



IMPACT OF MARKETING STRATEGIES ON THE PERFORMANCE OF SMES IN KANO STATE, NIGERIA

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ABSTRACT

The study aims at assessing the impact of marketing strategies on the performance of SMEs in Kano state, Nigeria. This current study used a cross sectional survey design. The sample has been chosen from the total population of 2441 to represent the sample size of the study in order to come up with various opinions on the subject matter of the research so as to make reasonable generalization to the whole population. These were drawn using Kriecje and Morgan (1970). The researcher selected three hundred and thirty-one (331) Small and medium enterprises in Kano State and Distributed within the six-industrial area of Kano State. Descriptive statistics such as mean, percentage, frequency and inferential techniques such as correlation and multiple regressions were employed in analyzing the data for the study. The descriptive statistics results revealed that 57% of the respondents were male. It also revealed that 43.2% of the respondents fell within age bracket of 21-30. With respect to the educational status of the respondents majority of them had primary/secondary certificate. 56.5% of the respondents indicated that they had a working experience of <10 years in the enterprise. With regards to the type of business of the enterprise, majority of the respondents were sole proprietors (sole owned business) which accounted for 56.8%. With respect to the number of employees, most of them have less than 50 employees which accounted for 53.2%. From the Age of the business, majority of their businesses (52.6%) aged. From the correlation matrix, it revealed that, most of the independent variables (marketing strategies variables) were positively and strongly correlated with the dependent variable (performance). coefficient table shows the constant beta value (β) and the p-value of the variables to examine the significance of the hypothesis. The significance level of each variable (P-value) and their standardized coefficients are, (0.060, 0.403), (0.059, 0.308), (0.069, 0.234), (0.035, 0.466) and (0.685, 0.060). respectively. The p-value of all the independent variables except for package is significant. It concluded that, other researchers to examine the research model of this study in other sectors which will be helpful for generalization purposes. The study recommended that products, promotion, place and price have significant impact on the performance of SMEs in the study area.

Keywords: Marketing, Strategies, Performance.

INTRODUCTION

For many years marketing strategy has become important tool for any businesses to be stronger, remain in competitive market environment and creates an avenue for efficient and effective use of the resources of a business so as to ascertain its target goals and objectives. Marketing strategy is an essential criterion of the Industry's ability to marketing strategy as way of providing a quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and back it up with effective promotion strategy, it is a vital prerequisite of industry's ability to strengthen its market share and minimize the impact of the competition, it also starts with market research, developing vision about the market(s), selecting market targets strategies, design positioning strategies, setting objectives and implementing the marketing programmes to meet the value requirements of the target markets, (Mustapha, 2018). Small and medium scale enterprises (SMEs) have occupied a place of pride in virtually every country. it is also been considered as an engine of



growth for both developed and developing economies. Small and medium-sized enterprises play an important role in the global economy, they promote inclusive and sustainable economic growth, ensure decent jobs, encourage sustainable industrialization and innovation and reduce income inequalities. (OECD, 2017). In Nigeria SMEs plays vital roles in employment generation, national growth, poverty reduction and economic. Small and medium enterprises (SMEs) play a critical role in output diversification, employment generation, indigenous entrepreneurial development, local technology improvement and further integration with larger firms. SMEs represent 90% of the manufacturing and industrial sector in terms of number of enterprises in the country and contribute 48% of Nigerian GDP, account for 96% of businesses and 84% of employment (PwC Nigeria SME Survey, 2017). A Small and Medium Enterprise (SME) is an enterprise that has asset base of between N5million and N500million and labour force of between 10 and 300 people (CBN, 2019). The performance and growth of small and medium enterprises (SMEs) is a major driver and indices for the level of industrialization; modernization; urbanization, gainful and meaningful employment for all citizenry in any nation (Aremu & Adeyemi, 2020).

Business performance of Small and medium enterprises (SMEs) has been considered as an important construct. SMEs performance is measured in literature include growth in term of sales, market share and wealth creation; financial measures and non-financial measures of SMEs performance such as customer and product performance, customer satisfaction, Stakeholder satisfaction and employees satisfaction; Profit which include return on assets, return on investment and return on sales; competitive position which include overall competitive position and success rate in launching new product (Sefiani, 2021). Marketing strategies and performance of SMEs is empirically and theoretically current issue of discussion amongst scholars and marketing managers in the literature, there is increasing empirical evidence on the effect of marketing strategies on SMEs performance. Marketing managers develop and implement strategies with the intention to improve the performance of their company. Marketing academics study the relationships between strategies and performance with the aim of formulating guidelines about the effectiveness of strategies (Iorun, 2018). Against this background, this study attempts to analyses the impact of marketing strategies on the performance of SMEs in Kano State, Nigeria.

