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## INNOVATIVE MARKETING AND PERFORMANCE OF SELECTED SMES IN DELTA STATE NIGERIA

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**ABSTRACT:** *This paper evaluates the extent Small and Medium Scale Enterprises (SMEs) in Delta State Nigeria adopt and practice marketing orientation and the extent innovative marketing has affected their performances. It hypothesizes that the adoption of high level of marketing orientation practice and creation of value added offerings among SMEs; and the development of marketing competencies among SMEs would improve their performances. Using a sample of 213 SMEs drawn from a population of 496 registered SMEs as contained in the 2013 Delta State Business Directory, the study used a survey to collect data from randomly selected respondents from the area under study. Pearson Correlation Coefficient and Chi-square Test of Association were used to analyze the collected data. Results show that there was a weak positive correlation between marketing orientation and value creation; and an association between marketing strategic competencies and performance of SMEs in Delta State. The poor results indicate low adoption and practice of marketing orientation and very shallow knowledge of innovative marketing among SMEs in the State. It was therefore recommended that an investment on the project of training the SME operators on the purpose and processes of marketing orientation will be of immense benefit to the SMEs as it will help them to improve on their performances as well as contribute to national development.*

**Keywords:** Innovative Marketing, leverage performance, strategic competencies, value-added.

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### INTRODUCTION

Small and medium-sized enterprises (SMEs) have over the years proven to be great contributors to sustainable national development and competitiveness of nations around the globe. As the backbone of developing and emerging economies, the SME sub-sector continues to be a source of dynamism, growth and innovation (Odeh, 2005; Dabalén, Oni & Adekola, 2000). Ironically, Nwaizugbo (2010) observed that while the SMEs constitute over 70 percent of the total enterprises in Nigeria and enjoyed reasonable support from international agencies, government and non-governmental organizations (NGOs), they contribute less than ten percent of the nations GDP. He also observed that most SMEs' growth is hindered by a myriad of constraints which include lack

of value-added marketing strategies, lack of modern technology, and lack of marketing skills/competencies among others which are indicators of poor practice of marketing orientation.

Marketing orientation is defined as an embodiment of marketing practice and values which relates to needs identification and instilling a mind-set to promote the marketing culture in the entire organization. The practice of marketing orientation has been proved to provide superior organization performance in dynamic and competitive environments in both developed and developing economies as well as across spectrum of large and small enterprises. Thus, a perspective to superior performance in SMEs relates to a continuous development of new and improved products/processes; either through using the latest advances in scientific research and technology or using existing technology applied in new and interesting ways (Trott, 1998). Arguably, all organizations must be able to adapt and evolve if they wish to survive hence the evolving of the traditional marketing orientation to innovative marketing.

Innovative marketing is the process of creating, communicating, delivering and exchanging new products/processes/markets/methods which addresses customers' requirements more competitively and profitably than existing solutions (O' Regan & Ghobadian, 2005; McEvily et al., 2004). Interestingly, the vast majority of studies reviewed have consistently found that innovative marketing practices is relevant to both small and large businesses (Mavondo, 2011; Reijonen, 2010; O'Dwyer, Gilmore & Carson, 2009; Trott, 1998). This is in recognition that businesses operate with the knowledge that their competitors will inevitably come to the market with a product that changes the basis of competition (Gilmore, Carson & Grant, 2001). Hence, in recent years, it is seen that the advanced economies (United States, Japan, Germany, UK etc.) are being transformed from industrial economies to knowledge and information-based service economies.

This study recognizes the fact that numerous factors could lead to superior organizational performance; however, due to the crucial role of marketing in the life of an organization and the competitive/dynamic nature of contemporary marketing environment coupled with the realization that the acquisition and application of traditional marketing concepts and tools are no longer valid to achieve the high level of success expected of SMEs (Brooksbank, 1999); innovative marketing practices is being advocated as the '**missing link**' to leverage and complement the practice of marketing in SMEs. It follows therefore that SMEs' sustainability requires something extra by way of leveraging innovation for competitive advantage in the global marketplace (Megan, 2013). Against this backdrop, this study seeks to examine SMEs in Asaba metropolis in the light of their willingness to adopt marketing orientation imperatives, evaluate their level of knowledge of specific innovative marketing practices and identify impediments to effective implementation for superior performance.

