

INFLUENCE OF MARKETING MIX AND CUSTOMER ORIENTATION ON THE PERFORMANCE OF BREAD BAKERIES IN LAGOS STATE, NIGERIA

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ABSTRACT

The Nigerian bread bakery industry is currently facing several challenges in their efforts to meet the needs of their customers and still strive to remain profitable. Hence, the study examines the influence of marketing mix variables and customer orientation on the performance of bakeries in Lagos State, Nigeria. Using survey research design, questionnaire was used to collect data from 150 bakery managers. However, 132 representing a response rate of 88% were retrieved and used for analysis. The data were analysed using descriptive and inferential statistics. The findings revealed that product, price, distribution and customer orientation significantly influence bakery performance. The study further found that promotion does not influence bakery performance. Based on the findings, the study recommends that bread bakery managers should focus on the content and quality of their bread, charge an appropriate price and distribute their bread adequately and properly. They should also make efforts to understand their customers so as to serve them better and enhance performance. The findings from the study will benefit the bread bakery industry and other stakeholders in the bakery industry.

Keywords: Bread; Customer orientation; Marketing Mix; Performance; Bakery

1. INTRODUCTION

The bakery industry is one of the most vital industries in most economies. Bread and other bakery products are a part of the daily food of a majority of people (Lubica & Kristina, 2018). The consumption of bread in Lagos state and Nigeria generally has increased tremendously in recent times. This has made the bakery industry to be highly competitive and challenging (Uguru, Nnachi, Nkwagu, 2015). It has been noted that in 1630, ex-slaves from Brazil who were returning to Lagos brought bread with them. Consumption of bread swiftly spread throughout urban areas, starting at the ports and moving interior along river and rail networks before reaching cities and villages. Bread is categorized as a convenience good with low unit value and as such consumers make purchase with deliberation and without much planning. It is consumed in relatively large quantities by every rank and file of the society because it is affordable and available in a “ready to eat” form (Darko, 2002 cited by Osemeke, Ayodele & Omobowale, 2013). Bakery products have become essential food items of the vast majority of the population.

Most bread consumers look out for bread with better appeal, taste and convenience. This calls for a good understanding of the marketing mix and customer orientation by bakery managers. There has been a lot of debate in identifying the list of marketing mix elements. However, the traditional marketing mix elements are product, price, place (distribution) and promotion (Mason, 2007; Thabit & Manaf, 2018). A business basic purpose should be to satisfy customer needs. Therefore, it is imperative for bakery managers to find out what customers want and provide it for them. As noted by Khanna (2014) freshness, price and quality are the three key factors that are crucial to the purchase and consumption of bread. Consequently, the objective of the study is to examine the influence of marketing mix variables and customer orientation on the performance of bread bakeries in Lagos State, Nigeria. The research hypotheses are as follows:

H1: Product has significant effect on the performance of bread bakeries in Lagos State, Nigeria

H2: Price has significant effect on the performance of bread bakeries in Lagos State, Nigeria

H3: Distribution has significant effect on the performance of bread bakeries in Lagos State, Nigeria

H4: Promotion has significant effect on the performance of bread bakeries in Lagos State, Nigeria

H5: Customer orientation has significant effect on the performance of bread bakeries in Lagos State, Nigeria

2. LITERATURE REVIEW

Marketing Mix

The marketing mix is the set of marketing tools that can be used to achieve marketing objectives (Singh, 2012). It is the combination of marketing variables that a company can put together to satisfy its target market. McCarthy (1964) classified these tools into four controllable variables namely; product, price, place (distribution) and promotion commonly referred to as the 4Ps of marketing. Lauterborn (1990) suggested that the 4Ps correspond to the customer's 4 Cs by linking product to customer solution, price to customer cost, place to convenience and promotion to communication. The marketing mix has dominated marketing thought, research and practice since it was introduced. For a business to meet customer needs economically, conveniently and with effective communication, he has to put these variables together to satisfy customers within the target market.

Product

A product is a good, service or idea that can be offered to a market to satisfy a need (Kotler, 2006). Product decisions are important because they are directly involved in creating products that address customers' needs and wants (Osuagwu, 2002; Baker & Hart, 2007). When buyers purchase a product, they are really buying the benefits and satisfaction that they think the product should provide. Martinez-Monzo, Garcia-Segovia and Albors (2013) emphasized the health implications of the content of bread. A baker needs to consider content, quality, branding and packaging when producing bread. Quality refers to the overall characteristics of a product that allows it to perform as expected in satisfying customers' needs. One of the factors that influence consumer decisions on the purchase of bakery products is the perception of quality by consumers (Lubica & Kristína, 2018). A brand is a name, term, design, symbol or any other feature that identifies a product and differentiates it from those of competitors (Kotler, 2006). Branding help customers to identify specific products and to distinguish them from similar products offered by competitors which in turn facilitates the purchase of items that satisfy customer's needs and reduces the time required to purchase the product. The important characteristics of bread such as freshness, softness and colour usually vary among various brands. Research has shown that consumers develop audient loyalty to a particular brand of bread they feel is of high quality and good taste.

