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MARKETING STRATEGY AND ITS EFFECTS ON THE ORGANIZATION (A CASE STUDY OF TOWER ALUMINIUM NIGERIA PLC)

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Abstract

This is a summary of the entire work which seeks to investigate the marketing programme of manufacturers for products they consider successful and see if such programmes approximate to an optimal strategy. This is because good performance is a function of good planning. Strategy refers to the course of action towards achieving planned objectives. Marketing strategies are therefore plans and ways in which goals and objectives of any company can be attained. In an attempt to see how these variables are manipulated by organizations, the researcher made use of the questionnaire and interview method to gather his primary data for analysis and interpretation. However, due to the nature of the product, it was discovered that the organization made use of direct marketing as a promotional tool for price stability though depending on the cost of production. The researcher also found out those sales influenced by the cultural and social values of the people, and that competition in the industry is very keen. Now, with this in mind, where every organization in the industry is trying to get a major part of the market share, what should Tower Building Products do? It is recommended by the researcher that training scheme should be introduced; there should be continuous marketing research and that advertising should be given priority.

Keywords: Marketing, Strategies, controllable variables, non- controllable variables, Macro and Micro environments.

INTRODUCTION

In this study, it is the hope of the author to know whether marketing strategy has anything to do with organizational survival. For most business owners all over the country right now, the future really looks bleak as a result of lingering fuel shortage, irregular public power supply, and multiple taxation by the various arms of the government, dwindling disposable income by greater percentage of the working populace, unemployment, rising foreign exchange rate etc. These are economic problems (that make things difficult for most organizations). Doing business has never been easy, (Ijewere, 1997)). With these sort of problems thrown into it, being in business or about establishing one must be considered a dangerous game, so dangerous that many will not even go into it. However, an entrepreneur must have a vision, mission, purpose, goals and objectives. Therefore a business organization on incorporation has a set mission and a predetermined goal it hopes to achieve, (Semenik and Bamossy, 1993). Consequently, the management of the organization decides its objectives and then goes on to formulate and tactics that will be used in attaining these objectives to reach the stated goals and mission. It is the wish of every organization to be successful in business. An organization cannot be successful without putting in place some success factors. It is noteworthy to say that success is a journey not a destination. To continue on this journey calls for a continuous fine-tuning of objectives and strategies.

Having known this, it is important to know why objectives and strategies need continuous fine-tuning. The reason is that every organization is affected by change (Kincaid, 1995). However in discussing this topic, one must state at inception that market situations are dynamic with the ever increasing pressure of change which calls for innovations and prompt marketing response to changes as they occur, (Kotler & Armstrong, 1996).

TOWER ALUMINIUM (NIGERIA PLC)

Tower has a modest beginning in the year 1959 when it started manufacturing aluminum cooking utensils (pots and pans) at the Oba Akran Avenue Ikeja branch. Today, Tower is the largest and the leading aluminum manufacturer, producing all the major aluminum intermediate raw materials required by most of the downstream aluminium industries in Nigeria. In 1977, Tower embarked on a progressive diversification programme by setting up facilities to manufacture extruded profiles at Dopemu, in Lagos state. Today, it has gone a step further by introducing for the first time in Nigeria powder – coated aluminium profiles, under the banner Rainbow Series. The next significant step in its backward integration programme was in 1982, when Tower commissioned its most modest plant, aluminium Rolling Mills at Otta in Ogun state. The plant employs the latest continuous casting technology whereby molten aluminium is converted into sheets in one operation (Tower Aluminium, 2011).

Definition of Marketing

Some people have a misconception about what marketing is. So for this reason, we will go into what marketing is not. Marketing is not advertising, for advertising is only a marketing Tool. According to Busch, P.S. and Houston, M.J., (1995), marketing is not selling again, much of marketing decision-making and implementation deals with selling products and services, but marketing is much broader and more complex than selling alone. Marketing is not simply common sense. Marketing analysis and decision making is complex and go far beyond simple sense and intuition. Once a series of analysis are completed, there are highly integrated activities that must be carried out with great precision in order for marketing plans to be executed successfully with this in mind; marketing could be defined in various ways, (Semenik and Bamossy, 1993)

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. Secondly, Kotler defined marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products and value with others. (Kotler & Armstrong, 1996).

EVOLUTION OF MARKETING

Marketing actually started years ago among nations in the form of trade by barter. This was also how marketing started in Nigeria what is of importance to marketers in this trade is the fact that the marketing function of exchange was executed by the individuals concerned. A well documented view of evolution is provided by Roland Fuller-ton.

