

An Appraisal of Marketing Strategies of the Multinational Companies in Nigeria

Okokon Attih¹, David Adams Ph.D²

1. Faculty of Social and Management Sciences, Akwa Ibom State University, P. M. B 1167, Uyo Obio Akpa Campus, Oruk Anam L. G. A., Akwa Ibom State, Nigeria

2. Faculty of Social Sciences University of Uyo, Uyo, Akwa Ibom State, Nigeria
Obattih2013@yahoo.com

Abstract

The purpose of this paper was to examine and identify the marketing strategies adopted by multinational companies operating in Nigeria. The descriptive and inferential research designs were used for the study with the finding that multinational companies operating in Nigeria embrace the adaptation marketing strategy by adjusting its marketing elements of product, price, promotion and place for the market in order to meet the local preferences and competitions. Recommendations made include the following: multinational companies operating in Nigeria should embark on test marketing of products to identify consumers' preference before any adaptation strategy is adopted, multinational companies should embrace societal marketing policy and educate the consumers in Nigeria on usage and safety of their products while pursuing corporate profit and government should ensure that control mechanism and regulations are put in place to monitor the operations of the multinational companies operation in Nigeria etc.

Keywords: Marketing strategies, multinational companies, Nigeria.

1. Introduction

Today, as a result of widespread international business activities, thousands of Multinational Corporation exist, Multinational marketing is a complex form of international marketing in which a firm engages in marketing efforts in many foreign nations. Multinational firms include Unilever, Shell, Exxon Mobil, Coca Cola, 7Up, Sony etc.

The purpose of this study is to find out the marketing strategies adopted by the multinational companies in Nigeria. Multinational companies are typically extremely large corporations, but not all large firms involved in global business could literally be exporting and still not be a multinational corporation.

According to Daniels & Raderough (1989) as most international business operations involves abroad, marketing strategies and decisions are consequently made within environment less familiar than the home front. Lack of familiarity often leads to many available alternatives marketing strategies to the foreign market scene as well as to assumptions predicated upon home operations not necessarily applicable abroad. However, the responsibility of the multinational companies adopting marketing strategies in order to achieve its corporate objectives is very crucial. Product is very important marketing mix element upon which other factors revolve. Viewed especially from the multinational business perspective, product is one of the marketing components which absolute care must be taken in arriving at a strategic option by management often the battle line is always drawn between product standardization and adaptation strategies, either to a large or limited extent, worldwide (Okwandu 2003).

2. Conceptualizing Marketing Strategies and Multinational Companies

Marketing strategies and multinational companies as concepts have different definitions as put forward by various authors and scholars of management sciences.

From the view point of marketing organizations Evans & Berman (1995) described marketing strategy as a plan designed to influence exchanges to achieve organizational objectives.

Kotler & Armstrong (1996) viewed marketing strategy as the marketing logic by which the business unit hopes to achieve its marketing objectives. It consists of specific strategies for target markets, positioning the marketing mix, and marketing expenditure levels.

Aren (2004) describes marketing strategy as how the company plans to meet its marketing objectives. He pointed out that a company's marketing strategy has a dramatic impact on the organization's overall attainment.

McCarthy & Perreault (1991) in their contribution see marketing strategy as a concept that specifies a target market and related marketing mix. It is a "big picture" of what a firm does in some markets to achieve a success.

Onuoha (1991) defines multinational companies as companies that have subsidiaries and sales facilities throughout the world. They are also considered to be companies having production and marketing facilities in many countries depending on foreign income and being with a worldwide point of view.

Nickels *et al* (2002) viewed multinational company as an organization that manufactures and markets products in many different countries; it has multinational stock – ownership and multinational management. They further said that, the more nations in which a company operates, the more it attempts to avoid restriction from various

governments.

Paliwoda (1988) describes multinational company as a corporation which owns (in whole or in part) controls and manages income generating assets in more than a country. In so doing, it engages in international production, sales and distribution of goods and services across boundaries financed by foreign direct investment.

However, the major business areas of multinational companies operating in Nigeria includes the following; manufacturing of capital, intermediate and consumer goods, petroleum textile, banking, insurance, transportation, management consultancy, and other technology based industries (Onuoha, 1991).

This study was therefore initiated to appraise the international marketing strategies adopting by some multinational companies operating in Nigeria with the view to provide a basis for analysis and recommendations.

3. The Study location

Federal Republic of Nigeria is generally regarded as the giant nation of Africa, considering its size, population over 140 million (NPC, 2006) and natural resources. Lying entirely within the tropics almost at the eastern end of the West African littoral between latitudes 4⁰ and 14⁰ north of the Equator, and between longitudes 3⁰ and 15⁰ east of the Greenwich Meridian, Nigeria is bounded on the three sides by Francophone Africa – the Republic of Cameroon on the east, the Republic of Benin on the west, and the Niger Republic on the north. To the south is the Gulf of Guinea which forms the southern boundary of the country.

