Marketing Communication and SMEs Performance (A Study of Selected Small and Medium Scale Enterprises in Ogun State, Nigeria).

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ABSTRACT: Marketing communication is of immense value to the enhancement of the performance of Small and Medium Scale Enterprises (SMEs) globally. Despite the importance of marketing communication on the performance of organizations, SMEs in Ogun State are still faced with challenges of low sales growth and decreased market share performance. The study employed the survey research design. The target population was 1310 with a sample size of 306 small and medium scale enterprises in Egbra and Yewa areas of Ogun State. Data was collected with the use of validated self-structured questionnaire. The Cronbach’s alpha coefficient for the constructs is 0.797 and 0.82. The response rate was 97.71%. Data was analyzed using descriptive and inferential statistics. Findings from the study revealed that sales promotion has a significant effect on the performance of selected small and medium scale enterprises in Ogun State, Nigeria ($\beta = 0.398$, $R^2=0.653$, $t = 8.321$, $p<0.05$). Advertising also has a significant effect on the performance of selected SMEs ($\beta = 0.385$, $R^2=0.497$, $t = 8.005$, $p<0.05$). The study concluded that marketing communication significantly affect the performance of small and medium scale enterprises in Ogun State, Nigeria. SMEs in Ogun State are enjoined to familiarize themselves with sales promotion and advertising and also invest in them, as this will stimulate the market demand of their products and services. The government is also enjoined to subsidize fees for media advertisements for SMEs.

Keywords: Advertising, Marketing communication, Sales promotion, SME performance

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I. INTRODUCTION

Small and medium scale enterprises (SMEs) globally are seen to have contributed meaningfully and immensely to the social and economic development of their nations. As a result of this, governments globally have focused on the development of the SMEs sector to promote economic growth (Subhan, Mehmoo&, Sattar, 2013; Ramosobana, 2017). Oyebamiji, Kareem, and Ayeni (2013) posit that SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development. SMEs in countries like Nigeria are struggling to succeed as result of the intense, complex, turbulent, and ever changing competitive environment in which they operate both locally and internationally.

SMEs face countless problems ranging from lack/inadequate capital, epileptic power supply, inefficient management, difficulty in employing skilled manpower, fraud, inability to analyze market opportunities, improper planning, research and production inefficiencies, economic instability, problems of standardization, poor quality products, inadequate owner/manager knowledge, advertising, and complexity of marketing issues, and much more which has enormous effect on their performance (Akinruwu, Awolusi, & Ibojo (2013); Ebutu, Ufot, & Olom, 2015; Egbuna & Agali, 2013; Mohammed & Nzelibe, 2013; Okpara, 2011; Olugbenga, 2012; Shehu, Aminu, Mat, Nasiru, Johnson, & Tsagem, 2013; Shehu & Mahmood, 2014). They in conjunction with Stull, Myers, and Scott (2008) and Mustapha (2017) further identified the basic marketing problems as inability of the SMEs in Nigeria to apply modern marketing techniques and strategies, difficulty in managing the venture’s advertising and other promotional tools, competition from large firms, lack/inadequate financing of marketing activities, poor sales promotion among others.

Marketing is the key purpose of every business (Ebutuet al., 2015). Drucker (1985) posits that marketing and innovation are the two central functions of a business to enable them create and keep customers. It is evident that the basic function of marketing is to attract and retain customers at a profit. Marketing communication is a veritable tool that enables products and services to be made known to customer. The two marketing communication tools addressed in this study are sales promotion and advertising as may have been
observed to be addressed as identified problems of poor advertising, inadequate/lack of financing for advertising and poor sales promotion, which has subsequently affected the performance of SMEs in Ogun State.