1. The era of Antecedents: A long gestation period for marketing which began in Britain in the 1500s and during the 1600s in Germany and North America Production and transportation were primitive and 75 – 90% of the population was self sufficient. The beginning of capitalization was evident and facilitating mechanisms – banks, stock exchanges, paper money – began to emerge. The first versions of distributive institutions also emerged in the form of fixed retail shops, advertising, warehouses and travelling sales people. This era witnessed the beginnings of demand determination and demand stimulation.

1. The Era of Origins: Starting in Britain in 1750 and in the United States of America and Germany around 1830, this era included the onset of the Industrial Revolution. Vast improvements in production and transportation, coupled with urbanization of the population produced the origins of mass markets. Promotion of all types was evident and products were being designed to appeal to potential buyers, competition also intensified greatly.

2. The Era of Institutional Development: Dating from 1350 in Britain and 1870 in United States of America and Germany, most of the major institutions and many of the modern marketing practices first appeared during this era. Advertising, marketing, research, better physical distribution and expanded retailing were all used to stimulate demand for mass production.

3. The Era of Refinement Aid Formalization: This era dates from the 1930s to the present Marketing practice and has continued to develop with the most important refinement taking place in retailing, physical distribution and market analysis. During this period, marketing activities became formally recognized in organizations.

However, (Kotler, 1994) saw the evolution of marketing in the following perspectives:

- a. The classical years (1910 – 1950) (the commodity, institutional and functional school of thought).
- b. The Managerial years (1951 – 1982) (The Managerial school of thought)
- c. The adaptive years (1970 – 1982) (The strategic planning school of thought)
- d. The proactive years (1983 – date) (strategic thinking)

Marketing in the early years has been influenced by the functional, institutional and commodity schools of thought. These schools have all emphasized descriptive research focused largely on aggregate market behavior. One classic work from these items is Shaw (1912) article on market distribution.

Shaw provides the first clear articulation of product differentiation. He also advises manufacturers to shift their focus from production efficiencies to intense cultivation of existing markets and recognize the existence of unmet needs among consumers. In the area of product strategy. (Kotler, 1994), explored the implications of branding. In the area of pricing, Kotler & Armstrong (1996) provide the idea of differentiation through price discounting. He argues that it has the potential to increase profit by expanding demand and reducing costs, through the effects of economics of scale. The area of distribution and advertising received substantial attention, for example, the classification was introduced on consumer goods based on buying habits and motives as convenience, shopping and specialty goods. The classical years have offered enduring concepts and issues.

MARKETING CONCEPT

In contrast to sales concept, which is product – oriented, marketing concept is customer oriented. Indeed, the concept hold the view that achievement of organizational goal is contingent upon producing goods and services which consistently satisfy consumer needs. In other words, it is a concept that relies significantly on extensive market monitoring, to discern consumers' demand gaps and ensure that new products are produced on the identification of unsatisfied needs of goods and

services. Existing products are also expected to be redefined and re-modified for the purpose of the continuous satisfaction of the ultimate consumer. Kotler and Armstrong, (1996) hold that the marketing concept itself is a strategy which must be employed by organizations to win the ever prevailing marketing warfare between companies operating in non-monopolistic markets. Leading companies that consistently accept the marketing concepts are able to respond timely and effectively to changing customers' needs. Indeed, all departments of such organizations ranging from marketing, finance, manufacturing to purchasing must imbibe the concept as a culture. Such organizations must be market and customer driven and not production driven. Indeed, probably more than any other time, any dominant company that intends to survive under the current critical economic conditions in Nigeria, must have the marketing concepts integrated in its system. Marketing concept cannot do without putting the markets in the form of market segmentation and determining a specific target market, for these help the organization to have an accurate knowledge of the characteristics of customer segments that is used for product or service specification and positioning on the usage/needs requirements of customers in these segments; (Nwaolai, 1994).

Market leaders generally take customers needs into consideration in all their decisions, with customer satisfaction at the heart of every policy of such organizations. The marketing concepts are predicted on the view that a satisfied customer will talk favourably of the product and the company and always buy again; Kotler and Armstrong (1996). It is a widely held view that for every dissatisfied customer, others get to know and thereby refused to be wooed into buying. A satisfied customer pays less attention to competitor's brand. He is more receptive to the company's advertisement and he is more prone to buying again and again.

According to Kotler (1994), the marketing concept is hinged on the need to periodically measure customers' satisfaction with a view to discerning whether a product or service requires re-introduction, re-modification on investments on new products and markets.

