4) “Agree (A)” and (5) “Strongly Agree (SA)”.

**Section D** focused on the performance of company relative to competitors within the same industry. The respondents were provided with five scales ranging from the “Lowest 20 per cent to the Top 20 per cent. See Appendix C.

Finally, the pre-test of the questionnaire was conducted before data collection. Thirty

marketing managers, who were not included in this study, were involved in this activity. The pre-test questionnaire uncovered unanticipated mistakes such as awkward expression leading questions and provided the trained research assistants with real experiences, which were very useful in the actual data collection. Likewise, the pre-test also eliminated unexpected problems in data processing and analysis, as the data obtained from this activity could be coded, tabulated and analysed (Zikmund, 2000). Some wording revisions were made after the pre-test of the questionnaire.

### **3.9 Administration of Research Instruments**

One thousand one hundred and ten copies of the questionnaire were administered among 370 agricultural marketing firms randomly selected in Lagos, Ogun and Oyo states of Nigeria. To achieve this, seven research assistants were employed by the researcher in the distribution and retrieval of questionnaire (with one day training). During the training, the researcher explained in detail the purpose of the study. This was meant to impress it on the research assistants that all sections of the questionnaire should be directed toward achieving the objectives of the study.

The research assistants were distributed as follows: Lagos = 3, Ogun = 2 and Oyo = 2. To ensure performance by the research assistants, the researcher accompanied the in research assistants to some companies while distributing the questionnaire, especially in Lagos.

Finally, the data collection was carried out based on the schedule of the researcher. During this process, out of 1,110 questionnaires distributed among 370 randomly chosen firms, 900 copies were returned. Only 818 copies were found completed and usable over the four-week duration of the exercise.

According to Table 3.4 below, sample size of non-continental crops sampled are more than the population of other crops (food crops and Industrial crops) combined

**Table 3.4: Random Distribution of Questionnaires**

Sector	Food Crops	Industrial Crops	Other non-Continental Crops
State			
Lagos	163	100	362
Oyo	122	13	138
Ogun	73	36	103
Total	358	149	603

*Source: Field Survey, 2009/2010*

. This signified that in Nigeria especially the states covered for the study, majority of agricultural marketing firms operating in these areas are non-continental crops specialists. Besides, it can also be noted that majority of sampled agricultural marketing firms are more concentrated in Lagos than in the other two states combined. This can be attributed to the facts that Lagos been most populous city in Nigeria, is also the commercial and industrial hub of Nigeria, with a GNP triples that of any other West African country (United Nations Publications, 2005). Lagos has greatly benefited from Nigeria's natural resources in oil, natural gas, coal, fuel wood and related industry.

### **3.10 Operatinal Definition of Study Variables**

#### **Measures**

**Marketing Practice Measures:** Following the approach used in previous studies in the CMP research programme, the questionnaire was developed to collect quantitative information (i.e data) pertaining to the various aspects of marketing practice. Measures of each of the four marketing practice constructs of TM, DM, IM, and NM were reduced to the level of variables. These were based on nine items derived from the classification scheme outlined in Coviello et al. (2001) and measured on scales of 1 (*Strongly Disagree*) to 5 (*Strongly Agree*). The questions used to measure the items are included as Appendix C. The measures were judged as formative rather than reflective, using Jarvis, MacKenzie, and Podsakoff's (2003) criteria. Unlike traditional scale development for which detailed

guides exist for construct specification, item selection and purification, and scale validation (e.g. Churchill, 1979), publication on index construction using formative measures are diverse. Diamantopoulos and Winklhofer (2001) reviewed the available guidelines and recommend four steps that are critical to successful index construction as Content Specification, Indicator Specification, Indicator Collinearity, and External Validity. These four steps were used in this study to guide the development of the five indices used to measure marketing practices.

*Content Specification* focuses on the scope of the latent construct or “the domain of content that the index is intended to capture” (Diamantopoulos and Winklhofer, 2001). The CMP framework rates particularly well in terms of content specification, as the four constructs from the original framework and were developed from a detailed and systematic review of articles published in journals (see Coviello, Brodie, and Munro, 1997; Coviello et al., 2001). Systematic procedures such as theme identification and pattern matching were used to arrive at the four aspects of practice, and all facets of the four constructs were identified. In addition, practicing managers were used to check the relevance, practical meaning and scope of the constructs. Consequently, the CMP framework appears to provide a more comprehensive coverage of the general domain of marketing practice. In this study, the domains of each individual marketing practice (i.e., TM, DM, IM, and NM,) have been captured because all the dimensions characterising each construct have been included in the corresponding index.

*Indicator Specification* focuses on the specific choice of indicators and whether the choice is comprehensive. Unlike reflective indicators that are chosen randomly from the universe of items, formative indicators must comprehensively cover every facet of the construct.



Thus, exclusion of a relevant indicator will exclude part of the construct itself. In parallel to the comprehensive process that was used to arrive at the five constructs, a similar literature-based method was used to identify the nine dimensions in Appendix C, which in turn, were used to develop the nine indicators for each construct.

*Indicator Collinearity* is a formative measurement based on sum scores and regressions. It was run to check for redundant items. There was no evidence of Indicator Collinearity, as all the variance-inflation factors were considerably below the threshold of 10 recommended by Hair, Anderson, Tatham, and Black (2000), with all below 2.5.

*External Validity* can be obtained by examining how well the formative indicators relate to external variables. The questionnaire included items that provided an external measure of each construct by asking about the organisation's general approach to their primary customers. As with the other questions, a scale of 1 (*Strongly Disagree*) to 5 (*Strongly Agree*) was used to obtain measures for the four general practices. For example, for DM, the respondents were asked about the extent to which their organisation was "using the Internet and other interactive technologies to create/mediate dialogue between their firm and their customers"—a general statement capturing the essence of DM. The bivariate correlations were then examined between the nine indicators and the external measure of the construct that they were forming. All of the external indicators were positively correlated with their respective overall measures, with only 3 of the 45 cases not significant at the .05 level and 8 of the 45 at the .01 level.

On the basis of this analysis, it was decided that the evidence was not strong enough to warrant excluding any items. Once the formative measures of marketing practice were validated, the individual item measures were used to form an index for each of the four constructs. The items were summed using equal weights and then converted to indices

ranging from 0.0 to 1.0. The index was computed by giving equal weights to the items since it has been demonstrated that equally weighted summated scores perform very well (Dillon, 2001). Taking Appendix D as an example, the construct TM was formed by adding the responses to nine questions in Column 2. Thus, for each firm, there were four measures indicating the extent to which the company practiced TM, DM, IM and NM. Finally, note that the CMP framework does not place distinct boundaries between the four different aspects of marketing practice nor does it assume they are mutually exclusive.

**Performance Measures.** Like Vorhies and Morgan (2005) who recognised that there are a number of indicators for acquisition performance, we used three items relating to “new customers gained,” “sales growth” and “market share.” Retention performance was measured by a single item referring to “customer retention.” Respondents were asked to rate how the firm performed relative to expectations on each measure over the past year on a scale of 1 (*Strongly Disagree*) to 5 (*Strongly Agree*). This effectively frames the measures in terms of met and unmet expectations, as recommended by Anderson (1990) and Johnson (1999). Respondents were also asked to rate their firms’ actual use of each measure on a scale of 1 (*Strongly Disagree*) to 5 (*Strongly Agree*). A weighted measure was then calculated for each of the individual items. This involved multiplying the use of each measure by performance relative to expectations. The decision to use a weighted measure follows recommendations by Johnson (1999), who argued that measuring a firm’s performance relative to expectations alone might generate biased results due to the subjective nature of the question. To obtain meaningful performance measures, we recoded the responses so that performances below expectations were recoded to negative values (-2, -1), performance meeting expectations equaled 0 and performances exceeding

expectations were assigned positive values (1 and 2). This resulted in weighted acquisition and retention performance measures ranging from -10 to +10.

### **3.11 Research Procedure**

In the first round of pilot study mailing, 30 questionnaires were sent out to eligible respondents who were not included in this study. The overall response rate for the mail survey was 76 per cent. 4 per cent of eligible respondents declined to complete the questionnaire, and the remaining 20 per cent non-respondents failed to return their questionnaires – following three re-mailings and two reminder calls. There were many difficulties anticipated with the use of this method which could have made the results of this study unreliable. A large proportion of participants who responded to the questionnaire had little or no interest in it and a very limited understanding of the problem. Some were suspicious of the purpose of the inquiry, or had reasons for not stating certain facts. Busy persons were more or less annoyed by the request for data which interrupts their routine work. In order to solve these problems identified during the pilot study, few items were retained, which were very simple, definite and easy to answer. Clarity was fundamental despite the presence of research assistants to explain the questions or to check up the replies. However, because an appeal for information was made to participants already interested in the problem who, for the most part, desire to further the purposes of the investigation, this method was made to yield valuable results.

### **3.12 Validity of Research Instrument**

The research extends the methods reported by Brodie et al. (1997) and Coviello et al. (2000, 2002) that investigated marketing practices in the USA, Canada, Finland, Sweden and New Zealand. As with the previous research, a self-administered questionnaire was

used to operationalise the classification scheme. Data were collected about each firm's customer base, marketing practices, and organisational demographics, including industrial crops, food crops and other crops. In addition, a major section of the questionnaire focused on respondents' perceptions regarding the changes and trends affecting the organisations' marketing practices. These qualitative data were collected in parallel with the quantitative data to arrive at, and provide, more detailed descriptions of the clusters of marketing practice.

The questions used to measure each of the nine items for each of the constructs; Transactional Marketing (TM), Database Marketing (DM), Interaction Marketing (IM) and Network Marketing (NM) are given in Appendix C. For example, for the first component "Purpose of Exchange," the item for TM was "to generate an economic return in the form of profit or other financial measure(s) of performance;" for DM, "acquiring customer information;" IM, "building a long-term relationship with a specific customer(s);" and NM "forming strong relationships with a number of organisations in our market(s) or wider marketing system."

Construct validity of the instrument is justified on the basis that the measures were developed from a theoretical framework derived from an extensive literature review. In order to check for face validity, twelve Nigerian marketing practitioners evaluated, and the questionnaire was pre-tested with a set of English-proficient executive officers similar to those targeted to participate in the research. Some minor wording changes were suggested but overall, the questionnaire was understandable, interpreted appropriately, and captured the aspects of marketing practice defined by the conceptual framework. It was therefore, concluded that the instrument had adequate content and face validity. The edited

instrument was then administered to a sample of 30 managers representing firms serving different markets (industrial crops, food crops and other crops' firms) in Lagos State. The companies also varied by size, age, growth, markets served (domestic vs. international markets); and ownership (locally-founded/owned vs. multinational subsidiary).

### **3.13 Reliability of Research Instrument.**

Osaze and Izedonmi (2000) define reliability as the consistency between independent measurement of the same phenomenon, which implies stability, dependability and predictability of a measuring instrument. They outline three principal methods of testing reliability measurement instruments namely; Test-re-test alternate form, Split-half method and Test of internal consistency.

Test-Re-Test Reliability involves the use of same measuring instrument at different time on the population. The Split-Half method makes use of two different instruments on the respondents at the same time. The two instruments should be identified and should measure the variables. The measuring items can be randomly split in half and each half is treated as an alternative form of same measurement. The other method does not require splitting or repeating of item. It is called the internal consistency. A scale is considered to have high internal consistency when its items are highly interrelated.

Towards this end, the test-re-test reliability approach was adopted for the convenience of the researcher. Reliability was ensure by test-re-test which yielded  $r=0.54$  and internal consistency was measured with Cronbach Alpha of 0.62. The detail of the reliability statistics table is shown below.

**Table 3.5 Reliability Statistics**

<b>Variables</b>	<b>Cronbach's Alpha Based on Standardised Items</b>	<b>Number of Items</b>
Marketing practice and primary customers	.82	10
Transaction Marketing	.84	10
Database Marketing	.88	10
Interactive Marketing	.82	10
Network Marketing	.86	10
Technology Adoption	.89	4
Firms Performance	.93	8
Acquisition Performance	.97	1
Market Share	.94	1
Retention Performanc	.87	1
Sales Growth	.83	1

Source: Field Survey, 2009/2010

### **3.14 Method of Data Presentation and Analysis**

This section describes many techniques that were used in exploratory and classical data analysis for this study. In this study, a mixture of graphical and quantitative techniques was used. The descriptive analysis was used to present demographical data and quantitative or inferential techniques. Statistical analysis, however, enabled us to calculate the multiple regression equation and independent t-test, which was used to test the four stated hypotheses. Data were double entered for verification to minimise human data entry error. Statistical Packages for Social Sciences (SPSS) was used for all statistical analyses. Errors, inconsistencies, and missing data were verified with the original questionnaires. For the dichotomous variables (sex, age etc), percentages were used to present the distributions.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS**

#### **4.0 Introduction**

This chapter deals with presentation of results, starting from the return rate of distributed questionnaire. The description of the participants' bio-data information immediately follows. The hypotheses formulated for this study guided the arrangement of the tables. Each hypothesis focuses on the variables identified (contemporary marketing strategies as independent variables and performance of agricultural marketing firms as dependent or criterion variable). A summary of the main findings follows each hypothesis and in addition and where relevant, selected findings from the personal data collected were used to inform and contrast the findings.

#### **4.1 RESPONSE RATE OF QUESTIONNAIRE DISTRIBUTED**



One thousand one hundred and ten (1,110) copies of questionnaire were administered to the executive officers and marketing managers of different agricultural marketing firms. Out of the 1,110 copies of the questionnaire, 900 copies were returned. Only 818 copies of the returned questionnaire were found completed and usable, resulting in an effective rate of 79 per cent (Table 4.1). The detail response rate analysis is shown below. This response rate is reasonably better than some of the response rates in previous studies on Nigerian managers and executives in empirical research works. For example, Nwankwo (1993) sent two hundred (200) questionnaires to business managers in Nigeria and obtained a 32.5 per cent response rate. Also, Okoroafo (1993) recorded a 40.5 per cent response rate in his

study of manufacturing firms in Nigeria. Esangbedo (1994) got a response rate of 50.5 per cent from corporate bank customers in his study of the determinants of customers' bank selection decision. Adebayo (2005) obtained a 54 per cent response rate with banks' marketing managers. Osuagwu (2004) sent four hundred copies of the research instrument to sampled Nigerian companies and one hundred and forty nine copies of the research instrument were reasonably and adequately completed, resulting in a 37 per cent response rate. Asikhia (2006) sent one thousand (1000) questions to business managers in Nigeria companies and obtained 58.4 per cent.

Basically, Mark Saunders Formula (2007) on the determination of response rate is given as follows:

$$\begin{aligned} \text{Total Response Rate} &= \frac{\text{Total Number of Responses}}{\text{Total Number in Sample} - \text{Ineligible}} \\ &= \frac{818}{1110 - 02} \\ &= \frac{818}{1028} = 0.795 \\ &= 79\% \end{aligned}$$

#### 4.1: Response Rate of Questionnaire Distributed

Sector 	Food Crops	Industrial Crops	Other Non-Continental Crops	
States 	Distributed	Distributed	Distributed	Grand Total
Lagos	163 (131) <sub>119</sub>	100 (81) <sub>73</sub>	362 (292) <sub>266</sub>	
Oyo	122 (101) <sub>92</sub>	13 (11) <sub>10</sub>	138 (113) <sub>103</sub>	
Ogun	73 (58) <sub>53</sub>	36 (29) <sub>26</sub>	103 (84) <sub>76</sub>	
<b>Total Distributed</b>	<b>358</b>	<b>149</b>	<b>603</b>	<b>1110</b>
<b>Total Returned</b>	<b>290</b>	<b>121</b>	<b>489</b>	<b>900</b>
<b>Total Usage</b>	<b>264</b>	<b>109</b>	<b>445</b>	<b>818</b>

Source: Field Survey, 2009/2010.

Note: Figures in brackets are returned questionnaires, figures in subscripts are usage questionnaires and others are distributed questionnaires.



Eight hundred and eighteen copies out of the one thousand one hundred and ten instruments administered to the chief executive officers and marketing managers/directors were found to have been duly completed and useable. This shows an effective 74 per cent response rate. The high response rate of 74 per cent achieved in the study is due to the two or three repeat calls made on respondents and possible high interest the respondents had in the study.

#### 4.2 Demographic Data

Demographical data is essential to this study. In tables 1-2 below, the demographical related data are presented. These data are divided into two parts. The first part cross tabulated the independent/predictor variables used in this study. While the second part shows personal data of participants.

**Table 4.2 Categories of Marketing Firms Based on Type of Products**

<b>Agric Products</b>	<b>Frequency</b>	<b>Percent (%)</b>
Food Crops	115	31
Industrial Crops	59	16
Other Crops	196	53
Total	370	100

**Source:** Field Survey, 2009/2010.

The Frequency is simply the total number of occurrence of a given variable while the percentage revealed each variable occurrence over the total multiply by 100. The table above shows other crops as having the highest number of marketing firms representing 53 per cent (196) followed by food crops 31 per cent (115) and industrial crops 16 per cent

(59). The implication of this data is that majority of agricultural crops Nigeria exported are not within the category used for this study.