This situation has been of great concern to government, citizens, practitioners, and academics. From few studies on entrepreneurship in Ogun State it is evident that part of the issues identified low sales growth and insufficient market share performance. This is as a result of perceived inadequate use of marketing communication which is having negative effect on their performance as low sales growth and low market share performance. This study therefore examined the effect of marketing communication on SME performance in selected small and medium scale enterprises in Ogun State, Nigeria. The specific objectives of the study are to:

1. examine the effect of sales promotion on the performance of selected small and medium scale enterprise in Ogun State;
2. investigate the effect of advertising on the performance of selected small and medium scale enterprise in Ogun State;

This study examined the effect of marketing strategies on the performance of selected small and medium scale enterprises in Ogun State. Nigeria. Ogun State consists of four divisions which are Ijebu, Remo, Egba and Yewa. The population for this study consists of some selected members (owners and employees) of Nigeria Association of Small and Medium Scale Enterprises (NASMEs) in Ogun State branch which consist of 1310 members.

In this study after the introductions the concepts are addressed and an empirical review of the variables addressing marketing communication and SME performance. Then the methodology and then the presentation and analysis of data, conclusion and recommendation.

II. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Marketing Communication

Esposito (2013) in Ramasobana (2017) sees marketing communication as comprising of management tools that establish, develop, and maintain long-lasting relationship with customers and potential clients or customers. There are two groups of marketing communication comprising of traditional marketing and guerrilla marketing. Sales promotion and advertising as two of the tradition marketing tools are addressed in this study.

Promotion is the function of information, persuading and influencing the consumers' purchase decision. It is defined as any communication activities whose purpose is to move forward products, idea or service in the marketing channel in order to reach the final consumer (Carson, 2013). Promotion affects the knowledge, attitudes, and behaviour of the recipient. Promotion usually provides target audiences with all the accurate information they need to help them make decisions to visit a particular destination/site. The information should be accurate and timely and should not be misrepresented so as to satisfy the customers and create a positive image of a destination (Adebare, 2016).

The various sales promotion techniques used globally are discount, gifting, coupons, financing, sampling, bundling, refunds, exchange offer and more (Onyejiaku, Ghasi, & Okworo). They further stated that sales promotion is vital for companies to increase sales and project their brand names and when used moderately with careful planning, it increases sales.

Advertising is an audio or visual form of marketing communication that employs an openly sponsored, non-personal message to promote or sell a product, service or idea (United Nation, 2017). Advertising is differentiated from public relations in that an advertiser pays for and has control over the message. It differs from personal selling in that the message is non-personal that is not directed to a particular individual (UN, 2017). Advertising is communicated through various mass media, including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages.

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Akanbi and Adeyeye (2011) found advertising as a significant tool for communicating new product and services as the advertising campaign cannot solely be responsible for recorded increases in its sales after campaign, other unrecognizable factors like higher income for potential customers, reduction problems of competitors, improved customer relation of distributors and retailers and other unnoticeable factors apart from the
campaign may be responsible for the company’s improved sales. Sama and Samreen (2015) further added that advertising gives the knowledge about the product and create the idea in mind about it.

Poor advertising and non-utilization of other promotional tools debar attraction and patronage of the right caliber of customers to their enterprises (Ebuti et al., 2015). Scott (2003) in Tom (2014) and Ebuti et al. (2015), states the result of the inability of SMEs to advertise appropriately or effectively as the following problems; difficulty in attracting customers; quality employees, to growth, to compete with bigger companies, and to diversify. Tom (2014) added that all these problems have led to under performance of SMEs in Calabar and Nigeria nation as a whole.

Also, Adekoya, (2011) found that advertising influence consumer buying behaviour which means it helps to increase sales turnover. More so, Lin, Lee, and Lin (2014) saw advertising as that type of advertising that combines sounds, colour, serves and demonstrates to members of the society through which people are attracted to purchase that product, because the process of demonstrating, people and informed of the product and are directed to where they will get it.

2.1.2 SME Performance

According to Abdullahi, Jakada, and Kabir(2016), the problems faced by SMEs globally is not so different from the problems faced by SMEs in Nigeria. SMEs account for more than 70% of industrial employment in Nigeria. In spite of that, SMEs in Nigeria have not been performing commendably well and hence have not played or showed the expected role in the increased performance of organisations, economic growth and development of the nation as a whole. The focus of the government and the public remains with the giant companies who are performing well while neglecting the growing SME sector.