### **Statement of the Problem**

In this age of expanding globalization of trade/communication, technological advancement and challenging economic climate, it is observed that majority of Nigerian SMEs tend to be mired in a survival strategy rather than expanding with only about 40 percent celebrating their fourth anniversary; an indication of a high mortality rate and poor performance. Thus, records of their

performances measured in terms of survival and growth, output, market share, profitability and contribution to economic development have not shown that the investment in the sub-sector is yielding the desired result neither has it shown any promise of realizing the economic agenda of the country. The Nigerian market has always had a huge purchasing potential and can build a strong affinity for value-driven products of SMEs with unique brand development, high quality product offerings, affordability and improvement. Unfortunately the SMEs have not produced commensurate growth in the economy; they attempt limited innovation and generate low returns. Thus, present realities in the sub-sector suggest that despite the opportunities offered and the benefits predicted from employing innovative marketing practices, it appears that most SMEs' operators perceive it as simply out of their reach and perhaps view it as a 'waste' rather than an 'investment'. Consequently, today's SMEs have failed to create value and real competitive advantages as they are unable to integrate incremental innovative marketing practices for superior performance. Still, marketing and indeed business literature has failed to report any empirical study on innovative marketing practices of SMEs in Delta State, South-south- Nigeria; and had relied on findings from other contexts, which arguably cannot describe the peculiar situation of this zone.

This study therefore is aimed at examining innovative marketing practices among SMEs in Asaba metropolis. It specifically assesses the level of marketing orientation practices of SMEs in Asaba metropolis and its impact on the creation of value-added offerings for their customers. It also determines available strategic competencies options that could be used to enhance SMEs' performance in today's competitive marketing environment; and identifies specific impediments to SMEs' effective adoption of innovative marketing practices in the 21<sup>st</sup> century.

This study is expected to help SMEs' operators in Asaba metropolis to gain insights into strategic marketing practices that can help in sustaining their growth and guide them from the looming destruction in the sub-sector into a future of certainty and superior performance. Furthermore, the study is intended to extend an understanding of SMEs innovative marketing practices in the peculiar Nigerian environment. Thus, with this understanding, Policy makers, NGOs and other stakeholders will be able to initiate/design targeted policies and programmes that will actively stimulate innovation; thus, promoting Nigerian SMEs' competitiveness. Lastly, this research will add value to the existing body of literature in Innovative marketing imperatives and SMEs' performance for present and future users and the suggestions made will have enormous implications in providing a broadened reference point for academic and managerial discourse.

## **CONCEPTUAL FRAMEWORK**

### **Rationale for Marketing Orientation Imperatives by SMEs**

Marketing orientation according to Mavondo (2011) relates to a set of values and beliefs that drives the organization towards a fundamental commitment to serving customers' needs as the path to sustained profitability. Marketing orientation therefore is a contributory factor in the creation of SMEs' unique assets for superior customer value and the establishment of strategic relationships for superior performance. Interestingly, marketing orientation has been linked to outcomes such as sustainable competitive advantage (Narver and Slater, 1990), new product innovation (Lukas

and Ferrel, 2000) and overall firm performance (Jaworski and Kohli, 1993). Also, Pelham (2000) found marketing orientation to have a strong relationship with performance in small and mid-sized firms. He noted that small firms that are marketing-oriented could enjoy a potential sustainable competitive advantage since they have simpler organizational structures, more flexibility and adaptability and a greater capacity for speed and innovation. A study by Spillan and Parnell (2006) to ascertain the relationship between SME performance and the marketing function identified two key variables that most affect an SME's performance as - a customer-orientation philosophy and a structure that supports flexibility and coordination among departments. The authors concluded that these two aspects are at the core of the development and delivery of an SME's marketing strategy which helps to create market-driven strategies that will engender superior customer value. Other studies that lend credence to positive link between marketing orientation and SMEs performance include Carson (1990), and Simpson, Taylor and Padmore, (2011).

### **The Concept of Innovation and Innovative Marketing**

Innovation has long been argued to be the engine of growth as it is observed that it can provide growth almost regardless of the condition of the larger economy (Trott, 1998). According to Johannessen, Olsen & Lumpkin (2001), innovation is seen as a process or the introduction of change, morphed into its current standing, which includes terms as creativity, success, profitability and customer satisfaction. In another dimension, it can be said that innovation is the creation, development and implementation of a new product, process or service, with the aim of improving efficiency, effectiveness or competitive advantage. Innovation may therefore apply to products, services, manufacturing processes, service delivery processes, managerial processes or the design of an organization (Johannessen et al, 2001). However, it is most often viewed at a product/process level, where product innovation satisfies a customer's needs and process innovation improves efficiency and effectiveness (Omiyi, 2008). Innovation in SMEs according to Ettlle and Subramaniam, (2004) can therefore be categorized in terms nature, continuity, degree and attribute of innovation.

