CONTEMPORARY MARKETING STRATEGIES AND PERFORMANCE OF AGRICULTURAL MARKETING FIRMS IN NIGERIA

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Abstract
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 while little attention is being paid to contemporary marketing strategies. This shows that agricultural marketing firms 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 transaction, database analysis, interactive mix and network marketing. The general objective of the paper was to examine the application of contemporary Marketing Strategies and the Performance of agricultural Marketing firms in Nigeria’s buyer-seller relationships. The paper adopted the descriptive survey design. Data for this research were obtained through structured questionnaires administered to sampled agricultural marketing firms’ managers involved in three major divisions of Industrial, Food and other Agro sectors. 110 copies of the questionnaire were administered, out of which 81 were collated for the analysis. The statistical test tools used was Analysis of Variance. The results showed that there is combined contribution of Transaction Marketing; data based marketing and network marketing on the performance of agricultural marketing firms. The paper concludes that contemporary marketing strategy of Interactive mix, Network and Database Marketing has a significant impact on the performance of agricultural marketing firms in Nigeria and recommends that agricultural marketing firms should integrate Transaction Marketing, data based marketing and network marketing to yield results greater than the sum of their individual contributions.

Keywords: Marketing Strategy, Agricultural Marketing and Firm Performance

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Introduction
The entrance of developmental marketing system in the 21st century brought intense changes in the marketing world 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 (Trot, 2005). 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 (Nath & Mahajan 2008). 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 and relationship marketing. This is as against the position found in the developing countries.

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, the general agreements that for most developing countries, market maturity status, their commitments on customers need, expectation and service mix must occupy and attract significant budgetary position (Rocks, Gilmore & Carson, 2005). Again literature has shown 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.

Despite the broad practices of strategic 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 relationship of marketing strategies, and organisational performance in a developing country’s agricultural marketing companies in Nigeria’s buyer-seller relationships. This paper intends to fill this existing gap. The paper intends to achieve the following specific objectives: To ascertain whether agricultural marketing firms with high use of combined strategies of Transaction Marketing (TM), high adoption of database marketing, interactive marketing (the mixture of face-to-face and dyadic relationship) and high penetration of network marketing will have greater market share or not.
Literature Review

Concept of Marketing Strategy

There are numerous definitions of marketing strategy in the literature and such definitions reflect different perspectives. However, the consensus is that marketing strategy provides the avenue for utilizing the resources of an organization in order to achieve its set goals and objectives. According to Liet (2000), Marketing strategy is defined as in a given market area, the proper allocation of resources to support enterprises to win competitive advantage. Goi (2005) define marketing strategy as the set of the marketing tools that firms use to pursue their marketing objectives in the target market. This implies that the function of marketing strategy is to determine the nature, strength, direction, and interaction between the marketing mix- elements and the environmental factors in a particular situation.

Strategic Marketing is defined by Achumba (2006) as a chosen line of action selected by an organization for pursuing a marketing objective. Strategic marketing management can also be viewed as the art of formulating, implementing, and evaluating cross-functional decisions that will enable an organization to achieve its desired objectives.

Transaction Marketing Strategy and Performance

Transaction Marketing can be described as having an economic transaction focus (Li & 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 (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 & 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). 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.
**Database Marketing Strategy and Performance**

The emphasis 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 encompasses businesses using a variety of information management tools or techniques to develop and manage longer-term exchanges between the company and its targeted customers. 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 & Zeithaml, 2004). In this type of marketing, the managerial focus widens to include both the product/brand and specifically targeted customers.

The most commonly claimed competitive advantage from effective use of Data Base Marketing (DBM) is its ability to segment customers into homogenous groups (Sherrell & Bejoiu 2007). Defining needs of differing consumer types is a fundamental responsibility of marketers, with most DBM protagonists accepting Bush (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
**Interaction Marketing Strategy and Performance**

In Interaction Marketing, there is an interactive relationship between a buyer and seller (Sultan & 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.

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, 2003).

**Network Marketing Strategy and Performance**

Network Marketing can be described as the connected relationships between firms (Rocks, 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.

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.

**Theoretical Framework**

**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.

As seen in the field’s literature, marketing scholars utilise the Contingency Theory for theory building. Zhonga (2004) highlight the common use of the theory in the contexts of marketing organisations, strategic marketing, and marketing behaviour. 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. Contingency theory is applicable to agricultural firms in that there is no single contemporary marketing strategy that will suffice the performance of agricultural firms. Consequently, the combination of network marketing, data based marketing, transaction marketing and interactive marketing based on the prevailing atmosphere with the agricultural firms will enhance better performance since there is no single approach that will yield the required result and performance.

