

DEVELOPING A HOLISTIC MARKETING APPROACH FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) IN NIGERIA

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Abstract

The micro, small and medium enterprises (MSMEs) sector has immense potential for developing domestic linkages for rapid sustainable industrial development to achieve import substitution and poverty reduction. It contributes 20-25% to the GDP in most developing countries. Thus, a healthy and vibrant MSMEs sector will revamp Nigeria's ailing economy. But in Nigeria, MSMEs face challenges that overwhelm 3 out of 4 of them every year, making 9 out of 10 persons, wishing to go into business in Nigeria not to eventually start. Part of the problems of the MSMEs is lack of the materials and fund for developing marketing approaches, which have become imperative in the country witnessing diminishing sellers' markets and growing competitive markets in the globalising economy. Relying on market survey in Enugu for the nature and prices of competing products, prices of equipment and raw materials, and private sector wages, as well as available literature and experiences, this study developed a holistic marketing approach for a soap detergent powder product of MSME in Nigeria, which it recommended for application by entrepreneurs and for replication by researchers to help in

stimulating the desired growth and development of the MSMEs sector in the developing Nigerian economy.

Introduction

Industrialisation is recognized as a veritable tool for economic growth and national development. Hence, from Independence in 1960 up to 1999, successive Nigerian governments established many large-scale statutory corporations and state-owned companies and parastatals, usually dependent on foreign technologies, raw materials, machinery and spare-parts. They soon suffered fundamental problems, including defective capital structure, excessive bureaucratic control or intervention, inappropriate technology, gross incompetence and mismanagement, blatant corruption and crippling complacency engendered by monopoly. Consequently, they began to operate at a loss, below installed capacity, and the government was compelled to privatize them and favour private sector-led economy (Eneh, 2005).

Similarly, the Nigerian government in the mid-1980s adopted the structural adjustment programme (SAP) policies, which favoured the industrial sector as “the prime mover of the economy”, but failed to provide the productive and technological bases and to improve the investment climate prevailing in the country. Thus, the micro, small and medium enterprises (MSMEs) sector, with high growth potential, could contribute only 6.3% to the GDP in 1995-99 period, as compared with 20-25% in most developing countries. The National Economic Empowerment and Development Strategy (NEEDS) adopted in 2004 recognized the MSMEs sector as engines of economic growth and favoured a private sector-led economy, without providing the enabling environment (Federal Ministry of Industries, 1988; Eneh, 2005).

The MSMEs represent on the average 80-90% of enterprises and 60-70% of domestic employment in the developed

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and developing economies of the world. Thriving MSMEs sector is essential for job creation, social cohesion and innovation, and it also generates economic growth, improves worker skills and alleviates poverty by creating self-help opportunities for local population groups (Ogunsanya, 2007).

In Nigeria, the overwhelming problems of the MSMEs sector include the absence of or decaying infrastructure, weak government commitment and inadequate incentives, as well as bad personal traits, destructive personal attributes, and poor manpower management. These are responsible for 3 out of 4 MSMEs dying every year in the country. It is, therefore, understandable that 9 out of 10 persons, who wished to go into business in Nigeria do not eventually get to start (Ebigbo, 2008; Eneh, 2005; Nzelibe, 1996; and Eze, 1999).

Part of the reasons for high morbidity rate of MSMEs is lack of developing marketing approaches, which have become critical to their success in the country witnessing a great expansion in the volume of business activities, resulting in the sellers' markets giving way to competitive markets in the globalising economy. Business today faces three major challenges and opportunities: globalization, the effects of advances in technology, and deregulation. Yet, many MSMEs fail to develop a marketing approach for their products because materials are lacking and expert services, as well as capital, are costly in Nigeria (Nwokoye, 1981 and Kotler, 2004).

Relying on market survey in Enugu for the nature and prices of competing products, prices of equipment and raw materials, and private sector wages, as well as available literature and experiences, this study developed a holistic marketing approach for a soap detergent powder product of MSME in Nigeria. It is, therefore, recommended for application by entrepreneurs and for replication by researchers for other products,

to help in stimulating the desired growth and development of the MSMEs sector in the developing Nigerian economy.

Literature Review

Detergent powder can be the pulverized soap (powdered soap) or the synthetic soap powder. It has largely displaced laundry bar/tablet soaps because of its convenience of usage (dissolved in water and applied). Powdered soap is cheaper than the synthetic soap powder, and does not, unlike the latter, bleach or wear away the materials which they wash. It is used in most domestic and industrial cleanings of clothes, kitchen/dining materials, floor/walls, vehicles, conveyor systems, etc. It cleans them satisfactorily and imparts a lasting pleasant odour on them (Eneh, 1998).