Literature has however, linked the marketing behaviors of SMEs to innovation, through the formation and maintenance of material competitive differentiation (Cummins, Gilmore, Carson & O'Donnell, 2000 & Morris and Lewis, 1995). This linkage is underscored by Drucker (1954) who linked innovation to the marketing function in identifying that, one valid definition of business purpose is to create a customer through its two basic functions of marketing and innovation. Again, while it is true that many SMEs commenced business with enormous potentials because of breakthrough services/products in an early stage, they are unable to make further progress in their businesses as they could not come up with relevant incremental innovations. Marketing's role in innovation therefore is to provide the concepts, tools and infrastructure to close the 'gap' between innovation and market positioning to achieve sustainable competitive advantages (O'Regan and Ghobadian, 2005). More so, in defining innovative marketing as "doing something new with ideas, products, service, process, method or technology and refining these ideas to a market opportunity to meet the market demand in a new way", Kleindl, Mowen & Chakraborty (1996) pointed out that the success of innovative marketing is determined by its newness, the extent of its adoption and its translation into an exploitable opportunity for the SME. Moreover, the elements that form the basis

of innovative marketing as identified by Cummins et al., (2000); Carson, Gilmore and Grant (1997) & Kleindl et al., (1996) are categorized in terms of marketing variables, modification, customer focus, integrated marketing and unique proposition. Also, O'Dwyer et al (2009) opined that three of innovative marketing's primary components are uniqueness, newness and unconventionality.

### **Leveraging Competencies for Innovative Marketing Practice in SMEs**

SMEs like large businesses are expected to improve their survival and growth potentials by developing competencies. Competencies can be described as the abilities to perform value creating and value delivery activities better than competitors (Prahalad& Hamel, 1990). One of the competencies that serve as a source of competitive advantage is the knowledge/skills that firms acquire and develops which consists of the collective learning that coalesces around individuals in the organization (Trott, 1998). As Becherer, et al., (2001) astutely puts it, 'all types of businesses require a set of skills and knowledge for optimum performance without which it is difficult to grow the business. SMEs superior performance can only be guaranteed when owners/managers are sufficiently educated in the knowledge, skills and marketing abilities required to effectively and efficiently exploit opportunities and create value that produces economic prosperity and sustainable development (O'Dwyer et al, 2009). A practical illustration is the recent transformation of economies like China, Korea, Hong-Kong, America, Japan Singapore, India etc. from rudimentary economies to highly industrialized ones towards the ending of the last millennium till now. That manifested the dynamic potentials of small-scale industrialization option for developing countries (Gilmore et al, 2007).

In furtherance, there is a global recognition that innovative marketing practices of SMEs is a function of the educational level of its operators as insufficient knowledge on innovative marketing imperatives in SMEs is discovered to be responsible for lack of new ideas, faulty products development processes and inability to adopt state of the art technology for successful competition and superior performance (Appiah-Adu& Singh 1998; Gilmore et al, 2007& Bathgate, 2011). Again, in a study to ascertain how marketing knowledge can be used to leverage the performance of SMEs in South-eastern zone of Nigeria, Nwaizugbo (2010) noted that low marketing skills of SMEs' operators is a major reason for the poor marketing performance in the sub-sector. The findings revealed that the changing trend in today's market makes the adoption of marketing concept imperative for SMEs as it is crystal clear that acquisition of improved knowledge of marketing is a sine-qua-non to sustainability of SMEs in today's competitive and volatile business environment.

A second strategic competency identified in this study is Information and Communication Technology (ICT) with particular reference to **E-marketing**. The activities of e-marketing also known as e-commerce, e-business or internet marketing include using the internet and its related technologies and features such as the world wide web, web presence, e-mails, real-time communication and mixed time communication in achieving marketing objectives in conjunction with other marketing communication tools (Gilmore et al, 2007). Thus, central to SMEs' superior marketing performance is the arrival of e-commerce trading sites and social networks aimed at businesses which also offer enhanced sales and marketing opportunities via its customer relationship management practices.

Becherer, et al. (2001), opined that constant awareness of new technologies, markets and competition, as well as the ability to carry out research and development (R&D) are vital to an SME's ability to successfully introduce new products into the market. Correspondingly, the technologies that have created the internet have improved efficiency in the development and richness of the content of marketing activities; providing SMEs with opportunities that otherwise would perhaps not be available to them (Gilmore et al, 2007). It is also argued that SMEs stand to benefit significantly from the opportunities that the internet offers as it is an easy way to increasing online visibility of their offerings thereby increasing their competitiveness in the emerging global market (Kandampully, 2002; Stokes, 2000).