Oyebamiji et al. (2013), discovered among others that developing countries have not been able to play the vital and vibrant role in the social and economic growth and development of the nations since their performance are below expectation. Many studies have been carried out to x-ray various problems that results to the low performance of SMEs in Nigeria (Abdullahi, Abubakar, Aliyu & Umar, 2015; Abehi, 2017; Abosede, Adeyi & Oko-Oza, 2017; Etuk, Eruk, Baghebo, 2014; Mustapha, 2017).

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2.2 Theoretical Finding

Behaviorist Theory

Behavioral theory was propounded by two individuals, Ivan Pavlov and B.F. Skinner in the year 1957. Behavioral theory attempts to explain why consumer behaviour change. This theory cite environmental, personal, and behavioural characteristics as the major factors in behavioural determination. In recent years, there has been increased interest in the application of these theories in the areas of health, education, criminology, energy and international development with the hope that understanding behavioural change will improve the services offered in these areas.

The theory is relevant to the study because it explains the importance marketing and how it influences customer decision about products. Okenwa (2002), asserted that human beings differ in their biological structure and composition, so, people may respond differently to the same media message. But he concluded that consumer behaviour is being influenced by media content especially advertisements, behavioral theory account for our common-sense experience of learning by association, such association can be chained and generalized. People usually act towards what they see or hear. The postulation of behavioural theory come to play a role here as people respond to the advertising messages and usually change to remain brand loyalties.

1.3 Marketing Communication and SMEs Performance

Various studies has been carried out on marketing communication and related variables. Oyedijo, Idris, and Aliu (2012) investigated the impact of marketing practices on the performance of small business enterprises (SBEs) in Lagos State, Nigeria and the study found out a positive relationship between the marketing practices of the Nigerian SBEs and its performance. Gbolagade, Adesola, Oywale (2013) in their study on impact of marketing strategy on business performance of SMEs in Oluoye Local Government in Ibadan, Oyo State, Nigeria, where they found out that the marketing strategies of product, promotion, place, price, packaging, and after sales services were significant joint predictors of business performance in terms of profitability, market
share, return on investment, and expansion. While, Stephen, Aliyu, and Ibrahim (2017) also assessed the impact of sales promotional strategies on organizational performance in Nigeria and the findings indicated a positive and significant effect on organizational performance. Related studies have been carried out Maiduguri Metropolis, Borno State, Nigeria on the effect of marketing mix strategy on SME performance which study found out that each of the 4Ps had a unique contribution and impacts SME performance in the State. Few studies carried out in Ogun State were on the effect of social media marketing on small scale businesses (SSB) performance in Ota-Metropolis (Adegbuyi, Akinyele, & Akinyele), and the study reported social media marketing has significant effect on the performance of SSB performance in Ota-Metropolis, Ogun State, Nigeria. While other studies either addressed strategic marketing, entrepreneurial marketing affecting SME performance or marketing communication’s effect on performance of organizations other than SMEs (Alao, Akinsunmi, Odunmbaku, & Adeeko, 2017; Akhamiokhor, 2017).

![Conceptual Model](image)

Source: Researcher’s Conceptual Model, 2019

III. METHODOLOGY

The design adopted for this study is the descriptive survey design to examine the effect of marketing strategies on SME performance in selected small and medium scale enterprise in Ogun State. Due to budget and time constraints the study is limited to two of the four divisions of Ogun State of Remo, Ijebu, Egba, and Yewa. This study covered selected SMEs in two of the four divisions of Ogun State namely Egba and Yewa. The population for this study consists of some select members (owners and employees) of Nigeria Association of Small and Medium Scale Enterprises (NASMEs) in Ogun State branch which consist of 1310 members. The simple random sampling technique was adopted to select 306 respondents from the Nigeria Association of Small and Medium Scale Enterprises (NASMEs), Ogun State.

