INVESTIGATING THE IMPACT OF MARKETING MIX ELEMENTS ON CONSUMER LOYALTY: AN EMPRICAL STUDY ON NIGERIAN BREWERIES PLC.

Owomoyela S K
Department of Business Administration,
Osun State Polytechnic, Iree, Osun State, Nigeria.

Ola, Olasunkanmi .S
Department of Marketing
Osun state polytechnic, iree

Oyeniyi K.O
Department of Business Administration,
Osun State Polytechnic, Iree, Osun State, Nigeria.

Abstract

This research paper investigates the effect of marketing mix elements on consumer loyalty with special reference to Nigerian breweries Plc. The survey research design method was used in this study which involves using a self-design questionnaire in collecting data from sixty (60) respondents, six managers and ten sales representatives of Nigerian breweries Plc, ten distributors and thirty four consumers from different joints in Ibadan were selected respectively. The instrument used in this study is a close-ended questionnaire that was designed by the researchers. Correlation coefficient and multiple regression analysis were used to analyze the data with the aid of statistical package for social sciences (SPSS) version 20. The result showed that marketing mix elements have significant effect on consumer loyalty. Subsequently, recommendations were made to the management of Nigerian breweries that they should continue produce superior products; charge competitive prices, position appropriately, promote widely, and provide other distinctive functional benefits to consumers.

Keywords: Marketing Mix, Price, Product, Place, Promotion, Consumer Loyalty and Nigerian Breweries.

1.0 INTRODUCTION

Marketing mix is a business tool that used by the management of organizations which enable them to remain in global competitive environment. Marketing mix refers to the four major areas of decision making (4P's) in the marketing process that are blended and mixed to obtain the results desired by the organization to satisfy the needs and wants of customers. It is the set of controllable, tactical marketing tools of product, price, place and promotion (4P's) which are the variables that marketing managers can control in order to best satisfy customers' needs (Shankar and Chin, 2011). For any business to be successful in today's increasingly competitive marketplace, it must provide a quality product that satisfies customer needs, offer affordable price, and engage in wider distribution and back it up with effective promotion strategy.

According to Kotler (2005) marketing mix is the set of controllable tactical marketing tools-product, price, place and promotion-that the firm blends to produce the response it wants in the target market. The marketing mixes consist of everything the firm can do to influence the demand for its product. McCarthy (1964) saw market mix as the 4 Ps, as a means of translating marketing planning into practice: product, price, place and promotion. He noted that market mix is the pillar of business organizations.

Today, in Nigerian breweries industry, the market is flooded with many brands of beers, from different breweries such as Guinness Nigeria Limited, Benue Breweries, Olympic Breweries, Sona Breweries and Consolidated Breweries and the consumer is spoilt for choice with the abundance of different brands of beers in the market. Due to the abundant choice of beers, especially products of Guinness who is a major competitor of Nigerian breweries, available in the market, management of Nigerian breweries is faced with the problem of ensuring sustained preference to achieve loyalty and retention which impacts the financial performance of the firm. The issues faced by Nigerian breweries are to determine what are the reasons for customer preference for its products and the likelihood of sustained repurchase by the consumer or otherwise referred to as customer retention.

It on this note that this research work wishes to investigate the impact of marketing mix elements on Nigerian breweries' consumer royalty.

2.0 LITREATURE REVIEW

Kotler & Armstrong,(2006) defined marketing mix as 4P's namely the product, price, promotion and place and they designed to influence consumer decision-making and lead to profitable exchanges. According to Goi (2005) marketing mix is a set of the marketing tools that firms use to pursue their marketing objectives in the target market. American Marketing Association, defined marketing mix as "a systematic function and as a sequence of processes for originating, conveying and transporting importance to the clients and for taking care of customer associations with means which help the company and its stockholders." . CIM (2004) also defined marketing mix as a combination of tactics used by a business to achieve its objectives by marketing its products or services effectively to a particular target customer group. Marketing mix can also be defined as "a set of controllable, tactical marketing tools that work together to achieve company's objectives" from Wikipedia the free encyclopedia. The marketing tools of product, price, place and promotion (4P's) are the variables that marketing managers can control in order to best satisfy customers in the target market. Each element of the marketing mix can affect consumers in many ways (Peter & Donnelly, 2007) as cited in Mohammad et al, (2012). The marketing mix is the set of marketing tools a firm utilizes to pursue its marketing objectives in the target market (Borden, 1984). When a store markets its products, it needs to create a successful mix of the right product, sold at the right price, in the right place and using the most suitable promotion (Mohammad et al, 2012).

