

EFFECT OF MARKETING STRATEGY ON PERFORMANCE OF MANUFACTURING FIRMS IN NORTH CENTRAL NIGERIA

By

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Abstract

The study was motivated by the problem of poor performance of manufacturing firms in North Central Nigeria. The study therefore sought to assess the effect of place and price on performance of manufacturing firms in North Central Nigeria. The study adopted the survey research design to test a sample of 398 respondents from a population of 74,219 management staff of manufacturing firms in North Central Nigeria. Primary data was used for the study and collected through the use of structured five-point Likert scale questionnaire instrument. Multiple regression technique was used to test the research hypotheses. The study found a negative and significant effect of place on performance of the firms as well as a positive and significant effect of price on performance of the manufacturing firms in North Central Nigeria. The study then recommended that the firms make all effort to improve their place (distribution) strategy through re-evaluation and modification of their place strategies. The study also recommends that the firms need continue with their pricing strategy since the effect is positive and significant.

Keywords: Price, Place, Performance, Manufacturing Firms, North Central Nigeria

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Introduction

Prior to independence, the manufacturing industry failed to make any appreciable impact on the Nigeria economy because small numbers of manufacturing firms were producing agricultural goods for domestic and foreign markets (Soderbom & Teal, 2002). It could be argued that the primary reasons for the low performance of manufacturing companies were neither cause by market forces nor inadequate human capital needed for effective operation processes, but due to infrastructural problems like epileptic services to the entrepreneurs, roads, communication, water and electricity power supplies inherent from operation processes which were largely dominated by trading companies. These manufacturing organizations at the time continue to strive with the preceding policies due to external influences from the

British Colonial Government. As a result, Nigeria has undergone a significant decline in manufacturing activity losing approximately 8,708 manufacturing jobs due to plant shut-downs and relocations. This explains why the manufacturing companies have not significantly contributed positively to the GDP of Nigeria as compared to how manufacturing companies in other countries contributed to the GDP of their country (Soderbom & Teal, 2002).

Oyebamiji, Kareem and Ayeni (2013) discovered that manufacturing companies in Nigeria have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Nigeria. They note that the situation has been of great concern to the government, citizenry, operators, and practitioners. These challenges could be as a result of perceived ineffective marketing strategy which is having negative effect on the organization's performance (product quality, customer satisfaction and profitability). This makes it possible to link business marketing strategy with firm's performance. However, the problem of identifying the right variables to establish this relationship still exists. Previous attempts to measure firm performance have welcomed many variables like production effectiveness, efficiency, client and employee satisfaction, market research and development, and corporate social responsibility, while ignoring the extent of the impact of some key marketing variables like place, promotion, price and product.

According to Moore (2007) numerous manufacturing industries in Nigeria have been observed setback in terms of productivity and performances due to various reasons like low quality, low sales, no or poor advertisement strategies; while Bagozzi, El-Ansary and Coughlin (1998) mentioned inappropriate distribution route as another problem confronting organisational performance. Over the years, a number of problems such as lack of well-defined strategy, individual accountability for results, problems of formulating and implementing of strategic marketing policies and programmes, unfavourable government policies and technological advances have arisen within the Nigerian economic environment. These problems have adversely affected the management of manufacturing companies, and by extension, their performance.

Statement of the Problem

The researcher observed that many manufacturing firms in North Central Nigeria are largely unknown by the average customer. This led to a preliminary inquiry into the industry in the area after which the researcher further observed that many of the manufacturing firms have overtime struggled to meet up with customer demands and this has resulted to poor performance. This creates the need for further investigation into the issue with a view to making recommendation on how to best deliver value to the customers and improve performance. The researcher felt that the poor performance and failure to meet customer demand could be as a result of the manufacturing firms place (distribution) strategies and the prices of their products. The study therefore sought to assess the effect of place and price marketing strategies on performance of manufacturing firms in North Central Nigeria.

Research Questions

Stemming from the research problem, the study sought to empirically provide answers to the following research questions:

- i. What is the effect of place marketing strategy on performance of manufacturing firms in North Central Nigeria?
- ii. To what extent does price marketing strategy affect performance of manufacturing firms in North Central Nigeria?

The broad objective of the study was to assess the effect of place and price on performance of manufacturing firms in North Central Nigeria, while the specific objectives were to:

- i. assess the effect of place marketing strategy on performance of manufacturing firms in North Central Nigeria; and
- ii. determine the effect of price marketing strategy on performance of manufacturing firms in North Central Nigeria.

