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Sustainable Marketing Tools for enhancing Organizational Performance during Economic Downturn

Oyakhire Victor Alaba
Department of Business Administration,
Shaka Polytechnic, Benin City, Nigeria.

Omorisuwa, Oreavbiere Monday
Department of Business Administration, Institute of Continuing Education, Benin City, Edo State.

Omobude, Chris O
Department of Business Administration,
Shaka Polytechnic, Benin City, Nigeria

Abstract

This research aims to study the impact of sustainable marketing tools for enhancing organizational performance during economic downturn. This research is an applied research and due to the nature of the research, the researcher used descriptive survey method for data collection. The statistical population for this research was 328 employees from 8 hotels in Benin Metropolis. The sample sized was estimated at 150 persons, and simple random method was used. Data collection tool was closed questionnaire with five likert-style rating scale. 142 questionnaires were valid from the 150 questionnaire distributed and collected. The hypotheses and data were analyzed using descriptive statistics and correlation analysis. The result shows that marketing strategy and marketing decision has a significant impact on organizational performance. Finally, some practical suggestions for future research were presented.

Keywords: Marketing Decision, Marketing Strategy, promotion, Economic Recession

INTRODUCTION

Economic recession is a general decrease in economy activity of a nation over a period of time. Recession is a period of significant decline in total output, income, employment and trade, which usually lasts between six months to one year and marked by a widespread contraction of many sectors in the economy. The National Bureau of Statistics (2017) informed Nigerians that the nations' economy has existed its economy recession which started first quarter of 2016 to second quarter of 2017, with an upward growth of 0.55% in Gross Domestic Product. Nigeria economy had however, contracted for five consecutive quarters. NBS (2017) informed Nigerians that the growth was 2.04% higher than the rate recorded in the corresponding quarter of (-1.49%) and higher by 1.46% points from rate recorded in the preceding quarter, (revised to -0.91% from -0.52%). Quarter on quarter, real GDP growth was 3.23% during the second quarter of 2017, aggregate GDP stood at N26,986,005.20 million in nominal terms, compared to N23,547,466.91 million in second quarter of 2016, resulting in a Nominal GDP growth of 14.60%. In the report released by National Bureau of Statistics shows that the economic recovery was driven by the improved performance in oil, agriculture, trade and manufacturing sector of the Nigerian economy. A well planned marketing strategy may fail during economic downturn.

STATEMENT OF THE PROBLEM

The Nigeria economy has exited economic recession in the second quarter of 2017. The drop in the global crude oil market price and militancy activities in the Niger Delta region had a negative multiplier effect in Nigeria economic environment. Mangers should be able to make the right marketing decisions to either increase or retain their market share. Ranspach (2017) reported for International Monetary Fund (IMF) that the Nigeria overall growth is slowly picking up but economic recovery still remains a challenge. Cant et. Al., (2006) pointed out objectively that measured and determined recession at the national level may affect companies of different size in different

Correspondence concerning this article should be addressed to Oyakhire Victor Alaba
Department of Business Administration, Shaka Polytechnic, Benin City, Nigeria

sectors and regions differently, hence marketing managers are required to take different tactical or strategic measures to adjust or even exploit changes in the economic environment. From the forgoing these research question aided the researcher;

i. Does marketing decisions have effect on organizational performance?

ii. Does marketing strategy have effect on organizational performance?

RESEARCH OBJECTIVES

The main objective of the study is to investigate sustainable marketing tools effect on organizational performance during and after economic recession in Nigeria, while the specific objectives are;

i. To investigate the relationship between marketing decisions on organizational performance.

ii. To investigate the relationship between marketing strategy on organizational performance.

RESEARCH HYPOTHESES

The following null research hypotheses were formulated to test the relationship between the dependent variable and independent variable.

i. There is no significant relationship between marketing decisions and organizational performance.

ii. There is no significant relationship between marketing strategy and organizational performance.

LITERATURE REVIEW

Very few research studies have been done in the area of sustainable marketing tools towards organizational performance. Sustainable marketing tools in organization are very helpful to enhance organizational performance during and after economic recession. IMF reported that Nigeria inflation declined to 15.9 per cent at end of November 2017, from 18.5 per cent at end of 2016, but remains sticky despite tight liquidity conditions. The Federal government has however set up Economic Recovery and Growth Plan (ERGP) to improve the economic growth of Nigeria. Economic recession is a period of economic downturn. Customers cut down on their purchases, unemployment rate goes up, job insecurity increases, and consumer's confidence dips (Amissah & Udih 2015). This is also a period where some organizations reduces their staff strength in order to cut down cost.