Like branding, packaging can influence customers' attitude towards a product as well as their purchase decisions. The packaging of bread, including the size, type of package and package design is critical for its success in the market (Uguru et al., 2015). How the bakery manager decides to package the bread and the resulting consumer perception of the bread may affect the image and reputation of the bread. Bakery managers should choose the right and proper package for their bread.

Price

Price is the exchange value of a product (Pride & Ferrell, 2008). It is the amount of money a buyer pays to a seller in exchange for a product (Singh, 2012). One of the critical marketing functions that the bakery manager must perform is to set a price for the bread because after developing a product, an appropriate price has to be set. The price of a product is one way of differentiating offers of a business from those of competitors and it is determined by cost of production, business objective, competition and price control. In as much as the price has to cover costs of production and generate a profit for the business, it should be what consumers can afford and are willing to pay. The price set by bread bakeries will eventually determine how well the bakery performs and whether it can meet its profit targets. If the bakery manager sets the price inappropriately, the bakery may lose customers and fail. As noted by Lubica and Kristína (2018) one of the factors that greatly affect the consumption of bakery products is consumer prices.

There are three major pricing strategies that the bakery manager can adopt and they include:

- **Skimming strategy:** This involves setting a price that is high in the range of expected prices.
- **Penetration strategy:** This is when a product is priced low to attract more customers and to discourage competition.
- **Competitive pricing strategy:** This involves maintaining the pricing status quo in an industry.

Whichever of these pricing strategies the bakery manager adopts should depend on the pricing objectives, the nature of the market, customers' expectations and willingness to pay.

Distribution

Distribution is the flow of products from the producer to the consumer (Bearden, Ingram & Laforge, 2007). Deciding how the bread reaches the market is an important marketing function. Distribution decisions with respect to bread are critical. Whichever option is chosen, the bakery manager should ensure that the channel is convenient for the target market because it will affect sales and overall business performance (Pride & Ferrell, 2008). Distribution activities consist of channels of distribution and physical distribution and so the bakery manager has to make decisions with respect to channel structure and physical distribution issues. Channels of distribution refer to intermediaries or middlemen that move the product from producer to consumers. An intermediary links the bakery to other intermediaries or to the consumers through the purchase and reselling of products. However, the number of intermediaries to use depends on the distribution strategy that the bakery manager desires. If the bakery manager intends to use intensive distribution strategy (using all available outlets for distributing the product) then the bakery has to use several intermediaries but if the decision is to employ selective distribution strategy (selling a product in only some of the available outlets), the bakery will use few intermediaries and if he decides to use exclusive distribution strategy (selling the product in only one outlet), he will need only one intermediary.

Another aspect of distribution is physical distribution. It refers to activities used for the movement and storage of products after production and before consumption (Bearden et al., 2007). These activities include order processing, inventory management, materials handling, warehousing and transportation. Planning an efficient physical distribution system is important in marketing strategy because it can decrease costs and increase customer satisfaction.

Promotion

Promotion refers to techniques used to motivate consumers to buy a product. It involves activities aimed at communication both with consumers and middlemen. It is a key marketing function that helps sell the product and also influence the image of the business. Traditionally, it consists of advertising, personal selling, sales promotion and public relations/publicity. Advertising is any paid form of non-personal communication and promotion of ideas, goods or services by an identified sponsor. It is a non-personal form of promotion that is delivered through selected media outlets that require the marketer to pay for message placement. Advertising can also be used to demonstrate how a product satisfies a particular need and also show people with a lifestyle similar to the members of the target market. Such a strategy helps to sell the product and promote the product effectively.

Personal selling is the face-to-face presentation and promotion of products. It is an oral presentation in a conversation form with one or more prospective purchasers for the purpose of making sales and building customer relationship (Bearden et al., 2007). It involves the search for new prospects and follow-up service after sales. The personal nature of this technique distinguishes it from other forms of promotion and its dynamic nature and flexibility makes it a good medium to establish and maintain customer relationships in the bakery industry. On the other hand, sales promotion represents communication activities that provides short-term incentives to consumers (consumer promotion) or intermediaries (trade promotion) to stimulate sales of a product. Examples are coupons, samples, premiums, point-

of-purchase displays, sweepstakes, contests, rebates and exhibition. Unlike other forms of promotion, sales promotion is usually intended for a pre-determined limited time period and it is mostly used in a highly competitive market. The purpose is to stimulate trial, increase consumer consumption, encourage repurchase and to neutralize competitive promotions.