**Table 4.3 Number of Participants from Marketing Firms Based on Type of Products**

<b>Agric Products</b>	<b>Frequency</b>	<b>Percent (%)</b>
Food Crops	264	32.27
Industrial Crops	109	13.33
Other Crops	445	54.40
Total	818	100

**Source:** Field Survey, 2009/2010.

The table above shows other crops as having the highest participants representing, 54.40 per cent (445) followed by food crops 32.27 per cent (264) and industrial crops 13.33 per cent (109). The implication of this data is that majority of participants were from marketing firms marketing other crops.

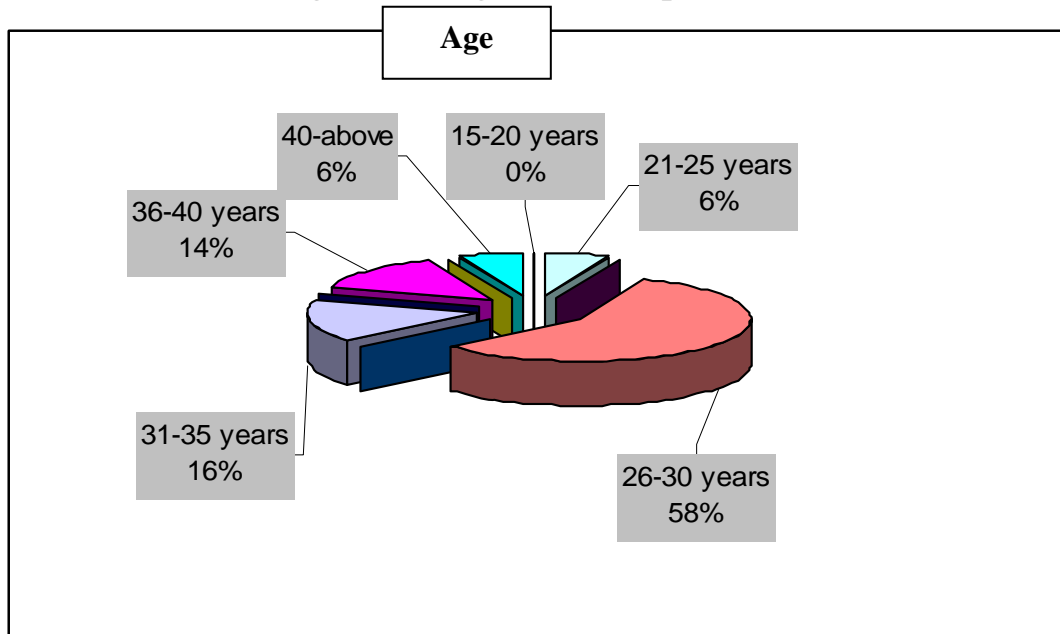
**4.2.1: What is the demographic profile of the respondents in terms of:** a). age  
 b). gender c). civil status d). educational attainment e). position in the company  
 f). length of service in the company.

From this, the profile of the respondents was analysed in terms of age, gender, civil status, educational attainment, position in the company and length of service in the company as shown below.

Figure 1.0 below shows the age range of the respondents. Fifty eight per cent (58%) of the respondents were 26 – 30 years old, showing that most of them were already young adults. Sixteen per cent (16%) of the respondents were between 31 – 35 years old. Fourteen percent (14%) of the respondents were between 36 – 40 years old. Respondents aged 21 –

25 were 16 per cent of the total respondents. On the other hand, 6 per cent of the respondents were in the 40s and above. Lastly, there is zero per cent of respondents who were in the ages between 15 – 20 years.

**Figure 1.0: Age of the Respondents**

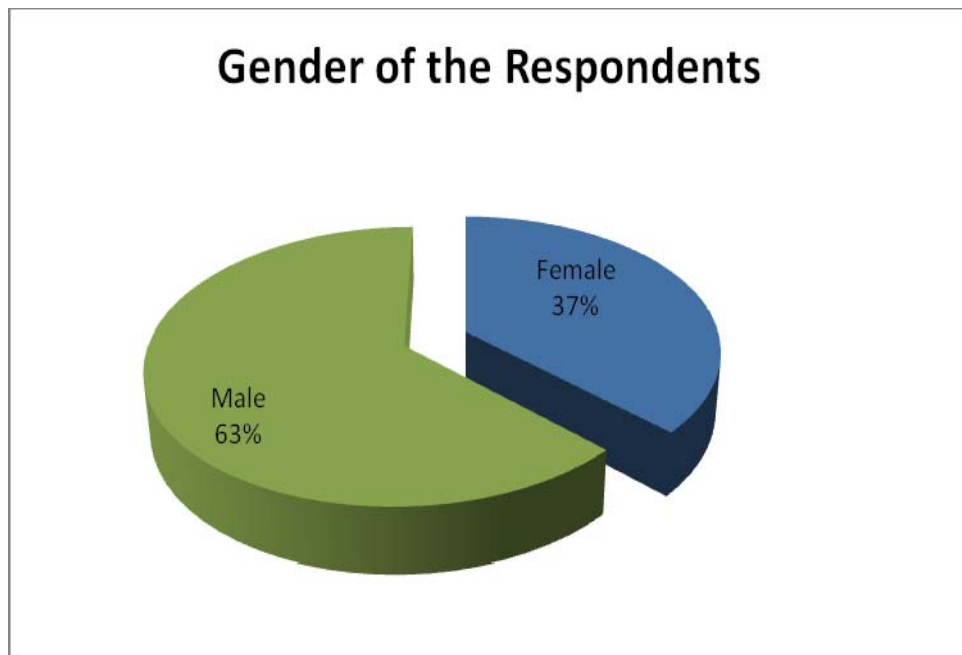


**Source:** Field Survey, 2009/2010.

The apparent diversity of respondents' maturity shows several implications of the study's findings. To illustrate, fifty eight per cent of the respondents stated that they were currently occupying a managerial position in the company. In relation to the age bracket of the respondents, the researcher could presume that in the said percentage, a considerable number could be among the young adult members of the population.

In Figure 2.0 below, the number of the male respondents (63%) is close to the female (37%) with the total of 512 for male and 306 for female. Based on the figure, the dominant gender among the respondents was male. Based on the collated questionnaires, over a half of the population was made up of male respondents while 37 per cent were females.

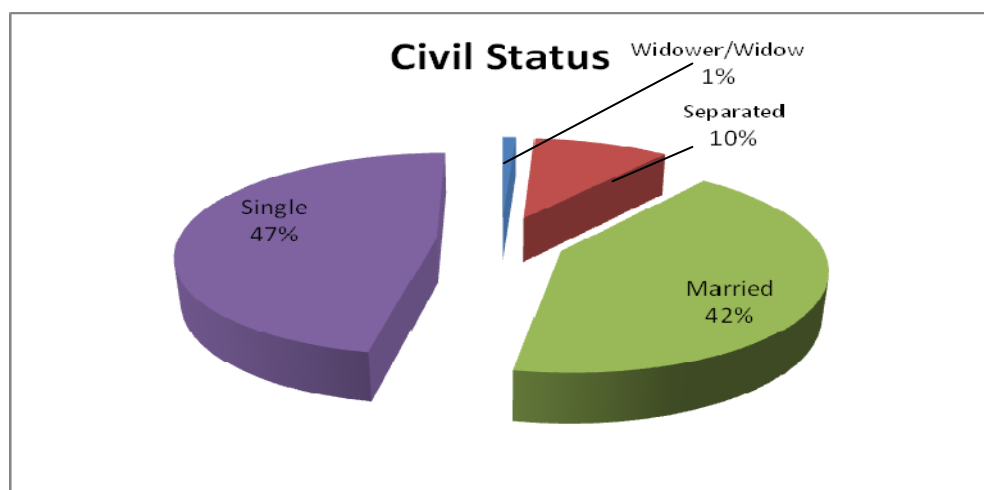
**Figure 2.0: Gender of the Respondents**



**Source:** Field Survey, 2009/2010.

This shows equal footing in terms of representation of gender regarding the perception of women in the effectiveness of leadership style in business. The male respondents outnumbered the female respondents by approximately 26 per cent. This data provides a glimpse of the aggregate size of women in the workforce, particularly in a business environment.

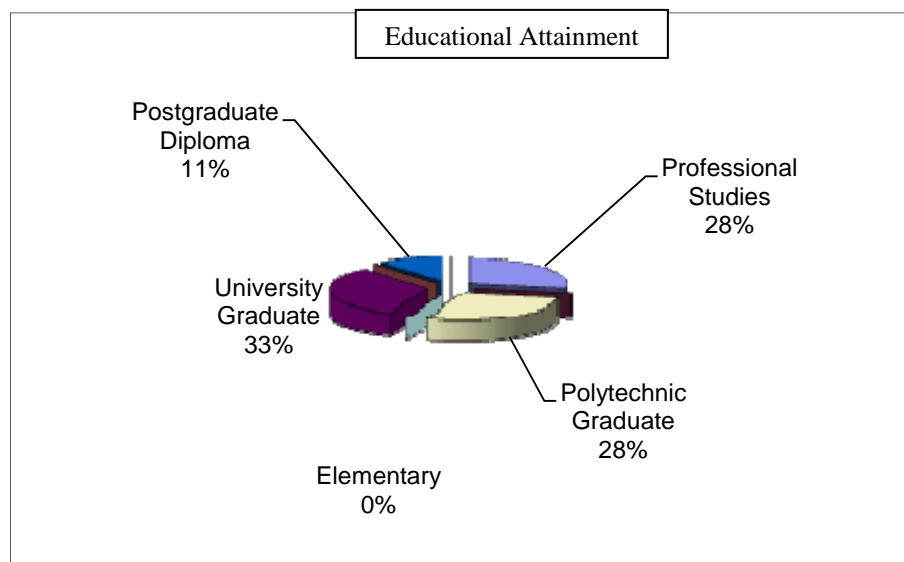
**Figure 3.0 C**



**Source:** Field Survey, 2009/2010.

Figure 3.0. The above illustration shows the civil status of the respondents. 47 per cent of the total respondents, which was the dominant responses, were single. Only 42 per cent were married from the eight hundred and eighteen respondents. As the interpretation showed, only a little percentage of respondents was separated or widow. Also, the respondents were asked for their civil status and the report showed that 47 per cent of them were single and 42% were married. This is due to the large number of young adult in the sample as compared to those who were full adults.

**Figure 4.0: Educational Attainment of the Respondents**



**Source:** Field Survey, 2009/2010.

Figure 4.0 The respondents were also asked for their educational attainment and the report showed 33 per cent of them were university graduates. The survey indicated that most of the respondents were university graduates. The diversity of the population was further highlighted when the respondents were asked of their professional history. This data illustrates the maturity of the respondents, particularly in terms of experience. On the other hand, the apparent youthfulness of the respondents, provided by their age and their lack of professional experience, could not be considered deterrence to their responses, considering

that the researcher had made sure that the respondents have been connected with the company for at least twelve months. Moreover, there is a noticeable distinction of the respective positions of the younger generations in their respective perceptions towards the establishment of Contemporary marketing strategies in their companies.

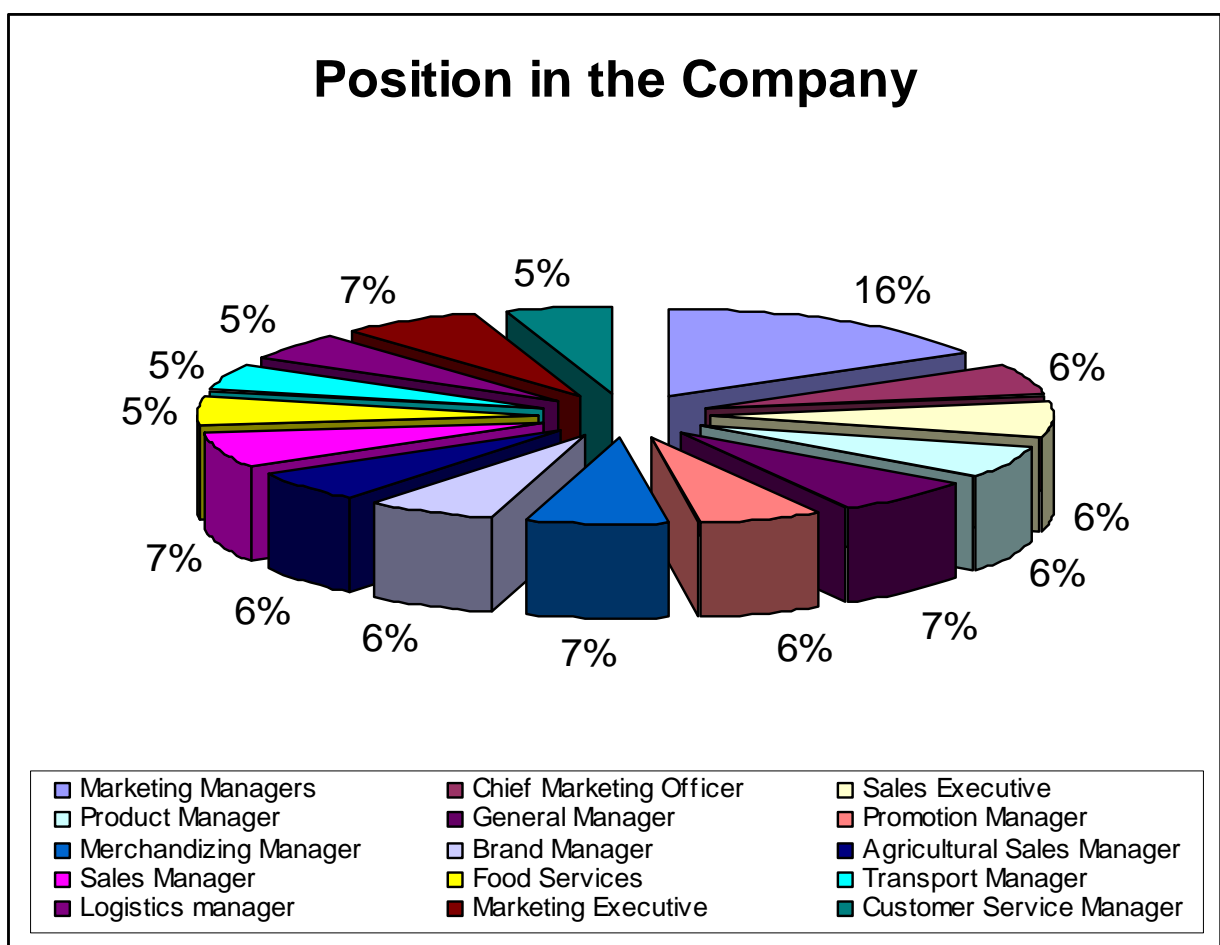
**Figure 5.0a: Respondent Responsibilities and Position in the Company Surveyed**

<b>POSITION IN THE COMPANY</b>	<b>N</b>	<b>%</b>
<b>Marketing Manager</b>	<b>136</b>	<b>16.67</b>
<b>Chief Marketing Officer</b>	<b>49</b>	<b>5.83</b>
<b>Sales Executive</b>	<b>55</b>	<b>6.67</b>
<b>Product Manager</b>	<b>48</b>	<b>5.9</b>
<b>General Manager</b>	<b>55</b>	<b>6.67</b>
<b>Promotion Manager</b>	<b>48</b>	<b>5.9</b>
<b>Merchandising Manager</b>	<b>55</b>	<b>6.67</b>
<b>Brand Manager</b>	<b>48</b>	<b>5.9</b>
<b>Agricultural Sales Manager</b>	<b>48</b>	<b>5.9</b>
<b>Sales Manager</b>	<b>56</b>	<b>6.84</b>
<b>Food Services</b>	<b>41</b>	<b>5.0</b>
<b>Transport Manager</b>	<b>41</b>	<b>5.0</b>
<b>Logistics Manager</b>	<b>41</b>	<b>5.0</b>
<b>Marketing Executive</b>	<b>55</b>	<b>6.67</b>
<b>Customer Service Manager</b>	<b>41</b>	<b>5.0</b>
		<b>100</b>

Figure 5.0a and 5.0b. The table and chart below show the different positions in the company. From the 818 subjects, the researcher gathered 15 different positions of the

respondents which are illustrated on the table above. The most dominated position in the company, according to the survey, is the Marketing Manager, which is 16.67 per cent of the total respondents. This is followed by Sales Managers that is only 6.84 per cent of the surveyed individuals. The analysis shows the fair distribution of position in the business environment.