The study proposed the following null hypotheses for empirical testing in line with the problem, questions and objectives of the study:

H0₁ Place marketing strategy has no significant effect on performance of manufacturing firms in North Central Nigeria

H0₂ Price marketing strategy has no significant effect on performance of manufacturing firms in North Central Nigeria

The study is of significance to the body of academic knowledge including researchers and students in the field of marketing, contributing to the pool of knowledge, serving as a reference material and also serving as a background for further studies into the effect of marketing strategies on firm performance. The study is also of significance to the managers and owners of manufacturing firms in North Central Nigeria as it provides information that will support strategic decision making that will boost their performance. To the customers, the study serves as a means to pin point their areas of interest as regards place and price elements that appeals most to them so that the firms can better satisfy them.

The study is however limited to manufacturing firms in North Central Nigeria, but restricted to place and price marketing strategies as the independent variables while performance is the dependent variable. The study covers the six states within North Central Nigeria including Niger, Kogi, Benue, Plateau, Nasarawa, Kwara states and the FCT, Abuja. The study is further restricted to take a cross sectional nature in which data is collected only once at an average point in time in 2019 for the study.

Conceptual Review

Concept of Place

Place which is also referred to as the distribution, is an important element of marketing Mix defined as the process and methods by which products or services reach customers (Martin, 2014). Distribution or place is a marketing mix element that includes decisions and actions that has to do with the movement of goods from the producer to the consumer (Matola, 2009). Place refers to those activities that are undertaken for sale of products to the customers and the physical transfer thereof. The first aspect i.e., sale of product involves use of intermediaries such as wholesalers and retailers whose services are used for making the products available at convenient

points and helping in their sale to the ultimate consumers. The second aspect i.e., physical transfer involves warehousing and transportation of goods from the point of production to the point of sale or the consumer. The purpose of distribution activities is to ensure that consumers get the goods and services at the place and time most convenient to them and in the desired quantity.

Direct Sales

As a producer, you must decide if supplying direct is appropriate for your product, whether it be sales through retail, door to door, mail order, e-commerce, on-site, or some other method. An advantage of direct sales is the contact you gain by meeting customers face to face. With this contact you can easily detect market changes that occur and adapt to them. You also have complete control over your product range, how it is sold, and at what price. Direct sales may be a good place to start when the supply of your product is limited or seasonal. For example, direct sales for many home-produced products can occur through home-based sales, markets, and stands. However, direct sales require that you have an effective retail interface with your customers, which may be in person or electronic. If developing and maintaining this retail interface is not of interest to you or you are not good at it, you should consider selling through an intermediary. (Ehmke et al 2010)

Reseller Sales

Cole et al (2010) posits that Instead of selling directly to the consumer, you may decide to sell through an intermediary such as a wholesaler or retailer who will resell your product. Doing this may provide you with a wider distribution than selling direct while decreasing the pressure of managing your own distribution system. Additionally, you may also reduce the storage space necessary for inventory. One of the most important reasons for selling through an intermediary is access to customers. In many situations, wholesalers and retailers have customer connections that would not be possible to obtain on your own. However, in selling to a reseller you may lose contact with your end consumer. In some cases, you may also lose some of your company identity. For example, your distributor may request that your product be sold under the reseller's brand name. One factor that may influence whether you can find an intermediary to handle your product is production flow. Wholesalers want a

steady year-round supply of product to distribute. If you can deliver a steady year-round supply that is of consistent quality, then selling through an intermediary may be a good strategy for you.

Market Coverage

Lusk, et al (2010) whether you sell your product direct or through a reseller, you must decide what your coverage will be in distributing your product. Will you pursue intensive, selective, or exclusive coverage?

i. Intensive distribution

This is a widespread placement in as many places as possible, often at low prices. Large businesses often market on a nationwide level with this method. Convenience products—ones that consumers buy regularly and spend little time shopping for, like chewing gum do better with intensive (widespread) distribution (Fulton, et al 2010).

ii. Selective distribution

This is a narrow distribution to a few businesses. Often, upscale products are sold through retailers that only sell high-quality products. With this option, it may be easier to establish relationships with customers. Products that people shop around for sell better with selective distribution.

iii. Exclusive distribution

Exclusive distribution restricts distribution to a single reseller. You may become the sole supplier to a reseller who, in turn, might sell only your product. You may be able to promote your product as prestigious with this method, Ehmke et al (2010) though you might sacrifice sales volume. Specialty products tend to perform better with exclusive distribution.