The total land area of Nigeria is 923,773 square kilometers, an area that is almost double the size of France and more than triple that of the United Kingdom. This area ranks Nigeria thirteenth in size among all African countries. The major rivers of Nigeria are the Niger, from which the country derives its name, and its tributary, the Benue, which jointly divide the country into three unequal parts. Other important rivers of Nigeria are Anambra, Cross, Congola, Imo, Ogun, Taraba and Sokoto rivers.

Physically, Nigeria is a land of great geographical contrasts. The swamp forests of the coastal belt, the high forests of the middle south, and the savanna belts of the north represent the broad vegetation zones into which the country is divided (Etuk, 2009).

5. Formulation of International Marketing Strategies

In formulating international marketing strategies, the following marketing mix elements strategy – product, price promotion and place should be taken into consideration and ensure effective manipulation for a success in the international market place.

5.1 Product Strategy

In international markets, product strategy will vary depending on the specific goods and the customers. The product is very important and most crucial element in market because the purposes of marketing is to identify the needs and wants of the target markets and produce products or render service to satisfy them. Based on this Busch & Houston (1985) defined products as anything capable of satisfying a consumer need and want. Kotler (1980) also defined a product as anything that can be offered to a market for attention, acquisition or consumption. It includes physical goods, services, ideas, persons or places and organizations. In international markets, some products can be sold in all countries without any modifications but some products and their marketing strategy are required to be changed according to specific requirements of the market.

5.2 Price Strategy

In international markets, price will always vary from market to market. Price is a key marketing mix element and it is a major competitive weapon in the market place (Attih, 2013). Therefore, Multinational Companies price their product depends upon many limiting factors such as government regulations, price escalating factors, legal forces etc. For example in some countries government fix the maximum and minimum selling price of a product. For the purpose of this, price is described as the money paid in exchange for a product (good or services) (Attih, 2013).

5.3 Promotion Strategy

In international markets, promotion campaign can be standardized or adapted. Promotion is the process of stimulating demand to company's goods and services. Multinational companies promote their goods and services in different countries through advertising, personal selling, sales promotion, publicity and public relations.

Depending upon the product and customers, multinational company use standardized promotion for image purposes. The challenge is to get all the international properties to participate in the production programmes which will promote a strong branch image worldwide.

There are also reasons for using non-standardized promotion. Many countries have distinctions that are not addressed through single promotion campaign. These differences include customs, language, the meaning of colours and symbols and illiteracy rate (Schiffman & Kanuk 1988)

5.4 Place Strategy

In marketing, the location of any business is very important because it contributes immensely to the achievement of the marketing objectives. Therefore, all necessary environmental factors must be taken into

consideration before embark upon the international marketing, (Attih, 2013).
 Multinational companies should always sell their products at a place that is most convenient for the customers' patronage. Organizations should choose distribution channels according to the affordability and convenience of the customers in the host country.

Table 1: Some Multinational Companies in Nigeria

s/n	Name of Multinational Companies
1	Nestle
2	Glaxo Plc
3	Smith kine
4	S. C Johnson
5	Guarantee Trust Bank
6	Turner Wright
7	Uni-Lever
8	Total finaElf
9	Cadbury Plc
10	May and Baker
11	Pfizer Limited
12	Chevron
13	Exxon Mobil
14	Oando Oil
15	Conoil
16	Accenture
17	Ericson
18	Sony
19	Philip
20	L.G
21	Shell
22	Price Water House
23	Procter and Gamble
24	Globacom
25	Global Fleet Oil and Gas
26	MTN
27	Nokia
28	Guinness Plc
29	Beecham Plc
30	Heinemann Educational Book Ltd
31	U.A.C Plc
32	Elf Nig. Ltd
33	Dunlop Industries Plc
34	Agip Nig. Ltd
35	Air France
36	British Airways
37	IBTC – Stanbic Plc
38	7Up Plc
39	Coca – Cola
40	Texaco Nigeria Limited

Source: Onuoha (1991)

www.nairaland.com

6. Types of International Marketing Strategies

In international markets, two marketing strategies are available, adaptation and standardization.

6.1 Adaptation Marketing Strategy of Multinational Companies

Multinational Companies may embark upon marketing mix adaptation (modification) generally on the basis of two considerations. Modification may either be mandatory or a result of other factors inherent in the market (Paliwoda 1997).