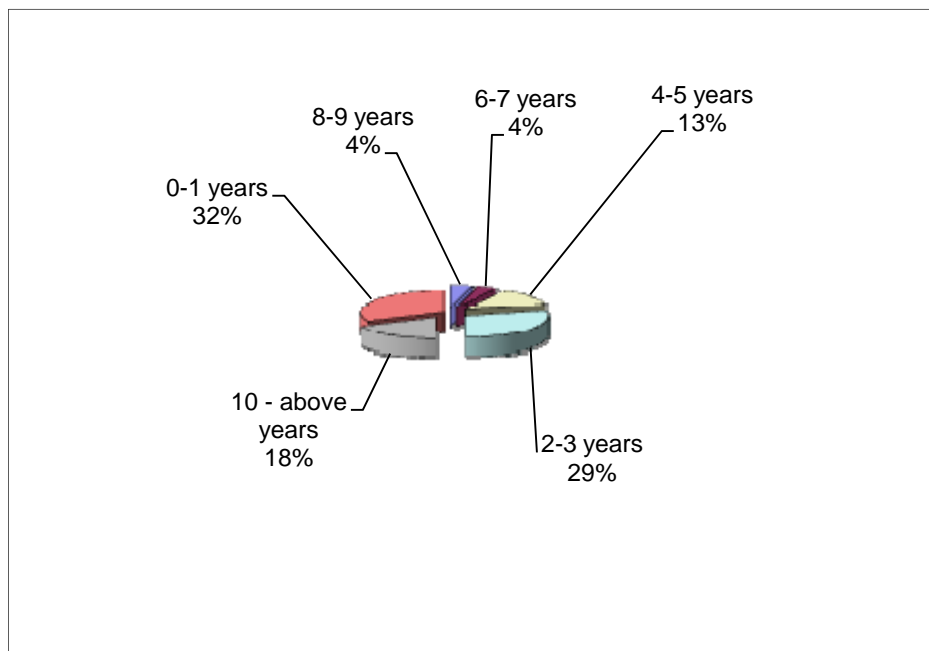
**Figure 5.0b: Position in the Company**



**Source:** Field Survey, 2009/2010

Figure 6.0. Below the illustration shows the number of years spent by respondents in their current positions in the company. Based on the collated data, 32 per cent of the total respondents are only in the range of 0–1 year in their current position. Followed by 29 per cent of 2–3 years.

Figure 6.0: Number of Years in Current Position



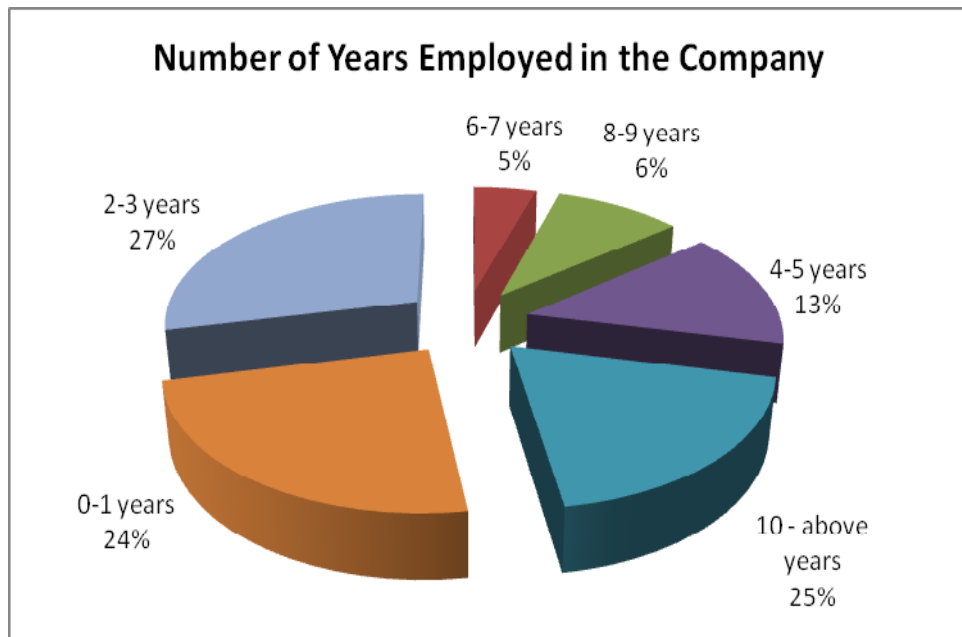
Source: Field Survey, 2009/2010.

This means that most respondents had only served the company in just a little span of time. The figure also illustrates the 18 per cent of the total respondents who had served the company in their current positions for ten years or more. The small percentage of time of service in their current position indicates that promotion in their respective companies has been very often or on the negative side. Most of the respondents resigned from their posts in the company. Although training might not always solve an organisation's problems, it nevertheless remains one of the foremost techniques or strategies employed by organisations to hone their employees' skill.

Figure 7.0. The figure below illustrated the number of years the respondents have been in the employ of the company. Most of the respondents have been in the company for zero to three years i.e. 51 per cent of the total number of respondents. On the other hand, there is also a great influence of respondents who have served the company for ten years or more.



**Figure 7.0: Number of Years Employed in the Company**



**Source:** Field Survey, 2009/2010.

As the illustration shows the 25 per cent of the respondents have been with the company for ten years or more. Evidently, the management of the company has responsible for the employees needs. The implication of this data is that majority of firms sampled were young between 1-10 years.

**Table 4.4** Organisation’s 2000 sales turnover in value generated by sales export markets

Years	Frequency	Per cent
Less than 5%	244	30
Less than 10%	318	39
11 – 25%	113	14
26 – 50%	54	6
51 – 79%	58	7
Greater than 80%	-	-
Greater than 80%	-	-
Information is not available	31	4
Total	818	100

**Source:** Field Survey, 2009/2010

As shown by the table above, respondents whose organisations generated less than 10 per cent sales turnover in value in the year under review are 31 per cent (318). While organisation that have generated less than 5 per cent sales turnover in value are 30 per cent

(244), 14 (113) have generated between 11 and 25 per cent sales turnover in value. However, 4 per cent (31) of our respondents indicated that the information sought were not available.

In seeking to know the annual rate of change in our respondents organisation's sales turnover in the last three years, the researcher found out that increase by between one and ten per cent constituted the majority. The details are shown in table 4.5 below.

**Table 4.5** What has been annual rate of change in your organisation's sales turnover in the last three years?

Years	Frequency	Per cent
No change	152	18.58
Increased by 1 – 10%	524	64.06
Increased by 11 – 20%	114	13.94
Increased by 21 – 30%	28	3.42
Increased by more than 30%	-	-
Decreased	-	-
Total	818	100

**Source:** Field Survey, 2009/2010

Perusing through table 4.5 above, it can be seen that 524 or 64.06 per cent of respondents experienced increased between one and ten percent in the annual rate of sales turnover in the past three years. 114 or 13.94 per cent experienced increased between eleven and twenty percent. Those who experienced no change were 18.58 per cent or 152. From these, one can deduce that majority of sampled firms experienced changes in their sales turnover in the last three years, no matter how marginal.

In this study, the researcher sought to know the intention of the management of the sampled companies on their marketing activities towards their customers. We discovered that majority of the management of the sampled companies agreed that their marketing activities are intended to retain existing customers and also coordinate activities between

themselves, customers and other parties in their wider marketing system. This can be seen in Table 4.6 below.

**Table 4.6** Managerial Intent

Question 1	Areas	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
<i>Our marketing activities are intended to:</i>	Attract new customers (TM)	362	368	34	38	16
	Retain existing customers (DM)	513	211	36	21	37
	Develop cooperative relationships with our customers.(IM)	466	248	12	49	43
	Coordinate activities between ourselves, customers and other parties in our wider marketing system. (NM)	513	211	36	21	37

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010

Table 4.6 above shows that four statements were used to measure the intentions of marketing activities in sampled organisations. The analysis revealed that almost every participant is either strongly agreed or agreed with the statement ‘attract new customers’, ‘retain existing customers’, ‘develop, cooperative relationships with our customers’ and ‘coordinate activities between ourselves, customers and other parties in our wider marketing system’.

In order to know the managerial focus of our respondents, we asked them to indicate their marketing planning focus in the areas of their products/service, customers, and relationship

with other organisations. Their responses show that majority of them focused on specific customers in their markets. Table 4.7 below gives the details of their responses.

**Table 4.7:** Managerial Focus

Question 2	Areas	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
<i>Our marketing planning is focused on issues Related to:</i>	Our product/service offering.(TM)	544	212	10	33	19
	Customers in our market(s).(DM)	528	180	24	40	46
	Specific customers in our market(s) (IM)	612	154	18	15	19
	The network of relationship between individuals and organisation in our wider marketing system(NM)	513	211	36	21	37

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

Table 4.7 above shows that four statements were used to measure the focus of marketing plan on issues in sampled organisations. The analysis revealed that almost every participant is either strongly agreed or agreed with the statement ‘product/service offering, customers and the network of relationship.

The respondents’ managers were asked to indicate the major purpose of exchange goods and services with their customers. It was discovered that many of them exchange goods and services with their customers in order to build a long-term relationship with specific customers. This can be seen in Table 4.8 below.

**Table 4.8: Purpose of Exchange**

Question 3	Areas	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
<b><i>When dealing with our market(s), our focus is on:</i></b>	Generating a profit or other 'financial', measure(s) of performance(TM)	534	222	10	33	19
	Acquiring customer information(DM)	518	190	24	40	46
	Building a long-term relationship with a specific customer(s)(IM)	602	164	18	15	19
	Forming strong relationships with a number of organisation in our market(s) or wider marketing system.(NM)	513	211	36	21	37

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

Table 4.8 above reveals that among the four statements used to measure the purpose of exchange of goods and services with customers, majority of the participant is either strongly agreed or agreed with the statement 'generating a profit or other 'financial', measure(s) of performance', 'acquiring customer information', 'building a long-term relationship with a specific customer(s)', and 'forming strong relationships with a number of organisation in our market(s) or wider marketing system'.

On whether the contact with customers is personal or impersonal, majority of our respondents indicated that their contact with their customers is interpersonal i.e it involves one-to-one interaction with customers. The detailed of their responses are contained in

Table 4.9 below.

**Table 4.9:** Type of Contact

Question 4	Areas	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
<i>Our organisation's contact with primary Customers is:</i>	Impersonal(e.g., no individuals or personal contact(TM))	33	19	10	544	212
	Somewhat personalised(e.g., by direct mail) (DM)	528	180	24	40	46
	Interpersonal(e.g.,) involving one-to-one interaction between people) (IM/NM)	612	154	18	15	19

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

As can be observed in the Table 4.9 above, almost every participant is either strongly agreed or agreed with the statement 'somewhat personalized (e.g., by direct mail)', 'interpersonal (e.g.,) involving one-to-one interaction between people'. While few others respondents are of the opinion that their contact with their customer is impersonal (e.g., no individuals or personal contact.

Taking a step further in gathering information on the duration of exchange during contact when customer buys company's products/services, it was discovered that respondents do have some future personalised contact with customers, ongoing one-to-one personal contact with people in their organisation and their wider marketing system. Table 4.10 below shows the respondents' responses on the question:

**Table 4.10:** Duration of Exchange

<b>Question 5</b>	<b>Areas</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
<i>When a customer buys our products/services we believe they expect:</i>	No future personalised contact with us (TM)	38	16	34	362	368
	Some future personalised contact with us (DM)	468	300	24	15	11
	One-to-one personal contact with us (IM)	466	248	12	48	44
	Ongoing one-to-one personal contact with people in our organisation and our wider marketing system (NM)	513	211	36	20	38

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

Table 4.10 above shows that among the four statements used to measure the duration of exchange between the organization and its customer/clients, majority of the respondents agreed that there is ongoing one-to-one personal contact with people in their organisation and their wider marketing system.

The management respondents were equally asked to indicate the area of managerial investment in terms of their marketing resources like people, time and money. The results indicated that the sampled company respondents invested a lot on marketing activities, technology, customers and networking. The detail of responses are shown in Table 4.11 below. As established in the table, the analysis revealed that almost every participant is either strongly agreed or agreed with the four statements on the area of investment like, Product, promotion, price, and distribution activities (or some combination of these),

Technology to improve communication with customers, establishing and building personal relationships with individual customers, developing organization’s network relationships within the market(s) or wider marketing system.

**Table 4.11: Managerial Investment**

Question 6	Areas	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
<i>Our marketing resources (i.e. people, time and money) are invested in:</i>	Product, promotion, price, and distribution activities (or some combination of these)(TM)	362	368	34	38	16
	Technology to improve communication with our customers (DM)	564	213	10	12	19
	Establishing and building personal relationships with individual customers (IM)	466	248	12	48	44
	Developing our organization’s network relationships within our market(s) or wider marketing system(NM)	513	211	36	20	38

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

When the responding managers were instructed to indicate the caliber of people in charge of the company’s marketing activities. Their responses showed that they make use of professional and non professional marketers like functional marketer, specialist marketers and managing directors. Their responses to this question are summarized in the table 4.12 below.

Table 4.12 below shows that four statements were used to describe the calibre of people that carried out organizations’ marketing activities. The analysis revealed that almost every body in the organisation participates in marketing activities. This is because almost every participant is either strongly agreed or agreed with the statement ‘Functional marketers (e.g. marketing manager, sales manager, major account manager), specialist marketers (e.g.



customer service manager, loyalty manager), non-marketers who have responsibility for marketing and other aspects of the business, the Managing Director or CEO.

**Table 4.12: Managerial Level**

Question 7	Areas	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
<i>In our organisation, marketing activities are carried out by:</i>	Functional marketers (e.g. marketing manager, sales manager, major account manager) (TM)	563	213	10	12	20
	Specialist marketers (e.g. customer service manager, loyalty manager) (DM)	466	248	12	48	44
	Non-marketers who have responsibility for marketing and other aspects of the business(IM)	513	211	36	20	38
	The Managing Director or CEO(NM)	513	211	36	20	38

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

Taking a step further in gathering information about the nature of communication with customers, it was discovered that majority of the respondents' firms strongly agree or agreed that their organizations utilised mass communication, one-on-one communication, to both individual customers and corporation organisations. Table 4.13 below shows their

responses to this question.

**Table 4.13:** Nature of Communication

<b>Question 8</b>	<b>Areas</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
<b><i>Our market communication involves:</i></b>	Our organisation communicating to the mass market (TM)	362	368	34	38	16
	Our organisation targeting a specifically identified segment(s) or customer(s) (DM)	413	362	24	13	6
	Individuals at various levels in our organisation personally interacting with their individual customers (IM)	466	248	12	48	44
	Senior managers networking with other managers from a variety of organisations in our market(s) or wider marketing system (NM)	513	211	36	20	38

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

According to Table 4.13 above, out of four statements used to measure the nature of Communication in sampled organisations, the analysis revealed that almost every participant is either strongly agreed or agreed with the statement ‘our organisation communicating to the mass market’ ‘our organisation targeting a specifically identified

segment(s) or customer(s)' 'individuals at various levels in our organisation personally interacting with their individual customers' Senior managers networking with other managers from a variety of organisations in our market(s) or wider marketing system'

When the responding managers were instructed to indicate formality of exchange when their organizations meet with their primary customers, their responses showed that they meet their customers mainly at both formal and business level. The responses gathered from the respondents are presented in table 4.14 below.

**Table 4.14:** Formality of Exchange

<b>Question 9</b>	<b>Areas</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
<i>When people from our organisation meet with our primary customers ,it is:</i>	Mainly at a formal, business level(TM)	563	213	10	12	20
	Mainly at an informal, social level (DM)	466	248	12	48	44
	At both a formal, business and informal social level (IM/NM)	513	211	36	20	38

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

Table 4.14 above shows that three statements were used to measure the formality of exchange in sampled organisations. The analysis revealed that almost every participant is either strongly agreed or agreed with the statement 'Mainly at a formal, business level', 'Mainly at an informal, social level', 'At a formal, business and informal social level'.

The managers were equally asked to indicate the overall organisation general approach to their primary customers' in terms of rendering services to their customers. Their responses are shown in Table 4.15 below:

**Table 4.15: Overall Approach**

<b>Question 10</b>	<b>Areas</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
<i>Overall, our organisation's general approach to our primary customers involves:</i>	Managing the marketing mix to attract and satisfy customers in a broad market (TM)	563	213	10	12	20
	Using technology-based tools to target and retain customers in a specific segment of the market (DM)	466	248	12	48	44
	Developing personal interactions between employees and individual customers (IM)	513	211	36	20	38
	Positioning the firm in a wider organizational system/network.(NM)	471	223	36	64	24

Note: TM Transaction marketing indicators, DM Database marketing indicators, IM interaction marketing indicators, NM Network marketing indicators.

**Source:** Field Survey, 2009/2010.

As shown above in table 4.15, four statements were used to measure the overall approach of sampled firms to their primary customers. The analysis revealed that almost every participant is either strongly agreed or agreed with the statement 'managing the marketing mix to attract and satisfy customers in a broad market' 'using technology-based tools to

target and retain customers in a specific segment of the market’ ‘developing personal interactions between employees and individual customers’ ‘positioning the firm in a wider organisational system/network’

Again, the employees who were surveyed in this study were asked to indicate the rate of technology adoption of their firms in the industry. Their responses show that majority of them have been following the trend in technology. Table 4.16 below shows this.

**Table 4.16: Technology Adoption**

<b>Areas</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
The technology in our industry is changing rapidly	612	121	53	13	19
Technological changes provide big opportunities in our industry.	563	213	10	12	20
It is very difficult to forecast where the technology in our industry will be in the next 2 to 3 years.	466	248	12	48	44
A large number of new product ideas have been made possible through technological breakthroughs in our industry.	513	211	36	20	38
Technological developments in our industry are rather minor.	463	301	25	10	19

**Source:** Field Survey, 2009/2010.

As shown in table 4.16 above, we can see that almost every participant is either strongly agreed or agreed with the statement ‘the technology in our industry is changing rapidly’, ‘technological changes provide big opportunities in our industry’, ‘it is very difficult to forecast where the technology in our industry will be in the next 2 to 3 years’, ‘a large number of new product ideas have been made possible through technological

breakthroughs in our industry’. ‘technological developments in our industry are rather minor’.