Okezie (2007) classified enterprises into micro, small, medium and large firms. A micro enterprise is a firm with labour size of 1-10 workers or total assets of not more than N1.5 million (excluding land/building). A small enterprise is a firm with labour size of 11-100 workers or total assets of N1.5 million - N50 million (excluding land/building). A medium enterprise is a firm with labour size of 101-300 workers or total assets of N50 million – N200 million (excluding land/building).

Eneh (2005) observed that MSMEs are the hubbub of any economy, and the strength of the five Asian Tigers because they have immense potential for developing domestic linkages for rapid sustainable industrial development to achieve import substitution. It is a healthy and vibrant MSMEs sector that will revamp Nigeria's ailing economy.

According to Kotler (2004), marketing is the task of creating, promoting, and delivering goods and services to consumers and businesses. It has social and managerial definitions. Socially, marketing "delivers a high standard of living," and can be defined as "a societal process by which

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individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.” For a managerial definition, marketing is “the art of selling products”.

The marketing concept emerged in the 1950s and challenged the preceding concepts. Instead of a product-centred, “make-and-sell” philosophy, we shift to a customer-centred, “sense-and-respond” philosophy. Instead of “hunting,” marketing is “gardening.” The job is not to find the right customers for your product, but the right products for your customers. “The chant of the Industrial Revolution was that of the manufacturer who said, ‘This is what I make, won’t you please buy it.’ The call of Information Age is the customer asking, ‘This is what I want, won’t you please make it.’” The marketing concept is about the marketer finding out what the customer needs and providing it at a profit. It has been expressed in colourful ways: “meeting needs profitably”, “find wants and fill them”, “love the customers, not the product”, “have it your way”, “you’re the boss”, “putting people first”, “partners for profit”, etc.

The nascent reforms programme of the Federal Government is, among others, moving Nigeria to a private sector-led economy, which emphasizes the importance of the growth and development of MSMEs, requiring, *inter alia*, a good marketing approach in the developing Nigerian economy. This involves planning the marketing mix - making specific decisions regarding the product, the price, the place (distribution), and the promotion - in order to satisfy the needs of the target market and ideally provide the best chances of achieving the goals, especially profit, of the marketer. Applying a good marketing approach for a product will likely win a differential advantage over the less insightful competitors in Nigeria’s developing economy, where the majority of consumers easily displace a product in their priority list (Nwokoye, 1981).

In many MSMEs, the entrepreneur or managing director is often the general manager and the production manager at the same time. He often handles sales matters and is involved in pricing decisions (Kotler, 2004). There is a sales supervisor without field sales people, as dealers collect goods from the company premises. He is held responsible for sales and dealer relations. There may be no formal marketing research, and little or no advertising may be done (Nwokoye, 1981 and Kotler, 2004). Figure 3.1 shows the organization of an enterprise without a separate marketing department.

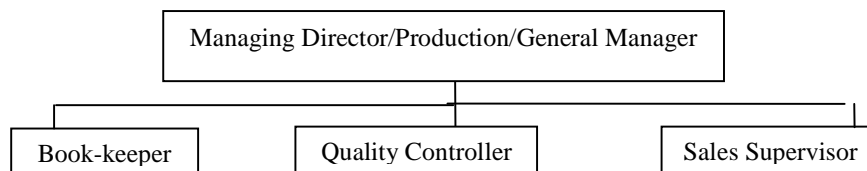


Figure 3.1: ***Organisation of micro enterprise without a separate marketing department***

Source: adapted from Nwokoye (1981: 22)

Product quality is a conscious decision of the manufacturer. A higher quality may not necessarily be higher in cost, especially when product research and development is appropriated. Quality is multi-faceted, relating to, or depending on, such factors as the quality of raw materials used, the production process, in-process quality control, packaging or ‘dressing’, price, the environment in which the product is displayed for buyers, product durability, and buyer’s expectation and appreciation of the product. Product quality tends to be high to the extent that any of these factors is good or high (Stanton *et al*, 1994; Nwokoye, 1981).

A product should have a brand name to distinguish it from other goods. The name should be distinctive and easy to

pronounce, and should capture the essential product concept. It may be registered as a trade mark, to protect it from use by competitors. Satisfied customers identify with, recall and verbalise the brand name, and use it for recommendation of the product to prospective patrons (Nwokoye, 1981).