2.1 PRICE

kotler (2007) defined price as a cost of producing, delivering and promoting the product charged by the organization. Zeithaml (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a product's value. Price can be stated as the actual or rated value of a valuable product which is up for exchange; some define it as amount of money paid for product (Kotler et al, 2005). The price you set for your product or service plays a large role in its marketability. Pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes (Jones, 2007). The price of the products (Star beer) produced by Nigerian Breweries is affordable for all the consumers in the market because it is produced from local corn and sorghum which is cheap so they make their profit and satisfy the customers which are mostly the youth and since most of their sales are mostly made from youth, the price would always remain affordable so as not to lose customers and reduce sales.

2.2 PRODUCT

Kotler et al, 2005 defined Product as anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. According to Ferrell (2005), the product is the core of the marketing mix strategy in which retailers can offer consumers symbolic and experiential attributes to differentiate products from competitors. However, it is also concerned with what the product means to the consumer. Attributes of a company's products, including brand name, quality, newness, and complexity, can affect consumer behaviour. The physical appearance of the product, packaging, and labeling information can also influence whether consumers notice a product in-store, examine it, and purchase it.

Nigerian Breweries has two main beer products and they can be described as the core products of the organization i.e. they serve their actual purpose for which it is bought by the customer which is for the quenching of thirst. However, Gulder brand can be described as a luxury product meant for the sophisticated individual, these products are classified as consumer product because they are bought by the consumer to actually consume and not for other purposes. Nigerian Breweries has more than enough products for every type of consumers. They produce bottled water for thirst, Star beer for the youth, Maltina for the consumers that do not take alcohol.

2.3 PLACE

Kotler and Armstrong (2006), defined place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Jones, (2007) defined place as any way that the customer can obtain a product or receive a service. Bowersox and Closs (1996) gave 'distribution' as another name for place. According to them, it is the third element of the marketing mix, and it encompasses all decisions and tools which relate to making products and services available to customers. They claimed that place could be categorized into open market, merchant houses, institutional houses and direct delivery. Nigerian Breweries Plc has a wide distribution channel and makes use of external companies for distribution of its products nationwide; Nigerian Breweries use other transportation companies to assist distribute their goods nationwide. This system of distribution helps make the product more available to the consumers but this however limits the direct contact between producer and consumers which reduces feed-back time for the producers.

2.4 PROMOTION

Promotion is concerned with any vehicle you employ for getting people to know more about your product or service. Advertising, public relations, point-of-sale displays, and word-of-mouth promotion are all traditional ways for promoting a product. Promotion can be seen as a way of closing the information gap between would-be sellers and would-be buyers (Jones, 2007). Zeithaml et al. (1995) described promotion as part of specific effort to encourage customers to tell others about their services. Kotler, (2007) discovered that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objective. Nigerian Breweries Plc carry out sales promotion in two ways namely Consumer sales promotion targeted at the ultimate consumer market and trade sales promotion targeted at the members of the marketing channel, such as wholesalers and retailers, benefits of sales promotions include increased profit making. Examples of Nigerian Breweries sales promotion are "Star Xmas Carnival" which was targeted at the company's retailers and consumers were prizes like bags of rice, DVD Players and other items were won by consumers each day for 21 days, Gulder ultimate search were the winner took home 3 million naira cash prize (Ekeh, 2009).

2.5 CONSUMER LOYALTY

Jacoby and Kyner, (1973) described loyalty as the biased behavioural response expressed over time, by some decision making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes. Dick and Basu (1994) argued that loyalty is determined by the strength of the relationship between relative attitude and repeat patronage, and that it has both attitudinal and behavioral elements. Oliver (1997) defines loyalty as “A deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior”. Mascarenhas et al. (2006) as cited in Shanka and Chin (2011) added a third dimension to total customer experience which is value besides the physical and emotional aspects. The contention is that by blending all three aspects of physical, emotional and value elements toward target customers and achieving positive total customer experience will build lasting customer loyalty. “We submit that when marketers offer products and services that consistently have strong physical attributes-based satisfaction, provide high emotional experience and high perceived value summing to a high total customer experience they will automatically generate high and lasting customer loyalty” Mascarenhas et al. (2006). Based on the three major total customer experience variables of value differentiation, provider-interaction and engaging experiences, Mascarenhas et al. (2006) developed a multidimensional loyalty ladder and suggested this ladder of customer loyalty a function of customer experience.