**Table 4.17** Performance of the company relative to competitors

Labels	ATRТА	АТRТS	TSG	OCS	MS	GMS	OVP	OCCP
Lowest 20%	214 (26.2%)	312 (38.1%)	344 (42.1%)	30 (3.7%)	312 (38.1%)	344 (42%)	312 (38.1%)	344 (42%)
Lower 20%	206 (25.2%)	112 (13.7%)	204 (24.9%)	78 (9.5%)	112 (13.7%)	204 (24.9%)	112 (13.7%)	204 (24.9%)
Middle 20%	308 (36.7%)	212 (25.9%)	22 (2.7%)	254 (31%)	212 (25.9%)	22 (2.6%)	212 (25.9%)	22 (2.7%)
Next 20%	64 (7.9%)	56 (6.8%)	34 (4.1%)	213 (26%)	56 (6.8%)	34 (4.1%)	56 (6.8%)	34 (4.1%)
Top 20%	26 (4%)	126 (15.4%)	214 (26.2%)	243 (29.7%)	126 (15.4%)	214 (26.1%)	126 (15.4%)	214 (26.2%)
<b>Total</b>	<b>818</b>	<b>818</b>	<b>818</b>	<b>818</b>	<b>818</b>	<b>818</b>	<b>818</b>	<b>818</b>

ATRТА-After-tax return on total assets, АТRТS-After-tax return on total sales, TSG- Total sales growth, OCS- Overall customer satisfaction, MS- Market share, GMS- Gain in market share, OVP- Overall company performance / success, OCCP- Overall company’s competitive position

**Source:** Field Survey, 2009/2010.

Table 4.17 above shows the performance of the company participated in the study. It was analysed using after –tax return on total assets, tax return on total sales, total sales growth, overall customer satisfaction, market share, gain in market share, overall company performance/success and overall company’s competitive position. It was discovered that most companies (36.7%) fall within middle 20 per cent in the after-tax return on the total assets (ATRТА) while 26.2 per cent fall within lowest 20 per cent, next 20 per cent and topmost (20%) were 7.9 per cent and 4 per cent respectively. However, the after-tax return on the total sales revealed 38 per cent lowest 20 per cent, 13 per cent lower, 26 per cent middle, 6.8 per cent next and 15.4 topmost. In total sales growth analysis 42 per cent lowest 20 per cent, 24.9 per cent lower, 2.7 per cent middle, 4.1 per cent next and 26.2 per cent topmost. The overall customer satisfaction revealed 3.7 per cent lowest 9.5 per cent lower, 31 per cent middle, 26 per cent next and 29.7 per cent topmost. The analysis of market share as an indicator of performance of the companies sampled revealed that 38.1

per cent lowest 13.7 per cent lower, 25.9 per cent middle, 6.8 per cent next and 15.4 per cent topmost. After examining gain in market share as an indicator of performance of the companies sampled the findings revealed that 42 per cent lowest 24.9 per cent lower, 2.6 per cent middle, 4.1 per cent next and 26.1 per cent topmost. The analysis of overall company performance revealed 38.1 per cent lowest 13.7 per cent lower, 25.9 per cent middle, 6.8 per cent next and 15.4 per cent topmost. The analysis of overall company competitive position revealed 42 per cent lowest, 24.9 per cent lower, 2.7 per cent middle, 4.1 per cent next and 26.2 per cent topmost.

### **4.3 Hypotheses Testing**

#### **4.3.1 Restatement of Hypotheses**

1. There is no significant combined contribution of Transaction Marketing strategies (arms-length, Marketing Mix, Functional Marketing and Internal Capacity) in predicting new customers' in agro marketing firms.
2. There is no significant difference in generating and retainership capacity and improved market share between agricultural marketing firms with high adoption of Database Marketing strategies and those with low adoption of Database Marketing.
3. Agricultural marketing firms with substantial adoption of face-to-face and dyadic relationship marketing will not significantly experience increase in sales value.
4. Agricultural marketing firms with high and low penetration of Network Marketing will not perform significantly different in organisational market share.

**4.3.2 Hypothesis One:** There is no significant combined contribution of transaction marketing strategies (Arms-length, Marketing Mix, Functional Marketing and Internal Capacity) on the prediction of new customers.

**Table 4.18 Model Summary Table**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758	.574	.101	3.2387092472

a Predictors: (Constant), Arms-length, Marketing Mix, Functional Marketing and Internal Capacity  
b. Dependent Variable: Customers' Acquisition

**Source: Researcher's Analysis of Field Survey, 2009/2010**

Table 4.18 indicated the model summary of the multiple regression equation that predicted the value of new customers reacting to the use of transaction marketing strategies (Arms-length, Marketing Mix, Functional Marketing and Internal Capacity).

The explanation of the values presented is given in the table below:

**Table 4.19 ANOVA**

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1934.3616	3	644.7872	28.48	0.05
Residual	18451.6	815	22.64		
Total	43793.946	818			<0.05

a Predictors: (Constant), Arms-length, Marketing Mix, Functional Marketing and Internal Capacity  
b. Dependent Variable: customers' acquisition

**Source: Researcher's Analysis of Field Survey, 2009/2010**

The interpretations of the information provided in the model summary table about the regression analysis are provided as follow. First, the 'multiple R' column is the correlation between the actually observed independent variables and the predicted dependent variable (i.e., predicted by the regression equation). 'R square' is the square of R and is also known as the 'coefficient of determination'. It states the proportion (or percentage) of the (sample) variation in the dependent variable that can be attributed to the independent variable(s).

In this study, .574 per cent of the variation in customers' acquisition value appears accounted for by the combination of Transaction Marketing Strategies (Arms-length, Marketing Mix, Functional Marketing and Internal Capacity). The 'adjusted R square' refers to the best estimate of R square for the population from which the sample was



drawn. Finally, the ‘standard error of estimate’ indicates that, on average, observed customers’ acquisition value scores deviate from the predicted regression line by a score of 3.2387092472.

This is not surprising, since it is already known that the regression model explains 57 per cent of the variation. It cannot account for the other 43 per cent, which most likely represents both measurement error in independent variables as well as other factors that influence customers’ acquisition value that have not been considered. Hypothesis One, which states that there is no significant combined contribution of transaction marketing strategies (Arms-length, Marketing Mix, Functional Marketing and Internal Capacity) in predicting customers’ acquisition, was rejected at  $R=.758$ ,  $R^2=.576$ ,  $F_{(3, 816)}=28.48$ ;  $p<.05$

**Hypothesis Two:** There is no significant difference in generating and retainership capacity and improved market share between agricultural marketing firms with high adoption of Database Marketing Strategies and those with low adoption of Database Marketing.

**Table 4.20 Summary of independent sample t-test showing generating and retainership capacity and improved market share**

New Customers	Variations	N	df	Mean	SD	t-ob	Significance level
Generating capacity	Agricultural marketing firms with high adoption of Database Marketing	326	816	38.45	4.29	19.42*	0.05<0.05
	Agricultural marketing firms with low adoption of Database Marketing.	492		27.13	6.08		
Retainership capacity	Agricultural marketing firms with high adoption of Database Marketing	326	816	26.53	2.41	34.16*	0.05<0.05
	Agricultural marketing firms with low adoption of Database Marketing.	492		24.16	2.16		
Improved market share	Agricultural marketing firms with high adoption of Database Marketing	326	816	22.14	1.83	26.66*	0.05<0.05
	Agricultural marketing firms with low adoption of Database Marketing.	492		21.22	1.44		

\*Significant

Source: Researcher’s Analysis of Field Survey, 2009/2010

The independent t-test was used to test the second hypothesis.

The two groups identified were agricultural marketing firms with high adoption of Database Marketing and those with low adoption of Database Marketing. In this study, the means show that agricultural marketing firms with high adoption of Database Marketing had higher means in generating and retainership capacity and improved market share(36.45, 26.53 and 22.14) than those with low adoption of Database Marketing.

The p-value obtained from an independent sample t-test indicated a significant difference between the groups identified. The p-value indicated a significant difference in generating and retainership capacity and improved market share between agricultural marketing firms with high adoption of Database Marketing strategies and those with low adoption of Database Marketing at t-observed=19.42, 34.16 and 26.66, degree of freedom=816 and 0.05 significant level. Hypothesis Two is rejected.

**Hypothesis Three:** Agricultural marketing firms with high and low use of face-to-face and Dyadic Relationship Marketing will not significantly experience increase in sales volume and value.

**Table 4.21: Agricultural marketing firms with high and low use of face-to-face and Dyadic Relationship Marketing**

	Variations	N	df	Mean	SD	t-ob	Significance level
Sales value and volume.	Agricultural marketing firms with high adoption of face-to-face Marketing	500	816	24.42	2.21	26.44*	0.05<0.05
	Agricultural marketing firms with low adoption of face-to-face Marketing.	318		21.33	2.04		
Sales value and volume.	Agricultural marketing firms with high adoption of Dyadic Relationship Marketing	350	816	27.15	1.54	44.24*	0.05<0.05
	Agricultural marketing firms with low adoption of dyadic relationship marketing.	468		22.66	1.42		

\*Significant

**Source: Researcher's Analysis of Field Survey, 2009/2010**

The independent t-test was used to test the third hypothesis. The two groups identified were agricultural marketing firms with high and low use of face-to-face and dyadic relationship marketing. In this study, the means show that agricultural marketing firms with high use of face-to-face and Dyadic Relationship Marketing strategies had higher means in sales value and volume (24.42 and 27.15) than those with low use of face-to-face and Dyadic Relationship Marketing strategies. The p-value obtained from an independent sample t-test indicated a significant difference between the groups identified. The p-value indicated a significant difference in sales value or volume among agricultural marketing firms with high and low use of face-to-face and dynamic relationship marketing at t-observed=26.44 and 44.24, degree of freedom=816 and 0.05 significant level. Hypothesis Three is also rejected.

**Hypothesis Four:** Agricultural marketing firms with high and low penetration of Network Marketing will not perform significantly different in organisational market share.

**Table 4.22: Summary of t-test distribution**

Variation	N	df	Mean	Sd	t-observed	Sig. level
Agricultural marketing firms with high penetration of Network Marketing	358	816	22.16	1.46	17.73*	0.05 <0.05
Agricultural marketing firms with low penetration of Network Marketing	460		18.88	1.27		

\*Significant

**Source: Researcher's Analysis of Field Survey, 2009/2010**

The table above presented the summary of t-test. The first column presented the two variations tested in this hypothesis (agricultural marketing firms with high and low penetration of Network Marketing). The second column revealed that the agricultural marketing firms with high penetration of network marketing had better market share than

agricultural marketing firms with low penetration of network marketing. The degree of freedom column revealed the addition of unequal groups minus two.

In this study, however, there is a significant difference in market share of agricultural marketing firms with high and low penetration of Network marketing at  $t$  observed =17.73, 816 degree of freedom and 0.05 significant level.

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter contains the discussion of the findings of the study. The hypotheses stated for the study guided the arrangement of the discussions. This is followed by conclusions drawn from the findings, recommendations and suggestions for further study.

From this, research findings were divided into two parts, namely (i) Summary of theoretical findings. (ii). Summary of empirical findings.

#### **5.1.1 Summary of Theoretical Findings.**

The literature reviewed in the study revealed the following findings:

Marketing is changing; the economic, technological and social environments in which we live are evolving in ways that influence how marketing managers make decisions and what academics teach. Three major areas of change -globalisation, technology, and consumer demands - mean that there are new competitors, new customers, new information and new ways to market product cum services. These changes influence marketing management, marketing research, and marketing theory. The impacts of these changes increase the speed with which marketers must work, the amount of information they must cope with and the scope of their vision.

Each of these impacts is related to the major themes of this thesis. Market conditions now change more rapidly than in the past. Thus, marketers must develop strategies and implement these strategies more swiftly to react to new competitors and to new customers. New products must be developed and brought to the market faster than ever. Activities such as these should integrate the various elements of the new marketing environment

more effectively than in the past. No longer can firms operate successfully in the global marketplace by changing their strategies piecemeal. Entire systems must be adapted to the challenges of the contemporary marketplace.

Second, previous publications in the field, while supporting Relationship Marketing and Gronroos (1996) in principle, also back the body of literature which questions the appropriateness of Relationship Marketing (Blattberg et al, 1996; Hansotia et al, 1996). For example, Hansotia et al, (1996) found that under certain conditions in industrial markets, short-term opportunistic behaviour is not only accepted, but also encouraged. This is evidenced by the industrial commodity firms in this thesis. Further, Lewis (1995) argues that to understand the concept of a relationship, it is important to recognise its 'burdens' in terms of resource demands, loss of control, etc. As seen in the context of the new propositions, these and related issues were of importance to managers.

Third, many firms appear to manage a variety of approaches to customer relationships and, therefore, practise both Transactional and Relationship Marketing. Thus, the application of more traditional cornerstone marketing activities was considered to be both relevant and necessary in many contexts. It appears therefore, according to these managers, that "Successful organisations must learn to marry the two concepts (Transaction and Relationship Marketing) in a way that profitably delivers what the customer demands and no more"(Coviello, Brodie, and Munro, 2000). This conclusion is consistent with the findings of Reinartz *et al* (2005), which indicate that all types of firms practise both Transactional and Relationship Marketing to varying degrees.

Relationship Marketing has been recognised as one of the most important aspects in Strategic Marketing Management and a fundamental issue in the Marketing discipline as

well. However, marketing practitioners and scholars generally differ over the conceptualisation of the construct. In particular, they dispute over the universality of Relationship Marketing as a strategic choice. We have suggested that Relationship Marketing might represent a genuine paradigm shift one of the important issues that we must face relates to the theoretical explanation of the Relationship between the traditional marketing concept and Relationship Marketing. Does the emergence of Relationship Marketing make the traditional marketing concept obsolete, necessitating its replacement with a new paradigm? Moreover, is the marketing approach characterised by the 4Ps (i.e. Transactional Marketing) still valid? If yes, in what ways are these two different approaches associated?

The conceptualisation of marketing offered by the American Marketing Association is transactional in nature. This ideation has been effectively challenged by many marketing scholars, especially by European academicians. Transactional Marketing as a commonly accepted paradigm has been criticised as outdated (Reinartz *et al* (2005), irrelevant to the interactive nature of service marketing and/or to the network approach of industrial marketing (Dekimpe *et al*, 2005), heavily influenced by microeconomic theory (Gronroos, 1995) and should be abandoned (Gummesson, 2002).

Apparently, traditional marketing, as characterised by the 4Ps, cannot be effectively applied to marketing areas other than those involving packaged consumer goods in mass markets. As a result, a new conceptualisation of Marketing (or a paradigm shift) is in order. However, the criticism of the viewpoint that considers Transactional Marketing a universal paradigm does not necessarily invalidate transactional marketing as an effective marketing approach. Reinartz *et al* (2005) empirical study indicates that majority of the firms they

surveyed deployed a combination of transactional and relational approaches. Eighty-one per cent of the organisations were rated as medium to high on the Transactional Marketing index, a measure developed in their study indicating the degree to which a firm favours Transactional Marketing. Based on their findings, they conclude that Transactional Marketing is still relevant and its role in the field should neither be ignored nor underestimated. These empirical findings suggest that Transactional Marketing may still be valid as a marketing approach, even though it may no longer be appropriate as a marketing paradigm. It follows that marketing scholars may need to adopt a position that can accommodate both Relationship Marketing and the traditional marketing approaches.

The body of works reviewed has attempted to accommodate a dual perspective and delineate the boundary conditions for Relationship Marketing. Our underlying assumption is that Relationship Marketing, when understood as an alternative for Transactional Marketing, is a strategic choice rather than a marketing paradigm. Likewise, this is also true of Transactional Marketing, an alternative to Relationship Marketing.

Accordingly, a fundamental issue facing a marketing practitioner is the choice between Transactional Marketing and Relationship Marketing approaches. Both approaches, as strategic choices, can be appropriate under certain conditions. We submit that the appropriateness of the choice depends on the nature of a particular exchange relationship, together with the governing mechanism underlying the exchange processes.

Accommodating Relationship Marketing and Transactional Marketing in terms of strategic orientation has significant implications for marketing practice. A recent study (Lewis, 2006) reports a gap between normative perspectives offered by academics and the current practice of marketers. The authors found support for the concept of Relationship



Marketing, but less evidence of meaningful behavioural changes by the respondents who participated in their study. The inconsistency in their findings demonstrates the confusion among the respondents about the nature of Relationship Marketing and their reluctance to put this marketing approach into practice. One may validly conclude that the findings provide evidence of the need for further clarification of the meaning of Relationship Marketing and for effective practical guidance in applying a relationship approach.