Other Place Decisions

Whenton, (2011) Product characteristics and your sales volumes will dictate what inventories to maintain and how best to transport your products. Additionally, the logistics associated with acquiring raw materials and ensuring that your final product is in the right place at the right time for the right customers can comprise a large percentage of your total costs and needs careful monitoring. You may decide to have a combination of all the distribution methods. Whatever you decide, choose the

method which you believe will work best for you. Customer require convenience for the product offering such as the physical access. Distribution channels are important in a firm's level of competitiveness. This is because they affect the time when the product reaches the customer as well as final price of the product. Through distribution strategy, an organization gets to understand the sales channels through enhanced knowledge, better segmentation on the distribution within the sales channels, the roles played by the intermediaries on the sales process, getting to understand centers of influence on the sales channel as well as the position of a firm in relation to the sales channel (Whetton, 2011). Distribution process is the method a firm uses to get products and services to different channels and networks with objective to reach the end customer, either directly or indirectly. The intermediaries include the agents, wholesalers, distributors and also retailers. These elements help in ensuring that a firm has provided the customers with quality customer service that has an influence on the level of customer satisfaction (Palmer, 2011).

Concept of Price

Kotler and Armstrong (2006), defined price as the amount of money to pay for a product or service, or the value of the exchange, customers receive a product or service for a certain amount. The price is the amount that the consumer must pay, in exchange for the product they are buying, so the price of the product depends on the different elements of change. The price is the only marketing element, on which income and all other elements are related to the cost. Thus, price is one of the factors affecting the consumer, because it helps him to understand the value of the product. Also, the price can be specified as an actual or valuable, giving value, and the price of companies to identify their products or services in the role as the regulation of its marketability (Owomoyela, et al 2013). Price is one of the most important marketing mix items, it is considered as one of the most important elements of the market, which increases not only profits, but also market share. However, the price is not only one of the key factors in a competitive situation, which directly affects the company's sales and profitability indicators, but also one of the most flexible marketing mix elements, which can quickly adapt to environmental changes. Therefore, it is the price is perceived as the only element of the marketing mix, generating revenue and the most

important customer satisfaction and loyalty factor. The price includes a fair assessment of the product, e.g., a good price for a good product (Ehmke, et al 2016).

Kotler (2007) defines price as a cost of producing, delivering and promoting the product charged by the organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a product's value. Price can be stated as the actual or rated value of a valuable product which is up for exchange; some define it as amount of money paid for product (Kotler et al, 2005). In the studies of Colpan (2006); Doole et al., (2006) and Owomoyela et al, (2013) they established the significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability. Pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes (Jones, 2007).

Hutchison (2010) posits that Pricing is more complex than "How much should we charge?" he stated that Pricing structure must be based on maximizing marketing success. Once the wholesale and retail pricing is determined, price-based incentives must then be considered. "Price" refers to how much you charge for your product or service. Determining your product's price can be tricky and even frightening. Many small business owners feel they must absolutely have the lowest price around. So they begin their business by creating an impression of bargain pricing. However, this may be a signal of low quality and not part of the image you want to portray. Your pricing approach should reflect the appropriate positioning of your product in the market and result in a price that covers your cost per item and includes a profit margin. The result should neither be greedy nor timid. The former will price you out of the market; pricing too low will make it impossible to grow. As a manager, you can follow a number of alternative pricing strategies. In the next column are eight common pricing strategies. Some price decisions may involve complex calculation methods, while others are intuitive judgments. Your selection of a pricing strategy should be based on your product, customer demand, the competitive environment, and the other products you will offer (Ehmke et al 2016).

Concept of Performance

Performance is defined in business dictionary as the accomplishment of a given task measured against pre-set known standards of accuracy, completeness, cost, and speed. According to Toby (2000), to assess accurately how well a business is performing, one needs to develop some quantifiable measures by identifying those aspects of the business process that need improvement and that are working well. This can then be used to evaluate the company productivity over a set period. Organizational performance is the outcome of both individual and collective efforts of human elements in the work environment.

Performance is the measure of firm's capability to increase its annual revenues over a defined period of time (Toby, 2000). The growth performance can be measured by internal expansion such as growth in number of employees, revenues and number of branches. Other indicators include turnover, pre-tax profit, return on net assets, return on capital employed, capital investment / turnover (Matti, 2006). Stuart (2007) asserts that high growth performing enterprises are majorly measured both in terms of number of employees, branches and turnover. A fast rapidly growing enterprise generate large share of new job and grow the number of its employees. The company also expanded its operational activities by increasing its branch offices.

Goce (2009) affirmed turnover is an effective indicator of measuring growth performance of firms. Turnover is the amount of money that is received in sales by a firm. It is also the rate at which the goods in a store are sold and replaced by other goods. Turnover is the net sales generated by a business. Jennifer (2010) contributes that turnover calculates how quickly a business collects cash for the total amount of unpaid customer invoices at any point in time. Turnover is referred to as how fast the company sells its inventory. It represents the percentage of a portfolio that is sold in a particular month or year. A quick turnover rate is germane for firm's growth. Jennifer (2010) opines that SMEs willing to participate in the international market cannot avoid credit sales which are not immediately paid in cash, high quick turnover rates signify growth of the firm. Turnover enables firms to determine how effectively the assets and liabilities are managed. If a business can increase its

turnover, it can theoretically generate a larger profit, since it can fund operations with less debt.

