

Product Positioning and Customer Targeting Practices Adopted by Small-Scale Manufacturing Firms in Rivers State, Nigeria

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ABSTRACT: *The study investigates the role of product positioning and customer targeting practices in small-scale manufacturing firms in Rivers State, Nigeria. 385 small scale manufacturing firms registered with the Nigerian Association of Small Scale Industrialists, Rivers State Chapter constituted the target population. The Krejcie and Morgan (1970) table was used to determine a sample size of 191. A structured questionnaire was designed by the researcher and administered to owners/managers of the SME manufacturing firms and responses analysed using means score and standard deviations to determine which practices are most adopted. Findings indicate that characteristics-based positioning was the most adopted product positioning practice while undifferentiated marketing was the most preferred customer targeting practice. It was concluded that product positioning and customer targeting play significant roles in providing a strategic direction for the small scale manufacturing firms.*

KEYWORDS: product positioning, customer targeting, marketing strategies.

INTRODUCTION

Markets are getting more diversified globally, and mass marketing is rarely a successful tactic, necessitating the need for product positioning and customer targeting (Yusuf, Shah, Pusaka & Sunaryanto, 2022). It is possible to communicate benefits in connection to needs more precisely and effectively, thanks to product positioning and customer targeting (Peattie, & Peattie, 2009). Product positioning and customer targeting assists manufacturing companies in identifying growth prospects and promote a better knowledge of consumers and competition, more efficient resource allocation, and capitalizing on the opportunities such as specialised markets (Daniel, 2018).

Companies that employ formal, research-based segmentation strategies outperform rivals in terms of sales and market share. Hooley, Piercy, Nicoulaud and Rudd (2016) assert that product positioning and customer targeting provide several advantages for such businesses, including improved consumer understanding and communication. It also enhanced product and service designs that better meet the demands of the market (Kotler & Armstrong, 2016), gaining a

reputation for knowledge and excellence in providing services to certain market niches (Kotler, Armstrong, Harris, & He, 2020), enabling the most lucrative customer segments to receive extra attention, hence enhancing loyalty and retention and making better use of available resources for the business (Utami, Yanuar, Syah, Pusaka & Ramdhani, 2020). Despite the significance of product positioning and customer targeting to manufacturing firms, it seems that there is a paucity of research on the strategies used by small-scale manufacturing companies in these areas. This study examined the strategies used by small-scale producers in Rivers State, Nigeria for product positioning and customer targeting.

LITERATURE REVIEW

Product Positioning

The process of establishing a new product's place in customers' eyes is known as product positioning (Inderst & Martin, 2022). It involves examining the market and the positions of the rivals, determining where a new product stands in comparison to the competition, and promoting the product image of a certain brand. Companies may use product positioning to make their products stand out and be known by employing communication channels, price, or product quality (Bashir & Younis, 2022).

To create a product that speaks to their requirements, brands must get to know their customers. A well-planned strategy may pinpoint this product's place in the market and its advantages for customers. The process entails forging a specific picture of a company and its goods in consumers' thoughts and discovering the main advantages that set a certain product apart from similar offerings from rival companies. The target audience of a brand is then informed about the difference using the most efficient communication methods. Customers should be interested in the messages that brands deliver to them (Inderst & Martin, 2022).

Based on customer demands, competing alternatives, the most efficient communication channels, and targeted messaging, marketers need to decide the best ways to promote certain items and reach their target audience. Companies may develop messages that speak to the needs and desires of their customers and persuade them to make purchases by putting product positioning strategies into practice (Selminaz, 2020).

The main advantages of product positioning, which demonstrate why it's one of the most successful marketing strategies. It aids in identifying a product's key benefits and matching them with customers' needs, finding a competitive advantage even when the market changes, meeting customers' expectations, enhancing a brand's name and its products, gaining customer loyalty, developing an effective promotional strategy, luring different customers, enhancing competitive strength, introducing new features of existing products, and launching new products (Chowdhury, 2013).

Product Positioning Strategies

While a lot of time is devoted to product development, only a few companies think about how consumers will perceive the product when it is already in the market. Product positioning is about understanding the products you decide to introduce to the masses. That is why it is critical

to pay attention to what your customers think. The following are the key strategies that help define the position of a product (Inderst & Martin, 2022; Bashir & Younis, 2022).

