

Intensive Marketing Channel Strategy and Organizational Performance of Quoted Brewery in the South- South Region, Nigeria

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Abstract

This study was conducted to investigate the extent of relationship between the intensive channel strategies and organizational performance of quoted brewery companies in the south-south region of Nigeria. To achieve the objective of the study, the Pearson product moment correlation research design was used to study a total of 42 respondents drawn from the fourteen (14) brewery companies. First time data collected using the questionnaires. The hypotheses were tested using the Statistical Package for Social Science (SPSS version 22.0) and the following were the findings. It was discovered that intensive marketing strategy contributes significantly to the achievement of organizational performance. Hence, we therefore conclude that, intensive channel strategies have positive and significant relationship with organizational performance of quoted brewery companies in the south-south region of Nigeria. Intensive channel strategies contribute significantly to the organizational performance of the brewery companies in the south-south region. Based on the findings, the following recommendations were made. The quoted brewery companies should utilize credible merchants' middlemen (wholesalers and retailers) to enable them to improve their corporate image. They should acquire more agent middlemen and close monitor their activities. They should organize regular training programmes liter on the job and off the job trainings for the company (sales forces, such sales representatives, and sales agents). They should provide adequate incentives such as refrigerators, generators, canopies, chairs, and tables to their key distributors to enable them to push the product along the channel of distribution. They should closely monitor the environment to enable them take advantage of opportunities and threats that might emanate.

Keyword Intensive, marketing, channel, strategy, organization, performance, quoted brewery company, Nigeria.

Introduction

Manufacturers are constantly tempted to move from exclusion or selective distribution to more intensive distribution to increase coverage and sales. This platform may help in the short term, but if not managed properly, it can hurt long term performance by encouraging retailers to compete aggressively. A marketing channel is a series of interdependent marketing institutions that facilitate transfer of title of a product as it moves from producer to ultimate consumer or industrial user (Kotler & Keller, 2013). It is called a channel of distribution or distribution channel. Producers, intermediaries, and final buyers are participants in a channel (channel members). William & Joseph (2015) added that an intermediaries is a person or firm in a marketing channel, such as a wholesaler or retailer that operates between the producer and the final consumer/buyer of a product. Intermediaries, which are also called resellers or middlemen, specialize in buying and selling but many also perform the other marketing functions. Over the years, the Nigeria economy has long dwelled as reseller market with few manufacturing companies and over dependent on imports from abroad, 'to an extent, Nigeria became a dumping ground for all sorts of inferior products from the western, Asian, and Nearby African countries. This resulted in the poor performance and failure of a lot of firms in the productive sector. However, the economic reforms of the Umaru Musa Ya'adua, as well the Goodluck Ebele Jonathan's regimes brought about massive improvement and growth in the manufacturing sector. Today, quiet several small and medium scale firms could be found in cluster in the major cities around the country.

The major sub-sector, of the manufacturing industry that thrived during the early turbulence of the Nigerian business environment are the agro-allied, brewery, petroleum, and textile which some today are nowhere to be found. The brewery industry all the same, seems to be a household name in Nigerian market due to the huge demand for beverages related products the Nigerian populace. In Nigeria, Star lager beer was the first indigenously brewed beer on 2nd June, 1949 according to the Manufacturing Association of Nigeria (MAN), in a market that was dominated exclusive exclusively by imported brands. Today, there are thirty-two brewery plants producing more than forty brands of- beef. In addition, there are five brands of stout and five brands of beer. In addition, there are five brands of stout and five brands of malt drinks. The brewery industry is one of the fastest growing branches of Nigerian manufacturing industries. Production has grown rapidly over the years.