### **Impediments to Innovative Marketing Practices in SMEs in Nigeria.**

SMEs are recognized the world over as panaceas to combating the many economic and social challenges of developing economies thereby resulting in their future industrial expansion. In a study of the Nigerian business environment and competitiveness, Eboh and Agu (2007), suggested that, the cost of doing business in Nigeria was comparatively high and thus affect their global competitiveness. Some other impediments to SMEs' performance as identified by Bathgate (2011); Nwaizugbo (2010) and Agbonifoh, Oseyomon & Asein (2007) include:

- Lack of expertise in marketing orientation
- Inability to acquire and adopt state of the art technology.
- Poor marketing strategies (product development/packaging, pricing, promotion and distribution strategies).
- Poor implementation of government policies and programmes geared toward financial/technical support to SMEs.
- Lack of market research/intelligence
- Poor financial base.
- Lack of basic infrastructural facilities such as power.
- Indifference of financial houses and financial risk.
- Lack of experience in the chosen line of business.
- Lack of specialist skills or know-how of marketing on the web.
- Lack of business development services (professional advice) to SMEs.
- Low demand for locally produced products due to high taste for foreign products.
- High degree of business uncertainty as a result of unstable policy environment.

## **THEORETICAL FRAMEWORK**

### **Innovation Management Model– Interactive Model**

Innovation management model (Interactive model) derives from technology push and market-pull theories show the linkages among actors in the market, technology networks, knowledge management and social networks. The interactive model emphasizes that innovations occur as the result of the interaction of the marketplace, the science base and the organization's capabilities, thus combining the technology-push and market-pull models (Rothwell and Zegveld, 1985). At the centre of the model are the organizational functions of R & D, engineering and design, manufacturing and marketing and sales. Also, there is provision for feedback and linkages with the science base and the market place which occur between all functions, not just with R & D or marketing. Finally, the generation of ideas is shown to be dependent on inputs from three basic components: organization capabilities; the needs of the marketplace and the science and technology base.

The overall innovation process can be thought of as a complex set of communications path over which knowledge is transferred. These paths include internal and external linkages. The innovation process outline in Figure 1 below represents the organization's capabilities and its linkages with both the marketplace and the science base. SMEs that are able to manage this process effectively will be successful at innovation. Diagrammatically, the theoretical framework is shown below:

### **Figure 1: Interactive Model of Innovation**

Commercial product  
idea

Source: Adapted from Rothwell and Zegveld (1985).

## **Hypotheses Development**

### **Hypothesis One**

**H<sub>0</sub>:** There is a positive correlation between the level of marketing orientation and creation of value-added offerings among SMEs.

### **Hypothesis Two**

**H<sub>0</sub>:** SMEs' superior performance is directly associated with the firm's strategic competencies/marketing environment.

## **METHODOLOGY**

The area chosen for this study is Asaba metropolis. Asaba is the capital of Delta State located in the South-South Zone (SSZ) of Nigeria. This cosmopolitan city has witnessed tremendous growth in recent years with the influx of different kinds of people (national and international) patronizing her for business investments thereby expanding her market size. More so, with the location of an International Airport in the city and its nearness to Onitsha one of the largest commercial centers in West Africa, it has brought about massive economic development as it now bears resemblance to other areas of the South East Zone (SEZ) known for entrepreneurship and SME operations.

The research design adopted for the study is the descriptive survey method which involves questionnaire administration. The population of the study includes all registered SMEs within Asaba metropolis which consists of four hundred and ninety six (496) SMEs. The contact list of registered SMEs was obtained from the Ministry of Commerce and Industry office, at New Secretariat Complex, Asaba. A statistically determined sample size of 221 was used for the study. The pool of SME's operators contacted was selected from different industries (e.g. manufacturing, trading, services etc.) in Asaba metropolis, Delta state. The model of data collection was a survey conducted by self-administered questionnaire with carefully structured questions to solicit responses from 221 SMEs' operators. The probability sampling technique adopted was the stratified sampling type. The sample was drawn according to the parameter of business type (see Appendix).

The questionnaire was the main instrument used in collecting data for the study. It is divided into Section A and Section B. Section A consists of demographic related questions of the selected SMEs and their operators; while Section B deals with the construct of the study. The researchers distributed a total of two hundred and twenty one (221) copies of questionnaire to the selected respondents from each stratum using the simple random sampling technique (lottery method). Out of the administered copies, two hundred and thirteen (213) copies were retrieved and found useful, representing a response rate of 96%. The high response rate of the questionnaire is due to the fact that the researchers personally administered the questionnaire and made further explanations where necessary. More so, two hypotheses were stated reflecting the items operationalizing the



constructs of the study. All statements were measured on a five-point likert scale, ranging from totally agree (5) to totally disagree (1).