2.6 BRIEF HISTORY OF NIGERIAN BREWERIES PLC

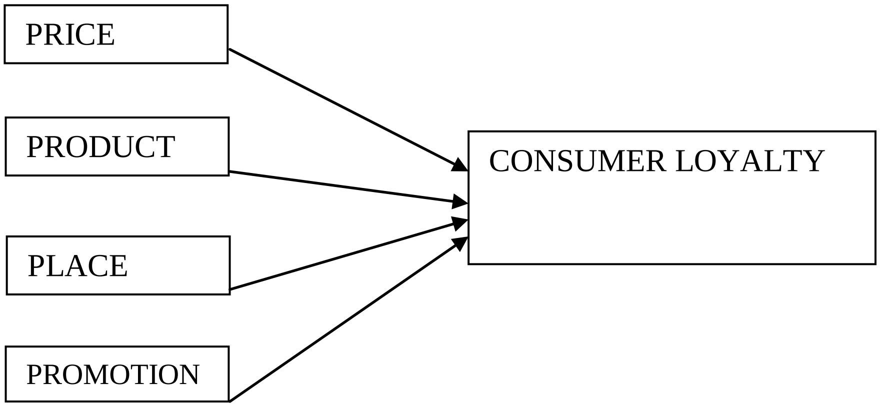
Nigerian Breweries Plc (NBPLC) is the country's pioneer brewery. Incorporated in 1946, it commenced production in 1949. It started as a joint venture between the United African Company (WAC) International, UK and Heineken of Holland. Thus, at inception, it was 100 per cent foreign owned. By the early 1950s, when it began operating fully, some indigenous traders already involved with its products were invited to become shareholders. Under the indigenization policy of the early 1970s the foreign shareholders were forced to sell a significant proportion of their holdings. Today, the company is 60 per cent Nigerian owned and 40 per cent foreign owned. The 60 per cent Nigerian stake is held by company employees and members of the public, while the 40 per cent foreign ownership is split almost equally between CWA Holdings Limited (for Unilever) and Heineken Brouwerijen BV.

Its first bottle of beer, STAR Lager, rolled off the bottling lines of its Lagos Brewery in June 1949. Other breweries were subsequently commissioned by the company, including Aba Brewery in 1957, Kaduna Brewery in 1963, and Ibadan Brewery in 1982. In September 1993, the company acquired its fifth brewery in Enugu state, and in October 2003, its sixth brewery, sited at Ama in Enugu. Ama Brewery is the largest brewery in Nigeria and one of the most modern worldwide. Operations at Enugu brewery were discontinued in 2004, leaving the company with five operational breweries. The company has a portfolio of high-quality brands, including Star Lager Beer (launched in 1949); Gulder Lager Beer (1970); Maltina (1976), which now has three varieties, namely Maltina Classic, Maltina Strawberry, and Maltina with Pineapple; Maltina Sip-it (2005), which was packaged in Tetrapaks; Legend Extra Stout (1992); and Amstel Malta (1994). The company also re-launched Heineken Lager into the Nigerian market in June 1998.

Nigerian Breweries is the most capitalized quoted company on the Nigerian Stock Exchange (NSE), it is also the first company in any sector to declare N12 billion in PBT and the first company in Nigerian history to declare dividend of N8 billion (Vanguard, 2003).

Nigerian Breweries operates many related companies, including beverage-related manufacturing companies making corks, labels, bottles, packing crates; and a logistics network, including transport companies, warehousing companies and retail sales management. Nigerian Breweries has the edge over these competitors majorly because of its brand loyalty and because of the fact that it has being producing beer for over 60 years. It also has a lot of branches all over Nigeria so as to reach the customer's demands.

3.0 CONCEPTUAL MODEL AND HYPOTHESES



Source: Designed by researchers

The general form of the model was as follows: CL = $\alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + e$
Where, CL = Consumer Loyalty
X1 = Price
X2 = Product
X3 = Place
X4 = Promotion
And α is constant and $\beta 1$, $\beta 2$, $\beta 3$, and $\beta 4$, are coefficient to estimate, and e is the error term.