The basic function of the package is to protect the product. Hence, it must be durable so as to survive handling during distribution. In addition, packaging fulfils an important promotional function, and should be aesthetically pleasing and be distinctive enough to stand out when placed side by side with competing brands on the retail shelf. It should also be convenient to handle by the customer. Package labeling, apart from providing certain kinds of information that may be required by law, such as net weight, volume and ingredients, may be used by the producer to promote the product by inscribing a well designed message on the package. By putting the company's name on the label, the producer stands publicly behind his product. The package size has to be decided, noting that for certain products, particular sizes are most popular with certain classes of buyers. For example, hotels favour the smallest size of toilet soap (Nwokoye, 1981).

Applying product differentiation, market segmentation, complimentary products and multibranding, the marketer can cover a broad market with a single product or a narrow product line. Product differentiation provides economies of scale in production, and leads to streamlined inventory, which lowers cost. But, it may lead to over-extended product image and require huge budget for persuasive advertising. Market segmentation may involve higher costs of production diseconomies and inventory. Complimentary products may take to market segmentation or adding products that are complimentary, that is, used together with the original product. Multibranding markets virtually identical products in different brand names and packages, with advertising that claims unique differences. It may involve higher costs of production

diseconomies and inventory, as well as high cost of advertising (Stanton *et al*, 1994 and Nwokoye, 1981).

Price is the amount of money required to acquire a product or service. It is the only component of the marketing mix that generates revenue. Not only that others (product, place or distribution and promotion) generate costs, they also keep the marketer more preoccupied than price does. Factors that influence price are costs, demand, competition, and legal constraints (Nwokoye, 1981).

Costs set the floor below which prices should not fall, otherwise losses will be incurred. A producer must know the composition and trends of his product costs – raw materials, wages, and equipment – in order to profitably price his product. Future costs that can be estimated are the most relevant for pricing decision made today. Costs are grouped as fixed cost (does not vary in the short run) or direct or variable cost (varies in a short run). Both costs are added up to get the total cost, which is divided by the volume of output to get average total cost per unit. That is,

$$\text{Average total cost per unit} = \frac{\text{Fixed cost} + \text{Variable cost}}{\text{Volume of output}}$$

Variable or direct costs include raw materials, labour, power, sales commissions, shipping costs, royalties, etc. Since a direct or variable cost is traceable to, and identified with, the making and selling of a specific product, the criterion for determining direct or variable cost is if it would be incurred whether production is on or discontinued. On the other hand, fixed costs are incurred whether or not the enterprise produces and sells, and are fixed for a planning period. Examples of fixed costs are general administrative salaries, research and development, general marketing expenses, depreciation, rent, and interest payments on mortgages (Stanton *et al*, 1994 and Nwokoye, 1981).

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According to Nwokoye (1981), base price is the price the enterprise receives at the factory door. It does not include any markups or allowances needed to compensate middlemen for distributing the product. It can be set by full-cost (or cost-plus), target return, marginal-cost (incremental cost) or break-even pricing method. By full-cost pricing method, price is equal to average total cost per unit plus profit markup or margin:

$$\text{Price} = \text{ATC} + \text{M}$$

Where ATC is average total cost per unit
M is the profit markup

If M is in percentage, then:

$$\text{Price} = \text{ATC} (1 + \text{M})$$

Where ATC is average total cost per unit
M is the profit markup percentage

In target return pricing method, the product's price is designed to provide a predetermined return on investment employed in the production and marketing of the product. Both costs and profit goal are based on standard volume, that is, the volume or quantity expected to be produced over a number of future years.

$$P = \text{AVC} + \frac{F}{X} + \frac{rK}{X}$$

Where P is the selling price to be determined
AVC is the average unit variable cost
F is fixed standard volume to be produced
X is standard volume to be produced

r is the profit rate desired or the rate of return (percentage)
K is capital (total operating assets) employed.

In marginal-cost pricing method, only incremental or variable costs are relevant. No attempt is made to cover full costs, though it is expected that some contribution be made towards offsetting such costs.

$$P = AVC + M$$

Where P is price to be set
AVC is the average variable cost and
M is a contribution to offset allocated fixed cost per unit

The break-even pricing method compares the reasonableness of a set of prices being considered for a product. The prices being compared may have been set through the full-cost method with the profit markup varied.

$$\text{Break-even point (Naira)} = \frac{(\text{Fixed cost}) \times \text{Price}}{(\text{Price} - \text{Variable cost})}$$

Any of the four pricing methods could be used to set base price for a new product. It is popular, however, to identify two contrasting pricing strategies for new product, which relate to whether the price is deliberately set high or low. 'Skimming' pricing sets the new product's price relatively high and appeals to the more affluent segment of the market. This generates high initial profits, but soon lures competition that quickly drives the prices down, unless the skimmer has a patent or other product protection. 'Penetration' pricing sets a relatively low price for the new product in order to gain instant dominance in a market and to build a strong long-range position of leadership (Nwokoye, 1981).