To obtain the sample size for the study Taro Yamane (1998) formula was applied.

\[ n = \frac{N}{1+N(R)^2} \]

The values used are:
- \( N = \) Study population (1,310),
- \( R = 0.05 \) (margin of error)
- \( n = \) sample size

The computation for this is expressed:

\[ n = \frac{1,310}{1+(1,310)(0.05)^2} \]
\[ n = \frac{1,310}{1+(1,310)(0.0025)} \]
\[ n = \frac{1,310}{1+3.275} \]
\[ n = \frac{1,310}{4.275} \]
\[ n = 306 \]

n= 306 members of the Nigeria Association of Small and Medium Scale Enterprises (NASMEs) Ogun State branch would be selected for the study.

Structured questionnaire was distributed to the respondents who are owners of SMEs. Each question was properly explained to the respondents to ensure that the questions were answered.
In order to establish the relationship between the variables adopted for this study and how significant the relationship is, a simple linear regression model has been developed to satisfy the objective of this study.

\[ Y = \beta_1 x_1 + \epsilon \quad \text{Eq. 1} \]

\[ Y = \beta_2 x_2 + \epsilon \quad \text{Eq. 2} \]

The intended variables for the variables:

- \[ x_1 = \text{Promotion} \]
- \[ y_1 = \text{Sales growth} \]
- \[ x_2 = \text{Advertisement} \]
- \[ y_2 = \text{Market Share Profit} \]

The equations for the effect of independent variables on the dependent variables include:

\[ Y = \beta_1 x_1 + \epsilon \]
\[ Y = \beta_2 x_2 + \epsilon \]

4. Presentation and Analysis of Data

From the 306 copies of questionnaire distributed, a total number of 299 copies of the questionnaire were retrieved with complete information representing 97.7%. Two hypothesis were tested to achieve the aim of the study.

Hypothesis One

There is no significant effect of sales promotion on the performance of selected small and medium scale enterprises in Ogun State.

Table 1: Regression Analysis of Sales Promotion on Performance of SMEs in Ogun State

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant) Sales Promotion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B: 12.138</td>
<td>Std. Error: 1.033</td>
<td>11.746</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>0.398</td>
<td>Beta: 0.653</td>
<td>8.321</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of SMEs

Source: Researcher’s Field Survey Results (2019)
The results of the regression analysis in Table 1 revealed that sales promotion has significant influence on performance of SMEs in Ogun State ($\beta = 0.398$, $t = 8.321$, $p<0.05$). The t-value shows that the coefficient of the model parameter is statistically significant. The R-square of 0.653 indicates that 65.3% of variation in performance of SMEs in Ogun State is explained by sales promotion. The coefficient of sales promotion is 0.398 which implied that a change of one unit in sales promotion influences a positive of 0.398 units in the performance of small and medium enterprises in Ogun State. Based on these results, the null hypothesis was rejected, hence, there is a significant effect of sales promotion on the performance of selected small and medium scale enterprises in Ogun State.

The result is consistent with the findings of Akinyele (2011) that promotion had significant impact on organizational performance. The result is similar with the findings of Beardwell (2004) that there was a significant relationship between promotions of products on sales growth of goods of organisation. The result is also consistent with the findings of Gordon (2012) that promotion as being planned and systematic modification for significant effect on sales growth of goods.

Additionally, Cole (2001) summarized the benefits of on the promotion of products on growth and development of an organisation. Also, McCourt & Eldridge, (2003) that promotion of goods and services for effective sales growth of goods. Promotion of goods and services was reported as a pivot of development of any organisation institution. Even in the developed and industrial nations of the world where the use of machines and technology is at an advanced stage, product production is still very essential (Comma, 2011). Promotion therefore holds the key to unlock the potential growth and development opportunities to achieve a competitive edge. In this context, organizations have product promotion unit for their products to the fullest advantage in order to enhance their effectiveness (Devi & Shaik, 2012).