The Concept of Intensive Marketing Strategy

According to the author, intensive marketing channel (sometimes termed saturation) means that as many outlets as possible are used at each level of the channel. Kotler (1980) validated that producers of convenience goods and common raw materials generally seek intensive distribution marketing strategy, that dominant factor in the marketing of these goods is their place of utility. The author commented that the producers of cigarettes, for example, try to enlist every possible retail and device to create maximum brand exposure and convenience. The author maintained that this policy has culminated in the use of over million outlets, which is about as intensive as distribution can get. According to Opara (2015), firms engaging in international marketing needs to maintain sound marketing channel strategies for their products in the international market. The author vividly assured that proper marketing channels strategies will enable the products get to their customers including quality products. The author added that establishing marketing channels especially in the international marketing are challenging and difficult because of the nature of the foreign market where the needed information may be boring and overriding. The problems include the political, economic, social legal and cultural factors. The author viewed that good marketing channel strategies are those strategies, which demand furthermore intensive effort to improve the performance of the existing products in the market. However, it may also be said that when an organization struggle to improve its competitive position with the current products, than different types of intensive strategies should be considered. The author relevantly argued that to remain successful in marketing, organizations need to secure and maintain proper marketing channels for their products in the domestic, multinational, international and global markets. According to the author, without formidable marketing channel strategies that would make the products suitable available to the customers or final consumers, the system will not be profitable and swift. More so, even quality products that are competitively priced and overwhelm advertised stands little chance of gaining acceptance in the markets. Farroq (2017) added that intensive efforts are needed to employ when intensive strategies are exercised by the organizations. Intensive strategies include the following strategies: market penetration, market development, product development, diversification.

Each of these intensive marketing channel strategies are discussed in detail below.

Farooq (2017) argued that in this strategy the organization tries to enhance its market share through active marketing efforts for its present products or services. This means that the company does not launch new product and or does not modified its existing products. The author reacted that rather it increases the sales volume of the existing products by focusing more on the marketing efforts in the current or existing markets. Opara & Ogonu (2016) intensified that market penetration strategies are used both solely and together with other strategies either in the domestic market, international and global markets. Marketing penetration involves the effective marketing efforts which includes the following. Enhancing the number of salespersons; the advertising expenditure is enhanced, sales promotion items are extensively offered, the publicity efforts are enhanced. Some conditions are found suitable to the market penetration strategy. To make market penetration strategy successful, certain guidelines should be administered by the organization in this regard. When the current markets are not much saturated, the present customers are positively forced to increase the usage rate of the products of the market, the condition in which the market share of the competitors fall while there is sales growth in the overall industry, major competitive advantages are availed by the greater economies of scale.

The Concept of Organizational Performance

Organizational performance involves analyzing a company's performance against its objectives and goals. It comprises real results or outputs compared with intended outputs (Berman, 2004). Hampton & Thompson (2015) pointed out the Friedlander and Pickle considered organizational performance as a theme that repeatedly occurs in paradigm of management. Strategic and operations management are also included is performance, a feature that attracts the interest of both practicing managers and academic scholars. The authors defined organizational as the evaluation of the constituents that try to assess the ability and capability of a company in achieving the constituent's aspiration levels using efficiency, effectiveness, or social referent criteria, which are briefly explained. According to Chandler (2017) effectiveness refers to the maximum extent production functions that can fulfil and meet the demands and requirements of the customer. Efficiency, on the other hand, is assessing and evaluating how the resources of an organization are economically utilized through the accomplishment of functions to achieve its objectives. Quantitatively, performance and the dimension or scale is interrelated, that is, it is generally quantifiable in different dimensions. Organizational performance also refers to the nature and quality of an action performed in an organization to achieve the accomplishment in its primary functions to produce profit (William, 2008). According to Robinson (2017) organizations perform various activities to accomplish their or organizational objectives. It is these repeatable activities that utilize processes for the organization to be successful that must be quantified to ascertain the level of performance and for management to make informed decision on where, if needed within the processes to initiate actions to improve performance. According to the author, it can be claimed that there is a close relationship between the organizational objective and the concept of organization performance. Therefore, all companies probably attempt to achieve certain predetermined objectives with the help of the available resources.