Organizational performance generally, is the degree to which companies achieve its business objectives which may be measured in terms of organizational learning, profitability, or other financial benefits. Without measurable success, passion from employees and managers will vanish. It should not come as a surprise that researchers and organizational leaders show age-long deep interest in organizational performance. Podsakoff, MacKenzie, Moorman, and Fetter (1990) argued that: “The performance of organizational participants, both individually and as a collective, has been an overriding concern of corporate and national leaders for decades, and for good reason. Individual Marketing strategies according to Taiwo (2010) consist of selecting a target market and developing a marketing mix to satisfy that markers needs. A target market is a defined group of consumers or organisations with whom a firm wants to create marketing exchange. A marketing mix is the overall marketing offer to appeal to the target market. It consists of decisions in four basic areas: production (development of a product, service, or idea to exchange), pricing (What to charge for exchange) and distribution (how to get the product, service, or idea to the target market to consummate the exchange).

This study measures organizational performance based on product quality, customers’ satisfaction, and profitability.

Empirical Review

Place and Firm Performance

Kuswantoro, Rosli, Abdul and Ghorbani (2012) conducted a study on the Impact of Distribution Channel Innovation on the Performance of Small and Medium Enterprises. Impact of innovation in distribution channel functions on firm performance, particularly among export-oriented, agro-based small and medium enterprises (SMEs) was under researched. Based on this literature gap, the present study examined the impact of distribution channel innovation on SMEs performance in Indonesia. A total of 120 samples were collected from export-oriented, agro based manufacturing SMEs in Yogyakarta and the surrounding areas, Java. Using a

regression analysis, the findings showed that innovation in assortment, information sharing and transportation coordination had positive and significant relationships with firm performance. The study also found that distribution channel effectiveness mediated the relationship between innovation in assortment and transportation coordination and firm performance. All the finding is crucial for firms, who intend to remain competitive in the global market. Future studies, however, should consider many other factors that may influence firm performance in the agro-based industry.

Schoviah (2012) conducted a research on the Effect of Marketing Distribution Channel Strategies on a Firm's Performance among Commercial banks in Kenya. Successful distribution channel strategy selection, implementation, and management cannot only help to meet the shopping needs and habits of the target customers efficiently under the cost constraints of the seller; they must also mitigate the disadvantages caused by distribution channel conflicts such as double marginalization. The objective of the study was to establish the effect of marketing distribution channel strategies on a firm's performance among commercial banks in Kenya. The study adopted a descriptive survey research design. The population of the study was all the forty three commercial banks operating in Kenya. The study used both primary and secondary data to be collected through questionnaires. The data was analyzed and presented using percentages, mean and standard deviation. The study found that the branch network, electronic banking and multiple distributions were used by the banks. Marketing strategies being employed by the banks were aggressive marketing, mass marketing and value marketing. The marketing features employed by the banks was close relationships with customers, product specialization, extensive market research, selective distribution, segmentation of market, high quality innovative products and controlled relationship with customers while increased relational norm with channel partners, intensive distribution to a mass market and low behavioral control on consumers were employed by the banks to a moderate extent. The marketing distribution strategies results to increased sales, market share and profits, the bank being able to market changes more effectively and enhanced ability of the bank to generate, disseminate, and respond to market changes.

Price and Firm Performance

Ogohi (2018) conducted a research on the Effects of Marketing Strategies on Organizational Performance. The purpose of the study was to investigate the effects of Marketing Strategies on Organizational Performance; A Study of Nigeria Bottling Company Kaduna, including Production strategy, pricing strategy, promotion strategy and place strategy, that eventually influences Marketing strategies on performance. Marketing strategy has been a focus of organizations and a tool for attaining overall firm performance. The study contributed to the existing study of marketing strategy by supporting a relationship between marketing strategy factors and overall firm performance. For price specifically, the study found a positive and significant effect on performance of the firms.

Al-Mamun, Rahmanand and Robel (2014) carried out a Critical Review of Consumers' Sensitivity to Price: Managerial and Theoretical Issues. Consumers' price sensitivity is an important input to strategic and tactical decisions. Price sensitivities depend on various factors for which the purpose of the paper was to explore consumers' price sensitivity and innovativeness as well as to contribute to diffusion theory by adding information on price sensitivity. The research reviewed how consumers demonstrate their sensitivities to price on their product purchase decisions. From quantitative analysis methods, the study found a significant effect of price on customers buying behavior.