MARKETING DECISION

This is the thought process of selecting a logical choice from the available options. When making organizational decisions, it is expected that management should weight the positives and negatives (cost/benefit analysis) of each option, and also consider all the available alternatives. For effective decision marking during and after economy recession, marketing managers should be able to forecast the outcome of each alternative, and make the right decision for a particular situation. Buleen (2017) argued that regardless of the fact that a new organization is developing a brand-new marketing plan or if an established organization is tweaking or re-creating a plan that already exists, the marketing plan should be built on the core fundamentals of organizations. Most marketing decisions fall into four main categories are known as the four Ps: product, price, place and promotion.

Product: Management should first consider what the product or products they offer or plan to offer in the near future would be. Product marketing decisions include coming up with a brand name, creating a quality product, determining the functionality of the item and making the item safe to use. When developing the product, management should determine if there should be a warranty associated with the product and what kinds of repairs or support they would offer to consumers.

Price: Most organizations sell their products or services at different prices to different class of consumers. Every organization needs to decide what these prices would be. For example, an organization may decide to sell a product on its website for a certain price. However, if a consumer is willing to buy a product or services, management can sell the product for a lower price per unit to sell more units.

Likewise, management can decrease the price per unit again if a large retailer wants to buy in bulk and stock the product in their stores.

Place: Place in marketing sense refers to the distribution of an organizations' product or services. Place considerations involve decisions that affect how an organization gets their product or services it is needed, how they manage inventory, how warehouse operations would be carried out and if distribution centers would be established. When management is considering place, they must consider where it is perceive the product or services would sell best. For some products it would sell best in stores, while for other products it would sell better online.

Promotions: When making promotional decisions, management should consider what the most effective means available to communicate to others about the organizations' product or services. For large organizations, this often means a full scale media publicity, which includes television commercials, print advertisements, billboard, online, etc. A smaller organization can talk with local retailers about setting up displays, giving away samples and establishing a good social media presence to build word of mouth or face to face advertising. An organization can use the **Pull Strategy** or **Push Strategy** which can either pull or push their goods or services into the market through the distribution channels. **Push Strategy** is a promotional strategy where an organization attempts to take their products or services to their customers. This strategy sells a company's product directly to customers. **The Pull Strategy** is a medium organization uses in making their customers to come to them. This strategy attempts to create brand loyalty and keep customers coming back, unlike the push strategy that is concern with short term sales.

This strategy uses the mass media promotions, word of mouth, referrals and sales promotions in order to create a brand loyalty.

Marketing Strategy

Marketing strategy is the set of integrated decisions and actions, by which a company wants to recognize and meet customer needs in order to achieve marketing goals (Cravens, 1995; & Varadarajan, 1990). Marketing strategy is an organization overall game plan for reaching people and turning them into customers of their product or service that the organization provides. Marketing strategies have to do with price, selling, and distribution of an organization's product of services to final consumers. Marketing strategy of organizations contains the company's value proposition, key marketing messages, information on the target consumer, and other high level elements. The marketing strategy informs the marketing plan, which is a document that lays out the kinds and timing of marketing activities. Shama (1993) stated that recession call for marketing managers to use strategies to stimulate consumers demand. An organization's marketing strategy should have a long lifespan than any individual marketing plan as the strategy is where the value proposition and the key elements of the organization's brand dwell. These things ideally do not shift very much over time. Marketing strategy is concerned with activities relating to context analysis at Macro and Micro level, competitor and customer analysis, segmentation, targeting, and defining an appropriate positioning based on marketing mix: product, price, place and promotion decisions (Hunt, & Morgan, 1995; Nagaraj, & Banerjee 2004; Kotler 2015).

The main purpose for marketing strategy is to dominate the market, or develop new market for an organization's products. Marketing strategies contains the development of new products and also quality improvement of existing products for new and existing markets.

There are three pricing strategy that an organization can use during difficult economic situation are as follows;

Skimming Pricing: This is a product pricing strategy by which organization charges the highest initial price that consumers are to pay. As demands for the first set of customers are satisfied, firm lowers the price to attract another. This strategy involves a starting high price, followed by price declines to skim more buyers at lower prices.

Penetration Pricing Strategy: Penetration pricing refers to a marketing strategy where the price of a product or a service is initially set low in order to attract more customers. Investopedia.com (2018) postulated that penetration pricing is the practice of offering a low price for a new product or service during its initial offering in order to lure customers away from competitors. This marketing strategy relies on the idea that low prices can help make customers aware of a product and more willing to buy a new product. Griffin (2018) opined that when implemented incorrectly, it may cause an organization to lose money any may increase competition rather than decrease it. To price a product, organization should consider the cost/profit objectives, customers, the product's life cycle and competitors.