As regards validity and reliability of this study, expert validity and respondents' validation (Bryman, 2004) methods were adopted. For expert validation, the questionnaire was presented to experienced researchers whose constructive criticisms were noted and used to fine-tune the questionnaire. The use of respondent's validation involves the presentation of the data to the respondents to confirm that the ideas credited to them have not been distorted in any form. On the other hand, to assess the instrument reliability, the internal consistency was verified using Cronbach Alfa Coefficient for consistency. The closer it is to 1, the greater the internal consistency is. The reliability coefficient value was 0.89 for innovative marketing practices and 0.74 for superior performance; thus, the instrument is approved to be consistent. Accordingly, the result was statistically acceptable since the value is greater than 0.60 which is acceptable to Administrative and Human sciences (Sekaran, 2003).

## **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This section deals with the analysis of the data collected through questionnaire. The data is presented using tables and frequency.

### **Survey Results Analysis**

The table below shows the survey results of the demographic variables that are related to the selected SMEs and their operators under study.

**Table 4.1. Analysis of Demographic Variables**

| S/N |                                 | Variables  | Frequencies                                     | Percentages (%)                                    |
|-----|---------------------------------|--|---|--|
| 1   | Gender                          | Male<br>Female<br><b>Total</b>   | 69<br>144<br><b>213</b>                         | 32<br>68<br><b>100</b>                             |
| 2   | Age                             | 21-30<br>31-40<br>41-50<br>51 and above<br><b>Total</b>  | 51<br>97<br>44<br>21<br><b>213</b>              | 24<br>45<br>21<br>10<br><b>100</b>                 |
| 3   | Highest Education Qualification | No formal education<br>FSLC<br>SSCE<br>OND/NCE<br>B.Sc<br>Masters and above<br><b>Total</b>    | Nil<br>11<br>49<br>73<br>64<br>16<br><b>213</b> | Nil<br>5<br>23<br>34<br>30<br>8<br><b>100</b>      |
| 4   | Year commences Business         | 0-3yrs<br>4-6yrs<br>7-9yrs<br>10years and above<br><b>Total</b>                                | 114<br>66<br>21<br>12<br><b>213</b>             | 54<br>31<br>10<br>5<br><b>100</b>                  |
| 5   | SME Operator Work Experience    | 1-3yrs<br>4-6yrs<br>7-9yrs<br>10years and above<br><b>Total</b>                                | 87<br>69<br>37<br>20<br><b>213</b>              | 41<br>33<br>17<br>9<br><b>100</b>                  |
| 6   | Line of Business                | Manufacturing<br>Trading<br>Services<br>Others<br><b>Total</b>                                 | 22<br>65<br>118<br>8<br><b>213</b>              | 10<br>31<br>55<br>4<br><b>100</b>                  |
| 7   | Business Stage                  | Introduction stage<br>Growth stage<br>Maturity stage<br>Decline stage<br><b>Total</b>          | 97<br>51<br>40<br>25<br><b>213</b>              | 46<br>24<br>18<br>12<br><b>100</b>                 |
| 8   | Scope of operation              | Local<br>State-wide<br>Regional (Zones)<br>National<br>International<br>Global<br><b>Total</b> | 159<br>35<br>16<br>3<br>0<br>0<br><b>213</b>    | 75<br>16<br>0.8<br>0.1<br>0.0<br>0.0<br><b>100</b> |

Source: Field Survey, 2014

From the above analysis, majority of the respondents sampled are women (68%) and fall within the 31–40 years age bracket which make up to 45% of the total respondents. Also, those with less than tertiary educational qualification has a total of 28% while most of the SMEs are found to have commenced business for about 3years now (54). The demographic analysis also revealed that most SMEs' operators sampled have work experience of between 1-3years (108) or 51% and the line of business is majorly Services with a whopping 55% of the total SMEs sampled for the study. Information on their stage of business cycle reveals that most of the SMEs (97) or 46% are at the introduction stage, while (25) or 12% accepted that their businesses are in the decline stage. Finally, on the scope of operation, it was found that most of the SMEs operate at the local level with 159 or 75% of the respondents agreeing to this fact. In sum, it can be said that most of the SMEs are still trying to survive as majority are not certain of their future existence due to the many

impediments to their growth and superior performance which they have to contend with especially in this 21<sup>st</sup> century.