Moradian and soufi (2015) conducted a study to examine the relationship between Pricing Strategy and Market Capabilities. The main purpose of the research was the relationship between market capabilities and Pricing strategy in Industry. Data were collected from 210 industries through a questionnaire. Result showed that pricing strategies had a significant effect on marketing performance, i.e. there was significant relationship between pricing strategies and marketing performance. Standard coefficients for causal relationship between pricing strategies and marketing performance showed that customer relationship management was 0.433, differentiate products was 0.391, customers service was 0.267, effectiveness of promotion activities is 0.411, marketing researches is 0.271 and at last correlation coefficient for distribution

network was 0.452. This showed that pricing strategies had a positive effect on marketing performance and confirmed the research hypotheses stated as effect of pricing strategies on marketing performance. Therefore, the relationship between pricing strategies and marketing performance was not rejected.

De Tonia, Milanb, Sacilotob, and Larentis (2016) carried out a study on Marketing Pricing strategies and levels and their impact on corporate profitability. Price policy definition is one of the most important decisions in management as it affects corporate profitability and market competitiveness. Despite the importance that prices take in organizations, it appears that this element has not received proper attention by many academics and marketers since it represents, according to estimates, less than 2% of the papers on leading journals in the field. Thus, the aim of the study was to propose and test a theoretical model showing the impacts of pricing policy on corporate profitability. To this end, 150 companies in the metal-mechanic sector situated in the Northeast of Rio Grande do Sul State, Brazil were studied, integrating customer value-based pricing strategies, competition-based pricing strategies and cost-based pricing strategies with price levels (high and low) and performance with respect to profitability. The results indicate that the profitability of the surveyed companies was positively affected by value-based pricing strategy and high price levels while it was negatively affected by low price levels. Such findings indicated that pricing policies influence the profitability of organizations and therefore, a more strategic look at the pricing process may constitute one aspect that cannot be overlooked by managers.

Ingenbleek, Franbach and Verhallen (2013) conducted a research on Best Practices for New Product Pricing: Impact on Market Performance and Price Level under Different Conditions. To date, research on new product pricing has predominantly been approached as a choice between market skimming and penetration pricing. Despite calls for research that addresses other complexities in new product pricing, empirical research responding to these calls remains scarce. The paper examines three managerial price-setting practices for new products, i.e., value-informed, competition-informed, and cost-informed pricing. By engaging in these practices, managers can develop and compare quantifications in order to attain an introduction price for the product. The authors drew on consumer price perception literature; Monroe's pricing

discretion model, and numerical cognition literature to develop hypotheses about the impact of price-setting practices on new product market performance and price level. By studying the effects on market performance and price level, the paper provided insights that may help explain the growth of new products and address the problems of underpricing. The hypotheses were tested in a management survey of 144 production and service companies.

The results indicated which pricing practices were superior for the achievement of either higher market performance or higher prices in specific product and market conditions. Whereas value-informed pricing had an unambiguous positive impact on relative price level and market performance, the results also suggested that in many cases engaging in value-informed pricing was not enough. The effects of cost-informed and competition-informed pricing may differ depending upon the objective (market performance or higher prices), product conditions (product advantage and relative product costs), and market condition (competitive intensity). Engaging in inappropriate pricing practices leads to a decline in new product performance. Moreover, bad pricing practices made the positive effect of product advantage on the outcome variables disappear. The latter finding suggested that companies can jeopardize their efforts and investments in the new product development process if they engage in the wrong price-setting practices. The findings implied that managers should consider different factors in new product pricing. First, when launching a new product, they should determine their explicit pricing objective, either stressing market performance or a higher price level. To determine the most appropriate pricing practices, however, they should next assess their situation in terms of product advantage, relative product costs, and competitive intensity. Together with the pricing objective, these conditions determine the best pricing practice. On a higher level, the findings implied that companies should invest in knowledge development in order to engage in the appropriate pricing practices for each product launched.

Nafuna, Masaba, Tumwine, Watundu, Bonareri and Nakola (2019) carried out a study on Pricing Strategies and Financial Performance: The Mediating Effect of Competitive Advantage. Empirical Evidence from Uganda, a Study of Private Primary Schools. The purpose of the study was to examine the mediating effect of Competitive advantage

on the relationship between Pricing strategies and financial performance in private primary schools of Uganda. - The research adopted the Med Graph program and Sobel tests for the mediation effects so as to develop a closed loop model of financial performance of private primary schools. The study was based on a quantitative approach and cross-sectional Research design. Descriptive statistics and inferential statistics were used in the analysis. The results reveal that that competitive advantage partially mediates the relationship between pricing strategies and financial performance (partial mediation). The study made a contribution by providing information that was relevant for filling the practical gap that exists in financial performance of private primary schools in the settings of developing countries as well as contributing to the theoretical development of pricing strategies. Practical implications of the paper put it that in order to have a meaningful interpretation of the results of the relationships between study variables, it is always vital to assess the role of the mediator in the relationship.