3.1 RESEARCH QUESTION:
Is there significant impact of marketing mix elements on consumer loyalty?

Hypotheses:
H1: Price and consumer loyalty are negatively related to each other.
H2: Product and consumer loyalty are negatively related to each other.
H3: Place and consumer loyalty are negatively related to each other.
H4: Promotion and consumer loyalty are negatively related to each other.

4.0 METHODOLOGY

The survey research design method was used in this study. It involves using a self-design questionnaire in collecting data from sixty (60) respondents, six managers and ten sales representatives of Nigerian breweries Plc, ten distributors and thirty four consumers from different joints in Ibadan were selected respectively. The instrument used in this study is a close-ended questionnaire that was designed by the researchers. In confirming the validities of the instrument, face and content validities were ensured the instrument was given to professionals for scrutiny and evaluation. Correlation coefficient and multiple regression analysis were used to analyze the data with aid of statistical package for social sciences (SPSS) version 20.

Table 1: Cronbach's Alpha Reliability Coefficients

Items	Cronbach's Alpha (r)
Price	0.83
Product	0.79
Place	0.91
Promotion	0.83
Consumer Loyalty	0.76

4.1 DATA ANALYSIS AND RESULTS

Table 2

Correlations of all variables

		consumer royalty	Price	Product	place	promotion
Pearson Correlation	consumer royalty	1.000	.060	.005	.144	.154
	Price	.060	1.000	-.051	-.205	-.111
	Product	.005	-.051	1.000	-.080	-.110
	Place	.144	-.205	-.080	1.000	-.086
	Promotion	.154	-.111	-.110	-.086	1.000
Sig. (1-tailed)	consumer royalty	.	.325	.483	.137	.119
	Price	.325	.	.350	.058	.200
	Product	.483	.350	.	.272	.201
	Place	.137	.058	.272	.	.258
	Promotion	.119	.200	.201	.258	.
N	consumer royalty	60	60	60	60	60
	Price	60	60	60	60	60
	Product	60	60	60	60	60
	Place	60	60	60	60	60
	Promotion	60	60	60	60	60

The result in table 2 shows that marketing mix elements (price, product, place, and promotion) have positive relations with consumer loyalty with (r= 0.60, 0.005, 0.144, 0.154 df = 55; P<.001) respectively. This result implies that reasonable price, quality product, engaging in wide distribution, and effective promotion strategy will lead to consumer loyalty/ retention. This means that all the null hypotheses formulated are rejected, while the all alternative hypotheses are accepted, which means marketing mix elements (price, product, place and promotion) are positively related with consumer loyalty respectively.

This result is in line with Mohammad et al, (2012) who said that for any organization to retain its consumers, it needs to create a successful mix of the right product, sold at the right price, in the right place and using the most suitable promotion. Peter & Donnelly, (2007) also confirmed that each element of the marketing mix (price, product, place and promotion) can influence consumer loyalty and retention.

4.2 MULTIPLE REGRESSION ANALYSIS

Table 3

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.253[a]	.064	-.004	8.22678	2.145

a. Predictors: (Constant), promotion, place, product, price

b. Dependent Variable: consumer royalty

Table 4

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	254.186	5	63.546	.939	.008[b]
	Residual	3722.398	55	67.680		
	Total	3976.583	60			

a. Dependent Variable: consumer royalty

b. Predictors: (Constant), promotion, place, product, price

Table 5

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	-27.470	19.752		-1.391	.170			
	price	1.702	1.884	.122	.903	.070	.060	.121	.118
	product	.689	1.914	.048	.360	.020	.005	.048	.047
	place	2.762	1.973	.189	1.400	.037	.144	.185	.183
	promotion	2.299	1.617	.189	1.422	.016	.154	.188	.185

a. Dependent Variable: consumer royalty

4.3 INTERPRETATION OF RESULT

The results from table 3, 4 and 5 respectively indicate that marketing mix elements (price, product, place and promotion) were jointly predictors of consumer loyalty (F (5, 55) = 0.939; R^2 = 0.64; P <.05). The predictor variables jointly explained 64% of the variance of consumer loyalty, while the remaining 36% could be due to the effect of extraneous variables. price (β = 0.122; t = 0.903; P <.05); product(β = 0.048; t = 0.360; P <.05); place (β = 0.189; t = 1.400; P <.05) and promotion (β = 0.189; t = 1.422; P <.05) were significantly independent predictor of consumer loyalty. This implies that marketing mix elements have significant effect on consumer loyalty/ retention. Therefore, all null hypotheses are rejected, while alternative are accepted which say that marketing mix elements have positive effect on consumer loyalty. Anantha (2012) finding was in line with this result, who found that marketing mix elements have significant positive influence towards Malaysian hypermarkets' brand loyalty. McCarthy (1964) also noted that marketing mix is the pillar of any business organization, which means every element of marketing mix plays an important role in influencing consumer loyalty.