METHODOLOGY

Research Design

This current study used a cross sectional survey design to analyses the impact of marketing strategies on the performance of SMEs in Kano State, Nigeria. The data were collected using structured questionnaire.

POPULATION OF THE STUDY

Based on the above, the target population of this study consists of the total number of SMEs in Kano state which is 2,441 according to a 2017 joint survey by National Bureau of Statistics (NBS) and Small and Medium Enterprises Development Agency (SMEDAN).

SAMPLING TECHNIQUES AND SAMPLE SIZE

For the purpose of this study, the researcher selected three hundred and thirty-one (331) Small and medium enterprises in Kano State and Distributed within the six-industrial area of Kano State. These include, Bompai (44), Sharada phase I (63), Sharada phase II (65), Challawa (47), Tokarawa (48), and Kawaji (64). The sample has been chosen from the total population of 2441 to represents the sample size of the study in order to come up with various opinions on the subject matter of the research so as to make reasonable generalization to the whole population. These were drawn using Kriejcie and Morgan (1970).

Pilot Study

To increase the reliability and validity of the instruments the survey questionnaire was subjected to a pilot survey before administering to the target respondents. In literature a pilot survey consists of 15 – 30 participants but a researcher can increase the number of the participants (Malhotra, 2008). Based on this citation the research used 45 participants, this will be done within one to two weeks. Cronbach's Alpha coefficient was used to assess the internal consistency and reliability of the



variables. A Cronbach alpha above 0.70 is generally preferred (Nunnally & Bernstein, 2004). The test was achieved using SPSS Software.

Techniques of Data Analysis

Based on the standard principles of cross-sectional data analysis. The current study used primary data techniques for data analysis and interpretations in order to fully capture the objectives for which the study is dignified to achieve as stated in chapter one. The data were analyzed using descriptive and inferential statistical tools. The descriptive techniques were including mean, standard deviation, frequency, percentage. The inferential statistical tools include multiple regression and correlation. The data were analysed using SPSS and STATA softwares. The questionnaire was tested using validity and reliability test. Reliability is stated as a coefficient ranging from 0 to 1.00; the larger the coefficient, the more reliable the test. Cronbach's Alpha coefficient will be used to assess the internal consistency and stability of the variables. A Cronbach alpha above 0.70 is generally preferred (Nunnally & Bernstein, 2004). Post estimation test have been carried out, these include multi collinearity test (autocorrelation), normality test among other tests.

Model Specification

The general econometric model to estimate the impact of marketing strategies on the performance of SMEs in Kano State, Nigeria is expressed as:

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \mu$$

Where;

Y_i = Performance

X_1 = product strategy

X_2 = price strategy

X_3 = promotion strategy

X_4 = place strategy

X_5 = packaging strategy

α = constant

μ = represents the error term and

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = represents coefficients to be estimated.

RESULTS AND DISCUSSION

Reliability Test

Cronbach alpha is a measure of internal consistency, that is, how closely related a set of sample items are as a group. It is considered to be a measure of scale reliability. A "high" value for alpha does not imply that the measure is one-dimensional. Technically speaking, Cronbach alpha is a coefficient of reliability (or consistency). According to Hair (2016), if α is greater than 0.7, it means that it has high reliability, 0.5 is sufficient, and if α is smaller than 0.3, then it implies that there is low reliability. The Cronbach alpha result of each item used in the questionnaire is shown in the following table.

Table 1: Reliability Test Cronbach Alpha of each Variable

Reliability Statistics		
List of variables	Cronbach Alpha	N of Items
Business Performance	0.512	5
Product Development	0.615	4
Price	0.531	5
Promotion	0.753	3
Placement	0.659	3

Source: field survey, 2024

Demographic Characteristics of the Respondents

Demographic characteristics are very important indicators of performance in any organization and are the basis for research questionnaire turnout. Even though demographic characteristics are not



having great influence on this study, the researcher considers some of them which are believed to have correlation to the study. Hence, the demographic characteristics of gender, age, education, experience, size of the enterprise, sub-sector of the enterprise, number of employees, the extent to use marketing strategy are emphasized.