Sije and Oloko (2013) Penetration Pricing strategy and performance of Small and medium Enterprises in Kenya. The paper examined the relationship between penetration pricing strategy and the performance of the SMEs in Kenya. The population for the study consisted of members of staff of selected SMEs in Kenya. Stratified random sampling was used in the study where members of staff from various SMEs were selected and issued with questionnaires. Primary data collection instrument that was used was questionnaire. The data collected was then analyzed by both descriptive and inferential statistical tools and the information generated was presented in form of figures and tables. The researcher found out that there was strong positive correlation between penetration pricing strategy and performance. The researcher therefore concluded that the enterprises should focus more of its effort on penetration pricing strategy because there was a significant level of effect of penetration pricing strategy on the number of customers, customer loyalty and quality of food and service.

Theoretical Framework

Resource-Based Theory

The resource-based view (RBV) of the firm argues that competitive advantage – and subsequently performance depends on historically developed resource endowments (Wernerfelt, 1984). Consequently, firms, in particular marketing (Hooley et al., 2001), should build on resources that contribute to their ability to produce valuable, rare, imperfectly imitable and non-substitutable market offerings in a manner that is either efficient or effective (Hunt & Morgan, 1995). As Fahy and Smithee (1999) argue, intangible resources and capabilities, such as organizational learning (Santos-Vijande et al., 2005) and customer knowledge (Webster, 1992) are especially difficult to duplicate and thus, provide a meaningful basis for marketing strategies like place and price strategies. As such, intangible resources and capabilities have the potential to become distinctive competencies for the firm (Blois & Ramirez, 2006). There is evidence in practice and academic research that firm competencies and resources are key factors of assessing a firm's future value potential (Möller & Törrönen, 2003) and, thus, supplier selection in business markets (Golfetto & Gibbert, 2006). According to Ritter (2006), this refers to process and market competencies in particular (routines related to the properties and characteristics of the firm's value-creation process and the value transfer between the firm and its environment). There has been an emerging discussion within marketing research, as originated by Kohli and Jaworski (1990) and Narver and Slater (1990), on the effects market strategy on business performance (Kaynak & Kara, 2004). However, much remains unsettled, while the same applies to contextual moderation of performance with regard to other marketing phenomena (Auh & Menguc, 2007).

This study is guided by the resource-based view theory in the assumption that the unique marketing strategies, particularly place and price used by the studied manufacturing firms are the firms' resources or competencies that can affect their performance either for better or worse.

Methodology

The study adopted the cross-sectional survey research design. The design involved studying a sample of the population once at a point in time for the purpose of drawing

inference that will be generalized to the entire population of the study. The source of data for the study was primary source in order to elicit responses directly from the respondents, using 5-point Likert scale type questions to seek their opinion on the research phenomenon. The population of the study comprised of seventy-four thousand, two hundred, nineteen (74,219) management personnel of manufacturing firms in North Central Nigeria which is according to The World Bank's Regional Program on Enterprise Development (RPED) Survey (2012) covering food processing, textiles and garments, wood working including furniture and paper processing, and metal, machinery and chemicals manufacturing firms in the region. Since the population is too wide for one seminal study to cover, a sample size is selected for the study using the Taro Yamane formula for sample size attainment as follows (Yamane, 1967):

$$n = \frac{N}{1 + N (e)^2}$$

Where:

n = Sample size

N = Population size (74,219)

e = Significance level (5% or 0.05)

Therefore,

$$n = \frac{N}{1 + N (e)^2}$$

$$n = \frac{74,219}{1 + 74,219 (0.05)^2}$$

$$n = \frac{74,219}{1 + 74,219 (0.0025)}$$

$$n = \frac{74,219}{1 + 185.5475}$$

$$n = \frac{74,219}{186.5475}$$

$$n = 398$$

The sample of four hundred respondents will hence be selected and distributed in strata as follows amongst staff of manufacturing firms in North Central Nigeria as follows with the sample size based on percentage of the population of each sub industry:

Table 1: Population and Sample Distribution

S/N	Sub Industry	Population	Sample	Percentage (%)
1	Chemicals and Paints	3,435	20	5
2	Food and Beverages	17,176	92	23
3	Metal	6,589	36	9
4	Non-metal	5,228	29	7
5	Paper, Printing and Publishing	2,640	12	3
6	Pharmaceuticals	617	4	1
7	Plastic	6,068	32	8
8	Textile and Leather	29,807	159	40
9	Wood	2,659	16	4
	TOTAL	74,219	398	100

Source: Field Survey, 2019

After a representative distribution of the sample size across the study area, purposive sampling was then used to select the respondents following specific criteria as it relates to the objectives of the study. The objective of the study was to evaluate the effect of place and price on performance of manufacturing firms in North central Nigeria therefore the criteria included the following:

- (i) one or two management personnel each was to be selected from each of the firms (there are 555 firms according to World Bank RPED (2012), since $555/398=1.3$
- (ii) the respondents were to be available to partake in the survey electronically through google docx instrument for electronic survey data collection.