On the contrary in general the Nigerian experience is that of the selling concept, which focuses more on the need of the seller being primarily pre-occupied with converting its product into cash. Kathryn G.A (1996), customer oriented company would track its customer's satisfaction level each period and set improvement goals. Customer satisfaction is the best indicator of the company's future profit.

MARKETING STRATEGY

It involves the identification of marketing objectives, the analysis of the marketing environment, the choice between alternative strategies and the implementation of these strategies (Kincaid (1995). To him, at a given time, an organization's fit with its environment may be excellent. The environment may be rich in opportunities and the organization may be well aligned with its environment to make good returns, but the company must not rest its oars since the environment is continuously prone to changes and when it does, the company must make appropriate adjustment and the level of adjustment required is the degree, speed and complexity of the environmental change. Some environments are fairly stable from year to year in terms of the context of their economies, technology, law and culture. Firms in these environments do not really need adjustments. Some environments are slowly evolving in a fairly predictable way. Firms that perceive these evaluations can make appropriate adjustments and still survive. Still, other environments are turbulent and change in major and unpredictable ways. Companies in Nigeria are forced to operate under persistent high inflation, material and energy shortages, new technologic requirements, unwanted government regulations, high interest rates and aggressive international competition. The question becomes – How can a company carry on its marketing strategy in an “age of discontinuity” and “future stock? A major challenge facing organizations is how to develop a flexible and adaptable structure so that they can survive in a turbulent environment.

This structure could be in the form of finding hidden profits in their organization. According to Mr. Sunny Obazu – Ojeabese, he said there are three basic ways of finding profits in an organization. These ways include;

- Selling more of your products.
- Reducing your cost of production.
- Eliminating waste in your production process.

However, he also stated eight strategies for carrying out a successful marketing plan. These include product re-launching, packaging, re-designing, sales promotion, product repositioning and increased advertisement budget, improved distribution network, forming strategic alliance and setting up a barter agreement. In an attempt to sustain the survival of an organization, Mr. Magnus Abeng, initiated the profit zone and defined it as where sustained, superior profitability creates enormous values for a company. A profit zone is the arena of a company's economic activity where high profit happen. For you to move your organization into a profit zone, you must be able to answer the following questions (Ijewere, 1997). Who are my customers? How are their priorities changing? Who should be my customer? How can I add value to the customers? How can I become the customer's first choice? What is my profit model? What is my current business design? Who are my real competitors? What are my toughest competitors' business design? What is my next business design? What is my strategic control? And finally, what is my company worth? (Kotler, 1994).

NON CONTROLLABLE VARIABLES

This environment is divided into micro environment and macro environment variables, these variables are dynamic in nature and because of this and they become an important determinant of the future of the organization, for these changes affect the organization in one way or the other. The micro environment consists of the forces close to the company that affect its ability to serve its customers. (Kincaid, 1995). The micro environment can also be termed the operating environment. They are as follow:

- i. Suppliers: They provide organizations with their inputs. Availability and regularity of a company's product supply is a function of the availability and regularity of the supply of material inputs need of the company. And also, the quality of the company product is a function of the supply of quality material inputs. The cost of material inputs also affects marketing.
- ii. Marketing Intermediaries: These are firms that help the company to promote, sell and distribute its goods to final buyers; they include middlemen, physical distribution firms, marketing service agencies, financial intermediaries.
- iii Customers: All marketing operatives are aimed at meeting the specifications and requirements of their customers better than their competitors and ensuring that the customers buys to meet the desired level of demand of the firms. To succeed in this, the firms must know their customers very well and ascertain from them what they want.
- iv Competitors: This consists of all other firms within the same industry, selling goods that satisfy similar needs, different forms of the same generic goods and different brands of a product.
- V Company: Since the marketing department cannot operate in isolation, it should build up a good relationship with other departments in the organization so as to be able to carry out its marketing activities and these include, top management, finance and accounting, research and development, production, personnel, maintenance departments.