According to him, mandatory product adaptation (modification) may arise as a result of the following:

- Legal requirement
- Tariffs
- Climate
- Taxation
- Technical requirements
- Nationalism

Other factors influencing adaptation include:

- Customer tastes
- Low personal disposal income
- Poor maintenance standards may necessitate product change etc.

6.2 Standardization Marketing Strategy of Multinational Companies

International Companies can think of standardizing its marketing programmes across every country. That is using the same product, the same price, the same promotion and the same distribution channel in every country it operates. It involves not altering any of the marketing mix elements in their host countries.

In the case of the international marketing, adopting the standardized marketing strategy is very rare in practice. However, standardization is most successful when the countries are alike specifically in culture but where there are cultural differences among nations, then adaptation is the best international markets marketing strategy.

7. Discussion of Findings

The multinational companies operating in Nigeria in order to satisfy the needs and preferences of the host country embraces the adaptation marketing strategy. The adaptation marketing strategy adopting by the multinational companies in Nigeria is based on the effective manipulation of the marketing mix elements of product, price, production and place to success in the international market place.

It is observed through the study that the major reasons while multinational companies in Nigeria adopting the adaptation marketing strategies are because of the economics and cultural differences among the nations. For example, cars sold among nations especially in less developed countries typically lack many of the features found in the west.

However, based on the study, the multinational companies operating in Nigeria are affected with some problems which includes, poor infrastructure facilities in some areas in the country, high cost of operation, inadequate specialize manpower, stiff government regulations, high tariffs, customers preferences, lack/high cost of raw materials in the host country, stiff competition with companies in the host country etc.

8. Conclusion

Marketing strategies adopting by the multinational companies in Nigeria is based on the organizations' pre determined corporate objective of satisfying the needs of the host country.

The study revealed that multinational companies operating in Nigeria mostly embracing the adaptation marketing strategy by adjusting its marketing mix elements of product, promotion, price and place for foreign markets. This is to meet the local preferences and competitions.

9. Recommendations

Based on findings from the study, the following recommendations are made:

- Multinational Companies operating in Nigeria should embark on test marketing of products to identify consumers' preference before any adaptation marketing strategy is adopted.
- Government should provide enabling environment to the multinational companies in Nigeria to ensure smooth operation of their businesses.
- Government should make provision for tax holiday to the multinational companies operating in Nigeria to attract their presence.
- Government should ensure effective control mechanism and regulations are put in place to monitor the operation of the multinational companies in Nigeria.
- Multinational companies operating in Nigeria should embark on massive training of the available manpower in the host country to overcome the problem of inadequate specialized manpower.

References

- Aren, W. (2004). *Contemporary Advertising*, Boston, McGraw –Hill Irwin.
- Attih, O. (2013). Application of Marketing Concept in the Hospitality and Tourism Industry in Akwa Ibom State, Nigeria: An Evaluation. *International Organization of Scientific Research Journal of Business and Management*, vol.14 Issue 2 (Nov. – Dec. 2013), pp 17- 22
- Busch, P. & Houston, M (1985). *Marketing Strategic Foundation*, Homewood Illinois, Richard D. Irwin Inc.

- Daniels, J. D & Raderaugh, I. H (1989). *International Business: Environments and Operations*. Reading, Mass, New York, Adison Wesley Publishing Company.
- Etuk, E. (2009). *The Nigerian Business Environment*, Calabar, Nigeria, University of Calabar Press.
- Evans, J. & Berman, B (1995). *Principles of Marketing*, New Jersey, Prentice Hall Inc.
- Kotler, P. (1980). *Marketing Management, Analysis, Planning and Control*, U.S.A, Englewood Cliffs, Prentice Hall Inc.
- Kotler, P. & Armstrong, G. (1996). *Principles of Marketing*, U.S.A, Prentice Hall, Inc.
- McCarthy, E. & Perreault, W. (1991). *Essentials of Marketing* Boston, Irwin Homewood.
- Nickels, B., Mchugh J & Mchugh S.(2002). *Understanding Business*, London, McGraw-Hill Irwin.
- NPC (2006). *National Population Commission: Census Report*.
- Okwandu, G. (2003). *Product Adaptation Strategies of Multinational Corporations in less developed countries, The Enterprise, Vol.5(2), pp 27-36*
- Onuoha, B. (1991). *Fundamentals of Business, and Management in Nigeria*, Aba, Nigeria, Unique Press Ltd.
- Paliwoda, S. (1988). *International Marketing*, London, Heinemann Professional Publishing Ltd.
- Paliwoda, S. (1997). *International Marketing*, Oxford, Butterworth Heinmann.
- Schiffman, L. & Kanuk L.(1988). *Consumer Behaviour*, New Delhi, Prentice – Hall of India Private Ltd.
- www.nairaland.com