The instrument for data collection was structured questionnaire with items adopted from the work of Festus, Adeniyi and Babatunde (2018). The reason is that their scale is very recent and was also adapted with empirical modification from previous studies such as Baker (1992). In order to test the reliability and internal consistency of the overall scale and each of the independent variables, Cronbach's alpha scores from a pilot study of 30 respondents were computed as follows:

Table 2: Cronbach's Alpha Coefficients for the Variables

Items	Cronbach Alpha Value	No of Items
Place (PLC)	0.87	5
Price (PRC)	0.83	5
Performance (PERF)	0.76	5
Overall scale	0.82	15

Source: Researchers Computation 2019

Furthermore, the multiple regression technique was used for analysis in the study with the following model:

$$PERF_i = \beta_0 + \beta_1 PLC_i + \beta_2 PRC_i + \mu_i$$

Where:

PERF = Performance

PLC = Place

PRC = Price

β_0 = Constant/Intercepts

β_1 and β_2 = Parameters of determination

μ = Stochastic Variable (Error term)

i = Individual observations, signifying that the data is cross sectional

Data Analysis

The questionnaire copies were self- administered through the help of google docx electronic survey instrument. However, three hundred, eighty four valid returned responses are analysed as follows:

Table 3: Descriptive Statistics for the Variables

Stats	PERF	PLC	PRC
Mean	3.23	3.86	4.13
Median (p50)	2	4	4
Min	1	1	1
Max	5	5	5
Sd	0.56	0.71	0.73
N	384	384	384

Source: Researcher's Computation, 2019

Table 3 above shows the descriptive Statistics for all the variables used in this study. The total number of observations for each of the variables is 384. The descriptive Statistics for performance (PERF) of manufacturing firms in North Central Nigeria

shows the mean value is 2.23 and median of the responses is 2 implying that average of the responses on performance was disagreed. The minimum and maximum 1 and 5 respectively indicating that minimum response was strongly disagreed while the maximum response was strongly agreed. The standard deviation is 0.56. There is no indication of outliers in the data on PERF meaning there is no response in the data that would have dragged the mean value to an unrealistic figure deviant from the median.

The table also shows that the mean value for Place (PLC) 3.86 and the median (p50) value was 4 indicating that the average responses for place was agreed. The minimum and maximum value were 1 and 5 respectively indicating that minimum response was strongly disagreed while the maximum response was strongly agreed. The standard deviation was found to be 0.71 from the mean value. These values do not indicate presence of outliers. For Price (PRC), the mean value is 4.13 and the median is 4 indicating that the average responses for price was agreed. The minimum and maximum are 1 and 5 respectively indicating that minimum response was disagreed while the maximum response was strongly agreed, and the standard deviation is 0.73. There is no indication of the presence of outliers.

The following describes the correlations exhibited between the independent variables of the study as analysed and expressed in the table below with a view to assess the likelihood of the presence of multicollinearity problems with the data analysed.

Table 4: Correlation Analysis of Independent Variables

	PLC	PRC
PLC	1	
PRC	0.2172	1

Source: Researcher's Computation, 2019

Correlation table 4 shows a weak positive relationship between Place (PLC) and price (PRC) with a coefficient of 0.22 indicating that there is no likelihood of multicollinearity problem associated with the data of the study as the correlation coefficient between the variables was not high or closer to 1, meaning that the variables are not duplicates.

Test of Hypotheses and Interpretation of Results

Decision rule:

Reject H_0 if the P value is less than α (0.05) if otherwise accept H_0 .

Table 5: Extract of Regression Results

Independent Variable	Dependent Variable	Regression Coefficient	Regression P-value	F-Statistics	F-Stats P-Value	R-Square
PLC	PERF	-0.313	0.000	85.2	0.004	0.462
PRC	PERF	0.121	0.113			

Source: Researcher's Computation, 2019

The statistical decision rule of p- value states that the Null hypothesis should be accepted if P- value is greater than alpha value (i.e. level of significant which is 0.05) otherwise it should be rejected while the Alternative hypothesis is adopted. Table 5 above also shows that the regression model is fit to be used for the study as the F-stats is 85.2 with a p-value of 0.004. The table further reveals the summary of the fitted model of R-square which is used to determine the percentage of variability in the dependent variable (performance) that can be accounted for by a change in the independent variables (place and price). The R-square value is 0.462 (46.2%). This implies that the variability changes in performance of the sampled firms can be accounted for by the independent variables tested at approximately 46.2%.

