

CHAPTER ONE

INTRODUCTION

Micro medium enterprises are generally regarded as the engine of economic growth and equitable development in developing economy. These are also perceived as the key to Nigeria's economic growth, poverty alleviation and employment generation. Micro medium enterprises are common in many countries depending on the economic system in operation. They constitute an important part of a country's business system. Hence, promotion of such enterprises in developing economy like Nigeria will bring about great distribution of income and wealth, economic self-dependence, entrepreneurial development and a host of other positive economic uplifting factors.

Deakins (2009) agreed that there are quiet numbers of potential reasons why firms and organizations participate in marketing; these include micro medium growth, employment, sales increment, marketing benefits through interaction based factors associated with international standards in overseas markets. AMA (2007) reports that international marketing is for good help for the country to establish good process of market planning and strategies for product and services conception, pricing, and promotion, and distribution.

Despite all, micro medium enterprises, new or existing, often face certain marketing challenges when they approach products providers for both enterprise fixed capital investment and market standards.

Definition of terms

Marketing: is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives. This definition reveals that marketing involves more than just an individual activity such as a sales or promotion. Effective marketing requires that managers recognize the interdependence of these various activities and how they can be combined to develop a marketing system. Other perspectives view marketing as consisting primarily of advertising or retailing activities. For others, activities, such as market research, pricing, or product planning may be the primary focus. While all of these are a part of marketing, it is incorrect to limit yourself to thinking about just one or two of the elements of marketing.

MARKETING AND MICRO MEDIUM ENTERPRISES

Marketing is the key purpose of every business. Drucker, (1985) states that because the purpose of business is to create and keep customers, it has two central functions: marketing and innovation. The basic function of marketing is to attract and retain customers at a profit. Marketing facilitates the exchange process by providing a variety of marketing activities that benefit customers and other stakeholders. It involves adjusting the whole activity of a business to the needs of the consumers and other stakeholders. Marketing is a business philosophy which emphasizes consumer needs, interpretation of those needs for the mutual benefits of both the consumer and the marketer, delivery of want-satisfying goods and/or services, and continued effort to ensure the consumers' satisfaction. Marketing involves creating value to meet customers' needs and managing relationships between the marketer and his target markets (Ebitu, 2012). Building customer relationships and satisfaction is at the very heart of modern marketing (Kotler and Armstrong, 2004). We therefore define marketing as a set of activities as well as processes responsible for identifying needs, creating, communicating, delivering and exchanging

superior values and building mutually beneficial relationships with customers and other stakeholders (Ebitu, 2012:3).

Micro medium enterprises are in business to innovate and create new organization or products, services and ideas to the society for profit. Marketing has a crucial role to play in order to make entrepreneurs (those who own and run micro medium enterprises) succeed in their quest to satisfy their target markets and also make profits. The duty is to create customers, inform them of the availability of the enterprise's goods and services and actually get customers to purchase the goods and services or ideas of micro medium in the function of marketing.

According to Onah and Allison (2007: 127-8), Marketing also enables the entrepreneur to identify the goods and services the customers' needs before he goes into production. Marketing helps the entrepreneur to determine the size of the market and classify them into segments and then choose the segments to satisfy, and adopt strategies to satisfy the segments chosen. Marketing provides the enterprise with information about market opportunities as well as related threats and based on the organization's strengths and weaknesses, certain strategic actions are taken to exploit the opportunities and/or deal with threats in the enterprise's environment. In a study of the attitude of sixty (60) small scale entrepreneurs to marketing, Idighe (1998) reports that 95 percent of them said that marketing was important or very important to their organization and it was rated as the most important of all the business functions. The same research rated these five marketing sub-functions as the most important with new product development (78.9 percent), Sale Management (77.1 percent), Research and Development (73.8 percent), Public Relations (70.5 percent) and Transportation (62 percent) in that order. Common marketing techniques for micro medium according to Walter (1990) in Etim (2010) include networking, word of mouth, customer referrals, yellow pages, directories, television, radio, outdoor

advertising, print media, e-mail marketing and internet. Although some of these techniques are expensive, if properly utilized they can catapult micro medium to a greater height.