According to Hui & Tall (2013) an analysis of a company's performance as compared to goals and objectives. Within corporate organizations, there are three primary outcomes analyzed; financial performance, market performance and shareholder value performance (in some cases, production capacity performance may be analyzed). Essentially, this is what we are speaking about when we refer to organizational performance and achievement of successful outcomes. Daft (2000) authoritatively confirmed that the definition of management is the attainment of organizational goals in an efficient and effective manner. Management is so important because organizations are so important. According to the author, in an industrialized society where complex technologies dominate, organizations bring together knowledge, people, and raw materials to perform tasks no individual could do alone, Fairholm (1994) believed that an organization is a social entity that is goal directed and deliberately structured. Social entity means being made up of two or more people. Goal directed means designed to achieve some outcome, such as make profit, win pay increases for members, meet spiritual needs or provide social satisfaction. Deliberately structured means that tasks are divided and responsibility for their performance is assigned to organization members.

Methodology

This study adopted the positivist research direction. The study employed a cross sectional survey research design, an explanatory type with a correlation investigation. The population of the study was the fourteen (14) quoted brewery companies in the south south Nigeria. The research was a census study. Data were collected through primary source through the administration of questionnaire. The instrument was valid and reliable after the test of validity and reliability through a pilot study. The generated data were analysed with descriptive and inferential statistics, with the aid of the statistical package for social sciences (SPSS), version 22.0

Analysis of Results

Correlations between intensive distribution and sales growth

H₀₁: There is no significant relationship between intensive distribution and sales growth.

Table 1 Correlations between intensive distribution and sales growth

		Intensive Distribution	Sales Growth
Intensive Distribution	Pearson Correlation	1	.739**
	Sig. (2-tailed)		.002
	N	37	15
Sales Growth	Pearson Correlation	.739**	1
	Sig. (2-tailed)	.002	
	N	15	15

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Desk Research, 2020

From the SPSS output on table 1 indicates that primary data were collected from 37 respondents while secondary data were collected for a period of 15 years. In the model, intensive distribution is the predictor variable, while sales growth is the criterion variable. As shown in the result, the correlation coefficient is 0.739 which means the strength of the relationship between intensive distribution and sales growth is strong, and the direction of the relationship between the variables is positive. Furthermore, significance of the relationship is indicated by the probability value of 0.002 which is less than the critical value of 0.05. The results indicate that the relationship between intensive distribution and sales growth is positive, strong and statistically significant ($r = 0.739$, $n = 37, 15$, $p = 0.002 < 0.05$). Therefore, we reject the null hypothesis which states that there is no significant relationship between intensive distribution and sales growth; and accept the alternate hypothesis. Hence, there is a significant relationship between intensive distribution and sales growth.

Correlations between intensive distribution and profitability

H₀₂: There is no significant relationship between intensive distribution and profitability.

Table 2 Correlations between intensive distribution and profitability

		Intensive Distribution	Profitability
Intensive Distribution	Pearson Correlation	1	.708**
	Sig. (2-tailed)		.003
	N	37	15
Profitability	Pearson Correlation	.708**	1
	Sig. (2-tailed)	.003	
	N	15	15

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Desk Research, 2020

From the SPSS output on table 2 indicates that primary data were collected from 37 respondents while secondary data were collected for a period of 15 years. In the model, intensive distribution is the predictor variable, while profitability is the criterion variable. As shown in the result, the correlation coefficient is 0.708 which means the strength of the relationship between intensive distribution and profitability is strong, and the direction of the relationship between the variables is positive. Furthermore, significance of the relationship is indicated by the probability value of 0.003 which is less than the critical value of 0.05. The results indicate that the relationship between intensive distribution and profitability is positive, strong and statistically significant ($r = 0.708, n = 37, 15, p = 0.003 < 0.05$). Therefore, we reject the null hypothesis which states that there is no significant relationship between intensive distribution and profitability; and accept the alternate hypothesis. Hence, there is a significant relationship between intensive distribution and profitability.

Correlations between intensive distribution and market share

H₀₃: There is no significant relationship between intensive distribution and market share.