The regression coefficient for place is -0.313 with a P-value is 0.000 which is less than alpha value (0.05) therefore the null hypothesis is rejected. This implies a negative and significant effect of place on performance of manufacturing firms in North Central Nigeria. This indicates that continuing with current nature of the place (distribution) relates to a significant corresponding decrease in performance of the firms. Also the findings imply that for the firms to improve their performance, there is need to focus on place strategy. This finding is consistent with that of Kuswantoro, Rosli, Abdul and Ghorbani (2012) who found that distribution channel effectiveness mediated the relationship between innovation in assortment and transportation coordination and firm performance.

From Table 5 above also, it can be observed that the regression coefficient for price is 0.121 with a P-value is 0.113 which is less than alpha value (0.05) therefore there is no sufficient evidence to reject the null hypothesis. This implies a positive and statistically

insignificant effect of price on performance of manufacturing firms in North Central Nigeria. This indicates that an increase in price relates to an insignificant corresponding increase in performance of the firms. This finding is inconsistent with that of Ogohi (2018) who found that pricing and other strategies have an impact on sales, customer and financial performance of firms.

Conclusions and Recommendations

From the analysis of data and consequent findings of the study, this research concludes that manufacturing firms in North Central Nigeria have not been performing up to expectation generally due to lapses resulting from the current nature of their place (distribution) strategies. This may be as a result of any of many reasons ranging from their choice of distribution channels or choice of their distributors, among others.

The study also concludes from the findings that the firms' prices have been statistically insignificant to affecting the performance of the manufacturing firms. The study holds that the price has been positive to performance but does not significantly contribute to factors that would account improving their performance as the finding was statistically insignificant. In other words, price is something that the manufacturing firms do not really need to be worried about.

The study therefore recommends in line with the findings and conclusions of the study as follows:

1. The manufacturing firms in North Central Nigeria who require improved performance would need to implement and/or improve on strategies that are geared towards offering their products to their customers through the most convenient and cost effective channels that would maximize value for both the firms and their customers. This could be through an assessment, re-evaluation and modification of their current distribution strategies for better and more efficient reach.
2. Since price of the firms' products was found to have a statistically insignificant effect on the performance of manufacturing firms in North Central Nigeria, it is recommended that the firms can maintain their present pricing strategies or

improve them to a point where the positive effect becomes significant. However, the firms can all together leave the prices of their products as it is while they focus on other issues that are negative like improving their place (distribution) strategies.

The researcher suggests that further studies can be conducted to assess the effect of place and price on performance of manufacturing firms in the 36 states of Nigeria and FCT Abuja, implying a larger sample and independent variables.

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Appendix A Questionnaire

c/o Department of Business Administration
Faculty of Administration
School of Postgraduate Studies
Nasarawa State University, Keffi

Dear respondent,

I am conducting a survey into the effect of place and price on performance of manufacturing firms in North Central Nigeria for my PhD in Business Administration seminar work. I need you to assist me by completing this questionnaire as accurately as possible. Your responses will be held highly confidentially and used strictly for only this academic purpose.

Having explained the concepts and content of my research to you, please indicate your level of agreement to the following statements regarding place and price in North Central Nigeria, particularly of your firm:

Key: Strongly Agree (5/SA), Agree (4/A), Undecided (3/U), Disagree (2/D), Strongly Disagree (1/SD)

s/n	Questions	SA	A	U	D	SD
	Place					
PLC1	Use of distribution channels influences sales and profit					
PLC2	Geographic location has a significant influence on profitability					
PLC3	Close location of organizations selling similar products affects performance					
PLC4	Store design has a positive effect on consumer purchase and sales volume					
PLC5	Distribution channels located in urban areas generate more returns than those in rural areas					
	Price					
PRC1	Use of pricing strategy has increased our sales volume					
PRC2	Use of price discount influences our sales performance					
PRC3	We offer products in lower prices to market segments					
PRC4	Price promotion has a significant impact on perceived product quality					
PRC5	We use price discounts, free samples, bonus packs					
	Performance					
PERF1	Customers' complaints and return rates is at the minimum					
PERF2	The firms give complete attention to the customers					
PERF3	The actual products always match the design specifications					
PERF4	The inventory level has significantly reduced					
PERF5	There is efficient enhancement in the conformance to product performance with customers' expectation					

Thank you.