CHAPTER TWO

MARKETING CHALLENGES IN MICRO MEDIUM ENTERPRISES IN NIGERIA

Every organisation (big or small) needs marketing to survive because the role of marketing which is to identify consumers' needs and satisfy customers is the real business of all organisations. Marketing helps entrepreneurs to determine the size of markets, choose target market(s), concentrate and adopt strategies to satisfy the chosen markets or segments. It is the duty of the marketer to identify the real customers and what they really need. Sometimes these aspects are lacking in micro medium enterprises.

Marketing challenges in micro medium are simply those marketing factors that can impede, disrupt or hinder the growth, development and expansion of the firm in its effort to satisfy its target market and also create value for the organization. Micro medium enterprises face myriads of challenges. Some of the challenges which are relative to their size include epileptic power supply, lack of capital, inefficient management, difficulty in employing skilled manpower, fraud, inability to analyze market opportunities, advertising and marketing challenges, research and production inefficiencies, challenges of standardization, poor quality products, etc.

In particular, the basic marketing challenges include inability to apply modern marketing techniques and strategies, difficulty in managing the firm's advertising and other promotional tools, competition from large firms, lack of adequate research, poor and mundane production technology, lack of adequate financing of marketing activities, poor quality products and challenges of standardization, warehousing, inventory control, and poor transportation facilities, branding/packaging, financing and credit facilities, risk bearing among others. Stull, Myers and Scott (2008) give these factors as marketing challenges, namely: problem of standardization, competition from large scale businesses, poor sales promotion and poor bargaining power. Walt (2013) is of the opinion that lack of raw materials, scarcity of expertise labour, lack of finance and poor marketing strategies are the basic marketing challenges of micro medium enterprises. He added that with these challenges micro medium enterprises are placed at a disadvantaged

position to face the onslaught of large scale enterprises in terms of quality, cost, research or assess marketing scenarios/changes which are taking place in the market in terms of taste, likes and dislikes, competition, technology etc. He concluded that micro medium enterprises do not possess the requisite expertise to adjust their operations to the changed situations. Poor advertising and non-utilization of other promotional tools may not attract the right caliber of customers to patronize the business. Specifically, Scott (2003) in Tom (2014) posits that as a result of the inability of micro medium enterprises to advertise appropriately or effectively, they encounter the following challenges

- a) Difficulty in attracting customers
- b) Difficulty in attracting quality employees
- c) Difficulty to growth
- d) Difficulty to compete with bigger companies, and
- e) Difficulty to diversify

Another major marketing challenges facing micro medium enterprises in Nigeria is lack of understanding and the application of marketing concept. In a study conducted by Ogwo (1991), this was conspicuously exposed. Most Nigerian micro medium enterprises owners equate ‘marketing’ to ‘selling’ and this is reflected in their various dysfunctional business behaviour against customer satisfaction and good business and marketing orientation. They lack the knowledge and skills of basic marketing ingredients – marketing research, market segmentation, and marketing planning and control. The outcome of this is poor quality products, unawareness of competition, poor promotion, poor distribution, and poor pricing methods. They are not marketing oriented and market-focused as a marketer is defined as someone who understands and applies marketing in order to create, build, and maintain beneficial relationships with target markets.

Baker (1994) and Doyle (1985) identified lack of marketing orientation as the major marketing challenges in micro medium enterprises in Nigeria.

Most Nigeria's micro medium enterprises, to an extent in the past, depend on imported equipments and raw materials for their operations. With the overvaluation of naira, vis-à-vis other foreign currencies, they are not finding it easier to secure these items abroad. They therefore resort to poor locally produced alternatives. The result is usually poor quality products. This may be one of the factors responsible for the Nigerian consumers' unquenching appetite for imported goods, even though many of these foreign goods are equally of poor quality especially those coming from the Asian and Far East countries. Onwuchuruba (2001) point out that high quality raw materials are important in producing high quality product. With the increasing demand for imported goods in Nigeria, dubious local and foreign importers are dumping fake products which go further to frustrate micro medium and seriously affect the hard earned foreign exchange. Furthermore, Nigerians' penchant for foreign products and it is observed that this bias against Nigerian products is due mainly to subjective biases and not objective superiority of our local products. It is suggested here that for micro medium enterprises to overcome these problems and become competitive, they need to improve their marketing strategies and operations in all ramifications.