### Testing of Hypotheses

#### *Analysis of the Level of Marketing Orientation and Creation of Value-Added Offerings among SMEs in Asaba Metropolis*

Hypothesis one of this study is to test the nature and extent of correlation coefficient of level of marketing orientation practice of SMEs in Asaba metropolis and creation of value-added offerings to their customers. Table 2 below shows a cross tabulation result of the variables.

**Table 4.2.: Cross Tabulation of Marketing Orientation and Creation of Value-Added Offerings among SMEs in Asaba Metropolis**

| Creation of Value-Added Offerings                            |                   | Marketing Orientation Level |       |        |       |       |       |
|--|-------------------|-----------------------------|-------|--------|-------|-------|-------|
|  |                   | Low                         |       | Medium |       | High  |       |
|  |                   | Count                       | %     | Count  | %     | Count | %     |
| An organizational culture that encourages marketing practice | Strongly Disagree | 12                          | 50.0% | 8      | 33.3% | 4     | 16.7% |
|  | Disagree          | 5                           | 12.8% | 27     | 69.2% | 7     | 17.9% |
|  | Indifferent       | 8                           | 17.0% | 27     | 57.4% | 12    | 25.5% |
|  | Agree             | 5                           | 7.4%  | 45     | 66.2% | 18    | 26.5% |
|  | Strongly Agree    | 8                           | 22.9% | 19     | 54.3% | 8     | 22.9% |
| Willingness to create superior value for customers           | Strongly Disagree | 15                          | 46.9% | 13     | 40.6% | 4     | 12.5% |
|  | Disagree          | 6                           | 15.4% | 25     | 64.1% | 8     | 20.5% |
|  | Indifferent       | 7                           | 11.1% | 43     | 68.3% | 13    | 20.6% |
|  | Agree             | 6                           | 14.0% | 26     | 60.5% | 11    | 25.6% |
|  | Strongly Agree    | 4                           | 11.1% | 18     | 50.0% | 14    | 38.9% |

Source: Field Survey, 2014

From the table, fostering an organizational culture that encourages marketing practice was higher for most respondents with medium or high marketing orientation and lower for most respondents with low marketing orientation. Similarly, willingness to create superior value for customers is higher for most respondents with medium or high marketing orientation and lower for most respondents with low marketing orientation. This goes to show that most SMEs (88.9%) are willing to differentiate their offerings to sustain their businesses. This analysis is in line with Becherer et al (2001) and Spillan and Parnell (2006) when they argued that marketing orientation is at the core of the development and delivery of an SME's marketing strategy which helps to create market-driven strategies that will engender superior customer value.

**Table 4.3: Pearson Correlation between Marketing Orientation and Creation of Value-Added Offerings among SMEs in Asaba Metropolis**

|  |                     | Marketing Orientation |
|--|---------------------|-----------------------|
| An organizational culture that encourages marketing practice | Pearson Correlation | 0.144                 |
|  | Sig. (2-tailed)     | 0.036                 |
|  | N                   | 213                   |
| Willingness to create superior value for customers           | Pearson Correlation | 0.252                 |
|  | Sig. (2-tailed)     | 0.000                 |
|  | N                   | 213                   |

Source: Field Survey, 2014

Table 4.3 above shows the Pearson correlation between marketing orientation and creation of value-added offerings among SMEs in Asaba Metropolis. The table shows a weak positive correlation between an organizational culture that encourages marketing practice and marketing orientation levels of SMEs (0.144). Similarly, there was a weak positive correlation between willingness to create superior value for customers and marketing orientation of SMEs (0.252). This suggests that SMEs in Asaba, Delta State are yet to fully comprehend the ultimate role and relevance of innovative marketing in their enterprises and to fully adopt the practice especially in the creation of new and better quality products, offering excellent customers' services, product/services presentation styles, adding value through aesthetic appreciation of the SME, new designs/packaging styles, expansion of the SME beyond local borders, modernization of production processes, diversification and creation of new market opportunities. This is in line with the views of O'Dwyer et al (2009), who stated that three of innovative marketing primary components are uniqueness, newness and unconventionality.

#### *Analyzing strategic competencies of SMEs that result in superior performance*

Hypothesis two of this study assessed whether there is a direct association between SMEs superior performance and its strategic competencies. Using Principal Component Analysis (PCA), a nine item components of strategic competencies were rotated, and their eigenvalues determined. Four principal components that explained 81% of the variations extracted. Table 4.5 shows the component matrix and the loading of the four principal components.