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A discount is the opposite of markup. It is an amount subtracted from a quoted price and typically expressed as a percentage of the quoted price. Whereas a markup increases the amount a middleman gets when selling, a discount decreases the amount he pays when buying. Demand can be related to pricing by considering aggregate demand, buyer-price acceptance, and price elasticity of demand. Producers usually forecast or assume an aggregated future demand and base their production and pricing decisions on it. Aggregate demand translates into a collection of individual buyers who have decided to accept the price asked for the product. Hence, demand provides a ceiling beyond which price cannot pass, since buyers have to be willing to pay a stated price before a sale can be made. The producer must, therefore, consider market acceptance in setting his product's price. Usually, there is a range of prices that buyers are willing to pay for classes of products, depending on real or imaginary quality difference (Nwokoye, 1981).

Price elasticity of demand measures the responsiveness of the quantity demanded of a product to a change in price of the product or service; specifically, it is the percentage change in quantity demanded divided by the percentage change in price. If elasticity is greater than one, we have elastic demand; a price rise will decrease total revenues, and a price reduction will increase total revenues. No marketer would want to lose customers by asking for too high a price or sustain unnecessary loss in revenues by setting too low a price. Marketers of similar products use 'comparison shopping' to discover the going price for the item. Sometimes, however, the marketers get together to fix the price of the product. Competitive considerations, of course, do not always lead to conformity in pricing; indeed a producer who has successfully differentiated his brand does have some latitude in setting price. His price will then be higher than the popular price for the item, and yet not too high as to price himself out of the

market. Overall, an effective approach to pricing is to use basic cost computation to arrive at a price, which is then adjusted to meet or anticipate competition (Nwokoye, 1981).

Nwokoye (1981) submitted that distribution makes goods physically available to buyers. It bridges the gaps of space and time between production and use or consumption. A distribution channel is the combination of institutions through which a producer markets his products to the ultimate buyer. These institutions are middlemen, like wholesalers, distributors, retailers and agents. Figure 3.2 shows alternative distribution channels.

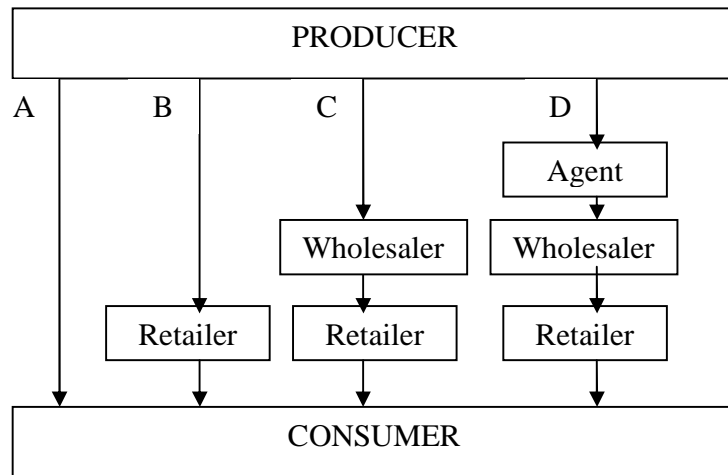


Figure 3.2: *Alternative distribution channels*
Source: Nwokoye (1981: 134)

The producer using channel A sells directly to the consumers. He may have sales people knocking door-to-door to peddle the product, or an established network of wholly owned retail outlets. The producer using channel B reaches the consumers through the retailer. The producer using channel C

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reaches the consumers through the retailer via the wholesaler. The producer using channel D reaches the consumers through the retailer via the wholesaler c/o the agent. Channels (A and B), which have one or no middleman are called total support or corporate channels, while channels C and D, which have more than one middleman are called indirect channels (Nwokoye, 1981: 134; Okafor, 1995).

Each of the participants in a channel represents a composite of activities or functions which are performed to justify his inclusion in the channel. The producer usually employs different channels simultaneously in order to reach different target markets. Sometimes, however, for reasons such as greater market penetration, a number of channels may be used to reach the same target market, and the channels are, therefore, competing. Consumer channels sell mostly finished products, whereas industrial channels feature a large proportion of raw materials, semi-finished products, and component parts (Nwokoye, 1981; Okafor, 1995).