Again, micro medium enterprises producers lack good quality control in their operations. In this respect, they rely mainly on replacing faulty products instead of developing good quality control system (Onwuchuruba 2001).

Here in Nigeria, only very few micro medium enterprises are aware of the nature of competition facing them. They estimate their success only through sales revenue without considering also their market share. Even, some do not know their market segments on which to focus their operations. Ayozie (1999) has emphasized the importance of good stockholding, transport, and

distribution for enhancing commercial success. Many of our micro medium enterprises do have properly defined criteria for appointing their product distributors. They rely mainly on trust created through relationships between the owners of the companies and the distributors. This relationship often ends up in running the business down.

High costs of vehicles and poor roads are also affecting the operations of micro medium enterprises in their efforts to move finished products down to consumers in both rural and urban areas. They have a complex channel of distribution with many layers which go to push the prices of their products higher.

Besides, micro medium enterprises pay little attention to the promotion of their products. Advertising and other methods of promotion are not adequately used. There is no other way of creating awareness of their innovations and stimulating consumers to action than promotion. Even, many of them do not participate in trade fairs and exhibitions. This also inhibits their growth and ability to compete with larger companies. Ude (2006:7) in a recent research reports that micro medium enterprises shy away from advertising their products and that they offer neither credit or home delivery services to their customers; and Scarborough (1996:377) asserts that “in too many small businesses, prices are according to vague, poorly defined techniques or even hunches and that “small business owners frequently use the manufacturer’s suggested retail price because this avoids the necessity of making price decision”.

Marketing research is seldomly used in determining what to produce, make and sell and in the pricing, promotion and distribution activities. Micro medium enterprises are ignorant of the importance of marketing research and some of them regard it as a wasteful venture. Kotler and Armstrong (1991) support the view on research because they believe that managers of small business often think that marketing research can be done only by experts in larger companies with big research budgets. They recommend that micro medium enterprises can obtain good

marketing information by observing things around them and can conduct surveys, using small convenience samples.

In a developing country like ours with low income and high level of poverty, a company that wants to succeed should offer its product at the price the consumers can bear. But often, small manufacturers set prices of their products arbitrarily without regard to the peculiar consumer characteristic in our environment. Since they do not have clearly defined criteria upon which to base their prices, they always seek to maximize profits at short runs without having a long-term view of their businesses.

Other marketing challenges include poor product design, poor product quality, lack of product standardization and lack of knowledge of marketing and stiff competition from their well-established local and foreign competitors (Agbonifoh & others, 2007:134-5).

CHAPTER THREE

THE ROLE OF MICRO MEDIUM ENTERPRISES IN NIGERIA DEVELOPMENT

Micro medium enterprises have a lot of important contributions to make to the economic development of the country. Shokan, (1997) enumerated some of them as follows:

The provision of employment amongst the youth so innovative areas marketing for goods and services which are offered for sales. A lot of youths, retired workers and out of school graduates, are now gainfully employed, thereby reducing the unemployment rate.

It helps to bring about new goods and services and supply the needs of large industries, who have to rely on the small scale operators for business success. It satisfies the convenience of consumers at any given time, with the availability of products.

Micro medium enterprises acts as a check towards rural migration by the planned and systematic development of rural areas. The much talked about urban migration is reduced by the introduction of micro medium enterprises in rural area, and the provision of facilities to support those micro medium enterprises.

The activities of micro medium enterprises have resulted in the mobilization of the resources of the environment and thereby improving on the standard of living of the population.

They contribute to the development of the labour market by absorbing an ever growing supply of goods, services and labour. In doing this, they have sufficiently helped to curtail the rising unemployment in Nigeria.