**Table 4.5 Composition of Principal Components of Strategic Competencies (Marketing knowledge/skills)**

| Component Matrix <sup>a</sup>                                   |           |       |       |       |
|---|-----------|-------|-------|-------|
| Strategic Competencies  | Component |       |       |       |
|   | 1         | 2     | 3     | 4     |
| Changes in the marketing environment                            | .530      | .799  | -.064 | -.064 |
| Ability to perform value creation and value delivery activities | .462      | .432  | -.049 | .154  |
| Formal knowledge of marketing                                   | .665      | -.312 | .665  | .085  |

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Marketing knowledge/skills   | -.603 | .471  | .623  | -.078 |
| Investment in the acquisition of new/requisite marketing knowledge | -.618 | .454  | .619  | -.078 |
| Knowledge about current happenings in SMEs' marketing environment  | .650  | -.326 | .673  | .079  |
| Knowledge about marketing budget                                   | -.101 | .070  | -.039 | .895  |
| Innovative marketing expenditures                                  | -.270 | .216  | .045  | .433  |
| Investment in limited resources                                    | .547  | .780  | -.104 | -.060 |

Source: Field Survey, 2014

Table 4.5 shows component matrix of the first four principal components in relation to the nine original variables. The table indicates that for the first component, the most weighted variable is formal knowledge of marketing (0.665). For the second component the most heavily weighted variable is changes in the marketing environment (0.799). For the third component, the most heavily weighted variable is knowledge about current happenings in SMEs' marketing environment (0.673); while the fourth component with the most heavily weighted variable is knowledge about marketing budget (0.895).

Thus, given the complex nature of running a formal business in contemporary times, it is not surprising to find that all the sample enterprises are owned or managed by individuals with formal educational knowledge ranging from First School Leaving Certificates to SSCE, Colleges, Polytechnics and University education. More so, the above table revealed that some SMEs operators had narrow conceptualizations of marketing, believing that it relates to selling and promotion only. It was also found from this study that, most small businesses tend to have limited resources for marketing, thus having no budget for marketing programmes.

**Table 4.8: Chi-Square Measure of Association between SMEs Performance and Strategic Competencies**

| Chi-Square Tests  |                       |    |                       |
|---|-----------------------|----|-----------------------|
|   | Value                 | Df | Asymp. Sig. (2-sided) |
| Pearson Chi-Square  | 4260.000 <sup>a</sup> | 16 | .000                  |
| Likelihood Ratio  | 3428.103              | 16 | .000                  |
| Linear-by-Linear Association  | 1064.000              | 1  | .000                  |
| N of Valid Cases  | 1065                  |    |                       |
| a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 42.60. |                       |    |                       |

Table 4.8 shows the Chi-Square Association between SMEs performance and strategic competencies. From table the chi-square value of 4260 has a p-value of 0.00 which is less than 5% level of significant. This shows that SMEs' operators' innovative marketing performance is directly dependent (or associated) on the level of strategic competencies (Marketing knowledge/skills at their disposal. Thus, SMEs innovative marketing practices are driven by their operators (entrepreneurs, owner/managers); and are defined in terms of tactics to attract new business, focusing on competitors, customers and the marketing environment. Such innovative marketing practices are based on current and future market trends and customers' demands and are driven by a profit seeking goal. This is in line with Johannessen, et al (2001) that factors such as marketing orientation and learning orientation of SMEs have been identified as potential indicators of intention to adopt a superior marketing skill.

*Analysis of impediments to SMEs' effective adoption of innovative marketing practice in the 21<sup>st</sup> century*

Research Question 3 of the study sought to find out the impediments to SMEs' effective adoption of innovative marketing practice in the 21<sup>st</sup> century?

**Table 4.9: Weighted Mean Statistics on impediments to SMEs' effective adoption of innovative marketing practice in the 21<sup>st</sup> century**

| S/N | Items  | SA | A  | U  | D  | SD | Mean | Decision |
|-----|--|----|----|----|----|----|------|----------|
| 1   | Challenging and dynamic nature of Nigeria environment                | 39 | 58 | 58 | 39 | 19 | 3.28 | Agree    |
| 2   | Technological advancement  | 58 | 58 | 39 | 19 | 39 | 3.36 | Agree    |
| 3   | The negative attitudes by Nigerians towards made-in-Nigeria products | 64 | 64 | 21 | 43 | 21 | 3.5  | Agree    |
| 4   | Lack of specialist skills or know-how of marketing on the web        | 53 | 71 | 35 | 36 | 18 | 3.49 | Agree    |
| 5   | Enabling environment   | 47 | 71 | 47 | 24 | 24 | 3.44 | Agree    |
| 6   | Provision of basic infrastructural facilities such as power          | 58 | 77 | 20 | 39 | 19 | 3.54 | Agree    |

Source: Field Survey, 2014.