Dynamic Pricing: This strategy is also referred to as surge pricing, demand pricing, or time-based pricing. This is a pricing strategy in which business set flexible prices for products or service based on current market demands of customers. Magloff (2018) supposed that price should not be firmly set, instead it should changes based on changing circumstances, such as increase in demand at certain times, type of customer being targeted or changing marketing conditions. This practice is very common in the hospitality, travel, entertainment, retail, electricity, and public transport industry. Higher prices are charged during peak season, or during social events. During off season lower prices are charged in order to attract consumers.

ORGANIZATIONAL PERFORMANCE

Mashal & Saima (2014) postulated that the notion of organizational performance is affiliated to the endurance and success of an organization. It is of paramount importance for organization to carry out periodic review of their performance appraisal, so that management can access what result has been achieved, and how it was achieved. Brynjolfson (1993) service and manufacturing organizations computation for organization performance are critical. Kaplan & Norton (1992) proposed a balance score card used to measure the organization performance. The scope of the balance score used in the research are customer perspective, financial perspective, internal business perspective and learning perspective. Richard (2002) viewed performance as a comprehensive measure that includes productivity, quality, consistency, etc. On the other hand, performance indicators also involves (criterion-based) results, behaviours and (normative) relative measures, concepts of education and training, involving management development and leadership training for developing attitudes of performance management and essential skills. Kaplan & Norton (1992) saw Balance Scorecard as one of the critical tool which provides help or frame work to ensure that strategies are translated into coherent set of performance measurement. Ittner & Larcker (1998) stated that the performance measurement system assist in enhancing organization association to achieve goals and objectives in a successful manner. The strategic planning that is based on development of objectives assist organization to emphasize on non-financial or intangible assets. The quality, performance and services associated with customers have financial features .The financial and non financial reward management system is possible through the measurement and evaluation of performance measurement system (Kaplan & Norton, 2001). According to Chavan (2009) and Johnsen (2001) said that an essential element of the Balance Scorecard technique is the feedback and learning part, where an organization is able to measure, where organization is building its strategic capability, in the scenario of its current performance, and possible dynamic business situations. This data makes the leadership capable to analyze that whether the organization is on right track, and what, if there is need of any change. If there is need of change, these need to be in the definition of the objectives, the path of the journey, or to rebuild the initiatives developed to enhance the capability. Perspectives of balance score card are discussed below (Chavan, 2009)

i. Financial perspective: How should the organization appear to their shareholders to succeed financially? Measures are: return on capital; improved shareholder value; and asset utilization.

ii. Customer perspective: How should the organization appear to their customers to achieve our vision? Measures are: Product/service qualities; customer relations; Image and reputation.

iii. Internal business processes: At what business processes must should organization use to satisfy their shareholders and customers measures are: produce products and services; deliver products and services; and "after-sales" services.

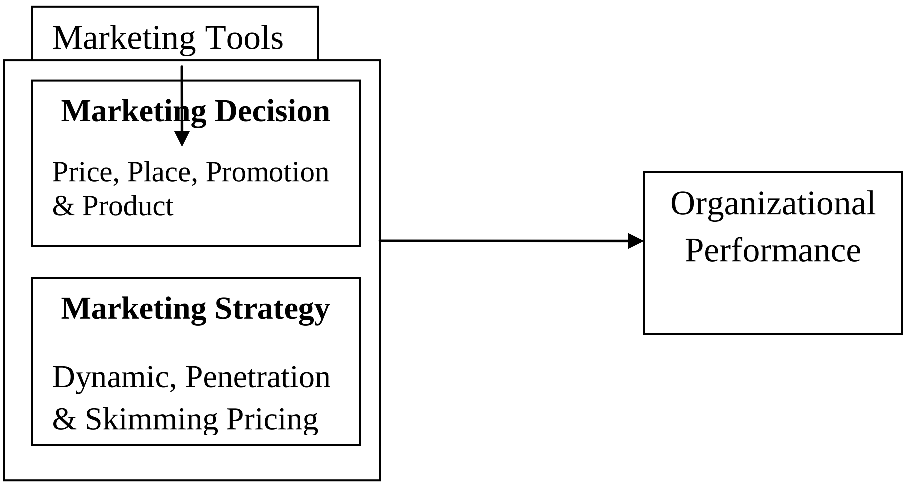
iv. Learning and growth perspective: How do organizations maintain their ability to change and improve to achieve our vision? Measures are: employee capabilities; information system capabilities; motivation, empowerment and alignment.

RESEARCH MODEL

This research paper focuses on sustainable marketing tools towards organizational performance during and after economic recession in Nigeria. As obtained in the literature review of this study, the researcher proposed the model depicted below;

Independent Variable

Dependent Variable



Source: Proposed author

The above proposed model reveals that organizational performance would depend on marketing tools during difficult economic downturn or recession.