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<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>12.305</td>
<td>1.053</td>
<td>11.687</td>
</tr>
<tr>
<td>Advertising</td>
<td>0.385</td>
<td>0.048</td>
<td>0.497</td>
<td>8.005</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of SMEs

Source: Researcher’s Field Survey Results (2019)

The second hypothesis was formulated to determine whether advertising has significant effect on performance of small and medium enterprises in Ogun State. The results of the regression analysis showed that advertising has significant effect on performance of small and medium enterprises in Ogun State ($\beta = 0.385$, $t = 8.005$, $p<0.05$). The t-value affirms that the coefficient of the model parameter is statistical significant ($p=0.001$). The regression coefficient of advertising is 0.385 which implied that a unit increase in advertising would bring about an increase of 0.385 in performance of small and medium enterprises in Ogun State. The results showed a significant effect of advertising on performance of small and medium enterprises in Ogun State. From these results, the null hypothesis was rejected, hence, there is a significant effect of advertising on the performance of selected small and medium scale enterprises in Ogun State. The result is consistent with the findings of Akinyele (2011) that promotion had significant impact on organizational performance. The result is similar with the findings of Beardwell (2004) that there was a significant relationship between promotions of products on sales growth of goods of organisation. The result is also consistent with the findings of Gordon (2012) that promotion as being planned and systematic modification for significant effect on sales growth of goods.

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Additionally for research question two, the findings revealed that there was a significant effect of advertising on the performance selected small and medium scale enterprise in Ogun State. The result is
consistent with the findings of Zywicki (2014) that advertising had significant impact on the performance of products. Similar study by Hesketh, (2016) reported a significant influence of advertising on market share performance on urban. Further study was reported by Galcheval (2010) that there is an association between advertising on market share performance towards improving organizational performance. Powell, (2017) reported that, there is a significant impact of advertising on market share performance of an organisation as most of products become available for consumers as evidence-based research reveals that watching food advertisements greatly influence the consumer’s behavioural practices, such as unhealthy dietary habits, purchase requests for high-calorie low-nutrient products and obesity. Donohue, (2011) that, advisement of products had significant impact on Market share performance of an organisation. The study reported that had been serious problem they faced with respect to advertising of products of the consumers in which they can understand the advertisement when we able to know that age so there is easy to make the advertisement for the consumers.

The result was also corroborated by Kline (2015) that there is a significant impact of advertisement of products on market share performance. Ozoh (2012) that there is a significant influence of advertisement on Market share performance which is the bridge between the advertiser and the target market especially to the underserved areas. Moreover, Onunkwo (2017) there is a significant impact of advertising on Market share performance. Also, Okigbo (2017) reported a significant association between ofadvertising and Market share performance

IV. CONCLUSIONS AND RECOMMENDATIONS

This paper looked at the effect of marketing communication on the performance of selected SMEs in two divisions of four divisions in Ogun State, Nigeria. The study concluded that there was a significant effect of sales promotion on sales growth of selected small and medium scale enterprise in Ogun State. Therefore, an increase in sales promotion in SMEs will lead to an increased sales growth of the SMEs. It was also concluded that advertising has a significant effect of on Market share performance of goods in selected small and medium scale enterprise in Ogun State. Therefore, an increase in advertising of the SMEs products will lead to an increased market share performance of the SMEs. Advertising communication is essential for making their products known to consumers or potential consumers to initiate purchase and eventually purchase the products and eventually become loyal customers of their products.

Based on the findings of the study and literature reviewed the following recommendations were made:
1. Small and medium scale enterprises should get involved in sales promotion as this will help stimulate the market demand for their products and services and also improve their products availability.
2. Small and medium scale enterprises should invest in the advertisement of their products and services as this will help stimulate consumers buying action and also create more awareness for the products and services.
3. The government should subsidize the rates for media advertisement for small and medium scale enterprises to enable them promote their products and services.

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