Wholesalers sell in bulk to other resellers, such as retailers, but do not sell in any significant amount to final consumers. Merchant wholesalers take title to the goods they carry, that is, they bear the risk of ownership. Retailers sell to final consumers only. They also bear the risk of inventory ownership. Retailers in Nigeria include street hawkers, traders, kiosk operators, and shopkeepers who typically occupy a front room of a residential building and deal in convenience general goods and provisions. There are also departmental stores, supermarkets, car and motorcycle dealers, and petrol filling stations.

Agents are those middlemen who do not take title to the goods they deal in. They make contacts, buy and sell, and receive commission from their principals. They include selling agents, manufacturers' representatives, commission merchants, merchandise brokers, auction companies, import/export agents,

purchasing agents, and resident buyers. From the point of view of the manufacturer, selling agents and manufacturers' representatives are the most important middlemen. Selling agents usually provide all the selling activities needed by a small manufacturer – pricing, selling, advertising – and handle the entire output of their principals. In short, the selling agent offers the small manufacturer a complete sales organization at a relatively low cost. He is used in industries, where production is seasonal or where the individual manufacturers are small, with limited financial resources and widely scattered markets. Manufacturers' agents or representatives act as independent salesmen for the firms they represent. An agent may represent a number of manufacturers of related but non-competing product lines, and he does not handle the entire output of any principal. Manufacturers' agents are frequently used in thinly populated markets in which solicitation costs are high (Nwokoye, 1981; Okafor, 1995).

Distribution can be viewed as a strategic managerial system, since it is one component of the marketing mix. Thus, all the distribution decisions – choice of channels, distributor selection, logistics, etc. – are made to be consistent with the other aspects of the marketing programme for the product. For example, a high quality, high priced product may be selectively distributed through a limited number of outlets. Physical distribution or logistics is concerned with the efficient movement of raw materials from sources to the factory, and finished products from the end of the production line to the customers. It involves transportation, inventory, warehousing and communications activities. The inadequacies of marketing systems of developing economies are most glaring in the area of physical distribution. Rampant distribution 'bottlenecks', arising from poorly provided basic infrastructure, add to inflation due to insufficient supply of essential commodities in relation to demand. Worse still, micro enterprises cannot afford warehousing and alternatives to public

means of physical distribution (Nwokoye, 1981). Entrepreneurial marketing is used by most companies started by individuals, before they progress to formulated marketing (Kotler, 2004).

All the skills and quality built into a product during manufacturing can be rubbished if adequate care is not exercised during delivery to consumers. Product must be handled and transported under conditions that minimize deterioration, contamination, spoilage or breakage. Four components of promotional programme are advertising, sales promotion, personal selling and public relations. Advertising is any form of non-personal communication through the mass media that is paid for by an identified sponsor. Together with sales promotion, personal selling, publicity and public relations, it forms the promotional or communications programme of the marketer. While advertising is a campaign that lasts for a long time, sales promotion is any activity that is used to stimulate sales of a product or service and usually occurring once or over a limited period of time. Personal selling refers to the use of salesmen in pushing a product or service (Nwokoye, 1981).

Publicity is information about a company and its products that is conveyed to the public by the mass media because such information is newsworthy and the company pays nothing for it. Public relations efforts of the marketer are concerned with building and maintaining good relations with special publics, such as customers and the public at large. Such image building may use advertising as a tool. The four components of promotional programme are not used in isolation. For instance, advertising may be used to support personal selling (Nwokoye, 1981).

Nigerian economy is still in the early industrial age and true mass production, and its attendant mass advertising belongs to the future. Essential commodities are relatively scarce in Nigeria. There is doubt about the usefulness of advertising. The producer is able to dispose of his output without much promotional effort, and

some of them do not embark on usually expensive advertising at all (Nwokoye, 1981).

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Product

Production needs to comply with good manufacturing practice (GMP) prescribed by the National Agency for Food and Drug Administration and Control (NAFDAC) established by Decree No. 15 of 1993 as amended by Decree No. 19 of 1999 to ensure, among others, that food and drug products are safe, wholesome and nutritive, and that health of the consumers is protected. GMP ensures that production follow standard manufacturing process and in-process quality control in suitable premises with appropriate equipment, sanitation and hygiene practices, qualified personnel, and proper documentation (Eneh, 2007).