Table 3 Correlations between intensive distribution and market share

		Intensive Distribution	Market Share
Intensive Distribution	Pearson Correlation	1	.667**
	Sig. (2-tailed)		.007
	N	37	15
Market Share	Pearson Correlation	.667**	1
	Sig. (2-tailed)	.007	
	N	15	15

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Desk Research, 2020

As shown from the SPSS output on table 4.3 primary data were collected from 37 respondents while secondary data were collected for a period of 15 years. In the model, intensive distribution is the predictor variable, while market share is the criterion variable. As shown in the result, the correlation coefficient is 0.667 which means the strength of the relationship between intensive distribution and market share is strong, and the direction of the relationship between the variables is positive. Furthermore, significance of the relationship is indicated by the market share value of 0.007 which is less than the critical value of 0.05. The results indicate that the relationship between intensive distribution and market share is positive, strong, and statistically significant ($r = 0.667$, $n = 37, 15$, $p = 0.007 < 0.05$). Therefore, we reject the null hypothesis which states that there is no significant relationship between intensive distribution and market share; and accept the alternate hypothesis. Hence, there is a significant relationship between intensive distribution and market share.

Discussion of Findings

Intensive Strategy and Organizational Performance

The positivity of the result entails that intensive marketing channel strategy increases sales growth through its proper planning, implementations, and control. The statistical result encourages the many sales outlets. The correlation coefficient, 0.739 unfolds the acceptance of the strategy which justifies that intensive marketing channel accelerates the sales growth of the brewery companies especially the Nigerian brewery company. However, it is discovered that the company researched and selected the best markets where the products are marketed to the consumers and customers at affordable prices and convenience. It is further discovered that the company contracts out the sale of products through qualified experts at those markets to increase the sales growth. The decision also depends on the size of the markets, the expertise of the firm’s physical distribution department and the presence of established distribution systems. The result indicated that the relationship between intensive marketing channel strategy and sales growth is positive, strong and statistically significant. This requires injection of more fund or budgetary increase or attention that will move the organization

forward and remain productive, favourably competitive and profitable. The relationship between intensive marketing channel strategy and sales growth reveals that there is the existence of widespread market coverage, channel acceptance, volume sales and profit. Many in number, all types of firms or outlets, it is believable from this result that intensive marketing channel strategy goals are to have wide market coverage, channel acceptance and high total sales and profit. The relationship between intensive distribution and sale growth aimed the greatest number of consumers. The highlight here aims to provide saturation coverage of the market by using all available outlets. This development aligns with the authority and assertion of Chukwuma, Ezeayilimba & Agbara (2018) who carried out an assessment on how intensive distribution SMS in the bakery sub-sector in south east Nigeria affected their sales volume positively. According to the authors, the study enjoyed simple linear regression analysis and that the result of study revealed that intensive distribution significantly affects the sales volume of SMS in the bakery industry in the south east Nigeria. Therefore, the contest here is the same even though the study uses statistical package for social science (SPSS) and the result indicated positivity which means intensive marketing channel strategy has significant effect in the sales growth of Nigerian brewery Plc. The study also revealed that the company uses mass advertising to reach the consumers, the availability of organizational consumers is made through regular effective and balanced communication cum superior service and convenience oriented.

Conclusion

From the empirical results we conclude that, intensive marketing strategy positively and significantly correlates with organizational performance. Thus, increase in intensive strategy significantly improves sales growth, profitability, and market share of quoted brewery firms in South South, Nigeria.

Recommendations

The following recommendations are made.

- i. The quoted brewery companies in the south-south should adopt and implement intensive marketing channel strategies in their distribution value chain. This will enhance the sales/revenue growth and market share of the companies and improve performance of companies.
- ii. The quoted breweries in the south-south should intensively develop institutional and high network customers' market. This will improve the sales volume and impact profitability of the companies.
- iii. The management of the quoted brewery companies in the south-south region of Nigeria should adopt strategies by concentrating on major distributors, this will ensure cost saving and improve profitability of the companies.

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