Our thesis tries to clarify the nature of Relationship Marketing by depicting it as a strategic choice and placing it in contrast with the Transactional Marketing approach. Furthermore, we have put up relational involvement and the governing mechanism as two determinants of strategic choices. Taken together, they should help marketers in making their choices between Relationship Marketing and Transactional Marketing. In short, marketers are not obliged to subject themselves to Relationship Marketing since it may not be appropriate if the exchange relationship in which they are involved calls for a transactional approach instead. In contrast marketers need to base their choices on the characteristics of the exchange relationship and the underlying governing mechanism. Accordingly, marketers should take the Relationship Marketing approach only when it is appropriate.

Complementing our major findings, this study has offered an application of the strategic-choice concept to the marketing relationships first conceptualised by Venkatesan et al (2004). It offers the strategic choice that should be appropriate for different types of Marketing Relationship. We believe that the delineation of boundary conditions for relationship marketing will help practitioners in various marketing situations with their strategic choices.

Relationship Marketing, as an emerging stream of marketing research, is still in a relatively early stage of development. Many fundamental issues are either still unaddressed or only inadequately documented, including the nature of the concept and its implications for the marketing discipline as a whole. By focusing on the boundary conditions, this thesis stresses the importance of Relationship Marketing as a strategic choice. The narrow focus may help us better understand the inchoate nature of Relationship Marketing.

Relationship Marketing has profound implications for the discipline because it challenges traditional concepts of marketing. Further research and analysis need to be undertaken in order to explore the nature of Relationship Marketing, especially its paradigmatic implications.

### **5.1.2 Summary of Empirical Study Findings**

Based on the objectives of the study and the hypotheses formulated, the following decisions were arrived at:

#### **Objective One**

To ascertain whether agricultural marketing firms with high use of combined strategies of Transaction Marketing (TM) (Arms-length, Marketing Mix, Functional Marketing and Internal Capacity) would gain more customers than those not using combined transaction marketing strategies;

#### **Hypothesis One**

This study attempts to verify contemporary marketing practice adopted by agricultural marketing firms. Thus Hypothesis One revealed that there is combined contribution of transaction marketing strategies (Arms-length, Marketing Mix, Functional Marketing and Internal Capacity) in predicting customers' acquisition. For most businesses, the primary

means of growth involves the acquisition of new customers. This could involve finding customers who previously were not aware of the organisation's product, were not candidates for purchasing the product, or customers who in the past have bought from the firm's competitors. Some of these customers might have been previous patrons, which could be an advantage (more data might be available about them) or a disadvantage (they might have switched as a result of poor service).

The traditional approach to customer acquisition involved a marketing manager developing a combination of mass marketing (magazine advertisements, billboards, etc.) and direct marketing (telemarketing, mail, etc.) campaigns based on their knowledge of the particular customer base being targeted. The present findings indicate that Transaction Marketing (Arms-length, Marketing Mix, Functional Marketing and Internal Capacity) predict customers' acquisition. This finding is in consonance with earlier studies where marketing concepts and customers' acquisition were in focus. The use of marketing as a strategy has been demonstrated to have positive implications for firm performance (Wan and Hoskison, 2003).

### **Objective Two**

To determine if agricultural marketing firms with high adoption of database marketing will have high generating and retainership capacity and improved market share;

### **Hypothesis Two**

In today's market, organisations are competing not only to attract new customers, but also to build loyalty and retention rates among existing patrons. Today's mandate for "reinvention" means the future depends not only on incremental improvements, but on quantum-leap breakthroughs as well. Companies are seeking to derive value from the

entire customer management value chain, from database interrogation to inform and drive marketing and cost-reduction strategies, to development of powerful people and systems strategies which can deliver the highest level of customer service. That is why technological advances and functional improvement programmes alone are not enough. The current findings indicate that there is significant difference in generating and retainership capacity as well as improved market share between agricultural marketing firms with high adoption of Database Marketing and those with low adoption of the concept. A certain amount of customer turnover is inevitable. Some business people think they can afford to lose some customers because they can replace them with new ones. However, attracting and retaining new customers is expensive. Marketing data show that it costs five times as much to get a new customer as it does to keep an existing one. In today's turbulent business environment the focus never moves from the bottom line. Marketers are under increased pressure to constantly drive growth. Whether that means entering new markets or to jump-start a stalled, mature market, adoption of Database Marketing helps to position businesses for higher market share and revenue growth.

### **Objective Three**

To find out whether agricultural marketing firms operating with the strategy of interactive marketing (the mixture of face-to-face and dyadic relationship) are likely to have more sales value.

### **Hypothesis Three**

Agricultural marketing firms with high adoption of face-to-face and Dyadic Relationship Marketing record significant difference in sales volume and value from agricultural marketing firms with low use of face-to-face and Dyadic Relationship Marketing. Face-to-Face selling can require a lot of time, energy, and expense but the payoff can be

tremendous. Despite all of the new high-tech alternatives, an in-person sales presentation is the single most powerful marketing tool in use today. Relationship Marketing recognises the value of forming good and lasting relationships with customers in order to add value to a service, create loyalty, increase referrals and help offer more personalised and targeted sales. Face-to-Face meetings, like networking event allow service providers to meet with potential customers to develop these good and lasting relationships.

#### **Objective Four**

To know whether agricultural marketing firms with high penetration of network marketing will have greater market share.

#### **Hypothesis Four**

Agricultural marketing firms with high penetration of Network Marketing record significant difference in market share from agricultural marketing firms with low penetration of Network Marketing. Attaining a high level of market share is one of the key objectives of most business organisations. A relatively high market share is strongly related to ROI and profitability, with higher market share leading to better performance. Firms can build market share in two ways- by retaining current customers and by recruiting new patrons. As such, the repurchase intention measure addresses possible increases in share due to increasing volume from existing accounts as well as from new customers, addressing both sources of increased market share.

### **5.2 Conclusion**

Recession is a phenomenon of decreasing demand for raw materials, products, and services. The response of marketing managers to recession depends on how they perceive its meaning and impact on their businesses. As a result, it is possible that a recession on the

national level may affect different companies in a variety of ways and may, in fact, indicate different economic environments, including those of growth and inflation. Specifically, an objectively measured and determined recession on the national level may affect companies of various sizes across sectors and regions differently, hence requiring that marketing managers take varied tactical and/or strategic measures to adjust to or even exploit changes in the economic environment.

The acquisition process is particularly important for start-ups and for firms competing in grown markets. An important aspect of Customer Relationship Marketing (CRM) is the need to acquire and retain profitable customers. Managers need to understand the relative effectiveness of different modes of acquisition, and loyalty strategies. Very few studies have focused on the acquisition of customers based on marketing strategies. The findings of this study answer these questions using a proprietary data set from the agricultural marketing firms. A framework has been developed. The marketing intervention strategy derived from this framework is integrative because it is a multi-step, multi-segment and multi-channel CRM process about when to contact which customer with what product or content using which communication channel (how). The marketing intervention is interactive because it follows each stage of customer demand maturity and intervenes with the most appropriate marketing tool. The solution is also proactive because it allows the firm to forecast the effect of today's marketing intervention on future profitability. In addition, the solution is dynamic because it can forego short-term profit in order to harvest future profit (Katsikea et al, 2006).

Finally, the framework allows the firm to be experimental and learn about customer preference. For example, the firm can sample by randomly assigning a customer to a campaign channel in order to learn customer channel preference.

In any business endeavour, the "product" is the basis for success or failure. No amount of promotion can make a long-term success out of an inferior product. In the words of Bill Bernbach, a noted advertising executive, "A great ad campaign will make a bad product fail faster. All products could possibly benefit from improved cultivars, but even excellent cultivars cannot overcome quality problems caused by sub-optimum harvest or rough handling" (Capron and Chatain, 2008).

It is likely that Relationship Marketing techniques will now increasingly need to be employed as companies understand more about their customers and how they can keep them. Probably the most important issue is for utilities to remember that a customer lost through dissatisfaction with a service provider will be gained by a competitor. Keeping customers is therefore, a key strategic issue for firms to address. Customer retention helps predict the profitability of the company and therefore, provides an excellent management tool for considering the success of quality and customer service programmes.

Retaining a customer allows a company to further develop its relationship with its patron. It has been discovered that there is a link between quality, customer retention and profitability. This is not surprising — customers who are satisfied with the total value proposition offered to them will be loyal to the company. Customer retention is of particular importance in intensely competitive markets, such as agricultural marketing firms find themselves. Knowledge of profit impact of a given improvement in retention rate, by customer segment, is essential so managers can decide on the relative emphasis to be placed on retention and acquisition strategies.

The Customer Retention Model provides an understanding of the profit impact of customer retention including the role of interacting variables, thus enabling agro-industry managers to gain an understanding of the likely profit impact in their own businesses. The argument

for improving retention rates in agro-industry companies is a compelling one based on the evidence of the profit impact of small percentage improvements in retention and the new, highly competitive market environment. Relationship Marketing and customer retention will prove to be key major strategic issues for agro-industry for the rest of this decade and beyond.

Besides, by adapting the Coviello, Brodie and Munro (1997) classification scheme to incorporate the concept of IT-enabled interactivity, four distinct marketing approaches are derived from existing body of knowledge- Transaction, Database, Interaction, and Network. Theoretically, each approach has its unique characteristics, and can be identified in practice. As originally discovered by Brodie et al. (1997), the current study shows that while different types of firms may emphasise different approaches to the market, they also practise all aspects of marketing to a certain extent. For example, nearly all firms practise medium to high level Transaction, Database, Interaction and Network Marketing. Indeed, in the case of the UK sample, over half reported a low level of practice. This suggests that while Rust and Varki (1996), Webster (1996), Hoffman and Novak (1997) and Venkataraman (2000) argue that IT-enabled interactivity and the Internet fundamentally change how all firms relate to their markets, such developments, as manifested in e-business, have not been embraced by the cross section of organisations investigated in this study. This supports the findings of Hart, Doherty and Ellis-Chadwick (2002) and the observations of Tapp (2001) and Hughes (2002).

A similar argument can be made for Database Marketing. This reflects Day's observation (1994, p.49) that information technology is used to "enable the organisation to do things it could not do before," in terms of how the firm relates to its markets, for instance the results also suggest that information technology's ability to enable marketing practices is related to



the role IT plays in the firm as a whole. The results therefore, seem to support McKenna's (1991) argument that technology comes first and the ability to market follows.

Current marketing literature has moved beyond the "4Ps" or Transaction Marketing to include other types of marketing, loosely termed Relationship Marketing. This study helps to summarise and synthesise these publications by developing a simple classification scheme which identifies four distinct, yet related, types of Marketing in the context of marketing practice. These types of marketing may be generally classified into two perspectives: (i) Transactional; and (ii) Relational marketing, with the latter encompassing Database, Interaction and Network Marketing. Within this framework, Network Marketing emerges as a holistic view of Interaction Marketing, with interaction-based relationships characteristic of both. Network and Interaction Marketing differ from the tool/technique of Database Marketing, which is a "closer form" of Transaction Marketing. Each type of marketing has unique characteristics which may be more or less appropriate/applicable in different types of industry and market environments.

### **5.3 Recommendations**

Our study has successfully redefined the concept of contemporary marketing from a Agricultural marketing perspective and identified/outlined the role played by the marketing strategy-making process as parameter variable in the relationship between contemporary marketing strategies and firm performance. To this end, the following recommendations are hereby proffered:

- (1) The amount of information available to decision makers grows with each new technological advance in marketing research. For example, CRM programmes, loyalty programmes and transaction records generate massive amounts of customer

information. Managers must learn to use this information in an integrated way to react to changing conditions.

Marketing research also produces more and more information for managers. This information should be used as input to integrated marketing systems, modelled perhaps after the ideas of Integrated Marketing Communications, where all aspects of promotion (advertising, personal selling, public relations, publicity, the Internet) are seamlessly integrated to yield results greater than the sum of their individual contributions.

Marketers can no longer focus solely on their home markets. The potential to sell products globally should become a chief consideration in market planning. Marketers need to expand their vision of the market beyond segments and targets to use new technologies to see their customers as individuals with a life-time value, as a type of equity to be protected and nurtured. Product modifications and safe improvements should be replaced by creative and unique ways to solve customer problems. Narrow tactical concerns should take second place to the vision of how Marketing should play a driving role in the corporate mission, how consumers should be viewed as an asset and how brands should be used to create close, personal relationships with customers.

- (2) The increasing popularity of Data Base Marketing (DBM) provides an indication of how seductive the benefits of this concept are. However, justifying and developing an effective DBM system is a complex process with many barriers. Before embarking on expensive IT and data collection projects, managers should ask themselves some basic questions. Specifically: How does DBM fit in with their existing and future marketing plans? What are the specific quantitative and

qualitative benefits of a DBM system that will improve marketing productivity?  
What organisational changes will be necessary to accommodate a DBM system?  
These questions are intended to provoke a situation review, which, if appropriate, evolves into a plan for DBM systems development.

- (3) The issue of internal change management could be considered integral to the wider internal Relationship Marketing function within a firm. Whilst internal relationship marketing is a relatively undeveloped construct, as Gummesson (2002) suggests, perhaps more firms should focus on their internal “network of relationships and projects” if IT-enabled interactivity or other IT changes are to be implemented smoothly. Jap and Mohr (2002, p. 25) agree, saying: “. . . e-commerce technologies cannot be successfully leveraged without considering the organisational relationships in which the technologies are being embedded.”
- (4) Our aim, so far, is not to delineate the relevance of modern agro-based industries in shaping the Nigerian economy. Certainly, if agricultural growth is to be raised and market created for our industrial products, higher productivity and better preservation and packaging techniques need to be encouraged by modern industries. Our analysis so far shows that the key to agro-industrial progress in Nigeria lies in a sustainable growth of agricultural production. Aggregate growth in output is feasible under economic deregulation. Deregulation and structural policies are important first steps to stimulating and sustaining agricultural growth in Nigeria, but greater care should be taken to mitigate their adverse socio-economic impact. In order to promote industrial growth or in fact Agro-based industries in the country, there is need to consider the following suggestions.

(a). There is urgent need for government intervention in order to ease problems posed by traditional land tenure systems, which make land acquisition for agriculture purposes difficult. State governments should assist corporate bodies or cooperatives in acquiring large parcels of arable land for large-scale farming towards enhancing agro-industrial development of respective states. The process of issuance of certificates of occupancy (C of O) should be simplified by the government for such corporate bodies and cooperatives.

(b). The present astronomically high costs of production which tend to make commercial farming unattractive and unprofitable should be brought down through the provision of subsidies of some sort on farm machinery and fertilisers, among others. Large volume purchase of some material inputs ought to attract some discounts. These subsidies could be scaled down year after year.

(c). Special incentives, perhaps in the form of tax breaks, should be given to corporate bodies and firms wishing to go into large-scale farming to source the raw materials required in the manufacturing sector such as sugar, textiles, foods, beverages and other agro-based industries. Backward integration should be strongly advocated and encouraged by all tiers of government. The Federal Government should provide tax reduction incentives while state governments should assist in land acquisition. Local governments should mobilise the people to create a good pool of labour force that would be employed in various stages of the production process (i.e., in industries or farms) and provide security for the entire infrastructure.

(d). There is the need to create and promote adequate market in relation to the increased production that would be engendered by increased activities in the industry or agricultural sectors. The government should put pressure on the Nigerian Export Promotion Council to promote and facilitate the exportation of agricultural produce agro-allied' products.

Cottage industries which can utilise the farm produce as their raw materials should also be encouraged.

(e). Other areas which require considerable attention in view of their potential contributions to agricultural growth are input procurement/distribution and application of suitable technology. Adoption of modern farming/husbandry/seedlings, agricultural chemicals for pests and disease control and fertilisers to enhance yields, is a veritable means of minimising the problem of low agricultural yield/output.

(f). Strengthening of primary commodity markets through improvement in transportation, marketing and storage infrastructure as well as widespread inter-regional and inter-seasonal variations in prices tend to hamper adequate planning of farming and industrial operations and output expansion plans. The government should promote the establishment of commodity exchanges and refrain from undue intervention in trade.

(g). Economic cooperation among geo-political zones and states should be highly encouraged. The benefits of such cooperation include the ability to pool resources together in order to embark on projects adjudged to be beyond individual states or zones. It also allows the cooperating states to reap the benefits of economics of scale, thereby improving the welfare of the people. The ultimate goal of co-operating states should be to achieve acceleration in the rate of economic development by being able to mobilise funds on a large scale to undertake industrialisation.

#### **5.4 Managerial Implications**

Based on the findings of this study, implications can be drawn for further conceptual development, empirical research and managerial practice.

For managers, the significant potential of e-Marketing as point of interactivity with customers (traditionally in person or through the telephone) can be encapsulated in interactive technology such as the Internet. When done well, this provides benefits to both customers (e.g., in terms of convenience) and sellers (e.g., in terms of providing previously unknown customer information). Clearly, the more interactive IT capabilities are made available, the more customer interactivity can be generated.

At the same time, it is important to recognise that e-Marketing is but one of a number of relevant contemporary marketing approaches. This has two specific implications. First, given that the more traditional marketing approaches are well entrenched in practice, it is difficult to implement e-Marketing on its own. Also, the application of the other marketing approaches (Transaction, Database, Interaction, and Network marketing) is likely to add value to both the firm and its customers.