A wise location of a project considers the availability of raw materials, equipment and spare-parts and services, necessary infrastructure (access roads, electricity or power, water, etc.), cheap labour, and market for the finished product. The Eastern Nigeria Industrial Estate at No. 30 Zik Avenue, Uwani-Enugu provides appropriate accommodation for the project. It is accessible and has the industrial building structures (to let) with electricity and pipe-borne water. The estate also has the industrial cluster atmosphere, containing:

- palm kernel oil expelling industries that will ensure a constant supply of the oil needed for the soap powder production at competitive prices;
- soap equipment fabricating engineering companies to supply and service the equipment at short notices; and

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- cheap labour associated with the army of unemployed graduates and school leavers parading the industrial estate in search of jobs.

The Onitsha market – the largest market in West Africa – is only an hour-drive for sourcing the chemical raw materials for the soap powder production, as well as for the evacuation of finished product, if need be. The space needs to be partitioned into 8 apartments for administrative section, raw material store, finished product store, packages store, equipment store, cloak room, factory, and toilet. The section for administrative offices needs to be subdivided into various offices for the staff of relevant departments and sub-departments, while the factory space also needs to be subdivided into production apartment and quality control laboratory, with appropriate equipment put in place (Appendix V).

The prospective employees need to be sought through some private employment bureaus in the said estate. A consortium of human resources managers will be contracted to interview them for recruitment and orientation. The proposed composition of the initial staff, qualifications, duties and wages are on Appendix II.

Figure 3.3 shows the organizational chart of a typical MSME.

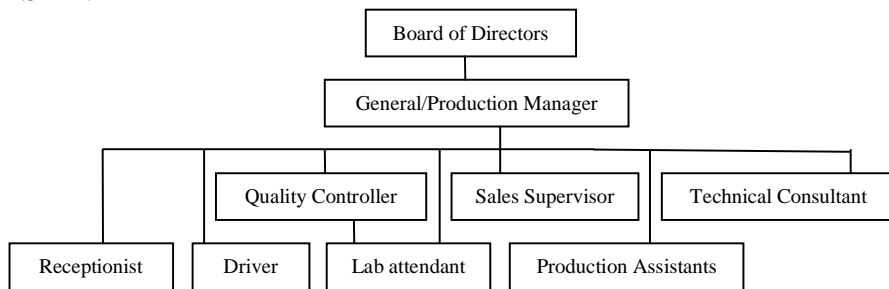


Figure 3.3: *Typical MSME organisational chart*

The standard of operation (SOP), to be drafted by the General Manager in collaboration with the Technical consultant, will guide production and administration of the enterprise. It contains the specifications for standard manufacturing process and in-process quality control, equipment, sanitation and hygiene practices, personnel and welfare guide, and marketing policies.

Two hundred and fifty (250) grammes of the white soap powder detergent product will be packaged in a transparent cellophane sachet with shouting golden yellow prints of the name of the product (***Trust Detergent Powder***), directions for use (also illustrated in diagrams because of illiterate customers) and the name and address of the manufacturers, through which projects the catchy white colour of the product. This reflects the originality and confidence of the product and dispels all doubts associated with the alternative opaque and costlier package mostly used for competing products. Fifty (50) sachets of the packaged products will be arranged in a carton for safe haulage, displacement and advertisement. Other necessary inscriptions for marketing and legal purposes will be made on the carton. A deal needs to be struck with reliable raw material sources and makers of packages and labels within and around Enugu.

The production plan is described in Appendix I. Initial capacity will be maintained in the first year, doubled in the second year and quadrupled in the third year, with corresponding increases in staff strength, raw materials, and introduction of advert to support the increased output.

Pricing

Detergent powder products of similar packs sell for N100. Ninety naira (N90) is recommended for the product, as a penetration price that will surely gain instant dominance over the competing products and build a strong long-range position of leadership. The

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combination of superior quality and catchy package with lower price will have a penetrating effect and marketing success.

Place (Distribution) and Sales

The Dogaman Marketing Agency, a reputable and experienced marketing company, is on ground in Enugu for disposing the output on contract. Its outdoor salesmen travel to all key parts of Nigeria. From experience, this aggressive marketing outfit soon acquires a sufficient market share for products within the first three months. The product will be sold to the agency at N60.00 per sachet.

Promotion

To compliment the efforts of the Marketing Agency, media (radio) advertising will be used to maintain peak sales in the second and third years with 100% incremental output. Its budget is N200,000.00.

Conclusion and Recommendations

The growth and development of the MSMEs sector, which is the engine of socio-economic growth and national development in developed and developing economies, need to be stimulated and encouraged in Nigeria. One of the ways to do this is the development and application of holistic marketing approaches for MSMEs products for effective marketing in the globalizing economy in which the sellers' markets is fast caving in for competitive markets.