Now, the macro environment includes all the forces external to the firm and outside its operating environment that interact to constrain or promote the marketing operation of the firm, constitute threats to it and create opportunities for it Uti (1996). Such factors include:

- I. Economic Environment: This environment comprises of factors that affect consumer buying power and spending patterns. Some of the factors here are inflationary rate, interest rate, resource shortages, employment and exchange rate of national currency.
- II. Technology Environment: According to Uti (1996), technology is the knowledge and procedures that go into getting something done. Technologies help societies in simplifying tasks and ensuring that they become effective and efficient in all they do.
- III. Government Environment: Government is the original element of state with commanding powers over all other institutions of the state including business firm owing to its powers, government is in a vintage position to influence and determine the nature, direction and magnitude of events in other institutions (Uti, 1996).
- IV. Socio/Cultural Environment: The culture of a given society is largely responsible for the formation of an individual's attitudes, beliefs and value system. These, once formed are difficult to change. The answer to the question of what people will eat, drink, wear and generally purchase is to be found in their culture also answers the questions of what people buy and wear.
- V. Demographic Environment: It comprises the structure and composition of the population or markets served by business firms. It analysis the kinds of people who make up the population or various segments of a market. The key variables in the demographic environment that marketing management is most interested in are the size of the population, the geographical distribution of the population, age and sex distribution of the population, population density, birth and death rates, ethnic and religious structure of the population.

CONTROLLABLE VARIABLES IN MARKETING STRATEGY

The task of marketing management has been aptly described as that of demand management (Kotler 1994). In managing demand, marketing tries to match the supply decisions of firms with the demand decisions of buyers; in doing this, marketing attempts to come up with a blend of pricing, promotion and product and place decisions, variables that will

appeal to its target market. These variables are generally within the control of marketing management and are manipulated by marketers in seeking to appeal to or reach a specific group of buyers.

In this context, we are going to analyze each of the marketing decision variables.

1. **Pricing Strategy:** Pricing decision is clearly crucial to the survival of the organization. The primary background necessary for understanding the pricing decision is a good understanding of the law of demand and some understanding of the amount by which a price affects a quantity decrease – i.e. the price elasticity of demand. However, price is the value placed on a product. Alfred Marshall used a fish market as an example of perfect competition and he considered a fish monger selling cod. How would he price his product? Firstly, he would look around and find out at what price his numerous competitors were selling cod. He certainly could not price above the competitors since cod is pretty much identification, consumers would not care from whom they purchase. Basic method of price settings companies reserve the pricing issue by selecting a pricing method that includes one or more of these three considerations. These are the customer's demand schedule, the cost function and competitor's price.

2. **Cost – Oriented Pricing:** Here, cost is the only consideration of price. The two general types of cost based on pricing are mark-up and target pricing.

Mark-up pricing is when price (PO is determined simply as cost of the product © plus margin for profit. While target pricing is when a firm determines the price that will yield its target rate of return on investment (ROI) or profit level it wishes to attain.

3. **Demand – Oriented Pricing:** Prices are set on the value placed on the product by buyers or the strength of demand for the product in the market, which is normally determined through negotiation the price buyers will offer, is an indication of their perceived value of the product.

Products were increased in 1994 despite the recession in the Nigerian economy. All the companies does is to stabilize the prices of their product manipulate the discount given to customers. This is done by giving a discount whenever there is an increase in the cost of production. However, the pricing strategy of the organization is significant to the survival of the organization. (Kotler 1994).

SUMMARY OF FINDINGS

Having X-rayed the marketing strategy of Tower Building Product; the researcher was able to come out with these findings. They are as follow:

- i. The greater percentage of those involved in the marketing process were still not highly marketing oriented. For instance, the marketing manager was an Architect, the assistant marketing manager s was an Engineer, the Estimators were Engineers etc. The implication of this can be inhibitor for successful implementation of the marketing programs of the organization.
- ii. The major promotional tool in Tower Building Product was Direct Marketing. Though in marketing today, it was found out that the other forms of promotional mix was being adopted.
- iii. As regards quality, it was felt in the Market that the quality of the product must be improved upon, especially the colour uniformity, straightness of edges and uniform thickness.
- iv. There is stability of prices except that the discount given is manipulated.
- v. Competition is now “more keen” than before and it has cut deep into the profit of these markets. However, Tower Building Product still enjoys some degree of brand loyalty.

CONCLUSION

Based on the findings of this study, this conclusion was reached. The importance and the role this organization plays in the realization of government and individual's aspirations of having a comfortable, portable, ideal and affordable shelter need not be over stated. However, it might be stressed that for the industry to equitably survive

and justify the role expected of them, they must wakeup and keep abreast with the market realities. The management of the organization must be properly noted and grounded in embracing marketing as a function and a philosophy.

RECOMMENDATIONS

- There should be efficient channel management and administration.
- Introduction of training scheme that will enhance the attainment of sales and marketing objectives.
- Since the major promotional tool is personal selling, the salesmen must have in-depth product knowledge and must be vast in translating such knowledge (product distinctive features and other merits) to buyers.

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