Table 2: Democratic profile of the respondents

Respondents Gender	Frequency	Percent
Sex		
Male	187	57
Female	144	43
Age of Respondents		
>20	16	4.8
21-30	143	43.2
31-40	125	37.8
41-50	44	13.3
51>	3	0.9
Level of Education		
PhD	10	3
Master	46	14
Degree	74	22
Diploma	95	29
Certificate	106	32
Firms Employees		
>50	176	53.2
51-100	90	27.2
101-150	51	15.4
151-200	9	27
201>	5	15
Age of the business		
Less than 1	57	17.3
2-4	174	52.6
5-above	100	30.1
Type of business		
Sole proprietorship	188	56.8
Partnership	96	29
Manufacturing company	47	14.2
Year of experience in the enter price		
<10	197	56.5
11-20	114	34.4
21-30	22	6.6
31-40	6	1.9
>41	2	6

Source: Field Work, 2024

The results in Table 1 revealed that 57% of the respondents were male while 43% were female. This shows that majority of the respondents were male and one can generalize that the majority of SMEs were owned and/or managed by male.

The results also revealed that 43.2% of the respondents fell within age bracket of 21-30 while 37.8%, 13.3% and 4.8% were within 31-40, <20 and above 50 year, respectively. This implies that majority of the respondents who owned and/or managed the SMEs were youngsters. Therefore, from this result, the researcher understood that the young aged managers and/or owners are strong to offer more skills and they were viewed as being productive in their area of specialization.

With respect to the educational status of the respondents, 3% of them were PhD holders, 13.9% were masters holders, 22.4% of them were Degree holders, 28.7% were diplomas holders while



32% were primary/secondary certificate holders. Therefore, this result implies that the majority of the respondents had one level of education or the other and have knowhow/understanding about the marketing strategy concepts (Albaum, 2021)

Taking into account the number of service years or experience in the enterprise, the respondents were asked to state the length of years of services. Accordingly, more than half (56.5%) of the respondents indicated that they had a working experience of <10 years in the enterprise. Therefore, this result indicated that most of the respondents had a knowledge basis of customer interaction. Likewise, they were well experienced and have the knowledge to evaluate the marketing strategy performance relationships (Albaum, 2021)

With regards to the type of business of the enterprise, the majority of the respondents were sole proprietors (sole owned business) which accounted for 56.8% which followed by the partnership which accounted for 29%. On the other hand, manufacturing sector which accounted for 14.2%. The result indicated that, majority of the respondents were sole owned proprietorship. With respect to the number of employees and total capital, most of them have less than 50 employees which accounted for 53.2% and followed by the enterprise having 51-100 employees which accounted for 27.2%. While 15.4%, 27% of them have 101-150 employees, 151-200 employees respectively. Age of the business, majority of their businesses (52.6%) aged 2-4, while 17.2% and 30.6% were less than 1 and above 5 respectively. This shows that their businesses were at majority stage which they are in a high demand of the marketing strategies knowhow.

Correlation Analysis

Table 3: Correlations matrix

		BUS PER	PRODUCT	PRICE	PROMO	PLACE	PACKAGE
BUSS PER	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	331					
PRODUCT	Pearson Correlation	.429	1				
	Sig. (2-tailed)	.064					
	N	331	331				
PRICE	Pearson Correlation	.303	.706	1			
	Sig. (2-tailed)	.053	.169				
	N	331	331	331			
PROMOTION	Pearson Correlation	.524*	.407	.186**	1		
	Sig. (2-tailed)	.024	.391	.001			
	N	331	331	331	331		
PLACE	Pearson Correlation	.504	.503	.025	.630**	1	
	Sig. (2-tailed)	.024	.333	.651	.000		
	N	331	331	331	331	331	
PACKAGE	Pearson Correlation	.003	.318**	.215**	.242**	.228**	1
	Sig. (2-tailed)	.953	.000	.000	.000	.000	
	N	331	331	331	331	331	331

*. Correlation is significant at the 0.05 level (2-tailed).