This work, which relied on market survey in Enugu for the nature and prices of competing products, prices of equipment and raw materials, and private sector wages, as well as available literature and experiences, has attempted to develop a holistic marketing approach for the detergent powder product of MSMEs

in Nigeria. It addressed the specific objective of developing the marketing mix for the product.

The enterprise in this work has pioneer 7 or 8 staff and N5 million initial set-up capital. Therefore, it qualifies for micro enterprise (10 or less employees or up to N1.5 million assets, excluding land/building) and small enterprise (11-100 employees or N1.5 million - N50 million assets, excluding land/building). It soon grows into medium enterprise.

Specifically, the enterprise engages idle N5m and 7-8 unemployed persons within the first year. It then doubles its employment to 14 and 28 persons in the second and third years respectively. It churns out a whopping N17.9 million profit at the end of the third year.

The calculated payback period is 0.095 years, showing that the loan could be repaid in less than 1.2 months. After the actual repayment of the loan and its 3-year interest (totaling N6.7 million), a balance of N11.2 million (see Appendix III) will be left from the profit. This is a brilliant performance for an enterprise that will also provide jobs for tens of indirect employees in raw materials and finished product sales lines.

This study fills the gap of scarce materials on developing a holistic marketing approach for MSMEs in the developing Nigerian economy. It certainly will be a treasure to the entrepreneur and an encouragement for the establishment of soap detergent powder production and similar enterprises. It will also constitute the basis for researchers to replicate the holistic marketing approach for other products and stimulate the growth and development of MSMEs in Nigeria now moving from public to private sector-led economy. It is, therefore, recommended for application by entrepreneurs and for replication by researchers.

Appendices

Appendix I: Production Plan

From the perceived level of relative scarcity of essential commodities in Nigeria, no amount of the product can saturate the local and potential external markets. Constrained by limited fund usually available to MSMEs, however, an economic production will start with an annual output of 190,080 units of 250-gramme packs, to be doubled the following year. In the third year, the second year's output will be doubled, with the employment of the media advertising to carry each production boost smoothly. This is possible by ploughing back the profit previously made. The initial staff strength/pay and the technical consultant's stipend will be maintained.

For the production enterprise working for 9 hours (8 am-5 pm) Monday through Friday and 5 hours (8/10 am-1/3 pm) on Saturday with the stated workforce, an average of 11 batches per week can be conveniently undertaken. Four work-free weeks are reserved every year for group annual leave for all staff during the popular Christmas and New Year period (December/January), leaving a balance of 48 effective weeks in the year, to give 528 batches x 360 sachets of 250g, to give 190,080 sachets in the first year. In all, 6.5 metric tons of caustic soda, 4.5 metric tons of soda ash, 175 drums of p.k.o., 10 drums (20-litre) of perfume, 50 drums of water, 100,000 cellophane packages, and 2,000 cartons will be consumed in the first year. Double these quantities will be needed for the operation in the second year, while four times these quantities will be needed the third year. (Details on finances are in Appendices III and IV.)

Appendix II: Proposed Qualifications, Duties and Wages of Pioneer Staff

S/No	Designation	Qualifications	Duties	Annual wages
1.	General/ Production Manager	B.Sc./HND in Industrial Chemistry or Microbiology or Food Science or Biochemistry or Nutrition. Must have cognate experience and the drive and charisma to manage the staff under him to achieve desired goals.	Planning, organizing, directing and controlling the enterprise's operations	N500,000.00
2.	Quality Controller	OND in Chemical/Laboratory Technology. Must have cognate experience in quality control analyses.	Quality control analyses of the raw materials, in-process and finished product.	N240,000.00
3.	Production Assistants	WASSSC	Assisting in production.	N120,000.00
4.	Laboratory Attendant	Credit pass in Chemistry in WASSSCE	Assisting in quality control	N120,000.00
5.	Sales Supervisor/ Accountant	OND in Marketing/Accounting. A sharp, sugar-tongued young person with marketing/accounting experience.	Liaising with the Marketing Agency, pay wages and keep the accounting records of the enterprise.	N240,000.00
6.	Cleaner/Receptionist	WASSSC. A young female proficient in word processing.	Processing and keeping records, receiving visitors and keeping the establishment clean.	N120,000.00
7.	Driver.	'E' driving licence with a minimum of 5-year experience.	Taking charge of physical distribution and logistics of the enterprise.	N240,000.00
8.	Technical consultant	B.Sc. and M.Sc. Industrial Chemistry. With expertise in soapy-related field and a minimum of 8-year experience in soap production and marketing enterprise.	To advise and to ensure that the project succeeds.	N100,000.00
Total annual wages				N1,680,000.00