The above table shows responses on the impediments to SMEs' effective adoption of innovative marketing practice in the 21<sup>st</sup> century. The table indicates that mean score on all the items are above the cut off mean point of 3.0. This shows that majority of the respondents agree that; the challenging and dynamic nature of the Nigerian environment, lack of technological advancement, negative attitudes by Nigerians towards made-in-Nigeria products, lack of specialist skills or know-how of marketing on the web, lack of an enabling environment and the inability of the government to provide basic infrastructural facilities such as power are the impediments to SMEs' effective adoption of innovative marketing practices.

## CONCLUSION

In this study, SMEs operating in Asaba metropolis were studied with a view to ascertaining how the concepts of marketing orientation and innovative marketing imperatives are perceived and practiced. The results of the study confirms some earlier researches on marketing orientation in SMEs and also provide new insights on innovative marketing practices of SMEs in the 21<sup>st</sup> century. There is no gainsaying the fact that a strategic sector of the economy such as the SME sub-sector needs to be competitive and remain so to justify its relevance in the economic development process of Nigeria. This can only be achieved by confronting the challenges and realities of poor performance and high mortality rate in the sub-sector which had impeded on the self-reliance and sustainable economic development objectives of the country.

Thus, given today's fast-changing and increasingly competitive marketing environment, there is a global recognition of the fact that the right marketing approach for today's conditions will almost certainly not be right for those of tomorrow. However, largely due to the impediments on most SMEs as identified in the study, their marketing strategies and practices seem to fall short and leave a lot of vacuum for greater efforts for improvement in their marketing management. This means that there is an urgent need for increase in knowledge, skills and understanding of innovative marketing imperatives by SMEs operators in Asaba in particular and Nigeria in general.

Accordingly, SMEs operators must embrace innovative marketing if they wish to survive and to always change the innovation capabilities/innovation style of the SME as the business develops and grows due to the speed of environmental and technological changes in recent years. The obvious conclusion that can be drawn from the study therefore is that SMEs' operators in Asaba metropolis appreciate the importance of and the need for innovative marketing practices especially with the peculiarity of the Nigerian marketing environment that necessitates that, SMEs do 'something extra' to remain competitive and achieve superior performance. Thus, implicit for SMEs superior performance is that it adopts a marketing orientation and combining its resources and skills into core competencies distinctively well, relative to competitors. By so doing, SMEs value creation strategy will be based on sustainable business best practices on which innovative marketing effectiveness depends.

## RECOMMENDATIONS

Consequent upon the above, the following recommendations are made:

- Deficient marketing capabilities of SMEs' operators should be improved upon through educational programmes such as training/development and professional programmes.
- The option of an enhanced regulatory policy-making body that considers the SMEs sub-sector and ensures its full participation in such policies' design and implementation is strongly recommended for the government.
- The study also recommends the establishment of Marketing Colleges across the six geopolitical zones of the country aimed at teaching marketing concept and fostering specific skills required for innovative marketing practices in the different fields of endeavour.

- Again, creating an economic friendly marketing environment is critical to the successful adoption of innovative marketing practices in SMEs. The Government has to encourage innovation that allows citizens to make meaningful positive contributions to our economic development.
- As observed in the study, SMEs operators lack the motivation as a result of low-self efficacy in assessing the disparity between their current situation and some desired goals (new products, packages, processes etc); thus, it is recommended that innovation for small businesses does not have to be a massing undertaking as it can be done in smaller steps (incremental innovations). Consequently, it should not be perceived as something outside their reach.
- In addition, the study recommends better utilization of marketing information via market research/intelligence especially that of marketing feedback that would lead to innovative insights and ultimately superior performance.
- Finally, SMEs operators should go for training in the area of accounting principles and practices in order to enhance their skills and abilities in effective preparation of marketing budgets.

## RECOMMENDATIONS FOR FURTHER STUDIES

It is recommended that further research to cover other parts of the country be carried out in order to get a fuller picture of SMEs' innovative marketing practices in this millennium. Also, research on the specific areas of marketing investments of SMEs' funds should be carried out to ascertain their effectiveness. Finally, a study to examine the expectancy-value approach of Nigerian SMEs operators towards the growth of their businesses should also be looked into.

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