This leads to the second point: Not all customers will necessarily prefer e-Marketing to other approaches. Thus, managers must be sensitive to certain characteristics of their customer groups in order to identify which combination of marketing approaches most appropriate for them. These characteristics include not only the buyers' need structure, but their preference for transactional versus relational exchange and their comfort with/preference for interactive communication. Managers should also recognise that the functionality of IT-enabled interactivity is wide ranging, and its role and scope can range from one organisation to the other. Thus, they should take cognisance of the variety of roles IT can play in their firm, and how different marketing approaches can impact on them.

We are of the view that the transformational use of e-Marketing (where IT is in a change role) would be relevant for some organisations but not others. Thus, rather than assuming

that the future of the organisation lies with a transformed approach to business, managers should approach the decision in a strategic and market-driven manner. In the same way that any combination of marketing approaches is available to the firm, IT can play different roles in the organisation. The critical issue is to recognise that IT will play a role, and the extent to which it reinforces, enhances, and/or transforms the business must be determined strategically.

In order to fit DBM into the organisation's business plans, managers need both an understanding to its potential and how this contributes to the business strategy. For many organisation it seems that both strategists and marketers are relatively ignorant of DBM and the costs associated with its development. Marketing managers therefore, need to acquire a working understanding of the concept.

In addition, this thesis suggests that there is need for managers to consider four key issues. First, they should understand the expansive nature of the concepts associated with both Relational and Transactional Marketing. Second, they should probe for the true relationship needs of their particular customer base. Third, they must recognise the characteristics of their particular environmental context and understand how these may affect marketing practices and customer relationships. Finally, they should take cognisance of the practicalities and costs associated with the implementation of Relationship Marketing as defined by Gronroos (1996).

Consequently, the findings of this study suggest that marketing practices are becoming increasingly complex and intertwined. These results support Day's comment (1998, p.48): "...there is no 'one size fits all' organisational template for situations." Managers should therefore, recognise that all four aspects of Marketing discussed in this study may be relevant to their organisations. By balancing the use of these different approaches in an

appropriate way, a firm should also be able to create synergy in all areas of customer management. In terms of gaining competitive advantage, however, managers should note that while 65 per cent of organisations appear to use Database Marketing in conjunction with more traditional aspects of marketing (as seen in the 'Transactional Plus' and 'Pluralistic' clusters), the most prevalent approaches are clearly Interaction Marketing, followed by Transaction and Network Marketing. Given that these approaches will likely dominate most competitive activity, managers might be able to create differential advantage by developing a greater understanding of the potential role and application of Database Marketing in their organisations. This does not necessarily imply that all firms should jump on the 'technology bandwagon'. Decisions about the implementation of any aspect of Marketing should be based on a strategic evaluation of the role it will play in the firm's overall approach to the market (see Porter 2001).

Decisions as to the implementation of contemporary marketing strategies in particular will require a clear understanding of the strategic role of technology in the firm and its capabilities to implement and support operations. In some companies, contemporary marketing may involve a simple application of web technology, while other firms may operate within a complex and integrated Internet strategy.

Also, the decision to introduce contemporary marketing should reflect the customer's preferences/ capabilities to participate in electronically-interactive relationships. A thorough strategic evaluation may well lead the firm to conclude that 'Traditional Transactional' or 'Traditional Relational' approach to their market is currently most appropriate.

However, Database Marketing is likely to be the aspect of Marketing that can be used to complement, support and/or extend more traditional transactional and relational



perspectives. Indeed, these technology-enabled approaches are considered key strategic inflection points for marketing practice (Brookes 2004). That is, developments in information technology are manifest in the increased emphasis on the service component of all product offers and customer value management, as well as changing resource environments. This leads to transformation in organisations and systemic market relationships. Such developments will continue to inflect change on organisations, on the role that technology takes in those organisations, and how the firm relates to its markets.

### **5.5 Research Implications**

We support Lacobucci and Hibbard's (1999) call for efforts to understand how businesses interact directly with their customers. This is particularly important as we see the need for further empirical data to complement the predominantly conceptual and anecdotal nature of extant publications on the subject. We therefore, suggest modifying the operationalised classification scheme used by Brodie et al. (1997) and Coviello et al. (2000) so that measures for e-Marketing are incorporated. This would allow for comparative investigation of how different types of firms relate to their customers. A particular benefit of this approach is that the practice of e-Marketing would be examined relative to other, more established marketing approaches.

The point at which an IT application goes from reinforcement to enhancement and to a transformation of the status quo is not yet known. However, the preliminary investigations by Honeycutt et al. (1998) and Geiger and Martin (1999) suggest that an evolutionary process based on organisational learning is involved. Thus, future research should be longitudinal in order to capture evolutionary practices and processes. Benchmarking the findings against previous empirical data generated from this framework would also provide insight into the evolution of marketing practice.

Methodologically, qualitative research in the form of case studies would be helpful in developing a richer understanding of the role of contemporary Marketing relative to the other marketing approaches.

Finally, given the attention placed on contemporary Marketing and related activities in the current business environment, it would be useful to examine: (1) the relationship between the various marketing approaches and firm growth and performance over time; and (2) the relationship between the role of IT in the organisation and marketing practise. This would allow for insight as to how and why the balance of marketing approaches and IT roles might shift as contextual influences change.

A particularly interesting approach would be to compare dot-com start-ups with industry incumbents. This would allow for examination of firms who are starting from different "positions" in terms of how IT is used in the organisation. For example, dot-coms may work to build brand and marketing infrastructure using Transaction, Database, Interaction, and/or Network Marketing (for example, Amazon.com) while incumbents may seek to enhance or transform their legacy marketing systems through the introduction of an e-Marketing approach to their business, e.g. Chapters or Barnes and Noble for instance.

## **5.6 Contributions to Knowledge**

The purpose of this research is to examine the application/adoption of contemporary marketing strategies and the performance of agricultural marketing firms in Nigeria's buyer-seller relationships. This research is relevant to business marketing practices since it examines the actual business-to-business exchanges. In addition, the general sentiment is that organisational credibility of marketing strategy is important in firm performance and efficiency. Its theoretical contribution expands the concept of Relational Marketing and

contemporary marketing practices as proposed by Coviello et al. (1997), by looking at its relation to agricultural marketing firms in Nigeria. Researchers have found support for this paradigm shift in relational marketing in other countries. However, there has been limited testing in Nigeria. As its second contribution, this thesis benchmarks its findings against previous empirical data generated from its framework, thus providing insight into the evolution of marketing practise in Nigeria.

It is has also develop a Nigerian model of the contemporary marketing practices utilised by the various agricultural marketing firms in the country. This model has been tested in the sector for its fits, thus establishing managerial universality specificity.

Lastly, this thesis is a contribution to the existing body of knowledge on emerging markets in Nigeria especially and Africa in generally.

### **5.7 Limitations and Suggestions for Further Research**

Our study has successfully redefined the concept of contemporary marketing from the Nigerian agricultural marketing firms' perspective and identified/outlined the role played by the marketing strategy-making process as parameter variable in the relationship between contemporary marketing strategy and firm performance. Though these relationships were confirmed, the thesis does have a few of its own limitations. Firstly, the method of data collection may have been inadequate. For such studies as this, it is preferable that data be collected from subjects multiple times during data collection. Secondly, the study's definition of contemporary marketing strategies and their components could be limited. During analysis it was discovered that several assessment criteria of contemporary marketing strategies had low validity and that some criteria were quite closely related. From the foregoing, the definition of contemporary marketing

strategies applied to similar studies abroad may not well apply to the foreign market. For future studies, it is suggested that a new definition of contemporary marketing strategies is conceptualised based on giving consideration to the peculiarities of the local market.

Thirdly, this study was based on survey results only, future efforts should concentrate on the acquisition of longitudinal data so as to provide a reliable confirmation of the relationships identified in this thesis.

Another feasible future direction of study is the area of firm performance. Future efforts at investigating the influences of contemporary marketing strategies on such performance variables as market-based assets (Bernerjee, 2001), brand assets (Jin et al, 2004) and customer assets (Nath and Mahakin, 2008; Piercy, 2004; Pryor et al. 2007) would prove to be of great value to Marketing as an academic field of study. The country-specific factors affecting the shape of contemporary marketing strategies would warrant future investigation, as such factors certainly influence the way people develop contemporary marketing strategies and implement organisational performance.

Additional survey research is needed also to examine whether the findings of this thesis are applicable to other sectors of the Nigerian economy and other countries. There is also considerable scope to extend our research by integrating it more fully with the work of Wu et al. (2003). This could include refining the measures of firm characteristics, the competitive environment, environment uncertainty, and intensity of e-Business adoption and performance outcomes.

The measures of performance in this thesis were short-term (in year, 2009/2010), which does not allow for the potentially longer-term influence of Relationship Marketing. Further research could explore this issue. Also, while we have provided justification for the use of

subjective performance measures, further research would benefit from being able to include objective measures with direct link to financial performance.

The results of this study are quantitative in nature and could benefit from a richer understanding offered by qualitative methodologies. In particular, case studies would allow for greater insight as to the implementation of contemporary marketing strategy relative to the other aspects of marketing, including how and why contemporary marketing strategy is applied, for example as a communication tool, an alternative channel, etc. Equally so, depth interviews could provide important insight as to the non-adoption of contemporary marketing practice in terms of perceived or actual barriers to its implementation.

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## APPENDIX A

### NAME AND STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC) CATEGORY OF AGRICULTURAL MARKETING FIRMS in Lagos, Ogun, and Oyo States.

S/N	NAME OF EXPORTER	PRODUCT	SITC category
1.	A.C.E.T (Nig) Ltd	Cashew Kernel	1-Beverages and tobacco
2.	A&P Foods Ltd	Pasta	0-Food and live animals
3.	Aa-KhayZ Resources Limited	Furniture Components	6-Manufactured goods classified chiefly by material
4.	Aarem (RM) Nigeria Ltd	Processed Hibiscus Siffing	6-Manufactured goods classified chiefly by material
5.	Abim Farm Nigeria Ltd	Farm produce	0-Food and live animals
6.	Accumen Farms	Farm produce	0-Food and live animals
7.	Adejoro Mushroom Farms	Mushroom	0-Food and live animals
8.	Adejumo Farms	Food crops farming	1-Beverages and tobacco
9.	Advanced Business System Ltd	Processed Furniture Component	6-Manufactured goods classified chiefly by material
10.	Afcott Nigeria Plc	Cotton Seed Cake	0-Food and live animals
11.	Aflon Nigeria Plc	Grey Cloth	6-Manufactured goods classified chiefly by material
12.	Afprint Nigeria Ltd	Cotton yarn	6-Manufactured goods classified chiefly by material
13.	Afri Agri Product Limited	Palm Kernel processing	0-Food and live animals
14.	Africa Star Nigeria Limited	Frozen Shrimps	0-Food and live animals
15.	Afro Farms Limited	Cash Crop processing	0-Food and live animals
16.	Agbara Plastic Ind. Ltd	Farm produce	0-Food and live animals
17.	Agro Allied Dev. Ent. Ltd.	Cocoa Butter/Cake	1-Beverages and tobacco
18.	Ajanla Farms	Industrial Crops	6-Manufactured goods classified chiefly by material
19.	Akkay Limited	Polished Sesame Seed	0-Food and live animals
20.	Alanco Agriculture Enterprises Ltd	Agricultural produce	0-Food and live animals
21.	Alkem Nigeria Limited	Ring-Spun Yarn	6-Manufactured goods classified chiefly by material
22.	Antrade Ventures Limited	Cigarettes	1-Beverages and tobacco
23.	Amciti Nigeria Limited	Hulled Sesame Seed	0-Food and live animals
24.	Amo Farm Sieberer Hatchery Ltd	Poultry farm	0-Food and live animals
25.	Armada International Limited	Sesame Seed	0-Food and live animals
26.	Armajaro Nigeria Limited	Cocoa Beans	1-Beverages and tobacco
27.	Asia Commodities Nig. Limited	Raw Cashew Nuts	0-Food and live animals
28.	Asra Food Processing Ltd	Food Crop	0-Food and live animals
29.	Associated Breweries & Co Ltd.	Industrial products	6-Manufactured goods classified chiefly by material
30.	Atlantic Shrimpers Ltd	Frozen Shrimps	0-Food and live animals
31.	Attuh Farms Limited	Fruit Juice	0-Food and live animals
32.	Avia Specialist (Nig) Limited	Farm produce	0-Food and live animals
33.	Avop International Limited	Vegetable oil	0-Food and live animals
34.	Axylose Nig. Ltd	NSR Rubber	6-Manufactured goods classified chiefly by material
35.	Ayoola Foods Ltd	Various Processed Foodstuff	0-Food and live animals
36.	B.J. Export and Chemical Processing Co. Ltd.	Processed Charcoal	6-Manufactured goods classified chiefly by material
37.	Bako Mai Shinku Nig. Ltd	Sesame Seed	0-Food and live animals
38.	Bally Plastics & Footwear Ind. (Nig) Ltd	PVC Slippers / Rubber	6-Manufactured goods classified chiefly by material
39.	Banarly Nigeria Ltd	Frozen Shrimps	0-Food and live animals

40.	Barc Farms Limited	Food Crops	0-Food and live animals
41.	Bel Papyrus Limited	Various Processed Foodstuff	0-Food and live animals
42.	Benue Valley Farms Limited	Agricultural produce	0-Food and live animals
43.	Best Store Limited	Frozen Shrimps	0-Food and live animals
44.	Best Foods Global (Nigeria) Ltd	Rice Miller	0-Food and live animals
45.	Bhojraj Ind. Plc	Printed Fabric	6-Manufactured goods classified chiefly by material
46.	Briscoe Timber Limited	Furniture Components	6-Manufactured goods classified chiefly by material
47.	British America Tobacco (Nigeria) Ltd.	Industrial Crops	6-Manufactured goods classified chiefly by material
48.	Budo Farms Limited	Palm oil farm	0-Food and live animals
49.	Cadbury Nigeria Plc	Cocoa beans processing	1-Beverages and tobacco
50.	Caprisage (Export) Wood & Furniture Co. Ltd	Furniture Component	6-Manufactured goods classified chiefly by material
51.	Carnco Food (Nigeria) Ltd	Food Crops	0-Food and live animals
52.	Celiat Farms Nigeria Limited	Fruit juice	0-Food and live animals
53.	Century Dyes & Chemical Ltd.	Industrial oil	6-Manufactured goods classified chiefly by material
54.	Century Edible Oil Ltd.	Vegetable Oil	0-Food and live animals
55.	Century Export Limited	Raw Cashew Nuts	0-Food and live animals
56.	Century Polyester Plc	Polyester Staple Fibre	6-Manufactured goods classified chiefly by material
57.	Ceres Nigeria Limited	P.K. Oil	0-Food and live animals
58.	Champion Flour Mills	Flour Miller	0-Food and live animals
59.	Chi (Ajanta Farms) Limited	Fruit Drinks	0-Food and live animals
60.	Chi Limited	Food and Industrial Crops	6-Manufactured goods classified chiefly by material
61.	Choice Farms (Nig) Ltd	Palm oil Farm	0-Food and live animals
62.	Choppee Fruit Drink and Industries Limited	Fruit Juice	0-Food and live animals
63.	Classic Beverages Nigeria Ltd	Fruit Juice	0-Food and live animals
64.	Cocoa Industries Ltd	Cocoa processing	1-Beverages and tobacco
65.	Comaden Nigeria Limited	Processed Cotton Fly	6-Manufactured goods classified chiefly by material
66.	Confidence Breweries & Bottling Co. Ltd.	Industrial processing	6-Manufactured goods classified chiefly by material
67.	Consolidated Agricultural & Foods Co. Ltd.	Foods and Industrial crops	6-Manufactured goods classified chiefly by material
68.	Consolidated Fisheries & Food Ltd.	Frozen Shrimps	0-Food and live animals
69.	Consolidated Foods & Beverages Ltd.	Beverages	1-Beverages and tobacco
70.	Continental Breweries Ltd.	Food and Industrial crops	6-Manufactured goods classified chiefly by material
71.	Contment Ventures Ltd.	Apa Element	6-Manufactured goods classified chiefly by material
72.	Coop Commodities Ltd	Cocoa Beans	1-Beverages and tobacco
73.	Cosmos Fishing Co. Limited	Frozen Shrimps	0-Food and live animals
74.	Crown Flour Mills Ltd.	Flour miller	0-Food and live animals
75.	Crown Flour Mills Limited	Wheat Bran Pellets	0-Food and live animals
76.	Crown Tissue Mill Ltd	Toilet Tissue	6-Manufactured goods classified chiefly by material
77.	Crown Drinks Ltd.	Fruit Juice	0-Food and live animals
78.	Dana Impex Limited	Processed Columbite & Sesame Seed	0-Food and live animals
79.	Dana Plast Limited	Foods processing	0-Food and live animals
80.	Daniel Petroleum Services Ltd	Furniture Component	6-Manufactured goods classified chiefly by material
81.	Dansa Food Processing Ltd	Fruit Juice	0-Food and live animals
82.	Danzaki Farms Nig. Limited	Food and Beverages	1-Beverages and tobacco