Appendix III: Current Market Prices of Equipment and Raw Materials

Equipment

1.	Fermenting tank (200-litre drum)	N 6,000.00
2.	Heater (Gas burner, complete set with gas/cylinder and 200-litre drum)	22,000.00
3.	Mixer (200-litre drum)	6,000.00
4.	Stirrers (improvised, wooden)	-
5.	Cellophane spread (changed regularly) or soap dryer (per yard)	50.00
6.	Grinder	40,000.00
6.	Sieve	600.00
7.	Sealing machine	N3,500.00
8.	Computer with accessories	80,000.00
9.	Furniture, fixtures and fittings	200,000.00
10.	Water tank and fittings	20,000.00
11.	Annual rent	N60,000.00
12.	Vehicle (fairly used van)	400,000.00

Raw materials

1.	Caustic soda	N96,000 per metric ton
2.	Soda ash	N50,000 per metric
3.	Palm kernel oil (pko)	N44,400 per drum
4.	Perfume	N20,000 per 20-litre drum
5.	Water	N50 per drum
6.	Cellophane package	50 kobo
7.	Empty carton	N30

Appendix IV: Estimated Capital Expenditure

Equipment

1.	2 No. Fermenting tanks (200-litre drum)
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	@ N6,000	N12,000.00
2.	Heater (Gas burner complete set with gas/cylinder and 200-litre drum)	22,000.00
3.	Mixer (200-litre drum)	6,000.00
4.	Stirrers (improvised, wooden)	-
5.	Cellophane spread (changed regularly) or soap Dryer	10,000.00
6.	Grinder	40,000.00
6.	5 No. Sieve @ N600	3,000.00
7.	2 no. sealing machine @ N3,500	7,000.00
8.	Computer with accessories	80,000.00
9.	Furniture, fixtures and fittings	200,000.00
10.	Water tank and fittings	20,000.00
11.	2-year rent @ N60,000	120,000.00
12.	Vehicle (fairly used)	<u>400,000.00</u>
	Total	920,000.00

Working Capital (3 Months)

1.	1.625 metric tons (65 x 25-kg bags) of caustic soda @ N96,000/tonne	N156,000.00
2.	1.125 (22.5 x 50-kg bags) metric tonnes of soda ash @ 50,000/tonne	56,250.00
3.	43.75 drums of p.k.o. @ N44,400	1,942,500.00
4.	2.5 drums (20-litre) of perfume @ 20,000/ Drum	50,000.00
5.	12.5 drums of water @ N50	625.00
6.	100,000 cellophane packages @ N0.5	12,500.00
7.	500 cartons @ N30	15,000.00
8.	Wages	420,000.00
9.	Utilities	30,000.00
10.	Marketing Agency's fee/discount	<u>1,425,600.00</u>
	Total	4,108,475.00

Marketing Approach for MSMEs in Nigeria

Initial Set-up Capital	5,028,475.00
Annual Operating Expenses	16,433,900.00
Expected Sales Output	
<u>Year 1 (N'000)</u>	<u>Year 2 (N'000)</u>
Sales 11,404.8	22,809.6
	<u>Year 3 (N'000)</u>
	45,619.2

Cash flow projection (1st 3 Years)

Cash inflow:

	<u>Year 1 (N'000)</u>	<u>Year 2 (N'000)</u>	<u>Year 3 (N'000)</u>
Loans and capital	5,028.475	21,964.7975	38,952.25475
Sales	<u>11,404.8</u>	<u>22,809.6</u>	<u>45,619.2</u>
Total	16,433.275	44,774.3975	84,571.45475

Cash outflow:

Fixed assets	920.0	-	-
Working capital	16,433.9	32,867.8	65,735.6
Equipment repairs, 10 % loan interest, 10 % contingency, 20% depreciation	<u>2,442.238</u>	<u>1,941.4</u>	<u>1,944.4</u>
Total	19,796.138	34,709.2	66,680.0
Cash surplus	(3,362.863)	10,065.1975	17,891.25475

Payback period

$$\begin{aligned}
 \text{Payback period} &= \frac{\text{depreciable fixed investment in an asset}}{\text{gross annual profit}} \\
 &= \frac{\text{N}920,000}{\text{N}9,659,931.6} = 0.095 \text{ years}
 \end{aligned}$$

Appendix V: Factory Layout

Cloak Room (Female)	Office	Office	Office	Office	Office	Office
Cloak Room (Male)	Reception					
Finished Products Store	Factory site				Quality Control Laboratory	
Packages Store						
Raw Material Store	Factory site					
Equipment Store	Factory site				Toilet End	

Factory layout