- i. Characteristics-based positioning: In order to foster relationships, brands give their products certain features. In order to influence consumer choice, brand image and product features are used.
- ii. Pricing-based positioning. This method entails connecting your business with affordable prices. Brands frequently present themselves as the ones that provide goods or services at the most affordable prices. Consider supermarkets as an illustration. Due to their high turnover, extensive purchasing, and cheaper shipping and distribution expenses, they can afford to offer customers products at lower rates. Because of this, many shoppers already are aware of the supermarkets with the best pricing and select them without looking at other possibilities.
- iii. Use or application-based positioning: Companies might also employ a particular usage or application to position themselves. Healthy living enthusiasts generate a lot of demand for equipment that improves gym performance. As a result, several companies provide nutritional supplements. These companies market dietary supplements with lots of calories, vitamins, and minerals.
- iv. Quality or prestige-based positioning: Brands place more emphasis on their status or excellent quality than on their pricing point. Sometimes a brand's reputation is what draws customers to it.
- v. Competitor-based positioning: Utilizing alternatives offered by rival companies helps to distinguish items and showcase their benefits. It aids companies in differentiating their goods and showcasing their distinctiveness.

Customer Targeting

The commercial procedure that determines which consumers to market to is called customer targeting. There is a choice to be made about who will get each direct marketing campaign, whether it be by email or direct mail (Blankson, Kalafatis, Cheng & Hadjicharalambous, 2008). The next phase in the sequential process is customer targeting, which entails a firm deciding which market segment(s) to concentrate its efforts on. Undifferentiated, concentrated, and differentiated are the three main targeting methods (Pi & Huang, 2011). Throughout this process, the company must weigh its strengths and resources against the appeal of various market sectors (Blankson, et al., 2008).

Undifferentiated Marketing

Undifferentiated marketing strategy is a type of mass marketing in which advertising efforts are made to appeal to a bigger audience (Barraza, Moro, Ferreyra & de la Peña, 2019). In this case, a single message is developed to appeal to the whole audience. This tactic may be utilized for items that, in spite of distinctive distinctions, are used by several user segments. For instance, despite age and gender inequalities, commercial cars may appeal to a variety of consumer age groups. Therefore, the marketing strategy in this instance simply emphasizes discussing product qualities. The commercials were not created with a specific buyer in mind. This marketing technique is infrequently used with items for everyday usage. Undifferentiated marketing uses sophisticated messaging to successfully target clients in its own unique way (Camilleri, 2018). As a result, there is mass appeal.

Undifferentiated marketing methods are used by all of the extremely well-known generic brands that we see every day to promote their goods (Barraza, et al., 2019). Brands of toothpaste, soap, and hair products, as well as food brands, are a few examples of these items. These goods naturally appeal to a wide audience. Thus, the marketing initiative just has to capitalize on that attribute. Direct customer impact through marketing efforts is the aim here. Although the language of these advertisements is relatively general, when they are successful, they may help customers assimilate the items into their daily lives. More conventional advertising channels are employed for this technique. These media might include radio, print, and television broadcasts (Barraza, et al., 2019).

Differentiated Marketing

A marketing technique known as differentiated marketing concentrates on many consumer categories at once. In contrast to undifferentiated marketing, this strategy has a target market on which to build the product's marketing campaign. Therefore, the brand must specify its target market's demands in this instance. The marketing plan is then developed based on these demands. In reality, a single approach will be used to target all segments in the undifferentiated marketing plan (Barraza, et al., 2019). On the other hand, the differentiated marketing approach would employ several campaigns that are directed at various market niches. Because differentiated marketing focuses on the demands of the consumer, teams must invest resources in gathering information and input from the target market.

Concentrated Marketing

A method known as concentrated marketing focuses on a narrowly defined customer demographic (Hazar, Hanlan & Sinarwati, 2014). It focuses solely on a certain customer demographic. The goal of the entire campaign is to appeal to that specific customer group. A customer segment or market segment separates a large target market into groups of customers that have similar requirements, wants, or qualities. The concentrated marketing approach can be utilized for any product that caters to a highly specific market. It works especially well for small businesses trying to break into a certain market (Inderst & Martin, 2022). They can utilize their limited resources on consumer research for only that targeted category if they employ a focused marketing approach.