**Methodology**
Through descriptive survey design, 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 population of the study comprised of 110 agricultural marketing firm’s managers involved in three major divisions of Industrial, Food and other Agro sectors. Through purposive sampling techniques, a sample size of eighty-one (81) managers was selected based on set criteria and conditions specified in the study. Data for this research were obtained from primary source through the questionnaire. The primary data were obtained through structured questionnaires administered to sampled agricultural marketing firm managers. For the data analysis, the statistical test tools used included Analysis of Variance, Multiple Regression Analysis, and independent t-test, MS-Excel and SPSS statistical software version 20. The coefficient of each independent variable is the regression coefficient. This is the slope in a Y = a + bX + e equation. The regression coefficient measures how much of an impact the independent variable has on the dependent variable. The following models used for the analyses are:

\[
AgrimktPERF = f(TMS, DBMS, IMS & NWMS)
\]

\[
PERF = \beta_0 + \beta_1TMS + \beta_2DBMS + \beta_3IMS + \beta_4NWMS + \epsilon
\]

Where:
PERF = Agricultural marketing firm performance
TMS = Transaction marketing strategy
DBMS = Data based marketing strategy
IMS = Interactive marketing strategy
NWMS = Networking marketing strategy
\(\beta_0\) = Constant term
\(\beta_1, \beta_4\) = Beta coefficient – slope or change in Y, given 1 unit change in X.
\(\epsilon\) = Error term.

The decision rule is that if \(F > Fa (k-1, n-k)\), \(H_0\) is rejected where \(Fa(k-1, n-k)\) is the critical F value at the 5% level of significance.
Results and Discussions
There is no significant relationship between contemporary marketing strategies and the performance of agricultural firms in Nigeria.

Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.740</td>
<td>.548</td>
<td>.541</td>
<td>.33794</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), transaction marketing, database marketing, interactive marketing, network marketing*

The model summary in Table 1 revealed that there is a strong relationship at R = .663 between employee well-being and the level of effectiveness of the worker. An examination of the table shows that R square = .440 which implies that employee well-being accounts for 44% of variations having a significant effect on the level of effectiveness of the worker.

Table 2: ANOVA*a

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>385.575</td>
<td>4</td>
<td>77.115</td>
<td>5.057</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1799.417</td>
<td>76</td>
<td>15.249</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2184.992</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a. Dependent Variable: performance

*b. Predictors: (Constant), transaction marketing, database marketing, interactive marketing, network marketing*

The ANOVA in Table 2 shows that the F-value is the Mean Square Regression (77.115) divided by the Mean Square Residual (15.249), yielding F-value of 5.057. From the results, the model in the table is statistically significant (Sig = .000). Therefore, contemporary marketing strategies is a significant predictor of agricultural firm’s performance.

Table 3: Coefficients*a

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.782</td>
<td>.236</td>
</tr>
<tr>
<td>Transaction marketing</td>
<td>.230</td>
<td>.054</td>
</tr>
<tr>
<td>Database marketing</td>
<td>.229</td>
<td>.093</td>
</tr>
<tr>
<td>Interactive marketing</td>
<td>.146</td>
<td>.047</td>
</tr>
<tr>
<td>Network marketing</td>
<td>.258</td>
<td>.056</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: performance*
The coefficient in Table 3 revealed the degree of influence of contemporary marketing strategies with the performance of agricultural firms and its level of significance. The statistical results is given as; (transaction marketing strategy $\beta = .230$; $t=4.272$; $\text{sig } =0.000$, database marketing strategy $\beta = .229$; $t=2.459$; $\text{sig } =0.015$, interactive marketing strategy $\beta = .146$; $t=3.118$; $\text{sig } =0.002$ and network marketing strategy $\beta = .258$; $t=4.589$; $\text{sig } =0.000$). The statistical result implies that the relationship between contemporary marketing strategies and the performance of agricultural firms is a statistically significant at 0.05 level of significance.

Linear Regression Model is given as $Y = a + \beta X$ Where $Y$ = performance  
\[ a = \text{constant} \quad \beta x = \text{Coefficient of X} \]  
Therefore, agricultural firm performance = $0.782 + 0.230\text{TMS} + 0.229\text{DBMS} + 0.146\text{IMS} + 0.258\text{NWMS}$.

Based on the results in the Anova table above, the significance level for the relationship between contemporary marketing strategies and the performance of agricultural firms is less than 0.05 therefore we accept the alternative hypothesis and reject the null hypothesis that there is a significant relationship between contemporary marketing strategies and the performance of agricultural firms in Nigeria.

**Discussion of Results**

This paper attempts to verify contemporary marketing practice adopted by agricultural marketing firms. Thus there is a significant relationship between contemporary marketing strategies and the performance of agricultural firms in Nigeria. 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 finding is in tandem with the finding of Trot, (2003) and Achumba (2006) that the use of contemporary marketing as a strategy has been demonstrated to have positive implications for firm performance especially in the agro sector.

**Conclusions and 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. The paper concludes that current marketing literature has moved beyond the "4Ps" or Transaction Marketing to include Database, Interaction and Network Marketing. Thus the paper concludes that for agricultural growth 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.

Recommendations
Based on the finding and conclusions from the paper, the following recommendations are hereby proffered:

i. The amount of information available to decision makers grows with each new technological advance in marketing research. It is recommended that agricultural marketing managers must learn to use this information in an integrated way to react to changing conditions.

ii. 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.

iii. The increasing popularity of Data Base Marketing (DBM) provides an indication of how seductive the benefits of this concept are. It is recommended that before embarking on expensive IT and data collection projects, managers should ask themselves some basic questions on DBM fit in with their existing and future marketing plans and what are the specific quantitative and qualitative benefits of a DBM system that will improve marketing productivity? These questions are intended to provoke a situation review, which, if appropriate, evolves into a plan for DBM.

References

Contemporary Marketing Strategies and Performance of Agricultural Marketing Firms in Nigeria