83.	Delta-R (Nig.) Ltd.	Food & Beverages	1-Beverages and tobacco
84.	Demo Farms Limited	Food Crops	0-Food and live animals
85.	De-United Foods Industries Ltd.	Seasoning plant	0-Food and live animals
86.	Diamonds Food Nigeria Limited	Foods processing	0-Food and live animals
87.	Dolphine Fisheries Limited	Primps, Crabs, Fish	0-Food and live animals
88.	Don-capo Afroasia Ltd	Lead Ingot	6-Manufactured goods classified chiefly by material
89.	Doyin Group of Companies	Food Seasoning Beverages	1-Beverages and tobacco
90.	Dunlop Nigeria Plc	Rubber processing	6-Manufactured goods classified chiefly by material
91.	Dyna Global Limited	Remelted Aluminium Ingot	6-Manufactured goods classified chiefly by material
92.	Dynamo Farm	Cassava processing	0-Food and live animals
93.	ED & F Man Nigeria Ltd	Cocoa Cake	1-Beverages and tobacco
94.	Ekha Agro Farms Limited	Cassava processing	0-Food and live animals
95.	Enkay Indo-Nigeria Co. Ltd.	Cashew Nuts	0-Food and live animals
96.	Enpee Industries Plc	Polyester Checks Shirt Fabrics	6-Manufactured goods classified chiefly by material
97.	Essdee Food Products (nig) Ltd	Food products	0-Food and live animals
98.	Exxon Resources Limited	Processed Furniture	6-Manufactured goods classified chiefly by material
99.	F&D Garment Manufacturing Co. Ltd	Cotton Knitted Shirts	6-Manufactured goods classified chiefly by material
100.	Fariog Nigeria Limited	Processed Furniture Components in Pellets	6-Manufactured goods classified chiefly by material
101.	Famad Nigeria Limited	Rubber/Leather processing	6-Manufactured goods classified chiefly by material
102.	Fan Milk Plc	Food Products	0-Food and live animals
103.	Fantastic Traders Nig. Ltd.	Cocoa Butter	1-Beverages and tobacco
104.	Fas Agro Industry Company Ltd	Woven Sacks	6-Manufactured goods classified chiefly by material
105.	Femapps Farms Limited	Agricultural produce	0-Food and live animals
106.	Finco Ltd	Food Products	0-Food and live animals
107.	Fijabi-Adebo Farms	Agricultural Produce	0-Food and live animals
108.	Floby Industries Nig. Ltd	Palm Kernel Cake	0-Food and live animals
109.	Flour Mills of Nigeria Plc	Wheat Bran Pellets Flour	0-Food and live animals
110.	Folawiyo Farms Limited	Agricultural Products	0-Food and live animals
111.	Friesland Foods (WAMPCO)	Food and Beverages	1-Beverages and tobacco
112.	Frigoglass Industry Nigeria Limited	Power Stabilizers	6-Manufactured goods classified chiefly by material
113.	Frontline Farms Limited	Agricultural Product	0-Food and live animals
114.	Fsieco Nigeria Limited	Natural Rubber	6-Manufactured goods classified chiefly by material
115.	Fumman Agricultural Products Industries Ltd.	Fruit Juice	0-Food and live animals
116.	Fumman Agricultural Products Industries Ltd.	Foods Crop Farm	0-Food and live animals
117.	GNLD Int'l Limited	Protein Powder	0-Food and live animals
118.	G.S.P. Shipping Limited	Shrimps	0-Food and live animals
119.	General Agro Oil Mills Nig. Ltd	PK Extraction/Pellets	6-Manufactured goods classified chiefly by material
120.	Gjnser Commodities Ltd	Processed Ginger	0-Food and live animals
121.	Globe Spinning Nig. Ltd	Carded Cotton Tarn	6-Manufactured goods classified chiefly by material
122.	God's Little Tannery Ltd	Finished Leather	6-Manufactured goods classified chiefly by material
123.	Golden Farms Limited	Agricultural Products	0-Food and live animals
124.	Golden Oil Industry Ltd	Palm Oil	0-Food and live animals
125.	Gozibestate Farms	Agricultural Products	0-Food and live animals

126.	Grand Cereals and Oil Mills Ltd	Vegetable Oil miller	0-Food and live animals
127.	Gum Arabic Company Nig. Limited (Gacon)	Gum Arabic	6-Manufactured goods classified chiefly by material
128.	Guinness Nigeria Plc	Industrial and food products	6-Manufactured goods classified chiefly by material
129.	H. R. Ventures Limited	Frozen Shrimps	0-Food and live animals
130.	Haffar Industrial Co. Ltd	Assorted Staple Fibre	6-Manufactured goods classified chiefly by material
131.	Hanseatic Int'l Nig. Ltd.	Furniture Component	6-Manufactured goods classified chiefly by material
132.	Haruf International Limited	Furniture Component	6-Manufactured goods classified chiefly by material
133.	Harvard Foods	Foods products	0-Food and live animals
134.	Hercules Tyres Limited	Vulcanized Tread Rubber Belts	6-Manufactured goods classified chiefly by material
135.	Honeywell Fisheries	Frozen Shrimps	0-Food and live animals
136.	Honeywell Flower Mills Plc	Flour Miller	0-Food and live animals
137.	Ibunkun Farms & Industries Ltd	Agricultural Products	0-Food and live animals
138.	Ice Limited	Cocoa Butter & Cake	1-Beverages and tobacco
139.	Ila Enterprises Ltd	Cotton Lint	6-Manufactured goods classified chiefly by material
140.	Imoniame Holdings Limited	Natural Rubber	6-Manufactured goods classified chiefly by material
141.	Industrial Cartons Ltd	Labels for Guinness Bottles	6-Manufactured goods classified chiefly by material
142.	Industrial & Farm Equipment Co. Ltd	Farm Equipment	6-Manufactured goods classified chiefly by material
143.	Inrica Ventures Ltd	Ball Point Pen	6-Manufactured goods classified chiefly by material
144.	Intercot Limited	Cotton Lints	6-Manufactured goods classified chiefly by material
145.	Intercontinental Fishing Nig. Ltd	Frozen Shrimps	0-Food and live animals
146.	Intergrity Vision Limited (Aqua-Agrofarms)	Agricultural Products	0-Food and live animals
147.	International Seas Ent. (ISE) Ltd	Shrimps	0-Food and live animals
148.	International Tobacco Plc	Cigarettes	1-Beverages and tobacco
149.	International Fractionation & Margarine Prod. Ltd.	Vegetable Oil	0-Food and live animals
150.	International Polymer System Ltd	Natural Rubber	6-Manufactured goods classified chiefly by material
151.	International Textile Ind. (Nig) Ltd	Processed Yarn	6-Manufactured goods classified chiefly by material
152.	Interpak Ltd	Carton Maker	6-Manufactured goods classified chiefly by material
153.	J. K. Industries Ltd	Processed Rubber	6-Manufactured goods classified chiefly by material
154.	J.M.S. Nigeria Ltd	Gum Arabic	6-Manufactured goods classified chiefly by material
155.	Kay Farms Product Ltd	Industrial Crops	6-Manufactured goods classified chiefly by material
156.	Kimatrai Nigeria Limited	Processed NCR Rubber	6-Manufactured goods classified chiefly by material
157.	Koda Trading Co. Ltd	Palm Kernel Cake	0-Food and live animals
158.	Kode Investment Limited	Cocoa Butter	6-Manufactured goods classified chiefly by material
159.	Kole-Dafe (Nig) Limited	Processed Cashew Nut	0-Food and live animals
160.	Kulak Trades & Industry Plc	Frozen Shrimps	0-Food and live animals
	Kwale Rubber Company Limited	Crumb Rubber	6-Manufactured goods classified chiefly by material

161.	LBM Overseas Nig. Ltd	Dried Split Ginger and Raw Cashew Nuts	0-Food and live animals
162.	Ladgroup Limited	Palm kernel processing	0-Food and live animals
163.	Ladipo Daniels Farms Limited	Agricultural products	0-Food and live animals
164.	Lorneview International Limited	Cocoa Shell	1-Beverages and tobacco
165.	Life Flour Mills Nig. Plc	Feed Meals	0-Food and live animals
166.	Lina Oil Mills Limited.	Food Processing	0-Food and live animals
167.	Lisabi Mills (Nig). Ltd	Beverages	1-Beverages and tobacco
168.	Livestock Feeds Plc	Livestock	0-Food and live animals
169.	Living Forest Limited	Furniture Components	6-Manufactured goods classified chiefly by material
170.	Loal Farms Nigeria Ltd	Agricultural products	0-Food and live animals
171.	Mahaza Company Ltd.	Vegetable Oil	0-Food and live animals
172.	Mashaun Farms Nig. Ltd	Cassava processing	0-Food and live animals
173.	Master Marine Services Ltd	Cotton Lints	6-Manufactured goods classified chiefly by material
174.	Mastay Investment Ltd	Wood Flooring	6-Manufactured goods classified chiefly by material
175.	Matolai Limited	Parquet Floor	6-Manufactured goods classified chiefly by material
176.	Mayfair Spinning Ind. Ltd	Cotton-Spun Yarn	6-Manufactured goods classified chiefly by material
177.	Mirh Agri Services (Nig) Ltd	Agricultural Consultant	0-Food and live animals
178.	Montbrizon Industry Nigeria Limited	Finished Leather	6-Manufactured goods classified chiefly by material
179.	Multi-trex Investment Ltd	Cocoa Butter	1-Beverages and tobacco
180.	Nathson Farms & Food Limited	Food and Industrial Crops	6-Manufactured goods classified chiefly by material
181.	Nestle Foods Ltd.	Foods and Beverages	1-Beverages and tobacco
182.	New Genesis Farms Food Mill Limited	Food and Industrial crops	6-Manufactured goods classified chiefly by material
183.	Nig. Bag Manuf. Co. Ltd	Woven Laminated Bags	6-Manufactured goods classified chiefly by material
184.	Nig. Gas Cylinder Manuf. Co. Ltd	Steel Burners	6-Manufactured goods classified chiefly by material
185.	Nigeria Ball Point Pen Industry Limited	Polypropylene Tubes	6-Manufactured goods classified chiefly by material
186.	Niger Biscuit Company Ltd.	Foods processing	0-Food and live animals
187.	Nigerian Breweries Plc	Industrial crops	6-Manufactured goods classified chiefly by material
188.	Nigerian Carton & Packaging Manufacturing Company Ltd	Packaging maker	6-Manufactured goods classified chiefly by material
189.	Nigerian Cereal Processing Co.	Cereal processing	0-Food and live animals
190.	Nigerian Eagle Flour Mills Ltd.	Flour Miller	0-Food and live animals
191.	Nigeria Engineering Works Ltd	Agricultural Equipment	6-Manufactured goods classified chiefly by material
192.	Nigerian Oil Mills Ltd	Processed Vegetable Oil	0-Food and live animals
193.	Nomax Nigeria Limited	Raw Cashew nuts	6-Manufactured goods classified chiefly by material
194.	Noogar Farms	Agricultural products	0-Food and live animals
195.	Nure International Nigeria Limited	Cocoa Beans	1-Beverages and tobacco
196.	Nycil Limited	Agricultural product	0-Food and live animals
197.	Obasanjo Farms Nigerian Limited	Agricultural product	0-Food and live animals
198.	Ocean Fisheries Nig. Ltd	Frozen Shrimps	0-Food and live animals
199.	Odiche & Sons Bakeries Nig. Ltd	Food processing	0-Food and live animals
200.	Odutola Foods Ind. Ltd.	Food processing	0-Food and live animals
201.	Ola Farms Limited	Agricultural products	0-Food and live animals
202.	Olokun Pisces Ltd	Frozen Shrimps	0-Food and live animals
203.	Olam Nigeria Limited	Sesame Seed, Cocoa Beans,	1-Beverages and tobacco



		Butter & Cake	
204.	Olubisi Farm Nigeria Limited	Agricultural produce	0-Food and live animals
205.	OM Oil Industry Ltd	Palm Kernel	0-Food and live animals
206.	Omo Wood Industry Ltd	Apa/Iroko Parquet	6-Manufactured goods classified chiefly by material
207.	ORC Fishing & Food Processing Ltd.	Frozen Shrimps	0-Food and live animals
208.	PZ Industry Plc	Industrial processing	6-Manufactured goods classified chiefly by material
209.	Panar Limited	PVC Pipes complete with sockets & rubber rings.	6-Manufactured goods classified chiefly by material
210.	Pacific Farms Limited	Cocoa Butter and Cake	1-Beverages and tobacco
211.	Panmax Holdings Limited	Natural Crumb Rubber	6-Manufactured goods classified chiefly by material
212.	Pat Nigeria Limited	Palm kernel cake	0-Food and live animals
213.	Peter & Lever Limited	Rubber TSR	6-Manufactured goods classified chiefly by material
214.	Pfizer Livestock Feeds Ltd	Livestock feeds processing	0-Food and live animals
215.	Pilroads Nigeria Limited	Processed Rubber	6-Manufactured goods classified chiefly by material
216.	Polybags Industry Nigeria Limited	Ropes & Twines	6-Manufactured goods classified chiefly by material
217.	Polmaz Limited	Processed Rubber	6-Manufactured goods classified chiefly by material
218.	Premier Agro Oils Nig. Ltd	Raw Cashew Nuts	0-Food and live animals
219.	Premier Clothing Industry Limited	Combed Cotton Yarn	6-Manufactured goods classified chiefly by material
220.	Produce Extract Ltd	Oil extract	0-Food and live animals
221.	Promasidor Nig. Ltd	Margarine	0-Food and live animals
222.	Purechem Ind. Ltd	Gum Arabic	6-Manufactured goods classified chiefly by material
223.	R & D International Ltd	Wood	6-Manufactured goods classified chiefly by material
224.	Royal Spinners Plc	Cotton Yarn	6-Manufactured goods classified chiefly by material
225.	Rafco Industries Nigeria Ltd.	Food Processing	0-Food and live animals
226.	Reliance Textile Industries Limited	Printed Cotton	6-Manufactured goods classified chiefly by material
227.	Rofico Nigeria Ltd.	Foods processing	0-Food and live animals
228.	Rosula Foods Ltd	Food processing	0-Food and live animals
229.	Royal Spinners Plc	Cotton Yarn	6-Manufactured goods classified chiefly by material
230.	Sabenat Nigeria Limited	Food processing	0-Food and live animals
231.	Safeway Farms Limited	Agricultural products	0-Food and live animals
232.	Sapele Integrated Ind. Ltd	NSR Rubber	6-Manufactured goods classified chiefly by material
233.	Sara Foods Ltd	Biscuits	0-Food and live animals
234.	Savannah Shipping Co. Nig. Ltd	Frozen Shrimps	0-Food and live animals
235.	Sea-Gold Fishing Co. Ltd	Frozen Shrimps	0-Food and live animals
236.	Scoa Foods Ltd	Fruit Juice	0-Food and live animals
237.	Seepc Nig. Ltd.	Beverages	1-Beverages and tobacco
238.	Shongai Packaging Industry Limited	Cotton Grey	6-Manufactured goods classified chiefly by material
239.	Shri Nigeria Limited	Agricultural products	0-Food and live animals
240.	Sinat Agro Limited	Argo allied	0-Food and live animals
241.	Sino Food Nigeria Limited	Food processing	0-Food and live animals
242.	Slimpot Tannery Limited	Fabrics	0-Food and live animals
243.	Smart Products Nigeria Plc	Palm Kernel Oil	0-Food and live animals
244.	Sonvig Intercontinental Industry (SICI) Limited	Industrial Crops	6-Manufactured goods classified chiefly by material