Empirical Review

There are several studies on the role of marketing strategies on the firm (Sule, 2017). Sule (2017) looked at how market segmentation affected how much a company's goods or services sold. This study examines the segmentation procedure and how it may be successfully applied to increase the volume of sales of a company's products or services. Trend analysis was utilized to gather data from both primary and secondary sources. According to the study, once goods and services are made to fit different consumer groups, customers are more likely to be satisfied, which raises demand for those goods and services. According to the study, successful customer segmentation can raise the degree of demand for a company's product or service. If a profit-making firm wants to boost sales, it is advised that they always focus on segmenting the clients who use their product or service.

Gray, Matear, Boshoff and Matheson (2018) sought to identify the marketing segmentation actions that have an impact on marketing success as well as the magnitude of these impacts.

Considering this, several statistical analyses were conducted on the information gathered from businesses in the Denizli Organized Industrial Zone. The empirical findings show that the impact of marketing segmentation and marketing research information kinds on marketing performance are distinct. Additionally, the data unmistakably shows that marketing poisoning influences marketing performance, but not as much as other factors.

Adewale and Sajuyigbe (2012) investigated the effects of three marketing segmentations on the performance of Cadbury in Nigeria. The survey approach was used for the investigation. This served as the study's sample. Statistical Package for Social Science (SPSS) version 21 was used to electronically calculate Pearson Product Moment Correlation Analysis on the data collected. The study found a substantial relationship between marketing strategy and SMEs' profitability and growth in market share in Cadbury.

Boateng (2016) investigated the impact of market segmentation on customer service in the banking sector in Ghana. The study's goals and objectives included identifying the different market segments of Barclays Bank Ghana Limited and the factors that led to segmentation, gauging customer satisfaction across different market segments, and determining the impact of market segmentation on customer service in the banking sector. In this study, the researcher used quantitative and qualitative research techniques and used data from both primary and secondary sources. Data from fifty randomly selected customers were gathered using a questionnaire, and ten management staff members of Barclays Bank Ghana Limited were interviewed using a standardized interview guide. In this study, correlation was the primary statistical tool, along with quota sampling and purposive sampling. According to the report, Barclays Bank Ghana Limited divides its clientele into the following four market segments: standard or mass segment, premier life or prestige sector, premier segment, and corporate banking segment. The client's net worth serves as the primary criterion for market segmentation or a segmentation variable, and market segmentation has aided Barclays in improving customer service standards, customer delivery experiences, and customer loyalty.

Studies have indicated that marketing strategies of product positioning and customer targeting have become topical issues attracting the attention of researchers both in the developed and developing countries. Despite the plethora of research on this area of study, there are still gaps yet to be covered. Studies revealed that enough attention has not been given to small-scale manufacturing as the majority of the studies focused on large manufacturing firms and banks. Hence this study filled this gap by examining the role of product positioning and customer targeting in small-scale manufacturing firms in Rivers State, Nigeria.

METHODOLOGY

A cross sectional survey of the population was considered for the study due to the heterogeneous nature of the study elements and because observations had to be carried out at one point in time (Bryman and Bell, 2011). The population of study consists of 385 small-scale manufacturing firms in Port Harcourt which are registered with the Nigerian Association of Small Scale Industrialists in Rivers State. Sample size of 191 was determined by the Krejcie and Morgan (1970) table. These firms were approached with a simple questionnaire asking

them to indicate which product positioning and customer targeting strategies are adopted by their firms.

The survey instruments developed by the researcher has ten items which elicited responses concerning gender, marital status, educational level, types of business ownership and types of business. The second section comprises eight (8) items related to product positioning and customer targeting. Both the product positioning and customer targeting items were measured on a five-point-Likert scale. The mean score and standard deviation of each item was determined; a higher mean score suggests greater relevance.

RESULTS AND DISCUSSION OF FINDINGS

Table 1: Sample Characteristics

Gender	Frequency	Percent
Male	122	63.9
Female	69	36.1
Marital Status		
Single	71	37.1
Married	120	62.9
Educational Level Attained		
WASSCE/OND	41	21.5
HND/B.Sc.	121	63.4
Masters and Above	29	15.1
Types of Business Ownership		
Sole Proprietorship	89	46.6
Partnership	42	22.0
Joint Venture	22	11.5
Others	38	19.9

Source: Survey Data, 2022.