5.0 CONCLUSION AND RECOMMENDATION

This study has investigated the impact of marketing mix elements on consumer loyalty with special reference to Nigerian breweries Plc. The results revealed that there is strong relationship between marketing mix elements (price, product, plac and promotion) and consumer loyalty. On the basis of the findings of this study, it can be concluded that price, product, place and promotion were jointly and independently predict consumer loyalty. This result supported Kotler, (2005) who discovered that marketing mix elements have become major business tools for company to pursue its marketing objective. It is concluded that marketing mix elements have significant effect on consumer loyalty. Therefore, management of Nigerian breweries should produce superior products; charge competitive prices, position appropriately, promote widely, and provide other distinctive functional benefits to consumers. They also need to pay more attention to their customers in order to understand their needs and expectations as well and to keep in touch with them. Customer's satisfaction surveys should be conducted in a systematic and continues way.

References

Borden, Neil. H. (1984) The concept of marketing mix, *Journal of Advertising Research*, 1 (9), 2-7.

Bowersox, D, & Closs, D J. (1996). *Logistic Management: An Integrated Supply Chain Process*, New York, McGraw-Hill.

CIM,(2004). The Chartared Institute of Marketing

Dick, A. S., & Basu, K. (1994). Customer loyalty: Toward an integrated conceptual framework. *Journal of the Academy of Marketing Science*, *22*(.2), 99-113.

Ekeh Desmond, 3 January 2009; 2008 Brand review: Consumer promotion as key driver, The Guardian Newspaper

Ferrell. O.C.(2005). *Marketing strategy* (3rd Ed.) Mason, Ohio: South- Western Thomson.

Goi, Chai Lee. (2005). Marketing Mix: A review of 'P', *Array Development:* Web: http://www.curtin, p.8.

http://www.nbplc.com/homepage.php (ww1)

http://www.heinekeninternational.com/nigerian02.aspx (ww2)

Jacopy, J., & Kyner, D. B. (1973). Brand loyalty vs. repeat purchase behavior. Journal of Marketing Research, 10(1), 1-9.

Jones .S (2007), Exploring corporate strategy: text & cases. 8th edition.

Kotler P (2005). Marketing: an introduction, New Jersey: Pearson Education Inc.

Kotler, P. & Armstrong, G. (2006). *Principles of Marketing*, New Jersey, Pearson Education Inc., 10th Edition.

Mascarenhas, O. A., Kesavan, R., & Bernacchi, M. (2006). Lasting customer loyalty: a total customer experience approach. *Journal of Consumer Marketing*, 23(7), 397-405.

McCarthy, E.J. (1964). Basic Marketing, a Managerial Approach, Irwin, Homewood, IL.

Mohammad A.H, Wang A and Sunayya B (2012). Investigating on Tourists satisfaction: An empirical study on East Lake. European journal of business and management. Vol.4 No.7

Oliver, R. (1997), "A conceptual model of service quality and service satisfaction: Compatible goals, different concepts", *Advances in Consumer Research*, 21, 16-22.

Peter, P.J. & Donnelly, J.H. (2007). *Marketing management: Knowledge and skills* (8th ed.). New York: McGraw-Hill.

Shankar. C and Chin K.K (2011). A study of the relationship between marketing mix and customer retention for herbal coffee in Malaysia. 2nd International conference on business and economic research (2nd ICBER, 2011) proceeding.

Vanguard, 5 June 2003, Nigeria Breweries Consolidates Corporate Leadership; Africa New

Zeithaml, V.A. (1988) Consumer Perceptions of Price, Quality and Value: A Means-end Model and Synthesis of Evidence, *Journal of Marketing*, Vol 52 (July), pp. 2-22.

Zeithaml VA, Parasuraman A, Berry LL (1985). Problems and Strategies in Services Marketing. J. Mark., 49: 33-46.