245.	Sonnex Packaging Nig. Ltd	Preform Tube	6-Manufactured goods classified chiefly by material
246.	Sosaco Nig. Ltd	Cashew Nuts	0-Food and live animals
247.	Sosaplast Nigeria Limited	Rubber processing	6-Manufactured goods classified chiefly by material
248.	Spintex Mills Nigeria Ltd	Combed Cotton Yarn	6-Manufactured goods classified chiefly by material
249.	Standard Towel & Linen Ind. Ltd. (Statolin)	Veritable Wax	6-Manufactured goods classified chiefly by material
250.	Star Seed Nig. Ltd	Polished Nig. Sesame Seed	6-Manufactured goods classified chiefly by material
251.	Stina Agro & Allied Ind. Ltd.	Agro Allied	0-Food and live animals
252.	Stincon Nigeria Limited	Cocoa Beans	1-Beverages and tobacco
253.	Sudit Oil & Chemical Ltd	Palm Kernel Cake	0-Food and live animals
254.	Sumai Foods Ltd.	Orange, Banana Drops, Cashew nuts	0-Food and live animals
255.	Sun and Sand Ind. Ltd.	Lead Zinc Ingot	6-Manufactured goods classified chiefly by material
256.	Sunseed Nigeria Plc	Cotton Seed Cake	0-Food and live animals
257.	Sunny Foods & Beverages	Food processing	0-Food and live animals
258.	Superbru Ewu Farm Limited	Agricultural products	0-Food and live animals
259.	Supertex Limited	Printed Cotton & Cotton Grey	6-Manufactured goods classified chiefly by material
260.	Syngenta Nig. Ltd	Cream Milk	0-Food and live animals
261.	Tarabaroz Fisheries Ltd	Frozen Shrimps	0-Food and live animals
262.	Tasaree International Ltd	Food processing	0-Food and live animals
263.	Terri-Cole Farms Limited	Diary product	0-Food and live animals
264.	Tower Aluminium Nigeria Plc	Plastics Knobs	6-Manufactured goods classified chiefly by material
265.	Trasip Nigeria Limited	Agricultural Equipment	6-Manufactured goods classified chiefly by material
266.	Trimco Limited	Furniture Component	6-Manufactured goods classified chiefly by material
267.	Tropical Wood Technologies Ltd	Woven Sacks	6-Manufactured goods classified chiefly by material
268.	Trufoods Nigeria Ltd	Fruit Juice	0-Food and live animals
269.	Tuoyo Agencies Limited	Natural Rubber	6-Manufactured goods classified chiefly by material
270.	Union Beverages	Beverages	1-Beverages and tobacco
271.	UAC Foods	Food processing	0-Food and live animals
272.	Ulysses Nigeria Limited	Merchandising Beverages	1-Beverages and tobacco
273.	Unilever Nigeria Plc	Food and Industrial Products	0-Food and live animals
274.	Union Breweries Ltd.	Industrial processing	6-Manufactured goods classified chiefly by material
275.	United Beverages Company	Beverages	1-Beverages and tobacco
276.	UTC Foods	Food processing	0-Food and live animals
277.	United Fisheries Limited	Frozen Shrimps	0-Food and live animals
278.	United Spinners Nig. Ltd	Carded Cotton Yarn	6-Manufactured goods classified chiefly by material
279.	Universal Commodities Limited	Floor Tiles, Provisions	6-Manufactured goods classified chiefly by material
280.	Universal Exchange Ltd	Cotton Lint	6-Manufactured goods classified chiefly by material
281.	Uren United Food Processing Company Limited	Food processing	0-Food and live animals
282.	Viman Nigeria Limited	Frozen Shrimps	0-Food and live animals
283.	Vital Foods	Food processing	0-Food and live animals

284.	Vital Products Ltd	Tropical Fruit Drink	0-Food and live animals
285.	Wanfa Trading (Nig) Ltd	Sesame Seed	0-Food and live animals
286.	West African Cotton Dev. Co. Ltd.	Ginned Cotton Lint, Sesame Seeds Processed Agric Products	0-Food and live animals
287.	West Farm Limited	Agricultural products	0-Food and live animals
288.	West African Cotton Co. Ltd	Sesame seeds, Ginned Cotton Lint	6-Manufactured goods classified chiefly by material
289.	West African Milk Company	Diary Products	0-Food and live animals
290.	West African Rubber Products Nig. Ltd	Rubber processing	6-Manufactured goods classified chiefly by material
291.	West African Seasoning Co. Ltd	Monosodium Glutamate	6-Manufactured goods classified chiefly by material
292.	Win Farm & Allied Produce Ltd.	Agro Allied	0-Food and live animals
293.	Wonder Foods Nig. Limited	Food processing	0-Food and live animals
294.	Wood Mills Industry Plc	Wood mill	6-Manufactured goods classified chiefly by material
295.	Wuraola Farms Limited	Agricultural products	0-Food and live animals
296.	Yam Farm Nig. Limited	Agricultural products	0-Food and live animals
297.	Yale Foods	Food processing	0-Food and live animals
298.	Zartech Limited	Poultry Farms	0-Food and live animals

**Source:** Field Survey, 2009/2010

## **APPENDIX B**

Department of Business Studies  
(Marketing)  
Covenant University  
Ota, Ogun state.  
4<sup>th</sup> March, 2008

Dear Respondent,

### **RESEARCH QUESTIONNAIRE**

Mr. Omotayo Adegbuyi is a postgraduate student of Marketing in the Department of Business studies, Covenant University. He is currently carrying out a PhD research work on “Contemporary Marketing Strategies and Performance of Agricultural Marketing Firms in South-West Nigeria”.

Therefore, members of staff of your organisation have been purposely chosen as a study population. Your cooperation is therefore solicited in supplying the required relevant information as factual as possible. Every piece of information supplied will be treated with utmost confidentiality and will be strictly used for academic purposes. Hence your name is not required.

Thanks in anticipation of your cooperation.

**Professor S.O.Otokiti**  
Supervisor

## QUESTIONNAIRE

Please answer the following question about your demographic profile and your organisation

**INSTRUCTION:** Tick

as appropriate and comment where necessary

1. Are you:

Less than 20 years old?

- 21 – 25 years old?
- 26 – 30 years old?
- 31 – 35 years old?
- 36 – 40 years old?
- 40 and above years old?

2. What is your Sex?

- Male
- Female

3. What is the highest level of education you have completed?

- Elementary
- Polytechnic graduate
- University graduate
- Professional studies
- Post graduate diploma
- Others (please specify)

4. What is the title of your current position?

-----

5. How long have you held this position?

- 0 – 1 year
- 2 – 3 years
- 4 – 5 years
- 6 – 7 years
- 8 – 9 years
- 10 and above

6. How long have you worked in your organisation?

- 0 – 1 year
- 2 – 3 years
- 4 – 5 years
- 6 – 7 years
- 8 – 9 years
- 10 and above

7. What is the title of the position you report to?

-----

8. Have you any formal marketing qualification or marketing training?

- Yes
- No

9. Where is your organisation located? (please name city and state)

-----

10. What good/services does your organisation market? (Please check all those applicable)

- Consumer foods crops (e.g. Wheat, Rice, Maize, Rye, Oats, Millets and Barley)
- Industrial crops (e.g. Cotton, Jute, Hemp, Flax, Rubber and Oil crop)
- Other crops (e.g. Cocoa, Tea, Coffee, Tobacco, Sugarcane, Groundnuts and Sugar-beet)

11. When was your organisation established?

- Less than five years
- 6 – 10 years
- 11 – 13 years
- More than 30 years ago

12. What proportion of your organisation's 2008 sales turnover in value is generated by sales export markets?

- None
- Less than 10%
- 11 – 25%
- 26 – 50%
- 51 – 79%
- Greater than 80%
- Information is not available

13. What was your organisation's annual sales turnover last year?-----

- Information is not available

14. Averaged over the last three years, what has been annual rate of change in your organisation's sales turnover?

- No change
- Increased by 1 – 10%
- Increased by 11 – 20%
- Increased by 21 – 30%
- Increased by more than 30%
- Decreased

15. Is your organisation:

- Totally domestically owned?
- Domestic/foreign jointly owned?
- Totally foreign owned?

16. Is your organisation a division/subsidiary of a large organisation?

- Yes
- No

17. How many people are currently employed in the organisation you work for? -----

18. Would you describe your organisation as: (Please circle a number)

Currently:

- a low technology organisation 1 2 3 4 5
- a high technology organisation 1 2 3 4 5

19. Who carried out marketing activities in your organisations?

- Functional marketers (e.g. marketing manager, sales manager, major account manager)
- Specialist marketers (e.g., marketing manager, sales manager, major account manager)
- Non-marketers who have responsibility for marketing and other aspects of the business
- The Managing Director or CEO

20. What are the managerial problems confronting contemporary marketing strategies adoption in your organisation?

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_
4. \_\_\_\_\_ 5. \_\_\_\_\_

## Section B– About Marketing Practice in Your Organisation and Primary Customers

This section has a number of questions about how marketing is practised in your organisation.

You may find that some questions or parts of question in this section appear to be similar to each other. This has been deliberate, in the sense that each question and sub-question has been designed to examine a specific and separate aspect of marketing practice. It has been done to try to “test” you in any way! Remember, there is no right or wrong answer to this questionnaire.

For each question please read all part. Then please answer all questions in each part by circling the number on scale that best corresponds to what actually happens in your organisation.

### KEY

5-(A) Strongly Agree (SA), 4-Agree (A), 3-Undecided (U), 2-Disagree (D), 1- Strongly Disagree (SD)

**IMPORTANT:** *Please answer the questions in the context of how you deal with the Primary customers served by your organisation.*

- |    |  |   |   |   |   |   |
|----|--|---|---|---|---|---|
| 1. | <i>Our marketing activities are intended to:</i>   | 1 | 2 | 3 | 4 | 5 |
|    | a) Attract new customers   | 1 | 2 | 3 | 4 | 5 |
|    | b) Retain existing customers   | 1 | 2 | 3 | 4 | 5 |
|    | c) Develop cooperative relationships with our customers.   | 1 | 2 | 3 | 4 | 5 |
|    | d) Coordinate activities between ourselves, customers and other parties in our wider marketing system (e.g., key suppliers, service providers and other organisations with which we interact through our marketing activities) | 1 | 2 | 3 | 4 | 5 |
| 2. | <i>Our marketing planning is focused on issues</i>   |   |   |   |   |   |
|    | <i>Related to</i>  |   |   |   |   |   |
|    | a) Our product/service offering  | 1 | 2 | 3 | 4 | 5 |
|    | b) Customers in our market(s)  | 1 | 2 | 3 | 4 | 5 |
|    | c) Specific customers in our market(s), Or individual in organisations we deal with  | 1 | 2 | 3 | 4 | 5 |
|    | d) The network of relationship between Individual and organisation in our Wider marketing system   | 1 | 2 | 3 | 4 | 5 |
| 3. | <i>When dealing with our market(s), our focus is on:</i>   |   |   |   |   |   |
|    | a) Generating a profit or financial, Measure(s) of performance   | 1 | 2 | 3 | 4 | 5 |
|    | b) Acquiring customer information  | 1 | 2 | 3 | 4 | 5 |
|    | c) Building long-term relationship with a Specific customer(s)   | 1 | 2 | 3 | 4 | 5 |
|    | d) Formatting strong relationships with a number Of organisation in our market(s) or wider Marketing system.   | 1 | 2 | 3 | 4 | 5 |



4. *Our organisation's contact with primary Customers is:*
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| a) Impersonal(e.g., no individuals or personal Contact                   | 1 | 2 | 3 | 4 | 5 |
| b) Somewhat personalised(e.g., by direct mail)                           | 1 | 2 | 3 | 4 | 5 |
| c) Interpersonal(e.g.,) involving one-to-one Interaction between people) | 1 | 2 | 3 | 4 | 5 |
5. *When a customer buys our products/services we believe they expect:*
- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| a) no future personalised contact with us   | 1 | 2 | 3 | 4 | 5 |
| b) some future personalised contact with us   | 1 | 2 | 3 | 4 | 5 |
| c) one-to-one personal contact with us  | 1 | 2 | 3 | 4 | 5 |
| d) ongoing one-to-one personal contact with people in our organisation and our wider marketing system | 1 | 2 | 3 | 4 | 5 |
6. *Our marketing resources (i.e. people, time and money) are invested in:*
- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| a) product, promotion, price, and distribution activities (or some combination of these)              | 1 | 2 | 3 | 4 | 5 |
| b) technology to improve communication with our customers   | 1 | 2 | 3 | 4 | 5 |
| c) establishing and building personal relationships with individual customers                         | 1 | 2 | 3 | 4 | 5 |
| d) developing our organization's network relationships within our market(s) or wider marketing system | 1 | 2 | 3 | 4 | 5 |
7. *In our organisation, marketing activities are carried out by:*
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| a) functional marketers (e.g. marketing manager, sales manager, major account manager)   | 1 | 2 | 3 | 4 | 5 |
| b) specialist marketers (e.g. marketing manager, sales manager, major account manager)   | 1 | 2 | 3 | 4 | 5 |
| c) non-marketers who have responsibility for marketing and other aspects of the business | 1 | 2 | 3 | 4 | 5 |
| d) the Managing Director or CEO  | 1 | 2 | 3 | 4 | 5 |
8. *Our market communication involves:*
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| a) our organisation communicating to the mass market   | 1 | 2 | 3 | 4 | 5 |
| b) our organisation targeting a specifically identified segment(s) or customer(s)  | 1 | 2 | 3 | 4 | 5 |
| c) individuals at various levels in our organisation personally interacting with their individual customers                  | 1 | 2 | 3 | 4 | 5 |
| d) senior managers networking with other managers from a variety of organisations in our market(s) or wider marketing system | 1 | 2 | 3 | 4 | 5 |
9. *When people from our organisation meet with our primary customers, it involves:*
- |                                       |   |   |   |   |   |
|---------------------------------------|---|---|---|---|---|
| a) mainly at a formal, business level | 1 | 2 | 3 | 4 | 5 |
|---------------------------------------|---|---|---|---|---|

- b) mainly at an informal, social level 1 2 3 4 5
- c) at both a formal, business and informal social level 1 2 3 4 5
10. Overall, our organisation's general approach to our primary customers involves:
- a) managing the marketing mix to attract and satisfy customers in a broad market 1 2 3 4 5
- b) using technology-based tools to target and retain customers in a specific segment of the market 1 2 3 4 5
- c) developing personal interactions between employees and individual customers 1 2 3 4 5

**Section C** Technology Adoption

Strongly Disagree Strongly Agree

The technology in our industry is changing rapidly 1 2 3 4 5

Technological changes provide big opportunities in our industry. 1 2 3 4 5

It is very difficult to forecast where the technology in our industry will be in the next 2 to 3 years. 1 2 3 4 5

A large number of new product ideas have been made possible through technological breakthroughs in our industry. 1 2 3 4 5

technological developments in our industry are rather minor. 1 2 3 4 5

**Section D**

This section focuses on the performance of your company relative to competitors within the same industry and operating in the same "Nigerian" environment. To the best of your knowledge, please circle the number or point that is the best estimation of your firm's performance in the industry in the recent past.

		Lowest 20%	Lower 20%	Middle 20%	Next 20%	Top 20%
1	After-tax return on total assets	1	2	3	4	5
2	After-tax return on total sales	1	2	3	4	5
3	Total sales growth	1	2	3	4	5
4	Overall customer satisfaction	1	2	3	4	5
5	Market share	1	2	3	4	5
6	Gain in market share	1	2	3	4	5
7	Overall company performance / success	1	2	3	4	5
8	Overall company's competitive position	1	2	3	4	5

**Thank you for your time and support for this research!**

## APPENDIX C

### CONTEMPORARY MARKETING PRACTICES SCALE

Coviello, Brodie and Munro (2000)

Item Description

Managerial Intent

**Our marketing activities are intended to:**

Attract new customers (TM)

Retain existing customers (DM)

Develop cooperative relationships with our customers (IM)

Coordinate activities between ourselves, customers and other parties in our wider marketing system (NM)

Managerial Focus

**Our marketing planning is focused on issues related to:**

Our product/service offering (TM)

Customers in our market(s) (DM)

Specific customers in our market(s) (IM)

The network of relationships between individuals and organisations in our wider marketing systems (NM).

Purpose of Exchange

**When dealing with our market, our focus is on:**

Generating a profit or other “financial” measure(s) of performance (TM)

Acquiring customer information (DM)

Building a long-term relationship with a specific customer(S)(IM)

Forming strong relationships with a number of organisations in our market(s) or wider marketing system (NM)

Type of Contact

**Our organisation’s contact with our primary customer is:**

Impersonal (e.g., no individuals or personal contact)(TM)

Somewhat personalised (e.g. by direct mail) (DM)

Interpersonal (e.g. involving one-to-one interaction between people) (IM/NM)

Duration of Exchange

**When a customer buys our products we believe they expect:**

No future personalized contact with us (TM)

Some future personalized contact with us (DM)

One-to-one personal contact with us (IM)

Ongoing one-to-one personal contact with people in our organisation and wider marketing system (NM)

Managerial Investment

**Our marketing resources (e.g. people, time, money) are invested in:**

Product, promotion, price and distribution activities (or some combination of these) (TM)

Technology to improve communication with our customers (DM)

Establishing and building personal relationships with individual customers (IM)

Developing our organization's network relationships within our market(s) or wider marketing system (NM)

Managerial Level

**In our organisation, marketing activities are carried out by:**

Functional marketers (e.g. marketing manager, sales manager, major account manager) (TM)

Specialist marketers (e.g. customer service manager, loyalty manager) (DM)

Non-marketers who have responsibility for marketing and other aspects of the business (IM)

The Managing Director or CEO (NM)

Nature of Communication

**Our market communication involves:**

Our organisation communication to the mass market (TM)

Our organisation targeting a specifically identified segment(S) or customer(S) (DM)

Individuals at various levels in our organisation personally interacting with their individual customers (IM)

Senior managers networking with other managers from a variety of organisations in our market(S) or wider marketing system

Formality of Exchange

**When people from our organisation meet with our primary customers, it is:**

Mainly at a formal, business level (TM)

Mainly at an informal, social level (DM)

At both a formal, business and informal, social level (IM/NM)

Overall Approach

**Overall, our organisation's general approach to our primary customers involves:**

Managing the marketing mix to attract and satisfy customers in a broad market (TM)

Using technology-based tools to target and retain customers in a specific segment of the market (DM)

Developing personal interactions between employees and individual customers (IM)

Positioning the firm in a wider organisational system/network (NM)