METHODOLOGY

The researcher adopted a descriptive survey research design for the study and the information is definite. The population of the study was drawn from 328 employees of 8 hotels in Benin Metropolis. The sample size of 150 respondents was drawn from the population using random sampling methods in selecting the participants for this study. The research instrument was divided into two sections, the first tends to obtain the respondent biodata while the second part contains the items regarding the constructs of the subject matter. The responses structures for the questions were based on Likert-style five rating scale. Roscoe's thumb rule as sighted by Sekaran (2003) was used which states that a sample that is larger than 30 and less than 500 are appropriate for any research. Hill, Brierley & MacDougall (2003), Dillman (2000) also supported the view when they asserted that sample of one hundred (100) and above is enough to provide good representation of the population or any subjected investigated and present good concise research findings. Only 142 copies of questionnaires representing 94.7% were validly used while 8 copies (5.3%) were either discarded due to improper filling or unreturned. Bivariate correlation procedures using Statistical Package for Social Sciences (SPSS) were employed in computing the spearman's correlation coefficient. The correlation coefficient expressed the strength of the relationship on a scale, ranging from -1 to +1. A positive value close to +1 indicates a strong positive relationship, in which an increase in one variable implies an increase in the value of the second variables, while a strong negative relationship (close to -1) indicates that in increase in one variable leads to a decrease in the other. The extent of correlation is considered at 0.01 level of significance. Descriptive statistics were also produced to show the extent of practice of sustainable marketing tools on organizational performance.

DATA PRESENTATION AND RESULT ANALYSIS

Table 1: Descriptive statistics (Organizational Performance and Marketing Decision)

	Mean	Std. Deviation	N
Organ. Performance	3.24	0.33	142
Marketing Decision	3.83	0.51	142

Source: SPSS Analysis of field survey 2018

Hypothesis one Testing

H_o There is no significant relationship between marketing decisions towards organizational performance.

Table 2: Correlation of Marketing Decision (MD) and Organizational Performance (OP)

			MD	OP
Spearman's rho	MD	Correlation Coefficient	1.000	.872**
		Sig. (2-tailed)	.	.000
		N	142	142
	OP	Correlation Coefficient	.872**	1.000
		Sig. (2-tailed)	.000	.
		N	142	142

**.Correlation is significant at the 0.05 level (2-tailed)

Source: SPSS Analysis of field survey 2018

From table 1 and 2, there are evidence that there is a significant and a positive relationship between marketing decisions (MD) towards organizational performance. The mean response of 3.83 and a standard deviation of 0.51, it can be said that the marketing decision making has high effect on organizational performance. Hence, $p < .05$, the null hypothesis which states there is no significant relationship between marketing decisions towards organizational performance was rejected, while the alternative hypothesis was accepted. It is therefore concluded that there is a significant relationship between marketing decisions towards organizational performance.

Table 3: Descriptive statistics (Organizational Performance and Marketing Strategy)

	Mean	Std. Deviation	N
Organ. Performance	3.24	0.33	142
Marketing Strategy	3.72	0.88	142

Source: SPSS Analysis of field survey 2018

Hypothesis two Testing

H_o There is a no significant relationship between marketing strategy adjustment towards organizational performance.

Table 4: Correlation of Marketing Strategy (MS) and Organizational Performance (OP)

			MS	OP
Spearman's rho	MS	Correlation Coefficient	1.000	.791**
		Sig. (2-tailed)	.	.000
		N	142	142
	OP	Correlation Coefficient	.791**	1.000
		Sig. (2-tailed)	.000	.
		N	142	142

**.Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS Analysis of field survey 2018

Table 3 and 4 reveals the evidence which shows there is a significant and a positive relationship between marketing strategies (MS) towards organizational performance. The mean response of 3.72 and a standard deviation of 0.88, it can be said that the marketing strategy adjustment has high effect on organizational performance. Hence, $p < .05$, the null hypothesis which states there is no significant relationship between marketing strategy adjustment towards organizational performance was rejected, while the alternative hypothesis was accepted. It was therefore concluded that there is a significant relationship between marketing strategy adjustment towards organizational performance.

CONCLUSION AND RECOMMENDATIONS

Based on the evidence from this research, this research paper provides a detailed insight on how to cope in economic downturn with marketing tools, it is reasonable for the researcher to conclude that substantial emphasis have been placed on sustainable marketing tools towards enhancing organizational performance in Benin Metropolis. Organization can increase or enhance their performance by effective marketing decision making and effective marketing strategy to suit various economic situations. It is however recommended that during difficult economic crises situation firms should try and readjust their marketing decisions and marketing strategies (marketing pricing) to suit every economy situation. Marketing managers should always note that there is no one best marketing strategy for improving organizational performance during economic recession.

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Correspondence concerning this article should be addressed to Oyakhire Victor Alaba
Department of Business Administration, Shaka Polytechnic, Benin City, Nigeria

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