Public relations function seeks to positively influence feelings, opinions and beliefs about a business and its market offering to a variety of publics or stakeholders such as employees, customers, community and government while publicity is a non-personal stimulation of demand for a product by planting commercially significant news about it in a published medium or obtaining favourable presentation of it on radio, television or stage that is not paid for or controlled by the business owner (Bearden et al., 2007). The major difference between them is that public relations emanates from the business while publicity is from third parties who are not part of the business.

Customer Orientation

According to Acar and Ozşahin (2018) customer orientation is a set of beliefs that show a company's priorities are its customers' wants and satisfaction. It prioritizes the needs of the customer and looks for ongoing ways to deliver superior customer value, boost customer satisfaction, and win over additional consumers. It assists businesses in interpreting the customer value chain in a way that creates greater value for the customer (Alabsy, 2021). To be consumer-oriented, businesses must collect data on their customers, engage in excellent customer service and build brand and customer familiarity. Alabsy (2021) discovered that customer orientation strongly affects performance, however Acar & Ozşahin (2018) did not find this to be the case.

Business Performance

The results of business operations are referred to as business performance. Although it can be measured using both financial and non-financial metrics, financial performance is the most prevalent (Arshad, Rasli, Arshad & Zain, 2014; Bakar & Zainol, 2015). They consist of market share, customer satisfaction, annual sales growth, annual profit growth, and investment in the business.

Empirical Review

Some studies have investigated the bread bakery industry from different perspectives. Osemeke et al (2013) examined consumer's willingness to pay for food safety attributes of bread in Lagos metropolis by analysing the factors driving willingness to pay for improved bread and the effect of the attributes on willingness to pay and mean willingness to pay for improved bread. The results revealed that price and the non-monetary attributes namely, bromate label, certification, nutritional label, flavor and texture were all significant in explaining consumer purchase decision.

Uguru et al. (2015) conducted a study on the cost effect of packaging and labeling on the profitability of bakery firms in Ebonyi State, Nigeria. The data used was mainly time series data which are quantitative in nature and the ten year-data generated for the study was analyzed using multiple regressions. The findings revealed that the cost of packaging and labeling has no significant effect on the profitability of bakeries.

Lubica and Kristína (2018) examined the market situation of bakery products in Slovakia. The results of the survey showed that the price of bakery products is important for Slovak consumers, but the majority of them decide to buy on the basis of past experience with the

baker. It was also found that the most commonly purchased bakery products among Slovak consumers are bread and regular pastries, which are most often purchased several times a week.

Thabit and Manaf (2018) investigated the influence of marketing mix elements (product, price, place and promotion) on increasing the effectiveness of product promotion and their role to reduce the problems within the organization. The authors found that promotion has a very high level of impact to increase the sales of products and the good distribution of a product can effect positively on customer satisfaction.

3. METHODOLOGY

The study adopted a survey research design. The population of the study consists of bread bakery managers operating in Lagos State, Nigeria. A three-stage sampling technique was used to select the bread bakery managers from whom data were collected. Lagos State is made of five administrative divisions, namely: Ikeja, Badagry, Ikorodu, Lagos [Eko] and Epe. The Divisions are further divided into 20 Local Government Areas (Lagos State Government, 2022). In the first stage, simple random sampling technique was used to select five Local Government Areas. The second stage involved a convenience sampling of 30 bread bakeries from the five selected Local Government Areas. The selection was based on cost consideration. Thereafter, volunteer sampling was used to select the managers that participated in the study.

A total of 150 respondents were surveyed using a structured questionnaire. The questionnaire is in four sections. Section A which is the first section covers the demographics of the respondents. Section B is on marketing mix measured with product, price, distribution and promotion. The measurement instrument of marketing mix consists of 18 items. Section C addressed customer orientation with 5 items while Section D measured business performance with 5 items. The researcher with two research assistants administered the questionnaires between February and April, 2022. Apart from section A, the respondents were asked to indicate their level of agreement with the statements relating to the variables. 150 copies of the questionnaire were administered but 132 representing 88% were retrieved and used for the analyses.

The data was analysed using descriptive statistics (percentages) and inferential statistics (correlation and multiple regression).