Table 1 shows the demographical details of the sample small scale manufacturers in Rivers State, Nigeria. The table reveals the percentage of men and women manufacturers as 63.9% and 36.1% respectively. This result is in tandem with the earlier findings of Chu, Kara and Benzing (2008) which shows 69% for men, and 31% for women in small scale businesses in Nigeria. It however appears that there is an increased participation of women. The result also shows that 62.9% of the respondents are married while only 37.1% are single. With regard to educational level attained, 63.4% reported that they have obtained a Bachelor degree, 15.1 have obtained Masters degrees or above, while 21.5% have acquired WASSCE/OND. This is a clear indication that Nigerian small scale manufacturers are highly educated. This is in agreement with the studies of Chu, Kara and McGee (2007), Chu, Kara and Benzing (2008) and Sylva (2016) who found that Nigerian entrepreneurs are highly educated when compared to other developing countries.

Table 2: Product Positioning Practices adopted by Manufacturers

S/N	Product Positioning Practices	Mean	St. Dev.
1	Characteristics-based positioning	4.23	.729
2	Pricing-based positioning	3.16	.911
3	Use or application-based positioning	3.21	.956
4	Quality or prestige-based positioning	4.18	.800
5	Competitor-based positioning	2.76	1.098

Source: Survey Data, 2022.

Table 2 shows the mean and standard deviation of the responses given by manufacturers as to what product positioning practices they adopt to market their products. They were asked to indicate which of the five strategies they adopt on a five-point Likert scale of (5=extremely important, 4=very important, 3=mildly important, 2=not very important, 1 =unimportant).

Results showed that characteristics-based positioning has the highest mean score ($\mu = 4.23$, $SD = .729$). This reveals that the majority of the small scale manufacturing firms adopt characteristics-based positioning. This was followed by quality or prestige-based positioning ($\mu = 4.18$, $SD = .800$). Then by use or application-based positioning ($\mu = 3.21$, $SD = .956$). Pricing-based positioning came fourth ($\mu = 3.16$, $SD = .911$). The last practice was competitor-based positioning with ($\mu = 2.76$, $SD = 1.098$). The result finds common ground with the work of Inderst and Martin (2022) and Bashir and Younis (2022), who also found out that characteristics-based positioning is the most widely adopted product positioning practice.

Table 3: Customer Targeting Practices adopted by Manufacturers

S/N	Customer Targeting Practices	Mean	St. Dev.
1	Undifferentiated Marketing	4.36	.749
2	Differentiated Marketing	4.22	.790
3	Concentrated Marketing	3.56	.884

Source: Survey Data, 2022.

Table 3 shows the responses from the respondents on the customer targeting strategies adopted by their firms. Results showed that undifferentiated marketing has the highest mean score ($\mu = 4.36$, $SD = .749$). Implying that most of the small scale manufacturing firms adopt an undifferentiated marketing strategy. This was followed by differentiated marketing ($\mu = 4.22$, $SD = .790$). The last customer targeting strategy was concentrated marketing with ($\mu = 3.56$, $SD = .884$). This result shows that most small scale manufacturing firms adopt mass marketing in which advertising efforts are made to appeal to a bigger audience which is consonance with the submissions of Blankson, et al. (2008), Pi and Huang (2011), and Barraza, et al. (2019) who found that mass marketing helps small scale enterprises to survive and be competitive.

CONCLUSION AND RECOMMENDATIONS

Product Positioning and customer targeting are important decisions for marketing managers since these marketing strategies influence consumers' decisions. As a result, marketers of small scale manufacturing firms must devise effective methods in order to be successful. A brand's positioning is designed to develop a sustainable competitive advantage on product attribute(s) in the consumer's mind. Marketers may utilise positioning principles to improve communication effectiveness by using simpler phrases and creating something distinctive in the eyes of customers by focusing on the customer rather than the product. Thus, product positioning and customer targeting play significant roles in providing a strategic direction for the small scale manufacturing firms in Rivers State, Nigeria.

The following recommendations were suggested on the basis of the findings of the study and the conclusion agreed upon, which invariably could help in the development of sales promotion among small scale manufacturing firms.

- i. Managers of the firms should give reasonable attention to product positioning and customer targeting because they have the ability to provide opportunities to every customer to buy according to their income, lifestyle, and nature.
- ii. The firms should try to know the region where their product has not gotten to and position their product to that region, so that they can increase their sales in the region and in the organization.
- iii. Small scale manufacturing firms should make provision to train managers in product positioning and customer targeting marketing strategies so that it can increase the sales volume of the firms.

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