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

Bivariate Correlation indicates that whether the relationship between two variables is linear (as one variable increases, the other also increases or as one variable increases, the other variable decreases). Accordingly, as indicated in the above table, the correlation matrix, most of the independent variables (marketing strategies variables) were positively and strongly correlated with the dependent variable (performance). The first highest strong coefficient of correlation in this research is between promotion variable and performance ($r=0.524^*$, $p \leq 0.024$). It connotes that there is a strong, positive, and significant relationship between promotion and performance. The second highest strong coefficient of correlation is with the place which has strong positive and significant with performance ($r=0.504$, $p \leq 0.024$). Price and product variables have also strong, positive, and significance relationships with dependent variable (performance) with ($r=0.303$, $p \leq 0.053$; $r=0.429$, $p \leq 0.064$;



respectively). While package variable has $r=0.003$, $p \leq 0.953$ which is very weak and insignificant. Generally, the above correlation matrix shows that most independent variables were positively and strongly correlated with the dependent variable. Sig (2-Tailed) value: - This value tells that whether there is a statistically significant correlation between two variables or not. If the Sig (2-Tailed) value is greater than .05, the researcher can conclude that there is no statistically significant correlation between two variables. That means, increases or decreases in one variable do not significantly relate to increases or decreases in the second variable. If the Sig (2-Tailed) value is less than or equal to .05, the researcher can conclude that there is a statistically significant correlation between two variables. That means, increases or decreases in one variable do significantly relate to increases or decreases in the second variable (Pedhazur, 2020).

Hence, as indicated in the above correlation table, the numbers next to Sig. (2-tailed) shows that most are (.025). The convention implies that, if this value is less than .05, then the correlation is considered to be significant (meaning that the researcher can be 95% confident that there is relationship between the independent and the dependent variables. Therefore, the researcher concludes that there is a significant correlation between the independent variables (predictor variables) and dependent variable.

Multiple Linear Regression Analysis

Table 4: ANOVA Result

Model	Sum Squares	Of	Df	Mean Square	F	Sig.
1 Regression		33.116	5	6.623	1.189	.0714
		1809.791	325	5.569		
Residual Total		1842.906	330			

a. Predictors: (Constant), package, price, place, product, promotion

b. Dependent Variable: Buss Per

Source: Field survey, 2024

The ANOVA table shows the overall significance/acceptability of the model from a statistical perspective. As indicated in the above table, the p-value is less > 0.05 but significant which indicates the variation explained by the model is not due to chance. So, the above ANOVA table shows the acceptability of the model. As indicated in table 4.5, the researcher can connote that R, R², and Adjusted R² conducted for the multiple regression predict the SMEs performance based on the linear combination of marketing strategy independent variables is statistically significant.

Regression Coefficient

This study intends to identify the most contributing independent variable in the prediction of the dependent variable. Thus, the strength of each predictor (independent variable) influencing the criterion (dependent variable) can be investigated via standardized Beta coefficient. The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable has, brings the more support to the independent variable as the more important determinant in predicting the dependent variable.

Table 5: Unstandardized Coefficients and standardized Coefficients Result.

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	16.139	2.702		5.972	.000
	PRODUCT	.403	.094	.026	1.755	.060
	PRICE	.308	.107	.004	2.076	.059
	PROMOTION	.234	.113	.155	2.074	.069
	PLACE	.466	.130	.036	1.704	.035
	PACKAGE	.060	.147	-.025	-.406	.685

a. Dependent Variable: BUSS PER

Source: Field survey, 2024

The above coefficient table shows the constant beta value (β) and the p-value of the variables to examine the significance of the hypothesis. The significance level of each variable (P-value) is: 0.060, 0.059, 0.069, 0.035, and 0.685 and their standardized coefficients are, 0.403, 0.308, 0.234, 0.466 and 0.060 respectively. The p-value of all the independent variables except for package are significant. This implies that the independent variables have a significant relationship with the dependent variable (SMEs Performance), but the package is not.

CONCLUSION AND RECOMMENDATION

In conclusion, the impact of marketing strategies on the performance of smes in kano state, Nigeria. This implies that the independent variables (marketing strategies) have a significant relationship with the dependent variable (SMEs Performance). The SMEs should give consideration to product strategy since customers do really look at product attributes such as quality, features, design, and sty. Therefore, SMEs should produce the quality product in order to get competitive advantage over the large enterprise. The researcher forwards the following recommendations based on the research findings and the conclusions drawn in the previous sections.

The SMEs should ensure that the products and/or services are effectively and adequately communicated to the public using the right mix of promotion strategies because promotion is also found to strongly predict the performance of the SMEs.

The SMEs should not underestimate the power of relationship marketing as it has the ability to enlarge a firm's sales, profitability, customer satisfaction, and brand awareness. Therefore, SMEs should value and respect customers' opinions, practice the art of giving gifts to loyal customers and take customers feedback very seriously.

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