4. RESULTS AND DISCUSSION OF FINDINGS

Demographic Analyses

Table 1: Demographic Profile of the Respondents

Characteristics	Frequency	Per cent
Gender		
Male	77	58.3
Female	55	41.7
Marital Status		
Married	105	79.5
Single	22	16.7
Others	5	3.8
Highest Level of Education		
Primary	Nil	0.0
Secondary	46	34.8
Tertiary	82	62.1
Professional	4	3.1
Age (in years)		
Below 30	39	29.5
31-40	66	50.0
41-50	19	14.4
51 and above	8	6.1
Age of Bakery		
Less than 10	90	68.2
11-20	16	12.1
21-30	17	12.9
31 and above	9	6.8
Number of Employees		
Below 5	31	23.5
5-10	80	60.6
11-15	15	11.4
16 and above	6	4.5

The results of the demographic analyses indicate that more than half of the respondents 58.3 percent were males while 41.7 percent were females. Majority of them 79.5 percent were married, 16.7 percent were single while 3.8 percent indicated others. In terms of level of education, majority 62.1 percent had tertiary education, 34.8 percent had secondary education, 3.1 percent had professional certificate while none had only primary education. With respect to age of the respondents, 29.5 percent were below 30 years of age, 50.0 percent were between 31 and 40 years, 14.4 percent were between 41 and 50 years while 6.1 percent were 51 years and above. More than half of the businesses, 68.2 percent were less than 10 years, 12.1 percent were between 11 to 20 years, 12.9 percent were between 21 to 30 years while 6.8 percent were 31 years and above. The analyses also revealed that majority of the

bakeries, 60.6 percent had between 5 to 10 employees. 23.5 percent had below 5 employees, 11.4 percent had between 11 to 15 employees while 4.5 percent had 16 and above.

Test of Reliability

The results of the reliability test which was conducted to determine the internal consistency of the measures are shown in Table 2. It was found that the Cronbach Alpha values for the constructs are higher than 0.7 as recommended by Pallant (2010).

Table 2: Cronbach Alpha Coefficient (n=132)

Constructs	Number of Items	Cronbach Alpha Coefficient
Product	5	0.722
Price	4	0.831
Distribution	4	0.907
Promotion	5	0.706
Customer Orientation	5	0.764
Business Performance	5	0.750

Regression Analyses

The results of correlation and multiple regression analysis of marketing mix variables and customer orientation on business performance are shown in Table 3.

Table 3: Summary of Correlation and Regression Analysis of Marketing Mix Variables and Customer Orientation with Business Performance

Model	Correlation with Business Performance	B	t-value	p-value
(Constant)		.078	0.399	0.690
Product	0.624	.275	6.914	0.000
Price	0.295	.133	2.568	0.011
Distribution	0.302	.245	7.616	0.000
Promotion	0.155	.094	1.667	0.097
Customer Orientation	0.739	.527	11.850	0.000

Model Indices

R = 0.813

R² = 0.661

F-Value = 104.278

F-sig = 0.000

Dependent Variable: Business Performance

The R square value is 0.661 which means that 66.1% of variance in business performance of bakeries can be explained by the independent variables. The results further reveal that product ($t = 6.914$, $p = 0.000 < 0.05$), price ($t = 2.568$, $p = 0.011 < 0.05$), distribution ($t = 7.616$, $p = 0.000 < 0.05$) and customer orientation ($t = 11.850$, $p = 0.000 < 0.05$) significantly affect the performance of bread bakeries while promotion ($t = 1.667$, $p = 0.097 > 0.05$) was not found to be significant. Hence, H1, H2, H3 and H5 were accepted while H4 was rejected.

The results in Table 3 further indicate that all the independent variables have positive relationship with performance. Customer orientation and product have strong positive

relationship with performance while price and distribution have moderate positive relationship with performance.

The finding that product and price significantly influence bread bakery performance is in agreement with Osemeke et al (2013); Lúbia and Kristína (2018) that price and non-monetary attributes of bread such as bromate label, certification, nutritional label, flavor and texture are significant in explaining consumer's choices. However, the finding is not in agreement with Uguru et al. (2015) who noted that packaging and labeling has no significant effect on the profitability of bakery firms. In this study, distribution was found significant. This is in consonance with the finding of Thabit and Manaf (2018) that good distribution positively affect performance. The finding that customer orientation significantly influences bread bakery performance is in agreement with Alabsy (2021) that customer orientation significantly affects performance, however, it is at variance with the study of Acar & Ozşahin, (2018). Moreover, the finding that promotion is not significant is contrary to the finding of Thabit and Manaf (2018) that promotion has a very high level of impact to increase the sales of products.

5. CONCLUSION

The objective of the study was to determine the influence of marketing mix variables and customer orientation on the performance of bread bakeries. The study revealed that product, price, distribution and customer orientation significantly influence performance while promotion does not influence bakery performance. Following these findings, it can be concluded that for a bread bakery business to be successful and profitable, the manager should focus on the product, price, distribution and customer orientation. The study therefore recommends as follows:

- i. Bread bakery managers should make efforts to improve and maintain the quality of their bread. The content, design, packaging and the freshness should be a priority.
- ii. They should also ensure that the price of the bread is appropriate.
- iii. The distribution system is critical and so bread bakery managers should ensure that the bread is properly and adequately distributed.
- iv. They should also endeavour to understand customer needs, what they want and how they want it.

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