Other noticeable impacts are its contribution to the development of indigenous entrepreneurship. Its contribution to the mobilization of domestic savings and utilization of local resources is also a noticeable factor. They serve as good agent for the disposal of industrial products and some services, and have contributed immensely to the production of raw materials in the form of semi-processed goods for use by bigger industries.

It is a base for the development of appropriate technology and provides a veritable ground for skilled, unskilled and semi-skilled workers. It has provided productive self-employment to a number people in the economy. Ayozie (2001) specifically mentioned the role of micro medium in the accelerated industrial development, by enlarging the supply of entrepreneurs and the enlarging of small and medium enterprise sector, which offers better potential for employment generation and wider dispersal of industrial ownership.

It has assisted in improving the performance of small industries by enlarging the supply of carefully selected, trained and well rounded entrepreneurs, and diversifying sources of entrepreneurship and business ownership.

Entrepreneur organizes, and utilizes the various factors of production and finally sets productive machinery in action towards overall economic development. Consequently, the availability of the micro medium enterprises is therefore the undisputed precondition for economic growth.

CONCLUSION AND RECOMMENDATION

As initially mentioned, the secret behind the success of self-reliant strategy is mainly in peoples positive attitudes to enterprise, and in the extent to which the right incentive is adequate enough to make risks worth taking, rather than in any particular political philosophy.

The activities of modern marketing, covers marketing research, market segmentation, marketing information systems, marketing planning and control, and other issues relating to product, price, promotion, and distribution. These activities are not properly handled in many Nigerian micro medium enterprises.

One of the major advantages of marketing is that, when correctly used, subjective values may be added to a product. The consumer then perceives it as superior to that of competitors. Consequently, profit margins may be increased. But as noted already, poor quality, unawareness of competition, poor promotion, poor distribution, and poor pricing methods tend to be the major failings of micro medium enterprises in Nigeria. The production of generic products is often considered acceptable and economical by these small business enterprises (Onwuchuruba 2001). The adoption and application of marketing concept is one sure way by which micro medium enterprises can grow and secure for themselves places in the 21st century commerce and industry. But marketing skills and knowledge are teachable, and can only be acquired through training and experience.

Unfortunately, many enterprises lack the necessary time and funds to embark on such training.

We therefore suggest that the government should assist them through organizing regular marketing workshops and seminars through the State branches of Manufacturing Associations of Nigeria and the State Chambers of Commerce and Industries. (Onwuchuruba 2001).

Once feasible target markets with good growth and profit potentials have been selected, marketing strategies and actions should follow. The two major advantages possessed by micro medium enterprises in this respect are their closeness to customers and flexibility. Also, the two common mistakes here are attempting to offer too wide a range of products and trying to compete in large markets where their size can place them at greater disadvantage compared to large companies. Changanti (1983) reveals that micro medium enterprises can perform better by carving a niche in the market place.

✓ They should also consider the various product variables like quality, features, styles, brand names, and marks. Many large companies such as the Unilevers Nigeria Plc, Nigerian Breweries Plc, Cadbury Nig Plc, to mention a few, have demonstrated the great value of

brand name and mark. Branding helps to create exceptional value in the eyes of consumers provided the company's products meet needs better than competitors. That is what marketing is all about.

- ✓ The micro medium enterprises should also use price and quality assortment, convenience, service, and other elements of the marketing mix to promote the right image for their companies and products.
- ✓ Distribution in micro medium enterprises may be a problem due to many layers existing in the channels. But once at diagnosis stage, accurate and complete limitations in the marketing environment have been identified and assessed, appropriate distribution strategies can be formulated. (Baker 1994).
- ✓ The governments are also advised to assist the micro medium producers by improving infrastructural facilities and environmental infrastructures such as road network, water, electricity, and communication. Inefficiencies in these areas create additional costs to small-scale manufacturers, and limits their growth.
- ✓ After building a strong marketing base at domestic market, it is important that micro medium enterprises consider exporting their products abroad especially within the West African subregion. This can help them secure much-needed foreign exchange for importing necessary equipments and raw material as supplements to locally developed ones. Through this, the quality of their products can be improved and thus place them at a better position to compete effectively in both domestic and international markets.

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